

**CITY OF DYERSBURG, TENNESSEE**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2016**

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## **INTRODUCTORY SECTION**

**CITY OF DYERSBURG, TENNESSEE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**PRINCIPAL OFFICIALS**

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

## **FINANCIAL SECTION**



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dyersburg, Tennessee (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dyersburg Electric System, which is both a major fund and 51 percent, 50 percent, and 72 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Dyersburg Electric System is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dyersburg, Tennessee, as of June 30, 2016, 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 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dyersburg's basic financial statements. The introductory section, supplementary and other information section, and the other miscellaneous information section – unaudited are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary and other information section 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 are 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 July 22, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Alexander Thompson Arnold PLLC*

Dyersburg, Tennessee  
July 22, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016.

**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, 2016 by \$97,947,714 (net position). Of this amount, \$3,454,668 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. See page 19.
- > The City's total net position decreased by \$691,646.
- > At June 30, 2016, the governmental funds reported combined ending fund balances of \$7,763,075, of which \$1,611,949 was unassigned and available for use at the City's discretion. See page 21.
- > Governmental fund balances increased by \$896,270 (page 23) during the year.
- > During the fiscal year ended June 30, 2016, the City's total notes and bonds payable decreased by \$2,502,853 (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, 2016**

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

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

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

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

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 39-73 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 82-99 of this report.

**GOVERNMENTAL-WIDE FINANCIAL ANALYSIS**

The City's combined net position decreased \$691,646 or less than 1% from 2015 to 2016. Net position decreased \$988,350 in governmental activities, with business-type activities increasing \$296,704. Combined net position (assets exceeding liabilities and deferred inflows of resources) was \$97,947,714 at June 30, 2016. The table below provides a comparative summary of the City's net position as of June 30, 2016 and 2015.

**CITY OF DYERSBURG'S NET POSITION**

	Governmental Activities		Business-type		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 19,352,009	\$ 19,482,144	\$ 34,130,487	\$ 33,553,611	\$ 53,482,496	\$ 53,035,755
Capital assets	52,322,990	55,329,636	64,260,685	65,293,111	116,583,675	120,622,747
<b>Total Assets</b>	<b>71,674,999</b>	<b>74,811,780</b>	<b>98,391,172</b>	<b>98,846,722</b>	<b>170,066,171</b>	<b>173,658,502</b>
<b>Deferred Outflows of Resources</b>	<b>18,031,103</b>	<b>17,088,230</b>	<b>6,080,976</b>	<b>4,418,902</b>	<b>24,112,079</b>	<b>21,507,132</b>
Long-term liabilities	51,677,191	53,117,155	9,644,396	8,814,161	61,321,587	61,931,316
Other liabilities	5,766,659	5,652,345	14,935,281	14,779,296	20,701,940	20,431,641
<b>Total Liabilities</b>	<b>57,443,850</b>	<b>58,769,500</b>	<b>24,579,677</b>	<b>23,593,457</b>	<b>82,023,527</b>	<b>82,362,957</b>
<b>Deferred Inflows of Resources</b>	<b>13,064,003</b>	<b>12,943,911</b>	<b>1,143,006</b>	<b>1,219,406</b>	<b>14,207,009</b>	<b>14,163,317</b>
Net position:						
Investment in capital assets, net of related debt	30,268,613	32,057,416	62,251,111	59,717,066	92,519,724	91,774,482
Restricted	737,659	4,308,888	1,235,663	1,679,116	1,973,322	5,988,004
Unrestricted	(11,808,023)	(16,179,705)	15,262,691	17,056,579	3,454,668	876,874
<b>Total net position</b>	<b>\$ 19,198,249</b>	<b>\$ 20,186,599</b>	<b>\$ 78,749,465</b>	<b>\$ 78,452,761</b>	<b>\$ 97,947,714</b>	<b>\$ 98,639,360</b>

The largest portion of the City's net position (\$92,519,724 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 \$745,242 from 2015. Of this increase governmental activities decreased \$1,788,803, and business-type activities increased \$2,534,045. 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 (\$1,973,322 or 2%) represents resources that are subject to external restriction on how they may be used. Restricted net position decreased \$4,014,682 from 2015. The remaining balance of net position (unrestricted net position of \$3,454,668) may be used to meet the government's ongoing obligation to citizens and creditors. Unrestricted net position increased \$2,577,794 from 2015.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Analysis of the City's Operations.** The following table provides a comparative summary of the City's operations for the years ended June 30, 2016 and 2015. Also, summary tables comparing 2016 with 2015 along with charts for 2016 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 \$988,350 in 2016 compared to a decrease of \$17,910,517 in 2015. Business-type activities increased the City's net position by \$296,704 in 2016 compared to a increase of \$4,096,758 in 2015.

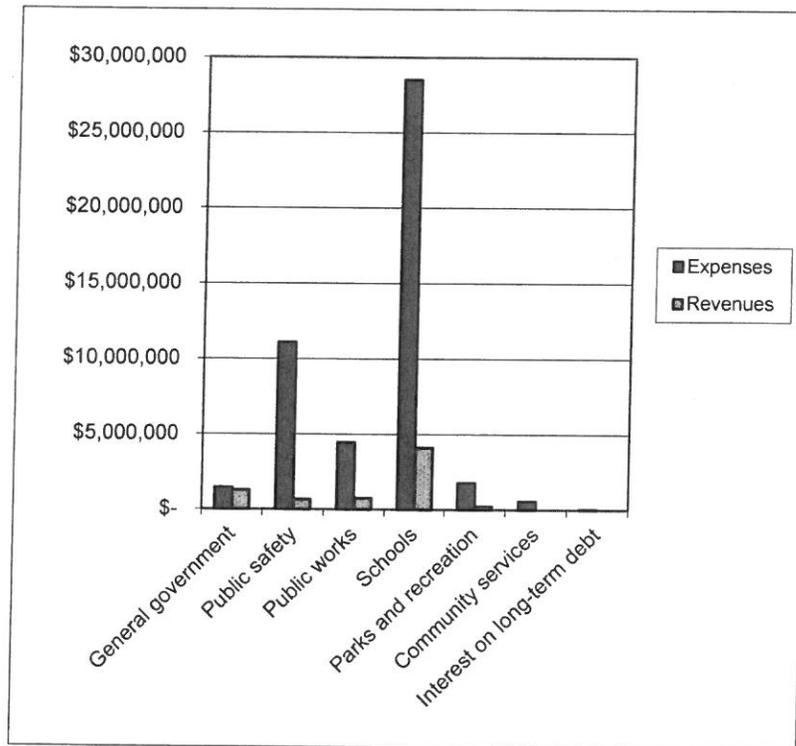
**CITY OF DYERSBURG'S CHANGES IN NET POSITION**

	Governmental Activities		Business-type		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 2,658,939	\$ 3,220,569	\$ 52,085,534	\$ 55,876,422	\$ 54,744,473	\$ 59,096,991
Operating grants and contributions	4,279,293	4,263,031	-	-	4,279,293	4,263,031
Capital grants and contributions	120,021	-			120,021	-
General revenues						
Sales and use tax	9,659,788	9,242,305	-	-	9,659,788	9,242,305
Property tax	10,729,590	9,947,717	-	-	10,729,590	9,947,717
Other taxes	3,144,246	3,112,895	-	-	3,144,246	3,112,895
Intergovernmental	12,943,374	12,686,584	-	-	12,943,374	12,686,584
Other sources	1,400,539	859,595	6,816	2,154,359	1,407,355	3,013,954
Unrestricted investment earnings	145,028	136,465	271,064	267,372	416,092	403,837
<b>Total revenues</b>	<b>45,080,818</b>	<b>43,469,161</b>	<b>52,363,414</b>	<b>58,298,153</b>	<b>97,444,232</b>	<b>101,767,314</b>
<b>Expenses</b>						
General government	1,448,943	1,241,554	-	-	1,448,943	1,241,554
Public safety	11,098,088	11,893,447	-	-	11,098,088	11,893,447
Public works	4,451,055	4,284,886	-	-	4,451,055	4,284,886
Schools	28,520,230	27,557,172	-	-	28,520,230	27,557,172
Parks and recreation	1,785,348	2,022,476	-	-	1,785,348	2,022,476
Community services	568,305	413,422	-	-	568,305	413,422
Interest on long-term debt	44,615	61,379	-	-	44,615	61,379
Electric	-	-	36,344,320	37,288,266	36,344,320	37,288,266
Gas	-	-	4,671,559	6,275,857	4,671,559	6,275,857
Water and sewer	-	-	6,113,577	5,845,873	6,113,577	5,845,873
Solid waste	-	-	2,736,449	2,761,542	2,736,449	2,761,542
<b>Total expenses</b>	<b>47,916,584</b>	<b>47,474,336</b>	<b>49,865,905</b>	<b>52,171,538</b>	<b>97,782,489</b>	<b>99,645,874</b>
<b>Increase in net position before transfers</b>	<b>(2,835,766)</b>	<b>(4,005,175)</b>	<b>2,497,509</b>	<b>6,126,615</b>	<b>(338,257)</b>	<b>2,121,440</b>
<b>Transfers</b>	<b>2,070,540</b>	<b>2,029,857</b>	<b>(2,070,540)</b>	<b>(2,029,857)</b>	<b>-</b>	<b>-</b>
Prior period adjustment	(223,124)	(15,935,199)			(223,124)	(15,935,199)
Change in accounting principle			(130,265)	(5,779,430)	(130,265)	(5,779,430)
<b>Increase (decrease) in net position</b>	<b>\$ (988,350)</b>	<b>\$ (17,910,517)</b>	<b>\$ 296,704</b>	<b>\$ 4,096,758</b>	<b>\$ (691,646)</b>	<b>\$ (19,593,189)</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 2016 Expenses and Program Revenues**



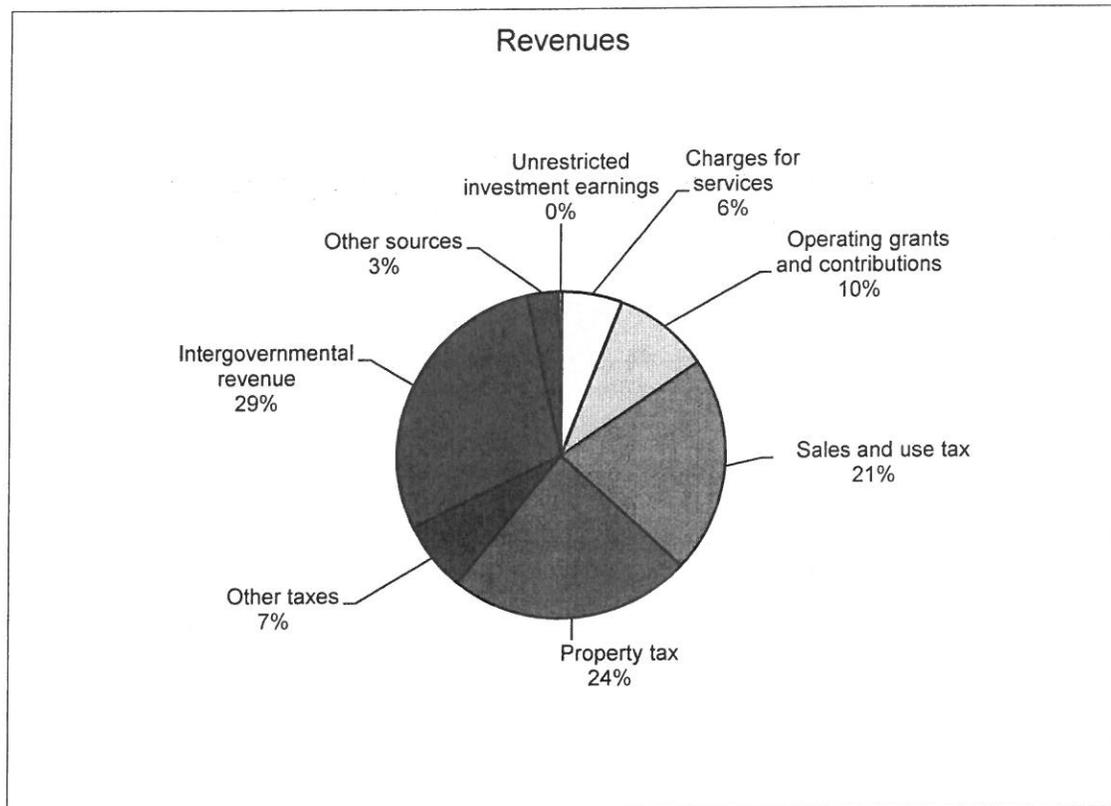
**Governmental Activities  
Table of Expenses and Program Revenues**

	2016		2015		Increase (Decrease)	
	Expenses	Program Revenues	Expenses	Program Revenues	Expenses	Program Revenues
General government	\$ 1,448,943	\$ 1,289,460	\$ 1,241,554	\$ 1,340,275	\$ 207,389	\$ (50,815)
Public safety	11,098,088	673,809	11,893,447	679,330	(795,359)	(5,521)
Public works	4,451,055	749,738	4,284,886	805,877	166,169	(56,139)
Schools	28,520,230	4,112,856	27,557,172	4,359,919	963,058	(247,063)
Parks and recreation	1,785,348	232,390	2,022,476	298,199	(237,128)	(65,809)
Community services	568,305	-	413,422	-	154,883	-
Interest on debt	44,615	-	61,379	-	(16,764)	-
	<b>\$ 47,916,584</b>	<b>\$ 7,058,253</b>	<b>\$ 47,474,336</b>	<b>\$ 7,483,600</b>	<b>\$ 442,248</b>	<b>\$ (425,347)</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 2016 Revenues by Source**



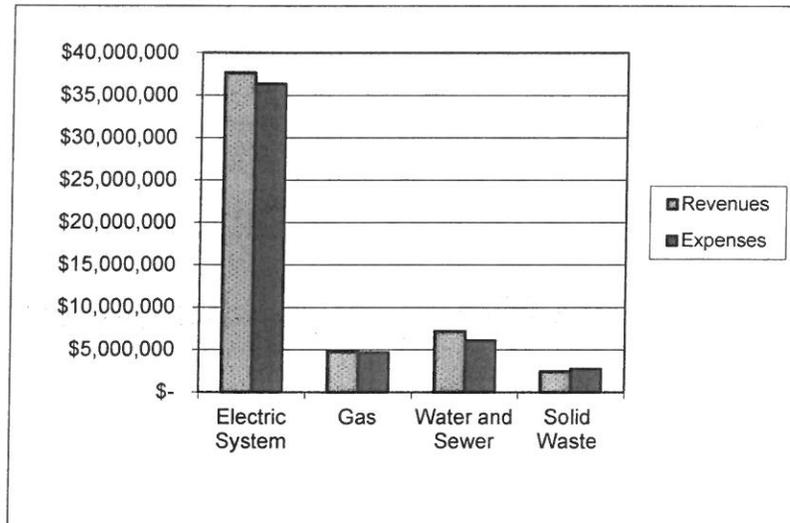
**Governmental Activities  
Table of Revenues by Source**

	2016		2015		Increase (Decrease) in Revenues
	Revenues	Percentage	Revenues	Percentage	
Charges for services	\$ 2,658,939	6%	\$ 3,220,569	7%	\$ (561,630)
Operating grants and contributions	4,279,293	9%	4,263,031	10%	16,262
Capital grants and contributions	120,021	0%	-	0%	120,021
Sales and use tax	9,659,788	21%	9,242,305	21%	417,483
Property tax	10,729,590	24%	9,947,717	23%	781,873
Other taxes	3,144,246	7%	3,112,895	7%	31,351
Intergovernmental revenue (Schools)	12,943,374	29%	12,686,584	29%	256,790
Other sources	1,400,539	3%	859,595	2%	540,944
Investment earnings	145,028	0%	136,465	0%	8,563
<b>Total</b>	<b>\$ 45,080,818</b>	<b>100%</b>	<b>\$ 43,469,161</b>	<b>100%</b>	<b>\$ 1,611,657</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 2016 Expenses and Program Revenues**



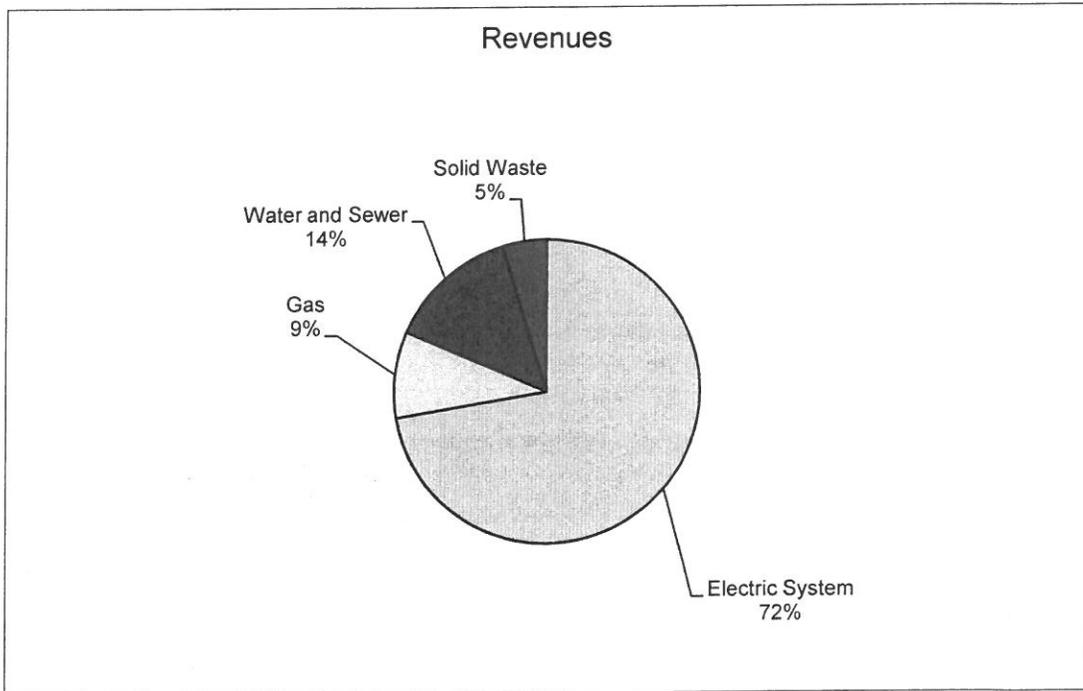
**Business-type Activities  
Table of Expenses and Program Revenues**

	2016		2015		Increase (Decrease)	
	Expenses	Program Revenues	Expenses	Program Revenues	Expenses	Program Revenues
Electric	\$ 36,344,320	\$ 37,657,218	\$ 37,288,266	\$ 39,001,569	\$ (943,946)	\$ (1,344,351)
Gas	4,671,559	4,787,376	6,275,857	7,258,299	(1,604,298)	(2,470,923)
Water and Sewer	6,113,577	7,184,137	5,845,873	7,138,207	267,704	45,930
Solid Waste	2,736,449	2,456,803	2,761,542	2,478,347	(25,093)	(21,544)
	<u>\$ 49,865,905</u>	<u>\$ 52,085,534</u>	<u>\$ 52,171,538</u>	<u>\$ 55,876,422</u>	<u>\$ (2,305,633)</u>	<u>\$ (3,790,888)</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 2016 Revenues by Service**



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

	2016		2015		Increase (Decrease)	
	Revenues	Percentage	Revenues	Percentage	Revenues	Percentage
Electric System	\$ 37,657,218	72%	\$ 39,001,569	70%	\$ (1,344,351)	-3%
Gas	4,787,376	9%	7,258,299	13%	(2,470,923)	-34%
Water and Sewer	7,184,137	14%	7,138,207	13%	45,930	1%
Solid Waste	2,456,803	5%	2,478,347	4%	(21,544)	-1%
	<u>\$ 52,085,534</u>	<u>100%</u>	<u>\$ 55,876,422</u>	<u>100%</u>	<u>\$ (3,790,888)</u>	<u>-7%</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS**

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

At the end of the current fiscal year, the City of Dyersburg governmental funds reported combined ending fund balances of \$7,763,075, an increase of \$896,270 in comparison with the prior year. Approximately \$1,611,949 or approximately 21% 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 (\$77,974), restricted (\$6,022,659) or committed (\$50,493).

