

CITY OF DYERSBURG, TENNESSEE

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

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INTRODUCTORY SECTION

**CITY OF DYERSBURG, TENNESSEE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

LIST OF PRINCIPAL OFFICIALS

John Holden, Mayor
Kevin Chaney, Board Member
Bill Escue, Board Member
Terry Glover, Board Member
Bob Kirk, Board Member
Dennis Moody, Board Member
Mike Morgan, Board Member
Scott Staggs, Board Member
Robert Taylor Jr., Board Member
John Lannom, City Attorney
Steve Anderson, City Treasurer (CMFO)
Robert C. Jones, City Recorder
Steve Isbell, Police Chief
Brett Sipes, Fire Chief
Sue Teague, Director of Human Resources

FINANCIAL SECTION



COWART REESE SARGENT

Certified Public Accountants, P.C.

Members: American Institute of Certified Public Accountants | Tennessee Society of Certified Public Accountants
Governmental Audit Quality Center | Private Companies Practice Section
www.crscpa.com

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Board of 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, 2018, and the fiduciary fund of the Dyersburg City Schools Retirement Plan and the fiduciary fund of Dyersburg Electric Retirement Plan for the year ended December 31, 2017, and the fiduciary fund for the City of Dyersburg Pension Plan for the year ended June 30, 2017, 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.

Auditors' 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 City Schools Board of Education, which is both a major fund and 29 percent and -6 percent, and 60 percent respectively, of the total assets and deferred outflows, net position, and revenues of the governmental 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 City Schools Board of Education 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

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304 Broadway St
Martin, TN 38237
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Fax (731)587-9474

11 N. Court Square
Brownsville, TN 38012
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110 West Court
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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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the 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, the aggregate remaining fund information of the City of Dyersburg, Tennessee, as of June 30, 2018, and the fiduciary funds of Dyersburg Electric Defined Benefit Plan and the fiduciary fund of the Dyersburg City Schools Retirement Plan for the year ended December 31, 2017, and the fiduciary funds of the City of Dyersburg Pension Plan for the year ended June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and school general purpose funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post-employment benefits schedules as listed in the table of contents 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 about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and 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 introductory section, supplementary and other information section, and the other miscellaneous information section- unaudited are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Cowart Reese Sargent, CPAs, P.C.

Cowart Reese Sargent CPAs, P.C.
Dyersburg, Tennessee
March 13, 2019

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018.

FINANCIAL HIGHLIGHTS

- > The assets and deferred outflows of resources of the City of Dyersburg exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$99,142,885 (net position). Of this amount, \$1,036,649 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. See page 19.
- > The City's total net position increased by \$878,784.
- > At June 30, 2018, the governmental funds reported combined ending fund balances of \$8,860,715, of which \$2,490,501 was unassigned and available for use at the City's discretion. See page 21.
- > Governmental fund balances increased by \$1,031,381 (page 23) during the year.
- > During the fiscal year ended June 30, 2018, the City's total notes and bonds payable decreased by \$2,699,900 (see page 15 of the report for debt payments by activity).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 18 - 20 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 11 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, both of which are considered to be major funds. Data from the other 9 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 in the supplementary and other information section of 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 presented as required supplemental information. Comparison schedules for major funds are presented along with the fund financial statements. Non-major funds are presented as supplementary and other information.

The basic governmental fund financial statements can be found on pages 21-30 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 31-35 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-80 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 93-110 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

The City's combined net position increased \$878,784 or less than 1% from 2017 to 2018. Net position decreased \$1,686,724 in governmental activities, with business-type activities increasing \$2,565,508. Combined net position (assets and deferred outflows exceeding liabilities and deferred inflows of resources) was \$99,142,885 at June 30, 2018. The table below provides a comparative summary of the City's net position as of June 30, 2018 and 2017.

CITY OF DYERSBURG'S NET POSITION

	Governmental Activities		Business-type		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 20,749,764	\$ 19,258,412	\$ 33,143,423	\$ 32,307,413	\$ 53,893,187	\$ 51,565,825
Capital assets	46,626,238	49,282,757	66,791,661	65,109,424	113,417,899	114,392,181
Total Assets	67,376,002	68,541,169	99,935,084	97,416,837	167,311,086	165,958,006
Deferred Outflows of Resources	18,553,729	20,427,370	5,586,548	4,678,477	24,140,277	25,105,847
Long-term liabilities	52,076,750	51,459,444	13,674,730	8,435,700	65,751,480	59,895,144
Other liabilities	3,262,403	5,598,207	7,827,743	12,910,463	11,090,146	18,508,670
Total Liabilities	55,339,153	57,057,651	21,502,473	21,346,163	76,841,626	78,403,814
Deferred Inflows of Resources	13,794,575	13,428,161	1,672,277	967,777	15,466,852	14,395,938
Net position:						
Investment in capital assets, net of related debt	27,267,956	28,470,210	65,519,142	61,918,378	92,787,098	90,388,588
Restricted	4,087,257	1,511,564	1,231,881	1,198,668	5,319,138	2,710,232
Unrestricted	(14,559,210)	(11,499,047)	15,595,859	16,664,328	1,036,649	5,165,281
Total net position	\$ 16,796,003	\$ 18,482,727	\$ 82,346,882	\$ 79,781,374	\$ 99,142,885	\$ 98,264,101

The largest portion of the City's net position (\$92,787,098 or 94%) 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 \$2,398,510 from 2017. Of this increase governmental activities decreased \$1,202,254, and business-type activities increased \$3,600,764. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$5,319,138 or 6%) represents resources that are subject to external restriction on how they may be used. Restricted net position increased \$2,608,906 from 2017. The remaining balance of net position (unrestricted net position of \$1,036,649) may be used to meet the government's ongoing obligation to citizens and creditors. Unrestricted net position decreased \$4,128,632 from 2017.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Analysis of the City's Operations. The following table provides a comparative summary of the City's operations for the years ended June 30, 2018 and 2017. Also, summary tables comparing 2018 with 2017 along with charts for 2018 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 \$1,686,724 in 2018 compared to a decrease of \$715,522 in 2017. Business-type activities increased the City's net position by \$2,565,508 in 2018 compared to a increase of \$1,031,909 in 2017.

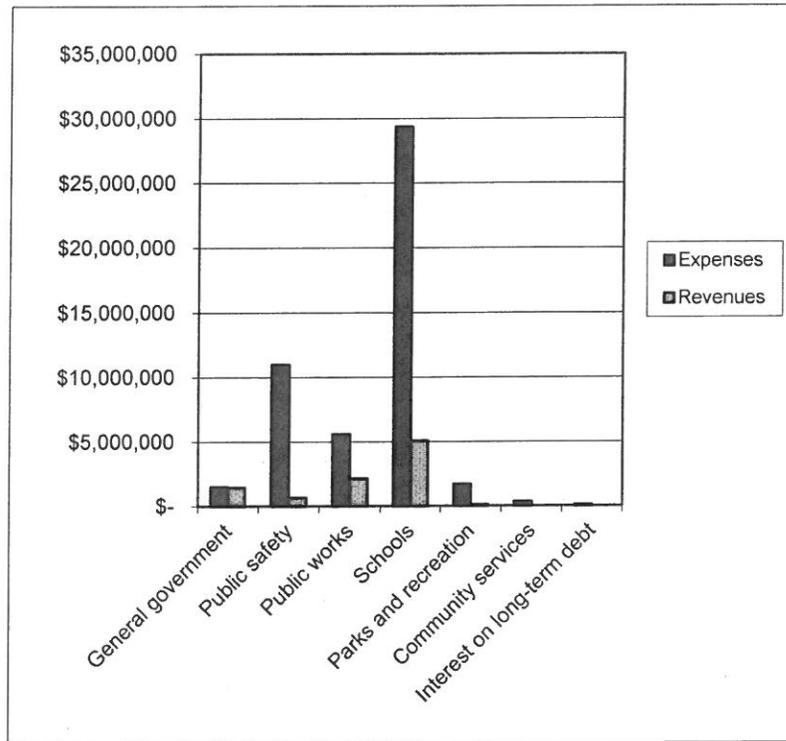
CITY OF DYERSBURG'S CHANGES IN NET POSITION

	Governmental Activities		Business-type		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 2,990,890	\$ 2,651,852	\$ 56,498,999	\$ 54,551,305	\$ 59,489,889	\$ 57,203,157
Operating grants and contributions	6,201,338	5,435,707	-	-	6,201,338	5,435,707
Capital grants and contributions	219,959	18,515	1,177,781	216,402	1,397,740	234,917
General revenues						
Sales and use tax	9,955,258	9,965,606	-	-	9,955,258	9,965,606
Property tax	10,639,407	10,249,134	-	-	10,639,407	10,249,134
Other taxes	3,158,450	3,066,315	-	-	3,158,450	3,066,315
Intergovernmental	13,805,848	13,199,523	-	-	13,805,848	13,199,523
Other sources	751,091	536,748	4,609	(151,495)	755,700	385,253
Unrestricted investment earnings	76,950	76,421	245,132	249,493	322,082	325,914
Total revenues	47,799,191	45,199,821	57,926,521	54,865,705	105,725,712	100,065,526
Expenses						
General government	1,488,321	1,312,204	-	-	1,488,321	1,312,204
Public safety	10,989,500	9,777,492	-	-	10,989,500	9,777,492
Public works	5,578,484	5,072,635	-	-	5,578,484	5,072,635
Schools	29,374,056	28,967,621	-	-	29,374,056	28,967,621
Parks and recreation	1,691,663	1,536,805	-	-	1,691,663	1,536,805
Community services	337,609	604,631	-	-	337,609	604,631
Interest on long-term debt	96,802	92,504	-	-	96,802	92,504
Electric	-	-	38,476,466	37,722,892	38,476,466	37,722,892
Gas	-	-	5,476,145	4,992,131	5,476,145	4,992,131
Water and sewer	-	-	6,386,352	6,215,146	6,386,352	6,215,146
Solid waste	-	-	3,052,876	2,465,043	3,052,876	2,465,043
Total expenses	49,556,435	47,363,892	53,391,839	51,395,212	102,948,274	98,759,104
Increase in net position before transfers	(1,757,244)	(2,164,071)	4,534,682	3,470,493	2,777,438	1,306,422
Transfers	1,969,174	2,002,699	(1,969,174)	(2,002,699)	-	-
Prior period adjustment	(1,898,654)	(554,150)	0	(435,885)	(1,898,654)	(990,035)
Increase (decrease) in net position	\$ (1,686,724)	\$ (715,522)	\$ 2,565,508	\$ 1,031,909	\$ 878,784	\$ 316,387

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018 Expenses and Program Revenues**



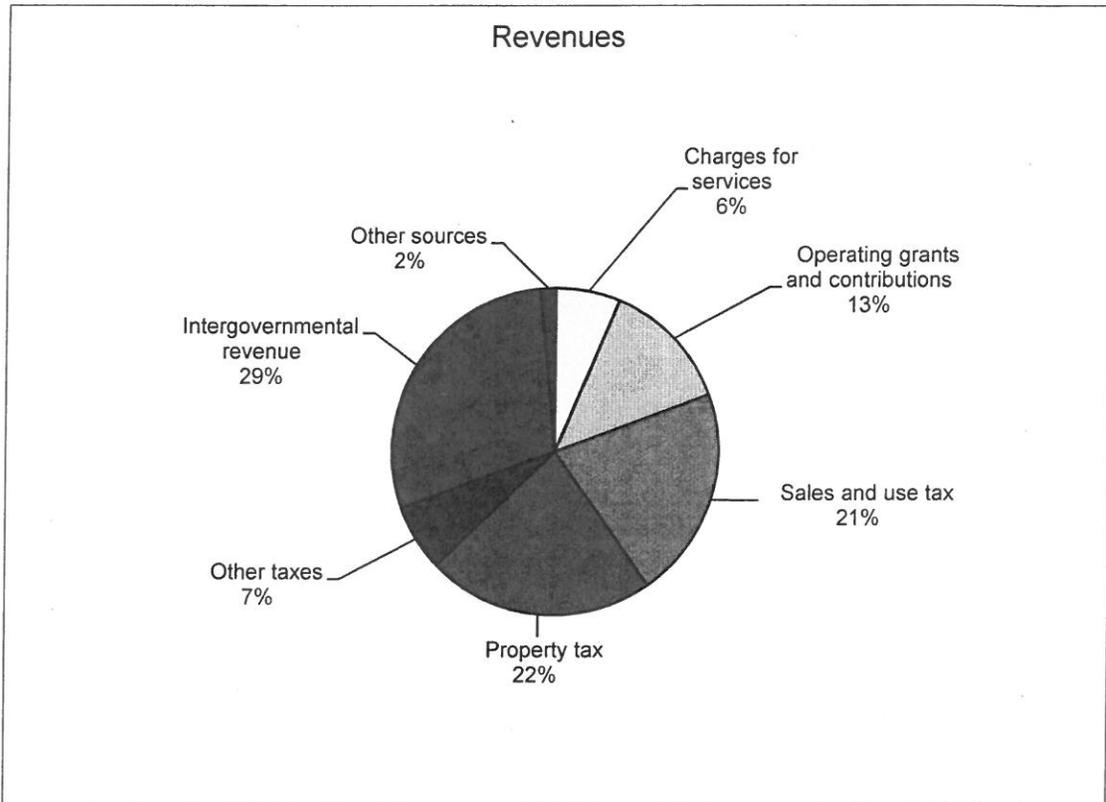
**Governmental Activities
Table of Expenses and Program Revenues**

	2018		2017		Increase (Decrease)	
	Expenses	Program Revenues	Expenses	Program Revenues	Expenses	Program Revenues
General government	\$ 1,488,321	\$ 1,444,299	\$ 1,312,204	\$ 1,314,213	\$ 176,117	\$ 130,086
Public safety	10,989,500	653,266	9,777,492	685,466	1,212,008	(32,200)
Public works	5,578,484	2,142,106	5,072,635	467,983	505,849	1,674,123
Schools	29,374,056	5,063,828	28,967,621	5,536,856	406,435	(473,028)
Parks and recreation	1,691,663	108,688	1,536,805	101,556	154,858	7,132
Community services	337,609	-	604,631	-	(267,022)	-
Interest on debt	96,802	-	92,504	-	4,298	-
	\$ 49,556,435	\$ 9,412,187	\$ 47,363,892	\$ 8,106,074	\$ 2,192,543	\$ 1,306,113

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018 Revenues by Source**



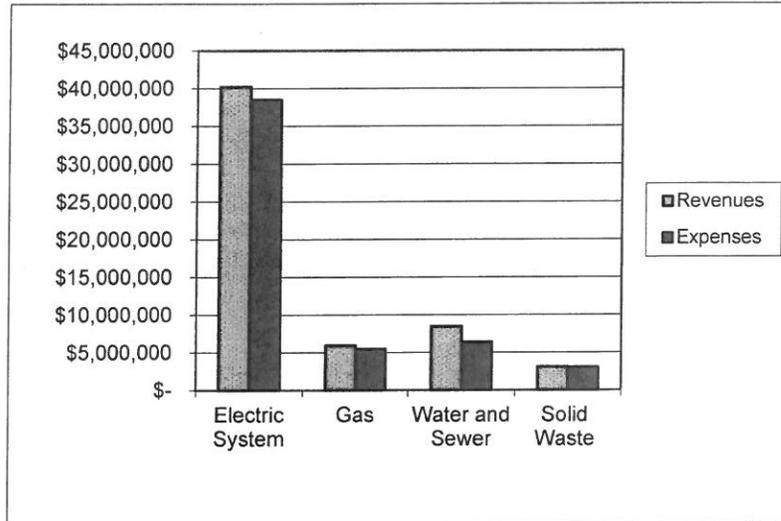
**Governmental Activities
Table of Revenues by Source**

	2018		2017		Increase (Decrease) in Revenues
	Revenues	Percentage	Revenues	Percentage	
Charges for services	\$ 2,990,890	6%	\$ 2,651,852	6%	\$ 339,038
Operating grants and contributions	6,201,338	13%	5,435,707	12%	765,631
Capital grants and contributions	219,959	0%	18,515	0%	201,444
Sales and use tax	9,955,258	21%	9,965,606	22%	(10,348)
Property tax	10,639,407	22%	10,249,134	23%	390,273
Other taxes	3,158,450	7%	3,066,315	7%	92,135
Intergovernmental revenue (Schools)	13,805,848	29%	13,199,523	29%	606,325
Other sources	751,091	2%	536,748	1%	214,343
Investment earnings	76,950	0%	76,421	0%	529
Total	\$ 47,799,191	100%	\$ 45,199,821	100%	\$ 2,599,370

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018 Expenses and Program Revenues**



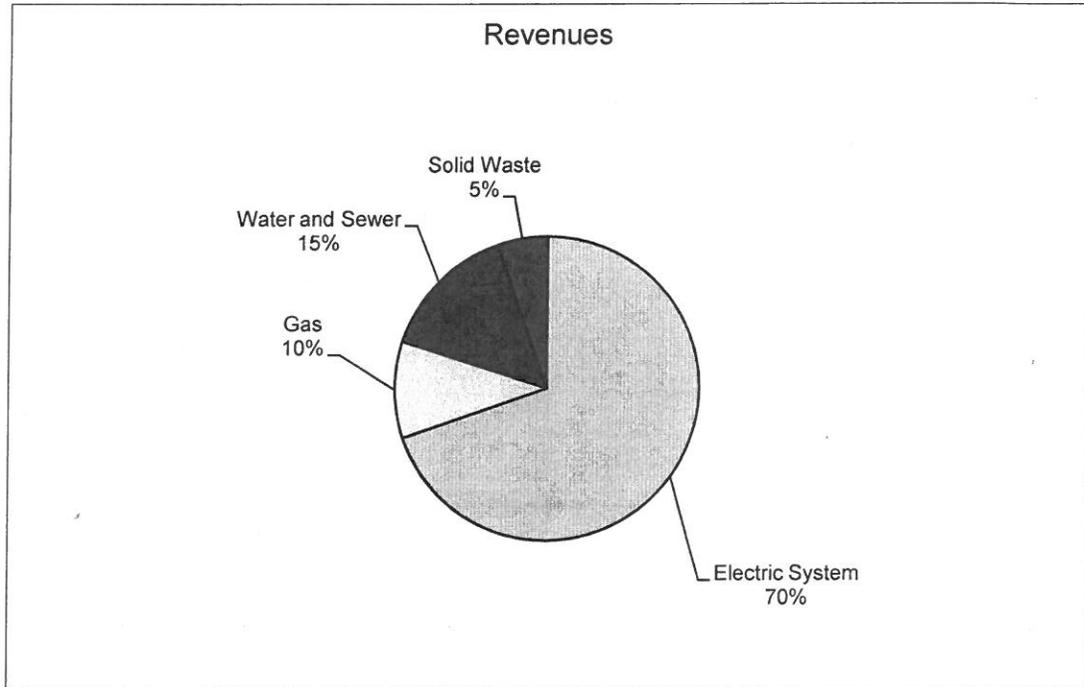
**Business-type Activities
Table of Expenses and Program Revenues**

	2018		2017		Increase (Decrease)	
	Expenses	Program Revenues	Expenses	Program Revenues	Expenses	Program Revenues
Electric	\$ 38,476,466	\$ 40,206,960	\$ 37,722,892	\$ 39,407,056	\$ 753,574	\$ 799,904
Gas	5,476,145	5,928,621	4,992,131	4,787,606	484,014	1,141,015
Water and Sewer	6,386,352	8,449,496	6,215,146	7,469,846	171,206	979,650
Solid Waste	3,052,876	3,091,703	2,465,043	3,103,199	587,833	(11,496)
	<u>\$ 53,391,839</u>	<u>\$ 57,676,780</u>	<u>\$ 51,395,212</u>	<u>\$ 54,767,707</u>	<u>\$ 1,996,627</u>	<u>\$ 2,909,073</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018 Revenues by Service**



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

	2018		2017		Increase (Decrease)	
	Revenues	Percentage	Revenues	Percentage	Revenues	Percentage
Electric System	\$ 40,206,960	70%	\$ 39,407,056	72%	\$ 799,904	2%
Gas	5,928,621	10%	4,787,606	9%	1,141,015	24%
Water and Sewer	8,449,496	15%	7,469,846	13%	979,650	13%
Solid Waste	3,091,703	5%	3,103,199	6%	(11,496)	0%
	<u>\$ 57,676,780</u>	<u>100%</u>	<u>\$ 54,767,707</u>	<u>100%</u>	<u>\$ 2,909,073</u>	<u>5%</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 \$8,860,715, an increase of \$1,031,381 in comparison with the prior year. Approximately \$2,490,501 or approximately 28% 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 (\$123,690), restricted (\$6,196,031) or committed (\$50,493).

In the general fund, the City projected a balanced budget with no increase or decrease. Actual revenues were \$199,200 under budgeted revenues and actual expenditures were \$598,777 under budgeted expenditures. Total expenditures exceeded revenues by \$1,620,423. This amount netted against other financing sources (uses) of \$1,980,864 and a prior period adjustment of \$466,070 resulted in the fund balance increasing \$826,511 for fiscal year 2018. School fund balance decreased \$95,533.

