

CITY OF DYERSBURG, TENNESSEE

ANNUAL FINANCIAL REPORT

JUNE 30, 2013

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INTRODUCTORY SECTION

**CITY OF DYERSBURG, TENNESSEE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

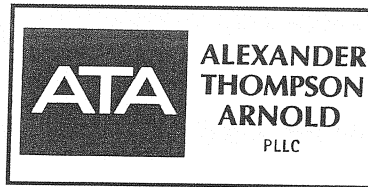
PRINCIPAL OFFICIALS

John Holden, Mayor
Kevin Chaney, Board Member
Terry Glover, Board Member
Jewell Horner, Board Member
Bob Kirk, Board Member
Dennis Moody, Board Member
Robert Taylor Jr., Board Member
Bart Williams, Board Member
Joan Wyatt, Board Member
John Lannom, City Attorney
Steve Anderson, City Treasurer
Robert C. Jones, City Recorder
Art Heun, Police Chief
Robert Veal, 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

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Independent Auditor's Report

Board of Mayor and
Aldermen
City of Dyersburg
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, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dyersburg Electric System, which is both a major fund and 52 percent, 52 percent, and 72 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 from 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 City'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 financial statement 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, as of June 30, 2013, and respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general and school general purpose funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 17 and the schedule of funding progress – employee retirement system on page 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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's basic financial statements. The 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 historical and other miscellaneous information section – unaudited and the introductory section 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, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2014 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Dyersburg, Tennessee
March 7, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013.

FINANCIAL HIGHLIGHTS

- > The assets of the City of Dyersburg exceeded its liabilities at June 30, 2013 by \$112,827,410 (net position). Of this amount, \$19,391,730 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. See page 18.
- > The City's total net position increased by \$1,541,256.
- > At June 30, 2013, the governmental funds reported combined ending fund balances of \$6,042,667, of which \$443,525 was unassigned and available for use at the City's discretion. See page 20.
- > Governmental fund balances decreased \$929,316 (page 21) during the year.
- > During the fiscal year ended June 30, 2013, the City's total notes and bonds payable decreased by \$4,595,633 (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 other supplementary 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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

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

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-59 of this report.

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

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

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

The City's combined net position increased \$1,541,256 or approximately 1.4% from 2012 to 2013. Net position decreased \$483,545 in governmental activities, with business-type activities increasing \$2,024,801. Combined net position (assets exceeding liabilities) was \$112,827,410 at June 30, 2013. The table below provides a comparative summary of the City's net position as of June 30, 2013 and 2012.

CITY OF DYERSBURG'S NET POSITION

	Governmental Activities		Business-type		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 18,026,374	\$ 19,121,803	\$ 30,608,072	\$ 29,929,063	\$ 48,634,446	\$ 49,050,866
Capital assets	45,923,165	45,694,928	65,915,779	67,895,682	111,838,944	113,590,610
Total Assets	63,949,539	64,816,731	96,523,851	97,824,745	160,473,390	162,641,476
Long-term liabilities	23,255,209	23,922,915	8,714,530	12,262,398	31,969,739	36,185,313
Other liabilities	6,298,369	6,014,310	9,377,872	9,155,699	15,676,241	15,170,009
Total liabilities	29,553,578	29,937,225	18,092,402	21,418,097	47,645,980	51,355,322
Net position:						
Investment in capital assets, net of related debt	29,429,326	28,414,612	57,079,048	55,152,467	86,508,374	83,567,079
Restricted	4,427,650	5,798,652	2,499,656	2,221,722	6,927,306	8,020,374
Unrestricted	538,985	666,242	18,852,745	19,032,459	19,391,730	19,698,701
Total net position	\$ 34,395,961	\$ 34,879,506	\$ 78,431,449	\$ 76,406,648	\$ 112,827,410	\$ 111,286,154

The largest portion of the City's net position (\$86,508,374 or 76.7%) 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 \$2,941,295 from 2012. Of this increase governmental activities increased \$1,014,714, and business-type activities increased \$1,926,581. 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 (\$6,927,306 or 6.1%) represents resources that are subject to external restriction on how they may be used. Restricted net position decreased \$1,093,068 from 2012. The remaining balance of net position (unrestricted net position of \$19,391,730) may be used to meet the government's ongoing obligation to citizens and creditors. Unrestricted net position decreased \$306,971 from 2012. The decrease in restricted and unrestricted net position was the result of the increase in net capital assets less any outstanding debt related to those assets.

As of June 30, 2013, the City continues to report positive balances in all five categories of net position, both for the government as a whole, as well as for its separate categories - governmental and business-type activities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Analysis of the City's Operations. The following table provides a comparative summary of the City's operations for the years ended June 30, 2013 and 2012. Also, summary tables comparing 2013 with 2012 along with charts for 2013 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 \$483,545 in 2013 compared to an decrease of \$757,105 in 2012. Business-type activities increased the City's net position by \$2,024,801 in 2013 compared to a increase of \$2,295,125 in 2012.

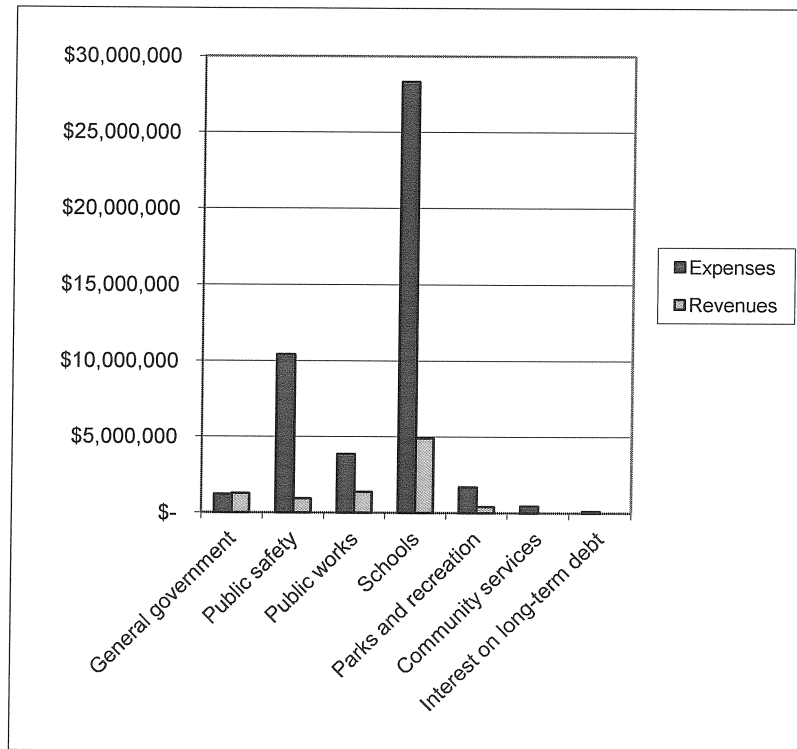
CITY OF DYERSBURG'S CHANGES IN NET POSITION

	Governmental Activities		Business-type		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 3,599,702	\$ 2,929,986	\$ 55,510,748	\$ 55,062,912	\$ 59,110,450	\$ 57,992,898
Operating grants and contributions	5,258,985	5,751,398	-	-	5,258,985	5,751,398
General revenues						
Sales and use tax	8,642,686	9,244,387	-	-	8,642,686	9,244,387
Property tax	9,306,513	8,884,599	-	-	9,306,513	8,884,599
Other taxes	2,925,318	3,072,538	-	-	2,925,318	3,072,538
Intergovernmental	13,438,825	13,803,354	-	-	13,438,825	13,803,354
Other sources	521,420	803,400	-	-	521,420	803,400
Capital contributions	-	-	-	-	-	-
Unrestricted investment earnings	90,084	142,923	289,879	432,260	379,963	575,183
Total revenues	43,783,533	44,632,585	55,800,627	55,495,172	99,584,160	100,127,757
Expenses						
General government	1,193,461	920,294	-	-	1,193,461	920,294
Public safety	10,421,087	10,846,954	-	-	10,421,087	10,846,954
Public works	3,837,707	4,033,814	-	-	3,837,707	4,033,814
Schools	28,312,380	29,180,189	-	-	28,312,380	29,180,189
Parks and recreation	1,682,932	1,839,045	-	-	1,682,932	1,839,045
Community services	436,196	497,558	-	-	436,196	497,558
Interest on long-term debt	97,435	106,752	-	-	97,435	106,752
Electric	-	-	37,889,428	37,897,363	37,889,428	37,897,363
Gas	-	-	5,868,230	5,268,531	5,868,230	5,268,531
Water and sewer	-	-	5,316,423	5,331,299	5,316,423	5,331,299
Solid waste	-	-	2,639,854	2,667,938	2,639,854	2,667,938
Total expenses	45,981,198	47,424,606	51,713,935	51,165,131	97,695,133	98,589,737
Increase in net position before transfers	(2,197,665)	(2,792,021)	4,086,692	4,330,041	1,889,027	1,538,020
Transfers	2,061,891	2,034,916	(2,061,891)	(2,034,916)	-	-
Prior period adjustment	(347,771)	-	-	-	(347,771)	-
Increase (decrease) in net position	\$ (483,545)	\$ (757,105)	\$ 2,024,801	\$ 2,295,125	\$ 1,541,256	\$ 1,538,020

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013 Expenses and Program Revenues**



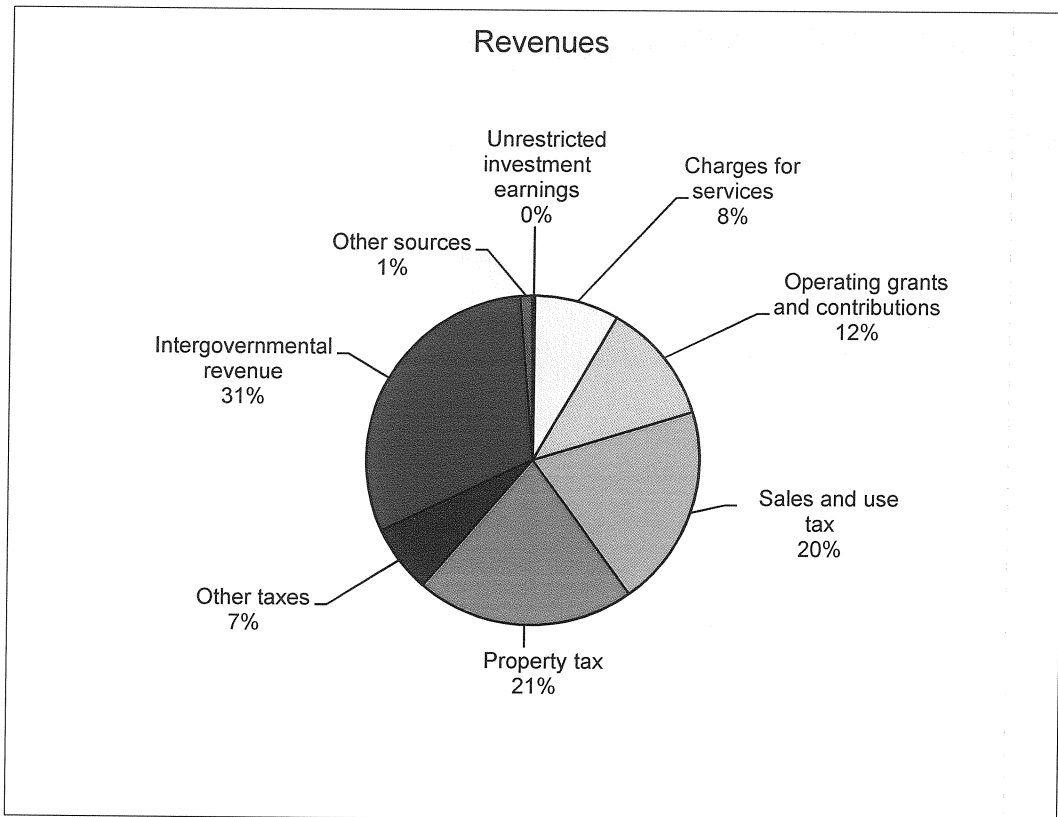
**Governmental Activities
Table of Expenses and Program Revenues**

	2013		2012		Increase (Decrease)	
	Expenses	Program Revenues	Expenses	Program Revenues	Expenses	Program Revenues
General government	\$ 1,193,461	\$ 1,263,603	\$ 920,294	\$ 855,359	\$ 273,167	\$ 408,244
Public safety	10,421,087	925,649	10,846,954	979,738	(425,867)	(54,089)
Public works	3,837,707	1,364,020	4,033,814	1,591,496	(196,107)	(227,476)
Schools	28,312,380	4,905,833	29,180,189	4,779,333	(867,809)	126,500
Parks and recreation	1,682,932	399,582	1,839,045	475,458	(156,113)	(75,876)
Community services	436,196	-	497,558	-	(61,362)	-
Interest on debt	97,435	-	106,752	-	(9,317)	-
	<u>\$ 45,981,198</u>	<u>\$ 8,858,687</u>	<u>\$ 47,424,606</u>	<u>\$ 8,681,384</u>	<u>\$ (1,443,408)</u>	<u>\$ 177,303</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013 Revenues by Source**



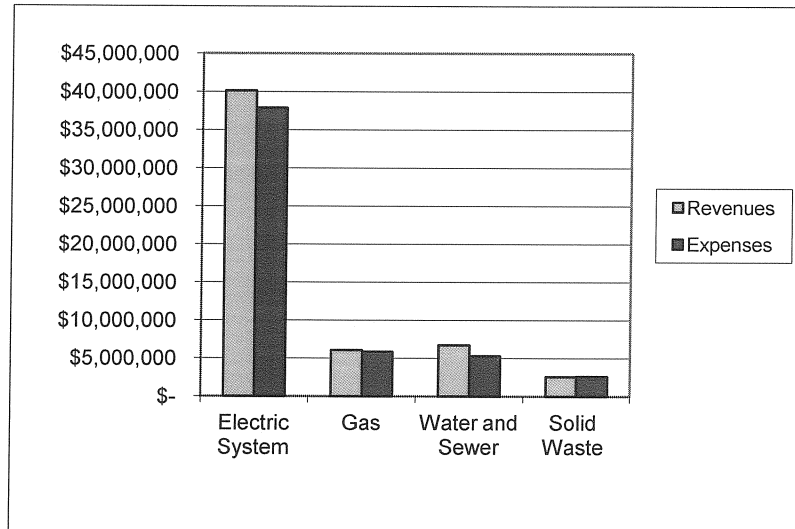
**Governmental Activities
Table of Revenues by Source**

	2013		2012		Increase (Decrease) in Revenues
	Revenues	Percentage	Revenues	Percentage	
Charges for services	\$ 3,599,702	8%	\$ 2,929,986	7%	\$ 669,716
Operating grants and contributions	5,258,985	12%	5,751,398	13%	(492,413)
Sales and use tax	8,642,686	20%	9,244,387	21%	(601,701)
Property tax	9,306,513	21%	8,884,599	20%	421,914
Other taxes	2,925,318	7%	3,072,538	7%	(147,220)
Intergovernmental revenue (Schools)	13,438,825	31%	13,803,354	31%	(364,529)
Other sources	521,420	1%	803,400	2%	(281,980)
Investment earnings	90,084	0%	142,923	0%	(52,839)
Total	\$ 43,783,533	100%	\$ 44,632,585	100%	\$ (849,052)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013 Expenses and Program Revenues**



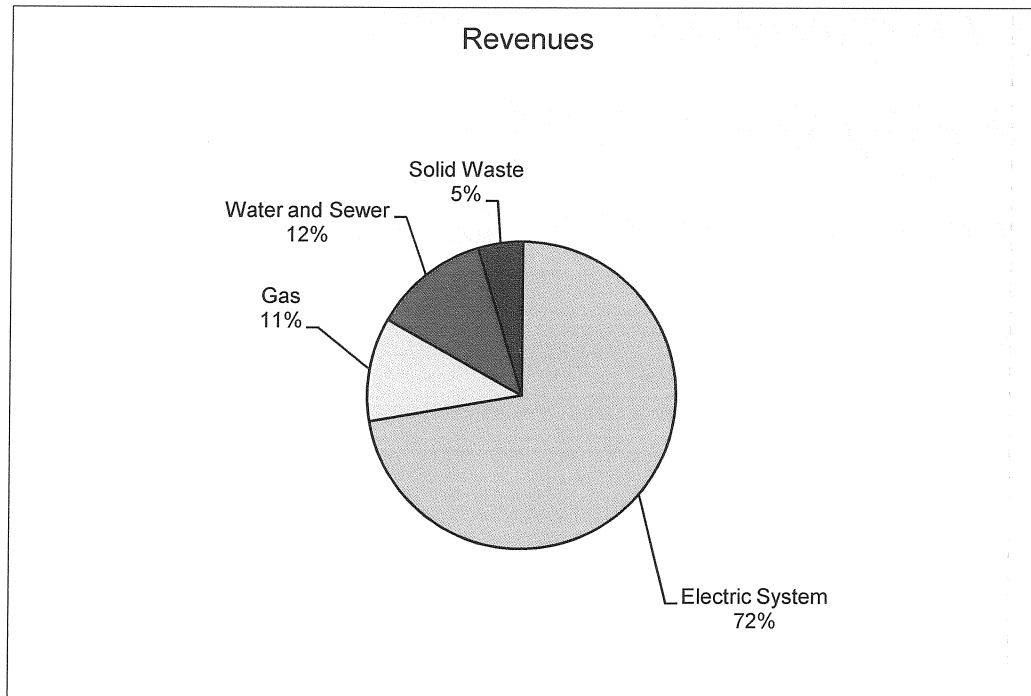
**Business-type Activities
Table of Expenses and Program Revenues**