In the general fund, the City budgeted for an increase in the fund balance of \$8,500. Actual revenues were \$136,857 over budgeted revenues and actual expenditures were \$1,574,387 under budgeted expenditures. Net transfers and other financing sources (uses) of \$2,800,982 resulted in the fund balance increasing \$1,000,869 for fiscal year 2016. School fund balance decreased \$482,065.

**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 \$8,811,322 in Gas, (\$3,547,147) in Water and Sewer, (\$82,056) in Solid Waste Management, and \$9,226,290 in the Electric System. The Gas fund had a decrease in net position of \$262,030, Electric System net position increased \$311,364, Water and Sewer fund net position increased \$549,431 and the Solid Waste Management fund net position decreased \$242,678.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**CAPITAL ASSETS**

The City of Dyersburg's investment in capital assets for its governmental and business-type activities as of June 30, 2016, was \$116,583,675 (net of accumulated depreciation), a decrease of \$4,039,072 or 3.3% from 2015. The decrease is the result of net additions to capital assets of \$3,527,851 (a \$1,025,304 increase for Governmental activities and a \$2,502,547 increase for Business-type activities) net of depreciation of capital assets of \$7,566,923 (\$4,031,950 for Governmental activities and \$3,534,973 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	\$ 11,700
Public safety	403,300
Public works	437,800
Public welfare	148,100
Schools	37,900

**Business-type Funds**

Gas system improvements	396,300
Water and sewer system improvements	784,300
Solid waste management improvements	72,400
Electric system improvements	1,236,400
	<u>\$ 3,528,200</u>

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

	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 6,406,228	\$ 2,179,875	\$ 8,586,103	\$ 6,547,196	\$ 2,179,874	\$ 8,727,070
Construction in progress	156,500	1,060,279	1,216,779	-	2,590,615	2,590,615
Land improvements	-	1,025,080	1,025,080	-	1,386,040	1,386,040
Buildings and systems	26,213,269	55,027,521	81,240,790	28,780,146	54,551,386	83,331,532
Improvements other than buildings	5,734,038	-	5,734,038	6,091,797	-	6,091,797
Machinery, vehicles and equipment	3,504,171	4,830,758	8,334,929	3,465,661	4,410,255	7,875,916
Infrastructure	9,992,538	-	9,992,538	10,099,563	-	10,099,563
Allocated Internal Serv fund capital assets	316,246	137,172	453,418	345,273	174,941	520,214
	<u>\$ 52,322,990</u>	<u>\$ 64,260,685</u>	<u>\$ 116,583,675</u>	<u>\$ 55,329,636</u>	<u>\$ 65,293,111</u>	<u>\$ 120,622,747</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**DEBT ADMINISTRATION**

At June 30, 2016, the City of Dyersburg had total bonded debt and notes payable of \$26,384,367. Of this amount, \$13,502,197 comprises bonded debt backed by the full faith and credit of the government and \$2,040,000 represents bonds secured by electric revenues. The notes payable of \$10,842,170 pertains to the general fund (\$5,210,850) and schools (\$5,631,320).

Total debt decreased \$2,502,853 or 8.7% from June 30, 2015 to June 30, 2016 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, 2016 and 2015 is summarized below:

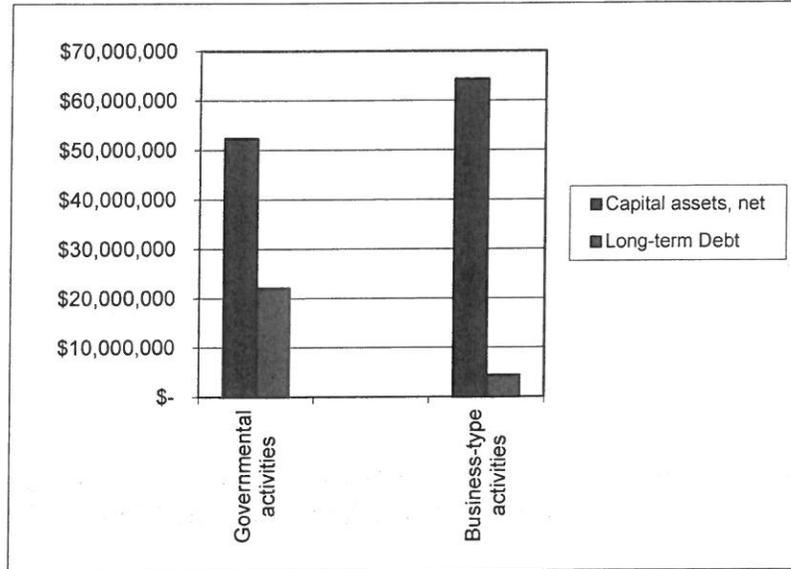
	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Notes Payable	\$ 10,842,170	\$ -	\$ 10,842,170	\$ 11,775,324	\$ -	\$ 11,775,324
General Obligation Bonds	11,212,197	2,290,000	13,502,197	11,496,896	2,990,000	14,486,896
Revenue Bonds	-	2,040,000	2,040,000	-	2,625,000	2,625,000
	<u>\$ 22,054,367</u>	<u>\$ 4,330,000</u>	<u>\$ 26,384,367</u>	<u>\$ 23,272,220</u>	<u>\$ 5,615,000</u>	<u>\$ 28,887,220</u>

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

Additional information on the City of Dyersburg's long term-debt and debt changes for the year can be found in Footnote IV. F. on pages 50-52 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Governmental and Business-type Activities  
Chart of 2016 Net Capital Assets and Long-term Debt**



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

	2016		2015	
	Capital Assets, net of Depreciation	Long-term Debt	Capital Assets, net of Depreciation	Long-term Debt
Governmental activities	\$ 52,322,990	\$ 22,054,367	\$ 55,329,636	\$ 23,272,220
Business-type activities	64,260,685	4,330,000	65,293,111	5,615,000
	<u>\$ 116,583,675</u>	<u>\$ 26,384,367</u>	<u>\$ 120,622,747</u>	<u>\$ 28,887,220</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The unemployment rate of Dyer County is 6.2%. This compares unfavorably to the state's average unemployment rate of 4.1% and the national average of 3.4%.

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 2016-2017 fiscal year.

User rates remained the same for Water, Sewer and Gas services for fiscal year 2016-2017.

User rates remained the same for Refuse Collection for fiscal year 2016-2017.

**REQUEST FOR INFORMATION**

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

**CITY OF DYERSBURG, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 7,426,081	\$ 15,592,943	\$ 23,019,024
Investments	1,413,525	10,354,621	11,768,146
Receivables (net of allowance for uncollectibles):			
Taxes	8,237,162	-	8,237,162
Accounts	2,610,133	3,339,620	5,949,753
Accrued interest and rents	-	119,116	119,116
Interfund balances	(477,835)	477,835	-
Inventories	46,528	919,075	965,603
Prepaid expenses	552	1,459,997	1,460,549
Deposits	96,006	24,467	120,473
Other assets	(143)	607,150	607,007
Restricted assets - cash and cash investments	-	1,235,663	1,235,663
Capital assets not being depreciated:			
Land	6,406,228	2,179,875	8,586,103
Construction in progress	156,500	1,060,279	1,216,779
Capital assets net of accumulated depreciation	45,760,262	61,020,531	106,780,793
<b>Total Assets</b>	<b>71,674,999</b>	<b>98,391,172</b>	<b>170,066,171</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	18,031,103	6,080,976	24,112,079
<b>Total Deferred Outflows of Resources</b>	<b>18,031,103</b>	<b>6,080,976</b>	<b>24,112,079</b>

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

**CITY OF DYERSBURG, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Accounts payable	919,868	3,867,511	4,787,379
Accrued liabilities	2,686,672	310,151	2,996,823
Deposits	40,522	2,641,036	2,681,558
Other current liabilities	3,249	7,001,583	7,004,832
Noncurrent liabilities:			
Due within one year:			
Current portion of notes payable	1,831,649	-	1,831,649
Current portion of bonds payable	284,699	1,115,000	1,399,699
Due in more than one year:			
Notes payable	9,010,521	-	9,010,521
Bonds payable	10,927,498	3,215,000	14,142,498
Less bond discount	-	(7,247)	(7,247)
Other accrued liabilities	31,739,172	5,912,657	37,651,829
Advances from TVA	-	523,986	523,986
<b>Total Liabilities</b>	<b>57,443,850</b>	<b>24,579,677</b>	<b>82,023,527</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable current property taxes	7,720,024	-	7,720,024
Delinquent property taxes	221,493	-	221,493
Unavailable confiscated funds	12,809	-	12,809
Related to pensions	5,109,677	1,143,006	6,252,683
<b>Total Deferred Inflows of Resources</b>	<b>13,064,003</b>	<b>1,143,006</b>	<b>14,207,009</b>
<b>NET POSITION</b>			
Net investment in capital assets	30,268,613	62,251,111	92,519,724
Restricted for:			
Education	(3,262,521)		(3,262,521)
Perpetual care	1,472,122		1,472,122
Debt service	2,215,824	1,235,663	3,451,487
Capital projects	1,288		1,288
Special revenue funds	268,739		268,739
Other purposes	42,207		42,207
Unrestricted	(11,808,023)	15,262,691	3,454,668
<b>Total Net Position</b>	<b>\$ 19,198,249</b>	<b>\$ 78,749,465</b>	<b>\$ 97,947,714</b>

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, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Primary Government
					Activities	Business-type Activities
<b>Primary government:</b>						
<b>Governmental activities:</b>						
General government	\$ 1,448,943	\$ 1,168,804	\$ 120,656	\$ -	\$ (159,483)	\$ (159,483)
Public safety	11,098,088	544,644	129,165	-	(10,424,279)	(10,424,279)
Public works	4,451,055	415,636	214,081	120,021	(3,701,317)	(3,701,317)
Schools	28,520,230	297,465	3,815,391	-	(24,407,374)	(24,407,374)
Parks and recreation	1,785,348	232,390	-	-	(1,552,958)	(1,552,958)
Community services	568,305	-	-	-	(568,305)	(568,305)
Interest on long-term debt	44,615	-	-	-	(44,615)	(44,615)
<b>Total governmental activities</b>	<b>47,916,584</b>	<b>2,658,939</b>	<b>4,279,293</b>	<b>120,021</b>	<b>(40,858,331)</b>	<b>(40,858,331)</b>
<b>Business-type activities:</b>						
Electric	36,344,320	37,657,218	-	-	1,312,898	1,312,898
Gas	4,671,559	4,787,376	-	-	115,817	115,817
Water and sewer	6,113,577	6,980,112	-	204,025	1,070,560	1,070,560
Solid waste	2,736,449	2,456,803	-	-	(279,646)	(279,646)
<b>Total business-type activities</b>	<b>49,865,905</b>	<b>51,881,509</b>	<b>-</b>	<b>204,025</b>	<b>2,219,629</b>	<b>2,219,629</b>
<b>Total primary government</b>	<b>\$ 97,782,489</b>	<b>\$ 54,540,448</b>	<b>\$ 4,279,293</b>	<b>\$ 324,046</b>	<b>(40,858,331)</b>	<b>(38,638,702)</b>
<b>General revenues:</b>						
Property taxes					10,729,590	10,729,590
State and local sales taxes					9,659,788	9,659,788
Wholesale beer and liquor taxes					611,916	611,916
Business taxes					411,457	411,457
Franchise taxes					139,406	139,406
Room occupancy taxes					294,621	294,621
Wheel taxes					614,585	614,585
Other statutory local taxes					3,353	3,353
State taxes					1,068,908	1,068,908
Intergovernmental revenue					12,943,374	12,943,374
Other sources					1,400,539	1,400,539
Unrestricted investment earnings					145,028	145,028
Transfers from business-type activities					271,064	271,064
<b>Total general revenues and transfers</b>					<b>2,070,540</b>	<b>2,070,540</b>
<b>Change in net position</b>					<b>40,093,105</b>	<b>38,300,445</b>
<b>Net position - beginning</b>					<b>(765,226)</b>	<b>(338,257)</b>
Prior period adjustment					426,969	426,969
Change in accounting principle					20,186,599	20,186,599
Net position, beginning restated					(223,124)	(223,124)
<b>Net position - ending</b>					<b>\$ 19,198,249</b>	<b>\$ 97,947,714</b>

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

**CITY OF DYERSBURG, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<u>General</u>	<u>School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 1,288,806	\$ 2,984,946	\$ 3,721,116	\$ 7,994,868
Investments	10,000	-	1,475,472	1,485,472
Receivables (net of allowance for uncollectibles):				
Taxes	8,093,551	465,400	-	8,558,951
Accounts	1,371,999	20,969	551,738	1,944,706
Notes	-	-	-	-
Due from other funds	500,715	-	507,778	1,008,493
Inventories	-	-	46,528	46,528
Prepaid expenses	3,923	-	-	3,923
Deposits	27,523	-	92,950	120,473
<b>Total Assets</b>	<b>\$ 11,296,517</b>	<b>\$ 3,471,315</b>	<b>\$ 6,395,582</b>	<b>\$ 21,163,414</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 239,749	\$ 185,232	\$ 243,750	\$ 668,731
Accrued liabilities	882,787	1,523,903	253,475	2,660,165
Deposits	40,522	-	-	40,522
Due to other funds	528,778	249,754	1,298,063	2,076,595
<b>Total Liabilities</b>	<b>1,691,836</b>	<b>1,958,889</b>	<b>1,795,288</b>	<b>5,446,013</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable confiscated funds			12,809	12,809
Deferred current property taxes	7,720,024			7,720,024
Delinquent property taxes	221,493			221,493
<b>Total Deferred Inflows of Resources</b>	<b>7,941,517</b>	<b>-</b>	<b>12,809</b>	<b>7,954,326</b>
<b>Fund Balances:</b>				
Non-spendable	31,446	-	46,528	77,974
Restricted	-	1,512,426	4,510,233	6,022,659
Committed	-	-	50,493	50,493
Unassigned	1,631,718	-	(19,769)	1,611,949
<b>Total Fund Balances</b>	<b>1,663,164</b>	<b>1,512,426</b>	<b>4,587,485</b>	<b>7,763,075</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 11,296,517</b>	<b>\$ 3,471,315</b>	<b>\$ 6,395,582</b>	<b>\$ 21,163,414</b>

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, 2016**

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

<b>Total Governmental Fund Balances, page 21</b>	<b>\$ 7,763,075</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	52,006,744
Deferred outflows/inflows of resources related to pensions in which the consumption/acquisition of net position will occur in future periods.	
Deferred outflows	18,031,103
Deferred inflows	(5,109,678)
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	-
Net pension liability	(29,581,090)
Internal service fund assets and liabilities allocated to governmental funds and, therefore, are included in governmental activities in the statement of net position.	281,978
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the current period.	<u>(24,193,883)</u>
<b>Net position of governmental activities (page 19)</b>	<b><u><u>\$ 19,198,249</u></u></b>

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, 2016**

	General	School	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ 11,400,617	\$ 8,059,923	\$ 1,550,136	\$ 21,010,676
Licenses and permits	77,364	-	-	77,364
Intergovernmental	3,060,963	12,892,415	3,795,144	19,748,522
Charges for services	916,104	-	297,465	1,213,569
Fines, forfeits, and penalties	185,410	-	27,861	213,271
Sale of assets	610,724	-	105,892	716,616
Investment earnings	17,455	-	115,165	132,620
Miscellaneous	1,778,820	513,142	3,301,439	5,593,401
<b>Total Revenues</b>	<u>18,047,457</u>	<u>21,465,480</u>	<u>9,193,102</u>	<u>48,706,039</u>
<b>EXPENDITURES:</b>				
Current:				
General government	1,749,601	-	3,345,754	5,095,355
Public safety	8,774,102	-	-	8,774,102
Public works	2,895,943	-	-	2,895,943
Community services	317,305	-	-	317,305
Parks and recreation	1,435,704	-	-	1,435,704
Economic development	291,557	-	-	291,557
Municipal airport	498,512	-	-	498,512
Joint cost - communications	448,966	-	-	448,966
Education	-	21,541,168	4,125,203	25,666,371
Miscellaneous	1,548,656	-	-	1,548,656
Capital outlay	961,996	156,623	54,089	1,172,708
Debt service:				
Principal retirement	864,635	1,200,703	-	2,065,338
Interest	44,615	456,683	-	501,298
Other expense	15,978	-	-	15,978
<b>Total Expenditures</b>	<u>19,847,570</u>	<u>23,355,177</u>	<u>7,525,046</u>	<u>50,727,793</u>
<b>Revenues Over (Under) Expenditures</b>	(1,800,113)	(1,889,697)	1,668,056	(2,021,754)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	2,104,799	1,657,386	401,055	4,163,240
Operating transfers out	(151,301)	(249,754)	(1,691,645)	(2,092,700)
Sale of bonds	530,580	-	-	530,580
Capital lease acquisitions	316,904	-	-	316,904
Total other financing sources (uses)	<u>2,800,982</u>	<u>1,407,632</u>	<u>(1,290,590)</u>	<u>2,918,024</u>
<b>Net Change in Fund Balance</b>	<u>1,000,869</u>	<u>(482,065)</u>	<u>377,466</u>	<u>896,270</u>
<b>Fund Balance - July 1, 2015</b>	856,563	1,994,491	4,238,875	7,089,929
Change in Accounting Principle	-	-	-	-
Prior Period Adjustment	(194,268)	-	(28,856)	(223,124)
<b>Fund Balance - July 1, 2015, as restated</b>	<u>662,295</u>	<u>1,994,491</u>	<u>4,210,019</u>	<u>6,866,805</u>
<b>Fund Balance - June 30, 2016</b>	<u>\$ 1,663,164</u>	<u>\$ 1,512,426</u>	<u>\$ 4,587,485</u>	<u>\$ 7,763,075</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, 2016**

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)	\$ 896,270
Proceeds from the sale of bonds and capital lease acquisitions are not reported as revenue in the statement of activities	(847,484)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.	(2,816,659)
Accrual for post employment benefits.	(191,241)
Pension income in statement of activities and not reported as income in fund statements	124,640
Pension expense in statement of activities and not reported as an expense in fund statements	328,349
Pension expense shown in fund statements and not reported in government wide statements	(264,473)
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.	2,065,338
The net expense of certain activities of internal service funds is reported with governmental activities.	(77,806)
The increase/decrease in the liability for compensated absences is not reported in governmental funds.	<u>17,840</u>
Change in net position of governmental activities (page 20)	<u><u>\$ (765,226)</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, 2016**