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

Unrestricted net position of the respective proprietary funds are \$8,129,540 in Gas, (\$812,513) in Water and Sewer, (\$230,934) in Solid Waste Management, and \$7,814,563 in the Electric System. The Gas fund had an increase in net position of \$291,396, Electric System net position increased \$858,357, Water and Sewer fund net position increased \$1,340,494 and the Solid Waste Management fund net position increased \$168,366.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

CAPITAL ASSETS

The City of Dyersburg's investment in capital assets for its governmental and business-type activities as of June 30, 2018, was \$113,417,899 (net of accumulated depreciation), a decrease of \$974,282 or 1% from 2017. The decrease is the result of net additions to capital assets of \$6,350,999 (a \$1,521,801 increase for Governmental activities and a \$4,829,198 increase for Business-type activities) net of depreciation of capital assets of \$7,325,281 (\$4,178,320 for Governmental activities and \$3,146,961 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	\$ 168,700
Public safety	55,900
Public works	68,200
Public welfare	474,800
Schools	730,200

Business-type Funds

Gas system improvements	373,000
Water and sewer system improvements	1,704,200
Solid waste management improvements	489,600
Electric system improvements	2,306,700
	<u>\$ 6,371,300</u>

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

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 6,670,003	\$ 2,235,409	\$ 8,905,412	\$ 6,449,961	\$ 2,179,875	\$ 8,629,836
Construction in progress	291,443	1,341,579	1,633,022	-	770,621	770,621
Land improvements	-	2,125,394	2,125,394	-	2,198,263	2,198,263
Buildings and systems	22,479,144	56,716,127	79,195,271	24,350,876	55,459,862	79,810,738
Improvements other than buildings	4,930,661	-	4,930,661	5,333,942	-	5,333,942
Machinery, vehicles and equipment	2,696,382	4,255,707	6,952,089	3,222,340	4,389,031	7,611,371
Infrastructure	9,298,720	-	9,298,720	9,638,419	-	9,638,419
Allocated Internal Serv fund capital assets	259,885	117,445	377,330	287,219	111,772	398,991
	<u>\$ 46,626,238</u>	<u>\$ 66,791,661</u>	<u>\$ 113,417,899</u>	<u>\$ 49,282,757</u>	<u>\$ 65,109,424</u>	<u>\$ 114,392,181</u>

Additional information on the City of Dyersburg's capital assets can be found in Footnote IV. C. on pages 49-50 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

DEBT ADMINISTRATION

At June 30, 2018, the City of Dyersburg had total bonded debt and notes payable of \$21,443,282. Of this amount, \$13,363,797 comprises bonded debt backed by the full faith and credit of the government and \$1,290,000 represents bonds secured by electric revenues. The notes payable of \$6,779,485 pertains to the general fund (\$1,759,000) and schools (\$5,020,485).

Total debt decreased \$2,699,900 or 11.1% from June 30, 2017 to June 30, 2018 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, 2018 and 2017 is summarized below:

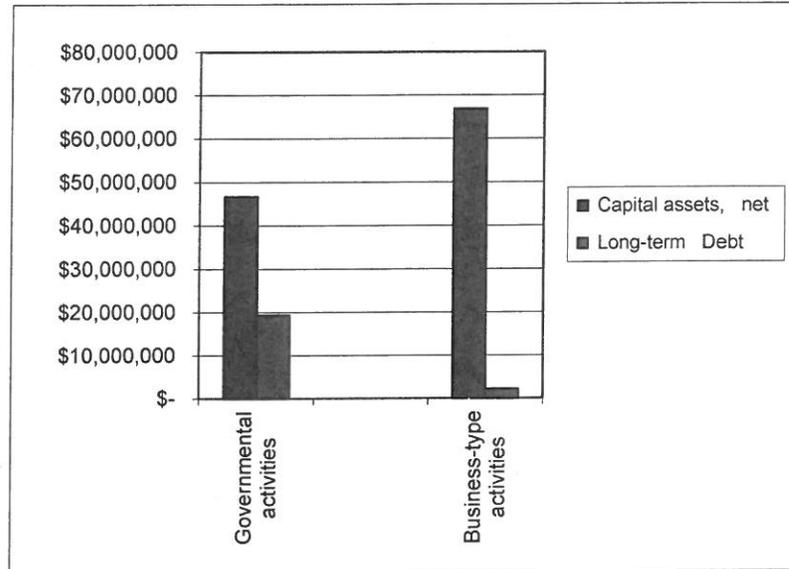
	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Notes Payable	\$ 6,779,485	\$ -	\$ 6,779,485	\$ 7,597,684	\$ -	\$ 7,597,684
General Obligation Bonds	12,578,797	785,000	13,363,797	13,320,498	1,555,000	14,875,498
Revenue Bonds	-	1,290,000	1,290,000	-	1,660,000	1,660,000
	<u>\$ 19,358,282</u>	<u>\$ 2,075,000</u>	<u>\$ 21,433,282</u>	<u>\$ 20,918,182</u>	<u>\$ 3,215,000</u>	<u>\$ 24,133,182</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. E on pages 51-53 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Governmental and Business-type Activities
Chart of 2018 Net Capital Assets and Long-term Debt**



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

	2018		2017	
	Capital Assets, net of Depreciation	Long-term Debt	Capital Assets, net of Depreciation	Long-term Debt
Governmental activities	\$ 46,626,238	\$ 19,358,282	\$ 49,282,757	\$ 20,918,182
Business-type activities	66,791,661	2,075,000	65,109,424	3,215,000
	<u>\$ 113,417,899</u>	<u>\$ 21,433,282</u>	<u>\$ 114,392,181</u>	<u>\$ 24,133,182</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate of Dyer County is 5.1%. This compares unfavorably to the state's average unemployment rate of 4.1% and the national average of 4.2%.

Inflationary trends in the region compare favorably to national indices.

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

The property tax rate remained at \$2.37 for the 2018-2019 fiscal year.

User rates remained the same for Water, Sewer and Gas services for fiscal year 2018-2019.

User rates remained the same for Refuse Collection for fiscal year 2018-2019.

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.

Information for Dyersburg City Schools and Dyersburg Electric System is presented in their separately issued reports and therefore, not presented here.

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 7,429,501	\$ 15,642,115	\$ 23,071,616
Investments	1,457,536	8,353,830	9,811,366
Receivables (net of allowance for uncollectibles):			
Taxes	9,021,556	-	9,021,556
Accounts	2,220,272	4,458,226	6,678,498
Accrued interest and rents	-	125,175	125,175
Interfund balances	276,262	(276,262)	-
Inventories	81,169	966,155	1,047,324
Prepaid expenses	3,273	89,529	92,802
Deposits	106,764	25,434	132,198
Other assets	153,431	333,965	487,396
Restricted assets - cash and cash investments	-	3,425,256	3,425,256
Capital assets not being depreciated:			
Land	6,670,003	2,235,409	8,905,412
Construction in progress	291,443	1,341,579	1,633,022
Capital assets net of accumulated depreciation	<u>39,664,792</u>	<u>63,214,673</u>	<u>102,879,465</u>
Total Assets	<u>67,376,002</u>	<u>99,935,084</u>	<u>167,311,086</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>18,463,118</u>	<u>5,564,359</u>	<u>24,027,477</u>
Total Deferred Outflows of Resources	<u>18,463,118</u>	<u>5,564,359</u>	<u>24,027,477</u>

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES			
Accounts payable	693,333	4,585,205	5,278,538
Accrued liabilities	2,155,063	238,103	2,393,166
Deposits	30,032	3,060,117	3,090,149
Other current liabilities	383,975	(55,682)	328,293
Noncurrent liabilities:			
Due within one year:			
Current portion of notes payable	1,520,995	-	1,520,995
Current portion of bonds payable	752,699	1,150,000	1,902,699
Due in more than one year:			
Notes payable	5,258,490	-	5,258,490
Bonds payable	11,826,098	925,000	12,751,098
Less bond discount	-	(4,689)	(4,689)
Other accrued liabilities	32,718,470	11,346,249	44,064,719
Advances from TVA	-	258,170	258,170
Total Liabilities	55,339,155	21,502,473	76,841,628
DEFERRED INFLOWS OF RESOURCES			
Unavailable current property taxes	8,016,816	-	8,016,816
Delinquent property taxes	26,336	-	26,336
Unavailable confiscated funds	12,725	-	12,725
Related to pensions	5,648,085	1,650,088	7,298,173
Total Deferred Inflows of Resources	13,703,962	1,650,088	15,354,050
NET POSITION			
Net investment in capital assets	27,267,956	65,519,142	92,787,098
Restricted for:			
Perpetual care	1,442,586		1,442,586
Debt service	2,037,330	1,231,881	3,269,211
Capital projects	1,297		1,297
Special revenue funds	396,602		396,602
Net pension asset	153,572		153,572
Other purposes	55,870		55,870
Unrestricted	(14,559,210)	15,595,859	1,036,649
Total Net Position	\$ 16,796,003	\$ 82,346,882	\$ 99,142,885

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, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Governmental Activities	Business-type Activities	Total
		Charges for Services	Grants and Contributions			
Primary government:						
Governmental activities:						
General government	\$ 1,488,321	\$ 1,444,299	\$ -	\$ (44,022)	\$ -	\$ (44,022)
Public safety	10,989,500	562,602	90,664	(10,336,234)	-	(10,336,234)
Public works	5,578,484	374,184	1,547,963	(3,436,378)	-	(3,436,378)
Schools	29,374,056	501,117	4,562,711	(24,310,228)	-	(24,310,228)
Parks and recreation	1,691,663	108,688	-	(1,582,975)	-	(1,582,975)
Community services	337,609	-	-	(337,609)	-	(337,609)
Interest on long-term debt	96,802	-	-	(96,802)	-	(96,802)
Total governmental activities	49,556,435	2,990,890	6,201,338	(40,144,248)	-	(40,144,248)
Business-type activities:						
Electric	38,476,466	40,206,960	-	-	1,730,494	1,730,494
Gas	5,476,145	5,928,621	-	-	452,476	452,476
Water and sewer	6,386,352	7,271,715	-	-	2,063,144	2,063,144
Solid waste	3,052,876	3,091,703	-	-	38,827	38,827
Total business-type activities	53,391,839	56,498,999	-	-	4,284,941	4,284,941
Total primary government	\$ 102,948,274	\$ 59,489,889	\$ 6,201,338	(40,144,248)	4,284,941	(35,859,307)
General revenues:						
Property taxes				10,639,407	-	10,639,407
State and local sales taxes				9,955,258	-	9,955,258
Wholesale beer and liquor taxes				595,111	-	595,111
Business taxes				444,429	-	444,429
Franchise taxes				124,023	-	124,023
Room occupancy taxes				322,320	-	322,320
Wheel taxes				601,478	-	601,478
Other statutory local taxes				20,411	-	20,411
State taxes				1,050,678	-	1,050,678
Intergovernmental revenue				13,805,848	-	13,805,848
Other sources				751,091	4,609	755,700
Unrestricted investment earnings				76,950	245,132	322,082
Transfers from business-type activities				1,969,174	(1,969,174)	-
Total general revenues and transfers				40,356,178	(1,719,433)	38,636,745
Change in net position				211,930	2,565,508	2,777,438
Net position- beginning				18,482,727	79,781,374	98,264,101
Prior period adjustment				(1,898,654)	-	(1,898,654)
Net position, beginning restated				16,584,073	79,781,374	96,365,447
Net position - ending				\$ 16,796,003	\$ 82,346,882	\$ 99,142,885

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

**CITY OF DYERSBURG, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General</u>	<u>School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 1,409,118	\$ 2,859,140	\$ 3,147,075	\$ 7,415,333
Investments	10,000	-	1,447,536	1,457,536
Receivables (net of allowance for uncollectibles):				
Taxes	8,488,951	532,605	-	9,021,556
Accounts	1,260,571	420,250	504,167	2,184,988
Notes	-	-	-	-
Due from other funds	544,185	-	139,938	684,123
Inventories	-	-	81,169	81,169
Prepaid expenses	3,273	-	-	3,273
Deposits	39,248	-	92,950	132,198
Total Assets	<u>\$ 11,755,346</u>	<u>\$ 3,811,995</u>	<u>\$ 5,412,835</u>	<u>\$ 20,980,176</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 467,485	\$ 137,495	\$ 109,115	\$ 714,095
Accrued liabilities	174,845	1,668,809	285,619	2,129,273
Deposits	30,032	-	-	30,032
Due to other funds	139,938	380,726	305,905	826,569
Total Liabilities	<u>812,300</u>	<u>2,187,030</u>	<u>700,639</u>	<u>3,699,969</u>
Deferred Inflows of Resources:				
Unavailable confiscated funds	-	-	12,725	12,725
Deferred current property taxes	8,016,816	-	-	8,016,816
Delinquent property taxes	389,951	-	-	389,951
Total Deferred Inflows of Resources	<u>8,406,767</u>	<u>-</u>	<u>12,725</u>	<u>8,419,492</u>
Fund Balances:				
Non-spendable	42,521	-	81,169	123,690
Restricted	3,257	1,624,965	4,567,809	6,196,031
Committed	-	-	50,493	50,493
Unassigned	2,490,501	-	-	2,490,501
Total Fund Balances	<u>2,536,279</u>	<u>1,624,965</u>	<u>4,699,471</u>	<u>8,860,715</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,755,346</u>	<u>\$ 3,811,995</u>	<u>\$ 5,412,835</u>	<u>\$ 20,980,176</u>

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

CITY OF DYERSBURG, TENNESSEE
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

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

Total Governmental Fund Balances, page 21	\$ 8,860,715
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	46,366,353
Deferred outflows/inflows of resources related to pensions in which the consumption/acquisition of net position will occur in future periods.	
Deferred outflows	18,463,118
Deferred inflows	(5,648,085)
Net pension liability/asset are not a financial use/source in the current period and, therefore, are not reported in the funds.	
Net pension asset	153,572
Net pension liability	(28,441,611)
Internal service fund assets and liabilities allocated to governmental funds and, therefore, are included in governmental activities in the statement of net position.	296,670
Long-term assets are not available to pay for current period expenditures and therefore, are deferred in the governmental funds.	363,615
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the current period.	<u>(23,618,344)</u>
Net position of governmental activities (page 19)	<u><u>\$ 16,796,003</u></u>

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 11,075,727	\$ 8,147,227	\$ 1,593,455	\$ 20,816,409
Licenses and permits	100,258	-	-	100,258
Intergovernmental	4,541,337	14,527,726	3,805,883	22,874,946
Charges for services	753,701	-	271,396	1,025,097
Fines, forfeits, and penalties	194,671	-	35,555	230,226
Sale of assets	450,204	-	113,823	564,027
Investment earnings	21,010	-	42,048	63,058
Miscellaneous	2,140,492	456,587	3,433,823	6,030,902
Total Revenues	<u>19,277,400</u>	<u>23,131,540</u>	<u>9,295,983</u>	<u>51,704,923</u>
EXPENDITURES:				
Current:				
General government	1,875,113	-	3,313,965	5,189,078
Public safety	8,874,905	-	-	8,874,905
Public works	3,982,565	-	-	3,982,565
Community services	312,884	-	-	312,884
Parks and recreation	1,379,183	-	-	1,379,183
Economic development	319,097	-	-	319,097
Municipal airport	530,110	-	-	530,110
Joint cost - communications	468,400	-	-	468,400
Education	-	22,941,705	4,165,761	27,107,466
Miscellaneous	1,297,669	-	-	1,297,669
Capital outlay	780,880	24,152	703,263	1,508,295
Debt service:				
Principal retirement	976,368	1,273,485	-	2,249,853
Interest	96,802	477,865	-	574,667
Other expense	3,847	-	-	3,847
Total Expenditures	<u>20,897,823</u>	<u>24,717,207</u>	<u>8,182,989</u>	<u>53,798,019</u>
Revenues Over (Under) Expenditures	(1,620,423)	(1,585,667)	1,112,994	(2,093,096)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,001,814	1,751,350	782,166	4,535,330
Operating transfers out	(20,950)	(261,216)	(2,283,990)	(2,566,156)
Sale of bonds	-	-	689,233	689,233
Capital lease acquisitions	-	-	-	-
Total other financing sources (uses)	<u>1,980,864</u>	<u>1,490,134</u>	<u>(812,591)</u>	<u>2,658,407</u>
Net Change in Fund Balance	<u>360,441</u>	<u>(95,533)</u>	<u>300,403</u>	<u>565,311</u>
Fund Balance - July 1, 2017	1,709,768	1,720,498	4,399,068	7,829,334
Prior Period Adjustment	466,070	-	-	466,070
Fund Balance - July 1, 2017, as restated	<u>2,175,838</u>	<u>1,720,498</u>	<u>4,399,068</u>	<u>8,295,404</u>
Fund Balance - June 30, 2018	<u>\$ 2,536,279</u>	<u>\$ 1,624,965</u>	<u>\$ 4,699,471</u>	<u>\$ 8,860,715</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, 2018**

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

Net change in fund balances - total governmental funds (page 23)	\$ 565,311
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	363,615
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 depreciation expense exceeded capital outlay.	(2,629,185)
Accrual for post employment benefits.	143,607
Pension contributions are reported as expenditures in the governmental funds. However, pension expense in the statement of activities is primarily the result of changes in the components of the net pension asset/liability over current and future periods.	142,163
The issuance of long-term debt (e.g., bonds, notes) and the refunding of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,559,900
The net expense of certain activities of internal service funds is reported with governmental activities.	93,104
The increase/decrease in the liability for compensated absences is not reported in governmental funds.	<u>(26,585)</u>
Change in net position of governmental activities (page 20)	<u><u>\$ 211,930</u></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, 2018

	<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				
Taxes				
Property taxes - net	\$ 7,680,000	\$ 7,680,000	\$ 7,746,811	\$ 66,811
Property taxes - penalty and interest	90,000	90,000	81,846	(8,154)
Local sales tax	1,775,000	1,775,000	1,761,187	(13,813)
Wholesale beer tax	535,000	535,000	513,992	(21,008)
Wholesale liquor tax	75,000	75,000	81,119	6,119
Business taxes	430,000	430,000	444,429	14,429
Cable TV franchise tax	140,000	140,000	124,023	(15,977)
Room occupancy tax	290,000	290,000	322,320	32,320
Total taxes	<u>11,015,000</u>	<u>11,015,000</u>	<u>11,075,727</u>	<u>60,727</u>
Licenses and permits				
Beer licenses	7,000	7,000	7,375	375
Liquor licenses	12,000	12,000	10,225	(1,775)
Other licenses	2,100	2,100	1,395	(705)
Building permits and inspections	75,700	75,700	81,263	5,563
Total licenses and permits	<u>96,800</u>	<u>96,800</u>	<u>100,258</u>	<u>3,458</u>
Intergovernmental revenues				
Federal law enforcement grants	15,000	15,000	30,064	15,064
Federal surface transportation grant	984,000	984,000	1,199,221	215,221
TVA replacement tax	194,000	194,000	194,415	415
Payment in lieu of taxes - Housing Authority	46,000	46,000	45,497	(503)
State sales tax	1,380,300	1,380,300	1,476,916	96,616
State income tax	200,000	200,000	182,640	(17,360)
State beer tax	8,600	8,600	7,998	(602)
State alcoholic beverage tax	58,000	58,000	62,589	4,589
State gasoline & motor fuel tax	386,000	386,000	329,939	(56,061)
State 1989 gasoline tax	65,300	65,300	52,688	(12,612)
State 3 cent gasoline tax	118,700	118,700	97,642	(21,058)
State gas 2017 tax	-	-	88,222	88,222
State petroleum special tax	35,000	35,000	34,545	(455)
State public safety grants	61,200	61,200	60,600	(600)
State airport grant	720,000	720,000	234,259	(485,741)
State community enhancement grant	-	55,000	84,471	29,471
State federal disaster grant	-	-	16,606	16,606
State CDBG grant	-	400,000	233,365	(166,635)
County intergovernmental revenue	100,000	100,000	109,660	9,660
Total intergovernmental revenues	<u>4,372,100</u>	<u>4,827,100</u>	<u>4,541,337</u>	<u>(285,763)</u>
Charges for services				
Public safety reimbursements	250,000	250,000	242,053	(7,947)
Special police and safety services	13,000	13,000	5,379	(7,621)
Fire protection charges	48,000	48,000	39,236	(8,764)
Cemetery burial, foundation and deed charges	133,000	133,000	114,613	(18,387)
Stormwater II charges	196,300	196,300	200,485	4,185
Swimming pool charges and fees	42,500	42,500	42,412	(88)
Parks and recreation charges	98,800	98,800	66,276	(32,524)
Other	36,300	36,300	43,247	6,947
Total charges for services	<u>817,900</u>	<u>817,900</u>	<u>753,701</u>	<u>(64,199)</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues (continued):				
Fines, forfeits and penalties				
City court revenue	\$ 200,200	\$ 200,200	\$ 182,088	\$ (18,112)
Parking fines	500	500	-	(500)
Safe driving fees	3,500	3,500	8,250	4,750
Other	3,000	3,000	4,333	1,333
Total fines, forfeits and penalties	<u>207,200</u>	<u>207,200</u>	<u>194,671</u>	<u>(12,529)</u>
Miscellaneous revenues				
Interest	20,000	20,000	21,010	1,010
Rents	350,600	350,600	376,856	26,256
Sales of fuel and supplies	300,000	300,000	383,590	83,590
Sale of property and equipment	5,000	5,000	21,514	16,514
Sale of cemetery lots	75,000	75,000	45,100	(29,900)
Joint expense reimbursements - Administrative charges	1,402,000	1,402,000	1,408,353	6,353
Other	95,000	360,000	355,283	(4,717)
Total miscellaneous revenues	<u>2,247,600</u>	<u>2,512,600</u>	<u>2,611,706</u>	<u>99,106</u>
Total revenues	<u>18,756,600</u>	<u>19,476,600</u>	<u>19,277,400</u>	<u>(199,200)</u>

EXPENDITURES

Current:

General government:

Legislative	93,600	93,600	89,710	3,890
Judicial	287,300	287,300	290,017	(2,717)
Executive	180,700	180,700	173,851	6,849
City recorder	92,900	92,900	90,281	2,619
City attorney	125,000	125,000	88,727	36,273
Accounting	259,800	259,800	252,642	7,158
Tax administration	83,500	83,500	85,437	(1,937)
Purchasing	91,900	91,900	91,465	435
Personnel	110,100	110,100	103,127	6,973
Engineering	291,400	291,400	330,607	(39,207)
Planning and zoning	13,400	13,400	12,903	497
City Hall	119,200	119,200	119,055	145
Professional Development Center	120,100	120,100	147,291	(27,191)
Total general government	<u>1,868,900</u>	<u>1,868,900</u>	<u>1,875,113</u>	<u>(6,213)</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (continued):				
Public safety:				
Police department				
Traffic safety	\$ 115,800	\$ 115,800	\$ 112,661	\$ 3,139
Supplement pay	34,900	34,900	32,941	1,959
Administration	531,900	531,900	527,409	4,491
Operations	95,700	95,700	110,362	(14,662)
Criminal investigation	640,100	640,100	637,413	2,687
Patrol	2,672,300	2,672,300	2,665,638	6,662
Records and identification	243,200	243,200	241,779	1,421
Street crimes	265,400	265,400	233,490	31,910
Training	275,400	275,400	273,166	2,234
Education and public relations	3,000	3,000	2,797	203
Automotive services	164,000	164,000	181,151	(17,151)
Special response team	30,500	30,500	21,035	9,465
Police station	113,900	113,900	107,019	6,881
Total police department	<u>5,186,100</u>	<u>5,186,100</u>	<u>5,146,861</u>	<u>39,239</u>
Fire department				
Supplement pay	31,700	31,700	32,295	(595)
Administration	390,400	390,400	348,969	41,431
Fire fighting	2,788,300	2,788,300	2,732,022	56,278
Fire prevention	149,500	149,500	145,387	4,113
Training	106,300	106,300	96,254	10,046
Equipment repair services	86,000	86,000	82,450	3,550
Fire stations	75,800	75,800	72,582	3,218
Total fire department	<u>3,628,000</u>	<u>3,628,000</u>	<u>3,509,959</u>	<u>118,041</u>
Building inspection	233,400	233,400	218,085	15,315
Total public safety	<u>9,047,500</u>	<u>9,047,500</u>	<u>8,874,905</u>	<u>172,595</u>
Public works:				
Public works administration	407,200	407,200	401,522	5,678
Highways and streets	2,512,900	2,512,900	2,539,981	(27,081)
State Street Aid				
Street lighting	570,000	570,000	568,491	1,509
Storm drainage	101,900	101,900	98,214	3,686
Stormwater II	102,200	102,200	85,762	16,438
Cemeteries	303,700	303,700	288,595	15,105
Total public works	<u>3,997,900</u>	<u>3,997,900</u>	<u>3,982,565</u>	<u>15,335</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Community services				
Rabies control	\$ 84,500	\$ 84,500	\$ 84,450	\$ 50
Social services	114,000	114,000	98,434	15,566
Library	130,000	130,000	130,000	-
Total community services	<u>328,500</u>	<u>328,500</u>	<u>312,884</u>	<u>15,616</u>
Parks and recreation				
Dyersburg Activity Center	342,800	342,800	356,648	(13,848)
Bruce Recreation Center	145,500	145,500	159,728	(14,228)
Future City Recreation Center	137,000	137,000	149,925	(12,925)
Dyersburg Activity Center pool	39,100	39,100	54,502	(15,402)
Okeena pool	90,200	90,200	78,761	11,439
Bruce pool	18,800	18,800	14,420	4,380
Youth Programs	61,800	61,800	58,248	3,552
Men's softball league	2,000	2,000	-	2,000
Special recreation facilities	13,000	13,000	13,393	(393)
Playgrounds and parks	441,000	441,000	466,744	(25,744)
Golf course	29,800	29,800	26,814	2,986
Total parks and recreation	<u>1,321,000</u>	<u>1,321,000</u>	<u>1,379,183</u>	<u>(58,183)</u>
Tourism and economic development	<u>290,000</u>	<u>290,000</u>	<u>319,097</u>	<u>(29,097)</u>
Municipal airport	<u>436,700</u>	<u>436,700</u>	<u>530,110</u>	<u>(93,410)</u>
Capital outlay				
General government	20,000	20,000	35,070	(15,070)
Public safety	-	-	22,894	(22,894)
Parks and recreation	-	400,000	474,887	(74,887)
Municipal airport	736,000	736,000	248,029	487,971
Total capital outlay	<u>756,000</u>	<u>1,156,000</u>	<u>780,880</u>	<u>375,120</u>
Debt service				
Retirement of notes, bonds and capital leases	976,600	976,600	976,368	232
Interest	109,300	109,300	96,802	12,498
Bond issuance cost	-	-	-	-
Bank and loan remarketing fees	6,200	6,200	3,847	2,353
Total debt service	<u>1,092,100</u>	<u>1,092,100</u>	<u>1,077,017</u>	<u>15,083</u>
Joint costs - communications	<u>491,400</u>	<u>491,400</u>	<u>468,400</u>	<u>23,000</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Expenditures (continued):				
Miscellaneous expenditures				
Vacation and sick leave	\$ 25,000	\$ 25,000	\$ 18,288	\$ 6,712
Insurance	16,000	16,000	15,214	786
Retirement	875,300	875,300	882,096	(6,796)
Professional services	40,000	140,000	145,171	(5,171)
Payments in lieu of taxes	125,000	125,000	128,150	(3,150)
Other	65,300	285,300	108,750	176,550
Total miscellaneous expenditures	<u>1,146,600</u>	<u>1,466,600</u>	<u>1,297,669</u>	<u>168,931</u>
Total expenditures	<u>20,776,600</u>	<u>21,496,600</u>	<u>20,897,823</u>	<u>598,777</u>
Revenues over (under) expenditures	(2,020,000)	(2,020,000)	(1,620,423)	399,577
Other financing sources (uses)				
Transfers in	2,055,000	2,055,000	2,001,814	(53,186)
Transfers out	(35,000)	(35,000)	(20,950)	14,050
Total other financing sources (uses)	<u>2,020,000</u>	<u>2,020,000</u>	<u>1,980,864</u>	<u>(39,136)</u>
Net change in fund balance	-	-	360,441	360,441
Fund balance - July 1, 2017	1,709,768	1,709,768	1,709,768	-
Prior period adjustment	-	-	466,070	466,070
Fund balance - July 1, 2017, as restated	<u>1,709,768</u>	<u>1,709,768</u>	<u>2,175,838</u>	<u>466,070</u>
Fund balances - June 30, 2018	<u>\$ 1,709,768</u>	<u>\$ 1,709,768</u>	<u>\$ 2,536,279</u>	<u>\$ 826,511</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Real estate taxes	\$ 2,502,087	\$ 2,502,087	\$ 2,401,638	\$ (100,449)
Other statutory local taxes	2,200	2,200	19,262	17,062
Sales tax	5,086,750	5,086,750	5,123,700	36,950
Other permits and licenses	1,200	1,200	1,149	(51)
Wheel tax	632,700	632,700	601,478	(31,222)
Intergovernmental	14,585,794	14,608,274	14,527,726	(80,548)
Miscellaneous	415,400	415,400	456,587	41,187
Total Revenues	23,226,131	23,248,611	23,131,540	(117,071)
EXPENDITURES:				
Education:				
Regular instruction program	11,461,054	11,468,294	11,669,699	(201,405)
Alternative instruction program	234,034	295,469	291,664	3,805
Special education program	1,685,032	1,687,273	1,688,577	(1,304)
Career and technical education	480,726	496,183	497,799	(1,616)
Health services	295,628	287,520	286,197	1,323
Other student support	906,122	869,744	869,856	(112)
Regular instruction support	602,323	589,067	592,163	(3,096)
Alternative education support	99,688	104,401	104,400	1
Special education support	96,467	88,377	88,176	201
Fiscal services	256,197	265,401	262,814	2,587
Operation of plant	2,316,961	2,370,194	2,396,929	(26,735)
Maintenance of plant	550,000	595,815	575,141	20,674
Board of education	865,039	855,557	629,299	226,258
Career and technical education	13,576	13,401	13,401	-
Early childhood education	578,855	605,042	605,036	6
Office of the superintendent	396,689	402,270	395,646	6,624
Community services	116,171	135,249	130,494	4,755
Transportation	1,800	4,511	3,546	965
Attendance services	101,300	106,732	106,731	1
Technology	387,170	370,766	370,416	350
Office of the principal	1,353,051	1,362,980	1,363,721	(741)
Total education	22,797,883	22,974,246	22,941,705	32,541
Capital outlay	141,999	24,152	24,152	-
Total Expenditures	22,939,882	22,998,398	22,965,857	32,541
Revenues Over (Under) Expenditures	286,249	250,213	165,683	(84,530)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	98,750	98,750	-	(98,750)
Transfers to other funds	(384,999)	(98,394)	(10,647)	87,747
Transfers to City of Dyersburg-debt service	-	(250,569)	(250,569)	-
Total other financing sources (uses)	(286,249)	(250,213)	(261,216)	(11,003)
Net Change in Fund Balance	-	-	(95,533)	(95,533)
Fund Balance - July 1, 2017	1,720,498	1,720,498	1,720,498	-
Fund Balance - June 30, 2018	\$ 1,720,498	\$ 1,720,498	\$ 1,624,965	\$ (95,533)

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, 2018

	Business-Type Activities -- Enterprise Funds					Totals	Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System	-		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 7,567,207	\$ 1,349,142	\$ 1,374,719	\$ 3,147,676	\$ -	\$ 13,438,744	\$ 2,217,539
Investments	748,679	-	319,960	7,285,191	-	8,353,830	-
Accounts receivable - net	157,572	905,845	290,060	3,078,652	-	4,432,129	61,381
Accrued interest receivable	-	-	-	31,860	-	31,860	-
Accrued rents receivable	-	-	-	93,315	-	93,315	-
Due from other funds	705,610	594,454	341,121	-	-	1,641,185	44,935
Inventories	50,600	131,319	-	784,236	-	966,155	-
Prepaid expenses	-	-	-	89,529	-	89,529	-
Total current assets	<u>9,229,668</u>	<u>2,980,760</u>	<u>2,325,860</u>	<u>14,510,459</u>	<u>-</u>	<u>29,046,747</u>	<u>2,323,855</u>
Noncurrent assets:							
Cash in bank and with trustees	-	-	-	3,425,256	-	3,425,256	-
Capital assets:							
Plant in service	13,939,807	62,369,266	10,889,377	62,938,112	-	150,136,562	2,220,764
Construction in progress	50,000	756,563	50,000	485,016	-	1,341,579	-
Less - accumulated depreciation	(8,619,779)	(38,255,027)	(7,831,521)	(30,097,598)	-	(84,803,925)	(1,843,434)
Net Capital Assets	5,370,028	24,870,802	3,107,856	33,325,530	-	66,674,216	377,330
Other assets	-	-	645	311,921	-	312,566	21,258
Total noncurrent assets	<u>5,370,028</u>	<u>24,870,802</u>	<u>3,108,501</u>	<u>37,062,707</u>	<u>-</u>	<u>70,412,038</u>	<u>398,588</u>
Total Assets	<u>14,599,696</u>	<u>27,851,562</u>	<u>5,434,361</u>	<u>51,573,166</u>	<u>-</u>	<u>99,458,785</u>	<u>2,722,443</u>
DEFERRED OUTFLOWS OF RESOURCES							
Differences between expected and actual earnings - pension	(16,930)	1,929,159	1,163,531	27,073	-	3,102,833	-
Contributions - pension	-	-	-	518,952	-	518,952	-
Changes in assumption - pension	-	-	-	955,418	-	955,418	-
Net difference between projected and actual earnings on pension plan investment	-	-	-	1,009,345	-	1,009,345	-
Total Deferred Outflows of Resources	<u>(16,930)</u>	<u>1,929,159</u>	<u>1,163,531</u>	<u>2,510,788</u>	<u>-</u>	<u>5,586,548</u>	<u>-</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, 2018

	Business-Type Activities -- Enterprise Funds				Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System	
LIABILITIES					
Current liabilities:					
Accounts payable	577,987	359,582	10,413	3,609,901	6,560
Bonds payable within one year	-	785,000	-	365,000	-
Accrued payroll	8,344	24,756	14,889	-	20,642
Accrued interest payable	-	2,617	-	17,083	-
Accrued compensated absences	26,027	95,287	36,391	-	-
Customer deposits	353,036	513,706	-	2,193,375	36,574
Due to other funds	12,376	288,602	111,581	-	-
Other current liabilities	82,952	(84,347)	(146,267)	76,512	1,511,841
Total current liabilities	1,060,722	1,985,203	27,007	6,261,871	1,575,617
Noncurrent liabilities:					
Other accrued liabilities	-	217,302	1,545,104	220,982	37,506
Net pension liability	5,488	3,092,015	1,904,562	4,340,085	-
Advances from TVA - conservation	-	-	-	258,170	-
Bonds payable - long-term	-	-	-	920,311	-
Total noncurrent liabilities	5,488	3,309,317	3,449,666	5,739,548	37,506
Total Liabilities	1,066,210	5,294,520	3,476,673	12,001,419	1,613,123
DEFERRED INFLOWS OF RESOURCES					
Differences between expected and actual experience - pension	16,988	427,912	244,297	409,787	1,098,984
Changes in assumptions - pension	-	-	-	573,293	573,293
Total Deferred Inflows of Resources	16,988	427,912	244,297	983,080	1,672,277
NET POSITION					
Net investment in capital assets	5,370,028	24,870,802	3,107,856	32,053,011	377,330
Restricted	-	-	-	1,231,881	-
Unrestricted	8,129,540	(812,513)	(230,934)	7,814,563	731,990
Net Position	\$ 13,499,568	\$ 24,058,289	\$ 2,876,922	\$ 41,099,455	\$ 1,109,320
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
					812,648
Total Net Position of business-type activities					\$ 82,346,882

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, 2018

	Business-Type Activities -- Enterprise Funds				Totals	Governmental
	Gas	Water and Sewer	Solid Waste Management	Electric System		Activities - Internal Service Funds
Operating revenues:						
Charges for service	\$ 5,763,213	\$ 7,075,024	\$ 3,019,399	\$ 38,891,145	\$ 54,748,781	\$ -
Interest and penalties	28,864	42,177	-	218,771	289,812	-
Rent	-	-	-	1,017,194	1,017,194	-
Miscellaneous	80,468	98,347	54,383	79,850	313,048	1,989,531
Total operating revenues	<u>5,872,545</u>	<u>7,215,548</u>	<u>3,073,782</u>	<u>40,206,960</u>	<u>56,368,835</u>	<u>1,989,531</u>
Operating expenses:						
Purchased power	3,145,782	-	-	32,007,258	35,153,040	-
Transmission and distribution	695,598	578,705	-	1,798,861	3,073,164	-
Customers' accounting and collecting	412,382	445,622	62,050	619,748	1,539,802	-
General and administrative	850,377	993,097	533,705	1,730,840	4,108,019	1,921,090
Purification	-	1,197,952	-	-	1,197,952	-
Sewer plant operation	-	530,463	-	-	530,463	-
Sewage treatment and disposal	-	1,245,728	-	-	1,245,728	-
Residential and dumpster operations	-	-	1,062,282	-	1,062,282	-
Landfill operations	-	-	639,055	-	639,055	-
General plant maintenance	-	-	-	17,751	17,751	-
Depreciation and amortization	295,084	1,385,166	617,315	2,167,411	4,464,976	70,322
Taxes other than tax equivalents	-	-	-	134,597	134,597	-
Total operating expenses	<u>5,399,223</u>	<u>6,376,733</u>	<u>2,914,407</u>	<u>38,476,466</u>	<u>53,166,829</u>	<u>1,991,412</u>
Operating income (loss)	473,322	838,815	159,375	1,730,494	3,202,006	(1,881)
Nonoperating revenues (expenses):						
Investment earnings	45,774	12,986	8,994	175,637	243,391	1,652
Interest expense	-	(53,420)	-	(46,247)	(99,667)	-
Miscellaneous income (expense)	-	(768)	(3)	105,047	104,276	229
Total nonoperating revenues (expenses)	<u>45,774</u>	<u>(41,202)</u>	<u>8,991</u>	<u>234,437</u>	<u>248,000</u>	<u>1,881</u>
Income (loss) before capital contributions and transfers	519,096	797,613	168,366	1,964,931	3,450,006	-
Capital contributions - CDBG grant	-	1,177,781	-	-	1,177,781	-
Transfers out	(227,700)	(634,900)	-	(1,106,574)	(1,969,174)	-
	<u>(227,700)</u>	<u>542,881</u>	<u>-</u>	<u>(1,106,574)</u>	<u>(791,393)</u>	<u>-</u>
Change in net position	291,396	1,340,494	168,366	858,357	2,658,613	-
Net position - July 1, 2017	<u>13,208,172</u>	<u>22,717,795</u>	<u>2,708,556</u>	<u>40,241,098</u>		<u>1,109,320</u>
Net position - June 30, 2018	<u>\$ 13,499,568</u>	<u>\$ 24,058,289</u>	<u>\$ 2,876,922</u>	<u>\$ 41,099,455</u>		<u>\$ 1,109,320</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(93,105)	
Change in net position of business-type activities					<u>\$ 2,565,508</u>	

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-type Activities -- Enterprises Funds				Total	Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 5,774,074	\$ 6,635,185	\$ 2,987,068	\$ 39,754,206	\$ 55,150,533	\$ 1,011,981
Payments to suppliers	(3,122,117)	(1,915,962)	(851,524)	(33,527,534)	(39,417,137)	(492,776)
Payments to employees for services	(415,860)	(1,267,613)	(768,561)	(2,282,464)	(4,734,498)	(1,078,057)
Payments for employee benefits	(175,773)	(417,463)	(226,276)	-	(819,512)	(335,489)
Payments to other funds	(544,398)	(1,187,165)	(289,948)	-	(2,021,511)	209,801
Other receipts (payments)	86,873	120,789	54,383	-	262,045	923,768
Net Cash Provided by (used for)						
Operating Activities	<u>1,602,799</u>	<u>1,967,771</u>	<u>905,142</u>	<u>3,944,208</u>	<u>8,419,920</u>	<u>239,228</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers to other funds	(227,700)	(634,900)	-	(1,106,574)	(1,969,174)	-
Net cash from (used by) financing activities	<u>(227,700)</u>	<u>(634,900)</u>	<u>-</u>	<u>(1,106,574)</u>	<u>(1,969,174)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(322,990)	(1,787,619)	(489,579)	(3,106,638)	(5,706,826)	(48,580)
Salvage from retirement of plant	-	-	-	44,781	44,781	-
Cost of removal on retired plant	-	-	-	(477,589)	(477,589)	-
Principal paid on notes and bonds	-	(770,000)	-	(370,000)	(1,140,000)	-
Interest paid on notes and bonds	-	(55,986)	-	(49,995)	(105,981)	-
Capital grant proceeds	-	1,177,781	-	-	1,177,781	-
Other receipts (payments)	-	(768)	(3)	111,520	110,749	229
Net cash from (used by) capital and related financing activities	<u>(322,990)</u>	<u>(1,436,592)</u>	<u>(489,582)</u>	<u>(3,847,921)</u>	<u>(6,097,085)</u>	<u>(48,351)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Net change in investments	(9,629)	-	(4,115)	(128,026)	(141,770)	-
Interest and investment earnings	45,774	12,986	8,994	175,572	243,326	1,652
Increase (decrease) in customer deposits	-	-	-	274,078	274,078	-
Net cash provided by (used for) investing activities	<u>36,145</u>	<u>12,986</u>	<u>4,879</u>	<u>321,624</u>	<u>375,634</u>	<u>1,652</u>
Net increase(decrease) in cash and cash equivalents	1,088,254	(90,735)	420,439	(688,663)	729,295	192,529
Cash and cash equivalents - July 1, 2017	6,478,953	1,439,877	954,280	4,862,236	13,735,346	2,025,011
Cash and cash equivalents - June 30, 2018	<u>\$ 7,567,207</u>	<u>\$ 1,349,142</u>	<u>\$ 1,374,719</u>	<u>\$ 4,173,573</u>	<u>\$ 14,464,641</u>	<u>\$ 2,217,540</u>
Cash, Cash Equivalents, and Restricted Cash - June 30, 2018						
Cash and cash equivalents - unrestricted	\$ 7,567,207	\$ 1,349,142	\$ 1,374,719	\$ 3,147,676	\$ 13,438,744	\$ 2,217,540
Bond reserve fund - cash and cash equivalents	-	-	-	340,610	340,610	-
Bond retirement fund - cash and cash equivalents	-	-	-	210,606	210,606	-
Renewal and replacement fund - cash and cash equivalents	-	-	-	474,681	474,681	-
Cash, Cash Equivalents, and Restricted Cash - June 30, 2018	<u>\$ 7,567,207</u>	<u>\$ 1,349,142</u>	<u>\$ 1,374,719</u>	<u>\$ 4,173,573</u>	<u>\$ 14,464,641</u>	<u>\$ 2,217,540</u>

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

	Business-type Activities -- Enterprises Funds					Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 473,322	\$ 838,815	\$ 159,375	\$ 1,730,494	\$ 3,202,006	\$ (1,881)
Adjustments to reconcile net income (loss) from operations to net cash provided by operating activities						
Depreciation	295,084	1,383,260	617,315	2,167,411	4,463,070	64,457
Amortization	-	1,906	89,000	-	90,906	5,865
Provision for doubtful accounts	5,661	27,017	27,250	-	59,928	-
Deferrals - pension	-	-	-	166,816	166,816	-
(Increase) Decrease in Assets						
Accounts receivable, net of allowance	(18,960)	(482,016)	(32,331)	(448,397)	(981,704)	(47,542)
Due from other funds	719,165	(26,114)	40,385	-	733,436	32,327
Inventory	(9,463)	(22,471)	-	(59,920)	(91,854)	-
Prepaid expenses	-	-	-	(1,212)	(1,212)	-
Other assets	-	-	-	(4,357)	(4,357)	-
Increase (Decrease) in Liabilities						
Accounts payable	100,696	320,586	(9,848)	369,126	780,560	(5,312)
Accrued payroll	126	583	1,560	-	2,269	1,005
Accrued vacation	-	-	-	18,463	18,463	-
Customer deposits	7,362	22,442	-	-	29,804	-
Due to other funds	(12,727)	(20,966)	65,367	-	31,674	177,474
Other current liabilities	39,350	(86,876)	(51,167)	5,784	(92,909)	6,754
Compensated absences	3,183	11,605	(1,764)	-	13,024	6,081
Net cash provided by (used for) operating activities	<u>\$ 1,602,799</u>	<u>\$ 1,967,771</u>	<u>\$ 905,142</u>	<u>\$ 3,944,208</u>	<u>\$ 8,419,920</u>	<u>\$ 239,228</u>