	2013		2012		Increase (Decrease)	
	Expenses	Program Revenues	Expenses	Program Revenues	Expenses	Program Revenues
Electric	\$ 37,889,428	\$ 40,122,377	\$ 37,897,363	\$ 40,647,934	\$ (7,935)	\$ (525,557)
Gas	5,868,230	6,060,224	5,268,531	5,413,306	599,699	646,918
Water and Sewer	5,316,423	6,736,315	5,331,299	6,288,935	(14,876)	447,380
Solid Waste	2,639,854	2,591,832	2,667,938	2,712,737	(28,084)	(120,905)
	<u>\$ 51,713,935</u>	<u>\$ 55,510,748</u>	<u>\$ 51,165,131</u>	<u>\$ 55,062,912</u>	<u>\$ 548,804</u>	<u>\$ 447,836</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013 Revenues by Service**



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

	2013		2012		Increase (Decrease)	
	Revenues	Percentage	Revenues	Percentage	Revenues	Percentage
Electric System	\$ 40,122,377	72%	\$ 40,647,934	74%	\$ (525,557)	-1%
Gas	6,060,224	11%	5,413,306	10%	646,918	12%
Water and Sewer	6,736,315	12%	6,288,935	11%	447,380	7%
Solid Waste	2,591,832	5%	2,712,737	5%	(120,905)	-4%
	<u>\$ 55,510,748</u>	<u>100%</u>	<u>\$ 55,062,912</u>	<u>100%</u>	<u>\$ 447,836</u>	<u>1%</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

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

At the end of the current fiscal year, the City of Dyersburg governmental funds reported combined ending fund balances of \$6,042,667, a decrease of \$1,277,087 in comparison with the prior year. Approximately \$433,525 or 7.2% 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 (\$138,767), restricted (\$3,662,567) or assigned (\$1,807,808).

In the general fund, the City budgeted for an increase in the fund balance of \$17,600. Actual revenues were \$4,178,813 under budgeted revenues and actual expenditures were \$3,825,082 under budgeted expenditures. Net transfers and other financing sources (uses) of \$2,450,562 resulted in the fund balance decreasing \$81,369 for fiscal year 2013. School fund balance decreased \$954,315.

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 \$7,908,513 in Gas, \$(986,146) in Water and Sewer, \$848,136 in Solid Waste Management, and \$10,566,141 in the Electric System. All funds reported an increase in net position. The Electric System had an increase in net position of \$1,355,618, Gas fund net position increased \$56,064, Solid Waste Management fund net position increased \$79,461 and Water and Sewer fund net position increased \$600,071.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

CAPITAL ASSETS

The City of Dyersburg's investment in capital assets for its governmental and business-type activities as of June 30, 2013, was \$111,201,876 (net of accumulated depreciation), a decrease of \$1,784,599 or 1.6% from 2012. The decrease is the result of net additions to capital assets of \$5,046,927 (a \$3,521,032 increase for Governmental activities and a \$1,525,895 increase for Business-type activities) net of depreciation of capital assets of \$6,831,526 (\$3,291,740 for Governmental activities and \$3,539,786 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	\$ 34,000
Public safety	587,000
Public works	790,400
Public welfare	201,600

School Funds-

Machinery and equipment	492,100
Building additions and improvements	1,415,900
Infrastructure	-

Business-type Funds

Gas system improvements	87,500
Water and sewer system improvements	166,200
Solid waste management improvements	88,500
Electric system improvements	1,183,700
	<u>\$ 5,046,900</u>

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

	2013			2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 6,522,737	\$ 2,179,874	\$ 8,702,611	\$ 6,488,727	\$ 2,179,874	\$ 8,668,601
Construction in progress	342,036	825,473	1,167,509	388,239	516,141	904,380
Land improvements	-	2,107,960	2,107,960	-	2,461,706	2,461,706
Buildings and systems	22,416,371	56,336,064	78,752,435	22,536,001	58,335,921	80,871,922
Improvements other than buildings	2,600,660	-	2,600,660	2,487,347	-	2,487,347
Machinery, vehicles and equipment	3,988,287	4,234,041	8,222,328	4,135,929	4,203,661	8,339,590
Infrastructure	9,648,373	-	9,648,373	9,252,929	-	9,252,929
	<u>\$ 45,518,464</u>	<u>\$ 65,683,412</u>	<u>\$ 111,201,876</u>	<u>\$ 45,289,172</u>	<u>\$ 67,697,303</u>	<u>\$ 112,986,475</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

DEBT ADMINISTRATION

At June 30, 2013, the City of Dyersburg had total bonded debt and notes payable of \$24,838,627. Of this amount, \$6,911,294 comprises bonded debt backed by the full faith and credit of the government and \$3,945,000 represents bonds secured by electric revenues. The notes payable of \$13,982,333 pertains to general fund (\$4,618,001), schools (\$8,889,332) and a landfill (\$475,000).

Total debt decreased \$4,595,633 or 15.6% from June 30, 2012 to June 30, 2013 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, 2013 and 2012 is summarized below:

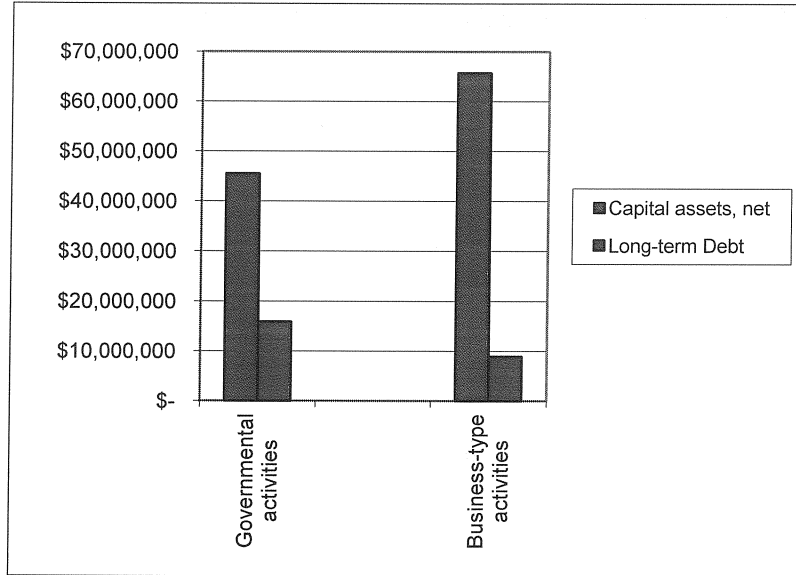
	2013			2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Notes Payable	\$ 13,507,333	\$ 475,000	\$ 13,982,333	\$ 13,978,267	\$ 925,000	\$ 14,903,267
General Obligation Bonds	2,421,294	4,490,000	6,911,294	2,605,993	5,510,000	8,115,993
Revenue Bonds	-	3,945,000	3,945,000	-	6,415,000	6,415,000
	<u>\$ 15,928,627</u>	<u>\$ 8,910,000</u>	<u>\$ 24,838,627</u>	<u>\$ 16,584,260</u>	<u>\$ 12,850,000</u>	<u>\$ 29,434,260</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. H. on pages 44-46 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Governmental and Business-type Activities
Chart of 2013 Net Capital Assets and Long-term Debt**



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

	2013		2012	
	Capital Assets, net of Depreciation	Long-term Debt	Capital Assets, net of Depreciation	Long-term Debt
Governmental activities	\$ 45,518,464	\$ 15,928,627	\$ 45,289,172	\$ 16,584,260
Business-type activities	65,683,412	8,910,000	67,697,303	12,850,000
	<u>\$ 111,201,876</u>	<u>\$ 24,838,627</u>	<u>\$ 112,986,475</u>	<u>\$ 29,434,260</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate of Dyer County is 11.7%. This compares unfavorably to the state's average unemployment rate of 8.5% and the national average of 7.6%.

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.

There were no increases in tax or user rates for the 2013-2014 fiscal year.

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, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 5,096,985	\$ 16,973,176	\$ 22,070,161
Investments	1,271,029	6,880,480	8,151,509
Receivables (net of allowance for uncollectibles):			
Taxes	8,070,849	-	8,070,849
Accounts	2,472,280	3,255,443	5,727,723
Notes	72,000	-	72,000
Accrued interest and rents	-	115,856	115,856
Interfund balances	972,035	(972,035)	-
Inventories	58,359	962,194	1,020,553
Prepaid expenses	629	98,013	98,642
Deposits	8,650	2,708	11,358
Deferred debits and other assets	3,558	792,581	796,139
Restricted assets - cash and cash investments	-	2,499,656	2,499,656
Capital assets not being depreciated:			
Land	6,522,737	7,860,953	14,383,690
Construction in progress	342,036	825,473	1,167,509
Capital assets net of accumulated depreciation	39,058,392	57,229,353	96,287,745
Total Assets	63,949,539	96,523,851	160,473,390
LIABILITIES			
Accounts payable	787,552	4,388,516	5,176,068
Accrued liabilities	3,457,865	480,034	3,937,899
Deposits	20,150	2,212,660	2,232,810
Other current liabilities	22,099	221,662	243,761
Noncurrent liabilities:			
Due within one year:			
Current portion of notes payable	1,826,004	475,000	2,301,004
Current portion of bonds payable	184,699	1,600,000	1,784,699
Due in more than one year:			
Notes payable	11,681,329	-	11,681,329
Bonds payable	2,236,595	6,835,000	9,071,595
Less bond discount	-	(33,583)	(33,583)
Other accrued liabilities	1,693,808	1,275,275	2,969,083
Other deferred credits	7,643,477	637,838	8,281,315
Total Liabilities	29,553,578	18,092,402	47,645,980
NET POSITION			
Net investment in capital assets	29,429,326	57,079,048	86,508,374
Restricted for:			-
Education	925,004		925,004
Perpetual care	1,328,176		1,328,176
Debt service	1,757,315	2,499,656	4,256,971
Capital projects	116,344		116,344
Special revenue funds	300,811		300,811
Unrestricted	538,985	18,852,745	19,391,730
Total Net Position	\$ 34,395,961	\$ 78,431,449	\$ 112,827,410

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, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 1,193,461	\$ 1,263,603	\$ -	\$ 70,142	\$ -	\$ 70,142
Public safety	10,421,087	622,042	303,607	(9,495,438)	-	(9,495,438)
Public works	3,837,707	455,254	908,766	(2,473,687)	-	(2,473,687)
Schools	28,312,380	861,096	4,044,737	(23,406,547)	-	(23,406,547)
Parks and recreation	1,682,932	397,707	1,875	(1,283,350)	-	(1,283,350)
Community services	436,196	-	-	(436,196)	-	(436,196)
Interest on long-term debt	97,435	-	-	(97,435)	-	(97,435)
Total governmental activities	45,981,198	3,599,702	5,258,985	(37,122,511)	-	(37,122,511)
Business-type activities:						
Electric	37,889,428	40,122,377	-	-	2,232,949	2,232,949
Gas	5,868,230	6,060,224	-	-	191,994	191,994
Water and sewer	5,316,423	6,736,315	-	-	1,419,892	1,419,892
Solid waste	2,639,854	2,591,832	-	-	(48,022)	(48,022)
Total business-type activities	51,713,935	55,510,748	-	-	3,796,813	3,796,813
Total primary government	\$ 97,695,133	\$ 59,110,450	\$ 5,258,985	(37,122,511)	3,796,813	(33,325,698)
General revenues:						
Property taxes				9,306,513	-	9,306,513
State and local sales taxes				8,642,686	-	8,642,686
Wholesale beer and liquor taxes				619,254	-	619,254
Business taxes				377,085	-	377,085
Franchise taxes				126,001	-	126,001
Room occupancy taxes				239,222	-	239,222
Wheel taxes				639,814	-	639,814
Other taxes				3,446	-	3,446
State taxes				920,496	-	920,496
Intergovernmental revenue				13,438,825	-	13,438,825
Other sources				521,420	-	521,420
Unrestricted investment earnings				90,084	289,879	379,963
Transfers from business-type activities				2,051,891	(2,051,891)	-
Total general revenues and transfers				36,986,737	(1,772,012)	35,214,725
Change in net position				(135,774)	2,024,801	1,889,027
Net position - beginning				34,879,506	76,406,648	111,286,154
Prior period adjustment				(347,771)	-	(347,771)
Net position - beginning as restated				34,531,735	76,406,648	110,938,383
Net position - ending				\$ 34,395,961	\$ 78,431,449	\$ 112,827,410

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

CITY OF DYERSBURG, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	School	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 594,600	\$ 3,136,799	\$ 1,743,359	\$ 5,474,758
Investments	10,000	-	1,332,976	1,342,976
Receivables (net of allowance for uncollectibles):				
Taxes	7,622,259	448,590	-	8,070,849
Accounts	1,334,357	78,235	710,616	2,123,208
Notes	-	-	72,000	72,000
Due from other funds	1,552,576	362,641	1,508,206	3,423,423
Inventories	-	-	58,359	58,359
Prepaid expenses	4,000	-	-	4,000
Deposits	4,408	-	6,950	11,358
Total Assets	\$ 11,122,200	\$ 4,026,265	\$ 5,432,466	\$ 20,580,931
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 252,207	\$ 213,835	\$ 345,950	\$ 811,992
Accrued liabilities	1,353,478	1,867,693	215,450	3,436,621
Deposits	20,150	-	-	20,150
Due to other funds	1,281,793	-	1,344,231	2,626,024
Other deferred credits	7,594,692	-	48,785	7,643,477
Total Liabilities	10,502,320	2,081,528	1,954,416	14,538,264
Fund Balances:				
Non-spendable	8,408	-	130,359	138,767
Restricted	113,356	1,944,737	1,967,115	4,025,208
Assigned	-	-	1,807,808	1,807,808
Unassigned	498,116	-	(427,232)	70,884
Total Fund Balances	619,880	1,944,737	3,478,050	6,042,667
Total Liabilities and Fund Balances	\$ 11,122,200	\$ 4,026,265	\$ 5,432,466	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	45,518,464
Internal service fund assets and liabilities allocated to governmental funds and, therefore, are included in governmental activities in the statement of net assets.	437,162
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the current period.	(17,602,332)
Net position of governmental activities	\$ 34,395,961

