

# **CITY OF GERMANTOWN TENNESSEE**

## **Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2018**

Prepared by the City of Germantown Finance Department

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**INTRODUCTORY SECTION (UNAUDITED)**



# CITY OF GERMANTOWN TENNESSEE

1930 South Germantown Road • Germantown, Tennessee 38138-2815  
Phone (901) 757-7200 Fax (901) 757-7292 www.germantown-tn.gov

December 18, 2018

To the Citizens and Aldermen  
City of Germantown, Tennessee:

It is a privilege to submit the Comprehensive Annual Financial Report of the City of Germantown for the fiscal year ending June 30, 2018. This document reports the sound financial position of the various funds of the City of Germantown and the financial results for operations during FY 18. It also provides information on the economic condition of the City.

## GERMANTOWN'S ECONOMIC CONDITION AND OUTLOOK

Germantown is a dynamic community whose citizens enjoy a higher per capita income than most cities in Tennessee. Although it is predominantly, preferably and historically residential in character, the City is experiencing significant economic growth and expansion of healthcare facilities. Additionally, Germantown benefits from its proximity to the transportation, industrial and commercial sectors of the Memphis metropolitan area.

With a sturdy local economy and sound fiscal planning, the City of Germantown maintained a General Fund balance of 93.2% against operating expenditures in FY 18. The City also maintained a Triple A bond rating with Moody's and Standard and Poor's, one of just 118 municipalities in the nation to merit the highest ranking from both agencies.

Germantown's growth and prosperity can be further attributed to the manner in which residents and local government work together to:

- support superior public education opportunities for children,
- maintain the lowest crime rate among similar-sized cities in the Southeast,
- provide exceptional parks and recreation facilities and leisure opportunities,
- assure safe and attractive neighborhoods and business districts, and
- exercise strong leadership in both land use policies and financial planning.

The City's municipal services and amenities contribute to the exceptional quality of place its residents enjoy; they also contribute to the attractiveness of the greater metropolitan area. Quality housing is a major "industry" for Germantown, ranging from single-family subdivisions and zero-lot homes to congregate living for seniors. Newer home construction supplements a housing inventory in both new and well-established neighborhoods that reflects exemplary efforts to preserve and modernize older homes.

Germantown's commitment to quality living is demonstrated through an extensive parks system composed of athletic and playing field complexes, comprehensive parks, neighborhood parks, a greenway, state natural area, city nature area and a farm park. The Germantown Athletic Club and other programs offer fitness facilities and equipment for a healthy lifestyle. Methodist LeBonheur

Germantown Hospital, Baptist Rehabilitation Germantown, several major medical clinics and numerous physician practices provide top-notch, accessible health care. The police, fire and ambulance departments take pride in a five minute-or-less emergency response time. The newly-formed Germantown Municipal School District provides K-12 public education on five campuses, complemented by three private elementary schools, three additional public schools, three special needs learning centers and a university, together offering the broadest spectrum of educational resources.

#### KEY PERFORMANCE AREAS


The City's long-range strategic plan-Germantown Forward 2030-developed through broad citizen input and adopted by the board in FY 16 establishes key performance areas and strategic objectives for the immediate future and long term sustainability for the City.

These key performance areas guide the development of the annual operating and capital improvement budgets for the next fiscal year. The key performance areas support:

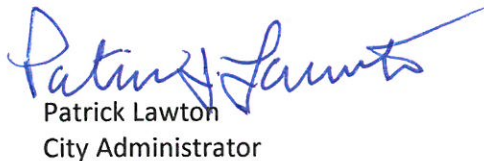
- a balanced, multi-year operating budget,
- a stable and diversified revenue structure,
- maintenance of adequate reserves and designation of and balances,
- a multi-year capital improvements program, and
- debt and investment policies ensuring judicious management of the City's credit and available funds.

This report, the operating budget and the capital improvements program demonstrate Germantown's responsiveness to citizen's needs, concerns and interest. The reports and the awards they have earned also confirm the City's commitment to performance excellence and to the effective and efficient management of Germantown's affairs.

Respectfully submitted,



Mike Palazzolo  
Mayor



Patrick Lawton  
City Administrator





# CITY OF GERMANTOWN

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## TENNESSEE

1930 South Germantown Road • Germantown, Tennessee 38138-2815  
Phone (901) 757-7200 Fax (901) 757-7292 [www.germantown-tn.gov](http://www.germantown-tn.gov)

December 18, 2018

*The Board of Mayor and Aldermen  
And Citizens of the City of Germantown:*

The Comprehensive Annual Financial Report, (CAFR) of the City of Germantown, Tennessee (The City) for the fiscal year ended June 30, 2018, is hereby submitted. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and have been audited in accordance with the generally accepted auditing standards.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's asset from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Watkins Uiberall, PLLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Germantown's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements: assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement basis for rendering an unmodified opinion.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Germantown's MD&A can be found immediately following the report of the independent auditors.

### ***Profile of the Government***

The City of Germantown is located in Shelby County in the southwestern part of the State of Tennessee. Germantown was first settled in 1825 and consisted largely of horse farms and estates until the early 1970's. It is in the center of the most affluent areas of Shelby County.

The Board of Mayor and (five) Aldermen are elected by popular vote. One-half of the Board is elected to four-year terms every two years. The mayor appoints the city administrator, chief of police and city clerk/recorder with confirmation of the Board of Aldermen. The City provides a full range of municipal services including police and fire services, street and drainage construction and maintenance, sanitation, cultural and recreational programs, planning and zoning and administrative services. In addition, the City operates a water and sewer system.

The Germantown Municipal Board of Education assumed the operations of five schools from Shelby County Board of Education. Three out of eight schools remain with the Shelby County Board of Education. The Germantown Municipal Board of Education is reported as a special revenue fund. The Light, Gas and Water Division of the City of Memphis provide electrical and natural gas distribution to the Germantown service area. The City of Memphis provides treatment of sewage collected via the City of Germantown sewer system. The Memphis Area Transit Authority provides scheduled bus service throughout the City. These entities do not meet established criteria for inclusion in the reporting entity and therefore are not included in this report.

The City administration annually prepares a plan of services for the upcoming fiscal year and the estimated cost of providing those services. The plan is reviewed by the Board of Mayor and Aldermen and is formally adopted by the passage of a budget ordinance. The ordinance is adopted by fund, function and department. Department heads may make transfer of appropriations within their department. Transfers of appropriations between departments require the approval of an amendment by the Board. Strict budgetary compliance is maintained by the automated accounting system to assure effective fiscal management and accountability. All request for purchases are checked by a budgetary control system to assure that funds are available. Purchase orders and contracts are encumbered prior to release to vendors. The system controls are maintained within cost center levels. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated budget has been adopted.

### ***Factors Affecting Financial Conditions***

The information presented in the financial statements are perhaps best understood when they are considered from the broader perspective of the specific environment within which the City operates.

### ***Local Economy***

The City's economy continues to grow and expand as the seeds of economic development initiatives and partnership with the Germantown Municipal School District begin to take root. Real and personal property are assessed by the Shelby County Assessor.

The Shelby County Assessor completed a countywide reappraisal of property in 2017. Property values rose during the reappraisal year by approximately 13%. Property tax remains the most stable source of

revenue at approximately 57.6% of total general fund revenue with collections remaining very strong. For fiscal year 2018, the City tax rate was at \$1.97 per \$100 of assessed value. The tax rate for fiscal year 2019 was reduced \$.02 due to appeal allowance not being used.

Property tax increased over the past year by \$4,243,210. This was due to a property tax increase during the FY18 year and new properties being added to the rolls. Sales tax is the second largest revenue source to the City. Local sales tax increased by \$1,253,318. This increase is due to improved economic conditions during the fiscal year as well as new businesses entering into the City. Intergovernmental taxes decreased by \$616,952. This is due to the impact of the phase out of the Hall Income tax which is a state tax on interest and dividend income over the prior year. The City of Germantown has a strong retail climb although the City is primarily a bedroom community. Emphasis is being placed on bringing more retail into the City.

During fiscal year 2018 the City issued 55 permits for new single family residence structures with a value of \$30,707,144 or average value of \$558,312. A key factor for the increase in property values is related to the Thornwood developments. A Hampton Hotel and jewelry store have opened. A mixed use and apartments will come on line during FY19. As part of economic development initiatives for fiscal year 2018 and 2019, focus has been on the development of a new K-5 elementary school in the Forest Hill Heights area. Forest Hill Irene Road will be enlarged to handle the additional traffic due to the new school being opened and additional developments in fiscal year 2019. Smart growth is gaining momentum within the City limits as Trader Joe's has opened its doors in the central business district. Trader Joe's experienced its largest store opening in the City.

During fiscal year 2018, a new development project began with Mid-America apartments developing a new corporate headquarters in one of the City's key commercial areas in the western gateway. A new hotel is also under development as part of the same mixed use project (TraVure) that is a total of \$100 million investment into the City. Saddle Creek South has also continued to remodel the outside of stores and new stores have begun to open in Saddle Creek South and West. A four story hotel opened in April 2017 on the northern edge of the Central Business District along with a mix of businesses and residential units (278) that are currently under construction.

### ***Long Term Financial Planning***

In January 2015, the Germantown Board of Mayor and Aldermen approved the Germantown Forward 2030 strategic plan. The citizen-driven plan encourages leaders look to the future and a sustainable Germantown based on the triple bottom line of economic, environmental and social sustainability. The plan will be updated bi-annually and will continue to involve members of the community.

The City's fiscal year spending plan emphasizes a long-term goal of maintaining financial stability. As a result, the City quickly embraced the practice of managed competition and applied those principles to build-out scenario for our community. Managed competition focused on cost control and reductions when appropriate, reengineering procedures or outsourcing.

Annual budgets are now driven by cost saving with emphasis on City departments operating as a business with focus on customer and quality of service. All expenditures reflect the spending priorities established by the Board of Mayor and Aldermen and strict adherence to the financial policies that provide a framework for allocating resources. The business planning approach is outcome based and results oriented, with process in place to deliver services in the most effective way. With the proper

deployment of these activities now and in the future the City is able to address long term financial obligations of the City, maintain a stable tax base and move closer to sustainability.

The City was reaffirmed as Triple-A by Moody's and Standard & Poor's in September 2017 and issued \$29,275,000 new bonds for the construction of a new elementary school and related road improvements. The new elementary school will seat 500 plus students. Additionally, the City issued a \$3.025 million General Obligation Capital Note in August 2018. The funds will be used to construct administrative offices for the Germantown Municipal School District. This will be located near the new elementary school under construction. Payments will be made by the school district as the debt becomes due.

### ***Awards and Acknowledgement***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Germantown for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This was the 36th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Germantown for its Popular Annual Financial Report for the fiscal year ended June 30, 2017. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understanding and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Germantown has received a Popular Award for the last ten consecutive years (fiscal years ended 2008-2017). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

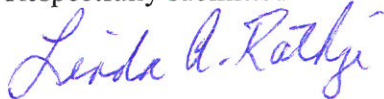
The City received the GFOA's Distinguished Budget Presentation Award for its annual operating budget for the year ended June 30, 2017. The City has received the Award for each of the 33 years since the program was instituted in 1984. In order to qualify for the Distinguished Budget Presentation Award, the city budget document was judged to be proficient and/or outstanding in several categories including policy documentation, financial planning, operations and communications.

The Board of Mayor and Aldermen  
City of Germantown, Tennessee  
December 18, 2018

The preparation of this report could not be accomplished without the skill, effort and dedication of the entire staff of the Departments of Finance and Budget & Performance throughout the fiscal year.

I would like to express my appreciation to all the members of the departments who have assisted and contributed to this report, in addition to the city's independent certified public accountants, Watkins Uiberall, PLLC. In addition, I appreciate the Board of Mayor and Aldermen's interest, support and leadership in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted



Linda A. Rathje, CMFO  
Interim Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Germantown  
Tennessee**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

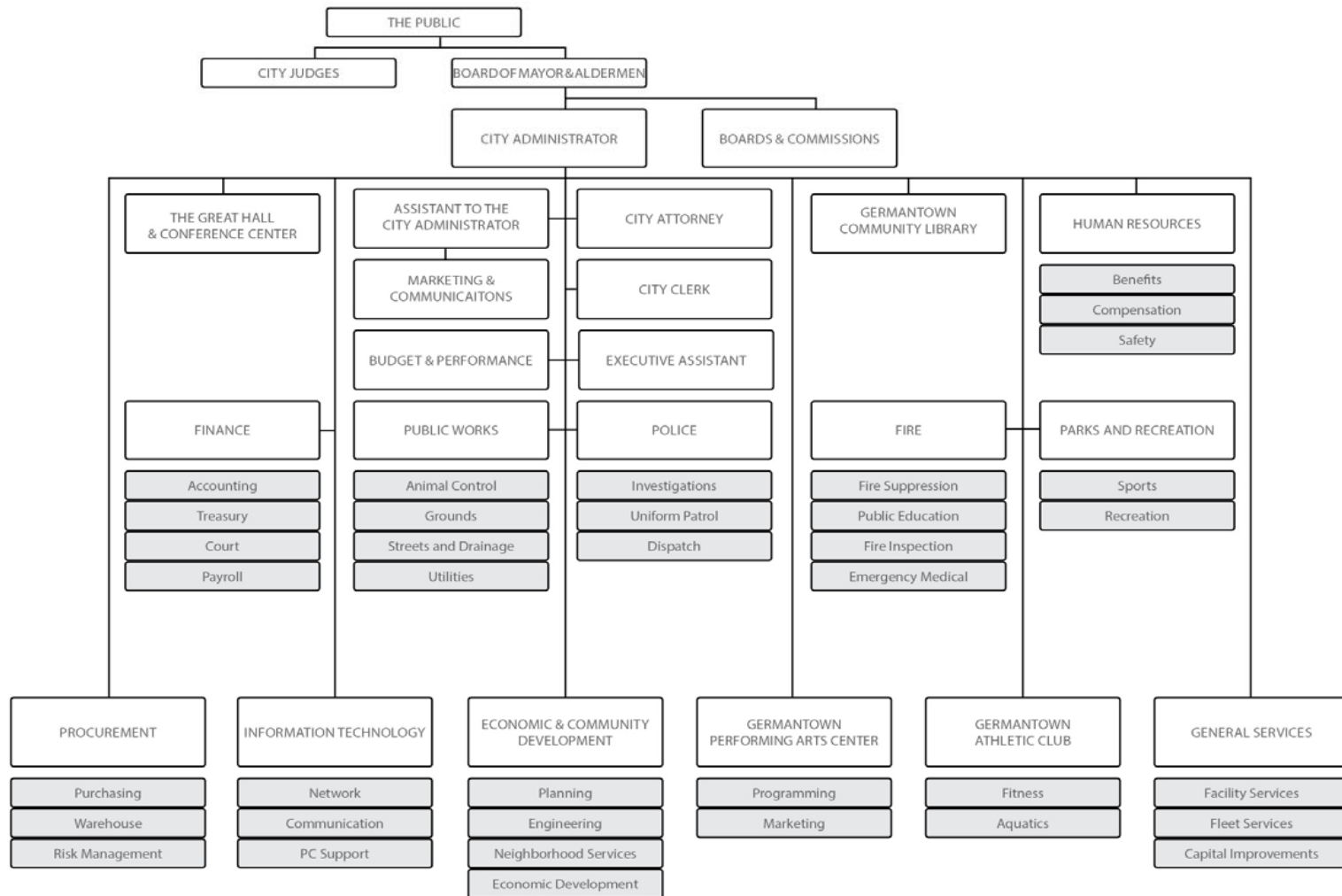
**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO



**CITY OF GERMANTOWN, TENNESSEE**  
**ORGANIZATIONAL CHART**  
 June 30, 2018



**CITY OF GERMANTOWN, TENNESSEE**  
**CITY OFFICIALS**  
June 30, 2018

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**MAYOR**

Honorable Mike Palazzolo (2018\*)

**ALDERMEN**

Mary Anne Gibson, Vice Mayor (2018\*)

John Barzizza (2018\*)  
Forrest Owens (2020\*)

Rocky Janda (2020\*)  
Dean Massey (2020\*)

**CITY OFFICIALS**

Chief Administrator .....	Patrick J. Lawton
City Attorney .....	David Harris
City Judges .....	Raymond S. Cliff Robert M. Brannon, Jr.
Interim Director of Finance .....	Linda Rathje**
Economic and Community Development Services Director .....	Cameron Ross
Fire Chief .....	John M. Selberg
Germantown Athletic Club Director .....	Phil Rogers
Germantown Performing Arts Center .....	Paul Chandler
General Services Director.....	Reynold Douglas
Human Resources Director .....	Steve Wilensky
Information Technology Director.....	Tony Fischer
Parks and Recreation Director.....	Pam Beasley
Police Chief.....	Richard Hall
Procurement Director.....	Lisa Piefer
Public Services Director.....	Bo Mills

\* Date elected term expires

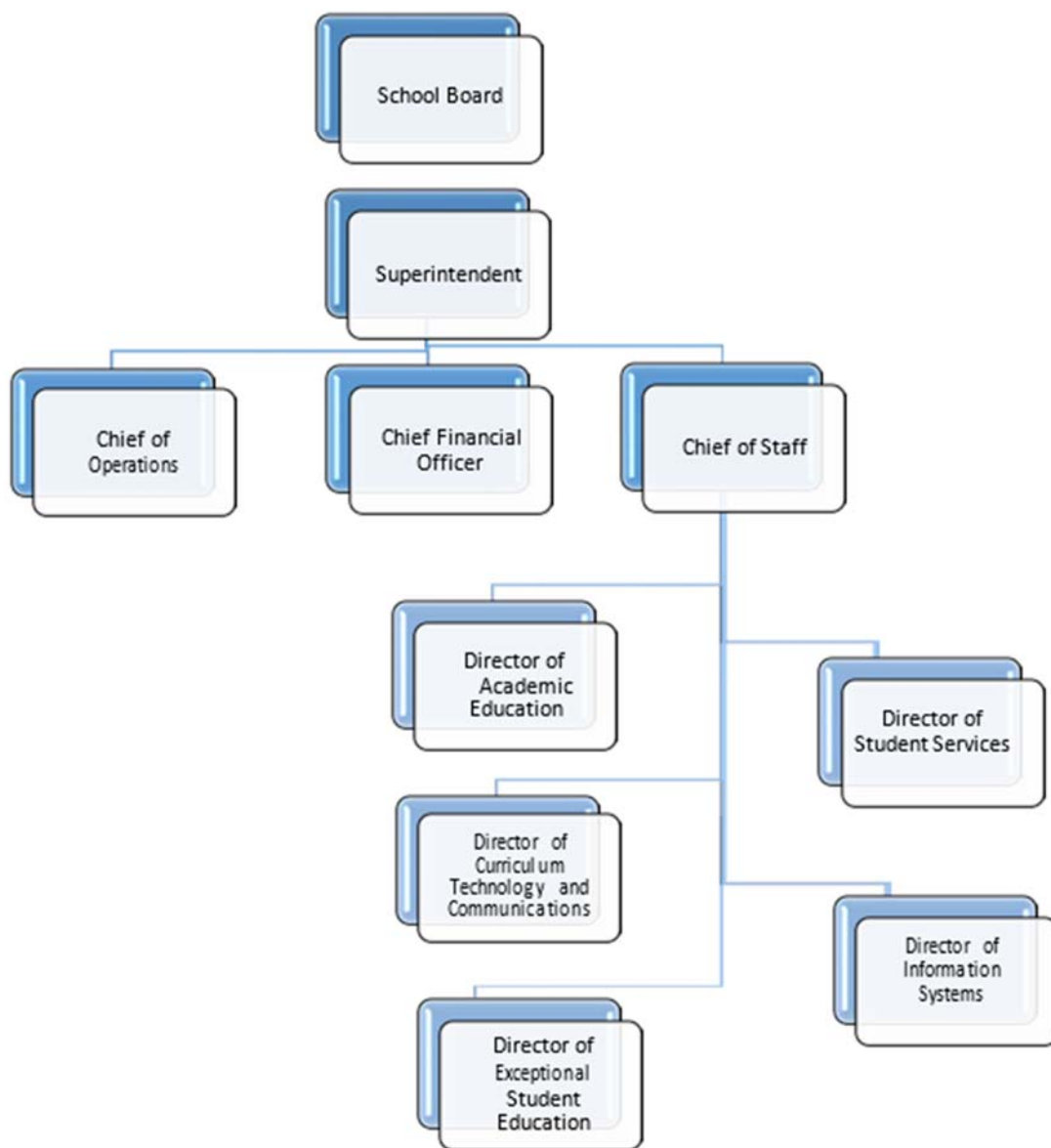
\*\* Designated CMFO



CITY OF GERMANTOWN, TENNESSEE  
GERMANTOWN MUNICIPAL SCHOOL DISTRICT ORGANIZATIONAL CHART  
June 30, 2018

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*GMSD Cabinet*



**BOARD OF EDUCATION**

Chair..... Betsy Landers, Position 2 (2018\*)  
Vice-Chair ..... Linda Fisher, Position 1 (2020\*)  
Board Member ..... Amy Eoff, Position 5 (2020\*)  
Board Member ..... Suzanne Jones, Position 3 (2020\*)  
Board Member ..... Lisa Parker, Position 4 (2018\*)

**ADMINISTRATION**

Superintendent..... Jason Manuel  
Assistant Superintendent..... Dan Haddow  
Director of Student Services ..... Chauncey Bland  
Chief of Operations ..... Josh Cathey  
Director of Curriculum Technology and Communications ..... Mason Grace  
Chief Financial Officer..... Kevin Jones\*\*  
Director of Information Systems ..... John Pierce  
Director of Academic Education ..... Dr. Meredith Park  
Director of Exceptional Student Education ..... Sarah Huffman

\* Date elected term expires

\*\* Designated CMFO

**FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor Mike Palazzolo and the Board of Aldermen of  
City of Germantown, Tennessee:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the statements of budgetary comparison for the general fund and general purpose school fund, and the aggregate remaining fund information of the City of Germantown, Tennessee, (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Germantown Performing Arts Center ("GPAC"), a component unit of the City of Germantown, Tennessee, which represent 0.65 percent, 0.93 percent, and 2.7 percent, respectively, of the assets, net position, and revenues of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for GPAC, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the statements of budgetary comparison for the general fund and general purpose school fund, and the aggregate remaining fund information of the City of Germantown, Tennessee, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Change in Accounting Principle

The City of Germantown, Tennessee has adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ended June 30, 2018. Our opinion is not modified with respect to this matter.

## Emphasis of a Matter

We draw attention to Note 1E of the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$6,689,905 and the beginning Business-Type Activities net position by \$154,966 on the Government-Wide Statement of Activities. This restatement was necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Germantown, Tennessee's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supporting schedules, and statistical information section, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards

and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of the City of Germantown, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Germantown, Tennessee's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Watkins Mikusall, PLLC". The signature is written in a cursive, flowing style.

Memphis, Tennessee  
December 18, 2018

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2018

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As management of the City of Germantown (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and notes to the financial statements.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$266,058,954 (net position). Of this amount, \$57,812,373 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2018, the City's governmental funds reported total fund balances of \$93,153,674. Of this amount, \$18,020,238 (unassigned fund balances) may be used to meet the general governments spending requirements. The unassigned fund balance represents 41.2% of total General Fund expenditures.
- During the fiscal year, the City's total debt increased by \$25,544,547. The increase is due to debt being issued by the general government in the amount of \$29,275,000. The proceeds will be used for the construction of a new school and widening of existing road in front of school.

**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 to provide greater detail of data presented in the basic financial statements.

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

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

The statement of activities presents information showing how the government's net position changed during the year ended June 30, 2018. All changes in net position are reported as soon as 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 future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other 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, Transportation and Environment, Community Services, Education, and Interest and Fiscal Charges. The business-type activities of the City include Utility, Athletic Club, and Nonmajor Enterprise Funds.

The government-wide financial statements can be found in Exhibits A-1 and A-2 of this report.

**Fund Financial Statements.** A fund is a group 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 three categories: governmental funds, proprietary funds and fiduciary funds.

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2018

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**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 the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows 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 impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty individual 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 the General Purpose School Fund. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the annual appropriated budget.

The basic governmental fund financial statements are presented as Exhibits A-3 through A-8.

*Component unit.* The component unit is not a "fund" of the City of Germantown as the primary government. However, the government-wide financial statements include a column for component unit as described in Note 1 – Summary of Significant Accounting Principles.

**Proprietary Funds.** The City maintains two different 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 Utility, Athletic Club, Sanitation, Great Hall and Stormwater Funds operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the health insurance and vehicle maintenance costs. The School also utilizes an internal service fund to account for health insurance costs. Because each of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental 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 Utility Fund and Athletic Club Fund both of which are considered to be major funds of the City. In addition, the City has three nonmajor funds. These funds include the Sanitation, Great Hall, and Stormwater Funds. Conversely, the 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 in this report.

The basic proprietary fund financial statements are presented as Exhibits A-9 through A-11.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements are presented as Exhibits A-12 and A-13 of this report.



**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2018

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51-83 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's and the Germantown Municipal School District's pension cost and other postemployment benefits, Exhibits B-1 through B-20.

**Combining and Individual Fund Statements and Schedules.** The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and Statement of Changes in Assets and Liabilities Bail Deposit Agency Fund are presented immediately following the required supplementary information on pensions.

Combining and Individual Fund Statements and Schedules are presented as Exhibits C-1 through D-10 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred outflows of resources by \$266,058,954 at June 30, 2018.

	Condensed Statement of Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 145,888,051	\$ 107,588,364	\$ 13,119,425	\$ 12,041,642	\$ 159,007,476	\$ 119,630,006
Capital assets	183,119,668	172,755,152	61,986,038	61,856,385	245,105,706	234,611,537
<b>Total Assets</b>	<b>329,007,719</b>	<b>280,343,516</b>	<b>75,105,463</b>	<b>73,898,027</b>	<b>404,113,182</b>	<b>354,241,543</b>
<b>Deferred Outflows of Resources</b>	19,162,361	22,060,453	1,053,470	960,988	20,215,831	23,021,441
Long-term liabilities outstanding	102,839,061	37,039,302	3,439,488	742,289	106,278,549	37,781,591
Other liabilities	12,786,471	41,985,755	2,364,383	5,357,443	15,150,854	47,343,198
<b>Total Liabilities</b>	<b>115,625,532</b>	<b>79,025,057</b>	<b>5,803,871</b>	<b>6,099,732</b>	<b>121,429,403</b>	<b>85,124,789</b>
<b>Deferred Inflows of Resources</b>	36,838,357	36,804,788	2,299	-	36,840,656	36,804,788
<b>Net Asset</b>						
Invested in capital assets	145,948,291	138,822,042	61,392,071	60,170,755	207,340,362	198,992,797
Restricted	906,219	481,518	-	787,961	906,219	1,269,479
Unrestricted	48,851,681	47,270,564	8,960,692	7,800,567	57,812,373	55,071,131
<b>Total Net Position</b>	<b>\$ 195,706,191</b>	<b>\$ 186,574,124</b>	<b>\$ 70,352,763</b>	<b>\$ 68,759,283</b>	<b>\$ 266,058,954</b>	<b>\$ 255,333,407</b>

By far the largest portion of the City's net position (78%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (.34%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$57,812,373) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in both categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The positive

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2018

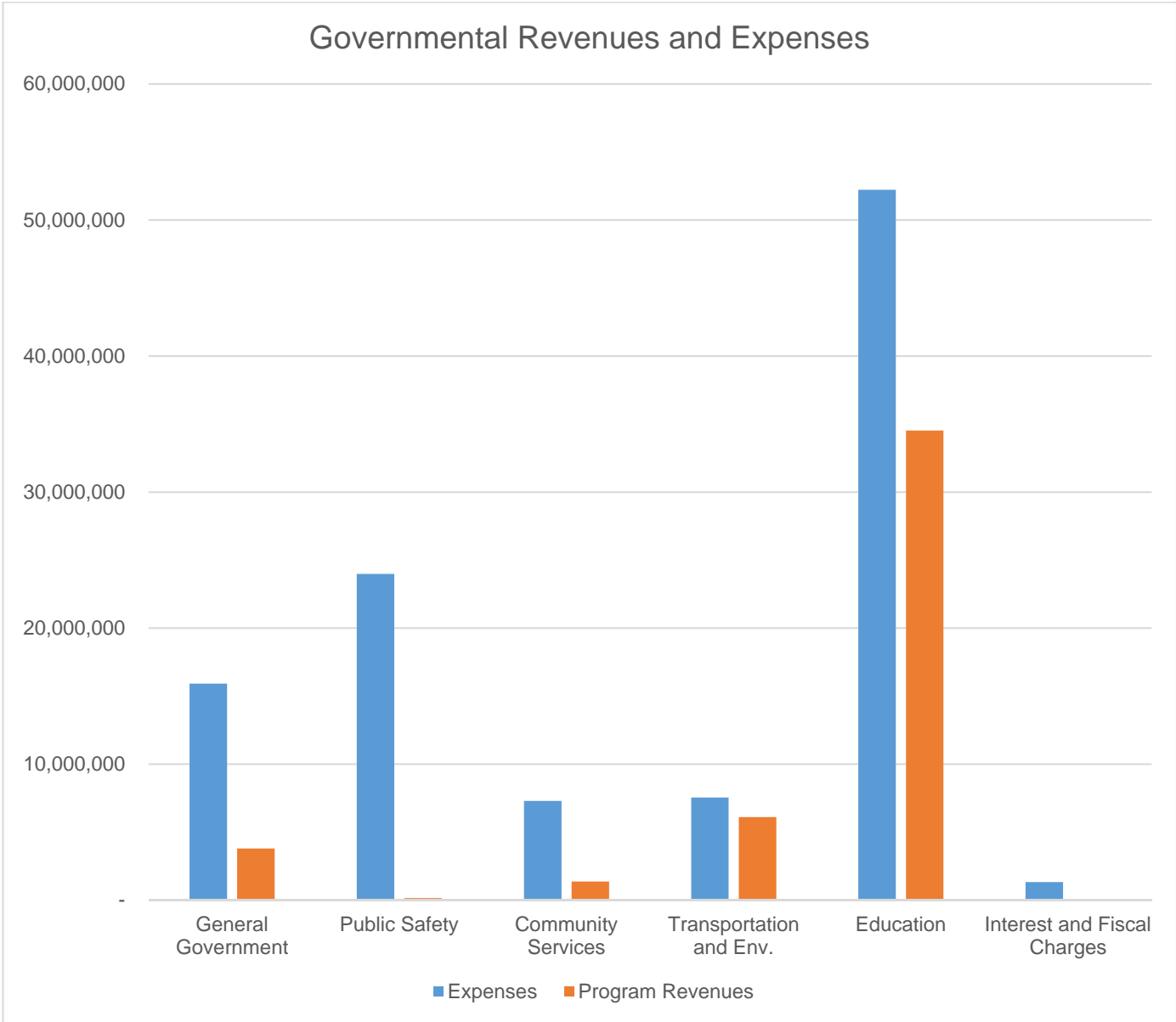
unrestricted net position for governmental activities are reflective of the City's practice of maintaining adequate reserves for payment of debt service and capital projects, while funding current operations with current revenue sources.

**Governmental activities.** Governmental activities increased the City's net position by \$15,821,162 from the prior fiscal year for an ending balance of \$195,706,191. Key elements of this increase are as follows:

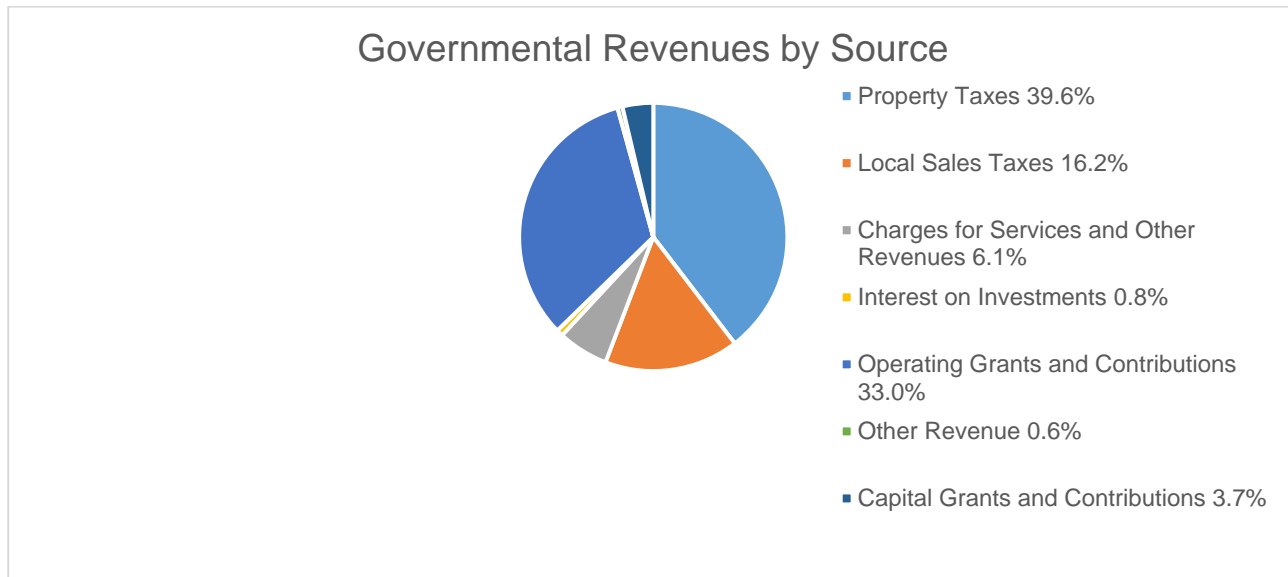
	<b>Condensed Statement of Changes in Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 7,539,509	\$ 6,507,831	\$ 19,311,970	\$ 19,343,954	\$ 26,851,479	\$ 25,851,785
Operating grants and contributions	34,789,133	31,539,856	19,358	-	34,808,491	31,539,856
Capital grants and contributions	4,571,688	2,306,522	228,752	40,764	4,800,440	2,347,286
General Revenues:						
Property taxes	48,968,934	45,110,923	-	-	48,968,934	45,110,923
Local sales taxes	20,066,906	18,543,679	-	-	20,066,906	18,543,679
Intergovernmental	5,909,194	6,526,146	-	-	5,909,194	6,526,146
Interest on investments	980,430	310,119	214,246	72,856	1,194,676	382,975
Other revenue	697,315	818,311	61,444	52,939	758,759	871,250
<b>Total Revenues</b>	<b>123,523,109</b>	<b>111,663,387</b>	<b>19,835,770</b>	<b>19,510,513</b>	<b>143,358,879</b>	<b>131,173,900</b>
Expenses:						
General government	\$ 15,919,979	\$ 14,462,803	\$ -	\$ -	\$ 15,919,979	\$ 14,462,803
Public safety	23,979,404	23,560,038	-	-	23,979,404	23,560,038
Transportation and environment	7,550,367	8,077,347	-	-	7,550,367	8,077,347
Community services	7,238,063	6,792,239	-	-	7,238,063	6,792,239
Education	52,212,680	50,362,795	-	-	52,212,680	50,362,795
Interest and fiscal charges	1,330,426	926,194	-	-	1,330,426	926,194
Utilities	-	-	7,410,576	6,941,230	7,410,576	6,941,230
Athletic club	-	-	3,856,832	3,669,724	3,856,832	3,669,724
Nonmajor enterprise funds	-	-	6,317,827	6,751,769	6,317,827	6,751,769
<b>Total Expenses</b>	<b>108,230,919</b>	<b>104,181,416</b>	<b>17,585,235</b>	<b>17,362,723</b>	<b>125,816,154</b>	<b>121,544,139</b>
Increase/(Decrease) in net position before transfers	15,292,190	7,481,971	2,250,535	2,147,790	17,542,725	9,629,761
Gain on disposal of capital assets	18,514	98,073	8,369	8,660	26,883	106,733
Transfers	510,458	(1,037)	(510,458)	1,037	-	-
Increase/(Decrease) in net position	<b>15,821,162</b>	<b>7,579,007</b>	<b>1,748,446</b>	<b>2,157,487</b>	<b>17,569,608</b>	<b>9,736,494</b>
Net position, July 1, 2017	186,574,124	178,995,117	68,759,283	66,601,796	255,333,407	245,596,913
Effect of change in accounting principle	(6,689,095)	-	(154,966)	-	(6,844,061)	-
Net position, June 30, 2018	<b>\$ 195,706,191</b>	<b>\$ 186,574,124</b>	<b>\$ 70,352,763</b>	<b>\$ 68,759,283</b>	<b>\$ 266,058,954</b>	<b>\$ 255,333,407</b>

- Property Taxes increased to \$48,968,934 which is \$3,858,011 greater than FY17. This is due to a property tax increase. Total expenses increased by \$4,049,503 from FY17. General government, public safety, community services, education and interest and fiscal charges increased over the prior year. The largest increase is in education expense. The other increases were due to wage increases and overall cost increases.

