

CITY OF DYERSBURG, TENNESSEE

ANNUAL FINANCIAL REPORT

JUNE 30, 2012

**CITY OF DYERSBURG, TENNESSEE
ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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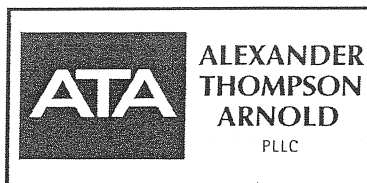
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Independent Auditor's Report

Board of Mayor and
Aldermen
City of Dyersburg
Dyersburg, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Dyersburg, Tennessee (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 a major fund and represents 47 percent of the assets, net assets, and revenues of the City of Dyersburg, Tennessee. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dyersburg Electric System is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and the School Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2013 on our consideration of the City of Dyersburg, Tennessee'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 3 through 15 and 57 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 the 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 regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dyersburg, Tennessee financial statements. The combining and individual fund financial statements and schedules and supporting schedules except those marked unaudited are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dyersburg's financial statements. The supporting schedules, which have been marked unaudited, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Alexander Thompson Arnold PLLC

Dyersburg, Tennessee
March 11, 2013

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012.

FINANCIAL HIGHLIGHTS

- > The assets of the City of Dyersburg exceeded its liabilities at June 30, 2012 by \$111,286,154 (net assets). Of this amount, \$19,698,701 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 16.
- > The City's total net assets increased by \$1,538,020.
- > At June 30, 2012, the governmental funds reported combined ending fund balances of \$7,319,754, of which \$438,221 was unassigned and available for use at the City's discretion. See page 18.
- > Governmental fund balances decreased \$614,185 (page 19) during the year.
- > During the fiscal year ended June 30, 2012, the City's total notes and bonds payable decreased by \$1,521,432 (see page 13 of the report for debt payments by activity).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets 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 16 - 17 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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 9 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements 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 18-26 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 27-30 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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 31-56 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 57 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 58-100 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

The City's combined net assets increased \$1,538,020 or approximately 1.4% from 2011 to 2012. Net assets decreased \$757,105 in governmental activities, with business-type activities increasing \$2,295,125. Combined net assets (assets exceeding liabilities) was \$111,286,154 at June 30, 2012. The table below provides a comparative summary of the City's net assets as of June 30, 2012 and 2011.

CITY OF DYERSBURG'S NET ASSETS

	Governmental Activities		Business-type		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 19,121,803	\$ 18,970,764	\$ 29,929,063	\$ 29,190,213	\$ 49,050,866	\$ 48,160,977
Capital assets	45,694,928	44,661,196	67,895,682	69,135,792	113,590,610	113,796,988
Total Assets	64,816,731	63,631,960	97,824,745	98,326,005	162,641,476	161,957,965
Long-term liabilities	23,922,915	22,569,083	12,262,398	14,559,377	36,185,313	37,128,460
Other liabilities	6,014,310	5,426,266	9,155,699	9,655,105	15,170,009	15,081,371
Total liabilities	29,937,225	27,995,349	21,418,097	24,214,482	51,355,322	52,209,831
Net assets:						
Invested in capital assets, net of related debt	28,414,612	28,160,939	55,152,467	53,977,504	83,567,079	82,138,443
Restricted	5,798,652	5,737,756	2,221,722	2,235,726	8,020,374	7,973,482
Unrestricted	666,242	1,737,916	19,032,459	17,898,293	19,698,701	19,636,209
Total net assets	\$ 34,879,506	\$ 35,636,611	\$ 76,406,648	\$ 74,111,523	\$ 111,286,154	\$ 109,748,134

The largest portion of the City's net assets (\$83,567,079 or 75%) reflects its investments in capital assets, less any debt used to acquire those assets that is still outstanding. The net investment in capital assets increased \$1,428,636 from 2011. Of this increase governmental activities increased \$253,673, and business-type activities increased \$1,174,963. 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 assets (\$8,020,374 or 7%) represents resources that are subject to external restriction on how they may be used. Restricted net assets increased \$46,892 from 2011. The remaining balance of net assets (unrestricted assets of \$19,698,701) may be used to meet the government's ongoing obligation to citizens and creditors. Unrestricted net assets increased \$62,492 from 2011. The increase in restricted and unrestricted net assets was the result of the increase in net capital assets less any outstanding debt related to those assets.

As of June 30, 2012, the City continues to report positive balances in all five categories of net assets, both for the government as a whole, as well as for its separate categories - governmental and business-type activities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Analysis of the City's Operations. The following table provides a comparative summary of the City's operations for the years ended June 30, 2012 and 2011. Also, summary tables comparing 2012 with 2011 along with charts for 2012 are presented on pages 7 through 10 for Governmental expenses and program revenues and for Business-type expenses and program revenues. Governmental activities decreased the City's net assets by \$757,105 in 2012 compared to an decrease of \$948,265 in 2011. Business-type activities increased the City's net assets by \$2,295,125 in 2012 compared to a increase of \$2,863,338 in 2011.

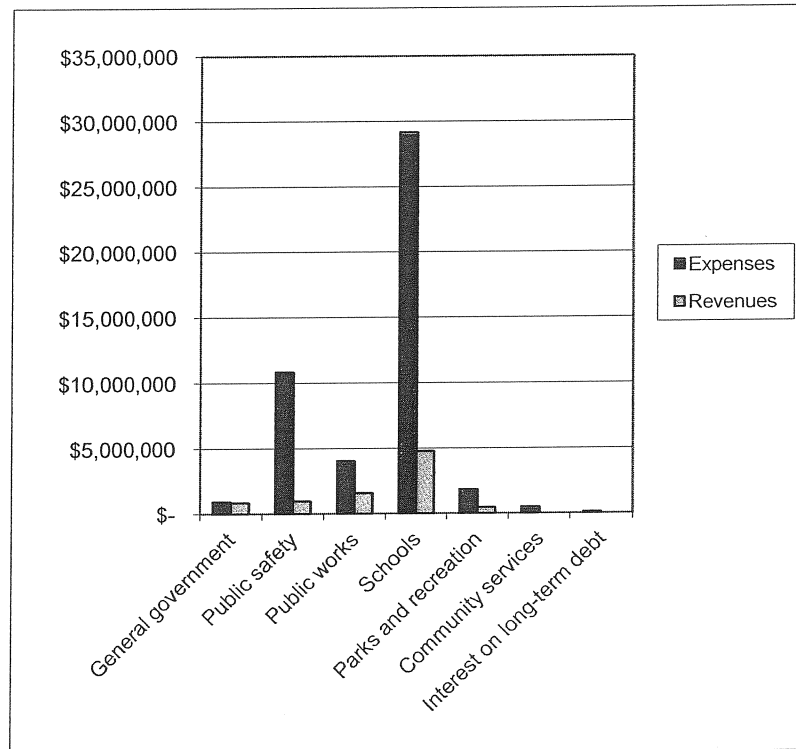
CITY OF DYERSBURG'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues						
Charges for services	\$ 2,929,986	\$ 2,800,379	\$ 55,062,912	\$ 57,672,580	\$ 57,992,898	\$ 60,472,959
Operating grants and contributions	5,751,398	6,304,244	-	-	5,751,398	6,304,244
General revenues						
Sales and use tax	9,244,387	8,459,452	-	-	9,244,387	8,459,452
Property tax	8,884,599	9,550,296	-	-	8,884,599	9,550,296
Other taxes	3,072,538	2,943,017	-	-	3,072,538	2,943,017
Intergovernmental	13,803,354	14,391,038	-	-	13,803,354	14,391,038
Other sources	803,400	898,775	-	-	803,400	898,775
Capital contributions	-	-	-	490,000	-	490,000
Unrestricted investment earnings	142,923	127,531	432,260	464,284	575,183	591,815
Total revenues	44,632,585	45,474,732	55,495,172	58,626,864	100,127,757	104,101,596
Expenses						
General government	920,294	1,269,218	-	-	920,294	1,269,218
Public safety	10,846,954	10,153,927	-	-	10,846,954	10,153,927
Public works	4,033,814	3,340,284	-	-	4,033,814	3,340,284
Schools	29,180,189	30,799,463	-	-	29,180,189	30,799,463
Parks and recreation	1,839,045	1,798,298	-	-	1,839,045	1,798,298
Community services	497,558	981,651	-	-	497,558	981,651
Interest on long-term debt	106,752	100,208	-	-	106,752	100,208
Electric	-	-	37,897,363	39,637,820	37,897,363	39,637,820
Gas	-	-	5,268,531	6,459,977	5,268,531	6,459,977
Water and sewer	-	-	5,331,299	5,416,113	5,331,299	5,416,113
Solid waste	-	-	2,667,938	2,229,564	2,667,938	2,229,564
Total expenses	47,424,606	48,443,049	51,165,131	53,743,474	98,589,737	102,186,523
Increase in net assets before transfers	(2,792,021)	(2,968,317)	4,330,041	4,883,390	1,538,020	1,915,073
Transfers	2,034,916	2,020,052	(2,034,916)	(2,020,052)	-	-
Increase (decrease) in net assets	\$ (757,105)	\$ (948,265)	\$ 2,295,125	\$ 2,863,338	\$ 1,538,020	\$ 1,915,073

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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 2012 Expenses and Program Revenues**



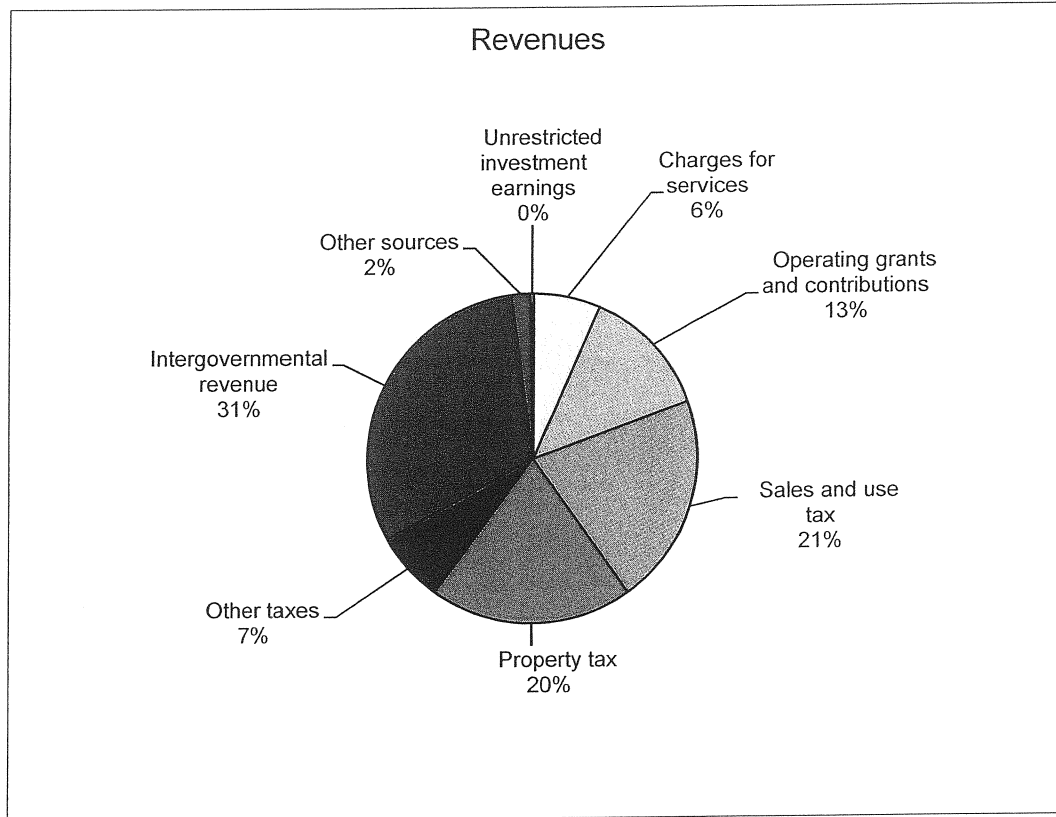
**Governmental Activities
Table of Expenses and Program Revenues**

	2012		2011		Increase (Decrease)	
	Expenses	Program Revenues	Expenses	Program Revenues	Expenses	Program Revenues
General government	\$ 920,294	\$ 855,359	\$ 1,269,218	\$ 683,338	\$ (348,924)	\$ 172,021
Public safety	10,846,954	979,738	10,153,927	902,941	693,027	76,797
Public works	4,033,814	1,591,496	3,340,284	1,266,131	693,530	325,365
Schools	29,180,189	4,779,333	30,799,463	5,858,501	(1,619,274)	(1,079,168)
Parks and recreation	1,839,045	475,458	1,798,298	393,712	40,747	81,746
Community services	497,558	-	981,651	-	(484,093)	-
Interest on debt	106,752	-	100,208	-	6,544	-
	\$ 47,424,606	\$ 8,681,384	\$ 48,443,049	\$ 9,104,623	\$ (1,018,443)	\$ (423,239)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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 2012 Revenues by Source**



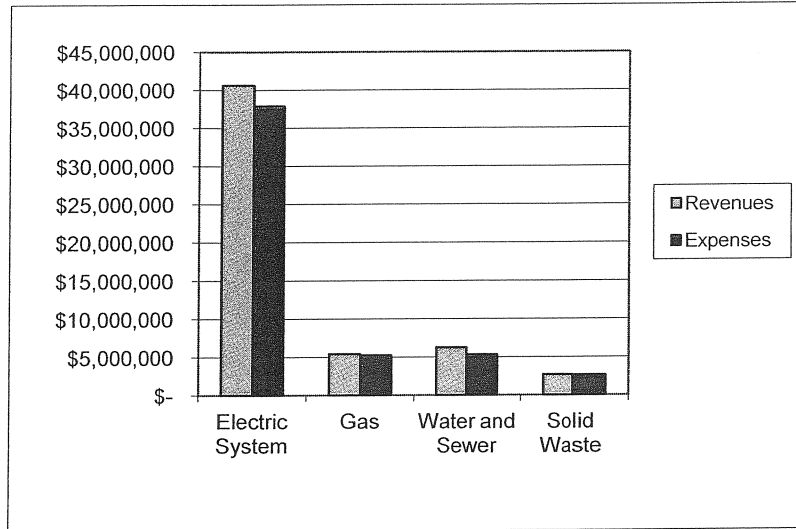
**Governmental Activities
Table of Revenues by Source**

	2012		2011		Increase (Decrease) in Revenues
	Revenues	Percentage	Revenues	Percentage	
Charges for services	\$ 2,929,986	6%	\$ 2,800,379	6%	\$ 129,607
Operating grants and contributions	5,751,398	13%	6,304,244	14%	(552,846)
Sales and use tax	9,244,387	21%	8,459,452	19%	784,935
Property tax	8,884,599	20%	9,550,296	21%	(665,697)
Other taxes	3,072,538	7%	2,943,017	6%	129,521
Intergovernmental revenue (Schools)	13,803,354	31%	14,391,038	32%	(587,684)
Other sources	803,400	2%	898,775	2%	(95,375)
Investment earnings	142,923	0%	127,531	0%	15,392
	\$ 44,632,585	100%	\$ 45,474,732	100%	\$ (842,147)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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 2012 Expenses and Program Revenues**



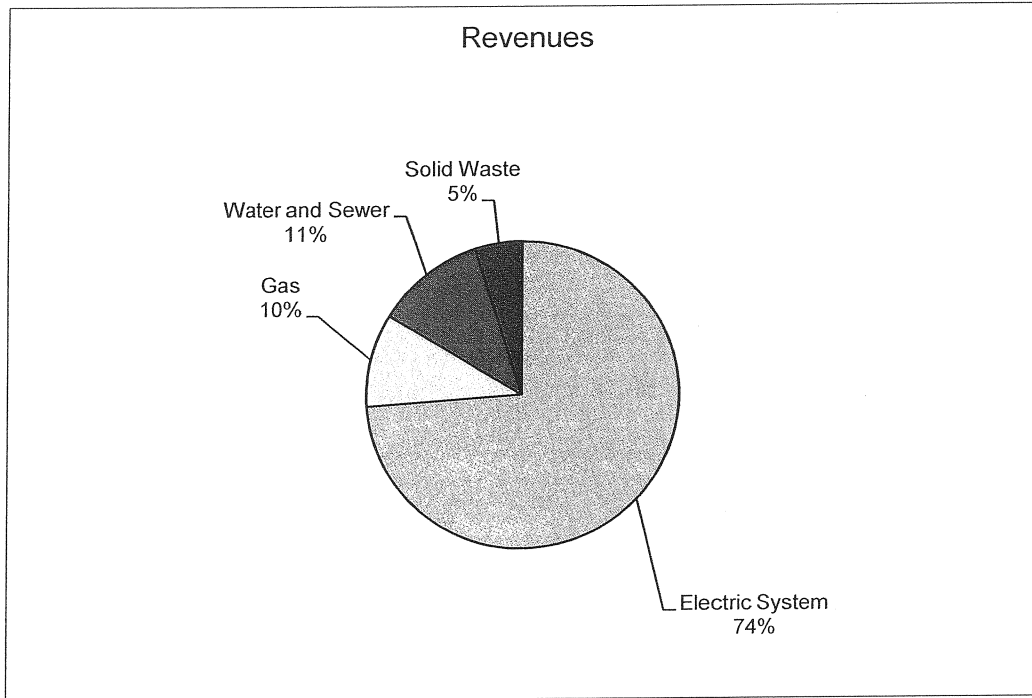
**Business-type Activities
Table of Expenses and Program Revenues**

	2012		2011		Increase (Decrease)	
	Expenses	Program Revenues	Expenses	Program Revenues	Expenses	Program Revenues
Electric	\$ 37,897,363	\$ 40,647,934	\$ 39,637,820	\$ 41,715,933	\$ (1,740,457)	\$ (1,067,999)
Gas	5,268,531	5,413,306	6,459,977	6,841,509	(1,191,446)	(1,428,203)
Water and Sewer	5,331,299	6,288,935	5,416,113	6,440,305	(84,814)	(151,370)
Solid Waste	2,667,938	2,712,737	2,229,564	2,674,833	438,374	37,904
	<u>\$ 51,165,131</u>	<u>\$ 55,062,912</u>	<u>\$ 53,743,474</u>	<u>\$ 57,672,580</u>	<u>\$ (2,578,343)</u>	<u>\$ (2,609,668)</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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 2012 Revenues by Service**



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

	2012		2011		Increase (Decrease)	
	Revenues	Percentage	Revenues	Percentage	Revenues	Percentage
Electric System	\$ 40,647,934	74%	\$ 41,715,933	72%	\$ (1,067,999)	-3%
Gas	5,413,306	10%	6,841,509	12%	(1,428,203)	-21%
Water and Sewer	6,288,935	11%	6,440,305	11%	(151,370)	-2%
Solid Waste	2,712,737	5%	2,674,833	5%	37,904	1%
	<u>\$ 55,062,912</u>	<u>100%</u>	<u>\$ 57,672,580</u>	<u>100%</u>	<u>\$ (2,609,668)</u>	<u>-5%</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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 \$7,319,754, a decrease of \$614,185 in comparison with the prior year. Approximately \$438,221 or 6% 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 (\$181,790), restricted (\$4,957,418) or assigned (\$1,742,325).

In the general fund, the City budgeted for a decrease in the fund balance of \$166,200. Actual revenues were \$268,708 over budgeted revenues and actual expenditures were \$609,334 over budgeted expenditures. Net transfers and other financing sources (uses) of \$4,324,765 resulted in the fund balance decreasing \$959,561 for fiscal year 2012. School fund balance increased \$99,425.