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, 2013

	<u>General</u>	<u>School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 9,725,290	\$ 7,660,916	\$ 1,352,936	\$ 18,739,142
Licenses and permits	79,769	-	-	79,769
Intergovernmental	2,666,650	13,415,433	4,753,410	20,835,493
Charges for services	1,108,031	-	298,567	1,406,598
Fines, forfeits, and penalties	236,713	-	29,376	266,089
Sale of assets	594,353	-	43,882	638,235
Investment earnings	20,429	-	46,723	67,152
Miscellaneous	1,690,652	769,967	3,820,497	6,281,116
Total Revenues	<u>16,121,887</u>	<u>21,846,316</u>	<u>10,345,391</u>	<u>48,313,594</u>
EXPENDITURES:				
Current:				
General government	1,571,259	-	-	1,571,259
Public safety	9,005,499	-	-	9,005,499
Public works	2,772,483	-	-	2,772,483
Community services	354,551	-	-	354,551
Parks and recreation	1,507,163	-	-	1,507,163
Economic development	236,718	-	-	236,718
Municipal airport	588,116	-	-	588,116
General and administrative	388,270	-	3,742,130	4,130,400
Education	-	21,179,212	5,428,795	26,608,007
Miscellaneous	835,108	-	-	835,108
Capital outlay	531,755	1,057,218	1,081,260	2,670,233
Debt service:				
Principal retirement	759,858	1,219,367	-	1,979,225
Interest	97,435	181,484	-	278,919
Other expense	5,603	-	-	5,603
Total Expenditures	<u>18,653,818</u>	<u>23,637,281</u>	<u>10,252,185</u>	<u>52,543,284</u>
Revenues Over (Under) Expenditures	(2,531,931)	(1,790,965)	93,206	(4,229,690)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,091,828	1,415,851	605,430	4,113,109
Operating transfers out	(389,000)	(231,430)	(1,440,039)	(2,060,469)
Sale of bonds	747,734	-	500,000	1,247,734
Total other financing sources (uses)	<u>2,450,562</u>	<u>1,184,421</u>	<u>(334,609)</u>	<u>3,300,374</u>
Net Change in Fund Balance	<u>(81,369)</u>	<u>(606,544)</u>	<u>(241,403)</u>	<u>(929,316)</u>
Fund Balance - July 1, 2012	701,249	2,899,052	3,719,453	7,319,754
Prior period adjustment	-	(347,771)	-	(347,771)
Fund Balance - July 1, 2012 as restated	<u>701,249</u>	<u>2,551,281</u>	<u>3,719,453</u>	<u>6,971,983</u>
Fund Balance - June 30, 2013	<u>\$ 619,880</u>	<u>\$ 1,944,737</u>	<u>\$ 3,478,050</u>	<u>\$ 6,042,667</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, 2013**

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

Net change in fund balances - total governmental funds (page 21)	\$ (929,316)
Proceeds from the sale of bonds are not reported as revenue in the statement of activities	(1,247,734)
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.	229,292
Accrual for post employment benefits.	(288,640)
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,979,225
The net revenue of certain activities of internal service funds is reported with governmental activities.	66,413
A reduction in expenses reported in the statement of activities does not require the use of or supply financial resources and therefore, is not reported as expenditures in governmental funds.	54,986
Change in net position of governmental activities (page 19)	<u>\$ (135,774)</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, 2013

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes			
Property taxes - net	\$ 6,837,000	\$ 6,792,272	\$ (44,728)
Property taxes - penalty and interest	100,000	76,551	(23,449)
Local sales tax	1,550,000	1,494,905	(55,095)
Wholesale beer tax	530,000	552,785	22,785
Wholesale liquor tax	62,000	66,469	4,469
Business taxes	350,000	377,085	27,085
Cable TV franchise tax	138,000	126,001	(11,999)
Room occupancy tax	265,000	239,222	(25,778)
Total taxes	<u>9,832,000</u>	<u>9,725,290</u>	<u>(106,710)</u>
Licenses and permits			
Beer licenses	8,000	6,751	(1,249)
Liquor licenses	13,000	14,278	1,278
Other licenses	3,100	2,396	(704)
Building permits and inspections	65,000	56,344	(8,656)
Total licenses and permits	<u>89,100</u>	<u>79,769</u>	<u>(9,331)</u>
Intergovernmental revenues			
Federal Recovery Act Grants	71,300	69,375	(1,925)
Federal law enforcement grants	15,000	18,230	3,230
Federal disaster relief grant	50,000	-	(50,000)
Federal surface transportation grant	586,000	-	(586,000)
TVA replacement tax	175,800	195,518	19,718
Payment in lieu of taxes - Housing Authority	25,000	31,951	6,951
State sales tax	1,166,000	1,182,928	16,928
State income tax	175,000	176,499	1,499
State beer tax	8,600	8,477	(123)
State alcoholic beverage tax	70,000	64,435	(5,565)
State gasoline & motor fuel tax	300,000	301,546	1,546
State 1989 gasoline tax	48,000	48,631	631
State 3 cent gasoline tax	90,000	90,258	258
State petroleum special tax	35,000	35,132	132
State public safety grants	226,300	216,002	(10,298)
State airport grant	3,385,000	113,356	(3,271,644)
State disaster relief grant	10,000	-	(10,000)
State recreation grant	25,000	1,875	(23,125)
County intergovernmental revenue	174,300	112,437	(61,863)
Total intergovernmental revenues	<u>6,636,300</u>	<u>2,666,650</u>	<u>(3,969,650)</u>
Charges for services			
Public safety reimbursements	280,000	259,913	(20,087)
Special police and safety services	14,500	16,378	1,878
Fire protection charges	50,000	52,694	2,694
Cemetery burial, foundation and deed charges	129,000	127,270	(1,730)
Stormwater II charges	197,500	196,847	(653)
Golf charges	335,000	276,931	(58,069)
Swimming pool charges and fees	46,000	46,565	565
Parks and recreation charges	102,700	74,211	(28,489)
Other	81,000	57,222	(23,778)
Total charges for services	<u>1,235,700</u>	<u>1,108,031</u>	<u>(127,669)</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, 2013

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues (continued):			
Fines, forfeits and penalties			
City court revenue	\$ 277,000	\$ 225,970	\$ (51,030)
Parking fines	2,500	1,642	(858)
Safe driving fees	7,500	5,325	(2,175)
Other	5,000	3,776	(1,224)
Total fines, forfeits and penalties	<u>292,000</u>	<u>236,713</u>	<u>(55,287)</u>
Miscellaneous revenues			
Interest	20,000	20,429	429
Rents	319,200	323,360	4,160
Sales of fuel and supplies	375,000	493,835	118,835
Sale of property and equipment	125,000	3,918	(121,082)
Sale of cemetery lots	60,000	96,600	36,600
Joint expense reimbursements -			
Administrative charges	1,229,400	1,215,624	(13,776)
Other	87,000	151,668	64,668
Total miscellaneous revenues	<u>2,215,600</u>	<u>2,305,434</u>	<u>89,834</u>
Total revenues	<u>20,300,700</u>	<u>16,121,887</u>	<u>(4,178,813)</u>

EXPENDITURES

Current:

General government:

Legislative	75,000	77,141	(2,141)
Judicial	235,900	240,164	(4,264)
Executive	151,100	160,084	(8,984)
City recorder	75,900	85,398	(9,498)
City attorney	75,000	101,761	(26,761)
Accounting	290,700	280,331	10,369
Tax administration	84,500	86,628	(2,128)
Purchasing	71,500	78,585	(7,085)
Licensing	40,600	39,240	1,360
Personnel	111,100	103,928	7,172
Engineering	221,700	198,114	23,586
Planning and zoning	12,500	12,058	442
City Hall	113,000	107,827	5,173
Total general government	<u>1,558,500</u>	<u>1,571,259</u>	<u>(12,759)</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, 2013**

	<u>Budgeted Original & Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Expenditures (continued):			
Public safety:			
Police department			
Traffic safety	\$ 158,800	\$ 145,572	\$ 13,228
Supplement pay	39,300	38,108	1,192
Administration	454,300	528,718	(74,418)
Criminal investigation	717,000	763,738	(46,738)
Patrol	2,549,800	2,487,399	62,401
Records and identification	205,600	204,355	1,245
K-9 unit	180,900	238,082	(57,182)
Training	223,400	223,073	327
Community services	82,800	50,134	32,666
Domestic abuse	253,200	244,423	8,777
Automotive services	267,000	273,601	(6,601)
Special response team	29,000	24,607	4,393
Police station	74,500	63,888	10,612
Recovery Act grants	71,300	66,353	4,947
Total police department	<u>5,306,900</u>	<u>5,352,051</u>	<u>(45,151)</u>
Fire department			
Administration	365,700	360,406	5,294
Fire fighting	2,671,600	2,743,450	(71,850)
Fire prevention	131,600	127,763	3,837
Training	86,800	87,224	(424)
Equipment repair services	63,500	73,102	(9,602)
Fire stations	64,800	68,950	(4,150)
Total fire department	<u>3,384,000</u>	<u>3,460,895</u>	<u>(76,895)</u>
Building inspection	<u>193,200</u>	<u>192,553</u>	<u>647</u>
Total public safety	<u>8,884,100</u>	<u>9,005,499</u>	<u>(121,399)</u>
Public works:			
Public works administration	341,200	346,623	(5,423)
Highways and streets	2,178,900	1,513,994	664,906
State Street Aid	438,000	440,435	(2,435)
Storm drainage	104,700	94,705	9,995
Stormwater II	113,100	102,590	10,510
Cemeteries	274,700	274,136	564
Total public works	<u>3,450,600</u>	<u>2,772,483</u>	<u>678,117</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, 2013**

	<u>Budgeted Original & Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Expenditures (continued):			
Community services			
Rabies control	\$ 84,500	\$ 84,450	\$ 50
Social services	150,900	150,101	799
Library	120,000	120,000	-
Total community services	<u>355,400</u>	<u>354,551</u>	<u>849</u>
Parks and recreation			
Dyersburg Activity Center	353,300	304,506	48,794
Bruce Recreation Center	124,200	136,231	(12,031)
Future City Recreation Center	76,400	71,040	5,360
Dyersburg Activity Center pool	34,000	34,693	(693)
Okeena pool	77,400	86,165	(8,765)
Bruce pool	24,100	20,149	3,951
Youth Programs	48,200	44,057	4,143
Men's softball league	9,000	1,186	7,814
Special recreation facilities	15,300	14,938	362
Playgrounds and parks	460,100	448,737	11,363
Golf course	289,900	345,461	(55,561)
Total parks and recreation	<u>1,511,900</u>	<u>1,507,163</u>	<u>4,737</u>
Tourism and economic development	<u>265,000</u>	<u>236,718</u>	<u>28,282</u>
Municipal airport	<u>485,800</u>	<u>588,116</u>	<u>(102,316)</u>
Capital outlay			
General government	-	34,010	(34,010)
Public safety	196,600	160,929	35,671
Public works	10,000	8,379	1,621
Parks and recreation	251,500	201,631	49,869
Municipal airport	3,553,000	126,806	3,426,194
Total capital outlay	<u>4,011,100</u>	<u>531,755</u>	<u>3,479,345</u>
Debt service			
Retirement of notes, bonds and capital leases	616,700	759,858	(143,158)
Interest	150,600	97,435	53,165
Bank and loan remarketing fees	4,500	5,603	(1,103)
Total debt service	<u>771,800</u>	<u>862,896</u>	<u>(91,096)</u>
Joint costs - communications	<u>422,000</u>	<u>388,270</u>	<u>33,730</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, 2013

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Expenditures (continued):			
Miscellaneous expenditures			
Vacation and sick leave	\$ 25,000	\$ 66,504	\$ (41,504)
Insurance	15,500	18,335	(2,835)
Retirement	546,000	538,000	8,000
Professional services	25,000	28,408	(3,408)
Payments in lieu of taxes	116,000	116,365	(365)
Other	35,200	67,496	(32,296)
Total miscellaneous expenditures	<u>762,700</u>	<u>835,108</u>	<u>(72,408)</u>
Total expenditures	<u>22,478,900</u>	<u>18,653,818</u>	<u>3,825,082</u>
Revenues over (under) expenditures	\$ (2,178,200)	\$ (2,531,931)	\$ (353,731)
Other financing sources (uses)			
Transfers in	2,126,000	2,091,828	(34,172)
Transfers out	(310,200)	(389,000)	(78,800)
Sale of bonds	380,000	747,734	367,734
Total other financing sources (uses)	<u>2,195,800</u>	<u>2,450,562</u>	<u>254,762</u>
Net change in fund balance	17,600	(81,369)	(98,969)
Fund balances - July 1, 2012	<u>701,249</u>	<u>701,249</u>	<u>-</u>
Fund balances - June 30, 2013	<u>\$ 718,849</u>	<u>\$ 619,880</u>	<u>\$ (98,969)</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Real estate taxes	\$ 2,436,392	\$ 2,382,798	\$ 2,405,739	\$ 22,941
Other statutory local taxes	2,000	2,000	2,003	3
Sales tax	4,885,451	4,570,000	4,611,917	41,917
Marriage licenses	-	-	1,321	1,321
Other permits and licenses	1,490	1,490	122	(1,368)
Wheel tax	679,082	650,000	639,814	(10,186)
Intergovernmental	13,251,221	13,465,631	13,415,433	(50,198)
Miscellaneous	513,585	697,302	769,967	72,665
Total Revenues	<u>21,769,221</u>	<u>21,769,221</u>	<u>21,846,316</u>	<u>77,095</u>
EXPENDITURES:				
Education:				
Regular instruction	11,085,889	11,040,048	10,898,706	141,342
Vocational education	450,922	503,170	502,433	737
Special education	1,497,973	1,641,090	1,584,485	56,605
Early childhood education	484,945	486,597	489,704	(3,107)
Attendance services	79,743	79,621	79,621	-
Health services	143,099	163,188	160,296	2,892
Student support	593,047	517,029	513,333	3,696
Regular instruction support services	1,018,832	932,411	935,982	(3,571)
Special education support services	87,388	85,953	84,944	1,009
Vocational education support services	14,606	13,847	13,847	-
Operation of plant	2,350,404	2,134,282	2,113,058	21,224
Maintenance of plant	604,900	534,518	524,106	10,412
Board of education	552,239	776,169	890,568	(114,399)
Alternative education	481,094	501,837	500,418	1,419
Office of the superintendent	270,963	278,001	277,454	547
Community services	125,901	130,170	127,716	2,454
Transportation	2,000	1,687	1,185	502
Office of the principal	1,288,109	1,306,209	1,306,496	(287)
Fiscal services	188,445	185,337	174,860	10,477
Total education	<u>21,320,499</u>	<u>21,311,164</u>	<u>21,179,212</u>	<u>131,952</u>
Capital outlay	282,570	1,059,169	1,057,218	1,951
Total Expenditures	<u>21,603,069</u>	<u>22,370,333</u>	<u>22,236,430</u>	<u>133,903</u>
Revenues Over (Under) Expenditures	166,152	(601,112)	(390,114)	210,998
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	113,848	113,848	15,000	(98,848)
Bond proceeds	1,829,390	1,904,390	-	(1,904,390)
Transfers to other funds	(280,000)	(312,736)	(231,430)	81,306
Total other financing sources (uses)	<u>1,663,238</u>	<u>1,705,502</u>	<u>(216,430)</u>	<u>(1,921,932)</u>
Net Change in Fund Balance	1,829,390	1,104,390	(606,544)	(1,710,934)
Fund Balance - July 1, 2012	<u>2,899,052</u>	<u>2,899,052</u>	<u>2,899,052</u>	<u>-</u>
Prior Period Adjustment	-	-	(347,771)	(347,771)
Fund Balance - July 1, 2012 as restated	<u>2,899,052</u>	<u>2,899,052</u>	<u>2,551,281</u>	<u>(347,771)</u>
Fund Balance - June 30, 2013	<u>\$ 4,728,442</u>	<u>\$ 4,003,442</u>	<u>\$ 1,944,737</u>	<u>\$ (2,058,705)</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, 2013

