

CITY OF DYERSBURG, TENNESSEE

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

**CITY OF DYERSBURG, TENNESSEE
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INTRODUCTORY SECTION

**CITY OF DYERSBURG, TENNESSEE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

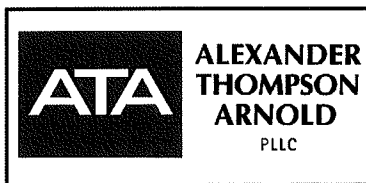
PRINCIPAL OFFICIALS

John Holden, Mayor
Kevin Chaney, Board Member
Bill Escue, Board Member
Terry Glover, Board Member
Bob Kirk, Board Member
Dennis Moody, Board Member
Mike Morgan, Board Member
Carolyn Norman, Board Member
Robert Taylor Jr., 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
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

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Dyersburg, TN 38024

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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, 2015, 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 51 percent, 51 percent, and 70 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, 2015, 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 pension schedules on pages 73 through 81 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 August 29, 2016 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
August 29, 2016

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015.

FINANCIAL HIGHLIGHTS

- > The assets and deferred outflows of resources of the City of Dyersburg exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$98,639,360 (net position). Of this amount, \$876,874 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 19.
- > The City's total net position decreased by \$19,593,189.
- > At June 30, 2015, the governmental funds reported combined ending fund balances of \$7,089,929, of which \$797,318 was unassigned and available for use at the City's discretion. See page 21.
- > Governmental fund balances increased by \$860,487 (page 23) during the year.
- > During the fiscal year ended June 30, 2015, the City's total notes and bonds payable decreased by \$2,666,209 (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 - 20 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 21-30 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 31-35 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 39-72 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 82-99 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

The City's combined net position decreased \$19,593,189 or approximately 17% from 2014 to 2015. Net position decreased \$17,910,517 in governmental activities, with business-type activities decreasing \$1,682,672. Combined net position (assets exceeding liabilities and deferred inflows of resources) was \$98,639,360 at June 30, 2015. The table below provides a comparative summary of the City's net position as of June 30, 2015 and 2014.

CITY OF DYERSBURG'S NET POSITION

	Governmental Activities		Business-type		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 19,482,144	\$ 20,037,939	\$ 33,553,611	\$ 31,982,712	\$ 53,035,755	\$ 52,020,651
Capital assets	55,329,636	57,593,801	65,293,111	64,659,808	120,622,747	122,253,609
Total Assets	74,811,780	77,631,740	98,846,722	96,642,520	173,658,502	174,274,260
Deferred Outflows of Resources	17,088,230	-	4,418,902	-	21,507,132	-
Long-term liabilities	53,117,155	24,655,961	8,814,161	7,607,957	61,931,316	32,263,918
Other liabilities	5,652,345	7,521,563	14,779,296	8,899,130	20,431,641	16,420,693
Total Liabilities	58,769,500	32,177,524	23,593,457	16,507,087	82,362,957	48,684,611
Deferred Inflows of Resources	12,943,911	7,357,100	1,219,406	-	14,163,317	7,357,100
Net position:						
Investment in capital assets, net of related debt	32,057,416	32,875,372	59,717,066	57,885,837	91,774,482	90,761,209
Restricted	4,308,888	4,117,389	1,679,116	1,618,983	5,988,004	5,736,372
Unrestricted	(16,179,705)	1,104,355	17,056,579	20,630,613	876,874	21,734,968
Total net position	\$ 20,186,599	\$ 38,097,116	\$ 78,452,761	\$ 80,135,433	\$ 98,639,360	\$ 118,232,549

The largest portion of the City's net position (\$91,774,482 or 93%) 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 \$1,013,273 from 2014. Of this increase governmental activities decreased \$817,956, and business-type activities increased \$1,831,229. 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 (\$5,988,004 or 6%) represents resources that are subject to external restriction on how they may be used. Restricted net position increased \$251,632 from 2014. The remaining balance of net position (unrestricted net position of \$876,874) may be used to meet the government's ongoing obligation to citizens and creditors. Unrestricted net position decreased \$20,858,094 from 2014.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Analysis of the City's Operations. The following table provides a comparative summary of the City's operations for the years ended June 30, 2015 and 2014. Also, summary tables comparing 2015 with 2014 along with charts for 2015 are presented on pages 9 through 12 for Governmental expenses and program revenues and for Business-type expenses and program revenues. Governmental activities decreased the City's net position by \$17,910,517 in 2015 compared to an increase of \$3,701,155 in 2014. Business-type activities increased the City's net position by \$4,096,758 in 2015 compared to a increase of \$1,703,984 in 2014.

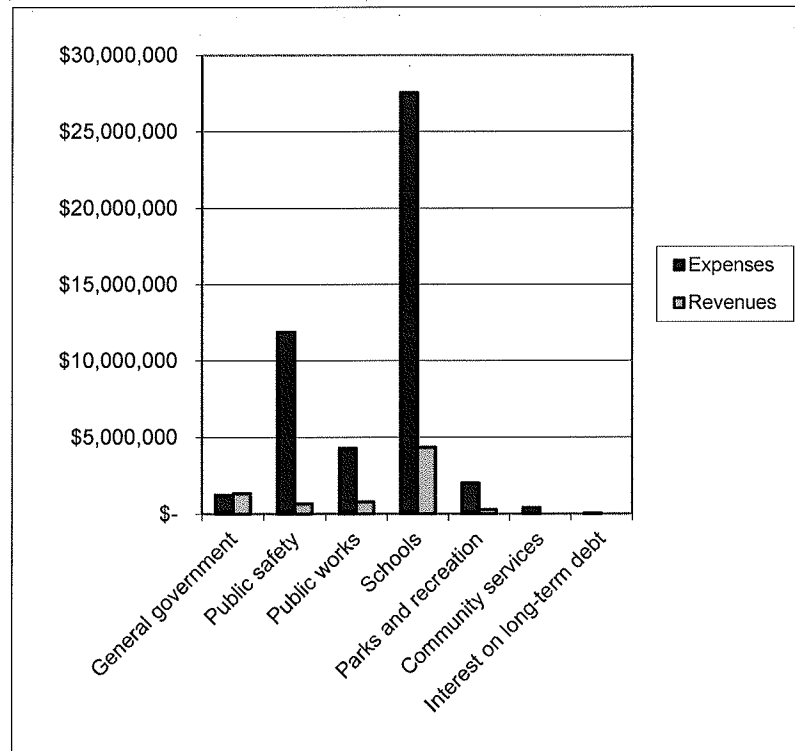
CITY OF DYERSBURG'S CHANGES IN NET POSITION

	Governmental Activities		Business-type		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 3,220,569	\$ 3,185,724	\$ 55,876,422	\$ 57,317,108	\$ 59,096,991	\$ 60,502,832
Operating grants and contributions	4,263,031	10,087,449	-	-	4,263,031	10,087,449
General revenues						
Sales and use tax	9,242,305	8,779,936	-	-	9,242,305	8,779,936
Property tax	9,947,717	10,224,161	-	-	9,947,717	10,224,161
Other taxes	3,112,895	2,537,285	-	-	3,112,895	2,537,285
Intergovernmental	12,686,584	13,419,784	-	-	12,686,584	13,419,784
Other sources	859,595	617,393	2,154,359	17,735	3,013,954	635,128
Capital contributions	-	-	-	-	-	-
Unrestricted investment earnings	136,465	141,659	267,372	261,544	403,837	403,203
Total revenues	43,469,161	48,993,391	58,298,153	57,596,387	101,767,314	106,589,778
Expenses						
General government	1,241,554	1,128,561	-	-	1,241,554	1,128,561
Public safety	11,893,447	10,479,147	-	-	11,893,447	10,479,147
Public works	4,284,886	3,954,250	-	-	4,284,886	3,954,250
Schools	27,557,172	29,460,968	-	-	27,557,172	29,460,968
Parks and recreation	2,022,476	1,771,083	-	-	2,022,476	1,771,083
Community services	413,422	527,538	-	-	413,422	527,538
Interest on long-term debt	61,379	84,059	-	-	61,379	84,059
Electric	-	-	37,288,266	38,578,777	37,288,266	38,578,777
Gas	-	-	6,275,857	7,089,812	6,275,857	7,089,812
Water and sewer	-	-	5,845,873	5,427,231	5,845,873	5,427,231
Solid waste	-	-	2,761,542	2,683,313	2,761,542	2,683,313
Total expenses	47,474,336	47,405,606	52,171,538	53,779,133	99,645,874	101,184,739
Increase in net position before transfers	(4,005,175)	1,587,785	6,126,615	3,817,254	2,121,440	5,405,039
Transfers	2,029,857	2,113,270	(2,029,857)	(2,113,270)	-	-
Prior period adjustment	(15,935,199)	-	(5,779,430)	-	(21,714,629)	-
Increase (decrease) in net position	\$ (17,910,517)	\$ 3,701,055	\$ 4,096,758	\$ 1,703,984	\$ (19,593,189)	\$ 5,405,039

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 2015 Expenses and Program Revenues**



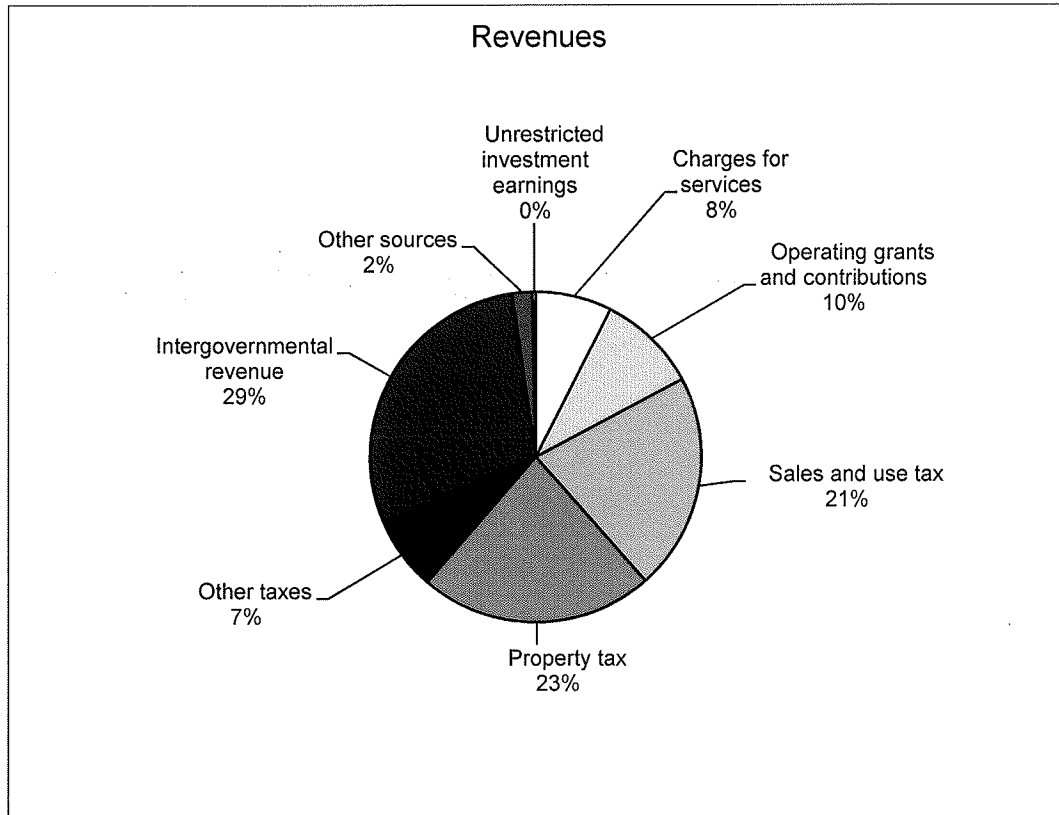
**Governmental Activities
Table of Expenses and Program Revenues**

	2015		2014		Increase (Decrease)	
	Expenses	Program Revenues	Expenses	Program Revenues	Expenses	Program Revenues
General government	\$ 1,241,554	\$ 1,340,275	\$ 1,128,561	\$ 3,806,409	\$ 112,993	\$ (2,466,134)
Public safety	11,893,447	679,330	10,479,147	681,422	1,414,300	(2,092)
Public works	4,284,886	805,877	3,954,250	4,158,844	330,636	(3,352,967)
Schools	27,557,172	4,359,919	29,460,968	4,291,983	(1,903,796)	67,936
Parks and recreation	2,022,476	298,199	1,771,083	334,515	251,393	(36,316)
Community services	413,422	-	527,538	-	(114,116)	-
Interest on debt	61,379	-	84,059	-	(22,680)	-
	\$ 47,474,336	\$ 7,483,600	\$ 47,405,606	\$ 13,273,173	\$ 68,730	\$ (5,789,573)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 2015 Revenues by Source**



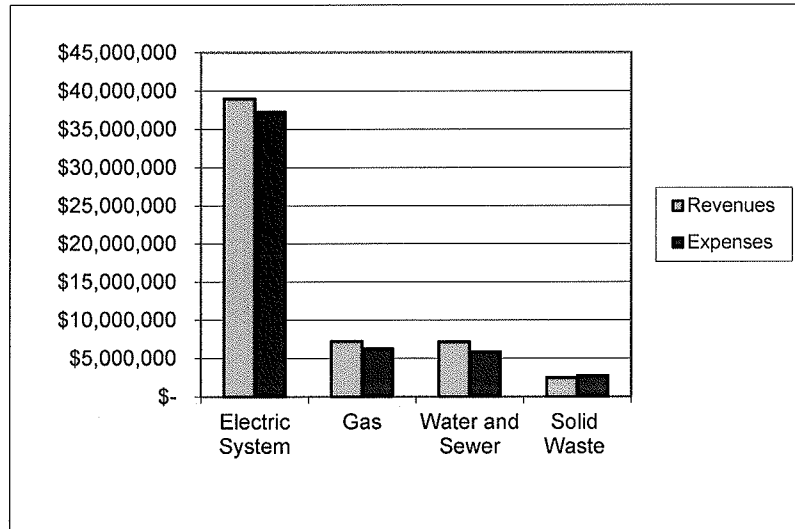
**Governmental Activities
Table of Revenues by Source**

	2015		2014		Increase (Decrease) in Revenues
	Revenues	Percentage	Revenues	Percentage	
Charges for services	\$ 3,220,569	7%	\$ 3,185,724	7%	\$ 34,845
Operating grants and contributions	4,263,031	10%	10,087,449	21%	(5,824,418)
Sales and use tax	9,242,305	21%	8,779,936	18%	462,369
Property tax	9,947,717	23%	10,224,161	21%	(276,444)
Other taxes	3,112,895	7%	2,537,285	5%	575,610
Intergovernmental revenue (Schools)	12,686,584	29%	13,419,784	27%	(733,200)
Other sources	859,595	2%	617,393	1%	242,202
Investment earnings	136,465	0%	141,659	0%	(5,194)
Total	\$ 43,469,161	100%	\$ 48,993,391	100%	\$ (5,524,230)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 2015 Expenses and Program Revenues**



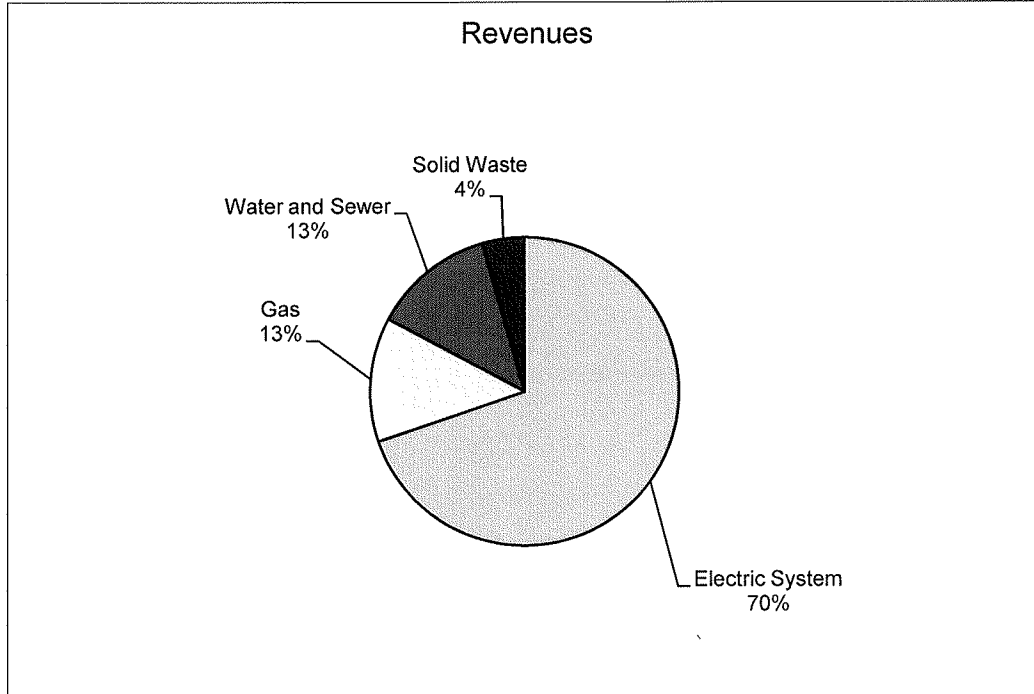
**Business-type Activities
Table of Expenses and Program Revenues**

	2015		2014		Increase (Decrease)	
	Expenses	Program Revenues	Expenses	Program Revenues	Expenses	Program Revenues
Electric	\$ 37,288,266	\$ 39,001,569	\$ 38,578,777	\$ 40,430,648	\$ (1,290,511)	\$ (1,429,079)
Gas	6,275,857	7,258,299	7,089,812	7,705,778	(813,955)	(447,479)
Water and Sewer	5,845,873	7,138,207	5,427,231	6,633,918	418,642	504,289
Solid Waste	2,761,542	2,478,347	2,683,313	2,546,764	78,229	(68,417)
	<u>\$ 52,171,538</u>	<u>\$ 55,876,422</u>	<u>\$ 53,779,133</u>	<u>\$ 57,317,108</u>	<u>\$ (1,607,595)</u>	<u>\$ (1,440,686)</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 2015 Revenues by Service**



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

	2015		2014		Increase (Decrease)	
	Revenues	Percentage	Revenues	Percentage	Revenues	Percentage
Electric System	\$ 39,001,569	70%	\$ 40,430,648	71%	\$ (1,429,079)	-4%
Gas	7,258,299	13%	7,705,778	13%	(447,479)	-6%
Water and Sewer	7,138,207	13%	6,633,918	12%	504,289	8%
Solid Waste	2,478,347	4%	2,546,764	4%	(68,417)	-3%
	<u>\$ 55,876,422</u>	<u>100%</u>	<u>\$ 57,317,108</u>	<u>100%</u>	<u>\$ (1,440,686)</u>	<u>-3%</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 \$7,089,929, an increase of \$860,487 in comparison with the prior year. Approximately \$797,318 or approximately 11% 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 (\$90,680), restricted (\$6,151,438) or committed (\$50,493).