	<u>Budgeted Original &amp; Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>			
Taxes			
Property taxes - net	\$ 7,800,000	\$ 8,140,887	\$ 340,887
Property taxes - penalty and interest	90,000	89,022	(978)
Local sales tax	1,620,000	1,713,308	93,308
Wholesale beer tax	540,000	534,167	(5,833)
Wholesale liquor tax	70,000	77,749	7,749
Business taxes	370,000	411,457	41,457
Cable TV franchise tax	140,000	139,406	(594)
Room occupancy tax	275,000	294,621	19,621
Total taxes	<u>10,905,000</u>	<u>11,400,617</u>	<u>495,617</u>
Licenses and permits			
Beer licenses	6,500	6,950	450
Liquor licenses	12,000	9,550	(2,450)
Other licenses	2,100	1,891	(209)
Building permits and inspections	56,500	58,973	2,473
Total licenses and permits	<u>77,100</u>	<u>77,364</u>	<u>264</u>
Intergovernmental revenues			
Federal law enforcement grants	10,000	13,855	3,855
Federal disaster relief grant	-	55,310	55,310
Federal surface transportation grant	168,000	47,577	(120,423)
TVA replacement tax	196,300	201,197	4,897
Payment in lieu of taxes - Housing Authority	35,000	37,499	2,499
State sales tax	1,296,700	1,380,929	84,229
State income tax	225,000	299,073	74,073
State beer tax	8,200	8,372	172
State alcoholic beverage tax	58,000	55,502	(2,498)
State gasoline & motor fuel tax	310,000	322,135	12,135
State 1989 gasoline tax	50,000	51,732	1,732
State 3 cent gasoline tax	90,000	96,016	6,016
State petroleum special tax	35,000	34,881	(119)
State public safety grants	69,000	60,000	(9,000)
State airport grant	200,900	120,021	(80,879)
State disaster recovery grant	435,000	166,504	(268,496)
County intergovernmental revenue	100,000	110,360	10,360
Total intergovernmental revenues	<u>3,287,100</u>	<u>3,060,963</u>	<u>(226,137)</u>
Charges for services			
Public safety reimbursements	265,000	242,171	(22,829)
Special police and safety services	10,200	10,037	(163)
Fire protection charges	48,000	48,053	53
Cemetery burial, foundation and deed charges	124,000	131,786	7,786
Stormwater II charges	196,500	196,350	(150)
Golf charges	225,000	119,484	(105,516)
Swimming pool charges and fees	48,000	33,405	(14,595)
Parks and recreation charges	83,500	79,501	(3,999)
Other	76,800	55,317	(21,483)
Total charges for services	<u>1,077,000</u>	<u>916,104</u>	<u>(160,896)</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, 2016**

	<b>Budgeted Original &amp; Final</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues (continued):</b>			
Fines, forfeits and penalties			
City court revenue	\$ 201,000	\$ 178,397	\$ (22,603)
Parking fines	2,000	928	(1,072)
Safe driving fees	5,000	3,450	(1,550)
Other	3,000	2,635	(365)
Total fines, forfeits and penalties	<u>211,000</u>	<u>185,410</u>	<u>(25,590)</u>
Miscellaneous revenues			
Interest	20,000	17,455	(2,545)
Rents	323,400	345,112	21,712
Sales of fuel and supplies	550,000	352,646	(197,354)
Sale of property and equipment	5,000	170,578	165,578
Sale of cemetery lots	75,000	87,500	12,500
Joint expense reimbursements - Administrative charges	1,320,000	1,304,428	(15,572)
Other	60,000	129,280	69,280
Total miscellaneous revenues	<u>2,353,400</u>	<u>2,406,999</u>	<u>53,599</u>
<b>Total revenues</b>	<u>17,910,600</u>	<u>18,047,457</u>	<u>136,857</u>

**EXPENDITURES**

Current:

General government:

Legislative	89,800	80,889	8,911
Judicial	285,300	292,929	(7,629)
Executive	172,600	178,712	(6,112)
City recorder	90,100	84,966	5,134
City attorney	75,000	81,454	(6,454)
Accounting	260,200	251,082	9,118
Tax administration	92,500	81,156	11,344
Purchasing	91,800	89,522	2,278
Personnel	116,800	109,568	7,232
Engineering	268,100	260,365	7,735
Planning and zoning	13,100	12,949	151
City Hall	116,100	138,706	(22,606)
Professional Development Center	-	87,303	(87,303)
Total general government	<u>1,671,400</u>	<u>1,749,601</u>	<u>(78,201)</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, 2016**

	<u>Budgeted Original &amp; Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Expenditures (continued):</b>			
Public safety:			
Police department			
Traffic safety	\$ 150,100	\$ 103,625	\$ 46,475
Supplement pay	38,800	32,941	5,859
Administration	590,000	549,845	40,155
Operations	88,500	84,177	4,323
Criminal investigation	738,500	703,853	34,647
Patrol	2,705,500	2,597,156	108,344
Records and identification	260,300	250,940	9,360
Street crimes	257,200	266,273	(9,073)
Training	278,000	262,303	15,697
Education and public relations	3,000	2,879	121
Automotive services	253,000	163,398	89,602
Special response team	30,000	29,145	855
Police station	119,700	114,396	5,304
Total police department	<u>5,512,600</u>	<u>5,160,931</u>	<u>351,669</u>
Fire department			
Supplement pay	30,200	31,649	(1,449)
Administration	394,400	387,207	7,193
Fire fighting	2,714,500	2,625,859	88,641
Fire prevention	129,300	125,067	4,233
Training	95,700	90,710	4,990
Equipment repair services	94,500	80,419	14,081
Fire stations	77,400	63,856	13,544
Total fire department	<u>3,536,000</u>	<u>3,404,767</u>	<u>131,233</u>
Building inspection	<u>209,300</u>	<u>208,404</u>	<u>896</u>
Total public safety	<u>9,257,900</u>	<u>8,774,102</u>	<u>483,798</u>
Public works:			
Public works administration	332,400	324,784	7,616
Highways and streets	2,932,700	1,620,488	1,312,212
State Street Aid			
Street lighting	450,000	469,883	(19,883)
Storm drainage	97,300	87,901	9,399
Stormwater II	100,600	60,848	39,752
Cemeteries	327,400	332,039	(4,639)
Total public works	<u>4,240,400</u>	<u>2,895,943</u>	<u>1,344,457</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, 2016**

	<b>Budgeted Original &amp; Final</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Expenditures (continued):</b>			
Community services			
Rabies control	\$ 84,500	\$ 84,450	\$ 50
Social services	129,500	112,855	16,645
Library	120,000	120,000	-
Total community services	<u>334,000</u>	<u>317,305</u>	<u>16,695</u>
Parks and recreation			
Dyersburg Activity Center	343,500	327,216	16,284
Bruce Recreation Center	147,400	145,719	1,681
Future City Recreation Center	92,800	115,819	(23,019)
Dyersburg Activity Center pool	35,500	32,875	2,625
Okeena pool	79,500	85,056	(5,556)
Bruce pool	18,600	13,139	5,461
Youth Programs	51,900	55,638	(3,738)
Men's softball league	2,600	-	2,600
Special recreation facilities	11,500	11,457	43
Playgrounds and parks	473,800	428,326	45,474
Golf course	364,100	220,459	143,641
Total parks and recreation	<u>1,621,200</u>	<u>1,435,704</u>	<u>185,496</u>
Tourism and economic development	<u>275,000</u>	<u>291,557</u>	<u>(16,557)</u>
Municipal airport	<u>654,900</u>	<u>498,512</u>	<u>156,388</u>
Capital outlay			
General government	30,000	26,876	3,124
Public safety	172,500	349,194	(176,694)
Public works	487,500	279,441	208,059
Parks and recreation	192,000	241,756	(49,756)
Municipal airport	211,500	64,729	146,771
Total capital outlay	<u>1,093,500</u>	<u>961,996</u>	<u>131,504</u>
Debt service			
Retirement of notes, bonds and capital leases	749,000	864,635	(115,635)
Interest	119,800	44,615	75,185
Bond issuance cost	-	9,000	(9,000)
Bank and loan remarketing fees	6,800	6,978	(178)
Total debt service	<u>875,600</u>	<u>925,228</u>	<u>(49,628)</u>
Joint costs - communications	<u>466,200</u>	<u>448,966</u>	<u>17,234</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, 2016**

	<u>Budgeted Original &amp; Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Expenditures (continued):</b>			
Miscellaneous expenditures			
Vacation and sick leave	\$ 25,000	\$ 47,008	\$ (22,008)
Insurance	14,500	21,965	(7,465)
Retirement	540,200	546,676	(6,476)
Professional services	30,000	27,982	2,018
Payments in lieu of taxes	115,000	134,094	(19,094)
Other	70,300	770,931	(700,631)
Total miscellaneous expenditures	<u>795,000</u>	<u>1,548,656</u>	<u>(753,656)</u>
<b>Total expenditures</b>	<u>21,285,100</u>	<u>19,847,570</u>	<u>1,437,530</u>
<b>Revenues over (under) expenditures</b>	(3,374,500)	(1,800,113)	1,574,387
<b>Other financing sources (uses)</b>			
Transfers in	2,060,000	2,104,799	44,799
Transfers out	(177,000)	(151,301)	25,699
Sale of bonds	1,500,000	530,580	(969,420)
Capital lease acquisitions	-	316,904	316,904
Total other financing sources (uses)	<u>3,383,000</u>	<u>2,800,982</u>	<u>(582,018)</u>
<b>Net change in fund balance</b>	8,500	1,000,869	992,369
<b>Fund balance - July 1, 2015</b>	856,563	856,563	-
Prior period adjustment	-	(194,268)	(194,268)
<b>Fund balance - July 1, 2015, as restated</b>	<u>856,563</u>	<u>662,295</u>	<u>(194,268)</u>
<b>Fund balances - June 30, 2016</b>	<u>\$ 865,063</u>	<u>\$ 1,663,164</u>	<u>\$ 798,101</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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Real estate taxes	\$ 2,449,845	\$ 2,449,845	\$ 2,462,182	\$ 12,337
Other statutory local taxes	2,350	2,350	1,879	(471)
Sales tax	4,920,000	4,920,000	4,981,277	61,277
Other permits and licenses	1,980	1,980	1,474	(506)
Wheel tax	640,000	640,000	614,585	(25,415)
Intergovernmental	12,914,436	12,914,436	12,892,415	(22,021)
Miscellaneous	493,725	493,725	511,668	17,943
<b>Total Revenues</b>	<b>21,422,336</b>	<b>21,422,336</b>	<b>21,465,480</b>	<b>43,144</b>
<b>EXPENDITURES:</b>				
Education:				
Regular instruction	11,082,126	11,005,541	11,161,508	(155,967)
Vocational education	417,721	373,831	371,946	1,885
Special education	1,526,943	1,589,833	1,588,342	1,491
Early childhood education	482,294	481,794	481,794	-
Attendance services	101,303	97,403	97,402	1
Health services	291,962	290,369	288,131	2,238
Student support	802,466	843,520	842,595	925
Regular instruction support services	666,967	690,809	691,831	(1,022)
Special education support services	82,081	127,771	127,323	448
Vocational education support services	1,000	12,501	12,516	(15)
Alternative education support services	-	81,582	82,405	(823)
Operation of plant	2,219,635	2,209,931	2,249,886	(39,955)
Maintenance of plant	449,683	548,029	546,550	1,479
Board of education	748,339	805,226	773,797	31,429
Alternative education	365,678	327,436	323,542	3,894
Office of the superintendent	285,582	322,541	324,810	(2,269)
Community services	126,706	69,053	68,192	861
Transportation	1,800	25,398	25,834	(436)
Office of the principal	1,315,004	1,270,459	1,270,937	(478)
Fiscal services	203,211	213,314	211,826	1,488
Total education	21,170,501	21,386,341	21,541,167	(154,826)
Capital outlay	72,000	156,623	156,623	-
<b>Total Expenditures</b>	<b>21,242,501</b>	<b>21,542,964</b>	<b>21,697,790</b>	<b>(154,826)</b>
<b>Revenues Over (Under) Expenditures</b>	<b>179,835</b>	<b>(120,628)</b>	<b>(232,310)</b>	<b>(111,682)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	95,032	103,272	-	(103,272)
Other charges-interest and bond fees	-	(270,004)	-	270,004
Transfers to other funds	(251,000)	(92,272)	(249,754)	(157,482)
<b>Total other financing sources (uses)</b>	<b>(155,968)</b>	<b>(259,004)</b>	<b>(249,754)</b>	<b>9,250</b>
<b>Net Change in Fund Balance</b>	<b>23,867</b>	<b>(379,632)</b>	<b>(482,064)</b>	<b>(102,432)</b>
<b>Fund Balance - July 1, 2015</b>	<b>1,994,484</b>	<b>1,994,491</b>	<b>1,994,491</b>	<b>-</b>
<b>Fund Balance - June 30, 2016</b>	<b>\$ 2,018,351</b>	<b>\$ 1,614,859</b>	<b>\$ 1,512,427</b>	<b>\$ (102,432)</b>

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, 2016

	Business-Type Activities -- Enterprise Funds					Totals	Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System			
<b>ASSETS</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 6,593,754	\$ 657,549	\$ 1,733,787	\$ 4,406,882	\$ 13,391,972	\$ 1,632,186	
Investments	735,253	-	314,222	9,233,199	10,282,674	-	
Accounts receivable - net	131,241	795,498	202,873	2,539,064	3,668,676	14,582	
Accrued interest receivable	-	-	-	31,529	31,529	-	
Accrued rents receivable	-	-	-	87,587	87,587	-	
Due from other funds	1,473,527	373,021	289,858	-	2,136,406	83,068	
Inventories	48,917	129,560	-	740,598	919,075	-	
Prepaid expenses	1,365,781	-	-	90,845	1,456,626	-	
<b>Total current assets</b>	<b>10,348,473</b>	<b>1,955,628</b>	<b>2,540,740</b>	<b>17,129,704</b>	<b>31,974,545</b>	<b>1,729,836</b>	
<b>Noncurrent assets:</b>							
Cash in bank and with trustees	-	-	-	1,235,663	1,235,663	-	
Capital assets:							
Plant in service	13,570,906	60,728,203	8,820,671	58,427,578	141,547,358	2,165,392	
Construction in progress	-	211,570	-	848,709	1,060,279	-	
Less - accumulated depreciation	(8,016,587)	(35,567,972)	(6,705,072)	(28,194,493)	(78,484,124)	(1,711,974)	
Net Capital Assets	5,554,319	25,371,801	2,115,599	31,081,794	64,123,513	453,418	
Other assets	-	6,480	645	575,546	582,671	24,336	
<b>Total noncurrent assets</b>	<b>5,554,319</b>	<b>25,378,281</b>	<b>2,116,244</b>	<b>32,893,003</b>	<b>65,941,847</b>	<b>477,754</b>	
<b>Total Assets</b>	<b>15,902,792</b>	<b>27,333,909</b>	<b>4,656,984</b>	<b>50,022,707</b>	<b>97,916,392</b>	<b>2,207,590</b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Differences between expected and actual earnings - pension	744,087	1,760,685	1,055,251	36,159	3,596,182	-	
Contributions - pension	-	-	-	563,743	563,743	-	
Changes in assumption - pension	-	-	-	1,276,028	1,276,028	-	
Net difference between projected and actual earnings on pension plan investment	-	-	-	645,023	645,023	-	
<b>Total Deferred Outflows of Resources</b>	<b>744,087</b>	<b>1,760,685</b>	<b>1,055,251</b>	<b>2,520,953</b>	<b>6,080,976</b>	<b>-</b>	

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, 2016

	Business-Type Activities -- Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System		
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Accounts payable	393,307	192,995	18,657	3,255,117	3,860,076	8,817
Bonds payable within one year	-	735,000	-	380,000	1,115,000	-
Accrued payroll	15,911	41,697	21,344	-	78,952	35,348
Accrued interest payable	-	7,633	-	24,583	32,216	-
Accrued compensated absences	46,611	74,997	35,184	-	156,792	33,351
Customer deposits	337,854	476,947	-	1,826,235	2,641,036	-
Due to other funds	28,392	379,545	12,428	-	420,365	980,761
Other current liabilities	1,448,937	3,441,865	2,049,977	64,053	7,004,832	-
<b>Total current liabilities</b>	<b>2,271,012</b>	<b>5,350,679</b>	<b>2,137,590</b>	<b>5,549,988</b>	<b>15,309,269</b>	<b>1,058,277</b>
<b>Noncurrent liabilities:</b>						
Other accrued liabilities	2,965	347,081	1,366,693	4,174,492	5,891,231	39,993
Advances from TVA - conservation	-	-	-	523,986	523,986	-
Bonds payable - long-term	-	1,555,000	-	1,652,753	3,207,753	-
<b>Total noncurrent liabilities</b>	<b>2,965</b>	<b>1,902,081</b>	<b>1,366,693</b>	<b>6,351,231</b>	<b>9,622,970</b>	<b>39,993</b>
<b>Total Liabilities</b>	<b>2,273,977</b>	<b>7,252,760</b>	<b>3,504,283</b>	<b>11,901,219</b>	<b>24,932,239</b>	<b>1,098,270</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Differences between expected and actual experience - pension	7,261	17,180	10,297	230,033	264,771	-
Changes of assumptions - pension	-	-	-	878,235	878,235	-
<b>Total Deferred Inflows of Resources</b>	<b>7,261</b>	<b>17,180</b>	<b>10,297</b>	<b>1,108,268</b>	<b>1,143,006</b>	<b>-</b>
<b>NET POSITION</b>						
Net investment in capital assets	5,554,319	25,371,801	2,115,599	29,072,220	62,113,939	453,418
Restricted	-	-	-	1,235,663	1,235,663	-
Unrestricted	8,811,322	(3,547,147)	82,056	9,226,290	14,572,521	655,902
<b>Net Position</b>	<b>\$ 14,365,641</b>	<b>\$ 21,824,654</b>	<b>\$ 2,197,655</b>	<b>\$ 39,534,173</b>	<b>\$ 77,922,123</b>	<b>\$ 1,109,320</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					827,342	
<b>Total Net Position of business-type activities</b>					<b>\$ 78,749,465</b>	

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, 2016**

	<b>Business-Type Activities -- Enterprise Funds</b>				<b>Totals</b>	<b>Governmental</b>
	<b>Gas</b>	<b>Water and Sewer</b>	<b>Solid Waste Management</b>	<b>Electric System</b>		<b>Internal Service Funds</b>
<b>Operating revenues:</b>						
Charges for service	\$ 4,690,223	\$ 7,072,944	\$ 2,431,534	\$ 36,390,705	\$ 50,585,406	\$ -
Interest and penalties	21,010	43,171	-	197,512	261,693	-
Rent	-	-	-	988,205	988,205	-
Miscellaneous	19,743	11,866	8,285	80,796	120,690	1,878,329
Total operating revenues	<u>4,730,976</u>	<u>7,127,981</u>	<u>2,439,819</u>	<u>37,657,218</u>	<u>51,955,994</u>	<u>1,878,329</u>
<b>Operating expenses:</b>						
Purchased power	2,532,109	-	-	30,107,382	32,639,491	-
Transmission and distribution	729,205	407,690	-	1,718,617	2,855,512	-
Customers' accounting and collecting	394,343	400,354	50,489	510,995	1,356,181	-
General and administrative	814,312	1,104,130	659,874	1,831,402	4,409,718	1,814,183
Purification	-	1,192,192	-	-	1,192,192	-
Sewer plant operation	-	315,291	-	-	315,291	-
Sewage treatment and disposal	-	1,203,579	-	-	1,203,579	-
Residential and dumpster operations	-	-	995,260	-	995,260	-
Landfill operations	-	-	370,868	-	370,868	-
General plant maintenance	-	-	-	22,474	22,474	-
Depreciation and amortization	316,647	1,360,490	615,274	2,016,741	4,309,152	72,062
Taxes other than tax equivalents	-	-	-	136,709	136,709	-
Total operating expenses	<u>4,786,616</u>	<u>5,983,726</u>	<u>2,691,765</u>	<u>36,344,320</u>	<u>49,806,427</u>	<u>1,886,245</u>
<b>Operating income (loss)</b>	(55,640)	1,144,255	(251,946)	1,312,898	2,149,567	(7,916)
<b>Nonoperating revenues (expenses):</b>						
Investment earnings	43,810	5,345	9,268	211,821	270,244	705
CDBG grant	-	204,025	-	-	204,025	-
Interest expense	-	(103,266)	-	(67,706)	(170,972)	-
Miscellaneous income (expense)	-	(3,128)	-	(23,109)	(26,237)	287
Total nonoperating revenues (expenses)	<u>43,810</u>	<u>102,976</u>	<u>9,268</u>	<u>121,006</u>	<u>277,060</u>	<u>992</u>
<b>Income (loss) before extraordinary items and transfers</b>	(11,830)	1,247,231	(242,678)	1,433,904	2,426,627	(6,924)
Transfers out	(250,200)	(697,800)	-	(1,122,540)	(2,070,540)	-
<b>Change in net position</b>	(262,030)	549,431	(242,678)	311,364	356,087	(6,924)
<b>Net position - July 1, 2015</b>	14,635,492	21,336,997	2,501,003	39,222,809		1,116,244
<b>Change in accounting principle</b>	(7,821)	(61,774)	(60,670)	-		-
<b>Net position - July 1, 2015 as restated</b>	<u>14,627,671</u>	<u>21,275,223</u>	<u>2,440,333</u>	<u>39,222,809</u>		<u>1,116,244</u>
<b>Net position - June 30, 2016</b>	<u>\$ 14,365,641</u>	<u>\$ 21,824,654</u>	<u>\$ 2,197,655</u>	<u>\$ 39,534,173</u>		<u>\$ 1,109,320</u>
					70,882	
					<u>\$ 426,969</u>	