	Business-Type Activities -- Enterprise Funds					Governmental
	Gas	Water and Sewer	Solid Waste Management	Electric System	Totals	Activities - Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 6,818,836	\$ 1,060,794	\$ 1,417,681	\$ 6,205,814	\$ 15,503,125	\$ 1,238,159
Investments	732,245	-	312,937	5,763,351	6,808,533	-
Accounts receivable - net	179,340	445,344	248,492	2,707,387	3,580,563	23,952
Accrued interest receivable	-	-	-	29,262	29,262	-
Accrued rents receivable	-	-	-	86,594	86,594	-
Due from other funds	1,477,158	4,342	201,285	-	1,682,785	10,907
Inventories	52,484	117,118	-	792,592	962,194	-
Prepaid expenses	-	-	-	94,642	94,642	-
Total current assets	<u>9,260,063</u>	<u>1,627,598</u>	<u>2,180,395</u>	<u>15,679,642</u>	<u>28,747,698</u>	<u>1,273,018</u>
Noncurrent assets:						
Cash in bank and with trustees	-	-	-	2,499,656	2,499,656	-
Capital assets:						
Plant in service	12,997,647	56,873,201	8,160,433	54,738,368	132,769,649	2,147,348
Construction in progress	15,943	106,747	-	702,783	825,473	-
Less - accumulated depreciation	(7,132,481)	(31,632,288)	(5,098,818)	(24,048,123)	(67,911,710)	(1,510,280)
Net utility plant	5,881,109	25,347,660	3,061,615	31,393,028	65,683,412	637,068
Deferred debits and other assets	-	20,205	5,474	740,514	766,193	29,946
Total noncurrent assets	<u>5,881,109</u>	<u>25,367,865</u>	<u>3,067,089</u>	<u>34,633,198</u>	<u>68,949,261</u>	<u>667,014</u>
Total Assets	<u>15,141,172</u>	<u>26,995,463</u>	<u>5,247,484</u>	<u>50,312,840</u>	<u>97,696,959</u>	<u>1,940,032</u>
LIABILITIES						
Current liabilities:						
Accounts payable	920,278	71,063	19,905	3,341,999	4,353,245	10,832
Notes payable within one year	-	-	475,000	-	475,000	-
Bonds payable within one year	-	820,000	-	780,000	1,600,000	-
Accrued payroll	8,902	21,820	12,397	-	43,119	20,585
Accrued interest payable	-	13,716	1,207	58,727	73,650	-
Accrued vacation	-	-	-	184,544	184,544	-
Accrued compensated absences	43,987	74,973	28,559	-	147,519	31,860
Customer deposits	264,294	378,199	-	1,570,167	2,212,660	-
Due to other funds	53,800	1,918,120	75,069	-	2,046,989	589,983
Other current liabilities	31,396	96,811	36,600	21,054	185,861	57,900
Total current liabilities	<u>1,322,657</u>	<u>3,394,702</u>	<u>648,737</u>	<u>5,956,491</u>	<u>11,322,587</u>	<u>711,160</u>
Noncurrent liabilities:						
Other accrued liabilities	28,893	59,247	1,163,996	-	1,252,136	43,242
Advances from TVA - conservation	-	-	-	637,838	637,838	-
Bonds payable - long-term	-	3,670,000	-	3,131,417	6,801,417	-
Total noncurrent liabilities	<u>28,893</u>	<u>3,729,247</u>	<u>1,163,996</u>	<u>3,769,255</u>	<u>8,691,391</u>	<u>43,242</u>
Total Liabilities	<u>1,351,550</u>	<u>7,123,949</u>	<u>1,812,733</u>	<u>9,725,746</u>	<u>20,013,978</u>	<u>754,402</u>
NET POSITION						
Net investment in capital assets	5,881,109	20,857,660	2,586,615	27,521,297	56,846,681	637,068
Restricted	-	-	-	2,499,656	2,499,656	-
Unrestricted	7,908,513	(986,146)	848,136	10,566,141	18,336,644	548,562
Total Net Position	<u>\$ 13,789,622</u>	<u>\$ 19,871,514</u>	<u>\$ 3,434,751</u>	<u>\$ 40,587,094</u>	<u>77,682,981</u>	<u>\$ 1,185,630</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>748,468</u>	
Total Net Position of business-type activities					<u>\$ 78,431,449</u>	

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, 2013

	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	\$ 5,960,889	\$ 6,607,618	\$ 2,555,041	\$ 39,085,795	54,209,343	\$ -
Interest and penalties	29,762	45,541	-	224,878	300,181	-
Sale of materials	351	-	-	-	351	-
Rent	-	-	-	732,939	732,939	-
Miscellaneous	17,777	31,746	20,384	78,765	148,672	1,701,075
Total revenues	<u>6,008,779</u>	<u>6,684,905</u>	<u>2,575,425</u>	<u>40,122,377</u>	<u>55,391,486</u>	<u>1,701,075</u>
Operating expenses:						
Purchased power	3,610,432	-	-	31,699,150	35,309,582	-
Transmission and distribution	700,064	395,383	-	1,656,884	2,752,331	-
Customers' accounting and collecting	369,132	400,209	71,758	515,368	1,356,467	-
General and administrative	680,161	826,830	460,012	1,776,431	3,743,434	1,630,343
Purification	-	1,076,795	-	-	1,076,795	-
Sewer plant operation	-	132,909	-	-	132,909	-
Sewage treatment and disposal	-	1,103,089	-	-	1,103,089	-
Residential and dumpster operations	-	-	942,540	-	942,540	-
Landfill operations	-	-	463,218	-	463,218	-
General plant maintenance	-	-	-	32,418	32,418	-
Depreciation and amortization	351,620	1,300,969	547,896	1,827,886	4,028,371	71,049
Taxes other than tax equivalents	-	-	-	143,028	143,028	-
Total operating expenses	<u>5,711,409</u>	<u>5,236,184</u>	<u>2,485,424</u>	<u>37,651,165</u>	<u>51,084,182</u>	<u>1,701,392</u>
Operating income (loss)	297,370	1,448,721	90,001	2,471,212	4,307,304	(317)
Nonoperating revenues (expenses):						
Investment earnings	28,394	8,291	17,063	235,960	289,708	92
Interest expense	-	(177,349)	(27,068)	(188,837)	(393,254)	-
Miscellaneous income (expense)	-	(692)	(535)	(49,426)	(50,653)	225
Total nonoperating revenues (expenses)	<u>28,394</u>	<u>(169,750)</u>	<u>(10,540)</u>	<u>(2,303)</u>	<u>(154,199)</u>	<u>317</u>
Income (loss) before extraordinary items and transfers	325,764	1,278,971	79,461	2,468,909	4,153,105	-
Transfers out	(269,700)	(678,900)	-	(1,113,291)	(2,061,891)	-
Change in net position	56,064	600,071	79,461	1,355,618	2,091,214	-
Total net position - July 1, 2012	<u>13,733,558</u>	<u>19,271,443</u>	<u>3,355,290</u>	<u>39,231,476</u>		<u>1,185,630</u>
Total net position - June 30, 2013	<u>\$ 13,789,622</u>	<u>\$ 19,871,514</u>	<u>\$ 3,434,751</u>	<u>\$ 40,587,094</u>		<u>\$ 1,185,630</u>
					(66,413)	
					<u>\$ 2,024,801</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, 2013

	Business-type Activities -- Enterprises Funds				Governmental Activities - Internal Service Funds		
	Water and Sewer		Solid Waste Management			Electric System	Total
	Gas	Sewer	Management	System			
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 5,948,971	\$ 6,610,818	\$ 2,590,828	\$ 40,010,164	\$ 55,160,781	\$ 884,247	
Payments to suppliers	(3,358,715)	(1,410,222)	(682,010)	(33,256,991)	(38,707,938)	(390,245)	
Payments to employees for services	(399,743)	(1,052,465)	(569,829)	(2,486,988)	(4,509,025)	(899,078)	
Payments for employee benefits	(181,797)	(391,505)	(236,825)	-	(810,127)	(324,455)	
Payments to other funds	(1,471,508)	(1,224,932)	(405,656)	-	(3,102,096)	408,843	
Other receipts (payments)	55,851	99,588	19,240	-	174,679	777,420	
Net Cash Provided by (used for) Operating Activities	593,059	2,631,282	715,748	4,266,185	8,206,274	456,732	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers to other funds	(269,700)	(678,900)	-	(1,113,291)	(2,061,891)	-	
Net cash from (used by) financing activities	(269,700)	(678,900)	-	(1,113,291)	(2,061,891)	-	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(87,452)	(166,225)	(88,530)	(1,531,453)	(1,873,660)	(114,468)	
Salvage from retirement of plant	-	-	-	72,033	72,033	-	
Cost of removal on retired plant	-	-	-	(199,959)	(199,959)	-	
Principal paid on notes and bonds	-	(1,020,000)	(450,000)	(2,470,000)	(3,940,000)	-	
Interest paid on notes and bonds	-	(179,900)	(27,068)	(223,045)	(430,013)	-	
Other receipts (payments)	-	(692)	(535)	(17,752)	(18,979)	-	
Net cash from (used by) capital and related financing activities	(87,452)	(1,366,817)	(566,133)	(4,370,176)	(6,390,578)	(114,468)	
CASH FLOWS FROM INVESTING ACTIVITIES							
Net change in investments	(975)	-	(417)	167,400	166,008	-	
Interest and investment earnings	28,394	8,291	17,063	257,031	310,779	317	
Increase (decrease) in customer deposits	-	-	-	44,094	44,094	-	
Net change in conservation loans	-	-	-	1,853	1,853	-	
Net cash provided by (used for) investing activities	27,419	8,291	16,646	470,378	522,734	317	
Net increase in cash and cash equivalents	263,326	593,856	166,261	(746,904)	276,539	342,581	
Cash and cash equivalents - July 1, 2012	6,555,510	466,938	1,251,420	7,731,527	16,005,395	895,578	
Cash and cash equivalents - June 30, 2013	\$ 6,818,836	\$ 1,060,794	\$ 1,417,681	\$ 6,984,623	\$ 16,281,934	\$ 1,238,159	

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, 2013
(CONTINUED)

	Business-type Activities -- Enterprises Funds					Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System	Total	
	\$ 297,370	\$ 1,448,721	\$ 90,001	\$ 2,471,212	\$ 4,307,304	\$ (317)
Operating income (loss)	351,620	1,293,980	541,992	1,827,886	4,015,478	62,146
Adjustments to reconcile net income (loss) from operations to net cash provided by operating activities	-	6,989	83,804	-	90,793	8,903
Depreciation	20,597	47,749	36,958	-	105,304	-
Amortization	(11,918)	3,200	35,787	(110,373)	(83,304)	(12,795)
Provision for doubtful accounts	(533,079)	(45,134)	(15,414)	-	(593,627)	115,828
(Increase) Decrease in Assets	8,924	1,284	-	(65,844)	(55,636)	-
Accounts receivable, net of allowance	-	-	-	(6,452)	(6,452)	-
Due from other funds	-	-	-	150,000	150,000	-
Inventory	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Increase (Decrease) in Liabilities	486,191	69,433	(11,687)	39,577	583,514	7,285
Accounts payable	899	937	1,710	-	3,546	2,565
Accrued payroll	-	-	(1,144)	-	(1,144)	-
Accrued interest payable	-	-	-	(304)	(304)	-
Accrued vacation	7,961	22,301	-	-	30,262	-
Customer deposits	(17,896)	(209,594)	(48,389)	-	(275,879)	293,015
Due to other funds	(2,172)	(12,176)	(600)	(39,517)	(54,465)	3,200
Other current liabilities	-	-	-	-	-	(22,500)
Deferred revenue	(15,438)	3,592	2,730	-	(9,116)	(598)
Compensated absences	\$ 593,059	\$ 2,631,282	\$ 715,748	\$ 4,266,185	\$ 8,206,274	\$ 456,732
Net cash provided by (used for) operating activities						

**RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED (USED) BY OPERATING
ACTIVITIES**

Operating income (loss)
Adjustments to reconcile net income (loss) from
operations to net cash provided by
operating activities
Depreciation
Amortization
Provision for doubtful accounts
(Increase) Decrease in Assets
Accounts receivable, net of allowance
Due from other funds
Inventory
Prepaid expenses
Other assets
Increase (Decrease) in Liabilities
Accounts payable
Accrued payroll
Accrued interest payable
Accrued vacation
Customer deposits
Due to other funds
Other current liabilities
Deferred revenue
Compensated absences
Net cash provided by (used for) operating activities

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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 changes in net position) 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, 2013

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.

D. Impact of Recently Issued Accounting Pronouncements

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in non-governmental pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 62 had no impact on the City's financial statements.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows and inflows of resources, which are distinct from assets and liabilities, and also renames as net position, rather than net assets, the residual of all the other elements presented in the statement of net position. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. As of June 30, 2013, the City had no items that met the definition of deferred outflows or deferred inflows or resources based on the adoption of GASB 63.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements, but has not implemented its effects on items currently reported as deferred assets or liabilities in the financial statements presented herein.

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.

Property taxes are levied as of September 1 on the property values assessed as of the prior January 1. Taxes are due on the levy date and are delinquent after the following December 31. 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 2008. The City's tax rate applicable to 2012 was \$1.99 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.

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. Restricted Assets

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Certain proceeds of the Dyersburg Electric System enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable covenants. The construction fund accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction. The bond retirement fund account is used to segregate resources accumulated for debt service payments over the next twelve (12) months. The renewal and replacement fund accounts are used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

5. 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.

6. 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.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

7. 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

8. 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.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

9. *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.

10. *Vacation and Sick Leave*

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

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

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

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

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

3) Firefighters accrue vacation days under the following terms:

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

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

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

11. *Deferred Revenue*

Deferred revenue represents amounts that were receivable and measurable at June 30, 2013, but were not available to finance expenditures for the year ended June 30, 2013. Deferred revenues primarily include unearned or unavailable revenues.

12. *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, 2013, was \$18,366.

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 \$17,602,332 difference are as follows:

Bonds payable	\$ 2,421,294
Notes payable	13,507,333
Compensated absences	<u>1,673,705</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ 17,602,332</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense." The details of this \$229,292 difference are as follows:

Capital outlay	\$ 3,521,032
Less depreciation expense	<u>(3,291,740)</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>\$ 229,292</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. Transfers of appropriations between line items require the approval of the Board of Mayor and Aldermen. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the line item level. Several supplemental budgetary appropriations were made throughout the year.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

For the year ended June 30, 2013 expenditures exceeded appropriations in the Communications Service 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, 2013, 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	5,763,351		
U. S. Agencies and Instrumentalities	-	1,332,976	
Total Securities	5,773,351	1,332,976	
Local Government Investment Pool	1,045,182	-	
Total Investments	\$ 6,818,533	\$ 1,332,976	

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

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

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

B. Receivables

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

Governmental Funds:

	General	School	Nonmajor Funds	Total
Taxes	\$ 640,039	\$ 448,590	\$ -	\$ 1,088,629
Accounts	1,397,610	14,172	41,260	1,453,042
Intergovernmental	113,356	64,063	669,356	846,775
Unassessed property taxes	7,027,220	-	-	7,027,220
Gross receivables	9,178,225	526,825	710,616	10,415,666
Less: allowance for uncollectibles	(221,609)	-	-	(221,609)
Net total receivables	\$ 8,956,616	\$ 526,825	\$ 710,616	\$ 10,194,057

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Business-type Funds:

	Proprietary Funds				Total	Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System		
Interest	\$ -	\$ -	\$ -	\$ 29,262	\$ 29,262	\$ -
Accounts	229,340	522,344	293,492	3,027,388	4,072,564	26,652
Other assessments	-	-	-	86,594	86,594	-
Gross receivables	229,340	522,344	293,492	3,143,244	4,188,420	26,652
Less: allowance for uncollectibles	(50,000)	(77,000)	(45,000)	(320,001)	(492,001)	(2,700)
Net total receivables	<u>\$ 179,340</u>	<u>\$ 445,344</u>	<u>\$ 248,492</u>	<u>\$ 2,823,243</u>	<u>\$ 3,696,419</u>	<u>\$ 23,952</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)	\$ 7,589,686
Lot mowing charges (general fund)	5,006
Fines (TIP fund)	12,799
Interest (community development fund)	35,986
Total deferred revenue for governmental funds	<u>\$ 7,643,477</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. A deferred credit representing unearned interest, at an imputed interest rate of 8.25%, is reflected as a liability on the balance sheet of the Community Development Fund. Unearned interest on this note at June 30, 2013 was \$5,854.

