

# **CITY OF GERMANTOWN TENNESSEE**

## **Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2019**

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

November 18, 2019

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, 2019. This document reports the sound financial position of the various funds of the City of Germantown and the financial results for operations during FY 19. 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 88.5% against operating expenditures in FY 19. The City also maintained a Triple-A bond rating with Moody's and Standard & Poor's, one of three cities in Tennessee and one of just 124 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 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. A sixth school in Germantown was under construction during FY19 with completion of this new school in FY20.

#### 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 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)

November 18, 2019

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, 2019, 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 consisted 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 was 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 was 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, 2019. 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, 2019 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, solid waste, 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 continue to take root. Property values have stabilized within the City and new properties are under construction. Property tax remains the most stable source of revenue at approximately 55.5% of total general fund revenue with collections remaining very strong. For fiscal year 2019, the City tax rate was at \$1.95 per \$100 of assessed value. Real and personal property are assessed by the Shelby County Assessor. The tax rate for fiscal year 2019 was reduced \$.02 due to appeal allowance not being used.

Property tax decreased over the past year by \$88,500. This was due to a \$.02 reduction in the tax rate for fiscal year 2019. Sales tax was the second largest revenue source to the City. Local sales tax increased by \$848,382. This increase is due to improved economic conditions during the fiscal year as well as new businesses entering into the City. Intergovernmental taxes increased by \$194,395, due to improved economic conditions around the state and Hall Income tax. 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 2019 the City issued 39 permits for new single family residence structures with a value of \$24,146,198 or average value of \$619,133. A key factor for the increase in property values was related to the Thornwood developments. A host of restaurants and retail stores as part of the mixed use development and apartments came on line during fiscal year 2019 to join the Hampton Hotel and jewelry store. Economic development initiatives for fiscal year 2018 and 2019 included the construction of a new K-5 elementary school, Forest Hill

Elementary School. Forest Hill Irene Road was under construction for widening to handle the additional traffic due to the new school being opened and additional developments in fiscal year 2019. The new school was completed during 2019 and the road is scheduled for completion in 2020.

In fiscal year 2019 the City continued to see strong growth in all commercial sectors. The City's key commercial areas had investments from local, regional, and national developers as well as upgrades to regional shopping centers. Campbell Clinic had the largest reinvestment for fiscal year 2019 in the City's Medical Corridor. They broke ground on a \$40 million dollar operations and therapy center. This project included eight (8) new surgery suites, clinical offices, and state of the art physical therapy. With this investment the Campbell Clinic was able to consolidate other services to their Germantown campus and make it the center of their regional operations. Other developments continue to move forward and will begin in fiscal year 2020 including mixed use redevelopments, new hotels, and new medical office buildings.

### **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 to look to the future and focus on a sustainable Germantown based on the triple bottom line of economic, environmental and social sustainability. The plan will be updated every 5 years and will continue to involve members of the community. The first update will take place in 2020.

The City's fiscal year spending plan emphasized a long-term goal of maintaining financial stability. It was a strategic plan that aligns financial, capital and employee resources with the Germantown Forward 2030 long range strategic plan. Several funding priorities were developed that focus on supplying the necessary materials and tools to address the strategic and operational objectives.

Annual budgets were driven by cost savings with emphasis on City departments operating as a business with a 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 Forest Hill Elementary School and related road improvements. Forest Hill Elementary School will seat 500 plus students. Additionally, the City issued a \$3.025 million General Obligation Capital Note in August 2018. The funds were used to construct administrative offices for the Germantown Municipal School District which is located near Forest Hill Elementary School. 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, 2018. This was the 37th 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 Board of Mayor and Aldermen  
City of Germantown, Tennessee  
November 18, 2019

The City received the GFOA's Distinguished Budget Presentation Award for its annual operating budget for the year ended June 30, 2019. The City has received the Award for each of the 35 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 preparation of this report could not be accomplished without the skill, effort and dedication of the entire staff of the Department of Budget and Financial Services 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

A handwritten signature in black ink that reads "Adrienne Royals". The signature is written in a cursive style with a large, sweeping initial "A" and a long, horizontal stroke extending to the right.

Adrienne Royals  
Budget & Financial Services Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Germantown  
Tennessee**