In the general fund, the City budgeted for an increase in the fund balance of \$2,500. Actual revenues were \$164,415 under budgeted revenues and actual expenditures were \$254,232 under budgeted expenditures. Net transfers and other financing sources (uses) of \$2,146,208 resulted in the fund balance decreasing \$59,875 for fiscal year 2015. School fund balance increased \$194,379.

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 \$9,160,798 in Gas, (\$1,616,416) in Water and Sewer, (\$157,423) in Solid Waste Management, and \$9,088,101 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 \$1,128,528, Gas fund net position increased \$898,555, Water and Sewer fund net position increased \$2,280,958 and the Solid Waste Management fund net position decreased \$217,414.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

CAPITAL ASSETS

The City of Dyersburg's investment in capital assets for its governmental and business-type activities as of June 30, 2015, was \$120,622,747 (net of accumulated depreciation), a decrease of \$1,630,862 or 1.3% from 2014. The decrease is the result of net additions to capital assets of \$6,848,960 (a \$1,946,350 increase for Governmental activities and a \$4,902,610 increase for Business-type activities) net of depreciation of capital assets of \$8,479,822 (\$4,210,514 for Governmental activities and \$4,269,308 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	\$ 383,600
Public safety	138,500
Public works	709,000
Public welfare	134,300
Schools	610,000

Business-type Funds

Gas system improvements	224,600
Water and sewer system improvements	2,375,100
Solid waste management improvements	359,500
Electric system improvements	1,969,600
	<u>\$ 6,904,200</u>

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

	2015			2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 6,547,196	\$ 2,179,874	\$ 8,727,070	\$ 6,527,145	\$ 2,179,874	\$ 8,707,019
Construction in progress	-	2,590,615	2,590,615	5,884,816	1,563,472	7,448,288
Land improvements	-	1,386,040	1,386,040	-	1,747,000	1,747,000
Buildings and systems	28,780,146	54,551,386	83,331,532	24,196,295	54,700,199	78,896,494
Improvements other than buildings	6,091,797	-	6,091,797	6,057,612	-	6,057,612
Machinery, vehicles and equipment	3,465,661	4,410,255	7,875,916	4,260,293	4,268,000	8,528,293
Infrastructure	10,099,563	-	10,099,563	10,293,340	-	10,293,340
Allocated Internal Serv fund capital assets	345,273	174,941	520,214	374,300	201,263	575,563
	<u>\$ 55,329,636</u>	<u>\$ 65,293,111</u>	<u>\$ 120,622,747</u>	<u>\$ 57,593,801</u>	<u>\$ 64,659,808</u>	<u>\$ 122,253,609</u>

Additional information on the City of Dyersburg's capital assets can be found in Footnote IV. D. on pages 48-49 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

DEBT ADMINISTRATION

At June 30, 2015, the City of Dyersburg had total bonded debt and notes payable of \$28,887,220. Of this amount, \$14,486,896 comprises bonded debt backed by the full faith and credit of the government and \$2,625,000 represents bonds secured by electric revenues. The notes payable of \$11,775,324 pertains to the general fund (\$4,598,000) and schools (\$7,177,324).

Total debt decreased \$2,666,209 or 8.5% from June 30, 2014 to June 30, 2015 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, 2015 and 2014 is summarized below:

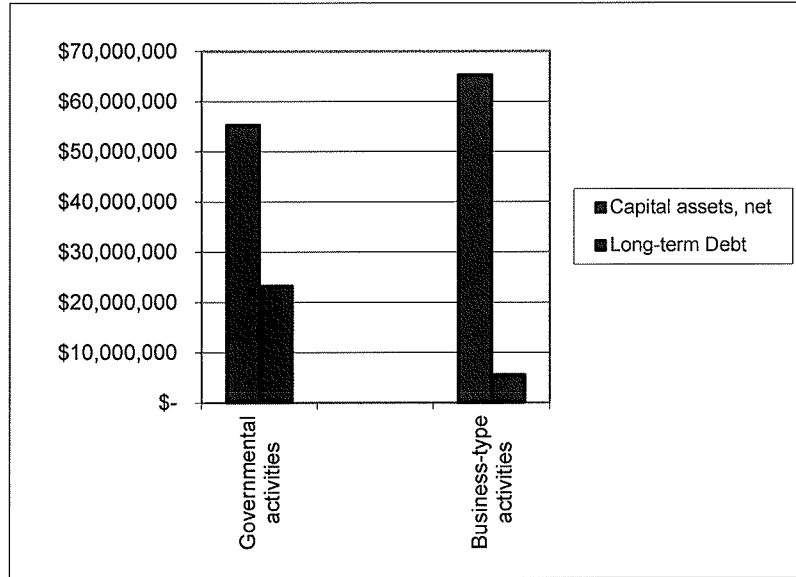
	2015			2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Notes Payable	\$ 11,775,324	\$ -	\$ 11,775,324	\$ 12,936,834	\$ -	\$ 12,936,834
General Obligation Bonds	11,496,896	2,990,000	14,486,896	11,781,595	3,670,000	15,451,595
Revenue Bonds	-	2,625,000	2,625,000	-	3,165,000	3,165,000
	<u>\$ 23,272,220</u>	<u>\$ 5,615,000</u>	<u>\$ 28,887,220</u>	<u>\$ 24,718,429</u>	<u>\$ 6,835,000</u>	<u>\$ 31,553,429</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 50-52 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Governmental and Business-type Activities
Chart of 2015 Net Capital Assets and Long-term Debt**



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

	2015		2014	
	Capital Assets, net of Depreciation	Long-term Debt	Capital Assets, net of Depreciation	Long-term Debt
Governmental activities	\$ 55,329,636	\$ 23,272,220	\$ 57,593,801	\$ 24,718,429
Business-type activities	65,293,111	5,615,000	64,659,808	6,835,000
	<u>\$ 120,622,747</u>	<u>\$ 28,887,220</u>	<u>\$ 122,253,609</u>	<u>\$ 31,553,429</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate of Dyer County is 7.8%. This compares unfavorably to the state's average unemployment rate of 5.7% and the national average of 5.3%.

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 remained at \$2.37 for the 2015-2016 fiscal year.

User rates remained the same for Water, Sewer and Gas services for fiscal year 2015-2016.

User rates for Refuse Collection were raised for fiscal year 2015-2016.

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, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 6,606,988	\$ 17,623,846	\$ 24,230,834
Investments	1,342,971	8,986,928	10,329,899
Receivables (net of allowance for uncollectibles):			
Taxes	8,733,418	-	8,733,418
Accounts	2,704,962	3,263,296	5,968,258
Notes	24,000	-	24,000
Accrued interest and rents	-	103,736	103,736
Interfund balances	(111,735)	111,735	-
Inventories	46,528	877,175	923,703
Prepaid expenses	1,629	98,896	100,525
Deposits	83,635	24,467	108,102
Other assets	49,748	784,416	834,164
Restricted assets - cash and cash investments	-	1,679,116	1,679,116
Capital assets not being depreciated:			
Land	6,547,196	2,179,874	8,727,070
Construction in progress	-	2,590,615	2,590,615
Capital assets net of accumulated depreciation	48,782,440	60,522,622	109,305,062
Total Assets	74,811,780	98,846,722	173,658,502
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	17,088,230	4,418,902	21,507,132
Total Deferred Outflows of Resources	17,088,230	4,418,902	21,507,132

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	883,236	4,274,234	5,157,470
Accrued liabilities	2,543,237	284,978	2,828,215
Deposits	36,250	2,509,154	2,545,404
Other current liabilities	229,919	6,425,930	6,655,849
Noncurrent liabilities:			
Due within one year:			
Current portion of notes payable	1,675,004	-	1,675,004
Current portion of bonds payable	284,699	1,285,000	1,569,699
Due in more than one year:			
Notes payable	10,100,320	-	10,100,320
Bonds payable	11,212,197	4,330,000	15,542,197
Less bond discount	-	(9,992)	(9,992)
Other accrued liabilities	31,804,638	3,821,226	35,625,864
Advances from TVA	-	672,927	672,927
Total Liabilities	58,769,500	23,593,457	82,362,957
DEFERRED INFLOWS OF RESOURCES			
Unavailable current property taxes	7,834,198	-	7,834,198
Delinquent property taxes	686,211	-	686,211
Unavailable confiscated funds	96,352	-	96,352
Related to pensions	4,327,150	1,219,406	5,546,556
Total Deferred Inflows of Resources	12,943,911	1,219,406	14,163,317
NET POSITION			
Net investment in capital assets	32,057,416	59,717,066	91,774,482
Restricted for:			
Education	607,887	-	607,887
Perpetual care	1,405,168	-	1,405,168
Debt service	2,029,189	1,679,116	3,708,305
Capital projects	14,887	-	14,887
Special revenue funds	197,348	-	197,348
Other purposes	54,409	-	54,409
Unrestricted	(16,179,705)	17,056,579	876,874
Total Net Position	\$ 20,186,599	\$ 78,452,761	\$ 98,639,360

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, 2015

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		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 1,241,554	\$ 1,287,181	\$ 2,250	\$ 50,844	\$ 98,721	\$ -	\$ 98,721
Public safety	11,893,447	586,231	93,099	-	(11,214,117)	-	(11,214,117)
Public works	4,284,886	377,053	73,331	355,493	(3,479,009)	-	(3,479,009)
Schools	27,557,172	671,905	3,688,014	-	(23,197,253)	-	(23,197,253)
Parks and recreation	2,022,476	298,199	-	-	(1,724,277)	-	(1,724,277)
Community services	413,422	-	-	-	(413,422)	-	(413,422)
Interest on long-term debt	61,379	-	-	-	(61,379)	-	(61,379)
Total governmental activities	47,474,336	3,220,569	3,856,694	406,337	(39,990,736)	-	(39,990,736)
Business-type activities:							
Electric	37,288,266	39,001,569	-	-	-	1,713,303	1,713,303
Gas	6,275,857	7,258,299	-	-	-	982,442	982,442
Water and sewer	5,845,873	7,138,207	-	-	-	1,292,334	1,292,334
Solid waste	2,761,542	2,478,347	-	-	-	(283,195)	(283,195)
Total business-type activities	52,171,538	55,876,422	-	-	-	3,704,884	3,704,884
Total primary government	\$ 99,645,874	\$ 59,096,991	\$ 3,856,694	\$ 406,337	(39,990,736)	3,704,884	(36,285,852)
General revenues:							
Property taxes					9,947,717	-	9,947,717
State and local sales taxes					9,242,305	-	9,242,305
Wholesale beer and liquor taxes					615,576	-	615,576
Business taxes					412,061	-	412,061
Franchise taxes					143,482	-	143,482
Room occupancy taxes					293,048	-	293,048
Wheel taxes					629,781	-	629,781
Other statutory local taxes					4,149	-	4,149
State taxes					1,014,798	-	1,014,798
Intergovernmental revenue					12,686,584	-	12,686,584
Other sources					859,595	2,154,359	3,013,954
Unrestricted investment earnings					136,465	267,372	403,837
Transfers from business-type activities					2,029,857	(2,029,857)	-
Total general revenues and transfers					38,015,418	391,874	38,407,292
Change in net position					(1,975,318)	4,096,758	2,121,440
Net position- beginning					38,097,116	80,135,433	118,232,549
Prior period adjustment					483,712	-	483,712
Change in accounting principle					(16,418,911)	(5,779,430)	(22,198,341)
Net position, beginning restated					22,161,917	74,356,003	96,517,920
Net position - ending					\$ 20,186,599	\$ 78,452,761	\$ 98,639,360

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

CITY OF DYERSBURG, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 928,671	\$ 3,395,006	\$ 2,592,500	\$ 6,916,177
Investments	10,000	-	1,404,918	1,414,918
Receivables (net of allowance for uncollectibles):				
Taxes	8,562,980	469,095	-	9,032,075
Accounts	1,151,642	27,964	883,430	2,063,036
Notes	-	-	24,000	24,000
Due from other funds	716,668	-	892,376	1,609,044
Inventories	-	-	46,528	46,528
Prepaid expenses	5,000	-	-	5,000
Deposits	15,152	-	92,950	108,102
Total Assets	<u>\$ 11,390,113</u>	<u>\$ 3,892,065</u>	<u>\$ 5,936,702</u>	<u>\$ 21,218,880</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 458,381	\$ 208,881	\$ 229,826	\$ 897,088
Accrued liabilities	798,511	1,462,023	256,161	2,516,695
Deposits	36,250	-	-	36,250
Due to other funds	719,999	226,670	1,115,488	2,062,157
Total Liabilities	<u>2,013,141</u>	<u>1,897,574</u>	<u>1,601,475</u>	<u>5,512,190</u>
Deferred Inflows of Resources:				
Unavailable confiscated funds			96,352	96,352
Deferred current property taxes	7,834,198			7,834,198
Delinquent property taxes	686,211			686,211
Total Deferred Inflows of Resources	<u>8,520,409</u>	<u>-</u>	<u>96,352</u>	<u>8,616,761</u>
Fund Balances:				
Non-spendable	20,152	-	70,528	90,680
Restricted	10,575	1,994,491	4,146,372	6,151,438
Committed	-	-	50,493	50,493
Unassigned	825,836	-	(28,518)	797,318
Total Fund Balances	<u>856,563</u>	<u>1,994,491</u>	<u>4,238,875</u>	<u>7,089,929</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,390,113</u>	<u>\$ 3,892,065</u>	<u>\$ 5,936,702</u>	<u>21,218,880</u>

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

CITY OF DYERSBURG, TENNESSEE
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

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

Total Governmental Fund Balances, page 21	7,089,929
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	54,984,363
Deferred outflows/inflows of resources related to pensions in which the consumption/acquisition of net position will occur in future periods.	
Deferred outflows	2,520,146
Deferred inflows	(4,122,244)
Net pension liability/asset are not a financial use/source in the current period and, therefore, are not reported in the funds.	
Net pension asset	49,891
Net pension liability	(15,456,945)
Internal service fund assets and liabilities allocated to governmental funds and, therefore, are included in governmental activities in the statement of net position.	359,784
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the current period.	<u>(25,238,325)</u>
Net position of governmental activities (page 19)	<u><u>\$ 20,186,599</u></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
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 10,598,210	\$ 7,890,192	\$ 1,474,086	\$ 19,962,488
Licenses and permits	75,959	-	-	75,959
Intergovernmental	2,963,822	12,987,753	3,708,196	19,659,771
Charges for services	976,379	-	305,981	1,282,360
Fines, forfeits, and penalties	193,904	-	24,154	218,058
Sale of assets	572,639	-	16,441	589,080
Investment earnings	23,739	-	74,331	98,070
Miscellaneous	1,795,033	654,261	4,173,679	6,622,973
Total Revenues	<u>17,199,685</u>	<u>21,532,206</u>	<u>9,776,868</u>	<u>48,508,759</u>
EXPENDITURES:				
Current:				
General government	1,657,405	-	-	1,657,405
Public safety	9,097,340	-	-	9,097,340
Public works	2,680,863	-	-	2,680,863
Community services	313,006	-	-	313,006
Parks and recreation	1,730,563	-	-	1,730,563
Economic development	291,314	-	-	291,314
Municipal airport	606,691	-	-	606,691
Joint cost - communications	433,066	-	4,007,485	4,440,551
Education	-	20,877,087	4,816,108	25,693,195
Miscellaneous	865,471	-	-	865,471
Capital outlay	923,862	224,620	189,337	1,337,819
Debt service:				
Principal retirement	729,000	1,155,703	-	1,884,703
Interest	61,379	468,127	-	529,506
Other expense	15,808	-	-	15,808
Total Expenditures	<u>19,405,768</u>	<u>22,725,537</u>	<u>9,012,930</u>	<u>51,144,235</u>
Revenues Over (Under) Expenditures	(2,206,083)	(1,193,331)	763,938	(2,635,476)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,044,830	1,638,829	585,389	4,269,048
Operating transfers out	(337,116)	(251,119)	(1,650,956)	(2,239,191)
Sale of bonds	438,494	-	-	438,494
Total other financing sources (uses)	<u>2,146,208</u>	<u>1,387,710</u>	<u>(1,065,567)</u>	<u>2,468,351</u>
Net Change in Fund Balance	<u>(59,875)</u>	<u>194,379</u>	<u>(301,629)</u>	<u>(167,125)</u>
Fund Balance - July 1, 2014	372,538	1,219,649	4,637,255	6,229,442
Change in Accounting Principle	543,900	-	-	543,900
Prior Period Adjustment	-	580,463	(96,751)	483,712
Fund Balance - July 1, 2014, as restated	<u>916,438</u>	<u>1,800,112</u>	<u>4,540,504</u>	<u>7,257,054</u>
Fund Balance - June 30, 2015	<u>\$ 856,563</u>	<u>\$ 1,994,491</u>	<u>\$ 4,238,875</u>	<u>\$ 7,089,929</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, 2015**

Amounts reported for governmental activities in the statement of activities (page 20) are different because:

Net change in fund balances - total governmental funds (page 23)	\$ (167,125)
Proceeds from the sale of bonds are not reported as revenue in the statement of activities	(438,494)
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.	(2,225,431)
Accrual for post employment benefits.	(252,035)
Loss on disposal of assets	(7,914)
Transfer building to city	(252,151)
Pension expense in statement of activities and not reported as an expense in fund statements	(1,456,077)
Pension expense shown in fund statements and not reported in government wide statements	962,583
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.	1,884,703
The net expense of certain activities of internal service funds is reported with governmental activities.	(109,475)
The increase/decrease in the liability for compensated absences is not reported in governmental funds.	86,098
Change in net position of governmental activities (page 20)	\$ (1,975,318)

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, 2015

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes			
Property taxes - net	\$ 7,230,000	\$ 7,407,248	\$ 177,248
Property taxes - penalty and interest	90,000	97,542	7,542
Local sales tax	1,520,000	1,629,253	109,253
Wholesale beer tax	545,000	543,058	(1,942)
Wholesale liquor tax	65,000	72,518	7,518
Business taxes	360,000	412,061	52,061
Cable TV franchise tax	150,000	143,482	(6,518)
Room occupancy tax	250,000	293,048	43,048
Total taxes	<u>10,210,000</u>	<u>10,598,210</u>	<u>388,210</u>
Licenses and permits			
Beer licenses	6,500	5,800	(700)
Liquor licenses	12,000	11,976	(24)
Other licenses	2,600	2,006	(594)
Building permits and inspections	69,500	56,177	(13,323)
Total licenses and permits	<u>90,600</u>	<u>75,959</u>	<u>(14,641)</u>
Intergovernmental revenues			
Federal law enforcement grants	15,000	12,795	(2,205)
Federal surface transportation grant	168,000	5,152	(162,848)
TVA replacement tax	190,000	198,713	8,713
Payment in lieu of taxes - Housing Authority	35,000	33,021	(1,979)
State sales tax	1,241,700	1,292,610	50,910
State income tax	235,000	264,936	29,936
State beer tax	8,200	8,200	-
State alcoholic beverage tax	60,000	58,366	(1,634)
State gasoline & motor fuel tax	335,000	308,316	(26,684)
State 1989 gasoline tax	42,500	49,469	6,969
State 3 cent gasoline tax	77,500	91,814	14,314
State petroleum special tax	35,000	34,984	(16)
State public safety grants	89,800	80,304	(9,496)
State airport grant	185,000	259,601	74,601
State disaster recovery grant	435,000	164,071	(270,929)
State recreation grant	45,000	-	(45,000)
County intergovernmental revenue	100,000	101,470	1,470
Total intergovernmental revenues	<u>3,297,700</u>	<u>2,963,822</u>	<u>(333,878)</u>
Charges for services			
Public safety reimbursements	265,000	273,976	8,976
Special police and safety services	7,500	15,380	7,880
Fire protection charges	52,000	46,794	(5,206)
Cemetery burial, foundation and deed charges	134,000	113,835	(20,165)
Stormwater II charges	196,500	195,918	(582)
Golf charges	250,000	208,559	(41,441)
Swimming pool charges and fees	38,000	32,067	(5,933)
Parks and recreation charges	91,300	57,573	(33,727)
Other	76,800	32,277	(44,523)
Total charges for services	<u>1,111,100</u>	<u>976,379</u>	<u>(134,721)</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, 2015**