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. Prepaid Purchased Power

During the years ended June 30, 2003 and 2004 the Electric System entered into two separate agreements with the Tennessee Valley Authority (TVA) to purchase power to be distributed in the future. The Electric System paid TVA \$1,000,000 with each contract in exchange for credits against the System's monthly power bill of 435,000 and 429,000 kWh each, at a set rate of 2.5 cents per kWh for ten years. The System's monthly power bill is credited \$21,600 by TVA. The balance due from TVA is represented on the Statement of Net Assets with a balance at June 30, 2013 of \$33,334. The System's records, and financial information submitted to TVA, reflects the total number of credits to be received over the length of the contract as an asset and a contra account representing the total income to be received as deferred interest income as follows:

Prepaid Purchased Power	\$ 42,900
Deferred Interest Income	(9,566)
	<u>\$ 33,334</u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

E. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government

	Beginning Balance	Additions & Adjustments	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,488,727	\$ 34,010	\$ -	\$ 6,522,737
Construction in progress	\$ 388,239	\$ 342,036	\$ (388,239)	\$ 342,036
Capital assets being depreciated:				
Buildings	\$ 45,787,595	\$ 2,028,056	\$ -	\$ 47,815,651
Improvements other than buildings	4,288,224	328,437	-	4,616,661
Machinery and equipment	12,817,665	538,193	(25,000)	13,330,858
Infrastructure	24,726,820	663,539	-	25,390,359
Total capital assets, being depreciated	87,620,304	3,558,225	(25,000)	91,153,529
Less accumulated depreciation for:				
Buildings	(23,251,594)	(2,147,686)	-	(25,399,280)
Improvements other than buildings	(1,800,877)	(215,124)	-	(2,016,001)
Machinery and equipment	(8,681,736)	(685,835)	25,000	(9,342,571)
Infrastructure	(15,473,891)	(268,095)	-	(15,741,986)
Total accumulated depreciation	(49,208,098)	(3,316,740)	25,000	(52,499,838)
Total capital assets, being depreciated, net	38,412,206	241,485	-	38,653,691
Allocated Internal Service Fund capital assets, being depreciated, net	405,756	-	(1,055)	404,701
Governmental activities capital assets, net	\$ 38,817,962	\$ 241,485	\$ (1,055)	\$ 39,058,392
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,179,874	\$ -	\$ -	\$ 2,179,874
Construction in progress	\$ 516,141	\$ 309,332	\$ -	\$ 825,473
Capital assets being depreciated:				
Land and land improvements	\$ 5,674,073	\$ 7,006	\$ -	\$ 5,681,079
Buildings and systems	110,725,982	1,080,872	(436,310)	111,370,544
Machinery and equipment	12,973,157	589,359	(24,364)	13,538,152
Total capital assets, being depreciated	129,373,212	1,677,237	(460,674)	130,589,775
Less accumulated depreciation	(64,371,925)	(4,128,385)	588,600	(67,911,710)
Total capital assets, being depreciated, net	65,001,287	(2,451,148)	127,926	62,678,065
Allocated Internal Service Fund capital assets, being depreciated, net	198,379	33,988	-	232,367
Business-type activities capital assets, net	\$ 65,199,666	\$ (2,417,160)	\$ 127,926	\$ 62,910,432

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

Government activities:

General government	\$ 176,808
Public safety	371,428
Public works	545,103
Schools	2,100,797
Parks & recreation	122,604
Capital assets held by the government's internal service funds charged to functions based on usage	30,051
Total depreciation expense - governmental activities	\$ 3,346,791

Business-type activities:

Gas	\$ 351,620
Water and Sewer	1,293,980
Solid Waste Management	541,992
Electric	1,940,793
Capital assets held by the government's internal service funds charged to functions based on usage	32,095
Total depreciation expense - business-type activities	\$ 4,160,480

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances at June 30, 2013, is as follows:

Receivable Fund	Payable Fund	Amount
General	Enterprise	\$ 1,164,312
	Nonmajor governmental	295,909
	Internal Service	87,555
Enterprise	Nonmajor governmental	535,000
	Internal Service	409,905
Nonmajor governmental	Enterprise	708,285
	General	1,276,781
	Enterprise	173,078
Internal Service	Internal Service	53,547
	General	212
	Enterprise	1,314
School General Purpose	Internal Service	9,381
	Federal Projects	145,881
Total		\$ 4,861,160

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, 2013

Interfund transfers for the year ending June 30, 2013:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Gas (Tax Equivalents)	\$ 269,700
	Water and Sewer (Tax Equivalents)	678,900
	Electric (Tax Equivalents)	1,113,291
	Cemetery Trust (Per Trust Agreement)	29,937
	Community Development	40,000
Cemetery Trust	General (Per Trust Agreement)	48,150
Capital Projects	General (Capital Projects)	285,850
School General Purpose	General (Budgeted)	15,000
	Federal Projects (Indirect Costs)	9,251
	Debt Service (School Debt)	1,400,851
School Debt Service	School General Purpose	231,430
Total		<u>\$ 4,122,360</u>

Interfund transfers occur in the normal course of business activities.

G. Leases

During the year ended June 30, 2011, the City entered into a lease agreement for eight police vehicles with the following terms:

<u>Lease Date</u>	<u>Lease Term</u>	<u>Annual Payment</u>	<u>Lease Total</u>
4/20/11	36 Months	Variable	\$ 227,756

During the year ended June 30, 2013, lease payments were made in the amount of \$75,858 which completed the lease requirements.

H. 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%, secured by revenues of the City.	<u>\$ 4,490,000</u>
\$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.	<u>\$ 2,421,294</u>

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 184,699	\$ 44,844	\$ 820,000	\$ 179,900
2015	184,699	44,844	680,000	152,300
2016	184,699	44,844	700,000	129,800
2017	184,699	44,844	735,000	105,600
2018	184,699	44,844	770,000	76,900
2019-2023	923,495	224,220	785,000	62,500
2024-2028	574,304	134,532	-	-
Totals	<u>\$ 2,421,294</u>	<u>\$ 582,972</u>	<u>\$ 4,490,000</u>	<u>\$ 707,000</u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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	\$ 1,410,000
\$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	1,625,000
\$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>910,000</u>
Total Revenue Bonds Payable	<u><u>\$ 3,945,000</u></u>

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2014	\$ 780,000	\$ 140,945
2015	540,000	120,245
2016	565,000	101,825
2017	375,000	82,148
2018	370,000	67,380
2019-2023	<u>1,315,000</u>	<u>135,640</u>
Totals	<u><u>\$ 3,945,000</u></u>	<u><u>\$ 648,183</u></u>

3. Notes Payable

The City has executed notes payable for the construction or acquisition of major capital facilities. Notes payable have been obtained for both governmental and business – type activities.

Governmental activities

\$10,000,000 Tennessee Municipal Bond Fund Variable Rate Loan Program, dated September 19, 2000, secured by revenues of the City	\$ 7,191,000
\$2,750,000 Capital Outlay Notes dated April 18, 2007, secured by revenues of the City	1,940,000
\$2,200,000 School Capital Outlay Notes dated April 18, 2007, secured by revenues of the City	1,215,000
\$4,500,000 Tennessee Municipal Bond Fund Variable Rate Loan Program, dated September 29, 2011, secured by revenues of the City	2,678,001
\$500,000 Energy Efficient Schools Initiative Loan Agreement, dated April 9, 2012	<u>483,332</u>
Total notes payable - Governmental activities	<u><u>\$ 13,507,333</u></u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Business type activities

\$2,600,000 Landfill Capital Outlay Notes dated December 20, 2007, secured by revenues of the solid waste revenues	<u>\$ 475,000</u>
Total notes payable - Business type activities	<u>475,000</u>
Total notes payable	<u><u>\$ 13,982,333</u></u>

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

Year Ending June 30,	Principal	Interest
2014	\$ 2,301,004	\$ 486,778
2015	1,896,004	409,890
2016	1,972,004	345,761
2017	2,052,004	279,794
2018	2,132,004	210,852
2019-2023	3,629,313	248,540
Totals	<u>\$ 13,982,333</u>	<u>\$ 1,981,615</u>

4. Changes in long-term liabilities

Long – term liability activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013	Due in One Year
Governmental Activities					
Compensated Absences	\$ 1,440,051	\$ 253,757	\$ -	\$ 1,693,808	\$ -
Notes Payable	13,978,267	1,247,734	(1,718,668)	13,507,333	1,826,004
General Obligation Bonds	2,605,993	-	(184,699)	2,421,294	184,699
Total governmental activities	<u>18,024,311</u>	<u>1,501,491</u>	<u>(1,903,367)</u>	<u>17,622,435</u>	<u>2,010,703</u>
Business Type Activities					
Compensated Absences	109,242	-	(9,206)	100,036	-
Closure/Postclosure Costs	1,074,200	77,900		1,152,100	-
Note Payable	925,000	-	(450,000)	475,000	475,000
General Obligation Bonds	5,510,000	-	(1,020,000)	4,490,000	820,000
Revenue Bonds	6,415,000	-	(2,470,000)	3,945,000	780,000
Less Bond Discount	(45,224)	11,641	-	(33,583)	-
Total business type activities	<u>13,988,218</u>	<u>89,541</u>	<u>(3,949,206)</u>	<u>10,128,553</u>	<u>2,075,000</u>
Total of all fund types	<u>\$ 32,012,529</u>	<u>\$ 1,591,032</u>	<u>\$ (5,852,573)</u>	<u>\$ 27,750,988</u>	<u>\$ 4,085,703</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, 2013

I. Fund Balances - Governmental Funds

	General Fund	School Fund	Other Govt. Funds	Total
Nonspendable				
Inventory	\$ -	\$ -	\$ 58,359	\$ 58,359
Prepaid expenses	8,408	-	-	8,408
Long term notes receivable	-	-	72,000	72,000
Restricted				
Public safety	-	-	234,476	234,476
Education	-	1,944,737	30,401	1,975,138
Capital projects	113,356	-	2,988	116,344
Community development	-	-	8,433	8,433
Perpetual care	-	-	1,328,176	1,328,176
Assigned				
Employee health claims	-	-	50,493	50,493
Debt service	-	-	1,757,315	1,757,315
Unassigned	498,116	-	(64,591)	433,525
Totals	<u>\$ 619,880</u>	<u>\$ 1,944,737</u>	<u>\$ 3,478,050</u>	<u>\$ 6,042,667</u>

J. 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, 2013, approximately 308 acres of undeveloped industrial park property is owned jointly by these two governmental bodies.

K. 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, 2013, the estimated remaining useful life of the landfill was 62 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 \$1,152,100 as of June 30, 2013, which is based on 20.1% usage (filled) of the landfill. It is estimated that an additional \$4,586,643 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, 2013. 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, 2013, the City has \$312,937 on deposit for the funding of this liability. The City has executed contracts in lieu of performance bonds with the State of Tennessee in the sum of \$5,786,514 which states that the City shall properly operate the solid waste facility and perform closure of the facility in accordance with all requirements of the permit and the closure/postclosure plan pursuant to all applicable laws and regulations. Failure of the City to perform would entitle the State of Tennessee to collect any state funds disbursed to the City for the cost of any violations.

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

V. Other Information

A. Risk Management

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

Dyersburg City Schools

During the year ended June 30, 2013, the School obtained insurance from the Tennessee School Board Liability Trust (TSBLT), which is a public entity risk pool established to provide insurance coverage to local School boards in Tennessee. The Board pays an annual premium to TSBLT for insurance. The creation of TSBLT provides for it to be self-sustaining through member premiums. The TSBLT reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

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

Dyersburg Electric System

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

Other City Segments

The City through the City of Dyersburg Healthcare Network provides City employees with self-funded healthcare coverage. The City entered an agreement with Underwriters Safety & Claims, Inc. for claims administration and payment. Claims in excess of a self-insured aggregate limit of \$3,563,151 and specific underlying coverage of \$100,000 per employee was covered through third party insurance policies. Revenues are recognized from payroll deductions for employee dependent coverage and from City contributions for employee coverage. There were no reductions in insurance coverage, and claims paid in excess of self-insured limits have been reimbursed to the City or recorded as a receivable at June 30, 2013.

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.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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, 2013, 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, 2013 Dyersburg Electric had no litigation or pending litigation.

At June 30, 2013 Dyersburg City Schools had no litigation or pending litigation.

At June 30, 2013 the City of Dyersburg had no litigation or pending litigation that is expected to result in any liability to the City.

D. Contingent Liabilities

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

E. Employee Retirement Systems and Pension Plans

The City has established various retirement plans for different segments of employees. Contributions by the City to all plans for the year ended June 30, 2013, were \$2,203,189. A brief description of each plan follows:

Dyersburg City Schools

1. Plan Description

The Dyersburg City Schools Board of Education contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service.

Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA).

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or be accessed at www.tn.gov/treasury/tcrs.

Funding Policy

Most teachers are required by state statute to contribute 5% of salary to the plan. The employer contribution rate for the Dyersburg City Schools Board of Education is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2013 was 8.88% of annual covered payroll. The employer contribution requirement for the Dyersburg City Schools Board of Education is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2013, 2012, and 2011, were \$1,047,065, \$1,082,822, and \$1,125,550, respectively, equal to the required contributions for each year.

2. Plan Description

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

Actuarial information is estimated as of January 1, 2013.

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

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits not receiving them	38
Active employees - Fully vested	47
Non-vested	57
Total	<u>142</u>

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

As actuarial valuations are determined as of January 1, funding information is not available on a fiscal year basis. At the date of this report, the last actuarial valuation was performed as of January 1, 2013.

Disclosure Information

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

Governmental Accounting Standards Board Statement 27 provides standards for reporting pension expenditures and expense and related pension liabilities and assets for such plans. The purpose of this report is to provide pertinent disclosure information relating to the Dyersburg City Schools Non-Professional Employees Pension Plan for the 2010 financial statements.

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

CITY OF DYERSBURG, TENNESSEE
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June 30, 2013

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

Schedule of Employer Contributions

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

Three Year Trend Information

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

Net Pension Obligation as of December 31, 2012

Determination of Annual Pension Cost / Net Pension Obligation for 2012

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Additional Information Regarding Comparison

The plan's funding policy is to contribute the annual required contribution based on a 10-year, 20-year or 40-year amortization funding level. For the 2012 plan year, the annual required contribution was \$119,710 and the School did not make any employer contributions.

Actuarial assumptions have been revised periodically to reflect actual plan experience and expectations regarding future events. The most recent assumption revision was effective January 1, 2013 when the rates of investment return, salary increases, withdrawal and mortality were all changed.

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

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

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

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

Dyersburg Electric System

1. Plan description

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

At December 31, 2012, the Defined Benefit Plan's membership as discussed below consisted of:

Retirees and beneficiaries currently receiving benefits	2
Active employees:	
Fully vested	25
Partially vested	14
Nonvested	<u>1</u>
Total	<u><u>42</u></u>

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

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

2. Defined Benefit Plan

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

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

3. Funding Status and Progress

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

The pension benefit obligation was computed as of December 31, 2012. Significant actuarial assumptions used in the computation include (a) rate of return on the investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 5.0 percent a year compounded annually, attributable to inflation, (c) no additional projected salary increases for seniority or merit, and (d) no post-retirement benefit increases. The actuarial method used is the projected unit credit actuarial cost method which is the only method permitted by Governmental Accounting Standards Board Statement No. 5.

The pension benefit obligation in excess of assets applicable to the System's employees at December 31, 2012, based on the actuary's computation at December 31, 2012, is as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 1,337,013
Current employees:	
Employer-financed vested	3,687,776
Employer-financed non-vested	793,726
Employee-financed vested	255,468
Total pension benefit obligation	6,073,983
Net assets available for benefits, at market value	5,572,862
Pension benefit obligation in excess of assets	\$ (501,121)

4. Actuarially Determined Contribution Requirements and Contributions Made

The Plan's funding policy provides for actuarially determined periodic contributions. The contribution rate for normal cost is determined using the Frozen Entry Age actuarial funding method. The Plan amortizes the initial unfunded liability over a ten (10) to thirty (30) year period.

The contributions to the Plan for the year ended December 31, 2012, of \$431,924 were made in accordance with actuarially determined requirements computed through the actuarial valuation performed as of January 1, 2012. The contribution consisted of \$175,871 normal cost (7.9 percent of covered payroll), \$233,730 amortization of the unfunded actuarial accrued liability (10.5 percent of covered payroll), and \$22,323 in employee contributions (1.0 percent of covered payroll).

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Significant actuarial assumptions used to compute the actuarially determined contribution requirement include (a) a rate of return on assets of 7.5 percent annually and (b) projected salary increases of 5 percent per year.

5. Trend Information

Year	Net Assets Available For Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a percentage of Covered Payroll
1999	2,113,444	2,090,301	101.1%	(23,143)	1,416,337	-1.6%
2000	2,251,973	2,444,798	92.1%	192,825	1,532,207	12.6%
2001	2,082,427	2,491,848	83.6%	409,421	1,422,176	28.8%
2002	1,969,565	2,615,075	75.3%	645,510	1,532,736	42.1%
2003	2,458,137	2,885,011	85.2%	426,874	1,640,402	26.0%
2004	2,873,936	3,085,244	93.2%	211,308	1,734,443	12.2%
2005	3,146,642	3,394,843	92.7%	248,201	1,823,254	13.6%
2006	3,696,128	3,660,972	101.0%	(35,156)	1,843,875	-1.9%
2007	4,354,664	4,228,915	103.0%	(125,749)	1,927,712	-6.5%
2008	4,115,607	4,108,066	100.2%	(7,541)	1,996,835	-0.3%
2009	4,808,735	4,326,867	111.1%	(481,868)	2,147,499	-22.4%
2010	5,101,331	5,105,822	99.9%	4,491	2,125,874	0.2%
2011	5,475,155	5,476,013	99.9%	858	2,230,713	0.04%
2012	5,572,862	6,073,983	91.7%	501,121	2,261,035	22.2%

6. Defined Contribution Plan

The Defined Contribution Plan required the system to contribute 3% of gross wages of employees meeting the eligibility requirements. The System will also match a contribution of an eligible employee (dollar for dollar) up to 4% of gross wages. During the year ended June 30, 2013, the System was not required to make any contributions to the Defined Contribution Plan.