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

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, 2016

	Business-type Activities -- Enterprises Funds				Total	Governmental Activities - Internal Service Funds	
	Water and Sewer		Solid Waste Management				Electric System
	Gas	Sewer	Management	System			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 4,704,152	\$ 6,894,967	\$ 2,418,586	\$ 37,708,774	\$ 51,726,479	\$ 1,033,612	
Payments to suppliers	(4,355,336)	(1,230,407)	(470,281)	(32,480,103)	(38,536,127)	(443,978)	
Payments to employees for services	(435,201)	(1,117,406)	(666,663)	(2,070,186)	(4,289,456)	(1,062,826)	
Payments for employee benefits	(207,234)	(605,912)	(352,811)	-	(1,165,957)	(290,636)	
Payments to other funds	(1,009,846)	(1,393,431)	(527,926)	-	(2,931,203)	(86,257)	
Other receipts (payments)	46,864	60,360	8,285	-	115,509	833,489	
Net Cash Provided by (used for) Operating Activities	(1,256,601)	2,608,171	409,190	3,158,485	4,919,245	(16,596)	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers to other funds	(250,200)	(697,800)	-	(1,122,540)	(2,070,540)	-	
Net cash from (used by) financing activities	(250,200)	(697,800)	-	(1,122,540)	(2,070,540)	-	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	(396,272)	(784,304)	(72,447)	(1,869,958)	(3,122,981)	-	
Salvage from retirement of plant	-	-	-	39,198	39,198	-	
Cost of removal on retired plant	-	-	-	(226,139)	(226,139)	-	
Principal paid on notes and bonds	-	(700,000)	-	(585,000)	(1,285,000)	-	
Interest paid on notes and bonds	-	(105,600)	-	(73,170)	(178,770)	-	
CDBG grant proceeds	-	204,025	-	-	204,025	-	
Other receipts (payments)	-	(3,128)	-	(14,579)	(17,707)	287	
Net cash from (used by) capital and related financing activities	(396,272)	(1,389,007)	(72,447)	(2,729,648)	(4,587,374)	287	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Net change in investments	(1,714)	-	(733)	12,702	10,255	-	
Interest and investment earnings	43,810	5,345	9,268	196,441	254,864	705	
Increase (decrease) in customer deposits	-	-	-	120,448	120,448	-	
Net change in conservation loans	-	-	-	(1,367,647)	(1,367,647)	-	
Net cash provided by (used for) investing activities	42,096	5,345	8,535	(1,038,056)	(982,080)	705	
<b>Net increase(decrease) in cash and cash equivalents</b>	(1,860,977)	526,709	345,278	(1,731,759)	(2,720,749)	(15,604)	
<b>Cash and cash equivalents - July 1, 2015</b>	8,454,731	130,840	1,388,509	7,173,198	17,147,278	1,647,790	
<b>Cash and cash equivalents - June 30, 2016</b>	\$ 6,593,754	\$ 657,549	\$ 1,733,787	\$ 5,441,439	\$ 14,426,529	\$ 1,632,186	

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, 2016  
(CONTINUED)

	Business-type Activities -- Enterprises Funds				Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (55,640)	\$ 1,144,255	\$ (251,946)	\$ 1,312,898	\$ 2,149,567
Adjustments to reconcile net income (loss) from operations to net cash provided by operating activities					
Depreciation	316,647	1,355,915	615,274	2,016,741	4,304,577
Amortization	-	4,575	64,300	-	68,875
Provision for doubtful accounts	20,055	13,430	15,689	-	49,174
Deferrals - pension	-	-	-	(681)	(681)
(Increase) Decrease in Assets					
Accounts receivable, net of allowance	13,929	(177,977)	(12,948)	51,556	(125,440)
Due from other funds	67,145	(97,401)	(41,153)	-	(71,409)
Inventory	(2,178)	6,034	-	(45,756)	(41,900)
Prepaid expenses	(1,365,781)	-	-	4,680	(1,361,101)
Increase (Decrease) in Liabilities					
Accounts payable	(245,740)	60,027	(765)	(210,891)	(397,369)
Accrued payroll	3,771	10,001	2,684	-	16,456
Accrued vacation	-	-	-	3,400	3,400
Customer deposits	6,111	5,323	-	-	11,434
Due to other funds	(82,064)	(237,291)	(114,885)	-	(434,240)
Other current liabilities	91,807	511,821	128,124	26,538	758,290
Compensated absences	(24,663)	9,459	4,816	-	(10,388)
Net cash provided by (used for) operating activities	\$ (1,256,601)	\$ 2,608,171	\$ 409,190	\$ 3,158,485	\$ 4,919,245
					\$ (7,916)
					\$ (16,596)

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

**CITY OF DYERSBURG, TENNESSEE  
DYERSBURG CITY SCHOOLS  
STATEMENT OF FIDUCIARY NET POSITION  
For the Year ended December 31, 2015**

<b>Assets</b>	
Investments	
Fixed account	\$ 335,687
Mutual funds	4,459,846
Total Investments	<u>4,795,533</u>
Contributions Receivable	<u>-</u>
Net assets	4,795,533
<b>Liabilities</b>	
	<u>-</u>
<b>Net position restricted for pensions</b>	<b><u><u>\$ 4,795,533</u></u></b>

**CITY OF DYERSBURG, TENNESSEE  
DYERSBURG CITY SCHOOLS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For the Year ended December 31, 2015**

<b>Additions</b>	
Contributions	
Employer	\$ 105,681
Employee	137,977
Total Contributions	<u>243,658</u>
Investment Income	
Interest Income	-
Earnings from mutual funds	(56,730)
Total Investment Income	<u>(56,730)</u>
Total Additions	186,928
<b>Deductions</b>	
Benefit Payments/Refunds	<u>308,036</u>
Net increase in Net Position	<u>(121,108)</u>
<b>Net Position restricted for pensions</b>	
Beginning of Year	<u>4,916,641</u>
<b>End of Year</b>	<b><u><u>\$ 4,795,533</u></u></b>

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 June 30, 2015**

<b>Assets</b>	
Cash	\$ 700,402
Investments	
Mutual Funds	3,318,172
Alternative Investments	1,700,377
Total Investments	<u>5,018,549</u>
Net Assets	<u>5,718,951</u>
<b>Liabilities</b>	<u>-</u>
<b>Net Position restricted for pensions</b>	<b><u><u>\$5,718,951</u></u></b>

**CITY OF DYERSBURG, TENNESSEE  
DYERSBURG ELECTRIC SYSTEM  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For the Year ended June 30, 2015**

<b>Additions</b>	
Contributions	\$ 596,336
Investment Income	
Net appreciation	(181,724)
Interest and Dividends	69,330
Total Additions	<u>483,942</u>
<b>Deductions</b>	
Benefit Payments/Refunds	174,754
Expenses	
Investment	28,275
Total Deductions	<u>203,029</u>
Change in Net Position	<u>280,913</u>
<b>Net Position restricted for pensions</b>	
Beginning of Year	<u>5,438,038</u>
End of Year	<b><u><u>\$5,718,951</u></u></b>

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, 2015

<b>Assets</b>	
Cash	\$ 195,875
Receivables	10,845
Investments	
Domestic Fixed Income	409,224
Domestic Equities	1,989,397
Real Estate	218,895
Total Investments	<u>2,617,515</u>
Net Assets	<u>2,824,235</u>
<b>Liabilities</b>	
	<u>-</u>
<b>Net Position restricted for pensions</b>	<b><u><u>\$2,824,235</u></u></b>

**CITY OF DYERSBURG, TENNESSEE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
For the Fiscal Year ended June 30, 2015

<b>Additions</b>	
Contributions	\$1,159,617
Investment Income	
Net appreciation	<u>192,358</u>
Total Additions	1,351,975
<b>Deductions</b>	
Benefit Payments/Refunds	2,055,619
Expenses	
Administrative	<u>91,727</u>
Total Deductions	<u>2,147,346</u>
Change in Net Position	<u>(795,371)</u>
<b>Net Position restricted for pensions</b>	
Beginning of Year	<u>3,619,606</u>
<b>End of Year</b>	<b><u><u>\$2,824,235</u></u></b>

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

**CITY OF DYERSBURG, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**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, 2016**

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, 2016**

**D. Impact of Recently Issued Accounting Pronouncements**

In February 2015, the GASB issued Statement No. 72 – Fair Value Measurement and Application, effective for fiscal years beginning after June 15, 2015, provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This Statement did not have an impact on the City in the current year. In June 2015, the GASB issued Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, effective for financial statements for periods beginning after June 15, 2015. This Statement carries all of the requirements of Statement 68 to all pensions. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by employers. This Statement did not have an effect on the City due to the City's pension plans falling under GASB Statement No. 68. 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 is currently evaluating the impact that this Statement will have on the City's financial statements.

**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.

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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 2016 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:

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

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

**5. Compensated Absences**

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

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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.

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9. *Vacation and Sick Leave*

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

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

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

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

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

3) Firefighters accrue vacation days under the following terms:

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

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

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

10. *Deferred Outflows/Inflows of Resources*

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

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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, 2016, was \$17,323.

*12 Pensions*

*Dyersburg Electric System*

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

*Dyersburg City Schools*

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

*City of Dyersburg*

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

*13 On Behalf Payments for Post Retirement Insurance Benefits*

*Dyersburg City Schools*

The Board recognizes as revenues and expenses contributions made by the State of Tennessee to the Teacher Group Plan and the Medicare Plan on behalf of the Board's employees. For the year ended June 30, 2016, the State made contributions of \$222,000.

**II. Reconciliation of Government-Wide and Fund Financial Statement**

**CITY OF DYERSBURG, TENNESSEE**  
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**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$24,193,883 difference are as follows:

Bonds payable	\$ 11,212,197
Notes payable	10,842,170
Compensated absences	<u>2,139,516</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 24,193,883</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense." The details of this (\$2,816,659) difference are as follows:

Capital outlay	\$ 1,241,471
Less depreciation expense	<u>(4,058,130)</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>\$ (2,816,659)</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, 2016 expenditures exceeded appropriations in the TIP Fund and the General Purpose School Fund.

**IV. Detail Notes on All Funds**

**A. Deposits and Investments**

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

The City is mandated by law to require that the financial institutions in which they maintain deposits pledge securities to collateralize deposits which are in excess of the amount covered by federal insurance. At June 30, 2016, the City's bank deposits were entirely insured with FDIC Insurance or through the state bank collateral pool.

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

	Investments	Trust Funds
Time Deposits	\$ 10,000	\$ -
Certificates of Deposit	9,233,199	
U. S. Agencies and Instrumentalities	-	1,475,472
Total Securities	<u>9,243,199</u>	<u>1,475,472</u>
Local Government Investment Pool	1,049,475	-
Total Investments	<u>\$ 10,292,674</u>	<u>\$ 1,475,472</u>

At June 30, 2016 the time deposits and certificates of deposit contained a weighted average maturity of between 6 and 36 months and the fair value is noted as the carrying amount reported. The U.S. Agencies and Instrumentalities contained a weighted average maturity of 60 months and the fair value is noted as the carrying amount reported.

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

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

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

**B. Receivables**

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

**Governmental Funds:**

	General	School	Nonmajor Funds	Total
Taxes	\$ 87,694	\$ 465,400	\$ -	\$ 553,094
Accounts	1,607,118	20,969	408,127	2,036,214
Intergovernmental	-	-	143,611	143,611
Unassessed property taxes	8,043,905	-	-	8,043,905
Gross receivables	9,738,717	486,369	551,738	10,776,824
Less: allowance for uncollectibles	(273,167)	-	-	(273,167)
Net total receivables	<u>\$ 9,465,550</u>	<u>\$ 486,369</u>	<u>\$ 551,738</u>	<u>\$ 10,503,657</u>

**Business-type Funds:**

	Proprietary Funds				Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System	Total
Interest	\$ -	\$ -	\$ -	\$ 31,529	\$ 31,529
Accounts	169,241	872,498	252,873	2,790,973	4,085,585
Other assessments	-	-	-	87,587	87,587
Gross receivables	169,241	872,498	252,873	2,910,089	4,204,701
Less: allowance for uncollectibles	(38,000)	(77,000)	(50,000)	(251,909)	(416,909)
Net total receivables	<u>\$ 131,241</u>	<u>\$ 795,498</u>	<u>\$ 202,873</u>	<u>\$ 2,658,180</u>	<u>\$ 3,787,792</u>
					<u>\$ 14,582</u>

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

	Unavailable
Property taxes receivable (general fund)	\$ 7,941,517
Confiscated funds (TIP fund)	12,809
Total unavailable revenue for governmental funds	\$ 7,954,326

**C. Notes Receivable**

During the year ended June 30, 1996, the City sold 30 acres of industrial park land to the Industrial Development Board of Dyer County. The Board executed a non-interest bearing note payable in favor of the City in the amount of \$240,000 due in full October 1, 2015. The principal balance of the note was retired during the fiscal year.

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

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2016 was as follows:

**Primary Government**

	Beginning Balance	Additions & Adjustments	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,547,196	\$ 15,152	\$ (156,120)	\$ 6,406,228
Construction in progress	\$ -	\$ 156,500	\$ -	\$ 156,500
Capital assets being depreciated:				
Buildings	\$ 58,835,981	\$ 148,125	\$ -	\$ 58,984,106
Improvements other than buildings	8,737,265	64,730	-	8,801,995
Machinery and equipment	14,103,331	612,995	(31,020)	14,685,306
Infrastructure	26,480,446	243,969	-	26,724,415
Total capital assets, being depreciated	108,157,023	1,069,819	(31,020)	109,195,822
Less accumulated depreciation for:				
Buildings	(30,055,835)	(2,715,002)	-	(32,770,837)
Improvements other than buildings	(2,645,468)	(422,489)	-	(3,067,957)
Machinery and equipment	(10,637,669)	(569,645)	26,179	(11,181,135)
Infrastructure	(16,380,883)	(350,994)	-	(16,731,877)
Total accumulated depreciation	(59,719,855)	(4,058,130)	26,179	(63,751,806)
Total capital assets, being depreciated, net	48,437,168	(2,988,311)	(4,841)	45,444,016
Allocated Internal Service Fund capital assets, being depreciated, net	345,273	-	(29,027)	316,246
Governmental activities capital assets, net	\$ 48,782,441	\$ (2,988,311)	\$ (33,868)	\$ 45,760,262

**CITY OF DYERSBURG, TENNESSEE**  
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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,179,874	\$ 1	\$ -	\$ 2,179,875
Construction in progress	\$ 2,590,615	\$ 346,185	\$ (1,876,521)	\$ 1,060,279
Capital assets being depreciated:				
Land and land improvements	\$ 5,681,079	\$ -	\$ -	\$ 5,681,079
Buildings and systems	115,088,675	3,531,171	(523,683)	118,096,163
Machinery and equipment	14,527,078	1,240,489	(177,326)	15,590,241
Total capital assets, being depreciated	135,296,832	4,771,660	(701,009)	139,367,483
Less accumulated depreciation	(74,949,151)	(4,422,921)	887,948	(78,484,124)
Total capital assets, being depreciated, net	60,347,681	348,739	186,939	60,883,359
Allocated Internal Service Fund capital assets, being depreciated, net	174,941	-	(37,769)	137,172
Business-type activities capital assets, net	\$ 60,522,622	\$ 348,739	\$ 149,170	\$ 61,020,531

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

**Government activities:**

General government	\$ 196,684
Public safety	327,937
Public works	760,786
Schools	2,628,507
Parks & recreation	144,216
Capital assets held by the government's internal service funds charged to functions based on usage	29,027
Total depreciation expense - governmental activities	<u>\$ 4,087,157</u>

**Business-type activities:**

Gas	\$ 316,647
Water and Sewer	1,355,915
Solid Waste Management	615,274
Electric	2,135,085
Capital assets held by the government's internal service funds charged to functions based on usage	37,769
Total depreciation expense - business-type activities	<u>\$ 4,460,690</u>

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

The composition of interfund balances at June 30, 2016, is as follows:

Receivable Fund	Payable Fund	Amount
General	Enterprise	\$ 69,784
	Nonmajor governmental	385,353
	Internal Service	45,578
Enterprise	Nonmajor governmental	863,616
	Internal Service	922,209
	Enterprise	350,581
Nonmajor governmental	General	507,778
Internal Service	General	21,000
	Internal Service	12,974
	Nonmajor governmental	49,094
Total		<u>\$ 3,227,967</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.

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Interfund transfers for the year ending June 30, 2016:

Transfer To	Transfer From	Amount
General	Gas (Tax Equivalents)	\$ 250,200
	Water and Sewer (Tax Equivalents)	697,800
	Electric (Tax Equivalents)	1,122,540
	Cemetery Trust (Per Trust Agreement)	34,259
Community Development	General (Industrial Development)	81,725
Cemetery Trust	General (Per Trust Agreement)	43,750
Capital Projects	General (Capital Projects)	25,826
School General Purpose	Debt Service (School Debt)	1,657,386
School Debt Service	School General Purpose (School Debt)	249,754
Total		<u>\$ 4,163,240</u>

Interfund transfers occur in the normal course of business activities.

