

CITY OF DYERSBURG, TENNESSEE

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

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INTRODUCTORY SECTION

**CITY OF DYERSBURG, TENNESSEE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

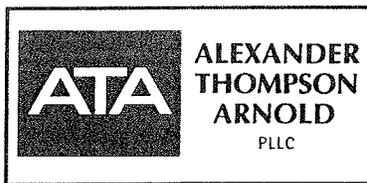
PRINCIPAL OFFICIALS

John Holden, Mayor
Kevin Chaney, Board Member
Terry Glover, Board Member
Jewell Horner, Board Member
Bob Kirk, Board Member
Dennis Moody, Board Member
Robert Taylor Jr., Board Member
Bart Williams, Board Member
Joan Wyatt, Board Member
John Lannom, City Attorney
Steve Anderson, City Treasurer (CMFO)
Robert C. Jones, City Recorder
Steve Isbell, Police Chief
Tim Ware, Fire Chief
Sue Teague, Director of Human Resources

FINANCIAL SECTION

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
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AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants



Certified Public Accountants
Offices in Tennessee & Kentucky

185 North Church St.
Dyersburg, TN 38024

Phone 731.285.7900
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www.atacpa.net

Independent Auditor's Report

The Honorable Mayor and
Board of Aldermen
City of Dyersburg
City of Dyersburg, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dyersburg, Tennessee (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dyersburg Electric System, which is both a major fund and 52 percent, 52 percent, and 71 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Dyersburg Electric System is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dyersburg, Tennessee, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and school general purpose funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 17 and the schedule of funding progress – employee retirement system on pages 59 and 60 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 and other auditors 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 inquires 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dyersburg's basic financial statements. The introductory section, supplementary and other information section including the schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the other miscellaneous information section – unaudited are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary and other information section, including the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary and other information section, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other miscellaneous information section – unaudited and the introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Dyersburg, Tennessee
March 16, 2015

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

As management of the City of Dyersburg, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

- > The assets of the City of Dyersburg exceeded its liabilities and deferred inflows of resources at June 30, 2014 by \$118,232,549 (net position). Of this amount, \$21,232,549 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. See page 18.
- > The City's total net position increased by \$5,405,139.
- > At June 30, 2014, the governmental funds reported combined ending fund balances of \$6,229,442, of which \$5,649 was unassigned and available for use at the City's discretion. See page 20.
- > Governmental fund balances increased \$186,776 (page 21) during the year.
- > During the fiscal year ended June 30, 2014, the City's total notes and bonds payable increased by \$6,714,802 (see page 15 of the report for debt payments by activity).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required, supplementary, and other information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, schools, parks and recreation, and community services. The business-type activities of the City include Gas, Water and Sewer, Solid Waste Management and Electric operations.

The government-wide financial statements can be found on pages 18 - 19 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund's balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 10 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and School Fund, all of which are considered to be major funds. Data from the other 8 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its governmental funds and proprietary funds except for the Electric Fund. Budgetary comparison schedules have been provided for all funds except for proprietary funds to demonstrate compliance with the budget and are presented as required supplemental information.

The basic governmental fund financial statements can be found on pages 20-28 of this report.

Proprietary Funds. The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its gas, water and sewer, solid waste management, and electrical operations. Internal service funds are an accounting device used to accumulate and allocate costs internally to the City's various funds for communication costs and utility billing and collecting costs. Because these services benefit both governmental functions and business-type functions, they have been allocated to governmental activities and business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Gas, Water and Sewer, and Electric funds since they are considered to be major funds of the City. Because the Solid Waste Management fund is the only remaining enterprise fund, it is being presented as a major fund even though it does not meet the criteria of a major fund established in Government Accounting Standards Board (GASB) Statement No 34. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 29-32 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-58 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 59-60 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 61-78 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

The City's combined net position increased \$5,405,139 or approximately 4.8% from 2013 to 2014. Net position increased \$3,701,155 in governmental activities, with business-type activities increasing \$1,703,984. Combined net position (assets exceeding liabilities and deferred inflows of resources) was \$118,232,549 at June 30, 2014. The table below provides a comparative summary of the City's net position as of June 30, 2014 and 2013.

CITY OF DYERSBURG'S NET POSITION

	Governmental Activities		Business-type		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 20,037,939	\$ 18,026,374	\$ 31,982,712	\$ 30,608,072	\$ 52,020,651	\$ 48,634,446
Capital assets	57,593,801	45,923,165	64,659,808	65,915,779	122,253,609	111,838,944
Total Assets	77,631,740	63,949,539	96,642,520	96,523,851	174,274,260	160,473,390
Long-term liabilities	24,655,961	23,255,209	7,607,957	8,714,530	32,263,918	31,969,739
Other liabilities	7,521,563	6,298,369	8,899,130	9,377,872	16,420,693	15,676,241
Total Liabilities	32,177,524	29,553,578	16,507,087	18,092,402	48,684,611	47,645,980
Deferred Inflow of Resources	7,357,100	-	-	-	7,357,100	-
Net position:						
Investment in capital assets, net of related debt	32,875,372	29,429,326	57,885,837	57,079,048	90,761,209	86,508,374
Restricted	4,117,389	4,427,650	1,618,983	2,499,656	5,736,372	6,927,306
Unrestricted	1,104,355	538,985	20,630,613	18,852,745	21,734,968	19,391,730
Total net position	\$ 38,097,116	\$ 34,395,961	\$ 80,135,433	\$ 78,431,449	\$ 118,232,549	\$ 112,827,410

The largest portion of the City's net position (\$90,761,209 or 76.8%) reflects its investments in capital assets, less any debt used to acquire those assets that is still outstanding. The net investment in capital assets increased \$4,252,835 from 2013. Of this increase governmental activities increased \$3,446,046, and business-type activities increased \$806,789. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$5,736,372 or 4.9%) represents resources that are subject to external restriction on how they may be used. Restricted net position decreased \$1,190,934 from 2013. The remaining balance of net position (unrestricted net position of \$21,734,968) may be used to meet the government's ongoing obligation to citizens and creditors. Unrestricted net position increased \$2,343,238 from 2013.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

As of June 30, 2014, the City continues to report positive balances in all five categories of net position, both for the government as a whole, as well as for its separate categories - governmental and business-type activities.

Analysis of the City's Operations. The following table provides a comparative summary of the City's operations for the years ended June 30, 2014 and 2013. Also, summary tables comparing 2014 with 2013 along with charts for 2014 are presented on pages 9 through 12 for Governmental expenses and program revenues and for Business-type expenses and program revenues. Governmental activities increased the City's net position by \$3,701,155 in 2014 compared to a decrease of \$483,545 in 2013. Business-type activities increased the City's net position by \$1,703,984 in 2014 compared to a increase of \$2,024,801 in 2013.

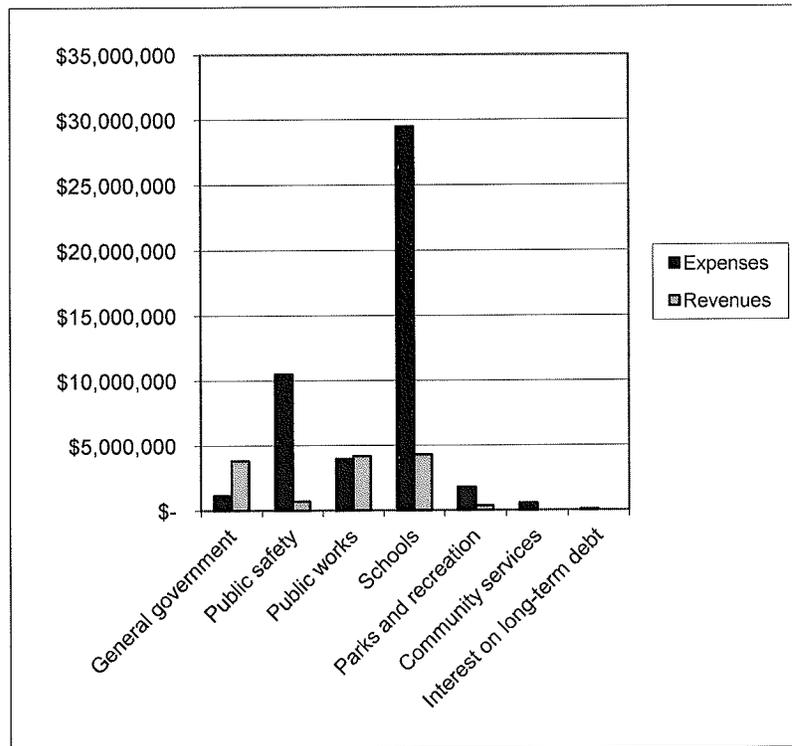
CITY OF DYERSBURG'S CHANGES IN NET POSITION

	Governmental Activities		Business-type		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	\$ 3,185,724	\$ 3,599,702	\$ 57,317,108	\$ 55,510,748	\$ 60,502,832	\$ 59,110,450
Operating grants and contributions	10,087,449	5,258,985	-	-	10,087,449	5,258,985
General revenues						
Sales and use tax	8,779,936	8,642,686	-	-	8,779,936	8,642,686
Property tax	10,224,161	9,306,513	-	-	10,224,161	9,306,513
Other taxes	2,537,285	2,925,318	-	-	2,537,285	2,925,318
Intergovernmental	13,419,784	13,438,825	-	-	13,419,784	13,438,825
Other sources	617,393	521,420	17,735	-	635,128	521,420
Capital contributions	-	-	-	-	-	-
Unrestricted investment earnings	141,659	90,084	261,544	289,879	403,203	379,963
Total revenues	48,993,391	43,783,533	57,596,387	55,800,627	106,589,778	99,584,160
Expenses						
General government	1,128,561	1,193,461	-	-	1,128,561	1,193,461
Public safety	10,479,147	10,421,087	-	-	10,479,147	10,421,087
Public works	3,954,250	3,837,707	-	-	3,954,250	3,837,707
Schools	29,460,968	28,312,380	-	-	29,460,968	28,312,380
Parks and recreation	1,771,083	1,682,932	-	-	1,771,083	1,682,932
Community services	527,538	436,196	-	-	527,538	436,196
Interest on long-term debt	84,059	97,435	-	-	84,059	97,435
Electric	-	-	38,578,777	37,889,428	38,578,777	37,889,428
Gas	-	-	7,089,812	5,868,230	7,089,812	5,868,230
Water and sewer	-	-	5,427,231	5,316,423	5,427,231	5,316,423
Solid waste	-	-	2,683,313	2,639,854	2,683,313	2,639,854
Total expenses	47,405,606	45,981,198	53,779,133	51,713,935	101,184,739	97,695,133
Increase in net position before transfers	1,587,785	(2,197,665)	3,817,254	4,086,692	5,405,039	1,889,027
Transfers	2,113,270	2,061,891	(2,113,270)	(2,061,891)	-	-
Prior period adjustment	-	(347,771)	-	-	-	(347,771)
Increase (decrease) in net position	\$ 3,701,055	\$ (483,545)	\$ 1,703,984	\$ 2,024,801	\$ 5,405,039	\$ 1,541,256

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The purpose of this bar chart is to present a comparison of expenses with their program revenues (i.e. revenues generated by the function) by function. The difference in the bars represents the amount of expenses being funded by tax revenues. The Table presents the actual amounts that support the Chart.

**Governmental Activities
Chart of 2014 Expenses and Program Revenues**



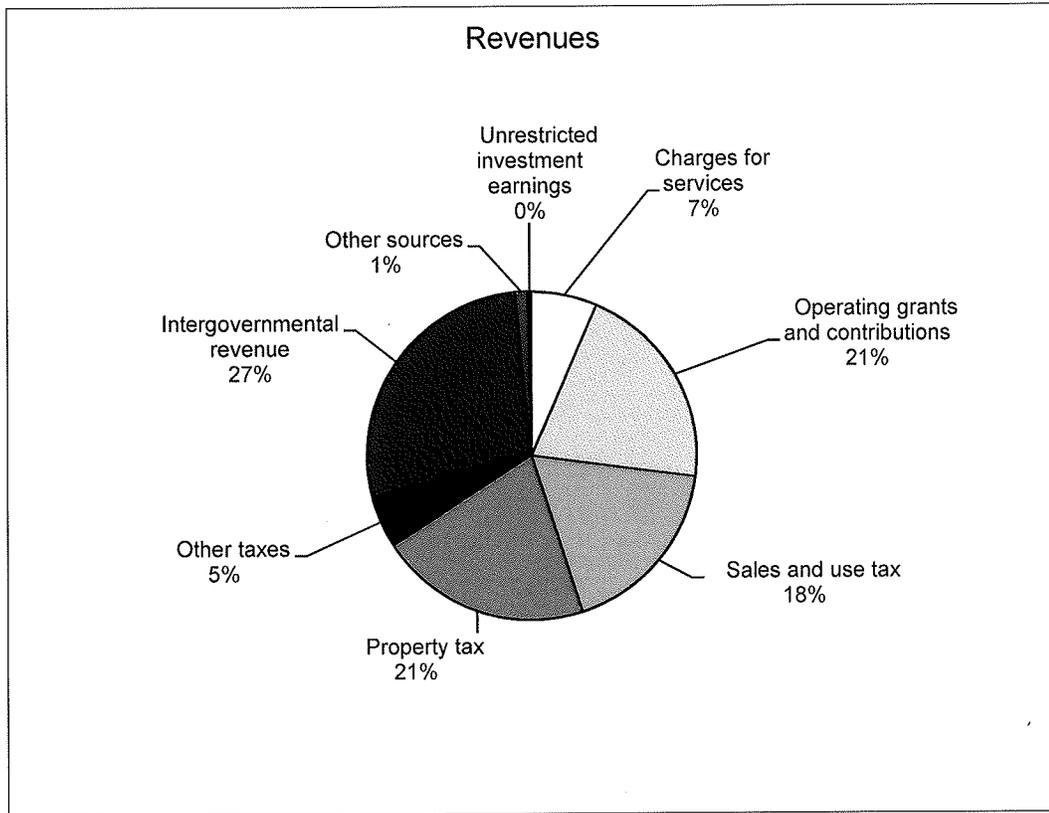
**Governmental Activities
Table of Expenses and Program Revenues**

	2014		2013		Increase (Decrease)	
	Expenses	Program Revenues	Expenses	Program Revenues	Expenses	Program Revenues
General government	\$ 1,128,561	\$ 3,806,409	\$ 1,193,461	\$ 1,263,603	\$ (64,900)	\$ 2,542,806
Public safety	10,479,147	681,422	10,421,087	925,649	58,060	(244,227)
Public works	3,954,250	4,158,844	3,837,707	1,364,020	116,543	2,794,824
Schools	29,460,968	4,291,983	28,312,380	4,905,833	1,148,588	(613,850)
Parks and recreation	1,771,083	334,515	1,682,932	399,582	88,151	(65,067)
Community services	527,538	-	436,196	-	91,342	-
Interest on debt	84,059	-	97,435	-	(13,376)	-
	<u>\$ 47,405,606</u>	<u>\$ 13,273,173</u>	<u>\$ 45,981,198</u>	<u>\$ 8,858,687</u>	<u>\$ 1,424,408</u>	<u>\$ 4,414,486</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

This Chart presents revenue by source that fund City governmental functions. The Table presents the actual amounts that support the Chart.

**Governmental Activities
Chart of 2014 Revenues by Source**



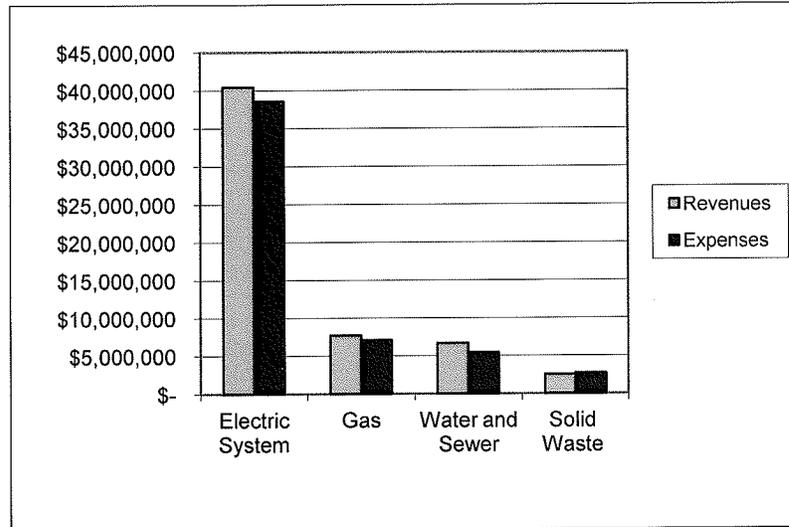
**Governmental Activities
Table of Revenues by Source**

	2014		2013		Increase (Decrease) in Revenues
	Revenues	Percentage	Revenues	Percentage	
Charges for services	\$ 3,185,724	6%	\$ 3,599,702	8%	\$ (413,978)
Operating grants and contributions	10,087,449	21%	5,258,985	12%	4,828,464
Sales and use tax	8,779,936	18%	8,642,686	20%	137,250
Property tax	10,224,161	21%	9,306,513	21%	917,648
Other taxes	2,537,285	5%	2,925,318	7%	(388,033)
Intergovernmental revenue (Schools)	13,419,784	27%	13,438,825	31%	(19,041)
Other sources	617,393	1%	521,420	1%	95,973
Investment earnings	141,659	0%	90,084	0%	51,575
Total	\$ 48,993,391	100%	\$ 43,783,533	100%	\$ 5,209,858

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

This Chart presents the income or loss of business-type activities by fund. The Table presents the actual amounts that support the Chart.

**Business-type Activities
Chart of 2014 Expenses and Program Revenues**



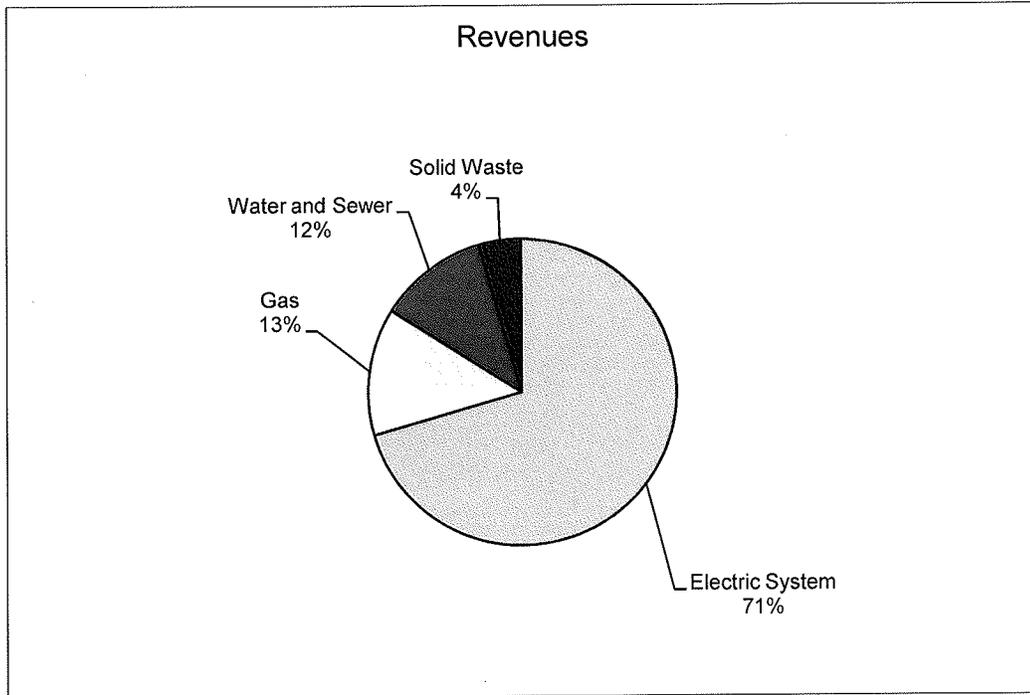
**Business-type Activities
Table of Expenses and Program Revenues**

	2014		2013		Increase (Decrease)	
	Expenses	Program Revenues	Expenses	Program Revenues	Expenses	Program Revenues
Electric	\$ 38,578,777	\$ 40,430,648	\$ 37,889,428	\$ 40,122,377	\$ 689,349	\$ 308,271
Gas	7,089,812	7,705,778	5,868,230	6,060,224	1,221,582	1,645,554
Water and Sewer	5,427,231	6,633,918	5,316,423	6,736,315	110,808	(102,397)
Solid Waste	2,683,313	2,546,764	2,639,854	2,591,832	43,459	(45,068)
	<u>\$ 53,779,133</u>	<u>\$ 57,317,108</u>	<u>\$ 51,713,935</u>	<u>\$ 55,510,748</u>	<u>\$ 2,065,198</u>	<u>\$ 1,806,360</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

This Chart presents revenue by type of service for business-type activities in relationship to total revenue for business-type activities. The Table presents the actual amounts that support the Chart.