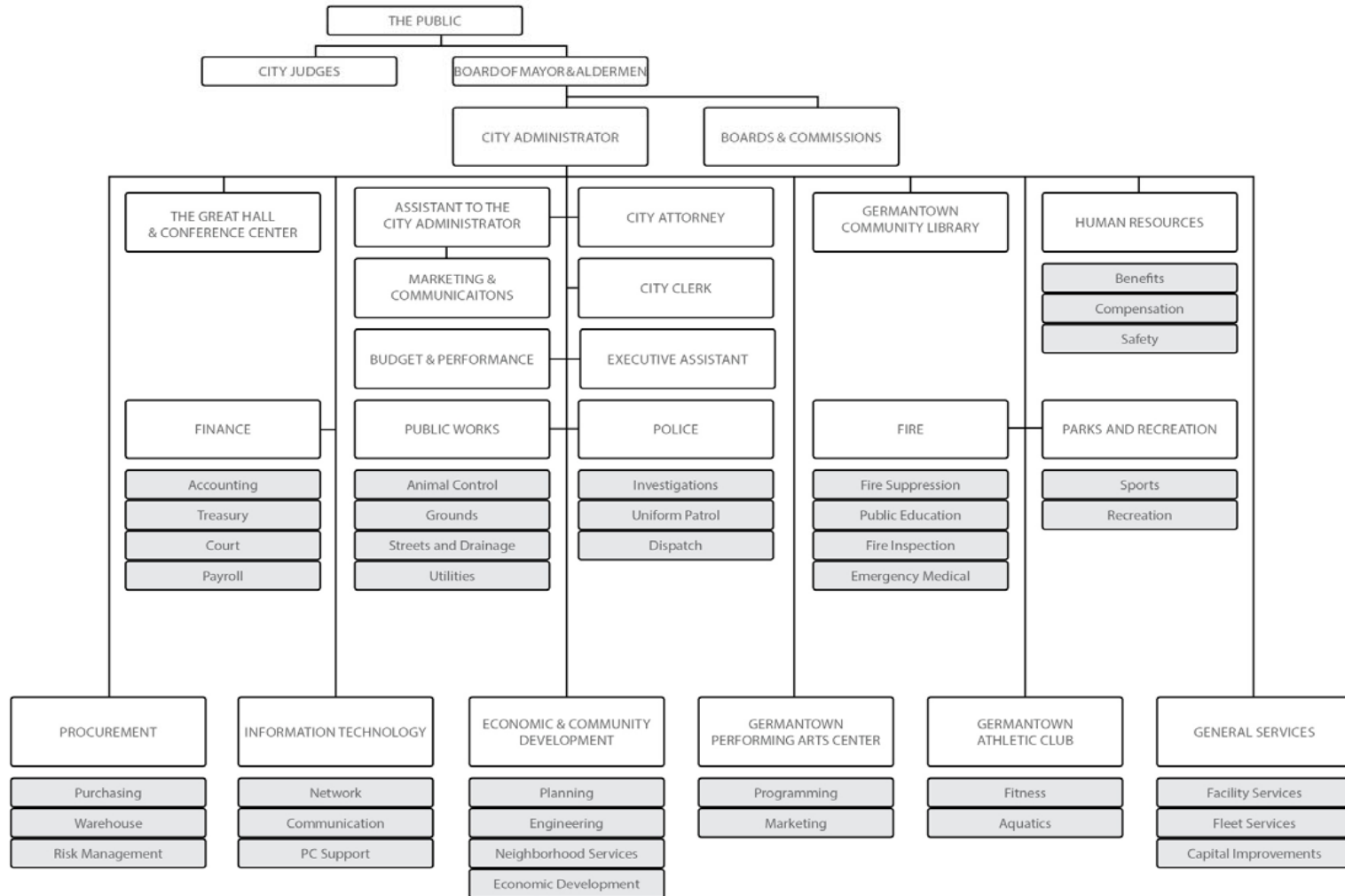
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

**CITY OF GERMANTOWN, TENNESSEE**  
**ORGANIZATIONAL CHART**  
 June 30, 2019



**CITY OF GERMANTOWN, TENNESSEE**  
**CITY OFFICIALS**  
June 30, 2019

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**MAYOR**

Honorable Mike Palazzolo (2022\*)

**ALDERMEN**

Mary Anne Gibson, Vice Mayor (2022\*)

Scott Sanders (2022\*)  
Forrest Owens (2020\*)