**F. Long-Term Debt**

**1. General Obligation bonds**

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

\$8,365,000 General Obligation Water and Sewer Refunding Bonds, Series 2009 dated April 28, 2009, due in annual installments at 3.00-4.00% interest, secured by revenues of the City.	\$ 2,290,000
\$2,960,000 General Obligation Qualified School Construction Bonds, Series 2009 dated December 17, 2009, due in monthly installments at 1.51% interest, secured by revenues of the City.	1,867,197
\$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.	9,345,000
Total General Obligation Bonds Payable	<u>\$ 13,502,197</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
2017	\$ 284,699	\$ 378,762	\$ 735,000	\$ 76,900
2018	284,699	376,762	770,000	46,800
2019	284,699	374,762	785,000	15,700
2020	324,699	372,762		
2021	329,699	369,682	-	-
2022-2026	3,523,702	1,728,294	-	-
2027-2031	4,230,000	913,826	-	-
2032-2036	1,950,000	122,178	-	-
Totals	<u>\$ 11,212,197</u>	<u>\$ 4,637,028</u>	<u>\$ 2,290,000</u>	<u>\$ 139,400</u>

**CITY OF DYERSBURG, TENNESSEE**  
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**2. Revenue Bonds**

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

\$3,800,000 Electric System Revenue Refunding Bonds, Series 2005 dated March 22, 2005, due in annual installments at 3.10-4.10% interest, secured by revenues of the System	\$ 835,000
\$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>1,205,000</u>
Total Revenue Bonds Payable	<u><u>\$ 2,040,000</u></u>

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2017	\$ 380,000	\$ 59,001
2018	370,000	49,995
2019	365,000	41,000
2020	370,000	31,700
2021	180,000	22,200
2022-2026	375,000	22,600
Totals	<u>\$ 2,040,000</u>	<u>\$ 226,496</u>

**3. Notes Payable**

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

*Governmental activities*

\$10,000,000 Tennessee Municipal Bond Fund Variable Rate Loan Program, dated September 19, 2000, secured by revenues of the City	\$ 5,298,000
\$2,180,000 Capital Outlay Refunding Notes dated February 20, 2015, secured by revenues of the C	1,645,000
\$4,500,000 Tennessee Municipal Bond Fund Variable Rate Loan Program, dated September 29, 2011, secured by revenues of the City	2,824,000
\$500,000 Energy Efficient Schools Initiative Loan Agreement, dated April 9, 2012	333,320
\$1,500,000 Tennessee Municipal Bond Fund Variable Rate Loan Program, dated February 18, 2016, secured by revenues of the City	530,580
\$316,904 Capital Lease secured by revenues of the City	<u>211,270</u>
Total notes payable - Governmental activities	<u><u>\$ 10,842,170</u></u>

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

Year Ending June 30,	Principal	Interest
2017	\$ 1,831,639	\$ 276,595
2018	1,943,219	253,701
2019	1,873,004	212,724
2020	1,370,004	169,697
2021	1,414,004	133,239
2022-2026	2,410,300	102,780
Totals	<u>\$ 10,842,170</u>	<u>\$ 1,148,736</u>

**CITY OF DYERSBURG, TENNESSEE**  
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**June 30, 2016**

**4. Changes in long-term liabilities**

Long – term liability activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due in One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 1,966,105	\$ -	\$ (17,923)	1,948,182	\$ -
Notes Payable	11,775,324	3,027,484	(3,960,638)	10,842,170	1,831,639
General Obligation Bonds	11,496,896	-	(284,699)	11,212,197	284,699
Total governmental activities	<u>25,238,325</u>	<u>3,027,484</u>	<u>(4,263,260)</u>	<u>24,002,549</u>	<u>2,116,338</u>
<b>Business Type Activities</b>					
Compensated Absences	122,607		(21,611)	100,996	-
Closure/Postclosure Costs	1,292,700	64,300	-	1,357,000	-
General Obligation Bonds	2,990,000	-	(700,000)	2,290,000	735,000
Revenue Bonds	2,625,000	-	(585,000)	2,040,000	380,000
Less Bond Discount	(9,992)	2,745	-	(7,247)	-
Total business type activities	<u>7,020,315</u>	<u>67,045</u>	<u>(1,306,611)</u>	<u>5,780,749</u>	<u>1,115,000</u>
Total of all fund types	<u>\$ 32,258,640</u>	<u>\$ 3,094,529</u>	<u>\$ (5,569,871)</u>	<u>\$ 29,783,298</u>	<u>\$ 3,231,338</u>
OPEB	<u>\$ 1,561,426</u>	<u>\$ 191,240</u>	<u>\$ -</u>	<u>\$ 1,752,666</u>	<u>\$ -</u>

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

**G. Fund Balances - Governmental Funds**

	General Fund	School Fund	Other Govt. Funds	Total
<b>Nonspendable</b>				
Inventory	\$ 3,923	\$ -	\$ 46,528	\$ 50,451
Prepaid expenses	27,523	-	-	27,523
Unredeemed property	-	-	-	-
<b>Restricted</b>				
Public safety	-	-	280,222	280,222
Education	-	1,512,426	540,777	2,053,203
Capital projects	-	-	1,288	1,288
Community development	-	-	-	-
Perpetual care	-	-	1,472,122	1,472,122
Debt service	-	-	2,215,824	2,215,824
<b>Committed</b>				
Employee health claims	-	-	50,493	50,493
Unassigned	1,631,718	-	(19,769)	1,611,949
Totals	<u>\$ 1,663,164</u>	<u>\$ 1,512,426</u>	<u>\$ 4,587,485</u>	<u>\$ 7,763,075</u>

**H. Industrial Park Property**

The City of Dyersburg has purchased several parcels of industrial property in an equal partnership with the County of Dyer, Tennessee. When the property is sold, the County of Dyer receives one-half of the net proceeds from the sales after allowance has been made for reimbursement to the City for costs of developing the property, if any. At June 30, 2016, approximately 308 acres of undeveloped industrial park property is owned jointly by these two governmental bodies.

**CITY OF DYERSBURG, TENNESSEE**  
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**I. Closure and Postclosure Care Costs**

State and Federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. At June 30, 2016, the estimated remaining useful life of the landfill was 59 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 \$1,357,000 as of June 30, 2016, which is based on 23.6% usage (filled) of the landfill. It is estimated that an additional \$4,381,743 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care (\$5,738,743) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2016. 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, 2016, the City has \$314,222 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 \$5,981,336 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.

**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, 2016, 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.

**CITY OF DYERSBURG, TENNESSEE**  
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Other City Segments

The City through the City of Dyersburg Healthcare Network provides City employees with self-funded healthcare coverage. The City entered an agreement with Underwriters Safety & Claims, Inc. for claims administration and payment. Claims in excess of a self-insured aggregate limit of \$3,661,468 and specific underlying coverage of \$100,000 per employee was covered through third party insurance policies. Revenues are recognized from payroll deductions for employee dependent coverage and from City contributions for employee coverage. There were no reductions in insurance coverage, and claims paid in excess of self-insured limits have been reimbursed to the City or recorded as a receivable at June 30, 2016.

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, 2016, 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, 2016 Dyersburg Electric had no litigation or pending litigation.

At June 30, 2016 Dyersburg City Schools had no litigation or pending litigation.

At June 30, 2016 the City of Dyersburg is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

**D. Contingent Liabilities**

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

**E. Employee Retirement Systems and Pension Plans**

**Dyersburg City Schools**

**1. Teachers Legacy Plan**

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

**CITY OF DYERSBURG, TENNESSEE**  
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*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 Pension 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, 2016 to the Teacher Legacy Pension Plan were \$966,175 which is 9.04 percent of covered payroll. The employer rate, when combined with members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liabilities (Assets).* At June 30, 2016, the Dyersburg City Schools reported a liability of \$119,875 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2015, 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' share of contributions to the pension plan relative to the contributions of all LEAs. At the June 30, 2015 measurement date, Dyersburg City Schools' proportion was 0.292639 percent. The proportion measured as of June 30, 2014 was 0.307025 percent.

*Negative Pension Expense.* For the year ended June 30, 2016, Dyersburg City Schools recognized negative pension expense of \$124,641.

**CITY OF DYERSBURG, TENNESSEE**  
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*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, 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	\$ 96,205	\$ 1,865,871
Net difference between projected and actual earning on pension plan investments	2,164,566	2,938,516
Changes in proportion of Net Pension Liability (asset)	36,648	153,828
LEAs contributions subsequent to the measurement date of June 30, 2015	<u>996,175</u>	<u>N/A</u>
Total	<u>\$ 3,263,594</u>	<u>\$ 4,958,216</u>

Dyersburg City Schools employer contributions of \$966,175, 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, 2017. 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:**

2017	\$ (815,733)
2018	(815,733)
2019	(815,733)
2020	163,772
2021	(377,369)
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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

**CITY OF DYERSBURG, TENNESSEE**  
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The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in 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 Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Dyersburg City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5 percent) or 1 percentage-point higher (8.5 percent) than the current rate:

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	<b>Net Pension Liability</b>
1% Decrease (6.5%)	\$ 8,172,670
Current Discount Rate ( 7.5%)	\$ 119,875
1% Increase (8.5%)	\$ (6,546,890)

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

**2. Teacher Retirement Plan (TCRS)**

**General Information about the Pension 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 Retirement 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 LEA's after June 30, 2014. The Teacher Retirement Plan is a cost sharing multiple-employer defined benefit pension plan. 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](http://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 with an unreduced benefit 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. 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 60 and vested or pursuant to the rule of 80. Service related disability benefits are provided 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 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.

**CITY OF DYERSBURG, TENNESSEE**  
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*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. 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. 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, is reached. 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 not remitted. Employer contributions for the year ended June 30, 2016 to the Teacher Retirement Plan were \$37,449, which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liabilities (Assets).* At June 30, 2016, Dyersburg City Schools reported an asset of \$9,988 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, 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, 2015, Dyersburg City Schools' proportion was 0.248278 percent.

*Pension Expense.* For the year ended June 30, 2016, Dyersburg City Schools recognized pension expense of \$13,090.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, 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>
Difference between expected and actual experience		\$ 3,251
Net difference between projected and actual earnings on pension plan investments	\$ 807	
Dyersburg City School's contributions subsequent to the measurement date of June 30, 2015	<u>37,449</u>	<u>N/A</u>
	<u>\$ 38,256</u>	<u>\$ 3,251</u>

Dyersburg City Schools' employer contributions of \$37,449 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF DYERSBURG, TENNESSEE**  
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**Year Ended June 30:**

2017	\$ (69)
2018	(69)
2019	(69)
2020	(69)
2021	(271)
Thereafter	(1,896)

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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

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

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

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

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

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

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

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from 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 7.5 percent, as well as what Dyersburg City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Dyersburg City Schools' proportionate share of the net pension liability (asset)	\$1,771	(\$9,998)	(\$18,612)

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

### 3. 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.

*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.

**CITY OF DYERSBURG, TENNESSEE**  
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At December 31, 2015, the following employees were covered by the Plan:

Active employees	101
Inactive employees or beneficiaries currently receiving benefits	38
Inactive employees entitled to but not yet receiving benefits	4
	143

*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, 2015, 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, 2015 were 5 percent and \$39,835, respectively. Actual contributions for the year equaled \$39,835, or 100% of required contributions.

*Net Pension Liability.* The Dyersburg City Schools' net pension liability was measured as of December 31, 2015 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, 2015 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	7.25 percent, net of Plan investment expense, including inflation	

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - December 31, 2015. In addition, mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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:

	Target Allocation	Long-term Expected Real Rate of Return
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%	

**CITY OF DYERSBURG, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
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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 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 June 30, 2016 were as follows:

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

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/2014	\$ 6,756,232	\$ 4,916,641	\$ 1,839,591
Changes for the Year:			
Service cost	147,466		147,466
Interest expense	489,615		489,615
Benefit changes			-
Experience losses (gains)			-
Changes of assumptions			-
Contributions - employer		105,681	(105,681)
Contributions - employee		137,977	(137,977)
Net investment income		(56,730)	56,730
Expected return on plan investments			-
Current expense of asset (gain)/loss			-
Non expensed asset gain/(loss)			-
Benefits paid	(300,765)	(300,765)	-
Plan administrative expenses		(7,271)	7,271
Recognition of prior post-measurement contribution			-
Post-measurement contribution			-
Other changes			-
Amortization of or change in beginning balances			-
Net changes	336,316	(121,108)	457,424
Balances at 12/31/2015	\$ 7,092,548	\$ 4,795,533	\$ 2,297,015

**CITY OF DYERSBURG, TENNESSEE**  
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*Determination of Net Pension Liability.* The components of the net pension liability at December 31, 2015 were as follows:

	<u>December 31, 2015</u>
Total Pension Liability (7.25%)	\$ 7,092,548
Plan Fiduciary Net Position	(4,795,533)
Net Pension Liability	<u>\$ 2,297,015</u>
 Plan Fiduciary Net Position as a % of Total Pension Liability	67.61%

*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	\$3,200,553	\$2,297,015	\$1,537,175

*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, 2016, the Dyersburg City schools recognized pension expense of \$253,241. At June 30, 2016, 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	\$ -	\$ 9,034
Changes of assumptions	-	-
Net difference between projected and actual earnings on Plan investment	392,877	-
Dyersburg City School's contributions subsequent to the measurement date of December 31, 2015	73,091	-
Total	<u>\$ 465,968</u>	<u>\$ 9,034</u>

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

Year ending June 30,	
2017	\$ 100,988
2018	100,988
2019	100,986
2020	80,881
2021	-
Thereafter	-

*Payable to DCSRP.* At June 30, 2016, the Dyersburg City Schools Board of Education reported a payable of \$9,320 for the outstanding amount of contributions due to DCSRP for the year.

**CITY OF DYERSBURG, TENNESSEE**  
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**Dyersburg Electric System**

**1. Dyersburg Electric System Retirement Plan**

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

*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. The Defined Benefit Plan's Board is the Board of the System. Any amendments to the Defined Benefit Plan would be initiated by the System's Board.

*Plan participants.* At January 1, 2015 valuation, pension plan participants consisted of the following:

Active plan participants (vested)	36
Inactive plan participants or beneficiaries currently receiving benefits	<u>2</u>
Total plan participants	<u><u>38</u></u>

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

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

*Contributions.* Employees are required to contribute 1% of compensation. Dyersburg Electric System intends to contribute amounts necessary to fund the Plan, as determined by the Actuary. For the year ended June 30, 2015, the system's contribution rate was 26.29% of covered-employee payroll.

*Investment Policy.* The following was the Plan's adopted asset allocation policy as of June 30, 2015, as provided by the Plan's investment advisor.

**CITY OF DYERSBURG, TENNESSEE**  
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<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	Multi-Strategy	10%
Alternative	Event Driven/Fixed	15%
Alternative	Managed Futures	10%
Balanced	Global Allocation	5%
Balanced	Global Tactical	10%
Total:		<u>100%</u>

*Rate of return.* For the year ended June 30, 2015, the annual money-weighted rate of return on pension investments, net of pension plan investment expenses, was -2.52%. 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 \$3,976,465 was measured as of June 30, 2015, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of January 1, 2015.

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

Measurement Date:	June 30, 2015
Valuation Date:	January 1, 2015
Mortality:	Customized table based on actual experience including an adjustment for some anticipated improvement (same assumption utilized by TCRS)
Discount Rate:	6.75% per annum
Salary projection:	3.50% per annum
Retirement Age: Based upon eligibility for full (unreduced) benefits, as follows:	

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

Participants are assumed to retire no later than Normal Retirement	
Cost of Living Increase:	Not applicable
Long Term Inflation	2.0%
Withdrawal rates:	Crocker Sarason Table T-5
Disability rates:	25% of the 1952 Intercompany Disability Table

The January 2015 valuation report is based on the cost method and assumptions noted above. Most assumptions remained the same as those for the prior valuation. However, the discount rate assumption was changed from 7.50% to 6.75%. The mortality table is now linked to the current mortality assumption utilized by the Tennessee Consolidated Retirement System (TCRS). The net effect of these two changes in assumption result in a \$1,394,000 approximate increase to the liability.

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There have been no plan changes since the January 2015 valuation report.

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>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at June 30, 2014	\$ 7,662,121	\$ 5,438,038	\$ 2,224,083
Changes for the year:			
Service Cost	151,433	-	\$ 151,433
Interest	579,581	-	\$ 579,581
Difference between expected and actual experience	40,702	-	\$ 40,702
Changes in assumptions	1,436,333	-	\$ 1,436,333
Contributions - total	-	596,336	\$ (596,336)
Net investments income	-	423,376	\$ (423,376)
Difference between expected and actual earnings	-	(564,045)	\$ 564,045
Benefit payments, including refunds of employee contributions	(174,754)	(174,754)	\$ -
Administrative expenses	-	-	\$ -
Other changes	-	-	\$ -
Net changes	<u>2,033,295</u>	<u>280,913</u>	<u>\$ 1,752,382</u>
Balances at June 30, 2015	<u>\$ 9,695,416</u>	<u>\$ 5,718,951</u>	<u>\$ 3,976,465</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	\$ 5,251,979	\$ 3,976,465	\$ 2,895,885

**CITY OF DYERSBURG, TENNESSEE**  
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*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended June 30, 2016, the system recognized \$563,062 in pension expense. Deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 36,159.00	\$ 230,033
Changes of assumptions	1,276,028	878,235
Net difference between projected and actual earnings on pension plan investments	645,023	-
Contributions subsequent to the measurement date of June 30, 2015	<u>563,743</u>	<u>-</u>
Total:	<u>\$ 2,520,953</u>	<u>\$ 1,108,268</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2015," 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:**

2017	\$	149,845
2018	\$	149,845
2019	\$	149,845
2020	\$	85,250
2021	\$	(27,559)
Thereafter	\$	341,716

*Payable to the Pension Plan.* At June 30, 2016, the system reported a payable of \$0 for the outstanding amount of contributions to the pension plan.

**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 30, 2016, the system contributed \$6,953 to the defined contribution plan. There were no nonemployer contributions for the year.

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

*Payable to Defined Contribution Plan.* At June 30, 2016, 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.

At June 30, 2015, the following employees were covered by the Plan:

Active employees	186
Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to deferred benefits	39
Total	258

*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, 2015, the average active member contribution rate was 5.0 percent of annual pay, and the City's average contribution rate was 9.5 percent of annual payroll.

The City selected the assumptions and funding methods described below based on the review of plan experience in conjunction with the July 1, 2015 Actuarial Valuation Report. The actuary annually reviews the assumptions and method for reasonableness. Periodically, a complete plan experience study is conducted.

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

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

**CITY OF DYERSBURG, TENNESSEE**  
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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>	

*Discount Rate.* 3.95% 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 47% 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, 2025. 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 3.8%. This is equivalent to an average assumed rate of return of approximately 3.95%.

*Net Pension Liability.* The components of the net pension liability at June 30, 2015 were as follows:

Total Pension Liability	\$ 40,369,610
Plan Fiduciary Net Position	<u>\$ (2,824,235)</u>
Net Pension Liability	<u><u>\$ 37,545,375</u></u>

*Plan Fiduciary Net Position as a Percentage of Total Pension Liability.* 7%

*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	2.95%	\$ 43,322,288
Current discount rate	3.95%	\$ 37,545,375
1% increase	4.95%	\$ 32,818,621

**CITY OF DYERSBURG, TENNESSEE**  
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*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources.* For the year ended June 30, 2016, the recognized pension expense will be \$3,123,164. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Experience losses (gains)	\$ 2,350,135	\$ -
Changes of assumptions	16,943,150	-
Net difference between projected and actual earnings on investments	33,658	188,587
Total:	\$ 19,326,943	\$ 188,587

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:**

2017	\$ 1,812,302
2018	\$ 1,812,302
2019	\$ 1,812,302
2020	\$ 1,875,164
2021	\$ 1,866,750
Thereafter	\$ 9,959,537

In addition, GASB Statement No. 71 requires contributions between the measure date (June 30, 2015) and the disclosure date (June 30, 2016) for Statement No. 68 to be reported as a deferred outflow of resources. The expected contributions for this period are \$2,000,000.

**F. Postemployment Healthcare Plan**

**Dyersburg City Schools**

*1. Plan Description*

The Dyersburg City Schools participates in the state-administered Teacher Group Insurance Plan, for healthcare benefits. For accounting purposes, the plan is agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-302 (teachers). Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The (CAFR) is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

*2. Funding Policy*

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

<u>Annual OPEB Cost and Net OPEB Obligation</u> (dollars in thousands)	<u>Teacher Group Plan</u>
ARC	\$ 400,000
Interest on the NPO	70,264
Adjustment	(60,848)
Annual OPEB cost	<u>409,416</u>
Amount of contribution	(218,175)
Increase/Decrease in NPO	<u>191,240</u>
Net OPEB obligation - beginning of year	<u>1,561,426</u>
Net OPEB obligation - end of year	<u><u>\$ 1,752,666</u></u>

<u>Year End*</u>	<u>Plan</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation At Year End</u>
6/30/2016	Teacher Group	\$ 409,416	53.29%	\$1,752,666

**3. Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2015, was as follows (dollars in thousands):

	<u>Teacher Group Plan</u>
Actuarial valuation date	7/1/2015
Actuarial accrued liability (AAL)	\$ 4,415,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 4,415,000
Actuarial Value of Assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 12,560,273
UAAL as a percentage of covered payroll	35.15%

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

**4. Actuarial Methods and Assumptions**

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

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

**G. Fairview Cemetery Trust Fund**

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

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

**H. Prior Period Adjustments**

City of Dyersburg

In the prior fiscal year (2014-2015) a receivable was set up for grant proceeds. When all proceeds were received there was an amount of \$28,856 left in accounts receivable. This amount was miscalculated in the prior period and should not have been a receivable in the Capital Projects Fund. The City also reported a prior period adjustment in the General Fund in the amount of \$194,268. This adjustment was needed to account for the reimbursement of property taxes received and collected in prior years from a local industry that appealed the assigned property tax values and related assessments.