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 assets of the respective proprietary funds are \$7,588,281 in Gas, \$(1,693,972) in Water and Sewer, \$765,213 in Solid Waste Management, and \$11,756,435 in the Electric System. All funds reported an increase in net assets except the Gas fund. The Electric System had an increase in net assets of \$2,005,922, Gas fund net assets decreased \$(64,092), Solid Waste Management fund net assets increased \$170,300 and Water and Sewer fund net assets increased \$97,074.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

CAPITAL ASSETS

The City of Dyersburg's investment in capital assets for its governmental and business-type activities as of June 30, 2012, was \$112,986,475 (net of accumulated depreciation), a decrease of \$246,146 or 2% from 2011. The decrease is the result of net additions to capital assets of \$6,248,835 (a \$4,116,498 increase for Governmental activities and a \$2,132,337 increase for Business-type activities) net of depreciation of capital assets of \$6,494,981 (\$3,108,958 for Governmental activities and \$3,386,023 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	\$ 1,582,000
Public safety	591,200
Public works	1,261,600
Public welfare	247,500

School Funds-

Machinery and equipment	45,000
Building additions and improvements	388,200
Infrastructure	1,000

Business-type Funds

Gas system improvements	234,000
Water and sewer system improvements	657,300
Solid waste management improvements	292,800
Electric system improvements	948,200
	<u>\$ 6,248,800</u>

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

	2012			2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 6,488,727	\$ 2,179,874	\$ 8,668,601	\$ 6,450,956	\$ 2,179,874	\$ 8,630,830
Construction in progress	388,239	516,141	904,380	-	1,427,408	1,427,408
Land improvements	-	2,461,706	2,461,706	-	2,822,952	2,822,952
Buildings and systems	22,536,001	58,335,921	80,871,922	24,580,225	59,402,506	83,982,731
Improvements other than buildings	2,487,347	-	2,487,347	2,498,241	-	2,498,241
Machinery, vehicles and equipment	4,135,929	4,203,661	8,339,590	2,260,538	3,118,249	5,378,787
Infrastructure	9,252,929	-	9,252,929	8,491,672	-	8,491,672
	<u>\$ 45,289,172</u>	<u>\$ 67,697,303</u>	<u>\$ 112,986,475</u>	<u>\$ 44,281,632</u>	<u>\$ 68,950,989</u>	<u>\$ 113,232,621</u>

Additional information on the City of Dyersburg's capital assets can be found in Footnote IV. E. on pages 40-41 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

DEBT ADMINISTRATION

At June 30, 2012, the City of Dyersburg had total bonded debt and notes payable of \$29,434,260. Of this amount, \$8,115,993 comprises bonded debt backed by the full faith and credit of the government and \$6,415,000 represents bonds secured by electric revenues. The notes payable of \$14,903,267 pertains to general fund (\$4,554,267), schools (\$9,424,000) and a landfill (\$925,000).

Total debt decreased \$1,521,432 or 5% from June 30, 2011 to June 30, 2012 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, 2012 and 2011 is summarized below:

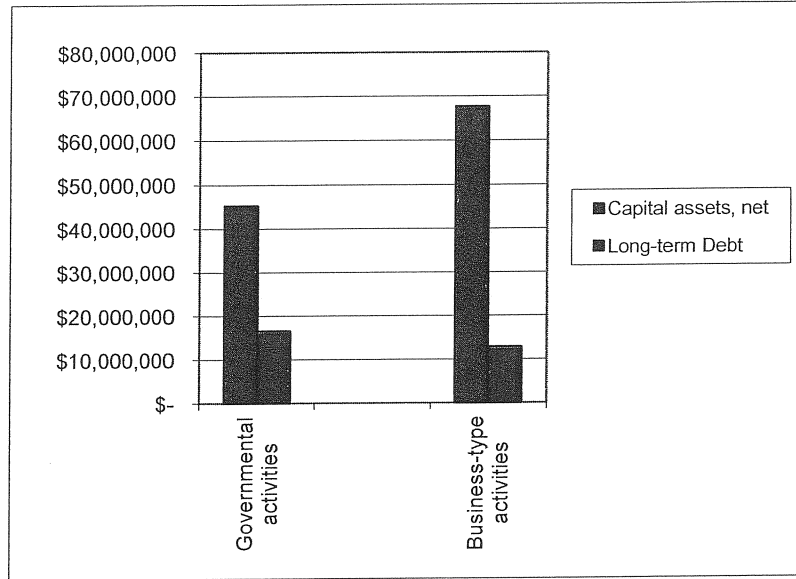
	2012			2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Notes Payable	\$ 13,978,267	\$ 925,000	\$ 14,903,267	\$ 12,885,000	\$ 1,375,000	\$ 14,260,000
General Obligation Bonds	2,605,993	5,510,000	8,115,993	2,790,692	6,500,000	9,290,692
Revenue Bonds	-	6,415,000	6,415,000	-	7,405,000	7,405,000
	<u>\$ 16,584,260</u>	<u>\$ 12,850,000</u>	<u>\$ 29,434,260</u>	<u>\$ 15,675,692</u>	<u>\$ 15,280,000</u>	<u>\$ 30,955,692</u>

The City's Bonds are insured thus holding an A+ credit rating with a stable outlook from Standard and Poors.

Additional information on the City of Dyersburg's long term-debt and debt changes for the year can be found in Footnote IV. H. on pages 42-44 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

**Governmental and Business-type Activities
Chart of 2012 Net Capital Assets and Long-term Debt**



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

	2012		2011	
	Capital Assets, net of Depreciation	Long-term Debt	Capital Assets, net of Depreciation	Long-term Debt
Governmental activities	\$ 45,289,172	\$ 16,584,260	\$ 44,281,632	\$ 15,675,692
Business-type activities	67,697,303	12,850,000	68,950,989	15,280,000
	\$ 112,986,475	\$ 29,434,260	\$ 113,232,621	\$ 30,955,692

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate of Dyer County is 12.9%. This compares unfavorably to the state's average unemployment rate of 8.1% and the national average of 8.2%. The City's budget has been affected by the overall slow down in the economy. However, an increase of 9.3% in sales tax collections during fiscal year 2012 may be an indication that the economy is in recovery. The property was increased from \$1.99 to \$2.14 for fiscal year 2013.

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 previous years practice of minimizing amounts spent by the City for capital acquisitions will be continued in 2013.

The 2012-13 gas operations are budgeted to operate at a net income after transfers of \$567,600 as compared to a net income of \$(64,092) after transfers for fiscal year 2012.

Water and Sewer rates were increased 5% for fiscal year 2013. The Water and Sewer Fund is budgeted to operate at a net income of \$517,500 after transfers as compared to a net income of \$97,074 for fiscal year 2012.

The 2012-13 solid waste operations are budgeted to operate at a net income of \$49,900 as compared to net income of \$170,300 for fiscal year 2012.

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 ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 5,188,949	\$ 16,397,714	\$ 21,586,663
Investments	1,258,109	7,301,335	8,559,444
Receivables (net of allowance for uncollectibles):			
Taxes	7,772,395	-	7,772,395
Accounts	3,235,119	3,272,399	6,507,518
Notes	96,000	-	96,000
Accrued interest and rents	-	135,086	135,086
Due from (to) other funds	1,477,703	(1,477,703)	-
Inventories	48,469	906,558	955,027
Prepaid expenses	(60)	91,561	91,501
Deposits	38,252	2,708	40,960
Deferred debits and other assets	6,867	984,748	991,615
Restricted assets - cash and cash investments	-	2,314,657	2,314,657
Capital assets not being depreciated:			
Land	6,488,727	7,853,947	14,342,674
Construction in progress	388,239	516,141	904,380
Capital assets net of accumulated depreciation	38,817,962	59,525,594	98,343,556
Total Assets	64,816,731	97,824,745	162,641,476
LIABILITIES			
Accounts payable	1,430,493	3,815,546	5,246,039
Accrued liabilities	2,979,809	513,269	3,493,078
Deposits	24,005	2,138,304	2,162,309
Other current liabilities	21,446	273,580	295,026
Noncurrent liabilities:			
Due within one year:			
Current portion of notes payable	1,298,000	450,000	1,748,000
Current portion of bonds payable	184,699	1,965,000	2,149,699
Current portion of capital leases payable	75,858	-	75,858
Due in more than one year:			
Notes payable	10,346,000	475,000	10,821,000
Bonds payable	4,755,561	9,960,000	14,715,561
Less bond discount	-	(45,224)	(45,224)
Other accrued liabilities	1,471,812	1,215,443	2,687,255
Other deferred credits	7,349,542	657,179	8,006,721
Total Liabilities	29,937,225	21,418,097	51,355,322
NET ASSETS			
Invested in capital assets, net of related debt	28,414,612	55,152,467	83,567,079
Restricted	5,798,652	2,221,722	8,020,374
Unrestricted	666,242	19,032,459	19,698,701
Total Net Assets	\$ 34,879,506	\$ 76,406,648	\$ 111,286,154

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, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 920,294	\$ 855,359	\$ -	\$ (64,935)	\$ -	\$ (64,935)
Public safety	10,846,954	674,792	304,946	(9,867,216)	-	(9,867,216)
Public works	4,033,814	426,377	1,165,119	(2,442,318)	-	(2,442,318)
Schools	29,180,189	548,125	4,231,208	(24,400,856)	-	(24,400,856)
Parks and recreation	1,839,045	425,333	50,125	(1,363,587)	-	(1,363,587)
Community services	497,558	-	-	(497,558)	-	(497,558)
Interest on long-term debt	106,752	-	-	(106,752)	-	(106,752)
Total governmental activities	47,424,606	2,929,986	5,751,398	(38,743,222)	-	(38,743,222)
Business-type activities:						
Electric	37,897,363	40,647,934	-	-	2,750,571	2,750,571
Gas	5,268,531	5,413,306	-	-	144,775	144,775
Water and sewer	5,331,299	6,288,935	-	-	957,636	957,636
Solid waste	2,667,938	2,712,737	-	-	44,799	44,799
Total business-type activities	51,165,131	56,062,912	-	-	3,897,781	3,897,781
Total primary government	\$ 98,589,737	\$ 57,992,898	\$ 5,751,398	(38,743,222)	3,897,781	(34,845,441)
General revenues:						
Property taxes				8,884,599	-	8,884,599
State and local sales taxes				9,244,387	-	9,244,387
Wholesale beer and liquor taxes				610,786	-	610,786
Business taxes				364,417	-	364,417
Franchise taxes				140,774	-	140,774
Room occupancy tax				272,286	-	272,286
Other taxes				948,579	-	948,579
State taxes				735,696	-	735,696
Intergovernmental revenue				13,803,354	-	13,803,354
Other sources				803,400	-	803,400
Unrestricted investment earnings				142,923	432,260	575,183
Transfers from business-type activities				2,034,916	(2,034,916)	-
Total general revenues and transfers				37,986,117	(1,602,656)	36,383,461
Change in net assets				(757,105)	2,295,125	1,538,020
Net assets - beginning				35,636,611	74,111,523	109,748,134
Net assets - ending				\$ 34,879,506	\$ 76,406,648	\$ 111,286,154

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

CITY OF DYERSBURG, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	School	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 77,136	\$ 3,754,179	\$ 1,703,032	\$ 5,534,347
Investments	10,000	-	1,320,056	1,330,056
Receivables (net of allowance for uncollectibles):				
Taxes	7,306,057	466,338	-	7,772,395
Accounts	1,221,414	288,717	1,383,666	2,893,797
Notes	-	-	96,000	96,000
Due from other funds	2,465,893	-	881,520	3,347,413
Inventories	-	-	48,469	48,469
Prepaid expenses	3,311	-	-	3,311
Deposits	34,010	-	6,950	40,960
Total Assets	\$ 11,117,821	\$ 4,509,234	\$ 5,439,693	\$ 21,066,748
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	662,991	239,965	\$ 569,805	\$ 1,472,761
Accrued liabilities	1,381,413	1,370,217	205,586	2,957,216
Deposits	24,005	-	-	24,005
Due to other funds	1,039,359	-	904,111	1,943,470
Other deferred credits	7,308,804	-	40,738	7,349,542
Total Liabilities	10,416,572	1,610,182	1,720,240	13,746,994
Fund Balances:				
Non-spendable	37,321	-	144,469	181,790
Restricted	162,869	2,899,052	1,895,497	4,957,418
Assigned	-	-	1,742,325	1,742,325
Unassigned	501,059	-	(62,838)	438,221
Total Fund Balances	701,249	2,899,052	3,719,453	7,319,754
Total Liabilities and Fund Balances	\$ 11,117,821	\$ 4,509,234	\$ 5,439,693	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	45,289,172
Internal service fund assets and liabilities allocated to governmental funds and, therefore, are included in governmental activities in the statement of net assets.	370,749
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the current period.	(18,100,169)
Net assets of governmental activities	\$ 34,879,506

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, 2012

	General	School	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 9,636,870	\$ 8,066,837	\$ 1,380,959	\$ 19,084,666
Licenses and permits	91,228	-	-	91,228
Intergovernmental	2,808,794	13,984,503	5,110,045	21,903,342
Charges for services	1,155,830	-	304,805	1,460,635
Fines, forfeits, and penalties	280,900	-	57,895	338,795
Sale of assets	291,687	-	46,384	338,071
Investment earnings	20,622	-	75,914	96,536
Miscellaneous	1,663,277	551,911	4,078,567	6,293,755
Total Revenues	<u>15,949,208</u>	<u>22,603,251</u>	<u>11,054,569</u>	<u>49,607,028</u>
EXPENDITURES:				
Current:				
General government	1,611,802	-	-	1,611,802
Public safety	9,504,605	-	-	9,504,605
Public works	2,882,982	-	-	2,882,982
Community services	378,741	-	-	378,741
Parks and recreation	1,679,129	-	-	1,679,129
Economic development	269,563	-	-	269,563
Municipal airport	391,911	-	-	391,911
General and administrative	466,173	-	3,939,454	4,405,627
Education	-	21,854,561	4,783,181	26,637,742
Miscellaneous	877,805	-	-	877,805
Capital outlay	2,691,584	413,245	990,689	4,095,518
Debt service:				
Principal retirement	342,246	971,000	-	1,313,246
Interest	106,752	141,189	-	247,941
Other expense	30,241	-	-	30,241
Total Expenditures	<u>21,233,534</u>	<u>23,379,995</u>	<u>9,713,324</u>	<u>54,326,853</u>
Revenues Over (Under) Expenditures	(5,284,326)	(776,744)	1,341,245	(4,719,825)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,063,848	1,101,279	283,460	3,448,587
Operating transfers out	(73,350)	(225,110)	(1,378,754)	(1,677,214)
Sale of bonds	2,334,267	-	-	2,334,267
Total other financing sources (uses)	<u>4,324,765</u>	<u>876,169</u>	<u>(1,095,294)</u>	<u>4,105,640</u>
Net Change in Fund Balance	(959,561)	99,425	245,951	(614,185)
Fund Balance - July 1, 2011	<u>1,660,810</u>	<u>2,799,627</u>	<u>3,473,502</u>	<u>7,933,939</u>
Fund Balance - June 30, 2012	<u>\$ 701,249</u>	<u>\$ 2,899,052</u>	<u>\$ 3,719,453</u>	<u>\$ 7,319,754</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, 2012

Amounts reported for governmental activities in the statement of activities (page 18) are different because:

Net change in fund balances - total governmental funds (page 19)	\$ (614,185)
Proceeds from the sale of bonds are not reported as revenue in the statement of activities	(2,334,267)
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.	1,007,540
Accrual for post employment benefits.	(284,480)
The issuance of long-term debt (e.g., bonds, notes) and the refunding of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,497,945
The net revenue of certain activities of internal service funds is reported with governmental activities.	(85,921)
A reduction in expenses reported in the statement of activities does not require the use of or supply financial resources and therefore, is not reported as expenditures in governmental funds.	<u>56,263</u>
Change in net assets of governmental activities (page 17)	<u><u>\$ (757,105)</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, 2012

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes				
Property taxes - net	\$ 6,565,000	\$ 6,565,000	\$ 6,633,196	\$ 68,196
Property taxes - penalty and interest	80,000	80,000	89,198	9,198
Local sales tax	1,450,000	1,510,000	1,526,213	16,213
Wholesale beer tax	510,000	550,000	547,717	(2,283)
Wholesale liquor tax	60,000	60,000	63,069	3,069
Business taxes	315,000	315,000	364,417	49,417
Cable TV franchise tax	140,000	140,000	140,774	774
Room occupancy tax	235,000	235,000	272,286	37,286
Total taxes	9,355,000	9,455,000	9,636,870	181,870
Licenses and permits				
Beer licenses	8,000	8,000	8,875	875
Liquor licenses	13,000	13,000	15,429	2,429
Other licenses	3,100	3,100	3,032	(68)
Building permits and inspections	63,500	63,500	63,892	392
Total licenses and permits	87,600	87,600	91,228	3,628
Intergovernmental revenues				
Federal Recovery Act Grants	132,500	197,500	198,815	1,315
Federal law enforcement grants	20,000	20,000	16,992	(3,008)
Federal disaster relief grant	50,000	50,000	76,837	26,837
State sales tax	1,176,500	1,157,500	1,156,926	(574)
State income tax	200,000	200,000	161,505	(38,495)
State beer tax	9,000	9,000	8,416	(584)
State alcoholic beverage tax	60,000	60,000	88,173	28,173
State gasoline tax	475,000	475,000	442,407	(32,593)
State, city streets and transportation funds	37,500	37,500	35,195	(2,305)
State public safety grants	84,800	84,800	89,139	4,339
State airport grant	145,000	145,000	104,775	(40,225)
State disaster relief grant	-	-	20,676	20,676
State recreation grant	50,000	50,000	50,125	125
Local governmental grant	125,000	125,000	136,247	11,247
TVA replacement tax	193,700	193,700	198,086	4,386
Payment in lieu of taxes - Housing Authority	20,000	20,000	24,480	4,480
Total intergovernmental revenues	2,779,000	2,825,000	2,808,794	(16,206)
Charges for services				
Public safety reimbursements	270,000	270,000	260,475	(9,525)
Special police and safety services	14,500	14,500	16,017	1,517
Fire protection charges	50,000	50,000	53,508	3,508
Cemetery burial, foundation and deed charges	133,000	133,000	116,220	(16,780)
Stormwater II charges	198,200	198,200	197,227	(973)
Golf charges	280,000	280,000	298,820	18,820
Swimming pool charges and fees	45,500	45,500	48,767	3,267
Parks and recreation charges	109,600	109,600	77,746	(31,854)
Other	57,300	57,300	87,050	29,750
Total charges for services	1,158,100	1,158,100	1,155,830	(2,270)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues (continued):				
Fines, forfeits and penalties				
City court revenue	\$ 252,000	\$ 277,000	\$ 268,517	\$ (8,483)
Parking fines	8,000	8,000	99	(7,901)
Safe driving fees	7,500	7,500	7,800	300
Other	5,000	5,000	4,484	(516)
Total fines, forfeits and penalties	<u>272,500</u>	<u>297,500</u>	<u>280,900</u>	<u>(16,600)</u>
Miscellaneous revenues				
Interest	25,000	25,000	20,622	(4,378)
Rents	289,900	300,400	304,699	4,299
Sales of fuel and supplies	-	170,000	218,020	48,020
Sale of property and equipment	5,000	5,000	26,967	21,967
Sale of cemetery lots	70,000	50,000	46,700	(3,300)
Joint expense reimbursements -				
Administrative charges	1,251,400	1,251,400	1,293,900	42,500
Other	90,000	55,500	64,678	9,178
Total miscellaneous revenues	<u>1,731,300</u>	<u>1,857,300</u>	<u>1,975,586</u>	<u>118,286</u>
Total revenues	<u>15,383,500</u>	<u>15,680,500</u>	<u>15,949,208</u>	<u>268,708</u>

EXPENDITURES

Current:

General government:

Legislative	76,400	76,400	80,747	(4,347)
Judicial	242,700	242,700	240,065	2,635
Executive	148,800	148,800	155,572	(6,772)
City recorder	75,400	75,400	74,045	1,355
City attorney	85,000	85,000	78,308	6,692
Accounting	289,600	289,600	301,668	(12,068)
Tax administration	81,600	81,600	87,011	(5,411)
Purchasing	70,900	70,900	69,980	920
Licensing	40,600	40,600	43,444	(2,844)
Personnel	109,900	109,900	104,132	5,768
Engineering	222,300	222,300	241,226	(18,926)
Planning and zoning	-	-	12,362	(12,362)
City Hall	114,600	114,600	123,242	(8,642)
Total general government	<u>1,557,800</u>	<u>1,557,800</u>	<u>1,611,802</u>	<u>(54,002)</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Public safety:				
Police department				
Traffic safety	\$ 162,600	\$ 162,600	\$ 148,774	\$ 13,826
Supplement pay	37,500	37,500	38,754	(1,254)
Administration	453,400	453,400	467,294	(13,894)
Criminal investigation	726,100	726,100	676,202	49,898
Patrol	1,922,100	1,922,100	2,113,214	(191,114)
Records and identification	222,300	222,300	244,210	(21,910)
Street crime unit	428,800	428,800	443,383	(14,583)
School resource officers	194,700	194,700	194,389	311
K-9 unit	190,300	190,300	238,087	(47,787)
Training	223,100	223,100	234,724	(11,624)
Education	3,000	3,000	931	2,069
Community services	80,300	80,300	81,176	(876)
Domestic abuse	251,800	251,800	261,010	(9,210)
Automotive services	353,400	353,400	376,862	(23,462)
Special response team	37,700	37,700	34,567	3,133
Police station	83,200	83,200	73,933	9,267
Recovery Act grants	134,100	134,100	136,236	(2,136)
Total police department	<u>5,504,400</u>	<u>5,504,400</u>	<u>5,763,746</u>	<u>(259,346)</u>
Fire department				
Administration	363,800	363,800	374,542	(10,742)
Fire fighting	2,648,400	2,648,400	2,783,499	(135,099)
Fire prevention	131,100	131,100	134,326	(3,226)
Training	89,400	89,400	88,502	898
Equipment repair services	78,900	78,900	91,229	(12,329)
Fire stations	71,500	71,500	75,310	(3,810)
Total fire department	<u>3,383,100</u>	<u>3,383,100</u>	<u>3,547,408</u>	<u>(164,308)</u>
Building inspection	<u>198,600</u>	<u>198,600</u>	<u>193,451</u>	<u>5,149</u>
Total public safety	<u>9,086,100</u>	<u>9,086,100</u>	<u>9,504,605</u>	<u>(418,505)</u>
Public works:				
Public works administration	365,800	365,800	371,904	(6,104)
Highways and streets	1,989,800	1,989,800	2,069,998	(80,198)
Storm Drainage	109,900	109,900	99,922	9,978
Stormwater II	111,800	111,800	66,442	45,358
Cemeteries	272,000	272,000	274,716	(2,716)
Total public works	<u>2,849,300</u>	<u>2,849,300</u>	<u>2,882,982</u>	<u>(33,682)</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Community services				
Rabies control	\$ 84,500	\$ 84,500	\$ 84,450	\$ 50
Social services	150,800	150,800	149,291	1,509
Library	145,000	145,000	145,000	-
Total community services	<u>380,300</u>	<u>380,300</u>	<u>378,741</u>	<u>1,559</u>
Parks and recreation				
Dyersburg Activity Center	374,400	374,400	354,399	20,001
Bruce Recreation Center	153,100	153,100	146,884	6,216
Future City Recreation Center	80,000	80,000	79,497	503
Dyersburg Activity Center pool	33,800	33,800	35,135	(1,335)
Okeena pool	77,200	77,200	83,398	(6,198)
Bruce pool	23,100	23,100	25,551	(2,451)
Youth Programs	51,800	51,800	43,794	8,006
Men's softball league	10,100	10,100	9,708	392
Special recreation facilities	16,500	16,500	15,597	903
Playgrounds and parks	473,900	473,900	512,781	(38,881)
Golf course	285,900	285,900	372,385	(86,485)
Total parks and recreation	<u>1,579,800</u>	<u>1,579,800</u>	<u>1,679,129</u>	<u>(99,329)</u>
Tourism and economic development	<u>235,000</u>	<u>235,000</u>	<u>269,563</u>	<u>(34,563)</u>
Municipal airport	<u>34,400</u>	<u>307,100</u>	<u>391,911</u>	<u>(84,811)</u>
Capital outlay				
General government	1,607,000	1,607,000	1,581,896	25,104
Public safety	600,500	600,500	563,382	37,118
Public works	50,500	50,500	46,962	3,538
Parks and recreation	426,100	426,100	247,523	178,577
Municipal airport	150,000	250,000	251,821	(1,821)
Total capital outlay	<u>2,834,100</u>	<u>2,934,100</u>	<u>2,691,584</u>	<u>242,516</u>
Debt service				
Retirement of notes, bonds and capital leases	342,300	342,300	342,246	54
Interest	97,300	97,300	106,752	(9,452)
Bond issuance cost	-	-	27,000	(27,000)
Bank and loan remarketing fees	-	-	3,241	(3,241)
Total debt service	<u>439,600</u>	<u>439,600</u>	<u>479,239</u>	<u>(39,639)</u>
Joint costs - communications	<u>393,500</u>	<u>420,000</u>	<u>466,173</u>	<u>(46,173)</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Miscellaneous expenditures				
Vacation and sick leave	\$ 25,000	\$ 25,000	\$ 9,666	\$ 15,334
Insurance	15,500	15,500	10,456	5,044
Retirement	552,400	552,400	557,300	(4,900)
Professional services	25,000	25,000	23,900	1,100
Payments in lieu of taxes	116,000	116,000	112,872	3,128
Recovery act grant	-	66,000	65,991	9
Other	35,200	35,200	97,620	(62,420)
Total miscellaneous expenditures	<u>769,100</u>	<u>835,100</u>	<u>877,805</u>	<u>(42,705)</u>
Total expenditures	<u>20,159,000</u>	<u>20,624,200</u>	<u>21,233,534</u>	<u>(609,334)</u>
Revenues over (under) expenditures	<u>\$ (4,775,500)</u>	<u>\$ (4,943,700)</u>	<u>\$ (5,284,326)</u>	<u>\$ (340,626)</u>
Other financing sources (uses)				
Transfers in	2,100,000	2,100,000	2,063,848	(36,152)
Transfers out	(50,000)	(50,000)	(73,350)	(23,350)
Sale of bonds	2,727,500	2,727,500	2,334,267	(393,233)
Total other financing sources (uses)	<u>4,777,500</u>	<u>4,777,500</u>	<u>4,324,765</u>	<u>(452,735)</u>
Net change in fund balance	2,000	(166,200)	(959,561)	(793,361)
Fund balances - July 1, 2011	<u>1,660,810</u>	<u>1,660,810</u>	<u>1,660,810</u>	<u>-</u>
Fund balances - June 30, 2012	<u>\$ 1,662,810</u>	<u>\$ 1,494,610</u>	<u>\$ 701,249</u>	<u>\$ (793,361)</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Real estate taxes	\$ 2,715,000	\$ 2,595,000	\$ 2,162,205	\$ (432,795)
Other statutory local taxes	4,000	4,000	1,495	(2,505)
Sales tax	4,510,000	4,760,000	5,180,289	420,289
Marriage licenses	-	-	1,422	1,422
Other permits and licenses	1,500	1,500	248	(1,252)
Wheel tax	700,000	690,000	722,848	32,848
Intergovernmental	13,880,833	13,880,833	13,984,503	103,670
Miscellaneous	453,328	483,328	550,241	66,913
Total Revenues	<u>22,264,661</u>	<u>22,414,661</u>	<u>22,603,251</u>	<u>188,590</u>
EXPENDITURES:				
Education:				
Regular instruction	11,152,041	11,246,304	11,415,414	(169,110)
Vocational education	495,290	507,388	507,388	-
Special education	1,542,804	1,553,829	1,554,375	(546)
Early childhood education	476,678	482,493	480,846	1,647
Attendance services	62,249	64,202	64,202	-
Health services	139,156	148,250	148,654	(404)
Student support	596,530	496,154	495,371	783
Regular instruction support services	1,403,540	1,351,760	1,323,167	28,593
Special education support services	87,743	87,587	87,597	(10)
Vocational education support services	17,502	16,038	16,038	-
Operation of plant	2,361,689	2,193,289	2,185,532	7,757
Maintenance of plant	587,200	756,748	748,997	7,751
Board of education	515,239	536,956	541,423	(4,467)
Alternative education	524,879	522,890	522,890	-
Office of the superintendent	275,913	270,214	274,350	(4,136)
Community services	124,501	116,528	116,052	476
Transportation	2,000	3,792	3,792	-
Office of the principal	1,273,310	1,191,397	1,191,738	(341)
Fiscal services	185,045	176,727	176,735	(8)
Total education	<u>21,823,309</u>	<u>21,722,546</u>	<u>21,854,561</u>	<u>(132,015)</u>
Capital outlay	268,338	476,369	413,245	63,124
Total Expenditures	<u>22,091,647</u>	<u>22,198,915</u>	<u>22,267,806</u>	<u>(68,891)</u>
Revenues Over (Under) Expenditures	173,014	215,746	335,445	119,699
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	110,727	110,727	36,894	(73,833)
Interest expense long term debt	-	-	(47,804)	(47,804)
Transfers to other funds	(283,741)	(326,473)	(225,110)	101,363
Total other financing sources (uses)	<u>(173,014)</u>	<u>(215,746)</u>	<u>(236,020)</u>	<u>(20,274)</u>
Net Change in Fund Balance	-	-	99,425	99,425
Fund Balance - July 1, 2011	<u>2,799,627</u>	<u>2,799,627</u>	<u>2,799,627</u>	<u>-</u>
Fund Balance - June 30, 2012	<u>\$ 2,799,627</u>	<u>\$ 2,799,627</u>	<u>\$ 2,899,052</u>	<u>\$ 99,425</u>

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-Type Activities -- Enterprise Funds				Totals	Governmental
	Gas	Water and Sewer	Solid Waste Management	Electric System		Activities - Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 6,555,510	\$ 466,938	\$ 1,251,420	\$ 6,882,870	\$ 15,156,738	\$ 895,578
Investments	731,270	-	312,520	6,185,598	7,229,388	-
Accounts receivable - net	188,019	496,293	321,237	2,597,014	3,602,563	11,157
Accrued interest receivable	-	-	-	50,333	50,333	-
Accrued rents receivable	-	-	-	84,753	84,753	-
Due from other funds	944,079	(40,792)	185,871	-	1,089,158	97,140
Inventories	61,408	118,402	-	726,748	906,558	-
Prepaid expenses	-	-	-	88,190	88,190	-
Total current assets	8,480,286	1,040,841	2,071,048	16,615,506	28,207,681	1,003,875
Noncurrent assets:						
Cash in bank and with trustees	-	-	-	2,314,657	2,314,657	-
Capital assets:						
Plant in service	12,910,195	56,813,723	8,071,903	53,757,265	131,553,086	2,052,269
Construction in progress	15,943	-	-	500,198	516,141	-
Less - accumulated depreciation	(6,780,861)	(30,338,308)	(4,556,826)	(22,695,929)	(64,371,924)	(1,448,134)
Net utility plant	6,145,277	26,475,415	3,515,077	31,561,534	67,697,303	604,135
Deferred debits and other assets	-	27,194	11,378	933,583	972,155	19,460
Total noncurrent assets	6,145,277	26,502,609	3,526,455	34,809,774	70,984,115	623,595
Total Assets	14,625,563	27,543,450	5,597,503	51,425,280	99,191,796	1,627,470
LIABILITIES						
Current liabilities:						
Accounts payable	434,087	1,630	31,592	3,302,422	3,769,731	3,547
Notes payable within one year	-	-	450,000	-	450,000	-
Bonds payable within one year	-	1,020,000	-	945,000	1,965,000	-
Accrued payroll	8,003	20,883	10,687	-	39,573	18,020
Accrued interest payable	-	16,267	2,351	92,935	111,553	-
Accrued vacation	-	-	-	184,848	184,848	-
Accrued compensated absences	50,183	71,699	25,547	-	147,429	34,438
Customer deposits	256,333	355,898	-	1,526,073	2,138,304	-
Due to other funds	71,696	2,127,714	123,458	-	2,322,868	267,373
Other current liabilities	33,568	108,987	37,200	60,571	240,326	54,700
Total current liabilities	853,870	3,723,078	680,835	6,111,849	11,369,632	378,078
Noncurrent liabilities:						
Other accrued liabilities	38,135	58,929	1,086,378	-	1,183,442	63,762
Advances from TVA - conservation	-	-	-	657,179	657,179	-
Notes payable	-	-	475,000	-	475,000	-
Bonds payable - long-term	-	4,490,000	-	5,424,776	9,914,776	-
Total noncurrent liabilities	38,135	4,548,929	1,561,378	6,081,955	12,230,397	63,762
Total Liabilities	892,005	8,272,007	2,242,213	12,193,804	23,600,029	441,840
NET ASSETS						
Invested in capital assets, net of related debt	6,145,277	20,965,415	2,590,077	25,253,319	54,954,088	604,135
Restricted	-	-	-	2,221,722	2,221,722	-
Unrestricted	7,588,281	(1,693,972)	765,213	11,756,435	18,415,957	581,495
Total Net Assets	\$ 13,733,558	\$ 19,271,443	\$ 3,355,290	\$ 39,231,476	75,591,767	\$ 1,185,630
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					814,881	
Total Net Assets of business-type activities					\$ 76,406,648	

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 ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities -- Enterprise Funds				Totals	Governmental
	Gas	Water and Sewer	Solid Waste Management	Electric System		Activities - Internal Service Funds
Operating revenues:						
Charges for service	\$ 5,331,282	\$ 6,160,495	\$ 2,692,674	\$ 39,616,826	53,801,277	\$ -
Interest and penalties	25,353	43,605	-	241,076	310,034	-
Sale of materials	184	-	-	-	184	-
Rent	-	-	-	714,242	714,242	-
Miscellaneous	23,748	51,986	10,620	75,790	162,144	1,612,562
Total revenues	<u>5,380,567</u>	<u>6,256,086</u>	<u>2,703,294</u>	<u>40,647,934</u>	<u>54,987,881</u>	<u>1,612,562</u>
Operating expenses:						
Purchased power	3,106,959	-	-	31,845,323	34,952,282	-
Transmission and distribution	772,465	431,891	-	1,491,287	2,695,643	-
Customers' accounting and collecting	301,825	328,657	52,469	507,366	1,190,317	-
General and administrative	722,920	851,614	474,083	1,760,738	3,809,355	1,552,615
Purification	-	1,066,809	-	-	1,066,809	-
Sewer plant operation	-	224,606	-	-	224,606	-
Sewage treatment and disposal	-	1,101,319	-	-	1,101,319	-
Residential and dumpster operations	-	-	975,792	-	975,792	-
Landfill operations	-	-	497,659	-	497,659	-
General plant maintenance	-	-	-	38,825	38,825	-
Depreciation and amortization	320,661	1,285,049	513,828	1,861,802	3,981,340	60,630
Taxes other than tax equivalents	-	-	-	135,915	135,915	-
Total operating expenses	<u>5,224,830</u>	<u>5,289,945</u>	<u>2,513,831</u>	<u>37,641,256</u>	<u>50,669,862</u>	<u>1,613,245</u>
Operating income (loss)	155,737	966,141	189,463	3,006,678	4,318,019	(683)
Nonoperating revenues (expenses):						
Investment earnings	60,971	10,848	22,165	337,767	431,751	436
Interest expense	-	(207,575)	(40,793)	(240,924)	(489,292)	-
Miscellaneous income (expense)	-	(640)	(535)	(15,183)	(16,358)	247
Total nonoperating revenues (expenses)	<u>60,971</u>	<u>(197,367)</u>	<u>(19,163)</u>	<u>81,660</u>	<u>(73,899)</u>	<u>683</u>
Income (loss) before extraordinary items and transfers	216,708	768,774	170,300	3,088,338	4,244,120	-
Transfers out	(280,800)	(671,700)	-	(1,082,416)	(2,034,916)	-
Change in net assets	(64,092)	97,074	170,300	2,005,922	2,209,204	-
Total net assets - July 1, 2011	<u>13,797,650</u>	<u>19,174,369</u>	<u>3,184,990</u>	<u>37,225,554</u>		<u>1,185,630</u>
Total net assets - June 30, 2012	<u>\$ 13,733,558</u>	<u>\$ 19,271,443</u>	<u>\$ 3,355,290</u>	<u>\$ 39,231,476</u>		<u>\$ 1,185,630</u>
					85,921	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>\$ 2,295,125</u>	
Change in net assets of business-type activities						

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

CITY OF DYERSBURG, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities -- Enterprises Funds				Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 5,301,404	\$ 6,077,526	\$ 2,624,122	\$ 40,386,544	\$ 54,389,596
Payments to suppliers	(3,814,935)	(1,543,594)	(694,943)	(32,779,366)	(38,832,838)
Payments to employees for services	(448,605)	(1,034,484)	(592,575)	(2,289,038)	(4,364,702)
Payments to employee benefits	(213,318)	(502,650)	(273,251)	-	(989,219)
Payments to other funds	224,437	(1,031,214)	(295,137)	-	(1,101,914)
Other receipts (payments)	149,984	162,985	9,476	-	322,445
Net Cash Provided by Operating Activities	1,198,967	2,128,569	777,692	5,318,140	9,423,368
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(280,800)	(671,700)	-	(1,082,416)	(2,034,916)
Net cash from (used by) financing activities	(280,800)	(671,700)	-	(1,082,416)	(2,034,916)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(234,023)	(657,334)	(292,762)	(1,290,529)	(2,474,648)
Salvage from retirement of plant	-	-	-	42,036	42,036
Cost of removal on retired plant	-	-	-	(165,690)	(165,690)
Principal paid on notes and bonds	-	(990,000)	(450,000)	(990,000)	(2,430,000)
Interest paid on notes and bonds	-	(210,050)	(40,793)	(253,695)	(504,538)
Other receipts (payments)	-	(640)	(535)	(259)	(1,434)
Net cash from (used by) capital and related financing activities	(234,023)	(1,858,024)	(784,090)	(2,658,137)	(5,534,274)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net change in investments	(904)	-	(387)	(53,966)	(55,257)
Interest and investment earnings	60,971	10,848	22,165	329,240	423,224
Decrease in note receivable	-	-	-	1,250,000	1,250,000
Increase (decrease) in customer deposits	-	-	-	85,888	85,888
Net change in conservation loans	-	-	-	15,456	15,456
Net cash provided by investing activities	60,067	10,848	21,778	1,626,618	1,719,311
Net increase in cash and cash equivalents	744,211	(390,307)	15,380	3,204,205	3,573,489
Cash and cash equivalents - July 1, 2011	5,811,299	857,245	1,236,040	4,527,322	12,431,906
Cash and cash equivalents - June 30, 2012	\$ 6,555,510	\$ 466,938	\$ 1,251,420	\$ 7,731,527	\$ 16,005,395

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, 2012
(CONTINUED)

	Business-type Activities -- Enterprises Funds				Governmental Activities - Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System	
	\$ 155,737	\$ 966,141	\$ 189,463	\$ 3,006,678	\$ 4,318,019
Operating income (loss)	320,661	1,278,060	507,924	1,861,802	3,968,447
Adjustments to reconcile net income (loss) from operations to net cash provided by operating activities	-	6,989	99,304	-	106,293
Depreciation	494	22,465	17,669	-	40,628
Amortization	-	-	-	-	-
Provision for doubtful accounts	-	-	-	-	-
(Increase) Decrease in Assets	(29,878)	(82,969)	(68,552)	248,396	66,997
Accounts receivable, net of allowance	1,148,121	67,616	5,473	-	1,221,210
Due from other funds	8,500	2,759	-	101,853	113,112
Inventory	-	-	-	28,255	28,255
Prepaid expenses	-	-	-	200,000	200,000
Other assets	-	-	-	-	-
Increase (Decrease) in Liabilities	(492,068)	(50,176)	(11,498)	(142,433)	(696,175)
Accounts payable	(9,198)	(17,375)	(14,723)	-	(41,296)
Accrued payroll	-	-	(1,144)	-	(1,144)
Accrued interest payable	-	-	-	7,967	7,967
Accrued vacation	100,699	67,394	-	-	168,093
Customer deposits	(7,417)	(127,010)	67,103	-	(67,324)
Due to other funds	(1,771)	(6,284)	(5,900)	5,622	(8,333)
Other current liabilities	-	-	-	-	200
Deferred revenue	5,087	959	(7,427)	-	22,500
Compensated absences	-	-	-	-	(23,773)
Net cash provided by operating activities	\$ 1,198,967	\$ 2,128,569	\$ 777,692	\$ 5,318,140	\$ 9,423,368

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

Operating income (loss)
Adjustments to reconcile net income (loss) from
operations to net cash provided by
operating activities

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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.