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

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG CITY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY TRUST FUND
For the Year ended December 31, 2017**

Assets	
Investments	
AUL fixed account	\$ 405,077
Mutual funds	5,381,373
Total Investments	<u>5,786,450</u>
Contributions Receivable	<u>35,260</u>
Net assets available for benefits	5,821,710
Liabilities	<u>-</u>
Net position restricted for pensions	<u><u>\$5,821,710</u></u>

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG CITY SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY TRUST FUND
For the Year ended December 31, 2017**

Additions	
Contributions	
Employer	\$ 222,199
Employee	153,278
Total Contributions	<u>375,477</u>
Investment Income	
Earnings from mutual funds	607,825
Total Investment Income	<u>607,825</u>
Total Additions	983,302
Deductions	
Benefit Payments	338,904
Administrative expense	23,681
Total deductions	<u>362,585</u>
Net change in Net Position	<u>620,717</u>
Net Position restricted for pensions	
Beginning of Year	<u>5,200,993</u>
End of Year	<u><u>\$5,821,710</u></u>

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

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG ELECTRIC SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
For the Year ended December 31, 2017**

Assets	
Cash	\$2,937,918
Investments	
Mutual funds - equities	1,815,531
Mutual funds - alternative investments	1,620,744
Total Investments	<u>3,436,275</u>
Contributions receivable	52,185
Net Assets	<u>6,426,378</u>
Liabilities	
	<u>-</u>
Net Position restricted for pensions	<u><u>\$6,426,378</u></u>

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG ELECTRIC SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year ended December 31, 2017**

Additions	
Contributions	
Employer	\$ 562,545
Employee	66,048
Total Contributions	<u>\$ 628,593</u>
Investment income	
Mutual fund income	6,381
Total Additions	<u>634,974</u>
Deductions	
Benefit payments	242,942
Administrative and other expenses	34,765
Total Deductions	<u>277,707</u>
Net Increase in Fiduciary Net Position	<u>357,267</u>
Net Position restricted for pensions	
Beginning of Year	<u>6,069,111</u>
End of Year	<u><u>\$6,426,378</u></u>

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
For the Fiscal Year ended June 30, 2017

Assets	
Cash	\$ 909,144
Receivables	2,127
Investments	
Domestic Equities	2,292,173
Real Estate	87,124
Total Investments	<u>2,379,297</u>
Net Assets	<u>3,290,568</u>
Liabilities	
	<u>-</u>
Net Position restricted for pensions	<u><u>\$3,290,568</u></u>

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year ended June 30, 2017

Additions	
Contributions	\$1,109,320
Investment Income	
Net Appreciation	212,647
Interest and Dividends	120,123
Total Investment Income	<u>332,770</u>
Total Additions	1,442,090
Deductions	
Benefit Payments/Refunds	1,357,704
Expenses	
Administrative	<u>61,655</u>
Total Deductions	<u>1,419,359</u>
Change in Net Position	<u>22,731</u>
Net Position restricted for pensions	
Beginning of Year	<u>3,267,837</u>
End of Year	<u><u>\$3,290,568</u></u>

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both *measurable and available*. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

The government reports the following major proprietary funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

Amounts reported as *program revenues* include 1) charges to customers for goods and services provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

D. Impact of Recently Issued Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for financial statements for periods beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. Management has implemented this standard in this financial statement.

In August 2015, the GASB issued Statement NO. 77 - *Tax Abatement Disclosures*, effective for reporting periods beginning after December 15, 2015. The objective of this Statement was to provide financial statement users with information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements; 1) Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients, 2) The gross dollar amount of taxes abated during the period, and 3) Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. Management has implemented this standard in this financial statement.

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.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

The City's property tax schedule as defined by the City Charter is as follows: Property taxes are levied as of September 1 on the property values assessed as of the prior January 1. Taxes are due September 1 through December 31 and are delinquent on the following January 1. Tax bills are mailed on September 1. Tax liens are automatic on January 1 each year and continue until such taxes and any penalty, interest or other charges accruing thereon are paid. Assessed values are established by the County Tax Assessor at 25% of appraised market value for residential real property, 40% for commercial real property, 55% for public utilities, and 30% for business personal property. A complete reappraisal of all property is required every six (6) years with an update after the third year. A revaluation was completed in 2014. The City's tax rate applicable to 2018 was \$2.37 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. 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.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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5. *Compensated Absences*

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

6. *Long-Term Obligations*

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

7. *Fund Equity*

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

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

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

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

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

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

In the government-wide financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Governmental funds also report fund balance amounts representing funds invested in capital assets net of related debt and unrestricted funds.

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

8. *Estimates*

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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9. *Vacation and Sick Leave*

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

a) 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.

b) 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.

c) 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.

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

10. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City presently has deferred outflows of resources related to pensions.

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

11. Utility Pole Rental

The Electric System contracts with other utilities to share poles for lines. These contracts are renewed on an annual basis. Pole rent expense for the year ended June 30, 2018, was \$16,502.

12 Pensions

Dyersburg Electric System

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

Dyersburg City Schools

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

City of Dyersburg

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

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 position. 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 \$23,618,344 difference are as follows:

Bonds payable	\$ 12,578,797
Notes payable	6,779,485
Compensated absences	<u>4,260,062</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ 23,618,344</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense." The details of this (\$2,629,185) difference are as follows:

Capital outlay	\$ 1,597,544
Less depreciation expense	<u>(4,226,729)</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>\$ (2,629,185)</u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

For the year ended June 30, 2018 expenditures exceeded appropriation in the Insurance Reserve Fund.

IV. Detail Notes on All Funds

A. Deposits and Investments

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

The City is mandated by law to require that the financial institutions in which they maintain deposits pledge securities to collateralize deposits which are in excess of the amount covered by federal insurance. At June 30, 2018, 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	Total
Time Deposits	\$ 10,000	\$ -	\$ 10,000
Certificates of Deposit	7,285,191	-	7,285,191
U. S. Agencies and Instrumentalities	-	1,447,536	1,447,536
Total Securities	7,295,191	1,447,536	\$ 8,742,727
Local Government Investment Pool	1,068,639	-	1,068,639
Total Investments	\$ 8,363,830	\$ 1,447,536	\$ 9,811,366

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.

CITY OF DYERSBURG, TENNESSEE
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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.

The investments reported in the fiduciary funds are related to the School's non-professional employees' pension plan, Dyersburg Electric pension plan, and the City of Dyersburg pension plan. Each plan's policy in regard to the allocation of invested assets is established and may be amended through a majority vote of the members of each fund's appointed Board of Directors. It is the policy of those Boards to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following information is related to each individual funds' fiduciary fund investments.

Dyersburg City Schools

The following is the asset allocation as of December 31, 2017:

	Market Value	Percentage of Total
Pooled separate accounts	\$ 5,381,373	93.00
Fixed account	405,077	7.00
Total	\$ 5,786,450	100.00

For the plan year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Dyersburg Electric System

The following is the asset allocation as of December 31, 2017:

	Market Value	Percentage of Total
Equity	\$ 1,815,531	52.84
Fixed account	1,620,744	47.16
Total	\$ 3,436,275	100.00

The following investments represent more than 5% of the fiduciary net position and are not issued explicitly guaranteed by the U.S. government at December 31, 2017:

AB High Income FD CL A	\$ 361,373
Prudential Total Return Bond Fund CL A	360,321
Transamerica Short-term Bond CL A	358,419

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -0.56 percent. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

CITY OF DYERSBURG, TENNESSEE
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City of Dyersburg

The following is the asset allocation as of June 30, 2017:

	Market Value	Percentage of Total
Domestic equities	\$ 2,292,173	97.00
Real estate	87,124	3.00
Total	\$ 2,379,297	100.00

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.1 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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	\$ 454,038	\$ 532,605	\$ -	\$ 986,643
Accounts	1,487,463	420,250	400,280	2,307,993
Intergovernmental	-	-	103,887	103,887
Unassessed property taxes	8,034,913	-	-	8,034,913
Gross receivables	9,976,414	952,855	504,167	11,433,436
Less: allowance for uncollectibles	(226,892)	-	-	(226,892)
Net total receivables	\$ 9,749,522	\$ 952,855	\$ 504,167	\$ 11,206,544

Business-type Funds:

	Proprietary Funds				Total	Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System		
Interest	\$ -	\$ -	\$ -	\$ 31,860	\$ 31,860	\$ -
Accounts	188,572	997,845	353,060	3,291,575	4,831,052	65,381
Other assessments	-	-	-	93,315	93,315	-
Gross receivables	188,572	997,845	353,060	3,416,750	4,956,227	65,381
Less: allowance for uncollectibles	(31,000)	(92,000)	(63,000)	(212,923)	(398,923)	(4,000)
Net total receivables	\$ 157,572	\$ 905,845	\$ 290,060	\$ 3,203,827	\$ 4,557,304	\$ 61,381

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, deferred revenue reported in the governmental funds was as follows:

	Unavailable
Property taxes receivable (general fund)	\$ 8,016,816
Delinquent property taxes	\$ 389,951
Confiscated funds (TIP fund)	12,725
Total deferred revenue for governmental funds	\$ 8,419,492

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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C. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

Primary Government

	Beginning Balance	Additions & Adjustments	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,449,961	\$ 220,042	\$ -	\$ 6,670,003
Construction in progress	\$ -	\$ 291,443	\$ -	\$ 291,443
Capital assets being depreciated:				
Buildings	\$ 59,859,810	\$ 940,605	\$ -	\$ 60,800,415
Improvements other than buildings	8,824,881	19,193	-	8,844,074
Machinery and equipment	15,022,512	131,743	(53,891)	15,100,364
Infrastructure	26,724,415	-	-	26,724,415
Total capital assets, being depreciated	110,431,618	1,091,541	(53,891)	111,469,268
Less accumulated depreciation for:				
Buildings	(35,508,934)	(2,812,337)	-	(38,321,271)
Improvements other than buildings	(3,490,939)	(422,474)	-	(3,913,413)
Machinery and equipment	(11,800,172)	(652,219)	48,409	(12,403,982)
Infrastructure	(17,085,996)	(339,699)	-	(17,425,695)
Total accumulated depreciation	(67,886,041)	(4,226,729)	48,409	(72,064,361)
Total capital assets, being depreciated, net	42,545,577	(3,135,188)	(5,482)	39,404,907
Allocated Internal Service Fund capital assets, being depreciated, net	287,219	-	(27,334)	259,885
Governmental activities depreciable capital assets, net	\$ 42,832,796	\$ (3,135,188)	\$ (32,816)	\$ 39,664,792
Total capital assets, net	\$ 49,282,757	\$ (2,623,703)	\$ (32,816)	\$ 46,626,238
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,179,875	\$ 55,534	\$ -	\$ 2,235,409
Construction in progress	\$ 770,621	\$ 1,156,796	\$ (585,838)	\$ 1,341,579
Capital assets being depreciated:				
Land and land improvements	\$ 7,215,221	\$ 284,389	\$ -	\$ 7,499,610
Buildings and systems	120,758,025	4,253,194	(902,777)	124,108,442
Machinery and equipment	15,730,875	708,251	(146,024)	16,293,102
Total capital assets, being depreciated	143,704,121	5,245,834	(1,048,801)	147,901,154
Less accumulated depreciation	(81,656,965)	(4,628,570)	1,481,609	(84,803,926)
Total capital assets, being depreciated, net	62,047,156	617,264	432,808	63,097,228
Allocated Internal Service Fund capital assets, being depreciated, net	111,772	5,673	-	117,445
Business-type activities depreciable capital assets, net	\$ 62,158,928	\$ 622,937	\$ 432,808	\$ 63,214,673
Total capital assets, net	\$ 65,109,424	\$ 1,835,267	\$ (153,030)	\$ 66,791,661

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

Government activities:

General government	\$ 199,393
Public safety	396,919
Public works	769,679
Schools	2,726,414
Parks & recreation	134,324
Capital assets held by the government's internal service funds charged to functions based on usage	<u>27,334</u>
Total depreciation expense - governmental activities	<u>\$ 4,254,063</u>

Business-type activities:

Gas	\$ 295,084
Water and Sewer	1,383,260
Solid Waste Management	617,315
Electric	2,332,911
Capital assets held by the government's internal service funds charged to functions based on usage	<u>37,123</u>
Total depreciation expense - business-type activities	<u>\$ 4,665,693</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances at June 30, 2018, is as follows:

Receivable Fund	Payable Fund	Amount
General	Enterprise	\$ 286,978
	Nonmajor governmental	209,809
	Internal Service	47,398
Enterprise	Nonmajor governmental	66,695
	Internal Service	1,448,909
	Enterprise	125,581
Nonmajor governmental	General	139,938
Internal Service	Internal Service	15,534
	Nonmajor governmental	<u>29,401</u>
Total		<u>\$ 2,370,243</u>

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

Interfund transfers for the year ending June 30, 2018:

Transfer To	Transfer From	Amount
General	Gas (Tax Equivalents)	\$ 227,700
	Water and Sewer (Tax Equivalents)	634,900
	Electric (Tax Equivalents)	1,106,574
	Cemetery Trust (Per Trust Agreement)	32,640
Cemetery Trust	General (Per Trust Agreement)	20,950
School General Purpose	Debt Service (School Debt)	2,251,350
School Debt Service	School General Purpose (School Debt)	<u>250,569</u>
Total		<u>\$ 4,524,683</u>

Interfund transfers occur in the normal course of business activities.

CITY OF DYERSBURG, TENNESSEE
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June 30, 2018

E. Long-Term Debt

1. General Obligation bonds

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

\$8,365,000 General Obligation Water and Sewer Refunding Bonds, Series 2009 dated April 28, 2009, due in annual installments at 3.00-4.00% interest, secured by revenues of the City.	\$ 785,000
\$2,960,000 General Obligation Qualified School Construction Bonds, Series 2009 dated December 17, 2009, due in monthly installments at 1.515% interest, secured by revenues of the City.	\$ 1,497,797
\$9,600,000 General Obligation School Bonds, Series 2013 dated August 16, 2013, due in annual installments at 2.00-4.10% interest, secured by revenues of the City.	\$ 9,145,000
\$2,840,944 General Obligation Refunding Bonds, Series 2016 dated September 28, 2016, due in installments at 2.24% interest, secured by revenues of the City.	<u>\$ 1,936,000</u>
Total General Obligation Bonds Payable	<u><u>\$ 13,363,797</u></u>

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 752,699	\$ 418,128	\$ 785,000	\$ 15,700
2020	803,699	405,645	-	-
2021	819,699	391,836	-	-
2022	863,699	377,235	-	-
2023	404,699	361,197	-	-
2024-2028	4,344,302	1,458,830	-	-
2029-2035	4,590,000	578,214	-	-
Totals	<u>\$ 12,578,797</u>	<u>\$ 3,991,085</u>	<u>\$ 785,000</u>	<u>\$ 15,700</u>

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 2015 dated February 20, 2015, due in annual installments at 1.00 - 2.00% interest, secured by revenues of the System	\$ 400,000
\$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	<u>890,000</u>
Total Revenue Bonds Payable	<u><u>\$ 1,290,000</u></u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2019	\$ 365,000	\$ 41,000
2020	370,000	31,700
2021	180,000	22,200
2022	185,000	15,000
2023	190,000	7,600
Totals	<u>\$ 1,290,000</u>	<u>\$ 117,500</u>

3. Notes Payable

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

Governmental activities

\$10,000,000 Tennessee Municipal Bond Fund Variable Rate Loan Program, dated September 19, 2000, secured by revenues of the City	\$ 3,906,000
\$2,180,000 Capital Outlay Refunding Notes dated February 20, 2015, due in annual installments at 1.25% interest, secured by revenues of the City	545,000
\$500,000 Energy Efficient Schools Initiative Loan Agreement, dated April 9, 2012, due in monthly installments at 0% interest, secured by revenues of the City	233,312
\$1,500,000 Tennessee Municipal Bond Fund Variable Rate Loan Program, dated February 18, 2016, secured by revenues of the City	1,424,000
\$671,173 Energy Efficient Schools Initiative Loan Agreement, dated February 13, 2018, due in monthly installments at 0.75% interest, secured by revenues of the City	<u>671,173</u>
Total notes payable - Governmental activities	<u>\$ 6,779,485</u>

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

Year Ending June 30,	Principal	Interest
2019	\$ 1,520,995	\$ 163,307
2020	1,007,847	139,374
2021	1,041,700	113,202
2022	1,043,564	86,028
2023	1,028,718	58,824
2024-2028	512,661	131,651
2029-3035	624,000	75,720
Totals	<u>\$ 6,779,485</u>	<u>\$ 768,106</u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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4. Changes in long-term debt

Long – term liability activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due in One Year
Governmental Activities					
Notes Payable	\$ 7,597,684	\$ 671,173	\$ (1,489,372)	\$ 6,779,485	\$ 1,520,995
General Obligation Bonds	13,320,498	-	(741,701)	12,578,797	752,699
Total governmental activities	<u>20,918,182</u>	<u>671,173</u>	<u>(2,231,073)</u>	<u>19,358,282</u>	<u>2,273,694</u>
Business Type Activities					
General Obligation Bonds	1,555,000	-	(770,000)	785,000	785,000
Revenue Bonds	1,660,000	-	(370,000)	1,290,000	365,000
Total business type activities	<u>3,215,000</u>	<u>-</u>	<u>(1,140,000)</u>	<u>2,075,000</u>	<u>1,150,000</u>
Total of all fund types	<u>\$ 24,133,182</u>	<u>\$ 671,173</u>	<u>\$ (3,371,073)</u>	<u>\$ 21,433,282</u>	<u>\$ 3,423,694</u>

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

F. Fund Balances - Governmental Funds

	General Fund	School Fund	Other Govt. Funds	Total
Nonspendable				
Inventory	\$ 3,273	\$ -	\$ 81,169	\$ 84,442
Deposits	39,248	-	-	39,248
Unredeemed property	-	-	-	-
Restricted				
Public safety	-	-	396,602	396,602
Education	-	1,624,965	684,617	2,309,582
Capital projects	-	-	1,297	1,297
Community development	3,257	-	5,377	8,634
Perpetual care	-	-	1,442,586	1,442,586
Debt service	-	-	2,037,330	2,037,330
Committed				
Employee health claims	-	-	50,493	50,493
Unassigned	2,490,501	-	-	2,490,501
Totals	<u>\$ 2,536,279</u>	<u>\$ 1,624,965</u>	<u>\$ 4,699,471</u>	<u>\$ 8,860,715</u>

G. 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, 2018, approximately 308 acres of undeveloped industrial park property is owned jointly by these two governmental bodies.

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H. 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, 2018, the estimated remaining useful life of the landfill was 57 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 \$1,530,900 as of June 30, 2018, which is based on 26.6% usage (filled) of the landfill. It is estimated that an additional \$4,207,843 will be recognized as closure and postclosure care expenses between the date of the statement of net position 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, 2018. 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, 2018, the City has \$319,960 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 \$5,867,955 which states that the City shall properly operate the solid waste facility and perform closure of the facility in accordance with all requirements of the permit and the closure/postclosure plan pursuant to all applicable laws and regulations. Failure of the City to perform would entitle the State of Tennessee to collect any state funds disbursed to the City for the cost of any violations.

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

I. Fair Value Measurements

Each fiduciary fund of the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The funds have the following recurring fair value measurements:

Dyersburg City Schools

As of December 31, 2017:

	Fair Value Measurements Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Total			
Investments by fair value level:			
Debt securities			
Pooled separate accounts - fixed	\$ 1,967,411	\$ 1,562,334	\$ 405,077
Equity securities			
Pooled separate accounts	3,819,039	3,819,039	-
Total investments at fair value	<u>\$ 5,786,450</u>	<u>\$ 5,381,373</u>	<u>\$ 405,077</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The fair value of the AUL Fixed Account for which a quoted market price is not available is valued based on the underlying mutual funds and therefore is a Level 2 investment.

CITY OF DYERSBURG, TENNESSEE
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Dyersburg Electric

As of December 31, 2017:

	Fair Value Measurements Using:			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Alternative/fixed income investments				
Mutual funds	\$ 2,025,821	\$ 2,025,821	\$ -	\$ -
Equity securities				
Mutual funds	1,815,531	1,815,531	-	-
Total investments at fair value	<u>\$ 3,841,352</u>	<u>\$ 3,841,352</u>	<u>\$ -</u>	<u>\$ -</u>

Alternative investments and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

City of Dyersburg

As of June 30, 2017

	Fair Value Measurements Using:			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt securities	\$ -	\$ -	\$ -	\$ -
Equity securities				
Common stock	2,292,173	2,292,173	-	-
Real estate	87,124	-	-	87,124
Total investments at fair value	<u>\$ 2,379,297</u>	<u>\$ 2,292,173</u>	<u>\$ -</u>	<u>\$ 87,124</u>

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The fair value of the real estate for which a quoted market price is not available and therefore is a Level 3 investment.

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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, 2018, 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 \$3,431,620 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, 2018.

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

B. Concentration of Credit Risk

The City bills local property owners for property taxes and customers of the Enterprise Funds for utility services. At June 30, 2018, 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, 2018 Dyersburg Electric had no litigation or pending litigation.

At June 30, 2018 Dyersburg City Schools had no litigation or pending litigation.

At June 30, 2018 the City of Dyersburg is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

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D. Contingent Liabilities

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

E. Employee Retirement Systems and Pension Plans

Dyersburg City Schools

1. Teachers Legacy Plan

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Dyersburg City Schools for the year ended June 30, 2017 to the Teacher Legacy Pension Plan were \$974,418 which is 9.08 percent of covered payroll. The employer rate, when combined with members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2018, the Dyersburg City Schools reported an asset of \$101,202 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Dyersburg City Schools' proportion of the net pension liability was based on Dyersburg City Schools' employer contributions to the pension plan relative to the contributions of all participating LEAs. At the June 30, 2017 measurement date, Dyersburg City Schools' proportion was 0.309314 percent. The proportion measured as of June 30, 2016 was 0.296077 percent.