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

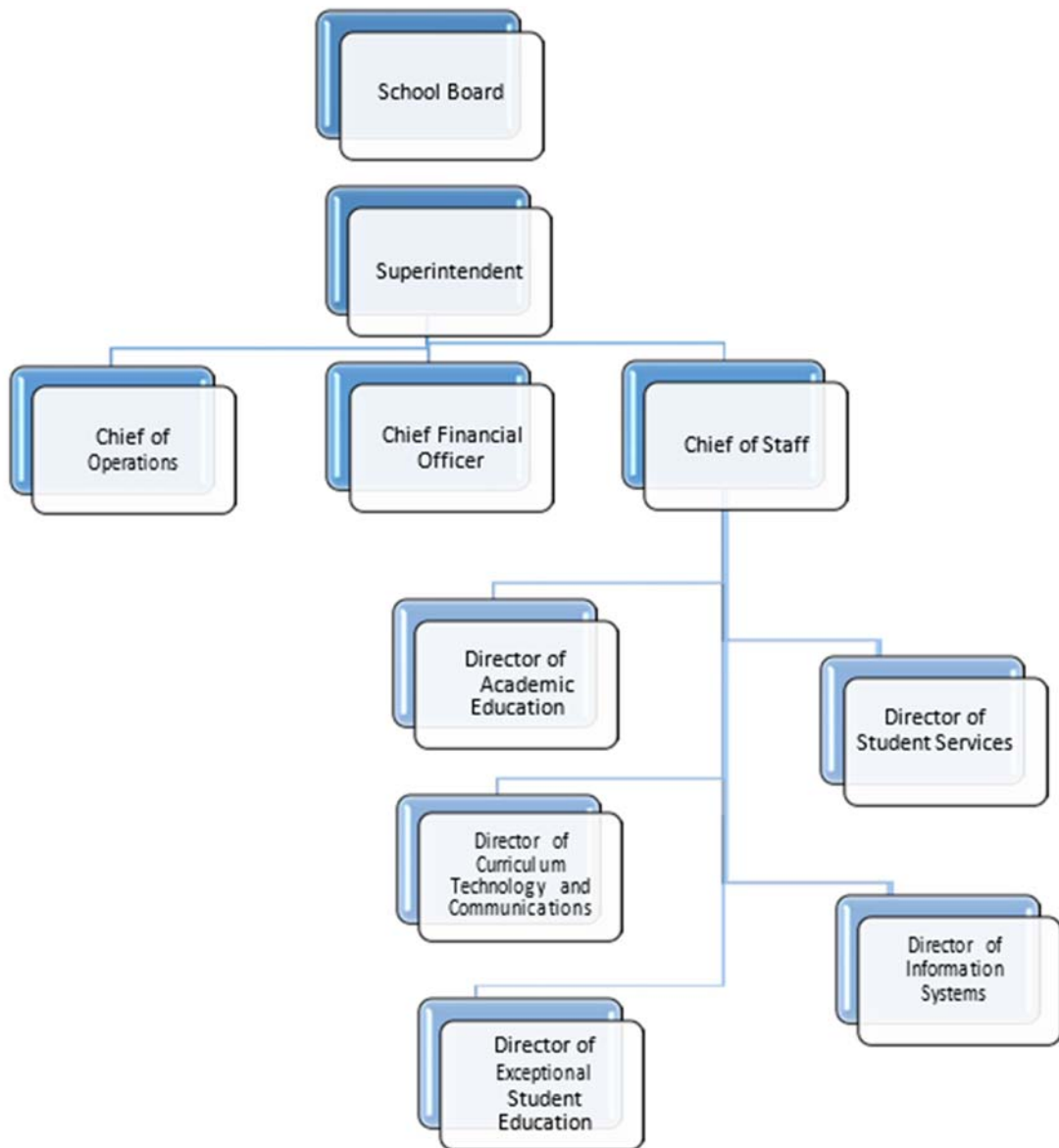
**CITY OFFICIALS**

City Administrator..... Patrick J. Lawton  
City Attorney ..... John R. McCarroll, III  
City Judges ..... Raymond S. Cliff  
Robert M. Brannon, Jr.

Director of Finance..... Adrienne Royals  
Accounting Manager.....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

### GMSD Cabinet





**BOARD OF EDUCATION**

Chair..... Rebecca Luter, Position 3 (2020\*)  
Vice-Chair ..... Amy Eoff, Position 5 (2020\*)  
Board Member ..... Linda Fisher, Position 1 (2020\*)  
Board Member ..... Angela Griffith, Position 4 (2022\*)  
Board Member ..... Betsy Landers, Position 2 (2022\*)

**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, 2019, 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 0.40 percent, 0.50 percent, and 2.00 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, 2019, 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.

## 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 November 18, 2019, 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.



Memphis, Tennessee  
November 18, 2019

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2019

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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, 2019. 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, 2019 by \$283,519,691 (net position). Of this amount, \$58,685,980 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2019, the City's governmental funds reported total fund balances of \$80,897,475. Of this amount, \$20,871,449 (unassigned fund balances) may be used to meet the general governments spending requirements. The unassigned fund balance represents 42.97% of total General Fund expenditures.
- During the fiscal year, the City's total debt had a net increase of \$409,547. The increase is due to a capital outlay note being issued by the general government in the amount of \$3,025,000. The proceeds will be used for the construction of a new school administration building.

**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, 2019. 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, 2019

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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, 2019

**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 begin on pages 47 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 plans and other postemployment benefit plans, 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, nonmajor enterprise funds, internal service funds, fiduciary funds, and agency funds are presented immediately following the required supplementary information. 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 \$283,519,691 at June 30, 2019.

	Condensed Statement of Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 136,989,362	\$ 145,888,051	\$ 14,470,720	\$ 13,119,425	\$ 151,460,082	\$ 159,007,476
Capital assets	214,628,967	183,119,668	62,600,190	61,986,038	277,229,157	245,105,706
<b>Total Assets</b>	<b>351,618,329</b>	<b>329,007,719</b>	<b>77,070,910</b>	<b>75,105,463</b>	<b>428,689,239</b>	<b>404,113,182</b>
<b>Deferred Outflows of Resources</b>	<b>31,176,876</b>	<b>19,162,361</b>	<b>2,195,727</b>	<b>1,053,470</b>	<b>33,372,603</b>	<b>20,215,831</b>
Long-term liabilities outstanding	120,599,316	102,839,061	4,340,763	3,439,488	124,940,079	106,278,549
Other liabilities	14,709,089	12,786,471	2,572,396	2,364,383	17,281,485	15,150,854
<b>Total Liabilities</b>	<b>135,308,405</b>	<b>115,625,532</b>	<b>6,913,159</b>	<b>5,803,871</b>	<b>142,221,564</b>	<b>121,429,403</b>
<b>Deferred Inflows of Resources</b>	<b>36,312,191</b>	<b>36,838,357</b>	<b>8,396</b>	<b>2,299</b>	<b>36,320,587</b>	<b>36,840,656</b>
<b>Net Asset</b>						
Invested in capital assets	158,551,222	145,948,291	62,600,190	61,392,071	221,151,412	207,340,362
Restricted	3,682,299	906,219	-	-	3,682,299	906,219
Unrestricted	48,941,088	48,851,681	9,744,892	8,960,692	58,685,980	57,812,373
<b>Total Net Position</b>	<b>\$ 211,174,609</b>	<b>\$ 195,706,191</b>	<b>\$ 72,345,082</b>	<b>\$ 70,352,763</b>	<b>\$ 283,519,691</b>	<b>\$ 266,058,954</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 (1.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$58,685,980) 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, 2019

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.