The proprietary funds' financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Although the City has the option to apply FASB pronouncements issued after that date, it has chosen not to do so.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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.

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, 2012

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

Investments for the City are reported at fair value.

2. Receivables and Payables

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

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

Property taxes are levied as of September 1 on the property values assessed as of the prior January 1. Taxes are due on the levy date and are delinquent after the following December 31. Tax liens are automatic on January 1 each year and continue until such taxes and any penalty, interest or other charges accruing thereon are paid. Assessed values are established by the County Tax Assessor at 25% of appraised market value for residential real property, 40% for commercial real property, 55% for public utilities, and 30% for business personal property. A complete reappraisal of all property is required every six (6) years with an update after the third year. A revaluation was completed in 2008. The City's tax rate applicable to 2011 was \$1.99 on each \$100 of tax valuation.

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

5. Capital assets, depreciation, and amortization

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

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

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

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

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.

6. Compensated Absences

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

7. Long-Term Obligations

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

8. Fund Equity

Governmental fund equity is classified as fund balance. Beginning with fiscal year 2011, the City of Dyersburg implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. 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). 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.

9. Estimates

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

10. *Vacation and Sick Leave*

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

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

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

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

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

3) Firefighters accrue vacation days under the following terms:

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

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

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

11. *Deferred Revenue*

Deferred revenue represents amounts that were receivable and measurable at June 30, 2012, but were not available to finance expenditures for the year ended June 30, 2012. Deferred revenues primarily include unearned or unavailable revenues.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

12. *Utility Pole Rental*

The Electric System contracts with other utilities to share poles for lines. These contracts are renewed on an annual basis. Pole rent expense for the year ended June 30, 2012, was \$13,646.

II. Reconciliation of Government-Wide and Fund Financial Statement

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$18,100,169 difference are as follows:

Bonds payable	\$ 4,940,260
Notes payable	11,644,000
Capital lease payable	75,858
Compensated absences	<u>1,440,051</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ 18,100,169</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense." The details of this \$1,007,540 difference are as follows:

Capital outlay	\$ 4,116,498
Less depreciation expense	<u>(3,108,958)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 1,007,540</u></u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between line items require the approval of the Board of Mayor and Aldermen. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the line item level. Several supplemental budgetary appropriations were made throughout the year.

For the year ended June 30, 2012 expenditures exceeded appropriations in the General Fund, Community Development Fund, Insurance Reserve Fund and Communications Service Fund.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012, the City's bank deposits were entirely insured with FDIC Insurance or through the state bank collateral pool.

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

	Investments	Trust Funds
Time Deposits	\$ 10,000	\$ -
Certificates of Deposit	6,185,598	
U. S. Agencies and Instrumentalities	-	1,320,056
Total Securities	6,195,598	1,320,056
Local Government Investment Pool	1,043,790	-
Total Investments	\$ 7,239,388	\$ 1,320,056

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	\$ 468,551	\$ 466,338	\$ -	\$ 934,889
Accounts	1,215,757	19,682	48,214	1,283,653
Intergovernmental	151,798	269,035	1,335,452	1,756,285
Unassessed property taxes	6,882,506	-	-	6,882,506
Gross receivables	8,718,612	755,055	1,383,666	10,857,333
Less: allowance for uncollectibles	(191,141)	-	-	(191,141)
Net total receivables	\$ 8,527,471	\$ 755,055	\$ 1,383,666	\$ 10,666,192

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Business-type Funds:

	Proprietary Funds					Internal Service Funds
	Gas	Water and Sewer	Solid Waste Management	Electric System	Total	
Interest	\$ -	\$ -	\$ -	\$ 50,333	\$ 50,333	\$ -
Accounts	226,019	547,293	348,237	2,929,261	4,050,810	13,586
Other assessments	-	-	-	84,753	84,753	-
Gross receivables	226,019	547,293	348,237	3,064,347	4,185,896	13,586
Less: allowance for uncollectibles	(38,000)	(51,000)	(27,000)	(332,247)	(448,247)	(2,429)
Net total receivables	<u>\$ 188,019</u>	<u>\$ 496,293</u>	<u>\$ 321,237</u>	<u>\$ 2,732,100</u>	<u>\$ 3,737,649</u>	<u>\$ 11,157</u>

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

	<u>Unavailable</u>
Property taxes receivable (general fund)	\$ 7,282,932
Lot mowing charges (general fund)	25,872
Interest (community development fund)	<u>40,738</u>
Total deferred revenue for governmental funds	<u>\$ 7,349,542</u>

C. Notes Receivable

During the year ended June 30, 1996, the City sold 30 acres of industrial park land to the Industrial Development Board of Dyer County. The Board executed a non-interest bearing note payable in favor of the City in the amount of \$240,000 due in full October 1, 2015. The principal balance of the note is reflected as a note receivable on the balance sheet of the Community Development Fund. A deferred credit representing unearned interest, at an imputed interest rate of 8.25%, is reflected as a liability on the balance sheet of the Community Development Fund. Unearned interest on this note at June 30, 2012 was \$10,605.

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

D. Prepaid Purchased Power

During the years ended June 30, 2003 and 2004 the Electric System entered into two separate agreements with the Tennessee Valley Authority (TVA) to purchase power to be distributed in the future. The Electric System paid TVA \$1,000,000 with each contract in exchange for credits against the System's monthly power bill of 435,000 and 429,000 kWh each, at a set rate of 2.5 cents per kWh for ten years. The System's monthly power bill is credited \$21,600 by TVA. The balance due from TVA is represented on the Statement of Net Assets with a balance at June 30, 2012 of \$183,334. The System's records, and financial information submitted to TVA, reflects the total number of credits to be received over the length of the contract as an asset and a contra account representing the total income to be received as deferred interest income as follows:

Prepaid Purchased Power	\$ 236,850
Deferred Interest Income	(53,516)
	<u>\$ 183,334</u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

E. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

Primary Government

	Beginning Balance	Additions & Adjustments	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,450,956	\$ 37,771	\$ -	\$ 6,488,727
Construction in progress	\$ -	\$ 388,239	\$ -	\$ 388,239
Capital assets being depreciated:				
Buildings	\$ 45,700,563	\$ 87,032	\$ -	\$ 45,787,595
Improvements other than buildings	4,096,648	191,576	-	4,288,224
Machinery and equipment	10,386,974	2,430,691	-	12,817,665
Infrastructure	23,745,631	981,189	-	24,726,820
Total capital assets, being depreciated	83,929,816	3,690,488	-	87,620,304
Less accumulated depreciation for:				
Buildings	(21,120,340)	(2,131,254)	-	(23,251,594)
Improvements other than buildings	(1,598,407)	(202,470)	-	(1,800,877)
Machinery and equipment	(8,126,435)	(555,301)	-	(8,681,736)
Infrastructure	(15,253,958)	(219,933)	-	(15,473,891)
Total accumulated depreciation	(46,099,140)	(3,108,958)	-	(49,208,098)
Total capital assets, being depreciated, net	37,830,676	581,530	-	38,412,206
Allocated Internal Service Fund capital assets, being depreciated, net	379,564	26,192	-	405,756
Governmental activities capital assets, net	\$ 38,210,240	\$ 607,722	\$ -	\$ 38,817,962

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,179,874	\$ -	\$ -	\$ 2,179,874
Construction in progress	\$ 1,427,408	\$ -	\$ (911,267)	\$ 516,141
Capital assets being depreciated:				
Land and land improvements	\$ 5,674,073	\$ -	\$ -	\$ 5,674,073
Buildings and systems	109,278,446	2,023,385	(575,849)	110,725,982
Machinery and equipment	11,377,087	1,608,936	(12,866)	12,973,157
Total capital assets, being depreciated	126,329,606	3,632,321	(588,715)	129,373,212
Less accumulated depreciation	(60,985,900)	(4,077,809)	691,785	(64,371,924)
Total capital assets, being depreciated, net	65,343,706	(445,488)	103,070	65,001,288
Allocated Internal Service Fund capital assets, being depreciated, net	184,803	13,576	-	198,379
Business-type activities capital assets, net	\$ 65,528,509	\$ (431,912)	\$ 103,070	\$ 65,199,667

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

Government activities:

General government	\$ 25,633
Public safety	393,093
Public works	499,034
Public welfare	2,191,198
Capital assets held by the government's internal service funds charged to functions based on usage	24,636
Total depreciation expense - governmental activities	\$ 3,133,594

Business-type activities:

Gas	\$ 320,661
Water and Sewer	1,278,060
Solid Waste Management	507,924
Electric	1,971,163
Capital assets held by the government's internal service funds charged to functions based on usage	27,414
Total depreciation expense - business-type activities	\$ 4,105,222

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances at June 30, 2012, is as follows:

Receivable Fund	Payable Fund	Amount
General	Enterprise	\$ 1,475,988
	Nonmajor governmental	904,111
	Internal Service	85,794
Enterprise	General	242,401
	Internal Service	138,472
	Enterprise	708,285
Nonmajor governmental	General	726,366
	Enterprise	120,400
	Internal Service	34,754
Internal Service	General	70,592
	Enterprise	18,195
	Internal Service	8,353
Total		\$ 4,533,711

Interfund transfers for the year ending June 30, 2012:

Transfer To	Transfer From	Amount
General	Gas (Tax Equivalents)	\$ 280,800
	Water and Sewer (Tax Equivalents)	671,700
	Electric (Tax Equivalents)	1,082,416
	Cemetery Trust (Per Trust Agreement)	28,932
Community Development	General (Industrial Development)	35,000
Cemetery Trust	General (Per Trust Agreement)	23,350
School General Purpose	General (Budgeted)	15,000
	Federal Projects (Indirect Costs)	21,894
	Debt Service (School Debt)	1,327,928
	Total	

Interfund balances and transfers occur in the normal course of business activities.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

G. Leases

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

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

During the year ended June 30, 2012, lease payments were made in the amount of \$72,246. Future minimum lease payments under this agreement are as follows:

Year ended June 30, 2013	\$ 75,858
--------------------------	-----------

H. Long-Term Debt

1. General Obligation bonds

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

\$8,365,000 General Obligation Water and Sewer Refunding Bonds, Series 2009 dated April 28, 2009, due in annual installments at 3.00-4.00%, secured by revenues of the City.	<u><u>\$ 5,510,000</u></u>
\$2,960,000 General Obligation Qualified School Construction Bonds, Series 2009 dated December 17, 2009, due in monthly installments at 1.515% interest, secured by revenues of the City.	<u><u>\$ 2,605,993</u></u>

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 184,699	\$ 44,844	\$ 1,020,000	\$ 179,900
2014	184,699	44,844	820,000	152,300
2015	184,699	44,844	680,000	129,800
2016	184,699	44,844	700,000	105,600
2017	184,699	44,844	735,000	76,900
2018-2022	923,495	224,220	1,555,000	62,500
2023-2027	759,003	179,376	-	-
Totals	<u>\$ 2,605,993</u>	<u>\$ 627,816</u>	<u>\$ 5,510,000</u>	<u>\$ 707,000</u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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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:

\$2,500,000 Electric System Revenue Refunding Bonds, Series 2003 dated June 4, 2003, due in annual installments at 2.15-3.85% interest, secured by revenues of the System	\$ 1,700,000
\$3,800,000 Electric System Revenue Refunding Bonds, Series 2005 dated March 22, 2005, due in annual installments at 3.10-4.10% interest, secured by revenues of the System	1,595,000
\$2,000,000 Electric System Revenue Refunding Bonds, Series 2007 dated March 26, 2007, due in annual installments at 3.70 - 4.00% interest, secured by revenues of the System	1,755,000
\$1,775,000 Electric System Revenue Refunding Bonds, Series 2010 dated February 10, 2010, due in annual installments at 2.00 - 3.00% interest, secured by revenues of the System.	<u>1,365,000</u>
Total Revenue Bonds Payable	<u><u>\$ 6,415,000</u></u>

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2013	\$ 945,000	\$ 223,046
2014	980,000	196,257
2015	740,000	168,557
2016	765,000	143,137
2017	575,000	116,460
2018-2022	2,220,000	251,258
2023-2027	<u>190,000</u>	<u>7,600</u>
Totals	<u><u>\$ 6,415,000</u></u>	<u><u>\$ 1,106,315</u></u>

3. Notes Payable

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

Governmental activities

\$10,000,000 Tennessee Municipal Bond Fund Variable Rate Loan Program, dated September 19, 2000, secured by revenues of the City	\$ 8,034,000
\$2,750,000 Capital Outlay Notes dated April 18, 2007, secured by revenues of the City	2,220,000
\$2,200,000 School Capital Outlay Notes dated April 18, 2007, secured by revenues of the City	1,390,000
\$4,500,000 Tennessee Municipal Bond Fund Variable Rate Loan Program, dated September 29, 2011, secured by revenues of the City	<u>2,334,267</u>
Total notes payable - Governmental activities	<u><u>\$ 13,978,267</u></u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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Business type activities

\$2,600,000 Landfill Capital Outlay Notes dated December 20, 2007, secured by revenues of the solid waste revenues	\$ 925,000
Total notes payable - Business type activities	925,000
Total notes payable	\$ 14,903,267

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

Year Ending June 30,	Principal	Interest
2013	\$ 1,748,000	\$ 455,086
2014	1,837,000	390,932
2015	1,422,000	323,731
2016	1,488,000	269,254
2017	1,558,000	213,712
2018-2022	4,516,000	289,742
Totals	\$ 12,569,000	\$ 1,942,457

The difference in total notes payable of \$2,334,267 is due to the 2011 Tennessee Municipal Bond Fund loan still being open and therefore, not having a finalized payment schedule.

4. Changes in long-term liabilities

Long – term liability activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012	Due in One Year
Governmental Activities					
Compensated Absences	\$ 1,211,834	\$ 228,217	\$ -	\$ 1,440,051	\$ -
Notes Payable	12,885,000	-	(1,241,000)	11,644,000	1,298,000
General Obligation Bonds	2,790,692	2,334,267	(184,699)	4,940,260	184,699
Total governmental activities	16,887,526	2,562,484	(1,425,699)	18,024,311	1,482,699
Business Type Activities					
Compensated Absences	105,764	3,478	-	109,242	-
Closure/Postclosure Costs	980,800	93,400	-	1,074,200	-
Note Payable	1,375,000	-	(450,000)	925,000	450,000
General Obligation Bonds	6,500,000	-	(990,000)	5,510,000	1,020,000
Revenue Bonds	7,405,000	-	(990,000)	6,415,000	945,000
Less Bond Discount	(52,159)	6,935	-	(45,224)	-
Total business type activities	16,314,405	103,813	(2,430,000)	13,988,218	2,415,000
Total of all fund types	\$ 33,201,931	\$ 2,666,297	\$ (3,855,699)	\$ 32,012,529	\$ 3,897,699

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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I. Fund Balances - Governmental Funds

	General Fund	School Fund	Other Govt. Funds	Total
Nonspendable				
Inventory	\$ -	\$ -	\$ 48,469	\$ 48,469
Prepaid expenses	37,321	-	-	37,321
Long term notes receivable	-	-	96,000	96,000
Restricted				
Public safety	11,477	-	209,437	220,914
Education	-	2,899,052	370,799	3,269,851
Capital projects	127,321	-	2,955	130,276
Public works	24,071	-	-	24,071
Perpetual care	-	-	1,312,306	1,312,306
Assigned				
Employee health claims	-	-	200,493	200,493
Debt service	-	-	1,541,832	1,541,832
Unassigned	501,059	-	(62,838)	438,221
Totals	<u>\$ 701,249</u>	<u>\$ 2,899,052</u>	<u>\$ 3,719,453</u>	<u>\$ 7,319,754</u>

J. Industrial Park Property

The City of Dyersburg has purchased several parcels of industrial property in an equal partnership with the County of Dyer, Tennessee. When the property is sold, the County of Dyer receives one-half of the net proceeds from the sales after allowance has been made for reimbursement to the City for costs of developing the property, if any. At June 30, 2012, approximately 308 acres of undeveloped industrial park property is owned jointly by these two governmental bodies.

K. Closure and Postclosure Care Costs

State and Federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. At June 30, 2012, the estimated remaining useful life of the landfill was 63 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 \$1,074,200 as of June 30, 2012, which is based on 18.7% usage (filled) of the landfill. It is estimated that an additional \$4,664,543 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, 2012. 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, 2012, the City has \$312,520 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 \$5,578,959 which states that the City shall properly operate the solid waste facility and perform closure of the facility in accordance with all requirements of the permit and the closure/postclosure plan pursuant to all applicable laws and regulations. Failure of the City to perform would entitle the State of Tennessee to collect any state funds disbursed to the City for the cost of any violations.

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

V. Other Information

A. Risk Management

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

Dyersburg City Schools

During the year ended June 30, 2012, the School obtained insurance from the Tennessee School Board Liability Trust (TSBLT), which is a public entity risk pool established to provide insurance coverage to local School boards in Tennessee. The Board pays an annual premium to TSBLT for insurance. The creation of TSBLT provides for it to be self-sustaining through member premiums. The TSBLT reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

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

Dyersburg Electric System

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

Other City Segments

The City through the City of Dyersburg Healthcare Network provides City employees with self-funded healthcare coverage. The City entered an agreement with Underwriters Safety & Claims, Inc. for claims administration and payment. Claims in excess of a self-insured aggregate limit of \$3,571,283 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, 2012.

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

CITY OF DYERSBURG, TENNESSEE
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B. Concentration of Credit Risk

The City bills local property owners for property taxes and customers of the Enterprise Funds for utility services. At June 30, 2012, these property owners and customers are indebted to the City as noted on the Balance Sheet and Statement of Net Assets 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, 2012 Dyersburg Electric had no litigation or pending litigation.

At June 30, 2012 Dyersburg City Schools had no litigation or pending litigation.

At June 30, 2012 the City of Dyersburg had no litigation or pending litigation that is expected to result in any liability to the City.

D. Contingent Liabilities

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

E. Employee Retirement Systems and Pension Plans

The City has established various retirement plans for different segments of employees. Contributions by the City to all plans for the year ended June 30, 2012, were \$2,229,541. A brief description of each plan follows:

Dyersburg City Schools

1. Plan Description

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

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

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

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

Funding Policy

Most teachers are required by state statute to contribute 5% of salary to the plan. The employer contribution rate for the Dyersburg City Schools Board of Education is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2012 was 6.42% of annual covered payroll. The employer contribution requirement for the Dyersburg City Schools Board of Education is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2012, 2011, and 2010, were \$1,082,822, \$1,125,550, and \$784,408, respectively, equal to the required contributions for each year.