**Business-type Activities
Chart of 2014 Revenues by Service**



**Business-type Activities
Table of Revenues by Service**

	2014		2013		Increase (Decrease)	
	Revenues	Percentage	Revenues	Percentage	Revenues	Percentage
Electric System	\$ 40,430,648	71%	\$ 40,122,377	72%	\$ 308,271	1%
Gas	7,705,778	13%	6,060,224	11%	1,645,554	27%
Water and Sewer	6,633,918	12%	6,736,315	12%	(102,397)	-2%
Solid Waste	2,546,764	4%	2,591,832	5%	(45,068)	-2%
	<u>\$ 57,317,108</u>	<u>100%</u>	<u>\$ 55,510,748</u>	<u>100%</u>	<u>\$ 1,806,360</u>	<u>3%</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

Governmental funds. The focus of the City of Dyersburg's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Dyersburg governmental funds reported combined ending fund balances of \$6,229,442, an increase of \$186,776 in comparison with the prior year. Approximately \$5,649 or less than 1% of the fund balance represents unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable (\$119,580), restricted (\$4,167,230) or assigned (\$1,936,983).

In the general fund, the City budgeted for an increase in the fund balance of \$5,400. Actual revenues were \$763,874 under budgeted revenues and actual expenditures were \$504,511 under budgeted expenditures. Net transfers and other financing sources (uses) of \$2,908,721 resulted in the fund balance decreasing \$247,342 for fiscal year 2014. School fund balance decreased \$725,088.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective proprietary funds are \$8,673,894 in Gas, \$(973,410) in Water and Sewer, \$515,193 in Solid Waste Management, and \$11,906,088 in the Electric System. All funds reported an increase in net position with the exception of the Solid Waste Management fund. The Electric System had an increase in net position of \$965,815, Gas fund net position increased \$456,177, Water and Sewer fund net position increased \$355,145 and the Solid Waste Management fund net position decreased \$34,796.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

CAPITAL ASSETS

The City of Dyersburg's investment in capital assets for its governmental and business-type activities as of June 30, 2014, was \$122,253,609 (net of accumulated depreciation), an increase of \$10,414,665 or 9.3% from 2013. The increase is the result of net additions to capital assets of \$17,584,197 (a \$15,015,611 increase for Governmental activities and a \$2,568,586 increase for Business-type activities) net of depreciation of capital assets of \$7,169,532 (\$3,344,975 for Governmental activities and \$3,824,557 for Business-type activities). The investment in capital assets includes land, buildings and systems, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.

Major capital asset events during the current fiscal year included the following (as rounded to the nearest hundred):

Governmental Funds

General Fund -

General government	\$ 24,800
Public safety	2,636,000
Public works	3,786,000
Public welfare	130,000

School Funds-

Machinery and equipment	179,500
Building additions and improvements	8,289,800
Infrastructure	-

Business-type Funds

Gas system improvements	24,300
Water and sewer system improvements	800,400
Solid waste management improvements	369,500
Electric system improvements	1,405,600
	<u>\$ 17,645,900</u>

**Capital Assets at Year-end
Net of Accumulated Depreciation**

	2014			2013		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 6,527,145	\$ 2,179,874	\$ 8,707,019	\$ 6,522,737	\$ 2,179,874	\$ 8,702,611
Construction in progress	5,884,816	1,563,472	7,448,288	342,036	825,473	1,167,509
Land improvements	-	1,747,000	1,747,000	-	2,107,960	2,107,960
Buildings and systems	24,196,295	54,700,199	78,896,494	22,416,371	56,336,064	78,752,435
Improvements other than buildings	6,057,612	-	6,057,612	2,600,660	-	2,600,660
Machinery, vehicles and equipment	4,260,293	4,268,000	8,528,293	3,988,287	4,234,041	8,222,328
Infrastructure	10,293,340	-	10,293,340	9,648,373	-	9,648,373
Allocated Internal Serv fund capital assets	374,300	201,263	575,563	404,701	232,367	637,068
	<u>\$ 57,593,801</u>	<u>\$ 64,659,808</u>	<u>\$ 122,253,609</u>	<u>\$ 45,923,165</u>	<u>\$ 65,915,779</u>	<u>\$ 111,838,944</u>

Additional information on the City of Dyersburg's capital assets can be found in Footnote IV. D. on pages 42-43 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

DEBT ADMINISTRATION

At June 30, 2014, the City of Dyersburg had total bonded debt and notes payable of \$31,553,429. Of this amount, \$15,451,595 comprises bonded debt backed by the full faith and credit of the government and \$3,165,000 represents bonds secured by electric revenues. The notes payable of \$12,936,834 pertains to the general fund (\$4,888,506) and schools (\$8,048,328).

Total debt increased \$6,714,802 or 27% from June 30, 2013 to June 30, 2014 as a result of new debt issued and payments made during the year.

**Outstanding Debt at Year End
Bonds and Notes Payable**

The City's long-term debt at June 30, 2014 and 2013 is summarized below:

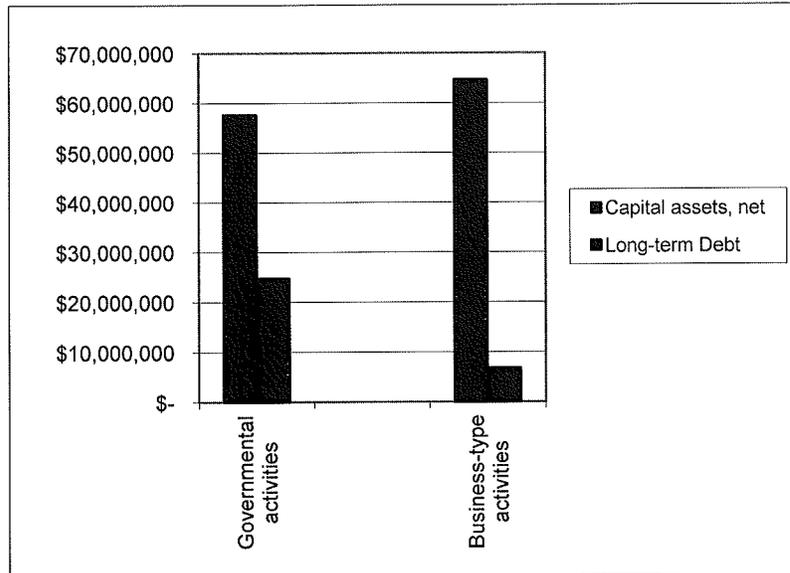
	2014			2013		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Notes Payable	\$ 12,936,834	\$ -	\$ 12,936,834	\$ 13,507,333	\$ 475,000	\$ 13,982,333
General Obligation Bonds	11,781,595	3,670,000	15,451,595	2,421,294	4,490,000	6,911,294
Revenue Bonds	-	3,165,000	3,165,000	-	3,945,000	3,945,000
	<u>\$ 24,718,429</u>	<u>\$ 6,835,000</u>	<u>\$ 31,553,429</u>	<u>\$ 15,928,627</u>	<u>\$ 8,910,000</u>	<u>\$ 24,838,627</u>

The City's Bonds are insured thus holding an A credit rating from Standard and Poors and an A2 rating from Moody's.

Additional information on the City of Dyersburg's long term-debt and debt changes for the year can be found in Footnote IV. F. on pages 44-46 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Governmental and Business-type Activities
Chart of 2014 Net Capital Assets and Long-term Debt**



**Governmental and Business-type Activities
Table of Net Capital Assets and Long-term Debt**

	2014		2013	
	Capital Assets, net of Depreciation	Long-term Debt	Capital Assets, net of Depreciation	Long-term Debt
Governmental activities	\$ 57,593,801	\$ 24,718,429	\$ 45,923,165	\$ 15,928,627
Business-type activities	64,659,808	6,835,000	65,915,779	8,910,000
	<u>\$ 122,253,609</u>	<u>\$ 31,553,429</u>	<u>\$ 111,838,944</u>	<u>\$ 24,838,627</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate of Dyer County is 9.1%. This compares unfavorably to the state's average unemployment rate of 6.6% and the national average of 6.1%.

Inflationary trends in the region compare favorably to national indices.

As a result of the economic condition in the area, the City has made a concerted effort to limit appropriations to only those items truly necessary.

The property tax rate was increased from \$2.14 to \$2.2355 for FY 2014-15 due to the reappraisal of property by the State of Tennessee. The new rate is designed to generate the same amount of revenue as the previous year. There were no increases in user rate for FY 2014-15.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's finances. If you have questions about this report or need any additional information, contact the Treasurer's Office at P.O. Box 1358, Dyersburg, TN 38025-1358 or call (731) 288-7609.

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 5,413,657	\$ 16,499,669	\$ 21,913,326
Investments	1,322,656	9,721,733	11,044,389
Receivables (net of allowance for uncollectibles):			
Taxes	8,555,719	-	8,555,719
Accounts	3,412,659	3,314,551	6,727,210
Notes	48,000	-	48,000
Accrued interest and rents	-	109,902	109,902
Interfund balances	1,212,476	(1,212,476)	-
Inventories	46,528	1,044,304	1,090,832
Prepaid expenses	1,629	100,281	101,910
Deposits	24,294	2,708	27,002
Other assets	321	783,057	783,378
Restricted assets - cash and cash investments	-	1,618,983	1,618,983
Capital assets not being depreciated:			
Land	6,527,145	2,179,874	8,707,019
Construction in progress	5,884,816	1,563,472	7,448,288
Capital assets net of accumulated depreciation	45,181,840	60,916,462	106,098,302
Total Assets	77,631,740	96,642,520	174,274,260
LIABILITIES			
Accounts payable	1,835,598	4,574,952	6,410,550
Accrued liabilities	3,751,081	488,770	4,239,851
Deposits	27,850	2,385,867	2,413,717
Other current liabilities	22,331	229,541	251,872
Noncurrent liabilities:			
Due within one year:			
Current portion of notes payable	1,600,004	-	1,600,004
Current portion of bonds payable	284,699	1,220,000	1,504,699
Due in more than one year:			
Notes payable	11,336,830	-	11,336,830
Bonds payable	11,496,896	5,615,000	17,111,896
Less bond discount	-	(27,327)	(27,327)
Other accrued liabilities	1,822,235	1,356,498	3,178,733
Advances from TVA	-	663,786	663,786
Total Liabilities	32,177,524	16,507,087	48,684,611
DEFERRED INFLOWS OF RESOURCES			
Unavailable current property taxes	7,318,871	-	7,318,871
Unavailable confiscated funds	38,229	-	38,229
Total Deferred Inflows of Resources	7,357,100	-	7,357,100
NET POSITION			
Net investment in capital assets	32,875,372	57,885,837	90,761,209
Restricted for:			
Education	280,000		280,000
Perpetual care	1,379,403		1,379,403
Debt service	1,886,490	1,618,983	3,505,473
Capital projects	306,761		306,761
Special revenue funds	197,186		197,186
Other purposes	67,549		67,549
Unrestricted	1,104,355	20,630,613	21,734,968
Total Net Position	\$ 38,097,116	\$ 80,135,433	\$ 118,232,549

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,128,561	\$ 1,115,800	\$ 466,828	\$ 2,223,781	\$ 2,677,848	\$ -	\$ 2,677,848
Public safety	10,479,147	597,630	83,792	-	(9,797,725)	-	(9,797,725)
Public works	3,954,250	513,173	244,654	3,401,017	204,594	-	204,594
Schools	29,460,968	647,610	3,644,373	-	(25,168,985)	-	(25,168,985)
Parks and recreation	1,771,083	311,511	23,004	-	(1,436,568)	-	(1,436,568)
Community services	527,538	-	-	-	(527,538)	-	(527,538)
Interest on long-term debt	84,059	-	-	-	(84,059)	-	(84,059)
Total governmental activities	47,405,606	3,185,724	4,462,651	5,624,798	(34,132,433)	-	(34,132,433)
Business-type activities:							
Electric	38,578,777	40,430,648	-	-	-	1,851,871	1,851,871
Gas	7,089,812	7,705,778	-	-	-	615,966	615,966
Water and sewer	5,427,231	6,633,918	-	-	-	1,206,687	1,206,687
Solid waste	2,683,313	2,546,764	-	-	-	(136,549)	(136,549)
Total business-type activities	53,779,133	57,317,108	-	-	-	3,537,975	3,537,975
Total primary government	\$ 101,184,739	\$ 60,502,832	\$ 4,462,651	\$ 5,624,798	(34,132,433)	3,537,975	(30,594,458)
General revenues:							
Property taxes					10,224,161	-	10,224,161
State and local sales taxes					8,779,936	-	8,779,936
Wholesale beer and liquor taxes					612,388	-	612,388
Business taxes					330,899	-	330,899
Franchise taxes					169,972	-	169,972
Room occupancy taxes					267,070	-	267,070
Wheel taxes					631,170	-	631,170
Other statutory local taxes					2,352	-	2,352
State taxes					523,534	-	523,534
Intergovernmental revenue					13,419,784	-	13,419,784
Other sources					617,393	17,735	635,128
Unrestricted investment earnings					141,659	261,544	403,203
Transfers from business-type activities					2,113,270	(2,113,270)	-
Total general revenues and transfers					37,833,588	(1,833,991)	35,999,597
Change in net position					3,701,155	1,703,984	5,405,139
Net position- beginning					34,395,961	78,431,449	112,827,410
Net position - ending					\$ 38,097,116	\$ 80,135,433	\$ 118,232,549

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

CITY OF DYERSBURG, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	School	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 798,885	\$ 3,276,402	\$ 1,564,119	\$ 5,639,406
Investments	10,000	-	1,384,603	1,394,603
Receivables (net of allowance for uncollectibles):				
Taxes	8,072,646	469,979	-	8,542,625
Accounts	1,626,221	82,276	1,373,980	3,082,477
Notes	-	-	48,000	48,000
Due from other funds	2,899,204	34,292	2,629,373	5,562,869
Inventories	-	-	46,528	46,528
Prepaid expenses	5,000	-	-	5,000
Deposits	20,052	-	6,950	27,002
Total Assets	\$ 13,432,008	\$ 3,862,949	\$ 7,053,553	\$ 24,348,510
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,396,104	\$ 261,806	\$ 168,716	\$ 1,826,626
Accrued liabilities	1,321,813	2,123,436	280,495	3,725,744
Deposits	27,850	-	-	27,850
Due to other funds	2,278,242	258,058	1,928,858	4,465,158
Unavailable confiscated funds	-	-	38,229	38,229
Total Liabilities	5,024,009	2,643,300	2,416,298	10,083,607
Deferred Inflows of Resources:				
Deferred current property taxes	7,318,871			7,318,871
Delinquent property taxes	716,590			716,590
Total Deferred Inflows of Resources	8,035,461	-	-	8,035,461
Fund Balances:				
Non-spendable	25,052	-	94,528	119,580
Restricted	302,459	1,219,649	4,531,612	6,053,720
Committed	-	-	50,493	50,493
Unassigned	45,027	-	(39,378)	5,649
Total Fund Balances	372,538	1,219,649	4,637,255	6,229,442
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,432,008	\$ 3,862,949	\$ 7,053,553	

**Amounts reported for governmental activities in the statement of
net position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	57,219,502
Internal service fund assets and liabilities allocated to governmental funds and, therefore, are included in governmental activities in the statement of net position.	450,177
Delinquent property taxes are not recorded as deferred inflows in the government-wide statements.	716,590
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the current period.	(26,518,595)
Net position of governmental activities	\$ 38,097,116

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 9,948,612	\$ 7,731,548	\$ 1,368,139	\$ 19,048,299
Licenses and permits	92,303	-	-	92,303
Intergovernmental	6,083,208	13,395,187	5,889,824	25,368,219
Charges for services	1,077,888	-	282,692	1,360,580
Fines, forfeits, and penalties	204,701	-	44,075	248,776
Sale of assets	515,199	-	25,126	540,325
Investment earnings	37,701	-	89,908	127,609
Miscellaneous	1,717,214	615,207	3,654,530	5,986,951
Total Revenues	<u>19,676,826</u>	<u>21,741,942</u>	<u>11,354,294</u>	<u>52,773,062</u>
EXPENDITURES:				
Current:				
General government	1,589,754	-	-	1,589,754
Public safety	9,126,982	-	-	9,126,982
Public works	2,884,832	-	-	2,884,832
Community services	350,446	-	-	350,446
Parks and recreation	1,596,938	-	-	1,596,938
Economic development	262,885	-	-	262,885
Municipal airport	563,644	-	-	563,644
General and administrative	400,242	-	3,605,091	4,005,333
Education	-	22,202,322	12,775,325	34,977,647
Miscellaneous	829,456	-	-	829,456
Capital outlay	4,428,467	21,650	2,307,992	6,758,109
Debt service:				
Principal retirement	709,000	1,080,703	-	1,789,703
Interest	84,059	453,089	-	537,148
Other expense	6,184	-	-	6,184
Total Expenditures	<u>22,832,889</u>	<u>23,757,764</u>	<u>18,688,408</u>	<u>65,279,061</u>
Revenues Over (Under) Expenditures	<u>(3,156,063)</u>	<u>(2,015,822)</u>	<u>(7,334,114)</u>	<u>(12,505,999)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,040,698	1,548,792	457,536	4,047,026
Operating transfers out	(111,482)	(258,058)	(1,564,216)	(1,933,756)
Sale of bonds	979,505	-	9,600,000	10,579,505
Total other financing sources (uses)	<u>2,908,721</u>	<u>1,290,734</u>	<u>8,493,320</u>	<u>12,692,775</u>
Net Change in Fund Balance	<u>(247,342)</u>	<u>(725,088)</u>	<u>1,159,206</u>	<u>186,776</u>
Fund Balance - July 1, 2013	619,880	1,944,737	3,478,049	6,042,666
Fund Balance - June 30, 2014	<u>\$ 372,538</u>	<u>\$ 1,219,649</u>	<u>\$ 4,637,255</u>	<u>\$ 6,229,442</u>

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

**CITY OF DYERSBURG, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Amounts reported for governmental activities in the statement of activities (page 19) are different because:

Net change in fund balances - total governmental funds (page 21)	\$ 186,776
Proceeds from the sale of bonds are not reported as revenue in the statement of activities	(10,579,505)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.	11,701,037
Accrual for post employment benefits.	(200,897)
The issuance of long-term debt (e.g., bonds, notes) and the refunding of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,789,703
Delinquent property taxes are recorded as revenue in governmental funds.	716,590
The net revenue of certain activities of internal service funds is reported with governmental activities.	13,015
The increase/decrease in the liability for compensated absences is not reported in governmental funds.	74,436
Change in net position of governmental activities (page 19)	<u>\$ 3,701,155</u>

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

CITY OF DYERSBURG, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property taxes - net	\$ 7,050,000	\$ 7,050,000	\$ 6,965,672	\$ (84,328)
Property taxes - penalty and interest	80,000	80,000	90,458	10,458
Local sales tax	1,525,000	1,525,000	1,512,153	(12,847)
Wholesale beer tax	545,000	545,000	545,404	404
Wholesale liquor tax	65,000	65,000	66,984	1,984
Business taxes	365,000	365,000	330,899	(34,101)
Cable TV franchise tax	145,000	145,000	169,972	24,972
Room occupancy tax	250,000	250,000	267,070	17,070
Total taxes	<u>10,025,000</u>	<u>10,025,000</u>	<u>9,948,612</u>	<u>(76,388)</u>
Licenses and permits				
Beer licenses	8,000	8,000	6,100	(1,900)
Liquor licenses	14,000	14,000	10,300	(3,700)
Other licenses	3,100	3,100	2,287	(813)
Building permits and inspections	65,500	65,500	73,616	8,116
Total licenses and permits	<u>90,600</u>	<u>90,600</u>	<u>92,303</u>	<u>1,703</u>
Intergovernmental revenues				
Federal law enforcement grants	15,000	15,000	16,316	1,316
Federal surface transportation grant	702,000	702,000	-	(702,000)
TVA replacement tax	190,000	190,000	189,686	(314)
Payment in lieu of taxes - Housing Authority	32,000	32,000	31,046	(954)
State sales tax	1,201,200	1,201,200	1,223,517	22,317
State income tax	200,000	200,000	232,585	32,585
State beer tax	8,600	8,600	8,112	(488)
State alcoholic beverage tax	65,000	65,000	58,055	(6,945)
State gasoline & motor fuel tax	330,000	330,000	318,182	(11,818)
State 1989 gasoline tax	40,000	40,000	44,494	4,494
State 3 cent gasoline tax	75,000	75,000	82,581	7,581
State petroleum special tax	35,000	35,000	35,096	96
State public safety grants	91,000	91,000	67,476	(23,524)
State airport grant	3,385,000	3,385,000	3,603,935	218,935
State disaster recovery grant	-	-	41,736	41,736
State recreation grant	25,000	25,000	23,004	(1,996)
County intergovernmental revenue	100,000	100,000	107,387	7,387
Total intergovernmental revenues	<u>6,494,800</u>	<u>6,494,800</u>	<u>6,083,208</u>	<u>(411,592)</u>
Charges for services				
Public safety reimbursements	270,000	270,000	256,215	(13,785)
Special police and safety services	9,000	9,000	13,768	4,768
Fire protection charges	52,000	52,000	49,330	(2,670)
Cemetery burial, foundation and deed charges	129,000	129,000	141,695	12,695
Stormwater II charges	196,700	196,700	196,111	(589)
Golf charges	285,000	285,000	225,126	(59,874)
Swimming pool charges and fees	46,000	46,000	22,947	(23,053)
Parks and recreation charges	100,300	100,300	63,438	(36,862)
Other	78,900	78,900	109,258	30,358
Total charges for services	<u>1,166,900</u>	<u>1,166,900</u>	<u>1,077,888</u>	<u>(89,012)</u>