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
 For the Year Ended June 30, 2018

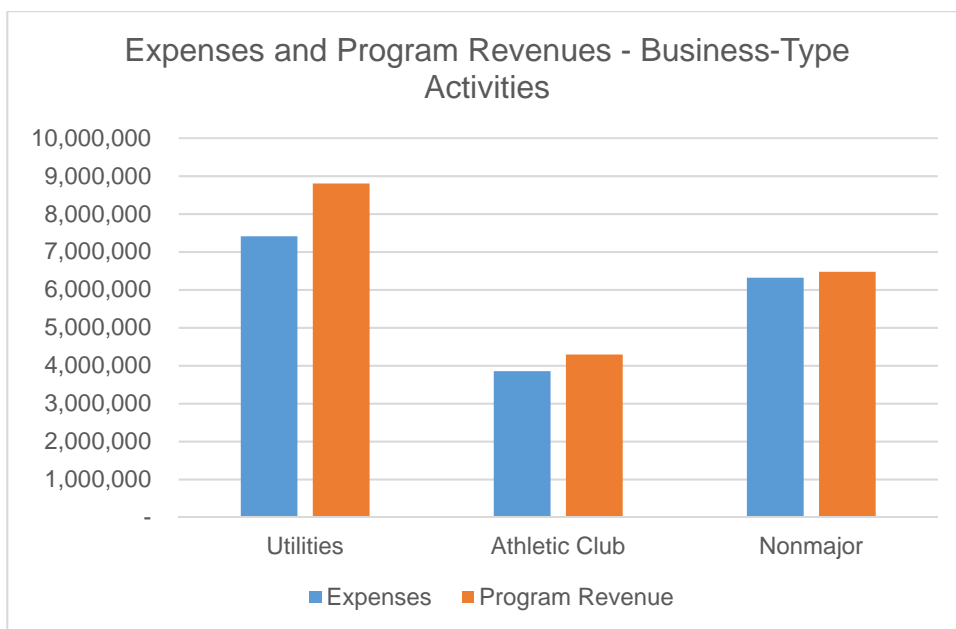


**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
 For the Year Ended June 30, 2018



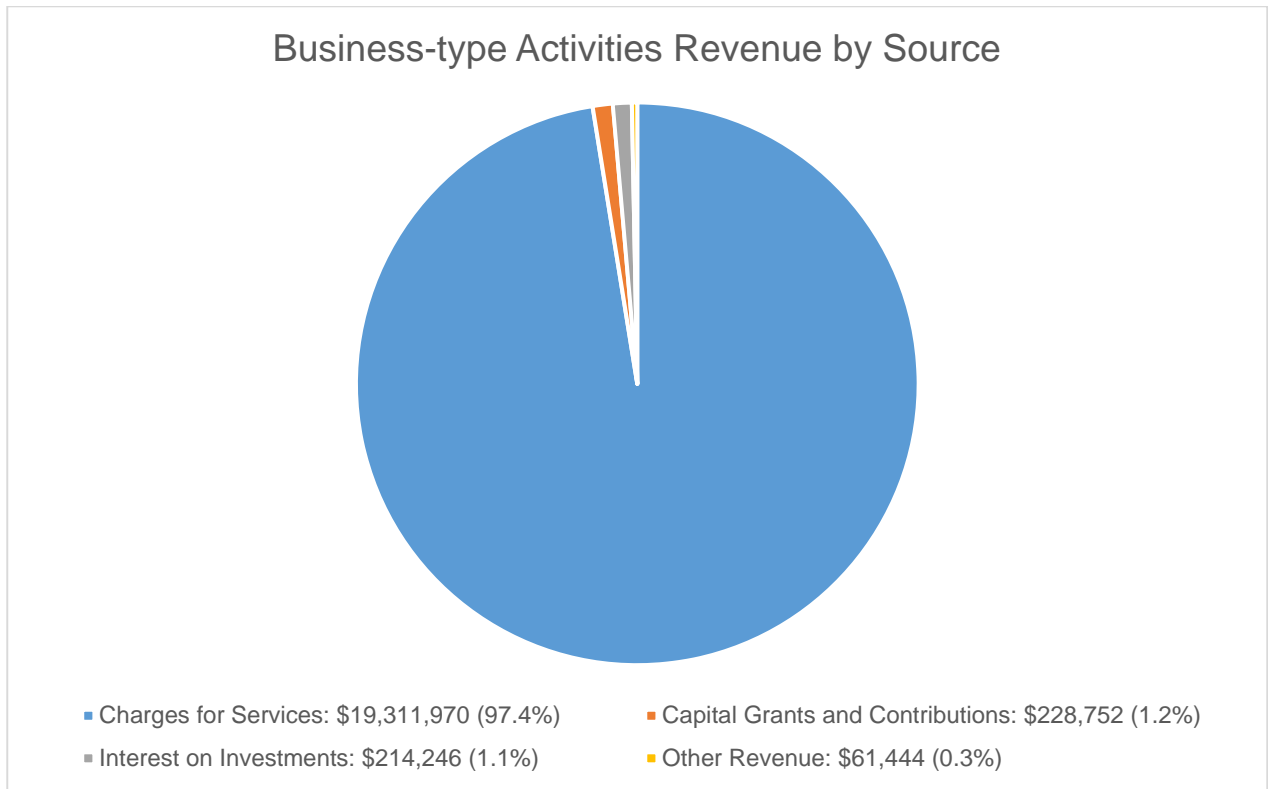
**Business-type activities.** Business-type activities increased the City's net position by \$1,748,446. The business-type activities are Utility, Athletic Club, and the Nonmajor Enterprise Funds.

- The Germantown Utility Fund increased by \$1,068,473 due to water and sewer fees covering the cost of operations.
- The Germantown Athletic Club's net position increased by \$356,417 due to \$438,783 in operating income.
- The Nonmajor Enterprise Fund's net position increased by \$298,231 due to controlling cost as revenue increased slightly over the prior year. The Great Hall which had a positive net position of \$72,766 due to a transfer in of \$85,000. The Sanitation Fund and the Stormwater Fund had an increase in net position of \$216,241 and \$9,224, respectively.



**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2018

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**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2018

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**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City'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.

As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$93,153,674, an increase of \$33,799,685 in comparison with the prior year. The majority of the increase was due to the issuance of debt in the amount of \$29.3 million for a new school. Approximately 19.3% of this total amount of \$18,020,238 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is made up of nonspendable \$395,031, restricted \$540,997, committed \$46,151,141 and assigned \$28,046,267 amounts. The General Fund is the chief operating fund of the City.

At June 30, 2018, unassigned fund balance of the General Fund was \$19,491,140 while the total fund balance reached \$40,725,186. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represent 44.6% of total General Fund Expenditures, while total fund balance represents 93.2% of that same amount.

The fund balance of the City's General Fund increased by \$8,124,062 during the fiscal year ended June 30, 2018. Key factors are as follows:

- Total revenues increased \$5,666,269
- Property tax increased \$4,243,210
- Local sales tax increased \$1,253,318
- Intergovernmental taxes decreased \$616,952
- Fines and Forfeitures increased \$114,266
- Licenses and Permits increased \$271,539
- Fees for services increased \$25,400
- Investment income increased \$442,871
- Grants decreased \$103,757
- Other revenue increased \$36,374
- Total expenditures increased \$210,489

Property tax increased over the past year by \$4,243,210. This was due to a tax increase during the FY18 year and new properties being added to the rolls. Local sales tax increased by \$1,253,318. This was due to improved economic conditions and new retail stores entering the City during the fiscal year. Intergovernmental taxes decreased by \$616,952. This is due to the impact of the phase out of the Hall Income tax which is a state tax on interest and dividend income over the prior year. Fines and Forfeitures increased by \$114,266. This is due to an increase in traffic and court revenue. Fees for services increased very modestly. Investment income increased by \$442,871. This was due to interest rate increases and larger tax deposits.

Total expenditures increased very modestly by \$210,489. The modest increase in total general fund expenses are due to controlling costs within the departments. The increase in the various departments of general government, public safety, transportation and environment and community services was offset with reductions in principal debt service and interest cost.

**Municipal Schools Fund:** As of June 30, 2018, GMSD reported an ending fund balance of \$16,325,905, an increase of \$3,183,693 in comparison with the prior year. Revenues totaled \$55,371,843 and expenditures totaled \$52,188,150.

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2018

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Key factors are as follows:

- Total revenues increased \$2,968,931
- Property taxes increased \$419,217
- Local sales and other option taxes increased \$269,909
- Intergovernmental revenues increased \$1,652,138
- Grants increased \$141,744
- Interest income increased \$114,946
- Other financing sources increased \$406,090
- Total expenditures increased \$4,063,138

Property tax and local sales tax revenues are allocated by the Shelby County to GMSD and other Shelby County School districts based upon their percentage of the weighted full-time equivalency of average daily attendance. For the fiscal year ended June 30, 2018, the weighted full-time equivalency of average daily attendance increased from 4.15% to 4.16%. Due to enhanced collections at and favorable economic conditions in Shelby County, property taxes increased by \$419,217, and local sales tax and other option taxes increased by \$269,909. Intergovernmental revenues increased by \$1,652,138. This is primarily due to a \$1,639,215 increase in Basic Education Program funding from the Tennessee Department of Education. Grants increased by \$141,744 due to the receipt of a \$125,331 grant for Career and Technical Education from the Tennessee Department of Education. Interest income increased \$114,946 due to the availability of additional Municipal Schools Fund Reserves, which could be invested. Other financing sources from the City of Germantown increased \$285,334 primarily due to the City's enhanced maintenance of effort based upon a reassessment of property values.

Total expenditures increased by \$4,063,137 due to increases in salaries and fringe benefits and in capital outlay costs. Eligible employees received a 2% average salary increase plus an increase in related fringe benefits. Also, GMSD's employer contributions for health insurance increased 7%. Capital outlay costs increased \$1,822,759 due to the construction of a new elementary school.

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

Unrestricted net position of \$8,910,165 is comprised of, \$6,563,283 for the Utility Fund, \$850,636 for the Athletic Club Fund, and \$1,496,246 for the nonmajor enterprise funds. User fees support these funds.

**General Fund Budgetary Highlights**

The General Fund revenues were higher than budget by \$2,594,476. Property tax came in higher than budget by \$606,757. This was due to new properties being added to the tax rolls. Local sales tax came in higher than budget by \$1,535,519 due to improved economic conditions and new retail stores coming to the City. Intergovernmental revenue came in higher than budget by \$123,194. This was due to the Hall Tax being higher than projected. License and permits are marginally lower than expected due to automobile registration falling off the rolls. Charges for services are down by \$92,778. This is due to cable TV and telecom fees. People are finding alternatives to cable by using the internet and direct TV. Fines, forfeitures, and Penalties are down marginally. Interest on investments is up \$539,293 due to higher interest rates and larger amount held in reserve with the Local Government Investment Pool.

General Fund expenditures were lower than budget by \$3,719,625. The variances were due to lower cost associated with concerted efforts of the City government to control cost. Also, the City adopted a managed competition focus whereby the City looks at dollar savings and efficiency of City services. The largest positive variances were achieved in Public Safety in the amount of \$801,772, General Government in the amount of \$805,584 and in Debt Service in the amount of \$1,441,120.

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2018

**Capital Asset and Debt Administration**

**Capital Assets.** The City investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$245,105,706 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements other than building, infrastructure, vehicles, machinery, equipment and construction in progress. The investment in capital assets for the current fiscal year increased by \$10,494,169. Governmental activities increased \$10,364,516 or 6.0% and business activities increased \$129,653, or .2%.

	Condensed Statement of Capital Assets, Net of Depreciation					
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 19,054,555	\$ 14,972,763	\$ 2,772,593	\$ 2,772,593	\$ 21,827,148	\$ 17,745,356
Buildings and improvements	77,579,234	64,249,812	28,275,828	25,625,606	105,855,062	89,875,418
Improvements other than buildings	36,566,260	35,148,976	29,734,208	29,847,861	66,300,468	64,996,837
Machinery and equipment	9,910,235	8,797,586	1,055,870	591,501	10,966,105	9,389,087
Vehicles	4,655,519	3,362,923	-	-	4,655,519	3,362,923
Infrastructure	31,379,260	33,061,043	-	-	31,379,260	33,061,043
Construction in progress	3,974,605	13,162,049	147,539	3,018,824	4,122,144	16,180,873
<b>Total capital assets, net</b>	<b>\$ 183,119,668</b>	<b>\$ 172,755,152</b>	<b>\$ 61,986,038</b>	<b>\$ 61,856,385</b>	<b>\$ 245,105,706</b>	<b>\$ 234,611,537</b>

Additional information on the City's capital assets can be found in Note 6 of this report.

**Long-term debt.** At June 30, 2018 the City had total bonded debt outstanding of \$57,890,000. Of this amount \$57,300,000 comprises debt backed by the full faith and credit of the government and \$590,000 represents bonds secured by specified revenue sources (i.e., revenue bonds).

	Condensed Statement of Outstanding Debt, net of premiums and discounts					
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 57,300,000	\$ 30,325,000	\$ -	\$ -	\$ 57,300,000	\$ 30,325,000
Revenue bonds	-	-	590,000	1,665,000	590,000	1,665,000
<b>Total debt, net</b>	<b>\$ 57,300,000</b>	<b>\$ 30,325,000</b>	<b>\$ 590,000</b>	<b>\$ 1,665,000</b>	<b>\$ 57,890,000</b>	<b>\$ 31,990,000</b>

During FY18, the City's total debt increased by \$25,900,000. Total debt includes general obligation bonds and revenue bonds. Total debt for governmental activities increased by 89.0%. Business-type activities' debt decreased by 64.6%, due to the City not issuing Revenue bonds. Various construction programs were still in progress at the end of the current fiscal year.

The City has long held the highest bond rating on indebtedness from the major credit rating agencies. Factors most commonly cited by these agencies in support of its general obligation earned a AAA bond rating from both Moody's and Standard & Poor's. In addition, the City has maintained a good relationship with the rating agencies and the major investment institutions through comprehensive disclosure of financial data and direct meetings with rating agency analysts. The City continues to follow prudent fiscal policies and practices.

Although the City is not subject to any state debt limits, the City has developed a debt policy that limits the amount of debt it may obtain: (1) net debt service may not exceed 12% of Governmental Fund Expenditures; (2) direct debt may not exceed 1.5% of appraised property value; (3) direct debt may not exceed \$2,000 per capita income; and (4) per capita debt may not exceed 4% of per capita income. The City's full faith, credit and taxing power are pledged to the repayment of all general obligation bond principal and interest and the City is contingently liable for the repayment of revenue bond principal and interest.

Additional information on the City's long-term debt can be found in Note 7.



**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2018

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Factors considered in preparing the City's Budget for the 2019 fiscal year are further discussed in the Budget document and include:

- The property tax is the most stable source of revenue for the City. The tax rate was reduced from the prior year of \$1.97 to \$1.95. The reduction of \$.02 was due to the appeals allowance not being used by the City. The FY19 budget anticipates approximately \$32.9 million in property tax revenue.
- As a result of the growth of the Germantown Municipal School District, the City worked very closely with the District to evaluate the needs for a new elementary school in FY19 as well as needs of capital improvements in existing schools.
- Germantown currently has multiple mixed-use projects under construction in FY18 and FY19. These projects will result in additional retail shops, restaurants, hotel rooms, class-A office space and multi-family units. The new properties in Germantown will be assess beginning in 2018 and included in the tax roll in December 2018 for the FY19 year. Other revenue sources are subject to some degree of fluctuation in economic cycles. Sales tax represents 23.3% of budgeted revenue for FY19.
- Economic growth due to property values and developer growth as it relates to the demand on the infrastructure. With growth in revenues the demand of the various services provided by the City and the expenditure associated with growth.
- Update and adopt annually a six-year Capital Improvements Program (CIP), including the annual Capital Improvements Budget (CIB) and a five year projection of capital needs and expenditures.

Factors considered in preparing GMSD's Budget for the 2019 fiscal year are further discussed in the Budget document and include:

- County funds come from two primary sources, property and sales taxes. Shelby County assesses a property tax rate that is earmarked for education. Educational revenues from the property tax distribution is shared between the municipal school districts and Shelby County Schools based on the weighted full-time equivalent average daily attendance (WFTEADA) formula developed by the Tennessee Department of Education. The WFTEADA percentage varies each year between school districts according to their share of the total enrollment in the County. Half of all local sales tax revenue collections is given to education and is distributed in the same manner as property taxes. The District's share increased from 4.15 percent in 2018 to 4.16 percent in 2019. Assuming no major change in economic conditions, the net increase in County funds is minimal for 2019.
- State funds consist primarily of Basic Education Plan (BEP) funds and are projected to increase by \$1.2 million for the 2019 fiscal year. The BEP portion of the State funds represents a preliminary estimate from the State based upon the 2018 fiscal year average daily membership of 6,012. Funding is based on average daily membership weighted on the 2<sup>nd</sup>, 3<sup>rd</sup>, 6<sup>th</sup>, and 7<sup>th</sup> attendance periods. Formulas used to determine funding are total weighted student count multiplied by the per pupil allocation, per teacher allocation, staffing formulas and salary allocations, maintenance and operations square foot calculations, plus transportation allowances.
- GMSD has created and updates a five-year capital plan and funding priorities. The 2019 fiscal year budget includes construction costs for a new elementary school. The plan was built on enrollment data, growth projections and facility conditions.

GMSD has a total approved budget of \$91,163,513 in expenditures for the 2019 fiscal year.

**Request for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Department of Finance, City of Germantown, 1930 South Germantown

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2018

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Road, Germantown, Tennessee 38138. The Comprehensive Annual Financial Report, June 30, 2018, FY18 Budget Reports and other information about the City may be found on the City's website [www.germantown-tn.gov](http://www.germantown-tn.gov).

## **BASIC FINANCIAL STATEMENTS**

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2018

**Exhibit A-1**

	Primary Government			Component Unit GPAC
	Governmental Activities	Business-type Activity	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 65,921,988	\$ 10,252,079	\$ 76,174,067	\$ 486,232
Investments	3,159,220	840,780	4,000,000	1,333,638
Receivables				
Taxes	32,926,415	-	32,926,415	-
Accounts receivable	2,792,237	1,646,694	4,438,931	-
Other	620,946	-	620,946	580,847
Less allowance for doubtful accounts	(2,276,639)	(144,427)	(2,421,066)	-
Due from other governments	11,514,778	19,358	11,534,136	-
Due from fiduciary funds	-	53,702	53,702	-
Internal balances	378,175	(378,175)	-	-
Inventories	159,271	41,302	200,573	6,702
Prepaid items	79,885	-	79,885	83,982
Restricted cash and cash equivalents	30,123,791	788,112	30,911,903	-
Capital assets, not being depreciated	23,029,160	2,920,132	25,949,292	125,046
Capital assets, being depreciated, net	160,090,508	59,065,906	219,156,414	-
Net pension asset	487,984	-	487,984	-
Total assets	<u>329,007,719</u>	<u>75,105,463</u>	<u>404,113,182</u>	<u>2,616,447</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension	17,268,911	887,767	18,156,678	-
Related to OPEB	1,648,823	165,703	1,814,526	-
Deferred charge on refunding	244,627	-	244,627	-
Total deferred outflows of resources	<u>19,162,361</u>	<u>1,053,470</u>	<u>20,215,831</u>	<u>-</u>
<b>LIABILITIES</b>				
Checks in excess of deposits	2,488,628	-	2,488,628	-
Accounts payable and accrued liabilities	5,003,770	1,037,446	6,041,216	11,625
Accrued interest payable	600,484	9,067	609,551	-
Customer deposits payable	12,867	740,088	752,955	-
Accrued payroll	3,052,283	99,132	3,151,415	-
Unearned revenue	1,628,439	478,650	2,107,089	132,598
Noncurrent liabilities:				
Due within one year	2,220,656	590,000	2,810,656	-
Due in more than one year	68,346,087	175,952	68,522,039	-
Net pension liability	24,139,449	2,403,573	26,543,022	-
Net OPEB liability	8,132,869	269,963	8,402,832	-
Total liabilities	<u>115,625,532</u>	<u>5,803,871</u>	<u>121,429,403</u>	<u>144,223</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	32,168,680	-	32,168,680	-
Related to pension	4,295,339	-	4,295,339	-
Related to OPEB	374,338	2,299	376,637	-
Total deferred inflows of resources	<u>36,838,357</u>	<u>2,299</u>	<u>36,840,656</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	145,948,291	61,392,071	207,340,362	125,046
Restricted for:				
Net pension asset	487,984	-	487,984	-
Drug enforcement	125,919	-	125,919	-
Federal asset forfeiture	19,392	-	19,392	-
Library endowment	234,272	-	234,272	-
Sanitation	38,652	-	38,652	-
Unrestricted	48,851,681	8,960,692	57,812,373	2,347,178
Total net position	<u>\$ 195,706,191</u>	<u>\$ 70,352,763</u>	<u>\$ 266,058,954</u>	<u>\$ 2,472,224</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2018

**Exhibit A-2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	GPAC
<b>Primary government:</b>								
Governmental Activities:								
General government	\$ 15,919,979	\$ 3,627,205	\$ 167,109	\$ -	\$ (12,125,665)	\$ -	\$ (12,125,665)	\$ -
Public safety	23,979,404	152,327	-	-	(23,827,077)	-	(23,827,077)	-
Transportation and environment	7,550,367	1,191,338	1,369,575	3,541,457	(1,447,997)	-	(1,447,997)	-
Community services	7,238,063	1,332,581	2,000	37,213	(5,866,269)	-	(5,866,269)	-
Education	52,212,680	1,236,058	33,250,449	993,018	(16,733,155)	-	(16,733,155)	-
Interest on long-term debt	1,330,426	-	-	-	(1,330,426)	-	(1,330,426)	-
Total governmental activities	108,230,919	7,539,509	34,789,133	4,571,688	(61,330,589)	-	(61,330,589)	-
Business-type activity:								
Utilities	7,410,576	8,570,868	3,121	228,752	-	1,392,165	1,392,165	-
Athletic club	3,856,832	4,283,377	-	-	-	426,545	426,545	-
Nonmajor enterprise fund	6,317,827	6,457,725	16,237	-	-	156,135	156,135	-
Total business-type activities	17,585,235	19,311,970	19,358	228,752	-	1,974,845	1,974,845	-
Total primary government	\$ 125,816,154	\$ 26,851,479	\$ 34,808,491	\$ 4,800,440	(61,330,589)	1,974,845	(59,355,744)	-
<b>Component Unit:</b>								
GPAC	\$ 2,571,340	\$ 671,556	\$ 3,117,077	\$ -	-	-	-	1,217,293
General revenues:								
Property taxes					48,968,934	-	48,968,934	-
Local option sales tax					17,163,437	-	17,163,437	-
Other taxes								
Wholesale liquor and beer taxes					1,228,360	-	1,228,360	-
Local gross receipts tax					617,423	-	617,423	-
Business, cable tv, and hotel-motel taxes					1,057,686	-	1,057,686	-
Intergovernmental revenues:								
State sales tax					3,490,064	-	3,490,064	-
State income tax					2,152,031	-	2,152,031	-
Other state revenue					267,099	-	267,099	-
Other revenue					697,315	61,444	758,759	12,891
Interest on investments					980,430	214,246	1,194,676	42,369
Gain on sale of capital assets					18,514	8,369	26,883	-
Transfers					510,458	(510,458)	-	-
Total general revenues and transfers					77,151,751	(226,399)	76,925,352	55,260
Change in net position					15,821,162	1,748,446	17,569,608	1,272,553
Net position - beginning, as originally reported					186,574,124	68,759,283	255,333,407	1,199,671
Effect of change in accounting principle					(6,689,095)	(154,966)	(6,844,061)	-
Net position - beginning, as restated					179,885,029	68,604,317	248,489,346	1,199,671
Net position - ending					\$ 195,706,191	\$ 70,352,763	\$ 266,058,954	\$ 2,472,224

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2018

**Exhibit A-3**

	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Municipal Schools Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 29,776,183	\$ 17,165,227	\$ -	\$ 14,471,349	\$ 61,412,759
Investments - unrestricted	3,077,854	-	-	81,366	3,159,220
Receivables					
Taxes	32,926,415	-	-	-	32,926,415
Customer	2,792,237	-	-	-	2,792,237
Other	450,920	-	-	127,749	578,669
Less allowance for doubtful accounts	(2,276,639)	-	-	-	(2,276,639)
Due from other governments	4,425,018	2,645,709	-	4,444,051	11,514,778
Due from other funds	292,875	634,530	-	429,411	1,356,816
Inventory	65,646	-	-	-	65,646
Prepaid Items	500	77,585	-	1,800	79,885
Advances to other funds	375,000	-	-	-	375,000
Restricted cash and cash equivalents	6,156,843	-	23,360,613	606,335	30,123,791
	<u>\$ 78,062,852</u>	<u>\$ 20,523,051</u>	<u>\$ 23,360,613</u>	<u>\$ 20,162,061</u>	<u>\$ 142,108,577</u>
Total assets					
<b>LIABILITIES</b>					
Checks in excess of deposits	\$ -	\$ -	\$ 303,780	\$ 2,184,848	\$ 2,488,628
Accounts payable and accrued liabilities	1,262,573	1,067,841	-	1,525,936	3,856,350
Accrued payroll	679,938	2,282,432	-	73,773	3,036,143
Customer deposits	-	-	-	12,867	12,867
Due to other funds	727,631	292,875	-	336,310	1,356,816
Unearned revenue	1,584,410	-	-	44,029	1,628,439
Total liabilities	<u>4,254,552</u>	<u>3,643,148</u>	<u>303,780</u>	<u>4,177,763</u>	<u>12,379,243</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue					
Taxes	32,705,734	553,998	-	-	33,259,732
Grants	24,087	-	-	1,945,530	1,969,617
Other	353,293	-	-	993,018	1,346,311
Total deferred inflows of resources	<u>33,083,114</u>	<u>553,998</u>	<u>-</u>	<u>2,938,548</u>	<u>36,575,660</u>
<b>FUND BALANCES</b>					
Nonspendable	315,646	77,585	-	1,800	395,031
Restricted	-	122,762	-	418,235	540,997
Committed	18,485,676	-	23,056,833	4,608,632	46,151,141
Assigned	2,432,724	16,125,558	-	9,487,985	28,046,267
Unassigned	19,491,140	-	-	(1,470,902)	18,020,238
Total fund balances	<u>40,725,186</u>	<u>16,325,905</u>	<u>23,056,833</u>	<u>13,045,750</u>	<u>93,153,674</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 78,062,852</u>	<u>\$ 20,523,051</u>	<u>\$ 23,360,613</u>	<u>\$ 20,162,061</u>	<u>\$ 142,108,577</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit A-4**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

June 30, 2018

Total fund balances, governmental funds		\$ 93,153,674
Amounts reported for governmental activities in the statement of net position are different because:		
(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		183,119,668
(2) Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned or unavailable in the funds.		4,406,980
(3) Long-term debt is not due and payable in the current period and, therefore is not reported in the funds.		
Less: bonds payable	(57,300,000)	
Less: settlement obligation	(2,843,623)	
Less: unamortized premiums and discounts on debt	(6,789,837)	
Add: deferred amount on refunding	<u>244,627</u>	(66,688,833)
(4) Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Less: accrued interest payable	(600,484)	
Less: compensated absences payable	<u>(3,633,283)</u>	(4,233,767)
(5) Net pension assets are not a financial resource in the current period and net pension liabilities and net other postemployment liabilities are not payable with current financial resources and, therefore, are not reported in the funds.		
Add: net pension asset	487,984	
Less: net pension liability	(24,139,449)	
Less: net OPEB liability	<u>(8,132,869)</u>	(31,784,334)
(6) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	17,268,911	
Less: deferred inflows of resources related to pensions	(4,295,339)	
Add: deferred outflows of resources related to OPEB	1,648,823	
Less: deferred inflows of resources related to OPEB	<u>(374,338)</u>	14,248,057
(7) Internal service funds are used by management to charge the cost of health insurance, workers' compensation, and retiree health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		<u>3,484,746</u>
Net position of governmental activities		<u><u>\$ 195,706,191</u></u>

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit A-5**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Municipal Schools Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property taxes	\$ 33,184,721	\$ 16,519,314	\$ -	\$ -	\$ 49,704,035
Local sales taxes	13,260,520	6,806,386	-	-	20,066,906
Intergovernmental					
State sales, income, and other tax	5,909,194	28,710,800	-	939,765	35,559,759
State gas tax	-	-	-	1,345,488	1,345,488
Licenses and permits	1,353,729	-	-	-	1,353,729
Charges for services	1,423,772	269,842	-	2,893,990	4,587,604
Fines, forfeitures, and penalties	1,110,666	-	-	134,217	1,244,883
Federal, state and other grants	167,109	350,198	-	4,879,366	5,396,673
Interest on investments	678,493	155,115	137,019	9,803	980,430
Other	520,912	85,467	-	90,936	697,315
Total revenues	<u>57,609,116</u>	<u>52,897,122</u>	<u>137,019</u>	<u>10,293,565</u>	<u>120,936,822</u>
<b>EXPENDITURES</b>					
Current					
General government	14,019,895	-	-	-	14,019,895
Public safety	19,552,387	-	-	2,353,151	21,905,538
Transportation and environment	3,896,496	-	-	2,559,733	6,456,229
Community services	2,789,360	-	-	818,756	3,608,116
Education	-	48,783,697	-	4,185,726	52,969,423
Debt Service					
Principal	2,300,000	-	-	-	2,300,000
Interest	1,140,728	5,829	-	-	1,146,557
Bond issuance costs	-	-	199,362	42,876	242,238
Capital outlays	-	3,179,557	-	14,899,274	18,078,831
Total expenditures	<u>43,698,866</u>	<u>51,969,083</u>	<u>199,362</u>	<u>24,859,516</u>	<u>120,726,827</u>
Excess (deficiency) of revenues over (under) expenditures	13,910,250	928,039	(62,343)	(14,565,951)	209,995
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	24,093,325	5,181,675	29,275,000
Premium on bonds issued	-	-	3,109,960	668,849	3,778,809
Sale of capital assets	23,075	-	-	2,348	25,423
Transfers in	1,545,458	2,474,721	-	9,627,499	13,647,678
Transfers out	(7,354,721)	(219,067)	(4,613,432)	(950,000)	(13,137,220)
Total other financing sources and uses	<u>(5,786,188)</u>	<u>2,255,654</u>	<u>22,589,853</u>	<u>14,530,371</u>	<u>33,589,690</u>
Net change in fund balances	8,124,062	3,183,693	22,527,510	(35,580)	33,799,685
Fund balances - beginning	<u>32,601,124</u>	<u>13,142,212</u>	<u>529,323</u>	<u>13,081,330</u>	<u>59,353,989</u>
Fund balances - ending	<u>\$ 40,725,186</u>	<u>\$ 16,325,905</u>	<u>\$ 23,056,833</u>	<u>\$ 13,045,750</u>	<u>\$ 93,153,674</u>

The accompanying notes are an integral part of the financial statements



**CITY OF GERMANTOWN, TENNESSEE**

Exhibit A-6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2018

Net change in fund balance - total governmental funds		\$ 33,799,685
Amounts reported for governmental activities in the statement of activities are different because:		
(1) Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays capitalize	20,980,080	
Depreciation expense	(10,550,889)	
Loss from the disposition of capital assets	<u>(64,675)</u>	10,364,516
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,229,389
(3) The issuance of long-term debt (e.g. bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Add: principal payments on long-term debt	2,655,453	
Less: proceeds from debt issuance	(29,275,000)	
Less: premium on current year issuance	<u>(3,778,809)</u>	(30,398,356)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Amortization of premiums and discounts	210,933	
Amortization of deferred amount on refunding debt	(61,247)	
Change in accrued interest payable	(446,770)	
Change in compensated absences	<u>(528,324)</u>	(825,408)
(5) Payments of contributions to the pension plans and OPEB plans are recorded as expenditures in the governmental funds. Pension expense and OPEB expense are recorded on an actuarially determined basis in the statement of activities.		
Difference between actual contributions and pension expense	(455,104)	
Difference between actual contributions and OPEB expense	<u>554,151</u>	99,047
(6) Internal service funds are used by management to charge the costs of health insurance, workers' compensation, and retiree health insurance to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.		<u>552,289</u>
Change in net position of governmental activities		<u><u>\$ 15,821,162</u></u>

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**

**Exhibit A-7**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>PROPERTY TAXES</b>				
Real property taxes	\$ 30,870,500	\$ 30,870,500	\$ 31,432,428	\$ 561,928
Personalty property taxes	799,464	799,464	841,036	41,572
Property tax interest and penalties	130,000	130,000	93,967	(36,033)
Receipts in lieu of taxes - TVA	478,000	478,000	475,812	(2,188)
Receipts in lieu of taxes - MLGW	300,000	300,000	341,478	41,478
Total property taxes	<u>32,577,964</u>	<u>32,577,964</u>	<u>33,184,721</u>	<u>606,757</u>
<b>LOCAL TAXES</b>				
Local sales tax	9,175,000	9,175,000	10,357,051	1,182,051
Wholesale beer and liquor tax	1,075,000	1,075,000	1,228,360	153,360
Gross receipts tax	550,001	550,001	617,423	67,422
Room occupancy tax	925,000	925,000	1,057,686	132,686
Total local taxes	<u>11,725,001</u>	<u>11,725,001</u>	<u>13,260,520</u>	<u>1,535,519</u>
<b>INTERGOVERNMENTAL</b>				
State of Tennessee shared taxes				
State sales tax	3,300,000	3,300,000	3,490,064	190,064
Income tax	2,200,000	2,200,000	2,152,031	(47,969)
Beer and liquor tax	204,000	204,000	186,238	(17,762)
Petroleum special tax	82,000	82,000	80,861	(1,139)
Total state shared taxes	<u>5,786,000</u>	<u>5,786,000</u>	<u>5,909,194</u>	<u>123,194</u>
<b>LICENSES AND PERMITS</b>				
Automobile registration	1,215,000	1,215,000	1,161,315	(53,685)
Building and related permits	65,000	65,000	86,587	21,587
Animal licenses	78,000	78,000	77,522	(478)
Beer and liquor licenses	20,000	20,000	28,305	8,305
Total licenses and permits	<u>1,378,000</u>	<u>1,378,000</u>	<u>1,353,729</u>	<u>(24,271)</u>
<b>CHARGES FOR SERVICES</b>				
Engineering fees	35,000	35,000	26,191	(8,809)
Zoning application fees	40,000	40,000	36,140	(3,860)
Cable TV and telecom fees	850,000	850,000	754,704	(95,296)
Fire inspection fees	13,000	13,000	18,110	5,110
Parks and recreation charges	38,550	38,550	21,809	(16,741)
Rental income	360,000	360,000	376,162	16,162
Performing arts center	85,000	85,000	113,049	28,049
Library fees	95,000	95,000	77,607	(17,393)
Total charge for services	<u>1,516,550</u>	<u>1,516,550</u>	<u>1,423,772</u>	<u>(92,778)</u>

(CONTINUED ON NEXT PAGE)

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**

**Exhibit A-7**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>FINES, FORFEITURES, AND PENALTIES</b>				
City court costs	\$ 1,114,000	\$ 1,114,000	\$ 1,103,148	\$ (10,852)
Animal impoundment fees	5,000	5,000	7,518	2,518
	<u>1,119,000</u>	<u>1,119,000</u>	<u>1,110,666</u>	<u>(8,334)</u>
<b>FEDERAL AND STATE GRANTS</b>	200,000	200,000	167,109	(32,891)
<b>INTEREST ON INVESTMENTS</b>	139,200	139,200	678,493	539,293
<b>OTHER</b>	572,925	572,925	520,912	(52,013)
<b>Total Revenues</b>	<u>55,014,640</u>	<u>55,014,640</u>	<u>57,609,116</u>	<u>2,594,476</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Aldermen				
Benefits	114,396	114,557	113,930	627
Contractual services	50,000	50,000	42,000	8,000
Materials and supplies	15,655	15,655	14,113	1,542
Other charges	14,402	14,079	9,252	4,827
	<u>194,453</u>	<u>194,291</u>	<u>179,295</u>	<u>14,996</u>
City Court				
Salaries	333,397	334,965	325,626	9,339
Benefits	351,528	344,693	337,400	7,293
Contractual services	10,500	11,881	9,980	1,901
Materials and supplies	5,839	5,839	5,166	673
Other charges	26,882	32,035	26,355	5,680
Expense reimbursement	3,349	3,349	2,895	454
	<u>731,495</u>	<u>732,762</u>	<u>707,422</u>	<u>25,340</u>
Administration				
Salaries	737,655	728,115	713,242	14,873
Benefits	295,423	320,029	306,335	13,694
Contractual services	463,750	493,560	454,979	38,581
Materials and supplies	12,425	21,657	18,780	2,877
Other charges	177,888	197,569	171,754	25,815
Expense reimbursement	(4,192)	(4,192)	(10,341)	6,149
	<u>1,682,949</u>	<u>1,756,738</u>	<u>1,654,749</u>	<u>101,989</u>
Personnel				
Salaries	384,505	385,209	385,152	57
Benefits	140,114	146,506	137,288	9,218
Contractual services	46,000	57,070	28,959	28,111
Materials and supplies	2,300	2,238	480	1,758
Other charges	70,611	80,170	71,269	8,901
Expense reimbursement	(39,594)	(39,594)	(40,199)	605
	<u>603,936</u>	<u>631,599</u>	<u>582,949</u>	<u>48,650</u>

**(CONTINUED ON NEXT PAGE)**

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**

**Exhibit A-7**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Finance</b>				
Salaries	\$ 1,112,185	\$ 1,117,902	\$ 1,032,847	\$ 85,055
Benefits	458,988	471,129	441,623	29,506
Contractual services	272,168	319,497	297,808	21,689
Materials and supplies	79,440	65,309	50,917	14,392
Other charges	82,523	79,693	59,729	19,964
Expense reimbursement	(200,492)	(200,492)	(204,330)	3,838
	<u>1,804,812</u>	<u>1,853,038</u>	<u>1,678,594</u>	<u>174,444</u>
<b>Information Technology</b>				
Salaries	438,023	438,023	421,936	16,087
Benefits	164,739	170,818	152,471	18,347
Contractual services	207,150	191,162	150,027	41,135
Materials and supplies	1,187,876	1,070,549	870,270	200,279
Other charges	142,920	146,320	124,868	21,452
Capital outlay	143,000	154,185	149,993	4,192
Expense reimbursement	(91,250)	(91,250)	(91,718)	468
	<u>2,192,458</u>	<u>2,079,807</u>	<u>1,777,847</u>	<u>301,960</u>
<b>Building Maintenance</b>				
Salaries	833,108	851,723	840,118	11,605
Benefits	369,086	386,808	382,945	3,863
Contractual services	10,000	18,469	14,654	3,815
Materials and supplies	660,900	581,646	521,976	59,670
Other charges	26,295	33,745	24,134	9,611
Capital outlay	512,500	367,922	344,258	23,664
Expense reimbursement	(18,210)	(17,305)	(19,699)	2,394
	<u>2,393,679</u>	<u>2,223,008</u>	<u>2,108,386</u>	<u>114,622</u>
<b>Research and Budget</b>				
Salaries	219,092	219,092	218,803	289
Benefits	91,888	95,519	92,085	3,434
Materials and supplies	1,250	1,250	194	1,056
Other charges	54,680	51,654	44,911	6,743
Expense reimbursement	(21,741)	(21,741)	(21,824)	83
	<u>345,169</u>	<u>345,774</u>	<u>334,169</u>	<u>11,605</u>
<b>Development</b>				
Salaries	1,279,275	1,270,739	1,248,536	22,203
Benefits	498,720	511,642	504,270	7,372
Contractual services	70,425	86,356	84,508	1,848
Materials and supplies	102,050	154,048	149,806	4,242
Other charges	88,796	92,697	82,422	10,275
Capital outlay	30,000	27,473	27,472	1
Expense reimbursement	(28,179)	(28,179)	(40,555)	12,376
	<u>2,041,087</u>	<u>2,114,776</u>	<u>2,056,459</u>	<u>58,317</u>

**(CONTINUED ON NEXT PAGE)**

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**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**

**Exhibit A-7**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>GPAC</b>				
Salaries	\$ 772,756	\$ 772,636	\$ 766,789	\$ 5,847
Benefits	283,641	291,553	284,033	7,520
Contractual services	-	-	-	-
Materials and supplies	84,200	65,930	49,822	16,108
Other charges	139,325	144,607	130,479	14,128
Capital outlay	51,000	53,884	40,615	13,269
Expense reimbursement	23,039	23,039	19,916	3,123
	<u>1,353,961</u>	<u>1,351,649</u>	<u>1,291,654</u>	<u>59,995</u>
<b>Civic Support</b>				
Salaries	535,799	531,136	519,535	11,601
Benefits	180,392	197,148	194,744	2,404
Grants	807,604	813,753	934,092	(120,339)
	<u>1,523,795</u>	<u>1,542,037</u>	<u>1,648,371</u>	<u>(106,334)</u>
<b>Total general government</b>	<u>14,867,794</u>	<u>14,825,479</u>	<u>14,019,895</u>	<u>805,584</u>
<b>PUBLIC SAFETY</b>				
<b>Police Services</b>				
Salaries	7,435,734	7,485,679	7,294,105	191,574
Benefits	3,126,911	3,198,995	3,156,123	42,872
Contractual services	10,000	10,000	8,000	2,000
Materials and supplies	676,891	591,350	411,345	180,005
Other charges	151,395	151,733	133,399	18,334
Capital outlay	305,000	249,016	245,615	3,401
Expense reimbursement	469,257	469,257	404,388	64,869
	<u>12,175,188</u>	<u>12,156,030</u>	<u>11,652,975</u>	<u>503,055</u>
<b>Fire Services</b>				
Salaries	5,140,031	5,101,141	4,943,464	157,677
Benefits	2,041,629	2,109,312	2,052,458	56,854
Contractual services	14,990	14,990	7,500	7,490
Materials and supplies	283,558	290,759	281,124	9,635
Other charges	177,572	174,205	159,449	14,756
Capital outlay	129,000	113,429	112,921	508
Expense reimbursement	394,293	394,293	342,496	51,797
	<u>8,181,073</u>	<u>8,198,129</u>	<u>7,899,412</u>	<u>298,717</u>
<b>Total public safety</b>	<u>20,356,261</u>	<u>20,354,159</u>	<u>19,552,387</u>	<u>801,772</u>