2. Plan Description

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

Actuarial information is estimated as of January 1, 2011.

At January 1, 2011, the Retirement Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits not receiving them	39
Active employees -	
Fully vested	50
Non-vested	51
Total	140

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

As actuarial valuations are determined as of January 1, funding information is not available on a fiscal year basis. At the date of this report, the last actuarial valuation was performed as of January 1, 2011.

Disclosure Information

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

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

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

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

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2004	\$ -	\$ -	n/a
2005	-	-	n/a
2006	-	-	n/a
2007	43,353	-	-0-
2008	43,353	-	-0-
2009	73,186	-	-0-
2010	73,186	-	-0-

Three Year Trend Information

	Year Ending December 31,		
	2008	2009	2010
Annual Pension Cost	\$ 42,933	\$ 72,351	\$ 41,652
Actual Contribution	\$ -	\$ -	\$ -
Percent of Annual Pension Cost Contributed	n/a	n/a	n/a
Net Pension Obligation	\$ 86,286	\$ 158,637	\$ 230,289

Net Pension Obligation as of December 31, 2011

Determination of Annual Pension Cost / Net Pension Obligation for 2011

Annual required contribution	\$ 73,186
Interest on net pension obligation	11,898
Adjustment to annual required contribution	<u>(13,432)</u>
Annual pension cost	71,652
Contributions made	<u>-</u>
Increase (Decrease) in net pension obligation	71,652
Net pension obligation beginning of year	<u>158,637</u>
Net pension obligation end of year	<u><u>\$ 230,289</u></u>

CITY OF DYERSBURG, TENNESSEE
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Additional Information Regarding Comparison

The plan's funding policy is to contribute the annual required contribution based on a 10-year, 20-year or 40-year amortization funding level. For the 2011 plan year, the annual required contribution was \$73,186 and the School did not make any employer contributions.

Actuarial assumptions have been revised periodically to reflect actual plan experience and expectations regarding future events. The most recent assumption revision was effective January 1, 2003 when the rates of investment return, salary increases, withdrawal and mortality were all changed.

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

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

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

Total pension benefit obligation	\$ 5,554,591
Net assets available for benefits, at market value	<u>(4,489,326)</u>
Unfunded actuarial accrued liability, January 1, 2011	<u><u>\$ 1,065,265</u></u>

Dyersburg Electric System

1. Plan description

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

At December 31, 2011, the Retirement Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	3
Active employees:	
Fully vested	25
Partially vested	14
Nonvested	<u>1</u>
Total	<u><u>43</u></u>

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

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

CITY OF DYERSBURG, TENNESSEE
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2. Funding Status and Progress

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

The pension benefit obligation was computed as of December 31, 2011. Significant actuarial assumptions used in the computation include (a) rate of return on the investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 5.0 percent a year compounded annually, attributable to inflation, (c) no additional projected salary increases for seniority or merit, and (d) no post-retirement benefit increases. The actuarial method used is the projected unit credit actuarial cost method which is the only method permitted by Governmental Accounting Standards Board Statement No. 5.

The pension benefit obligation in excess of assets applicable to the System's employees at December 31, 2011, based on the actuary's computation at December 31, 2011, is as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 1,385,809
Current employees:	
Employer-financed vested	3,019,488
Employer-financed non-vested	841,188
Employee-financed vested	229,528
Total pension benefit obligation	5,476,013
Net assets available for benefits, at market value	5,475,155
Pension benefit obligation in excess of assets	\$ 858

3. Actuarially Determined Contribution Requirements and Contributions Made

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

The contributions to the Plan for the year ended December 31, 2011, of \$401,619 were made in accordance with actuarially determined requirements computed through the actuarial valuation performed as of January 1, 2011. The contribution consisted of \$168,799 normal cost (7.9 percent of covered payroll), \$211,917 amortization of the unfunded actuarial accrued liability (10.0 percent of covered payroll), and \$20,903 in employee contributions (1.0 percent of covered payroll).

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

4. *Trend Information*

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

Other City Employees

1. *Plan Description*

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

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

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

At July 1, 2011, the Retirement Plan membership consisted of:

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

Participating employees contribute 5% of each year's earnings. Pension plans sponsored by public entities are not required to comply with specific funding requirements; however, the Board of Mayor and Aldermen officially dedicated 100% of the wholesale liquor tax to the funding of this plan upon its inception. The City contributed \$745,100 to this plan for the year ended June 30, 2012 of which, \$63,069 was from wholesale liquor tax receipts.

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

The funds of the plan are held in trust and administered by First Citizens National Bank of Dyersburg, Tennessee. Thornthwaite & Co. prepared the actuarial study and valuation as of July 1, 2011 for the plan year ending June 30, 2011.

2. Analysis of Funding Progress

	As of July 1,		
	2007	2009	2011
Net Assets Available For Benefits	\$ 5,472,751	\$ 3,194,853	\$ 4,263,221
Pension Benefit Obligation	\$ 12,863,009	\$ 12,535,673	\$ 14,829,284
Percentage Funded	42.5%	25.5%	28.7%
Unfunded Pension Benefit Obligation	\$ 7,390,258	\$ 9,340,820	\$ 10,566,063
Annual Covered Payroll	\$ 10,735,261	\$ 11,289,921	\$ 11,070,387
Unfunded Pension Benefit Obligation as a Percentage of Annual Covered Payroll	68.8%	82.7%	95.4%

3. Components of Pension Benefit Obligation

	As of July 1,		
	2007	2009	2011
Retired and Deferred	\$ 2,782,718	\$ 3,771,671	\$ 4,781,903
Current Employees			
Accumulated Employee Contributions	4,936,912	5,232,938	6,746,597
Employer-financed Vested	4,625,093	3,185,354	2,850,139
Employer-financed Non-vested	518,286	345,710	450,645
Total Pension Benefit Obligation	<u>\$ 12,863,009</u>	<u>\$ 12,535,673</u>	<u>\$ 14,829,284</u>

4. Funding Status and Progress

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

The pension benefit obligation was computed as of July 1, 2011. Significant actuarial assumptions used in the computation include (a) a rate of return on the investments of 8.5% per annum net of investment expense and (b) projected salary increases of 4% annually. The unfunded pension benefits obligation to the City's employees at July 1, 2011, based on the actuary's computation at July 1, 2011, is as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not receiving them	\$ 4,781,903
Current employees-	
Employer-financed vested	2,850,139
Employer-financed nonvested	450,645
Accumulated employee contributions	<u>6,746,597</u>
Total pension benefit obligation	14,829,284
Net assets available for benefits, at market value	<u>4,263,221</u>
Pension benefit obligation in excess of assets	<u>\$ 10,566,063</u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

5. Actuarially Determined Contribution Requirements and Contribution Made

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

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

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

F. Postemployment Healthcare Plan

Dyersburg City Schools

1. Plan Description

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

2. Funding Policy

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

<u>Annual OPEB Cost and Net OPEB Obligation</u> (dollars in thousands)	<u>Teacher Group Plan</u>
ARC	\$ 466,000
Interest on the NPO	24,092
Adjustment	<u>(23,449)</u>
Annual OPEB cost	466,643
Amount of contribution	<u>(182,164)</u>
Increase/Decrease in NPO	284,479
Net OPEB obligation - beginning of year	535,382
Net OPEB obligation - end of year	<u><u>\$ 819,861</u></u>

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Year End*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation At Year End
6/30/2012	Teacher Group	\$ 466,643	39.04%	\$819,861
6/30/2011	Teacher Group	\$ 399,906	39.00%	\$538,382
6/30/2010	Teacher Group	\$ 399,174	38.23%	\$385,003

3. Funded Status and Funding Progress

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

	<u>Teacher Group Plan</u>
Actuarial valuation date	7/1/2011
Actuarial accrued liability (AAL)	\$ 4,920,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,920,000</u>
Actuarial Value of Assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 14,918,076
UAAL as a percentage of covered payroll	32.98%

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

4. Actuarial Methods and Assumptions

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

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

CITY OF DYERSBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

F. Fairview Cemetery Trust Fund

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

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

G. Commitments

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

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

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

October, 2009 - September, 2014	\$ 3,885 per quarter
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**CITY OF DYERSBURG, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLANS

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

City Schools

	As of January 1,		
	2005	2007	2009
Actuarial Value of Assets	\$ 3,853,581	\$ 4,074,946	\$ 4,395,449
Actuarial Accrued Liability	\$ 3,593,531	\$ 4,303,345	\$ 4,952,930
Unfunded Actuarial Accrued Liability	\$ -	\$ 228,399	\$ 557,481
Percentage Funded	107.2%	94.7%	88.7%
Annual Covered Payroll	\$ 1,968,410	\$ 2,087,735	\$ 2,218,221
Unfunded Pension Benefit Obligation as a Percentage of Annual Covered Payroll	-	1.09%	25.13%

Electric System

	As of December 31,		
	2009	2010	2011
Net Assets Available For Benefits	\$ 4,808,735	\$ 5,101,331	\$ 5,475,155
Pension Benefit Obligation	\$ 4,326,867	\$ 5,105,822	\$ 5,476,013
Percentage Funded	111.0%	99.9%	99.9%
Unfunded Pension Benefit Obligation	\$ (481,868)	\$ 4,491	\$ 858
Annual Covered Payroll	\$ 2,147,499	\$ 2,125,874	\$ 2,230,713
Unfunded Pension Benefit Obligation as a Percentage of Annual Covered Payroll	-22.4%	0.2%	0.04%

Other City Functions

	As of July 1,		
	2007	2009	2011
Net Assets Available For Benefits	\$ 5,472,751	\$ 3,194,853	\$ 4,263,221
Pension Benefit Obligation	\$ 12,863,009	\$ 12,535,673	\$ 14,829,284
Percentage Funded	42.5%	25.5%	28.7%
Unfunded Pension Benefit Obligation	\$ 7,390,258	\$ 9,340,820	\$ 10,566,063
Annual Covered Payroll	\$ 10,735,261	\$ 11,289,921	\$ 11,070,387
Unfunded Pension Benefit Obligation as a Percentage of Annual Covered Payroll	68.8%	82.7%	95.4%

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2012

	Special Revenue Funds						Total	Debt Service Fund	Capital Project Fund	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds
	TIP	Community Development	Insurance Reserve	Cafeteria	Federal Projects						
Cash	\$ 198,141	\$ 27,630	\$ 79,477	\$ 256,762	\$ 12,660	\$ 574,670	\$ 1,125,407	\$ 2,955	\$ -	\$ 1,703,032	
Investments	-	-	-	-	-	-	-	-	1,320,056	1,320,056	
Accounts receivable	12,059	35,523	632	141,859	160,697	350,770	103,203	929,693	-	1,383,666	
Notes receivable	-	96,000	-	-	-	96,000	-	-	-	96,000	
Due from other funds	-	-	571,641	-	-	571,641	317,629	-	(7,750)	881,520	
Inventory	-	-	-	48,469	-	48,469	-	-	-	48,469	
Deposits	-	-	6,950	-	-	6,950	-	-	-	6,950	
Total Assets	\$ 210,200	\$ 159,153	\$ 658,700	\$ 447,090	\$ 173,357	\$ 1,648,500	\$ 1,546,239	\$ 932,648	\$ 1,312,306	\$ 5,439,693	

LIABILITIES AND FUND BALANCES

Liabilities:										
Accounts payable	\$ 763	\$ 53,070	\$ 298,207	\$ 27,822	\$ -	\$ 352,040	\$ -	\$ 217,765	\$ -	\$ 569,805
Accrued liabilities	-	-	-	-	173,357	201,179	4,407	-	-	205,586
Due to other funds	-	32,183	160,000	-	-	192,183	-	711,928	-	904,111
Deferred credits	-	40,738	-	-	-	40,738	-	-	-	40,738
Total Liabilities	763	125,991	458,207	27,822	173,357	786,140	4,407	929,693	-	1,720,240
Fund balances:										
Non-spendable	-	96,000	-	48,469	-	144,469	-	-	-	144,469
Restricted	209,437	-	-	370,799	-	580,236	-	2,955	1,312,306	1,895,497
Assigned	-	-	200,493	-	-	200,493	1,541,832	-	-	1,742,325
Unassigned	-	(62,838)	-	-	-	(62,838)	-	-	-	(62,838)
Total Fund Balances	209,437	33,162	200,493	419,268	-	862,360	1,541,832	2,955	1,312,306	3,719,453
Total Liabilities and Fund Balances	\$ 210,200	\$ 159,153	\$ 658,700	\$ 447,090	\$ 173,357	\$ 1,648,500	\$ 1,546,239	\$ 932,648	\$ 1,312,306	\$ 5,439,693

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	T I P	Special Revenue Funds					Total	Debt Service Fund	Capital Project Fund	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds
		Community Development	Insurance Reserve	Cafeteria	Federal Projects						
Revenues:											
Local sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,380,859	\$ -	\$ -	\$ 1,380,859	
Unauthorized substance tax	100	-	-	-	-	100	-	-	-	100	
THDA housing grant	-	-	-	-	-	-	-	-	-	-	
Federal STP funds	-	-	-	-	-	-	-	962,831	-	962,831	
U.S.D.A. reimbursements	-	-	1,279,379	-	-	1,279,379	-	-	-	1,279,379	
State school matching funds	-	-	17,992	-	-	17,992	-	-	-	17,992	
State education grants	-	-	-	2,849,843	-	2,849,843	-	-	-	2,849,843	
Charges for service	-	-	304,805	-	-	304,805	-	-	-	304,805	
Fines, forfeits, and penalties	57,895	-	-	-	-	57,895	-	-	-	57,895	
Sale of assets	46,384	-	-	-	-	46,384	-	-	-	46,384	
Investment earnings	978	6,130	1,272	-	-	8,380	29,994	82	37,458	75,914	
Joint cost reimbursements	-	-	3,749,997	-	-	3,749,997	-	-	-	3,749,997	
Miscellaneous	-	-	-	328,570	-	328,570	-	-	-	328,570	
Total revenues	105,357	6,130	3,751,269	1,930,746	2,849,843	8,643,945	1,410,853	962,913	37,458	11,054,569	
Expenditures:											
Current:											
General and administrative	79,875	98,112	3,751,269	-	-	3,929,256	-	-	10,198	3,939,454	
Education	-	-	-	1,955,232	2,827,949	4,783,181	-	-	-	4,783,181	
Capital outlay	27,858	-	-	-	-	27,858	-	962,831	-	990,689	
Total expenditures	107,733	98,112	3,751,269	1,955,232	2,827,949	8,740,295	-	962,831	10,198	9,713,324	
Revenues over (under) expenditures	(2,376)	(91,982)	-	(24,486)	21,894	(96,950)	1,410,853	82	27,260	1,341,245	
Other financing sources (uses):											
Transfer from other funds	-	35,000	-	-	-	35,000	225,110	-	23,350	283,460	
Transfer to other funds	-	-	-	-	(21,894)	(21,894)	(1,327,928)	-	(28,932)	(1,378,754)	
Total other financing sources (uses)	-	35,000	-	-	(21,894)	13,106	(1,102,818)	-	(5,582)	(1,095,294)	
Net change in fund balances	(2,376)	(56,982)	-	(24,486)	-	(83,844)	308,035	82	21,678	245,951	
Fund balances - July 1, 2011	211,813	90,144	200,493	443,754	-	946,204	1,233,797	2,873	1,290,628	3,473,502	
Fund balances - June 30, 2012	\$ 209,437	\$ 33,162	\$ 200,493	\$ 419,268	\$ -	\$ 862,360	\$ 1,541,832	\$ 2,955	\$ 1,312,306	\$ 3,719,453	

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
T I P FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Unauthorized substance tax	\$ -	\$ -	\$ 100	\$ 100
Fines, forfeits, and penalties	90,000	90,000	57,895	(32,105)
Sale of assets	10,000	10,000	46,384	36,384
Investment earnings	1,000	1,000	978	(22)
Total revenues	<u>101,000</u>	<u>101,000</u>	<u>105,357</u>	<u>4,357</u>
EXPENDITURES:				
General and administrative				
Small items of equipment	5,000	20,000	20,990	(990)
Repair and maintenance	10,000	15,000	15,765	(765)
Other	40,000	50,000	43,120	6,880
Total general and administrative	<u>55,000</u>	<u>85,000</u>	<u>79,875</u>	<u>5,125</u>
Capital outlay	<u>40,000</u>	<u>40,000</u>	<u>27,858</u>	<u>12,142</u>
Total expenditures	<u>95,000</u>	<u>125,000</u>	<u>107,733</u>	<u>17,267</u>
Net Change in Fund Balance	6,000	(24,000)	(2,376)	21,624
Fund Balance - July 1, 2011	<u>211,813</u>	<u>211,813</u>	<u>211,813</u>	<u>-</u>
Fund Balance - June 30, 2012	<u>\$ 217,813</u>	<u>\$ 187,813</u>	<u>\$ 209,437</u>	<u>\$ 21,624</u>

See independent auditor's report

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Housing grant - T.H.D.A.	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-
Investment earnings	6,300	6,300	6,130	(170)
Total revenues	6,300	6,300	6,130	(170)
EXPENDITURES:				
General and administrative:				
Repair and maintenance	5,000	26,000	20,330	5,670
Miscellaneous	24,500	24,500	77,782	(53,282)
Total general and administrative	29,500	50,500	98,112	(47,612)
Total expenditures	29,500	50,500	98,112	(47,612)
Revenues Over (Under) Expenditures	(23,200)	(44,200)	(91,982)	(47,782)
Other Financing Sources (Uses):				
Transfer from other funds	-	-	35,000	35,000
Total other financing sources (uses)	-	-	35,000	35,000
Net Change in Fund Balance	(23,200)	(44,200)	(56,982)	(12,782)
Fund Balance - July 1, 2011	90,144	90,144	90,144	-
Fund Balance - June 30, 2012	\$ 66,944	\$ 45,944	\$ 33,162	\$ (12,782)

See independent auditor's report

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 1,000	\$ 1,000	\$ 1,272	\$ 272
Joint cost reimbursements	3,265,800	3,399,000	3,749,997	350,997
Total revenues	<u>3,266,800</u>	<u>3,400,000</u>	<u>3,751,269</u>	<u>351,269</u>
EXPENDITURES:				
Hospital and health care expenditures:				
Medical claims	2,510,000	2,643,200	2,982,277	(339,077)
Drug claims	360,000	360,000	379,951	(19,951)
Life insurance	24,000	24,000	25,386	(1,386)
Re-insurance costs	305,600	305,600	298,516	7,084
Insurance administration	67,200	67,200	65,139	2,061
Total hospital and health care	<u>3,266,800</u>	<u>3,400,000</u>	<u>3,751,269</u>	<u>(351,269)</u>
Total expenditures	<u>3,266,800</u>	<u>3,400,000</u>	<u>3,751,269</u>	<u>(351,269)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1, 2011	<u>200,493</u>	<u>200,493</u>	<u>200,493</u>	-
Fund Balance - June 30, 2012	<u>\$ 200,493</u>	<u>\$ 200,493</u>	<u>\$ 200,493</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
U.S.D.A. reimbursements	\$ 1,308,500	\$ 1,305,500	\$ 1,279,379	\$ (26,121)
State school matching funds	25,000	25,000	17,992	(7,008)
Charges for service	409,500	352,000	304,805	(47,195)
Miscellaneous revenue	332,000	392,500	328,570	(63,930)
Total revenues	<u>2,075,000</u>	<u>2,075,000</u>	<u>1,930,746</u>	<u>(144,254)</u>
EXPENDITURES:				
Education:				
Food	968,499	907,094	848,368	58,726
Cafeteria labor	695,060	678,870	668,242	10,628
Other expenditures	411,441	489,036	438,622	50,414
Total education	<u>2,075,000</u>	<u>2,075,000</u>	<u>1,955,232</u>	<u>119,768</u>
Total expenditures	<u>2,075,000</u>	<u>2,075,000</u>	<u>1,955,232</u>	<u>119,768</u>
Net Change in Fund Balance	-	-	(24,486)	(24,486)
Fund Balance - July 1, 2011	<u>443,754</u>	<u>443,754</u>	<u>443,754</u>	<u>-</u>
Fund Balance - June 30, 2012	<u>\$ 443,754</u>	<u>\$ 443,754</u>	<u>\$ 419,268</u>	<u>\$ (24,486)</u>