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

CITY OF DYERSBURG, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues (continued):				
Fines, forfeits and penalties				
City court revenue	\$ 267,000	\$ 267,000	\$ 193,118	\$ (73,882)
Parking fines	2,000	2,000	1,640	(360)
Safe driving fees	7,500	7,500	6,488	(1,012)
Other	5,000	5,000	3,455	(1,545)
Total fines, forfeits and penalties	<u>281,500</u>	<u>281,500</u>	<u>204,701</u>	<u>(76,799)</u>
Miscellaneous revenues				
Interest	20,000	20,000	37,701	17,701
Rents	329,400	329,400	345,659	16,259
Sales of fuel and supplies	500,000	500,000	412,663	(87,337)
Sale of property and equipment	100,000	100,000	15,836	(84,164)
Sale of cemetery lots	75,000	75,000	86,700	11,700
Joint expense reimbursements -				
Administrative charges	1,272,500	1,272,500	1,309,697	37,197
Other	85,000	85,000	61,858	(23,142)
Total miscellaneous revenues	<u>2,381,900</u>	<u>2,381,900</u>	<u>2,270,114</u>	<u>(111,786)</u>
Total revenues	<u>20,440,700</u>	<u>20,440,700</u>	<u>19,676,826</u>	<u>(763,874)</u>
EXPENDITURES				
Current:				
General government:				
Legislative	69,100	69,100	72,240	(3,140)
Judicial	245,100	245,100	238,342	6,758
Executive	160,500	160,500	164,403	(3,903)
City recorder	88,900	88,900	86,391	2,509
City attorney	75,000	75,000	71,101	3,899
Accounting	262,900	262,900	268,268	(5,368)
Tax administration	86,400	86,400	86,316	84
Purchasing	82,900	82,900	83,121	(221)
Licensing	35,800	35,800	41,252	(5,452)
Personnel	111,200	111,200	108,896	2,304
Engineering	238,400	238,400	249,487	(11,087)
Planning and zoning	12,500	12,500	12,332	168
City Hall	115,000	115,000	107,605	7,395
Total general government	<u>1,583,700</u>	<u>1,583,700</u>	<u>1,589,754</u>	<u>(6,054)</u>

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

CITY OF DYERSBURG, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Expenditures (continued):				
Public safety:				
Police department				
Traffic safety	\$ 158,900	\$ 158,900	\$ 143,224	\$ 15,676
Supplement pay	39,300	39,300	34,233	5,067
Administration	597,800	597,800	601,493	(3,693)
Operations	80,800	80,800	81,568	(768)
Criminal investigation	529,600	529,600	530,127	(527)
Patrol	2,200,700	2,200,700	2,281,381	(80,681)
Records and identification	214,900	214,900	226,008	(11,108)
Street crimes	250,700	250,700	212,586	38,114
Narcotics	191,000	191,000	218,160	(27,160)
K-9 unit	185,600	185,600	227,076	(41,476)
Training	237,500	237,500	240,871	(3,371)
Education and public relations	-	-	916	(916)
Domestic abuse	243,500	243,500	244,347	(847)
Automotive services	310,800	310,800	278,084	32,716
Special response team	43,900	43,900	37,815	6,085
Police station	104,300	104,300	106,376	(2,076)
Total police department	<u>5,389,300</u>	<u>5,389,300</u>	<u>5,464,265</u>	<u>(74,965)</u>
Fire department				
Administration	360,200	360,200	362,580	(2,380)
Fire fighting	2,717,300	2,717,300	2,690,943	26,357
Fire prevention	132,700	132,700	135,351	(2,651)
Training	90,400	90,400	110,312	(19,912)
Equipment repair services	68,500	68,500	75,883	(7,383)
Fire stations	66,800	66,800	84,670	(17,870)
Total fire department	<u>3,435,900</u>	<u>3,435,900</u>	<u>3,459,739</u>	<u>(23,839)</u>
Building inspection	<u>197,200</u>	<u>197,200</u>	<u>202,978</u>	<u>(5,778)</u>
Total public safety	<u>9,022,400</u>	<u>9,022,400</u>	<u>9,126,982</u>	<u>(104,582)</u>
Public works:				
Public works administration	344,200	344,200	351,691	(7,491)
Highways and streets	2,328,700	2,328,700	1,642,251	686,449
State Street Aid				
Street lighting	445,000	445,000	445,257	(257)
Storm drainage	100,900	100,900	91,392	9,508
Stormwater II	135,600	135,600	65,292	70,308
Cemeteries	284,400	284,400	288,949	(4,549)
Total public works	<u>3,638,800</u>	<u>3,638,800</u>	<u>2,884,832</u>	<u>753,968</u>

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

CITY OF DYERSBURG, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Community services				
Rabies control	\$ 84,500	\$ 84,500	\$ 84,450	\$ 50
Social services	150,500	150,500	145,996	4,504
Library	120,000	120,000	120,000	-
Total community services	<u>355,000</u>	<u>355,000</u>	<u>350,446</u>	<u>4,554</u>
Parks and recreation				
Dyersburg Activity Center	368,300	368,300	343,639	24,661
Bruce Recreation Center	122,300	122,300	142,871	(20,571)
Future City Recreation Center	76,400	76,400	88,474	(12,074)
Dyersburg Activity Center pool	35,500	35,500	32,108	3,392
Okeena pool	81,900	81,900	47,630	34,270
Bruce pool	21,400	21,400	14,616	6,784
Youth Programs	45,800	45,800	55,168	(9,368)
Men's softball league	7,500	7,500	802	6,698
Special recreation facilities	14,500	14,500	16,678	(2,178)
Playgrounds and parks	461,200	461,200	457,162	4,038
Golf course	326,000	326,000	397,790	(71,790)
Total parks and recreation	<u>1,560,800</u>	<u>1,560,800</u>	<u>1,596,938</u>	<u>(36,138)</u>
Tourism and economic development	<u>250,000</u>	<u>250,000</u>	<u>262,885</u>	<u>(12,885)</u>
Municipal airport	<u>620,100</u>	<u>620,100</u>	<u>563,644</u>	<u>56,456</u>
Capital outlay				
General government	40,000	40,000	24,826	15,174
Public safety	396,800	396,800	348,246	48,554
Public works	188,600	188,600	306,969	(118,369)
Parks and recreation	145,500	145,500	136,330	9,170
Municipal airport	3,562,500	3,562,500	3,612,096	(49,596)
Total capital outlay	<u>4,333,400</u>	<u>4,333,400</u>	<u>4,428,467</u>	<u>(95,067)</u>
Debt service				
Retirement of notes, bonds and capital leases	709,000	709,000	709,000	-
Interest	102,400	102,400	84,059	18,341
Bank and loan remarketing fees	5,500	5,500	6,184	(684)
Total debt service	<u>816,900</u>	<u>816,900</u>	<u>799,243</u>	<u>17,657</u>
Joint costs - communications	<u>395,800</u>	<u>395,800</u>	<u>400,242</u>	<u>(4,442)</u>

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

CITY OF DYERSBURG, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Expenditures (continued):				
Miscellaneous expenditures				
Vacation and sick leave	\$ 25,000	\$ 25,000	\$ 17,431	\$ 7,569
Insurance	15,500	15,500	12,005	3,495
Retirement	544,800	544,800	543,900	900
Professional services	25,000	25,000	30,749	(5,749)
Payments in lieu of taxes	115,000	115,000	114,452	548
Other	35,200	35,200	110,919	(75,719)
Total miscellaneous expenditures	<u>760,500</u>	<u>760,500</u>	<u>829,456</u>	<u>(68,956)</u>
Total expenditures	<u>23,337,400</u>	<u>23,337,400</u>	<u>22,832,889</u>	<u>504,511</u>
Revenues over (under) expenditures	\$ (2,896,700)	\$ (2,896,700)	\$ (3,156,063)	\$ (259,363)
Other financing sources (uses)				
Transfers in	2,105,000	2,105,000	2,040,698	(64,302)
Transfers out	(120,400)	(9,534,000)	(111,482)	9,422,518
Sale of notes	917,500	10,331,100	979,505	(9,351,595)
Total other financing sources (uses)	<u>2,902,100</u>	<u>2,902,100</u>	<u>2,908,721</u>	<u>6,621</u>
Net change in fund balance	5,400	5,400	(247,342)	(252,742)
Fund balances - July 1, 2013	<u>619,880</u>	<u>619,880</u>	<u>619,880</u>	<u>-</u>
Fund balances - June 30, 2014	<u>\$ 625,280</u>	<u>\$ 625,280</u>	<u>\$ 372,538</u>	<u>\$ (252,742)</u>

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Real estate taxes	\$ 2,430,200	\$ 2,430,200	\$ 2,420,395	\$ (9,805)
Other statutory local taxes	1,700	1,700	2,352	652
Sales tax	4,637,800	4,637,800	4,676,127	38,327
Other permits and licenses	1,700	1,700	1,504	(196)
Wheel tax	667,000	667,000	631,170	(35,830)
Intergovernmental	13,406,003	13,406,003	13,395,187	(10,816)
Miscellaneous	605,500	605,500	615,207	9,707
Total Revenues	21,749,903	21,749,903	21,741,942	(7,961)
EXPENDITURES:				
Education:				
Regular instruction	11,186,276	11,892,368	11,870,645	21,723
Vocational education	442,094	438,326	437,412	914
Special education	1,516,151	1,617,823	1,622,113	(4,290)
Early childhood education	484,445	501,083	501,083	-
Attendance services	80,177	80,668	80,667	1
Health services	144,893	161,643	161,065	578
Student support	618,518	521,589	523,566	(1,977)
Regular instruction support services	931,071	923,972	932,380	(8,408)
Special education support services	86,835	84,604	85,260	(656)
Vocational education support services	15,331	15,451	15,472	(21)
Operation of plant	2,152,358	2,130,319	2,166,466	(36,147)
Maintenance of plant	608,100	521,259	518,959	2,300
Board of education	756,239	883,667	877,412	6,255
Alternative education	452,435	447,874	446,569	1,305
Office of the superintendent	270,392	279,091	281,917	(2,826)
Community services	119,414	129,231	123,867	5,364
Transportation	1,600	15,479	16,704	(1,225)
Office of the principal	1,350,660	1,343,386	1,344,221	(835)
Fiscal services	188,489	198,616	196,544	2,072
Total education	21,405,478	22,186,449	22,202,322	(15,873)
Capital outlay	98,285	19,002	21,650	(2,648)
Total Expenditures	21,503,763	22,205,451	22,223,972	(18,521)
Revenues Over (Under) Expenditures	246,140	(455,548)	(482,030)	(26,482)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	1,548,792	1,548,792
Other charges-interest and bond fees	-	(279,552)	(453,089)	(173,537)
Transfers to other funds	(280,000)	(80,559)	(1,338,761)	(1,258,202)
Total other financing sources (uses)	(280,000)	(360,111)	(243,058)	117,053
Net Change in Fund Balance	(33,860)	(815,659)	(725,088)	90,571
Fund Balance - July 1, 2013	1,944,737	1,944,737	1,944,737	-
Fund Balance - June 30, 2014	\$ 1,910,877	\$ 1,129,078	\$ 1,219,649	\$ 90,571

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities -- Enterprise Funds				Totals	Governmental
	Gas	Water and Sewer	Solid Waste Management	Electric System		Activities - Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 7,795,080	\$ 838,604	\$ 1,213,452	\$ 4,833,032	\$ 14,680,168	\$ 1,593,752
Investments	732,904	-	313,218	8,603,664	9,649,786	-
Accounts receivable - net	185,866	453,210	207,538	2,797,088	3,643,702	14,125
Accrued interest receivable	-	-	-	21,505	21,505	-
Accrued rents receivable	-	-	-	88,397	88,397	-
Due from other funds	1,432,579	229,764	222,870	-	1,885,213	42,177
Inventories	55,189	121,576	-	867,539	1,044,304	-
Prepaid expenses	-	-	-	96,910	96,910	-
Total current assets	10,201,618	1,643,154	1,957,078	17,308,135	31,109,985	1,650,054
Noncurrent assets:						
Cash in bank and with trustees	-	-	-	1,618,983	1,618,983	-
Capital assets:						
Plant in service	13,021,899	57,334,568	8,529,914	55,744,959	134,631,340	2,154,658
Construction in progress	15,943	445,762	-	1,101,767	1,563,472	-
Less - accumulated depreciation	(7,465,937)	(32,910,261)	(5,645,152)	(25,714,917)	(71,736,267)	(1,579,095)
Net utility plant	5,571,905	24,870,069	2,884,762	31,131,809	64,458,545	575,563
Other assets	-	15,630	300	748,020	763,950	19,428
Total noncurrent assets	5,571,905	24,885,699	2,885,062	33,498,812	66,841,478	594,991
Total Assets	15,773,523	26,528,853	4,842,140	50,806,947	97,951,463	2,245,045
LIABILITIES						
Current liabilities:						
Accounts payable	1,007,578	15,842	25,370	3,527,414	4,576,204	7,720
Bonds payable within one year	-	680,000	-	540,000	1,220,000	-
Accrued payroll	10,193	27,159	16,453	-	53,805	23,241
Accrued interest payable	-	11,667	-	50,102	61,769	-
Accrued vacation	-	-	-	180,823	180,823	-
Accrued compensated absences	45,126	85,892	27,428	-	158,446	36,024
Customer deposits	294,392	425,268	-	1,666,207	2,385,867	-
Due to other funds	110,419	1,912,329	92,225	-	2,114,973	910,128
Other current liabilities	30,929	91,110	42,500	28,033	192,572	59,300
Total current liabilities	1,498,637	3,249,267	203,976	5,992,579	10,944,459	1,036,413
Noncurrent liabilities:						
Other accrued liabilities	29,087	62,927	1,238,209	-	1,330,223	48,344
Advances from TVA - conservation	-	-	-	663,786	663,786	-
Bonds payable - long-term	-	2,990,000	-	2,597,673	5,587,673	-
Total noncurrent liabilities	29,087	3,052,927	1,238,209	3,261,459	7,581,682	48,344
Total Liabilities	1,527,724	6,302,194	1,442,185	9,254,038	18,526,141	1,084,757
NET POSITION						
Net investment in capital assets	5,571,905	21,200,069	2,884,762	28,027,838	57,684,574	575,563
Restricted	-	-	-	1,618,983	1,618,983	-
Unrestricted	8,673,894	(973,410)	515,193	11,906,088	20,121,765	584,725
Total Net Position	\$ 14,245,799	\$ 20,226,659	\$ 3,399,955	\$ 41,552,909	79,425,322	\$ 1,160,288
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					710,111	
Total Net Position of business-type activities					\$ 80,135,433	

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-type Activities -- Enterprises Funds				Total	Governmental
	Gas	Water and Sewer	Solid Waste Management	Electric System		Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 7,588,479	\$ 6,434,523	\$ 2,536,695	\$ 40,339,144	\$ 56,898,841	\$ 1,006,043
Payments to suppliers	(5,000,676)	(1,627,529)	(630,103)	(33,881,578)	(41,139,886)	(447,144)
Payments to employees for services	(382,775)	(994,616)	(649,309)	(2,424,989)	(4,451,689)	(913,241)
Payments for employee benefits	(148,247)	(491,187)	(259,208)	-	(898,642)	(307,351)
Payments to other funds	(866,991)	(1,250,738)	(366,042)	-	(2,483,771)	288,875
Other receipts (payments)	83,834	173,157	5,923	-	262,914	734,994
Net Cash Provided by (used for) Operating Activities	<u>1,273,624</u>	<u>2,243,610</u>	<u>637,956</u>	<u>4,032,577</u>	<u>8,187,767</u>	<u>362,176</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACITIVITES						
Transfers to other funds	(300,898)	(701,398)	-	(1,110,974)	(2,113,270)	-
Net cash from (used by) financing activities	<u>(300,898)</u>	<u>(701,398)</u>	<u>-</u>	<u>(1,110,974)</u>	<u>(2,113,270)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(24,252)	(800,382)	(369,481)	(1,622,034)	(2,816,149)	(7,311)
Salvage from retirement of plant	-	-	-	49,052	49,052	-
Cost of removal on retired plant	-	-	-	(159,094)	(159,094)	-
Principal paid on notes and bonds	-	(820,000)	(475,000)	(780,000)	(2,075,000)	-
Interest paid on notes and bonds	-	(152,300)	(13,281)	(140,945)	(306,526)	-
Other receipts (payments)	-	(706)	(545)	28,172	26,921	-
Net cash from (used by) capital and related financing activities	<u>(24,252)</u>	<u>(1,773,388)</u>	<u>(858,307)</u>	<u>(2,624,849)</u>	<u>(5,280,796)</u>	<u>(7,311)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Net change in investments	(659)	-	(281)	(1,315,802)	(1,316,742)	-
Interest and investment earnings	28,429	8,986	16,403	214,940	268,758	728
Increase (decrease) in customer deposits	-	-	-	96,040	96,040	-
Net change in conservation loans	-	-	-	(20,876)	(20,876)	-
Net cash provided by (used for) investing activities	<u>27,770</u>	<u>8,986</u>	<u>16,122</u>	<u>(1,025,698)</u>	<u>(972,820)</u>	<u>728</u>
Net increase(decrease) in cash and cash equivalents	<u>976,244</u>	<u>(222,190)</u>	<u>(204,229)</u>	<u>(728,944)</u>	<u>(179,119)</u>	<u>355,593</u>
Cash and cash equivalents - July 1, 2013	<u>6,818,836</u>	<u>1,060,794</u>	<u>1,417,681</u>	<u>6,984,623</u>	<u>16,281,934</u>	<u>1,238,159</u>
Cash and cash equivalents - June 30, 2014	<u>\$ 7,795,080</u>	<u>\$ 838,604</u>	<u>\$ 1,213,452</u>	<u>\$ 6,255,679</u>	<u>\$ 16,102,815</u>	<u>\$ 1,593,752</u>

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(CONTINUED)

	Business-type Activities -- Enterprises Funds				Total	Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 728,646	\$ 1,198,514	\$ (37,373)	\$ 1,984,191	\$ 3,873,978	\$ (26,070)
Adjustments to reconcile net income (loss) from operations to net cash provided by operating activities						
Depreciation	333,456	1,277,973	546,334	1,993,294	4,151,057	68,815
Amortization	-	4,575	78,774	-	83,349	10,519
Provision for doubtful accounts	6,160	14,557	27,309	-	48,026	-
(Increase) Decrease in Assets						
Accounts receivable, net of allowance	(12,686)	(22,423)	13,645	(89,701)	(111,165)	9,827
Due from other funds	44,579	(225,422)	(21,585)	-	(202,428)	(31,270)
Inventory	(2,705)	(4,458)	-	(74,947)	(82,110)	-
Prepaid expenses	-	-	-	(2,268)	(2,268)	-
Other assets	-	-	-	33,334	33,334	-
Increase (Decrease) in Liabilities						
Accounts payable	87,300	(55,221)	5,465	185,415	222,959	(3,112)
Accrued payroll	1,291	5,339	4,056	-	10,686	2,656
Accrued interest payable	-	-	(1,207)	-	(1,207)	-
Accrued vacation	-	-	-	(3,721)	(3,721)	-
Customer deposits	30,098	47,069	-	-	77,167	-
Due to other funds	56,619	(5,791)	17,156	-	67,984	320,145
Other current liabilities	(467)	(5,701)	5,900	6,980	6,712	1,400
Compensated absences	1,333	14,599	(518)	-	15,414	9,266
Net cash provided by (used for) operating activities	<u>\$ 1,273,624</u>	<u>\$ 2,243,610</u>	<u>\$ 637,956</u>	<u>\$ 4,032,577</u>	<u>\$ 8,187,767</u>	<u>\$ 362,176</u>

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Dyersburg, TN (City) is a municipal corporation governed by an elected mayor and eight-member Board of Aldermen. The accompanying financial statements include the accounts of all City operations. Based on the criteria of Section 2100 of GASB's Codification of *Governmental Accounting and Financial Reporting Standards*, the City has no component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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 fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 are 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 City considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The **general fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **school fund** accounts for the activities of the Dyersburg City Schools. The City provides elementary through secondary educational opportunities for its residents.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

The government reports the following major proprietary funds:

The ***water and sewer fund*** accounts for the activities of the City's Water and Sewer system. The City operates the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution and purification system.

The ***natural gas fund*** accounts for the activities of the City's natural gas distribution system.

The ***solid waste management fund*** accounts for the activities of the City's landfill and the collection system of residential, commercial, and industrial garbage.

The ***electric fund*** accounts for the activities of the City's electric distribution operations.