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues (continued):			
Fines, forfeits and penalties			
City court revenue	\$ 226,000	\$ 186,631	\$ (39,369)
Parking fines	2,000	1,543	(457)
Safe driving fees	6,000	3,000	(3,000)
Other	4,000	2,730	(1,270)
Total fines, forfeits and penalties	<u>238,000</u>	<u>193,904</u>	<u>(44,096)</u>
Miscellaneous revenues			
Interest	20,000	23,739	3,739
Rents	328,400	338,779	10,379
Sales of fuel and supplies	500,000	494,077	(5,923)
Sale of property and equipment	80,000	11,262	(68,738)
Sale of cemetery lots	85,000	67,300	(17,700)
Joint expense reimbursements -			
Administrative charges	1,308,300	1,317,901	9,601
Other	95,000	138,353	43,353
Total miscellaneous revenues	<u>2,416,700</u>	<u>2,391,411</u>	<u>(25,289)</u>
Total revenues	<u>17,364,100</u>	<u>17,199,685</u>	<u>(164,415)</u>

EXPENDITURES

Current:

General government:

Legislative	70,900	87,452	(16,552)
Judicial	250,400	271,878	(21,478)
Executive	165,700	170,169	(4,469)
City recorder	84,500	85,064	(564)
City attorney	75,000	87,968	(12,968)
Accounting	251,000	263,614	(12,614)
Tax administration	88,300	79,142	9,158
Purchasing	84,600	86,467	(1,867)
Licensing	43,600	28,013	15,587
Personnel	112,700	111,751	949
Engineering	250,200	255,345	(5,145)
Planning and zoning	13,100	12,890	210
City Hall	117,000	117,652	(652)
Total general government	<u>1,607,000</u>	<u>1,657,405</u>	<u>(50,405)</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, 2015**

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Expenditures (continued):			
Public safety:			
Police department			
Traffic safety	\$ 149,400	\$ 147,185	\$ 2,215
Supplement pay	37,500	31,649	5,851
Administration	553,600	545,027	8,573
Operations	82,900	87,062	(4,162)
Criminal investigation	536,700	516,012	20,688
Patrol	2,338,600	2,418,640	(80,040)
Records and identification	240,600	258,252	(17,652)
Street crimes	403,000	296,086	106,914
K-9 unit	188,800	203,711	(14,911)
Training	261,400	254,319	7,081
Education and public relations	3,000	2,282	718
Domestic abuse	242,800	198,280	44,520
Automotive services	291,000	217,988	73,012
Special response team	29,500	33,437	(3,937)
Police station	117,500	131,157	(13,657)
Total police department	<u>5,476,300</u>	<u>5,341,087</u>	<u>135,213</u>
Fire department			
Supplement pay	-	30,357	(30,357)
Administration	370,000	349,624	20,376
Fire fighting	2,728,200	2,744,780	(16,580)
Fire prevention	139,300	139,845	(545)
Training	106,500	96,178	10,322
Equipment repair services	91,000	93,362	(2,362)
Fire stations	78,600	85,169	(6,569)
Total fire department	<u>3,513,600</u>	<u>3,539,315</u>	<u>(25,715)</u>
Building inspection	259,300	216,938	42,362
Total public safety	<u>9,249,200</u>	<u>9,097,340</u>	<u>151,860</u>
Public works:			
Public works administration	307,900	320,266	(12,366)
Highways and streets	1,759,000	1,460,525	298,475
State Street Aid			
Street lighting	455,000	449,599	5,401
Storm drainage	105,000	89,028	15,972
Stormwater II	116,400	61,713	54,687
Cemeteries	347,300	299,732	47,568
Total public works	<u>3,090,600</u>	<u>2,680,863</u>	<u>409,737</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, 2015**

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Expenditures (continued):			
Community services			
Rabies control	\$ 84,500	\$ 63,337	\$ 21,163
Social services	114,500	129,669	(15,169)
Library	120,000	120,000	-
Total community services	<u>319,000</u>	<u>313,006</u>	<u>5,994</u>
Parks and recreation			
Dyersburg Activity Center	334,900	364,057	(29,157)
Bruce Recreation Center	132,500	171,653	(39,153)
Future City Recreation Center	80,000	87,569	(7,569)
Dyersburg Activity Center pool	35,700	37,814	(2,114)
Okeena pool	55,500	60,781	(5,281)
Bruce pool	18,400	15,786	2,614
Youth Programs	48,800	64,454	(15,654)
Men's softball league	4,500	-	4,500
Special recreation facilities	16,500	12,482	4,018
Playgrounds and parks	474,300	483,127	(8,827)
Golf course	356,700	432,840	(76,140)
Total parks and recreation	<u>1,557,800</u>	<u>1,730,563</u>	<u>(172,763)</u>
Tourism and economic development	<u>250,000</u>	<u>291,314</u>	<u>(41,314)</u>
Municipal airport	<u>718,100</u>	<u>606,691</u>	<u>111,409</u>
Capital outlay			
General government	67,500	80,559	(13,059)
Public safety	-	-	-
Public works	515,000	278,939	236,061
Parks and recreation	143,700	134,341	9,359
Municipal airport	59,500	430,023	(370,523)
Total capital outlay	<u>785,700</u>	<u>923,862</u>	<u>(138,162)</u>
Debt service			
Retirement of notes, bonds and capital leases	729,000	729,000	-
Interest	90,400	61,379	29,021
Bond issuance cost	-	9,210	(9,210)
Bank and loan remarketing fees	5,800	6,598	(798)
Total debt service	<u>825,200</u>	<u>806,187</u>	<u>19,013</u>
Joint costs - communications	<u>471,100</u>	<u>433,066</u>	<u>38,034</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, 2015**

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Expenditures (continued):			
Miscellaneous expenditures			
Vacation and sick leave	\$ 25,000	\$ 101,911	\$ (76,911)
Insurance	14,500	42,085	(27,585)
Retirement	530,600	543,900	(13,300)
Professional services	30,000	25,960	4,040
Payments in lieu of taxes	116,000	115,051	949
Other	70,200	36,564	33,636
Total miscellaneous expenditures	<u>786,300</u>	<u>865,471</u>	<u>(79,171)</u>
Total expenditures	<u>19,660,000</u>	<u>19,405,768</u>	<u>254,232</u>
Revenues over (under) expenditures	<u>\$ (2,295,900)</u>	<u>\$ (2,206,083)</u>	<u>\$ 89,817</u>
Other financing sources (uses)			
Transfers in	2,070,000	2,044,830	(25,170)
Transfers out	(210,000)	(337,116)	(127,116)
Sale of bonds	438,400	438,494	94
Total other financing sources (uses)	<u>2,298,400</u>	<u>2,146,208</u>	<u>(152,192)</u>
Net change in fund balance	2,500	(59,875)	(62,375)
Fund balance - July 1, 2014	372,538	372,538	-
Change in accounting principle	-	543,900	543,900
Fund balance - July 1, 2014, as restated	<u>372,538</u>	<u>916,438</u>	<u>543,900</u>
Fund balances - June 30, 2015	<u>\$ 375,038</u>	<u>\$ 856,563</u>	<u>\$ 481,525</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Real estate taxes	\$ 2,426,765	\$ 2,394,765	\$ 2,409,906	\$ 15,141
Other statutory local taxes	2,500	2,500	2,258	(242)
Sales tax	4,802,835	4,843,835	4,846,356	2,521
Other permits and licenses	1,700	1,700	1,891	191
Wheel tax	641,000	632,000	629,781	(2,219)
Intergovernmental	12,861,673	12,877,718	12,987,753	110,035
Miscellaneous	620,720	620,720	642,744	22,024
Total Revenues	<u>21,357,193</u>	<u>21,373,238</u>	<u>21,520,689</u>	<u>147,451</u>
EXPENDITURES:				
Education:				
Regular instruction	11,057,585	10,721,346	10,665,230	56,116
Vocational education	436,960	430,761	430,804	(43)
Special education	1,461,908	1,608,678	1,636,660	(27,982)
Early childhood education	482,294	481,794	481,794	-
Attendance services	80,866	80,210	80,210	-
Health services	157,268	265,226	264,757	469
Student support	587,136	559,588	559,979	(391)
Regular instruction support services	828,819	733,400	727,465	5,935
Special education support services	89,829	80,862	78,986	1,876
Vocational education support services	14,871	15,162	15,164	(2)
Alternative education support services	-	86,653	86,653	-
Operation of plant	2,140,977	2,244,555	2,262,057	(17,502)
Maintenance of plant	532,100	533,686	524,425	9,261
Board of education	720,339	781,272	786,684	(5,412)
Alternative education	474,171	393,513	391,356	2,157
Office of the superintendent	296,597	294,420	293,422	998
Community services	123,392	124,912	124,845	67
Transportation	1,800	2,338	2,168	170
Office of the principal	1,287,451	1,269,252	1,268,538	714
Fiscal services	196,681	196,943	195,890	1,053
Total education	<u>20,971,044</u>	<u>20,904,571</u>	<u>20,877,087</u>	<u>27,484</u>
Capital outlay	212,517	224,663	224,620	43
Total Expenditures	<u>21,183,561</u>	<u>21,129,234</u>	<u>21,101,707</u>	<u>27,527</u>
Revenues Over (Under) Expenditures	173,632	244,004	418,982	174,978
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	107,368	107,368	1,650,346	1,542,978
Other charges-interest and bond fees	-	(270,004)	(468,127)	(198,123)
Transfers to other funds	(281,000)	(81,368)	(1,406,822)	(1,325,454)
Total other financing sources (uses)	<u>(173,632)</u>	<u>(244,004)</u>	<u>(224,603)</u>	<u>19,401</u>
Net Change in Fund Balance	-	-	194,379	194,379
Fund Balance - July 1, 2014	1,219,649	1,219,649	1,219,649	-
Prior period adjustment	580,463	580,463	580,463	-
Fund Balance - July 1, 2014, as restated	<u>1,800,112</u>	<u>1,800,112</u>	<u>1,800,112</u>	<u>-</u>
Fund Balance - June 30, 2015	<u>\$ 1,800,112</u>	<u>\$ 1,800,112</u>	<u>\$ 1,994,491</u>	<u>\$ 194,379</u>

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, 2015

	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	\$ 8,454,731	\$ 130,840	\$ 1,388,509	\$ 5,692,787	\$ 15,666,867	\$ 1,647,790
Investments	733,539	-	313,489	7,867,953	8,914,981	-
Accounts receivable - net	165,225	630,951	205,614	2,590,620	3,592,410	14,156
Accrued interest receivable	-	-	-	16,149	16,149	-
Accrued rents receivable	-	-	-	87,587	87,587	-
Due from other funds	1,540,672	275,620	248,705	-	2,064,997	12,172
Inventories	46,739	135,594	-	694,842	877,175	-
Prepaid expenses	-	-	-	95,525	95,525	-
Total current assets	10,940,906	1,173,005	2,156,317	17,045,463	31,315,691	1,674,118
Noncurrent assets:						
Cash in bank and with trustees	-	-	-	1,679,116	1,679,116	-
Capital assets:						
Plant in service	13,174,634	58,464,457	8,748,224	57,089,391	137,476,706	2,165,392
Construction in progress	-	1,691,013	-	899,602	2,590,615	-
Less - accumulated depreciation	(7,699,940)	(34,212,057)	(6,089,798)	(26,947,356)	(74,949,151)	(1,645,178)
Net Capital Assets	5,474,694	25,943,413	2,658,426	31,041,637	65,118,170	520,214
Other assets	-	11,055	645	742,973	754,673	29,601
Total noncurrent assets	5,474,694	25,954,468	2,659,071	33,463,726	67,551,959	549,815
Total Assets	16,415,600	27,127,473	4,815,388	50,509,189	98,867,650	2,223,933
DEFERRED OUTFLOWS OF RESOURCES						
Differences between expected and actual earnings - pension	766,956	1,781,512	1,037,949	258,382	3,844,799	-
Contributions - pension	-	-	-	574,103	574,103	-
Total Deferred Outflows of Resources	766,956	1,781,512	1,037,949	832,485	4,418,902	-

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, 2015

	Business-Type Activities -- Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System		
LIABILITIES						
Current liabilities:						
Accounts payable	639,047	132,968	19,422	3,466,008	4,257,445	2,937
Bonds payable within one year	-	700,000	-	585,000	1,285,000	-
Accrued payroll	12,141	31,696	18,660	-	62,497	29,207
Accrued interest payable	-	9,967	-	30,047	40,014	-
Accrued compensated absences	44,862	67,533	29,773	-	142,168	37,635
Customer deposits	331,743	471,624	-	1,705,787	2,509,154	-
Due to other funds	110,456	616,836	127,313	-	854,605	996,121
Other current liabilities	1,369,455	3,181,483	1,840,726	37,515	6,429,179	-
Total current liabilities	2,507,704	5,212,107	2,035,894	5,824,357	15,580,062	1,065,900
Noncurrent liabilities:						
Other accrued liabilities	29,377	46,773	1,302,988	2,418,710	3,797,848	41,789
Advances from TVA - conservation	-	-	-	672,927	672,927	-
Bonds payable - long-term	-	2,290,000	-	2,030,008	4,320,008	-
Total noncurrent liabilities	29,377	2,336,773	1,302,988	5,121,645	8,790,783	41,789
Total Liabilities	2,537,081	7,548,880	3,338,882	10,946,002	24,370,845	1,107,689
DEFERRED INFLOWS OF RESOURCES						
Differences between expected and actual experience - pension	9,983	23,108	13,452	269,969	316,512	
Changes of assumptions - pension	-	-	-	902,894	902,894	
Total Deferred Inflows of Resources	9,983	23,108	13,452	1,172,863	1,219,406	
NET POSITION						
Net investment in capital assets	5,474,694	22,953,413	2,658,426	28,455,592	59,542,125	520,214
Restricted	-	-	-	1,679,116	1,679,116	-
Unrestricted	9,160,798	(1,616,416)	(157,423)	9,088,101	16,475,060	596,030
Net Position	\$ 14,635,492	\$ 21,336,997	\$ 2,501,003	\$ 39,222,809	77,696,301	\$ 1,116,244

Adjustment to reflect the consolidation of internal service fund
activities related to enterprise funds

756,460

Total Net Position of business-type activities

\$ 78,452,761

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities -- Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System		
Operating revenues:						
Charges for service	\$ 7,156,453	\$ 7,007,879	\$ 2,454,214	\$ 37,794,630	\$ 54,413,176	\$ -
Interest and penalties	35,041	42,726	-	201,622	279,389	-
Sale of materials	701	-	-	-	701	-
Rent	-	-	-	929,027	929,027	-
Miscellaneous	14,258	35,804	7,197	76,290	133,549	1,828,942
Total operating revenues	<u>7,206,453</u>	<u>7,086,409</u>	<u>2,461,411</u>	<u>39,001,569</u>	<u>55,755,842</u>	<u>1,828,942</u>
Operating expenses:						
Purchased power	3,872,813	-	-	31,547,281	35,420,094	-
Transmission and distribution	695,338	506,995	-	1,704,269	2,906,602	-
Customers' accounting and collecting	378,948	388,582	51,421	506,108	1,325,059	-
General and administrative	820,497	1,015,392	612,888	1,236,839	3,685,616	1,860,646
Purification	-	1,186,645	-	-	1,186,645	-
Sewer plant operation	-	267,136	-	-	267,136	-
Sewage treatment and disposal	-	1,189,388	-	-	1,189,388	-
Residential and dumpster operations	-	-	968,177	-	968,177	-
Landfill operations	-	-	470,415	-	470,415	-
General plant maintenance	-	-	-	46,379	46,379	-
Depreciation and amortization	321,839	1,306,371	585,912	1,962,544	4,176,666	72,539
Taxes other than tax equivalents	-	-	-	138,431	138,431	-
Total operating expenses	<u>6,089,435</u>	<u>5,860,509</u>	<u>2,688,813</u>	<u>37,141,851</u>	<u>51,780,608</u>	<u>1,933,185</u>
Operating income (loss)	1,117,018	1,225,900	(227,402)	1,859,718	3,975,234	(104,243)
Nonoperating revenues (expenses):						
Investment earnings	33,914	6,546	10,533	215,664	266,657	596
Pension income	-	-	-	320,064	320,064	-
Federal EDA grant	-	1,326,130	-	-	1,326,130	-
State disaster recovery grant	-	508,165	-	-	508,165	-
Interest expense	-	(128,100)	-	(139,491)	(267,591)	-
Miscellaneous income (expense)	-	(706)	(545)	(6,924)	(8,175)	303
Total nonoperating revenues (expenses)	<u>33,914</u>	<u>1,712,035</u>	<u>9,988</u>	<u>389,313</u>	<u>2,145,250</u>	<u>899</u>
Income (loss) before extraordinary items and transfers	1,150,932	2,937,935	(217,414)	2,249,031	6,120,484	(103,344)
Transfers out	(252,377)	(656,977)	-	(1,120,503)	(2,029,857)	-
Change in net position	898,555	2,280,958	(217,414)	1,128,528	4,090,627	(103,344)
Net position - July 1, 2014	14,245,799	20,226,659	3,399,955	41,552,909		1,160,288
Change in accounting principle	(508,862)	(1,170,620)	(681,538)	(3,458,628)		59,300
Net position - July 1, 2014 as restated	<u>13,736,937</u>	<u>19,056,039</u>	<u>2,718,417</u>	<u>38,094,281</u>		<u>1,219,588</u>
Net position - June 30, 2015	<u>\$ 14,635,492</u>	<u>\$ 21,336,997</u>	<u>\$ 2,501,003</u>	<u>\$ 39,222,809</u>		<u>\$ 1,116,244</u>
					6,131	
					<u>\$ 4,096,758</u>	

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position of business-type activities