Pension Expense. For the year ended June 30, 2018, Dyersburg City Schools recognized pension expense of \$8,582.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, Dyersburg City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 61,012	\$ 2,089,356
Changes in assumptions	857,126	
Net difference between projected and actual earning on pension plan investments	15,362	
Changes in proportion of Net Pension Liability (asset)	112,477	92,297
LEAs contributions subsequent to the measurement date of June 30, 2017	<u>974,418</u>	<u>N/A</u>
Total	<u>\$ 2,020,395</u>	<u>\$ 2,181,653</u>

Dyersburg City Schools employer contributions of \$974,418, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net position asset in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30:

2019	\$ (716,744)
2020	318,577
2021	(253,401)
2022	(484,108)
2023	-
Thereafter	-

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

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the

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following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	Graded salary ranges from 8.75 percent to 3.45 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 Percent

Mortality rates were based on actuarial experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	31%	5.69%
Developed market international equity	14%	5.29%
Emerging market international equity	4%	6.36%
Private equity and strategic lending	20%	5.79%
U.S. fixed income	20%	2.01%
Real Estate	10%	4.32%
Short-term securities	1%	0.00%
Total	<u>100%</u>	

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

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Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by the state statute. based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Dyersburg City school' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Dyersburg City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate.

**Dyersburg City Schools' Proportionate
Share of the Net Pension Liability (Asset)**

1% Decrease (6.5%)	\$ 9,080,747
Current Discount Rate (7.5%)	\$ (101,202)
1% Increase (8.5%)	\$ (7,690,689)

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

Payable to the pension plan. At June 30, 2018, the Dyersburg City Schools Board of Education reported a payable of \$124,690 for the outstanding amount of contributions due to TCRS for the year.

2. Teacher Retirement Plan (TCRS)

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

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by and actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are no remitted. Employer contributions for the year ended June 30, 2018 to the Teacher Retirement Plan were \$67,734, which is 4 percent of covered payroll. The employer rate, when combined with members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Assets. At June 30, 2018, Dyersburg City Schools reported an asset of \$52,370 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial value as of that date. Dyersburg City Schools' proportion of the net pension asset was determined by an actuarial value as of that date. Dyersburg City Schools' proportion of the net pension asset was based on Dyersburg City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, Dyersburg City Schools' proportion was 0.198496 percent.

Pension Expense. For the year ended June 30, 2018, Dyersburg City Schools recognized pension expense of \$23,922.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, Dyersburg City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,835	\$ 3,939
Net difference between projected and actual earnings on pension plan investments	-	2,818
Changes in assumptions	4,601	-
Changes in net proportion of net pension liability	2,362	-
Dyersburg City School's contributions subsequent to the measurement date of June 30, 2015	67,734	N/A
	\$ 76,532	\$ 6,757

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Dyersburg City Schools' employer contributions of \$67,734 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2019	\$	(82)
2020		(82)
2021		(243)
2022		(968)
2023		361
Thereafter		3,058

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

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actuarial experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (asset) to Changes in the Discount Rate. The following presents Dyersburg City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Dyersburg City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate.

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Dyersburg City Schools' proportionate share of the net pension liability (asset)	\$10,448	(\$52,370)	(\$98,448)

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

Payable to the Pension Plan. At June 30, 2018, the Dyersburg City Schools Board of Education reported a payable of \$12,728 for the outstanding amount of contributions due to TCRS for the year.

3. Non-Professional Employees' Pension Plan

Plan Description. The Dyersburg City Schools Retirement Plan (DCSRP) is a single-employer defined benefit retirement plan administered by the Dyersburg City Schools' Board of Education for employees of the Dyersburg City Schools. The plan was established by statute. With the exception of maximum contribution rates, which are set forth in the statutes, required contributions and benefit provisions are established and amended by the Dyersburg City Schools Board of Education.

The Dyersburg City Schools Retirement Plan issues a publicly available report that can be obtained by contacting the Dyersburg City Schools Board of Education.

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Benefits Provided. DCSR provides retirement, disability, and death benefits to plan members and their beneficiaries. Retirement benefits are calculated as 3 percent of an employee's final 5-year average salary times years of service. Employees with 10 years of continuous service are eligible to retire at age 60. Employees may retire at any age after 30 years of service. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal two times the employee's final full-year salary. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to that employee's retirement date. Annual adjustments equal one-half of the change in the Consumer Price Index, limited to a maximum increase in retirement allowance of 3 percent.

At December 31, 2017, the following employees were covered by the Plan:

Active employees	109
Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	6
	151

Contributions. Required contributions are determined by the Dyersburg City Schools Board of Education based on actuarial calculations performed by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employee contributions are based on the employee's annual covered salary. For the year ended December 31, 2017, the employee contribution rate was 5%. The Dyersburg City Schools' Board of Education is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. However, per statute, the Dyersburg City Schools' contribution rate may not exceed 15 percent of covered payroll. The Dyersburg City Schools' contribution rate and required contribution for the year ended December 31, 2017 were 5.65 percent and \$170,752, respectively. Actual contributions for the year equaled \$218,481, or 127.95% of required contributions.

Net Pension Liability. The Dyersburg City Schools' net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.5 percent, including inflation
Investment rate of return	7.250 percent, net of Plan investment expense, including inflation

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of January 1, 2017. In addition, mortality rates were based on the 2017 IRS Static Mortality table for Small Plans, with adjustments for mortality improvements based on utilizing Scale AA projected for fifteen years beyond the valuation date for non-annuitants and seven years beyond the valuation for annuitants.

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

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	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equities	45%	8.0%
International equities	25%	7.5%
Fixed income	4%	2.0%
Real estate	1%	5.0%
Cash	25%	0.0%
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in School's Net Pension Liability. Changes in the Dyersburg City Schools' net pension liability for the year ended December 31, 2017 were as follows:

Schedule of Changes in NPL, Deferrals, & Pension Expense - Non Professional Plan

	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2016	\$ 7,546,226	\$ 5,200,993	\$ 2,345,233
Changes for the Year:			
Service cost	185,951		185,951
Interest expense	548,298		548,298
Benefit changes			
Experience losses (gains)			-
Changes of assumptions			
Contributions - employer		222,199	(222,199)
Contributions - employee		153,278	(153,278)
Net investment income		607,825	(607,825)
Expected return on plan investments			
Current expense of asset (gain)/loss			
Non expensed asset gain/(loss)			
Benefits paid	(338,904)	(338,904)	-
Plan administrative expenses		(23,681)	23,681
Recognition of prior post-measurement contribution			-
Post-measurement contribution			-
Other changes			-
Amortization of or change in beginning balances			-
Net changes	<u>395,345</u>	<u>620,717</u>	<u>(225,372)</u>
Balances at 12/31/2017	<u>\$ 7,941,571</u>	<u>\$ 5,821,710</u>	<u>\$ 2,119,861</u>

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Determination of Net Pension Liability. The components of the net pension liability at December 31, 2017 were as follows:

	<u>December 31, 2017</u>
Total Pension Liability (7.25%)	\$ 7,941,571
Plan Fiduciary Net Position	(5,821,710)
Net Pension Liability	\$ 2,119,861
 Plan Fiduciary Net Position as a % of Total Pension Liability	73.31%

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

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$3,156,240	\$2,119,861	\$1,246,159

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Dyersburg City Schools Retirement Plan financial report.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the year ended June 30, 2018, the Dyersburg City schools recognized pension expense of \$296,074. At June 30, 2018, the Dyersburg City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,735	\$ 3,872
Changes of assumptions	-	-
Net difference between projected and actual earnings on Plan investment	2,278	-
Dyersburg City School's contributions subsequent to the measurement date of June 30, 2017	120,695	-
Total	\$ 159,708	\$ 3,872

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

Year ending June 30,	
2019	\$ 65,840
2020	45,735
2021	(35,147)
2022	(41,287)
2023	-
Thereafter	-

Payable to DCSRP. At June 30, 2018, the Dyersburg City Schools Board of Education reported a payable of \$31,479 for the outstanding amount of contributions due to DCSRP for the year.

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Defined Contribution Component of the Hybrid Plan. Upon first becoming a public school teacher in the Hybrid Plan, 2% of the employee's compensation will be deferred automatically into the defined contribution component of the Hybrid Plan unless the employee makes an affirmative election not to contribute. The System will make a contribution to the defined contribution component of the plan on behalf of each member which equals to 5% of the member's compensation, regardless of whether the member makes any employee contribution. The 5% employer contribution rate is established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees immediately vest in the employee and employer contributions to the defined contribution portion of the Hybrid Plan. During the fiscal year 2018, the System contributed a total of \$84,667 into the defined contribution portion of the Hybrid Plan. There were no forfeitures during the year ended June 30, 2018. At June 30, 2018, the Dyersburg City Schools Board of Education reported a payable of \$10,152 for the outstanding amount of contributions due to TCRS for the year.

Dyersburg Electric System

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

1. Defined Benefit Plan

Plan Description. All employees of the system were eligible to participate following the attainment of age 21 and the completion of three (3) years of service. On December 19, 2012 the Power Board adopted resolutions to discontinue new participants in to the existing defined benefit plan and established the new defined contribution retirement plan. Employees hired or rehired after December 31, 2012 and meeting the eligibility requirements participate in the Defined Contribution Plan, and existing participants in the Defined Benefit Plan may elect to participate in the defined contribution plan provided they discontinue participation in the Defined Benefit Plan. This plan is administered by Dyersburg Electric System. Any amendments to the Defined Benefit Plan would be initiated by the System's Board.

Plan participants. At January 1, 2017 valuation, pension plan participants consisted of the following:

Active plan participants	34
Inactive plan participants or beneficiaries currently receiving benefits	4
Total	38

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

Benefits Provided. The Defined Benefit Plan provides retirement benefits as well as death and disability benefits. The Defined Benefit Plan benefit formula accrual rate is 2.0% per year of service. Retirement benefits begin vesting after five (5) years of service and are completely vested after fifteen (15) years of service. Employees may retire after age 55 and the completion of ten (10) years of service with a reduction for early commencement. There is no reduction if the employees' age plus years of service is 85 or greater. The normal retirement date is the first day of the month following the participant's attainment of age 65.

Contributions. Effective July 1, 2016, employees are required to contribute 3% of compensation. Dyersburg Electric System intends to contribute amounts necessary to fund the Plan, as determined by the Actuary. For the year ended June 30, 2017, the system's contribution rate was 25.67% of covered-employee payroll.

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Investment Policy. The following was the Plan's adopted asset allocation policy as of June 30, 2017, as provided by the Plan's investment advisor.

<u>Asset Class</u>	<u>Asset Category</u>	<u>Strategic Weight</u>
Domestic Equity	Large Growth	10%
Domestic Equity	Lg Value/Long/Short	35%
Domestic Equity	Long/short	5%
Alternative	Event Driven/Fixed	15%
Alternative	Managed Futures	20%
Balanced	Global Allocation	5%
Balanced	Global Tactical	10%
Total:		<u>100%</u>

Rate of return. For the year ended June 30, 2017, the annual money-weighted rate of return on pension investments, net of pension plan investment expenses, was -0.56%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net Pension Liability. The System's net pension liability of \$4,340,085 was measured as of June 30, 2017, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of January 1, 2017.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement. Assumptions were reviewed as part of an experience study for the period January 1, 2010 through December 31, 2014. Please refer to the report, dated August 11, 2015, for further details. We anticipate future experience reviews every five years.

Measurement Date:	June 30, 2017
Valuation Date:	January 1, 2017
Mortality:	Linked to the current mortality assumption utilized by the Tennessee Consolidated Retirement System (TCRS)
Discount Rate:	6.75% per annum
Inflation:	2.0% per annum. This assumption is an underlying component of a number of these economic assumptions. This assumption reflects the following factors: <ul style="list-style-type: none"> • Consumer price indices • Forecasts of inflation • Yields on government securities of various maturities • Yields on nominal and inflation-indexed debt
Salary projection:	3.50% per annum

Retirement Age: Based upon eligibility for full (unreduced) benefits, as follows:

<u>Years Following First Eligibility</u>	<u>Rate</u>
0	50%
1	25%
2 or more	5%

Participants are assumed to retire no later than Normal Retirement

Long term inflation:	2.00%
Withdrawal rates:	Crocker Sarason Table T-5
Disability rates:	25% of the 1952 Intercompany Disability Table

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

<u>Asset Class</u>	<u>Long-term Expected Rate of Return</u>
Large Blend	7-10%
Large Value	7-10%
Alternatives	5-7%
Event Driven/Fixed Income	6-8%
Managed Futures	8-9%
Global Balanced	6-8%

Discount Rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the plan and member contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	<u>Net Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Total Pension Liability</u>
Balances at June 30, 2016	\$ 4,041,255	\$ 5,884,826	\$ 9,926,081
Changes for the year:			
Service Cost	194,275	-	194,275
Interest	673,043	-	673,043
Change of benefit terms	-	-	\$ -
Difference between expected and actual experience	(12,852)	-	(12,852)
Contributions - employer	(560,669)	560,669	-
Contributions - employee	(65,994)	65,994	-
Net investment income	(407,950)	407,950	-
Difference between projected and actual earnings	478,977	(478,977)	-
Benefit payments, including refunds of employee contributions	-	(303,644)	(303,644)
Administrative expenses	-	-	-
Net changes	<u>298,830</u>	<u>251,992</u>	<u>550,822</u>
Balances at June 30, 2017	<u>\$ 4,340,085</u>	<u>\$ 6,136,818</u>	<u>\$ 10,476,903</u>

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

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net Pension Liability	\$ 5,658,236	\$ 4,340,085	\$ 3,216,877

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Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the year ended June 30, 2018, the system recognized \$685,768 in pension income. Deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,073	\$ 409,787
Changes of assumptions	955,418	573,293
Net difference between projected and actual earnings on pension plan investments	1,009,345	-
Contributions subsequent to the measurement date of June 30, 2017	518,952	-
Total:	\$ 2,510,788	\$ 983,080

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2017," will be recognized as a reduction to the net pension liability in the following measurement period.

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

Years Ending June 30:

2019	\$ 319,825
2020	\$ 255,228
2021	\$ 142,418
2022	\$ 76,612
2023	\$ 127,048
Thereafter	\$ 87,625

Payable to Plan. At June 30, 2018, the system reported a payable of \$0.00 for the outstanding amount of contributions to the pension plan.

Financial Statements for the Pension Plan. The System's administered plan issued financial statements as of December 31, 2017, which were audited by other auditors and included in this report. The plan financial statements as of June 30, 2017 are as follows:

Statement of Fiduciary Net Position (Market Value of Plan Assets) June 30, 2016 and 2017		
Assets	June 30, 2016	June 30, 2017
Cash	\$ 1,681,742	1,306,285
Receivables from Employee	-	4,813
Receivables from Employer	-	43,000
Investments		
Mutual Funds	1,453,546	1,085,999
Alternative Investments	2,749,538	3,696,721
Total Investments	4,203,084	4,782,720
Total Assets	\$ 5,884,826	\$ 6,136,818
Net Position		
Net Position	\$ 5,884,826	\$ 6,136,818

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Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2017

Net position at beginning of year		\$ 5,884,826
Contributions received or receivable		
Employer	560,669	
Employee	65,994	
Total contributions		626,663
Net unrealized appreciation/(depreciation)		(64,395)
Net realized appreciation/(depreciation)		10,661
Interest and dividends		20,282
Total Income		593,211
Distribution of benefits		
Benefit payments	303,644	
Total distribution of benefits		303,644
Expenses		
Administrative	37,575	
Total expenses		37,575
Net increase in net position		251,992
Net position at year end		\$ 6,136,818

2. Defined Contribution Plan

Plan Name and Administration. The System's plan name is Dyersburg Electric System 401(a) Defined Contribution Plan. The plan is administered by VOYA Financial Advisors, Inc. The Board of the System is the decision making authority for the plan.

Benefit Terms. All employees of the System are eligible to make contributions to Dyersburg Electric System's 401(a) Defined Contribution Plan after a 6 month probationary period. After the probationary period, the System makes contributions whether or not the employee does. An employee is considered fully vested after the probationary period is met. Benefit terms may only be amended by the Board of the System.

Contributions. The Defined Contribution Plan requires the system to contribute 3% of gross wages of employees meeting the eligibility requirements. The system will also match a contribution of an eligible employee (dollar for dollar) up to 4% of gross wages. The employees are not required to contribute any certain amount to the plan. During the year ended June 20, 2018, the system contributed \$6,534 to the defined contribution plan. There were no nonemployer contributions for the year.

Forfeitures. Due to the terms of the contributions being 100% vested immediately, there are never any amounts forfeited.

Payable to Plan. At June 30, 2018, there were no amounts due from the System for contributions to the defined contribution plan.

City of Dyersburg Pension Plan

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

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At June 30, 2017, the following employees were covered by the Plan:

Active employees	100
Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to deferred benefits	37
Total	181

Benefits provided. Each participant shall accrue a monthly benefit payable at his/her normal retirement date of two percent (2%) of average monthly compensation per year of credited service, with a maximum of 35 years of credited service. Retirement benefits begin vesting after four (4) years of continuous service and are fully vested after ten (10) years of continuous service. For participants hired before February 1, 1989, the normal retirement date is the first day of the month coinciding with or next following the participant's 60th birthday. The early retirement date is the first day of the month coinciding with or next following the participant's 55th birthday and completion of ten (10) years of continuous service. For participants hired on or after February 1, 1989, the normal retirement date is the first day of the month coinciding with or next following the participant's 65th birthday and completion of five years of participation in the plan. The early retirement date is the first day of the month coinciding with or next following the participant's 60th birthday and completion of ten years of continuous service. The deferred early retirement benefit, to commence at the participant's normal retirement date, is computed in the same manner as above for normal retirement. Upon written application to the employer, basic retirement benefits may commence immediately upon early retirement; in that event, the benefit is reduced by 0.4% for each month by which the participant's actual retirement date precedes his/her normal retirement date.

Contributions. The Regulations of the City grant the authority to establish and amend the contribution requirements of the City and active plan members to the City of Dyersburg Pension Board. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefit earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2018, the average active member contribution rate was 5.0 percent of annual pay, and the City's average contribution rate was 38.60 percent of annual payroll.

The City selected the assumptions and funding methods described below based on the review of plan experience in conjunction with the June 30, 2017 Actuarial Valuation Report. The actuary annually reviews the assumptions and method for reasonableness. Periodically, a complete plan experience study is conducted.

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

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

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

Discount Rate. 3.45% per annum, compounded annually. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contributions rate of 5% and that employer contributions will continue at approximately 50% of the recommended contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2026. The long-term expected rate of return on pension plan investments was applied to periods of projected benefit payments through this date, and the municipal bond rate was used for the period thereafter to determine the total pension liability. The discount used to measure the total pension liability on the second basis was 3.10%. This is equivalent to an average assumed rate of return of approximately 3.45%.

Net Pension Liability. The components of the net pension liability at June 30, 2017 were as follows:

Total Pension Liability	\$ 34,614,383
Plan Fiduciary Net Position	<u>\$ (3,290,568)</u>
Net Pension Liability	<u><u>\$ 31,323,815</u></u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability. 9.51%

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

	<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease	2.45%	\$ 36,105,012
Current discount rate	3.45%	\$ 31,323,815
1% increase	4.45%	\$ 27,393,038

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the year ended June 30, 2017, the recognized pension expense will be \$2,274,005. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Experience losses (gains)	\$ 3,350,438	\$ 2,931,561
Changes of assumptions	14,817,118	1,161,741
Contribution subject to measurement date of June 30, 2017	1,092,500	-
Net difference between projected and actual earnings on investments	-	<u>29,509</u>
Total:	<u>\$ 19,260,056</u>	<u>\$ 4,122,811</u>

Contributions after the measurement date of June 30, 2017 will be recognized as a reduction to the net pension liability in the following measurement period.

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

Years Ending June 30:

2018	\$ 1,485,638
2019	\$ 1,548,500
2020	\$ 1,540,086
2021	\$ 1,508,069
2022	\$ 1,736,495
Thereafter	\$ 6,226,038

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F. Postemployment Healthcare Plan

Dyersburg City Schools

Plan description. The Dyersburg City Schools (Schools) provide medical and dental/vision insurance benefits to age 65 to eligible retirees and their covered dependents. The plan is considered to be a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB).

Benefits Provided. The Schools pay a percentage of the cost for medical coverage for retirees meeting certain eligibility requirements. The percentage depends on the years of eligible service at retirement and varies from 25% to 100% for certified retirees. Non-certified retirees pay the full contribution rate for elected coverage. All active employees who retire directly from the Schools and meet the eligibility requirements may participate. Surviving spouses of eligible retirees may be eligible to continue coverage. Provided coverage continues to age 65. dental/vision benefits are also available with the retiree paying 100% of the contribution. Insurance coverage is the only postemployment benefit provided to retirees. All members have the option of choosing among four PPO plans. Retired plan members receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. The Schools pay a portion of the medical coverage for retirees as mentioned above. This is considered an explicit subsidy. For purposes of reporting under GASB 75, a federal subsidy is created by providing drug coverage to Medicare eligible retirees that equals the standard benefit provided by Medicare. This federal subsidy amounted to \$253,581 for the year ended June 30, 2018. The OPEB plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms. At July 1, 2017, the following employees of the Schools were covered by the benefit terms of the plan:

Inactive employees/dependents/beneficiaries currently receiving benefit payments	39
Active employees, including dependents	293
	332

An insurance committee establishes the required payments to the plan by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Schools paid \$157,492 to the plan for OPEB benefits as they came due.

Actuarial Assumptions. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial method	Individual Entry Age Normal Cost Method
Discount rate	3.88% (0.88% rate of return plus 3.00% inflation)
Salary increases	Graded salary ranges from 3.45 to 8.75 percent based on age. Including inflation, averaging 4 percent
Healthcare cost trend rates	Level 5%
Retiree's share of benefit-related costs	Retiree pays a percentage of the individual monthly contribution rate based on years of service at retirement. Retirees with 30 or more years of TCRS service and at least 20 years of service with Dyersburg City Schools do not contribute for individual coverage.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount Rate. The discount rate used to measure the total OPEB liability was 3.88 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date.