**Condensed Statement of Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 7,611,811	\$ 7,539,509	\$ 19,470,504	\$ 19,311,970	\$ 27,082,315	\$ 26,851,479
Operating grants and contributions	39,531,316	34,789,133	19,304	19,358	39,550,620	34,808,491
Capital grants and contributions	2,439,777	4,571,688	576,946	228,752	3,016,723	4,800,440
General Revenues:						
Property taxes	50,837,494	48,968,934	-	-	50,837,494	48,968,934
Local sales taxes	21,400,850	20,066,906	-	-	21,400,850	20,066,906
Intergovernmental	6,103,589	5,909,194	-	-	6,103,589	5,909,194
Interest on investments	1,874,580	980,430	419,323	214,246	2,293,903	1,194,676
Other revenue	1,560,076	697,315	68,546	61,444	1,628,622	758,759
<b>Total Revenues</b>	<b>131,359,493</b>	<b>123,523,109</b>	<b>20,554,623</b>	<b>19,835,770</b>	<b>151,914,116</b>	<b>143,358,879</b>
Expenses:						
General government	\$ 13,985,960	\$ 15,919,979	\$ -	\$ -	\$ 13,985,960	\$ 15,919,979
Public safety	24,663,025	23,979,404	-	-	24,663,025	23,979,404
Transportation and environment	9,018,290	7,550,367	-	-	9,018,290	7,550,367
Community services	7,584,153	7,238,063	-	-	7,584,153	7,238,063
Education	58,784,223	52,212,680	-	-	58,784,223	52,212,680
Interest and fiscal charges	2,362,573	1,330,426	-	-	2,362,573	1,330,426
Utilities	-	-	7,471,650	7,410,576	7,471,650	7,410,576
Athletic club	-	-	3,983,883	3,856,832	3,983,883	3,856,832
Nonmajor enterprise funds	-	-	6,599,622	6,317,827	6,599,622	6,317,827
<b>Total Expenses</b>	<b>116,398,224</b>	<b>108,230,919</b>	<b>18,055,155</b>	<b>17,585,235</b>	<b>134,453,379</b>	<b>125,816,154</b>
Increase/(Decrease) in net position before transfers	14,961,269	15,292,190	2,499,468	2,250,535	17,460,737	17,542,725
Gain on disposal of capital assets	-	18,514	-	8,369	-	26,883
Transfers	507,149	510,458	(507,149)	(510,458)	-	-
Increase/(Decrease) in net position	<b>15,468,418</b>	<b>15,821,162</b>	<b>1,992,319</b>	<b>1,748,446</b>	<b>17,460,737</b>	<b>17,569,608</b>
Net position, July 1, 2018	195,706,191	186,574,124	70,352,763	68,759,283	266,058,954	255,333,407
Effect of change in accounting principle	-	(6,689,095)	-	(154,966)	-	(6,844,061)
Net position, June 30, 2019	<b>\$ 211,174,609</b>	<b>\$ 195,706,191</b>	<b>\$ 72,345,082</b>	<b>\$ 70,352,763</b>	<b>\$ 283,519,691</b>	<b>\$ 266,058,954</b>

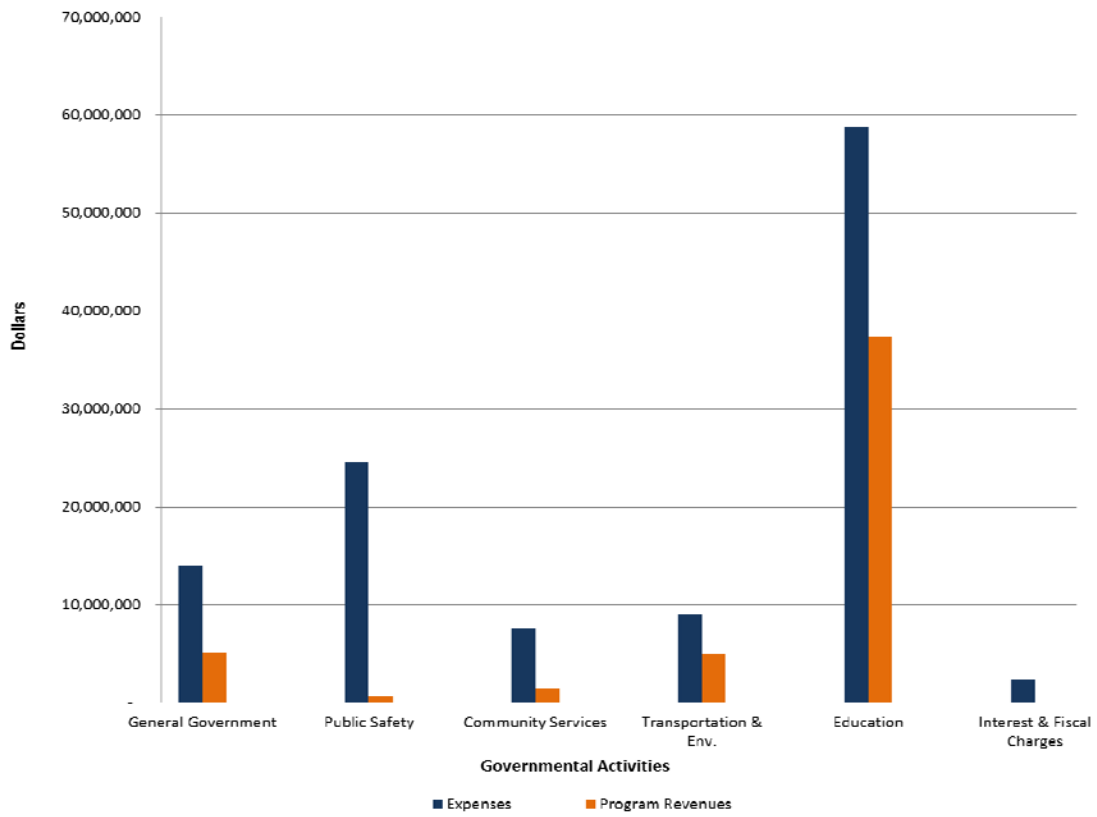
**Governmental activities.** Governmental activities increased the City's net position by \$15,468,418 from the prior fiscal year for an ending balance of \$211,174,609. Key elements of this increase are as follows:

- Property Taxes increased to \$50,837,494 which is \$1,868,560 greater than FY18. Total governmental activities expenses increased by \$8,167,305 from FY18. 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.

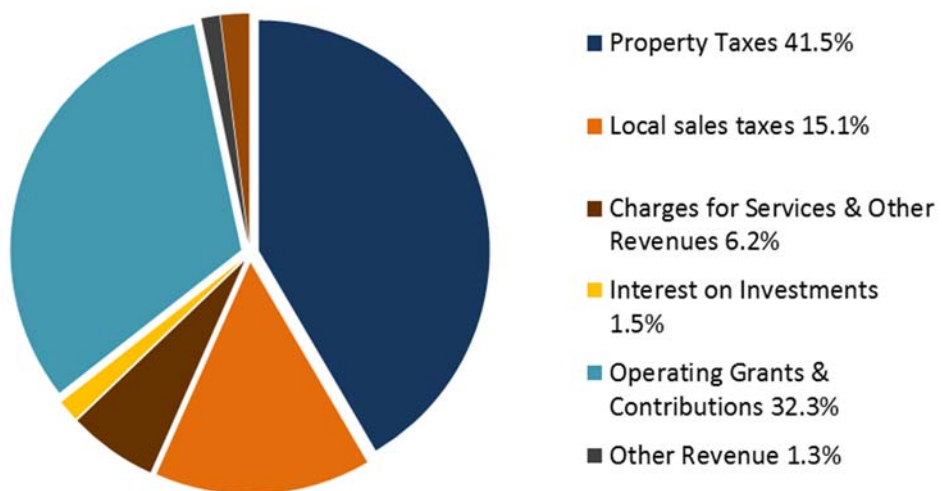


**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
 For the Year Ended June 30, 2019

**Governmental Revenues and Expenses**



**Governmental Revenues by Source**

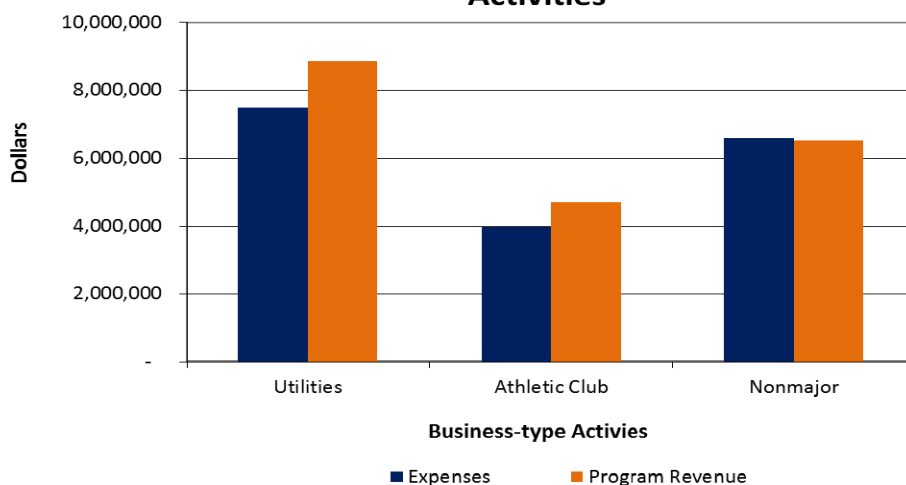


**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
 For the Year Ended June 30, 2019

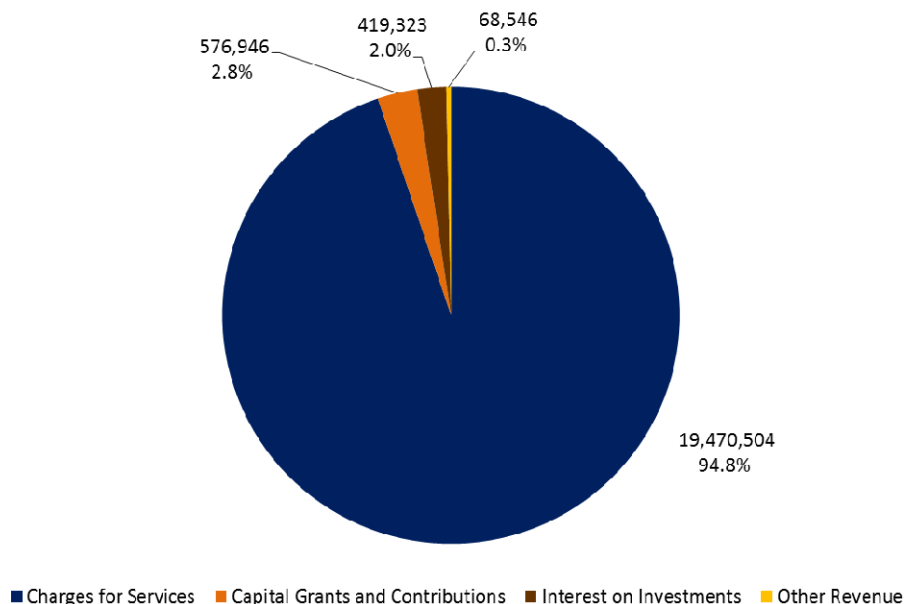
**Business-type activities.** Business-type activities increased the City's net position by \$1,992,319. The business-type activities are Utility, Athletic Club, and the Nonmajor Enterprise Funds.

- The Germantown Utility Fund increased by \$1,189,317, with operating income of \$824,425 covering the cost of operations.
- The Germantown Athletic Club's net position increased by \$708,923 due to \$732,491 in operating income.
- The Nonmajor Enterprise Fund's net position increased by \$57,407 due to a revenue increase slightly over the prior year. The Great Hall which had a positive net position of \$60,482 due to a transfer in of \$75,000. The Sanitation Fund and the Stormwater Fund had a decrease and increase in net position of \$50,635 and \$47,560, respectively.

**Expenses and Program Revenues - Business Type Activities**



**Business-type Activities Revenue by Source**



**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2019

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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, 2019, the City's governmental funds reported combined ending fund balances of \$80,897,475, a decrease of \$12,256,199 in comparison with the prior year. The majority of the decrease was due to the payout for construction obligations for a new middle school and new school administration building. Approximately 25.8% of this total amount of \$20,871,449 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 \$372,276, restricted \$917,748, committed \$43,623,663 and assigned \$15,112,339 amounts. The General Fund is the chief operating fund of the City.

At June 30, 2019, unassigned fund balance of the General Fund was \$20,871,449 while the total fund balance reached \$42,990,379. 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 42.97% of total General Fund Expenditures, while total fund balance represents 88.50% of that same amount.

The fund balance of the City's General Fund increased by \$2,265,193 during the fiscal year ended June 30, 2019. Key factors are as follows:

- Total revenues increased \$1,966,928
- Property tax decreased \$88,500
- Local sales tax increased \$848,382
- Intergovernmental taxes increased \$194,395
- Fines and Forfeitures decreased \$165,539
- Licenses and Permits increased \$141,416
- Fees for services increased \$75,187
- Investment income increased \$419,887
- Grants increased \$157,651
- Other revenue increased \$384,049
- Total expenditures increased \$4,875,337

Property tax decreased over the past year by \$88,500. This was due to a slight decrease in tax collections during FY19. Local sales tax increased by \$848,382. This was due to improved economic conditions and new retail stores entering the City during the fiscal year. Intergovernmental taxes increased by \$194,395. Fines and Forfeitures decreased by \$165,539. This is due to a decrease in traffic and court revenue. Fees for services increased very modestly. Investment income increased by \$419,887. This was due to interest rate increases and larger tax deposits.

Total expenditures increased by \$4,875,337. The 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.

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2019

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**Municipal Schools Fund:** As of June 30, 2019, GMSD reported an ending fund balance of \$19,564,335, an increase of \$3,238,450 in comparison with the prior year. Revenues totaled \$55,565,637 and expenditures totaled \$54,740,424.

Key factors are as follows:

- Total revenues increased \$2,668,515
- Property taxes increased \$452,338
- Local sales and other option taxes increased \$485,562
- Intergovernmental revenues increased \$1,052,326
- Interest income increased \$221,877
- Other income increased \$501,389
- Total expenditures increased \$2,771,341

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, 2019, the weighted full-time equivalency of average daily attendance increased from 4.16% to 4.24%. Due to enhanced collections at and favorable economic conditions in Shelby County, property taxes increased by \$452,338, and local sales tax and other option taxes increased by \$485,562. Intergovernmental revenues increased by \$1,052,326. This is primarily due to a \$954,826 increase in Basic Education Program funding from the Tennessee Department of Education. Interest income increased \$221,877 due to the availability of additional Municipal Schools Fund Reserves, which could be invested. Other income increased \$501,389 primarily due to the receipt of \$450,881 in insurance recoveries for property damage at the high school.