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CITY OF DYERSBURG, TENNESSEE
 FEDERAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
State education grants	\$ 3,169,625	\$ 3,291,941	\$ 2,849,843	\$ (442,098)
Total revenues	3,169,625	3,291,941	2,849,843	(442,098)
EXPENDITURES:				
Education:				
Regular instruction	1,573,176	1,771,763	1,491,352	280,411
Vocational education	38,350	38,658	38,658	-
Special education	760,892	759,161	687,305	71,856
Health services	24,658	24,658	24,425	233
Student support	110,214	116,720	111,632	5,088
Regular instruction support services	593,467	512,001	437,780	74,221
Special education support services	44,122	44,122	34,569	9,553
Vocational education support services	2,520	2,228	2,228	-
Operation of plant	-	-	-	-
Total education	3,147,399	3,269,311	2,827,949	441,362
Total expenditures	3,147,399	3,269,311	2,827,949	441,362
Revenues Over (Under) Expenditures	22,226	22,630	21,894	(736)
Other Financing Sources (Uses):				
Transfer to other funds	(22,226)	(22,630)	(21,894)	736
Total other financing sources (uses)	(22,226)	(22,630)	(21,894)	736
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1, 2011	-	-	-	-
Fund Balance - June 30, 2012	\$ -	\$ -	\$ -	\$ -

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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, 2012

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:			
Local Sales Tax	\$ 1,285,000	\$ 1,380,859	\$ 95,859
Interest income	12,000	29,994	17,994
Total revenues	<u>1,297,000</u>	<u>1,410,853</u>	<u>113,853</u>
EXPENDITURES:			
	-	-	-
Revenues Over (Under) Expenditures	1,297,000	1,410,853	113,853
Other Financing Sources (Uses):			
Transfer from other funds	235,500	225,110	(10,390)
Transfer to other funds	<u>(1,519,300)</u>	<u>(1,327,928)</u>	191,372
Total other financing sources (uses)	<u>(1,283,800)</u>	<u>(1,102,818)</u>	<u>180,982</u>
Net Change in Fund Balance	13,200	308,035	294,835
Fund Balance - July 1, 2011	<u>1,233,797</u>	<u>1,233,797</u>	-
Fund Balance - June 30, 2012	<u>\$ 1,246,997</u>	<u>\$ 1,541,832</u>	<u>\$ 294,835</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal TEP grants	\$ -	\$ 1,200,000	\$ 962,831	\$ (237,169)
Interest income	100	100	82	(18)
Total revenues	100	1,200,100	962,913	(237,187)
 EXPENDITURES:				
Capital outlay	-	1,200,000	962,831	237,169
Total expenditures	-	1,200,000	962,831	237,169
 Revenues Over (Under) Expenditures	100	100	82	(18)
 Other Financing Sources:				
Transfers from other funds	-	-	-	-
 Net Change in Fund Balance	100	100	82	(18)
 Fund Balance - July 1, 2011	2,873	2,873	2,873	-
 Fund Balance - June 30, 2012	<u>\$ 2,973</u>	<u>\$ 2,973</u>	<u>\$ 2,955</u>	<u>\$ (18)</u>

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CITY OF DYERSBURG, TENNESSEE
 CEMETERY TRUST FUND
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment earnings	\$ 40,000	\$ 34,020	\$ (5,980)
Net decrease in fair value of investments	5,000	3,098	(1,902)
Miscellaneous revenues	1,000	340	(660)
Total revenues	46,000	37,458	(8,542)
Expenditures:			
Trustee fees	20,000	10,198	9,802
Revenues Over (under) expenditures	26,000	27,260	1,260
Other financing sources (uses)			
Transfers in	34,000	23,350	(10,650)
Transfers out	(35,000)	(28,932)	6,068
Total other financing sources (uses)	(1,000)	(5,582)	(4,582)
Net change in fund balance	25,000	21,678	(3,322)
Fund balance - July 1, 2011	1,290,628	1,290,628	-
Fund balance - June 30, 2012	\$ 1,315,628	\$ 1,312,306	\$ (3,322)

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CITY OF DYERSBURG, TENNESSEE
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2012

	Internal Service Fund	Communications Service Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 895,758	\$ (180)	\$ 895,578
Accounts receivable (net of allowance for uncollectibles)	-	11,157	11,157
Due from other funds	(16,264)	113,404	97,140
Total current assets	879,494	124,381	1,003,875
Noncurrent assets:			
Capital assets:			
Property, plant, and equipment	434,020	1,618,249	2,052,269
Less - accumulated depreciation	(375,286)	(1,072,848)	(1,448,134)
Net property, plant, and equipment	58,734	545,401	604,135
Deferred debits	7,500	11,960	19,460
Total Assets	945,728	681,742	1,627,470
LIABILITIES			
Current liabilities:			
Accounts payable	1,448	2,099	3,547
Accrued payroll	7,504	10,516	18,020
Accrued compensated absences	12,426	22,012	34,438
Due to other funds	227,667	39,706	267,373
Other current liabilities	23,300	31,400	54,700
Total current liabilities	272,345	105,733	378,078
Noncurrent liabilities:			
Other accrued liabilities	16,093	47,669	63,762
Total Liabilities	288,438	153,402	441,840
NET ASSETS			
Invested in capital assets, net of related debt	58,734	545,401	604,135
Unrestricted	598,556	(17,061)	581,495
Total Net Assets	\$ 657,290	\$ 528,340	\$ 1,185,630

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CITY OF DYERSBURG, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Internal Service</u>	<u>Communication Services</u>	<u>Combined</u>
Operating revenues:			
Joint costs	\$ 663,323	\$ 785,749	\$ 1,449,072
Miscellaneous revenues	<u>14,394</u>	<u>149,096</u>	<u>163,490</u>
Total operating revenues	<u>677,717</u>	<u>934,845</u>	<u>1,612,562</u>
Operating expenses:			
Customer service and collection	656,029	-	656,029
Communication services	-	732,741	732,741
General and administrative	8,569	153,376	161,945
Emergency warning system	-	1,900	1,900
Depreciation and amortization	<u>13,527</u>	<u>47,103</u>	<u>60,630</u>
Total operating expense	<u>678,125</u>	<u>935,120</u>	<u>1,613,245</u>
Operating income (loss)	(408)	(275)	(683)
Nonoperating revenues (expenses):			
Interest income	408	28	436
Miscellaneous income	<u>-</u>	<u>247</u>	<u>247</u>
Total nonoperating revenues (expenses)	408	275	683
Change in net assets	-	-	-
Total net assets - July 1, 2011	<u>657,290</u>	<u>528,340</u>	<u>1,185,630</u>
Total net assets - June 30, 2012	<u>\$ 657,290</u>	<u>\$ 528,340</u>	<u>\$ 1,185,630</u>

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CITY OF DYERSBURG, TENNESSEE
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Internal Service	Communication Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 677,717	\$ 159,884	\$ 837,601
Payments to suppliers	(182,917)	(216,065)	(398,982)
Payments to employees for services	(365,369)	(497,966)	(863,335)
Payments for employee benefits	(140,622)	(185,176)	(325,798)
Payments to other funds	(329,670)	(55,540)	(385,210)
Other receipts (payments)	(2,349)	786,800	784,451
Net cash provided by operating activities	<u>(343,210)</u>	<u>(8,063)</u>	<u>(351,273)</u>
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>(6,148)</u>	<u>(85,670)</u>	<u>(91,818)</u>
Net cash used by capital and related financing activities	<u>(6,148)</u>	<u>(85,670)</u>	<u>(91,818)</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES			
Interest and investment earnings	<u>408</u>	<u>275</u>	<u>683</u>
Net cash provided by investing activities	<u>408</u>	<u>275</u>	<u>683</u>
Net increase (decrease) in cash and cash equivalents	(348,950)	(93,458)	(442,408)
Cash and cash equivalents - July 1, 2011	1,244,708	93,278	1,337,986
Cash and cash equivalents - June 30, 2012	<u>\$ 895,758</u>	<u>\$ (180)</u>	<u>\$ 895,578</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (408)	\$ (275)	\$ (683)
Adjustments to reconcile net income (loss) from operations to net cash provided (used) by operating activities			
Depreciation	10,527	41,523	52,050
Amortization	3,000	5,580	8,580
(Increase) Decrease in Assets			
Accounts receivable, net of allowance	-	(8,154)	(8,154)
Due from other funds	31,491	(86,945)	(55,454)
Other assets	-	-	-
Increase (Decrease) in Liabilities			
Accounts payable	(4,396)	605	(3,791)
Accrued payroll	(5,252)	(7,740)	(12,992)
Due to other funds	(361,161)	31,405	(329,756)
Other current liabilities	(100)	300	200
Deferred revenue	-	22,500	22,500
Compensated absences	(16,911)	(6,862)	(23,773)
Net cash provided by operating activities	<u>\$ (343,210)</u>	<u>\$ (8,063)</u>	<u>\$ (351,273)</u>

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CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL - INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Original & Final	Actual	Variance with Final Budget - Positive (Negative)
Operating Revenues:			
Miscellaneous revenues:			
Joint cost	\$ 658,800	\$ 642,323	\$ (16,477)
Computer services	21,000	21,000	-
Other	15,000	14,394	(606)
Total miscellaneous revenues	<u>694,800</u>	<u>677,717</u>	<u>(17,083)</u>
Operating Expenses:			
Customer service and collection:			
Salaries	134,800	134,802	(2)
Payroll taxes	10,300	9,565	735
Hospital and health insurance	28,400	34,252	(5,852)
Publicity, subscriptions, and dues	13,500	13,887	(387)
Telephone	3,600	2,258	1,342
Automobile allowance	1,200	1,200	-
Office supplies	4,300	5,522	(1,222)
Small items of equipment	-	617	(617)
Postage	8,500	8,595	(95)
Repairs and maintenance	600	1,526	(926)
Other	2,400	2,349	51
Total customer service and collection	<u>207,600</u>	<u>214,573</u>	<u>(6,973)</u>
Billing:			
Salaries	105,100	106,143	(1,043)
Payroll taxes	8,000	7,813	187
Hospital and health insurance	9,900	8,659	1,241
Office supplies	5,000	2,546	2,454
Small items of equipment	1,500	1,283	217
Postage	32,000	31,247	753
Repairs and maintenance	1,000	808	192
Total billing	<u>162,500</u>	<u>158,499</u>	<u>4,001</u>
Meter reading:			
Salaries	73,500	67,575	5,925
Payroll taxes	5,600	4,839	761
Hospital and health insurance	21,000	28,213	(7,213)
Telephone	300	149	151
Professional services	-	89	(89)
Operating supplies	200	-	200
Uniforms	500	796	(296)
Repairs and maintenance	7,500	11,513	(4,013)
Gas and oil	5,600	5,266	334
Insurance	400	459	(59)
Total meter reading	<u>114,600</u>	<u>118,899</u>	<u>(4,299)</u>

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CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL - INTERNAL SERVICE FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Original Final	Actual	Variance- Favorable (Unfavorable)
Operating Expenses (continued):			
Computer operations:			
Salaries	\$ 50,200	\$ 50,397	\$ (197)
Payroll taxes	3,900	3,817	83
Hospital and health insurance	16,500	20,039	(3,539)
Training	2,000	-	2,000
Publicity, subscriptions, dues	1,500	-	1,500
Telephone	4,000	3,111	889
Travel	1,000	-	1,000
Automobile allowance	2,700	2,700	-
Small items of equipment	11,200	9,206	1,994
Operating supplies	5,000	637	4,363
Repairs and maintenance	65,000	64,418	582
Insurance	10,500	9,733	767
Total computer operations	<u>173,500</u>	<u>164,058</u>	<u>9,442</u>
Administrative expenses:			
Vacation and sick leave	2,500	(16,911)	19,411
Hospital and health insurance	100	125	(25)
Retirement	24,000	23,300	700
Professional service	2,500	1,900	600
Other	-	155	(155)
Total administrative expenses	<u>29,100</u>	<u>8,569</u>	<u>20,531</u>
Depreciation and amortization expense	<u>13,500</u>	<u>13,527</u>	<u>(27)</u>
Total operating expense	<u>700,800</u>	<u>678,125</u>	<u>22,675</u>
Operating Income (loss)	(6,000)	(408)	5,592
Nonoperating Revenues (Expenses):			
Interest income	<u>6,000</u>	<u>408</u>	<u>(5,592)</u>
Change in Net Assets	-	-	-
Total Net Assets - July 1, 2011	<u>657,290</u>	<u>657,290</u>	<u>-</u>
Total Net Assets - June 30, 2012	<u>\$ 657,290</u>	<u>\$ 657,290</u>	<u>\$ -</u>

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CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL - COMMUNICATIONS SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operating Revenues:				
Miscellaneous revenues				
Joint cost	\$ 678,400	\$ 735,800	\$ 785,749	\$ 49,949
Miscellaneous	194,000	194,000	149,096	(44,904)
Total miscellaneous revenues	<u>872,400</u>	<u>929,800</u>	<u>934,845</u>	<u>5,045</u>
Operating Expenses:				
General and administrative				
Salaries	63,300	63,300	63,430	(130)
Vacation	-	-	(6,862)	6,862
Payroll taxes	4,900	4,900	4,960	(60)
Hospital and health insurance	5,800	5,800	7,108	(1,308)
Retirement	29,700	29,700	31,400	(1,700)
Unemployment insurance	1,000	1,000	1,908	(908)
Publicity, subscriptions and dues	100	100	1,363	(1,263)
Utility services	25,000	25,000	25,426	(426)
Telephone	1,000	1,000	1,850	(850)
Professional services	2,500	2,500	3,721	(1,221)
Travel	1,500	1,500	2,915	(1,415)
Automobile allowance	2,700	2,700	2,700	-
Small items of equipment	-	-	2,175	(2,175)
Operating supplies	500	500	837	(337)
Insurance	8,700	8,700	7,938	762
Other	300	300	2,507	(2,207)
Total general and administrative	<u>147,000</u>	<u>147,000</u>	<u>153,376</u>	<u>(6,376)</u>
Communication services				
Salaries	394,200	424,200	424,096	104
Payroll taxes	30,200	30,200	30,564	(364)
Hospital and health insurance	110,100	93,000	111,144	(18,144)
Training	1,500	1,500	420	1,080
Publicity, subscriptions and dues	1,000	1,000	1,132	(132)
Telephone	28,000	45,000	48,029	(3,029)
Travel	3,500	1,000	28	972
Other contractual services	50,000	50,000	19,274	30,726
Office supplies	5,000	5,000	3,735	1,265
Small items of equipment	5,000	5,000	5,382	(382)
Operating supplies	4,000	4,000	4,468	(468)
Uniforms	1,500	1,500	1,372	128
Repairs and maintenance	45,000	75,000	83,097	(8,097)
Total communication services	<u>679,000</u>	<u>736,400</u>	<u>732,741</u>	<u>3,659</u>

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CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL - COMMUNICATIONS SERVICE FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operating Expenses (continued)				
Emergency warning system				
Publicity, subscriptions and dues	\$ 2,500	\$ 2,500	\$ 1,900	\$ 600
Repairs and maintenance	2,500	2,500	-	2,500
Total emergency warning system	<u>5,000</u>	<u>5,000</u>	<u>1,900</u>	<u>3,100</u>
Depreciation and Amortization expense	41,600	41,600	47,103	(5,503)
Total operating expense	<u>872,600</u>	<u>930,000</u>	<u>935,120</u>	<u>(5,120)</u>
Operating Income (loss)	(200)	(200)	(275)	(75)
Nonoperating Revenues (Expenses):				
Interest income	-	-	28	28
Miscellaneous income	200	200	247	47
Total nonoperating revenues (expenses)	<u>200</u>	<u>200</u>	<u>275</u>	<u>75</u>
Change in Net Assets	-	-	-	-
Total Net Assets - July 1, 2011	<u>528,340</u>	<u>528,340</u>	<u>528,340</u>	<u>-</u>
Total Net Assets - June 30, 2012	<u>\$ 528,340</u>	<u>\$ 528,340</u>	<u>\$ 528,340</u>	<u>\$ -</u>

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**CITY OF DYERSBURG, TENNESSEE
GAS FUND
SCHEDULE OF CHANGES IN UTILITY PLANT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Description</u>	<u>Asset Cost</u>			
	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2012</u>
Land	\$ 773,584	\$ -	\$ -	\$ 773,584
Production	66,509	-	-	66,509
Transmission Plant	353,756	-	-	353,756
Distribution Plant	8,511,010	61,791	-	8,572,801
General Plant	2,752,057	391,488	-	3,143,545
Construction in Progress	235,199	-	(219,256)	15,943
Totals	<u>\$ 12,692,115</u>	<u>\$ 453,279</u>	<u>\$ (219,256)</u>	<u>\$ 12,926,138</u>

<u>Description</u>	<u>Accumulated Depreciation</u>			
	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2012</u>
Production	\$ 66,509	\$ -	\$ -	\$ 66,509
Transmission Plant	339,960	7,053	-	347,013
Distribution Plant	4,150,744	200,999	-	4,351,743
General Plant	1,902,987	112,609	-	2,015,596
Total Accumulated Depreciation	<u>\$ 6,460,200</u>	<u>\$ 320,661</u>	<u>\$ -</u>	<u>\$ 6,780,861</u>

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**CITY OF DYERSBURG, TENNESSEE
WATER AND SEWER FUND
SCHEDULE OF CHANGES IN UTILITY PLANT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Description</u>	<u>Asset Cost</u>			<u>Balance 6/30/2012</u>
	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>Retirements</u>	
Land and Land Rights	\$ 502,831	\$ -	\$ -	\$ 502,831
Water Purification and Storage	16,869,070	145,202	-	17,014,272
Water Distribution	8,654,117	358,717	-	9,012,834
Sewage Collection	14,026,891	445,397	-	14,472,288
Sewage Treatment and Disposal	15,672,808	138,690	-	15,811,498
Construction in Progress	430,672	-	(430,672)	-
Totals	<u>\$ 56,156,389</u>	<u>\$ 1,088,006</u>	<u>\$ (430,672)</u>	<u>\$ 56,813,723</u>

<u>Description</u>	<u>Accumulated Depreciation</u>			<u>Balance 6/30/2012</u>
	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>Retirements</u>	
Water Purification and Storage	\$ 7,156,482	\$ 447,105	\$ -	\$ 7,603,587
Water Distribution	4,654,851	245,302	-	4,900,153
Sewage Collection	7,563,367	284,084	-	7,847,451
Sewage Treatment and Disposal	9,685,548	301,569	-	9,987,117
Total Accumulated Depreciation	<u>\$ 29,060,248</u>	<u>\$ 1,278,060</u>	<u>\$ -</u>	<u>\$ 30,338,308</u>