**(CONTINUED ON NEXT PAGE)**

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**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**

**Exhibit A-7**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>TRANSPORTATION AND ENVIRONMENT</b>				
Public Services				
Salaries	\$ 1,856,147	\$ 1,858,798	\$ 1,769,489	\$ 89,309
Benefits	872,837	869,917	857,597	12,320
Materials and supplies	913,000	902,292	754,948	147,344
Other charges	36,900	42,177	39,275	2,902
Capital outlay	404,000	370,284	258,559	111,725
Expense reimbursement	(64,468)	(64,468)	(84,808)	20,340
	<u>4,018,416</u>	<u>3,979,000</u>	<u>3,595,060</u>	<u>383,940</u>
Animal Control				
Salaries	184,369	184,369	132,113	52,256
Benefits	87,349	87,591	67,251	20,340
Contractual services	7,200	7,200	7,200	-
Materials and supplies	85,100	84,902	69,221	15,681
Other charges	21,500	20,301	18,434	1,867
Expense reimbursement	6,698	7,685	7,217	468
	<u>392,216</u>	<u>392,048</u>	<u>301,436</u>	<u>90,612</u>
Total transportation and environment	<u>4,410,632</u>	<u>4,371,048</u>	<u>3,896,496</u>	<u>474,552</u>
<b>COMMUNITY SERVICES</b>				
Parks and Recreation				
Salaries	661,022	642,619	572,802	69,817
Benefits	199,966	206,590	186,480	20,110
Contractual services	40,000	51,658	50,580	1,078
Materials and supplies	36,200	36,703	24,819	11,884
Other charges	293,055	292,353	264,160	28,193
Capital outlay	25,500	20,768	14,995	5,773
Expense reimbursement	44,758	44,758	41,143	3,615
	<u>1,300,501</u>	<u>1,295,449</u>	<u>1,154,979</u>	<u>140,470</u>
Cultural Arts Program				
Contractual services	13,575	15,085	14,882	203
Materials and supplies	43,875	46,902	44,880	2,022
Other charges	18,547	18,547	5,443	13,104
	<u>75,997</u>	<u>80,534</u>	<u>65,205</u>	<u>15,329</u>
Genealogical Library				
Benefits	200	200	186	14
Contractual services	50,441	50,441	44,086	6,355
Materials and supplies	2,000	1,995	1,953	42
Other charges	25,707	25,325	14,908	10,417
Expense reimbursement	1,725	1,725	1,491	234
	<u>80,073</u>	<u>79,686</u>	<u>62,624</u>	<u>17,062</u>

**(CONTINUED ON NEXT PAGE)**

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**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**

**Exhibit A-7**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Library				
Benefits	\$ 1,500	\$ 1,344	\$ 1,228	\$ 116
Contractual services	1,306,312	1,305,854	1,295,082	10,772
Materials and supplies	43,800	55,847	54,807	1,040
Other charges	125,330	140,855	132,624	8,231
Expense reimbursement	26,388	26,388	22,811	3,577
	<u>1,503,330</u>	<u>1,530,288</u>	<u>1,506,552</u>	<u>23,736</u>
Total community services	<u>2,959,901</u>	<u>2,985,957</u>	<u>2,789,360</u>	<u>196,597</u>
<b>DEBT SERVICE</b>				
Bond and note principal	3,325,000	3,325,000	2,300,000	1,025,000
Interest and fiscal charges	1,556,097	1,556,848	1,140,728	416,120
Total debt service	<u>4,881,097</u>	<u>4,881,848</u>	<u>3,440,728</u>	<u>1,441,120</u>
<b>Total Expenditures</b>	<u>47,475,685</u>	<u>47,418,491</u>	<u>43,698,866</u>	<u>3,719,625</u>
Excess of revenues over expenditures	7,538,955	7,596,149	13,910,250	6,314,101
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	219,067	219,067	-	(219,067)
Sale of capital assets	10,000	10,000	23,075	13,075
Transfers in	590,000	590,000	1,545,458	955,458
Transfers out	(6,279,720)	(6,454,721)	(7,354,721)	(900,000)
<b>Total other financing uses</b>	<u>(5,460,653)</u>	<u>(5,635,654)</u>	<u>(5,786,188)</u>	<u>(150,534)</u>
Net change in fund balances	<u>\$ 2,078,302</u>	<u>\$ 1,960,495</u>	<u>8,124,062</u>	<u>\$ 6,163,567</u>
Fund balances - beginning			<u>32,601,124</u>	
Fund balances - ending			<u>\$ 40,725,186</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL PURPOSE SCHOOL FUND**  
For the Year Ended June 30, 2018

**Exhibit A-8**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>PROPERTY TAXES</b>				
Property tax	\$ 15,712,285	\$ 15,712,285	\$ 16,248,377	\$ 536,092
Receipts in lieu of tax	325,130	325,130	270,937	(54,193)
Total property taxes	<u>16,037,415</u>	<u>16,037,415</u>	<u>16,519,314</u>	<u>481,899</u>
<b>LOCAL TAXES</b>	6,200,000	6,200,000	6,806,386	606,386
<b>INTERGOVERNMENTAL</b>				
Mixed drink taxes	96,000	96,000	167,521	71,521
Basic Education Program	26,188,000	26,749,908	27,041,381	291,473
Career Ladder Program	102,000	102,000	116,729	14,729
Wheel tax	1,369,405	1,369,405	1,259,838	(109,567)
Other	-	125,340	125,331	(9)
Total intergovernmental	<u>27,755,405</u>	<u>28,442,653</u>	<u>28,710,800</u>	<u>268,147</u>
<b>CHARGES FOR SERVICES</b>	227,079	227,079	269,842	42,763
<b>GRANTS</b>	253,263	261,093	350,198	89,105
<b>OTHER</b>	90,000	90,000	85,467	(4,533)
<b>INTEREST INCOME</b>	-	-	155,115	155,115
<b>Total Revenues</b>	<u>50,563,162</u>	<u>51,258,240</u>	<u>52,897,122</u>	<u>1,638,882</u>
<b>EXPENDITURES</b>				
<b>EDUCATION</b>				
Board of education services				
Salaries	21,500	21,500	21,500	-
Benefits	841,645	841,645	776,188	65,457
Contractual services	498,136	518,136	492,565	25,571
Materials and supplies	500	500	90	410
Insurance	240,300	220,300	174,909	45,391
Other charges	210,000	210,000	202,070	7,930
	<u>1,812,081</u>	<u>1,812,081</u>	<u>1,667,322</u>	<u>144,759</u>
Office of superintendent				
Salaries	242,820	243,570	244,066	(496)
Benefits	66,869	69,497	66,075	3,422
Contractual services	-	10,800	10,800	-
Materials and supplies	15,000	4,200	(780)	4,980
Other charges	188,948	188,948	181,095	7,853
	<u>513,637</u>	<u>517,015</u>	<u>501,256</u>	<u>15,759</u>

**(CONTINUED ON NEXT PAGE)**

The accompanying notes are an integral part of the financial statements



**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL PURPOSE SCHOOL FUND**  
For the Year Ended June 30, 2018

**Exhibit A-8**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Office of principal				
Salaries	\$ 2,357,033	\$ 2,385,676	\$ 2,371,316	\$ 14,360
Benefits	638,397	634,255	597,888	36,367
Contractual services	24,000	24,000	24,000	-
Materials and supplies	147,000	147,000	147,000	-
Other charges	30,600	18,389	15,954	2,435
	<u>3,197,030</u>	<u>3,209,320</u>	<u>3,156,158</u>	<u>53,162</u>
Regular instruction				
Salaries	18,628,972	18,492,452	17,848,250	644,202
Benefits	4,920,417	4,881,081	4,614,610	266,471
Contractual services	615,000	675,000	620,530	54,470
Materials and supplies	1,902,801	1,923,439	1,245,301	678,138
Other charges	130,411	133,911	51,911	82,000
	<u>26,197,601</u>	<u>26,105,883</u>	<u>24,380,602</u>	<u>1,725,281</u>
Alternative education				
Salaries	198,670	204,670	195,957	8,713
Benefits	57,689	55,195	46,241	8,954
Contractual services	10,000	10,000	4,207	5,793
Materials and supplies	4,000	1,666	1,182	484
Other charges	2,500	2,500	1,301	1,199
	<u>272,859</u>	<u>274,031</u>	<u>248,888</u>	<u>25,143</u>
Special education				
Salaries	2,874,655	2,958,355	2,912,071	46,284
Benefits	765,549	773,506	795,580	(22,074)
Contractual services	72,000	72,300	72,723	(423)
Materials and supplies	37,500	48,200	46,989	1,211
	<u>3,749,704</u>	<u>3,852,361</u>	<u>3,827,363</u>	<u>24,998</u>
Technical education				
Salaries	536,194	685,603	639,888	45,715
Benefits	171,455	219,734	189,307	30,427
Materials and supplies	45,000	166,840	133,562	33,278
Other charges	3,000	3,000	-	3,000
	<u>755,649</u>	<u>1,075,177</u>	<u>962,757</u>	<u>112,420</u>
Other student support				
Salaries	869,459	872,709	866,024	6,685
Benefits	224,435	224,990	204,391	20,599
Materials and supplies	2,000	2,000	1,329	671
Other charges	18,500	18,000	16,921	1,079
	<u>1,114,394</u>	<u>1,117,699</u>	<u>1,088,665</u>	<u>29,034</u>

**(CONTINUED ON NEXT PAGE)**

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL PURPOSE SCHOOL FUND**  
For the Year Ended June 30, 2018

**Exhibit A-8**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Regular instruction support				
Salaries	\$ 1,095,329	\$ 1,149,366	\$ 986,581	\$ 162,785
Benefits	273,905	289,242	241,264	47,978
Contractual services	10,000	10,000	-	10,000
Materials and supplies	34,000	34,000	33,583	417
Other charges	36,000	35,871	24,437	11,434
	<u>1,449,234</u>	<u>1,518,479</u>	<u>1,285,865</u>	<u>232,614</u>
Special education support				
Salaries	878,971	883,221	842,905	40,316
Benefits	227,654	228,380	201,061	27,319
Contractual services	15,000	18,000	17,201	799
Materials and supplies	15,000	15,000	14,978	22
Other charges	15,500	12,500	11,101	1,399
	<u>1,152,125</u>	<u>1,157,101</u>	<u>1,087,246</u>	<u>69,855</u>
Technical education support				
Contractual services	25,549	25,549	25,548	1
	<u>25,549</u>	<u>25,549</u>	<u>25,548</u>	<u>1</u>
Technology				
Salaries	934,574	896,074	887,377	8,697
Benefits	249,718	251,218	239,048	12,170
Contractual services	-	-	-	-
Materials and supplies	1,308,631	2,427,091	2,423,496	3,595
Other charges	447,200	334,441	327,884	6,557
	<u>2,940,123</u>	<u>3,908,824</u>	<u>3,877,805</u>	<u>31,019</u>
Fiscal services				
Salaries	279,057	307,557	300,649	6,908
Benefits	84,057	94,728	81,883	12,845
Contractual services	5,000	5,000	2,336	2,664
Materials and supplies	111,500	93,549	90,977	2,572
Other charges	11,556	29,507	27,023	2,484
	<u>491,170</u>	<u>530,341</u>	<u>502,868</u>	<u>27,473</u>
Human resources				
Salaries	349,419	354,349	350,552	3,797
Benefits	163,230	164,302	154,061	10,241
Contractual services	38,550	38,550	38,104	446
Materials and supplies	5,100	5,100	4,201	899
Other charges	33,840	31,745	19,190	12,555
	<u>590,139</u>	<u>594,046</u>	<u>566,108</u>	<u>27,938</u>

**(CONTINUED ON NEXT PAGE)**

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL PURPOSE SCHOOL FUND**  
For the Year Ended June 30, 2018

**Exhibit A-8**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Student services				
Salaries	\$ 314,281	\$ 315,281	\$ 304,434	\$ 10,847
Benefits	78,593	78,764	74,865	3,899
Contractual services	1,000	-	-	-
Materials and supplies	2,000	2,000	1,463	537
Other charges	14,500	15,500	14,470	1,030
	<u>410,374</u>	<u>411,545</u>	<u>395,232</u>	<u>16,313</u>
Health services				
Salaries	291,157	292,907	275,278	17,629
Benefits	104,310	84,109	69,560	14,549
Contractual services	1,274	1,085	1,085	-
Materials and supplies	10,800	12,580	11,926	654
Other charges	14,500	13,909	11,209	2,700
	<u>422,041</u>	<u>404,590</u>	<u>369,058</u>	<u>35,532</u>
Operation of plant				
Salaries	257,398	258,648	254,185	4,463
Benefits	81,743	82,957	79,584	3,373
Contractual services	131,300	135,921	130,292	5,629
Other charges	1,809,000	1,804,379	1,764,404	39,975
	<u>2,279,441</u>	<u>2,281,905</u>	<u>2,228,465</u>	<u>53,440</u>
Maintenance of plant				
Salaries	309,241	311,397	310,280	1,117
Benefits	92,514	92,685	89,118	3,567
Contractual services	7,000	7,000	6,091	909
Materials and supplies	1,000	1,000	630	370
Other charges	818,000	826,574	688,638	137,936
	<u>1,227,755</u>	<u>1,238,656</u>	<u>1,094,757</u>	<u>143,899</u>
Transportation				
Contractual services	1,512,000	1,512,000	1,326,411	185,589
Other charges	150,000	150,000	147,850	2,150
	<u>1,662,000</u>	<u>1,662,000</u>	<u>1,474,261</u>	<u>187,739</u>
Safety				
Materials and supplies	750	750	712	38
Other charges	20,000	20,000	13,062	6,938
	<u>20,750</u>	<u>20,750</u>	<u>13,774</u>	<u>6,976</u>
Safe schools grant				
Materials and supplies	29,105	27,935	26,699	1,236
Other charges	-	3,000	3,000	-
	<u>29,105</u>	<u>30,935</u>	<u>29,699</u>	<u>1,236</u>
Total education	<u>50,312,761</u>	<u>51,748,288</u>	<u>48,783,697</u>	<u>2,964,591</u>

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The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL PURPOSE SCHOOL FUND**  
For the Year Ended June 30, 2018

**Exhibit A-8**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>CAPITAL OUTLAY</b>	\$ 1,810,050	\$ 3,726,423	\$ 3,179,557	\$ 546,866
<b>DEBT SERVICE</b>				
Principal	289,975	268,976	-	268,976
Interest	5,829	5,829	5,829	-
Total debt service	<u>295,804</u>	<u>274,805</u>	<u>5,829</u>	<u>268,976</u>
<b>Total Expenditures</b>	<u>52,418,615</u>	<u>55,749,516</u>	<u>51,969,083</u>	<u>3,780,433</u>
Excess (deficiency) of revenues over (under) expenditures	(1,855,453)	(4,491,276)	928,039	5,419,315
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,189,386	2,474,386	2,474,721	335
Transfers out	<u>(333,933)</u>	<u>(333,933)</u>	<u>(219,067)</u>	<u>114,866</u>
<b>Total other financing sources</b>	<u>1,855,453</u>	<u>2,140,453</u>	<u>2,255,654</u>	<u>115,201</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (2,350,823)</u>	3,183,693	<u>\$ 5,534,516</u>
Fund balances - beginning			<u>13,142,212</u>	
Fund balances - ending			<u>\$ 16,325,905</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2018

**Exhibit A-9**

	<b>Business-type Activity - Enterprise Funds</b>				<b>Governmental</b>
	<b>Utility Fund</b>	<b>Athletic Club Fund</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>	<b>Activities Internal Service Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 6,196,158	\$ 1,941,276	\$ 2,114,645	\$ 10,252,079	\$ 4,509,229
Investments	585,978	166,268	88,534	840,780	-
Receivables					
Customers	1,231,758	23,899	391,037	1,646,694	-
Other	-	-	-	-	42,277
Less allowance for doubtful accounts	(54,937)	(19,631)	(69,859)	(144,427)	-
Due from other funds	-	-	-	-	53,702
Due from other governments	3,121	-	16,237	19,358	-
Inventory	39,684	1,618	-	41,302	93,625
Restricted cash and cash equivalents	645,500	48,024	94,588	788,112	-
Total current assets	<u>8,647,262</u>	<u>2,161,454</u>	<u>2,635,182</u>	<u>13,443,898</u>	<u>4,698,833</u>
Noncurrent assets:					
Capital assets, not being depreciated	528,552	2,391,580	-	2,920,132	-
Capital assets, being depreciated, net	44,431,255	13,746,634	888,017	59,065,906	1,698,057
Total capital assets, net	<u>44,959,807</u>	<u>16,138,214</u>	<u>888,017</u>	<u>61,986,038</u>	<u>1,698,057</u>
Total assets	<u>53,607,069</u>	<u>18,299,668</u>	<u>3,523,199</u>	<u>75,429,936</u>	<u>6,396,890</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pension	468,087	194,001	225,679	887,767	-
Related to OPEB	77,880	49,711	38,112	165,703	-
	<u>545,967</u>	<u>243,712</u>	<u>263,791</u>	<u>1,053,470</u>	<u>-</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	450,081	74,287	513,078	1,037,446	1,147,420
Accrued interest payable	1,967	7,100	-	9,067	-
Accrued payroll	26,498	52,333	20,301	99,132	16,140
Customer deposits	645,500	-	94,588	740,088	-
Unearned revenue	-	403,423	75,227	478,650	-
Advances from other funds, current	-	125,000	-	125,000	-
Bonds payable, current	590,000	-	-	590,000	-
Total current liabilities	<u>1,714,046</u>	<u>662,143</u>	<u>703,194</u>	<u>3,079,383</u>	<u>1,163,560</u>
Noncurrent liabilities:					
Advances from other funds, net of current	-	250,000	-	250,000	-
Bonds and payable, net of current portion, discounts, and premiums	3,967	-	-	3,967	-
Accrued compensated absences	105,961	41,598	24,426	171,985	-
Net pension liability	1,271,977	519,110	612,486	2,403,573	-
Net OPEB liability	126,881	80,990	62,092	269,963	-
Total noncurrent liabilities	<u>1,508,786</u>	<u>891,698</u>	<u>699,004</u>	<u>3,099,488</u>	<u>-</u>
Total liabilities	<u>3,222,832</u>	<u>1,553,841</u>	<u>1,402,198</u>	<u>6,178,871</u>	<u>1,163,560</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to OPEB	1,081	689	529	2,299	-
<b>NET POSITION</b>					
Net investment in capital assets	44,365,840	16,138,214	888,017	61,392,071	1,698,057
Unrestricted	6,563,283	850,636	1,496,246	8,910,165	3,535,273
Total net position	<u>\$ 50,929,123</u>	<u>\$ 16,988,850</u>	<u>\$ 2,384,263</u>	<u>70,302,236</u>	<u>\$ 5,233,330</u>
Adjustment to reflect the consolidation of internal service funds related to the enterprise fund				50,527	
Net position of the business-type activity				<u>\$ 70,352,763</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2018

**Exhibit A-10**

	<b>Business-type Activity - Enterprise Funds</b>				<b>Governmental</b>
	<b>Utility Fund</b>	<b>Athletic Club Fund</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>	<b>Activities Internal Service Funds</b>
Operating Revenues:					
Metered water sales	\$ 5,089,495	\$ -	\$ -	\$ 5,089,495	\$ -
Sewer service fee	3,160,302	-	-	3,160,302	-
Service connections fees	245,340	-	-	245,340	-
Membership fees	-	3,632,863	-	3,632,863	-
Class fees	-	562,482	-	562,482	-
Daily admissions	-	7,510	-	7,510	-
Sanitation fees	-	-	4,901,382	4,901,382	-
Stormwater fees	-	-	1,020,492	1,020,492	-
Forfeited discounts	75,731	-	45,460	121,191	-
Rental income	-	80,522	490,391	570,913	-
Federal, state, and other grants	3,121	-	16,237	19,358	2,183
Internal charges	-	-	-	-	11,373,122
Other	42,907	214	18,323	61,444	169
Total operating revenues	8,616,896	4,283,591	6,492,285	19,392,772	11,375,474
Operating Expenses:					
Salaries	1,142,141	1,370,535	634,404	3,147,080	469,232
Benefits	571,570	347,280	296,736	1,215,586	192,095
Contractual services	1,584,520	435,451	4,674,447	6,694,418	-
Utilities	637,789	364,404	41,439	1,043,632	18,691
Materials and supplies	370,248	360,429	377,593	1,108,270	377,589
Other service charges	90,126	247,019	123,272	460,417	201,272
Expense reimbursement	1,224,643	95,857	52,828	1,373,328	-
Insurance claims	-	-	-	-	9,547,981
Depreciation	1,779,310	623,833	112,432	2,515,575	135,662
Total operating expenses	7,400,347	3,844,808	6,313,151	17,558,306	10,942,522
Operating income (loss)	1,216,549	438,783	179,134	1,834,466	432,952
Nonoperating Revenues (Expenses):					
Interest	136,815	38,658	38,773	214,246	-
Bond interest and fiscal charges	(26,554)	(12,024)	(4,676)	(43,254)	-
Gain on sale of capital assets	8,369	-	-	8,369	-
Total non-operating expenses	118,630	26,634	34,097	179,361	-
Income (loss) before contributions and transfers	1,335,179	465,417	213,231	2,013,827	432,952
Capital contributions - development	228,752	-	-	228,752	-
Transfers in	-	-	85,000	85,000	-
Transfers out	(495,458)	(100,000)	-	(595,458)	-
Change in net position	1,068,473	365,417	298,231	1,732,121	432,952
Total net position - beginning, as originally reported	49,933,484	16,669,923	2,121,674	68,725,081	4,800,378
Effect of change in accounting principle	(72,834)	(46,490)	(35,642)	-	-
Total net position - beginning, as restated	49,860,650	16,623,433	2,086,032	68,725,081	4,800,378
Total net position - ending	\$ 50,929,123	\$ 16,988,850	\$ 2,384,263	\$ 70,457,202	\$ 5,233,330
Change in net position				\$ 1,732,121	
Adjustment to reflect the consolidation of internal service funds related to the enterprise fund				16,325	
Change in net position of the business-type activity				\$ 1,748,446	

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2018

**Exhibit A-11**

	Business-type Activity - Enterprise Funds			Total	Governmental
	Utility Fund	Athletic Club Fund	Nonmajor Enterprise Fund		Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 8,450,211	\$ 4,498,457	\$ 6,407,690	\$ 19,356,358	\$ -
Receipts from interfund services provided	-	-	-	-	11,336,398
Payments to suppliers	(3,712,593)	(1,616,008)	(5,185,595)	(10,514,196)	(10,335,784)
Payments to employees	(1,617,585)	(1,701,138)	(905,025)	(4,223,748)	(658,591)
Other receipts	42,907	214	18,323	61,444	-
Net cash from operating activities	<u>3,162,940</u>	<u>1,181,525</u>	<u>335,393</u>	<u>4,679,858</u>	<u>342,023</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Payments on advances from other funds	-	(125,000)	-	(125,000)	-
Interest paid on advances	-	(14,524)	-	(14,524)	-
Transfer from (to) other fund	(495,458)	(100,000)	85,000	(510,458)	345,322
Net cash from (used for) noncapital financing activities	<u>(495,458)</u>	<u>(239,524)</u>	<u>85,000</u>	<u>(649,982)</u>	<u>345,322</u>
<b>CASH FLOW USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions	228,752	-	-	228,752	-
Purchases of capital assets	(1,011,613)	(1,333,392)	(300,223)	(2,645,228)	-
Proceeds from sale of capital assets	8,369	-	-	8,369	-
Principal paid on capital debt	(1,075,000)	-	-	(1,075,000)	-
Interest paid on capital debt	(45,100)	-	(4,676)	(49,776)	-
Net cash from (used for) capital and related financing activities	<u>(1,894,592)</u>	<u>(1,333,392)</u>	<u>(304,899)</u>	<u>(3,532,883)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	-	-	-	-	-
Sale of investments	29,913	59,814	17,085	106,812	-
Interest income	136,815	38,658	38,773	214,246	-
Net cash from (used for) investing activities	<u>166,728</u>	<u>98,472</u>	<u>55,858</u>	<u>321,058</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	939,618	(292,919)	171,352	818,051	687,345
Cash and cash equivalents - beginning	<u>5,902,040</u>	<u>2,282,219</u>	<u>2,037,881</u>	<u>10,222,140</u>	<u>3,821,884</u>
Cash and cash equivalents - end	<u>\$ 6,841,658</u>	<u>\$ 1,989,300</u>	<u>\$ 2,209,233</u>	<u>\$ 11,040,191</u>	<u>\$ 4,509,229</u>
Classified as:					
Current assets	\$ 6,196,158	\$ 1,941,276	\$ 2,114,645	\$ 10,252,079	\$ 4,509,229
Restricted assets	645,500	48,024	94,588	788,112	-
	<u>\$ 6,841,658</u>	<u>\$ 1,989,300</u>	<u>\$ 2,209,233</u>	<u>\$ 11,040,191</u>	<u>\$ 4,509,229</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2018

**Exhibit A-11**

	<b>Business-type Activity - Enterprise Funds</b>				<b>Governmental</b>
	<b>Utility Fund</b>	<b>Athletic Club Fund</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>	<b>Activities Internal Service Funds</b>
<b>Reconciliation of operating income to net cash from operating activities:</b>					
Operating income	\$ 1,216,549	\$ 438,783	\$ 179,134	\$ 1,834,466	\$ 432,952
Adjustments to reconcile operating income to net cash from (used for) operating activities:					
Depreciation	1,779,310	623,833	112,432	2,515,575	135,662
Pension expense in excess of employer contributions	54,622	13,306	25,762	93,690	-
Change in assets and liabilities					
Receivables	(151,004)	6	(80,013)	(231,011)	(39,076)
Inventory	(8,012)	81	-	(7,931)	(18,640)
Prepaid expenses	-	13,723	-	13,723	-
Accounts payable	202,745	(126,652)	83,984	160,077	(171,611)
Accrued payroll	4,970	615	(683)	4,902	2,736
Compensated absences	36,534	2,756	1,036	40,326	
Customer deposits	27,226	-	15,048	42,274	
Unearned revenue	-	215,074	(1,307)	213,767	-
Net cash from operating activities	<u>\$ 3,162,940</u>	<u>\$ 1,181,525</u>	<u>\$ 335,393</u>	<u>\$ 4,679,858</u>	<u>\$ 342,023</u>

The accompanying notes are an integral part of the financial statements



**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2018

Exhibit A-12

	<b>Pension and OPEB Trust Funds</b>	<b>Combined Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,533	\$ 910,713
Investments	81,362,627	-
Interest receivable	38,167	-
Inventory	-	25,180
Restricted cash and cash equivalents	624,012	-
	<u>82,038,339</u>	<u>\$ 935,893</u>
<b>LIABILITIES</b>		
Accounts payable	147,836	\$ -
Due to other funds	53,702	-
Bail bonds payable	-	80,650
Due to student general fund	-	392,811
Due to student groups	-	462,432
	<u>201,538</u>	<u>\$ 935,893</u>
<b>NET POSITION</b>		
Restricted for pensions	73,525,061	
Held in trust for OPEB benefits	8,311,740	
Total net position	<u>\$ 81,836,801</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
For the Year Ended June 30, 2018

Exhibit A-13

	<b>Pension and OPEB Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 4,741,672
Plan members	1,193,457
Total contributions	<u>5,935,129</u>
Investment earnings (losses):	
Interest and dividends	855,502
Net appreciation in fair value of investments	4,237,730
Total investment earnings	<u>5,093,232</u>
Less investment expense	-
Net investment earnings	<u>5,093,232</u>
 Total additions	 11,028,361
<b>DEDUCTIONS</b>	
Benefits	5,566,038
Administrative expense	285,305
Total deductions	<u>5,851,343</u>
 Change in net position	 5,177,018
Net position - beginning of the year	<u>76,659,783</u>
Net position - end of the year	<u><u>\$ 81,836,801</u></u>

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Germantown, Tennessee (the "City") was chartered in 1841 and incorporated in 1903 under the provisions of Chapter 550 of the Private Acts of the General Assembly of the State of Tennessee. The City operates under a Board of Mayor and Aldermen form of government and is organized into the following functions: General Government, Public Safety, Community Services, Transportation and Environment, Education, Utilities, Athletic Club, and Performing Arts Center.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of a government's operations. The City has no blended component units and one discretely presented component unit (see details below). However, the financial statements of the City include the financial statements of Germantown Municipal School District ("Board of Education" or the "Schools"). The Board of Education's general purpose fund, federal projects fund, and cafeteria fund are each reported as special revenue funds of the City. The Board of Education's capital projects fund is considered a capital projects fund of the City. The Board of Education's OPEB trust fund represents a fiduciary fund of the City and the student activity funds are an agency fund of the City. The Board of Education does not issue separate financial statements.

The significant accounting policies followed by the component units are generally the same as those followed by the primary government.

*Discretely Presented Component Unit:*

*Germantown Performing Arts Center (GPAC)* – GPAC has a cooperative agreement with the City to carry out a performing arts program that will foster and promote theatrical and musical performances to the community at the Germantown Performing Arts Center. GPAC is dependent upon the City for providing payroll, utilities, and other expenses as well as the building used by GPAC, which is owned by the City. Upon termination of this agreement, the City shall receive all assets and assume all liabilities of GPAC. GPAC is a 501(c)(3) organization with separately issued financial statements which may be obtained from the Germantown Performing Arts Center, 1801 Exeter Road, Germantown, Tennessee 38138, (901)757-7500.

**B. Basis of Presentation**

*Government-Wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. 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. Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and business type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, those transactions between governmental and business-type activities have not been eliminated. The City has one discretely presented component unit, the Germantown Performing Arts Center, for which the financial information is reported separately from the information presented for the primary government.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, with the differences presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted. Restricted net position is further classified as either net position restricted by enabling or net position that is otherwise restricted.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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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.

### *Fund Financial Statements*

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. The activities of the government are organized into funds, each of which are considered to be separate entities. Each fund is accounted for by providing a set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures/expenses. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City has presented all major funds that met the quantitative or qualitative qualifications to be reported as a major fund as separate columns in the fund financial statements. The City's major governmental funds include the General Fund, the General Purpose School Fund and the Municipal Schools Projects Fund. In addition, the City reports the Utility Fund and Athletic Club Fund as a major proprietary funds. Detailed descriptions of these funds are presented below.

#### *1. Governmental Fund Financial Statements*

Governmental fund financial statements include a balance sheet and statement of revenues, expenditures, and changes in fund balance individually for all major funds and in the aggregate for the remaining nonmajor funds. An accompanying schedule is presented to reconcile and explain the difference in fund balance and changes in fund balances as presented in these statements to net position and changes in net position presented in the government-wide financial statements. The governmental funds of the City are described below:

- a. **General Fund** – The primary operating fund of the City and accounts for all financial resources of the general government not specifically provided for in other funds. Most of the essential governmental services such as police and fire protection, community services, and general administration are reported in the general fund.
- b. **Special Revenue Fund** – These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or committed to expenditures for specific purposes. The special revenue funds include the State Street Aid Fund, Drug Enforcement Fund, Federal Asset Forfeiture Fund, Pickering Fund, Farm Park Fund, Ambulance Fund, Recreation Fund, Library Endowment Fund, School Federal Projects Fund, and School Cafeteria Fund. The special revenue funds also include the General Purpose School Fund which is considered a major fund and described in further detail below:

General Purpose School Fund – The operating fund of the Germantown Municipal School District and accounts for all general revenues and other receipts that are not allocated by law or contractual agreement to another Board of Education fund, such as property tax revenue from Shelby County, Tennessee, Basic Education Program (BEP) funds, sales tax, etc. General operating expenditures and capital improvement costs that are not paid through other School funds are paid from the General Purpose School Fund.

2. **Capital Projects Fund** – These funds account for all the financing of major governmental fund capital asset purchases. The City maintains multiple capital improvement funds including the Major Roads Fund, Intersections Fund, General Government Fund, Fire Department Fund, Parks Improvement Fund, and Drainage Fund. In addition, the Board of Education maintains the School Capital Projects Fund. The capital projects funds also include the Germantown Municipal School Fund which is considered a major fund.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### 3. *Proprietary Fund Financial Statements*

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows individually for all major enterprise funds and in the aggregate for the remaining nonmajor enterprise funds. A column representing internal service funds is also presented in these statements. However, internal service fund balances and activities are combined with the governmental activities in the government-wide financial statements. The proprietary funds of the City are described below:

- a. **Enterprise Fund** – These funds are used to account for business-like activities provided to the general public. The activities are financed primarily by user charges and the measurement of the financial activity focuses on net income measurement similar to private sector businesses. The enterprise funds include the Sanitation Fund, Great Hall Fund, and the Stormwater Fund. The enterprise funds also include the Utility Fund and the Athletic Club Fund which are considered major funds and are described in further detail below:

Utility Fund – Accounts for water and sewer fees in connection with the operation of the City's water and sewer system. The proceeds of several bond issues and loans have been used specifically for the construction or acquisition of water and sewer systems and facilities. Since it is the intention of the City to repay these bonds and loans through water and sewer fund operations, these obligations are reported in this fund.

Athletic Club Fund – Accounts for the operations of the Germantown Athletic Club, a recreation and cultural facility. The Athletic Club facility was financed through general obligation bonds and General Fund transfers. The City's intent is to operate the facility in a manner in which revenues cover operating expenses plus depreciation of the facility. However, the outstanding debt is to be paid by the General Fund and is, therefore, not carried as debt of the Athletic Club Fund. The General Fund made an advance to the Athletic Club facility for a 20-year term.

- b. **Internal Service Fund** – Used to account for services provided to other departments and agencies of the government on a cost reimbursement basis. The City has three internal service funds: Health Insurance Fund, Vehicle Maintenance Fund, and the Municipal School Health Insurance Fund.

### 4. *Fiduciary Fund Financial Statements*

Fiduciary fund financial statements include a statement of fiduciary net position and statement of changes in fiduciary net position. Agency funds are fiduciary funds used to account for assets held by the City in a purely custodial capacity. Single agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

- a. **Pension (and Other Employee Benefit) Trust Fund** – These funds account for the activities and accumulation of resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans and other postemployment benefit plans. The City maintains two pension trust funds, the Amended and Restated Pension Plan Fund and the Employee Cash Balance Pension Plan Fund which are used to account for the accumulation of resources to provide defined benefits to qualified employees upon retirement. In addition, the City and the School each use an Other Postemployment Benefits Fund ("OPEB" and "School OPEB") to account for activity related to retiree group health and dental benefits.
- b. **Agency Fund** – These funds report resources held by the City in a purely custodial capacity. The Bail Bond Fund accounts for bail funds by persons awaiting trial in City Court. In addition, the School Activity Funds are used to account for cash and inventory held by the Germantown Municipal School District on behalf of the school activity fund for the Germantown City Schools. These funds were audited in a separate report and can be obtained by contacting the Germantown Municipal School District.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

#### *Measurement Focus*

On the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the “economic resources” measurement focus. Accordingly, all of the City’s assets and liabilities, including capital assets and long-term liabilities, along with deferred inflows and outflows of resources, are included in the accompanying statement of net position. The statement of activities presents changes in net position.

Proprietary funds and fiduciary funds are also accounted for using the “economic resources” measurement focus. Accordingly all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included in the statement of net position. The statement of revenues, expenses, and changes in net position presents revenues (additions) and expenses (deductions) in total net position. Agency funds do not use the economic resources measurement focus.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period. These funds use fund balance as their measure of available resources at the end of the period.

#### *Basis of Accounting*

The government-wide financial statements are presented using 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. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. 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 producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees 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.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available to finance expenditures of the current period. 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 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, other local taxes, and intergovernmental revenues. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are considered to be measurable and available only when cash is received by the City. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability 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. The issuance of long-term debt is reported as other financing sources.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### D - Assets, Liabilities, Deferred outflows/Inflows of Resources, and Net Position/Fund Balances

#### 1. Deposits and investments

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents held by the trustee of the Amended and Restated Pension Fund, the Employee Cash Balance Pension Fund, the OPEB Fund, and the School OPEB Fund are included in cash and cash equivalents. Cash equivalents also include investments in the Local Government Investment Pool ("LGIP") due to the short-term nature of their maturity.

Investments, including pension and other postemployment benefit investments held in fiduciary funds, are reported at fair value except for those investments in the Local Government Investment Pool ("LGIP"). The LGIP qualifies as a 2a7-like pool and is reported at amortized cost using a Stable Net Asset Value which approximates fair value.

Restricted investments in proprietary funds represent investments primarily restricted for Athletic Club renovations.

#### 2. Receivables

All trade and property taxes receivable are shown net of an allowance for uncollectibles.

Real and personal property taxes are Board approved by July 1 for each fiscal year on values assessed as of the prior January 1. The City has an enforceable legal claim as of January 1 (the assessment date). Property taxes are due on December 1 and are considered delinquent after February 28, at which time penalties and interest are assessed and property is available for tax lien. All property taxes are billed and collected by the City.

Property taxes receivable are recognized as of the date the City has an enforceable legal claim. Property taxes are reflected as revenues in the fiscal period for which they are levied, which is the subsequent fiscal year for the current fiscal year's assessment, provided they are received and collected within the current period or within 60 days following the fiscal year end (August 31). Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30. Delinquent taxes estimated to be collected subsequent to August 31 are included in the balance sheet as property taxes receivable and a deferred inflow of resources to reflect amounts that were not available as revenues at June 30, 2018. The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and City Charter, is set annually by the Board of Mayor and Aldermen and collected by the City Clerk.

Receivables due from other governments are primarily from the United States government, the State of Tennessee, and Shelby County, Tennessee. No allowance for uncollectible amounts has been recognized.

Governmental funds report unavailable 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 as "unearned revenue". At the end of the current fiscal year, unavailable revenue principally represents amounts relating to property taxes.

#### 3. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Permanent reallocations of resources between funds of the City are classified as interfund transfers. For the purpose of the statement of activities, all transfers between individual governmental funds have been eliminated.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### 4. Inventories and prepaid items

Inventories are valued at the lower of cost or market determined using the first-in, first-out (FIFO) method. Inventory in all funds consists of expendable supplies held for consumption. Inventories of governmental funds 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 government-wide and fund financial statements.