Total expenditures increased by \$2,771,341 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. Salaries and benefits for regular education teachers and education assistants increased \$898,957. Capital outlay costs increased \$1,860,903 due to the building improvements for a boiler and chiller renovation at a middle 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 \$9,744,892 is comprised of, \$6,379,987 for the Utility Fund, \$1,747,457 for the Athletic Club Fund, and \$1,530,249 for the nonmajor enterprise funds. User fees support these funds.

### **General Fund Budgetary Highlights**

The General Fund revenues were higher than budget by \$3,600,294. Property tax came in higher than budget by \$746,221. This was due to new properties being added to the tax rolls. Local sales tax came in higher than budget by \$843,902 due to improved economic conditions and new retail stores coming to the City. Intergovernmental revenue came in higher than budget by \$626,589. This was due to the Hall Tax being higher than projected. License and permits are higher than budget due to more automobile registration and building and related permits. Charges for services are up by \$71,409. This is due to more zoning applications and rental revenue. Fines, forfeitures, and penalties are down by \$250,875 due to City court costs. Interest on investments is up \$879,180 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 \$2,034,801. 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 \$681,363, General Government in the amount of \$907,143 and in Transportation and Environment in the amount of \$285,029.

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2019

**Capital Asset and Debt Administration**

**Capital Assets.** The City investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$277,229,157 (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 \$32,123,451. Governmental activities increased \$31,509,299 or 17.2% and business activities increased \$614,152, or 1%.

	Condensed Statement of Capital Assets, Net of Depreciation					
	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 19,395,255	\$ 19,054,555	\$ 2,772,593	\$ 2,772,593	\$ 22,167,848	\$ 21,827,148
Buildings and improvements	76,554,791	77,579,234	27,622,148	28,275,828	104,176,939	105,855,062
Improvements other than buildings	36,800,430	36,566,260	29,531,297	29,734,208	66,331,727	66,300,468
Machinery and equipment	10,268,194	9,910,235	1,993,537	1,055,870	12,261,731	10,966,105
Vehicles	4,647,199	4,655,519	-	-	4,647,199	4,655,519
Infrastructure	30,894,142	31,379,260	-	-	30,894,142	31,379,260
Construction in progress	36,068,956	3,974,605	680,615	147,539	36,749,571	4,122,144
<b>Total capital assets, net</b>	<b>\$ 214,628,967</b>	<b>\$ 183,119,668</b>	<b>\$ 62,600,190</b>	<b>\$ 61,986,038</b>	<b>\$ 277,229,157</b>	<b>\$ 245,105,706</b>

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

**Long-term debt.** At June 30, 2019 the City had total bonded debt outstanding of \$55,630,000 and total capital outlay note outstanding of \$3,025,000. Of this amount \$55,630,000 comprises debt backed by the full faith and credit of the government.

	Condensed Statement of Outstanding Debt, net of premiums and discounts					
	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 55,630,000	\$ 57,300,000	\$ -	\$ -	\$ 55,630,000	\$ 57,300,000
General obligation capital outlay note	3,025,000	-	-	-	3,025,000	-
Revenue bonds	-	-	-	590,000	-	590,000
<b>Total debt, net</b>	<b>\$ 58,655,000</b>	<b>\$ 57,300,000</b>	<b>\$ -</b>	<b>\$ 590,000</b>	<b>\$ 58,655,000</b>	<b>\$ 57,890,000</b>

During FY19, the City's total debt increased by \$765,000. Total debt includes general obligation bonds and capital outlay note. Total debt for governmental activities increased by 2.4%. Business-type activities' debt was fully retired during FY19. 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, 2019

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**Economic Factors and Next Year's Budgets**

Factors considered in preparing the City's Budget for the 2020 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 for FY20 was set at \$1.95. The FY20 budget anticipates approximately \$33.9 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 an expansion of Houston Middle School in FY20.
- Germantown currently has multiple single-family residential, medical office, and mixed-use projects under consideration in FY19 and FY20. These projects will result in additional single-family homes, retail shops, restaurants, hotel rooms, class-A office space, and multi-family units. There are several recently completed projects in Germantown that will be fully assessed in 2019 and included in the tax roll in December 2019 for the FY20 year. These include retail renovations, mixed-use, and multi-family projects. Other revenue sources are subject to some degree of fluctuation in the economic cycles. Sales tax represents 24% of budgeted revenue for FY20.
- 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 2020 fiscal year are further discussed in the Budget document and include:

- GMSD has a total approved budget of \$61,168,343 in expenditures for the 2020 fiscal year. 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 4.16 percent in 2019 to 4.24 percent in 2020. Assuming no major change in economic conditions, the net increase in County funds is minimal for 2020.
- State funds consist primarily of Basic Education Plan (BEP) funds and are projected to increase by \$1.0 million for the 2020 fiscal year. The BEP portion of the State funds represents a preliminary estimate from the State based upon the 2019 fiscal year average daily membership of 6,024. 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 2020 fiscal year budget includes construction costs for a new elementary school. The plan was built on enrollment data, growth projections and facility conditions.