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, 2015

	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	\$ 7,163,524	\$ 6,819,602	\$ 2,439,517	\$ 39,208,847	\$ 55,631,490	\$ 1,025,862
Payments to suppliers	(4,482,361)	(1,607,225)	(590,157)	(33,280,049)	(39,959,792)	(539,775)
Payments to employees for services	(398,253)	(1,159,651)	(655,760)	(2,337,399)	(4,551,063)	(1,012,129)
Payments for employee benefits	(168,499)	(487,432)	(320,172)	-	(976,103)	(308,441)
Payments to other funds	(1,098,385)	(2,396,162)	(355,359)	-	(3,849,906)	115,998
Other receipts (payments)	87,351	1,959,181	7,192	-	2,053,724	798,987
Net Cash Provided by (used for) Operating Activities	<u>1,103,377</u>	<u>3,128,313</u>	<u>525,261</u>	<u>3,591,399</u>	<u>8,348,350</u>	<u>80,502</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACITIVITES						
Transfers to other funds	(252,377)	(656,977)	-	(1,120,503)	(2,029,857)	-
Net cash from (used by) financing activities	<u>(252,377)</u>	<u>(656,977)</u>	<u>-</u>	<u>(1,120,503)</u>	<u>(2,029,857)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(224,628)	(2,375,140)	(359,921)	(1,747,777)	(4,707,466)	(27,363)
Salvage from retirement of plant	-	-	-	63,125	63,125	-
Cost of removal on retired plant	-	-	-	(187,717)	(187,717)	-
Principal paid on notes and bonds	-	(680,000)	-	(555,000)	(1,235,000)	-
Interest paid on notes and bonds	-	(129,800)	-	(122,473)	(252,273)	-
Other receipts (payments)	-	(706)	(545)	(6,926)	(8,177)	-
Net cash from (used by) capital and related financing activities	<u>(224,628)</u>	<u>(3,185,646)</u>	<u>(360,466)</u>	<u>(2,556,768)</u>	<u>(6,327,508)</u>	<u>(27,363)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Net change in investments	(635)	-	(271)	9,449	8,543	-
Interest and investment earnings	33,914	6,546	10,533	221,020	272,013	899
Increase (decrease) in customer deposits	-	-	-	39,580	39,580	-
Net change in conservation loans	-	-	-	733,342	733,342	-
Net cash provided by (used for) investing activities	<u>33,279</u>	<u>6,546</u>	<u>10,262</u>	<u>1,003,391</u>	<u>1,053,478</u>	<u>899</u>
Net increase(decrease) in cash and cash equivalents	659,651	(707,764)	175,057	917,519	1,044,463	54,038
Cash and cash equivalents - July 1, 2014	7,795,080	838,604	1,213,452	6,255,679	16,102,815	1,593,752
Cash and cash equivalents - June 30, 2015	<u>\$ 8,454,731</u>	<u>\$ 130,840</u>	<u>\$ 1,388,509</u>	<u>\$ 7,173,198</u>	<u>\$ 17,147,278</u>	<u>\$ 1,647,790</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, 2015
(CONTINUED)

	Business-type Activities -- Enterprises Funds					Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 1,188,763	\$ 3,220,160	\$ (135,111)	\$ 1,859,718	\$ 6,133,530	\$ (104,243)
Adjustments to reconcile net income (loss) from operations to net cash provided by operating activities						
Depreciation	321,839	1,301,796	585,912	1,962,544	4,172,091	66,083
Amortization	-	4,575	67,000	-	71,575	6,457
Provision for doubtful accounts	13,570	10,536	16,621	-	40,727	-
Deferrals - pension	-	-	-	(574,103)	(574,103)	-
(Increase) Decrease in Assets						
Accounts receivable, net of allowance	7,071	(188,277)	(14,697)	206,468	10,565	(31)
Due from other funds	(108,093)	(45,856)	(25,835)	-	(179,784)	30,005
Inventory	8,450	(14,018)	-	172,697	167,129	-
Prepaid expenses	-	-	-	1,385	1,385	-
Other assets	-	-	-	810	810	-
Increase (Decrease) in Liabilities						
Accounts payable	(368,531)	117,126	(5,948)	(61,406)	(318,759)	(4,784)
Accrued payroll	1,948	4,537	2,207	-	8,692	5,966
Accrued interest payable	-	-	-	-	-	-
Accrued vacation	-	-	-	13,804	13,804	-
Customer deposits	37,351	46,356	-	-	83,707	-
Due to other funds	37	(1,295,493)	35,088	-	(1,260,368)	85,993
Other current liabilities	946	1,384	(100)	9,482	11,712	-
Compensated absences	26	(34,513)	124	-	(34,363)	(4,944)
Net cash provided by (used for) operating activities	<u>\$ 1,103,377</u>	<u>\$ 3,128,313</u>	<u>\$ 525,261</u>	<u>\$ 3,591,399</u>	<u>\$ 8,348,350</u>	<u>\$ 80,502</u>

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

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG CITY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
For the Fiscal Year ended December 31, 2014**

Assets	
Investments	
Fixed account	\$ 344,165
Mutual funds	4,572,476
Total Investments	<u>4,916,641</u>
Contributions Receivable	<u>18,570</u>
Net assets	4,935,211
Liabilities	
	<u>-</u>
Net position restricted for pensions	<u><u>\$ 4,935,211</u></u>

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG CITY SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year ended December 31, 2014**

Additions	
Contributions	
Employer	\$ 39,835
Employee	135,007
Total Contributions	<u>174,842</u>
Investment Income	
Interest Income	4,275
Earnings from mutual funds	234,426
Total Investment Income	<u>238,701</u>
Total Additions	413,543
Deductions	
Benefit Payments/Refunds	<u>286,795</u>
Net increase in Net Position	<u>126,748</u>
Net Position restricted for pensions	
Beginning of Year	<u>4,808,463</u>
End of Year	<u><u>\$ 4,935,211</u></u>

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

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG ELECTRIC SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
For the Fiscal Year ended June 30, 2014**

Assets	
Cash	\$ 257,040
Investments	
Mutual Funds	3,234,051
Alternative Investments	1,946,947
Total Investments	<u>5,180,998</u>
Net Assets	<u>5,438,038</u>
Liabilities	
	<u>-</u>
Net Position restricted for pensions	<u>5,438,038</u>

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG ELECTRIC SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year ended June 30, 2014**

Additions	
Contributions	\$ 518,955
Investment Income	
Net appreciation	50,735
Interest and Dividends	65,086
Total Additions	634,776
Deductions	
Benefit Payments/Refunds	772,834
Expenses	
Investment	27,850
Total Deductions	<u>800,684</u>
Change in Net Position	<u>(165,908)</u>
Net Position restricted for pensions	
Beginning of Year	<u>5,603,946</u>
End of Year	<u>5,438,038</u>

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
For the Fiscal Year ended June 30, 2014

Assets	
Cash	\$ 502,874
Investments	
Domestic Fixed Income	426,440
Domestic Equities	2,411,257
Real Estate	279,035
Total Investments	<u>3,116,732</u>
Net Assets	<u>3,619,606</u>
Liabilities	
	<u>-</u>
Net Position restricted for pensions	<u>\$3,619,606</u>

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year ended June 30, 2014

Additions	
Contributions	\$1,180,347
Investment Income	
Net appreciation	<u>578,519</u>
Total Additions	1,758,866
Deductions	
Benefit Payments/Refunds	2,094,336
Expenses	
Administrative	<u>49,374</u>
Total Deductions	<u>2,143,710</u>
Change in Net Position	<u>(384,844)</u>
Net Position restricted for pensions	
Beginning of Year	<u>4,004,450</u>
End of Year	<u>\$3,619,606</u>

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015

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, 2015

D. Impact of Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement No. 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 No. 68, the underlying pension plans first had to adopt Statement No. 67. Statement No. 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 No. 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. The implementation of GASB No. 68 resulted in the presentation of a net pension asset and net pension liability, deferred outflows of resources, and deferred inflows of resources on the statement of net position that previously had not been reported and a restatement of beginning net position for the net pension liability as of July 1, 2014.

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 2015 was \$2.2355 on each \$100 of tax valuation.

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.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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:

<u>Assets</u>	<u>Years</u>
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, 2015

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.

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.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 deferred outflows of resources related to pensions.

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 three items that qualify 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. There are also deferred inflows related to pensions.

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, 2015, was \$17,353.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

12 *Pensions*

Dyersburg Electric System

The System has a defined benefit pension plan covering substantially all of its employees. Payments made after the measurement date for the defined benefit plan are deferred in the financial statements. Investments are reported at fair value. Employees hired or rehired after December 31, 2012 are mostly participants in the defined contribution plan. Employer contributions to this plan are expensed as incurred.

Dyersburg City Schools

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan and Teacher Retirement Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan. Investments are reported at fair value.

City of Dyersburg

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in their single employer defined benefit pension plan, and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the retirement plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the retirement plan. Investments are reported at fair value.

13 *On Behalf Payments for Post Retirement Insurance Benefits*

Dyersburg City Schools

The Board recognizes as revenues and expenses contributions made by the State of Tennessee to the Teacher Group Plan and the Medicare Plan on behalf of the Board's employees. For the year ended June 30, 2015, the State made contributions of \$222,006.

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 \$25,238,325 difference are as follows:

Bonds payable	\$ 11,496,896
Notes payable	11,775,324
Compensated absences	1,966,105
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ 25,238,325

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 (\$2,225,431) difference are as follows:

Capital outlay	\$	1,985,083
Less depreciation expense		<u>(4,210,514)</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><u>\$ (2,225,431)</u></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.

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, 2015 expenditures exceeded appropriations in the Communications Fund and Insurance Reserve 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, 2015, 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	7,867,953	
U. S. Agencies and Instrumentalities	-	1,404,918
Total Securities	<u>7,877,953</u>	<u>1,404,918</u>
Local Government Investment Pool	1,047,028	-
Total Investments	<u>\$ 8,924,981</u>	<u>\$ 1,404,918</u>

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.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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	\$ 426,563	\$ 469,095	\$ -	\$ 895,658
Accounts	1,375,707	27,964	352,387	1,756,058
Intergovernmental	-	-	531,043	531,043
Unassessed property taxes	8,181,417	-	-	8,181,417
Gross receivables	9,983,687	497,059	883,430	11,364,176
Less: allowance for uncollectibles	(269,065)	-	-	(269,065)
Net total receivables	<u>\$ 9,714,622</u>	<u>\$ 497,059</u>	<u>\$ 883,430</u>	<u>\$ 11,095,111</u>

Business-type Funds:

	Proprietary Funds					Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System	Total	
Interest	\$ -	\$ -	\$ -	\$ 16,149	\$ 16,149	\$ -
Accounts	203,225	707,951	255,614	2,858,773	4,025,563	17,356
Other assessments	-	-	-	87,587	87,587	-
Gross receivables	203,225	707,951	255,614	2,962,509	4,129,299	17,356
Less: allowance for uncollectibles	(38,000)	(77,000)	(50,000)	(268,153)	(433,153)	(3,200)
Net total receivables	<u>\$ 165,225</u>	<u>\$ 630,951</u>	<u>\$ 205,614</u>	<u>\$ 2,694,356</u>	<u>\$ 3,696,146</u>	<u>\$ 14,156</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:

	Unavailable
Property taxes receivable (general fund)	\$ 8,520,409
Confiscated funds (TIP fund)	96,352
Total deferred revenue for governmental funds	<u>\$ 8,616,761</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.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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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.

D. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

Primary Government

	Beginning Balance	Additions & Adjustments	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,527,145	\$ 20,051	\$ -	\$ 6,547,196
Construction in progress	\$ 5,884,816	\$ -	\$ (5,884,816)	\$ -
Capital assets being depreciated:				
Buildings	\$ 51,885,368	\$ 7,339,215	\$ (388,602)	\$ 58,835,981
Improvements other than buildings	8,300,033	437,232	-	8,737,265
Machinery and equipment	14,088,274	123,245	(108,188)	14,103,331
Infrastructure	26,378,678	173,864	(72,096)	26,480,446
Total capital assets, being depreciated	100,652,353	8,073,556	(568,886)	108,157,023
Less accumulated depreciation for:				
Buildings	(27,689,074)	(2,550,998)	184,237	(30,055,835)
Improvements other than buildings	(2,242,421)	(403,047)	-	(2,645,468)
Machinery and equipment	(9,827,981)	(908,956)	99,267	(10,637,670)
Infrastructure	(16,085,338)	(347,513)	51,968	(16,380,883)
Total accumulated depreciation	(55,844,814)	(4,210,514)	335,472	(59,719,856)
Total capital assets, being depreciated, net	44,807,539	3,863,042	(233,414)	48,437,167
Allocated Internal Service Fund capital assets, being depreciated, net	374,300	-	(29,027)	345,273
Governmental activities capital assets, net	\$ 45,181,839	\$ 3,863,042	\$ (262,441)	\$ 48,782,440
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,179,874	\$ -	\$ -	\$ 2,179,874
Construction in progress	\$ 1,563,472	\$ 1,995,197	\$ (968,054)	\$ 2,590,615
Capital assets being depreciated:				
Land and land improvements	\$ 5,681,079	\$ -	\$ -	\$ 5,681,079
Buildings and systems	112,553,021	2,917,335	(381,681)	115,088,675
Machinery and equipment	14,217,368	954,038	(644,328)	14,527,078
Total capital assets, being depreciated	132,451,468	3,871,373	(1,026,009)	135,296,832
Less accumulated depreciation	(71,736,267)	(4,269,308)	1,056,424	(74,949,151)
Total capital assets, being depreciated, net	60,715,201	(397,935)	30,415	60,347,681
Allocated Internal Service Fund capital assets, being depreciated, net	201,263	-	(26,322)	174,941
Business-type activities capital assets, net	\$ 60,916,464	\$ (397,935)	\$ 4,093	\$ 60,522,622

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

Government activities:

General government	\$ 173,303
Public safety	652,195
Public works	739,495
Schools	2,503,324
Parks & recreation	142,197
Capital assets held by the government's internal service funds charged to functions based on usage	<u>29,027</u>
Total depreciation expense - governmental activities	<u>\$ 4,239,541</u>

Business-type activities:

Gas	\$ 321,839
Water and Sewer	1,301,796
Solid Waste Management	585,912
Electric	2,059,761
Capital assets held by the government's internal service funds charged to functions based on usage	<u>37,056</u>
Total depreciation expense - business-type activities	<u>\$ 4,306,364</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances at June 30, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise	\$ 276,039
	Nonmajor governmental	364,225
	Internal Service	76,404
Enterprise	Nonmajor governmental	751,263
	Internal Service	863,153
	Enterprise	450,581
Nonmajor governmental	General	719,999
	Enterprise	127,985
	Internal Service	44,392
	School General Purpose	226,670
Internal Service	Internal Service	12,172
School General Purpose	Nonmajor governmental	258,058
Total		<u>\$ 4,170,941</u>

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
June 30, 2015

Interfund transfers for the year ending June 30, 2015:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Gas (Tax Equivalents)	\$ 246,300
	Water and Sewer (Tax Equivalents)	650,900
	Electric (Tax Equivalents)	1,120,503
	Cemetery Trust (Per Trust Agreement)	27,127
Community Development	General (Industrial Development)	53,222
	Gas (Industrial Development)	6,077
	Water & Sewer (Industrial Development)	6,077
Cemetery Trust	General (Per Trust Agreement)	33,650
Capital Projects	General (Capital Projects)	235,244
School General Purpose	Debt Service (School Debt)	1,623,829
	General (Budgeted)	15,000
School Debt Service	School General Purpose (School Debt)	251,119
Total		<u>\$ 4,269,048</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.	\$ 2,990,000
\$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.	\$ 2,051,896
\$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>\$ 9,445,000</u>
Total General Obligation Bonds Payable	<u>\$ 14,486,896</u>

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

Year Ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Principal	Interest	Principal	Interest
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	324,699	372,762	-	-
2021-2025	2,898,495	1,786,212	-	-
2026-2030	4,269,906	1,107,607	-	-
2031-2035	2,865,000	240,161	-	-
Totals	<u>\$ 11,496,896</u>	<u>\$ 5,017,790</u>	<u>\$ 2,990,000</u>	<u>\$ 245,000</u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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	\$ 1,060,000
\$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	1,350,000
\$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>215,000</u>
Total Revenue Bonds Payable	<u><u>\$ 2,625,000</u></u>

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2016	\$ 585,000	\$ 73,170
2017	380,000	59,001
2018	370,000	49,995
2019	365,000	41,000
2020	370,000	31,700
2021-2025	<u>555,000</u>	<u>44,800</u>
Totals	<u><u>\$ 2,625,000</u></u>	<u><u>\$ 299,666</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	\$ 5,954,000
\$2,750,000 Capital Outlay Notes dated April 18, 2007, secured by revenues of the City	1,340,000
\$2,200,000 School Capital Outlay Notes dated April 18, 2007, secured by revenues of the City	840,000
\$4,500,000 Tennessee Municipal Bond Fund Variable Rate Loan Program, dated September 29, 2011, secured by revenues of the City	3,258,000
\$500,000 Energy Efficient Schools Initiative Loan Agreement, dated April 9, 2012	<u>383,324</u>
Total notes payable - Governmental activities	<u><u>\$ 11,775,324</u></u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Annual debt service requirements to maturity for notes payable are as follows:

Year Ending June 30,	Principal	Interest
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	1,294,004	129,227
2021-2025	3,518,304	178,702
Totals	<u>\$ 11,775,324</u>	<u>\$ 1,308,718</u>

4. Changes in long-term liabilities

Long – term liability activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due in One Year
Governmental Activities					
Compensated Absences	\$ 1,822,235	\$ 143,870	\$ -	\$ 1,966,105	\$ -
Notes Payable	12,936,834	438,494	(1,600,004)	11,775,324	1,675,004
General Obligation Bonds	11,781,595	-	(284,699)	11,496,896	284,699
Total governmental activities	<u>26,540,664</u>	<u>582,364</u>	<u>(1,884,703)</u>	<u>25,238,325</u>	<u>1,959,703</u>
Business Type Activities					
Compensated Absences	104,522	18,085	-	122,607	-
Closure/Postclosure Costs	1,225,700	67,000	-	1,292,700	-
General Obligation Bonds	3,670,000	-	(680,000)	2,990,000	700,000
Revenue Bonds	3,165,000	-	(540,000)	2,625,000	585,000
Less Bond Discount	(27,327)	17,335	-	(9,992)	-
Total business type activities	<u>8,137,895</u>	<u>102,420</u>	<u>(1,220,000)</u>	<u>7,020,315</u>	<u>1,285,000</u>
Total of all fund types	<u>\$ 34,678,559</u>	<u>\$ 684,784</u>	<u>\$ (3,104,703)</u>	<u>\$ 32,258,640</u>	<u>\$ 3,244,703</u>
OPEB	<u>\$ 1,309,390</u>	<u>\$ 252,036</u>	<u>\$ -</u>	<u>\$ 1,561,426</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
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

G. Fund Balances - Governmental Funds

	General Fund	School Fund	Other Govt. Funds	Total
Nonspendable				
Inventory	\$ -	\$ -	\$ 46,528	\$ 46,528
Prepaid expenses	20,152	-	-	20,152
Long term notes receivable	-	-	24,000	24,000
Restricted				
Public safety	-	-	205,782	205,782
Education	-	1,994,491	501,921	2,496,412
Capital projects	10,575	-	4,312	14,887
Community development	-	-	-	-
Perpetual care	-	-	1,405,168	1,405,168
Debt service	-	-	2,029,189	2,029,189
Committed				
Employee health claims	-	-	50,493	50,493
Unassigned	825,836	-	(28,518)	797,318
Totals	<u>\$ 856,563</u>	<u>\$ 1,994,491</u>	<u>\$ 4,238,875</u>	<u>\$ 7,089,929</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, 2015, 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, 2015, the estimated remaining useful life of the landfill was 60 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 \$1,292,700 as of June 30, 2015, which is based on 22.5% usage (filled) of the landfill. It is estimated that an additional \$4,446,043 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, 2015. 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, 2015, the City has \$313,489 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 \$6,171,228 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.