The cost of inventory and prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### 5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date received. 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Land and construction in progress are not depreciated. Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20-40 years
Other improvements	10-25 years
Machinery and equipment	3-15 years
Vehicles	3-15 years
Infrastructure	20-50 years

### 6. Deferred outflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has qualifying items for reporting in this category. The unamortized discount on refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Other deferred outflows of resources include those related to pension and OPEB changes and employer contributions to the pension plan after the measurement date.

### 7. Compensated absences

Compensated absences for accumulated unpaid vacation and sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. Accumulated unpaid overtime is also accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are paid out of the employee's cost center. GMSD employees may accrue up to 25 vacation days.

### 8. Long-term obligations

In the governmental-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized



## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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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 expensed when incurred.

In the governmental fund financial statements, bond premiums and discounts, issuance costs are recognized in the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### 9. *Deferred inflows of resources*

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an increase to net position that applies to a future period and is not recognized as an inflow of resources (revenue) until that time. The City has several types of items that qualify for reporting in this category. These items are amounts in the governmental funds that were receivable and measurable at year-end but were not available to finance expenditures for the current year. This includes unavailable revenues from property taxes and other revenues as well as deferred inflows of resources related to pension and OPEB changes.

### 10. *Net Position and Fund balance*

In the government-wide financial statements and the proprietary fund in the fund financial statements, equity is classified as net position and displayed in three components:

**Net investment in capital assets** – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislations.

**Unrestricted net position** – all other net position that does not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, governmental funds report fund balances in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications consist of the following five components, as applicable:

**Nonspendable** – amounts that cannot be spent because they are either in a (a) non-spendable form, including items not expected to be converted to cash (i.e. inventories, prepaid amounts, long-term portion of loans and notes receivable), or (b) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

**Restricted** – amounts constrained to be used for a specific purpose as per external parties, constitutional provision, or enabling legislation.

**Committed** – amounts constrained to be used for specific purposes by formal action by ordinance adopted by the Board of Mayor and Aldermen and the Germantown Municipal School District Board of Education. Amounts classified as committed are not subject to legal enforceability like restricted resources; however, they cannot be used for any other purpose unless the Board removes or changes the commitment by taking the same action it employed to impose the commitment.

**Assigned** – amounts intended to be used by the City for a specific purpose, but are neither restricted nor committed. The intent shall be expressed by the Board of Mayor and Aldermen or a designee authorized by the Board of Mayor and Aldermen with authority to assign amounts. The nature of the actions necessary to remove or modify an assignment is not as rigid as required under a committed fund balance classification. The City Finance Director has been authorized to assign amounts in the general fund for a specific purpose in accordance with fund balance policy established by the Board of Mayor and Aldermen. The Germantown Municipal School District Board of Education

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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has the authority to assign the fund balance for the School Funds. Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the general fund are reported as assigned fund balance.

**Unassigned** – represents the residual balance available for any purpose in the general fund or deficit balances in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

### *11. Pensions*

The City maintains six defined benefit retirement plans. Two are sponsored by the City and the remaining four are sponsored by the Tennessee Consolidated Retirement System. The City maintains two defined benefit other postemployment benefit plans (“OPEB”) sponsored by the City.

For purposes of measuring the net pension and net OPEB asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position, and additions to/deductions from each plan’s fiduciary net position have been determined on the same basis as they are reported by the actuaries. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of each plan. Expenses of the plans, such as investment fees, trustee fees, and audit fees, are paid by the plans. However, certain administrative functions are performed by employees of the City and are not reimbursed by the plans. Investments, other than contracts, are reported at fair value. Investment income is recognized as earned. Plan assets do not include any securities of the City nor have any of the plans made any loans to the City.

### *12. Fair Value Measurements*

GASB Statement 72, Fair Value Measurement and Application, categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs include unadjusted quoted prices in active markets for identical assets or liabilities accessible at the measurement date. Level 2 inputs include quoted prices for similar assets or liabilities; quoted prices in inactive markets; or other inputs that can be corroborated by observable market data. Such inputs include market interest rates and volatilities, spreads and yield curves. Level 3 inputs are inputs which are unobservable for the asset or liability and rely on management’s own assumptions that market participants would use in pricing the asset or liability.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining fair value, the City utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The methods used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at reporting date.

### *13. Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### E – New Governmental Accounting Standards Board (GASB) Pronouncements

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, required for fiscal periods beginning after June 15, 2018, in fiscal year 2018. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

The implementation has been accounted for as a change in accounting principle with a prior year adjustment as determined by an actuary. The effect of this adjustment decreased net position for governmental activities and business-type activities by \$6,689,095 and \$154,966, respectively.

## NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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### A. Budgetary information

The Board of Mayor and Aldermen annually approves the operating budgets of the general, special revenue, capital projects, debt service, and enterprise funds of the City. An annual budget for the capital projects is adopted by individual funds. The total budgets of these funds constitute legal spending limits, requiring ordinance amendment. Transfers within the funds are accomplished by resolution of the Board of Mayor and Aldermen to authorize expenditures of various grants received and to adjust the individual fund budgets as required within the total dollar limitations of the budget ordinance. The Mayor may approve transfers between categories within a cost center without the governing body's approval. The Board must approve other transfers or requests for additional funds. Thus, departmental or cost center appropriations comprise a legal spending limit for governmental fund types, except for capital projects funds for which the project length financial plans are adopted. The City disperses its capital projects fund monies to various projects, which may cause a deficit within the project. However, the City adopts a positive Capital Improvements Program where funds can be transferred within the fund with the appropriate approval from the governing body. Supplemental appropriations were required during the year and the accompanying budgetary data has been revised for amendments authorized by resolution during the year. The Germantown Municipal School District annually approves the operating budgets of the School funds. Annual budgets for all funds are adopted on a basis consistent with Tennessee Code Annotated, which is not materially different than the modified accrual basis of accounting for governmental funds.

### B. Excess of expenditures over appropriations

For the year ended June 30, 2018, expenditures did not exceed appropriations for any fund.

### C. Deficit fund equity

As of June 30, 2018, all funds had a positive balance except for the intersection fund. This was due to timing in state grant funds being received after 60 days.

## NOTE 3 - DEPOSITS

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Legal Provisions -- Deposits must be collateralized by federal depository insurance, the Tennessee Bank Collateral Pool, collateral held by the City's agent in the City's name, collateral held by the Federal Reserve Banks acting as third party agents, or a combination of these methods. State statute requires that all uninsured deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for custodial risk is to follow state guidelines. As of June 30, 2018, all bank deposits were entirely insured by federal depository insurance and collateralized by the Bank Collateral Pool of the State of Tennessee.

**NOTE 3 – DEPOSITS (CONTINUED)**

Legal Provisions – Investments of the primary government are limited to those authorized by Tennessee State Law. State statutes authorize the City to make direct investments in bonds, notes or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the Local Government Investment Pool (“LGIP”); bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and nonconvertible debt securities of certain federal government sponsored enterprises. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. State statutes limit maturities of the above investments to four years from the date of investment unless a greater maturity is approved by the State Director of Finance.

In addition to the investments allowed by the primary government, the fiduciary funds’ investment policies authorize investments in mutual funds, common stocks, and other equities.

Custodial Risk – The City’s investments in the LGIP are held by the State Treasury, not in the name of the City. The third party bank is also a participant in the State collateral pool.

**NOTE 4 – INVESTMENTS**

*1. Primary Government Investments*

The Tennessee Local Government Investment Pool (“LGIP”) represents the majority of the primary government’s investments at June 30, 2018. These investments are reported at amortized cost which approximates fair value and are included as cash equivalents.

Other investments of the primary government include investments in U.S. government obligations. These investments are valued based on the investments relationship to benchmark quoted prices and fall within Level 2 of the fair value hierarchy. For the year ended June 30, 2018, investments of the primary government reported at fair value are presented below:

Investments at Fair Value	Weighted Average Maturities	Level 1	Level 2	Level 3	Total
Primary Government:					
Federal Home Loan Bank (FHLB)	3.06 years	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000

Credit quality distributions for investments in U.S. government obligations are as follows at June 30, 2018:

U.S. Government Obligations			
Moody's	Amount	S&P	Amount
Aaa	\$ 4,000,000	AA+	\$4,000,000

*2. Fiduciary Investments*

The City administers four fiduciary funds whose investments are held by a third party trustee bank. Additionally, the City utilizes an advisor to select appropriate investment choices.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018.

- *Stocks*: Valued at the closing price reported on the active market on which the individual securities are traded.
- *Mutual Funds*: Valued based on the investments relationship to benchmark quoted prices.
- *Partnerships*: Valued using either a discounted cash flow or market comparable entities technique.

## NOTE 4 – INVESTMENTS (CONTINUED)

The following table summarizes fair value disclosures and measurements for fiduciary investments at June 30, 2018:

Investments at Fair Value	Level 1	Level 2	Level 3	Total
Fiduciary Activities:				
Money Market	\$ -	\$ 1,220,038	\$ -	\$ 1,220,038
Common stock	9,071,551	-	-	9,071,551
Foreign stock	614,763	-	-	614,763
Equity mutual funds	2,918,406	28,107,499	-	31,025,905
Fixed income mutual funds	490,043	9,428,236	-	9,918,279
Balanced mutual funds	351,274	223,410	-	574,684
Partnerships	-	-	28,937,407	28,937,407
	\$ 13,446,037	\$ 38,979,183	\$ 28,937,407	\$ 81,362,627

The table below set forth a summary of changes in the fair value of level 3 assets for the year ended June 30, 2018:

	Level 3
Balance, beginning of year	\$ 27,069,543
Shares purchased	-
Shares sold	(31,499)
Unrealized appreciation (depreciation)	1,886,767
Realized gain (loss)	12,596
Balance, end of year	\$ 28,937,407

**Interest Rate Risk** – The City manages its exposure to declines in fair value by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City invests operating funds primarily in shorter-term securities or the LGIP and limits the average maturity of the portfolio to those established by TCA 6-5-106 for commercial paper and repurchase agreements and four years for investments in securities of the U.S. Treasury, Federal Government sponsored agencies, or certificates of deposit. However, the weighted average maturity value of the overall investment portfolio will not exceed twenty-four months.

**Credit Risk** – The City has adopted the investment policy established by TCA 6-5-106 for investments other than those held for Pension and OPEB benefits. The City diversifies its investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. The City had no investments that comprised more than 5% of its total investments at June 30, 2018.

**NOTE 5 – INTERFUND TRANSACTIONS**

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Funds		
General Fund		
General Purpose School Fund	\$ 292,875	\$ -
School Capital Projects Fund	-	727,631
	<u>292,875</u>	<u>727,631</u>
General Purpose School Fund		
General Fund	298,220	292,875
School Federal Projects Fund	336,310	-
	<u>634,530</u>	<u>292,875</u>
Nonmajor Funds		
School Capital Projects Fund		
General Fund	429,411	-
School Federal Projects Fund		
General Purpose School Fund	-	336,310
	<u>429,411</u>	<u>336,310</u>
	<u>\$ 1,356,816</u>	<u>\$ 1,356,816</u>

These balances resulted from the time lag between the dates that the interfund goods and services are provided or reimbursable expenditures occur and when payments between funds are made.

On October 31, 2000, the General Fund advanced \$2,500,000 for an expansion project at the Germantown Athletic Club. The advance is to be paid back over twenty years. As of June 30, 2018, advances to/from other funds of \$375,000 was payable from the Athletic Club Fund to the General Fund.

The composition of interfund transfers for the year ended June 30, 2018 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds		
General Fund		
General Purpose School Fund	\$ -	\$ 2,474,721
State Street Aid Fund	-	1,100,000
Farm Park Fund	-	120,000
Ambulance Fund	-	625,000
CIP Major Roads Fund	-	20,000
CIP Parks Improvement Fund	-	650,000
CIP Intersections Fund	-	700,000
CIP General Government Fund	-	1,580,000
CIP Drainage Projects Fund	950,000	-
Utility Fund	495,458	-
Athletic Club Fund	100,000	-
Great Hall Fund	-	85,000
	<u>1,545,458</u>	<u>7,354,721</u>

**NOTE 5 – INTERFUND TRANSACTIONS (CONTINUED)**

	<u>Transfers In</u>	<u>Transfers Out</u>
General Purpose School Fund		
CIP Germantown Municipal Schools	2,474,721	219,067
Municipal Schools Projects Fund		
School Capital Projects Fund	-	4,613,432
Total major governmental funds	4,020,179	12,187,220
Utility Fund		
General Fund	-	495,458
Athletic Club Fund		
General Fund	-	100,000
Total major funds	4,020,179	12,782,678
Nonmajor Funds		
State Street Aid Fund		
General Fund	1,100,000	-
Ambulance Fund		
General Fund	625,000	-
Farm Park Fund		
General Fund	120,000	-
CIP Intersections Fund		
General Fund	700,000	-
CIP General Government Fund		
General Fund	1,580,000	-
CIP Major Roads Fund		
General Fund	20,000	-
CIP Parks Improvement Fund		
General Fund	650,000	-
CIP Drainage Projects Fund		
General Fund	-	950,000
School Capital Projects Fund		
Municipal Schools Projects Fund	4,832,499	-
Total nonmajor governmental funds	9,627,499	950,000
Great Hall Fund		
General Fund	85,000	-
	<u>\$ 13,732,678</u>	<u>\$ 13,732,678</u>

Transfers from the general fund were made to provide sufficient positive fund balance within the special revenue and enterprise funds and to provide capital project funding. Transfers from the general purpose school fund were made to provide sufficient positive fund balance within the other School special revenue funds. Transfer from the utility fund to the general fund are payment in lieu of taxes.

Unrestricted cash in the various funds of the City are pooled in one fund for investment purposes. At each month-end, the interfund balances reflect each fund's portion of the cash/investment pool. Interest income is allocated to each fund based on the interfund balances at the end of the month.

## NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 14,972,763	\$ 4,081,792	\$ -	\$ 19,054,555
Construction in progress	13,162,049	4,562,860	(13,750,304)	3,974,605
Total capital assets, not being depreciated	28,134,812	8,644,652	(13,750,304)	23,029,160
Capital assets, being depreciated:				
Buildings and improvements	86,388,826	16,004,137	-	102,392,963
Improvements other than buildings	66,525,250	3,779,985	(44,637)	70,260,598
Machinery and equipment	28,189,561	4,000,164	(729,209)	31,460,516
Vehicles	10,116,092	2,025,949	(465,034)	11,677,007
Infrastructure	67,012,310	275,497	-	67,287,807
Total capital assets, being depreciated	258,232,039	26,085,732	(1,238,880)	283,078,891
Less accumulated depreciation for:				
Buildings and improvements	(22,139,014)	(2,674,715)	-	(24,813,729)
Improvements other than buildings	(31,376,274)	(2,318,064)	-	(33,694,338)
Machinery and equipment	(19,391,975)	(2,874,683)	716,377	(21,550,281)
Vehicles	(6,753,169)	(726,147)	457,828	(7,021,488)
Infrastructure	(33,951,267)	(1,957,280)	-	(35,908,547)
Total accumulated depreciation	(113,611,699)	(10,550,889)	1,174,205	(122,988,383)
Total capital assets, being depreciated, net	144,620,340	15,534,843	(64,675)	160,090,508
Governmental activities capital assets, net	<u>\$ 172,755,152</u>	<u>\$ 24,179,495</u>	<u>\$ (13,814,979)</u>	<u>\$ 183,119,668</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,772,593	\$ -	\$ -	\$ 2,772,593
Construction in progress	3,018,824	1,294,432	(4,165,717)	147,539
Total capital assets, not being depreciated	5,791,417	1,294,432	(4,165,717)	2,920,132
Capital assets, being depreciated:				
Buildings and improvements	41,820,099	3,680,943	-	45,501,042
Improvements other than buildings	55,739,179	1,193,874	-	56,933,053
Machinery and equipment	3,670,624	641,697	(27,870)	4,284,451
Total capital assets, being depreciated	101,229,902	5,516,514	(27,870)	106,718,546
Less accumulated depreciation for:				
Buildings and improvements	(16,194,493)	(1,030,721)	-	(17,225,214)
Other improvements	(25,891,318)	(1,307,527)	-	(27,198,845)
Machinery and equipment	(3,079,123)	(177,328)	27,870	(3,228,581)
Total accumulated depreciation	(45,164,934)	(2,515,576)	27,870	(47,652,640)
Total capital assets, being depreciated, net	56,064,968	3,000,938	-	59,065,906
Business-type activities capital assets, net	<u>\$ 61,856,385</u>	<u>\$ 4,295,370</u>	<u>\$ (4,165,717)</u>	<u>\$ 61,986,038</u>



## NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General government	\$ 1,674,936
Public safety	1,349,533
Community service	890,237
Transportation and environment	3,552,182
Municipal school	3,084,001
Total depreciation expense - governmental activities	<u>\$ 10,550,889</u>
Business-type activities	
Utility	\$ 1,779,310
Athletic club	623,833
Nonmajor enterprise funds	112,433
Total depreciation expense - business-type activities	<u>\$ 2,515,576</u>

### Construction and other significant commitments

The government has active construction projects as of June 30, 2018. At year-end the government's commitments with contractors are as follows:

<u>Function/Activity</u>	<u>Commitment</u>
Major roads construction & improvement	\$ 432,327
Intersections	648,779
Drainage	2,088,774
Parks and recreation	539,679
General government	303,882
GMSD	529,323
	<u>\$ 4,542,764</u>

## NOTE 7 – LONG-TERM LIABILITIES

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### *1. Long-Term Debt*

#### General obligation and revenue bonds

The City periodically issues general obligation bonds for the acquisition, construction, and improvement of major capital facilities and infrastructure. The bonds are generally issued as 10, 20, or 30 year serial bonds. The City is not subject to any state or other law that limits the amount of net bonded debt a City may have outstanding; therefore, there is no legal debt margin or computation thereof. The City's full faith, credit and unlimited taxing power are pledged to the repayment of all general obligation bond principal and interest and the City is contingently liable for the repayment of revenue bond principal and interest.

On September 28, 2017, the City issued \$29,275,000 in General Obligation Bonds, Series 2017, maturing on August 1, 2047 with a true interest costs of 3.11%. The proceeds will be used to fund the construction of a new elementary building in the Germantown Municipal School District.

## NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Debt outstanding as of June 30, 2018 consisted of the following:

	Interest Rates	Maturity Date	Original Issue	Balance at Year End
Governmental activities:				
General obligation bonds:				
2009 Serial Bonds	3.25-3.75%	2022	\$ 9,635,000	\$ 1,375,000
2011 Serial Bonds	2.00-3.25%	2032	6,025,000	4,500,000
2013 Serial Bonds A	2.00-3.625%	2034	3,500,000	2,945,000
2013 Serial Bonds B	2.00-4.00%	2026	5,570,000	2,180,000
2016 Serial Bonds A	2.00-5.00%	2036	7,935,000	7,090,000
2016 Serial Bonds B	2.00-5.00%	2046	10,220,000	9,935,000
2017 Serial Bonds	4.00-5.00%	2048	29,275,000	29,275,000
			\$ 72,160,000	57,300,000
Business-type activities:				
Revenue bonds:				
2008 Serial Bonds	4.00%	2019	\$ 5,000,000	\$ 590,000
			\$ 77,160,000	\$ 57,890,000

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

Years Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$1,670,000	\$2,747,020	\$ 590,000	\$ 11,800
2020	2,305,000	2,263,403	-	-
2021	2,345,000	2,183,953	-	-
2022	2,325,000	2,097,209	-	-
2023	2,075,000	2,019,115	-	-
2024-2028	11,085,000	8,833,016	-	-
2029-2033	10,465,000	6,477,584	-	-
2034-2038	9,045,000	4,422,919	-	-
2039-2043	7,735,000	2,664,650	-	-
2044-2048	8,250,000	848,600	-	-
	\$ 57,300,000	\$ 34,557,469	\$ 590,000	\$ 11,800

Although the City is not subject to any state debt limits, the City has developed a debt policy that limits the amount of debt it may obtain: (1) net debt service may not exceed 12% of general fund expenditures; (2) direct debt may not exceed 1.5% of appraised property value; (3) direct debt may not exceed \$2,000 per capita income; and (4) per capita debt may not exceed 4% of per capita income.

### 2. Settlement Liability

In January 2014, the City and the School entered into a settlement agreement with the Board of Commissioners of Shelby County, Shelby County, Tennessee, and the Shelby County Board of Education. The City agreed to pay the Shelby County Board of Education twelve annual installments of \$355,453. The City elected to establish the liability incurred through the settlement agreement at its present value with a discount rate of 3.33%.

## NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Future payments under the settlement liability are as follows for the years ending June 30:

2019	\$355,453
2020	355,453
2021	355,453
2022	355,453
2023	355,453
2023-2026	<u>1,066,358</u>
Total payments	\$2,843,623
Less amount representing interest	<u>(388,105)</u>
	<u>\$ 2,455,518</u>

### 3. Changes in long-term liabilities

A summary of long-term liability activity, including debt, for the year ended June 30, 2018 is as follows. Additional detailed information is available following the summary.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 30,325,000	\$ 29,275,000	\$ (2,300,000)	\$ 57,300,000	\$ 1,670,000
Settlement obligation	3,199,076	-	(355,453)	2,843,623	355,454
Unamortized premiums (discounts), net	3,221,961	3,778,809	(210,933)	6,789,837	-
Total long-term debt	<u>36,746,037</u>	<u>33,053,809</u>	<u>(2,866,386)</u>	<u>66,933,460</u>	<u>2,025,454</u>
Compensated absences	3,104,959	723,526	(195,202)	3,633,283	195,202
Net pension liability*	21,195,982	2,943,467	-	24,139,449	-
Net OPEB liability*	8,243,467	-	(110,598)	8,132,869	-
	<u>\$ 69,290,445</u>	<u>\$ 36,720,802</u>	<u>\$ (3,172,186)</u>	<u>\$ 102,839,061</u>	<u>\$ 2,220,656</u>
Business-type activities:					
Revenue bonds	\$ 1,665,000	\$ -	\$ (1,075,000)	\$ 590,000	\$ 590,000
Unamortized premiums	20,630	-	(16,663)	3,967	-
Total long-term debt	<u>1,685,630</u>	<u>-</u>	<u>(1,091,663)</u>	<u>593,967</u>	<u>590,000</u>
Compensated absences	131,659	49,648	(9,322)	171,985	-
Net pension liability*	1,846,878	556,695	-	2,403,573	-
Net OPEB liability*	241,044	28,919	-	269,963	-
	<u>\$ 3,664,167</u>	<u>\$ 606,343</u>	<u>\$ (1,100,985)</u>	<u>\$ 3,169,525</u>	<u>\$ 590,000</u>

\*net increase (decrease) shown

For governmental activities, net pension liability, other postemployment benefits, and compensated absences are generally liquidated by the general fund and general purpose school fund. No interest was capitalized for the year ended June 30, 2018. For the governmental activities, \$29,517,456 of bond proceeds were not spent as of June 30, 2018. As such, these proceeds were not included in the calculation of net investment in capital assets. There were no unspent bond proceeds for business-type activities as of June 30, 2018.

## NOTE 8 – DEFERRED LOSS ON REFUNDING

The unamortized deferred loss on refunding relates to General Obligation Refunding Bonds for governmental activities. Deferred loss on refunding reported in the statement of net position at June 30, 2018 consists of \$244,627 related to the refunding of the Series 2009 bonds.

## NOTE 9 – FUND BALANCES BY PURPOSE

Following is more detailed information on the governmental fund balances:

	General Fund	General Purpose School Fund	Municipal Schools Projects	Other Governmental Funds	Total
Nonspendable for:					
Inventory	\$ 65,646	\$ -	\$ -	\$ -	\$ 65,646
Prepaid expenditures	500	77,585	-	1,800	79,885
Long-term portion of receivable	249,500	-	-	-	249,500
Total nonspendable fund balance	315,646	77,585	-	1,800	395,031
Restricted for:					
Drug enforcement	-	-	-	125,919	125,919
Federal asset forfeiture	-	-	-	19,392	19,392
Library endowment	-	-	-	234,272	234,272
Education	-	122,762	-	38,652	161,414
Total restricted fund balance	-	122,762	-	418,235	540,997
Committed for:					
State street aid	-	-	-	1,161,122	1,161,122
Pickering center	-	-	-	323,034	323,034
Ambulance	-	-	-	53,602	53,602
Farm Park	-	-	-	147,512	147,512
Recreation	-	-	-	612,851	612,851
Emergency purposes	900,000	-	-	-	900,000
Contingencies	50,000	-	-	-	50,000
Capital assets	2,365,000	-	23,056,833	2,310,511	27,732,344
Tax anticipation	10,752,156	-	-	-	10,752,156
Debt service	4,418,520	-	-	-	4,418,520
Total committed fund balance	18,485,676	-	23,056,833	4,608,632	46,151,141
Assigned to:					
Vacation Accrual	1,656,941	-	-	-	1,656,941
Contingencies	775,783	-	-	-	775,783
Major Road Capital Projects	-	-	-	6,948,100	6,948,100
General Government Capital Projects	-	-	-	1,269,007	1,269,007
Fire Department Capital Projects	-	-	-	7,315	7,315
Parks Improvement Capital Projects	-	-	-	455,314	455,314
Municipal Schools Capital Projects	-	-	-	-	-
Drainage Capital Projects	-	-	-	808,249	808,249
Education	-	16,125,558	-	-	16,125,558
Total assigned fund balance	2,432,724	16,125,558	-	9,487,985	28,046,267
Unassigned	19,491,140	-	-	(1,470,902)	18,020,238
Total fund balances	\$ 40,725,186	\$ 16,325,905	\$ 23,056,833	\$ 13,045,750	\$ 93,153,674

## NOTE 10 – PENSIONS

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The City of Germantown is the administrator of the following defined benefit single-employer Public Employee Retirement Plans established by the City to provide pension benefits for its employees:

- I. **City of Germantown, Tennessee Amended and Restated Employees' Retirement Plan ("Amended and Restated Plan")** – The plan as amended in 2001 and restated in 2008 is a single-employer defined benefit plan. Full-time employees of the City of at least 18 years of age (age 21 for emergency services employees) originally were eligible to participate in this plan. Effective June 30, 2013, the plan was closed to new employees, but continues to provide benefits to existing members.
- II. **City of Germantown, Tennessee Defined Benefit Plan ("Employee Cash Balance Plan")** – The plan is a single-employer defined benefit plan. Employees of at least 21 years of age hired on July 1, 2013 and after are eligible for this plan after a six-month waiting period.

Each plan is considered a part of the City's financial reporting entity and is included in the City's financial reports as a pension trust fund. The City does not issue stand-alone financial reports for the Amended and Restated Plan or the Employee Cash Balance Plan. Benefits and contributions are established by the City and may be amended only by the Board of Mayor and Aldermen.

The Germantown City Board of Education participates in the following defined benefit multiple-employer Public Employee Retirement Plans administered by the Tennessee Consolidated Retirement System ("TCRS"):

- III. **Legacy Public Employee Retirement Plan ("BOE Legacy")** – Certain administrative employees of the Germantown City Board of Education with membership in TCRS prior to July 1, 2014 are included in this plan. This plan was closed to new membership on June 30, 2014, but continues to provide benefits to existing members. This is an agent multiple-employer pension plan.
- IV. **Hybrid Public Employee Retirement Plan ("BOE Hybrid")** – Certain administrative employees of the Germantown City Board of Education with membership in TCRS beginning on or after July 1, 2014 are included in this plan. This plan is a hybrid plan which features both a defined contribution element and a pension plan element. This is an agent multiple-employer pension plan.
- V. **Teacher Legacy Pension Plan ("Teacher Legacy")** – Teachers with membership in TCRS prior to July 1, 2014 are included in this plan. The plan was closed to new membership on June 30, 2014, but continues to provide benefits to existing members. The plan is a cost sharing multiple-employer pension plan.
- VI. **Teacher Retirement Plan ("Teacher Hybrid")** – Teachers with membership in TCRS beginning July 1, 2014 are included in this plan. The plan is a hybrid plan which features both a defined contribution element and a pension plan element. The plan is a cost sharing multiple-employer pension plan.

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs). Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute.

## NOTE 10 – PENSIONS (CONTINUED)

The net pension assets, deferred outflows of resources, net pension liabilities, and deferred inflows of resources related to pensions reported on the statement of net position are summarized as follows:

	Net Pension Asset	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources
<b>Governmental Activities</b>				
Amended and Restated Plan	\$ -	\$ 8,914,691	\$ 24,037,375	\$ -
Employee Cash Balance Plan	-	-	102,074	89,719
BOE Legacy Plan	116,459	313,128	-	27,207
BOE Hybrid Plan	23,755	95,203	-	1,601
Teacher Legacy Pension Plan	201,103	7,730,709	-	4,151,825
Teacher Hybrid Pension Plan	146,667	215,180	-	24,987
Total governmental activities	<u>\$ 487,984</u>	<u>\$ 17,268,911</u>	<u>\$ 24,139,449</u>	<u>\$ 4,295,339</u>
<b>Business-type Activities</b>				
Amended and Restated Plan	<u>\$ -</u>	<u>\$ 887,767</u>	<u>\$ 2,403,573</u>	<u>\$ -</u>

### A. General Information about the Pension Plan

#### Benefits Provided

Under the Amended and Restated Plan, members, with exception of Emergency Service Participants (“ESP”) and a closed group of public works and general services participants (“closed group”) are eligible to retire with an unreduced benefit at age 62 with 5 years of service credit or ten years if employed after September 1, 2008. Members of the ESP and closed group are eligible to retire with an unreduced benefit at age 55 with 5 years of service credit or ten years if employed after September 1, 2008. A reduced early retirement benefit is available at age 55 (age 50 for ESP and closed group) with 10 years of service credit. The retirement benefit is calculated at 2.25% of average compensation during the highest consecutive three years of service within the ten years of service immediately preceding termination multiplied by years of credit service not in excess of 30, with a maximum benefit of 67.5% of average compensation. Employees are 100% vested only after ten years of service or five years of service if hired before July 1, 2003. A variety of death benefits are available under various eligibility criteria.

Under the Employee Cash Balance Plan, eligible employees must contribute 5% of their pay. The City matches the 5% and guarantees a 5% return. Participants are 100% vested in their contributions when they are made. Participants are 100% vested in employer matching contributions after ten years of service. The plan is portable and may be taken with the employee after vesting.

Under the BOE Legacy Plan and Teacher Legacy Plan, members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Under the BOE Hybrid Plan and Teacher Hybrid Plan, members are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member’s age and service credit total 90. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit.

## NOTE 10 – PENSIONS (CONTINUED)

No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Plan and Teacher Hybrid Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, under the BOE Hybrid Plan, Teacher Legacy Plan, and Teacher Hybrid Plan, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

### Employees Covered by Benefit Terms

The City Employee Pension Plan and Employee Cash Balance Plan have a measurement date of June 30, 2018 while the School TCRS Plans have a measurement date of June 30, 2017. As of the respective plan measurement dates, the following employees were covered by the benefit terms of the agent plans:

	Amended & Restated Plan	Cash Balance Plan	TCRS School BOE	
			Legacy Plan	Hybrid Plan
Inactive employees or beneficiaries currently receiving benefits	187	-	10	-
Inactive employees entitled to but not yet receiving benefits	114	4	23	7
Active employees	264	117	97	26
	<u>565</u>	<u>121</u>	<u>130</u>	<u>33</u>

### Contributions

Under the Amended and Restated Pension Plan, Emergency Services participants with fewer than thirty years of credit service are required to contribute 6.8% of earnings to the plan. Under the Employee Cash Balance Plan, covered employees are required to contribute 5% of earnings to the retirement plan. Employer contributions are based on an actuarially determined rate.

Under the TCRS Plans, contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or, for the BOE Hybrid Plan and Teacher Hybrid Plan, by automatic cost controls set by law. Employees contribute 5 percent of salary. The Board of Education makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions are required to be paid. The TCRS may intercept the Board of Education's state shared taxes if required employer contributions are not remitted. The employer rate and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability. Per statutory provisions governing TCRS, the employer contribution rate for the BOE Hybrid Plan and Teacher Hybrid Plan cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees is reached.

Employer contributions to each plan for the year ended June 30, 2018 were as follows:

	Amended & Restated Plan	Cash Balance Plan	TCRS School BOE		TCRS Teacher Plans	
			Legacy Plan	Hybrid Plan	Legacy Plan	Hybrid Plan
Employer contributions	\$ 2,926,340	\$ 239,598	\$ 264,748	\$ 50,699	\$ 195,758	\$ 194,915
As a percentage of covered payroll	15.91%	4.82%	9.27%	4.00%	9.08%	4.00%

## B. Actuarial Assumptions

### City Administered Amended and Restated Pension Plan

The total pension liability was determined as part of the June 30, 2018 actuarial valuation using the entry age normal level percent of pay cost method. Significant actuarial assumptions used in the valuation include:

Inflation	2.5%
Salary increases	4.0%, including inflation
Investment rate of return	7.5%, net of investment expense, including inflation
Mortality table	RP-2000 with 2% load for expected mortality improvement

## NOTE 10 – PENSIONS (CONTINUED)

### Investment Policy

The long-term expected rate of return on pension plan investments was developed in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage.

<u>Asset Class</u>	<u>Target</u>
Cash equivalents	2%
Domestic common stocks	11%
Foreign stocks	1%
Mutual funds – equity	37%
Mutual funds – fixed income	10%
Miscellaneous other investments	39%

### Rate of Return

For the year ended June 30, 2018, the annual approximate rate of return on investments was 6.60%. The rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

### Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at actuarially determined rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods projected benefit payments to determine the total pension liability.

### City Administered Employee Cash Balance Plan

The total pension liability was determined as part of the June 30, 2018 actuarial valuation using the entry age normal level percent of pay, actuarial cost method. Significant actuarial assumptions used in the valuation include:

Inflation	2.5%
Salary increases	4.0%, including inflation
Investment rate of return	5.0%, net of investment expense, including inflation
Mortality table	IRS applicable mortality – post-retirement only

### Investment Policy

The long-term expected rate of return on pension plan investments was developed in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage.

<u>Asset Class</u>	<u>Target</u>
Cash equivalents	3%
Mutual funds – equity	63%
Mutual funds – fixed income	15%
Mutual funds – balanced	19%

### Rate of Return

For the year ended June 30, 2018, the annual approximate rate of return on investments was 4.70%. The rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

### Discount Rate

The discount rate used to measure the total pension liability was 5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at actuarially determined rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods projected benefit payments to determine the total pension liability.



## NOTE 10 – PENSIONS (CONTINUED)

### TCRS Administered Pension Plans

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

Inflation	2.5%
Salary increases	Graded salary ranges from 8.75% to 3.45% based on age, including inflation, averaging 4.00%
Investment rate of return	7.25%, net of investment expense, including inflation
Cost-of-Living Adjustment	2.25%
Mortality rates	Actual experience including an adjustment for anticipated movement

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

### Changes of Assumptions

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

### Investment Policy

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

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

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

### Discount Rate

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

**NOTE 10 – PENSIONS (CONTINUED)**

**C. Net Pension Liability (Asset)**

The net pension liability (asset) for each City administered plan was measured as of June 30, 2018 and each TCRS administered plan was measured as of June 30, 2017. The total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of the respective dates. The components of the net pension liability (asset) as of those dates are as follows:

	Agent Plans				Cost-Sharing Plans	
	Amended & Restated Plan	Cash Balance Plan	TCRS School BOE		TCRS Teacher Plans	
			Legacy Plan	Hybrid Plan	Legacy Plan	Hybrid Plan
Total Pension Liability						
Service cost	\$ 1,284,459	\$ 552,091	\$ 383,628	\$ 25,937		
Interest	6,951,892	44,011	99,446	4,111		
Changes of benefit items	-	-	-	-		
Differences between expected and actual experience	493,735	(52,133)	(16,391)	26,069		
Changes in assumptions	-	-	28,322	2,642		
Benefit payments, including refunds	(4,109,328)	(32,365)	(11,957)	-		
Net change in total pension liability	4,620,758	511,604	483,048	58,759		
Total pension liability - beginning	94,104,335	896,395	948,299	28,875		
Total pension liability - ending	98,725,093	1,407,999	1,431,347	87,634		
Plan Fiduciary Net Position						
Contributions - employer	2,926,340	239,598	291,593	31,017		
Contributions - employee	711,081	267,313	157,278	38,771		
Net investment income	4,576,414	49,793	130,205	7,934		
Benefit payments	(4,109,328)	(32,365)	(11,957)	-		
BOE expense	(225,152)	(6,727)	(8,178)	(2,529)		
Other changes	-	-	111,076	-		
Net change in plan fiduciary net position	3,879,355	517,612	670,017	75,193		
Plan fiduciary net position - beginning	68,404,790	788,313	877,789	36,196		
Plan fiduciary net position -ending	72,284,145	1,305,925	1,547,806	111,389		
Net pension liability (asset)	\$ 26,440,948	\$ 102,074	\$ (116,459)	\$ (23,755)		
Proportionate share of net pension liability (asset)					\$ (201,103)	\$ (146,667)
Proportionate share at June 30, 2017 measurement date					0.614649%	0.555902%
Proportionate share at June 30, 2016 measurement date					0.614341%	0.501126%

The School's proportion of the net pension liability (asset) was based on School's share of contributions to each cost-sharing plan relative to the contributions of all participating LEAs. Detailed information about each cost-sharing pension plan's fiduciary net position is available in a separately issued TCRS financial report.