**REQUIRED SUPPLEMENTARY INFORMATION SECTION**

**CITY OF DYERSBURG, TENNESSEE  
DYERSBURG CITY SCHOOLS  
SCHEDULE OF FUNDING PROGRESS - POST EMPLOYMENT HEALTHCARE PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2015	\$ -	\$ 4,415,000	\$ 4,415,000	0%	\$ 12,560,273	35.15%
7/1/2011	-	4,920,000	4,920,000	0%	15,005,586	32.79%
7/1/2009	-	4,478,000	4,478,000	0%	13,932,936	32.14%
7/1/2007	-	4,442,000	4,442,000	0%	12,641,593	35.14%

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

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE  
 DYERSBURG CITY SCHOOLS  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET  
 TEACHER LEGACY PENSION PLAN OF TCRS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>2015</u>	<u>2016</u>
Dyersburg City Schools' proportion of the net pension asset	0.307025%	0.292639%
Dyersburg City Schools' proportionate share of the net pension asset	\$ 49,890	\$ 119,875
Dyersburg City Schools' covered-employee payroll	\$ 12,050,701	\$ 10,954,981
Dyersburg City Schools' proportionate share of the net pension asset as a percentage of its' covered-employee payroll	0.41%	1.094251%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%

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

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

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE  
DYERSBURG CITY SCHOOLS  
SCHEDULE OF CONTRIBUTIONS  
TEACHER LEGACY PENSION PLAN OF TCRS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contributions (ADC)	\$ 996,175	\$ 990,327	\$ 1,070,102
Contributions in relation to the actuarially determined contribution	<u>996,175</u>	<u>990,327</u>	<u>1,070,102</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	10,587,763	\$ 10,954,981	\$ 12,050,701
Contributions as a percentage of covered-employee payroll	9.04%	9.04%	8.88%

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

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE  
 DYERSBURG CITY SCHOOLS  
 SCHEDULE OF CONTRIBUTIONS  
 TEACHER RETIREMENT PENSION PLAN OF TCRS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	2016	2015
Actuarially Determined Contributions (ADC)	\$ 29,017	\$ 516
Contributions in relation to the actuarially determined contribution	37,449	20,634
Contribution deficiency (excess)	\$ (17,410)	\$ (20,118)
Covered-employee payroll	\$ 936,230	\$ 515,864
Contributions as a percentage of covered-employee payroll	4.00%	4.00%

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

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE  
DYERSBURG ELECTRIC SYSTEM  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Measurement Period Ended June 30,	2015	2014
Total pension liability		
Service cost	\$ 151,433	\$ 199,281
Interest	579,581	666,182
Change in benefit terms	-	-
Differences between expected and actual experience	40,702	(309,905)
Changes of assumptions	1,436,333	(1,183,177)
Benefit payments, including refunds of employee contributions	(174,754)	(772,834)
Net change in total pension liability	2,033,295	(1,400,453)
Total pension liability - beginning*	7,662,121	9,062,574
Total pension liability - ending (a)	\$ 9,695,416	\$ 7,662,121
 Plan fiduciary net position		
Contributions - total	\$ 596,336	\$ 518,955
Net investment income	(140,669)	87,971
Benefit payments, including refunds of employee contributions	(174,754)	(772,834)
Administrative expenses	-	-
Other changes	-	-
Net change in plan fiduciary net position	280,913	(165,908)
Plan fiduciary net position - beginning*	5,438,038	5,603,946
Plan fiduciary net position - ending (b)	\$ 5,718,951	\$ 5,438,038
 Net pension liability -- ending (a) - (b)	\$ 3,976,465	\$ 2,224,083
 Plan fiduciary net position as a percentage of the total pension liability	58.99%	70.97%
 Covered-employee payroll	\$ 2,268,421	\$ 2,241,803
 Net pension liability as a percentage of covered-employee payroll	175.30%	99.21%

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

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

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE  
DYERSBURG ELECTRIC SYSTEM  
SCHEDULE OF CONTRIBUTIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Actuarially Determined Contributions*	\$ 353,937	\$ 348,722
Contributions in relation to the actuarially determined contribution	<u>596,336</u>	<u>518,955</u>
Contribution deficiency (excess)	<u>\$ (242,399)</u>	<u>\$ (170,233)</u>
Covered-employee payroll	\$ 2,268,421	\$ 2,241,803
Contributions as a percentage of covered-employee payroll	26.29%	23.15%

\*Since this plan year is equal to the calendar year, contributions are determined on a calendar year basis. The amount displayed is equal to the sum of one-half of the 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:	Entry age normal
Amortization method:	Level percentage of payroll, closed
Asset valuation method:	Market value of assets adjusted to phase in asset gains and losses from 01/01/2015 over a five-year period at 20% per year. Valuation assets are further limited to a 20% corridor around market value.
Salary increases:	3.50%
Investment rate of return	6.75%, net of pension plan investments
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).

**Schedule of Investment Returns**

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

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**BASED ON PARTICIPATION IN THE CITY OF DYERSBURG PENSION PLAN**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 307,788	\$ 228,092
Interest	1,580,201	1,366,509
Change in benefit terms	-	-
Experience losses (gains)	1,480,375	1,185,379
Changes of assumptions	1,071,261	19,079,843
Benefit payments, including refunds of employee contributions	<u>(2,055,619)</u>	<u>(2,094,336)</u>
Net change in total pension liability	2,384,006	19,765,487
Total pension liability - beginning	<u>37,985,604</u>	<u>18,220,117</u>
Total pension liability - ending (a)	<u>\$ 40,369,610</u>	<u>\$ 37,985,604</u>
Plan fiduciary net position		
Contributions - employer	\$ 725,193	\$ 724,200
Contributions - employee	434,424	456,147
Net investment income	192,358	578,519
Benefit payments, including refunds of employee contributions	(2,055,619)	(2,094,336)
Administrative expenses	<u>(91,727)</u>	<u>(49,374)</u>
Net change in plan fiduciary net position	(795,371)	(384,844)
Plan fiduciary net position - beginning	<u>3,619,606</u>	<u>4,004,450</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,824,235</u>	<u>\$ 3,619,606</u>
Net pension liability -- ending (a) - (b)	<u>\$ 37,545,375</u>	<u>\$ 34,365,998</u>
Plan fiduciary net position as a percentage of the total pension liability	7.00%	9.53%
Covered-employee payroll	\$ 5,630,192	\$ 8,003,375
Net pension liability as a percentage of covered-employee payroll	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.

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE  
 SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN  
 THE CITY OF DYERSBURG PENSION PLAN  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	2015	2014
Actuarially determined contribution	\$ 2,100,000	\$ 1,507,494
Contributions in relation to the actuarially determined contribution	700,000	724,200
Contribution deficiency (excess)	\$ 1,400,000	\$ 783,294
Covered-employee payroll	\$ 7,700,000	\$ 8,003,375
Contributions as a percentage of covered-employee payroll	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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**CITY OF DYERSBURG, TENNESSEE**  
**SCHEDULE OF FUNDING PROGRESS - EMPLOYEE RETIREMENT SYSTEM**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2015	\$ 2,008,959	\$ 20,583,408	\$ 18,574,449	9.76%	\$ 7,700,000	241.22%
7/1/2014	3,619,606	25,997,752	22,378,146	13.92%	8,003,375	279.61%
7/1/2013	4,004,450	15,516,122	11,511,672	25.81%	10,631,688	108.28%
7/1/2011	4,263,221	14,829,284	10,566,063	28.75%	11,070,387	95.44%

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

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## **SUPPLEMENTARY AND OTHER INFORMATION SECTION**

CITY OF DYERSBURG, TENNESSEE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2016

	Special Revenue Funds						Total	Debt Service Fund	Capital Project Fund	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds
	TIP	Cafeteria	Federal Projects	Community Development	Insurance Reserve						
ASSETS											
Cash	\$ 261,636	\$ 564,826	\$ 102,045	\$ 23,873	\$ 900,109	\$ 1,852,489	\$ 1,867,339	\$ 1,288	\$ -	\$ -	\$ 3,721,116
Investments	-	-	-	-	-	-	-	-	-	1,475,472	1,475,472
Accounts receivable	200	6,196	143,611	24,714	-	174,721	377,017	-	-	-	551,738
Notes receivable	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	22,828	-	-	-	480,550	503,378	-	-	-	4,400	507,778
Inventory	-	46,528	-	-	-	46,528	-	-	-	-	46,528
Deposits	-	-	-	-	92,950	92,950	-	-	-	-	92,950
<b>Total Assets</b>	<b>\$ 284,664</b>	<b>\$ 617,550</b>	<b>\$ 245,656</b>	<b>\$ 48,587</b>	<b>\$ 1,473,609</b>	<b>\$ 2,670,066</b>	<b>\$ 2,244,356</b>	<b>\$ 1,288</b>	<b>\$ 1,479,872</b>	<b>\$ -</b>	<b>\$ 6,395,582</b>

**LIABILITIES AND FUND BALANCES**

Liabilities:											
Accounts payable	\$ 3,116	\$ 499	\$ 79,886	\$ 26,740	\$ 132,803	\$ 243,044	\$ 706	\$ -	\$ -	\$ -	\$ 243,750
Accrued liabilities	-	29,746	165,770	30,133	-	225,649	27,826	-	-	-	253,475
Due to other funds	-	-	-	-	1,290,313	1,290,313	-	-	7,750	-	1,298,063
Unavailable confiscated funds	12,809	-	-	-	-	12,809	-	-	-	-	12,809
<b>Total Liabilities</b>	<b>15,925</b>	<b>30,245</b>	<b>245,656</b>	<b>56,873</b>	<b>1,423,116</b>	<b>1,771,815</b>	<b>28,532</b>	<b>-</b>	<b>7,750</b>	<b>-</b>	<b>1,808,097</b>
Fund balances:											
Non-spendable	-	46,528	-	-	-	46,528	-	-	-	-	46,528
Restricted	268,739	540,777	-	11,483	-	820,999	2,215,824	1,288	1,472,122	-	4,510,233
Committed	-	-	-	-	50,493	50,493	-	-	-	-	50,493
Unassigned	-	-	-	(19,769)	-	(19,769)	-	-	-	-	(19,769)
<b>Total Fund Balances</b>	<b>268,739</b>	<b>587,305</b>	<b>-</b>	<b>(8,286)</b>	<b>50,493</b>	<b>898,251</b>	<b>2,215,824</b>	<b>1,288</b>	<b>1,472,122</b>	<b>-</b>	<b>4,587,485</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 284,664</b>	<b>\$ 617,550</b>	<b>\$ 245,656</b>	<b>\$ 48,587</b>	<b>\$ 1,473,609</b>	<b>\$ 2,670,066</b>	<b>\$ 2,244,356</b>	<b>\$ 1,288</b>	<b>\$ 1,479,872</b>	<b>\$ -</b>	<b>\$ 6,395,582</b>

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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, 2016**

	T I P	Special Revenue Funds				Total	Debt Service Fund	Capital Project Fund	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds
		Cafeteria	Federal Projects	Community Development	Insurance Reserve					
<b>Revenues:</b>										
Local sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,550,136	\$ -	\$ -	\$ 1,550,136	
Unauthorized substance tax	32,138	-	-	-	32,138	-	-	-	32,138	
U.S.D.A. reimbursements	-	1,387,672	-	-	1,387,672	-	-	-	1,387,672	
State school matching funds	-	86,838	-	-	86,838	-	-	-	86,838	
State housing grants	-	-	120,656	-	120,656	-	-	-	120,656	
State education grants	-	-	2,167,840	-	2,167,840	-	-	-	2,167,840	
Charges for service	-	297,465	-	-	297,465	-	-	-	297,465	
Fines, forfeits, and penalties	27,861	-	-	-	27,861	-	-	-	27,861	
Sale of assets	105,892	-	-	-	105,892	-	-	-	105,892	
Investment earnings	744	-	530	1,363	2,637	44,131	6	68,391	115,165	
Joint cost reimbursements	-	-	-	3,073,695	3,073,695	-	-	-	3,073,695	
Miscellaneous	-	224,244	-	-	227,744	-	-	-	227,744	
Total revenues	166,635	1,996,219	2,167,840	124,686	7,530,438	1,594,267	6	68,391	9,193,102	
<b>Expenditures:</b>										
Current:										
General and administrative	41,155	-	-	218,613	3,334,826	-	-	10,928	3,345,754	
Education	-	1,936,904	2,188,299	-	4,125,203	-	-	-	4,125,203	
Capital outlay	54,089	-	-	-	54,089	-	-	-	54,089	
Total expenditures	95,244	1,936,904	2,188,299	218,613	7,514,118	-	-	10,928	7,525,046	
<b>Revenues over (under) expenditures</b>	71,391	59,315	(20,459)	(93,927)	16,320	1,594,267	6	57,463	1,668,056	
<b>Other financing sources (uses):</b>										
Transfer from other funds	-	-	-	81,725	81,725	249,754	25,826	43,750	401,055	
Transfer to other funds	-	-	-	-	-	(1,657,386)	-	(34,259)	(1,691,645)	
Total other financing sources (uses)	-	-	-	81,725	81,725	(1,407,632)	25,826	9,491	(1,290,590)	
<b>Net change in fund balances</b>	71,391	59,315	(20,459)	(12,202)	98,045	186,635	25,832	66,954	377,466	
<b>Fund balances - July 1, 2015</b>	197,348	527,990	20,459	3,916	800,206	2,029,189	4,312	1,405,168	4,238,875	
Prior Period Adjustment	-	-	-	-	-	-	(28,856)	-	(28,856)	
<b>Fund balances - July 1, 2015, as restated</b>	197,348	527,990	20,459	3,916	800,206	2,029,189	(24,544)	1,405,168	4,210,019	
<b>Fund balances - June 30, 2016</b>	\$ 268,739	\$ 587,305	\$ -	\$ (8,286)	\$ 898,251	\$ 2,215,824	\$ 1,288	\$ 1,472,122	\$ 4,587,485	

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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, 2016**

	<b>Budgeted Original &amp; Final</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES:</b>			
Unauthorized substance tax	\$ -	\$ 32,138	\$ 32,138
Fines, forfeits, and penalties	30,000	27,861	(2,139)
Miscellaneous revenue	55,000	105,892	50,892
Investment earnings	1,000	744	(256)
Total revenues	<u>86,000</u>	<u>166,635</u>	<u>80,635</u>
<b>EXPENDITURES:</b>			
General and administrative			
Small items of equipment	5,000	-	5,000
Repair and maintenance	10,000	18,100	(8,100)
Other	50,000	23,055	26,945
Total general and administrative	<u>65,000</u>	<u>41,155</u>	<u>23,845</u>
Capital outlay	<u>20,000</u>	<u>54,089</u>	<u>(34,089)</u>
Total expenditures	<u>85,000</u>	<u>95,244</u>	<u>(10,244)</u>
<b>Net Change in Fund Balance</b>	1,000	71,391	70,391
<b>Fund Balance - July 1, 2015</b>	<u>197,348</u>	<u>197,348</u>	<u>-</u>
<b>Fund Balance - June 30, 2016</b>	<u>\$ 198,348</u>	<u>\$ 268,739</u>	<u>\$ 70,391</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, 2016**

	<b>Budgeted Original &amp; Final</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES:</b>			
State grants	\$ 375,000	\$ 120,656	\$ (254,344)
Investment earnings	500	530	30
Miscellaneous revenue	-	3,500	3,500
	<u>375,500</u>	<u>124,686</u>	<u>(250,814)</u>
Total revenues			
<b>EXPENDITURES:</b>			
General and administrative:			
Repair and maintenance	-	13,232	(13,232)
Miscellaneous	517,000	205,381	311,619
Total general and administrative	<u>517,000</u>	<u>218,613</u>	<u>298,387</u>
	<u>517,000</u>	<u>218,613</u>	<u>298,387</u>
Total expenditures			
<b>Revenues Over (Under) Expenditures</b>	(141,500)	(93,927)	47,573
<b>Other Financing Sources (Uses):</b>			
Transfer from other funds	142,000	81,725	(60,275)
Total other financing sources (uses)	<u>142,000</u>	<u>81,725</u>	<u>(60,275)</u>
<b>Net Change in Fund Balance</b>	500	(12,202)	(12,702)
<b>Fund Balance - July 1, 2015</b>	<u>3,916</u>	<u>3,916</u>	<u>-</u>
<b>Fund Balance - June 30, 2016</b>	<u>\$ 4,416</u>	<u>\$ (8,286)</u>	<u>\$ (12,702)</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, 2016**

	<b>Budgeted Original &amp; Final</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES:</b>			
Investment earnings	\$ -	\$ 1,363	\$ 1,363
Joint cost reimbursements	3,258,600	3,073,695	(184,905)
Total revenues	<u>3,258,600</u>	<u>3,075,058</u>	<u>(183,542)</u>
<b>EXPENDITURES:</b>			
Hospital and health care expenditures:			
Medical claims	2,530,000	2,220,484	309,516
Drug claims	400,000	530,972	(130,972)
Life insurance	25,000	23,632	1,368
Re-insurance costs	224,700	232,583	(7,883)
Insurance administration	78,900	67,387	11,513
Total hospital and health care	<u>3,258,600</u>	<u>3,075,058</u>	<u>183,542</u>
Total expenditures	<u>3,258,600</u>	<u>3,075,058</u>	<u>183,542</u>
<b>Net Change in Fund Balance</b>	-	-	-
<b>Fund Balance - July 1, 2015</b>	<u>50,493</u>	<u>50,493</u>	-
<b>Fund Balance - June 30, 2016</b>	<u>\$ 50,493</u>	<u>\$ 50,493</u>	-

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CITY OF DYERSBURG, TENNESSEE  
CAFETERIA FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
U.S.D.A. reimbursements	\$ 997,500	\$ 933,000	\$ 1,387,672	\$ 454,672
State school matching funds	80,000	83,000	86,838	3,838
Charges for service	705,000	722,000	297,465	(424,535)
Miscellaneous revenue	252,500	297,000	224,244	(72,756)
Total revenues	<u>2,035,000</u>	<u>2,035,000</u>	<u>1,996,219</u>	<u>(38,781)</u>
<b>EXPENDITURES:</b>				
Education:				
Food	883,575	909,839	855,001	(54,838)
Cafeteria labor	672,725	664,461	643,481	(20,980)
Other expenditures	478,700	460,700	438,422	(22,278)
Total education	<u>2,035,000</u>	<u>2,035,000</u>	<u>1,936,904</u>	<u>(98,096)</u>
Total expenditures	<u>2,035,000</u>	<u>2,035,000</u>	<u>1,936,904</u>	<u>(98,096)</u>
<b>Net Change in Fund Balance</b>	-		59,315	59,315
<b>Fund Balance - July 1, 2015</b>	<u>527,990</u>	<u>527,990</u>	<u>527,990</u>	-
<b>Fund Balance - June 30, 2016</b>	<u>\$ 527,990</u>	<u>\$ 527,990</u>	<u>\$ 587,305</u>	<u>\$ 59,315</u>