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.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015, 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 \$3,661,468 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, 2015.

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.

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, 2015, 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, 2015 Dyersburg Electric had no litigation or pending litigation.

At June 30, 2015 Dyersburg City Schools had no litigation or pending litigation.

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At June 30, 2015 the City of Dyersburg is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of 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

Dyersburg City Schools

1. Teachers Legacy Plan

Plan Description. Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Dyersburg City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Dyersburg City Schools for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were \$990,327 which is 9.04 percent of covered payroll. The employer rate, when combined with members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2014, the Dyersburg City Schools reported an asset of \$49,890 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Dyersburg City Schools' proportion of the net pension liability was based on Dyersburg City Schools' employer contributions to the pension plan during the year ended June 30, 2014 relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014 measurement date, Dyersburg City Schools' proportion was 0.307025 percent. The proportion measured as of June 30, 2013 was 0.303907 percent.

Pension Income. For the year ended June 30, 2015, Dyersburg City Schools recognized a pension income of \$35,458.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Dyersburg City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 121,121	\$ -
Net difference between projected and actual earning on pension plan investments	\$ -	\$ 4,110,629
Changes in proportion of Net Pension Liability (asset)	\$ 43,977	\$ -
LEAs contributions subsequent to the measurement date of June 30, 2014	<u>\$ 990,327</u>	<u>N/A</u>
Total	<u>\$ 1,155,425</u>	<u>\$ 4,110,629</u>

Dyersburg City Schools employer contributions of \$990,327, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net position asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30:

2016	\$ (1,000,141)
2017	\$ (1,000,141)
2018	\$ (1,000,141)
2019	\$ (1,000,141)
2020	\$ 27,516
Thereafter	\$ 27,516

In the table above, positive amounts will increase pension expenses, while negative amounts will decrease pension expenses.

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Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	Graded salary ranges from 8.97 percent to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 Percent

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	33%	6.46%
Developed market international equity	17%	6.26%
Emerging market international equity	5%	6.40%
Private equity and strategic lending	8%	4.61%
U.S. fixed income	29%	0.98%
Real Estate	7%	4.73%
Short-term securities	1%	0.00%
Total	<u>100%</u>	

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in

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accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by the state statute. based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (asset) to Changes in the Discount Rate. The following presents Dyersburg City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Dyersburg City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5 percent) or 1 percentage-point higher (8.5 percent) than the current rate:

	Net Pension Liability
1% Decrease (6.5%)	\$ 8,414,533
Current Discount Rate (7.5%)	\$ (49,890)
1% Increase (8.5%)	\$ (7,057,515)

Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued TCRS financial report.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the Teacher legacy Pension Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan. Investments are reported at fair value.

2. Teacher Retirement Plan (TCRS)

Plan description. Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Dyersburg City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014 are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by the state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw

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their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by and actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are no remitted. Employer contributions for the year ended June 30, 2015 to the Teacher Retirement Plan were \$46,427, which is 4 percent of covered payroll. The employer rate, when combined with members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). Since the measurement date is June 30, 2014 which is prior to the July 1, 2014 inception of the Teacher Retirement Plan, there is not a net pensions liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, Dyersburg City Schools did not recognize pension expenses at June 30, 2015.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, Dyersburg City Schools reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Dyersburg City School's contributions subsequent to the measurement date of June 30, 2014	\$ 46,427	N/A

Dyersburg City Schools' employer contributions of \$46,427 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

3. Non-Professional Plan

The financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenue is recorded as earned and expenses are recorded as incurred.

Investments are stated at fair market value. The Plan's investments consist of a fixed account and mutual funds. Purchases and sales of securities are recorded on the trade-date basis.

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

Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At December 31, 2014 no benefits were payable and not paid.

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General Information. The Dyersburg City Schools Non-Professional Employees Pension Plan (the Plan) is a single-employer defined benefit retirement plan administered by American United Life Insurance Company (AUL) for the employees of the Dyersburg City Schools. The Plan was established by statute. With the exception of maximum contribution rates, which are set forth in the statutes, required contributions and benefit provisions are established and amended by the Dyersburg City Schools.

Benefits provided. The Plan provides retirement, termination, disability, and death benefits to plan members and their beneficiaries.

Normal retirement benefits. The amount of retirement benefit to be provided for each participant who retires on the participant's Normal Retirement Date shall be equal to the Participant's Accrued Benefit (herein called the Participant's Normal Retirement Benefit). For Eligible Employees, a Participant's Accrued Benefit is based on a retirement benefit formula equal to 1.75% of his/her average monthly compensation per year of Benefit Service. Average monthly compensation is his/her average compensation during the five consecutive calendar years preceding his/her retirement date (or other date of calculation) which produce the highest average.

Early retirement. A Participant may retire early after attaining age 60 and completing ten years of service. The benefit, payment of which commences at his/her normal retirement date, shall be computed as above for normal retirement. Upon the employee's request, retirement benefits may commence immediately upon early retirement. In that event, the benefit determined above shall be reduced by 0.4% for each month by which the early retirement date precedes the participant's normal retirement date.

Deferred retirement. If a participant continues his/her employment beyond his normal retirement date, his/her retirement benefit (computed as of his/her actual retirement date) will commence upon his/her actual retirement.

Death prior to retirement. If a participant should die after attaining age 65 and completing ten years of Vesting Service, or at any age after completing thirty years of service, but prior to his/her actual retirement, his/her surviving spouse would be entitled to a death benefit of an annuity, payable immediately, equal to the amount of the monthly annuity which the surviving spouse would have received if the participant had retired on the day before his/her death and had elected to receive his/her retirement benefit in the form of an immediate joint and 50% survivor annuity. The actuarial equivalent value of this annuity shall not be less than the amount of the participant's contributions accumulated at interest. If a participant should die before becoming eligible for the above benefit, his/her only death benefit under the plan shall be the return of two times his/her contribution to the plan, accumulated at 5% interest.

Disability retirement. A participant who becomes totally and permanently disabled after completing five years of Benefit Service shall be entitled to a monthly benefit, payable immediately and during his/her continued disability. The amount of the monthly benefit shall be 90% of the participant's deferred accrued benefit, calculated as of the death of his/her

Other termination of employment. If a participant terminated his/her employment before becoming eligible for a benefit in accordance with any of the preceding paragraphs, but after ten years of employment, he/she becomes eligible or a deferred retirement benefit, payable at his/her normal retirement date, computed as above for Early Retirement. If he/she terminates employment before completing ten years of employment, his/her only benefit from the plan shall be his/her contributions, accumulated at interest.

Optional modes of benefit payments. Subject to the applicable plan conditions, a participant may select an optional method of benefit payment, which is actuarially equivalent thereto. The purpose of the optional method is to permit the guarantee of retirement income payments for a different period of time or to provide a continued life income to a surviving beneficiary after the death of the participant. Unless a contrary election is made, payments will be made under a joint and survivor 50% survivor annuity which is actuarially equivalent to the basic refund annuity.

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Contributions. Required contributions are determined by the Dyersburg City Schools Board of Education based on actuarial calculations performed by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability. The utility is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. Each participant contributes to the plan at the rate of 5% of his/her salary.

At January 1, 2015, the following employees were covered by the Plan:

Retired	38
Terminated vested / due refund	4
Active Employees	101
Total	<u>143</u>

The Plan's policy provided for actuarially determined periodic contributions. Employer contributions to the Plan for the year ended December 31, 2014 of \$39,835 were made in accordance with actuarially determined requirements computed through the actuarial valuations performed as of January 1, 2013. Employees contribute 5% of their salary. Total employee contributions for the year ended December 31, 2014 were \$135,007.

Funded status and funding progress. As of December 31, 2014, the actuarial accrued liability for benefits was \$6,756,232 and the net pension liability was \$1,821,021. Total covered payroll was \$2,571,722 and the ratio of net pension liability to covered payroll was 70.81%.

Net Pension Liability. The components of the net pension liability of the Plan at December 31, 2014 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at January 1, 2014	\$ 6,424,498	\$ 4,808,463	\$ 1,616,035
Changes for the year:			
Service Cost	154,945	-	\$ 154,945
Interest	467,004	-	\$ 467,004
Difference between expected and actual experience	(14,196)	-	\$ (14,196)
Contributions - employer	-	39,835	\$ (39,835)
Contributions - employee	-	135,007	\$ (135,007)
Net investments income	-	238,701	\$ (238,701)
Benefit Payments	(276,019)	(286,795)	\$ 10,776
Administrative expenses	-	-	\$ -
Net changes	<u>331,734</u>	<u>126,748</u>	<u>\$ 204,986</u>
Balances at December 31, 2014	<u>\$ 6,756,232</u>	<u>\$ 4,935,211</u>	<u>\$ 1,821,021</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability as of December 31, 2014 calculated using the discount of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1% Decrease	Current Rate	1% Increase
	6.25%	7.25%	8.25%
Interest Rate			
Net pension liability	<u>\$ 2,698,287</u>	<u>\$ 1,821,021</u>	<u>\$ 994,945</u>

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Net Pension Liability assumptions. The system's net pension liability was measured as of December 31, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method:	Entry age normal method (level percentage of pay)
Asset valuation method:	Market Values
Compensation increases:	4.50% annual increase to normal retirement
Investment rate of return:	7.25% per annum for funding purposes
Mortality:	IRS 2015 Small Plan Mortality Table including projections for current and future mortality improvement by Scale AA to 15 years beyond the valuation year (7 years for current retirees)

The actuarial assumption used in the July 1, 2015 valuation was based on the results of an actuarial experience study for the period July 1, 2014, through June 30, 2015.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employees do not contribute to the plan and that contributions from the employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan Investments was applied to all periods of projected benefit payments to determine the total pension liability.

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Dyersburg City Schools Board of Education by a majority vote of its members. It is the policy of the Board of Directors to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following is the asset allocation as of December 31, 2014 and 2013:

	<u>Market Value</u>	<u>Percentage of Total</u>
Mutual Funds	\$ 4,572,476	93.00
Fixed Account	\$ 344,165	7.00
Total	<u>\$ 4,916,641</u>	<u>100.00</u>

The following investments represent more than 5% of the fiduciary net position and are not issued or explicitly guaranteed by the U.S. government:

AUL Fixed Account	\$ 344,165
Nuveen Real Estate Secs	294,998
Oppenheimer International Bond	294,998
American Funds Growth Fund of America	835,829
American Funds European Growth Fund	344,165
American Ginnie Mae	786,663
T Rowe Price Equity income	491,664
Franklin Strategic Income	393,331

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonable possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Plan contributions are made and the actuarial accrued liability for benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonable possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Pension expense and deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, the recognized pension expense will be \$170,842. This determination is based on a measurement date of December 31, 2014. At June 30, 2015, the City of Dyersburg Schools Non-Professional Employees Pension Plan reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	Original Amount	Date Established	Original Amortization Period (Years)	Amount Recognized Annually	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience losses (gains)	\$ (14,196)	6/30/2015	5.5	\$ (2,581)	\$ -	\$ (11,615)
Change of assumptions	-	-			-	-
Investment losses (gains)	106,993		5.0	21,399	85,594	-
Total	<u>\$ 92,797</u>				<u>\$ 85,594</u>	<u>\$ (11,615)</u>

Actual investment earnings above (or below) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive. No future service is assumed for inactive for this calculation.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30:

2016	\$ 18,818
2017	\$ 18,818
2018	\$ 18,818
2019	\$ 18,816
2020	\$ (1,291)
Thereafter	\$ -

Dyersburg Electric System

1. Dyersburg Electric System Retirement Plan

The Retirement Committee accounts for the activity of the Dyersburg Electric System Retirement Plan and the Dyersburg Electric System 401(a) Defined Contribution Plan. The first is a defined benefit single-employer public employee retirement system (PERS). The second is defined contribution PERS.

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Plan Description. All employees of the system were eligible to participate following the attainment of age 21 and the completion of three (3) years of service. On December 19, 2012 the Power Board adopted resolutions to discontinue new participants in to the existing defined benefit plan and established the new defined contribution retirement plan. Employees hired or rehired after December 31, 2012 and meeting the eligibility requirements 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. This plan is administered by Stifel Investment Advisory Services.

Plan participants. At January 1, 2014 valuation, pension plan participants consisted of the following:

Active plan participants	37
Inactive plan participants or beneficiaries currently receiving benefits	3
Total	40

As of December 31, 2012, the plan is closed to new entrants.

Benefits Provided. 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. The normal retirement date is the first day of the month following the participant's attainment of age 65.

Contributions. 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. For the year ended June 30, 2014, the system's contribution rate was 23.15% of covered-employee payroll.

Investment Policy. The following was the Plan's adopted asset allocation policy as of June 30, 2014, as provided by the Plan's investment advisor.

Asset Class	Asset Category	Strategic Weight
Domestic Equity	Large Growth	20%
Domestic Equity	Lg Value/Long/Short	10%
Alternative	Multi-Strategy	15%
Alternative	Event Driven/Fixed	10%
Alternative	Managed Futures	10%
Fixed Income	Multi-Sector Bond	10%
Fixed Income	Interm-Term Bond	20%
Cash	Money Market	5%
Total:		100%

Rate of return. For the year ended June 30, 2014, the annual money-weighted rate of return on pension investments, net of pension plan investment expenses, was 1.58%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Net Pension Liability. The System's net pension liability of \$2,224,083 was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of January 1, 2014.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

Measurement Date:	June 30, 2014	
Valuation Date:	January 1, 2014	
Mortality:	1983 Group Annuity Mortality Table for Males	
Discount Rate:	7.50% per annum	
Salary projection:	3.50% per annum	
Retirement Age: Based upon eligibility for full (unreduced) benefits, as follows:	<u>Years Following First Eligibility</u>	<u>Rate</u>
	0	50%
	1	25%
	2 or more	5%

Participants are assumed to retire no later than Normal Retirement	
Cost of Living Increase:	Not applicable
Withdrawal rates:	Crocker Sarason Table T-5
Disability rates:	25% of the 1952 Intercompany Disability Table

The January 2014 valuation report is based on the cost method and assumptions noted above. Most assumptions remained the same as those for the prior valuation. However, the salary increase assumption was changed from 5.00% to 3.50% to be more consistent with current and expected plan experience. The retirement decrement assumption was also modified to reflect a graded commencement assumption versus the immediate commencement assumption in the prior report. The net effect of these two changes is an assumptions gain of about \$1,183,000 on an Entry age Normal , Level % Pay liability. Utilizing this liability is also a change from the prior report, which utilized a Frozen Initial Liability cost methods. This cost method was implemented to be consistent with the new Governmental Accounting Standards Board requirements.

There have been no plan changes since the prior valuation report.

The January 2015 valuation report had two major assumption changes. The discount rate was decreased from 7.50% to 6.75% which increased the liability approximately \$813,000. The mortality table is now linked to the current mortality assumption utilized by the Tennessee Consolidated Retirement System (TCRS). This change increased the liability by approximately \$581,000. These assumptions changes and increases to the net pension liability will be reported in the System's financial statement for the year ended June 30, 2016.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

The following information was provided by the Plan's investment advisor. The long-term expected rate of return on pension plan investments was determined using an arithmetic basis and a time horizon on 10-15 years.

<u>Asset Class</u>	<u>Asset Category</u>	<u>Long-term Expected Rate of Return</u>
Domestic Equity	Large Growth	5-7%
Domestic Equity	Lg Value/Long/Short	5-7%
Alternative	Multi-Strategy	5-7%
Alternative	Event Driven/Fixed	6-8%
Alternative	Managed Futures	8-9%
Fixed Income	Multi-Sector Bond	4-6%
Fixed Income	Interm-Term Bond	4-6%
Cash	Money Market	.05%

Discount Rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that the plan and member contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.5%) was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at July 1, 2013	\$ 9,062,574	\$ 5,603,946	\$ 3,458,628
Changes for the year:			
Service Cost	199,281	-	\$ 199,281
Interest	666,182	-	\$ 666,182
Difference between expected and actual experience	(309,905)	-	\$ (309,905)
Changes in assumptions	(1,183,177)	-	\$ (1,183,177)
Contributions - total	-	518,955	\$ (518,955)
Net investments income	-	87,971	\$ (87,971)
Benefit payments, including refunds of employee contributions	(772,834)	(772,834)	\$ -
Administrative expenses	-	-	\$ -
Other changes	-	-	\$ -
Net changes	(1,400,453)	(165,908)	\$ (1,234,545)
Balances at June 30, 2014	<u>\$ 7,662,121</u>	<u>\$ 5,438,038</u>	<u>\$ 2,224,083</u>

*As this plan was not subject to GASB 67 on 6/30/2013, the beginning value at 6/30/2013 shown here was not previously reported. The liability values the 01/01/2013 data, rolled forward to 07/01/2013, using this year's discount rate of 7.50%.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate</u>	<u>1% Increase (8.50%)</u>
Net Pension Liability	\$ 3,206,469	\$ 2,224,083	\$ 1,385,397

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the year ended June 30, 2015, the system recognized \$320,064 in pension income. Deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (269,969)
Changes of assumptions	\$ -	\$ (902,894)
Net difference between projected and actual earnings on pension plan investments	\$ 258,382	\$ -
Contributions subsequent to the measurement date of June 30, 2014	<u>\$ 574,103</u>	<u>\$ -</u>
Total:	<u><u>\$ 832,485</u></u>	<u><u>\$ (1,172,863)</u></u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction to the net pension liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Years Ending June 30:

2016	\$ (127,812)
2017	\$ (127,812)
2018	\$ (127,812)
2019	\$ (127,812)
2020	\$ (192,407)
Thereafter	\$ (210,828)

Payable to Plan. At June 30, 2015, the system reported a payable of \$0.00 for the outstanding amount of contributions to the pension plan.

2. Defined Contribution Plan

Plan description. All employees of the system are eligible to make contributions to the plan after a 6 month probation period. After the probation period, the system makes contributions whether or not the employee does. This plan is administered by VOYA Financial Advisors, Inc.

Contributions. The Defined Contribution Plan requires 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 20, 2015, the system contributed \$6,598 to the defined contribution plan.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Payable to Plan. At June 30, 2015, the system reported a payable of \$0.00 for the outstanding amount of contributions to the defined contribution plan.