Changes in Total OPEB Liability

	Total OPEB Liability (a)
Balance at June 30, 2017	\$ 3,439,542
Changes for the year:	
Service cost	136,683
Interest cost	130,783
Changes of benefit terms	-
Differences between expected and actual experience	-
Change in assumptions	-
Benefit payments	(411,073)
Net changes	(143,607)
Balance at June 30, 2018	\$ 3,295,935

The Schools have a special funding situation related to benefits considered paid by Medicare for its eligible retired employees participating in the plan. The Schools total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the drug coverage to Medicare eligible retirees, actuarially determined. The Schools recognized \$253,581 in revenue for federal subsidies considered provided by Medicare for benefits paid by the plan for the School's retirees.

Changes in Assumptions. The discount rate was changed from 3.75% as of the beginning of the measurement period to 3.88% as of June 30, 2018. This change in assumption decreased the total OPEB liability.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability related to the plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.88%) or 1-percentage point higher (4.88%) than the current discount rate:

	<u>1% Decrease (2.88%)</u>	<u>Current Discount Rate (3.88%)</u>	<u>1% Increase (4.88%)</u>
Total OPEB Liability	\$ 3,090,472	\$ 3,295,935	\$ 3,519,440

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability related to the plan, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current healthcare cost trend rate:

	<u>1% Decrease (4.00%)</u>	<u>Healthcare Cost Trend Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Total OPEB Liability	\$ 3,032,479	\$ 3,295,935	\$ 3,607,545

OPEB Expense. For the fiscal year ended June 30, 2018, the Schools recognized OPEB expense of \$267,466.

Deferred Outflows of Resources and Deferred Inflows of Resources. Since the plan is pay-as-you-go type of plan, there are no assets accumulating in a trust solely dedicated for the purpose of providing post-retirement benefits. Since there are no assets set aside to pay these benefits, there are currently no deferred outflows of resources or deferred inflows of resources related to OPEB benefits in the School's OPEB plan.

G. Fairview Cemetery Trust Fund

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

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

H. Tax Abatements

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with several companies in the current fiscal year:

Entity and Terms	Percentage of Taxes Abated During Year Ended June 30, 2018	Amount of Taxes Abated During Year Ended June 30, 2018
Caterpillar		
Effective 2002, 2003-2012 0%, 2013 increasing every year by 10%, 2022 100%	100% Personal Property	\$ 57
Effective 2003, 2004-2013 0%, 2014 increasing every year by 10%, 2023 100%	100% Personal Property	157
Effective 2004, 2005-2014 0%, 2015 increasing every year by 10%, 2024 100%	100% Personal Property	672
Effective 2005, 2006-2015 0%, 2016 increasing every year by 10%, 2025 100%	100% Personal Property	132
Effective 2006, 2007-2016 0%, 2017 increasing every year by 10%, 2026 100%	100% Personal Property	6,702
Effective 2007, 2008-2017 0%, 2018 increasing every year by 10%, 2027 100%	100% Personal Property	420
Effective 2008, 2009-2018 0%, 2019 increasing every year by 10%, 2028 100%	100% Personal Property	3,477
Effective 2009, 2010-2019 0%, 2020 increasing every year by 10%, 2029 100%	100% Personal Property	1,863
Effective 2010, 2011-2020 0%, 2021 increasing every year by 10%, 2030 100%	100% Personal Property	116
Effective 2011, 2012-2021 0%, 2022 increasing every year by 10%, 2031 100%	100% Personal Property	82
Effective 2012, 2013-2022 0%, 2023 increasing every year by 10%, 2032 100%	100% Personal Property	783
Effective 2013, 2014-2023 0%, 2024 increasing every year by 10%, 2033 100%	100% Personal Property	314
Effective 2014, 2015-2024 0%, 2025 increasing every year by 10%, 2034 100%	100% Personal Property	4,702
Effective 2015, 2016-2025 0%, 2026 increasing every year by 10%, 2035 100%	100% Personal Property	4,655
Effective 2016, 2017-2026 0%, 2027 increasing every year by 10%, 2036 100%	100% Personal Property	9,045

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Entity and Terms	Percentage of Taxes Abated During Year Ended June 30, 2018	Amount of Taxes Abated During Year Ended June 30, 2018
Effective 2017, 2018-2027 0%, 2028 increasing every year by 10%, 2037 100%	100% Personal Property	122,224
		\$ 155,401
NSK		
Effective 2007, 2008-2016 0%, 2017 increasing every year by 10%, 2026 100%	100% Real Property	64,398
Effective 2007, 2008-2016 0%, 2017 increasing every year by 10%, 2026 100%	100% Personal Property	1,219
Effective 2008, 2009-2017 0%, 2018 increasing every year by 10%, 2027 100%	100% Personal Property	244
Effective 2009, 2010-2018 0%, 2019 increasing every year by 10%, 2028 100%	100% Personal Property	4,456
Effective 2010, 2011-2019 0%, 2020 increasing every year by 10%, 2029 100%	100% Personal Property	8,685
Effective 2011, 2012-2020 0%, 2021 increasing every year by 10%, 2030 100%	100% Personal Property	15,825
Effective 2012, 2013-2021 0%, 2022 increasing every year by 10%, 2031 100%	100% Personal Property	27,003
Effective 2013, 2014-2022 0%, 2023 increasing every year by 10%, 2032 100%	100% Personal Property	37,172
Effective 2014, 2015-2023 0%, 2024 increasing every year by 10%, 2033 100%	100% Personal Property	7,743
Effective 2015, 2016-2024 0%, 2025 increasing every year by 10%, 2034 100%	100% Personal Property	6,456
Effective 2016, 2017-2025 0%, 2026 increasing every year by 10%, 2035 100%	100% Personal Property	7,779
Effective 2017, 2018-2026 0%, 2027 increasing every year by 10%, 2036 100%	100% Personal Property	9,914
		\$ 190,894

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Entity and Terms	Percentage of Taxes Abated During Year Ended June 30, 2018	Amount of Taxes Abated During Year Ended June 30, 2018
DOT Foods		
Effective 2013, 2014-2028 0%		
2029 - 25%, 2030 - 50%		
2031 - 75%, 2032 - 100%	100% Real Property	154,111
Effective 2014, 2015-2029 0%		
2030 - 25%, 2031- 50%		
2032 - 75%, 2033 - 100%	100% Personal Property	1,918
Effective 2015, 2016-2030 0%		
2031 - 25%, 2032- 50%		
2033 - 75%, 2034 - 100%	100% Personal Property	2,281
Effective 2016, 2017-2031 0%		
2032 - 25%, 2033- 50%		
2034 - 75%, 2035 - 100%	100% Personal Property	1,704
		\$ 160,014

I. Subsequent Events

The City has evaluated subsequent events through March 8, 2019, the date which the financial statements were available to be issued.

J. Prior Period Adjustment

Fund Financial Statements

General Fund - Correction of Error - In a prior year, accounts receivable was overstated by \$126,881. In a prior year, compensated absences liability was overstated by \$592,951. Total fund balance for the general fund was understated by \$466,070.

Government-Wide Financial Statements

Governmental Activities - Correction of Error - In a prior year, the accrual for compensated absences was overstated by \$1,074,818. Also in a prior year, liabilities related to OPEB were not properly reflected on the City's financial statements resulting in an understatement of \$1,752,412.

Governmental Activities- Changes in Accounting Principle - As of July 1, 2017, a restatement of beginning net position was made for net OPEB liability due to the Schools implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - an amendment of GASB Statement No. 45*. The implementation of GASB Statement No. 75 resulted in the Schools restating net position in the amount of \$(1,687,130).

Total restatement of beginning fund balance for governmental activities was a decrease of \$1,898,694.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Dyersburg City Schools' proportion of the net pension liability (asset)	0.309314%	0.296077%	0.292639%	0.307025%
Dyersburg City Schools' proportionate share of the net pension liability (asset)	\$ (101,202)	\$ 1,850,316	\$ 119,875	\$ 49,890
Dyersburg City Schools' covered payroll	\$ 10,934,120	\$ 10,687,813	\$ 10,954,981	\$ 12,050,701
Dyersburg City Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-0.93%	17.31%	1.09%	0.41%
Plan fiduciary net position as a percentage of the total pension liability	100.14%	97.14%	99.81%	100.08%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG CITY SCHOOLS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
TEACHER RETIREMENT PLAN OF TCRS
FOR THE FISCAL YEAR ENDED JUNE 30,**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Dyersburg City Schools' proportion of the net pension liability (asset)	0.198496%	0.212778%	0.248278%
Dyersburg City Schools' proportionate share of the net pension liability (asset)	\$ (52,370)	(\$22,151)	(9,988)
Dyersburg City Schools' covered payroll	\$ 1,302,814	\$936,230	\$515,864
Dyersburg City Schools' proportionate share of the net pension liability (asset) as a percentage of its' covered-employee payroll	(4.02)%	(2.37)%	(1.94)%
Plan fiduciary net position as a percentage of the total pension liability	126.81%	121.88%	127.46%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See independent auditor's report

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

	2018	2017	2016	2015	2014
Contractually required contributions	\$ 974,418	\$ 988,444	\$ 966,175	\$ 990,327	\$ 1,070,102
Contribution in relation to the contractually required contribution	\$ 974,418	988,444	966,175	990,327	1,070,102
Contribution deficiency (excess)	\$ -	-	-	-	-
Dyersburg City Schools' covered payroll	\$ 10,731,446	10,934,120	\$ 10,687,813	\$ 10,954,981	\$ 12,050,701
Contributions as a percentage of Dyersburg City Schools' covered payroll	9.08%	9.04%	9.04%	9.04%	8.88%

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See independent auditor's report

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

	2018	2017	2016	2015
Contractually required contribution	\$ 67,734	\$ 52,112	\$ 23,436	\$ 516
Contributions in relation to the contractually required contribution	<u>67,734</u>	<u>52,112</u>	<u>37,449</u>	<u>20,634</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,013)</u>	<u>\$ (20,118)</u>
Dyersburg City Schools' covered payroll	\$ 1,693,357	\$ 1,302,814	\$ 936,230	\$ 515,864
Contributions as a percentage of Dyersburg City Schools' covered payroll	4.00%	4.00%	4.00%	4.00%

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
DYERSBURG CITY SCHOOLS
SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS
NON-PROFESSIONAL EMPLOYEES PENSION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 185,951	\$ 154,102	\$ 147,466	\$ 154,945
Interest	548,298	515,464	489,615	467,004
Changes of benefit terms	-	-	-	-
Difference between actual and expected experience	-	57,725	-	(14,196)
Changes of assumptions	-	-	-	-
Benefit payments/refunds	(338,904)	(273,613)	(300,765)	(276,019)
Net change in total pension liability	395,345	453,678	336,316	331,734
Total pension liability - beginning	7,546,226	7,092,548	6,756,232	6,424,498
Total pension liability - ending (a)	7,941,571	7,546,226	7,092,548	6,756,232
Plan Fiduciary Net Position				
Contributions - employer	153,278	151,597	139,330	135,007
Contributions - employee	222,199	170,684	111,008	39,835
Net investment income	607,825	344,302	(56,640)	236,873
Benefit payments/refunds	(338,904)	(273,613)	(300,765)	(276,019)
Administrative expenses	(23,681)	(12,850)	(7,271)	(8,948)
Net change in plan fiduciary net position	620,717	380,120	(114,338)	126,748
Plan fiduciary net position - beginning	5,200,993	4,820,873	4,935,211	4,808,463
Plan fiduciary net position - ending (b)	5,821,710	5,200,993	4,820,873	4,935,211
Net pension liability - ending (a) - (b)	\$ 2,119,861	\$ 2,345,233	\$ 2,271,675	\$ 1,821,021
Plan fiduciary net position as a % of the total pension liability	73.31%	68.92%	67.97%	73.05%
Covered-employee payroll	\$ 3,020,158	\$ 3,020,158	\$ 2,571,722	\$ 2,571,722
Net pension liability as a % of covered employee payroll	70.19%	77.65%	88.33%	70.81%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG CITY SCHOOLS
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
NON-PROFESSIONAL EMPLOYEES PENSION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Schedule of Employer Contributions	Plan years ending December 31,			
	2017	2016	2015	2014
Actuarially determined contribution	\$ 227,068	\$ 170,752	\$ 170,567	\$ 170,567
Contributions in relation to the actuarially determined contribution	<u>222,199</u>	<u>170,684</u>	<u>111,008</u>	<u>39,835</u>
Contribution deficiency (excess)	<u>\$ (4,869)</u>	<u>\$ (68)</u>	<u>\$ (59,559)</u>	<u>\$ (130,732)</u>
Covered-employee payroll	\$ 3,020,158	\$ 3,020,158	\$ 2,571,722	\$ 2,571,722
Contributions as a percentage of covered employee payroll	7.4%	5.7%	4.3%	1.5%

Schedule of Investment Returns

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	11.7%	7.2%	-1.2%	5.0%

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date.

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG CITY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
NON-PROFESSIONAL EMPLOYEES PENSION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Salary Scale

4.5% annual increase to normal retirement

Rate of Retirement

100% at normal retirement age

Rate of Investment Return

7.25% per annum for funding purposes

Actuarial Valuation Method

Entry age normal method - with level dollar amortization

Asset Valuation Method

Fair market value

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
DYERSBURG CITY SCHOOLS
SCHEDULE OF CHANGES IN THE SCHOOLS' TOTAL
OPEB LIABILITY AND RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,**

Total OPEB Liability	<u>2018</u>
Service cost	\$ 136,683
Interest	130,783
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	<u>(411,073)</u>
Net change in total OPEB liability	(143,607)
Total OPEB liability - beginning	3,439,542
Total OPEB liability - ending (a)	<u>\$ 3,295,935</u>
Covered-employee payroll	\$ 13,387,236
Total OPEB liability as a percentage of covered-employee payroll	24.62%

Note to Schedule:

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

See independent auditor's report

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

Measurement Period Ended June 30,	2014	2015	2016	2017
Total pension liability				
Service cost	\$ 199,281	\$ 151,433	\$ 202,475	\$ 194,275
Interest	666,182	579,581	660,677	673,043
Change in benefit terms	-	-	(87,835)	-
Differences between expected and actual experience	(309,905)	40,702	(320,826)	(12,852)
Changes of assumptions	(1,183,177)	1,436,333	-	-
Benefit payments, including refunds of employee contributions	(772,834)	(174,754)	(223,826)	(303,644)
Net change in total pension liability	(1,400,453)	2,033,295	230,665	550,822
Total pension liability - beginning*	9,062,574	7,662,121	9,695,416	9,926,081
Total pension liability - ending (a)	<u>\$ 7,662,121</u>	<u>\$ 9,695,416</u>	<u>\$ 9,926,081</u>	<u>\$ 10,476,903</u>
Plan fiduciary net position				
Contributions - total	\$ 518,955	\$ 596,336	\$ 585,183	\$ 626,663
Net investment income	87,971	(140,669)	(162,968)	(71,027)
Benefit payments, including refunds of employee contributions	(772,834)	(174,754)	(223,826)	(303,644)
Administrative expenses	-	-	(32,514)	-
Net change in plan fiduciary net position	(165,908)	280,913	165,875	251,992
Plan fiduciary net position - beginning*	5,603,946	5,438,038	5,718,951	5,884,826
Plan fiduciary net position - ending (b)	<u>\$ 5,438,038</u>	<u>\$ 5,718,951</u>	<u>\$ 5,884,826</u>	<u>\$ 6,136,818</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,224,083</u>	<u>\$ 3,976,465</u>	<u>\$ 4,041,255</u>	<u>\$ 4,340,085</u>
Plan fiduciary net position as a percentage of the total pension liability	70.97%	58.99%	59.29%	58.57%
Covered-employee payroll	\$ 2,241,803	\$ 2,268,421	\$ 2,222,558	\$ 2,184,228
Net pension liability as a percentage of covered-employee payroll	99.21%	175.30%	181.83%	198.70%

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

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

See independent auditor's report

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contributions*	\$ 348,722	\$ 353,937	\$ 400,043	\$ 450,040
Contributions in relation to the actuarially determined contribution	<u>518,955</u>	<u>596,336</u>	<u>585,183</u>	<u>560,669</u>
Contribution deficiency (excess)	<u>\$ (170,233)</u>	<u>\$ (242,399)</u>	<u>\$ (185,140)</u>	<u>\$ (110,629)</u>
Covered-employee payroll	\$ 2,241,803	\$ 2,268,421	\$ 2,222,558	\$ 2,184,228
Contributions as a percentage of covered-employee payroll	23.15%	26.29%	26.33%	25.67%

*Since this plan year is equal to the calendar year, contributions are determined on a calendar year basis. The amount displayed is equal to the sum of one-half of the prior plan year contribution, representing the period July 1 - December 31, and one-half of the current plan year contribution, representing the period January 1 - June 30.

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

Actuarial Methods Assumptions

Actuarial cost method:	Individual entry age normal, level percentage of compensation
Amortization method:	Level percentage of payroll, closed
Remaining amortization period	28 years as of 1/1/17
Asset valuation method:	Market value of assets adjusted to phase in asset gains and losses from 01/01/2016 over a five-year period at 20% per year.
Salary increases:	3.50%
Investment rate of return	6.75%, net of pension plan investment expenses
Retirement age:	Graded scale based on eligibility for unreduced benefits
Mortality:	Linked to the current mortality assumption utilized by the Tennessee Consolidated Retirement System (TCRS).
Disabled mortality:	Same as above

Schedule of Investment Returns

	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	1.58%	-2.52%	-2.78%	-0.56%

See independent auditor's report

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

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 128,325	\$ 147,906	\$ 307,788	\$ 228,092
Interest	1,077,568	1,594,600	1,580,201	1,366,509
Change in benefit terms	-	(3,199,658)	-	-
Experience losses (gains)	1,766,623	(4,269,455)	1,480,375	1,185,379
Changes of assumptions	(1,427,515)	1,704,042	1,071,261	19,079,843
Benefit payments, including refunds of employee contributions	(1,357,704)	(1,919,959)	(2,055,619)	(2,094,336)
Net change in total pension liability	187,297	(5,942,524)	2,384,006	19,765,487
Total pension liability - beginning	34,427,086	40,369,610	37,985,604	18,220,117
Total pension liability - ending (a)	<u>\$ 34,614,383</u>	<u>\$ 34,427,086</u>	<u>\$ 40,369,610</u>	<u>\$ 37,985,604</u>
Plan fiduciary net position				
Contributions - employer	\$ 863,600	\$ 2,103,281	\$ 725,193	\$ 724,200
Contributions - employee	245,720	336,670	434,424	456,147
Net investment income	332,770	65,896	192,358	578,519
Benefit payments, including refunds of employee contributions	(1,357,704)	(1,919,959)	(2,055,619)	(2,094,336)
Administrative expenses	(61,655)	(142,286)	(91,727)	(49,374)
Net change in plan fiduciary net position	22,731	443,602	(795,371)	(384,844)
Plan fiduciary net position - beginning	3,267,837	2,824,235	3,619,606	4,004,450
Plan fiduciary net position - ending (b)	<u>\$ 3,290,568</u>	<u>\$ 3,267,837</u>	<u>\$ 2,824,235</u>	<u>\$ 3,619,606</u>
Net pension liability -- ending (a) - (b)	<u>\$ 31,323,815</u>	<u>\$ 31,159,249</u>	<u>\$ 37,545,375</u>	<u>\$ 34,365,998</u>
Plan fiduciary net position as a percentage of the total pension liability	9.51%	9.49%	7.00%	9.53%
Covered-employee payroll	\$ 4,859,654	\$ 5,157,214	\$ 5,630,192	\$ 8,003,375
Net pension liability as a percentage of covered-employee payroll	644.6%	604.2%	489.3%	429.4%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,600,000	\$ 1,600,000	\$ 1,700,000	\$ 2,100,000	\$ 1,507,494
Contributions in relation to the actuarially determined contribution	<u>1,092,500</u>	<u>863,600</u>	<u>2,100,000</u>	<u>700,000</u>	<u>724,200</u>
Contribution deficiency (excess)	<u>\$ 507,500</u>	<u>\$ 736,400</u>	<u>\$ (400,000)</u>	<u>\$ 1,400,000</u>	<u>\$ 783,294</u>
Covered-employee payroll	\$ 4,600,000	4,900,000	\$ 5,200,000	\$ 7,700,000	\$ 8,003,375
Contributions as a percentage of covered employee payroll	23.8%	17.8%	40.80%	9.50%	9.05%

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

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

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

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SUPPLEMENTARY AND OTHER INFORMATION SECTION

CITY OF DYERSBURG, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2018

	Special Revenue Funds							Debt Service Fund	Capital Project Fund	School Capital Project Fund	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds
	T I P	Cafeteria	Federal Projects	Community Development	Insurance Reserve	Total						
Cash	\$ 272,314	\$ 720,248	\$ 130,569	\$ 5,377	\$ 344,845	\$ 1,473,353	\$ 1,672,425	\$ 1,297	\$ -	\$ -	\$ -	\$ 3,147,075
Investments	-	-	-	-	-	-	-	-	-	-	1,447,536	1,447,536
Accounts receivable	-	7,882	103,887	-	-	111,769	392,398	-	-	-	-	504,167
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	137,138	-	-	-	-	137,138	-	-	-	-	2,800	139,938
Inventory	-	81,169	-	-	-	81,169	-	-	-	-	-	81,169
Deposits	-	-	-	-	92,950	92,950	-	-	-	-	-	92,950
Total Assets	\$ 409,452	\$ 809,299	\$ 234,456	\$ 5,377	\$ 437,795	\$ 1,896,379	\$ 2,064,823	\$ 1,297	\$ -	\$ -	\$ 1,450,336	\$ 5,412,835