Other City Employees

1. Plan Description

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

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

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

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

Participating employees contribute 5% of each year's earnings. Pension plans sponsored by public entities are not required to comply with specific funding requirements; however, the Board of Mayor and Aldermen officially dedicated 100% of the wholesale liquor tax to the funding of this plan upon its inception. The City contributed \$724,200 to this plan for the year ended June 30, 2013 of which, \$66,469 was from wholesale liquor tax receipts.

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

2. Analysis of Funding Progress

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

3. Components of Pension Benefit Obligation

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

4. Funding Status and Progress

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

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

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

5. Actuarially Determined Contribution Requirements and Contribution Made

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

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

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

Schedule of Employer Contributions

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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>.

2. Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan.

<u>Annual OPEB Cost and Net OPEB Obligation</u> (dollars in thousands)	<u>Teacher Group Plan</u>
ARC	\$ 472,000
Interest on the NPO	36,894
Adjustment	(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	819,861
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>
6/30/2013	Teacher Group	\$ 472,985	38.97%	\$1,108,501
6/30/2012	Teacher Group	\$ 466,643	39.04%	\$819,861
6/30/2011	Teacher Group	\$ 399,906	39.00%	\$538,382

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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	-
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.

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

F. Fairview Cemetery Trust Fund

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

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

G. Commitments

The Water and Sewer Fund entered into a multi-year contract for maintenance of the City's five water tanks. The Board approved the contract at its meeting on October 3, 2005. The maintenance fee is due monthly and began on January 1, 2006. The fee schedule is as follows:

January, 2010 - December, 2010	\$ 15,377 per month
January, 2011 - December, 2013	\$ 7,110 per month

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

October, 2009 - September, 2014	\$ 3,885 per quarter
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H. Prior Period Adjustment

A prior period adjustment to the general purpose school fund balance in the amount of \$347,771 was necessary to adjust the unfunded pension liability for the non professional retirement plan.

**CITY OF DYERSBURG, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLANS

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

City Schools

	As of January 1,		
	2009	2011	2013
Actuarial Value of Assets	\$ 4,395,449	\$ 4,489,326	\$ 4,404,250
Actuarial Accrued Liability	\$ 4,952,930	\$ 5,554,591	\$ 6,192,477
Unfunded Actuarial Accrued Liability	\$ 557,481	\$ 1,065,265	\$ 1,788,227
Percentage Funded	88.7%	88.8%	71.1%
Annual Covered Payroll	\$ 2,218,221	\$ 2,392,897	\$ 2,542,738
Unfunded Pension Benefit Obligation as a Percentage of Annual Covered Payroll	25.13%	44.52%	70.33%

Electric System

	As of December 31,		
	2010	2011	2012
Net Assets Available For Benefits	\$ 5,101,331	\$ 5,475,155	\$ 5,572,862
Pension Benefit Obligation	\$ 5,105,822	\$ 5,476,013	\$ 6,073,983
Percentage Funded	99.9%	99.9%	91.7%
Unfunded Pension Benefit Obligation	\$ 4,491	\$ 858	\$ 501,121
Annual Covered Payroll	\$ 2,125,874	\$ 2,230,713	\$ 2,261,035
Unfunded Pension Benefit Obligation as a Percentage of Annual Covered Payroll	0.20%	0.04%	22.20%

Other City Functions

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

See independent auditor's report

SUPPLEMENTARY AND OTHER INFORMATION SECTION

CITY OF DYERSBURG, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue Funds		Total	Community Development	Insurance Reserve	Debt Service Fund	Capital Project Fund	School Capital Project Fund	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds
	TIP	Cafeteria								
Cash	\$ 224,196	\$ 410,191	\$ -	\$ 24,536	\$ 61,352	\$ 1,021,825	\$ 1,259	\$ -	\$ -	\$ 1,743,359
Investments	-	-	-	-	-	-	-	-	1,332,976	1,332,976
Accounts receivable	737	10,334	335,829	40,523	-	99,455	223,738	-	-	710,616
Notes receivable	-	-	-	72,000	-	-	-	-	-	72,000
Due from other funds	22,467	-	-	-	845,881	639,858	-	-	-	1,508,206
Inventory	-	58,359	-	-	-	-	-	-	-	58,359
Deposits	-	-	-	-	6,950	-	-	-	-	6,950
Total Assets	\$ 247,400	\$ 478,884	\$ 335,829	\$ 137,059	\$ 914,183	\$ 1,761,138	\$ 224,997	\$ -	\$ 1,332,976	\$ 5,432,466

LIABILITIES AND FUND BALANCES

Liabilities:		Total	Community Development	Insurance Reserve	Debt Service Fund	Capital Project Fund	School Capital Project Fund	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds
Accounts payable	\$ 125	\$ 5,804	\$ 53,048	\$ 228,690	\$ -	\$ 58,283	\$ -	\$ -	\$ 345,950
Accrued liabilities	-	184,144	-	-	3,823	-	-	-	215,450
Due to other funds	-	145,881	32,183	635,000	-	163,726	362,641	4,800	1,344,231
Deferred credits	12,799	-	35,986	-	-	-	-	-	48,785
Total Liabilities	12,924	27,483	121,217	863,690	3,823	222,009	362,641	4,800	1,954,416
Fund balances:									
Non-spendable	-	58,359	72,000	-	-	-	-	-	130,359
Restricted	234,476	393,042	8,433	-	-	2,988	0	1,328,176	1,967,115
Assigned	-	-	-	50,493	1,757,315	-	-	-	1,807,808
Unassigned	-	-	(64,591)	-	-	-	(362,641)	-	(427,232)
Total Fund Balances	234,476	451,401	15,842	50,493	1,757,315	2,988	(362,641)	1,328,176	3,478,050
Total Liabilities and Fund Balances	\$ 247,400	\$ 478,884	\$ 137,059	\$ 914,183	\$ 1,761,138	\$ 224,997	\$ -	\$ 1,332,976	\$ 5,432,466

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue Funds				Total	Community Development	Insurance Reserve	Debt Service Fund	Capital Project Fund	School Capital Project Fund	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds
	TIP	Cafeteria	Federal Projects									
Revenues:												
Local sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,352,533	\$ -	\$ -	\$ -	\$ -	\$ 1,352,533
Unauthorized substance tax	403	-	-	403	-	-	-	-	-	-	-	403
Federal STP funds	-	-	-	-	-	-	-	-	795,410	-	-	795,410
U.S.D.A. reimbursements	-	1,281,932	-	1,281,932	-	-	-	-	-	-	-	1,281,932
State school matching funds	-	17,241	-	17,241	-	-	-	-	-	-	-	17,241
State education grants	-	-	2,658,827	2,658,827	-	-	-	-	-	-	-	2,658,827
Charges for service	-	298,567	-	298,567	-	-	-	-	-	-	-	298,567
Fines, forfeits, and penalties	29,376	-	-	29,376	-	-	-	-	-	-	-	29,376
Sale of assets	43,882	-	-	43,882	-	-	-	-	-	-	-	43,882
Investment earnings	775	-	-	775	4,860	644	32,371	33	-	8,040	-	46,723
Joint cost reimbursements	-	-	-	-	-	3,469,526	-	-	-	-	-	3,469,526
Miscellaneous	-	350,971	-	350,971	-	-	-	-	-	-	-	350,971
Total revenues	74,436	1,948,711	2,658,827	4,681,974	4,860	3,470,170	1,384,904	795,443	-	8,040	-	10,345,391
Expenditures:												
Current:												
General and administrative	49,397	-	-	49,397	62,180	3,620,170	-	-	-	10,383	-	3,742,130
Education	-	1,916,578	2,649,576	4,566,154	-	-	-	-	862,641	-	-	5,428,795
Capital outlay	-	-	-	-	-	-	-	-	1,081,260	-	-	1,081,260
Total expenditures	49,397	1,916,578	2,649,576	4,615,551	62,180	3,620,170	-	1,081,260	862,641	10,383	-	10,252,185
Revenues over (under) expenditures	25,039	32,133	9,251	66,423	(57,320)	(150,000)	1,384,904	(285,817)	(862,641)	(2,343)	-	93,206
Other financing sources (uses):												
Transfer from other funds	-	-	-	-	40,000	-	231,430	285,850	-	-	48,150	605,430
Transfer to other funds	-	-	(9,251)	(9,251)	-	-	(1,400,851)	-	-	(29,937)	-	(1,440,039)
Sale of bonds	-	-	-	-	-	-	-	-	500,000	-	-	500,000
Total other financing sources (uses)	-	-	(9,251)	(9,251)	40,000	-	(1,169,421)	285,850	500,000	18,213	-	(334,609)
Net change in fund balances	25,039	32,133	-	57,172	(17,320)	(150,000)	215,483	33	(362,641)	15,870	-	(241,403)
Fund balances - July 1, 2012	209,437	419,268	-	628,705	33,162	200,493	1,541,832	2,955	-	1,312,306	-	3,719,453
Fund balances - June 30, 2013	\$ 234,476	\$ 451,401	\$ -	\$ 685,877	\$ 15,842	\$ 50,493	\$ 1,757,315	\$ 2,988	\$ (362,641)	\$ 1,328,176	\$ -	\$ 3,478,050

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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, 2013

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Unauthorized substance tax	\$ 100	\$ 403	\$ 303
Fines, forfeits, and penalties	75,000	29,376	(45,624)
Sale of assets	10,000	43,882	33,882
Investment earnings	1,000	775	(225)
Total revenues	<u>86,100</u>	<u>74,436</u>	<u>(11,664)</u>
EXPENDITURES:			
General and administrative			
Small items of equipment	5,000	-	5,000
Repair and maintenance	10,000	21,897	(11,897)
Other	50,000	27,500	22,500
Total general and administrative	<u>65,000</u>	<u>49,397</u>	<u>15,603</u>
Capital outlay	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>85,000</u>	<u>49,397</u>	<u>35,603</u>
Net Change in Fund Balance	1,100	25,039	23,939
Fund Balance - July 1, 2012	<u>209,437</u>	<u>209,437</u>	<u>-</u>
Fund Balance - June 30, 2013	<u>\$ 210,537</u>	<u>\$ 234,476</u>	<u>\$ 23,939</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 100	\$ 100	\$ 4,860	\$ 4,760
Total revenues	100	100	4,860	4,760
EXPENDITURES:				
General and administrative:				
Repair and maintenance	-	10,000	9,132	868
Miscellaneous	-	55,000	53,048	1,952
Total general and administrative	-	65,000	62,180	2,820
Total expenditures	-	65,000	62,180	2,820
Revenues Over (Under) Expenditures	100	(64,900)	(57,320)	7,580
Other Financing Sources (Uses):				
Transfer from other funds	-	40,000	40,000	-
Total other financing sources (uses)	-	40,000	40,000	-
Net Change in Fund Balance	100	(24,900)	(17,320)	7,580
Fund Balance - July 1, 2012	33,162	33,162	33,162	-
Fund Balance - June 30, 2013	\$ 33,262	\$ 8,262	\$ 15,842	\$ 7,580

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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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 1,000	\$ 1,000	\$ 644	\$ (356)
Joint cost reimbursements	3,250,000	3,699,000	3,469,526	(229,474)
Total revenues	<u>3,251,000</u>	<u>3,700,000</u>	<u>3,470,170</u>	<u>(229,830)</u>
EXPENDITURES:				
Hospital and health care expenditures:				
Medical claims	2,480,000	3,079,000	2,834,285	244,715
Drug claims	370,000	370,000	381,364	(11,364)
Life insurance	25,000	25,000	24,680	320
Re-insurance costs	313,700	313,700	316,859	(3,159)
Insurance administration	62,300	62,300	62,982	(682)
Total hospital and health care	<u>3,251,000</u>	<u>3,850,000</u>	<u>3,620,170</u>	<u>229,830</u>
Total expenditures	<u>3,251,000</u>	<u>3,850,000</u>	<u>3,620,170</u>	<u>229,830</u>
Net Change in Fund Balance	-	(150,000)	(150,000)	-
Fund Balance - July 1, 2012	<u>200,493</u>	<u>200,493</u>	<u>200,493</u>	-
Fund Balance - June 30, 2013	<u>\$ 200,493</u>	<u>\$ 50,493</u>	<u>\$ 50,493</u>	-

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CITY OF DYERSBURG, TENNESSEE
CAFETERIA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
U.S.D.A. reimbursements	\$ 1,361,000	\$ 1,386,500	\$ 1,281,932	\$ (104,568)
State school matching funds	25,000	25,000	17,241	(7,759)
Charges for service	372,500	364,000	298,567	(65,433)
Miscellaneous revenue	316,500	299,500	350,971	51,471
Total revenues	<u>2,075,000</u>	<u>2,075,000</u>	<u>1,948,711</u>	<u>(126,289)</u>
EXPENDITURES:				
Education:				
Food	915,535	921,150	829,155	91,995
Cafeteria labor	680,650	673,700	660,217	13,483
Other expenditures	478,815	480,150	427,206	52,944
Total education	<u>2,075,000</u>	<u>2,075,000</u>	<u>1,916,578</u>	<u>158,422</u>
Total expenditures	<u>2,075,000</u>	<u>2,075,000</u>	<u>1,916,578</u>	<u>158,422</u>
Net Change in Fund Balance	-	-	32,133	32,133
Fund Balance - July 1, 2012	<u>419,268</u>	<u>419,268</u>	<u>419,268</u>	-
Fund Balance - June 30, 2013	<u>\$ 419,268</u>	<u>\$ 419,268</u>	<u>\$ 451,401</u>	<u>\$ 32,133</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
State education grants	\$ 3,035,673	\$ 3,040,449	\$ 2,658,827	\$ (381,622)
Total revenues	<u>3,035,673</u>	<u>3,040,449</u>	<u>2,658,827</u>	<u>(381,622)</u>
EXPENDITURES:				
Education:				
Regular instruction	1,669,407	1,717,519	1,440,360	277,159
Vocational education	37,250	37,485	37,485	-
Special education	722,022	675,128	591,551	83,577
Health services	26,081	26,078	26,070	8
Student support	125,697	128,491	112,039	16,452
Regular instruction support services	415,778	354,368	346,238	8,130
Special education support services	24,064	70,711	75,860	(5,149)
Vocational education support services	2,998	2,663	2,663	-
Alternative instruction program	700	700	-	700
Maintenance of plant	-	17,300	17,310	(10)
Total education	<u>3,023,997</u>	<u>3,030,443</u>	<u>2,649,576</u>	<u>380,867</u>
Total expenditures	<u>3,023,997</u>	<u>3,030,443</u>	<u>2,649,576</u>	<u>380,867</u>
Revenues Over (Under) Expenditures	11,676	10,006	9,251	(755)
Other Financing Sources (Uses):				
Transfer to other funds	(11,676)	(10,006)	(9,251)	755
Total other financing sources (uses)	<u>(11,676)</u>	<u>(10,006)</u>	<u>(9,251)</u>	<u>755</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1, 2012	-	-	-	-
Fund Balance - June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2013

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Local Sales Tax	\$ 1,375,000	\$ 1,352,533	\$ (22,467)
Interest income	30,000	32,371	2,371
Total revenues	<u>1,405,000</u>	<u>1,384,904</u>	<u>(20,096)</u>
EXPENDITURES:			
	-	-	-
Revenues Over (Under) Expenditures	1,405,000	1,384,904	(20,096)
Other Financing Sources (Uses):			
Transfer from other funds	234,000	231,430	(2,570)
Transfer to other funds	<u>(1,631,200)</u>	<u>(1,400,851)</u>	<u>230,349</u>
Total other financing sources (uses)	<u>(1,397,200)</u>	<u>(1,169,421)</u>	<u>227,779</u>
Net Change in Fund Balance	7,800	215,483	207,683
Fund Balance - July 1, 2012	<u>1,541,832</u>	<u>1,541,832</u>	<u>-</u>
Fund Balance - June 30, 2013	<u>\$ 1,549,632</u>	<u>\$ 1,757,315</u>	<u>\$ 207,683</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, 2013

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Federal grants	\$ 3,714,700	\$ 795,410	\$ (2,919,290)
State grants	337,000		
Interest income	100	33	(67)
Total revenues	4,051,800	795,443	(2,919,357)
EXPENDITURES:			
Capital outlay	4,312,000	1,081,260	3,230,740
Total expenditures	4,312,000	1,081,260	3,230,740
Revenues Over (Under) Expenditures	(260,200)	(285,817)	311,383
Other Financing Sources:			
Transfers from other funds	260,200	285,850	25,650
Net Change in Fund Balance	-	33	337,033
Fund Balance - July 1, 2012	2,955	2,955	-
Fund Balance - June 30, 2013	\$ 2,955	\$ 2,988	\$ 337,033