City of Dyersburg Pension Plan

Plan Description. The City of Dyersburg Pension Board administers the City of Dyersburg Pension Plan, a single employer defined benefit pension plan that provides pensions for all permanent full-time general and public safety employees of the City. The regulations of the City grant the authority to establish and amend the benefit terms to the City of Dyersburg Pension Board.

At June 30, 2014, the following employees were covered by the Plan:

Active employees	194
Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to deferred benefits	45
Total	269

Contributions. The Regulations of the City grant the authority to establish and amend the contribution requirements of the City and active plan members to the City of Dyersburg Pension Board. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefit earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2014, the average active member contribution rate was 5.0 percent of annual pay, and the City's average contribution rate was 9.05 percent of annual payroll.

The City selected the assumptions and funding methods described below based on the review of plan experience in conjunction with the July 1, 2014 Actuarial Valuation Report. The actuary annually reviews the assumptions and method for reasonableness. Periodically, a complete plan experience study is conducted.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that reduced risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

<u>Asset Class</u>	<u>Actual Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities	63.42%	6.25%
Developing Markets	3.20%	6.75%
Fixed Income	11.78%	1.25%
Real Estate	7.71%	5.75%
Cash	<u>13.89%</u>	0.50%
Total	<u>100.00%</u>	

Discount Rate. 4.16% per annum, compounded annually. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contributions rate of %5 and that employer contributions will continue at approximately 50% of the recommended contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2024. The long-term expected rate of return on pension plan investments was applied to periods of projected benefit payments through this date, and the municipal bond rate was used for the period thereafter to determine the total pension liability. The discount used to measure the total pension liability on the second basis was 3.80%. This is equivalent to an average assumed rate of return of approximately 4.16%.

Net Pension Liability. The components of the net pension liability at June 30, 2014 were as follows:

Total Pension Liability	\$ 37,985,604
Plan Fiduciary Net Position	<u>\$ (3,619,606)</u>
Net Pension Liability	<u>\$ 34,365,998</u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability. 9.53%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following represents the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease	3.16%	\$ 39,739,388
Current discount rate	4.16%	\$ 34,365,998
1% increase	5.16%	\$ 29,965,798

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources . For the year ended June 30, 2015, the recognized pension expense will be \$2,468,207. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience losses (gains)	\$ 1,088,466	\$ -
Changes of assumptions	\$ 17,519,933	\$ -
Net difference between projected and actual earnings on investments		\$ (251,449)
	\$ 18,608,399	\$ (251,449)
Total:		

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Years Ending June 30:

2016	\$ 1,593,961
2017	\$ 1,593,961
2018	\$ 1,593,961
2019	\$ 1,593,961
2020	\$ 1,656,823
Thereafter	\$ 10,324,285

In addition, GASB Statement No. 71 require contributions between the measure date (June 30, 2014) and the disclosure date (June 30, 2015) for Statement No. 68 to be reported as a deferred outflow of resources. The expected contributions for this period are \$800,000.

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, 2015

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

	<u>Teacher Group Plan</u>
Actuarial valuation date	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.

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.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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.

G. 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.

H. Prior Period Adjustments

City of Dyersburg

In the prior fiscal year (2013-2014) a receivable was set up for grant proceeds. When all proceeds were received there was an amount of \$96,751.27 left in accounts receivable. This amount was miscalculated in the prior period and should not have been a receivable.

Dyersburg City Schools

An adjustment was made to correct an error in reporting pension liability in the prior year.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG CITY SCHOOLS
SCHEDULE OF FUNDING PROGRESS - POST EMPLOYMENT HEALTHCARE PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2011	\$ -	\$ 4,920,000	\$ 4,920,000	0%	\$ 15,005,586	32.79%
7/1/2009	-	4,478,000	4,478,000	0%	13,932,936	32.14%
7/1/2007	-	4,442,000	4,442,000	0%	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.

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
 DYERSBURG CITY SCHOOLS
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET
 TEACHER LEGACY PENSION PLAN OF TCRS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	2014
Dyersburg City Schools' proportion of the net pension asset	0.307025%
Dyersburg City Schools' proportionate share of the net pension asset	\$ 49,890
Dyersburg City Schools' covered-employee payroll	\$ 12,050,701
Dyersburg City Schools' proportionate share of the net pension asset as a percentage of its' covered-employee payroll	0.41%
Plan fiduciary net position as a percentage of the total pension liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
DYERSBURG CITY SCHOOLS
SCHEDULE OF CONTRIBUTIONS
TEACHER RETIREMENT PENSION PLAN OF TCRS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	2015
Actuarially determined contributions (ADC)	\$ 29,017
Contributions in relation to the actuarially determined contribution	46,427
Contribution deficiency (excess)	\$ (17,410)
Covered-employee payroll	\$ 515,864
Contributions as a percentage of covered-employee payroll	8%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
 DYERSBURG CITY SCHOOLS
 SCHEDULE OF CONTRIBUTIONS
 TEACHER LEGACY PENSION PLAN OF TCRS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
Actuarially Determined Contributions (ADC)	\$ 990,327	\$ 1,070,102
Contributions in relation to the actuarially determined contribution	<u>990,327</u>	<u>1,070,102</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 10,954,981	\$ 12,050,701
Contributions as a percentage of covered-employee payroll	9.04%	8.88%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG ELECTRIC SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Fiscal Year Ended June 30, 2014

Total pension liability	
Service cost	\$ 199,281
Interest	666,182
Change in benefit terms	-
Differences between expected and actual experience	(309,905)
Changes of assumptions	(1,183,177)
Benefit payments, including refunds of employee contributions	(772,834)
Net change in total pension liability	<u>(1,400,453)</u>
Total pension liability - beginning*	9,062,574
Total pension liability - ending (a)	<u><u>\$ 7,662,121</u></u>
Plan fiduciary net position	
Contributions - total	\$ 518,955
Net investment income	87,971
Benefit payments, including refunds of employee contributions	(772,834)
Administrative expenses	-
Other changes	-
Net change in plan fiduciary net position	<u>(165,908)</u>
Plan fiduciary net position - beginning*	5,603,946
Plan fiduciary net position - ending (b)	<u><u>\$ 5,438,038</u></u>
Net pension liability -- ending (a) - (b)	<u><u>\$ 2,224,083</u></u>
Plan fiduciary net position as a percentage of the total pension liability	70.97%
Covered-employee payroll	\$ 2,241,803
Net pension liability as a percentage of covered-employee payroll	99.21%

*As this plan was not subject to GASB No. 67 on 06/30/2013, the beginning value at 06/30/2013 shown here was not previously reported. The liability values the 01/01/2013 data, rolled forward to 07/01/2013, using this year's discount rate of 7.50%.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG ELECTRIC SYSTEM
SCHEDULE OF CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>June 30, 2014</u>
Actuarially Determined Contributions*	\$ 348,722
Contributions in relation to the actuarially determined contribution	<u>518,955</u>
Contribution deficiency (excess)	<u>\$ (170,233)</u>
Covered-employee payroll	\$ 2,241,803
Contributions as a percentage of covered-employee payroll	23.15%

*Since this plan year is equal to the calendar year, contributions are determined on a calendar year basis. The amount displayed is equal to the sum of one-half of the 2013 plan year contribution, representing the period 7/1/2013 - 12/31/2013, and one-half of the 2014 plan year contribution, representing the period 1/1/2014 - 6/30/2014.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Actuarial Methods Assumptions

The actuarially determined contribution, shown above is calculated using two sets of assumptions. Please see the prior actuary's report for the 2013 plan year assumption. The 2014 plan year portion of the contribution was determined based on the following assumptions:

Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll, closed
Asset valuation method:	The average of the book value and market value, subject to 20% corridor around the market value of the assets
Salary increases:	3.50%
Investment rate of return	7.50%, net of pension plan investments
Retirement age:	Graded scale based on eligibility for unreduced benefits
Mortality:	1983 Group Annuity Mortality Table for Males

Schedule of Investment Returns

	<u>June 30, 2014</u>
Annual money-weighted rate of return, net of investment expense	1.58%

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
BASED ON PARTICIPATION IN THE CITY OF DYERSBURG PENSION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total pension liability	
Service cost	\$ 228,092
Interest	1,366,509
Change in benefit terms	-
Experience gains	1,185,379
Changes of assumptions	19,079,843
Benefit payments, including refunds of employee contributions	<u>(2,094,336)</u>
Net change in total pension liability	19,765,487
Total pension liability - beginning	<u>18,220,117</u>
Total pension liability - ending (a)	<u><u>\$ 37,985,604</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 724,200
Contributions - employee	456,147
Net investment income	578,519
Benefit payments, including refunds of employee contributions	(2,094,336)
Administrative expenses	<u>(49,374)</u>
Net change in plan fiduciary net position	(384,844)
Plan fiduciary net position - beginning	<u>4,004,450</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,619,606</u></u>
Net pension liability -- ending (a) - (b)	<u><u>\$ 34,365,998</u></u>
Plan fiduciary net position as a percentage of the total pension liability	9.53%
Covered-employee payroll	\$ 8,003,375
Net pension liability as a percentage of covered-employee payroll	429.4%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN
THE CITY OF DYERSBURG PENSION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	2014
Actuarially determined contribution	\$ 1,507,494
Contributions in relation to the actuarially determined contribution	724,200
Contribution deficiency (excess)	\$ 783,294
Covered-employee payroll	\$ 8,003,375
Contributions as a percentage of covered-employee payroll	9.05%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of June 30.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal
Amortization method:	Level dollar, open (not to exceed 10 years)
Remaining amortization period:	10
Asset valuation:	No smoothing period
Inflation	3.0%
Salary increases:	N/A
Investment rate of return	7.5%
Retirement age:	N/A
Mortality:	RP-2000 (Healthy and Disabled) with generational projection per Scale AA for healthy participants
Cost of living adjustments:	2.5%

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FUNDING PROGRESS - EMPLOYEE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2014	\$ 3,619,606	\$ 25,997,752	\$ 22,378,146	13.92%	\$ 8,003,375	279.61%
7/1/2013	\$ 4,004,450	15,516,122	11,511,672	25.81%	10,631,688	108.28%
7/1/2011	\$ 4,263,221	14,829,284	10,566,063	28.75%	11,070,387	95.44%

- a. The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the pension benefit obligations as a factor.
- b. Looking at the actuarial accrued liability or the unfunded actuarial accrued liability in isolation can be misleading.
- (i.) Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the extent to which a plan is funded. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan is.
- (ii.) Expressing the unfunded actuarial accrued liability as a percentage of the annual covered payroll approximately adjusts for the effects of inflation and aids analysis of funding progress. Generally, the smaller the unfunded percentage, the stronger the plan.

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SUPPLEMENTARY AND OTHER INFORMATION SECTION

**CITY OF DYERSBURG, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

	Special Revenue Funds					Total	Debt Service Fund	Capital Project Fund	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds
	T I P	Cafeteria	Federal Projects	Community Development	Insurance Reserve					
ASSETS										
Cash	\$ 187,335	\$ 425,942	\$ 153,386	\$ 9,946	\$ 240,014	\$ 1,016,623	\$ 1,574,595	\$ 1,282	\$ -	\$ 2,592,500
Investments	-	-	-	-	-	-	-	-	1,404,918	1,404,918
Accounts receivable	-	119,961	50,477	523	-	170,961	352,387	360,082	-	883,430
Notes receivable	-	-	-	24,000	-	24,000	-	-	-	24,000
Due from other funds	106,371	-	-	-	652,926	759,297	125,079	-	8,000	892,376
Inventory	-	46,528	-	-	-	46,528	-	-	-	46,528
Deposits	-	-	-	-	92,950	92,950	-	-	-	92,950
Total Assets	\$ 293,706	\$ 592,431	\$ 203,863	\$ 34,469	\$ 985,890	\$ 2,110,359	\$ 2,052,061	\$ 361,364	\$ 1,412,918	\$ 5,936,702
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 6	\$ 35,095	\$ 10,014	\$ -	\$ 184,134	\$ 229,249	\$ -	\$ 577	\$ -	\$ 229,826
Accrued liabilities	-	29,346	173,390	30,553	-	233,289	22,872	-	-	256,161
Due to other funds	-	-	-	-	751,263	751,263	-	356,475	7,750	1,115,488
Unavailable confiscated funds	96,352	-	-	-	-	96,352	-	-	-	96,352
Total Liabilities	96,358	64,441	183,404	30,553	935,397	1,310,153	22,872	357,052	7,750	1,697,827
Fund balances:										
Non-spendable	-	46,528	-	24,000	-	70,528	-	-	-	70,528
Restricted	197,348	481,462	20,459	8,434	-	707,703	2,029,189	4,312	1,405,168	4,146,372
Committed	-	-	-	-	50,493	50,493	-	-	-	50,493
Unassigned	-	-	-	(28,518)	-	(28,518)	-	-	-	(28,518)
Total Fund Balances	197,348	527,990	20,459	3,916	50,493	800,206	2,029,189	4,312	1,405,168	4,238,875
Total Liabilities and Fund Balances	\$ 293,706	\$ 592,431	\$ 203,863	\$ 34,469	\$ 985,890	\$ 2,110,359	\$ 2,052,061	\$ 361,364	\$ 1,412,918	\$ 5,936,702

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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, 2015

	Special Revenue Funds					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						Total
Revenues:											
Local sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,474,086	\$ -	-	\$ -	\$ 1,474,086	
U.S.D.A. reimbursements	-	1,284,363	-	-	-	1,284,363	-	-	-	1,284,363	
State school matching funds	-	64,755	-	-	-	64,755	-	-	-	64,755	
State housing grants	-	-	-	2,250	-	2,250	-	-	-	2,250	
State infrastructure grants	-	-	-	-	-	-	-	50,844	-	50,844	
State education grants	-	-	2,305,984	-	-	2,305,984	-	-	-	2,305,984	
Charges for service	-	305,981	-	-	-	305,981	-	-	-	305,981	
Fines, forfeits, and penalties	24,154	-	-	-	-	24,154	-	-	-	24,154	
Sale of assets	16,441	-	-	-	-	16,441	-	-	-	16,441	
Investment earnings	605	-	-	2,149	277	3,031	41,323	10	-	74,331	
Joint cost reimbursements	-	-	-	-	3,872,530	3,872,530	-	-	-	3,872,530	
Miscellaneous	-	301,149	-	-	-	301,149	-	-	-	301,149	
Total revenues	41,200	1,956,248	2,305,984	4,399	3,872,807	8,180,638	1,515,409	50,854	-	9,776,868	
Expenditures:											
Current:											
General and administrative	41,038	-	-	82,915	3,872,807	3,996,760	-	-	-	10,725	4,007,485
Education	-	1,913,064	2,285,525	-	-	4,198,589	-	-	617,519	-	4,816,108
Capital outlay	-	-	-	-	-	-	-	189,337	-	-	189,337
Total expenditures	41,038	1,913,064	2,285,525	82,915	3,872,807	8,195,349	-	189,337	617,519	10,725	9,012,930
Revenues over (under) expenditures	162	43,184	20,459	(78,516)	-	(14,711)	1,515,409	(138,483)	(617,519)	19,242	763,938
Other financing sources (uses):											
Transfer from other funds	-	-	-	65,376	-	65,376	251,119	235,244	-	33,650	585,389
Transfer to other funds	-	-	-	-	-	-	(1,623,829)	-	-	(27,127)	(1,650,956)
Total other financing sources (uses)	-	-	-	65,376	-	65,376	(1,372,710)	235,244	-	6,523	(1,065,567)
Net change in fund balances	162	43,184	20,459	(13,140)	-	50,665	142,699	96,761	(617,519)	25,765	(301,629)
Fund balances - July 1, 2014	197,186	484,806	-	17,056	50,493	749,541	1,886,490	4,302	617,519	1,379,403	4,637,255
Prior Period Adjustment	-	-	-	-	-	-	-	(96,751)	-	-	(96,751)
Fund balances - July 1, 2014, as restated	197,186	484,806	-	17,056	50,493	749,541	1,886,490	(92,449)	617,519	1,379,403	4,540,504
Fund balances - June 30, 2015	\$ 197,348	\$ 527,990	\$ 20,459	\$ 3,916	\$ 50,493	\$ 800,206	\$ 2,029,189	\$ 4,312	\$ -	\$ 1,405,168	\$ 4,238,875

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CITY OF DYERSBURG, TENNESSEE
T I P FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Unauthorized substance tax	\$ 500	\$ -	\$ (500)
Fines, forfeits, and penalties	45,000	24,154	(20,846)
Sale of assets	50,000	16,441	(33,559)
Investment earnings	1,000	605	(395)
Total revenues	<u>96,500</u>	<u>41,200</u>	<u>(55,300)</u>
EXPENDITURES:			
General and administrative			
Small items of equipment	9,200	-	9,200
Repair and maintenance	7,500	16,538	(9,038)
Other	25,000	24,500	500
Total general and administrative	<u>41,700</u>	<u>41,038</u>	<u>662</u>
Capital outlay	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>91,700</u>	<u>41,038</u>	<u>50,662</u>
Net Change in Fund Balance	4,800	162	(4,638)
Fund Balance - July 1, 2014	<u>197,186</u>	<u>197,186</u>	<u>-</u>
Fund Balance - June 30, 2015	<u><u>\$ 201,986</u></u>	<u><u>\$ 197,348</u></u>	<u><u>\$ (4,638)</u></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, 2015**

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
State grants	-	2,250	\$ 2,250
Investment earnings	\$ 2,100	\$ 2,149	49
Total revenues	2,100	4,399	2,299
EXPENDITURES:			
General and administrative:			
Repair and maintenance	-	15,236	(15,236)
Miscellaneous	110,000	67,679	42,321
Total general and administrative	110,000	82,915	27,085
Total expenditures	110,000	82,915	27,085
Revenues Over (Under) Expenditures	(107,900)	(78,516)	29,384
Other Financing Sources (Uses):			
Transfer from other funds	110,000	65,376	(44,624)
Total other financing sources (uses)	110,000	65,376	(44,624)
Net Change in Fund Balance	2,100	(13,140)	(15,240)
Fund Balance - July 1, 2014	17,056	17,056	-
Fund Balance - June 30, 2015	\$ 19,156	\$ 3,916	\$ (15,240)

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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, 2015**

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Investment earnings	\$ 1,000	\$ 277	\$ (723)
Joint cost reimbursements	3,529,000	3,872,530	343,530
Total revenues	<u>3,530,000</u>	<u>3,872,807</u>	<u>342,807</u>
EXPENDITURES:			
Hospital and health care expenditures:			
Medical claims	2,700,000	2,995,335	(295,335)
Drug claims	425,000	495,731	(70,731)
Life insurance	25,000	24,302	698
Re-insurance costs	315,000	295,500	19,500
Insurance administration	65,000	61,939	3,061
Total hospital and health care	<u>3,530,000</u>	<u>3,872,807</u>	<u>(342,807)</u>
Total expenditures	<u>3,530,000</u>	<u>3,872,807</u>	<u>(342,807)</u>
Net Change in Fund Balance	-	-	-
Fund Balance - July 1, 2014	<u>50,493</u>	<u>50,493</u>	-
Fund Balance - June 30, 2015	<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, 2015