LIABILITIES AND FUND BALANCES

Liabilities:												
Accounts payable	\$ 125	\$ -	\$ 19,843	\$ -	\$ 89,147	\$ 109,115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,115
Accrued liabilities	-	43,513	214,613	-	-	258,126	27,493	-	-	-	-	285,619
Due to other funds	-	-	-	-	298,155	298,155	-	-	-	-	7,750	305,905
Unavailable confiscated funds	12,725	-	-	-	-	12,725	-	-	-	-	-	12,725
Total Liabilities	12,850	43,513	234,456	-	387,302	678,121	27,493	-	-	-	7,750	713,364
Fund balances:												
Non-spendable	-	81,169	-	-	-	81,169	-	-	-	-	-	81,169
Restricted	396,602	684,617	-	5,377	-	1,086,596	2,037,330	1,297	-	-	1,442,586	4,567,809
Committed	-	-	-	-	50,493	50,493	-	-	-	-	-	50,493
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	396,602	765,786	-	5,377	50,493	1,218,258	2,037,330	1,297	-	-	1,442,586	4,699,471
Total Liabilities and Fund Balances	\$ 409,452	\$ 809,299	\$ 234,456	\$ 5,377	\$ 437,795	\$ 1,896,379	\$ 2,064,823	\$ 1,297	\$ -	\$ -	\$ 1,450,336	\$ 5,412,835

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CITY OF DYERSBURG, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	TIP	Special Revenue Funds					Total	Debt Service Fund	Capital Project Fund	School Capital Projects Fund	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds
		Cafeteria	Federal Projects	Community Development	Insurance Reserve							
Revenues:												
Local sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,593,455	\$ -	\$ -	\$ -	\$ 1,593,455	
Unauthorized substance tax	-	-	-	-	-	-	-	-	-	-	-	
U.S.D.A. reimbursements	-	1,551,408	-	-	-	1,551,408	-	-	-	-	1,551,408	
State school matching funds	-	15,809	-	-	-	15,809	-	-	-	-	15,809	
State housing grants	-	-	3,000	-	-	3,000	-	-	-	-	3,000	
State education grants	-	-	2,238,666	-	-	2,238,666	-	-	-	-	2,238,666	
Charges for service	-	271,396	-	-	-	271,396	-	-	-	-	271,396	
Fines, forfeits, and penalties	35,555	-	-	-	-	35,555	-	-	-	-	35,555	
Sale of assets	113,823	-	-	-	-	113,823	-	-	-	-	113,823	
Investment earnings	242	-	3	738	-	983	39,180	4	-	1,881	42,048	
Joint cost reimbursements	-	-	-	3,279,150	-	3,279,150	-	-	-	-	3,279,150	
Miscellaneous	-	154,673	-	-	-	154,673	-	-	-	-	154,673	
Total revenues	149,620	1,993,286	2,238,666	3,003	3,279,888	7,664,463	1,632,635	4	-	1,881	9,298,983	
Expenditures:												
Current:												
General and administrative	22,991	-	-	3,005	3,279,888	3,305,884	-	-	-	11,081	3,316,965	
Education	-	1,916,448	2,249,313	-	-	4,165,761	-	-	-	-	4,165,761	
Capital outlay	14,030	-	-	-	-	14,030	-	-	689,233	-	703,263	
Total expenditures	37,021	1,916,448	2,249,313	3,005	3,279,888	7,485,675	-	-	689,233	11,081	8,185,989	
Revenues over (under) expenditures	112,599	76,838	(10,647)	(2)	-	178,788	1,632,635	4	(689,233)	(9,200)	1,112,994	
Other financing sources (uses):												
Transfer from other funds	-	-	10,647	-	-	10,647	250,569	-	500,000	20,950	782,166	
Transfer to other funds	-	-	-	-	-	-	(2,251,350)	-	-	(32,640)	(2,283,990)	
Sale of bonds	-	-	-	-	-	-	-	-	689,233	-	689,233	
Total other financing sources (uses)	-	-	10,647	-	-	10,647	(2,000,781)	-	1,189,233	(11,690)	(812,591)	
Net change in fund balances	112,599	76,838	-	(2)	-	189,435	(368,146)	4	500,000	(20,890)	300,403	
Fund balances - July 1, 2017	284,003	688,948	-	5,379	50,493	1,028,823	2,405,476	1,293	(500,000)	1,463,476	4,399,068	
Fund balances - June 30, 2018	\$ 396,602	\$ 765,786	\$ -	\$ 5,377	\$ 50,493	\$ 1,218,258	\$ 2,037,330	\$ 1,297	\$ -	\$ 1,442,586	\$ 4,699,471	

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CITY OF DYERSBURG, TENNESSEE
TIP FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Original & Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES:			
Unauthorized substance tax	\$ 10,000	\$ -	\$ (10,000)
Fines, forfeits, and penalties	60,000	35,555	(24,445)
Miscellaneous revenue	60,000	113,823	53,823
Investment earnings	1,000	242	(758)
Total revenues	<u>131,000</u>	<u>149,620</u>	<u>18,620</u>
EXPENDITURES:			
General and administrative			
Small items of equipment	5,000	-	5,000
Repair and maintenance	15,000	15,616	(616)
Other	25,000	7,375	17,625
Total general and administrative	<u>45,000</u>	<u>22,991</u>	<u>22,009</u>
Capital outlay	<u>85,000</u>	<u>14,030</u>	<u>70,970</u>
Total expenditures	<u>130,000</u>	<u>37,021</u>	<u>92,979</u>
Net Change in Fund Balance	1,000	112,599	111,599
Fund Balance - July 1, 2017	<u>284,003</u>	<u>284,003</u>	<u>-</u>
Fund Balance - June 30, 2018	<u>\$ 285,003</u>	<u>\$ 396,602</u>	<u>\$ 111,599</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, 2018**

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
State grants	\$ 500,000	\$ 3,000	\$ (497,000)
Investment earnings	100	3	(97)
Miscellaneous revenue	-	-	-
Total revenues	<u>500,100</u>	<u>3,003</u>	<u>(497,097)</u>
EXPENDITURES:			
General and administrative:			
Repair and maintenance	-	-	-
Miscellaneous	500,000	3,005	496,995
Total general and administrative	<u>500,000</u>	<u>3,005</u>	<u>496,995</u>
Total expenditures	<u>500,000</u>	<u>3,005</u>	<u>496,995</u>
Net Change in Fund Balance	100	(2)	(102)
Fund Balance - July 1, 2017	<u>5,379</u>	<u>5,379</u>	<u>-</u>
Fund Balance - June 30, 2018	<u><u>\$ 5,479</u></u>	<u><u>\$ 5,377</u></u>	<u><u>\$ (102)</u></u>

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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, 2018**

	<u>Budgeted Original & Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES:			
Investment earnings	\$ -	\$ 738	\$ 738
Joint cost reimbursements	3,126,500	3,279,150	152,650
Total revenues	<u>3,126,500</u>	<u>3,279,888</u>	<u>153,388</u>
EXPENDITURES:			
Hospital and health care expenditures:			
Medical claims	2,100,000	2,126,839	(26,839)
Drug claims	650,000	773,722	(123,722)
Life insurance	25,000	23,840	1,160
Re-insurance costs	268,600	270,097	(1,497)
Insurance administration	82,900	85,390	(2,490)
Total hospital and health care	<u>3,126,500</u>	<u>3,279,888</u>	<u>(153,388)</u>
Total expenditures	<u>3,126,500</u>	<u>3,279,888</u>	<u>(153,388)</u>
Net Change in Fund Balance	-	-	-
Fund Balance - July 1, 2017	<u>50,493</u>	<u>50,493</u>	-
Fund Balance - June 30, 2018	<u>\$ 50,493</u>	<u>\$ 50,493</u>	<u>\$ -</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
U.S.D.A. reimbursements	\$ 1,499,000	\$ 1,516,250	\$ 1,551,408	\$ 35,158
State school matching funds	20,000	20,000	15,809	(4,191)
Charges for service	329,000	328,100	271,396	(56,704)
Miscellaneous revenue	222,000	205,650	154,673	(50,977)
Total revenues	<u>2,070,000</u>	<u>2,070,000</u>	<u>1,993,286</u>	<u>(76,714)</u>
EXPENDITURES:				
Education:				
Food	889,400	804,975	703,438	101,537
Cafeteria labor	662,000	663,600	651,920	11,680
Other expenditures	518,600	601,425	561,090	40,335
Total education	<u>2,070,000</u>	<u>2,070,000</u>	<u>1,916,448</u>	<u>153,552</u>
Total expenditures	<u>2,070,000</u>	<u>2,070,000</u>	<u>1,916,448</u>	<u>153,552</u>
Net Change in Fund Balance	-	-	76,838	76,838
Fund Balance - July 1, 2017	<u>688,948</u>	<u>688,948</u>	<u>688,948</u>	-
Fund Balance - June 30, 2018	<u>\$ 688,948</u>	<u>\$ 688,948</u>	<u>\$ 765,786</u>	<u>\$ 76,838</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
State education grants	\$ 2,179,723	\$ 2,511,426	\$ 2,238,666	\$ (272,760)
Total revenues	<u>2,179,723</u>	<u>2,511,426</u>	<u>2,238,666</u>	<u>(272,760)</u>
EXPENDITURES:				
Education:				
Regular instruction	978,522	1,129,990	1,072,752	57,238
Vocational education	72,173	84,846	84,845	1
Special education	629,178	681,786	655,039	26,747
Student support	31,183	132,734	24,717	108,017
Regular instruction support services	207,498	212,501	177,201	35,300
Special education support services	110,041	118,441	79,260	39,181
Community service	160,000	160,000	153,644	6,356
Transportation	1,775	1,775	1,855	(80)
Total education	<u>2,190,370</u>	<u>2,522,073</u>	<u>2,249,313</u>	<u>272,760</u>
Total expenditures	<u>2,190,370</u>	<u>2,522,073</u>	<u>2,249,313</u>	<u>272,760</u>
Revenues Over (Under) Expenditures	(10,647)	(10,647)	(10,647)	-
Other financing sources (uses)				
Transfers in	10,647	10,647	10,647	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2018	<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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local Sales Tax	\$ 1,550,000	\$ 1,550,000	\$ 1,593,455	\$ 43,455
Interest income	40,000	40,000	39,180	(820)
Total revenues	<u>1,590,000</u>	<u>1,590,000</u>	<u>1,632,635</u>	<u>42,635</u>
EXPENDITURES:	0	-	-	-
Revenues Over (Under) Expenditures	1,590,000	1,590,000	1,632,635	42,635
Other Financing Sources (Uses):				
Transfer from other funds	245,000	245,000	250,569	5,569
Transfer to other funds	(1,819,100)	(2,319,100)	(2,251,350)	67,750
Total other financing sources (uses)	<u>(1,574,100)</u>	<u>(2,074,100)</u>	<u>(2,000,781)</u>	<u>73,319</u>
Net Change in Fund Balance	15,900	(484,100)	(368,146)	115,954
Fund Balance - July 1, 2017	<u>2,405,476</u>	<u>2,405,476</u>	<u>2,405,476</u>	<u>-</u>
Fund Balance - June 30, 2018	<u>\$ 2,421,376</u>	<u>\$ 1,921,376</u>	<u>\$ 2,037,330</u>	<u>\$ 115,954</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, 2018

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Interest income	\$ -	\$ 4	\$ 4
Total revenues	-	4	4
EXPENDITURES	-	-	-
Net Change in Fund Balance	-	4	4
Fund Balance - July 1, 2017	1,293	1,293	-
Fund Balance - June 30, 2018	<u>\$ 1,293</u>	<u>\$ 1,297</u>	<u>\$ 4</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, 2018**

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment earnings	\$ 35,000	\$ 35,868	\$ 868
Net decrease in fair value of investments	5,000	(36,333)	(41,333)
Miscellaneous revenues	1,000	2,346	1,346
Total revenues	41,000	1,881	(39,119)
Expenditures:			
Trustee fees	15,000	11,081	3,919
Revenues Over (under) expenditures	26,000	(9,200)	(35,200)
Other financing sources (uses)			
Transfers in	35,000	20,950	(14,050)
Transfers out	(35,000)	(32,640)	2,360
Total other financing sources (uses)	-	(11,690)	(11,690)
Net Change in Fund Balance	26,000	(20,890)	(46,890)
Fund balance - July 1, 2017	1,463,476	1,463,476	-
Fund balance - June 30, 2018	\$ 1,489,476	\$ 1,442,586	\$ (46,890)

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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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Education:				
Building improvements	689,233	689,233	689,233	-
Total education	<u>689,233</u>	<u>689,233</u>	<u>689,233</u>	<u>-</u>
Total expenditures	<u>689,233</u>	<u>689,233</u>	<u>689,233</u>	<u>-</u>
Revenues Over (Under) Expenditures	(689,233)	(689,233)	(689,233)	-
Other Financing Sources:				
Transfers from other funds	-	-	500,000	500,000
Capital contribution - debt proceeds	689,233	689,233	689,233	-
Total other financing sources (uses)	<u>689,233</u>	<u>689,233</u>	<u>1,189,233</u>	<u>-</u>
Net Change in Fund Balance	-	-	500,000	500,000
Fund Balance - July 1, 2017	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Fund Balance - June 30, 2018	<u>\$ (500,000)</u>	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ 500,000</u>

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CITY OF DYERSBURG, TENNESSEE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	<u>Internal Service Fund</u>	<u>Communications Service Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,056,930	\$ 160,609	\$ 2,217,539
Accounts receivable (net of allowance for uncollectibles)	-	61,381	61,381
Due from other funds	15,182	29,753	44,935
Total current assets	<u>2,072,112</u>	<u>251,743</u>	<u>2,323,855</u>
Noncurrent assets:			
Capital assets:			
Property, plant, and equipment	553,642	1,667,122	2,220,764
Less - accumulated depreciation	(470,250)	(1,373,184)	(1,843,434)
Net property, plant, and equipment	<u>83,392</u>	<u>293,938</u>	<u>377,330</u>
Other assets	<u>21,258</u>	<u>-</u>	<u>21,258</u>
Total Assets	<u>2,176,762</u>	<u>545,681</u>	<u>2,722,443</u>
LIABILITIES			
Current liabilities:			
Accounts payable	918	5,642	6,560
Accrued payroll	9,002	11,640	20,642
Accrued compensated absences	10,122	26,452	36,574
Due to other funds	1,468,538	43,303	1,511,841
Total current liabilities	<u>1,488,580</u>	<u>87,037</u>	<u>1,575,617</u>
Noncurrent liabilities:			
Other accrued liabilities	<u>15,196</u>	<u>22,310</u>	<u>37,506</u>
Total Liabilities	<u>1,503,776</u>	<u>109,347</u>	<u>1,613,123</u>
NET POSITION			
Investment in capital assets	83,392	293,938	377,330
Unrestricted	589,594	142,396	731,990
Total Net Position	<u>\$ 672,986</u>	<u>\$ 436,334</u>	<u>\$ 1,109,320</u>

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Internal Service</u>	<u>Communication Services</u>	<u>Combined</u>
Operating revenues:			
Joint costs	\$ 881,126	\$ 807,587	\$ 1,688,713
Miscellaneous revenues	6,588	294,230	300,818
Total operating revenues	<u>887,714</u>	<u>1,101,817</u>	<u>1,989,531</u>
Operating expenses:			
Customer service and collection	816,746	-	816,746
Communication services	-	796,634	796,634
General and administrative	49,413	208,768	258,181
Emergency warning system	-	49,529	49,529
Depreciation and amortization	23,194	47,128	70,322
Total operating expense	<u>889,353</u>	<u>1,102,059</u>	<u>1,991,412</u>
Operating income (loss)	(1,639)	(242)	(1,881)
Nonoperating revenues (expenses):			
Interest income	1,639	13	1,652
Miscellaneous income	-	229	229
Total nonoperating revenues (expenses)	<u>1,639</u>	<u>242</u>	<u>1,881</u>
Change in net position	-	-	-
Total net position - July 1, 2017	<u>672,986</u>	<u>436,334</u>	<u>1,109,320</u>
Total net position - June 30, 2018	<u>\$ 672,986</u>	<u>\$ 436,334</u>	<u>\$ 1,109,320</u>

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Internal Service	Communication Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 887,785	\$ 124,196	\$ 1,011,981
Payments to suppliers	(209,205)	(283,572)	(492,777)
Payments to employees for services	(484,009)	(594,048)	(1,078,057)
Payments for employee benefits	(165,795)	(169,694)	(335,489)
Payments to other funds	202,585	7,216	209,801
Other receipts (payments)	(4,368)	928,136	923,768
Net cash provided by (used for) operating activities	<u>226,993</u>	<u>12,234</u>	<u>239,227</u>
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(48,580)	-	(48,580)
Other receipts (payments)	-	229	229
Net cash provided by (used for) capital and related financing activities	<u>(48,580)</u>	<u>229</u>	<u>(48,351)</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES			
Interest and investment earnings	1,639	13	1,652
Net cash provided by (used for) investing activities	<u>1,639</u>	<u>13</u>	<u>1,652</u>
Net increase (decrease) in cash and cash equivalents	180,052	12,476	192,528
Cash and cash equivalents - July 1, 2017	<u>1,876,878</u>	<u>148,133</u>	<u>2,025,011</u>
Cash and cash equivalents - June 30, 2018	<u>\$ 2,056,930</u>	<u>\$ 160,609</u>	<u>\$ 2,217,539</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
ACTIVITIES			
Operating income (loss)	\$ (1,639)	\$ (242)	\$ (1,881)
Adjustments to reconcile net income (loss) from operations to net cash provided (used) by operating activities			
Depreciation	17,329	47,128	64,457
Amortization	5,865	-	5,865
(Increase) Decrease in Assets			
Accounts receivable, net of allowance	71	(47,613)	(47,542)
Due from other funds	20,515	11,812	32,327
Increase (Decrease) in Liabilities			
Accounts payable	(6,200)	888	(5,312)
Accrued payroll	1,185	(180)	1,005
Due to other funds	182,070	(4,596)	177,474
Other current liabilities	6,753		6,753
Compensated absences	1,044	5,037	6,081
Net cash provided by (used for) operating activities	<u>\$ 226,993</u>	<u>\$ 12,234</u>	<u>\$ 239,227</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, 2018

	<u>Budgeted Original & Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Operating Revenues:			
Miscellaneous revenues:			
Joint cost	\$ 919,000	\$ 860,126	\$ (58,874)
Computer services	21,000	21,000	-
Other	3,000	6,588	3,588
Total miscellaneous revenues	<u>943,000</u>	<u>887,714</u>	<u>(55,286)</u>
Operating Expenses:			
Customer service and collection:			
Salaries	155,200	149,381	5,819
Payroll taxes	11,900	10,604	1,296
Hospital and health insurance	57,100	43,477	13,623
Employee education	500	252	248
Publicity, subscriptions, and dues	5,000	1,778	3,222
Telephone	2,000	1,943	57
Office supplies	5,000	3,250	1,750
Postage	5,000	7,762	(2,762)
Repairs and maintenance	1,500	1,987	(487)
Other	2,600	3,643	(1,043)
Total customer service and collection	<u>245,800</u>	<u>224,077</u>	<u>21,723</u>
Billing:			
Salaries	127,100	122,663	4,437
Payroll taxes	9,700	8,534	1,166
Hospital and health insurance	36,900	32,591	4,309
Office supplies	5,000	5,031	(31)
Postage	35,000	32,399	2,601
Repairs and maintenance	1,500	953	547
Total billing	<u>215,200</u>	<u>202,171</u>	<u>13,029</u>
Meter reading:			
Salaries	120,200	123,352	(3,152)
Payroll taxes	9,200	8,732	468
Hospital and health insurance	45,600	37,766	7,834
Publicity, subscriptions, and dues	500	-	500
Telephone	1,500	1,342	158
Professional services	1,000	552	448
Small items of equipment	8,500	-	8,500
Operating supplies	500	159	341
Uniforms	300	-	300
Repairs and maintenance	5,000	6,670	(1,670)
Gas and oil	5,000	5,667	(667)
Insurance	1,000	1,151	(151)
Total meter reading	<u>198,300</u>	<u>185,391</u>	<u>12,909</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, 2018