Additionally, the government reports the following fund types:

The ***internal service funds*** account for data processing, utility billing, utility collection, and communication services provided to other funds of the City on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers for goods and services provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the City's internal service funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of fees charged that are intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

D. Impact of Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement 25*, and Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement 27*. For governments to adopt Statement 68, the underlying pension plans must first adopt Statement 67. Statement 67 revises existing standards of financial reporting by state and local government pension plans and is effective for fiscal years beginning after June 15, 2013. Statement 68 improves accounting and financial reporting by state and local governments for pensions and is effective for fiscal years beginning after June 15, 2014. These statements establish a definition of a pension plan that reflects the primary activities associated with the pension agreement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. Statement 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligations. Management is currently evaluating the impact of the adoption of this statement on the Entity's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for periods beginning after December 15, 2012. The provisions of GASB Statement 65 are adopted during this reporting period.

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three (3) months or less from the date of acquisition.

The City is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Tennessee or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Tennessee or the United States; (4) certificates of deposits issued by state and national banks domiciled in Tennessee that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or secured by obligations mentioned above; and (5) fully collateralized direct repurchase agreements having a defined termination date.

Investments for the City are reported at fair value.

2. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These amounts are classified as Due to/from other funds.

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The allowances for uncollectible accounts have been established at an amount considered sufficient by the City to offset losses from customers nonpayment.

The City's property tax schedule as defined by the City Charter is as follows: Property taxes are levied as of September 1 on the property values assessed as of the prior January 1. Taxes are due September 1 through December 31 and are delinquent on the following January 1. Tax bills are mailed on September 1. Tax liens are automatic on January 1 each year and continue until such taxes and any penalty, interest or other charges accruing thereon are paid. Assessed values are established by the County Tax Assessor at 25% of appraised market value for residential real property, 40% for commercial real property, 55% for public utilities, and 30% for business personal property. A complete reappraisal of all property is required every six (6) years with an update after the third year. A revaluation was completed in 2014. The City's tax rate applicable to 2013 was \$2.14 on each \$100 of tax valuation.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

3. Inventories and Prepaid Items

The inventory of materials and supplies of the proprietary funds are valued at the lower of market or average cost. The inventory of the Dyersburg City Schools is valued at cost, using the first-in/first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. Capital assets, depreciation, and amortization

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two (2) years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. However, the Dyersburg Electric System does not capitalize construction period interest into the cost of fixed assets because the borrowings are not related to specific projects and are incurred for general repairs, maintenance, and plant expansion.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

The City policy for amortization of deferred charges and of acquisition cost of utility customers is to amortize these costs over their estimated benefit period. Amortization periods range from five (5) to twelve (12) years.

5. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable. Unpaid compensated absences for proprietary fund types are recorded as expenses and liabilities in those funds as the benefits accrue to employees.

6. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

7. Fund Equity

GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long term notes receivable.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Mayor and Aldermen (the City's highest level of decision-making authority) either by ordinance or resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned: This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the Board of Mayor and Aldermen, or a subordinate high-level body, such as the Finance Committee, that has the authority to assign amounts to be used for specific purposes.

Unassigned: This classification is the residual fund balance for the General Fund. It also represents the fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

In the government-wide 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.

Designations of fund balance represent tentative management plans that are subject to change. Governmental funds also report fund balance amounts representing funds invested in capital assets net of related debt and unrestricted funds.

When fund balance resources are available for a specific purpose in multiple classifications, the Board would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

8. Estimates

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

9. *Vacation and Sick Leave*

The City has established various vacation and sick leave policies for different segments of employees.

1) Dyersburg School System - The School System provides one day of vacation for each month of service for professional employees. Any unused vacation is paid at year end to the employee. Professional employees receive one day of sick leave for each month of service. Any sick leave unused is not paid, but is used to increase retirement benefits. Nonprofessional employees receive .75 days per month or the equivalent of 9 days per year to be used as sick leave or vacation. The non-professional employees can accumulate up to a maximum of 15 days. The days accumulated in excess of the maximum are to be paid to the employees as .5 days pay for days accumulated in excess of the maximum allowed.

2) Dyersburg Electric System - Electric System employees accrue vacation days under the following terms:

Employment Term	Days Earned
1 month to 10 years	1 day per month
11 years to 15 years	1.25 days per month
16 years to 20 years	1.50 days per month
Over 20 years	1.75 days per month

A maximum of 252 hours may be carried forward into the next calendar year. Sick leave accumulates at the rate of one day for each full calendar month of employment service. Unused sick leave days may accumulate from year to year up to a maximum of ninety days.

3) Firefighters accrue vacation days under the following terms:

Employment Term	Days Earned
1 to 2 years	3 shift days (1 week)
2 to 10 years	5 shift days (2 weeks)
10 to 20 years	8 shift days (3 weeks)
Over 20 years	10 shift days (4 weeks)

Vacation leave shall begin to accrue at the end of the first full month of employment, but may be granted only after the probation period is completed. Vacation time not used during the anniversary year may be carried forward to the following anniversary year subject to the approval of the department head. Sick leave with pay shall be granted to all full-time employees at the rate of one-half shift day for each completed month of service and may be accrued to a maximum of forty-five (45) days. Employees shall accrue sick leave from their employment date. No payment will be made for accrued sick leave upon separation, except for those employees that have accumulated twenty years of service with the City and that were employed prior to March 18, 1991.

4) Other City employees - All other City employees are allowed paid vacations of five days after one year of service, ten days after two years, fifteen days after ten years, and twenty days after twenty years. Unused vacations may be accumulated to a maximum of three hundred sixty (360) hours and carried forward to the following year. Sick leave with pay shall be granted all full-time employees at the rate of one working day for each completed month of service and may be accrued to a maximum of ninety (90) days. Employees shall accrue sick leave from their employment date. No payment will be made for accrued sick leave upon separation, except for those employees that have accumulated twenty years of service with the City and that were employed prior to March 18, 1991.

10. *Deferred Outflows/Inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City presently has no items that qualify for reporting in this category.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category. Unavailable revenue is reported as deferred inflows of resources in the fund financial statements for property taxes and confiscated funds that are not collectible in the current fiscal period or within sixty days of the end of the current fiscal period. Unavailable revenues are reported in the government wide financial statements for property taxes that are levied but not due until September of the next fiscal year.

11. Utility Pole Rental

The Electric System contracts with other utilities to share poles for lines. These contracts are renewed on an annual basis. Pole rent expense for the year ended June 30, 2014, was \$17,360.

II. Reconciliation of Government-Wide and Fund Financial Statement

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$26,518,595 difference are as follows:

Bonds payable	\$ 11,781,595
Notes payable	12,936,834
Compensated absences	<u>1,800,166</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 26,518,595</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense." The details of this \$11,701,037 difference are as follows:

Capital outlay	\$ 15,224,957
Less depreciation expense	<u>(3,523,920)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 11,701,037</u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse the fiscal year end.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

The appropriated budget is prepared by fund, function, and department and approved by a budget ordinance. No budgeted appropriation may be exceeded without an amendment of the budget ordinance. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

For the year ended June 30, 2014 expenditures exceeded appropriations in the TIP Fund, Community Development Fund and School Fund.

IV. Detail Notes on All Funds

A. Deposits and Investments

Cash and certificates of deposit are carried at cost which approximates market value.

The City is mandated by law to require that the financial institutions in which they maintain deposits pledge securities to collateralize deposits which are in excess of the amount covered by federal insurance. At June 30, 2014, the City's bank deposits were entirely insured with FDIC Insurance or through the state bank collateral pool.

At year end, the government's investment balances were as follows:

	Investments	Trust Funds
Time Deposits	\$ 10,000	\$ -
Certificates of Deposit	8,603,664	
U. S. Agencies and Instrumentalities	-	1,384,603
Total Securities	8,613,664	1,384,603
Local Government Investment Pool	1,046,122	-
Total Investments	\$ 9,659,786	\$ 1,384,603

Local Government Investment Pool investments are not categorized, in accordance with GASB No. 3, because they are not evidenced by securities that exist in physical or book entry form.

The State Treasurer operates the State Pooled Investment Fund of which the Local Government Investment Pool is a part. The funds are invested by the State at various financial institutions in the State and in other approved investments. The funds may be liquidated as needed.

The State Pooled Investment Fund (SPIF) operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Therefore, the SPIF uses amortized cost accounting measures to report investments and share prices. Accordingly, the fair value of the position in SPIF is the same as the value of SPIF shares.

B. Receivables

Receivables as of year end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds:

	General	School	Nonmajor Funds	Total
Taxes	\$ 753,775	\$ 469,979	\$ -	\$ 1,223,754
Accounts	1,842,575	82,276	161,587	2,086,438
Intergovernmental	24,005	-	1,212,393	1,236,398
Unassessed property taxes	7,318,871	-	-	7,318,871
Gross receivables	9,939,226	552,255	1,373,980	11,865,461
Less: allowance for uncollectibles	(240,359)	-	-	(240,359)
Net total receivables	\$ 9,698,867	\$ 552,255	\$ 1,373,980	\$ 11,625,102

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Business-type Funds:

	Proprietary Funds				Total	Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System		
Interest	\$ -	\$ -	\$ -	\$ 21,505	\$ 21,505	\$ -
Accounts	227,866	530,210	259,538	3,063,971	4,081,585	17,125
Other assessments	-	-	-	88,397	88,397	-
Gross receivables	227,866	530,210	259,538	3,173,873	4,191,487	17,125
Less: allowance for uncollectibles	(42,000)	(77,000)	(52,000)	(266,883)	(437,883)	(3,000)
Net total receivables	<u>\$ 185,866</u>	<u>\$ 453,210</u>	<u>\$ 207,538</u>	<u>\$ 2,906,990</u>	<u>\$ 3,753,604</u>	<u>\$ 14,125</u>

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. At the end of the current fiscal year, deferred revenue reported in the governmental funds was as follows:

	<u>Unavailable</u>
Property taxes receivable (general fund)	\$ 8,035,461
Confiscated funds (TIP fund)	<u>38,229</u>
Total deferred revenue for governmental funds	<u>\$ 8,073,690</u>

C. Notes Receivable

During the year ended June 30, 1996, the City sold 30 acres of industrial park land to the Industrial Development Board of Dyer County. The Board executed a non-interest bearing note payable in favor of the City in the amount of \$240,000 due in full October 1, 2015. The principal balance of the note is reflected as a note receivable on the balance sheet of the Community Development Fund.

By prior agreement, the City agreed to reimburse the County of Dyer for its investment in real estate of the Industrial Development Park as parcels are sold and the sales price collected. Accordingly, a liability has been recorded in the Community Development Fund in the amount of \$30,133.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

D. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government

	Beginning Balance	Additions & Adjustments	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,522,737	\$ 4,408	\$ -	\$ 6,527,145
Construction in progress	\$ 342,036	\$ 5,884,816	\$ (342,036)	\$ 5,884,816
Capital assets being depreciated:				
Buildings	\$ 47,815,651	\$ 4,069,717	\$ -	\$ 51,885,368
Improvements other than buildings	4,616,661	3,683,372	-	8,300,033
Machinery and equipment	13,330,858	936,361	(178,945)	14,088,274
Infrastructure	25,390,359	988,319	-	26,378,678
Total capital assets, being depreciated	91,153,529	9,677,769	(178,945)	100,652,353
Less accumulated depreciation for:				
Buildings	(25,399,280)	(2,289,793)	-	(27,689,073)
Improvements other than buildings	(2,016,001)	(226,420)	-	(2,242,421)
Machinery and equipment	(9,342,571)	(664,355)	178,945	(9,827,981)
Infrastructure	(15,741,986)	(343,352)	-	(16,085,338)
Total accumulated depreciation	(52,499,838)	(3,523,920)	178,945	(55,844,813)
Total capital assets, being depreciated, net	38,653,691	6,153,849	-	44,807,540
Allocated Internal Service Fund capital assets, being depreciated, net	404,701	-	(30,401)	374,300
Governmental activities capital assets, net	\$ 39,058,392	\$ 6,153,849	\$ (30,401)	\$ 45,181,840

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,179,874	\$ -	\$ -	\$ 2,179,874
Construction in progress	\$ 825,473	\$ 1,136,529	\$ (398,530)	\$ 1,563,472
Capital assets being depreciated:				
Land and land improvements	\$ 5,681,079	\$ -	\$ -	\$ 5,681,079
Buildings and systems	111,370,544	1,450,649	(268,173)	112,553,020
Machinery and equipment	13,538,152	717,110	(37,895)	14,217,367
Total capital assets, being depreciated	130,589,775	2,167,759	(306,068)	132,451,466
Less accumulated depreciation	(67,911,710)	(4,240,666)	416,109	(71,736,267)
Total capital assets, being depreciated, net	62,678,065	(2,072,907)	110,041	60,715,199
Allocated Internal Service Fund capital assets, being depreciated, net	232,367	-	(31,104)	201,263
Business-type activities capital assets, net	\$ 62,910,432	\$ (2,072,907)	\$ 78,937	\$ 60,916,462

CITY OF DYERSBURG, TENNESSEE
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Depreciation expense was charged to functions/programs of the primary government as follows:

Government activities:

General government	\$	175,263
Public safety		400,276
Public works		566,552
Schools		2,248,556
Parks & recreation		133,273
Capital assets held by the government's internal service funds charged to functions based on usage		30,401
Total depreciation expense - governmental activities		\$ 3,554,321

Business-type activities:

Gas	\$	333,456
Water and Sewer		1,277,973
Solid Waste Management		546,334
Electric		1,666,884
Capital assets held by the government's internal service funds charged to functions based on usage		38,414
Total depreciation expense - business-type activities		\$ 3,863,061

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances at June 30, 2014, is as follows:

Receivable Fund	Payable Fund	Amount
General	Enterprise	\$ 1,465,018
	Nonmajor governmental	1,393,303
	Internal Service	40,883
	School General Purpose	617,519
Enterprise	Nonmajor governmental	501,263
	Internal Service	833,062
	Enterprise	550,888
Nonmajor governmental	General	1,635,481
	Enterprise	92,897
	Internal Service	25,418
	School General Purpose	34,292
Internal Service	General	25,242
	Enterprise	6,170
	Internal Service	10,765
School General Purpose	Nonmajor governmental	258,058
Total		\$ 7,490,259

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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Interfund transfers for the year ending June 30, 2014:

Transfer To	Transfer From	Amount
General	Gas (Tax Equivalents)	\$ 249,400
	Water and Sewer (Tax Equivalents)	649,900
	Electric (Tax Equivalents)	1,110,974
	Cemetery Trust (Per Trust Agreement)	30,424
Community Development	General (Industrial Development)	53,132
Cemetery Trust	General (Per Trust Agreement)	43,350
School General Purpose	General (Budgeted)	15,000
School Debt Service	Debt Service (School Debt)	1,533,792
	School General Purpose (School Debt)	258,058
Total		<u>\$ 3,944,030</u>

Interfund transfers occur in the normal course of business activities.

F. Long-Term Debt

1. General Obligation bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

\$8,365,000 General Obligation Water and Sewer Refunding Bonds, Series 2009 dated April 28, 2009, due in annual installments at 3.00-4.00% interest, secured by revenues of the City.	\$ 3,670,000
\$2,960,000 General Obligation Qualified School Construction Bonds, Series 2009 dated December 17, 2009, due in monthly installments at 1.515% interest, secured by revenues of the City.	\$ 2,236,595
\$9,600,000 General Obligation School Bonds, Series 2013 dated August 16, 2013, due in annual installments at 2.00-4.10% interest, secured by revenues of the City.	<u>\$ 9,545,000</u>
Total General Obligation Bonds Payable	<u>\$ 15,451,595</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 284,699	\$ 382,762	\$ 680,000	\$ 129,800
2016	284,699	380,762	700,000	105,600
2017	284,699	378,762	735,000	76,900
2018	284,699	376,762	770,000	46,800
2019	284,699	374,762	785,000	15,700
2020-2024	2,313,495	1,824,735	-	-
2025-2029	4,299,605	1,288,663	-	-
2030-2033	3,745,000	393,344	-	-
Totals	<u>\$ 11,781,595</u>	<u>\$ 5,400,552</u>	<u>\$ 3,670,000</u>	<u>\$ 374,800</u>

CITY OF DYERSBURG, TENNESSEE
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2. Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at year end are as follows:

\$3,800,000 Electric System Revenue Refunding Bonds, Series 2005 dated March 22, 2005, due in annual installments at 3.10-4.10% interest, secured by revenues of the System	\$ 1,240,000
\$2,000,000 Electric System Revenue Refunding Bonds, Series 2007 dated March 26, 2007, due in annual installments at 3.70 - 4.00% interest, secured by revenues of the System	1,490,000
\$1,775,000 Electric System Revenue Refunding Bonds, Series 2010 dated February 10, 2010, due in annual installments at 2.00 - 3.00% interest, secured by revenues of the System.	<u>435,000</u>
Total Revenue Bonds Payable	<u><u>\$ 3,165,000</u></u>

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2015	\$ 540,000	\$ 120,245
2016	565,000	101,825
2017	375,000	82,148
2018	370,000	67,380
2019	370,000	52,820
2020-2024	<u>945,000</u>	<u>82,820</u>
Totals	<u><u>\$ 3,165,000</u></u>	<u><u>\$ 507,238</u></u>

3. Notes Payable

The City has executed notes payable for the construction or acquisition of major capital facilities. Notes outstanding at year end are as follows:

Governmental activities

\$10,000,000 Tennessee Municipal Bond Fund Variable Rate Loan Program, dated September 19, 2000, secured by revenues of the City	\$ 6,585,000
\$2,750,000 Capital Outlay Notes dated April 18, 2007, secured by revenues of the City	1,645,000
\$2,200,000 School Capital Outlay Notes dated April 18, 2007, secured by revenues of the City	1,030,000
\$4,500,000 Tennessee Municipal Bond Fund Variable Rate Loan Program, dated September 29, 2011, secured by revenues of the City	3,243,506
\$500,000 Energy Efficient Schools Initiative Loan Agreement, dated April 9, 2012	<u>433,328</u>
Total notes payable - Governmental activities	<u><u>\$ 12,936,834</u></u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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Annual debt service requirements to maturity for notes payable are as follows:

Year Ending June 30,	Principal	Interest
2015	\$ 1,600,004	\$ 373,745
2016	1,655,004	325,594
2017	1,711,004	276,595
2018	1,769,004	225,713
2019	1,828,004	172,887
2020-2024	4,373,814	307,929
Totals	<u>\$ 12,936,834</u>	<u>\$ 1,682,463</u>

4. Changes in long-term liabilities

Long – term liability activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due in One Year
Governmental Activities					
Compensated Absences	\$ 1,693,808	\$ 128,427	\$ -	\$ 1,822,235	\$ -
Notes Payable	13,507,333	979,505	(1,550,004)	12,936,834	1,600,004
General Obligation Bonds	2,421,294	9,600,000	(239,699)	11,781,595	284,699
Total governmental activities	<u>17,622,435</u>	<u>10,707,932</u>	<u>(1,789,703)</u>	<u>26,540,664</u>	<u>1,884,703</u>
Business Type Activities					
Compensated Absences	100,036	4,486	-	104,522	-
Closure/Postclosure Costs	1,152,100	73,600	-	1,225,700	-
Note Payable	475,000	-	(475,000)	-	-
General Obligation Bonds	4,490,000	-	(820,000)	3,670,000	680,000
Revenue Bonds	3,945,000	-	(780,000)	3,165,000	540,000
Less Bond Discount	(33,583)	6,256	-	(27,327)	-
Total business type activities	<u>10,128,553</u>	<u>84,342</u>	<u>(2,075,000)</u>	<u>8,137,895</u>	<u>1,220,000</u>
Total of all fund types	<u>\$ 27,750,988</u>	<u>\$ 10,792,274</u>	<u>\$ (3,864,703)</u>	<u>\$ 34,678,559</u>	<u>\$ 3,104,703</u>
OPEB	<u>\$ 1,108,493</u>	<u>\$ 200,897</u>	<u>\$ -</u>	<u>\$ 1,309,390</u>	<u>\$ -</u>

Compensated absences for governmental activities and business-type activities are generally liquidated by the general fund and the respective business-type activity.

CITY OF DYERSBURG, TENNESSEE
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G. Fund Balances - Governmental Funds

	General Fund	School Fund	Other Govt. Funds	Total
Nonspendable				
Inventory	\$ -	\$ -	\$ 46,528	\$ 46,528
Prepaid expenses	25,052	-	-	25,052
Long term notes receivable	-	-	48,000	48,000
Restricted				
Public safety	-	-	197,186	197,186
Education	-	1,219,649	1,055,797	2,275,446
Capital projects	302,459	-	4,302	306,761
Community development	-	-	8,434	8,434
Perpetual care	-	-	1,379,403	1,379,403
Debt service	-	-	1,886,490	1,886,490
Committed				
Employee health claims	-	-	50,493	50,493
Unassigned	45,027	-	(39,378)	5,649
Totals	<u>\$ 372,538</u>	<u>\$ 1,219,649</u>	<u>\$ 4,637,255</u>	<u>\$ 6,229,442</u>

H. Industrial Park Property

The City of Dyersburg has purchased several parcels of industrial property in an equal partnership with the County of Dyer, Tennessee. When the property is sold, the County of Dyer receives one-half of the net proceeds from the sales after allowance has been made for reimbursement to the City for costs of developing the property, if any. At June 30, 2014, approximately 308 acres of undeveloped industrial park property is owned jointly by these two governmental bodies.