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
U.S.D.A. reimbursements	\$ 1,307,500	\$ 1,284,363	\$ (23,137)
State school matching funds	65,500	64,755	(745)
Charges for service	336,000	305,981	(30,019)
Miscellaneous revenue	326,000	301,149	(24,851)
Total revenues	<u>2,035,000</u>	<u>1,956,248</u>	<u>(78,752)</u>
EXPENDITURES:			
Education:			
Food	881,881	824,926	56,955
Cafeteria labor	662,919	620,041	42,878
Other expenditures	490,200	468,097	22,103
Total education	<u>2,035,000</u>	<u>1,913,064</u>	<u>121,936</u>
Total expenditures	<u>2,035,000</u>	<u>1,913,064</u>	<u>121,936</u>
Net Change in Fund Balance	-	43,184	43,184
Fund Balance - July 1, 2014	<u>484,806</u>	<u>484,806</u>	<u>-</u>
Fund Balance - June 30, 2015	<u>\$ 484,806</u>	<u>\$ 527,990</u>	<u>\$ 43,184</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
State education grants	\$ 2,296,774	\$ 2,616,095	\$ 2,305,984	\$ (310,111)
Total revenues	<u>2,296,774</u>	<u>2,616,095</u>	<u>2,305,984</u>	<u>(310,111)</u>
EXPENDITURES:				
Education:				
Regular instruction	965,050	986,885	932,509	54,376
Vocational education	32,298	35,170	35,169	1
Special education	594,831	683,287	586,383	96,904
Health services	28,776	27,496	27,287	209
Student support	165,491	174,703	32,550	142,153
Regular instruction support services	456,100	512,201	476,896	35,305
Special education support services	21,108	20,706	20,696	10
Vocational education support services	2,687	1,331	1,331	-
Community service	-	138,500	136,369	2,131
Maintenance of plant	30,433	35,816	36,335	(519)
Total education	<u>2,296,774</u>	<u>2,616,095</u>	<u>2,285,525</u>	<u>330,570</u>
Total expenditures	<u>2,296,774</u>	<u>2,616,095</u>	<u>2,285,525</u>	<u>330,570</u>
Revenues Over (Under) Expenditures	-	-	20,459	20,459
Fund Balance - July 1, 2014	-	-	-	-
Fund Balance - June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,459</u>	<u>\$ 20,459</u>

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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, 2015**

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Local Sales Tax	\$ 1,375,000	\$ 1,474,086	\$ 99,086
Interest income	35,000	41,323	6,323
Total revenues	<u>1,410,000</u>	<u>1,515,409</u>	<u>105,409</u>
EXPENDITURES:			
	-	-	-
Revenues Over (Under) Expenditures	1,410,000	1,515,409	105,409
Other Financing Sources (Uses):			
Transfer from other funds	280,000	251,119	(28,881)
Transfer to other funds	<u>(1,825,300)</u>	<u>(1,623,829)</u>	<u>201,471</u>
Total other financing sources (uses)	<u>(1,545,300)</u>	<u>(1,372,710)</u>	<u>172,590</u>
Net Change in Fund Balance	(135,300)	142,699	277,999
Fund Balance - July 1, 2014	<u>1,886,490</u>	<u>1,886,490</u>	-
Fund Balance - June 30, 2015	<u><u>\$ 1,751,190</u></u>	<u><u>\$ 2,029,189</u></u>	<u><u>\$ 277,999</u></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, 2015**

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
State grants	\$ 276,000	\$ 50,844	\$ (225,156)
Interest income	-	10	10
Total revenues	276,000	50,854	(225,146)
EXPENDITURES:			
Capital outlay	376,000	189,337	186,663
Total expenditures	376,000	189,337	186,663
Revenues Over (Under) Expenditures	(100,000)	(138,483)	(38,483)
Other Financing Sources:			
Transfers from other funds	100,000	235,244	135,244
Net Change in Fund Balance	-	96,761	96,761
Fund Balance - July 1, 2014	4,302	4,302	-
Prior Period Adjustment	-	(96,751)	(96,751)
Fund Balance - July 1, 2014, as restated	4,302	(92,449)	(96,751)
Fund Balance - June 30, 2015	\$ 4,302	\$ 4,312	\$ 10

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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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:	\$ 617,519	\$ 617,519	\$ -	\$ (617,519)
EXPENDITURES:				
Education:				
Building improvements	617,519	617,519	617,519	-
Total education	<u>617,519</u>	<u>617,519</u>	<u>617,519</u>	<u>-</u>
Total expenditures	<u>617,519</u>	<u>617,519</u>	<u>617,519</u>	<u>-</u>
Revenues Over (Under) Expenditures	-	-	(617,519)	(617,519)
Net Change in Fund Balance	-	-	(617,519)	(617,519)
Fund Balance - July 1, 2014	<u>617,519</u>	<u>617,519</u>	<u>617,519</u>	<u>-</u>
Fund Balance - June 30, 2015	<u><u>\$ 617,519</u></u>	<u><u>\$ 617,519</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (617,519)</u></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, 2015**

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment earnings	\$ 35,000	\$ 31,739	\$ (3,261)
Net decrease in fair value of investments	5,000	(1,208)	(6,208)
Miscellaneous revenues	1,000	(564)	(1,564)
Total revenues	41,000	29,967	(11,033)
Expenditures:			
Trustee fees	15,000	10,725	4,275
Revenues Over (under) expenditures	26,000	19,242	(6,758)
Other financing sources (uses)			
Transfers in	35,000	33,650	(1,350)
Transfers out	(35,000)	(27,127)	7,873
Total other financing sources (uses)	-	6,523	6,523
Net Change in Fund Balance	26,000	25,765	(235)
Fund balance - July 1, 2014	1,379,403	1,379,403	-
Fund balance - June 30, 2015	\$ 1,405,403	\$ 1,405,168	\$ (235)

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**CITY OF DYERSBURG, TENNESSEE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015**

	<u>Internal Service Fund</u>	<u>Communications Service Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,526,279	\$ 121,511	\$ 1,647,790
Accounts receivable (net of allowance for uncollectibles)	208	13,948	14,156
Due from other funds	-	12,172	12,172
Total current assets	<u>1,526,487</u>	<u>147,631</u>	<u>1,674,118</u>
Noncurrent assets:			
Capital assets:			
Property, plant, and equipment	498,270	1,667,122	2,165,392
Less - accumulated depreciation	<u>(419,216)</u>	<u>(1,225,962)</u>	<u>(1,645,178)</u>
Net property, plant, and equipment	<u>79,054</u>	<u>441,160</u>	<u>520,214</u>
Other assets	<u>29,601</u>	<u>-</u>	<u>29,601</u>
Total Assets	<u>1,635,142</u>	<u>588,791</u>	<u>2,223,933</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,617	1,320	2,937
Accrued payroll	12,769	16,438	29,207
Accrued compensated absences	14,683	22,952	37,635
Due to other funds	<u>909,477</u>	<u>86,644</u>	<u>996,121</u>
Total current liabilities	<u>938,546</u>	<u>127,354</u>	<u>1,065,900</u>
Noncurrent liabilities:			
Other accrued liabilities	<u>16,686</u>	<u>25,103</u>	<u>41,789</u>
Total Liabilities	<u>955,232</u>	<u>152,457</u>	<u>1,107,689</u>
NET POSITION			
Investment in capital assets	79,054	441,160	520,214
Unrestricted	<u>600,856</u>	<u>(4,826)</u>	<u>596,030</u>
Total Net Position	<u>\$ 679,910</u>	<u>\$ 436,334</u>	<u>\$ 1,116,244</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, 2015**

	<u>Internal Service</u>	<u>Communication Services</u>	<u>Combined</u>
Operating revenues:			
Joint costs	\$ 799,254	\$ 746,665	\$ 1,545,919
Miscellaneous revenues	2,948	280,075	283,023
Total operating revenues	<u>802,202</u>	<u>1,026,740</u>	<u>1,828,942</u>
Operating expenses:			
Customer service and collection	748,443	-	748,443
Communication services	-	761,021	761,021
General and administrative	33,921	227,348	261,269
Emergency warning system	-	89,913	89,913
Depreciation and amortization	21,692	50,847	72,539
Total operating expense	<u>804,056</u>	<u>1,129,129</u>	<u>1,933,185</u>
Operating income (loss)	(1,854)	(102,389)	(104,243)
Nonoperating revenues (expenses):			
Interest income	583	13	596
Miscellaneous income	-	303	303
Total nonoperating revenues (expenses)	<u>583</u>	<u>316</u>	<u>899</u>
Change in net position	(1,271)	(102,073)	(103,344)
Total net position - July 1, 2014	654,781	505,507	1,160,288
Change in accounting principle	26,400	32,900	59,300
Total net position - July 1, 2014, as restated	<u>681,181</u>	<u>538,407</u>	<u>1,219,588</u>
Total net position - June 30, 2015	<u>\$ 679,910</u>	<u>\$ 436,334</u>	<u>\$ 1,116,244</u>

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**CITY OF DYERSBURG, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Internal Service	Communication Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 802,160	\$ 223,702	\$ 1,025,862
Payments to suppliers	(185,186)	(354,589)	(539,775)
Payments to employees for services	(445,396)	(566,733)	(1,012,129)
Payments for employee benefits	(142,767)	(165,674)	(308,441)
Payments to other funds	45,307	70,691	115,998
Other receipts (payments)	(2,678)	801,665	798,987
Net cash provided by (used for) operating activities	<u>71,440</u>	<u>9,062</u>	<u>80,502</u>
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>(27,363)</u>	<u>-</u>	<u>(27,363)</u>
Net cash used by capital and related financing activities	<u>(27,363)</u>	<u>-</u>	<u>(27,363)</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES			
Interest and investment earnings	<u>583</u>	<u>316</u>	<u>899</u>
Net cash provided by (used for) investing activities	<u>583</u>	<u>316</u>	<u>899</u>
Net increase (decrease) in cash and cash equivalents	44,660	9,378	54,038
Cash and cash equivalents - July 1, 2014	<u>1,481,619</u>	<u>112,133</u>	<u>1,593,752</u>
Cash and cash equivalents - June 30, 2015	<u>\$ 1,526,279</u>	<u>\$ 121,511</u>	<u>\$ 1,647,790</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES ACTIVITIES			
Operating income (loss)	\$ (1,854)	\$ (102,389)	\$ (104,243)
Adjustments to reconcile net income (loss) from operations to net cash provided (used) by operating activities			
Depreciation	16,036	50,047	66,083
Amortization	5,657	800	6,457
(Increase) Decrease in Assets			
Accounts receivable, net of allowance	(42)	11	(31)
Due from other funds	23,900	6,105	30,005
Other assets	-	-	-
Increase (Decrease) in Liabilities			
Accounts payable	1,084	(5,868)	(4,784)
Accrued payroll	3,239	2,727	5,966
Due to other funds	21,407	64,586	85,993
Compensated absences	2,013	(6,957)	(4,944)
Net cash provided by (used for) operating activities	<u>\$ 71,440</u>	<u>\$ 9,062</u>	<u>\$ 80,502</u>

See independent auditor's report

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, 2015

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Operating Revenues:			
Miscellaneous revenues:			
Joint cost	\$ 787,000	\$ 778,254	\$ (8,746)
Computer services	21,000	21,000	-
Other	7,500	2,948	(4,552)
Total miscellaneous revenues	<u>815,500</u>	<u>802,202</u>	<u>(13,298)</u>
Operating Expenses:			
Customer service and collection:			
Salaries	144,000	155,330	(11,330)
Payroll taxes	11,000	11,048	(48)
Hospital and health insurance	32,400	45,721	(13,321)
Employee education	-	65	(65)
Publicity, subscriptions, and dues	10,000	8,289	1,711
Telephone	2,000	1,855	145
Automobile allowance	1,200	671	529
Office supplies	3,000	2,822	178
Small items of equipment	9,000	9,144	(144)
Postage	9,000	1,451	7,549
Repairs and maintenance	1,000	2,530	(1,530)
Other	2,400	2,678	(278)
Total customer service and collection	<u>225,000</u>	<u>241,604</u>	<u>(16,604)</u>
Billing:			
Salaries	109,600	106,082	3,518
Payroll taxes	8,400	7,727	673
Hospital and health insurance	100	84	16
Office supplies	4,000	4,417	(417)
Postage	35,000	31,470	3,530
Repairs and maintenance	1,000	2,470	(1,470)
Total billing	<u>158,100</u>	<u>152,250</u>	<u>5,850</u>
Meter reading:			
Salaries	115,100	103,124	11,976
Payroll taxes	8,800	7,319	1,481
Hospital and health insurance	43,200	45,979	(2,779)
Publicity, subscriptions, and dues	1,000	-	1,000
Telephone	400	934	(534)
Professional services	400	200	200
Small items of equipment	3,500	3,922	(422)
Operating supplies	300	-	300
Uniforms	1,000	195	805
Repairs and maintenance	12,000	2,263	9,737
Gas and oil	7,500	5,891	1,609
Insurance	500	955	(455)
Total meter reading	<u>193,700</u>	<u>170,782</u>	<u>22,918</u>

See independent auditor's report

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, 2015

	Budgeted Original Final	Actual	Variance- Positive (Negative)
Operating Expenses (continued):			
Computer operations:			
Salaries	\$ 51,900	\$ 53,316	\$ (1,416)
Payroll taxes	4,000	4,018	(18)
Hospital and health insurance	19,000	23,324	(4,324)
Training	1,000	-	1,000
Publicity, subscriptions, dues	500	137	363
Telephone	3,000	3,538	(538)
Travel	1,200	2,683	(1,483)
Automobile allowance	2,700	2,700	-
Small items of equipment	7,000	4,326	2,674
Operating supplies	6,500	1,420	5,080
Repairs and maintenance	75,000	77,470	(2,470)
Insurance	11,000	10,875	125
Total computer operations	<u>182,800</u>	<u>183,807</u>	<u>(1,007)</u>
Administrative expenses:			
Vacation and sick leave	1,000	2,014	(1,014)
Hospital and health insurance	100	1,258	(1,158)
Retirement	27,800	26,400	1,400
Professional service	2,500	2,788	(288)
Insurance	-	1,410	(1,410)
Other	200	51	149
Total administrative expenses	<u>31,600</u>	<u>33,921</u>	<u>(2,321)</u>
Depreciation and amortization expense	<u>25,800</u>	<u>21,692</u>	<u>4,108</u>
Total operating expense	<u>817,000</u>	<u>804,056</u>	<u>12,944</u>
Operating Income (loss)	(1,500)	(1,854)	(354)
Nonoperating Revenues (Expenses):			
Interest income	<u>1,500</u>	<u>583</u>	<u>(917)</u>
Change in Net Position	-	(1,271)	(1,271)
Total Net Position - July 1, 2014	654,781	654,781	-
Change in Accounting Principle	-	26,400	26,400
Total Net Position - July 1, 2014, as restated	<u>654,781</u>	<u>681,181</u>	<u>26,400</u>
Total Net Position - June 30, 2015	<u>\$ 654,781</u>	<u>\$ 679,910</u>	<u>\$ 25,129</u>

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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, 2015

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Operating Revenues:			
Miscellaneous revenues			
Joint cost	\$ 812,200	\$ 746,665	\$ (65,535)
Miscellaneous	254,000	280,075	26,075
Total miscellaneous revenues	<u>1,066,200</u>	<u>1,026,740</u>	<u>(39,460)</u>
Operating Expenses:			
General and administrative			
Salaries	63,900	64,096	(196)
Vacation	-	(6,958)	6,958
Payroll taxes	4,900	5,184	(284)
Hospital and health insurance	6,600	9,707	(3,107)
Retirement	34,100	32,900	1,200
Unemployment insurance	2,000		
Postage	-	21	(21)
Publicity, subscriptions and dues	500	695	(195)
Utility services	32,000	27,645	4,355
Telephone	4,000	-	4,000
Professional services	2,500	2,667	(167)
Travel	1,500	919	581
Automobile allowance	2,700	5,400	(2,700)
Small items of equipment	72,000	68,396	3,604
Insurance	9,200	15,292	(6,092)
Other	300	1,384	(1,084)
Total general and administrative	<u>236,200</u>	<u>227,348</u>	<u>6,852</u>
Communication services			
Salaries	464,800	463,771	1,029
Payroll taxes	35,600	33,339	2,261
Hospital and health insurance	109,400	117,668	(8,268)
Training	1,500	2,879	(1,379)
Publicity, subscriptions and dues	1,500	2,300	(800)
Telephone	32,000	18,199	13,801
Travel	2,500	200	2,300
Other contractual services	50,000	55,826	(5,826)
Office supplies	3,500	4,422	(922)
Small items of equipment	5,000	3,930	1,070
Operating supplies	5,000	3,978	1,022
Uniforms	1,500	2,441	(941)
Repairs and maintenance	60,000	52,068	7,932
Total communication services	<u>772,300</u>	<u>761,021</u>	<u>11,279</u>

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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, 2015

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Operating Expenses (continued)			
Emergency warning system			
Salaries	\$ -	\$ 2,860	\$ (2,860)
Payroll taxes	-	210	(210)
Publicity, subscriptions and dues	2,500	16,745	(14,245)
Utility services	20,000	19,207	793
Small items of equipment	-	23,512	(23,512)
Operating supplies	-	9,564	(9,564)
Repairs and maintenance	2,500	17,815	(15,315)
Total emergency warning system	<u>25,000</u>	<u>89,913</u>	<u>(64,913)</u>
Depreciation and Amortization expense	<u>57,900</u>	<u>50,847</u>	<u>7,053</u>
Total operating expense	<u>1,091,400</u>	<u>1,129,129</u>	<u>(39,729)</u>
Operating Income (loss)	(25,200)	(102,389)	(79,189)
Nonoperating Revenues (Expenses):			
Interest income	-	13	13
Miscellaneous income	200	303	103
Total nonoperating revenues (expenses)	<u>200</u>	<u>316</u>	<u>116</u>
Change in Net Position	(25,000)	(102,073)	(79,073)
Total Net Position - July 1, 2014	505,507	505,507	-
Change in Accounting Principle		32,900	32,900
Total Net Position - July 1, 2014, as restated	<u>505,507</u>	<u>538,407</u>	<u>32,900</u>
Total Net Position - June 30, 2015	<u>\$ 480,507</u>	<u>\$ 436,334</u>	<u>\$ (46,173)</u>

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CITY OF DYERSBURG, TENNESSEE
DEBT SERVICE REQUIREMENTS
JUNE 30, 2015