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
SOLID WASTE MANAGEMENT FUND
SCHEDULE OF CHANGES IN UTILITY PLANT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Description</u>	<u>Asset Cost</u>			<u>Balance 6/30/2012</u>
	<u>Balance 6/30/2011</u>	<u>Additions and Transfers</u>	<u>Retirements</u>	
Land and Land Improvements	\$ 5,674,073	\$ -	\$ -	\$ 5,674,073
Equipment	2,027,294	370,536	-	2,397,830
Construction in Progress	<u>77,774</u>	<u>-</u>	<u>(77,774)</u>	<u>-</u>
Totals	<u>\$ 7,779,141</u>	<u>\$ 370,536</u>	<u>\$ (77,774)</u>	<u>\$ 8,071,903</u>

<u>Description</u>	<u>Accumulated Depreciation and Amortization</u>			<u>Balance 6/30/2012</u>
	<u>Balance 6/30/2011</u>	<u>Provision</u>	<u>Retirements</u>	
Land Improvements	\$ 2,851,121	\$ 361,246	\$ -	\$ 3,212,367
Equipment	<u>1,197,781</u>	<u>146,678</u>	<u>-</u>	<u>1,344,459</u>
Totals	<u>\$ 4,048,902</u>	<u>\$ 507,924</u>	<u>\$ -</u>	<u>\$ 4,556,826</u>

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CITY OF DYERSBURG, TENNESSEE
ELECTRIC SYSTEM FUND
SCHEDULE OF CHANGES IN UTILITY PLANT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Description	Asset Cost				Balance 6/30/2012
	Balance 6/30/2011	Additions	Retirements	Other	
Transmission Plant	\$ 4,244,426	\$ 10,125	\$ (2,003)	\$ 20,586	\$ 4,273,134
Distribution Plant	40,970,375	1,056,194	(553,260)	(20,586)	41,452,723
General Plant	7,410,679	633,595	(12,866)	-	8,031,408
Construction and Retirement Work In Progress	683,763	(183,565)	-	-	500,198
Total Cost	\$ 53,309,243	\$ 1,516,349	\$ (568,129)	\$ -	\$ 54,257,463

Description	Accumulated Depreciation				Balance 6/30/2012
	Balance 6/30/2011	Additions	Retirements	Other	
Transmission Plant	\$ 2,790,460	\$ 170,029	\$ (3,727)	\$ 242	\$ 2,957,004
Distribution Plant	13,949,926	1,514,452	(717,228)	35,794	14,782,944
General Plant	4,676,165	286,682	(12,866)	6,000	4,955,981
Total Accumulated Depreciation	\$ 21,416,551	\$ 1,971,163	\$ (733,821)	\$ 42,036	\$ 22,695,929

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CITY OF DYERSBURG, TENNESSEE
INTERNAL SERVICE FUND
SCHEDULE OF CHANGES IN UTILITY PLANT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Description	Asset Cost			Balance 6/30/2012
	Balance 6/30/2011	Additions and Transfers	Retirements	
Equipment	\$ 427,872	\$ 6,148	\$ -	\$ 434,020
Totals	<u>\$ 427,872</u>	<u>\$ 6,148</u>	<u>\$ -</u>	<u>\$ 434,020</u>

Description	Accumulated Depreciation			Balance 6/30/2012
	Balance 6/30/2011	Provision	Retirements	
Equipment	\$ 364,759	\$ 10,527	\$ -	\$ 375,286
Totals	<u>\$ 364,759</u>	<u>\$ 10,527</u>	<u>\$ -</u>	<u>\$ 375,286</u>

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CITY OF DYERSBURG, TENNESSEE
COMMUNICATIONS SERVICE FUND
SCHEDULE OF CHANGES IN UTILITY PLANT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Description	Asset Cost			Balance 6/30/2012
	Balance 6/30/2011	Additions and Transfers	Retirements	
Communications Plant	\$ 646,638	\$ 24,789	\$ -	\$ 671,427
Equipment	885,941	60,881	-	946,822
Totals	<u>\$ 1,532,579</u>	<u>\$ 85,670</u>	<u>\$ -</u>	<u>\$ 1,618,249</u>

Description	Accumulated Depreciation			Balance 6/30/2012
	Balance 6/30/2011	Provision	Retirements	
Communications Plant	\$ 280,172	\$ 21,822	\$ -	\$ 301,994
Equipment	751,153	19,701	-	770,854
Totals	<u>\$ 1,031,325</u>	<u>\$ 41,523</u>	<u>\$ -</u>	<u>\$ 1,072,848</u>

See independent auditor's report

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Outstanding Balance July 1, 2011</u>	<u>Borrowings</u>	<u>Retirements</u>	<u>Outstanding Balance June 30, 2012</u>
General obligation bonds:				
General Obligation Water and Sewer Refunding Bonds, dated April 28, 2009	6,500,000		(990,000)	5,510,000
General Obligation School Construction Bonds, dated December 17, 2009	2,790,692	-	(184,699)	2,605,993
Revenue bonds:				
Electric System revenue refunding bonds, dated June 4, 2003	1,875,000	-	(175,000)	1,700,000
Electric System revenue refunding bonds, dated March 22, 2005	2,060,000	-	(465,000)	1,595,000
Electric System revenue refunding bonds, dated March 27, 2007	1,880,000	-	(125,000)	1,755,000
Electric System revenue refunding bonds, dated February 10, 2010	1,590,000	-	(225,000)	1,365,000
Notes payable:				
General Obligation Capital Outlay Notes, Series 2007	2,490,000	-	(270,000)	2,220,000
School Capital Outlay Notes, Series 2007	1,560,000	-	(170,000)	1,390,000
Landfill Capital Outlay Notes, Series 2007B	1,375,000	-	(450,000)	925,000
Variable rate loans:				
Tennessee Municipal Bond Fund Variable Rate Pooled Loan Program dated June 28, 1999	8,835,000	-	(801,000)	8,034,000
Tennessee Municipal Bond Fund Variable Rate Pooled Loan Program dated September 29, 2011	-	2,334,267	-	2,334,267
	<u>\$ 30,955,692</u>	<u>\$ 2,334,267</u>	<u>\$ (3,855,699)</u>	<u>\$ 29,434,260</u>

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**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Requirements for the Year Ending June 30, 2013</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General obligation serial bonds:			
General obligation water and sewer refunding bonds, dated April 28, 2009	1,020,000	179,900	1,199,900
General Obligation School Construction Bonds, dated December 17, 2009	184,699	44,844	229,543
Revenue bonds:			
Electric System revenue refunding bonds, dated June 4, 2003	175,000	61,438	236,438
Electric System revenue refunding bonds, dated March 22, 2005	185,000	61,738	246,738
Electric System revenue refunding bonds, dated March 27, 2007	130,000	68,220	198,220
Electric System revenue refunding bonds, dated February 10, 2010	455,000	31,650	486,650
Notes payable:			
General Obligation Capital Outlay Notes, Series 2007	280,000	78,858	358,858
School Capital Outlay Notes, Series 2007	175,000	49,378	224,378
Landfill Capital Outlay Notes, Series 2007B	450,000	28,212	478,212
Variable rate loans:			
Tennessee Municipal Bond Fund Variable Rate Pooled Loan dated June 28, 1999	843,000	298,638	1,141,638
	<u>\$ 3,897,699</u>	<u>\$ 902,876</u>	<u>\$ 4,800,575</u>

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CITY OF DYERSBURG, TENNESSEE
DEBT SERVICE REQUIREMENTS
JUNE 30, 2012

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

Year Ended June 30,	2.15 - 3.85% Electric System Revenue Refunding Bonds Series 2003		3.10 - 4.10% Electric System Revenue Refunding and Improvement Bonds Series 2005		3.70 - 4.00% Electric System Revenue Refunding and Improvement Bonds Series 2007		2.00 - 3.00% Electric System Revenue Refunding and Improvement Bonds Series 2010	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	175,000	61,438	185,000	61,738	130,000	68,220	455,000	31,650
2014	200,000	55,312	170,000	54,985	135,000	63,410	475,000	22,550
2015	200,000	48,312	180,000	48,780	140,000	58,415	220,000	13,050
2016	200,000	41,312	205,000	42,210	145,000	53,165	215,000	6,450
2017	200,000	34,312	220,000	34,420	155,000	47,728		
2018	225,000	27,212	210,000	25,620	160,000	41,760		
2019	250,000	19,000	205,000	17,220	165,000	35,600		
2020	250,000	9,626	220,000	9,020	170,000	29,000		
2021					180,000	22,200		
2022					185,000	15,000		
2023					190,000	7,600		
	<u>\$ 1,700,000</u>	<u>\$ 296,524</u>	<u>\$ 1,595,000</u>	<u>\$ 293,993</u>	<u>\$ 1,755,000</u>	<u>\$ 442,098</u>	<u>\$ 1,365,000</u>	<u>\$ 73,700</u>

Note: This schedule represents total bonded debt before bond discount of \$45,224.

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CITY OF DYERSBURG, TENNESSEE
DEBT SERVICE REQUIREMENTS
JUNE 30, 2012

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

Year Ended June 30,	3.0 - 4.0% General Obligation Water & Sewer Refunding Bonds Series 2009		1.515% General Obligation Qualified School Construction Bonds Series 2009	
	Principal	Interest	Principal	Interest
2013	1,020,000	179,900	184,699	44,844
2014	820,000	152,300	184,699	44,844
2015	680,000	129,800	184,699	44,844
2016	700,000	105,600	184,699	44,844
2017	735,000	76,900	184,699	44,844
2018	770,000	46,800	184,699	44,844
2019	785,000	15,700	184,699	44,844
2020			184,699	44,844
2021			184,699	44,844
2022			184,699	44,844
2023			184,699	44,844
2024			184,699	44,844
2025			184,699	44,844
2026			204,906	44,844
	<u>\$ 5,510,000</u>	<u>\$ 707,000</u>	<u>\$ 2,605,993</u>	<u>\$ 627,816</u>

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Year of Levy</u>	<u>Balance July 1, 2011</u>	<u>Current Assessments & Adjustments</u>	<u>Collections</u>	<u>Write-offs</u>	<u>Balance June 30, 2012</u>
2001	7,455	-	-	(7,455)	-
2002	5,562	-	-	-	5,562
2003	9,589	-	(3)	-	9,586
2004	5,234	-	-	-	5,234
2005	13,211	-	-	-	13,211
2006	3,980	-	-	-	3,980
2007	7,238	-	(672)	-	6,566
2008	12,064	-	(1,064)	-	11,000
2009	47,814	(484)	(39,848)	-	7,482
2010	442,256	12,699	(416,774)	-	38,181
2011	-	6,712,933	(6,347,680)	-	365,253
	<u>\$ 554,403</u>	<u>\$ 6,725,148</u>	<u>\$ (6,806,041)</u>	<u>\$ (7,455)</u>	<u>\$ 466,055</u>
					<u>6,882,506</u>
					<u>\$ 7,348,561</u>

Unassessed property tax receivable

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Assessment Year</u>	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Assessment</u>
2002	242,108,498	1.57	4,408,342
2003	249,082,839	1.72	4,923,287
2004	259,101,702	1.72	5,200,346
2005	255,854,271	1.85	5,530,033
2006	265,515,132	1.85	5,684,366
2007	263,316,696	2.04	6,231,871
2008	311,329,183	1.99	6,784,826
2009	312,181,477	1.99	6,922,462
2010	300,012,097	1.99	6,666,484
2011	297,218,571	1.99	6,735,790

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**CITY OF DYERSBURG
SCHEDULE OF PRINCIPAL TAXPAYERS
JUNE 30, 2012**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Tax Year 2011</u>	
		<u>Assessed Valuation</u>	<u>Property Taxes Assessed and Paid</u>
QW of Memphis	Magazine Printing	\$ 29,682,045	\$ 284,231
Dyersburg Hospital Corp	Medical Services	12,752,494	253,178
ERMCO	Distribution Transformers	12,251,754	244,126
Sun Products	Household Cleaning Products	4,238,160	156,967
Excel Polymers	Rubber Products	4,931,653	101,678
Walmart Super Center	Discount Retailer	4,451,504	88,585
Nordyne	Air Conditioners	5,951,253	81,452
First Citizens National Bank	Banking	3,450,202	72,479
Polyone Corporation	Rubber and Plastic Products	3,543,502	70,515
BellSouth Communications	Public Utility	3,058,746	60,869
Unionport (1980) Assoc LLC	Shopping Center	2,934,080	59,941
Forcum Lannom, Inc.	Building Materials	2,793,557	52,378
Lowe's Home Center, Inc.	Retailer	2,603,535	51,810
BSF Diversified Products	Automotive Parts	1,948,757	38,780
Dyersburg Mall Co. LLC	Shopping Mall	1,921,436	38,237
		<u>\$ 96,512,678</u>	<u>\$ 1,655,226</u>

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CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION
 JUNE 30, 2012

Tax Year 2010	<u>Property Owner</u>	<u>Tax Due</u>
	Adams Mary E Howard	\$ 566
	Agnew Barnett	300
	Alford Paul	1,833
	Alford Paul	318
	Austin Treasa	262
	Avery Frankie	27
	Baker Gary L	1,272
	Belew George	7
	Brown Raymond Lee	113
	Butler George F	261
	Campbell Richard G	244
	Cannon Linda	291
	Carter Cecil J	93
	Coleman Billy F	323
	Cox Benton	185
	Cox Richard	529
	Cox Richard	53
	Cox Richard	121
	Crook Sadie	75
	Dean Anita K	199
	Dean Anita K	37
	Dean Anita K	208
	Draper Ashley	267
	Bevis Dillon	50
	Esparza Lori Ann	152
	Evans Anthony	199
	Ewing Jake B III	12
	Friese Lydia	117
	Friese Lydia Helen	170
	Gilliam Charlie Alton	193
	Gohil Gambhirsinh	1,268
	Gourley Josephine L	249
	Grandberry Andrew	27
	Grandberry Andrew	114
	Grandberry Andrew	27
	Gueary Joseph III	131
	Huddleston Miranda	117
	Hunziker Michael	225
	James David L	272
	James David L	373
	James David L	396
	Jaycox James	150

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CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION
 JUNE 30, 2012

<u>Property Owner</u>	<u>Tax Due</u>
Tax Year 2010 (Continued):	
Jaycox James	\$ 119
Jetton Linda Sue Moore	295
Jones Shirley	40
Jones Shirley	19
Jones Shirley	259
Jowers Brodrick Anthony	374
Keeling Jonathan W	35
Kemmerling Sarah S	156
Kitzmiller Thomas W	1,737
Taylor Timothy	245
Littlejohn Mary S	341
Maclin Jerome	182
McCormack Nathan E	142
McCraw Grover	123
Johnson Stephen	375
McElrath Don Lee	14
McElrath Don Lee	76
Moss Joe D	228
Murphy Patsy Odell	188
Osby James F	126
Shabazz Melba	5
Parrish Kenneth Lee	11
Parrish Kenneth Lee	153
Patterson Alvada	263
Peets Vanrine	122
Prseeler John T	572
Pressler John T	391
Pressler John T	862
Pressler John T	447
Pressler John T	291
Pressler John T	180
Pressler John T	188
Pressler John T	125
Pressler John T	533
Reed Margaret	215
Rind Eva	76
Rischel Barbara	126
Robbins Louise S	1,008
Robbins Marty Joe	150
Royal Holiday Rentals	528
Royal Holiday Rentals	626
Royal Holiday Rentals	205

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CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF UNCOLLECTED PROPERTY TAXES
 SUBMITTED TO CHANCERY COURT CLERK FOR COLLECTION
 JUNE 30, 2012

Property Owner	Tax Due
Tax Year 2010 (Continued):	
Royal Holiday Rentals	43
Royal Holiday Rentals	\$ 287
Royal Holiday Rentals	806
SLM Investments LLC	195
Smith Joe B	308
Smith Kenny	250
Starks Baxter	425
Strickland R B	562
Taylor Annie	93
Taylor Annie	193
Thomas Willie Mack	92
Towson David L	199
Troy William B	445
Tucker Homer H	2,336
Walker Ricky Clay	493
Ward Andy	272
Ward Lisa M	20
Ward Lola Mae	23
Webb Ricky Lynn	23
White Thomas F	745
White Thomas F	140
Whitelaw Johnnie P	439
Whitelow Fred	88
Whitlock Mary	46
Wiggins Juanita	216
Winbush J T	167
Winchester James L	564
Winchester James L	449
Wynn Mary F	48
Yarbro Charles Henry	227
Yarbro Frances	391
Yarbrough John	163
Yarbrough John	298
Yarbrough John	398
Yarbrough John	434
Young Melissa	40
	\$ 35,895

CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF CURRENT UTILITY RATES IN FORCE
 JUNE 30, 2012

	<u>Rates</u>	<u>TVA Fuel Rate</u>
Gas:		
City Residential (G2)		
Service charge per month	\$ 5.00	
Base rate per MCF consumed	\$ 2.32	
Transportation charges and commodity costs per MCF consumed	Variable	
County Residential (G22)		
Service charge per month	\$ 5.00	
Base rate per MCF consumed	\$ 2.77	
Transportation charges and commodity costs per MCF consumed	Variable	
City Small commercial (G1)		
Service charge per month	\$ 7.50	
Base rate per MCF consumed	\$ 2.37	
Transportation charges and commodity costs per MCF consumed	Variable	
County Small commercial (G21)		
Service charge per month	\$ 7.50	
Base rate per MCF consumed	\$ 2.83	
Transportation charges and commodity costs per MCF consumed	Variable	
City Large commercial, light industrial, schools, and government buildings (G3/G6)		
Service charge per month	\$ 50.00/22.00	
Base rate per MCF consumed	\$ 1.74	
Transportation charges and commodity costs per MCF consumed	Variable	
County Large commercial, light industrial, schools, and government buildings (G23)		
Service charge per month	\$ 50.00	
Base rate per MCF consumed	\$ 2.14	
Transportation charges and commodity costs per MCF consumed	Variable	
City Industrial - Firm (G5)		
Service charge per month	\$ 50.00	
Base rate per MCF consumed	\$ 1.00	
Transportation charges and commodity costs per MCF consumed	Variable	
County Industrial - Firm (G25)		
Service charge per month	\$ 50.00	
Base rate per MCF consumed	\$ 1.00	
Transportation charges and commodity costs per MCF consumed	Variable	
City Industrial - Interruptible (G7)		
Service charge per month	\$ 50.00	
Base rate per MCF consumed	\$ 1.00	
Transportation charges and commodity costs per MCF consumed	Variable	
Water:		
Base rate per month - city	\$ 4.49	
Base rate per month - rural	\$ 10.01	
Residential Customers		
City - per 1,000 gallons consumed	\$ 3.72	
Rural - per 1,000 gallons consumed	\$ 4.09	

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CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF CURRENT UTILITY RATES IN FORCE
 JUNE 30, 2012

	Rates	
Commercial Customers		
City - per 1,000 gallons consumed	\$	3.29
Rural - per 1,000 gallons consumed	\$	3.61
Industrial Customers		
City - per 1,000 gallons consumed	\$	3.47
Rural - per 1,000 gallons consumed	\$	3.78
Sewer:		
Base rate per month	\$	4.31
Residential - per 1,000 gallons used	\$	3.78
Commercial - per 1,000 gallons used	\$	3.97
Industrial - per 1,000 gallons used	\$	4.33
Electrical:		
Residential Rate Schedule - RS		
Customer charge - per delivery point per month	\$	11.11
Energy charges - per kWh		
First 800 kWh per month	\$	0.07080 0.02478
Additional kWh per month	\$	0.05564 0.02478
General Power Rate Schedule - GSA		
GSA - 1 (0 - 50 kW)		
Customer charge - per delivery point per month	\$	16.00
First 1500 kWh per month	\$	0.08635 0.02451
Additional kWh per month	\$	0.06608 0.02451
GSA - 2 (51 - 1,000 kW) (a.)		
Customer charge - per delivery point per month	\$	143.19
Demand charge - per kW per month		
First 50 kW	\$	10.99
Additional kW	\$	7.69
Energy charge - per kW		
First 15,000 kWh	\$	0.03767 0.02451
Additional kWh	\$	0.03721 0.02451
GSA - 3 (1,001 - 5,000 kW)		
Customer charge - per delivery point per month	\$	500.00
Demand charge - per kw per month		
First 1,000 kW	\$	14.18
Excess over 1,000 kW	\$	8.06
Excess demand charge - higher of 1,000 kW or contract demand	\$	6.26
Energy charge - per kWh	\$	0.03721 0.02451
General Power Rate Schedule - GSB (5,001 - 15,000 kW)		
Customer charge - per delivery point per month - on peak	\$	1,830.00
Demand charge - per kW per month	\$	18.69
Off peak > on peak demand	\$	6.24
Excess demand	\$	18.69
Energy charge - per kWh per month		
All on peak kWh		0.07260 0.02434
First 425 hours use of demand		0.03792 0.02434
Next 195 hours use of demand		0.01926 0.02434
Excess 620 hours use of demand		0.00341 0.02434

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CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF CURRENT UTILITY RATES IN FORCE
JUNE 30, 2012

	Rates	
Electrical (continued):		
General Power Rate Schedule - SGSB (5,001 - 15,000 kW)		
Customer charge - per delivery point per month	\$ 1,830.00	
Demand charge - per kW per month	\$ 23.88	
Excess demand	\$ 23.88	
Energy charge - per kWh per month	0.02549	0.02434
Manufacturing Power Rate Schedule - MSB (5,001 - 15,000 kW)		
Customer charge - per delivery point per month	\$ 1,830.00	
Demand charge - per kW per month - on peak	\$ 18.70	
Off peak > on demand	\$ 6.24	
Excess demand	\$ 18.70	
Energy charge - per kWh		
All on peak kWh	0.05742	0.02434
First 425 hours use of demand	0.02314	0.02434
Next 195 hours use of demand	0.00448	0.02434
Excess 620 hours use of demand	(0.01137)	0.02434
Manufacturing Power Rate Schedule - SMSB (5,001 - 15,000 kW)		
Customer charge - per delivery point per month	\$ 1,830.00	
Demand charge per kW per month	\$ 20.98	
Excess demand	\$ 20.98	
Energy charge - per kWh	0.01782	0.02434
Facilities Rental		
General power - over 5,000 kW		
46 kv to 161 kv delivery - per kW	\$ 0.36000	
Less than 46 kv delivery - per kW		
First 10,000 kW	\$ 0.93000	
Over 10,000 kW	\$ 0.73000	
Outdoor Lighting Schedule - LS		
Energy charge - per kWh	\$ 0.04837	0.02478
Drainage Pump Schedule - DPS		
Customer charge - per delivery point per month	\$ 500.00	
Energy charge - per kWh	0.03767	0.02451

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.

CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF UTILITY CUSTOMERS IN SERVICE
JUNE 30, 2012

<u>Utility Service</u>	<u>Customers</u>		
	<u>6/30/2011</u>	<u>Increase (Decrease)</u>	<u>6/30/2012</u>
Water	7,952	(22)	7,930
Sewer	7,524	(34)	7,490
Gas	7,753	5	7,758
Electric	12,155	(105)	12,050

See independent auditor's report

AWWA WLCC Free Water Audit Software: Reporting Worksheet

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WAS v4.2

[Back to Instructions](#)

[Click to access definition](#)

Water Audit Report for: **CITY OF DYERSBURG**
 Reporting Year: **2012** | **7/2011 - 6/2012**

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

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

WATER SUPPLIED << Enter grading in column 'E' >>

Volume from own sources:	<input type="text" value="7"/>	<input type="text" value="919.426"/>	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
Water imported:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
Water exported:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
WATER SUPPLIED:		919.426	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	<input type="text" value="7"/>	<input type="text" value="748.660"/>	MG/Yr
Billed unmetered:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled metered:	<input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr
Unbilled unmetered:	<input type="text" value="7"/>	<input type="text" value="11.493"/>	MG/Yr
AUTHORIZED CONSUMPTION:		760.153	MG/Yr

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

Click here: for help using option buttons below

Pcnt: Value:

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption) MG/Yr

Apparent Losses

Unauthorized consumption:	<input type="text" value="7"/>	<input type="text" value="2.299"/>	MG/Yr
Customer metering inaccuracies:	<input type="text" value="10"/>	<input type="text" value="0.000"/>	MG/Yr
Systematic data handling errors:	<input type="text" value="8"/>	<input type="text" value="5.000"/>	MG/Yr
Apparent Losses:		7.299	

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

Pcnt: Value:

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

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:	<input type="text" value="7"/>	<input type="text" value="151.975"/>	MG/Yr
WATER LOSSES:		159.273	MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER:	<input type="text" value="7"/>	<input type="text" value="170.766"/>	MG/Yr
--------------------	--------------------------------	--------------------------------------	-------

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	<input type="text" value="10"/>	<input type="text" value="150.0"/>	miles
Number of active AND inactive service connections:	<input type="text" value="7"/>	<input type="text" value="7,960"/>	
Connection density:		<input type="text" value="53"/>	conn./mils main
Average length of customer service line:	<input type="text" value="7"/>	<input type="text" value="50.0"/>	ft. (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	<input type="text" value="10"/>	<input type="text" value="50.0"/>	psi

COST DATA

Total annual cost of operating water system:	<input type="text" value="9"/>	<input type="text" value="\$3,245,611"/>	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="9"/>	<input type="text" value="\$4.30"/>	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="text" value="7"/>	<input type="text"/>	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	<input text"="" type="text" value="\$31,384"/>
Annual cost of Real Losses:	<input type="text"/>

Operational Efficiency Indicators

Apparent Losses per service connection per day:	<input type="text" value="2.51"/>	gallons/connection/day
Real Losses per service connection per day*:	<input type="text" value="52.31"/>	gallons/connection/day
Real Losses per length of main per day*:	<input type="text" value="N/A"/>	
Real Losses per service connection per day per psi pressure:	<input type="text" value="1.05"/>	gallons/connection/day/psi
Unavoidable Annual Real Losses (UARL):	<input type="text" value="46.92"/>	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	<input type="text" value="151.97"/>	million gallons/year
Infrastructure Leakage Index (ILI) (CARL/UARL):	<input type="text" value="3.24"/>	

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

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 76 out of 100 *****

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

PRIORITY AREAS FOR ATTENTION:

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

1: Volume from own sources
2: Billed metered
3: Unauthorized consumption

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

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Program name	Grantor Agency	Balance (Receivable) July 1, 2011	Receipts	Expenditures	Balance (Receivable) June 30, 2012
Tuancy Grant	State of Tennessee Department of Children's Services	\$ (6,707)	\$ 47,728	\$ (68,520)	\$ (27,499)
Basic Education Program (BEP)	State of Tennessee Department of Education	(320,150)	12,847,150	(12,527,000)	-
Early Childhood	State of Tennessee Department of Education	(45,838)	463,455	(475,512)	(57,895)
Energy Efficient School Initiative	State of Tennessee Department of Education	-	18,458	(18,458)	-
Career Ladder	State of Tennessee Department of Education	-	148,676	(148,676)	-
Career Ladder Extended	State of Tennessee Department of Education	-	57,200	(57,200)	-
Professional Development	State of Tennessee Department of Education	(111,740)	261,701	(322,789)	(172,828)
Family Resource	State of Tennessee Department of Education	-	27,377	(29,612)	(2,235)
Coordinated School Health	State of Tennessee Department of Education	-	71,421	(80,000)	(8,579)
Airport Lighting System	State of Tennessee Department of Transportation	-	79	(79)	-
Airport Ground Maintenance Equipment	State of Tennessee Department of Transportation	-	-	(32,584)	(32,584)
Airport Maintenance	State of Tennessee Department of Transportation	-	-	(13,000)	(13,000)
Airport Runway Rehabilitation	State of Tennessee Department of Transportation	-	-	(59,112)	(59,112)
Recreation	State of Tennessee Dept of Environment & Consv	-	25,125	(50,125)	(25,000)
Disaster Relief (City of Dyersburg)	Tennessee Emergency Management Agency	-	9,604	(20,676)	(11,072)
		<u>\$ (484,435)</u>	<u>\$ 13,977,974</u>	<u>\$ (13,903,343)</u>	<u>\$ (409,804)</u>

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Program name	CFDA Number	Grantor Agency	Deferred Revenue/ (Receivable) July 1, 2011	Receipts	Expenditures	Deferred Revenue/ (Receivable) June 30, 2012
Assistance programs as identified in the catalog of Federal Domestic Assistance:						
National School Lunch Program *	10.555	U.S. Department of Agriculture	\$ (112,233)	\$ 910,158	\$ (894,214)	\$ (96,289)
AtRisk Snacks (supplements) *	10.555	U.S. Department of Agriculture	(1,561)	14,313	(14,017)	(1,265)
National School Breakfast Program *	10.553	U.S. Department of Agriculture	(42,536)	335,786	(330,725)	(37,475)
National School Lunch Program - Commodities *	10.555	Tennessee Dept of Agriculture	-	83,994	(83,994)	-
Total Child Nutrition Cluster			(156,330)	1,344,251	(1,322,950)	(135,029)
Fresh Fruit and Vegetable Program	10.582	U.S. Department of Agriculture	(7,600)	41,493	(40,423)	(6,530)
Total Department of Agriculture			(163,930)	1,385,744	(1,363,373)	(141,559)
Title I, Grants to Local Education Agencies	84.010	State of Tennessee Dept. of Education	(27,600)	1,097,078	(1,073,297)	(3,819)
ARRA - Title I, Grants to Local Education Agencies	84.389	State of Tennessee Dept. of Education	(18,586)	18,586	-	-
Total Title I, NCLB, Part A, Cluster			(46,186)	1,115,664	(1,073,297)	(3,819)
IDEA, Part B	84.027	State of Tennessee Dept. of Education	(20,862)	532,298	(581,812)	(70,376)
IDEA, Part B - Discretionary	84.027	State of Tennessee Dept. of Education	(3,382)	21,899	(25,500)	(6,983)
IDEA, Preschool	84.173	State of Tennessee Dept. of Education	-	124,406	(124,406)	-
IDEA, Carryover	84.027	State of Tennessee Dept. of Education	-	21,444	(21,444)	-
Total IDEA Cluster			(24,244)	700,047	(753,162)	(77,359)
Title II, Education Technology State Grant	84.318	State of Tennessee Dept. of Education	(198)	1,052	(854)	-
ARRA - Title II Education Technology State Grants	84.386	State of Tennessee Dept. of Education	(3,976)	5,181	(1,205)	-
Total Education Technology			(4,174)	6,233	(2,059)	-
Career Basic and Technical Ed. Grants to States and Communities	84.048	State of Tennessee Dept. of Education	-	48,099	(62,378)	(14,279)
21st Century Community Learning Centers	84.287	State of Tennessee Dept. of Education	(22,652)	194,798	(175,750)	(3,604)

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Program name	CFDA Number	Grantor Agency	Deferred Revenue/ (Receivable) July 1, 2011	Receipts	Expenditures	Deferred Revenue/ (Receivable) June 30, 2012
Assistance programs as identified in the catalog of Federal Domestic Assistance (Continued):						
Title VI, Rural and Low Income Schools	84.358	State of Tennessee Dept. of Education	(28,345)	112,205	(87,128)	(3,268)
Title III, English Language Acquisition Grant	84.365	State of Tennessee Dept. of Education	(40,728)	61,478	(48,961)	(28,211)
Title II, Part A, Training - Improving Teacher Quality	84.367	State of Tennessee Dept. of Education	(14,394)	214,220	(209,405)	(9,579)
ARRA - Title X, Education of Homeless Children and Youth	84.387	State of Tennessee Dept. of Education	(1,338)	1,338	-	-
Education Jobs	84.41	State of Tennessee Dept. of Education	(1,662)	197,750	(196,088)	-
First to the Top/Race to the Top, Formula	84.395	State of Tennessee Dept. of Education	-	221,036	(241,614)	(20,578)
ARRA - State Fiscal Stabilization - Govt Services	84.397	State of Tennessee Dept. of Education	(51,330)	55,639	(4,209)	-
Total Department of Education			<u>(235,053)</u>	<u>2,928,407</u>	<u>(2,854,051)</u>	<u>(160,697)</u>
STOP Violence Against Women	16.588	U.S. Department of Justice	(11,406)	47,277	(43,572)	(7,701)
2010 Justice Assistance Grant Program		U.S. Department of Justice	(3,838)	13,134	(9,296)	-
2011 Justice Assistance Grant Program		U.S. Department of Justice	-	7,226	(7,226)	-
Bulletproof Vest Partnership Program	16.607	U.S. Department of Justice	(2,712)	3,182	(470)	-
ARRA - Justice Assistance Grant Program		U.S. Department of Justice	-	1,794	(5,067)	(3,273)
ARRA - COPS Hiring Recovery Program		U.S. Department of Justice	(33,385)	132,414	(131,197)	(32,168)
Total Department of Justice			<u>(51,341)</u>	<u>205,027</u>	<u>(196,828)</u>	<u>(43,142)</u>
Transportation Enhancement Program *	20.205	State of Tennessee Dept. of Transportation	(147,549)	147,549	(962,831)	(962,831)
High Visibility Law Enforcement Campaigns		State of Tennessee Dept. of Transportation	-	5,000	(9,567)	(4,567)
Total Department of Transportation			<u>(147,549)</u>	<u>152,549</u>	<u>(972,398)</u>	<u>(967,398)</u>

See independent auditor's report

CITY OF DYERSBURG, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Program name	CFDA Number	Grantor Agency	Deferred Revenue/ (Receivable) July 1, 2011	Receipts	Expenditures	Deferred Revenue/ (Receivable) June 30, 2012
Assistance programs as identified in the catalog of Federal Domestic Assistance (Continued):						
ARRA - Energy Efficient and Conservation Block Grant	81.128	State of Tennessee Dept of Econ and Comm Dev	-	65,991	(65,991)	-
Disaster Relief (City of Dyersburg)	97.036	Federal Emergency Management Agency	-	76,837	(76,837)	-
Disaster Relief (Dyersburg Electric System)	97.036	Federal Emergency Management Agency	-	19,042	(19,042)	-
Total All Federal Programs			\$ (597,873)	\$ 4,833,597	\$ (5,548,520)	\$ (1,312,796)

* Major Program

This schedule of expenditures of federal awards includes the federal grant activity of Dyersburg City Schools Board of Education and Dyersburg Electric System and 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.

See independent auditor's report

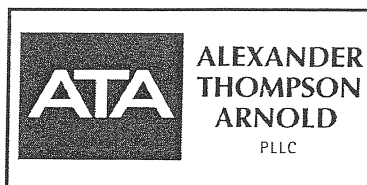
**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF OFFICIAL BONDS OF PRINCIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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**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 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 (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 11, 2013. 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. Other auditors audited the financial statements of the 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 other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We and the other auditors did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we and the other auditors identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as items 2011-01, 2012-01 and 2012-02. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatements, 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 the tests of the other auditors' disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

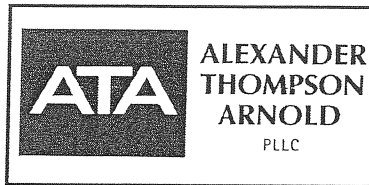
This report is intended solely for the information and use by management, the Board of Mayor and Aldermen, federal awarding agencies, pass through entities, the State of Tennessee Comptroller's Office and other regulatory bodies, and is not intended to be and should not be used by anyone other than these specified parties.

Alexander Thompson Arnold PLLC

Dyersburg, Tennessee
March 11, 2013

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Mayor and
Aldermen
City of Dyersburg
Dyersburg, Tennessee

Compliance

We have audited the City of Dyersburg, Tennessee's (City) compliance, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit. We did not audit the financial statements of the Dyersburg Electric System. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts and opinions included for the Dyersburg Electric System is based on the reports of the other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, "*Audits of States, Local Governments and Non-Profit Organizations*." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, and the opinion of other auditors, the City of Dyersburg, Tennessee complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use by management, the Board of Mayor and Aldermen, federal awarding agencies, pass through entities, the State of Tennessee Comptroller's Office and other regulatory bodies, and is not intended to be and should not be used by anyone other than these specified parties.

Alexander Thompson Arnold PLLC

Dyersburg, Tennessee
March 11, 2013

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The City of Dyersburg, Tennessee.
2. Three significant deficiencies noted during the audit of the financial statements are reported in the 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. No material weaknesses were noted.
3. There were no instances of noncompliance material to the financial statements of the City of Dyersburg, Tennessee, which would be required to be reported in accordance with Government Auditing Standards, disclosed during the audit.
4. No material weaknesses or significant deficiencies in internal control over major federal award programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal awards program for the City of Dyersburg, Tennessee, expresses an unqualified opinion on all major federal programs.
6. There were no audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major program include the National School Lunch Program CFDA #10.555; At Risk Snacks CFDA #10.555; National School Breakfast Program CFDA #10.553; National School Lunch Program – Commodities CFDA #10.555; Federal Highway Program Downtown Enhancement CFDA #20.205.
8. The threshold used for distinguishing between Types A and B programs was \$300,000.
9. The City of Dyersburg, Tennessee, was not determined to be a low risk auditee.

B. Findings – Financial Statement Findings

Dyersburg City Schools

None noted

Dyersburg Electric System

None noted

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

General Government

2011-01 Unpaid Property Taxes

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

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

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

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

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

2012-01 Disaster Recovery Plan/Data Backups

Condition: Subsequent to the fiscal year end of June 30, 2012, the City encountered a loss of accounting transactions as a result of lightning strikes that damaged the City's computer systems. The City was able to reconstruct the data from manual documentation maintained at City Hall.

Criteria: Title 5 Chapter 27 of the Internal Control and Compliance Manual for Tennessee Municipalities states that backups should be made of all data on a regular basis and the backups should be securely stored off-site.

Effect: Current backups were not completed and maintained off-site to restore accounting data that was lost.

Recommendation: We suggest that the City review and update their Disaster Recovery Plan and also make efforts to improve data backup processes. The City should also implement additional procedures to ensure that the backups are maintained at an offsite secure location.

Response: We have implemented the following for disaster recovery: abandoned backup to unreliable tape drives, backup to hard disk nightly, backup online to an off-site location, backup to a second server located at the EOC, and store previous weeks backup disk in a lock box at the bank.

2012-02 Budget Exceeded

Condition: During the year ended June 30, 2012, expenditures exceeded appropriations in the general fund by \$609,334, community development fund by \$47,612, insurance reserve fund by \$351,269 and in the communications service fund by \$5,120.

Criteria: TCA 6-56-205 states that "the governing body shall not make any appropriations in excess of estimated available funds, except to provide for an actual emergency threatening the health, property, or lives of inhabitants of the municipality and declared by a two-thirds (2/3) vote of all members of the governing body present, when there is a quorum".

Effect: Expenditures were not properly authorized by the City's board and state law was not followed relating to the budgeting of expenditures.

**CITY OF DYERSBURG, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Recommendation: We recommend that expenditures be compared to the budget on a continuous basis and the budget be amended when necessary, so that all expenditures are adequately approved within the City's current budgeting process.

Response: We will review the appropriate financial reports monthly to insure that expenditures are within budgetary constraints and will amend budgets when necessary.

C. Federal Awards - Findings and Questioned Costs

Dyersburg City Schools

None noted

General Government

None noted

D. Status of Prior Year Audit Findings

Prior year audit findings 2008-04 and 2010-02 have been resolved.

Prior year audit finding 2011-01 has been repeated in the current year.