See independent auditor's report

**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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
State education grants	\$ 2,158,688	\$ 2,501,861	\$ 2,167,840	\$ (334,021)
Total revenues	2,158,688	2,501,861	2,167,840	(334,021)
<b>EXPENDITURES:</b>				
Education:				
Regular instruction	921,517	1,092,166	1,070,092	22,074
Vocational education	46,868	53,963	54,129	(166)
Special education	633,872	731,241	625,339	105,902
Student support	191,951	195,400	36,400	159,000
Regular instruction support services	205,221	259,671	222,931	36,740
Special education support services	29,929	36,140	29,104	7,036
Vocational education support services	2,558	2,660	2,660	-
Community service	142,880	142,880	138,891	3,989
Maintenance of plant	-	8,199	8,753	(554)
Total education	2,174,796	2,522,320	2,188,299	334,021
Total expenditures	2,174,796	2,522,320	2,188,299	334,021
Revenues Over (Under) Expenditures	(16,108)	(20,459)	(20,459)	-
Fund Balance - July 1, 2015	20,459	20,459	20,459	-
Fund Balance - June 30, 2016	\$ 4,351	\$ -	\$ -	\$ -

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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, 2016**

	<b>Budgeted Original &amp; Final</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES:</b>			
Local Sales Tax	\$ 1,470,000	\$ 1,550,136	\$ 80,136
Interest income	35,000	44,131	9,131
Total revenues	<u>1,505,000</u>	<u>1,594,267</u>	<u>89,267</u>
<b>EXPENDITURES:</b>			
	-	-	-
<b>Revenues Over (Under) Expenditures</b>	1,505,000	1,594,267	89,267
<b>Other Financing Sources (Uses):</b>			
Transfer from other funds	245,000	249,754	4,754
Transfer to other funds	<u>(1,826,900)</u>	<u>(1,657,386)</u>	<u>169,514</u>
Total other financing sources (uses)	<u>(1,581,900)</u>	<u>(1,407,632)</u>	<u>174,268</u>
<b>Net Change in Fund Balance</b>	(76,900)	186,635	263,535
<b>Fund Balance - July 1, 2015</b>	<u>2,029,189</u>	<u>2,029,189</u>	<u>-</u>
<b>Fund Balance - June 30, 2016</b>	<u><u>\$ 1,952,289</u></u>	<u><u>\$ 2,215,824</u></u>	<u><u>\$ 263,535</u></u>

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**CITY OF DYERSBURG, TENNESSEE**  
**CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Original &amp; Final</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES:</b>			
State grants	\$ 240,000	\$ -	\$ (240,000)
Interest income	-	6	6
<b>Total revenues</b>	<b>240,000</b>	<b>6</b>	<b>(239,994)</b>
<b>EXPENDITURES:</b>			
Capital outlay	240,000	-	240,000
<b>Total expenditures</b>	<b>240,000</b>	<b>-</b>	<b>240,000</b>
<b>Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>6</b>	<b>6</b>
<b>Other Financing Sources:</b>			
Transfers from other funds	-	25,826	25,826
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>25,832</b>	<b>25,832</b>
<b>Fund Balance - July 1, 2015</b>	<b>4,312</b>	<b>4,312</b>	<b>-</b>
Prior Period Adjustment	(28,856)	(28,856)	-
<b>Fund Balance - July 1, 2015, as restated</b>	<b>(24,544)</b>	<b>(24,544)</b>	<b>-</b>
<b>Fund Balance - June 30, 2016</b>	<b>\$ (24,544)</b>	<b>\$ 1,288</b>	<b>\$ 25,832</b>

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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, 2016**

	<b>Budgeted Original &amp; Final</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues:</b>			
Investment earnings	\$ 35,000	\$ 38,487	\$ 3,487
Net decrease in fair value of investments	5,000	24,999	19,999
Miscellaneous revenues	1,000	4,905	3,905
<b>Total revenues</b>	<b>41,000</b>	<b>68,391</b>	<b>27,391</b>
<b>Expenditures:</b>			
Trustee fees	15,000	10,928	4,072
<b>Revenues Over (under) expenditures</b>	<b>26,000</b>	<b>57,463</b>	<b>31,463</b>
Other financing sources (uses)			
Transfers in	35,000	43,750	8,750
Transfers out	(35,000)	(34,259)	741
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>9,491</b>	<b>9,491</b>
<b>Net Change in Fund Balance</b>	<b>26,000</b>	<b>66,954</b>	<b>40,954</b>
<b>Fund balance - July 1, 2015</b>	<b>1,405,168</b>	<b>1,405,168</b>	<b>-</b>
<b>Fund balance - June 30, 2016</b>	<b>\$ 1,431,168</b>	<b>\$ 1,472,122</b>	<b>\$ 40,954</b>

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**CITY OF DYERSBURG, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2016**

	<u>Internal Service Fund</u>	<u>Communications Service Fund</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,536,151	\$ 96,035	\$ 1,632,186
Accounts receivable (net of allowance for uncollectibles)	-	14,582	14,582
Due from other funds	44,755	38,313	83,068
Total current assets	<u>1,580,906</u>	<u>148,930</u>	<u>1,729,836</u>
<b>Noncurrent assets:</b>			
Capital assets:			
Property, plant, and equipment	498,270	1,667,122	2,165,392
Less - accumulated depreciation	(435,965)	(1,276,009)	(1,711,974)
Net property, plant, and equipment	<u>62,305</u>	<u>391,113</u>	<u>453,418</u>
Other assets	<u>24,336</u>	<u>-</u>	<u>24,336</u>
<b>Total Assets</b>	<u>1,667,547</u>	<u>540,043</u>	<u>2,207,590</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	3,624	5,193	8,817
Accrued payroll	15,427	19,921	35,348
Accrued compensated absences	13,942	19,409	33,351
Due to other funds	946,947	33,814	980,761
Total current liabilities	<u>979,940</u>	<u>78,337</u>	<u>1,058,277</u>
<b>Noncurrent liabilities:</b>			
Other accrued liabilities	<u>14,621</u>	<u>25,372</u>	<u>39,993</u>
<b>Total Liabilities</b>	<u>994,561</u>	<u>103,709</u>	<u>1,098,270</u>
<b>NET POSITION</b>			
Investment in capital assets	62,305	391,113	453,418
Unrestricted	610,681	45,221	655,902
<b>Total Net Position</b>	<u>\$ 672,986</u>	<u>\$ 436,334</u>	<u>\$ 1,109,320</u>

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**CITY OF DYERSBURG, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Internal Service</u>	<u>Communication Services</u>	<u>Combined</u>
<b>Operating revenues:</b>			
Joint costs	\$ 817,012	\$ 774,079	\$ 1,591,091
Miscellaneous revenues	<u>15,347</u>	<u>271,891</u>	<u>287,238</u>
Total operating revenues	<u>832,359</u>	<u>1,045,970</u>	<u>1,878,329</u>
<b>Operating expenses:</b>			
Customer service and collection	791,516	-	791,516
Communication services	-	775,095	775,095
General and administrative	26,446	181,391	207,837
Emergency warning system	-	39,735	39,735
Depreciation and amortization	<u>22,015</u>	<u>50,047</u>	<u>72,062</u>
Total operating expense	<u>839,977</u>	<u>1,046,268</u>	<u>1,886,245</u>
<b>Operating income (loss)</b>	(7,618)	(298)	(7,916)
<b>Nonoperating revenues (expenses):</b>			
Interest income	694	11	705
Miscellaneous income	<u>-</u>	<u>287</u>	<u>287</u>
Total nonoperating revenues (expenses)	<u>694</u>	<u>298</u>	<u>992</u>
<b>Change in net position</b>	(6,924)	-	(6,924)
<b>Total net position - July 1, 2015</b>	<u>679,910</u>	<u>436,334</u>	<u>1,116,244</u>
<b>Total net position - June 30, 2016</b>	<u>\$ 672,986</u>	<u>\$ 436,334</u>	<u>\$ 1,109,320</u>

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**CITY OF DYERSBURG, TENNESSEE  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Internal Service	Communication Services	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 832,567	\$ 201,045	\$ 1,033,612
Payments to suppliers	(195,626)	(248,352)	(443,978)
Payments to employees for services	(471,015)	(591,811)	(1,062,826)
Payments for employee benefits	(139,848)	(150,788)	(290,636)
Payments to other funds	(7,286)	(78,971)	(86,257)
Other receipts (payments)	(9,614)	843,103	833,489
Net cash provided by (used for) operating activities	<u>9,178</u>	<u>(25,774)</u>	<u>(16,596)</u>
<b>CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Other receipts (payments)	-	287	287
Net cash used by capital and related financing activities	<u>-</u>	<u>287</u>	<u>287</u>
<b>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES</b>			
Interest and investment earnings	694	11	705
Net cash provided by (used for) investing activities	<u>694</u>	<u>11</u>	<u>705</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	9,872	(25,476)	(15,604)
<b>Cash and cash equivalents - July 1, 2015</b>	<u>1,526,279</u>	<u>121,511</u>	<u>1,647,790</u>
<b>Cash and cash equivalents - June 30, 2016</b>	<u>\$ 1,536,151</u>	<u>\$ 96,035</u>	<u>\$ 1,632,186</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
<b>OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (7,618)	\$ (298)	\$ (7,916)
Adjustments to reconcile net income (loss) from operations to net cash provided (used) by operating activities			
Depreciation	16,749	50,047	66,796
Amortization	5,266	-	5,266
(Increase) Decrease in Assets			
Accounts receivable, net of allowance	208	(634)	(426)
Due from other funds	(44,755)	(26,141)	(70,896)
Increase (Decrease) in Liabilities			
Accounts payable	2,006	3,873	5,879
Accrued payroll	2,658	3,483	6,141
Due to other funds	37,469	(52,830)	(15,361)
Other current liabilities	2,050		2,050
Compensated absences	(4,855)	(3,274)	(8,129)
Net cash provided by (used for) operating activities	<u>\$ 9,178</u>	<u>\$ (25,774)</u>	<u>\$ (16,596)</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, 2016**

	<u>Budgeted Original &amp; Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Operating Revenues:</b>			
Miscellaneous revenues:			
Joint cost	\$ 856,500	\$ 796,012	\$ (60,488)
Computer services	21,000	21,000	-
Other	3,500	15,347	11,847
Total miscellaneous revenues	<u>881,000</u>	<u>832,359</u>	<u>(48,641)</u>
<b>Operating Expenses:</b>			
Customer service and collection:			
Salaries	165,200	164,938	262
Payroll taxes	12,600	11,562	1,038
Hospital and health insurance	55,900	52,383	3,517
Employee education	500	597	(97)
Publicity, subscriptions, and dues	10,000	6,788	3,212
Telephone	2,000	1,915	85
Automobile allowance	-	-	-
Office supplies	3,000	3,621	(621)
Small items of equipment	1,200	2,000	(800)
Postage	2,000	1,234	766
Repairs and maintenance	1,500	1,236	264
Other	2,600	9,595	(6,995)
Total customer service and collection	<u>256,500</u>	<u>255,869</u>	<u>631</u>
Billing:			
Salaries	112,000	104,246	7,754
Payroll taxes	8,600	7,508	1,092
Hospital and health insurance	100	4,750	(4,650)
Office supplies	4,000	3,917	83
Small items of equipment	3,000	2,665	335
Postage	35,000	36,329	(1,329)
Repairs and maintenance	1,500	808	692
Total billing	<u>164,200</u>	<u>160,223</u>	<u>3,977</u>
Meter reading:			
Salaries	112,900	114,784	(1,884)
Payroll taxes	8,600	8,178	422
Hospital and health insurance	53,200	37,982	15,218
Publicity, subscriptions, and dues	500	-	500
Telephone	700	1,151	(451)
Professional services	300	660	(360)
Operating supplies	300	-	300
Uniforms	1,000	145	855
Repairs and maintenance	5,000	6,105	(1,105)
Gas and oil	6,500	4,652	1,848
Insurance	1,000	1,042	(42)
Total meter reading	<u>190,000</u>	<u>174,699</u>	<u>15,301</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, 2016**

	<b>Budgeted Original Final</b>	<b>Actual</b>	<b>Variance- Positive (Negative)</b>
<b>Operating Expenses (continued):</b>			
Computer operations:			
Salaries	\$ 55,000	\$ 55,567	\$ (567)
Payroll taxes	4,200	4,191	9
Hospital and health insurance	23,400	18,948	4,452
Training	2,000	-	2,000
Publicity, subscriptions, dues	500	262	238
Telephone	3,000	3,296	(296)
Travel	1,500	2,834	(1,334)
Automobile allowance	2,700	2,700	-
Small items of equipment	26,600	18,211	8,389
Operating supplies	7,000	2,555	4,445
Repairs and maintenance	75,000	79,628	(4,628)
Insurance	11,000	12,533	(1,533)
Total computer operations	<u>211,900</u>	<u>200,725</u>	<u>11,175</u>
Administrative expenses:			
Vacation and sick leave	1,000	(4,856)	5,856
Hospital and health insurance	100	-	100
Retirement	29,300	27,836	1,464
Professional service	2,500	3,449	(949)
Insurance	1,500	-	1,500
Other	200	17	183
Total administrative expenses	<u>34,600</u>	<u>26,446</u>	<u>8,154</u>
Depreciation and amortization expense	<u>25,800</u>	<u>22,015</u>	<u>3,785</u>
Total operating expense	<u>883,000</u>	<u>839,977</u>	<u>43,023</u>
<b>Operating Income (loss)</b>	<b>(2,000)</b>	<b>(7,618)</b>	<b>(5,618)</b>
<b>Nonoperating Revenues (Expenses):</b>			
Interest income	<u>2,000</u>	<u>694</u>	<u>(1,306)</u>
<b>Change in Net Position</b>	<b>-</b>	<b>(6,924)</b>	<b>(6,924)</b>
<b>Total Net Position - July 1, 2015</b>	<u>679,910</u>	<u>679,910</u>	<u>-</u>
<b>Total Net Position - June 30, 2016</b>	<u>\$ 679,910</u>	<u>\$ 672,986</u>	<u>\$ (6,924)</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, 2016**

	<b>Budgeted Original &amp; Final</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Operating Revenues:</b>			
Miscellaneous revenues			
Joint cost	\$ 803,800	\$ 774,079	\$ (29,721)
Miscellaneous	254,000	271,891	17,891
Total miscellaneous revenues	<u>1,057,800</u>	<u>1,045,970</u>	<u>(11,830)</u>
<b>Operating Expenses:</b>			
General and administrative			
Salaries	65,000	63,616	1,384
Payroll taxes	5,000	5,366	(366)
Hospital and health insurance	8,200	7,255	945
Retirement	36,300	36,253	47
Unemployment insurance	1,000	-	1,000
Postage	-	32	(32)
Publicity, subscriptions and dues	500	1,407	(907)
Utility services	28,000	23,470	4,530
Telephone	4,000	-	4,000
Professional services	4,000	21,797	(17,797)
Travel	1,500	292	1,208
Automobile allowance	5,400	5,400	-
Insurance	15,000	15,434	(434)
Other	300	1,069	(769)
Total general and administrative	<u>174,200</u>	<u>181,391</u>	<u>(7,191)</u>
Communication services			
Salaries	493,200	480,681	12,519
Payroll taxes	37,700	34,503	3,197
Hospital and health insurance	127,600	107,279	20,321
Training	1,500	2,111	(611)
Publicity, subscriptions and dues	1,500	5,363	(3,863)
Telephone	32,000	16,382	15,618
Travel	1,000	2,067	(1,067)
Other contractual services	60,000	54,149	5,851
Office supplies	3,000	4,676	(1,676)
Small items of equipment	7,500	16,182	(8,682)
Operating supplies	4,500	5,693	(1,193)
Uniforms	1,500	1,311	189
Repairs and maintenance	55,000	44,698	10,302
Total communication services	<u>826,000</u>	<u>775,095</u>	<u>50,905</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, 2016**

	<u>Budgeted Original &amp; Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Operating Expenses (continued)</b>			
Emergency warning system			
Salaries	\$ 1,000	\$ 2,284	\$ (1,284)
Payroll taxes	100	170	(70)
Publicity, subscriptions and dues	-	3,475	(3,475)
Utility services	20,000	21,238	(1,238)
Small items of equipment	6,500	5,640	860
Operating supplies	-	3,073	(3,073)
Repairs and maintenance	5,000	3,855	1,145
Total emergency warning system	<u>32,600</u>	<u>39,735</u>	<u>(7,135)</u>
Depreciation and Amortization expense	<u>57,900</u>	<u>50,047</u>	<u>7,853</u>
Total operating expense	<u>1,090,700</u>	<u>1,046,268</u>	<u>44,432</u>
<b>Operating Income (loss)</b>	(32,900)	(298)	32,602
<b>Nonoperating Revenues (Expenses):</b>			
Interest income	-	11	11
Miscellaneous income	300	287	(13)
Total nonoperating revenues (expenses)	<u>300</u>	<u>298</u>	<u>(2)</u>
<b>Change in Net Position</b>	(32,600)	-	32,600
<b>Total Net Position - July 1, 2015</b>	<u>436,334</u>	<u>436,334</u>	<u>-</u>
<b>Total Net Position - June 30, 2016</b>	<u>\$ 403,734</u>	<u>\$ 436,334</u>	<u>\$ 32,600</u>

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**CITY OF DYERSBURG, TENNESSEE  
DEBT SERVICE REQUIREMENTS  
JUNE 30, 2016**

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

Year Ended June 30,	3.70 - 4.00% Electric System Revenue Refunding and Improvement Bonds Series 2007		1.00 - 2.00% Electric System Revenue Refunding and Improvement Bonds Series 2015	
	Principal	Interest	Principal	Interest
2017	\$ 155,000	\$ 47,728	\$ 225,000	\$ 11,273
2018	160,000	41,760	210,000	8,235
2019	165,000	35,600	200,000	5,400
2020	170,000	29,000	200,000	2,700
2021	180,000	22,200		
2022	185,000	15,000		
2023	190,000	7,600		
	<u>\$ 1,205,000</u>	<u>\$ 198,888</u>	<u>\$ 835,000</u>	<u>\$ 27,608</u>

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**CITY OF DYERSBURG, TENNESSEE  
DEBT SERVICE REQUIREMENTS  
JUNE 30, 2016**

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

Year Ended June 30,	3.0 - 4.0% General Obligation Water & Sewer Refunding Bonds Series 2009		1.515% General Obligation Qualified School Construction Bonds Series 2009		3.79% General Obligation School Bonds Series 2013	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	735,000	76,900	184,699	44,844	100,000	333,918
2018	770,000	46,800	184,699	44,844	100,000	331,918
2019	785,000	15,700	184,699	44,844	100,000	329,918
2020			184,699	44,844	140,000	327,918
2021			184,699	44,844	145,000	324,838
2022			184,699	44,844	180,000	321,213
2023			184,699	44,844	220,000	316,353
2024			184,699	44,844	705,000	310,193
2025			184,699	44,844	725,000	289,395
2026			204,906	44,844	750,000	266,920
2027					780,000	242,545
2028					810,000	215,245
2029					845,000	184,870
2030					880,000	153,183
2031					915,000	117,983
2032					955,000	81,383
2033					995,000	40,795
	<u>\$ 2,290,000</u>	<u>\$ 139,400</u>	<u>\$ 1,867,197</u>	<u>\$ 448,440</u>	<u>\$ 9,345,000</u>	<u>\$ 4,188,588</u>

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE  
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Year of Levy</u>	<u>Balance July 1, 2015</u>	<u>Current Assessments &amp; Adjustments</u>	<u>Collections</u>	<u>Write-offs</u>	<u>Balance June 30, 2016</u>
2005	\$ 12,673	\$ -	\$ -	\$ (12,673)	\$ -
2006	3,980	-	-	-	3,980
2007	6,556	-	-	-	6,556
2008	9,193	-	-	-	9,193
2009	4,648	-	-	-	4,648
2010	4,562	-	-	-	4,562
2011	10,360	-	(530)	-	9,830
2012	156,326	(130,018)	(20,366)	-	5,942
2013	203,280	(130,138)	(66,453)	-	6,689
2014	347,610	(29,406)	(281,898)	(13)	36,293
2015	-	8,024,317	(7,700,436)	-	323,881
	<u>\$ 759,188</u>	<u>\$ 7,734,755</u>	<u>\$ (8,069,683)</u>	<u>\$ (12,686)</u>	411,574
					7,720,024
					<u>\$ 8,131,598</u>