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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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Education:				
Building improvements	1,829,390	1,904,390	862,031	(1,042,359)
Fees	-	-	610	610
Total education	<u>1,829,390</u>	<u>1,904,390</u>	<u>862,641</u>	<u>(1,041,749)</u>
Total expenditures	<u>1,829,390</u>	<u>1,904,390</u>	<u>862,641</u>	<u>(1,041,749)</u>
Revenues Over (Under) Expenditures	(1,829,390)	(1,904,390)	(862,641)	1,041,749
Other Financing Sources:				
Sale of bonds	<u>1,829,390</u>	<u>1,904,390</u>	<u>500,000</u>	<u>1,041,749</u>
Net Change in Fund Balance	-	-	(362,641)	(362,641)
Fund Balance - July 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (362,641)</u>	<u>\$ (362,641)</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, 2013

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment earnings	\$ 35,000	\$ 34,535	\$ (465)
Net decrease in fair value of investments	5,000	(28,735)	(33,735)
Miscellaneous revenues	1,000	2,240	1,240
Total revenues	41,000	8,040	(32,960)
Expenditures:			
Trustee fees	15,000	10,383	4,617
Revenues Over (under) expenditures	26,000	(2,343)	(28,343)
Other financing sources (uses)			
Transfers in	35,000	48,150	13,150
Transfers out	(35,000)	(29,937)	5,063
Total other financing sources (uses)	-	18,213	18,213
Net Change in Fund Balance	26,000	15,870	(10,130)
Fund balance - July 1, 2012	1,312,306	1,312,306	-
Fund balance - June 30, 2013	\$ 1,338,306	\$ 1,328,176	\$ (10,130)

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CITY OF DYERSBURG, TENNESSEE
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2013

	Internal Service Fund	Communications Service Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,102,724	\$ 135,435	\$ 1,238,159
Accounts receivable (net of allowance for uncollectibles)	-	23,952	23,952
Due from other funds	1,526	9,381	10,907
Total current assets	1,104,250	168,768	1,273,018
Noncurrent assets:			
Capital assets:			
Property, plant, and equipment	480,226	1,667,122	2,147,348
Less - accumulated depreciation	(386,781)	(1,123,499)	(1,510,280)
Net property, plant, and equipment	93,445	543,623	637,068
Deferred debits	23,566	6,380	29,946
Total Assets	1,221,261	718,771	1,940,032
LIABILITIES			
Current liabilities:			
Accounts payable	8,329	2,503	10,832
Accrued payroll	7,787	12,798	20,585
Accrued compensated absences	14,404	17,456	31,860
Due to other funds	492,829	97,154	589,983
Other current liabilities	25,400	32,500	57,900
Total current liabilities	548,749	162,411	711,160
Noncurrent liabilities:			
Other accrued liabilities	15,222	28,020	43,242
Total Liabilities	563,971	190,431	754,402
NET POSITION			
Net investment in capital assets	93,445	543,623	637,068
Unrestricted	563,845	(15,283)	548,562
Total Net Position	\$ 657,290	\$ 528,340	\$ 1,185,630

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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, 2013

	<u>Internal Service</u>	<u>Communication Services</u>	<u>Combined</u>
Operating revenues:			
Joint costs	\$ 756,795	\$ 669,431	\$ 1,426,226
Miscellaneous revenues	<u>6,595</u>	<u>268,254</u>	<u>274,849</u>
Total operating revenues	<u>763,390</u>	<u>937,685</u>	<u>1,701,075</u>
Operating expenses:			
Customer service and collection	717,513	-	717,513
Communication services	-	719,034	719,034
General and administrative	31,125	156,603	187,728
Emergency warning system	-	6,068	6,068
Depreciation and amortization	<u>14,818</u>	<u>56,231</u>	<u>71,049</u>
Total operating expense	<u>763,456</u>	<u>937,936</u>	<u>1,701,392</u>
Operating income (loss)	(66)	(251)	(317)
Nonoperating revenues (expenses):			
Interest income	66	26	92
Miscellaneous income	<u>-</u>	<u>225</u>	<u>225</u>
Total nonoperating revenues (expenses)	66	251	317
Change in net position	-	-	-
Total net position - July 1, 2012	<u>657,290</u>	<u>528,340</u>	<u>1,185,630</u>
Total net position - June 30, 2013	<u>\$ 657,290</u>	<u>\$ 528,340</u>	<u>\$ 1,185,630</u>

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CITY OF DYERSBURG, TENNESSEE
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Internal Service	Communication Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 763,390	\$ 120,857	\$ 884,247
Payments to suppliers	(185,168)	(205,077)	(390,245)
Payments to employees for services	(395,548)	(503,530)	(899,078)
Payments for employee benefits	(155,058)	(169,397)	(324,455)
Payments to other funds	247,372	161,471	408,843
Other receipts (payments)	(2,493)	779,913	777,420
Net cash provided by (used for) operating activities	<u>272,495</u>	<u>184,237</u>	<u>456,732</u>
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(65,595)	(48,873)	(114,468)
Net cash used by capital and related financing activities	<u>(65,595)</u>	<u>(48,873)</u>	<u>(114,468)</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES			
Interest and investment earnings	66	251	317
Net cash provided by (used for) investing activities	<u>66</u>	<u>251</u>	<u>317</u>
Net increase (decrease) in cash and cash equivalents	206,966	135,615	342,581
Cash and cash equivalents - July 1, 2012	<u>895,758</u>	<u>(180)</u>	<u>895,578</u>
Cash and cash equivalents - June 30, 2013	<u>\$ 1,102,724</u>	<u>\$ 135,435</u>	<u>\$ 1,238,159</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (66)	\$ (251)	\$ (317)
Adjustments to reconcile net income (loss) from operations to net cash provided (used) by operating activities			
Depreciation	11,495	50,651	62,146
Amortization	3,323	5,580	8,903
(Increase) Decrease in Assets			
Accounts receivable, net of allowance	-	(12,795)	(12,795)
Due from other funds	(17,790)	104,023	86,233
Other assets	-	-	-
Increase (Decrease) in Liabilities			
Accounts payable	6,881	404	7,285
Accrued payroll	283	2,282	2,565
Due to other funds	265,162	57,448	322,610
Other current liabilities	2,100	1,100	3,200
Deferred revenue	-	(22,500)	(22,500)
Compensated absences	1,107	(1,705)	(598)
Net cash provided by (used for) operating activities	<u>\$ 272,495</u>	<u>\$ 184,237</u>	<u>\$ 456,732</u>

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CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Original & Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Operating Revenues:			
Miscellaneous revenues:			
Joint cost	\$ 747,600	\$ 735,795	\$ (11,805)
Computer services	21,000	21,000	-
Other	17,000	6,595	(10,405)
Total miscellaneous revenues	<u>785,600</u>	<u>763,390</u>	<u>(22,210)</u>
Operating Expenses:			
Customer service and collection:			
Salaries	137,300	135,888	1,412
Payroll taxes	10,500	9,675	825
Hospital and health insurance	29,300	30,766	(1,466)
Publicity, subscriptions, and dues	15,000	10,211	4,789
Telephone	2,500	2,190	310
Automobile allowance	1,200	1,200	-
Office supplies	4,700	3,092	1,608
Small items of equipment	1,100	-	1,100
Postage	9,000	8,384	616
Repairs and maintenance	600	790	(190)
Other	2,400	2,493	(93)
Total customer service and collection	<u>213,600</u>	<u>204,689</u>	<u>8,911</u>
Billing:			
Salaries	104,900	107,509	(2,609)
Payroll taxes	8,000	7,953	47
Hospital and health insurance	6,000	84	5,916
Office supplies	5,000	5,547	(547)
Postage	32,000	31,362	638
Repairs and maintenance	1,000	877	123
Total billing	<u>156,900</u>	<u>153,332</u>	<u>3,568</u>
Meter reading:			
Salaries	112,000	96,479	15,521
Payroll taxes	8,500	6,727	1,773
Hospital and health insurance	51,800	52,706	(906)
Telephone	200	144	56
Professional services	-	70	(70)
Operating supplies	300	41	259
Uniforms	1,000	1,030	(30)
Repairs and maintenance	12,000	10,979	1,021
Gas and oil	6,000	5,231	769
Insurance	500	542	(42)
Total meter reading	<u>192,300</u>	<u>173,949</u>	<u>18,351</u>

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CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - INTERNAL SERVICE FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Original Final	Actual	Variance- Favorable (Unfavorable)
Operating Expenses (continued):			
Computer operations:			
Salaries	\$ 49,800	\$ 50,948	\$ (1,148)
Payroll taxes	3,800	3,856	(56)
Hospital and health insurance	17,200	18,928	(1,728)
Training	-	300	(300)
Publicity, subscriptions, dues	1,500	-	1,500
Telephone	4,000	3,032	968
Travel	1,200	1,452	(252)
Automobile allowance	2,700	2,700	-
Small items of equipment	13,700	6,323	7,377
Operating supplies	5,000	5,822	(822)
Repairs and maintenance	75,000	81,217	(6,217)
Insurance	10,000	10,965	(965)
Total computer operations	<u>183,900</u>	<u>185,543</u>	<u>(1,643)</u>
Administrative expenses:			
Vacation and sick leave	1,000	1,107	(107)
Hospital and health insurance	100	70	30
Retirement	26,600	25,400	1,200
Professional service	2,500	4,130	(1,630)
Other	200	418	(218)
Total administrative expenses	<u>30,400</u>	<u>31,125</u>	<u>(725)</u>
Depreciation and amortization expense	<u>12,500</u>	<u>14,818</u>	<u>(2,318)</u>
Total operating expense	<u>789,600</u>	<u>763,456</u>	<u>26,144</u>
Operating Income (loss)	(4,000)	(66)	3,934
Nonoperating Revenues (Expenses):			
Interest income	<u>4,000</u>	<u>66</u>	<u>(3,934)</u>
Change in Net Position	-	-	-
Total Net Position - July 1, 2012	<u>657,290</u>	<u>657,290</u>	<u>-</u>
Total Net Position - June 30, 2013	<u>\$ 657,290</u>	<u>\$ 657,290</u>	<u>\$ -</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, 2013

	<u>Budgeted Original & Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Operating Revenues:			
Miscellaneous revenues			
Joint cost	\$ 727,500	\$ 669,431	\$ (58,069)
Miscellaneous	194,000	268,254	74,254
Total miscellaneous revenues	<u>921,500</u>	<u>937,685</u>	<u>16,185</u>
Operating Expenses:			
General and administrative			
Salaries	62,800	64,516	(1,716)
Vacation	-	(1,705)	1,705
Payroll taxes	4,900	5,012	(112)
Hospital and health insurance	6,000	6,628	(628)
Retirement	32,000	32,500	(500)
Unemployment insurance	2,000	4,194	(2,194)
Publicity, subscriptions and dues	500	811	(311)
Utility services	25,000	22,197	2,803
Telephone	1,000	1,882	(882)
Professional services	2,500	4,909	(2,409)
Travel	1,500	2,211	(711)
Automobile allowance	2,700	2,700	-
Insurance	8,000	9,128	(1,128)
Other	300	1,620	(1,320)
Total general and administrative	<u>149,200</u>	<u>156,603</u>	<u>(7,403)</u>
Communication services			
Salaries	428,600	440,301	(11,701)
Payroll taxes	32,800	31,763	1,037
Hospital and health insurance	97,200	91,789	5,411
Training	1,000	1,090	(90)
Publicity, subscriptions and dues	1,000	764	236
Telephone	28,000	30,516	(2,516)
Travel	1,500	1,832	(332)
Other contractual services	50,000	49,485	515
Office supplies	3,500	3,450	50
Small items of equipment	5,500	15,439	(9,939)
Operating supplies	3,500	6,006	(2,506)
Uniforms	1,000	1,121	(121)
Repairs and maintenance	60,000	45,478	14,522
Total communication services	<u>713,600</u>	<u>719,034</u>	<u>(5,434)</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, 2013

	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Operating Expenses (continued)			
Emergency warning system			
Publicity, subscriptions and dues	\$ 2,500	\$ 4,801	\$ (2,301)
Repairs and maintenance	<u>2,500</u>	<u>1,267</u>	<u>1,233</u>
Total emergency warning system	<u>5,000</u>	<u>6,068</u>	<u>(1,068)</u>
Depreciation and Amortization expense	<u>53,900</u>	<u>56,231</u>	<u>(2,331)</u>
Total operating expense	<u>921,700</u>	<u>937,936</u>	<u>(16,236)</u>
Operating Income (loss)	(200)	(251)	(51)
Nonoperating Revenues (Expenses):			
Interest income	-	26	26
Miscellaneous income	<u>200</u>	<u>225</u>	<u>25</u>
Total nonoperating revenues (expenses)	<u>200</u>	<u>251</u>	<u>51</u>
Change in Net Position	-	-	-
Total Net Position - July 1, 2012	<u>528,340</u>	<u>528,340</u>	<u>-</u>
Total Net Position - June 30, 2013	<u>\$ 528,340</u>	<u>\$ 528,340</u>	<u>\$ -</u>

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
DEBT SERVICE REQUIREMENTS
JUNE 30, 2013**

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

Year Ended June 30,	3.10 - 4.10% Electric System Revenue Refunding and Improvement Bonds Series 2005		3.70 - 4.00% Electric System Revenue Refunding and Improvement Bonds Series 2007		2.00 - 3.00% Electric System Revenue Refunding and Improvement Bonds Series 2010	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 170,000	\$ 54,985	\$ 135,000	\$ 63,410	\$ 475,000	\$ 22,550
2015	180,000	48,780	140,000	58,415	220,000	13,050
2016	205,000	42,210	145,000	53,165	215,000	6,450
2017	220,000	34,420	155,000	47,728		
2018	210,000	25,620	160,000	41,760		
2019	205,000	17,220	165,000	35,600		
2020	220,000	9,020	170,000	29,000		
2021			180,000	22,200		
2022			185,000	15,000		
2023			190,000	7,600		
	<u>\$ 1,410,000</u>	<u>\$ 232,255</u>	<u>\$ 1,625,000</u>	<u>\$ 373,878</u>	<u>\$ 910,000</u>	<u>\$ 42,050</u>

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
DEBT SERVICE REQUIREMENTS
JUNE 30, 2013**

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	
	Principal	Interest	Principal	Interest
2014	\$ 820,000	\$ 152,300	\$ 184,699	\$ 44,844
2015	680,000	129,800	184,699	44,844
2016	700,000	105,600	184,699	44,844
2017	735,000	76,900	184,699	44,844
2018	770,000	46,800	184,699	44,844
2019	785,000	15,700	184,699	44,844
2020			184,699	44,844
2021			184,699	44,844
2022			184,699	44,844
2023			184,699	44,844
2024			184,699	44,844
2025			184,699	44,844
2026			204,906	44,844
	<u>\$ 4,490,000</u>	<u>\$ 527,100</u>	<u>\$ 2,421,294</u>	<u>\$ 582,972</u>

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CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Year of Levy</u>	<u>Balance July 1, 2012</u>	<u>Current Assessments & Adjustments</u>	<u>Collections</u>	<u>Write-offs</u>	<u>Balance June 30, 2013</u>
2001	\$ -	\$ -	\$ -	\$ -	\$ -
2002	5,562	-	-	(5,562)	-
2003	9,586	-	(24)	-	9,562
2004	5,234	-	(380)	-	4,854
2005	13,211	-	(255)	-	12,956
2006	3,980	-	-	-	3,980
2007	6,566	-	-	-	6,566
2008	11,000	-	(70)	-	10,930
2009	7,482	-	(219)	-	7,263
2010	38,181	-	(29,271)	-	8,910
2011	365,253	(1,402)	(317,191)	-	46,660
2012	-	6,980,781	(6,460,313)	-	520,468
	<u>\$ 466,055</u>	<u>\$ 6,979,379</u>	<u>\$ (6,807,723)</u>	<u>\$ (5,562)</u>	<u>632,149</u>
					Unassessed property tax receivable
					<u>7,027,220</u>
					<u>\$ 7,659,369</u>