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

The following presents the net pension liability (asset) or proportionate share of net pension liability (asset) of the City related to each plan calculated using the current discount rates as well as what the net pension liability (asset) or proportionate share of net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Current Rate	1% Decrease	Current Rate	1% Increase
Net pension liability (asset)				
City Amended & Restated Plan	7.50%	\$ 31,800,281	\$ 26,440,948	\$ 15,476,787
Cash Balance Plan	7.50%	352,938	102,074	(74,360)
TCRS School BOE Legacy Plan	7.25%	136,822	(116,459)	(320,921)
TCRS School BOE Hybrid Plan	7.25%	(3,627)	(23,755)	(39,566)
Proportionate share of the net pension asset				
TCRS Teacher Legacy Plan	7.25%	\$ 18,044,641	\$ (201,103)	\$ (15,282,412)
TCRS Teacher Hybrid Plan	7.25%	29,262	(146,667)	(275,712)

**NOTE 10 – PENSIONS (CONTINUED)**

**D. Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2018, the City reported pension expense and deferred outflows of resources and deferred inflows of resources related to each plan from the following sources:

	Amended & Restated Plan	Cash Balance Plan	TCRS School BOE		TCRS Teacher Plans	
			Legacy Plan	Hybrid Plan	Legacy Plan	Hybrid Plan
Pension Expense (Negative Pension Expense)	\$ 3,004,269	\$ 279,724	\$ 141,700	\$ (6,863)	\$ 1,283,693	\$ 66,193
Deferred Outflows of Resources						
Differences between expected and actual experience	\$ 3,386,007	\$ -	\$ 24,104	\$ 42,126	\$ 121,239	\$ 5,140
Net difference between projected and actual earnings on plan investments	2,492,850	-	-	-	30,527	-
Changes in assumptions	3,923,601	-	24,276	2,378	1,703,223	12,885
Change in proportion of net pension liability (asset)	-	-	-	-	3,916,963	2,240
Contributions subsequent to the measurement date of June 30, 2018	-	-	264,748	50,699	1,958,757	194,915
	<u>\$ 9,802,458</u>	<u>\$ -</u>	<u>\$ 313,128</u>	<u>\$ 95,203</u>	<u>\$ 7,730,709</u>	<u>\$ 215,180</u>
Deferred Inflows of Resources						
Differences between expected and actual experience	-	70,755	14,049	-	4,151,825	11,030
Net difference between projected and actual earnings on plan investments	-	18,964	13,158	1,601	-	7,892
Changes in assumptions	-	-	-	-	-	-
Change in proportion of net pension liability (asset)	-	-	-	-	-	6,065
	<u>\$ -</u>	<u>\$ 89,719</u>	<u>\$ 27,207</u>	<u>\$ 1,601</u>	<u>\$ 4,151,825</u>	<u>\$ 24,987</u>

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

	Amended & Restated Plan	Cash Balance Plan	TCRS School BOE		TCRS Teacher Plans	
			Legacy Plan	Hybrid Plan	Legacy Plan	Hybrid Plan
2019	\$ 2,380,099	\$ (10,880)	\$ 4,879	\$ 4,568	\$ (157,625)	\$ (1,033)
2020	1,773,020	(11,334)	4,879	4,568	1,899,684	(1,033)
2021	173,836	(9,427)	3,073	4,561	763,099	(1,484)
2022	752,116	(3,692)	(3,104)	4,381	(885,031)	(3,514)
2023	646,555	(2,758)	5,722	4,920	-	207
Thereafter	4,076,831	(51,628)	5,724	19,905	-	2,135

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

**NOTE 11 – DEFINED CONTRIBUTION EMPLOYEE BENEFIT PLAN**

**401(k) Plan**

The Teacher Hybrid Plan and the BOE Hybrid Plan (the Hybrid Plans) provide a combination of a defined benefit plan and a defined contribution plan. The defined benefit portion of the Hybrid Plans are managed by TCRS. The defined contribution assets are deposited into the State's 401(k) plan where the employee manages the investments within the 401(k) plan. Enrolled employees may, at their option, contribute 2% of their salaries and employers are required to contribute 5% of those salaries to the defined contribution (401(k)) portion of the Hybrid Plans. Participants are immediately vested in contributions. Contributions are made on a tax-deferred basis. During 2018, the Board of Education's employer contribution to the Hybrid Plans was \$213,390.

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)**

The City and Board of Education each administer a single-employer defined benefit other postemployment plan to provide health care benefits to certain employees and elected officials under the provisions of the Retirement System of the City of Germantown i.e. City of Germantown, Tennessee Other Postemployment Benefit Plan and Germantown Municipal School District Other Postemployment Benefit Plan.

- I. **City of Germantown, Tennessee Other Postemployment Benefit Plan (“City OPEB Plan”)** – Certain employees who have at least 15 years of service and who have attained the age of 62 (or age 55 for Emergency Services participants). Employees may also retire after age 55 (age 50 for Emergency Services participants) and the completion of 15 years of service. Effective January 1, 2007, employees must participate in the healthcare plan for a minimum of ten years, and dependents for a minimum of five year, to be eligible.
  
- II. **Germantown Municipal School District Other Postemployment Benefit Plan (“School OPEB Plan”)** – Legacy employees who retire from the School and qualify under TCRS may be eligible for the plan. Eligible employees must complete 25 years of continuous service or at least age 55 with 15 years of service with the Germantown Municipal School District (“GMSD”). Those who are former employees of Shelby County School District or Memphis City Schools must have 30 years of continuous service or at least age 60 with 15 years of continuous service with GMSD, Shelby County, and/or Memphis City Schools prior to retirement. Non-legacy employees are not eligible for any postemployment health benefits. Eligible employees must be enrolled in the healthcare plan for one year immediately before the retirement date. The plan was closed to new participants as of June 30, 2017.

The plans are considered part of the City’s financial reporting entity and are included in the City’s financial reports as an OPEB trust funds. The City does not issue a stand-alone financial report for either plan. Benefits provided including coverage and eligibility and contribution requirements of the City OPEB plan and School OPEB plan are established and may be amended only by the Board of Mayor and Aldermen and Board of Education, respectively, at any time, for any reason.

The net OPEB assets, deferred outflows of resources, net OPEB liabilities, and deferred inflows of resources related to OPEBs reported on the statement of net position are summarized as follows:

	Net OPEB Asset	Deferred Outflows of Resources	Net OPEB Liability	Deferred Inflows of Resources
<b>Governmental Activities</b>				
City OPEB Plan	\$ -	\$ 1,491,328	\$ 2,429,673	\$ 20,694
School OPEB Plan	-	157,495	5,703,196	353,644
Total governmental activities	<u>\$ -</u>	<u>\$ 1,648,823</u>	<u>\$ 8,132,869</u>	<u>\$ 374,338</u>
<b>Business-type Activities</b>				
City OPEB Plan	<u>\$ -</u>	<u>\$ 165,703</u>	<u>\$ 269,963</u>	<u>\$ 2,299</u>

**A. General Information about the OPEB Plans**

Benefits Provided

The City OPEB plan provides healthcare and dental benefits for retirees through the City’s health insurance plans, which cover active and retired participants. Prior to January 1, 2008, the City’s insurance became secondary to Medicare Insurance. After January 1, 2008 but before January 1, 2014, employees who retired and had reached age 65 are eligible for only the City’s dental prescription drugs. Employees retiring on or after January 1, 2014, are eligible for the City’s dental plan only. Any retiree or dependent who becomes eligible for Medicare at any age will no longer participate in the City’s healthcare plan. The City also provides Medicare subsidies to retirees which vary based on retirement date and marital status.

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)**

The School OPEB plan provides healthcare for retirees and their dependents. Benefits are provided through a third-party insurer. Retirees on or before September 1, 2017 are eligible to continue coverage on the GMSD's pre-65 plan until Medicare eligible at which point the retiree has the option to continue current coverage with premium share for supplementary Medicare insurance with the employer or opt to receive a monthly stipend. Retirees after September 1, 2017, are eligible to receive a monthly stipend covered by GMSD's explicit subsidy. Surviving spouses of legacy retirees are able to stay on the plan at their own expense until Medicare eligible. Those retiring on or prior to September 1, 2017 are eligible to receive life insurance benefits for life while those retiring after September 1, 2017 are eligible to receive life insurance benefits until reaching age 65. The premium charged to retirees is the portion of premiums not covered by the School subsidy.

Employees Covered by Benefit Terms

Plan membership as of January 1, 2017, the date of the City OPEB valuation, and June 30, 2017, the date of the School OPEB valuation, consisted of the following:

	City OPEB Plan	School OPEB Plan
Inactive employees or beneficiaries currently receiving benefits	95	27
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	390	506
	<u>485</u>	<u>533</u>

Contributions

The City and School have adopted contributory OPEB plans for its employees requiring employee contributions to be made in accordance with the employee's age and employment status. The City's and School's intent is to fully fund the actuarial determined contribution and provide excess funding as available. Employer contributions are based on an actuarially determined rate. All obligations are liquidated from the City OPEB Trust and School OPEB Trust, respectively.

Employer contributions to each plan for the year ended June 30, 2018 were as follows:

	City OPEB Plan	School OPEB Plan
Employer contributions	\$ 741,248	\$ 735,092
As a percentage of covered payroll	3.17%	2.80%

**B. Actuarial Assumptions**

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. As such, the actuarial calculations of the OPEB plan reflect a long-term perspective. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

City Administered OPEB Plan

The total OPEB liability was determined by an actuarial valuation as of January 1, 2017 using the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases	4.0%
Investment rate of return	7.5%, net of investment expense, including inflation
Mortality table	RP-2000 with 2% load for expected mortality improvement
Health care cost trend rate	8.0% initial rate, 4.0% ultimate rate, 9 year grading period

## NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

### Investment Policy

The long-term expected rate of return on OPEB plan investments were established by weighted the 10 year expected rate of return by the target asset allocation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	45%	6.75%
	35%	5.30%
Fixed income	15%	2.75%
	5%	5.00%
Short-term securities	0%	2.00%
	100%	

### Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investment was 6.08%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Discount Rate Information

The discount rate used in valuing OPEB liabilities in funded plans as of the measurement date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that they are sufficient to pay for projected benefit payments and the OPEB plan assets are invested using a strategy that will achieve that return. The final equivalent single discount rate as of June 30, 2018 is 7.5%.

### GMSD Administered OPEB Plan

Assumptions are based on an actuarial valuation date of June 30, 2017 with results projected to the June 30, 2018 measurement date on a "no gain / no loss" basis. Liabilities as of July 1, 2017 are based on an actuarial valuation date of June 30, 2017 with no adjustments.

Inflation	3.0%
Salary increases	3.0%
Investment rate of return	7.0%, net of investment expense, including inflation
Mortality table	RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017
Health care cost trend rate	8.5% initial rate, 5.0% ultimate rate, 8 year grading period

### Investment Policy

The long-term expected rate of return on OPEB plan investments were established by weighted the 10 year expected rate of return by the target asset allocation. The investment strategy includes a diverse investment portfolio designed to provide potential for growth primarily and income secondarily with an emphasis placed on near-market-level total return. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Minimum-Maximum Allocation
Fixed income	35%	25%-50%
Equity	60%	45%-70%
Real estate	5%	0%-10%
	100%	

## NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

### Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investment was 7.38 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Discount Rate Information

The discount rate used in valuing OPEB liabilities in funded plans as of the measurement date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that they are sufficient to pay for projected benefit payments and the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) must be used. The final equivalent single discount rate as of June 30, 2018 is 7.0% with the assumption that the Schools will continue to contribute the actuarial determined contribution until the time when the OPEB Trust at the time the Trust is expected to be sufficient to finance all future benefit payments.

### C. Net OPEB Liability

The components of the net OPEB liability for each plan at June 30, 2018, were as follows:

	City OPEB Plan	School OPEB Plan
Total OPEB Liability		
Service cost	\$ 183,386	\$ 224,642
Interest	592,001	563,950
Changes of benefit items	-	-
Differences between expected and actual experience	810,904	(291,485)
Changes in assumptions	-	-
Benefit payments, including refunds	<u>(1,123,973)</u>	<u>(597,414)</u>
Net change in total OPEB liability	462,318	(100,307)
Total OPEB liability - beginning	<u>8,363,644</u>	<u>8,125,448</u>
Total OPEB liability - ending	8,825,962	8,025,141
Plan Fiduciary Net Position		
Contributions - employer	741,248	735,092
Contributions - retiree	215,062	50,000
Net investment income	357,132	109,894
Benefit payments	(1,123,973)	(597,414)
Administrative expense	<u>(16,351)</u>	<u>(27,000)</u>
Net change in plan fiduciary net position	173,118	270,572
Plan fiduciary net position - beginning	<u>5,953,208</u>	<u>2,051,373</u>
Plan fiduciary net position -ending	<u>6,126,326</u>	<u>2,321,945</u>
Net OPEB liability (asset)	<u>\$ 2,699,636</u>	<u>\$ 5,703,196</u>

### Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents each plans net OPEB liability (asset) calculated using the current discount rate, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)**

	<u>Current Discount Rate</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
City Net OPEB liability (asset)	7.50%	\$ 3,583,581	\$ 2,699,636	\$ 1,926,525
School Net OPEB liability (asset)	7.00%	\$ 6,521,086	\$ 5,703,196	\$ 4,989,705

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate

The following presents the City's net OPEB liability (asset) calculated using the healthcare cost trend rate as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
City Net OPEB liability (asset)	8.0% decreasing to 4%	\$ 1,610,833	\$ 2,699,636	\$ 3,906,654
School Net OPEB liability (asset)	8.5% decreasing to 5%	\$ 5,068,613	\$ 5,703,196	\$ 6,436,727

**D. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the City and School reported OPEB expense and deferred outflows of resources and deferred inflows of resources related to each OPEB plan from the following sources:

	<u>City OPEB Plan</u>	<u>School OPEB Plan</u>
OPEB (negative) expense	<u>\$ 484,065</u>	<u>\$ 257,182</u>
Deferred Outflows of Resources		
Differences between expected and actual experience	\$ 1,657,031	\$ -
Actual earnings on plan investments	-	94,832
Changes in assumptions	-	62,663
	<u>\$ 1,657,031</u>	<u>\$ 157,495</u>
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ -	\$ 353,644
Actual earnings on plan investments	22,993	-
Changes in assumptions	-	-
	<u>\$ 22,993</u>	<u>\$ 353,644</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

	<u>City OPEB Plan</u>	<u>School OPEB Plan</u>
2019	\$ 120,097	\$ 133
2020	120,097	133
2021	120,097	133
2022	149,751	(21,015)
2023	133,259	(28,862)
Thereafter	990,737	(146,671)



## NOTE 13 - COMMITMENTS AND CONTINGENCIES

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### Lease Revenues

The City leases various City-owned properties to corporations for cellular towers. The leases range from 20 to 25 years. The minimum lease payments the City will receive are as follows for the years ending June 30:

2019	\$ 341,105
2020	339,258
2021	328,436
2022	317,126
2023	302,920
Thereafter	<u>4,698,699</u>
	<u>\$ 6,327,544</u>

### Operating Leases

The City rents office space and equipment under operating leases. Total rent expense for all funds for the year ended June 30, 2018 was \$485,113. The future minimum lease payments under operating leases are as follows for the years ending June 30:

2019	\$ 238,187
2020	<u>233,515</u>
	<u>\$ 471,702</u>

### Legal Contingencies

Several lawsuits against the City are ongoing, many of which normally recur in governmental operations. The ultimate outcome of the actions is not determinable; however, City officials believe that the outcome of these proceedings, either singularly or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

## NOTE 14 - RISK MANAGEMENT

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### Insurance Other Than Health Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; employee injuries and other unanticipated casualties; and natural disasters. The City considers it more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for its general liability, workers' compensation, and property and casualty insurance. As such, the City participates in the Tennessee Municipal League Risk Management Pool ("TML Pool"), which is a public entity risk pool consisting of member political subdivisions of the State of Tennessee that works in many ways like a traditional insurer. Members can obtain typical insurance coverage limits and deductible options at reasonable rates according to their risk tolerance while the TML Pool provides traditional underwriting, re-insurance, claims processing and loss control services. Unlike commercial insurance, the TML Pool offers the opportunity to earn a pro-rata refund of the surplus premiums according to the City's premiums paid and its favorable loss experience in recent years. Each political subdivision that has participated in the TML pool is subject to assessment if the funds it paid as premiums are insufficient to meet the obligations of the TML Pool. The TML pool may reinsure through the Local Government Reinsurance Fund of Tennessee or a commercial insurance company.

Subject to limits for certain types of risk, the property insurance covers the cost of replacing buildings, furnishings, public infrastructure, and specifically defined equipment for most types of losses in excess of a \$50,000 deductible amount. Worker compensation claims are covered up to the statutory limits for employee injuries after the City pays a maximum \$10,000 deductible amount. The liability coverage includes general liability risks such as personal injury, automobile liability, and public official or law enforcement errors and omissions up to the limits allowed under the Tennessee tort liability laws and after the \$5,000 deductible amount. Given its geographical location and the risk of significant infrastructure loss, the City considers it prudent to obtain supplemental insurance for excess losses that exceed the basic limits provided by the TML Pool. The City has elected to purchase the optional \$10 million earthquake coverage over the primary \$5 million coverage provided by the TML Pool.

**NOTE 14 - RISK MANAGEMENT (CONTINUED)**

In addition to the annual premiums for insurance coverage, the payment of the TML Pool deductible amounts for each loss occurrence and the self-insured losses for passenger vehicles and other lower value equipment is funded by the annual operating budgets for each department. And as a contingency for losses that may exceed the limits of coverage provided by conventional insurance or self-funding, the City annually designates a portion of its General Fund balance as a reserve for emergencies.

There have been no reductions in insurance coverage, and the City has not incurred any losses in excess of commercial insurance coverage for the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities during the years are as follows:

	<u>2018</u>	<u>2017</u>
Unpaid claims, beginning of fiscal year*	\$ 82,246	\$ 69,007
Claims incurred during the year*	106,500	175,000
Claims payments	(105,094)	(161,761)
Unpaid claims, end of fiscal year*	<u>\$ 83,652</u>	<u>\$ 82,246</u>

\* All amounts included "Incurred But Not Reported"

Health Insurance

The City and the School each maintain a self-insured Group Health Insurance Fund for its active and retired employees and their dependents, separately funded by participation of City and its employees and the School and its employees.

The schedule below presents the changes in the liabilities for the past two years for the City's Group Health Insurance Fund:

	<u>2018</u>	<u>2017</u>
Incurred claims but not reported, beginning of fiscal year	\$ 623,229	\$ 311,161
Claims submitted for fiscal year	4,933,959	5,146,274
Total available for claims payments	5,557,188	5,457,435
Claims paid during fiscal year	(4,882,354)	(4,834,206)
Incurred claims but not reported, end of fiscal year	<u>\$ 674,834</u>	<u>\$ 623,229</u>

The schedule below presents the changes in the liabilities for the past two years for the School's Group Health Insurance Fund:

	<u>2018</u>	<u>2017</u>
Incurred claims but not reported, beginning of fiscal year	\$ 673,236	\$ 308,978
Claims submitted for fiscal year	3,581,081	3,345,850
Total available for claims payments	4,254,317	3,654,828
Claims paid during fiscal year	(3,799,404)	(2,981,592)
Incurred claims but not reported, end of fiscal year	<u>\$ 454,913</u>	<u>\$ 673,236</u>

The City and the School maintain a liability in the Group Health Insurance Funds in the amount of \$674,834 and \$454,913, respectively, which is comprised of medical claims incurred prior to but not reported until after June 30, 2018. The amounts were estimated by a third party administrator and are included in the accounts payable of the governmental activities internal service funds.

#### **NOTE 15 – DONOR-RESTRICTED ENDOWMENT**

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In December 2006, the City received \$250,000 as a Library Endowment, the earnings and corpus of which are to be used to support the function of the Library relative to the collection, preservation, and presentation of materials and to promote greater appreciation and understanding of the history of the City and surrounding areas and their inhabitants. The corpus and earnings are held in the LGIP and earmarked for use as directed by the Library Endowment Committee. For the year ended June 30, 2018, the net amount of appreciation on investment of the endowment was \$3,100.

#### **NOTE 16 – SUBSEQUENT EVENT**

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Subsequent to year end 2018, in August 2018, the City issued \$3,025,000 in General Obligation Capital Outlay Notes, Series 2018, maturing on July 1, 2030 with a true interest costs of 3.25%. The proceeds will be used to construct the administrative offices of the Germantown Municipal School District.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**AMENDED AND RESTATED PENSION PLAN**

**Exhibit B-1**

Last Ten Fiscal Years June 30

	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total Pension Liability</b>									
Service cost	\$ 1,284,459	\$ 1,251,978	\$ 1,199,379	\$ 1,208,653	\$ 1,267,271	\$ 1,190,521	\$ 1,389,808	\$ 1,470,322	\$ 1,399,997
Interest	6,951,892	6,243,169	6,197,663	5,858,181	5,416,588	5,131,943	5,126,758	4,846,960	4,510,043
Changes of benefit items	-	-	660,332	-	669,081	-	-	-	-
Differences between expected and actual experience	493,735	1,200,719	1,217,222	1,185,371	810,017	(382,255)	1,439,079	(862,794)	43,575
Changes in assumptions	-	4,636,983	-	-	-	-	(5,630,135)	-	-
Benefit payments	(4,109,328)	(3,689,552)	(3,369,319)	(2,923,701)	(2,643,055)	(2,382,147)	(2,260,687)	(1,957,022)	(1,742,152)
Net change in total pension liability	4,620,758	9,643,297	5,905,277	5,328,504	5,519,902	3,558,062	64,823	3,497,466	4,211,463
Total pension liability - beginning	94,104,335	84,461,038	78,555,761	73,227,257	67,707,355	64,149,293	64,084,470	60,587,004	56,375,541
Total pension liability - ending	98,725,093	94,104,335	84,461,038	78,555,761	73,227,257	67,707,355	64,149,293	64,084,470	60,587,004
<b>Plan Fiduciary Net Position</b>									
Contributions - employer	2,926,340	2,104,637	1,382,685	1,594,372	2,238,029	2,287,758	2,306,853	2,297,580	2,269,772
Contributions - employee	711,081	768,169	708,541	693,659	698,881	683,344	665,402	639,112	654,129
Net investment income	4,576,414	7,494,540	(2,771,503)	2,106,078	10,166,680	6,824,377	(975,521)	7,407,973	4,636,664
Benefit payments	(4,109,328)	(3,689,552)	(3,369,319)	(2,923,701)	(2,643,055)	(2,382,147)	(2,260,687)	(1,957,022)	(1,742,152)
Administrative expense	(225,152)	(113,077)	(109,217)	(115,523)	(179,296)	(166,195)	(149,086)	(222,560)	(225,674)
Net change in plan fiduciary net position	3,879,355	6,564,717	(4,158,813)	1,354,885	10,281,239	7,247,137	(413,039)	8,165,083	5,592,739
Plan fiduciary net position - beginning	68,404,790	61,840,073	65,998,886	64,644,001	54,362,762	47,115,625	47,528,664	39,363,581	33,770,842
Plan fiduciary net position - ending	72,284,145	68,404,790	61,840,073	65,998,886	64,644,001	54,362,762	47,115,625	47,528,664	39,363,581
<b>Net pension liability</b>	<b>\$ 26,440,948</b>	<b>\$ 25,699,545</b>	<b>\$ 22,620,965</b>	<b>\$ 12,556,875</b>	<b>\$ 8,583,256</b>	<b>\$ 13,344,593</b>	<b>\$ 17,033,668</b>	<b>\$ 16,555,806</b>	<b>\$ 21,223,423</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	73.22%	72.69%	73.22%	84.02%	88.28%	80.29%	73.45%	74.17%	64.97%
<b>Covered payroll</b>	<b>\$ 17,720,547</b>	<b>\$ 18,386,870</b>	<b>\$ 19,040,740</b>	<b>\$ 19,043,019</b>	<b>\$ 19,209,705</b>	<b>\$ 20,187,727</b>	<b>\$ 19,214,167</b>	<b>\$ 18,449,784</b>	<b>\$ 18,998,306</b>
<b>Net pension liability as a percentage of covered payroll</b>	149.21%	139.77%	118.80%	65.94%	44.68%	66.10%	88.65%	89.73%	111.71%

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

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CONTRIBUTIONS**  
**AMENDED AND RESTATED PENSION PLAN**  
Last Ten Fiscal Years June 30

**Exhibit B-2**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 2,926,340	\$ 2,104,637	\$ 1,382,685	\$ 1,594,372	\$ 2,238,029	\$ 2,287,758	\$ 2,306,853	\$ 2,297,580	\$ 2,269,772	\$ 1,803,515
Contributions	<u>2,926,340</u>	<u>2,104,637</u>	<u>1,382,685</u>	<u>1,594,372</u>	<u>2,238,029</u>	<u>2,287,758</u>	<u>2,306,853</u>	<u>2,297,580</u>	<u>2,269,772</u>	<u>1,803,515</u>
Contribution deficiency (surplus)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 18,386,870	\$ 19,040,740	\$ 19,043,019	\$ 19,209,705	\$ 20,187,727	\$ 19,214,167	\$ 18,449,784	\$ 18,998,306	\$ 18,846,765	\$ 18,172,732
Contributions as a percentage of covered payroll	15.92%	11.05%	7.26%	8.30%	11.09%	11.91%	12.50%	12.09%	12.04%	9.92%

**NOTE 1 - VALUATION DATE**

Actuarially determined contributions are calculated as of January 1st, eighteen months year prior to the fiscal year in which contributions are reported.

**NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES**

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed
Remaining amortization period	21 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	4.0%, including inflation
Investment rate of return	7.5%, net of plan investment expense, including inflation
Retirement age	General service employees - age 65 Emergency service employees - age 58 Public works employees - age 55
Mortality	RP-2000 with a 2% load for expected mortality improvement
Withdrawal rates	T-3 Actuaries Pension Handbook
Other Information	Closed to new employees after 6/30/2013

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN**  
**AMENDED AND RESTATED PENSION PLAN**  
Last Ten Fiscal Years June 30

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**Exhibit B-3**

	Annual Money-Weighted Rate of Return <u>Net of Investment Expenses</u>
2018	6.60%
2017	11.90%
2016	-4.40%
2015	3.10%
2014	18.30%
2013	14.00%
2012	-2.35%
2011	18.56%
2010	13.27%
2009	-14.50%

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**EMPLOYEE CASH BALANCE PENSION PLAN**  
Last Ten Fiscal Years June 30

**Exhibit B-4**

	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service cost	\$ 552,091	\$ 459,963	\$ 295,803	\$ 144,160	\$ 28,439
Interest	44,011	21,875	8,126	1,258	-
Changes of benefit items	-	-	-	-	-
Differences between expected and actual experience	(52,133)	(15,559)	(13,342)	(2,213)	-
Changes in assumptions	-	-	-	-	-
Benefit payments	(32,365)	(14,736)	(16,523)	(856)	-
Net change in total pension liability	511,604	451,543	274,064	142,349	28,439
Total pension liability - beginning	896,395	444,852	170,788	28,439	-
Total pension liability - ending	1,407,999	896,395	444,852	170,788	28,439
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	239,598	246,099	82,455	17,925	-
Contributions - employee	267,313	220,365	132,159	61,705	10,513
Net investment income	49,793	48,243	4,319	219	1
Benefit payments	(32,365)	(14,736)	(16,523)	(856)	-
Administrative expense	(6,727)	(480)	(3,921)	(203)	-
Other	-	-	1,029	-	-
Net change in plan fiduciary net position	517,612	499,491	199,518	78,790	10,514
Plan fiduciary net position - beginning	788,313	288,822	89,304	10,514	-
Plan fiduciary net position -ending	1,305,925	788,313	288,822	89,304	10,514
<b>Net pension liability (asset)</b>	<b>\$ 102,074</b>	<b>\$ 108,082</b>	<b>\$ 156,030</b>	<b>\$ 81,484</b>	<b>\$ 17,925</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	92.75%	87.94%	64.93%	52.29%	36.97%
<b>Covered payroll</b>	\$ 5,695,568	\$ 4,966,815	\$ 3,272,881	\$ 1,649,109	\$ 358,493
<b>Net pension liability as a percentage of covered payroll</b>	1.79%	2.18%	4.77%	4.94%	5.00%

This is a 10-year schedule. However, the Defined Benefit Plan began in fiscal year 2014. Years will be added to this schedule in future fiscal years until 10 years of information is available.



**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CONTRIBUTIONS**  
**EMPLOYEE CASH BALANCE PENSION PLAN**  
Last Ten Fiscal Years June 30

**Exhibit B-5**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 239,598	\$ 163,644	\$ 82,455	\$ 17,925
Contributions	<u>239,598</u>	<u>246,099</u>	<u>82,455</u>	<u>17,925</u>
Contribution deficiency (surplus)	<u>\$ -</u>	<u>\$ (82,455)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,966,815	\$ 3,272,881	\$ 1,649,109	\$ 358,493
Contributions as a percentage of covered payroll	4.82%	7.52%	5.00%	5.00%

This is a 10-year schedule. However, the plan began during the fiscal year ended June 30, 2014, and there was no required actuarially determined contribution prior to the fiscal year June 30, 2015. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**NOTE 1 - VALUATION DATE**

Actuarially determined contributions are calculated as of June 30th, as of the fiscal year in which contributions are reported.

**NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES**

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Asset valuation method	Market value
Inflation	2.50%
Salary increases	4.0%, including inflation
Investment rate of return	5.0%, net of plan investment expense, including inflation
Retirement age	Age 62
Mortality	IRS applicable mortality - post-retirement only
Withdrawal rates	None
Other Information	Plan adopted effective July 1, 2013

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN**  
**EMPLOYEE CASH BALANCE PENSION PLAN**  
Last Ten Fiscal Years June 30

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**Exhibit B-6**

	Annual Money-Weighted Rate of Return <u>Net of Investment Expenses</u>
2018	4.70%
2017	10.30%
2016	0.20%
2015	0.00%

This is a 10-year schedule. However, the Defined Benefit Plan began during the fiscal year ended June 30, 2014, and there was no required actuarially determined contribution prior to the fiscal year June 30, 2015. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LEGACY PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
Last Ten Fiscal Years June 30

**Exhibit B-7**

	2017	2016	2015
<b>Total Pension Liability</b>			
Service cost	\$ 383,628	\$ 419,227	\$ 416,170
Interest	99,446	65,393	31,185
Changes of benefit items	-	-	-
Differences between expected and actual experience	(16,391)	19,334	14,407
Changes in assumptions	28,322	-	-
Benefit payments	(11,957)	(16,665)	(752)
Net change in total pension liability	483,048	487,289	461,010
Total pension liability - beginning	948,299	461,010	-
Total pension liability - ending	1,431,347	948,299	461,010
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	291,593	304,673	270,452
Contributions - employee	157,278	165,864	145,718
Net investment income	130,205	16,955	6,292
Benefit payments	(11,957)	(16,665)	(752)
Administrative expense	(8,178)	(7,944)	(6,804)
Other	111,076	-	-
Net change in plan fiduciary net position	670,017	462,883	414,906
Plan fiduciary net position - beginning	877,789	414,906	-
Plan fiduciary net position -ending	1,547,806	877,789	414,906
<b>Net pension liability (asset)</b>	<b>\$ (116,459)</b>	<b>\$ 70,510</b>	<b>\$ 46,104</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	108.14%	92.56%	90.00%
<b>Covered payroll</b>	\$ 3,145,557	\$ 3,319,098	\$ 2,917,498
<b>Net pension liability as a percentage of covered payroll</b>	-3.70%	2.12%	1.58%

Changes of assumptions. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of living adjustment, salary growth, and mortality improvements.

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

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CONTRIBUTIONS**  
**LEGACY PUBLIC EMPLOYEE RETIREMENT PLAN OF TCRS**  
 Last Ten Fiscal Years June 30

**Exhibit B-8**

	2018	2017	2016	2015
Actuarially determined contribution	\$ 264,748	\$ 291,593	\$ 304,673	\$ 270,452
Contributions	264,748	291,593	304,673	270,452
Contribution deficiency (surplus)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,855,965	\$ 3,145,557	\$ 3,319,098	\$ 2,917,498
Contributions as a percentage of covered payroll	9.27%	9.27%	9.18%	9.27%

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

**NOTE 1 - VALUATION DATE**

Actuarially determined contributions are calculated as of June 30th, as of the fiscal year in which contributions are reported.

**NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES**

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation method	10 year smoothed with a 20% corridor to market value
Inflation	3.0%
Salary increases	Graded salary ranges from 8.97% to 3.71% based on age, including inflation
Investment rate of return	7.5%, net of investment expenses, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated
Cost of Living Adjustments	2.5%

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSETS) AND RELATED RATIOS  
 HYBRID PUBLIC EMPLOYEE PENSION PLAN OF TCRS**

Last Ten Fiscal Years June 30

	2017	2016	2015
<b>Total Pension Liability</b>			
Service cost	\$ 25,937	\$ 4,077	\$ 1,357
Interest	4,111	501	102
Changes of benefit items	-	-	-
Differences between expected and actual experience	26,069	21,700	1,138
Changes in assumptions	2,642	-	-
Benefit payments	-	-	-
Net change in total pension liability	<u>58,759</u>	<u>26,278</u>	<u>2,597</u>
Total pension liability - beginning	<u>28,875</u>	<u>2,597</u>	<u>-</u>
Total pension liability - ending	<u>87,634</u>	<u>28,875</u>	<u>2,597</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	31,017	15,582	776
Contributions - employee	38,771	19,477	969
Net investment income	7,934	500	26
Benefit payments	-	-	-
Administrative expense	(2,529)	(1,046)	(30)
Other	-	-	(58)
Net change in plan fiduciary net position	<u>75,193</u>	<u>34,513</u>	<u>1,683</u>
Plan fiduciary net position - beginning	<u>36,196</u>	<u>1,683</u>	<u>-</u>
Plan fiduciary net position -ending	<u>111,389</u>	<u>36,196</u>	<u>1,683</u>
<b>Net pension liability (asset)</b>	<u>\$ (23,755)</u>	<u>\$ (7,321)</u>	<u>\$ 914</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	127.11%	125.35%	64.81%
<b>Covered payroll</b>	\$ 775,425	\$ 389,537	\$ 19,389
<b>Net pension liability as a percentage of covered payroll</b>	-3.06%	-1.88%	4.71%

Changes of assumptions. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of living adjustment, and salary growth.

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

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CONTRIBUTIONS**  
**HYBRID PUBLIC EMPLOYEE RETIREMENT PLAN OF TCRS**  
 Last Ten Fiscal Years June 30

**Exhibit B-10**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 50,699	\$ 15,896	\$ 7,791	\$ 388
Contributions	<u>25,222</u>	<u>31,017</u>	<u>15,582</u>	<u>776</u>
Contribution deficiency (surplus)	<u>\$ 25,477</u>	<u>\$ (15,121)</u>	<u>\$ (7,791)</u>	<u>\$ (388)</u>
Covered payroll	\$ 1,267,462	\$ 775,425	\$ 389,537	\$ 19,389
Contributions as a percentage of covered payroll	1.99%	4.00%	4.00%	4.00%

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

**NOTE 1 - VALUATION DATE**

Actuarially determined contribution rates for fiscal year 2018 were calculated based on the June 30, 2017 actuarial valuation.

**NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES**

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation method	10 year smoothed with a 20% corridor to market value
Inflation	3.0%
Salary increases	Graded salary ranges from 8.97% to 3.71% based on age, including inflation
Investment rate of return	7.5%, net of investment expenses, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated
Cost of Living Adjustments	2.5%

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**TEACHER LEGACY PENSION PLAN OF TCRS**  
Last Ten Fiscal Years June 30\*

**Exhibit B-11**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	0.614649%	0.614341%	0.534251%	0.002723%
Proportionate share of the net pension liability (asset)	\$ (201,103)	\$ 3,839,293	\$ 218,847	\$ (442)
Covered payroll	\$ 21,591,121	\$ 22,176,498	\$ 19,999,692	\$ 106,875
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-0.93%	17.31%	1.09%	-0.41%
Plan fiduciary net position as a percentage of the total pension liability	100.14%	97.14%	99.81%	100.08%

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

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

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEACHER LEGACY PENSION PLAN OF TCRS**  
 Last Ten Fiscal Years June 30

**Exhibit B-12**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required	\$ 1,958,758	\$ 1,951,239	\$ 2,004,754	\$ 1,807,972
Contribution in relation to the contractually required contribution	<u>1,958,758</u>	<u>1,951,239</u>	<u>2,004,754</u>	<u>1,807,972</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 21,572,180	\$ 21,584,518	\$ 22,176,498	\$ 19,999,692
Contributions as a percentage of covered payroll	9.08%	9.04%	9.04%	9.04%

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



**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**TEACHER HYBRID RETIREMENT PLAN OF TCRS**  
 Last Ten Fiscal Years June 30\*

**Exhibit B-13**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.555902%	0.501126%	0.600631%
Proportionate share of the net pension liability (asset)	\$ (146,667)	\$ (52,169)	\$ (24,163)
Covered payroll	\$ 3,491,744	\$ 2,204,980	\$ 1,247,965
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-4.20%	-2.37%	-1.94%
Plan fiduciary net position as a percentage of the total pension liability	126.81%	121.88%	127.46%

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

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

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEACHER HYBRID RETIREMENT PLAN OF TCRS**  
 Last Ten Fiscal Years June 30

**Exhibit B-14**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required	\$ 194,915	\$ 145,944	\$ 88,299	\$ 31,199
Contribution in relation to the contractually required contribution	<u>194,915</u>	<u>145,944</u>	<u>88,299</u>	<u>49,918</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,719)</u>
Covered payroll	\$ 4,872,882	\$ 3,491,744	\$ 2,204,980	\$ 1,247,965
Contributions as a percentage of covered payroll	4.00%	4.18%	4.00%	4.00%

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

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**CITY OTHER POSTEMPLOYMENT BENEFIT PLAN**  
Last Ten Fiscal Years June 30

**Exhibit B-15**

	2018	2017
<b>Total OPEB Liability</b>		
Service cost	\$ 183,386	\$ 183,386
Interest	592,001	551,617
Changes of benefit items	-	-
Differences between expected and actual experience	810,904	1,054,723
Changes in assumptions	-	-
Benefit payments	(1,123,973)	(1,378,579)
Net change in total OPEB liability	462,318	411,147
Total OPEB liability - beginning	8,363,644	7,952,497
Total OPEB liability - ending	8,825,962	8,363,644
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	741,248	491,229
Contributions - employee	215,062	180,121
Net investment income	357,132	578,557
Benefit payments	(1,123,973)	(1,378,579)
Administrative expense	(16,351)	(17,869)
Net change in plan fiduciary net position	173,118	(146,541)
Plan fiduciary net position - beginning	5,953,208	6,099,749
Plan fiduciary net position -ending	6,126,326	5,953,208
<b>Net OPEB liability (asset)</b>	<b>\$ 2,699,636</b>	<b>\$ 2,410,436</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	69.41%	71.18%
<b>Covered payroll</b>	<b>\$ 23,353,685</b>	<b>\$ 22,882,490</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	11.56%	10.53%

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

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CONTRIBUTIONS**  
**CITY OTHER POSTEMPLOYMENT BENEFIT PLAN**  
 Last Ten Fiscal Years June 30

**Exhibit B-16**

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 741,248	\$ 491,229
Contributions	<u>741,248</u>	<u>491,229</u>
Contribution deficiency (surplus)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,353,685	\$ 22,882,490
Contributions as a percentage of covered payroll	3.17%	2.15%

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

**NOTE 1 - VALUATION DATE**

Actuarially determined contributions were rolled forward from January 1, 2017.

**NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES**

Actuarial cost method	Entry age normal - level percent of pay
Amortization method	Level dollar, closed
Remaining amortization period	5 years
Asset valuation method	Market value
Inflation	2.5%
Healthcare cost trend rates	8% initial, decreasing to an ultimate rate of 4%, 9 year grading
Salary increases	4.0%
Investment rate of return	7.5%, net of investment expenses, including inflation
Mortality	RP-2000 Mortality Table with 2% load for expected mortality improvement

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN**  
**CITY OTHER POSTEMPLOYMENT BENEFIT PLAN**  
Last Ten Fiscal Years June 30

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**Exhibit B-17**

	Annual Money-Weighted Rate of Return <u>Net of Investment Expenses</u>
2018	6.08%
2017	10.02%

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

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**SCHOOL OTHER POSTEMPLOYMENT BENEFIT PLAN**  
Last Ten Fiscal Years June 30

**Exhibit B-18**

	2018	2017
<b>Total OPEB Liability</b>		
Service cost	\$ 224,642	\$ 863,233
Interest	563,950	1,063,416
Changes of benefit items	-	(8,867,692)
Differences between expected and actual experience	(291,485)	74,057
Changes in assumptions	-	(104,778)
Benefit payments	(597,414)	(185,730)
Net change in total OPEB liability	(100,307)	(7,157,494)
Total OPEB liability - beginning	8,125,448	15,282,942
Total OPEB liability - ending	8,025,141	8,125,448
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	735,092	800,000
Contributions - retiree	50,000	40,000
Net investment income	109,894	14,084
Benefit payments	(597,414)	(185,730)
Administrative expense	(27,000)	(14,217)
Net change in plan fiduciary net position	270,572	654,137
Plan fiduciary net position - beginning	2,051,373	1,397,236
Plan fiduciary net position -ending	2,321,945	2,051,373
<b>Net OPEB liability (asset)</b>	<b>\$ 5,703,196</b>	<b>\$ 6,074,075</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	28.93%	25.25%
<b>Covered payroll</b>	<b>\$ 28,291,481</b>	<b>\$ 27,467,457</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	20.16%	22.11%

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

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CONTRIBUTIONS**  
**SCHOOL OTHER POSTEMPLOYMENT BENEFIT PLAN**  
 Last Ten Fiscal Years June 30

**Exhibit B-19**

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	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 735,092	\$ 1,982,233
Contributions	<u>785,092</u>	<u>840,000</u>
Contribution deficiency (surplus)	<u>\$ (50,000)</u>	<u>\$ 1,142,233</u>
Covered payroll	\$ 28,291,481	\$ 27,467,457
Contributions as a percentage of covered payroll	2.78%	3.06%

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

**NOTE 1 - VALUATION DATE**

Actuarially determined contributions were based on a measurement date of June 30, 2018. Liabilities as of July 1, 2017 are based on an actuarial valuation date of July 1, 2017.

**NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES**

Actuarial cost method	Entry age normal - level percent of pay
Amortization method	Level dollar
Remaining amortization period	29 years
Asset valuation method	Market value
Inflation	3.0%
Healthcare cost trend rates	8.5% initial, decreasing to an ultimate rate of 5%,
Salary increases	3.0%
Investment rate of return	7.0%, net of investment expenses, including inflation
Mortality	RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN**  
**SCHOOL OTHER POSTEMPLOYMENT BENEFIT PLAN**  
Last Ten Fiscal Years June 30

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**Exhibit B-20**

	Annual Money-Weighted Rate of Return <u>Net of Investment Expenses</u>
2018	7.38%
2017	1.05%

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



**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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

**Exhibit C-1**

	<b>Special Revenue Funds</b>									
	<b>State Street Aid</b>	<b>Drug Enforcement</b>	<b>Federal Asset Forfeiture</b>	<b>Pickering Center</b>	<b>Farm Park</b>	<b>Ambulance</b>	<b>Recreation</b>	<b>Library Endowment</b>	<b>Federal Projects</b>	<b>School Cafeteria</b>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 949,999	\$ -	\$ -	\$ 312,756	\$ 150,878	\$ -	\$ 622,485	\$ -	\$ -	\$ 103,998
Investments	81,366	-	-	-	-	-	-	-	-	-
Receivables										
Other	-	-	-	90	-	127,659	-	-	-	-
Due from other governments	238,336	-	-	-	-	-	-	-	428,554	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-	-	1,800
Restricted cash and cash equivalents	-	163,828	24,172	23,334	8,374	-	-	235,013	-	-
<b>Total assets</b>	<b>\$ 1,269,701</b>	<b>\$ 163,828</b>	<b>\$ 24,172</b>	<b>\$ 336,180</b>	<b>\$ 159,252</b>	<b>\$ 127,659</b>	<b>\$ 622,485</b>	<b>\$ 235,013</b>	<b>\$ 428,554</b>	<b>\$ 105,798</b>
<b>LIABILITIES</b>										
Cash in excess of deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,485	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	106,567	37,909	4,780	1,479	5,975	16,133	5,436	681	53,146	24,904
Accrued payroll	-	-	-	-	978	29,439	4,198	60	39,098	-
Customer deposits	-	-	-	11,667	1,200	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	336,310	-
Unearned revenue	-	-	-	-	3,587	-	-	-	-	40,442
<b>Total liabilities</b>	<b>106,567</b>	<b>37,909</b>	<b>4,780</b>	<b>13,146</b>	<b>11,740</b>	<b>74,057</b>	<b>9,634</b>	<b>741</b>	<b>428,554</b>	<b>65,346</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue - grants	2,012	-	-	-	-	-	-	-	-	-
Unavailable revenue - other	-	-	-	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>2,012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	1,800
Restricted	-	125,919	19,392	-	-	-	-	234,272	-	38,652
Committed	1,161,122	-	-	323,034	147,512	53,602	612,851	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>1,161,122</b>	<b>125,919</b>	<b>19,392</b>	<b>323,034</b>	<b>147,512</b>	<b>53,602</b>	<b>612,851</b>	<b>234,272</b>	<b>-</b>	<b>40,452</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,269,701</b>	<b>\$ 163,828</b>	<b>\$ 24,172</b>	<b>\$ 336,180</b>	<b>\$ 159,252</b>	<b>\$ 127,659</b>	<b>\$ 622,485</b>	<b>\$ 235,013</b>	<b>\$ 428,554</b>	<b>\$ 105,798</b>

(CONTINUED ON NEXT PAGE)

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

Exhibit C-1

	Capital Projects						Total Nonmajor Governmental Funds	
	Major Roads	Intersections	General Government Projects	Fire Department	Parks Improvement	Drainage Projects		School Capital Projects
<b>ASSETS</b>								
Cash and cash equivalents	\$ 7,089,914	\$ -	\$ 1,666,755	\$ 7,315	\$ 1,391,395	\$ 1,332,230	\$ 843,624	\$ 14,471,349
Investments	-	-	-	-	-	-	-	81,366
Receivables								
Other	-	-	-	-	-	-	-	127,749
Due from other governments	7,672	2,711,078	-	-	18,063	47,330	993,018	4,444,051
Due from other funds	-	-	-	-	-	-	429,411	429,411
Prepaid Items	-	-	-	-	-	-	-	1,800
Restricted cash and cash equivalents	-	34,232	-	-	-	117,382	-	606,335
<b>Total assets</b>	<b>\$ 7,097,586</b>	<b>\$ 2,745,310</b>	<b>\$ 1,666,755</b>	<b>\$ 7,315</b>	<b>\$ 1,409,458</b>	<b>\$ 1,496,942</b>	<b>\$ 2,266,053</b>	<b>\$ 20,162,061</b>
<b>LIABILITIES</b>								
Cash in excess of deposits	\$ -	\$ 2,156,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,184,848
Accounts payable and accrued liabilities	39,469	173,686	62,618	-	12,671	363,587	616,895	1,525,936
Accrued payroll	-	-	-	-	-	-	-	73,773
Customer deposits	-	-	-	-	-	-	-	12,867
Due to other funds	-	-	-	-	-	-	-	336,310
Unearned revenue	-	-	-	-	-	-	-	44,029
<b>Total liabilities</b>	<b>39,469</b>	<b>2,330,049</b>	<b>62,618</b>	<b>-</b>	<b>12,671</b>	<b>363,587</b>	<b>616,895</b>	<b>4,177,763</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - grants	4,944	1,886,163	-	-	5,081	47,330	-	1,945,530
Unavailable revenue - other	-	-	-	-	-	-	993,018	993,018
<b>Total deferred inflows of resources</b>	<b>4,944</b>	<b>1,886,163</b>	<b>-</b>	<b>-</b>	<b>5,081</b>	<b>47,330</b>	<b>993,018</b>	<b>2,938,548</b>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	1,800
Restricted	-	-	-	-	-	-	-	418,235
Committed	105,073	-	335,130	-	936,392	277,776	656,140	4,608,632
Assigned	6,948,100	-	1,269,007	7,315	455,314	808,249	-	9,487,985
Unassigned	-	(1,470,902)	-	-	-	-	-	(1,470,902)
<b>Total fund balances</b>	<b>7,053,173</b>	<b>(1,470,902)</b>	<b>1,604,137</b>	<b>7,315</b>	<b>1,391,706</b>	<b>1,086,025</b>	<b>656,140</b>	<b>13,045,750</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,097,586</b>	<b>\$ 2,745,310</b>	<b>\$ 1,666,755</b>	<b>\$ 7,315</b>	<b>\$ 1,409,458</b>	<b>\$ 1,496,942</b>	<b>\$ 2,266,053</b>	<b>\$ 20,162,061</b>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2018

**Exhibit C-2**

	Special Revenue Funds									
	State Street Aid	Drug Enforcement	Federal Asset Forfeiture	Pickering Center	Farm Park	Ambulance	Recreation	Library Endowment	Federal Projects	School Cafeteria
<b>REVENUES</b>										
Intergovernmental										
Sales, income, and other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State gas tax	1,345,488	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	41,425	34,641	1,191,338	660,370	-	-	966,216
Fines, forfeitures, and penalties	-	123,048	11,169	-	-	-	-	-	-	-
Federal, state and other grants	-	-	-	-	2,000	-	-	-	3,006,324	243,362
Interest on investments	5,801	-	-	-	-	902	-	3,100	-	-
Other	-	-	-	65,042	-	45	-	1,000	-	10,276
Total revenues	<u>1,351,289</u>	<u>123,048</u>	<u>11,169</u>	<u>106,467</u>	<u>36,641</u>	<u>1,192,285</u>	<u>660,370</u>	<u>4,100</u>	<u>3,006,324</u>	<u>1,219,854</u>
<b>EXPENDITURES</b>										
Current										
Public safety	-	138,317	27,380	-	-	2,187,454	-	-	-	-
Transportation and environment	2,559,733	-	-	-	-	-	-	-	-	-
Community services	-	-	-	60,064	142,342	-	598,937	17,413	-	-
Education	-	-	-	-	-	-	-	-	3,006,324	1,179,402
Debt Service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>2,559,733</u>	<u>138,317</u>	<u>27,380</u>	<u>60,064</u>	<u>142,342</u>	<u>2,187,454</u>	<u>598,937</u>	<u>17,413</u>	<u>3,006,324</u>	<u>1,179,402</u>
Excess (deficiency) of revenues over (under) expenditures	(1,208,444)	(15,269)	(16,211)	46,403	(105,701)	(995,169)	61,433	(13,313)	-	40,452
<b>OTHER FINANCING SOURCES (USES)</b>										
Issuance of debt	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	2,348	-	-	-	-	-	-	-	-
Transfers in	1,100,000	-	-	-	120,000	625,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>1,100,000</u>	<u>2,348</u>	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>625,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(108,444)	(12,921)	(16,211)	46,403	14,299	(370,169)	61,433	(13,313)	-	40,452
Fund balances - beginning	1,269,566	138,840	35,603	276,631	133,213	423,771	551,418	247,585	-	-
Fund balances - ending	<u>\$ 1,161,122</u>	<u>\$ 125,919</u>	<u>\$ 19,392</u>	<u>\$ 323,034</u>	<u>\$ 147,512</u>	<u>\$ 53,602</u>	<u>\$ 612,851</u>	<u>\$ 234,272</u>	<u>\$ -</u>	<u>\$ 40,452</u>

(CONTINUED ON NEXT PAGE)

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2018

Exhibit C-2

	Capital Projects						Total Nonmajor Governmental Funds	
	Major Roads	Intersections	General Government Projects	Fire Department	Parks Improvement	Drainage Projects		School Capital Projects
<b>REVENUES</b>								
Intergovernmental								
Sales, income, and other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 939,765	\$ 939,765
State gas tax	-	-	-	-	-	-	-	1,345,488
Charges for services	-	-	-	-	-	-	-	2,893,990
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	134,217
Federal, state and other grants	386,486	1,128,756	-	-	43,370	69,068	-	4,879,366
Interest on investments	-	-	-	-	-	-	-	9,803
Other	-	7,700	6,873	-	-	-	-	90,936
Total revenues	<u>386,486</u>	<u>1,136,456</u>	<u>6,873</u>	<u>-</u>	<u>43,370</u>	<u>69,068</u>	<u>939,765</u>	<u>10,293,565</u>
<b>EXPENDITURES</b>								
Current								
Public safety	-	-	-	-	-	-	-	2,353,151
Transportation and environment	-	-	-	-	-	-	-	2,559,733
Community services	-	-	-	-	-	-	-	818,756
Education	-	-	-	-	-	-	-	4,185,726
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Bond issuance costs	42,876	-	-	-	-	-	-	42,876
Capital outlays	484,637	3,956,137	448,274	1,077,916	351,058	1,926,108	6,655,144	14,899,274
Total expenditures	<u>527,513</u>	<u>3,956,137</u>	<u>448,274</u>	<u>1,077,916</u>	<u>351,058</u>	<u>1,926,108</u>	<u>6,655,144</u>	<u>24,859,516</u>
Excess (deficiency) of revenues over (under) expenditures	(141,027)	(2,819,681)	(441,401)	(1,077,916)	(307,688)	(1,857,040)	(5,715,379)	(14,565,951)
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of debt	5,181,675	-	-	-	-	-	-	5,181,675
Premium on bonds issued	668,849	-	-	-	-	-	-	668,849
Payment to escrow agent	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	2,348
Transfers in	20,000	700,000	1,580,000	-	650,000	-	4,832,499	9,627,499
Transfers out	-	-	-	-	-	(950,000)	-	(950,000)
Total other financing sources and uses	<u>5,870,524</u>	<u>700,000</u>	<u>1,580,000</u>	<u>-</u>	<u>650,000</u>	<u>(950,000)</u>	<u>4,832,499</u>	<u>14,530,371</u>
Net change in fund balances	5,729,497	(2,119,681)	1,138,599	(1,077,916)	342,312	(2,807,040)	(882,880)	(35,580)
Fund balances - beginning	1,323,676	648,779	465,538	1,085,231	1,049,394	3,893,065	1,539,020	13,081,330
Fund balances - ending	<u>\$ 7,053,173</u>	<u>\$ (1,470,902)</u>	<u>\$ 1,604,137</u>	<u>\$ 7,315</u>	<u>\$ 1,391,706</u>	<u>\$ 1,086,025</u>	<u>\$ 656,140</u>	<u>\$ 13,045,750</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**STATE STREET AID FUND**

**Exhibit C-3**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental - state gas tax				
Gas motor fuel	\$ 640,338	\$ 1,123,400	\$ 769,763	\$ (353,637)
Gas 1989	101,106	-	122,575	122,575
Gas 3 cent	381,956	-	453,150	453,150
Interest income	1,200	1,200	5,801	4,601
Total revenues	<u>1,124,600</u>	<u>1,124,600</u>	<u>1,351,289</u>	<u>226,689</u>
<b>EXPENDITURES:</b>				
Public Works				
Materials and supplies	1,550,000	1,759,683	1,659,625	100,058
Other charges	920,000	920,000	900,108	19,892
Total expenditures	<u>2,470,000</u>	<u>2,679,683</u>	<u>2,559,733</u>	<u>119,950</u>
Deficiency of revenues under expenditures	(1,345,400)	(1,555,083)	(1,208,444)	346,639
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	-
Total other financing sources	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	-
Net change in fund balances	<u>\$ (245,400)</u>	<u>\$ (455,083)</u>	<u>(108,444)</u>	<u>\$ 346,639</u>
Fund balances - beginning			<u>1,269,566</u>	
Fund balances - ending			<u>\$ 1,161,122</u>	

**CITY OF GERMANTOWN, TENNESSEE  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 DRUG ENFORCEMENT FUND**

**Exhibit C-4**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines and forfeitures	\$ 300,000	\$ 300,000	\$ 123,048	\$ (176,952)
Other	-	-	2,348	2,348
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>125,396</u>	<u>(174,604)</u>
<b>EXPENDITURES:</b>				
Public Safety				
Salaries	36,000	36,000	32,452	3,548
Benefits	75,000	75,000	74,130	870
Contractual services	-	177	176	1
Materials and supplies	138,000	143,690	28,719	114,971
Other charges	12,750	12,573	2,840	9,733
Total expenditures	<u>261,750</u>	<u>267,440</u>	<u>138,317</u>	<u>129,123</u>
Net change in fund balances	<u>\$ 38,250</u>	<u>\$ 32,560</u>	(12,921)	<u>\$ (45,481)</u>
Fund balances - beginning			<u>138,840</u>	
Fund balances - ending			<u>\$ 125,919</u>	



**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FEDERAL ASSET FORFEITURE FUND**  
For the Year Ended June 30, 2018

**Exhibit C-5**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines and forfeitures	\$ 50,000	\$ 50,000	\$ 11,169	\$ (38,831)
<b>EXPENDITURES:</b>				
Public Safety				
Salaries	-	-	4,735	(4,735)
Benefits	20,000	20,000	15,897	4,103
Materials and supplies	30,000	30,000	6,748	23,252
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>27,380</u>	<u>22,620</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(16,211)	<u>\$ (16,211)</u>
Fund balances - beginning			<u>35,603</u>	
Fund balances - ending			<u>\$ 19,392</u>	

**CITY OF GERMANTOWN, TENNESSEE  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 PICKERING CENTER FUND**

**Exhibit C-6**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 52,000	\$ 52,000	\$ 41,425	\$ (10,575)
Other income	47,500	47,500	65,042	17,542
Total revenues	<u>99,500</u>	<u>99,500</u>	<u>106,467</u>	<u>6,967</u>
<b>EXPENDITURES:</b>				
Community Services				
Contractual services	47,333	47,862	42,003	5,859
Materials and supplies	8,000	8,000	5,520	2,480
Other charges	12,968	13,239	12,541	698
Total expenditures	<u>68,301</u>	<u>69,101</u>	<u>60,064</u>	<u>9,037</u>
Net change in fund balances	<u>\$ 31,199</u>	<u>\$ 30,399</u>	46,403	<u>\$ 16,004</u>
Fund balances - beginning			<u>276,631</u>	
Fund balances - ending			<u>\$ 323,034</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FARM PARK FUND**

**Exhibit C-7**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 59,720	\$ 59,720	\$ 34,641	\$ (25,079)
Grants	1,000	1,000	2,000	1,000
Other Income	-	-	-	-
Total revenues	<u>60,720</u>	<u>60,720</u>	<u>36,641</u>	<u>(24,079)</u>
<b>EXPENDITURES:</b>				
Community Services				
Salaries	65,700	65,700	48,409	17,291
Benefits	5,119	5,344	3,975	1,369
Contractual services	27,150	30,175	28,434	1,741
Materials and supplies	27,100	30,650	22,413	8,237
Other charges	35,616	35,573	21,880	13,693
Capital outlay	-	17,231	17,231	-
Total expenditures	<u>160,685</u>	<u>184,673</u>	<u>142,342</u>	<u>42,331</u>
Deficiency of revenues under expenditures	(99,965)	(123,953)	(105,701)	18,252
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Net change in fund balances	<u>\$ 20,035</u>	<u>\$ (3,953)</u>	14,299	<u>\$ 18,252</u>
Fund balances - beginning			<u>133,213</u>	
Fund balances - ending			<u>\$ 147,512</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**AMBULANCE FUND**

**Exhibit C-8**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 1,350,000	\$ 1,350,000	\$ 1,191,338	\$ (158,662)
Interest income	-	-	902	902
Other income	-	-	45	45
Total revenues	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,192,285</u>	<u>(157,715)</u>
<b>EXPENDITURES:</b>				
Public Safety				
Salaries	1,186,720	1,236,178	1,235,079	1,099
Benefits	423,913	454,891	446,633	8,258
Contractual services	65,146	94,138	94,137	1
Materials and supplies	101,570	111,186	105,681	5,505
Other charges	63,450	70,909	67,717	3,192
Capital outlay	239,000	239,000	238,207	793
Total expenditures	<u>2,079,799</u>	<u>2,206,302</u>	<u>2,187,454</u>	<u>18,848</u>
Deficiency of revenues under expenditures	(729,799)	(856,302)	(995,169)	(138,867)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>450,000</u>	<u>625,000</u>	<u>625,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (279,799)</u>	<u>\$ (231,302)</u>	<u>(370,169)</u>	<u>\$ (138,867)</u>
Fund balances - beginning			<u>423,771</u>	
Fund balances - ending			<u>\$ 53,602</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**RECREATION FUND**

**Exhibit C-9**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 677,320	\$ 677,320	\$ 660,370	\$ (16,950)
Total revenues	<u>677,320</u>	<u>677,320</u>	<u>660,370</u>	<u>(16,950)</u>
<b>EXPENDITURES:</b>				
Community Services				
Salaries	355,254	354,346	253,961	100,385
Benefits	53,849	57,112	48,869	8,243
Contractual services	186,069	184,204	118,638	65,566
Materials and supplies	91,600	91,360	72,634	18,726
Other charges	21,992	21,992	19,135	2,857
Capital outlay	200,000	91,472	85,700	5,772
Total expenditures	<u>908,764</u>	<u>800,486</u>	<u>598,937</u>	<u>201,549</u>
Net change in fund balances	<u>\$ (231,444)</u>	<u>\$ (123,166)</u>	61,433	<u>\$ 184,599</u>
Fund balances - beginning			<u>551,418</u>	
Fund balances - ending			<u>\$ 612,851</u>	

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit C-10**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
LIBRARY ENDOWMENT FUND**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest income	\$ -	\$ -	\$ 3,100	\$ 3,100
Other Income	-	-	1,000	1,000
Total revenues	-	-	4,100	4,100
<b>EXPENDITURES:</b>				
Community Services				
Salaries	3,120	2,887	2,840	47
Benefits	340	340	217	123
Contractual services	7,608	8,624	8,139	485
Other charges	7,000	6,217	6,217	-
Total expenditures	18,068	18,068	17,413	655
Net change in fund balances	<u>\$ (18,068)</u>	<u>\$ (18,068)</u>	(13,313)	<u>\$ 4,755</u>
Fund balances - beginning			<u>247,585</u>	
Fund balances - ending			<u>\$ 234,272</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FEDERAL PROJECTS FUND**  
For the Year Ended June 30, 2018

**Exhibit C-11**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grants	\$ 1,662,095	\$ 3,969,119	\$ 3,006,324	\$ (962,795)
<b>EXPENDITURES:</b>				
Education				
Regular instruction				
Salaries	109,663	148,572	131,245	17,327
Benefits	23,098	28,713	25,742	2,971
Contractual services	-	37,260	34,901	2,359
Materials and supplies	20,461	1,088,102	982,556	105,546
Other charges	-	339,377	211,435	127,942
Special education				
Salaries	654,113	722,230	654,717	67,513
Benefits	200,751	217,635	194,439	23,196
Contractual services	100,870	132,067	92,971	39,096
Materials and supplies	131,840	140,921	115,399	25,522
Other charges	9,710	42,650	41,384	1,266
Technical education				
Materials and supplies	39,000	39,000	-	39,000
Other Student support				
Contractual services	100	100	-	100
Materials and supplies	1,544	8,500	2,958	5,542
Regular instruction support				
Salaries	147,301	540,898	236,137	304,761
Benefits	42,723	175,674	58,758	116,916
Contractual services	14,000	4,000	3,500	500
Other charges	34,916	66,843	30,856	35,987
Special education support				
Salaries	25,372	25,372	25,449	(77)
Benefits	7,890	7,890	7,713	177
Materials and supplies	10,752	31,872	13,556	18,316
Other charges	87,991	108,927	142,608	(33,681)
Total expenditures	<u>1,662,095</u>	<u>3,906,603</u>	<u>3,006,324</u>	<u>900,279</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 62,516</u>	<u>-</u>	<u>\$ (62,516)</u>
Fund balances - beginning			<u>-</u>	
Fund balances - ending			<u>\$ -</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SCHOOL CAFETERIA FUND**  
For the Year Ended June 30, 2018

**Exhibit C-12**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 855,123	\$ 855,123	\$ 966,216	\$ 111,093
Grants	233,669	233,669	243,362	9,693
Other income	7,000	7,000	10,276	3,276
Total revenues	<u>1,095,792</u>	<u>1,095,792</u>	<u>1,219,854</u>	<u>124,062</u>
<b>EXPENDITURES:</b>				
Education				
Cafeteria				
Contractual services	1,091,428	1,091,428	1,084,853	6,575
Materials and supplies	79,230	79,230	63,709	15,521
Other charges	40,000	40,000	30,840	9,160
Total expenditures	<u>1,210,658</u>	<u>1,210,658</u>	<u>1,179,402</u>	<u>31,256</u>
Excess (deficiency) of revenues over (under) expenditures	(114,866)	(114,866)	40,452	155,318
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>114,866</u>	<u>114,866</u>	-	<u>(114,866)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	40,452	<u>\$ 40,452</u>
Fund balances - beginning			<u>-</u>	
Fund balances - ending			<u>\$ 40,452</u>	



**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**MAJOR ROADS FUND**

**Exhibit C-13**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grants	\$ -	\$ -	\$ 386,486	\$ 386,486
<b>EXPENDITURES:</b>				
Debt service				
Bond issuance costs	-	42,877	42,876	1
Capital outlay				
Professional services	206,000	679,605	459,959	219,646
Land	500,000	353,648	24,600	329,048
Other Improvements	1,844,000	1,844,000	78	1,843,922
Total expenditures	<u>2,550,000</u>	<u>2,920,130</u>	<u>527,513</u>	<u>2,392,617</u>
Deficiency of revenues under expenditures	(2,550,000)	(2,920,130)	(141,027)	2,779,103
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	-	5,181,675	5,181,675
Premium on bonds issued	-	-	668,849	668,849
Transfers in	300,000	20,000	20,000	-
Total other financing sources	<u>300,000</u>	<u>20,000</u>	<u>5,870,524</u>	<u>5,850,524</u>
Net change in fund balances	<u>\$ (2,250,000)</u>	<u>\$ (2,900,130)</u>	5,729,497	<u>\$ 8,629,627</u>
Fund balances - beginning			<u>1,323,676</u>	
Fund balances - ending			<u>\$ 7,053,173</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**INTERSECTIONS FUND**

**Exhibit C-14**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grants	\$ -	\$ -	\$ 1,128,756	\$ 1,128,756
Other income	-	-	7,700	7,700
Total revenues	-	-	1,136,456	1,136,456
<b>EXPENDITURES:</b>				
Capital outlay				
Professional services	149,411	482,307	361,013	121,294
Land	2,230,000	3,280,704	3,280,704	-
Other improvements	1,776,000	1,742,126	314,420	1,427,706
Total expenditures	4,155,411	5,505,137	3,956,137	1,549,000
Deficiency of revenues under expenditures	(4,155,411)	(5,505,137)	(2,819,681)	2,685,456
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	700,000	700,000	700,000	-
Net change in fund balances	<u>\$ (3,455,411)</u>	<u>\$ (4,805,137)</u>	(2,119,681)	<u>\$ 2,685,456</u>
Fund balances - beginning			648,779	
Fund balances - ending			<u>\$ (1,470,902)</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL GOVERNMENT PROJECTS FUND**  
For the Year Ended June 30, 2018

**Exhibit C-15**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other income	\$ -	\$ -	\$ 6,873	\$ 6,873
<b>EXPENDITURES:</b>				
Capital outlay				
Professional services	40,000	233,306	223,006	10,300
Land	270,000	62,810	-	62,810
Construction contracts	215,000	225,383	225,268	115
Total expenditures	<u>525,000</u>	<u>521,499</u>	<u>448,274</u>	<u>73,225</u>
Deficiency of revenues under expenditures	(525,000)	(521,499)	(441,401)	80,098
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>350,000</u>	<u>1,580,000</u>	<u>1,580,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (175,000)</u>	<u>\$ 1,058,501</u>	<u>1,138,599</u>	<u>\$ 80,098</u>
Fund balances - beginning			<u>465,538</u>	
Fund balances - ending			<u>\$ 1,604,137</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FIRE DEPARTMENT FUND**

**Exhibit C-16**

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grants	\$ -	\$ -	\$ -	\$ -
Planned use of fund balance	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Capital outlay				
Equipment	-	1,087,755	1,077,916	9,839
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (1,087,755)</u>	<u>(1,077,916)</u>	<u>\$ 9,839</u>
Fund balances - beginning			<u>1,085,231</u>	
Fund balances - ending			<u>\$ 7,315</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**PARKS IMPROVEMENTS FUND**  
For the Year Ended June 30, 2018

**Exhibit C-17**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grants	\$ -	\$ -	\$ 43,370	\$ 43,370
<b>EXPENDITURES:</b>				
Capital outlay				
Professional services	530,000	232,983	166,841	66,142
Land	2,030,000	2,046,992	147,229	1,899,763
Other improvements	451,000	40,001	36,988	3,013
Total expenditures	<u>3,011,000</u>	<u>2,319,976</u>	<u>351,058</u>	<u>1,968,918</u>
Deficiency of revenues under expenditures	(3,011,000)	(2,319,976)	(307,688)	2,012,288
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>400,000</u>	<u>650,000</u>	<u>650,000</u>	-
Net change in fund balances	<u>\$ (2,611,000)</u>	<u>\$ (1,669,976)</u>	342,312	<u>\$ 2,012,288</u>
Fund balances - beginning			<u>1,049,394</u>	
Fund balances - ending			<u>\$ 1,391,706</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GERMANTOWN MUNICIPAL SCHOOLS PROJECTS FUND**  
For the Year Ended June 30, 2018

**Exhibit C-18**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other income	\$ -	\$ -	\$ 137,019	\$ 137,019
<b>EXPENDITURES:</b>				
Debt service				
Bond issuance costs	-	199,363	199,362	1
Total expenditures	-	199,363	199,362	1
Deficiency of revenues under expenditures	-	(199,363)	(62,343)	137,020
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	-	24,093,325	24,093,325
Premium on bonds issued	-	-	3,109,960	3,109,960
Transfers out	(27,000,000)	(27,000,000)	(4,613,432)	22,386,568
Total other financing sources (uses)	(27,000,000)	(27,000,000)	22,589,853	49,589,853
Net change in fund balances	<u>\$(27,000,000)</u>	<u>\$(27,199,363)</u>	22,527,510	<u>\$ 49,726,873</u>
Fund balances - beginning			<u>529,323</u>	
Fund balances - ending			<u>\$ 23,056,833</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**DRAINAGE PROJECTS FUND**  
For the Year Ended June 30, 2018

**Exhibit C-19**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grants	\$ -	\$ -	\$ 69,068	\$ 69,068
<b>EXPENDITURES:</b>				
Capital outlay				
Professional services	150,000	323,546	313,933	9,613
Land	-	769,739	769,739	-
Other improvements	200,000	937,559	842,436	95,123
Contingency - CIP	250,000	44,628	-	44,628
Total expenditures	<u>600,000</u>	<u>2,075,472</u>	<u>1,926,108</u>	<u>149,364</u>
Deficiency of revenues under expenditures	(600,000)	(2,075,472)	(1,857,040)	218,432
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	250,000	(950,000)	(950,000)	-
Total other financing sources (uses)	<u>250,000</u>	<u>(950,000)</u>	<u>(950,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ (350,000)</u>	<u>\$ (3,025,472)</u>	<u>(2,807,040)</u>	<u>\$ 218,432</u>
Fund balances - beginning			<u>3,893,065</u>	
Fund balances - ending			<u>\$ 1,086,025</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SCHOOL CAPITAL PROJECTS FUND**  
For the Year Ended June 30, 2018

**Exhibit C-20**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 954,720	\$ 939,765	\$ 939,765	\$ -
<b>EXPENDITURES:</b>				
Capital outlay				
Architectural and engineering	1,430,000	1,455,922	702,964	752,958
Land	3,100,000	3,100,000	3,026,871	73,129
Buildings	22,024,720	23,579,553	2,744,329	20,835,224
Other improvements	2,500,000	2,500,000	180,980	2,319,020
Total expenditures	<u>29,054,720</u>	<u>30,635,475</u>	<u>6,655,144</u>	<u>23,980,331</u>
Deficiency of revenues under expenditures	(28,100,000)	(29,695,710)	(5,715,379)	23,980,331
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>28,100,000</u>	<u>28,100,000</u>	<u>4,832,499</u>	<u>(23,267,501)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (1,595,710)</u>	<u>(882,880)</u>	<u>\$ 712,830</u>
Fund balances - beginning			<u>1,539,020</u>	
Fund balances - ending			<u>\$ 656,140</u>	



**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
June 30, 2018

**Exhibit D-1**

	<u>Sanitation Fund</u>	<u>Great Hall Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,033,694	\$ 357,527	\$ 723,424	\$ 2,114,645
Investments	88,534	-	-	88,534
Receivables				
Customers	266,294	37,100	87,643	391,037
Less allowance for doubtful accounts	(23,772)	(18,369)	(27,718)	(69,859)
Due from other governments	14,757	-	1,480	16,237
Restricted investments	-	94,588	-	94,588
Total current assets	<u>1,379,507</u>	<u>470,846</u>	<u>784,829</u>	<u>2,635,182</u>
Noncurrent assets:				
Capital assets, being depreciated, net	148,738	473,888	265,391	888,017
Total assets	<u>1,528,245</u>	<u>944,734</u>	<u>1,050,220</u>	<u>3,523,199</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension	25,377	-	200,302	225,679
Related to OPEB	4,971	8,285	24,856	38,112
	<u>30,348</u>	<u>8,285</u>	<u>225,158</u>	<u>263,791</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	399,143	5,753	108,182	513,078
Accrued payroll	3,027	5,916	11,358	20,301
Customer deposits	-	94,588	-	94,588
Unearned revenue	75,227	-	-	75,227
Total current liabilities	<u>477,397</u>	<u>106,257</u>	<u>119,540</u>	<u>703,194</u>
Noncurrent liabilities:				
Accrued compensated absences	4,598	7,783	12,045	24,426
Net pension liability	68,877	-	543,609	612,486
Net OPEB liability	8,099	13,498	40,495	62,092
Total noncurrent liabilities	<u>81,574</u>	<u>21,281</u>	<u>596,149</u>	<u>699,004</u>
Total liabilities	<u>558,971</u>	<u>127,538</u>	<u>715,689</u>	<u>1,402,198</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to OPEB	69	115	345	529
<b>NET POSITION</b>				
Net investment in capital assets	148,738	473,888	265,391	888,017
Unrestricted	850,815	351,478	293,953	1,496,246
Total net position	<u>\$ 999,553</u>	<u>\$ 825,366</u>	<u>\$ 559,344</u>	<u>\$ 2,384,263</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
For the Year Ended June 30, 2018

Exhibit D-2

	<u>Sanitation Fund</u>	<u>Great Hall Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Operating Revenues:				
Sanitation fees	\$ 4,901,382	\$ -	\$ -	\$ 4,901,382
Stormwater fees	-	-	1,020,492	1,020,492
Forfeited discounts	45,460	-	-	45,460
Rental income	-	490,391	-	490,391
Federal, state, and other grants	14,757	-	1,480	16,237
Other	11,261	7,062	-	18,323
Total operating revenues	<u>4,972,860</u>	<u>497,453</u>	<u>1,021,972</u>	<u>6,492,285</u>
Operating Expenses:				
Salaries	70,348	141,319	422,737	634,404
Benefits	35,699	38,552	222,485	296,736
Contractual services	4,637,501	35,446	1,500	4,674,447
Utilities	-	41,439	-	41,439
Materials and supplies	-	75,092	302,501	377,593
Other service charges	25,945	95,491	1,836	123,272
Expense reimbursement	-	15,914	36,914	52,828
Depreciation	6,005	68,487	37,940	112,432
Total operating expenses	<u>4,775,498</u>	<u>511,740</u>	<u>1,025,913</u>	<u>6,313,151</u>
Operating income (loss)	197,362	(14,287)	(3,941)	179,134
Nonoperating Revenues (Expenses):				
Interest	18,879	6,729	13,165	38,773
Bond interest and fiscal charges	-	(4,676)	-	(4,676)
Total non-operating expenses	<u>18,879</u>	<u>2,053</u>	<u>13,165</u>	<u>34,097</u>
Income (loss) before transfers	216,241	(12,234)	9,224	213,231
Transfers in	-	85,000	-	85,000
Change in net position	<u>216,241</u>	<u>72,766</u>	<u>9,224</u>	<u>298,231</u>
Total net position - beginning, as originally reported	787,961	760,348	573,365	2,121,674
Effect of change in accounting principle	(4,649)	(7,748)	(23,245)	(35,642)
Total net position - beginning, as restated	<u>783,312</u>	<u>752,600</u>	<u>550,120</u>	<u>2,086,032</u>
Total net position - ending	<u>\$ 999,553</u>	<u>\$ 825,366</u>	<u>\$ 559,344</u>	<u>\$ 2,384,263</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
For the Year Ended June 30, 2018

**Exhibit D-3**

	<u>Sanitation Fund</u>	<u>Great Hall Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 4,896,987	\$ 501,977	\$ 1,008,726	\$ 6,407,690
Payments to suppliers	(4,664,850)	(264,434)	(256,311)	(5,185,595)
Payments to employees	(103,062)	(180,769)	(621,194)	(905,025)
Other receipts	11,261	7,062	-	18,323
Net cash from (used for) operating activities	<u>140,336</u>	<u>63,836</u>	<u>131,221</u>	<u>335,393</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer from (to) other fund	-	85,000	-	85,000
<b>CASH FLOW USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(154,743)	(48,883)	(96,597)	(300,223)
Interest paid on capital debt	-	(4,676)	-	(4,676)
Net cash from (used for) capital and related financing activities	<u>(154,743)</u>	<u>(53,559)</u>	<u>(96,597)</u>	<u>(304,899)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale of investments	17,085	-	-	17,085
Interest income	18,879	6,729	13,165	38,773
Net cash from (used for) investing activities	<u>35,964</u>	<u>6,729</u>	<u>13,165</u>	<u>55,858</u>
Net increase (decrease) in cash and cash equivalents	21,557	102,006	47,789	171,352
Cash and cash equivalents - beginning	<u>1,012,137</u>	<u>350,109</u>	<u>675,635</u>	<u>2,037,881</u>
Cash and cash equivalents - end	<u>\$ 1,033,694</u>	<u>\$ 452,115</u>	<u>\$ 723,424</u>	<u>\$ 2,209,233</u>
Classified as:				
Current assets	\$ 1,033,694	\$ 357,527	\$ 723,424	\$ 2,114,645
Restricted assets	-	94,588	-	94,588
	<u>\$ 1,033,694</u>	<u>\$ 452,115</u>	<u>\$ 723,424</u>	<u>\$ 2,209,233</u>
<b>Reconciliation of operating income to net cash from operating activities:</b>				
Operating income	\$ 197,362	\$ (14,287)	\$ (3,941)	\$ 179,134
Adjustments to reconcile operating income to net cash from (used for) operating activities				
Depreciation	6,005	68,487	37,940	112,432
Pension expense in excess of employer contributions	2,699	(2,420)	25,483	25,762
Change in assets and liabilities				
Receivables	(63,305)	(3,462)	(13,246)	(80,013)
Accounts payable	(1,404)	(1,052)	86,440	83,984
Accrued payroll	(233)	650	(1,100)	(683)
Compensated absences	519	872	(355)	1,036
Customer deposits	-	15,048	-	15,048
Unearned revenue	(1,307)	-	-	(1,307)
Net cash from operating activities	<u>\$ 140,336</u>	<u>\$ 63,836</u>	<u>\$ 131,221</u>	<u>\$ 335,393</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
June 30, 2018