I. Closure and Postclosure Care Costs

State and Federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. At June 30, 2014, the estimated remaining useful life of the landfill was 61 years.

The recognition of the landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$1,225,700 as of June 30, 2014, which is based on 21.4% usage (filled) of the landfill. It is estimated that an additional \$4,513,043 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care (\$5,738,743) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2014. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City is required by state and Federal laws and regulations to make annual contributions to finance closure and postclosure care. At June 30, 2014, the City has \$313,218 on deposit for the funding of this liability. The City has executed contracts in lieu of performance bonds with the State of Tennessee in the sum of \$5,855,607 which states that the City shall properly operate the solid waste facility and perform closure of the facility in accordance with all requirements of the permit and the closure/postclosure plan pursuant to all applicable laws and regulations. Failure of the City to perform would entitle the State of Tennessee to collect any state funds disbursed to the City for the cost of any violations.

CITY OF DYERSBURG, TENNESSEE
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Once the City funds the closure/postclosure liability, it would be anticipated that future inflation costs would be financed in part from earnings on investments held by the trustee. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

V. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Dyersburg City Schools

During the year ended June 30, 2014, the School obtained insurance from the Tennessee School Board Liability Trust (TSBLT), which is a public entity risk pool established to provide insurance coverage to local School boards in Tennessee. The Board pays an annual premium to TSBLT for insurance. The creation of TSBLT provides for it to be self-sustaining through member premiums. The TSBLT reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

It is the policy of the School Board to purchase commercial insurance for the risks of losses to which it is exposed, other than those risks noted above. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Dyersburg Electric System

The Electric System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the System carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Other City Segments

The City through the City of Dyersburg Healthcare Network provides City employees with self-funded healthcare coverage. The City entered an agreement with Underwriters Safety & Claims, Inc. for claims administration and payment. Claims in excess of a self-insured aggregate limit of \$3,563,151 and specific underlying coverage of \$100,000 per employee was covered through third party insurance policies. Revenues are recognized from payroll deductions for employee dependent coverage and from City contributions for employee coverage. There were no reductions in insurance coverage, and claims paid in excess of self-insured limits have been reimbursed to the City or recorded as a receivable at June 30, 2014.

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

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B. Concentration of Credit Risk

The City bills local property owners for property taxes and customers of the Enterprise Funds for utility services. At June 30, 2014, these property owners and customers are indebted to the City as noted on the Balance Sheet and Statement of Net Position of the General and Proprietary Funds. The majority of the property owners and customers are local businesses or individuals. The property is subject to foreclosure in the event of non-payment after certain legal requirements are met. The utility services are sold to the customers without requiring any collateral although deposits are required in certain situations. The ability of customers to pay is dependent upon the economic conditions of the area.

C. Pending or Threatened Litigation

At June 30, 2014 Dyersburg Electric had no litigation or pending litigation.

At June 30, 2014 Dyersburg City Schools had no litigation or pending litigation.

At June 30, 2014 the City of Dyersburg had no litigation or pending litigation that is expected to result in any liability to the City.

D. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

E. Employee Retirement Systems and Pension Plans

The City has established various retirement plans for different segments of employees. Contributions by the City to all plans for the year ended June 30, 2014, were \$2,251,811. A brief description of each plan follows:

Dyersburg City Schools

1. Plan Description

The Dyersburg City Schools Board of Education 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 the Tennessee Code Annotated (TCA).

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 maximum annual COLA is capped at three percent.

CITY OF DYERSBURG, TENNESSEE
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The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. 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 be accessed at www.tn.gov/treasury/tcrs.

Funding Policy

Most teachers are required by state statute to contribute 5% of salary to the plan. The employer contribution rate for the Dyersburg City Schools Board of Education is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2013 was 8.88% of annual covered payroll. The employer contribution requirement for the Dyersburg City Schools Board of Education is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2014, 2013, and 2012, were \$1,070,102, \$1,047,065, and \$1,082,822, respectively, equal to the required contributions for each year.

2. Plan Description

Non-professional employees may elect to participate in a pension plan which was adopted by the School Board and which is administered by the Trust Department of First Tennessee Bank, Memphis, Tennessee. Electing non-professional employees made contributions equal to 5% of gross salary.

Actuarial information is estimated as of January 1, 2014.

At January 1, 2012, the Retirement Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits not receiving them	40
Active employees -	
Fully vested	47
Non-vested	55
Total	142

According to the Plan, employees having less than ten (10) years of service are non-vested. Employees became 100% vested when they complete ten (10) years of service. Employees may retire after age sixty (60) and the completion of ten (10) years of service with a reduction for early commencement.

As actuarial valuations are determined as of January 1, funding information is not available on a fiscal year basis. At the date of this report, the last actuarial valuation was performed as of January 1, 2014.

Disclosure Information

Governmental Accounting Standards Board Statement 25 establishes financial reporting standards for defined benefit pension plans sponsored by employers that are subject to governmental accounting standards.

Governmental Accounting Standards Board Statement 27 provides standards for reporting pension expenditures and expense and related pension liabilities and assets for such plans. The purpose of this report is to provide pertinent disclosure information relating to the Dyersburg City Schools Non-Professional Employees Pension Plan for the 2014 financial statements.

The statements generally provide that the actuarial methods and assumptions utilized for financial reporting should be the same methods and assumptions utilized in determining plan funding requirements. Consequently, benefits and values reported herein are based upon census data provided, and plan provisions and actuarial methods and assumptions, set forth in the actuarial valuation report preceding the fiscal year-end. Information as to these items can be found in the appropriate Actuarial Valuation and Report.

CITY OF DYERSBURG, TENNESSEE
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Statement 27 sets forth a methodology to determine annual adjustments to the Annual Required Contribution (ARC), which is the contribution required pursuant to the appropriate actuarial valuation, to account for differences between amounts expensed and contributions actually made. The resulting adjusted amount is referred to as the Annual Pension Cost (APC). The accumulated difference between the APC and the actual contribution is referred to as the Net Pension Obligation (NPO). To determine the NPO (and therefore the APC) at the date of transition, the statement requires a retroactive calculation for all fiscal years beginning after December 31, 1986 and the date the statement is initially applied. The information below assumes that the actual contributions equaled the Annual Required Contribution for the fiscal years beginning after December 31, 1986 and the date the statement was initially applied.

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2004	\$ -	\$ -	n/a
2005	-	-	n/a
2006	-	-	n/a
2007	43,353	-	0%
2008	43,353	-	0%
2009	73,186	-	0%
2010	73,186	-	0%
2011	119,709	-	0%
2012	119,709	-	0%
2013	170,567	-	0%

Three Year Trend Information

	Year Ending December 31,		
	2010	2011	2012
Annual Pension Cost	\$ 71,652	\$ 117,482	\$ 116,346
Actual Contribution	\$ -	\$ -	\$ -
Percent of Annual Pension Cost Contributed	n/a	n/a	n/a
Net Pension Obligation	\$ 230,289	\$ 347,771	\$ 464,117

Net Pension Obligation as of December 31, 2012

Determination of Annual Pension Cost / Net Pension Obligation for 2012

Annual required contribution	\$ 119,709
Interest on net pension obligation	26,083
Adjustment to annual required contribution	<u>(29,446)</u>
Annual pension cost	116,346
Contributions made	<u>-</u>
Increase (Decrease) in net pension obligation	116,346
Net pension obligation beginning of year	<u>347,771</u>
Net pension obligation end of year	<u><u>\$ 464,117</u></u>

CITY OF DYERSBURG, TENNESSEE
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Additional Information Regarding Comparison

The plan's funding policy is to contribute the annual required contribution based on a 30-year amortization funding level. For the 2012 plan year, the annual required contribution was \$119,710 and the School did not make any employer contributions.

Actuarial assumptions have been revised periodically to reflect actual plan experience and expectations regarding future events. The most recent assumption revision was effective January 1, 2014 when the rates of investment return, salary increases, withdrawal and mortality were all changed.

Actuarial methods were last revised effective January 1, 1995 when the definition of actuarial assets was redefined as the five year smoothed asset value.

The last plan amendment prior to the disclosure date was adopted on October 30, 2001. No substantive amendments have been adopted since the disclosure date.

The School's amortization policy has been to amortize unfunded actuarial liabilities, if any, over a 10-year or 20-year period from each valuation date.

Total pension benefit obligation	\$ 6,192,477
Net assets available for benefits, at market value	<u>(4,404,250)</u>
Unfunded actuarial accrued liability, January 1, 2013	<u><u>\$ 1,788,227</u></u>

Dyersburg Electric System

1. Plan description

The Retirement Committee accounts for the activity of the Dyersburg Electric System Retirement Plan. The System is a single employer public employee retirement system (PERS). All employees of the System are eligible to participate following the attainment of age 21 and the completion of three (3) years of service.

At December 31, 2013, the Defined Benefit Plan's membership as discussed below consisted of:

Retirees and beneficiaries currently receiving benefits	3
Active employees	<u>37</u>
Total	<u><u>40</u></u>

There were no new entrants on January 1, 2013 included in the active employees above.

On December 19, 2012 the Power Board adopted resolutions to discontinue new participants into the existing Defined Benefit Plan as discussed below and established a new Defined Contribution Plan. Employees hired after December 31, 2012 and meeting the eligibility requirements will participate in the Defined Contribution Plan and existing participants in the Defined Benefit Plan may elect to participate in the Defined Contribution Plan provided they discontinue participation in the defined Benefit Plan.

2. Defined Benefit Plan

The Defined Benefit Plan provides retirement benefits as well as death and disability benefits. The Defined Benefit Plan benefit formula accrual rate is 2.0% per year of service. Retirement benefits begin vesting after five (5) years of service and are completely vested after fifteen (15) years of service. Employees may retire after age 55 and the completion of ten (10) years of service with a reduction for early commencement. There is no reduction if the employees' age plus years of service is 85 or greater.

Employees are required to contribute 1% of compensation. Dyersburg Electric System intends to contribute amounts necessary to fund the Plan, as determined by the Actuary.

CITY OF DYERSBURG, TENNESSEE
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3. Funding Status and Progress

The funding status of the plan as of December 31, 2013 was as follows:

Actuarial accrued liability (AAL)	\$ 8,455,886
Market value of plan assets	\$ 5,679,235
Unfunded actuarial accrued liability (UAAL)	<u>2,776,651</u>
Funded ratio (actuarial value of plan assets/AAL)	67.16%
Covered payroll (active plan members)	\$ 2,241,803
UAAL as a percentage of covered payroll	123.86%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with 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 multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

4. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The 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, consistent with the long-term perspective of the calculations.

In the December 31, 2013, actuarial valuation, the individual entry age normal cost method was used. Significant actuarial assumptions used in the computation include (a) rate of return on the investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 5.0 percent a year compounded annually, attributable to inflation, (c) no additional projected salary increases for seniority or merit, and (d) no post-retirement benefit increases. The District's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The Defined Benefit Plan amortizes the initial unfunded liability over a ten (10) to thirty (30) year period.

5. Three year trend information

	Year Ending December 31,		
	2011	2012	2013
Annual Pension Cost	\$ 336,929	\$ 364,877	\$ 407,576
Actual Contribution	401,619	431,924	458,117
Percent of Annual Pension Cost Contributed	119%	118%	112%
Unfunded Actuarial Accrued Liability (UAAL)	858	501,121	2,776,651
Increase (decrease) in UAAL	(3,633)	500,263	2,275,530

The components of the annual pension cost for the plan year ended December 31, 2013 are as follows:

Normal costs	\$ 177,673
Amortization of unfunded accrued liability	201,467
Net interest charge	28,436
	<u>\$ 407,576</u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

6. Actuarially Determined Contribution Requirements and Contributions Made

The contributions to the Plan for the year ended December 31, 2013, of \$458,117 were made in accordance with actuarially determined requirements computed through the actuarial valuation performed as of January 1, 2013. The contribution consisted of \$177,673 normal cost (8.0 percent of covered payroll), \$259,736 amortization of the unfunded actuarial accrued liability (11.7 percent of covered payroll), and \$20,708 in employee contributions (1.0 percent of covered payroll).

7. Defined Contribution Plan

The Defined Contribution Plan required the system to contribute 3% of gross wages of employees meeting the eligibility requirements. The System will also match a contribution of an eligible employee (dollar for dollar) up to 4% of gross wages. During the year ended June 30, 2014, the System contributed \$6,629 to the Defined Contribution Plan.

Other City Employees

1. Plan Description

All other City employees who are employed for at least 17 1/2 hours per week and for at least seven months per year are eligible to participate in the plan and accrue basic retirement benefits following the completion of three months of continuous employment and attainment of age eighteen. Normal retirement age is considered to be 65 for participants hired after February, 1989. Normal retirement age is considered to be 60 for participants hired before February, 1989.

A participant's monthly basic retirement benefit is equal to the product of (a) 2% of average monthly earnings and (b) number of years and months of credited service not to exceed 35 years of credited service. City employees hired prior to February, 1989, qualify for a supplemental \$100 retirement benefit per month after ten (10) years of continuous service.

The Plan provides retirement benefits, as well as, death and disability benefits. Benefits begin vesting after four (4) years of service and are 100% vested upon completion of ten (10) years of service. A participant may retire early if he is within five (5) years of normal retirement and the completion of ten (10) years of continuous service.

At July 1, 2013, the Retirement Plan membership consisted of:

Inactive participants - Receiving benefits	25
Inactive participants - Entitled to future benefits	48
Active participants - Basic retirement benefits	205
Participants - basic retirement benefits but no longer contributing	3
Participants - supplemental retirement benefits only	<u>2</u>
Total participants	<u><u>283</u></u>

Participating employees contribute 5% of each year's earnings. Pension plans sponsored by public entities are not required to comply with specific funding requirements; however, the Board of Mayor and Aldermen officially dedicated 100% of the wholesale liquor tax to the funding of this plan upon its inception. The City contributed \$740,000 to this plan for the year ended June 30, 2014.

The funds of the plan are held in trust and administered by First Citizens National Bank of Dyersburg, Tennessee. Thornthwaite & Co. prepared the actuarial study and valuation as of July 1, 2013 for the plan year ending June 30, 2013.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

2. *Analysis of Funding Progress*

	As of July 1,		
	2009	2011	2013
Net Assets Available For Benefits	\$ 3,194,853	\$ 4,263,221	\$ 4,004,450
Pension Benefit Obligation	\$ 12,535,673	\$ 14,829,284	\$ 15,516,122
Percentage Funded	25.5%	28.7%	25.8%
Unfunded Pension Benefit Obligation	\$ 9,340,820	\$ 10,566,063	\$ 11,511,672
Annual Covered Payroll	\$ 11,289,921	\$ 11,070,387	\$ 10,631,688
Unfunded Pension Benefit Obligation as a Percentage of Annual Covered Payroll	82.7%	95.4%	108.3%

3. *Components of Pension Benefit Obligation*

	As of July 1,		
	2009	2011	2013
Retired and Deferred	\$ 3,771,671	\$ 4,781,903	\$ 5,719,843
Current Employees			
Accumulated Employee Contributions	5,232,938	6,746,597	7,390,879
Employer-financed Vested	3,185,354	2,850,139	1,764,984
Employer-financed Non-vested	345,710	450,645	568,416
Total Pension Benefit Obligation	<u>\$ 12,535,673</u>	<u>\$ 14,829,284</u>	<u>\$ 15,444,122</u>

4. *Funding Status and Progress*

The amount shown as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected inflationary salary increases and step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the Plan.

The pension benefit obligation was computed as of July 1, 2013. Significant actuarial assumptions used in the computation include (a) a rate of return on the investments of 8.5% per annum net of investment expense and (b) projected salary increases of 4% annually. The unfunded pension benefits obligation to the City's employees at July 1, 2013, based on the actuary's computation at July 1, 2013, is as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not receiving them	\$ 5,719,843
Current employees-	
Employer-financed vested	1,764,984
Employer-financed nonvested	568,416
Accumulated employee contributions	<u>7,390,879</u>
Total pension benefit obligation	15,444,122
Net assets available for benefits, at market value	<u>4,004,450</u>
Pension benefit obligation in excess of assets	<u>\$ 11,439,672</u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

5. Actuarially Determined Contribution Requirements and Contribution Made

Pension plans sponsored by public entities such as the City are not required to comply with the specific funding requirement which govern pension plans sponsored by private employers. The principles of equity require that the cost of a public employee's pension plan be spread over the years in a reasonable manner which, in the absence of plan changes and deviations of experience from the expected, would build up during each working generation, as a reasonably level percentage of that generation's earnings, the funds needed to pay that generation's benefits. The Entry Age Normal actuarial funding method is used by this fund.

Current accounting practice suggests that a reasonable contribution to a pension plan would be one which would cover the Normal Cost of the plan and would amortize its Unfunded Actuarial Accrued Liabilities over a period of not less than ten (10) nor more than forty (40) years.

The significant actuarial assumptions used to compute the reasonableness of the pension contribution are the same as those used to compute the pension benefit obligation described above.

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2004	\$ 777,980	\$ 596,901	76.7%
2005	777,980	642,860	82.6%
2006	1,143,172	905,568	79.2%
2007	1,143,172	897,800	78.5%
2008	1,388,736	726,431	52.3%
2009	1,388,736	721,069	51.9%
2010	1,348,054	732,400	54.3%
2011	1,348,054	726,000	53.9%
2012	1,486,334	750,000	50.5%
2013	1,486,334	745,100	50.1%

F. Postemployment Healthcare Plan

Dyersburg City Schools

1. Plan Description

The Dyersburg City Schools participate in the state-administered [Teacher Group Insurance Plan], for healthcare benefits. For accounting purposes, the plan is agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by [Tennessee Code Annotated (TCA) 8-27-302 (teachers)]. Prior to reaching the age of 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://tennessee.gov/finance/act/cafr.html>.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

2. Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are 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 employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan.

<u>Annual OPEB Cost and Net OPEB Obligation</u> (dollars in thousands)	<u>Teacher Group Plan</u>
ARC	\$ 472,000
Interest on the NPO	36,894
Adjustment	<u>(35,908)</u>
Annual OPEB cost	472,985
Amount of contribution	<u>(184,345)</u>
Increase/Decrease in NPO	288,640
Net OPEB obligation - beginning of year	819,861
Net OPEB obligation - end of year	<u>\$ 1,108,501</u>

<u>Year End*</u>	<u>Plan</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation At Year End</u>
6/30/2014	Teacher Group	\$ 472,985	38.97%	\$1,108,501

3. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, was as follows (dollars in thousands):

Actuarial valuation date	<u>Teacher Group Plan</u> 7/1/2011
Actuarial accrued liability (AAL)	\$ 4,920,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 4,920,000
Actuarial Value of Assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 15,005,586
UAAL as a percentage of covered payroll	32.79%

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 RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

4. Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of investment expenses) and an annual healthcare cost trend rate of 10% initially, reduced by 0.5% per year to an ultimate rate of 5.0% after ten years. Both rates include a 3% inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

F. Fairview Cemetery Trust Fund

Pursuant to the General Cemetery Act of 1968, the Fairview Cemetery Trust was established by the City in May of 1969. The purpose of the Trust is to provide perpetual "improvement care" of the cemetery grounds as defined in TCA Section 46-102 (11). However, such care shall be furnished only insofar as net income derived from the trust will permit.

In the trust document, the City agrees to deposit in this trust minimum monthly amounts equivalent to one-half the sales price of cemetery lots and mausoleums plus one-half the amounts received for special care of any lot, grave, mausoleum, monument, etc. The trustee is to pay the net income from the trust to the City at regular intervals which are to be not more frequent than quarterly.

G. Commitments

The Water and Sewer Fund entered into a multi-year contract for maintenance of the City's three claricone tanks. The contract was signed by the Mayor on September 17, 2007. The maintenance fee is due quarterly and began on October 1, 2008. The fee schedule is as follows:

October, 2009 - September, 2014	\$ 3,885 per quarter
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**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The City has separate retirement plans for different segments of employees. The three plans are for employees of the City School System, Electric System, and the other City functions. The funded status of the Plan for each of these groups is presented below for the respective years of each Plan.

Schedule of Funding Progress- City Schools Employee Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
1/1/2001	\$ 3,201,824	\$ 2,278,724	\$ -	140.50%	\$ 1,495,125	0.00%
1/1/2003	3,641,215	2,902,024	-	125.50%	1,710,467	0.00%
1/1/2005	3,853,581	3,593,531	-	107.20%	1,968,410	0.00%
1/1/2007	4,074,946	4,303,345	228,399	94.70%	2,087,735	1.09%
1/1/2009	4,395,449	4,952,930	557,481	88.70%	2,218,221	25.13%
1/1/2011	4,489,326	5,554,591	1,065,265	88.80%	2,392,897	44.52%
1/1/2014	4,404,250	6,192,477	1,788,227	71.10%	2,542,738	70.33%

The above schedule is designed to show the extent to which a pension plan has been successful over time in setting aside assets sufficient to cover its actuarial accrued liability.