	Budgeted Original Final	Actual	Variance- Positive (Negative)
Operating Expenses (continued):			
Computer operations:			
Salaries	\$ 56,100	\$ 55,081	\$ 1,019
Payroll taxes	4,300	4,147	153
Hospital and health insurance	22,900	19,104	3,796
Training	2,500	-	2,500
Publicity, subscriptions, dues	5,500	137	5,363
Telephone	4,000	4,782	(782)
Travel	1,500	2,418	(918)
Automobile allowance	2,700	2,700	-
Small items of equipment	12,000	3,497	8,503
Operating supplies	7,000	2,507	4,493
Repairs and maintenance	88,200	98,752	(10,552)
Insurance	12,000	11,982	18
Total computer operations	<u>218,700</u>	<u>205,107</u>	<u>13,593</u>
Administrative expenses:			
Vacation and sick leave	1,000	1,044	(44)
Hospital and health insurance	100	-	100
Retirement	38,200	39,611	(1,411)
Professional service	6,000	8,033	(2,033)
Other	200	725	(525)
Total administrative expenses	<u>45,500</u>	<u>49,413</u>	<u>(3,913)</u>
Depreciation and amortization expense	<u>21,500</u>	<u>23,194</u>	<u>(1,694)</u>
Total operating expense	<u>945,000</u>	<u>889,353</u>	<u>55,647</u>
Operating Income (loss)	(2,000)	(1,639)	361
Nonoperating Revenues (Expenses):			
Interest income	<u>2,000</u>	<u>1,639</u>	<u>(361)</u>
Change in Net Position	-	-	-
Total Net Position - July 1, 2017	<u>672,986</u>	<u>672,986</u>	<u>-</u>
Total Net Position - June 30, 2018	<u>\$ 672,986</u>	<u>\$ 672,986</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operating Revenues:				
Miscellaneous revenues				
Joint cost	\$ 847,300	\$ 847,300	\$ 807,587	\$ (39,713)
Miscellaneous	253,800	294,000	294,230	230
Total miscellaneous revenues	<u>1,101,100</u>	<u>1,141,300</u>	<u>1,101,817</u>	<u>(39,483)</u>
Operating Expenses:				
General and administrative				
Salaries	66,300	66,300	75,689	(9,389)
Payroll taxes	5,100	5,100	5,556	(456)
Hospital and health insurance	8,600	8,600	11,469	(2,869)
Retirement	52,900	52,900	52,192	708
Postage	100	100	12	88
Publicity, subscriptions and dues	1,500	1,500	928	572
Utility services	24,000	24,000	25,227	(1,227)
Professional services	4,000	4,000	15,064	(11,064)
Travel	1,500	1,500	1,991	(491)
Automobile allowance	5,400	5,400	5,400	-
Insurance	14,000	14,000	13,368	632
Other	-	-	1,872	(1,872)
Total general and administrative	<u>183,400</u>	<u>183,400</u>	<u>208,768</u>	<u>(25,368)</u>
Communication services				
Salaries	453,300	473,300	474,284	(984)
Payroll taxes	34,700	34,700	33,939	761
Hospital and health insurance	135,500	135,500	106,033	29,467
Training	2,500	2,500	181	2,319
Publicity, subscriptions and dues	2,500	2,500	8,015	(5,515)
Telephone	18,000	18,000	18,848	(848)
Travel	2,500	2,500	3,069	(569)
Other contractual services	60,000	60,000	43,364	16,636
Mobile data services	55,000	55,000	25,089	29,911
Office supplies	3,000	3,000	90	2,910
Small items of equipment	5,000	30,000	28,523	1,477
Operating supplies	4,500	4,500	11,433	(6,933)
Uniforms	1,500	1,500	2,661	(1,161)
Repairs and maintenance	55,000	75,000	41,105	33,895
Total communication services	<u>833,000</u>	<u>898,000</u>	<u>796,634</u>	<u>101,366</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses (continued)				
Emergency warning system				
Salaries	2,500	\$ 2,500	\$ 3,768	\$ (1,268)
Payroll taxes	200	200	269	(69)
Publicity, subscriptions and dues	1,000	1,000	-	1,000
Utility services	23,000	23,000	25,055	(2,055)
Small items of equipment	-	-	-	-
Operating supplies	2,000	2,000	293	1,707
Repairs and maintenance	6,000	16,000	20,144	(4,144)
Total emergency warning system	<u>34,700</u>	<u>44,700</u>	<u>49,529</u>	<u>(4,829)</u>
Depreciation and Amortization expense	50,300	50,300	47,128	3,172
Total operating expense	<u>1,101,400</u>	<u>1,176,400</u>	<u>1,102,059</u>	<u>74,341</u>
Operating Income (loss)	(300)	(35,100)	(242)	34,858
Nonoperating Revenues (Expenses):				
Interest income	-	-	13	13
Miscellaneous income	300	300	229	(71)
Total nonoperating revenues (expenses)	<u>300</u>	<u>300</u>	<u>242</u>	<u>(58)</u>
Change in Net Position	-	(34,800)	-	34,800
Total Net Position - July 1, 2017	<u>436,334</u>	<u>436,334</u>	<u>436,334</u>	<u>-</u>
Total Net Position - June 30, 2018	<u>\$ 436,334</u>	<u>\$ 401,534</u>	<u>\$ 436,334</u>	<u>\$ 34,800</u>

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CITY OF DYERSBURG, TENNESSEE
DEBT SERVICE REQUIREMENTS
JUNE 30, 2018

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

Year Ended June 30,	3.70 - 4.00%		1.00 - 2.00%	
	Electric System		Electric System	
	Revenue Refunding and Improvement Bonds Series 2007		Revenue Refunding and Improvement Bonds Series 2015	
	Principal	Interest	Principal	Interest
2019	\$ 165,000	\$ 35,600	\$ 200,000	\$ 5,400
2020	170,000	29,000	200,000	2,700
2021	180,000	22,200		
2022	185,000	15,000		
2023	190,000	7,600		
	<u>\$ 890,000</u>	<u>\$ 109,400</u>	<u>\$ 400,000</u>	<u>\$ 8,100</u>

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**CITY OF DYERSBURG, TENNESSEE
DEBT SERVICE REQUIREMENTS
JUNE 30, 2018**

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

Year Ended June 30,	3.0 - 4.0% General Obligation Water & Sewer Refunding Bonds Series 2009		1.515% General Obligation Qualified School Construction Bonds Series 2009		3.79% General Obligation School Bonds Series 2013		2.24% General Obligation Refunding Bonds Series 2016	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 785,000	\$ 15,700	\$ 184,699	\$ 44,844	\$ 100,000	\$ 329,918	\$ 468,000	\$ 43,366
2020			184,699	44,844	140,000	327,918	479,000	32,883
2021			184,699	44,844	145,000	324,838	490,000	22,154
2022			184,699	44,844	180,000	321,213	499,000	11,178
2023			184,699	44,844	220,000	316,353		
2024			184,699	44,844	705,000	310,193		
2025			184,699	44,844	725,000	289,395		
2026			204,906	44,844	750,000	266,920		
2027					780,000	242,545		
2028					810,000	215,245		
2029					845,000	184,870		
2030					880,000	153,183		
2031					915,000	117,983		
2032					955,000	81,383		
2033					995,000	40,795		
	<u>\$ 785,000</u>	<u>\$ 15,700</u>	<u>\$ 1,497,799</u>	<u>\$ 358,752</u>	<u>\$ 9,145,000</u>	<u>\$ 3,522,752</u>	<u>\$ 1,936,000</u>	<u>\$ 109,581</u>

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**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Year of Levy</u>	<u>Balance July 1, 2017</u>	<u>Current Assessments & Adjustments</u>	<u>Collections</u>	<u>Write-offs</u>	<u>Balance June 30, 2018</u>
2007	\$ 6,556	\$ -	\$ -	\$ (6,556)	\$ -
2008	9,193	-	-	-	9,193
2009	4,648	-	-	-	4,648
2010	4,421	-	(1)	-	4,420
2011	9,668	-	(57)	-	9,611
2012	5,735	-	43	-	5,778
2013	6,514	-	(354)	-	6,160
2014	8,338	44	(1,606)	-	6,776
2015	40,373	2,035	(30,772)	-	11,636
2016	292,233	(13,080)	(232,946)	-	46,207
2017	-	7,641,611	(7,255,241)	-	386,370
	<u>\$ 387,679</u>	<u>\$ 7,630,610</u>	<u>\$ (7,520,934)</u>	<u>\$ (6,556)</u>	<u>490,799</u>
					8,043,152
					<u>\$ 8,533,951</u>

Unassessed property tax receivable

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**CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Assessment Year</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Assessment</u>
2008	\$ 311,329,183	\$ 1.99	\$ 6,784,826
2009	312,181,477	1.99	6,922,462
2010	300,012,097	1.99	6,666,484
2011	297,218,571	1.99	6,735,790
2012	307,174,378	2.14	7,006,899
2013	312,683,654	2.14	7,182,286
2014	309,409,491	2.2355	7,421,476
2015	310,765,868	2.37	8,047,494
2016	304,762,903	2.37	7,897,833
2017	304,890,730	2.37	7,653,200
2018	315,774,985	2.37	8,043,152

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CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Program/Cluster name	Federal CFDA #	Grant Number	Receivable (Accrued) 6/30/2017	Receipts	Expenditures	Receivable (Accrued) 6/30/2018
Federal Awards						
U.S. Department of Housing and Urban Development						
Passed through Tennessee Department of Economic and Community Development						
Community Development Block Grant - Commercial Façade						
Passed through to subrecipient						
Community Development Block Grant - NDR -Parks	14.228*	33004-94717	\$ -	\$ 49,057	\$ 54,866	(5,809)
Community Development Block Grant - NDR - Water & Sewer	14.228*	33004-23417	-	208,870	233,365	(24,495)
Community Development Block Grant - Water & Sewer	14.228*	33004-23817	-	288,720	708,055	(419,335)
Community Development Block Grant - Water & Sewer - 2016	14.228*	33004-85517	-	469,726	469,726	-
			-	1,016,373	1,466,012	(449,639)
Home Investment Partnership Program	14.239	HM17-03	-	3,000	3,000	-
			-	3,000	3,000	-
Total U.S. Department of Housing and Urban Development			-	1,019,373	1,469,012	(449,639)
U.S. Department of Justice						
Office of Justice Programs						
Bulletproof Vest Partnership Program	16.607	2016-DJ-BX-0916	-	2,592	2,592	-
			-	2,592	2,592	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0916	-	12,312	12,312	-
			-	12,312	12,312	-
Total U.S. Department of Justice			-	14,904	14,904	-
U.S. Department of Transportation						
Passed through Tennessee Department of Transportation						
Airport Improvement Program - Land Acquisition	20.106	23-555-0131-17	(5,000)	176,327	171,327	-
Airport Improvement Program - Ramp Rehabilitation	20.106	23-555-0130-17	-	29,477	29,477	-
			(5,000)	205,804	200,804	-
Passed through Tennessee Department of Transportation						
Highway Planning and Construction - Mall Boulevard	20.205*	STP-M-9404(17)	(4,080)	921,909	917,829	-
Highway Planning and Construction - Parr, Millsfield, Vendall	20.205*	STP-M-2300(18)	-	281,392	281,392	-
			(4,080)	1,203,301	1,199,221	-
Passed through Tennessee Department of Safety and Homeland Security						
State and Community Highway Safety - Seatbelt/Child Restraint	20.600	Z18THSO98	-	13,636	15,159	(1,523)
			-	13,636	15,159	(1,523)
Total U.S. Department of Transportation			(9,080)	1,422,741	1,415,184	(1,523)

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Program/Cluster name	Federal CFDA #	Grant Number	Receipts	Expenditures	Receivable (Accrued) 6/30/2017	Receivable (Accrued) 6/30/2018
U.S. Department of Homeland Security						
Passed through Tennessee Department of Military, Tennessee Emergency Management Agency Hazard Mitigation Grant	97.039	34101-52386	14,218	14,218	-	-
			14,218	14,218	-	-
Total U.S. Department of Homeland Security			14,218	14,218	-	-
Total Federal Awards			\$ 2,471,236	\$ 2,913,318	\$ (9,080)	\$ (451,162)
State Awards						
Tennessee Department of Economic and Community Development						
Tourism Enhancement Grant - Round 2		33007-11017	-	-	-	-
Tennessee Department of Military, Tennessee Emergency Management Agency						
Hazard Mitigation Grant		34101-52386	2,370	2,370	-	-
			2,370	2,370	-	-
Tennessee Department of Transportation						
Airport Improvement Program - Maintenance		23-555-0432-18	14,300	14,300	-	-
Airport Improvement Program - Land Acquisition		23-555-0131-17	9,512	9,512	-	-
Airport Improvement Program - Ramp Rehabilitation		23-555-0130-17	1,637	1,637	-	-
			25,449	25,449	-	-
Total State Awards			\$ 27,819	\$ 57,424	\$ -	\$ (29,605)
						\$ (480,767)

Basis of Presentation: The Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of The City of Dyersburg, Tennessee under the federal award programs and state assistance for the year ended June 30, 2018, and is presented on the accrual basis of accounting. The Schedule of Expenditures of Federal Awards and State Financial Assistance for Dyersburg Electric and Dyersburg City Schools were presented in their separately issued audit reports and, therefore, are not reported here.

Summary of Significant Accounting Policies: Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER MISCELLANEOUS INFORMATION SECTION

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CURRENT UTILITY RATES IN FORCE (UNAUDITED)
JUNE 30, 2018

	<u>Rates</u>	<u>TVA Fuel Rate</u>
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, 2018

	Rates	
Commercial Customers		
City - per 1,000 gallons consumed	\$	3.62
Rural - per 1,000 gallons consumed		3.97
Industrial Customers		
City - per 1,000 gallons consumed	\$	3.82
Rural - per 1,000 gallons consumed		4.16
Sewer:		
Base rate per month	\$	4.74
Residential - per 1,000 gallons used		4.16
Commercial - per 1,000 gallons used		4.37
Industrial - per 1,000 gallons used		4.76
Electrical:		
Residential Rate Schedule - RS		
Customer charge - per delivery point per month	\$	21.04
Energy charges - per kWh		
First 800 kWh per month	0.07908	0.01974
Additional kWh per month	0.06824	0.01974
General Power Rate Schedule - GSA		
GSA - 1 (0 - 50 kW)		
Customer charge - per delivery point per month	\$	31.78
First 1500 kWh per month	0.07366	0.01952
Additional kWh per month	0.07256	0.01952
GSA - 2 (51 - 1,000 kW) (a.)		
Customer charge - per delivery point per month	\$	143.19
Demand charge - per kW per month		
First 50 kW	10.32	
Additional kW	7.51	
Energy charge - per kW		
First 15,000 kWh	0.04345	0.01940
Additional kWh	0.04345	0.01940
GSA - 3 (1,001 - 5,000 kW)		
Customer charge - per delivery point per month	\$	1,250.00
Demand charge - per kw per month		
First 1,000 kW	13.43	
Excess over 1,000 kW	9.48	
Excess demand charge - higher of 1,000 kW or contract demand	-	
Energy charge - per kWh	0.04320	0.01928
General Power Rate Schedule - GSB (5,001 - 15,000 kW)		
Customer charge - per delivery point per month	\$	1,830.00
Demand charge - per kW per month		
On peak kW	9.97	
Maximum kW	1.87	
Off peak excess of contract kW	9.97	
Energy charge - per kWh per month		
On peak kWh	0.05618	0.01754
Off peak kWh - First 200 HUD	0.03184	0.01754
Off peak kWh - Next 200 HUD	0.00292	0.01754
Off peak kWh - Over 400 HUD	0.00044	0.01754

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CURRENT UTILITY RATES IN FORCE (UNAUDITED)
JUNE 30, 2018

	Rates	
Electrical (continued):		
TGSA - 2 (51 - 1,000 kW))		
Customer charge - per delivery point per month	\$	143.19
Demand Charge - per kW per month		
First 50 kW		10.33
Over 50 kW		7.52
On peak Energy		0.06136
Off peak Energy		0.03813
		0.01754
		0.01754
TGSA - 3 (1,001 - 5,000 kW)		
Customer charge - per delivery point per month	\$	1,250.00
Demand charge - per kW per month		
First 1,000 kW		13.43
Over 1,000 kW		9.48
On peak Energy		0.06100
Off peak Energy		0.03791
		0.01754
		0.01754
TDMSA - 3 (1,001 - 5,000 kW)		
Customer charge - per delivery point per month	\$	1,250.00
Demand charge per kW per month		
On peak kW		9.97
Maximum kW		4.89
Off peak excess of contract kW		9.97
Energy charge - per kWh		
On peak kWh		0.05398
Off peak kWh - first 200 HUD		0.02964
Off peak kWh - next 200 HUD		0.00292
Off peak kWh - over 400 HUD		0.00044
		0.01754
		0.01754
		0.01754
		0.01754
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		
Customer charge - per delivery point per month	\$	31.78
Energy charge - per kWh		0.04888
		0.01974
Drainage Pump Schedule - DPS		
Customer charge - per delivery point per month	\$	500.00
Energy charge - per kWh		0.03835
		0.01952

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, 2018

<u>Utility Service</u>	<u>Customers</u>		
	<u>6/30/2017</u>	<u>Increase (Decrease)</u>	<u>6/30/2018</u>
Water	8,007	86	8,093
Sewer	7,483	79	7,562
Gas	7,763	112	7,875
Electric	11,923	28	11,951

See independent auditor's report

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

WAS v6.0

American Water Works Association
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Water Audit Report for: **City of Dyersburg Water Plant (0000211)**
 Reporting Year: **2018** **7/2017 - 6/2018**

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

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

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

WATER SUPPLIED

Volume from own sources: 10 1,016.583 MG/Yr
 Water imported: n/a MG/Yr
 Water exported: n/a MG/Yr

Master Meter and Supply Error Adjustments

Enter grading in column 'E' and 'J' → Pcnt. Value:
 MG/Yr
 MG/Yr
 MG/Yr

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

WATER SUPPLIED: 1,016.583 MG/Yr

AUTHORIZED CONSUMPTION

Billed metered: 7 721.914 MG/Yr
 Billed unmetered: n/a MG/Yr
 Unbilled metered: n/a MG/Yr
 Unbilled unmetered: 12.707 MG/Yr

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

AUTHORIZED CONSUMPTION: 734.621 MG/Yr

Click here: for help using option buttons below

Pcnt: 1.25% Value: MG/Yr

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

281.962 MG/Yr

Apparent Losses

Unauthorized consumption: 2.541 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: 1.805 MG/Yr

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

Apparent Losses: 4.346 MG/Yr

Pcnt: 0.25% Value: MG/Yr

MG/Yr
 0.25% MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **277.615 MG/Yr**

WATER LOSSES: 281.962 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 294.669 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: 10 160.0 miles
 Number of active AND inactive service connections: 7 8,007
 Service connection density: 50 conn./mile main

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

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

Average operating pressure: 7 55.0 psi

COST DATA

Total annual cost of operating water system: 9 \$3,833,467 \$/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 Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

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

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

PRIORITY AREAS FOR ATTENTION:

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

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



AWWA Free Water Audit Software:
System Attributes and Performance Indicators

Water Audit Report for: City of Dyersburg Water Plant (0000211)
 Reporting Year: 2018 7/2017 - 6/2018

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

System Attributes:

Apparent Losses:	<u>4.346</u>	MG/Yr
+ Real Losses:	<u>277.615</u>	MG/Yr
= Water Losses:	<u>281.962</u>	MG/Yr
? Unavoidable Annual Real Losses (UARL):	<u>41.49</u>	MG/Yr
Annual cost of Apparent Losses:	<u>\$18,689</u>	
Annual cost of Real Losses:		

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

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	<u>29.0%</u>
	Non-revenue water as percent by cost of operating system:	<u>0.5%</u> Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	<u>1.49</u> gallons/connection/day
	Real Losses per service connection per day:	<u>94.99</u> gallons/connection/day
	Real Losses per length of main per day*:	<u>N/A</u>
	Real Losses per service connection per day per psi pressure:	<u>1.73</u> gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL):		<u>277.62</u> million gallons/year
? Infrastructure Leakage Index (ILI) [CARL/UARL]:		<u>6.69</u>

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

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF OFFICIAL BONDS OF PRINCIPAL OFFICIALS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

See independent auditor's report

INTERNAL CONTROL AND COMPLIANCE SECTION



COWART REESE SARGENT

Certified Public Accountants, P.C.

Members: American Institute of Certified Public Accountants | Tennessee Society of Certified Public Accountants
Governmental Audit Quality Center | Private Companies Practice Section
www.crscpa.com

INDEPENDENT AUDITORS' 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*

Honorable Mayor and
Board of Aldermen
City of Dyersburg, Tennessee

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, 2018, and the fiduciary fund of the Dyersburg City Schools Retirement Plan and the fiduciary fund of Dyersburg Electric Retirement Plan for the year ended December 31, 2017, and the fiduciary fund for the City of Dyersburg Pension Plan for the year ended June 30, 2017, 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 13, 2019. Our report includes a reference to other auditors who audited the financial statements of Dyersburg City Schools, as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditors' 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 an opinion 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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.

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Jackson, TN 38305
(731)668-1806
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309 N. Market St.
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11 N. Court Square
Brownsville, TN 38012
(731)772-2273
Fax (731)772-2275

110 West Court
Dyersburg, TN 38024
(731)286-6080
Fax (731)285-8975

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 have not been 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. We and the other auditors did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2018-001 that we consider to be a significant deficiency.

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 responses as item 2018-001.

City of Dyersburg's Response to Findings

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

Purpose of this Report

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

Cowart Reese Sargent, CPAs, P.C.

Cowart Reese Sargent CPAs, P.C.
Dyersburg, Tennessee
March 13, 2019

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SECTION I - Financial Statement Findings

Current Year Findings

Dyersburg City Schools

None reported.

Dyersburg Electric System

None reported.

City of Dyersburg - General Government

2018-001 - Budget (Significant Deficiency and Non-compliance)

Condition: The City expended more than budgeted appropriations by major appropriation category in the Insurance Reserve Fund.

Cause: The budget was not amended to cover the necessary expenditures incurred during the fiscal year.

Criteria: TCA 6-56-203 prohibits a municipality from expending any monies except in accordance with a budget ordinance.

Effect: Spending in excess of budgeted appropriations is a violation of state law.

Recommendation: To avoid possible legal conflict, the City should authorize all expenditures either in the original budget, in an amendment, or in a supplemental appropriation.

Response: Management agrees to take the appropriate actions to ensure the expenditures are properly authorized as noted above.

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Dyersburg City Schools

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2017-001	Purchase Orders (original finding #2014-001)	Corrected
2017-002	Segregation of Duties (original finding #2013-002)	Corrected

Dyersburg Electric System

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2017-001	Dual Signatures (original finding #2015-001)	Criteria no longer applies

General Government

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2017-001	Authorization of Issuance of Debt	Corrected

CORRECTIVE ACTION PLAN

City of Dyersburg



425 West Court Street
P.O. Box 1358
Dyersburg, TN 38025-1358
www.dyersburgtn.gov

MANAGEMENT'S CORRECTIVE ACTION PLAN

The City of Dyersburg, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2018.

Name and address of independent public accounting firm:

Cowart Reese Sargent, CPAs, P.C.
110 West Court Street
Dyersburg, TN
38024

Responsible officials for corrective action:

Dyersburg City schools - Neel Durbin, Director
City of Dyersburg - Steve Anderson, Treasurer
Dyersburg Electric System - Robby Richards, VP Finance

Audit period:

June 30, 2018

City of Dyersburg - General Government

2018-001 - Budget (Significant Deficiency and Non-compliance)

Person Responsible for Implementing the Corrective Action: Steve Anderson, Treasurer

Anticipated Completion Date of Corrective Action: June 30, 2019

Repeat Finding: No

Planned Corrective Action: Management will more closely monitor budgeted expenditures and amend the budget when necessary.

Respectfully submitted:

John Holden, Mayor