**Exhibit D-4**

	<b>Health Insurance</b>	<b>Municipal School Health Insurance</b>	<b>Vehicle Maintenance</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,618,475	\$ 2,335,160	\$ 555,594	\$ 4,509,229
Receivables - other	23,726	18,551	-	42,277
Due from other funds	-	53,702	-	53,702
Inventory	-	-	93,625	93,625
Total current assets	<u>1,642,201</u>	<u>2,407,413</u>	<u>649,219</u>	<u>4,698,833</u>
Noncurrent assets:				
Capital assets, being depreciated, net	-	-	1,698,057	1,698,057
Total assets	<u>1,642,201</u>	<u>2,407,413</u>	<u>2,347,276</u>	<u>6,396,890</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	674,834	454,913	17,673	1,147,420
Accrued payroll	-	-	16,140	16,140
Total current liabilities	<u>674,834</u>	<u>454,913</u>	<u>33,813</u>	<u>1,163,560</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	1,698,057	1,698,057
Unrestricted	967,367	1,952,500	615,406	3,535,273
Total net position	<u>\$ 967,367</u>	<u>\$ 1,952,500</u>	<u>\$ 2,313,463</u>	<u>\$ 5,233,330</u>

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit D-5**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS**

For the Year Ended June 30, 2018

	<b>Health Insurance</b>	<b>Municipal School Health Insurance</b>	<b>Vehicle Maintenance</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,093,870	\$ 4,517,281	\$ 1,761,971	\$ 11,373,122
Federal, state, and other grants	-	-	2,183	2,183
Other	-	-	169	169
Total revenues	<u>5,093,870</u>	<u>4,517,281</u>	<u>1,764,323</u>	<u>11,375,474</u>
<b>OPERATING EXPENSES:</b>				
Salaries	-	-	469,232	469,232
Benefits	-	-	192,095	192,095
Utilities	-	-	18,691	18,691
Materials and supplies	-	-	377,589	377,589
Other service charges	21,864	176,099	3,309	201,272
Insurance Claims	4,912,095	4,059,909	575,977	9,547,981
Depreciation	-	-	135,662	135,662
Total operating expenses	<u>4,933,959</u>	<u>4,236,008</u>	<u>1,772,555</u>	<u>10,942,522</u>
Operating income	159,911	281,273	(8,232)	432,952
Fund balances - beginning	<u>807,456</u>	<u>1,671,227</u>	<u>2,321,695</u>	<u>4,800,378</u>
Fund balances - ending	<u><u>\$ 967,367</u></u>	<u><u>\$ 1,952,500</u></u>	<u><u>\$ 2,313,463</u></u>	<u><u>\$ 5,233,330</u></u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended June 30, 2018

**Exhibit D-6**

	<b>Health Insurance</b>	<b>Municipal School Health Insurance</b>	<b>Vehicle Maintenance</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund services provided	\$ 5,073,345	\$ 4,498,730	\$ 1,764,323	\$ 11,336,398
Payments to suppliers	(4,882,354)	(4,454,331)	(999,099)	(10,335,784)
Payments to employees	-	-	(658,591)	(658,591)
Net cash provided by (used for)	<u>190,991</u>	<u>44,399</u>	<u>106,633</u>	<u>342,023</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer from (to) other fund	<u>-</u>	<u>345,322</u>	<u>-</u>	<u>345,322</u>
<b>CASH FLOW USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	190,991	389,721	106,633	687,345
Cash and cash equivalents - beginning	<u>1,427,484</u>	<u>1,945,439</u>	<u>448,961</u>	<u>3,821,884</u>
Cash and cash equivalents - ending	<u><u>\$ 1,618,475</u></u>	<u><u>\$ 2,335,160</u></u>	<u><u>\$ 555,594</u></u>	<u><u>\$ 4,509,229</u></u>
<b>Reconciliation of operating income to net cash from operating activities</b>				
Operating income (loss)	\$ 159,911	\$ 281,273	\$ (8,232)	\$ 432,952
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	-	135,662	135,662
Change in assets and liabilities				
Receivables	(20,525)	(18,551)	-	(39,076)
Inventory	-	-	(18,640)	(18,640)
Accounts payable	51,605	(218,323)	(4,893)	(171,611)
Accrued payroll	<u>-</u>	<u>-</u>	<u>2,736</u>	<u>2,736</u>
Net cash provided by (used for) operating activities	<u><u>\$ 190,991</u></u>	<u><u>\$ 44,399</u></u>	<u><u>\$ 106,633</u></u>	<u><u>\$ 342,023</u></u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2018

**Exhibit D-7**

	<b>Amended &amp; Restated Pension Fund</b>	<b>Cash Value Pension Fund</b>	<b>City OPEB Fund</b>	<b>GMSD OPEB Fund</b>	<b>Total Pension and OPEB Trust Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 13,533	\$ 13,533
Investments	72,268,813	1,285,995	5,500,433	2,307,386	81,362,627
Interest receivable	15,331	19,930	1,881	1,025	38,167
Restricted cash and cash equivalents	-	-	624,012	-	624,012
<b>Total assets</b>	<b>72,284,144</b>	<b>1,305,925</b>	<b>6,126,326</b>	<b>2,321,944</b>	<b>82,038,339</b>
<b>LIABILITIES</b>					
Accounts payable	58,556	6,452	82,828	-	147,836
Due to other funds	-	-	-	53,702	53,702
<b>Total liabilities</b>	<b>58,556</b>	<b>6,452</b>	<b>82,828</b>	<b>53,702</b>	<b>201,538</b>
<b>NET POSITION</b>					
Restricted for pensions	72,225,588	1,299,473	-	-	73,525,061
Held in trust for OPEB benefits	-	-	6,043,498	2,268,242	8,311,740
<b>Total net position</b>	<b>\$ 72,225,588</b>	<b>\$ 1,299,473</b>	<b>\$ 6,043,498</b>	<b>\$ 2,268,242</b>	<b>\$ 81,836,801</b>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
For the Year Ended June 30, 2018

Exhibit D-8

	<b>Amended &amp; Restated Pension Fund</b>	<b>Cash Value Pension Fund</b>	<b>City OPEB Fund</b>	<b>GMSD OPEB Fund</b>	<b>Total Pension and OPEB Trust Funds</b>
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 2,939,819	\$ 240,194	\$ 776,567	\$ 735,092	\$ 4,691,672
Plan members	711,081	267,313	215,063	50,000	1,243,457
Total contributions	<u>3,650,900</u>	<u>507,507</u>	<u>991,630</u>	<u>785,092</u>	<u>5,935,129</u>
Investment earnings (losses):					
Interest and dividends	719,394	17,240	68,010	50,858	855,502
Net appreciation in fair value of investments	3,857,020	32,552	289,122	59,036	4,237,730
Total investment earnings	<u>4,576,414</u>	<u>49,792</u>	<u>357,132</u>	<u>109,894</u>	<u>5,093,232</u>
Total additions	8,227,314	557,299	1,348,762	894,986	11,028,361
<b>DEDUCTIONS</b>					
Benefits	4,128,824	32,364	1,152,756	252,094	5,566,038
Administrative expense	238,937	7,988	14,880	23,500	285,305
Total deductions	<u>4,367,761</u>	<u>40,352</u>	<u>1,167,636</u>	<u>275,594</u>	<u>5,851,343</u>
Change in net position	3,859,553	516,947	181,126	619,392	5,177,018
Net position - beginning of the year	<u>68,366,035</u>	<u>782,526</u>	<u>5,862,372</u>	<u>1,648,850</u>	<u>76,659,783</u>
Net position - end of the year	<u>\$ 72,225,588</u>	<u>\$ 1,299,473</u>	<u>\$ 6,043,498</u>	<u>\$ 2,268,242</u>	<u>\$ 81,836,801</u>



**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2018

Exhibit D-9

	<b>Bail Bond Fund</b>	<b>School Activity Fund</b>	<b>Total Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 80,650	\$ 830,063	\$ 910,713
Inventory	-	25,180	25,180
Total assets	<u>\$ 80,650</u>	<u>\$ 855,243</u>	<u>\$ 935,893</u>
<b>LIABILITIES</b>			
Bail bonds payable	\$ 80,650	\$ -	\$ 80,650
Due to student general fund	-	392,811	392,811
Due to student groups	-	462,432	462,432
Total liabilities	<u>\$ 80,650</u>	<u>\$ 855,243</u>	<u>\$ 935,893</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For the Year Ended June 30, 2018

**Exhibit D-10**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Assets</b>				
<b>Bail Bond Fund</b>				
Cash and cash equivalents	\$ 53,460	\$ 148,009	\$ (120,819)	\$ 80,650
<b>School Activity Funds</b>				
Cash	918,576	2,177,744	(2,266,257)	830,063
Inventory	11,207	76,427	(62,454)	25,180
	<u>\$ 983,243</u>	<u>\$ 2,402,180</u>	<u>\$ (2,449,530)</u>	<u>\$ 935,893</u>
<b>Liabilities</b>				
<b>Bail Bond Fund</b>				
Deposits held in trust	\$ 53,460	\$ 148,009	\$ (120,819)	\$ 80,650
<b>School Activity Funds</b>				
Due to student general fund	431,749	677,599	(716,537)	392,811
Due to student groups	498,034	1,539,007	(1,574,609)	462,432
	<u>\$ 983,243</u>	<u>\$ 2,364,615</u>	<u>\$ (2,411,965)</u>	<u>\$ 935,893</u>

**SUPPORTING SCHEDULES (UNAUDITED)**

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - SERIAL GENERAL OBLIGATION BONDS**  
**GOVERNMENTAL FUNDS**  
 June 30, 2018

**Exhibit E-1**

Fiscal Year	Series 2009 Bonds		Series 2011 Bonds		Series 2013 Bonds (Series A)		Series 2013 Bonds (Series B)		Series 2016 Bonds (Series A)		Series 2016 Bonds (Series B)		Series 2017 Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 540,000	\$ 49,194	\$ 275,000	\$ 118,725	\$ 155,000	\$ 82,244	\$ 240,000	\$ 63,740	\$ 260,000	\$ 316,450	\$ 200,000	\$ 458,300	\$ 590,000	\$ 1,221,300	\$ 2,260,000	\$ 2,309,953
2020	270,000	30,294	280,000	113,175	155,000	79,144	250,000	53,940	555,000	311,250	205,000	454,300	620,000	1,191,050	2,335,000	2,233,153
2021	275,000	20,844	285,000	107,525	160,000	75,994	260,000	43,740	535,000	294,600	210,000	450,200	645,000	1,159,425	2,370,000	2,152,328
2022	290,000	10,875	290,000	101,775	160,000	72,794	270,000	33,140	460,000	273,200	210,000	446,000	680,000	1,126,300	2,360,000	2,064,084
2023	-	-	295,000	95,188	165,000	69,337	280,000	24,594	435,000	264,000	220,000	439,700	715,000	1,091,425	2,110,000	1,984,240
2024	-	-	305,000	87,688	170,000	65,568	285,000	18,234	460,000	242,250	225,000	435,300	750,000	1,054,800	2,195,000	1,903,840
2025	-	-	310,000	79,613	175,000	61,381	295,000	11,413	480,000	219,250	230,000	428,550	795,000	1,016,175	2,285,000	1,816,382
2026	-	-	320,000	70,950	175,000	56,831	300,000	3,900	505,000	195,250	240,000	419,350	835,000	975,425	2,375,000	1,721,706
2027	-	-	330,000	61,600	180,000	51,856	-	-	530,000	170,000	250,000	409,750	875,000	932,675	2,165,000	1,625,881
2028	-	-	340,000	51,550	185,000	46,381	-	-	560,000	143,500	265,000	397,250	915,000	892,500	2,265,000	1,531,181
2029	-	-	350,000	41,200	195,000	40,559	-	-	580,000	115,500	270,000	384,000	955,000	855,100	2,350,000	1,436,359
2030	-	-	360,000	30,325	200,000	34,263	-	-	210,000	86,500	285,000	370,500	990,000	816,200	2,045,000	1,337,788
2031	-	-	375,000	18,606	205,000	27,425	-	-	225,000	76,000	300,000	356,250	1,030,000	775,800	2,135,000	1,254,081
2032	-	-	385,000	6,256	215,000	20,075	-	-	235,000	64,750	315,000	341,250	1,075,000	733,700	2,225,000	1,166,031
2033	-	-	-	-	220,000	12,325	-	-	245,000	53,000	330,000	325,500	1,115,000	689,900	1,910,000	1,080,725
2034	-	-	-	-	230,000	4,169	-	-	260,000	40,750	345,000	309,000	1,165,000	644,300	2,000,000	998,219
2035	-	-	-	-	-	-	-	-	270,000	27,750	365,000	291,750	1,215,000	596,700	1,850,000	916,200
2036	-	-	-	-	-	-	-	-	285,000	14,250	385,000	273,500	1,265,000	547,100	1,935,000	834,850
2037	-	-	-	-	-	-	-	-	-	-	405,000	254,250	1,315,000	495,500	1,720,000	749,750
2038	-	-	-	-	-	-	-	-	-	-	425,000	234,000	975,000	449,700	1,400,000	683,700
2039	-	-	-	-	-	-	-	-	-	-	445,000	212,750	1,015,000	409,900	1,460,000	622,650
2040	-	-	-	-	-	-	-	-	-	-	465,000	190,500	1,055,000	368,500	1,520,000	559,000
2041	-	-	-	-	-	-	-	-	-	-	490,000	167,250	1,095,000	325,500	1,585,000	492,750
2042	-	-	-	-	-	-	-	-	-	-	515,000	142,750	1,140,000	280,800	1,655,000	423,550
2043	-	-	-	-	-	-	-	-	-	-	540,000	117,000	1,190,000	234,200	1,730,000	351,200
2044	-	-	-	-	-	-	-	-	-	-	570,000	90,000	1,235,000	185,700	1,805,000	275,700
2045	-	-	-	-	-	-	-	-	-	-	600,000	61,500	1,290,000	135,200	1,890,000	196,700
2046	-	-	-	-	-	-	-	-	-	-	630,000	31,500	1,340,000	82,600	1,970,000	114,100
2047	-	-	-	-	-	-	-	-	-	-	-	-	1,395,000	27,900	1,395,000	27,900
	<u>\$1,375,000</u>	<u>\$111,207</u>	<u>\$4,500,000</u>	<u>\$984,176</u>	<u>\$2,945,000</u>	<u>\$800,346</u>	<u>\$2,180,000</u>	<u>\$252,697</u>	<u>\$7,090,000</u>	<u>\$2,908,250</u>	<u>\$9,935,000</u>	<u>\$8,491,950</u>	<u>\$29,275,000</u>	<u>\$19,315,375</u>	<u>\$57,300,000</u>	<u>\$32,864,001</u>

CITY OF GERMANTOWN, TENNESSEE

Exhibit E-2

SCHEDULE PRINCIPAL AND INTEREST REQUIREMENTS - SETTLEMENT LIABILITY

GOVERNMENTAL FUNDS

June 30, 2018

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Fiscal Year	Shelby County Settlement Liability		
	Principal	Interest	Total
2019	\$ 272,425	\$ 83,028	\$ 355,453
2020	281,636	73,817	355,453
2021	291,159	64,294	355,453
2022	301,004	54,449	355,453
2023	311,182	44,271	355,453
2024	321,704	33,749	355,453
2025	332,582	22,871	355,453
2026	343,826	11,626	355,452
	<u>\$ 2,455,518</u>	<u>\$ 388,105</u>	<u>\$ 2,843,623</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE PRINCIPAL AND INTEREST REQUIREMENTS - SERIAL REVENUE BONDS**  
**UTILITY FUND**  
 June 30, 2018

Exhibit E-3

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<b>Fiscal Year</b>	<b>Series 2008 Bonds</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 590,000	\$ 11,800	\$ 590,000	\$ 11,800
	<u>\$ 590,000</u>	<u>\$ 11,800</u>	<u>\$ 590,000</u>	<u>\$ 11,800</u>

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit E-4**

**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - BY LEVY YEAR**

For the Year Ended June 30, 2018

<u>Year</u>	<u>June 30, 2017</u>	<u>Assessment</u>	<u>Collections</u>	<u>June 30, 2018</u>
2018	\$ -	\$ 32,256,468	\$ -	\$ 32,256,468
2017	32,268,236		(31,905,963)	362,273
2016	319,766	-	(230,153)	89,613
2015	89,757	-	(53,337)	36,420
2014	36,528	-	(2,417)	34,111
2013	33,365	-	(2,023)	31,342
2012	26,016	-	(1,029)	24,987
2011	18,135	-	(869)	17,266
2010	13,856	-	(848)	13,008
2009	9,861	-	(29)	9,832
2008 & Prior	51,824	-	(729)	51,095
	<u>32,867,344</u>	<u>\$ -</u>	<u>\$ (32,197,397)</u>	<u>32,926,415</u>
Allowance for uncollectible property taxes	<u>(2,530,624)</u>			<u>(2,276,639)</u>
	<u>\$ 30,336,720</u>			<u>\$ 30,649,776</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF BONDS OF PRINCIPAL OFFICIALS**  
June 30, 2018

**Exhibit E-5**

	<u>Amount of Bond/Issuance*</u>
<b>Mayor</b>	
Honorable Mike Palazzolo	\$ 500,000
<b>Five Aldermen (each)*</b>	
Rocky Janda	500,000
Forrest Owens	500,000
Mary Anne Gibson	500,000
Dean Massey	500,000
John Barzizza	500,000
<b>City Administrator*</b>	
Patrick J. Lawton	500,000
<b>City Clerk Recorder*</b>	
Michele Betty	500,000
<b>Economic and Community Development Director*</b>	
Cameron Ross	500,000
<b>Interim Finance Director*</b>	
Linda Rathje	500,000
<b>Fire Chief*</b>	
John M. Selberg	500,000
<b>Germantown Performing Arts Centre Executive Director*</b>	
Paul Chandler	500,000
<b>Germantown Athletic Club Director*</b>	
Phil Rogers	500,000
<b>Human Resources Director*</b>	
Steve Wilensky	500,000
<b>Information Technology Director*</b>	
Tony Fischer	500,000
<b>Library Services Director</b>	
Daniel Page	500,000
<b>Parks and Recreation Director*</b>	
Pam Beasley	500,000
<b>Police Chief*</b>	
Richard Hall	500,000
<b>Public Service Director*</b>	
Bo Mills	500,000
<b>Procurement Director*</b>	
Lisa Piefer	500,000
<b>General Services Director*</b>	
Reynold Douglas	500,000

\* Employees are covered under the City's insurance policy for dishonesty, forgery, alterations, theft, disappearance or destruction, and computer fraud for the amounts listed, subject to a \$1,000 deductible.



**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS**  
 June 30, 2018

**Exhibit E-6**

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As of June 30, 2018, City of Germantown, Tennessee served approximately 12,913 water customers and had the following rate structure in place:

Water Rates	Amount	
Residential		
Minimum (5 TGL)	\$	8.78
6 TGL - 15 TGL	\$	2.15 per TGL
16 TGL - 50 TGL	\$	2.47 per TGL
51 TGL and above	\$	3.12 per TGL
Commercial		
Minimum (5 TGL)	\$	13.17
6 TGL - 15 TGL	\$	3.42 per TGL
16 TGL - 50 TGL	\$	3.90 per TGL
51 TGL and above	\$	4.88 per TGL

(TGL = Thousand Gallons)

**CITY OF GERMANTOWN, TENNESSEE  
SCHEDULE OF UNACCOUNTED FOR WATER**

**Exhibit E-7**

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

WAS v5.0  
American Water Works Association  
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Water Audit Report for: **City of Germantown (0000262)**

Reporting Year: **2018** / **7/2017 - 6/2018**

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

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

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

---

**WATER SUPPLIED**

<----- Enter grading in column 'E' and 'J' ----->

Volume from own sources:	+ ? 8	2,232.885	MG/Yr		
Water imported:	+ ? 9	8.384	MG/Yr		
Water exported:	+ ? n/a		MG/Yr		
<b>WATER SUPPLIED:</b>		<b>2,219.078</b>	<b>MG/Yr</b>		

**Master Meter and Supply Error Adjustments**

Pcnt:	Value:				
+ ? 8	1.00%	<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr
+ ? 9	1.00%	<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr
+ ?		<input type="radio"/>	<input type="radio"/>		MG/Yr

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

---

**AUTHORIZED CONSUMPTION**

Billed metered:	+ ? 9	1,956.576	MG/Yr		
Billed unmetered:	+ ? n/a		MG/Yr		
Unbilled metered:	+ ? n/a		MG/Yr		
Unbilled unmetered:	+ ?	27.738	MG/Yr		
<b>AUTHORIZED CONSUMPTION:</b>		<b>1,984.314</b>	<b>MG/Yr</b>		

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:				
1.25%	<input checked="" type="radio"/>	<input type="radio"/>			MG/Yr

Use buttons to select percentage of water supplied  
**OR**  
value

Pcnt:	Value:				
0.25%	<input checked="" type="radio"/>	<input type="radio"/>			MG/Yr
1.00%	<input checked="" type="radio"/>	<input type="radio"/>			MG/Yr
0.25%	<input checked="" type="radio"/>	<input type="radio"/>			MG/Yr

---

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

**234.764** MG/Yr

**Apparent Losses**

Unauthorized consumption:	+ ?	5.548	MG/Yr		
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed					
Customer metering inaccuracies:	+ ? 9	19.763	MG/Yr		
Systematic data handling errors:	+ ?	4.891	MG/Yr		
Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed					
<b>Apparent Losses:</b>		<b>30.203</b>	<b>MG/Yr</b>		

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

**Real Losses = Water Losses - Apparent Losses:** ? **204.561** MG/Yr

**WATER LOSSES:** **234.764** MG/Yr

---

**NON-REVENUE WATER**

**NON-REVENUE WATER:** ? **262.502** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

---

**SYSTEM DATA**

Length of mains:	+ ? 10	257.0	miles		
Number of active AND inactive service connections:	+ ? 9	14,333			
Service connection density:	?	56	conn./mile main		

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

Average length of customer service line: + ?

Average operating pressure: + ? 9 60.0 psi

---

**COST DATA**

Total annual cost of operating water system:	+ ? 10	\$4,723,509	\$/Year		
Customer retail unit cost (applied to Apparent Losses):	+ ? 9	\$2.80	\$/1000 gallons (US)		
Variable production cost (applied to Real Losses):	+ ? 9	\$289.75	\$/Million gallons	<input type="checkbox"/>	Use Customer Retail Unit Cost to value real losses

---

**WATER AUDIT DATA VALIDITY SCORE:**

\*\*\* YOUR SCORE IS: 82 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: Unauthorized consumption
- 3: Systematic data handling errors

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AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association Copyright © 2014. All Rights Reserved.
Water Audit Report for: <input type="text" value="City of Germantown (0000262)"/>		
Reporting Year: <input type="text" value="2018"/> <input type="text" value="7/2017 - 6/2018"/>		
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 ***		
<b>System Attributes:</b>		
	Apparent Losses:	<input type="text" value="30.203"/> MG/Yr
	+ Real Losses:	<input type="text" value="204.561"/> MG/Yr
	= <b>Water Losses:</b>	<input type="text" value="234.764"/> MG/Yr
	<input type="checkbox"/> Unavoidable Annual Real Losses (UARL):	<input type="text" value="77.53"/> MG/Yr
	Annual cost of Apparent Losses:	<input type="text" value="\$78,527"/>
	Annual cost of Real Losses:	<input type="text" value="\$59,272"/> Valued at <b>Variable Production Cost</b>
<small>Return to Reporting Worksheet to change this assumption</small>		
<b>Performance Indicators:</b>		
Financial:	Non-revenue water as percent by volume of Water Supplied:	<input type="text" value="11.8%"/>
	Non-revenue water as percent by cost of operating system:	<input type="text" value="3.1%"/> Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	<input type="text" value="5.77"/> gallons/connection/day
	Real Losses per service connection per day:	<input type="text" value="39.10"/> 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="0.65"/> gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL):		<input type="text" value="204.56"/> million gallons/year
	<input type="checkbox"/> Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input type="text" value="2.64"/>
<small>* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline</small>		

**STATISTICAL INFORMATION SECTION (UNAUDITED)**

**CITY OF GERMANTOWN, TENNESSEE  
STATISTICAL SECTION**

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This part of the City of Germantown's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>144</b>
<p>These exhibits contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	
<b>Revenue Capacity</b>	<b>148</b>
<p>These exhibits contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes</p>	
<b>Debt Capacity</b>	<b>157</b>
<p>These exhibits present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</p>	
<b>Demographic and Economic Information</b>	<b>161</b>
<p>These exhibits offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place, to help make comparisons over time and with other governments.</p>	
<b>Operating Information</b>	<b>163</b>
<p>These exhibits contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</p>	

**Sources:** Unless otherwise noted, the information in these exhibits is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF GERMANTOWN, TENNESSEE**  
**NET POSITION BY COMPONENT**

**Exhibit F-1**

Last Ten Fiscal Years  
(accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities										
Net investment in capital assets	\$ 145,948,291	\$ 138,822,042	\$ 122,549,250	\$ 131,667,006	\$ 129,976,697	\$ 79,702,940	\$ 64,381,386	\$ 52,900,774	\$ 45,980,201	\$ 45,178,360
Restricted	906,219	481,518	513,416	575,787	346,637	1,218,763	1,768,896	2,511,848	1,692,290	1,661,780
Unrestricted	48,851,681	47,270,564	55,933,177	32,626,737	27,785,350	2,868,826	25,674,724	30,107,655	33,132,833	33,988,429
Total governmental activities net position	<u>\$ 195,706,191</u>	<u>\$ 186,574,124</u>	<u>\$ 178,995,843</u>	<u>\$ 164,869,530</u>	<u>\$ 158,108,684</u>	<u>\$ 83,790,529</u>	<u>\$ 91,825,006</u>	<u>\$ 85,520,277</u>	<u>\$ 80,805,324</u>	<u>\$ 80,828,569</u>
Business-type activities										
Net investment in capital assets	\$ 61,392,071	\$ 60,170,755	\$ 58,656,256	\$ 55,875,216	\$ 54,777,680	\$ 55,092,513	\$ 54,753,414	\$ 52,829,038	\$ 52,457,209	\$ 49,924,751
Restricted	-	787,961	-	-	-	-	-	-	-	-
Unrestricted	8,960,692	7,800,567	7,944,814	6,781,658	6,306,322	5,857,711	7,011,809	8,447,174	6,523,107	8,680,195
Total business-type activities net position	<u>\$ 70,352,763</u>	<u>\$ 68,759,283</u>	<u>\$ 66,601,070</u>	<u>\$ 62,656,874</u>	<u>\$ 61,084,002</u>	<u>\$ 60,950,224</u>	<u>\$ 61,765,223</u>	<u>\$ 61,276,212</u>	<u>\$ 58,980,316</u>	<u>\$ 58,604,946</u>
Primary government										
Net investment in capital assets	\$ 207,340,362	\$ 198,992,797	\$ 181,205,506	\$ 187,542,222	\$ 184,754,377	\$ 134,795,453	\$ 119,134,800	\$ 105,729,812	\$ 98,437,410	\$ 95,103,111
Restricted	906,219	1,269,479	513,416	575,787	346,637	1,218,763	1,768,896	2,511,848	1,692,290	1,661,780
Unrestricted	57,812,373	55,071,131	63,877,991	39,408,395	34,091,672	8,726,537	32,686,533	38,554,829	39,655,940	42,668,624
Total primary government net position	<u>\$ 266,058,954</u>	<u>\$ 255,333,407</u>	<u>\$ 245,596,913</u>	<u>\$ 227,526,404</u>	<u>\$ 219,192,686</u>	<u>\$ 144,740,753</u>	<u>\$ 153,590,229</u>	<u>\$ 146,796,489</u>	<u>\$ 139,785,640</u>	<u>\$ 139,433,515</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**CHANGE IN NET POSITION**  
Last Ten Fiscal Years  
(accrual basis of accounting)

**Exhibit F-2**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>										
Governmental activities:										
General government	\$ 15,919,979	\$ 14,462,803	\$ 14,852,522	\$ 10,883,179	\$ 9,815,248	\$ 15,085,014	\$ 14,455,690	\$ 13,883,051	\$ 14,126,482	\$ 12,165,467
Public safety	23,979,404	23,560,038	23,000,775	20,763,626	19,605,811	18,283,716	18,714,470	17,670,477	16,746,970	16,687,140
Community services	7,550,367	8,077,347	4,191,362	4,013,624	3,757,032	4,286,244	3,038,987	3,013,028	2,768,856	4,775,897
Transportation and environment	7,238,063	6,792,239	9,710,135	8,296,168	7,696,305	5,436,003	5,969,305	4,792,033	5,434,148	5,088,019
Education	52,212,680	50,362,795	46,068,542	40,182,352	5,918,915	-	-	-	-	-
Interest and fiscal charges	1,330,426	926,194	1,358,382	679,845	831,623	1,415,478	950,133	798,410	877,138	786,612
Total governmental activities expenses	108,230,919	104,181,416	99,181,718	84,818,794	47,624,934	44,506,455	43,128,585	40,156,999	39,953,594	39,503,135
Business-type activities:										
Utilities	7,410,576	6,941,230	6,659,588	7,184,410	7,279,545	7,309,861	6,884,307	7,230,379	7,046,258	6,502,565
Athletic Club	3,856,832	3,669,724	3,493,131	3,278,419	3,257,518	3,404,771	3,579,023	3,523,561	3,486,381	3,588,475
Sanitation	-	-	-	-	-	-	3,409,532	3,997,349	3,886,086	3,824,101
Nonmajor Enterprise Fund	6,317,827	6,751,769	4,821,327	4,717,365	4,851,474	4,587,955	1,387,559	1,253,252	366,376	-
Total business-type activities expenses	17,585,235	17,362,723	14,974,046	15,180,194	15,388,537	15,302,587	15,260,421	16,004,541	14,785,101	13,915,141
Total primary government expenses	\$ 125,816,154	\$ 121,544,139	\$ 114,155,764	\$ 99,998,988	\$ 63,013,471	\$ 59,809,042	\$ 58,389,006	\$ 56,161,540	\$ 54,738,695	\$ 53,418,276
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 3,627,205	\$ 2,926,397	\$ 2,791,978	\$ 2,058,870	\$ 2,006,017	\$ 1,266,206	\$ 1,156,280	\$ 1,517,274	\$ 1,736,391	\$ 1,497,312
Public safety	152,327	163,442	1,182,858	1,298,067	943,545	175,474	484,006	590,284	431,689	446,496
Transportation and environment	1,191,338	1,042,161	952,147	970,079	969,947	978,001	956,379	971,709	1,142,344	953,711
Community services	1,332,581	1,227,751	832,155	803,292	455,041	348,865	600,909	546,195	694,866	610,060
Education	1,236,058	1,148,080	3,207,977	729,266	-	-	-	-	-	-
Operating grants and contributions	34,789,133	31,539,856	35,388,857	34,081,394	6,703,431	7,103,351	1,401,676	1,607,271	1,731,228	1,237,633
Capital grants and contributions	4,571,688	2,306,522	4,597,615	620,874	53,265,528	10,316,156	8,269,611	5,025,552	280,244	400,000
Total governmental activities program revenues	46,900,330	40,354,209	48,953,587	40,561,842	64,343,509	20,188,053	12,868,861	10,258,285	6,016,762	5,145,212
Business-type activities:										
Charges for services:										
Utilities	8,570,868	8,918,467	8,917,412	8,468,543	6,681,013	6,793,703	7,471,805	7,896,551	6,598,459	7,030,835
Athletic Club	4,283,377	4,089,150	4,253,656	4,095,114	4,026,672	3,900,935	3,709,915	3,517,289	3,221,736	3,003,894
Sanitation	-	-	-	-	-	-	3,530,418	3,944,499	3,905,442	3,810,426
Nonmajor Enterprise Fund	6,457,725	6,336,337	4,864,443	4,823,836	4,866,213	4,853,521	1,280,333	1,074,264	114,998	-
Operating grants and contributions	19,358	-	-	-	-	-	-	-	-	-
Capital grants and contributions	228,752	40,764	1,085,523	329,674	259,000	86,243	116,797	171,857	417,437	96,502
Total business-type activities program revenues	19,560,080	19,384,718	19,121,034	17,717,167	15,832,898	15,634,402	16,109,268	16,604,460	14,258,072	13,941,657
Total primary government program revenues	\$ 66,460,410	\$ 59,738,927	\$ 68,074,621	\$ 58,925,385	\$ 80,176,407	\$ 35,822,455	\$ 28,978,129	\$ 26,862,745	\$ 20,274,834	\$ 19,086,869
Net (expense)/revenue										
Governmental activities	\$ 61,330,589	\$ 63,827,207	\$ 50,228,131	\$ 44,256,952	\$ (16,718,575)	\$ (24,318,402)	\$ (30,259,724)	\$ (29,898,714)	\$ (33,936,832)	\$ (34,357,923)
Business-type activities	(1,974,845)	(2,021,995)	(4,146,988)	(2,536,973)	(444,361)	331,815	848,847	599,919	(527,029)	26,516
Total primary government net expense	\$ 59,355,744	\$ 61,805,212	\$ 46,081,143	\$ 41,719,979	\$ (17,162,936)	\$ (23,986,587)	\$ (29,410,877)	\$ (29,298,795)	\$ (34,463,861)	\$ (34,331,407)

**CITY OF GERMANTOWN, TENNESSEE**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**

**Exhibit F-3**

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,783,367	\$ 2,824,036
Unreserved	-	-	-	-	-	-	-	-	20,626,286	21,242,586
Nonspendable	315,646	1,153,721	1,439,204	696,207	829,361	953,837	1,073,255	1,192,317	-	-
Committed	18,485,676	18,387,303	15,897,287	14,769,333	15,121,607	14,031,590	12,828,407	13,027,239	-	-
Assigned	2,432,724	2,096,450	2,449,205	2,589,254	1,823,473	1,358,669	325,000	2,583,000	-	-
Unassigned	19,491,140	10,963,650	12,072,176	10,195,572	6,295,396	2,876,078	2,483,836	3,024,170	-	-
Total general fund	<u>\$ 40,725,186</u>	<u>\$ 32,601,124</u>	<u>\$ 31,857,872</u>	<u>\$ 28,250,366</u>	<u>\$ 24,069,837</u>	<u>\$ 19,220,174</u>	<u>\$ 16,710,498</u>	<u>\$ 19,826,726</u>	<u>\$ 22,409,653</u>	<u>\$ 24,066,622</u>
Municipal Schools										
Nonspendable	\$ 77,585	\$ 191,041	\$ -	\$ -						
Restricted	122,762									
Assigned	16,125,558	12,951,171	8,864,313	5,289,945						
Total Municipal Schools	<u>\$ 16,325,905</u>	<u>\$ 13,142,212</u>	<u>\$ 8,864,313</u>	<u>\$ 5,289,945</u>						
Major Roads										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,856	\$ 1,375,033	\$ -	\$ -	\$ -
Committed	-	-	-	-	-	1,000,389	3,848,651	-	-	-
Assigned	-	-	-	-	-	-	-	3,606,404	-	-
Total major roads	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,314,245</u>	<u>\$ 5,223,684</u>	<u>\$ 3,606,404</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,188,121	\$ 3,649,714
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	1,643,192	1,821,642
Capital projects funds	-	-	-	-	-	-	-	-	5,065,140	7,983,234
Nonspendable	1,800				69,811				-	-
Restricted	418,235	3,230,614	513,416	575,787	346,637	904,907	393,863	91,532	-	-
Committed	27,665,465	-	17,863,458	5,305,410	4,512,531	2,214,284	1,582,384	3,894,476	-	-
Assigned	9,487,985	10,380,039	5,423,296	1,243,881	2,125,718	1,209,127	6,454,853	3,782,504	-	-
Unassigned	(1,470,902)	-	-	-	(66,597)	-	-	-	-	-
Total all other governmental funds	<u>\$ 36,102,583</u>	<u>\$ 13,610,653</u>	<u>\$ 23,800,170</u>	<u>\$ 7,125,078</u>	<u>\$ 6,988,100</u>	<u>\$ 4,328,318</u>	<u>\$ 8,431,100</u>	<u>\$ 7,768,512</u>	<u>\$ 13,896,453</u>	<u>\$ 13,454,590</u>

**Note:** (1) Any increase/decrease in fund balance is explained in the Management's Discussion and Analysis for the current year.  
(2) Fund Balance presentation change per GASB 54 in 2011.



**CITY OF GERMANTOWN, TENNESSEE**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

**Exhibit F-4**

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Taxes	\$ 106,676,188	\$ 99,266,585	\$ 95,029,659	\$ 90,177,767	\$ 44,119,410	\$ 38,220,104	\$ 35,571,416	\$ 35,306,525	\$ 34,829,681	\$ 34,606,858
Fines and forfeitures	1,244,883	1,144,942	1,438,013	750,866	778,641	812,454	766,110	1,126,108	1,321,613	1,059,200
Licenses and permits	1,353,729	1,082,190	1,032,397	1,071,188	1,026,260	1,036,498	1,004,480	1,029,855	1,037,046	1,038,469
Charges for services	4,587,604	4,280,699	2,707,962	2,163,055	1,112,584	377,852	338,750	532,018	559,298	468,260
Interest on investments	980,430	310,119	166,588	75,688	65,482	82,582	109,193	128,522	244,182	783,049
Grants	5,396,673	4,391,359	4,671,072	2,668,322	3,195,374	9,555,678	8,661,249	5,524,638	923,104	157,319
Other revenues	697,315	818,311	4,505,315	2,332,403	2,427,881	3,271,793	2,755,933	2,506,910	2,103,392	2,007,269
Total revenues	120,936,822	111,294,205	109,551,006	99,239,289	52,725,632	53,356,961	49,207,131	46,154,576	41,018,316	40,120,424
<b>Expenditures</b>										
General government	14,019,895	13,288,255	13,300,569	10,380,587	9,505,519	10,121,258	10,214,400	9,868,644	9,731,390	9,746,932
Public safety	21,905,538	21,103,534	19,920,357	19,361,763	18,850,518	18,984,883	19,213,459	17,788,685	17,499,614	16,917,276
Transportation and Environment	6,456,229	7,175,393	6,112,829	6,291,023	5,825,167	6,043,143	6,144,103	4,803,913	5,528,735	5,030,665
Community services	3,608,116	3,341,953	3,214,441	3,310,940	3,029,081	4,410,517	3,204,284	3,047,641	3,115,601	4,202,211
Education	52,969,423	49,368,689	48,729,295	42,328,473	2,603,341					
Debt service										
Principal	2,300,000	2,825,453	6,765,000	2,480,000	8,290,000	2,545,000	2,200,000	2,175,000	2,055,000	2,025,000
Interest	1,146,557	1,382,402	959,454	688,485	762,645	830,248	863,525	842,142	897,181	810,284
Bond issuance cost	242,238	-	290,428	-	120,576	-	90,919	-	-	109,525
Capital outlay	18,078,831	18,074,814	8,454,713	5,127,384	7,214,238	18,168,534	14,650,580	11,077,073	2,628,245	5,115,870
Total expenditures	120,726,827	116,560,493	107,747,086	89,968,655	56,201,085	61,103,583	56,581,270	49,603,098	41,455,766	43,957,763
Excess of revenues over (under) expenditures	209,995	(5,266,288)	1,803,920	9,270,634	(3,475,453)	(7,746,622)	(7,374,139)	(3,448,522)	(437,450)	(3,837,339)
<b>Other financing sources (uses)</b>										
Transfers in	13,647,678	18,434,918	9,400,156	7,860,761	4,547,201	2,582,496	3,684,323	3,344,058	3,646,994	3,300,000
Transfers out	(13,137,220)	(18,435,955)	(9,172,988)	(7,592,946)	(4,220,000)	(1,415,887)	(3,308,000)	(5,003,000)	(4,424,650)	(4,420,000)
Debt Proceeds - General Obligation	29,275,000	-	13,970,000	-	9,070,000	-	6,025,000	-	-	9,635,000
Refunding bond issued	-	-	4,185,000	-	-	-	-	-	-	-
Discount on bond issued	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	3,778,809	-	3,579,349	-	222,803	-	130,456	-	-	124,951
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(3,666,048)
Contribution from developers	-	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	25,423	98,959	91,529	69,007	50,649	38,985	6,000	3,000	-	(1,967)
Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	(311)
Total other financing sources (uses)	33,589,690	97,922	22,053,046	336,822	9,670,653	1,205,594	6,537,779	(1,655,942)	(777,656)	4,971,625
Net change in fund balances	\$ 33,799,685	\$ (5,168,366)	\$ 23,856,966	\$ 9,607,456	\$ 6,195,200	\$ (6,541,028)	\$ (836,360)	\$ (5,104,464)	\$ (1,215,106)	\$ 1,134,286
Debt service as a percentage of noncapital expenditures	3.5%	4.4%	7.8%	3.7%	18.5%	7.9%	7.3%	7.8%	7.6%	7.3%

**CITY OF GERMANTOWN, TENNESSEE**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**Exhibit F-5**

Last Ten Fiscal Years

Calendar Year Ended	Real Property				Commercial Personal Property	Total Taxable Assessed Value	Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Residential Property	Farm Property	Commercial Property	Public Utilities Property					
2018	\$ 1,235,148,875	\$ 1,183,950	\$ 369,473,765	\$ 10,226,862	\$ 32,174,950	\$ 1,648,208,402	1.970	\$ 6,086,675,395	27.08%
2017	1,106,585,750	1,033,450	311,589,830	11,832,219	28,048,120	1,459,089,369	1.930	5,414,894,925	26.95%
2016	1,097,572,000	1,288,200	282,235,055	12,323,985	26,496,540	1,419,915,780	1.930	5,302,215,745	26.78%
2015	1,089,881,650	1,194,550	282,283,980	13,470,927	28,081,710	1,414,912,817	1.930	5,277,145,095	26.81%
2014	1,086,542,975	1,630,500	294,463,130	12,946,203	26,852,980	1,422,435,788	1.930	5,292,064,151	26.88%
2013	1,165,625,600	1,878,200	271,361,220	13,671,353	26,621,560	1,479,157,933	1.485	5,552,753,505	26.64%
2012	1,171,535,200	2,166,525	280,629,910	12,655,926	25,962,880	1,492,950,441	1.485	5,594,910,275	26.68%
2011	1,179,127,275	2,555,975	289,658,450	14,049,120	25,877,620	1,511,268,440	1.425	5,651,738,255	26.74%
2010	1,197,849,725	3,248,850	298,456,105	14,652,167	29,641,640	1,543,848,487	1.425	5,735,373,604	26.92%
2009	1,057,734,155	3,034,575	263,523,140	14,652,167	28,482,630	1,367,426,667	1.54	5,082,693,103	26.90%

Source: Shelby County Assessor Office before adjustment from the County Board of Equalization.