Schedule of Funding Progress - City Schools Post Employment Healthcare Plan (Teacher Group)

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)
7/1/2011	\$ -	\$ 4,920,000	\$ 4,920,000	0.00%	\$ 15,005,586	32.79%
7/1/2009	-	4,478,000	4,478,000	0.00%	13,932,936	32.14%
7/1/2007	-	4,442,000	4,442,000	0.00%	12,641,593	35.14%

The above schedule is designed to show the extent to which a post employment healthcare plan has been successful over time in setting aside assets sufficient to cover its actuarial accrued liability.

Schedule of Funding Progress - Electric System Employee Retirement Plan

Year	(a) Market Value of Assets	(b) Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b - a)	(d) Funded Ratio (a/b)	(e) Covered Payroll	(f) UAAL as % of Covered Payroll (c/e)
1999	\$ 2,113,444	\$ 2,090,301	\$ (23,143)	101.10%	\$ 1,416,337	-1.60%
2000	2,251,973	2,444,798	192,825	92.10%	1,532,207	12.60%
2001	2,082,427	2,491,848	409,421	83.60%	1,422,176	28.80%
2002	1,969,565	2,615,075	645,510	75.30%	1,532,736	42.10%
2003	2,458,137	2,885,011	426,874	85.20%	1,640,402	26.00%
2004	2,873,936	3,085,244	211,308	93.20%	1,734,443	12.20%
2005	3,146,642	3,394,843	248,201	92.70%	1,823,254	13.60%
2006	3,696,128	3,660,972	(35,156)	101.00%	1,848,875	-1.90%
2007	4,354,664	4,228,915	(125,749)	103.00%	1,927,712	-6.50%
2008	4,115,607	4,108,066	(7,541)	100.20%	1,996,835	-0.30%
2009	4,808,735	4,326,867	(481,868)	111.10%	2,147,499	-22.40%
2010	5,101,331	5,105,822	4,491	99.90%	2,125,874	0.20%
2011	5,475,155	5,476,013	858	99.90%	2,230,713	0.04%
2012	5,572,862	6,073,983	501,121	91.70%	2,261,035	22.20%
2013	5,679,235	8,455,886	2,776,651	67.16%	2,241,803	123.86%

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

For the plan year ended December 31, 2014 a contribution of \$289,868 is required to be made in the District's fiscal year ended June 30, 2015. The annual required contribution was determined as part of the January 1, 2014 actuarial valuation using the Individual Entry Age Normal cost method. The objective under this method is to fund each participant's benefits under the Plan as payments which are level as a percentage of salary.

At the time the funding method is introduced, there is a liability, which represents the contributions that would have been accumulated if this method of funding has always been used. The excess, if any of the liability over the actuarial value of the assets held in the fund, is the unfunded actuarial liability, which is typically funded over a chosen period in accordance with an amortization schedule. For the 2014 plan year, the unfunded accrued liability is amortized over 30 years.

Schedule of Funding Progress - Other City Functions Employee Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/1990	\$ 1,382,801	\$ 2,001,177	\$ 618,376	69.10%	\$ 5,327,231	11.60%
7/1/1992	1,815,495	2,569,387	753,892	70.70%	5,748,131	13.10%
7/1/1993	2,139,504	2,882,217	742,713	74.20%	5,407,881	13.70%
7/1/1994	2,353,251	3,249,209	895,958	72.40%	5,735,718	15.60%
7/1/1996	3,790,957	4,494,244	703,287	84.40%	6,245,561	11.30%
7/1/1999	7,532,785	10,591,925	3,059,140	71.10%	8,568,771	35.70%
7/1/2001	7,405,368	10,305,001	2,899,633	71.90%	8,792,952	33.00%
7/1/2003	7,152,538	11,412,874	4,260,336	62.70%	9,020,764	47.20%
7/1/2005	7,208,966	12,468,789	5,259,823	57.80%	9,939,352	52.90%
7/1/2007	5,472,751	12,863,009	7,390,258	42.50%	10,735,261	68.80%
7/1/2009	3,194,853	12,535,673	9,340,820	25.50%	11,289,921	82.70%
7/1/2011	4,263,221	14,829,284	10,566,063	28.70%	11,070,387	95.40%
7/1/2013	4,004,450	15,516,122	11,511,672	25.80%	10,631,688	108.30%

See independent auditor's report

SUPPLEMENTARY AND OTHER INFORMATION SECTION

CITY OF DYERSBURG, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2014

	Special Revenue Funds					Total	Debt Service Fund	Capital Project Fund	School Capital Project Fund	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds
	TIP	Cafeteria	Federal Projects	Community Development	Insurance Reserve						
ASSETS											
Cash	\$ 190,667	\$ 345,196	\$ -	\$ 25,957	\$ 87,434	\$ 649,254	\$ 913,593	\$ 1,272	\$ -	\$ -	\$ 1,564,119
Investments	-	-	-	-	-	-	-	-	-	1,384,603	1,384,603
Accounts receivable	-	121,456	225,599	53,655	-	400,710	107,000	865,338	932	-	1,373,980
Notes receivable	-	-	-	48,000	-	48,000	-	-	-	-	48,000
Due from other funds	48,248	-	-	-	1,063,140	1,111,388	897,916	-	617,519	2,550	2,629,373
Inventory	-	46,528	-	-	-	46,528	-	-	-	-	46,528
Deposits	-	-	-	-	6,950	6,950	-	-	-	-	6,950
Total Assets	<u>\$ 238,915</u>	<u>\$ 513,180</u>	<u>\$ 225,599</u>	<u>\$ 127,612</u>	<u>\$ 1,157,524</u>	<u>\$ 2,262,830</u>	<u>\$ 1,918,509</u>	<u>\$ 866,610</u>	<u>\$ 618,451</u>	<u>\$ 1,387,153</u>	<u>\$ 7,053,553</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 3,500	\$ 75	\$ 3,980	\$ 53,132	\$ 107,376	\$ 168,063	\$ 653	\$ -	\$ -	\$ -	\$ 168,716
Accrued liabilities	-	28,299	188,259	32,571	-	249,129	31,366	-	-	-	280,495
Due to other funds	-	-	33,360	24,853	999,655	1,057,868	-	862,308	932	7,750	1,928,858
Unavailable confiscated funds	38,229	-	-	-	-	38,229	-	-	-	-	38,229
Total Liabilities	<u>41,729</u>	<u>28,374</u>	<u>225,599</u>	<u>110,556</u>	<u>1,107,031</u>	<u>1,513,289</u>	<u>32,019</u>	<u>862,308</u>	<u>932</u>	<u>7,750</u>	<u>2,416,298</u>
Fund balances:											
Non-spendable	-	46,528	-	48,000	-	94,528	-	-	-	-	94,528
Restricted	197,186	438,278	-	8,434	-	643,898	1,886,490	4,302	617,519	1,379,403	4,531,612
Committed	-	-	-	-	50,493	50,493	-	-	-	-	50,493
Unassigned	-	-	-	(39,378)	-	(39,378)	-	-	-	-	(39,378)
Total Fund Balances	<u>197,186</u>	<u>484,806</u>	<u>-</u>	<u>17,056</u>	<u>50,493</u>	<u>749,541</u>	<u>1,886,490</u>	<u>4,302</u>	<u>617,519</u>	<u>1,379,403</u>	<u>4,637,255</u>
Total Liabilities and Fund Balances	<u>\$ 238,915</u>	<u>\$ 513,180</u>	<u>\$ 225,599</u>	<u>\$ 127,612</u>	<u>\$ 1,157,524</u>	<u>\$ 2,262,830</u>	<u>\$ 1,918,509</u>	<u>\$ 866,610</u>	<u>\$ 618,451</u>	<u>\$ 1,387,153</u>	<u>\$ 7,053,553</u>

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CITY OF DYERSBURG, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Special Revenue Funds					Total	Debt Service Fund	Capital Project Fund	School Capital Project Fund	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds
	T I P	Cafeteria	Federal Projects	Community Development	Insurance Reserve						
Revenues:											
Local sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,368,139	\$ -	-	\$ -	\$ 1,368,139
Federal emergency management grants	-	-	-	-	-	-	-	2,223,781	-	-	2,223,781
Federal STP funds	-	-	-	-	-	-	-	12,196	-	-	12,196
U.S.D.A. reimbursements	-	1,294,365	-	-	-	1,294,365	-	-	-	-	1,294,365
State school matching funds	-	13,097	-	-	-	13,097	-	-	-	-	13,097
State infrastructure grants	-	-	-	-	-	-	-	9,375	-	-	9,375
State education grants	-	-	2,337,010	-	-	2,337,010	-	-	-	-	2,337,010
Charges for service	-	282,692	-	-	-	282,692	-	-	-	-	282,692
Fines, forfeits, and penalties	44,075	-	-	-	-	44,075	-	-	-	-	44,075
Sale of assets	25,126	-	-	-	-	25,126	-	-	-	-	25,126
Investment earnings	633	-	-	3,484	289	4,406	36,770	13	-	48,719	89,908
Joint cost reimbursements	-	-	-	-	3,392,803	3,392,803	-	-	-	-	3,392,803
Miscellaneous	-	261,727	-	-	-	261,727	-	-	-	-	261,727
Total revenues	69,834	1,851,881	2,337,010	3,484	3,393,092	7,655,301	1,404,909	2,245,365	-	48,719	11,354,294
Expenditures:											
Current:											
General and administrative	43,183	-	-	158,398	3,393,092	3,594,673	-	-	-	10,418	3,605,091
Education	-	1,818,475	2,337,010	-	-	4,155,485	-	-	8,619,840	-	12,775,325
Capital outlay	63,941	-	-	-	-	63,941	-	2,244,051	-	-	2,307,992
Total expenditures	107,124	1,818,475	2,337,010	158,398	3,393,092	7,814,099	-	2,244,051	8,619,840	10,418	18,688,408
Revenues over (under) expenditures	(37,290)	33,406	-	(154,914)	-	(158,798)	1,404,909	1,314	(8,619,840)	38,301	(7,334,114)
Other financing sources (uses):											
Transfer from other funds	-	-	-	156,128	-	156,128	258,058	-	-	43,350	457,536
Transfer to other funds	-	-	-	-	-	-	(1,533,792)	-	-	(30,424)	(1,564,216)
Sale of bonds	-	-	-	-	-	-	-	-	9,600,000	-	9,600,000
Total other financing sources (uses)	-	-	-	156,128	-	156,128	(1,275,734)	-	9,600,000	12,926	8,493,320
Net change in fund balances	(37,290)	33,406	-	1,214	-	(2,670)	129,175	1,314	980,160	51,227	1,159,206
Fund balances - July 1, 2013	234,476	451,400	-	15,842	50,493	752,211	1,757,315	2,988	(362,641)	1,328,176	3,478,049
Fund balances - June 30, 2014	\$ 197,186	\$ 484,806	\$ -	\$ 17,056	\$ 50,493	\$ 749,541	\$ 1,886,490	\$ 4,302	\$ 617,519	\$ 1,379,403	\$ 4,637,255

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CITY OF DYERSBURG, TENNESSEE
TIP FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Unauthorized substance tax	\$ 500	\$ 500	\$ -	\$ (500)
Fines, forfeits, and penalties	65,000	45,000	44,075	(925)
Sale of assets	20,000	50,000	25,126	(24,874)
Investment earnings	1,000	1,000	633	(367)
Total revenues	<u>86,500</u>	<u>96,500</u>	<u>69,834</u>	<u>(26,666)</u>
EXPENDITURES:				
General and administrative				
Small items of equipment	5,000	8,700	8,672	28
Repair and maintenance	10,000	7,500	11,057	(3,557)
Other	50,000	25,000	23,454	1,546
Total general and administrative	<u>65,000</u>	<u>41,200</u>	<u>43,183</u>	<u>(1,983)</u>
Capital outlay	<u>20,000</u>	<u>65,000</u>	<u>63,941</u>	<u>1,059</u>
Total expenditures	<u>85,000</u>	<u>106,200</u>	<u>107,124</u>	<u>(924)</u>
Net Change in Fund Balance	1,500	(9,700)	(37,290)	(27,590)
Fund Balance - July 1, 2013	<u>234,476</u>	<u>234,476</u>	<u>234,476</u>	<u>-</u>
Fund Balance - June 30, 2014	<u>\$ 235,976</u>	<u>\$ 224,776</u>	<u>\$ 197,186</u>	<u>\$ (27,590)</u>

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CITY OF DYERSBURG, TENNESSEE
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 100	\$ 100	\$ 3,484	\$ 3,384
Total revenues	100	100	3,484	3,384
EXPENDITURES:				
General and administrative:				
Repair and maintenance	-	3,000	2,270	730
Miscellaneous	-	147,000	156,128	(9,128)
Total general and administrative	-	150,000	158,398	(8,398)
Total expenditures	-	150,000	158,398	(8,398)
Revenues Over (Under) Expenditures	100	(149,900)	(154,914)	(5,014)
Other Financing Sources (Uses):				
Transfer from other funds	-	150,000	156,128	6,128
Total other financing sources (uses)	-	150,000	156,128	6,128
Net Change in Fund Balance	100	100	1,214	1,114
Fund Balance - July 1, 2013	15,842	15,842	15,842	-
Fund Balance - June 30, 2014	\$ 15,942	\$ 15,942	\$ 17,056	\$ 1,114

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CITY OF DYERSBURG, TENNESSEE
INSURANCE RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 1,000	\$ 1,000	\$ 289	\$ (711)
Joint cost reimbursements	3,274,100	3,614,100	3,392,803	(221,297)
Total revenues	<u>3,275,100</u>	<u>3,615,100</u>	<u>3,393,092</u>	<u>(222,008)</u>
EXPENDITURES:				
Hospital and health care expenditures:				
Medical claims	2,500,000	2,800,000	2,560,554	239,446
Drug claims	375,000	415,000	433,659	(18,659)
Life insurance	25,000	25,000	24,618	382
Re-insurance costs	312,300	312,300	312,431	(131)
Insurance administration	62,800	62,800	61,830	970
Total hospital and health care	<u>3,275,100</u>	<u>3,615,100</u>	<u>3,393,092</u>	<u>222,008</u>
Total expenditures	<u>3,275,100</u>	<u>3,615,100</u>	<u>3,393,092</u>	<u>222,008</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1, 2013	<u>50,493</u>	<u>50,493</u>	<u>50,493</u>	-
Fund Balance - June 30, 2014	<u>\$ 50,493</u>	<u>\$ 50,493</u>	<u>\$ 50,493</u>	-

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CITY OF DYERSBURG, TENNESSEE
CAFETERIA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
U.S.D.A. reimbursements	\$ 1,335,000	\$ 1,354,000	\$ 1,294,365	\$ (59,635)
State school matching funds	25,000	25,000	13,097	(11,903)
Charges for service	352,500	336,500	282,692	(53,808)
Miscellaneous revenue	322,500	319,500	261,727	(57,773)
Total revenues	<u>2,035,000</u>	<u>2,035,000</u>	<u>1,851,881</u>	<u>(183,119)</u>
EXPENDITURES:				
Education:				
Food	905,987	850,939	748,037	102,902
Cafeteria labor	683,119	660,464	621,436	39,028
Other expenditures	445,894	523,597	449,002	74,595
Total education	<u>2,035,000</u>	<u>2,035,000</u>	<u>1,818,475</u>	<u>216,525</u>
Total expenditures	<u>2,035,000</u>	<u>2,035,000</u>	<u>1,818,475</u>	<u>216,525</u>
Net Change in Fund Balance	-	-	33,406	33,406
Fund Balance - July 1, 2013	<u>451,400</u>	<u>451,400</u>	<u>451,400</u>	-
Fund Balance - June 30, 2014	<u>\$ 451,400</u>	<u>\$ 451,400</u>	<u>\$ 484,806</u>	<u>\$ 33,406</u>

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CITY OF DYERSBURG, TENNESSEE
 FEDERAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
State education grants	\$ 2,254,506	\$ 2,733,717	\$ 2,337,010	\$ (396,707)
Total revenues	2,254,506	2,733,717	2,337,010	(396,707)
EXPENDITURES:				
Education:				
Regular instruction	925,844	1,274,284	1,055,313	218,971
Vocational education	31,777	31,264	31,104	160
Special education	654,122	701,235	616,955	84,280
Health services	25,081	28,181	29,586	(1,405)
Student support	105,501	111,927	101,659	10,268
Regular instruction support services	470,039	512,864	444,790	68,074
Special education support services	21,565	54,240	55,106	(866)
Vocational education support services	2,652	2,497	2,497	-
Alternative instruction program	700	700	-	700
Maintenance of plant	5,000	5,000	-	5,000
Total education	2,242,281	2,722,192	2,337,010	385,182
Total expenditures	2,242,281	2,722,192	2,337,010	385,182
Revenues Over (Under) Expenditures	12,225	11,525	-	(11,525)
Other Financing Sources (Uses):				
Transfers from other funds	120,636	-	-	-
Indirect costs	(12,225)	(12,225)	-	12,225
Transfers to other funds	(120,636)	-	-	-
Total other financing sources (uses)	(12,225)	(12,225)	-	12,225
Net Change in Fund Balance	-	(700)	-	700
Fund Balance - July 1, 2013	-	-	-	-
Fund Balance - June 30, 2014	\$ -	\$ (700)	\$ -	\$ 700

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CITY OF DYERSBURG, TENNESSEE
SCHOOL DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Local Sales Tax	\$ 1,360,000	\$ 1,368,139	\$ 8,139
Interest income	30,000	36,770	6,770
Total revenues	<u>1,390,000</u>	<u>1,404,909</u>	<u>14,909</u>
EXPENDITURES:			
	-	-	-
Revenues Over (Under) Expenditures	1,390,000	1,404,909	14,909
Other Financing Sources (Uses):			
Transfer from other funds	284,000	258,058	(25,942)
Transfer to other funds	(1,666,178)	(1,533,792)	132,386
Total other financing sources (uses)	<u>(1,382,178)</u>	<u>(1,275,734)</u>	<u>106,444</u>
Net Change in Fund Balance	7,822	129,175	121,353
Fund Balance - July 1, 2013	<u>1,757,315</u>	<u>1,757,315</u>	-
Fund Balance - June 30, 2014	<u>\$ 1,765,137</u>	<u>\$ 1,886,490</u>	<u>\$ 121,353</u>

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CITY OF DYERSBURG, TENNESSEE
 CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Federal grants	\$ 2,424,100	\$ 2,235,977	\$ (188,123)
State grants	741,000	9,375	(731,625)
Interest income	100	13	(87)
Total revenues	3,165,200	2,245,365	(919,835)
EXPENDITURES:			
Capital outlay	3,235,600	2,244,051	991,549
Total expenditures	3,235,600	2,244,051	991,549
Revenues Over (Under) Expenditures	(70,400)	1,314	71,714
Other Financing Sources:			
Transfers from other funds	70,400	-	(70,400)
Net Change in Fund Balance	-	1,314	1,314
Fund Balance - July 1, 2013	2,988	2,988	-
Fund Balance - June 30, 2014	\$ 2,988	\$ 4,302	\$ 1,314

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CITY OF DYERSBURG, TENNESSEE
SCHOOL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Education:				
Building improvements	1,042,359	9,050,904	8,433,384	617,520
Fees	-	-	186,456	(186,456)
Total education	<u>1,042,359</u>	<u>9,050,904</u>	<u>8,619,840</u>	<u>431,064</u>
Total expenditures	<u>1,042,359</u>	<u>9,050,904</u>	<u>8,619,840</u>	<u>431,064</u>
Revenues Over (Under) Expenditures	(1,042,359)	(9,050,904)	(8,619,840)	431,064
Other Financing Sources (Uses):				
Sale of bonds	<u>1,042,359</u>	<u>9,050,904</u>	<u>9,600,000</u>	<u>549,096</u>
Total other financing sources (uses)				
Net Change in Fund Balance	-	-	980,160	980,160
Fund Balance - July 1, 2013	<u>(362,641)</u>	<u>(362,641)</u>	<u>(362,641)</u>	<u>-</u>
Fund Balance - June 30, 2014	<u>\$ (362,641)</u>	<u>\$ (362,641)</u>	<u>\$ 617,519</u>	<u>\$ 980,160</u>

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CITY OF DYERSBURG, TENNESSEE
CEMETERY TRUST FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment earnings	\$ 35,000	\$ 35,018	\$ 18
Net decrease in fair value of investments	5,000	13,501	8,501
Miscellaneous revenues	1,000	200	(800)
Total revenues	41,000	48,719	7,719
Expenditures:			
Trustee fees	15,000	10,418	4,582
Revenues Over (under) expenditures	26,000	38,301	12,301
Other financing sources (uses)			
Transfers in	35,000	43,350	8,350
Transfers out	(35,000)	(30,424)	4,576
Total other financing sources (uses)	-	12,926	12,926
Net Change in Fund Balance	26,000	51,227	25,227
Fund balance - July 1, 2013	1,328,176	1,328,176	-
Fund balance - June 30, 2014	\$ 1,354,176	\$ 1,379,403	\$ 25,227