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION
 JUNE 30, 2013**

Tax Year 2011	<u>Property Owner</u>	<u>Tax Due</u>
	Adams Mary E Howard	\$ 32
	Agnew Barnett	261
	Alford Paul	899
	Anderson Grady	25
	Deal Marion S	22
	Austin Treasa	262
	Bahl Edward	11
	Bane Mary	17
	Barham Margaret L	149
	Belew George	7
	Bell Fred	29
	Bell Fred	161
	Bell Fred	155
	Bell Fred	165
	Bell Fred	276
	Bell Fred	767
	Brown Raymond Lee	113
	Butler George F	261
	Butler George F	15
	Cagle Bob Sr	153
	Chatwood Dave	332
	Coleman Billy F	327
	Cox Annie	196
	Dixon April C	42
	Draper Ashley	267
	Esparza Lori Ann	150
	Evans Anthony	199
	Ewing Jake B III	12
	Fortner Sdiney	111
	Friese Lydia	83
	Friese Lydia	170
	Gilliam Charlie Alton	193
	H H Hudson Funeral	35
	Hampton Joe	291
	Harrison Jeff	37
	Hunziker Michael	225
	Isom Fred Jr	198
	James David	208
	Jarvis Barry Jay	74
	Jarvis Barry Jay	15
	Jarvis Barry Jay	210
	Jaycox James	133

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION
 JUNE 30, 2013**

Property Owner	Tax Due
Tax Year 2011 (Continued):	
Jaycox James	\$ 95
Jetton Linda Sue Moore	295
Keeling Jonathan W	35
Kitzmilller Thomas W	1,839
Littlejohn Mary S	341
McIntosh Diane	165
McReynolds Shirley	569
Miles Dorothy	34
Mallard Ricky	44
Mink Debbie	277
Mosley John W	336
Osby James F	138
Osby Joyce Jean	5
Parker Daisy	20
Parker Joe N	529
Pettigrew Tyrhonda	67
Powell Bettye	22
Pressler John T	377
Pressler John T	862
Pressler John T	447
Pressler John T	291
Pressler John T	178
Pressler John T	188
Pressler John T	125
Pressler John T	526
Reed Ronald	3,997
Refuge Temple Outreach	30
Rind Eva	35
Rivers Bruce Wayne	369
Rogers Katherine	224
Rogers Katherine	54
Royal Holiday Rentals	528
Royal Holiday Rentals	626
Royal Holiday Rentals	205
Royal Holiday Rentals	43
Royal Holiday Rentals	287
Royal Holiday Rentals	806
Sanders Ruby Quay	85
Sigman Tim	390
Sigman Tim	435
Sigman Tim	443
Sigman Tim	302

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF UNCOLLECTED PROPERTY TAXES
SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION
JUNE 30, 2013**

	Tax Due
Tax Year 2011 (Continued):	
Sigman Tim	\$ 295
Sigman Tim	308
Simonton Robert Lewis Jr	222
Sims Patricia	156
SLM Investments LLC	174
Starks Baxter	425
Stout Wanda	589
Stout Wanda	354
Stout Wanda	202
Swims Gregory	373
Taylor Coolidge O	156
Taylor Gregory A	117
Thomas Willie Mack	92
Todd Janice	585
Todd Rayburn	856
Toles Willie	39
Toles Willie	53
Troy William B	445
Tucker Homer H	2,336
Walker Dale	40
Walker Ricky Clay	89
Walker Ricky Clay	373
Walters Brandon L	380
Ward Andy	272
Ward Lisa M	20
Weakley Susanne P	154
Westbrook Robert F	154
Whitelaw Johnnie P	439
Winbush J T	167
Winbush J T	431
Winchester James L	564
Winchester James L	449
Winchester Max Vernon	328
Yarbrough John	148
Yarbrough John	298
Yarbrough John	398
Yarbrough John	434
	\$ 36,867

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Assessment Year</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Assessment</u>
2003	\$ 249,082,839	\$ 2	\$ 4,923,287
2004	259,101,702	1.72	5,200,346
2005	255,854,271	1.85	5,530,033
2006	265,515,132	1.85	5,684,366
2007	263,316,696	2.04	6,231,871
2008	311,329,183	1.99	6,784,826
2009	312,181,477	1.99	6,922,462
2010	300,012,097	1.99	6,666,484
2011	297,218,571	1.99	6,735,790
2012	307,174,378	2.14	7,006,899

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Program name</u>	<u>CFDA Number</u>	<u>Grantor Agency</u>	<u>Deferred Revenue/ (Receivable) July 1, 2012</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Deferred Revenue/ (Receivable) June 30, 2013</u>
STOP Violence Against Women	16.588	U.S. Department of Justice	(7,701)	45,992	(38,291)	-
2010 Justice Assistance Grant Program		U.S. Department of Justice	-	582	(582)	-
2011 Justice Assistance Grant Program		U.S. Department of Justice	-	3,151	(3,151)	-
2012 Justice Assistance Grant Program		U.S. Department of Justice	-	9,970	(9,970)	-
Bulletproof Vest Partnership Program	16.607	U.S. Department of Justice	-	4,527	(4,527)	-
ARRA - Justice Assistance Grant Program		U.S. Department of Justice	(3,273)	5,574	(2,301)	-
ARRA - COPS Hiring Recovery Program		U.S. Department of Justice	(32,168)	99,242	(67,074)	-
Total Department of Justice			<u>(43,142)</u>	<u>169,038</u>	<u>(125,896)</u>	<u>-</u>
Transportation Enhancement Program *	20.205	State of Tennessee Dept. of Transportation	(962,831)	1,332,141	(369,310)	-
High Visibility Law Enforcement Campaigns		State of Tennessee Dept. of Transportation	(4,567)	5,000	(433)	-
Total Department of Transportation			<u>(967,398)</u>	<u>1,337,141</u>	<u>(369,743)</u>	<u>-</u>
Hazard Mitigation Grant Program *	97.036	Federal Emergency Management Agency	-	202,362	(426,100)	(223,738)
Total All Federal Programs			<u>\$ (1,010,540)</u>	<u>\$ 1,708,541</u>	<u>\$ (921,739)</u>	<u>\$ (223,738)</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 Schedules of Expenditures of Federal Awards for Dyersburg Electric System and Dyersburg City Schools were presented in their separately issued audit reports and therefore, are not reported here.

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Program name	Grantor Agency	Balance (Receivable) July 1, 2012	Receipts	Expenditures	Balance (Receivable) June 30, 2013
Airport Ground Maintenance Equipment	State of Tennessee Department of Transportation	(32,584)	32,584	(43,209)	(43,209)
Airport Maintenance	State of Tennessee Department of Transportation	(13,000)	13,000	-	-
Airport Runway Rehabilitation	State of Tennessee Department of Transportation	(59,112)	-	(113,356)	(172,468)
Recreation	State of Tennessee Dept of Environment & Consv	(25,000)	26,875	(1,875)	-
Disaster Relief (City of Dyersburg)	Tennessee Emergency Management Agency	(11,072)	11,072	-	-
		<u>\$ (140,768)</u>	<u>\$ 83,531</u>	<u>\$ (158,440)</u>	<u>\$ (215,677)</u>

The Schedules of State Financial Assistance for Dyersburg Electric System and Dyersburg City Schools were presented in their seperately 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, 2013**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Tax Year 2012</u>	
		<u>Assessed Valuation</u>	<u>Property Taxes Assessed and Paid</u>
Dyersburg Hospital Corp	Medical Services	\$ 12,722,494	\$ 272,262
ERMCO	Distribution Transformers	11,995,660	257,188
Sun Products	Household Cleaning Products	3,588,089	192,411
Quebecor	Magazine Printing	8,481,200	181,498
Excel Polymers	Rubber Products	5,109,395	109,341
Walmart Super Center	Discount Retailer	4,497,324	96,243
Nordyne	Air Conditioners	2,281,858	87,142
Polyone Corporation	Rubber and Plastic Products	3,808,142	81,495
First Citizens National Bank	Banking	3,708,242	79,500
BellSouth Communications	Public Utility	3,069,124	65,679
Unionport (1980) Assoc LLC	Shopping Center	3,012,120	64,460
Lowe's Home Center, Inc.	Retailer	2,661,059	56,947
Forcum Lannom, Inc.	Building Materials	2,632,141	56,327
Tower Dyersburg LLF	Industrial Property	2,108,720	45,127
BSF Diversified Products	Automotive Parts	2,087,260	41,703
Dyersburg Mall Co. LLC	Shopping Mall	1,920,000	41,119
Security Bancorp of TN	Banking	1,748,065	37,409
		<u>\$ 75,430,893</u>	<u>\$ 1,765,851</u>

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CURRENT UTILITY RATES IN FORCE (UNAUDITED)
JUNE 30, 2013

	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, 2013

	<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	\$	11.11
Energy charges - per kWh		
First 800 kWh per month	\$	0.07001 0.02466
Additional kWh per month	\$	0.05564 0.02466
General Power Rate Schedule - GSA		
GSA - 1 (0 - 50 kW)		
Customer charge - per delivery point per month	\$	16.00
First 1500 kWh per month	\$	0.08416 0.02440
Additional kWh per month	\$	0.06608 0.02440
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	\$	9.92
Additional kW	\$	7.69
Energy charge - per kW		
First 15,000 kWh	\$	0.03767 0.02440
Additional kWh	\$	0.03721 0.02410
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	\$	12.46
Excess over 1,000 kW	\$	8.06
Excess demand charge - higher of 1,000 kW or contract demand	\$	6.85
Energy charge - per kWh	\$	0.03721 0.02410
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	\$	16.08
Off peak > on peak demand	\$	3.63
Excess demand	\$	16.08
Energy charge - per kWh per month		
All on peak kWh		0.07260 0.02423
First 425 hours use of demand		0.03792 0.02423
Next 195 hours use of demand		0.01926 0.02423
Excess 620 hours use of demand		0.00341 0.02423

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CURRENT UTILITY RATES IN FORCE (UNAUDITED)
JUNE 30, 2013

	Rates	
Electrical (continued):		
General Power Rate Schedule - SGSB (5,001 - 15,000 kW)		
Customer charge - per delivery point per month	\$	1,830.00
Demand charge - per kW per month	\$	21.27
Excess demand	\$	21.27
Energy charge - per kWh per month		0.02549 0.02423
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	\$	16.09
Off peak > on demand	\$	3.63
Excess demand	\$	16.09
Energy charge - per kWh		
All on peak kWh		0.05742 0.02423
First 425 hours use of demand		0.02314 0.02423
Next 195 hours use of demand		0.00448 0.02423
Excess 620 hours use of demand		(0.01137) 0.02423
Manufacturing Power Rate Schedule - SMSB (5,001 - 15,000 kW)		
Customer charge - per delivery point per month	\$	1,830.00
Demand charge per kW per month	\$	18.37
Excess demand	\$	18.37
Energy charge - per kWh		0.01782 0.02423
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	\$	0.04837 0.02466
Drainage Pump Schedule - DPS		
Customer charge - per delivery point per month	\$	500.00
Energy charge - per kWh		0.03767 0.02440

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, 2013

<u>Utility Service</u>	<u>Customers</u>		
	<u>6/30/2012</u>	<u>Increase (Decrease)</u>	<u>6/30/2013</u>
Water	7,930	10	7,940
Sewer	7,490	(15)	7,475
Gas	7,758	52	7,810
Electric	12,050	(75)	11,975

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Water Audit Report for: **CITY OF DYERSBURG**

Reporting Year: **2013** **7/2012 - 6/2013**

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 (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

WATER SUPPLIED

<< Enter grading in column 'E'

Volume from own sources:	?	7	937.693	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	?	n/a		MG/Yr
Water imported:	?	n/a	0.000	MG/Yr
Water exported:	?	n/a	0.000	MG/Yr
WATER SUPPLIED:			937.693	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	?	7	738.100	MG/Yr
Billed unmetered:	?	n/a	0.000	MG/Yr
Unbilled metered:	?	n/a	0.000	MG/Yr
Unbilled unmetered:	?	n/a	11.721	MG/Yr
AUTHORIZED CONSUMPTION:			749.821	MG/Yr

Click here: [?](#) for help using option buttons below

Pcnt: Value:

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

187.872 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:	?	10	0.000	MG/Yr
Systematic data handling errors:	?	8	5.000	MG/Yr

Apparent Losses: MG/Yr

Pcnt: Value:

Choose this option to enter a percentage of billed metered consumption. This is NOT a default value

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

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	?	10	150.0	miles
Number of active AND inactive service connections:	?	7	7,960	
Connection density:	?	n/a	53	conn./mile main
Average length of customer service line:	?	7	50.0	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	?	10	50.0	psi

COST DATA

Total annual cost of operating water system:	?	9	\$2,265,900	\$/Year
Customer retail unit cost (applied to Apparent Losses):	?	9	\$4.30	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	?	7		\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	21.3%
Non-revenue water as percent by cost of operating system:	1.4%
Annual cost of Apparent Losses:	\$31,580
Annual cost of Real Losses:	

Operational Efficiency Indicators

Apparent Losses per service connection per day:	2.53	gallons/connection/day
Real Losses per service connection per day*:	62.14	gallons/connection/day
Real Losses per length of main per day*:	N/A	
Real Losses per service connection per day per psi pressure:	1.24	gallons/connection/day/psi
Unavoidable Annual Real Losses (UARL):	46.92	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	180.53	million gallons/year
Infrastructure Leakage Index (ILI) [CARL/UARL]:	3.85	

* only the most applicable of these two indicators will be calculated

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 76 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: Volume from own sources

2: Billed metered

3: Unauthorized consumption

For more information, click here to see the Grading Matrix worksheet

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF OFFICIAL BONDS OF PRINCIPAL OFFICIALS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

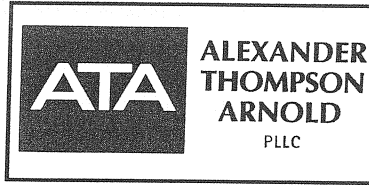
<u>Name</u>	<u>Title</u>	<u>Bonded Amount</u>
John K. Holden	Mayor	\$ 100,000.00
Stephen T. Anderson	Treasurer	\$ 100,000.00
Robert C. Jones	Recorder	\$ 100,000.00

See independent auditor's report

INTERNAL CONTROL AND COMPLIANCE SECTION

Members of:

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



Certified Public Accountants

Offices in Tennessee & Kentucky

185 N Church Street
Dyersburg, TN 38024

Phone 731.285.7900
Fax 731.285.6221
www.atacpa.net

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
with Government Auditing Standards**

Board of Mayor and
Aldermen
City of Dyersburg
Dyersburg, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dyersburg, Tennessee (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 7, 2014.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We and the other auditors did identify certain deficiencies in internal control, described in the accompanying schedule of findings questioned costs as items 2013-01, 2011-01, 2013-1 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors, disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2013-01.

City's Response to Findings

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

Purpose of this Report

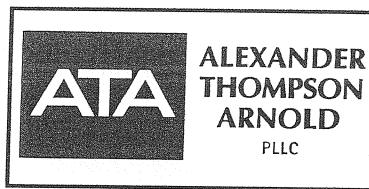
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance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

Alexander Thompson Arnold PLLC

Dyersburg, Tennessee
March 7, 2014

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AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
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Independent Auditor's Reports on Compliance for Each Major Federal Program and on Internal Control over Compliance

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, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct a material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Alexander Thompson Arnold PLLC

Dyersburg, Tennessee
March 7, 2014

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

SECTION I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	_____ yes	_____ x _____ no
Significant deficiencies identified?	_____ x _____ yes	_____ none reported
Noncompliance material to financial statements noted?	_____ x _____ yes	_____ no

Federal Awards

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

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

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	_____ yes	_____ x _____ no
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Transportation Enhancement Program
97.039	Hazard Mitigation Program

Dollar threshold used to distinguish between Type A and Type B Programs:	<u>\$300,000</u>
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Auditee qualified as low-risk auditee?	_____ yes	_____ x _____ no
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SECTION II - Financial Statement Findings

Dyersburg Electric System

No findings reported.

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Dyersburg City Schools

2013-1 Failure to Make Required Contributions

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

Criteria: Contributions are determined by a qualified actuary.

Effect: There is a risk of there not being adequate assets to pay retirement benefits to participants when they retire from service.

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

Response: We will start making the required contributions in the 2014 fiscal year.

General Government

2011-01 Unpaid Property Taxes

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

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

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

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

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

2013-01 Expenditures Exceed Approved Budget

Condition: Expenditures in the Communication Services Fund and the School Capital Projects Fund were greater than approved budgetary amounts.

Criteria: Expenditures should not exceed approved budgeted amounts.

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

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, 2013*

SECTION III - Federal Awards Findings and Questioned Costs

General Government

None noted.

SECTION IV - Status of Prior Year Audit Findings

Prior year audit finding 2012-1 has been resolved.

Prior year audit finding 2011-1 is repeated in the current year.