Unassessed property tax receivable

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE  
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES  
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION  
 JUNE 30, 2016**

	<u>Property Owner</u>	<u>Tax Due</u>
<b>Tax Year 2014</b>		
	Agnew Barnett	\$ 267
	Alford Paul F	984
	Austin Treasa	268
	Greenberg Ben Co Inc	86
	Greenberg Ben Co Inc	44
	Blackwell Mary Sue	300
	Brewer Lela M	361
	Bromley Gina	142
	Burton Rose	13
	Butler George F	197
	Butler George F	15
	Byars Clearchus	22
	Byars Clearchus	133
	Byars Clearchus	228
	Byars Clearchus	28
	Byrd Kathy K	398
	Campbell Debra	340
	Chambers Ronald	221
	Cox Richard E	220
	Dixon April C	37
	Buskirk Susan	411
	Evans Donna	178
	Falcon Wilfred	87
	Fortner Chalres	25
	Gabel Jacqueline V	267
	Gilliam Charlie A	69
	Greenberg Ben	72
	Greenberg Ben	28
	Greenberg Ben	50
	Greenberg Ben Co Inc	21
	Greenberg Ben Co Inc	28
	Greenberg Ben Co Inc	28
	Gueary Joseph III	117
	H H Hudson Funeral Home	35
	Hall Roy Wayne	167
	Hampton Joe S	326
	Heritage Family Inc	188
	Heritage Family Inc	98
	Hicks Ronnie Chad	210
	Hicks Ronnie Chad	182
	Hill James H	97
	Holbrook Brady	240

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE  
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES  
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION  
 JUNE 30, 2016**

<u>Property Owner</u>	<u>Tax Due</u>
<b>Tax Year 2014 (Continued):</b>	
Huguekey Tommy Joe	\$ 40
Hunziker Michael	205
Jackson Quentin	229
Jarvis Barry J	51
Jarvis Barry J	10
Jarvis Barry J	229
Jowers Brodrick A	343
Kaplan Lesli	216
Lawson Karen	150
Littlejohn Mary S	357
Murray David E	111
Newsom Willie S	198
Parker Daisy	20
Parker Joe N	547
Parr John H	23
Pope Darwin A	154
Pope Grover	19
Pope Grover	262
Toth Anita	230
Riggs Elvis	160
Newman Danny	171
Royal Holiday Rentals	589
Royal Holiday Rentals	549
Royal Holiday Rentals	162
Royal Holiday Rentals	322
Royal Holiday Rentals	714
Sigman Tim	55
Sigman Tim	331
Sigman Tim	346
Sigman Tim	231
Sigman Tim	226
Sigman Tim	240
Simpson Jeffrey	743
Smith Kenny	193
Speed Lube LLC	2,748
Spindler Kerry	522
Spindler Kerry	417
Starks Baxter	416
Stout Paul	161
Stout Wanda	388
Taylor Annie	91
Taylor Annie	191

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE  
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES  
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION  
 JUNE 30, 2016**

Property Owner	Tax Due
<b>Tax Year 2014 (Continued):</b>	
Taylor Gregory A	\$ 93
Thomas Willie M	97
Tidwell Joe F	667
Todd Bernidine J	178
Todd Janice	701
Todd Rayburn	964
Tucker Homer H	2,745
Ward Andy	262
Ward Lisa M	20
Weakley Susanne P	187
West TN Investments	135
West TN Investments	163
West TN Investments	125
White James M	220
Whitelaw Johnnie P	337
Wilson Brenda	201
Wilson Brenda	296
Wilson L C	168
Winbuch J T	293
Winchester James L	680
Yarbrough John	70
Yongjun Zhao	113
	\$ 29,303

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE  
 SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Assessment Year</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Assessment</u>
2006	\$265,515,132	\$ 1.85	\$ 5,684,366
2007	263,316,696	2.04	6,231,871
2008	311,329,183	1.99	6,784,826
2009	312,181,477	1.99	6,922,462
2010	300,012,097	1.99	6,666,484
2011	297,218,571	1.99	6,735,790
2012	307,174,378	2.14	7,006,899
2013	312,683,654	2.14	7,182,286
2014	309,409,491	2.2355	7,421,476
2015	310,765,868	2.37	8,047,494

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Program name</u>	<u>CFDA Number</u>	<u>Grantor Agency</u>	<u>Expenditures</u>
2015 Justice Assistance Grant Program		U.S. Department of Justice	2,955
2014 Justice Assistance Grant Program		U.S. Department of Justice	8,219
Bulletproof Vest Partnership Program	16.607	U.S. Department of Justice	2,682
Total Department of Justice			<u>13,856</u>
Airport Runway Rehabilitation	20.106	U.S. Dept. of Transportation Federal Aviation Administration	54,155
Airport Layout Plan		U.S. Dept. of Transportation Federal Aviation Administration	28,757
Airport Ramp Pavement Evaluation		U.S. Dept. of Transportation Federal Aviation Administration	22,810
Airport Maintenance		U.S. Dept. of Transportation Federal Aviation Administration	14,300
Transportation Enhancement Program		U.S. Dept. of Transportation	47,577
Total Department of Transportation			<u>167,599</u>
2010 CDBG Disaster Recovery	14.228	U.S. Dept. of Housing and Urban Development	154,086
2011 CDBG Disaster Recovery		U.S. Dept. of Housing and Urban Development	204,025
HOME Investment Partnership Program		U.S. Dept. of Housing and Urban Development	120,656
Total Department of Econ. & Comm. Dev.			<u>478,767</u>
Disaster Relief		Federal Emergency Management Agency	67,719
Total Federal Emergency Mgy Agency			<u>67,719</u>
Total All Federal Programs			<u>\$ 727,941</u>

\* Major Program

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

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

See independent auditor's report

**OTHER MISCELLANEOUS INFORMATION SECTION**

**CITY OF DYERSBURG  
SCHEDULE OF PRINCIPAL TAXPAYERS (UNAUDITED)  
JUNE 30, 2016**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Tax Year 2015</u>	
		<u>Assessed Valuation</u>	<u>Property Taxes Assessed and Paid</u>
Dyersburg Hospital Corp	Medical Services	\$ 15,299,222	\$ 362,592
ERMCO	Distribution Transformers	12,825,862	303,977
Sun Products	Household Cleaning Products	12,359,280	292,915
Nordyne	Air Conditioners	6,663,607	157,928
Walmart Super Center	Discount Retailer	4,857,894	115,132
Hexsol Compounding	Rubber Products	4,583,845	108,638
W TN Industrial Redevelopment	Industrial Property	3,885,280	92,081
Polyone Corporation	Rubber and Plastic Products	3,797,235	89,994
First Citizens National Bank	Banking	3,590,001	85,082
Forcum Lannom, Inc.	Building Materials	2,996,043	71,008
Unionport (1980) Assoc LLC	Shopping Center	2,975,120	70,510
BellSouth Communications	Public Utility	2,735,383	64,829
Caterpillar	Construction Equipment Parts	2,680,278	63,516
Lowe's Home Center, Inc.	Retailer	2,449,166	58,045
Excalibar Minerals, Inc.	Ground Minerals	2,150,529	50,968
Action Dyersburg LLC	Shopping Mall	1,948,901	46,189
Bridgestone/Firestone	Automobile Parts	1,833,693	43,459
Post House Apartments	Apartment Buildings	1,822,575	43,195
Dennis Miller	Rental Property	1,738,365	41,198
Colonial Diversified Polymer	Rubber and Plastic Products	1,659,542	39,331
		<u>\$ 92,851,821</u>	<u>\$ 2,200,587</u>

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE**  
**SCHEDULE OF CURRENT UTILITY RATES IN FORCE (UNAUDITED)**  
**JUNE 30, 2016**

	<b>Rates</b>	<b>TVA Fuel Rate</b>
<b>Gas:</b>		
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	
<b>Water:</b>		
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, 2016**

	<u>Rates</u>	
<b>Commercial Customers</b>		
City - per 1,000 gallons consumed	\$	3.62
Rural - per 1,000 gallons consumed		3.97
<b>Industrial Customers</b>		
City - per 1,000 gallons consumed	\$	3.82
Rural - per 1,000 gallons consumed		4.16
<b>Sewer:</b>		
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
<b>Electrical:</b>		
<b>Residential Rate Schedule - RS</b>		
Customer charge - per delivery point per month	\$	16.98
Energy charges - per kWh		
First 800 kWh per month	0.07109	0.01931
Additional kWh per month	0.06536	0.01931
<b>General Power Rate Schedule - GSA</b>		
<b>GSA - 1 (0 - 50 kW)</b>		
Customer charge - per delivery point per month	\$	26.78
First 1500 kWh per month	0.07412	0.01910
Additional kWh per month	0.06997	0.01910
<b>GSA - 2 (51 - 1,000 kW) (a.)</b>		
Customer charge - per delivery point per month	\$	143.19
Demand charge - per kW per month		
First 50 kW	9.41	
Additional kW	7.18	
Energy charge - per kW		
First 15,000 kWh	0.04152	0.01897
Additional kWh	0.04152	0.01897
<b>GSA - 3 (1,001 - 5,000 kW)</b>		
Customer charge - per delivery point per month	\$	1,250.00
Demand charge - per kw per month		
First 1,000 kW	12.45	
Excess over 1,000 kW	9.05	
Excess demand charge - higher of 1,000 kW or contract demand	-	
Energy charge - per kWh	0.04068	0.01885
<b>General Power Rate Schedule - GSB (5,001 - 15,000 kW)</b>		
Customer charge - per delivery point per month	\$	1,830.00
Demand charge - per kW per month		
On peak kW	9.52	
Maximum kW	1.83	
Off peak excess of contract kW	9.52	
Energy charge - per kWh per month		
On peak kWh	0.05365	0.01785
Off peak kWh - First 200 HUD	0.03042	0.01785
Off peak kWh - Next 200 HUD	0.00284	0.01785
Off peak kWh - Over 400 HUD	0.00046	0.01785

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE**  
**SCHEDULE OF CURRENT UTILITY RATES IN FORCE (UNAUDITED)**  
**JUNE 30, 2016**

	<b>Rates</b>	
<b>Electrical (continued):</b>		
TGSA - 2 (51 - 1,000 kW))		
Customer charge - per delivery point per month	\$	143.19
Demand Charge - per kW per month		
First 50 kW		9.41
Over 50 kW		7.18
On peak Energy		0.05949
Off peak Energy		0.03620
		0.01785
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		12.45
Over 1,000 kW		9.05
On peak Energy		0.05913
Off peak Energy		0.03599
		0.01785
		0.01785
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		9.52
Maximum kW		4.81
Off peak excess of contract kW		9.52
Energy charge - per kWh		
On peak kWh		0.05155
Off peak kWh - first 200 HUD		0.02832
Off peak kWh - next 200 HUD		0.00284
Off peak kWh - over 400 HUD		0.00046
		0.01785
		0.01785
		0.01785
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	\$	26.78
Energy charge - per kWh		0.04875
		0.01931
Drainage Pump Schedule - DPS		
Customer charge - per delivery point per month	\$	500.00
Energy charge - per kWh		0.03805
		0.01910

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, 2016**

<u>Utility Service</u>	<u>Customers</u>		
	<u>6/30/2015</u>	<u>Increase (Decrease)</u>	<u>6/30/2015</u>
Water	7,971	56	8,027
Sewer	7,478	21	7,499
Gas	7,703	61	7,764
Electric	11,826	-	11,826

See independent auditor's report

AWWA Free Water Audit Software:  
 Reporting Worksheet

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

Water Audit Report for: **City of Dyersburg Water Plant (0000211)**  
 Reporting Year: **2016** **7/2015 - 6/2016**

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.

Enter grading in column 'E' and 'J'

**WATER SUPPLIED**

Volume from own sources:  968.643 MG/Yr  
 Water imported:   
 Water exported:

Master Meter and Supply Error Adjustments

Pcnt:  Value:   
 MG/Yr  
 MG/Yr  
 MG/Yr

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

**WATER SUPPLIED: 968.643** MG/Yr

**AUTHORIZED CONSUMPTION**

Billed metered:  742.454 MG/Yr  
 Billed unmetered:   
 Unbilled metered:   
 Unbilled unmetered:  12.108 MG/Yr

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

**AUTHORIZED CONSUMPTION: 754.562** MG/Yr

Click here:  for help using option buttons below

Pcnt:  Value:

Use buttons to select percentage of water supplied OR value

Pcnt:  Value:

**WATER LOSSES (Water Supplied - Authorized Consumption)**

**Apparent Losses**

Unauthorized consumption:  2.422 MG/Yr

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

Customer metering inaccuracies:  0.000 MG/Yr  
 Systematic data handling errors:  1.856 MG/Yr

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

**Apparent Losses: 4.278** MG/Yr

**Real Losses (Current Annual Real Losses or CARL)**

Real Losses = Water Losses - Apparent Losses:  **209.803** MG/Yr

**WATER LOSSES: 214.081** MG/Yr

**NON-REVENUE WATER**

**NON-REVENUE WATER: 226.189** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

**SYSTEM DATA**

Length of mains:  160.0 miles  
 Number of active AND inactive service connections:  8,027  
 Service connection density:  50 conn./mile main

Are customer meters typically located at the curbstop or property line?  Yes

Average length of customer service line:  (length of service line, beyond the property boundary, that is the responsibility of the utility)

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

Average operating pressure:  55.0 psi

**COST DATA**

Total annual cost of operating water system:  \$3,485,884 \$/Year  
 Customer retail unit cost (applied to Apparent Losses):  \$4.30 \$/1000 gallons (US)  
 Variable production cost (applied to Real Losses):  \$/Million gallons  Use Customer Retail Unit Cost to value real losses

**WATER AUDIT DATA VALIDITY SCORE:**

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

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

**PRIORITY AREAS FOR ATTENTION:**

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

1: Billed metered

2: Unauthorized consumption

3: Systematic data handling errors



Water Audit Report for: **City of Dyersburg Water Plant (0000211)**  
 Reporting Year: **2016** **7/2015 - 6/2016**

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

**System Attributes:**

Apparent Losses:	4.278	MG/Yr
+ Real Losses:	209.803	MG/Yr
= <b>Water Losses:</b>	<b>214.081</b>	<b>MG/Yr</b>
<b>?</b> Unavoidable Annual Real Losses (UARL):	41.55	MG/Yr
Annual cost of Apparent Losses:	\$18,394	
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:	23.4%
	Non-revenue water as percent by cost of operating system:	0.5%
Operational Efficiency:	Apparent Losses per service connection per day:	1.46 gallons/connection/day
	Real Losses per service connection per day:	71.61 gallons/connection/day
	Real Losses per length of main per day*:	N/A
	Real Losses per service connection per day per psi pressure:	1.30 gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL):		209.80 million gallons/year
<b>?</b>	Infrastructure Leakage Index (ILI) [CARL/UARL]:	5.05

\* 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, 2016**

<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**



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

Board of Mayor and  
Aldermen  
City of Dyersburg  
Dyersburg, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dyersburg, Tennessee (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 22, 2017.

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

**Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We and the other auditors consider the deficiency described in the accompanying schedule of findings and responses as item 2016-001 for the Dyersburg Electric System to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. We and the other auditors consider the deficiencies described in the accompanying schedule of findings and responses as items 2016-001, 2016-002 and 2016-003 for the Dyersburg City Schools and 2016-001 for the City of Dyersburg to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed instances of noncompliance or other matters that are required, to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items 2016-001 for the Dyersburg Electric System, 2016-001 for the City of Dyersburg, and 2016-003 for the Dyersburg City Schools.

### **City's Response to Finding**

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

### **Purpose of this Report**

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

*Alexander Thompson Arnold PLLC*

Dyersburg, Tennessee  
July 22, 2017

**CITY OF DYERSBURG, TENNESSEE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**SECTION I - Financial Statement Findings**

**Dyersburg City Schools**

**2016-001 Purchase Orders (Significant Deficiency)**

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

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

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

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

Response: We agree.

**2016-002 Segregation of Duties (Significant Deficiency)**

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

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

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

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

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

**2016-003 Expenditures Exceed Approved Budget (Significant Deficiency and Noncompliance)**

Condition: Expenditures in the General Purpose Fund were greater than approved budgetary amounts.

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

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

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

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

**CITY OF DYERSBURG, TENNESSEE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Dyersburg Electric System**

**2016-001 Dual Signatures (Material Weakness and Noncompliance)**

Condition: We noted two bank accounts, the petty cash account and payroll account, that are impress in nature with minimal or zero carrying balances, in which the checks from the accounts only require one signature.

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

Effect: Potential for unauthorized disbursements.

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

Response: Management is of the learned opinion that there are more than adequate controls currently in place to mitigate any risk associated with this finding. It should be noted that the two accounts (Petty Cash Fund and Payroll Fund) normally maintain a very minimal or zero balance.

The Petty Cash Fund is maintained as a checking account. Checks are issued from this fund for minimal expenses and need only one signature from the CEO, CFO or Management Aide for disbursement. A detailed report of each check written from this fund is provided to the CEO and CFO at the time of replenishment. The fund is replenished by a check issued from the General Fund which requires two signatures (CEO, CFO or Board Member).

The Payroll Account is basically a clearing account and the CEO or CFO can sign payroll checks. This account maintains a zero balance and is replenished to cover the current payroll costs. A General Fund check, which requires two signatures (CEO, CFO or Board Member) is issued at the end of each payroll period to cover the current week's payroll costs. Detailed reports of the weekly payroll are made available to management at the time of signing the payroll checks and at the time of replenishing the Payroll Account.

These procedures have been in place for many years and prior financial audits have deemed this arrangement a non-issue.

**CITY OF DYERSBURG, TENNESSEE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**General Government**

**2016-001 Expenditures Exceed Approved Budget (Significant Deficiency and Noncompliance)**

Condition: Expenditures in the TIP Fund were greater than approved budgetary amounts.

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

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

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

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

**CITY OF DYERSBURG, TENNESSEE  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Corrective Action Plan**

The City of Dyersburg, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2016.

Name and address of independent public accounting firm:

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

Responsible officials for corrective action:

Neel Durbin, Director  
Dyersburg City Schools

Steve Anderson, Treasurer  
City of Dyersburg, TN

Robby Richards, VP Finance  
Dyersburg Electric System

Audit period:

June 30, 2016

**Dyersburg City Schools**

***2016-001 Purchase Orders (Significant Deficiency)***

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

Action taken or planned: We agree.

***2016-002 Segregation of Duties (Significant Deficiency)***

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

Action taken or planned: On July 1, 2016 Dyersburg City Schools hired an additional person in the accounting department to help with the segregation of duties.

**CITY OF DYERSBURG, TENNESSEE  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Dyersburg City Schools (continued)**

**2016-003 Expenditures Exceed Approved Budget**

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

Action taken or planned: We agree.

**Dyersburg Electric System**

**2016-001 Dual Signatures**

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

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

**General Government**

**2016-01 Expenditures Exceed Approved Budget**

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

Action taken or planned: We agree.

**CITY OF DYERSBURG, TENNESSEE  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Dyersburg City Schools**

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2015-001	Purchase Orders (original finding #2014-001)	Repeated
2015-002	Segregation of Duties (original finding #2013-002)	Repeated

**Dyersburg Electric System**

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2015-001	Dual Signatures	<u>Repeated</u>

**General Government**

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2015-001	Expenditures Exceed Approved Budget (original finding #2013-001)	Repeated

**Federal Award Findings and Questioned Costs**

There were no prior year findings reported.