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CITY OF DYERSBURG, TENNESSEE
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2014

	Internal Service Fund	Communications Service Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,481,619	\$ 112,133	\$ 1,593,752
Accounts receivable (net of allowance for uncollectibles)	166	13,959	14,125
Due from other funds	23,900	18,277	42,177
Total current assets	<u>1,505,685</u>	<u>144,369</u>	<u>1,650,054</u>
Noncurrent assets:			
Capital assets:			
Property, plant, and equipment	487,536	1,667,122	2,154,658
Less - accumulated depreciation	(403,180)	(1,175,915)	(1,579,095)
Net property, plant, and equipment	<u>84,356</u>	<u>491,207</u>	<u>575,563</u>
Other assets	18,628	800	19,428
Total Assets	<u>1,608,669</u>	<u>636,376</u>	<u>2,245,045</u>
LIABILITIES			
Current liabilities:			
Accounts payable	532	7,188	7,720
Accrued payroll	9,530	13,711	23,241
Accrued compensated absences	12,422	23,602	36,024
Due to other funds	888,070	22,058	910,128
Other current liabilities	26,400	32,900	59,300
Total current liabilities	<u>936,954</u>	<u>99,459</u>	<u>1,036,413</u>
Noncurrent liabilities:			
Other accrued liabilities	16,934	31,410	48,344
Total Liabilities	<u>953,888</u>	<u>130,869</u>	<u>1,084,757</u>
NET POSITION			
Investment in capital assets	84,356	491,207	575,563
Unrestricted	570,425	14,300	584,725
Total Net Position	<u>\$ 654,781</u>	<u>\$ 505,507</u>	<u>\$ 1,160,288</u>

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CITY OF DYERSBURG, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Internal Service	Communication Services	Combined
Operating revenues:			
Joint costs	\$ 770,799	\$ 690,072	\$ 1,460,871
Miscellaneous revenues	3,340	273,821	277,161
Total operating revenues	<u>774,139</u>	<u>963,893</u>	<u>1,738,032</u>
Operating expenses:			
Customer service and collection	727,406	-	727,406
Communication services	-	744,904	744,904
General and administrative	28,313	161,312	189,625
Emergency warning system	-	22,833	22,833
Depreciation and amortization	21,338	57,996	79,334
Total operating expense	<u>777,057</u>	<u>987,045</u>	<u>1,764,102</u>
Operating income (loss)	(2,918)	(23,152)	(26,070)
Nonoperating revenues (expenses):			
Interest income	409	13	422
Miscellaneous income	-	306	306
Total nonoperating revenues (expenses)	<u>409</u>	<u>319</u>	<u>728</u>
Change in net position	(2,509)	(22,833)	(25,342)
Total net position - July 1, 2013	<u>657,290</u>	<u>528,340</u>	<u>1,185,630</u>
Total net position - June 30, 2014	<u>\$ 654,781</u>	<u>\$ 505,507</u>	<u>\$ 1,160,288</u>

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**CITY OF DYERSBURG, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Internal Service</u>	<u>Communication Services</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 773,973	\$ 232,070	\$ 1,006,043
Payments to suppliers	(206,931)	(240,213)	(447,144)
Payments to employees for services	(404,145)	(509,096)	(913,241)
Payments for employee benefits	(144,870)	(162,482)	(307,352)
Payments to other funds	372,867	(83,992)	288,875
Other receipts (payments)	(5,098)	740,092	734,994
Net cash provided by (used for) operating activities	<u>385,796</u>	<u>(23,621)</u>	<u>362,175</u>
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>(7,310)</u>	-	<u>(7,310)</u>
Net cash used by capital and related financing activities	<u>(7,310)</u>	-	<u>(7,310)</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES			
Interest and investment earnings	<u>409</u>	<u>319</u>	<u>728</u>
Net cash provided by (used for) investing activities	<u>409</u>	<u>319</u>	<u>728</u>
Net increase (decrease) in cash and cash equivalents	378,895	(23,302)	355,593
Cash and cash equivalents - July 1, 2013	<u>1,102,724</u>	<u>135,435</u>	<u>1,238,159</u>
Cash and cash equivalents - June 30, 2014	<u>\$ 1,481,619</u>	<u>\$ 112,133</u>	<u>\$ 1,593,752</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES ACTIVITIES			
Operating income (loss)	\$ (2,918)	\$ (23,152)	\$ (26,070)
Adjustments to reconcile net income (loss) from operations to net cash provided (used) by operating activities			
Depreciation	16,399	52,416	68,815
Amortization	4,939	5,580	10,519
(Increase) Decrease in Assets			
Accounts receivable, net of allowance	(166)	9,993	9,827
Due from other funds	(22,374)	(8,896)	(31,270)
Other assets	-	-	-
Increase (Decrease) in Liabilities			
Accounts payable	(7,798)	4,685	(3,113)
Accrued payroll	1,743	913	2,656
Due to other funds	395,241	(75,096)	320,145
Other current liabilities	1,000	400	1,400
Compensated absences	(270)	9,536	9,266
Net cash provided by (used for) operating activities	<u>\$ 385,796</u>	<u>\$ (23,621)</u>	<u>\$ 362,175</u>

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CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Operating Revenues:			
Miscellaneous revenues:			
Joint cost	\$ 797,500	\$ 749,799	\$ (47,701)
Computer services	21,000	21,000	-
Other	15,000	3,340	(11,660)
Total miscellaneous revenues	<u>833,500</u>	<u>774,139</u>	<u>(59,361)</u>
Operating Expenses:			
Customer service and collection:			
Salaries	143,000	139,151	3,849
Payroll taxes	10,900	9,825	1,075
Hospital and health insurance	29,300	31,469	(2,169)
Publicity, subscriptions, and dues	12,500	6,865	5,635
Telephone	2,300	1,867	433
Automobile allowance	1,200	1,200	-
Office supplies	4,500	3,148	1,352
Postage	9,000	2,587	6,413
Repairs and maintenance	800	1,428	(628)
Other	2,400	5,098	(2,698)
Total customer service and collection	<u>215,900</u>	<u>202,638</u>	<u>13,262</u>
Billing:			
Salaries	107,900	104,549	3,351
Payroll taxes	8,300	7,636	664
Hospital and health insurance	100	84	16
Office supplies	4,000	2,364	1,636
Postage	32,000	36,388	(4,388)
Repairs and maintenance	1,000	808	192
Total billing	<u>153,300</u>	<u>151,829</u>	<u>1,471</u>
Meter reading:			
Salaries	120,000	109,640	10,360
Payroll taxes	9,200	7,797	1,403
Hospital and health insurance	56,200	39,165	17,035
Publicity, subscriptions, and dues	-	625	(625)
Telephone	200	642	(442)
Professional services	-	179	(179)
Small items of equipment	18,000	16,550	1,450
Operating supplies	300	168	132
Uniforms	1,000	832	168
Repairs and maintenance	12,000	3,811	8,189
Gas and oil	5,000	7,544	(2,544)
Insurance	500	1,034	(534)
Total meter reading	<u>222,400</u>	<u>187,987</u>	<u>34,413</u>

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CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - INTERNAL SERVICE FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Original Final	Actual	Variance- Favorable (Unfavorable)
Operating Expenses (continued):			
Computer operations:			
Salaries	\$ 52,400	\$ 52,548	\$ (148)
Payroll taxes	4,000	3,971	29
Hospital and health insurance	17,200	18,461	(1,261)
Training	300	-	300
Publicity, subscriptions, dues	500	195	305
Telephone	3,000	2,655	345
Travel	1,200	1,558	(358)
Automobile allowance	2,700	2,700	-
Small items of equipment	26,100	16,964	9,136
Operating supplies	5,000	1,807	3,193
Repairs and maintenance	65,000	72,385	(7,385)
Insurance	11,000	11,708	(708)
Total computer operations	<u>188,400</u>	<u>184,952</u>	<u>3,448</u>
Administrative expenses:			
Vacation and sick leave	1,000	(271)	1,271
Hospital and health insurance	100	62	38
Retirement	27,900	26,400	1,500
Professional service	2,500	2,000	500
Other	200	122	78
Total administrative expenses	<u>31,700</u>	<u>28,313</u>	<u>3,387</u>
Depreciation and amortization expense	<u>25,800</u>	<u>21,338</u>	<u>4,462</u>
Total operating expense	<u>837,500</u>	<u>777,057</u>	<u>60,443</u>
Operating Income (loss)	(4,000)	(2,918)	1,082
Nonoperating Revenues (Expenses):			
Interest income	<u>4,000</u>	<u>409</u>	<u>(3,591)</u>
Change in Net Position	-	(2,509)	(2,509)
Total Net Position - July 1, 2013	<u>657,290</u>	<u>657,290</u>	<u>-</u>
Total Net Position - June 30, 2014	<u>\$ 657,290</u>	<u>\$ 654,781</u>	<u>\$ (2,509)</u>

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - COMMUNICATIONS SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues:				
Miscellaneous revenues				
Joint cost	\$ 682,500	\$ 737,600	\$ 690,072	\$ (47,528)
Miscellaneous	254,000	254,000	273,821	19,821
Total miscellaneous revenues	<u>936,500</u>	<u>991,600</u>	<u>963,893</u>	<u>(27,707)</u>
Operating Expenses:				
General and administrative				
Salaries	63,300	63,300	61,247	2,053
Vacation	-	-	9,537	(9,537)
Payroll taxes	4,900	4,900	4,762	138
Hospital and health insurance	6,000	6,000	6,474	(474)
Retirement	32,400	32,400	32,900	(500)
Unemployment insurance	2,000	2,000	-	2,000
Publicity, subscriptions and dues	500	500	394	106
Utility services	25,000	35,000	22,973	12,027
Telephone	2,000	2,000	3,959	(1,959)
Professional services	2,500	2,500	3,729	(1,229)
Travel	1,500	1,500	1,479	21
Automobile allowance	2,700	2,700	2,700	-
Insurance	9,200	9,200	9,416	(216)
Other	300	300	1,742	(1,442)
Total general and administrative	<u>152,300</u>	<u>162,300</u>	<u>161,312</u>	<u>988</u>
Communication services				
Salaries	435,400	453,000	448,762	4,238
Payroll taxes	33,300	33,300	32,527	773
Hospital and health insurance	90,300	90,300	85,818	4,482
Training	1,000	1,000	1,409	(409)
Publicity, subscriptions and dues	1,000	1,000	670	330
Telephone	32,000	32,000	31,504	496
Travel	1,500	1,500	3,543	(2,043)
Other contractual services	50,000	50,000	42,327	7,673
Office supplies	3,500	3,500	3,394	106
Small items of equipment	9,000	9,000	12,040	(3,040)
Operating supplies	3,500	3,500	4,443	(943)
Uniforms	1,000	1,000	1,506	(506)
Repairs and maintenance	60,000	80,000	76,961	3,039
Total communication services	<u>721,500</u>	<u>759,100</u>	<u>744,904</u>	<u>14,196</u>

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - COMMUNICATIONS SERVICE FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operating Expenses (continued)				
Emergency warning system				
Publicity, subscriptions and dues	\$ 2,500	\$ 4,000.00	\$ 3,964	\$ 36
Utility services	-	-	10,701	(10,701)
Operating supplies	-	-	317	(317)
Repairs and maintenance	2,500	8,500	7,851	649
Total emergency warning system	<u>5,000</u>	<u>12,500</u>	<u>22,833</u>	<u>(10,333)</u>
Depreciation and Amortization expense	57,900	57,900	57,996	(96)
Total operating expense	<u>936,700</u>	<u>991,800</u>	<u>987,045</u>	<u>4,755</u>
Operating Income (loss)	(200)	(200)	(23,152)	(22,952)
Nonoperating Revenues (Expenses):				
Interest income	-	-	13	13
Miscellaneous income	200	200	306	106
Total nonoperating revenues (expenses)	<u>200</u>	<u>200</u>	<u>319</u>	<u>119</u>
Change in Net Position	-	-	(22,833)	(22,833)
Total Net Position - July 1, 2013	528,340	528,340	528,340	-
Total Net Position - June 30, 2014	<u>\$ 528,340</u>	<u>\$ 528,340</u>	<u>\$ 505,507</u>	<u>\$ (22,833)</u>

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
DEBT SERVICE REQUIREMENTS
JUNE 30, 2014**

Principal and interest on Electric System bonds is scheduled to be repaid as follows:

Year Ended June 30,	3.10 - 4.10% Electric System Revenue Refunding and Improvement Bonds Series 2005		3.70 - 4.00% Electric System Revenue Refunding and Improvement Bonds Series 2007		2.00 - 3.00% Electric System Revenue Refunding and Improvement Bonds Series 2010	
	Principal	Interest	Principal	Interest	Principal	Interest
	2015	\$ 180,000	\$ 48,780	\$ 140,000	\$ 58,415	\$ 220,000
2016	205,000	42,210	145,000	53,165	215,000	6,450
2017	220,000	34,420	155,000	47,728		
2018	210,000	25,620	160,000	41,760		
2019	205,000	17,220	165,000	35,600		
2020	220,000	9,020	170,000	29,000		
2021			180,000	22,200		
2022			185,000	15,000		
2023			190,000	7,600		
	<u>\$ 1,240,000</u>	<u>\$ 177,270</u>	<u>\$ 1,490,000</u>	<u>\$ 310,468</u>	<u>\$ 435,000</u>	<u>\$ 19,500</u>

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
DEBT SERVICE REQUIREMENTS
JUNE 30, 2014

Principal and interest on General Obligation bonds is scheduled to be repaid as follows:

Year Ended June 30,	3.0 - 4.0% General Obligation Water & Sewer Refunding Bonds Series 2009		1.515% General Obligation Qualified School Construction Bonds Series 2009		3.79% General Obligation School Bonds Series 2013	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 680,000	\$ 129,800	\$ 184,699	\$ 44,844	\$ 100,000	\$ 337,918
2016	700,000	105,600	184,699	44,844	100,000	335,918
2017	735,000	76,900	184,699	44,844	100,000	333,918
2018	770,000	46,800	184,699	44,844	100,000	331,918
2019	785,000	15,700	184,699	44,844	100,000	329,918
2020			184,699	44,844	140,000	327,918
2021			184,699	44,844	145,000	324,838
2022			184,699	44,844	180,000	321,213
2023			184,699	44,844	220,000	316,353
2024			184,699	44,844	705,000	310,193
2025			184,699	44,844	725,000	289,395
2026			204,906	44,844	750,000	266,920
2027					780,000	242,545
2028					810,000	215,245
2029					845,000	184,870
2030					880,000	153,183
2031					915,000	117,983
2032					955,000	81,383
2033					995,000	40,795
	<u>\$ 3,670,000</u>	<u>\$ 374,800</u>	<u>\$ 2,236,595</u>	<u>\$ 538,128</u>	<u>\$ 9,545,000</u>	<u>\$ 4,862,424</u>

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Year of Levy</u>	<u>Balance July 1, 2013</u>	<u>Current Assessments & Adjustments</u>	<u>Collections</u>	<u>Write-offs</u>	<u>Balance June 30, 2014</u>
2003	9,562	-	-	(9,562)	-
2004	4,854	-	-	-	4,854
2005	12,956	-	(263)	-	12,693
2006	3,980	-	-	-	3,980
2007	6,566	-	(10)	-	6,556
2008	10,930	-	(1,737)	-	9,193
2009	7,263	-	(2,615)	-	4,648
2010	8,910	-	(4,321)	-	4,589
2011	46,660	271	(36,173)	-	10,758
2012	520,468	3,092	(325,290)	-	198,270
2013	-	7,155,973	(6,622,977)	-	532,996
	<u>\$ 632,149</u>	<u>\$ 7,159,336</u>	<u>\$ (6,993,386)</u>	<u>\$ (9,562)</u>	<u>788,537</u>
					Unassessed property tax receivable
					<u>7,318,871</u>
					<u>\$ 8,107,408</u>

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION
 JUNE 30, 2014**

Tax Year 2012	Property Owner	Tax Due
	Agee Warner E	\$ 317
	Alford Paul F	967
	Anderson Leonard W	272
	Autry Timmy Lynn	211
	Butler George F	280
	Byrd Kathy K	384
	Campbell Richard G	262
	Clanton Stephen M	19
	Coleman Billy F	351
	Collins Ethel	187
	Douglas Joyce W	287
	Essary Anita	329
	Evans Paul Anthony	194
	Faulcon Wilfred	240
	Fortner James	120
	Fowlkes Willie Joe	117
	Penn Joseph	87
	Goodwin Bobby	595
	H H Hudson Funeral	37
	Hanks Bessie	210
	Hicks Ronnie Chad	259
	Hicks Ronnie Chad	184
	Hicks Ronnie Chad	137
	Hicks Ronnie Chad	82
	Howard Gertrude	40
	Hunziker Michael	242
	Jackson Joseph Eric	57
	James David	241
	Jetton Linda Sue Moore	294
	Jones Dorothy J	158
	Legner Marcia	124
	Littlejohn Mary S	366
	West TN Investments LLC	139
	West TN Investments LLC	174
	West TN Investments LLC	119
	McCraw Grover	132
	McCreight Terry	24
	McIntosh Tracy	153
	McKee Walter M	156
	McKinney Charles L	267
	McLeod Charlotte	354
	McLin Ruby Holland	28

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION
 JUNE 30, 2014**

<u>Property Owner</u>	<u>Tax Due</u>
Tax Year 2012 (Continued):	
McLin Ruby Holland	\$ 21
McLin Ruby Holland	332
Moore Gary T Jr	196
Moore Holmes Edward	152
Mosley Alice	405
Newhouse Robert Daniel	340
Hiralaxmi Enterprises Inc	1,564
Osby James F	148
Osby Joyce Jean	5
Parker Joe N	569
Pope Darwin Allen	158
Pope Grover	20
Pope Grover C Allen	260
Pressler John T	406
Pressler John T	927
Pressler John T	481
Pressler John T	313
Pressler John T	192
Pressler John T	202
Pressler John T	134
Pressler John T	566
Pritchard Tamara	169
West-Tenn Industrial	124,437
West-Tenn Industrial	25,389
Roberson Gary	4,444
Rogers Katherine	221
Royal Holiday Rentals	568
Royal Holiday Rentals	674
Royal Holiday Rentals	221
Royal Holiday Rentals	47
Royal Holiday Rentals	308
Royal Holiday Rentals	894
Sanderson Jessie	744
Sigman Tim	179
Sigman Tim	70
Sigman Tim	405
Sigman Tim	418
Sigman Tim	283
Sigman Tim	275
Sigman Tim	289
Sigman W A	625
Sigman W A	652

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION
 JUNE 30, 2014**

Property Owner	Tax Due
Tax Year 2012 (Continued):	
Sigman W A	\$ 357
Sims Patricia	166
Starks Baxter	457
Stout Blan M	234
Stout Paul	190
Stout Wanda	633
Stout Wanda	212
Swims Gregory	401
Taylor James	21
Thomas Willie Mack	99
Todd Bernidine Janice	185
Todd Janice	629
Todd Rayburn	920
Toombs Charles L	462
Troy William B	478
Tucker Homer H	2,512
Walker Dale	32
Walker Dale	32
Walker Dale	127
Ward Andy	293
Ward Linda B	140
Ward Linda Faye	27
Ward Lisa M	21
Weakley Susanne P	166
West Andrew	118
White James M	225
Whitelaw Johnnie P	392
Whitt Dottie	24
Wilford Enterprises LLC	1,413
Winchester James L	607
Winchester James L	483
Witten Robert	469
Wofford Debra	64
Wofford Debra	36
Wood Fannie Mae	95
Yates Paul	223
	\$ 190,842

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**CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Assessment Year</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Assessment</u>
2004	\$ 259,101,702	\$ 1.72	\$ 5,200,346
2005	255,854,271	1.85	5,530,033
2006	265,515,132	1.85	5,684,366
2007	263,316,696	2.04	6,231,871
2008	311,329,183	1.99	6,784,826
2009	312,181,477	1.99	6,922,462
2010	300,012,097	1.99	6,666,484
2011	297,218,571	1.99	6,735,790
2012	307,174,378	2.14	7,006,899
2013	312,683,654	2.14	7,182,286

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**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Program name</u>	<u>CFDA Number</u>	<u>Grantor Agency</u>	<u>Expenditures</u>
STOP Violence Against Women	16.588	U.S. Department of Justice	30,676
2011 Justice Assistance Grant Program	16.607	U.S. Department of Justice	3,194
2012 Justice Assistance Grant Program	16.607	U.S. Department of Justice	1,838
2013 Justice Assistance Grant Program	16.607	U.S. Department of Justice	7,360
Bulletproof Vest Partnership Program	16.607	U.S. Department of Justice	3,924
Total Department of Justice			<u>46,992</u>
Airport Runway Rehabilitation *	20.106	U.S. Dept. of Transportation Federal Aviation Administration	3,401,017
Safe Routes to School	20.205	U.S. Dept. of Transportation Federal Highway Administration	9,375
High Visibility Law Enforcement Campaigns	20.607	National Highway Traffic Safety Administration	5,000
Total Department of Transportation			<u>3,415,392</u>
Hazard Mitigation Grant Program	97.039	U.S. Dept. of Homeland Security/ Federal Emergency Mgt. Agency	2,223,781
Total Federal Emergency Management Agency			<u>2,223,781</u>
CDBG Disaster Recovery	14.228	U.S. Dept. of Housing and Urban Development	83,473
Total Department of Econ. & Comm. Dev.			<u>83,473</u>
Total All Federal Programs			<u><u>\$ 5,769,638</u></u>

* Major Program

This Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular Act A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The Schedule of Expenditures of Federal Awards for Dyersburg Electric System and Dyersburg City Schools were presented in their separately issued audit reports and therefore, are not reported here.

