

**THE DIXIE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(amounts in thousands, except per share data)  
(Continued)

**NOTE 4 - RECEIVABLES, NET**

Receivables are summarized as follows:

	2019	2018
Customers, trade	\$ 34,285	\$ 40,121
Other receivables	3,115	2,595
Gross receivables	37,400	42,716
Less: allowance for doubtful accounts	(262)	(174)
Receivables, net	<u>\$ 37,138</u>	<u>\$ 42,542</u>

Bad debt expense was \$240 in 2019, \$163 in 2018, and \$70 in 2017.

**NOTE 5 - INVENTORIES, NET**

Inventories are summarized as follows:

	2019	2018
Raw materials	\$ 32,377	\$ 36,875
Work-in-process	18,642	20,274
Finished goods	64,978	67,085
Supplies and other	260	190
LIFO reserve	(20,748)	(19,229)
Inventories, net	<u>\$ 95,509</u>	<u>\$ 105,195</u>

In March 2019, the Company incurred an inventory liquidation due to a consignment agreement with a primary vendor of raw materials. The former inventory levels are not expected to be reinstated. The Company recognized the effect within 2019 which resulted in liquidations of LIFO inventories carried at prevailing costs established in prior years and reduced cost of sales by \$281.

**NOTE 6 - PROPERTY, PLANT AND EQUIPMENT, NET**

Property, plant and equipment consists of the following:

	2019	2018
Land and improvements	\$ 3,422	\$ 8,528
Buildings and improvements	51,432	63,389
Machinery and equipment	179,993	183,900
Assets under construction	1,459	2,675
	236,306	258,492
Accumulated depreciation	(170,864)	(174,381)
Property, plant and equipment, net	<u>\$ 65,442</u>	<u>\$ 84,111</u>

Depreciation of property, plant and equipment, including amounts for finance leases, totaled \$11,219 in 2019, \$12,141 in 2018 and \$12,436 in 2017.