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

Year Ended June 30,	3.70 - 4.00%		2.00 - 3.00%		1.00 - 2.00%	
	Electric System		Electric System		Electric System	
	Revenue Refunding and Improvement Bonds Series 2007		Revenue Refunding and Improvement Bonds Series 2010		Revenue Refunding and Improvement Bonds Series 2015	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 145,000	\$ 53,165	\$ 215,000	\$ 6,450	\$ 225,000	\$ 13,555
2017	155,000	47,728			225,000	11,273
2018	160,000	41,760			210,000	8,235
2019	165,000	35,600			200,000	5,400
2020	170,000	29,000			200,000	2,700
2021	180,000	22,200				
2022	185,000	15,000				
2023	190,000	7,600				
	<u>\$ 1,350,000</u>	<u>\$ 252,053</u>	<u>\$ 215,000</u>	<u>\$ 6,450</u>	<u>\$ 1,060,000</u>	<u>\$ 41,163</u>

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**CITY OF DYERSBURG, TENNESSEE
DEBT SERVICE REQUIREMENTS
JUNE 30, 2015**

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
	2016	700,000	105,600	184,699	44,844	100,000
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>\$ 2,990,000</u>	<u>\$ 245,000</u>	<u>\$ 2,051,896</u>	<u>\$ 493,284</u>	<u>\$ 9,445,000</u>	<u>\$ 4,524,506</u>

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Year of Levy</u>	<u>Balance July 1, 2014</u>	<u>Current Assessments & Adjustments</u>	<u>Collections</u>	<u>Write-offs</u>	<u>Balance June 30, 2015</u>
2004	4,854	-	(2,532)	(2,322)	-
2005	12,693	-	(20)	-	12,673
2006	3,980	-	-	-	3,980
2007	6,556	-	-	-	6,556
2008	9,193	-	-	-	9,193
2009	4,648	-	-	-	4,648
2010	4,589	-	(27)	-	4,562
2011	10,758	677	(1,075)	-	10,360
2012	198,270	1,734	(43,678)	-	156,326
2013	532,996	2,045	(331,761)	-	203,280
2014	-	7,397,319	(7,049,709)	-	347,610
	<u>\$ 788,537</u>	<u>\$ 7,401,775</u>	<u>\$ (7,428,802)</u>	<u>\$ (2,322)</u>	<u>759,188</u>
					7,834,198
					<u>\$ 8,593,386</u>

Unassessed property tax receivable

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION
 JUNE 30, 2015**

Tax Year 2013	Property Owner	Tax Due
	Austin Treasa	\$ 280
	Autry Miryam	303
	Baldree Oneida	129
	Baldree Oneida	235
	Beale Robert C	762
	Ben Greenberg Co Inc	42
	Broadstone Gordon	458
	Bromley Gina	142
	Brunson Kenneth L	99
	Brunson Kenneth L	837
	Brunson Kenneth L	99
	Brunson Kenneth L	99
	Brunson Kenneth L	89
	Brunson Kenneth L	89
	Brunson Kenneth L	79
	Brunson Kenneth L	99
	Butler George F	280
	Butler George F	16
	Camaso Timothy G	221
	Campbell Debra	383
	Clanton Diane E	28
	Simpson Sylvester	135
	Crocker John C	57
	Evans Paul A	194
	Farrow Jeffery H	231
	Flowers Michael E	236
	Gilliam Charlie A	179
	Greenberg Ben	68
	Greenberg Ben	26
	Greenberg Ben	54
	Greenberg Ben Co Inc	20
	Greenberg Ben Co Inc	26
	Greenberg Ben Co Inc	26
	Gueary Joseph II	112
	H H Hudson Funeral Home	37
	Hanks Bessie B	210
	Harrington Charles T	469
	Harris Monica	188
	Hicks Ronnie Chad	228
	Hicks Ronnie Chad	184
	Holbrook Christian B	175
	Hunter Ray L Sr	16

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**CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION
 JUNE 30, 2015**

Property Owner	Tax Due
Tax Year 2013 (Continued):	
Hunziker Michael	\$ 242
Jackson Monette	43
Jackson Monette	43
James David	241
Jones Dorothy J	158
Jones Shirley	43
Jones Shirley	20
Jowers Brodrick A	389
Kilzer Leonard	59
Kilzer Leonard	162
Kirk Jesse	20
Laing Lela Mae	135
Littlejohn Mary S	366
Mann Janice M	52
Marbry Amber	326
McCraw Grover	160
McCright Carolyn	245
McIntosh Tracy	153
McLin Ruby H	332
McWherter Helen	166
Midgett Louise	110
Mitchell Bobbie E	254
Mosley John W	362
Moss Joe D	2
Newsom Willie S	189
Osby James F	148
Osby Joyce J	5
Parker Joe N	569
Pope Grover	20
Pope Grover	260
Harbour Portfolio	111
Riggs Elvis	157
Rogers Robert M	14,260
Royal Holiday Rentals	568
Royal Holiday Rentals	674
Royal Holiday Rentals	166
Royal Holiday Rentals	308
Royal Holiday Rentals	894
Scates Wanda Ann	187
Siedlinski Diana	149
Sigman Tim	179
Sigman Tim	57

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**CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION
 JUNE 30, 2015**

Property Owner	Tax Due
Tax Year 2013 (Continued):	
Sigman Tim	\$ 405
Sigman Tim	418
Sigman Tim	283
Sigman Tim	275
Sigman Tim	289
Sigman Tim	625
Sims Patricia	166
Singleton Edward	40
Slayton Mary	16
Smith Kenny	220
Starks Baxter	457
Stout Blan M	234
Stout Paul	190
Tatco A California	5,496
Taylor Annie B	208
Todd Bernidine J	185
Todd Janice	629
Todd Rayburn	920
Townsend Vassar	144
Troy William B	478
Tucker Homer H	2,611
Walker Dale	32
Walker Dale	32
Walker Dale	127
Walker Jerry	255
Ward Andy	293
Ward Lisa M	21
Weakley Susanne P	166
West TN Investments	139
West TN Investments	174
West TN Investments	119
West Tenn Industrial Redev	124,438
West Tenn Industrial Redev	25,389
White James M	225
Whitelaw Johnnie P	392
Williams Terrence L	679
Williams Terrence L	18
Wilson Brenda	307
Winchester James L	607
Winchester James L	483
Wynn Mary F	52
	\$ 198,861

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**CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Assessment Year</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Assessment</u>
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
2014	309,409,491	2.2355	7,421,476

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**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<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	17,704
2011 Justice Assistance Grant Program	16.804	U.S. Department of Justice	10,638
Bulletproof Vest Partnership Program	16.607	U.S. Department of Justice	2,158
Total Department of Justice			<u>30,500</u>
Airport Runway Rehabilitation	20.106	U.S. Dept. of Transportation Federal Aviation Administration Safety Administration	164,085
Total Department of Transportation			<u>164,085</u>
CDBG Disaster Recovery	14.228	U.S. Dept. of Housing and Urban Development	672,236
Total Department of Econ. & Comm. Dev.			<u>672,236</u>
Economic Adjustment Assistance*	11.307	U.S. Dept. of Commerce	1,326,130
Total Department of Commerce			<u>1,326,130</u>
Total All Federal Programs			<u><u>\$ 2,192,951</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

OTHER MISCELLANEOUS INFORMATION SECTION

**CITY OF DYERSBURG
SCHEDULE OF PRINCIPAL TAXPAYERS (UNAUDITED)
JUNE 30, 2015**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Tax Year 2014</u>	
		<u>Assessed Valuation</u>	<u>Property Taxes Assessed and Paid</u>
Dyersburg Hospital Corp	Medical Services	\$ 15,169,487	\$ 336,628
ERMCO	Distribution Transformers	4,785,094	289,442
Sun Products	Household Cleaning Products	8,416,785	258,726
Nordyne	Air Conditioners	5,645,871	116,912
Walmart Super Center	Discount Retailer	4,286,080	109,850
NSK Steering Systems	Automobile Parts	11,639,040	97,031
Hexsol Compounding	Rubber Products	4,144,120	92,642
W TN Industrial Redevelopment	Industrial Property	3,886,066	86,873
Polyone Corporation	Rubber and Plastic Products	3,158,963	84,606
First Citizens National Bank	Banking	3,642,435	79,271
Unionport (1980) Assoc LLC	Shopping Center	2,904,280	66,509
Forcum Lannom, Inc.	Building Materials	3,082,730	66,051
BellSouth Communications	Public Utility	2,772,708	61,984
Caterpillar	Construction Equipment Parts	2,458,617	54,728
Lowe's Home Center, Inc.	Retailer	2,431,869	54,364
Action Dyersburg LLC	Shopping Mall	1,948,812	43,566
Excalibar Minerals, Inc.	Ground Minerals	1,862,710	41,641
Post House Apartments	Apartment Buildings	1,821,520	40,744
Tower Dyersburg LLF	Industrial Property	1,525,840	38,802
Bridgestone/Firestone	Automobile Parts	1,699,362	37,989
		<u>\$ 87,282,389</u>	<u>\$ 2,058,359</u>

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CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CURRENT UTILITY RATES IN FORCE (UNAUDITED)
JUNE 30, 2015

	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, 2015

	<u>Rates</u>	
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	\$	13.98
Energy charges - per kWh		
First 800 kWh per month	\$	0.06887 0.02215
Additional kWh per month	\$	0.05875 0.02215
General Power Rate Schedule - GSA		
GSA - 1 (0 - 50 kW)		
Customer charge - per delivery point per month	\$	22.78
First 1500 kWh per month	\$	0.07860 0.02191
Additional kWh per month	\$	0.06944 0.02191
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	\$	10.33
Additional kW	\$	8.10
Energy charge - per kW		
First 15,000 kWh	\$	0.03952 0.02191
Additional kWh	\$	0.03904 0.02164
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	\$	12.89
Excess over 1,000 kW	\$	8.49
Excess demand charge - higher of 1,000 kW or contract demand	\$	4.40
Energy charge - per kWh	\$	0.03904 0.02164
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	\$	16.87
Off peak > on peak demand	\$	3.76
Excess demand	\$	16.87
Energy charge - per kWh per month		
All on peak kWh		0.0764 0.02175
First 425 hours use of demand		0.03988 0.02175
Next 195 hours use of demand		0.02023 0.02175
Excess 620 hours use of demand		0.00354 0.02175

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CURRENT UTILITY RATES IN FORCE (UNAUDITED)
JUNE 30, 2015

	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	\$ 22.34	
Excess demand	\$ 22.34	
Energy charge - per kWh per month	0.0268	0.02175
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	\$ 16.88	
Off peak > on demand	\$ 3.76	
Excess demand	\$ 16.88	
Energy charge - per kWh		
All on peak kWh	0.06043	0.02175
First 425 hours use of demand	0.02431	0.02175
Next 195 hours use of demand	0.00466	0.02175
Excess 620 hours use of demand	(0.01202)	0.02175
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	\$ 19.28	
Excess demand	\$ 19.28	
Energy charge - per kWh	0.01871	0.02175
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	\$ 0.05025	0.02215
Drainage Pump Schedule - DPS		
Customer charge - per delivery point per month	\$ 500.00	
Energy charge - per kWh	0.03952	0.02191

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, 2015**

<u>Utility Service</u>	<u>Customers</u>		
	<u>6/30/2014</u>	<u>Increase (Decrease)</u>	<u>6/30/2015</u>
Water	7,928	43	7,971
Sewer	7,450	28	7,478
Gas	7,692	11	7,703
Electric	11,798	28	11,826

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
 WATER LOSS SCHEDULE - UNAUDITED
 FOR THE YEAR ENDED JUNE 30, 2015

**AWWA Free Water Audit Software:
 Reporting Worksheet**

WAS v5.0
 American Water Works Association
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Click to access definition
 Click to add a comment

Water Audit Report for: **City of Dyersburg Water Plant (0000211)**
 Reporting Year: **2015** / **7/2014 - 6/2015**

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

Volume from own sources: 959.863 MG/Yr
 Water imported: MG/Yr
 Water exported: MG/Yr

Master Meter and Supply Error Adjustments

Enter grading in column 'E' and 'J' -----> Pcnt: Value:
 MG/Yr
 MG/Yr
 MG/Yr

WATER SUPPLIED: MG/Yr

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

AUTHORIZED CONSUMPTION

Billed metered: 745.905 MG/Yr
 Billed unmetered: MG/Yr
 Unbilled metered: MG/Yr
 Unbilled unmetered: 11.998 MG/Yr

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

AUTHORIZED CONSUMPTION: MG/Yr

Click here: for help using option buttons below

Pcnt: Value: MG/Yr

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

MG/Yr

Apparent Losses

Unauthorized consumption: MG/Yr

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

Customer metering inaccuracies: 0.000 MG/Yr
 Systematic data handling errors: 1.865 MG/Yr

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

Apparent Losses: MG/Yr

Pcnt: Value: MG/Yr

MG/Yr
 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: MG/Yr

WATER LOSSES: MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

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

Are customer meters typically located at the curbside or property line? (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 score of 10 has been applied

Average operating pressure: 55.0 psi

COST DATA

Total annual cost of operating water system: \$3,514,368 \$/Year
 Customer retail unit cost (applied to Apparent Losses): \$4.30 \$/1000 gallons (US)
 Variable production cost (applied to Real Losses): \$/Million gallons 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 Plant (0000211)**
 Reporting Year: **2015** | **7/2014 - 6/2015**

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

System Attributes:

Apparent Losses:	<input type="text" value="4.264"/>	MG/Yr
+ Real Losses:	<input type="text" value="197.696"/>	MG/Yr
= Water Losses:	<input type="text" value="201.960"/>	MG/Yr

Unavoidable Annual Real Losses (UARL): MG/Yr

Annual cost of Apparent Losses:

Annual cost of Real Losses:

Valued at **Variable Production Cost**
 Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial: { Non-revenue water as percent by volume of Water Supplied:
 Non-revenue water as percent by cost of operating system: Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: gallons/connection/day
 Real Losses per service connection per day: gallons/connection/day
 Real Losses per length of main per day*:
 Real Losses per service connection per day per psi pressure: gallons/connection/day/psi

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

Infrastructure Leakage Index (ILI) [CARL/UARL]:

* 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, 2015

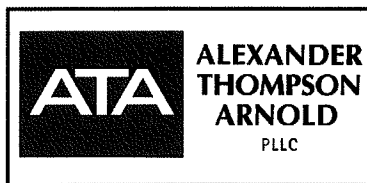
<u>Name</u>	<u>Title</u>	<u>Bonded Amount</u>
John K. Holden	Mayor	\$ 100,000
Stephen T. Anderson	Treasurer	\$ 100,000
Robert C. Jones	Recorder	\$ 100,000

See independent auditor's report

INTERNAL CONTROL AND COMPLIANCE SECTION

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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 North Church St.
Dyersburg, TN 38024

Phone 731.285.7900
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**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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 29, 2016.

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 and the other auditors did identify 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. We and the other auditors consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-001 for the Dyersburg Electric System to be a material weakness.

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 and the other auditors consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 for the Dyersburg City Schools and 2015-001 for the City of Dyersburg to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed instances of noncompliance or other matters that are required, to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 for the Dyersburg Electric System and 2015-001 for the City of Dyersburg.

City's Responses to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

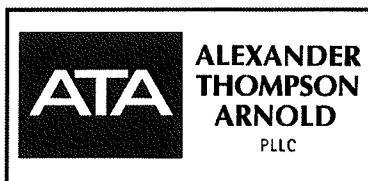
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance 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
August 29, 2016

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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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Offices in Tennessee & Kentucky

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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, 2015. 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 and material effect on each of its major federal programs for the year ended June 30, 2015.

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
August 29, 2016

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	<u> X </u> yes	<u> </u> no
Significant deficiencies identified?	<u> X </u> yes	<u> </u> no
Noncompliance material to financial statements noted?	<u> X </u> yes	<u> </u> no

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	<u> </u> yes	<u> X </u> no
Significant deficiencies identified?	<u> </u> yes	<u> X </u> 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 .510(a) of OMB Circular A-133?	<u> </u> yes	<u> X </u> no
---	-------------------	-----------------

Identification of major programs:

<u>Program Name</u>	<u>CFDA No.</u>
General Government	
Economic Adjustment Program	11.307

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

Auditee qualified as low-risk auditee?	<u> </u> yes	<u> x </u> no
--	-------------------	-----------------

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

Section II-Financial Statement Findings

Dyersburg City Schools

2015-001 Purchase Orders (Significant Deficiency)

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.

2015-002 Segregation of Duties (Significant Deficiency)

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.

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

Dyersburg Electric System

2015-001 Dual Signatures (Material Weakness and Noncompliance)

Condition: Two bank accounts were noted in which the checks only require one signature.

Criteria: Tennessee Code Annotated Section 9-2-102 states that "It is the duty of the department of audit to prescribe a uniform system of bookkeeping designating the character of books, reports, receipts, and records, and the method of keeping the same, in all state, county, and municipal offices, including utility districts, which handle public funds. It is the duty of all officials to adopt and use the system and the character of books, reports, and records designated; provided, that the comptroller of the treasury may approve any existing system." The State of Tennessee, Comptroller of the Treasury has also issued an Internal Control & Compliance Manual for Tennessee Municipalities stating in Title 5, Chapter 11, Section 7 that "two authorized signatures are required for all checks."

Effect: Potential for unauthorized disbursements.

Recommendation: We recommend that all checks issued require two signatures. Furthermore, the banks should be informed that two signatures are required on all disbursements as well.

Response: Management is of the learned opinion that there are more than adequate controls currently in place to mitigate any risk associated with this finding. It should be noted that the accounts in question normally maintain a zero or very low balance and must be periodically replenished by management as needed. A detailed report of each check written from these funds is provided to management at the time of replenishment. Furthermore, prior financial audits have deemed this arrangement a non-issue.

General Government

2015-001 Expenditures Exceed Approved Budget (Significant Deficiency and Noncompliance)

Condition: Expenditures in the Insurance Reserve Fund and the Communications Fund were greater than approved budgetary amounts.

Criteria: Tennessee Code Annotated (TCA) 6-56-203 states "notwithstanding any other provision or law, no municipality may expend any monies regardless of their source except in accordance with a budget ordinance adopted under this section.

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

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.

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

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 Fiscal Year Ended June 30, 2015

Corrective Action Plan

The City of Dyersburg, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2015.

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

Robby Richards, VP Finance
Dyersburg Electric

Audit period:

June 30, 2015

The findings from the June 30, 2015, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Dyersburg City Schools
2015-001 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.

2015-002 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.

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2015

General Government

2015-001 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.

Dyersburg Electric

2015-001 Dual Signatures

Recommendation: All checks issued should have two signatures and the banks should be informed that two signatures are required on all disbursements.

Action taken or planned: Management will review bank accounts in question and verify adequacy of controls in place to monitor bank account activity.

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

Dyersburg City Schools

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2014-001	Purchase Orders (original finding #2014-001)	Repeated
2014-002	Budget (original finding #2011-004)	Corrected
2014-003	Failure to make required pension contributions (original finding #2013-001)	Corrected
2014-004	Segregation of Duties (original finding #2013-002)	Repeated

General Government

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2011-001	Unpaid Property Taxes (original finding #2011-001)	Corrected
2013-001	Expenditures Exceeding Approved Budget (original finding #2013-001)	Repeated

Federal Award Findings and Questioned Costs

There were no prior year findings reported.