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

		<u>Expenditures</u>
Airport Runway Rehabilitation	State of Tennessee Department of Transportation	\$ 202,919
LPRF	State of Tennessee Dept of Environment & Consv	23,004
		<u>\$ 225,923</u>

This Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular Act A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The Schedules of State Financial Assistance for Dyersburg Electric System and Dyersburg City Schools were presented in their separately issued audit reports and therefore, are not reported here.

OTHER MISCELLANEOUS INFORMATION SECTION

**CITY OF DYERSBURG
SCHEDULE OF PRINCIPAL TAXPAYERS (UNAUDITED)
JUNE 30, 2014**

Taxpayer	Type of Business	Tax Year 2013	
		Assessed Valuation	Property Taxes Assessed and Paid
ERMCO	Distribution Transformers	\$ 4,598,884	\$ 300,456
Dyersburg Hospital Corp	Medical Services	4,182,639	285,045
Sun Products	Household Cleaning Products	4,863,922	225,141
W TN Industrial Redevelopment	Industrial Property	8,481,200	181,515
Excel Polymers	Rubber Products	4,870,360	104,226
Nordyne	Air Conditioners	4,553,486	97,445
Walmart Super Center	Discount Retailer	4,526,452	96,867
BellSouth Communications	Public Utility	2,757,072	83,072
Polyone Corporation	Rubber and Plastic Products	2,679,139	77,917
First Citizens National Bank	Banking	3,500,549	73,412
Caterpillar	Construction Equipment Parts	1,930,056	71,762
Unionport (1980) Assoc LLC	Shopping Center	2,934,080	64,460
Forcum Lannom, Inc.	Building Materials	2,864,790	57,377
Lowe's Home Center, Inc.	Retailer	2,653,483	56,785
Excalibar Minerals, Inc.	Ground Minerals	2,527,425	54,087
Tower Dyersburg LLF	Industrial Property	1,735,720	45,127
Dyersburg Mall Co. LLC	Shopping Mall	1,920,985	41,109
Security Bancorp of TN	Banking	1,786,446	38,230
		<u>\$ 63,366,688</u>	<u>\$ 1,954,033</u>

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CURRENT UTILITY RATES IN FORCE (UNAUDITED)
JUNE 30, 2014

	Rates	TVA Fuel Rate
Gas:		
City Residential (G2)		
Service charge per month	\$ 5.00	
Base rate per MCF consumed	\$ 2.32	
Transportation charges and commodity costs per MCF consumed	Variable	
County Residential (G22)		
Service charge per month	\$ 5.00	
Base rate per MCF consumed	\$ 2.77	
Transportation charges and commodity costs per MCF consumed	Variable	
City Small commercial (G1)		
Service charge per month	\$ 7.50	
Base rate per MCF consumed	\$ 2.37	
Transportation charges and commodity costs per MCF consumed	Variable	
County Small commercial (G21)		
Service charge per month	\$ 7.50	
Base rate per MCF consumed	\$ 2.83	
Transportation charges and commodity costs per MCF consumed	Variable	
City Large commercial, light industrial, schools, and government buildings (G3/G6)		
Service charge per month	\$ 50.00/22.00	
Base rate per MCF consumed	\$ 1.74	
Transportation charges and commodity costs per MCF consumed	Variable	
County Large commercial, light industrial, schools, and government buildings (G23)		
Service charge per month	\$ 50.00	
Base rate per MCF consumed	\$ 2.14	
Transportation charges and commodity costs per MCF consumed	Variable	
City Industrial - Firm (G5)		
Service charge per month	\$ 50.00	
Base rate per MCF consumed	\$ 1.00	
Transportation charges and commodity costs per MCF consumed	Variable	
County Industrial - Firm (G25)		
Service charge per month	\$ 50.00	
Base rate per MCF consumed	\$ 1.00	
Transportation charges and commodity costs per MCF consumed	Variable	
City Industrial - Interruptible (G7)		
Service charge per month	\$ 50.00	
Base rate per MCF consumed	\$ 1.00	
Transportation charges and commodity costs per MCF consumed	Variable	
Water:		
Base rate per month - city	\$ 4.94	
Base rate per month - rural	\$ 11.01	
Residential Customers		
City - per 1,000 gallons consumed	\$ 4.09	
Rural - per 1,000 gallons consumed	\$ 4.50	

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CURRENT UTILITY RATES IN FORCE (UNAUDITED)
JUNE 30, 2014

	Rates	
Commercial Customers		
City - per 1,000 gallons consumed	\$	3.62
Rural - per 1,000 gallons consumed	\$	3.97
Industrial Customers		
City - per 1,000 gallons consumed	\$	3.82
Rural - per 1,000 gallons consumed	\$	4.16
Sewer:		
Base rate per month	\$	4.74
Residential - per 1,000 gallons used	\$	4.16
Commercial - per 1,000 gallons used	\$	4.37
Industrial - per 1,000 gallons used	\$	4.76
Electrical:		
Residential Rate Schedule - RS		
Customer charge - per delivery point per month	\$	11.11
Energy charges - per kWh		
First 800 kWh per month	\$	0.07155 0.02727
Additional kWh per month	\$	0.05718 0.02727
General Power Rate Schedule - GSA		
GSA - 1 (0 - 50 kW)		
Customer charge - per delivery point per month	\$	16.00
First 1500 kWh per month	\$	0.08582 0.02698
Additional kWh per month	\$	0.06774 0.02698
GSA - 2 (51 - 1,000 kW) (a.)		
Customer charge - per delivery point per month	\$	143.19
Demand charge - per kW per month		
First 50 kW	\$	10.12
Additional kW	\$	7.89
Energy charge - per kW		
First 15,000 kWh	\$	0.03859 0.02698
Additional kWh	\$	0.03812 0.02665
GSA - 3 (1,001 - 5,000 kW)		
Customer charge - per delivery point per month	\$	500.00
Demand charge - per kw per month		
First 1,000 kW	\$	12.67
Excess over 1,000 kW	\$	8.27
Excess demand charge - higher of 1,000 kW or contract demand	\$	4.40
Energy charge - per kWh	\$	0.03812 0.02665
General Power Rate Schedule - GSB (5,001 - 15,000 kW)		
Customer charge - per delivery point per month - on peak	\$	1,830.00
Demand charge - per kW per month	\$	16.47
Off peak > on peak demand	\$	3.69
Excess demand	\$	16.47
Energy charge - per kWh per month		
All on peak kWh		0.07448 0.02679
First 425 hours use of demand		0.03889 0.02679
Next 195 hours use of demand		0.01974 0.02679
Excess 620 hours use of demand		0.00347 0.02679

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CURRENT UTILITY RATES IN FORCE (UNAUDITED)
JUNE 30, 2014

	Rates	
Electrical (continued):		
General Power Rate Schedule - SGSB (5,001 - 15,000 kW)		
Customer charge - per delivery point per month	\$ 1,830.00	
Demand charge - per kW per month	\$ 21.80	
Excess demand	\$ 21.80	
Energy charge - per kWh per month	0.02614	0.02679
Manufacturing Power Rate Schedule - MSB (5,001 - 15,000 kW)		
Customer charge - per delivery point per month	\$ 1,830.00	
Demand charge - per kW per month - on peak	\$ 16.48	
Off peak > on demand	\$ 3.69	
Excess demand	\$ 16.48	
Energy charge - per kWh		
All on peak kWh	0.0589	0.02679
First 425 hours use of demand	0.02372	0.02679
Next 195 hours use of demand	0.00457	0.02679
Excess 620 hours use of demand	(0.01169)	0.02679
Manufacturing Power Rate Schedule - SMSB (5,001 - 15,000 kW)		
Customer charge - per delivery point per month	\$ 1,830.00	
Demand charge per kW per month	\$ 18.82	
Excess demand	\$ 18.82	
Energy charge - per kWh	0.01826	0.02679
Facilities Rental		
General power - over 5,000 kW		
46 kv to 161 kv delivery - per kW	\$ 0.36000	
Less than 46 kv delivery - per kW		
First 10,000 kW	\$ 0.93000	
Over 10,000 kW	\$ 0.73000	
Outdoor Lighting Schedule - LS		
Energy charge - per kWh	\$ 0.04930	0.02727
Drainage Pump Schedule - DPS		
Customer charge - per delivery point per month	\$ 500.00	
Energy charge - per kWh	0.03859	0.02698

Notes:

- a. If the customer's billing demand is less than 50 kW and its energy takings for any month during the latest 12-month period exceeds 15,000 kWh.

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF UTILITY CUSTOMERS IN SERVICE (UNAUDITED)
 JUNE 30, 2014

<u>Utility Service</u>	<u>Customers</u>		
	<u>6/30/2013</u>	<u>Increase (Decrease)</u>	<u>6/30/2014</u>
Water	7,940	(12)	7,928
Sewer	7,475	(25)	7,450
Gas	7,810	(118)	7,692
Electric	11,975	(29)	11,946

See independent auditor's report

AWWA Free Water Audit Software: Reporting Worksheet

WAS v6.0
American Water Works Association
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Water Audit Report for: City of Dyersburg Water Treatment Plants (0000211)
Reporting Year: 2014 6/2013 - 7/2014

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

----- Enter grading in column 'E' and 'J' ----->

Volume from own sources:	10	937,693,206.000	MG/Yr
Water imported:	n/a	0.000	MG/Yr
Water exported:	n/a	0.000	MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:	Value:				
7	● ○				
7	● ○				
7	● ○				

Enter negative % or value for under-registration
Enter positive % or value for over-registration

WATER SUPPLIED: 937,693,206.000 MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	7	738,100,237.000	MG/Yr
Billed unmetered:	n/a	0.000	MG/Yr
Unbilled metered:	n/a	0.000	MG/Yr
Unbilled unmetered:	7	11,721,165.075	MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

AUTHORIZED CONSUMPTION: 749,821,402.075 MG/Yr

Click here: for help using option buttons below

Pcnt:	Value:				
1.25%	● ○				

Use buttons to select percentage of water supplied
OR
value

Pcnt:	Value:				
0.25%	● ○				

Pcnt:	Value:				
0.25%	● ○				

WATER LOSSES (Water Supplied - Authorized Consumption)

187,871,803.925 MG/Yr

Apparent Losses

Unauthorized consumption: 2,344,233.015 MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	10	0.000	MG/Yr
Systematic data handling errors:	7	1,845,250.593	MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses: 4,189,483.608 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 183,682,320.318 MG/Yr

WATER LOSSES: 187,871,803.925 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 199,592,969.000 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	10	160.0	miles
Number of active AND inactive service connections:	7	7,960	
Service connection density:	7	50	conn./mile main

Are customer meters typically located at the curbside or property line? Yes (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading of 10 has been applied

Average operating pressure: 55.0 psi

COST DATA

Total annual cost of operating water system:	9	\$2,265,900	\$/Year
Customer retail unit cost (applied to Apparent Losses):	9	\$4.30	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	7		\$/Million gallons <input checked="" type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 85 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Billed metered
- 2: Unauthorized consumption
- 3: Systematic data handling errors



AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0
American Water Works Association
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Water Audit Report for: City of Dyersburg Water Treatment Plants (0000211)
Reporting Year: 2014 6/2013 - 7/2014

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 85 out of 100 ***

System Attributes:

	Apparent Losses:	4,189,483.608	MG/Yr
+	Real Losses:	183,682,320.318	MG/Yr
=	Water Losses:	187,871,803.925	MG/Yr

? Unavoidable Annual Real Losses (UARL): 41.35 MG/Yr

Annual cost of Apparent Losses: \$18,014,779,512

Annual cost of Real Losses:

Valued at **Customer Retail Unit Cost**

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial: { Non-revenue water as percent by volume of Water Supplied: 21.3%
Non-revenue water as percent by cost of operating system: 37876771.6% Real Losses valued at Customer Retail Unit Cost

Operational Efficiency: { Apparent Losses per service connection per day: 1441964.48 gallons/connection/day
Real Losses per service connection per day: 63,221,009.26 gallons/connection/day
Real Losses per length of main per day*: N/A
Real Losses per service connection per day per psi pressure: 1,149,472.90 gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 183,682,320.32 million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: 4,442,515.17

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF OFFICIAL BONDS OF PRINCIPAL OFFICIALS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

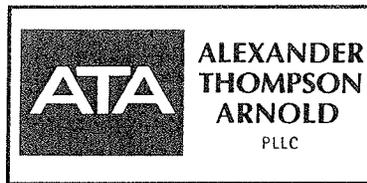
<u>Name</u>	<u>Title</u>	<u>Bonded Amount</u>
John K. Holden	Mayor	\$ 100,000
Stephen T. Anderson	Treasurer	\$ 100,000
Robert C. Jones	Recorder	\$ 100,000

See independent auditor's report

INTERNAL CONTROL AND COMPLIANCE SECTION

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants



Certified Public Accountants

Offices in Tennessee & Kentucky

185 N Church Street
Dyersburg, TN 38024

Phone 731.285.7900
Fax 731.285.6221
www.atacpa.net

**Independent Auditor's Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial Statements
Performed in Accordance With Government Auditing Standards**

Board of Mayor and
Aldermen
City of Dyersburg
Dyersburg, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dyersburg, Tennessee (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 16, 2015.

Our report includes a reference to other auditors who audited the financial statements of Dyersburg Electric System, as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2011-001, 2013-001, 2013-002, 2013,003, 2014-001 and 2014-002 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 and those of the other auditors disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as items 2014-002 and 2013-001.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

Purpose of this Report

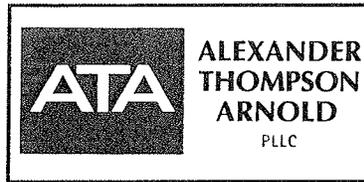
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance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

Alexander Thompson Arnold PLLC

Dyersburg, Tennessee
March 16, 2015

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants



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**Independent Auditor's Reports on Compliance for Each Major
Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133**

Board of Mayor and
Aldermen
City of Dyersburg
Dyersburg, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the City of Dyersburg, Tennessee's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct a material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Alexander Thompson Arnold PLLC

Dyersburg, Tennessee
March 16, 2015

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	_____ yes	___X___ no
Significant deficiencies identified?	___X___ yes	_____ no
Noncompliance material to financial statements noted?	_____ yes	___X___ no

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	_____ yes	___X___ no
Significant deficiencies identified?	_____ yes	___X___ none reported

Type of auditor's report issued on compliance for major programs:	Unmodified	
---	------------	--

Any audit findings disclosed that are required to be reported in accordance with section .501(a) of OMB Circular A-133?	_____ yes	___X___ no
---	-----------	------------

Identification of major programs:

<u>Program Name</u>	<u>CFDA No.</u>
General Government	
Airport Improvement Program	20.106

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
--	-----------

Auditee qualified as low-risk auditee?	_____ yes	___X___ no
--	-----------	------------

Section II - Financial Statement Findings

Dyersburg Electric System

No findings reported.

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Dyersburg City Schools

2014-001 Purchase Orders

Condition: Dyersburg City Schools did not consistently follow proper purchasing procedures regarding purchase orders. Expenditures were noted that exceeded purchase order limits.

Criteria: Purchase orders are necessary to control purchasing authority and document purchasing commitments. The budget process is circumvented when expenditures are allowed to exceed purchase orders limits.

Effect: Allowing expenditures to exceed purchase order limits could result in the budget being exceeded.

Recommendation: To strengthen internal controls over purchasing procedures, the School should verify that expenditures do not exceed purchase order amounts.

Response: We agree.

2014-002 Budget

Condition: Expenditures exceeded budgeted expenditures in the General purpose fund.

Criteria: The budget process is circumvented and expenditures are not authorized when expenditures are allowed to exceed the budget.

Effect: Allowing expenditures to exceed budget limits results in expenditures being unauthorized.

Recommendation: To strengthen internal controls over purchasing procedures, the School should verify that expenditures do not exceed the budget.

Response: We agree.

2013-002 Failure to Make Required Pension Contributions

Condition: As noted in the actuarial report provided to the school, contributions to the non-professional pension plan are required annually.

Criteria: Contributions are determined by a qualified actuary.

Effect: There is a risk of there being inadequate assets available to pay retirement benefits to participants when they retire from service.

Recommendation: We recommend the required contributions be made annually as set forth by the actuary.

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Response: We started making the required contributions in the 2014 fiscal year and will catch up the payments as soon as possible. Dyersburg City Schools is exploring the possibility of moving future new employees to the TCRS state pension plan.

2013-003 Segregation of Duties

Condition: Dyersburg City Schools has inadequate segregation of duties in the record keeping function.

Criteria: Adequate segregation of duties is important in order to facilitate controls and maintain adequate safeguards over the school.

Effect: Without the proper segregation and accountability, the school could incur losses with respect to the potential for misappropriation of cash transactions.

Recommendation: While it is understandable that it is not always feasible to segregate duties due to limited accounting staff, we encourage the school to make efforts to further segregate the duties of the accounting staff.

Response: Our organization is too small to justify hiring additional personnel. We realize a weakness exists, but it is not cost effective for us to hire additional staff.

General Government

2011-001 Unpaid Property Taxes

Condition: Our audit of unpaid property taxes indicated that several City employees owed real estate taxes at year end. The unpaid taxes were at least six months overdue.

Criteria: All property taxes should be paid by the due date.

Cause: The City does not send delinquent property tax notices on a routine basis.

Recommendation: We suggest that all property taxes owed by City employees be paid timely. It is imperative that financial responsibility begins at home.

Response: We will review the unpaid property tax register periodically for payment status.

2013-001 Expenditures Exceed Approved Budget

Condition: Expenditures in the Tip Fund and the Community Development Projects Fund were greater than approved budgetary amounts.

Criteria: Expenditures should not exceed approved budgeted amounts.

Effect: The fund should not incur expenditures in excess of budgeted amounts.

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Recommendation: We recommend that expenditures are monitored to comply with approved budgetary limitations.

Response: We will monitor expenditures and/or request budgetary amendments to permit the fund to operate effectively and efficiently.

Section III – Federal Award Findings and Questioned Costs

None reported.

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2014

Corrective Action Plan

The City of Dyersburg, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2014.

Name and address of independent public accounting firm:

Alexander Thompson Arnold PLLC
185 North Church Street
Dyersburg, TN 38024

Responsible officials for corrective action:

Neel Durbin, Director
Dyersburg City Schools

Steve Anderson, Treasurer
City of Dyersburg, TN

Audit period:

June 30, 2014

The findings from the June 30, 2014, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Dyersburg City Schools
2014-001 Purchase Orders

Recommendation: To strengthen internal controls over purchasing procedures, the School should verify that expenditures do not exceed purchase order amounts.

Action taken or planned: We agree.

2014-002 Budget

Recommendation: To strengthen internal controls over purchasing procedures, the School should verify that expenditures do not exceed the budget.

Action taken or planned: We agree.

2013-002 Failure to Make Required Pension Contributions

Recommendation: We recommend that the required contributions be made annually as set forth by the actuary.

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2014

Action taken or planned: We began funding the required contributions during the 2014 fiscal year. We have a procedure in place to fully fund the pension plan.

2013-003 Segregation of Duties

Recommendation: While it is understandable that it is not always feasible to segregate duties due to limited accounting staff, we encourage the school to make efforts to further segregate the duties of the accounting staff.

Action taken or planned: Our organization is too small to justify hiring additional personnel. We realize a weakness exists, but it is not cost effective for us to hire additional staff.

General Government

2013-001 Expenditures Exceed Approved Budget

Recommendation: To strengthen internal controls over purchasing procedures, expenditures should be monitored for budgetary guidelines.

Action taken or planned: We agree.

2011-001 Unpaid Property Taxes

Recommendation: All amounts due from employees and elected officials must be paid timely.

Action taken or planned: We agree.

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Financial Statement Findings

2013-003 (Schools)	Segregation of Duties	Repeated
2013-002 (Schools)	Failure to Make Required Pension Contributions	Repeated
2011-001 (General Government)	Unpaid Property Taxes	Repeated
2013-001 (General Government)	Expenditures Exceeding Approved Budget	Repeated

Federal Award Findings and Questioned Costs

There were no prior year findings reported.