Note: Property in Shelby County is reassessed every four years. Tax rates are applied at \$100 of assessed value.  
 Residential and farm property is assessed at 25.0%,  
 Commercial real property is assessed at 40.0%,  
 Public utilities is assessed at 55.0%,  
 Commercial personal property is assessed at 30.0%.

**CITY OF GERMANTOWN, TENNESSEE**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
 Last Ten Fiscal Years

Exhibit F-6

**Property Tax Rates**  
 (Per \$100 of Assessed Valuation)

Fiscal Year	City	County				Total Direct & Overlapping Rates
	Direct Rate	General Fund	Education	Debt Service	Rural School Bonds	
2018	\$ 1.970	\$ 1.43	\$ 1.99	\$ 0.69	\$ -	\$ 6.08
2017	1.930	1.45	2.14	0.78	-	6.30
2016	1.930	1.45	2.14	0.78	-	6.30
2015	1.930	1.45	2.14	0.78	-	6.30
2014	1.930	1.45	2.14	0.78	-	6.30
2013	1.485	1.36	1.91	0.75	0.04	5.55
2012	1.485	1.36	1.91	0.75	0.04	5.55
2011	1.425	1.36	1.91	0.75	0.04	5.49
2010	1.425	1.33	1.90	0.79	0.04	5.49
2009	1.540	1.23	1.98	0.81	0.04	5.60

**Note:** The City has no direct or contingent liability for the Shelby County debt. Above are the tax rates for both the City of Germantown and Shelby County.

**CITY OF GERMANTOWN, TENNESSEE**  
**PRINCIPAL PROPERTY TAX PAYERS**  
 Current and Nine Years Ago

Exhibit F-7

Taxpayer	2018			2009		
	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
The Village at Germantown Inc.	\$ 14,846,560	1	0.90%	\$ 14,683,160	1	1.07%
Whitney Bridges LLC	11,304,000	2	0.69%	7,482,480	4	0.55%
HCP Germantown LLC	10,817,360	3	0.66%			
PEBB Germantown LEB LLC	8,987,520	4	0.55%	9,046,960	2	0.66%
Shops at Saddle Creek Inc	8,937,240	5	0.54%			
G&I VIII Brook Chase LLC	8,831,680	6	0.54%			
Crestwyn Health Group LLC	8,247,120	7	0.50%			
EREP Forest Hill I LLC	7,838,440	8	0.48%	6,583,840	5	0.48%
Vineyards Apartments Inc	7,574,840	9	0.46%	6,398,880	6	0.47%
Taylor Sentor Crook (TR) etal	7,475,760	10	0.45%	5,808,360	7	0.42%
UT Medical Group Inc.				7,494,760	3	0.55%
SXC Poplar FHI Partners LLC	7,086,840	11	0.43%	5,697,000	8	0.42%
Sherriff LLC				5,416,280	9	0.40%
Lightman Exeter Village Co GP	5,798,400	13	0.35%	5,033,440	10	0.37%
Totals	<u>\$ 107,745,760</u>		<u>6.55%</u>	<u>\$ 73,645,160</u>		<u>5.39%</u>

Source: Shelby County Board of Assessments

**CITY OF GERMANTOWN, TENNESSEE  
PROPERTY TAX LEVIES AND COLLECTIONS**

**Exhibit F-8**

Last Ten Calendar Years

<b>Levy Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Collections in Subsequent Years</b>	<b>Total Tax Collections</b>	<b>Percent of Tax Collections to Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent of Outstanding Delinquent Taxes to Tax Levy</b>
2017	\$ 32,268,236	\$ 31,905,963	98.9%	-	\$ 31,905,963	98.9%	\$ 362,273	1.1%
2016	28,038,173	27,718,407	98.9%	230,153	27,948,560	99.7%	89,613	0.3%
2015	27,166,522	26,791,978	98.6%	285,933	27,077,911	99.7%	88,611	0.3%
2014	27,047,828	26,665,756	98.6%	345,544	27,011,300	99.9%	36,528	0.1%
2013	27,203,149	26,805,236	98.5%	364,548	27,169,784	99.9%	33,365	0.1%
2012	21,762,476	21,442,774	98.5%	293,686	21,736,460	99.9%	26,016	0.1%
2011	21,982,373	21,579,284	98.2%	384,954	21,964,238	99.9%	18,135	0.1%
2010	21,335,375	21,028,288	98.6%	293,231	21,321,519	99.9%	13,856	0.1%
2009	21,291,084	20,724,774	97.3%	556,449	21,281,223	100.0%	9,861	0.0%
2008	20,832,727	20,368,950	97.8%	452,517	20,821,467	99.9%	11,260	0.1%

**Note:** The Shelby County Assessor's office assesses the value of property within the county. The City levies a tax and is responsible for collection.

**CITY OF GERMANTOWN, TENNESSEE**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**

**Exhibit F-9**

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Property Taxes	\$ 49,704,035	\$ 45,041,608	\$ 44,109,602	\$ 42,564,359	\$ 27,806,758	\$ 22,508,880	\$ 22,580,235	\$ 22,409,252	\$ 22,581,468	\$ 21,635,074
Local Sales Taxes	20,066,906	18,543,679	17,738,516	15,525,399	9,684,656	8,844,583	7,245,188	7,144,712	6,570,006	6,546,302
State Taxes (Local Share)	<u>36,905,247</u>	<u>35,681,298</u>	<u>33,181,541</u>	<u>32,088,009</u>	<u>6,627,996</u>	<u>6,866,641</u>	<u>5,745,993</u>	<u>6,118,720</u>	<u>5,678,207</u>	<u>6,425,482</u>
Total	<u>\$ 106,676,188</u>	<u>\$ 99,266,585</u>	<u>\$ 95,029,659</u>	<u>\$ 90,177,767</u>	<u>\$ 44,119,410</u>	<u>\$ 38,220,104</u>	<u>\$ 35,571,416</u>	<u>\$ 35,672,684</u>	<u>\$ 34,829,681</u>	<u>\$ 34,606,858</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**

**Exhibit F-10**

Last Ten Fiscal Years  
(accrual basis of accounting)

<b>Function/Program</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Governmental activities:</b>										
General government	\$ 3,627,205	\$ 2,926,397	\$ 2,791,978	\$ 2,058,870	\$ 2,006,017	\$ 1,266,206	\$ 1,156,280	\$ 1,517,274	\$ 1,736,391	\$ 1,497,312
Public safety	152,327	163,442	1,182,858	1,298,067	943,545	175,474	484,006	590,284	431,689	446,496
Transportation and environment	1,191,338	1,042,161	952,147	970,079	969,947	978,001	956,379	971,709	1,142,344	953,711
Community services	1,332,581	1,227,751	832,155	803,292	455,041	348,865	600,909	546,195	694,866	610,060
Education	1,236,058	1,148,080	3,207,977	729,266	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>7,539,509</b>	<b>6,507,831</b>	<b>8,967,115</b>	<b>5,859,574</b>	<b>4,374,550</b>	<b>2,768,546</b>	<b>3,197,574</b>	<b>3,625,462</b>	<b>4,005,290</b>	<b>3,507,579</b>
<b>Business-type activities:</b>										
Utilities	8,570,868	8,918,467	8,917,412	8,468,543	6,681,013	6,793,703	7,471,805	7,896,551	6,598,459	7,030,835
Athletic Club	4,283,377	4,089,150	4,253,656	4,095,114	4,026,672	3,900,935	3,709,915	3,517,289	3,221,736	3,003,894
Sanitation	-	-	-	-	-	-	3,530,418	3,944,499	3,905,442	3,810,426
Nonmajor Enterprise Fund	6,457,725	6,336,337	4,864,443	4,823,836	4,866,213	4,853,521	1,280,333	1,074,264	114,998	-
<b>Total business-type activities</b>	<b>19,311,970</b>	<b>19,343,954</b>	<b>18,035,511</b>	<b>17,387,493</b>	<b>15,573,898</b>	<b>15,548,159</b>	<b>15,992,471</b>	<b>16,432,603</b>	<b>13,840,635</b>	<b>13,845,155</b>
<b>Total primary government</b>	<b>\$ 26,851,479</b>	<b>\$ 25,851,785</b>	<b>\$ 27,002,626</b>	<b>\$ 23,247,067</b>	<b>\$ 19,948,448</b>	<b>\$ 18,316,705</b>	<b>\$ 19,190,045</b>	<b>\$ 20,058,065</b>	<b>\$ 17,845,925</b>	<b>\$ 17,352,734</b>

**CITY OF GERMANTOWN, TENNESSEE**  
**DIRECT AND OVERLAPPING SALES TAX RATES**  
 Last Ten Fiscal Years

**Exhibit F-11**

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<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Shelby County</u>	<u>State of Tennessee</u>
2018	1.625 %	1.125 %	7.00 %
2017	1.625	1.125	7.00
2016	1.625	1.125	7.00
2015	1.625	1.125	7.00
2014	1.625	1.125	7.00
2013	1.125	1.125	7.00
2012	1.125	1.125	7.00
2011	1.125	1.125	7.00
2010	1.125	1.125	7.00
2009	1.125	1.125	7.00

**Source:** State of Tennessee Financial Control

**Note:** Local option tax can be changed by a vote of the citizens.



**CITY OF GERMANTOWN, TENNESSEE**  
**TAXABLE SALES BY CATEGORY**  
 Last Ten Calendar Years

**Exhibit F-12**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Building Materials	\$ 9,356,329	\$ 9,423,908	\$ 8,783,028	\$ 8,193,042	\$ 7,587,962	\$ 7,230,598	\$ 6,241,411	\$ 5,751,382	\$ 5,180,070	\$ 5,602,918
General Merchandise Stores	46,547,999	46,580,651	47,143,087	45,643,091	45,515,254	43,883,755	41,511,127	39,730,828	37,640,466	38,538,048
Food Stores	110,865,373	108,357,155	89,897,399	74,465,084	70,966,313	69,706,380	74,747,953	74,471,623	73,914,195	78,156,102
MV Dealers and Service Stations	15,697,414	12,006,595	13,428,589	9,268,145	10,660,232	10,821,656	10,994,725	11,307,651	11,206,377	10,453,608
Apparel Stores	61,389,264	58,827,556	58,394,019	60,454,666	61,458,112	59,929,794	58,961,721	59,103,823	55,002,845	58,244,267
Furniture Stores	39,279,846	34,284,022	31,402,158	29,583,505	29,080,559	34,617,549	37,993,292	34,749,108	26,472,843	29,658,669
Eating and Drinking Places	86,955,306	75,056,545	65,406,111	67,204,184	63,427,005	62,588,306	58,689,814	58,742,030	53,845,598	54,122,435
Other Retail	54,122,446	51,751,333	49,449,860	50,139,706	51,958,109	51,795,399	55,086,019	53,176,098	54,682,210	57,283,925
All Other Outlets	108,794,015	85,813,650	81,427,826	69,391,314	62,610,756	65,628,935	74,062,214	70,504,418	64,379,612	71,197,565
	<u>\$533,007,992</u>	<u>\$482,101,415</u>	<u>\$445,332,077</u>	<u>\$414,342,737</u>	<u>\$403,264,302</u>	<u>\$406,202,372</u>	<u>\$418,288,276</u>	<u>\$407,536,961</u>	<u>\$382,324,216</u>	<u>\$403,257,537</u>

**Source:** Tennessee Department of Revenue, Research Division

**Note:** Figures subject to revision due to amended taxpayer returns.

**CITY OF GERMANTOWN, TENNESSEE**  
**LOCAL SALES TAX REVENUE BY INDUSTRY**

**Exhibit F-13**

Current Year and Nine Years Ago

	2018				2009			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	372	39.45%	\$11,801,522	77.86%	536	58.25%	\$7,267,358	83.86%
Services	203	21.41%	10,074,264	7.02%	227	24.62%	972,975	11.10%
Manufacturing	32	3.38%	360,894	2.36%	36	3.90%	88,588	1.01%
Wholesale Trade	51	5.38%	45,110	0.29%	64	6.94%	39,257	0.45%
Construction	12	1.27%	2,536	0.02%	11	1.19%	22,806	0.26%
Finance Insurance Real Estate	8	0.84%	5,101	0.03%	7	0.76%	1,320	0.02%
Agriculture	9	0.95%	17,438	0.11%	14	1.52%	51,535	0.59%
Other, Non Classified	259	27.32%	1,885,563	12.31%	26	2.82%	237,445	2.71%
<b>Total</b>	<b>946</b>	<b>100%</b>	<b>\$24,192,428</b>	<b>100%</b>	<b>921</b>	<b>100%</b>	<b>\$8,681,284</b>	<b>100%</b>

Source: Tennessee Department of Revenue, Research Division

Notes:

1. Figures subject to revision due to amended taxpayer returns.
2. Figures represent local sales tax collected by taxpayers during the period, not disbursements from the Department of Revenue. Thus, amounts presented above do not match to amounts reflected within the financial report.
3. Changes in local telecommunications sourcing rules in 2003 reduced the number of taxpayers reporting in Transportation and Utilities.

**CITY OF GERMANTOWN, TENNESSEE**  
**RATIOS OF OUSTANDING DEBT BY TYPE**

**Exhibit F-14**

Last Ten Fiscal Years

Fiscal Years	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Demand Bonds	Capital Lease	Capital Note	Settlement Obligation	Bonds	Intergovernmental Loans			
2018	\$64,089,837	-	-	-	\$2,843,623	\$ 593,967	\$ -	\$67,527,427	43.75%	\$ 1,683
2017	33,546,961	-	-	-	3,199,076	1,685,630	-	38,431,667	24.90%	958
2016	32,795,000	-	-	-	-	2,700,000	-	35,495,000	23.00%	885
2015	21,141,095	-	-	-	-	3,743,955	-	24,885,050	19.72%	620
2014	23,614,882	-	-	-	-	4,715,618	-	28,330,500	22.45%	706
2013	23,337,318	-	-	-	-	5,652,281	-	28,989,599	22.97%	723
2012	25,954,333	-	-	-	-	6,454,052	-	32,408,385	24.40%	834
2011	21,402,936	-	-	-	-	7,310,555	-	28,713,491	18.17%	739
2010	25,466,025	-	-	-	-	8,137,057	-	33,603,082	23.60%	783
2009	25,585,254	-	-	-	-	8,913,560	-	34,498,814	20.26%	841

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

**CITY OF GERMANTOWN, TENNESSEE**  
**RATIOS OF GENERAL BONDED DEBT OUSTANDING**  
 Last Ten Fiscal Years

**Exhibit F-15**

Fiscal Years	Governmental Activities					Settlement Obligation	Total	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Demand Bonds	Capital Lease	Capital Note					
2018	\$ 64,089,837	\$ -	\$ -	\$ -	\$ 2,843,623	\$ 66,933,460	1.24%	\$ 1,668.21	
2017	33,546,961	-	-	-	3,199,076	36,746,037	0.68%	915.83	
2016	32,795,000	-	-	-	-	32,795,000	0.62%	817.36	
2015	21,141,095	-	-	-	-	21,141,095	0.40%	526.91	
2014	23,614,882	-	-	-	-	23,614,882	0.45%	588.56	
2013	23,337,318	-	-	-	-	23,337,318	0.42%	581.64	
2012	25,954,333	-	-	-	-	25,954,333	0.46%	668.17	
2011	21,402,936	-	-	-	-	21,402,936	0.38%	551.00	
2010	25,466,025	-	-	-	-	25,466,025	0.44%	620.96	
2009	25,585,254	-	-	-	-	25,585,254	0.50%	624.38	

**Notes:** Details regarding the City's outstanding debt can be found in the notes to the financial statements. See Exhibit F-5 for property value data. Population data can be found in Exhibit F-18.

**CITY OF GERMANTOWN, TENNESSEE**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
As of June 30, 2017

**Exhibit F-16**

	<u>Net Outstanding Debt</u>	<u>Percentage Applicable City of Germantown</u>	<u>Overlapping Debt</u>
<b>City Net General Obligation Debt</b>	\$ 66,933,460	100.00%	\$ 66,933,460
<b>Shelby County (including School Board)</b>	<u>\$ 1,172,242,185</u>	8.66%	<u>\$ 101,516,173</u>
<b>Direct, Overlapping Debt</b>	<u>\$ 1,239,175,645</u>		<u>\$ 168,449,633</u>

**Note:** The City has no direct or contingent liability for the Shelby County debt. The overlapping debt is calculated based upon the Germantown assessment as a percentage of the total county assessment.

**CITY OF GERMANTOWN, TENNESSEE**  
**PLEDGED-REVENUE COVERAGE**  
 Last Ten Fiscal Years

**Exhibit F-17**

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2018	\$ 8,616,896	\$ 5,621,037	\$ 2,995,859	\$ 1,075,000	\$ 55,300	2.65
2017	8,957,659	5,399,813	3,557,846	1,035,000	97,100	3.14
2016	8,917,412	4,838,161	4,079,251	990,000	128,050	3.65
2015	8,468,543	5,386,238	3,082,305	955,000	165,688	2.75
2014	6,681,013	5,386,006	1,295,007	920,000	182,608	1.17
2013	6,793,703	5,326,971	1,466,732	880,000	232,190	1.32
2012	7,471,805	5,069,893	2,401,912	855,000	261,698	2.15
2011	7,896,551	5,543,197	2,353,354	825,000	290,810	2.11
2010	6,598,459	5,215,958	1,382,501	775,000	318,623	1.26
2009	7,030,835	4,996,003	2,034,832	350,000	255,419	3.36

**Notes:** Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

**CITY OF GERMANTOWN, TENNESSEE**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 Last Ten Calendar Years

**Exhibit F-18**

	<u>Population</u> (1)	<u>Median Income</u> (4)	<u>Per Capita Personal Income</u> (4)	<u>School Enrollment</u>	<u>Unemployment Rate</u> (6)
2009	41,011	\$ 154,292 (4)	55,632	8,099	8.6
2010	41,011	\$ 142,358 (4)	51,215	7,927	6.9
2011	38,844	\$ 158,011	53,043	8,499	6.2
2012	38,844	\$ 132,795 (4)	50,429	8,580	6.4
2013	40,123 (3)	\$ 126,196 (3)	51,701 (3)	8,571	5.4
2014	40,123 (3)	\$ 113,294 (3)	49,857 (3)	8,551 (6)	5.6
2015	40,123 (3)	\$ 114,520 (8)	53,329 (8)	5,732 (7)	4.6
2016	40,123 (3)	\$ 154,355 (9)	54,229 (9)	5,732 (7)	3.9
2017	40,123 (3)	\$ 154,163 (10)	54,229 (9)	5,874 (7)	3.9
2018	40,123 (3)	\$ 154,163 (9)	53,919 (9)	6,016 (7)	2.6 (11)

Sources:

- (1) Estimated unless otherwise noted
- (3) Special Local Census
- (4) Memphis Business Journal
- (6) 2008, 2011, 2013 and 2014 Unemployment rate derived from Sperling's Best Places.  
 2010 Unemployment rate derived from The Commercial Appeal.  
 2012 Unemployment rate derived from the Department of Labor and Workforce Development  
 2016 Unemployment rate derived from Homefacts.com and CareerTrends.com  
 Note - U.S. Census Bureau and Memphis Business Journal information is reported on a calendar basis.
- (7) Germantown Municipal School District
- (8) Sperling's Best Places, updated December 2016
- (9) City of Germantown website
- (10) Germantown Life & Stories
- (11) 2018 Unemployment rate derived from www.civc dashboards.com

**CITY OF GERMANTOWN, TENNESSEE**  
**PRINCIPAL EMPLOYERS**  
 Current Year and Five Years Ago

**Exhibit F-19**

Employer	2018			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Methodist LeBonheur Hospital - Germantown	1,900	1	0.38%	1,277	1	0.20%
Germantown Municipal School District	518	2	0.10%	--	--	--
City of Germantown	406	3	0.08%	377	3	0.06%
Campbell Clinic	397	4	0.08%	353	4	0.06%
Stern Cardiovascular	375	5	0.07%	240	7	0.04%
Memphis Orthopedic Group	316	6	0.06%	--	--	--
Kroger	300	7	0.06%	103	10	0.02%
ThyssenKrupp Elevator Manufacturing, Inc.	310	8	0.06%	244	6	0.04%
Gastro One	271	9	0.05%	--	--	--
Villages of Germantown	220	10	0.04%	225	8	0.04%
Shelby County School System--Germantown Sch	--	--	--	636	2	0.10%
Baptist Rehabilitation -- Germantown	--	--	--	200	9	0.03%
Orgill, Inc.	--	--	--	346	5	0.06%

**Notes:**

\*Approximately 5,030 Personnel Staff per Shelby County Human Resources Representative (2018)

\*\*Approximately 6,270 Personnel Staff per Shelby County Official Website (2013)



**CITY OF GERMANTOWN, TENNESSEE**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT BY PROGRAM/COST CENTER**  
 Last Ten Fiscal Years

**Exhibit F-20**

(Full Time Equivalents-  
 Non-Exempt/Exempt Employees)

Program/Cost Center:	2018		2017		2016		2015		2014		2013		2012		2011		2010		2009	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
<b>General Government</b>																				
City Court	7	-	7	-	7	-	7	-	7	3	7	1	7	-	7	-	6	-	6	-
Administration	8	1	7	2	5	1	5	1	5	1	5	1	4	1	5	1	5	1	5	2
Human Resources	5	-	5	-	6	-	7	-	6	-	6	-	6	-	6	-	6	-	6	-
Information Technology	5	1	5	1	5	-	5	-	5	-	5	-	5	-	4	-	3	1	2	1
Finance	9	-	11	-	11	-	10	-	16	1	9	1	15	1	14	1	15	1	15	1
Procurement	7	-	7	-	7	-	7	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and Community Development	18	-	19	-	20	-	19	-	20	-	22	-	21	-	21	-	26	-	27	-
Facility Services	16	1	17	-	16	-	14	-	12	-	12	-	13	-	15	-	15	-	16	-
GPAC	12	19	11	24	10	2	10	2	9	5	9	36	9	5	9	5	9	5	9	4
Office of Budget & Performance	3	-	3	-	3	-	3	-	2	-	2	-	2	-	2	-	2	-	2	-
<b>Public Safety</b>																				
Police	125	5	122	5	113	-	115	1	107	-	107	-	110	1	109	1	109	1	108	1
Fire	67	3	68	1	67	1	66	1	70	1	79	1	69	1	69	1	68	1	68	1
<b>Transportation &amp; Environment</b>																				
Public Services	41	3	40	1	38	1	39	1	39	1	44	2	39	1	38	-	44	-	29	-
Fleet Services	9	-	9	-	9	-	8	1	10	-	10	-	10	-	10	-	10	-	10	-
Animal Control	4	-	3	-	4	1	4	1	5	-	4	-	4	-	4	-	4	-	4	-
<b>Community Services</b>																				
Parks & Recreation	7	8	7	6	7	6	6	6	7	5	5	21	7	4	6	5	9	4	32	4
The Farm	-	1	-	3	-	1	-	1	-	1	-	4	-	-	-	-	-	-	-	-
Community Education	2	9	1	6	1	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ambulance Fund</b>	19	-	19	-	19	-	16	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Germantown Athletic Club</b>																				
Recreation	11	39	11	44	10	12	10	12	11	12	9	69	10	12	10	12	11	11	10	12
Aquatics	1	38	2	38	2	14	2	14	2	14	2	78	2	14	2	14	2	13	2	13
Personal Training	-	-	-	-	1	3	1	1	1	1	-	-	-	-	-	-	-	-	2	-
<b>Great Hall</b>	2	3	2	3	2	1	2	1	2	1	-	3	2	1	2	1	2	1	-	-
<b>Utilities</b>																				
Water	14	-	16	-	17	-	21	-	20	-	20	-	20	-	20	-	20	-	20	-
Sewer	5	-	5	-	5	-	6	-	6	-	6	-	6	-	6	-	6	-	6	-
<b>Sanitation</b>	2	-	2	-	2	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Stormwater</b>	7	-	7	-	7	-	7	-	7	-	-	-	7	-	8	-	-	-	-	-
<b>Recreation</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	6	-	6	-
<b>Municipal Schools *</b>																				
Full Time (Employees)	518	-	527	-	505	-	517	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>924</u>	<u>131</u>	<u>933</u>	<u>134</u>	<u>899</u>	<u>51</u>	<u>908</u>	<u>43</u>	<u>369</u>	<u>46</u>	<u>363</u>	<u>216</u>	<u>368</u>	<u>41</u>	<u>367</u>	<u>42</u>	<u>378</u>	<u>39</u>	<u>385</u>	<u>39</u>

Source: City of Germantown

**Notes:**

A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).  
 5,874 Students Enrolled

**CITY OF GERMANTOWN, TENNESSEE**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**Exhibit F-21**

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Police										
Physical arrests	2,344	2,447	1,163	1,730	1,227	1,009	2,354	2,738	2,881	2,938
Parking violations	256	370	123	159	83	101	140	164	338	132
Traffic violations	15,027	18,267	23,024	16,728	6,758	5,318	12,411	14,475	16,423	17,995
Fire										
Emergency responses	473	4,115	3,928	3,551	3,354	3,300	3,109	2,924	2,806	2,789
Fires extinguished	70	54	56	45	44	82	102	89	111	114
Inspections	1,225	1,517	1,939	1,515	1,613	1,585	1,803	1,210	1,193	1,233
Other public works										
Street resurfacing (miles)	8	7	8	9	8	7	8	7	5	8
Parks and recreation										
Athletic field permits issued	1	3	n/a	n/a	2	n/a	n/a	n/a	68	159
Germantown Athletic Club										
*Admissions - per day	1,492	1,425	1,568	1,310	1,233	1,232	1,132	1,029	1,004	957
*Admissions - per year	537,455	512,845	564,349	471,675	443,855	443,686	407,476	370,497	361,422	344,763
**Library										
Volumes in collection	139,622	135,532	139,545	136,005	143,618	146,819	158,689	152,129	149,974	146,141
Total volumes borrowed	344,077	338,761	347,908	324,892	333,227	356,314	351,997	367,495	372,622	367,844
Water										
New connections	82	70	58	40	56	69	42	59	51	40
Water main breaks	14	18	16	20	22	19	12	8	18	7
Average daily consumption (TGL)	6.117	6.229	7.530	6,899	7.205	8.658	8.600	8.326	7.038	7.518
Peak daily consumption (TGL)	12.294	12.150	13.580	13.275	13.969	15.818	17.200	15.120	15.722	15.668

Sources: Various city departments.

**Notes:**

TGL=thousand gallons; n/a=information not available

\*The Germantown Athletic Club is open 360 days per year. Per day is an average and is rounded to the nearest even number. Children 11 and under are included in these numbers.

**CITY OF GERMANTOWN, TENNESSEE**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years

Exhibit F-22

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Stations	0	1	1	1	1	1	1	1	1	1
Patrol units	0	39	38	37	37	37	37	37	37	37
Fire Stations	0	4	4	4	4	4	4	4	4	4
Other public works										
Streets (miles)	230	220	215	210	210	210	206	206	200	200
Highways (miles)	0	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Streetlights	5,000	5,014	5,099	5,097	5,097	5,258	5,135	5,122	5,115	5,102
Parks and recreation										
Acreage	748	748	748	748	748	748	748	748	748	748
Playgrounds	30	30	30	30	30	30	30	30	26	26
Baseball/softball diamonds	15	15	15	15	15	15	15	15	21	21
Soccer/football fields	11	11	11	11	11	21	21	21	14	14
Community center	0	0	0	0	0	1	1	1	1	1
Water										
Water mains (miles)	256	256	256	210	235	213	209	208	208	207
Fire hydrants	2,611	2,611	2,599	2,606	2,559	2,419	2,384	2,373	2,365	2,357
Storage capacity (million gallons)	8.1		8.1	8.1	7.9	8.1	8.1	8.1	8.1	6.375
Wastewater*										
Sanitary sewers (miles)	235	233	233	210	232	213	211	211	211	210

Sources: Various city departments.

**Notes:**

\*Wastewater treatment is provided through the City of Memphis via an agreement between the City and Memphis. The charge is then passed on to the customer as a service fee on their monthly bill.

**GOVERNMENT AUDITING STANDARDS SECTION**

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
For the Year Ended June 30, 2018

**Exhibit G-1**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Contract Number	Beginning Accrued (Deferred)	Cash Receipts	Expenditures	Ending Accrued (Deferred)
<b>Federal Awards</b>						
<u>U.S. Department of Agriculture/TN Department of Education</u>						
Child Nutrition Cluster						
School Breakfast Program	10.553		\$ -	\$ 31,645	\$ 31,645	\$ -
National School Lunch Program - Cash Assistance	10.555		-	212,371	212,371	-
Total Child Nutrition Cluster			-	244,016	244,016	-
Fresh Fruit and Vegetable Program	10.582		-	49,844	49,844	-
Total U.S. Department of Agriculture			-	293,860	293,860	-
<u>U.S. Department of Transportation/TN Dept of Transportation</u>						
Highway Planning and Construction Cluster						
Highway Planning and Construction	20.205	Fed Proj #STP-M-9420(1) & 9420(5)	824	-	-	824
Highway Planning and Construction	20.205	Fed Proj #STO-M-NH-177(36)	110,702	166,277	2,192,452	2,136,877
Highway Planning and Construction	20.205	Fed Proj #STP-M-9420	-	8,869	17,410	8,541
Highway Planning and Construction	20.205	Fed Proj #STP -M-9420(9)	-	7,799	14,991	7,192
Highway Planning and Construction	20.205	Fed Proj #STP-M-NH-57(62)	236,149	236,149	-	-
Highway Planning and Construction	20.205	Fed Proj #STP-M-9409(210)	5,000	103,825	123,074	24,249
Highway Planning and Construction	20.205	Fed Proj #STP-M-2830(10)	11,025	55,371	51,768	7,422
Highway Planning and Construction	20.205	Fed Proj #TAP-M-9420(10)	22,380	42,353	37,212	17,239
Highway Planning and Construction	20.205	Fed Proj #STP-M-NH-57(68)	19,578	53,170	33,792	200
Total U.S. Department of Transportation			405,658	673,813	2,470,699	2,202,544
<u>U.S. Department of Education/TN Department of Education</u>						
Title I Grants to Local Education Agencies	84.010	S010A140042	34,146	1,217,562	1,422,808	239,392
Consolidated Administration	84.010	N/A	9,152	159,386	185,606	35,372
Subtotal - Title I-A			43,298	1,376,948	1,608,414	274,764

See accompanying notes to the schedule

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
For the Year Ended June 30, 2018

**Exhibit G-1**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Contract Number	Beginning Accrued (Deferred)	Cash Receipts	Expenditures	Ending Accrued (Deferred)
Special Education Cluster (IDEA)						
IDEA Part B	84.027	H027A150052	115,768	1,147,663	1,171,672	139,777
IDEA Discretionary	84.027	H027A150052	169	4,565	4,396	-
Special Education - Preschool Grants	84.173	H173A150095	546	11,513	11,382	415
Subtotal - Special Education Cluster (IDEA)			<u>116,483</u>	<u>1,163,741</u>	<u>1,187,450</u>	<u>140,192</u>
English Language Acquisition State Grants	84.365	S365A150042	3,229	10,190	9,611	2,650
Consolidated Administration	84.365	N/A	-	69	69	-
Subtotal - Title III			<u>3,229</u>	<u>10,259</u>	<u>9,680</u>	<u>2,650</u>
Improving Teacher Quality State Grants	84.367	SO13A150042	17,662	102,138	95,424	10,948
Consolidated Administration	84.367	N/A	-	5,742	5,742	-
Subtotal - Title II			<u>17,662</u>	<u>107,880</u>	<u>101,166</u>	<u>10,948</u>
Career and Technical Education Grants to States	84.048	V048A150042	-	177,692	178,116	424
Total U.S. Department of Education			<u>180,672</u>	<u>2,836,520</u>	<u>3,084,826</u>	<u>428,978</u>
U.S. Department of Homeland Security / FEMA						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4320-DR-TN	-	-	42,501	42,501
Total Federal Awards			<u>586,330</u>	<u>3,804,193</u>	<u>5,891,886</u>	<u>2,674,023</u>

See accompanying notes to the schedule

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)**  
For the Year Ended June 30, 2018

**Exhibit G-1**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Contract Number	Beginning Accrued (Deferred)	Cash Receipts	Expenditures	Ending Accrued (Deferred)
<u>State Financial Assistance</u>						
Department of Transportation	N/A	Fed Proj #STO-M-NH-177(36)	27,676	41,570	548,113	534,219
Department of Transportation	N/A	Fed Proj #STP-M-NH-57(62)	59,037	59,037	-	-
Department of Transportation	N/A	Fed Proj #STP-M-NH-57(68)	4,895	13,293	8,448	50
Department of Transportation	N/A		-	69,068	69,068	-
TEMA Grant	N/A	FEMA-4320-DR-TN	-	-	4,665	4,665
TN Dept of Agriculture - Agricultural Growth Initiative	N/A	2853	-	2,000	2,000	-
TN State - Dept. of Economic & Community Development	N/A	Edison Id #1543	-	69,068	116,398	47,330
DOE Coordinated School Health	N/A	N/A	9,313	91,729	90,000	7,584
DOE Safe Schools Act of 1998	N/A	N/A	13,649	22,942	29,699	20,406
DOE Child Nutrition State	N/A	N/A	-	7,047	7,047	-
Rehabilitation Services School to Work Program	N/A	N/A	-	70,026	70,026	-
DOE Read to Be Ready Coaching Network	N/A	N/A	-	-	8,981	8,981
Total State Financial Assistance			<u>114,570</u>	<u>445,780</u>	<u>954,445</u>	<u>623,235</u>
Total Federal Awards and State Financial Assistance			<u>\$ 700,900</u>	<u>\$ 4,249,973</u>	<u>\$ 6,846,331</u>	<u>\$ 3,297,258</u>

See accompanying notes to the schedule

**CITY OF GERMANTOWN, TENNESSEE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

For the Year Ended June 30, 2018

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of the City of Germantown, Tennessee (the City) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in either OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 2) Pass-through entity contract numbers are presented where available.
- 3) There were no federal awards passed through to subrecipients.
- 4) The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE TO THE FINANCIAL STATEMENTS**

The following is a reconciliation of expenditures per the schedule of expenditures of federal awards and state financial assistance to the revenue balances in the City’s financial statements.

Total grant revenue per governmental funds financial statements	\$ 5,396,673
Change in deferred revenue at the fund level	1,592,080
Non-federal and non-state grants	
City of Germantown	(3,033)
Germantown Municipal School District	(139,389)
Total federal awards and state financial assistance	<u>\$ 6,846,331</u>



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor Mike Palazzolo and the Board of Aldermen of  
City of Germantown, Tennessee:

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the statements of budgetary comparison for the general fund and general purpose school fund, and the aggregate remaining fund information of the City of Germantown, Tennessee (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 18, 2018. Our report includes a reference to other auditors who audited the financial statements of GPAC, as described in our report on the City financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Watkins Mikusall, PLLC". The signature is written in a cursive, flowing style.

Memphis, Tennessee  
December 18, 2018

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor Mike Palazzolo and the Board of Aldermen of  
City of Germantown, Tennessee:

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Germantown, Tennessee's (the "City") compliance with the types of compliance requirements described in the *OMB 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, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2018.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

A handwritten signature in black ink that reads "Watkins Mikusall, PLLC". The signature is written in a cursive, flowing style.

Memphis, Tennessee  
December 18, 2018

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2018

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**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Germantown, Tennessee (the "City") were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs are reported.
5. The auditor's report on compliance for the major federal award program for the City expresses an unmodified opinion on all major programs.
6. There were no audit findings required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as a major program were CFDA number 84.010 Title I Grants to Local Educational Agencies and CFDA numbers 84.027 and 84.173 (Special Education Grants to States and Special Education Preschool Grants, respectively) Special Education Cluster (IDEA).
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. The City of Germantown, Tennessee did not qualify as a low risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS**

None reported for the year ended June 30, 2018.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

None reported for the year ended June 30, 2018.

**CITY OF GERMANTOWN, TENNESSEE**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the Year Ended June 30, 2018

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**A. PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT**

None reported.

**B. PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None reported.