**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 Road, Germantown, Tennessee 38138. The Comprehensive Annual Financial Report, June 30, 2019, FY20 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, 2019

**Exhibit A-1**

	Primary Government			Component
	Governmental Activities	Business-type Activity	Total	Unit GPAC
<b>ASSETS</b>				
Cash and cash equivalents	\$ 72,378,057	\$ 11,448,696	\$ 83,826,753	\$ 245,612
Investments	3,078,000	917,889	3,995,889	774,410
Receivables				
Taxes	33,128,974	-	33,128,974	-
Accounts receivable	3,160,496	1,584,680	4,745,176	-
Other	801,847	-	801,847	701,086
Less allowance for doubtful accounts	(2,658,407)	(157,074)	(2,815,481)	-
Due from other governments	11,569,104	21,718	11,590,822	-
Due from fiduciary funds	39,788	84,775	124,563	-
Internal balances	247,576	(247,576)	-	-
Inventories	150,430	41,503	191,933	6,955
Prepaid items	63,879	-	63,879	78,247
Restricted cash and cash equivalents	12,103,323	776,109	12,879,432	-
Restricted investments	161,744	-	161,744	-
Capital assets, not being depreciated	55,464,211	3,453,208	58,917,419	-
Capital assets, being depreciated, net	159,164,756	59,146,982	218,311,738	113,974
Net pension asset	2,764,551	-	2,764,551	-
Total assets	<u>351,618,329</u>	<u>77,070,910</u>	<u>428,689,239</u>	<u>1,920,284</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension	24,976,051	1,713,566	26,689,617	-
Related to OPEB	6,017,445	482,161	6,499,606	-
Deferred charge on refunding	183,380	-	183,380	-
Total deferred outflows of resources	<u>31,176,876</u>	<u>2,195,727</u>	<u>33,372,603</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	9,034,303	1,174,753	10,209,056	15,590
Accrued interest payable	732,895	4,700	737,595	-
Customer deposits payable	16,103	776,109	792,212	-
Accrued payroll	3,170,953	102,993	3,273,946	-
Unearned revenue	1,754,835	513,841	2,268,676	212,352
Noncurrent liabilities:				
Due within one year	3,273,032	10,318	3,283,350	300,000
Due in more than one year	67,985,823	197,998	68,183,821	-
Net pension liability	36,403,374	3,511,742	39,915,116	-
Net OPEB liability	12,937,087	620,705	13,557,792	-
Total liabilities	<u>135,308,405</u>	<u>6,913,159</u>	<u>142,221,564</u>	<u>527,942</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	32,274,903	-	32,274,903	-
Related to pension	3,718,203	8,396	3,726,599	-
Related to OPEB	319,085	-	319,085	-
Total deferred inflows of resources	<u>36,312,191</u>	<u>8,396</u>	<u>36,320,587</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	158,551,222	62,600,190	221,151,412	113,974
Restricted for:				
Net pension asset	2,764,551	-	2,764,551	-
Stabilization reserve trust	161,744	-	161,744	-
Drug enforcement	406,970	-	406,970	-
Federal asset forfeiture	17,332	-	17,332	-
Library endowment	239,519	-	239,519	-
Education	92,183	-	92,183	-
Unrestricted	48,941,088	9,744,892	58,685,980	1,278,368
Total net position	<u>\$ 211,174,609</u>	<u>\$ 72,345,082</u>	<u>\$ 283,519,691</u>	<u>\$ 1,392,342</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, 2019

**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	\$ 13,985,960	\$ 3,280,355	\$ 1,837,925	\$ -	\$ (8,867,680)	\$ -	\$ (8,867,680)	\$ -
Public safety	24,663,025	219,853	264,661	225,370	(23,953,141)	-	(23,953,141)	-
Transportation and environment	9,018,290	1,300,146	1,479,711	2,159,102	(4,079,331)	-	(4,079,331)	-
Community services	7,584,153	1,382,475	3,000	55,305	(6,143,373)	-	(6,143,373)	-
Education	58,784,223	1,428,982	35,946,019	-	(21,409,222)	-	(21,409,222)	-
Interest on long-term debt	2,362,573	-	-	-	(2,362,573)	-	(2,362,573)	-
Total governmental activities	116,398,224	7,611,811	39,531,316	2,439,777	(66,815,320)	-	(66,815,320)	-
Business-type activity:								
Utilities	7,471,650	8,272,218	-	576,946	-	1,377,514	1,377,514	-
Athletic club	3,983,883	4,707,527	-	-	-	723,644	723,644	-
Nonmajor enterprise fund	6,599,622	6,490,759	19,304	-	-	(89,559)	(89,559)	-
Total business-type activities	18,055,155	19,470,504	19,304	576,946	-	2,011,599	2,011,599	-
Total primary government	\$ 134,453,379	\$ 27,082,315	\$ 39,550,620	\$ 3,016,723	(66,815,320)	2,011,599	(64,803,721)	-
<b>Component Unit:</b>								
GPAC	\$ 4,463,447	\$ 821,673	\$ 2,416,620	\$ -	-	-	-	(1,225,154)
General revenues:								
Property taxes					50,837,494	-	50,837,494	-
Local option sales tax					18,513,530	-	18,513,530	-
Other taxes								
Wholesale liquor and beer taxes					1,180,517	-	1,180,517	-
Local gross receipts tax					617,892	-	617,892	-
Business, cable tv, and hotel-motel taxes					1,088,911	-	1,088,911	-
Intergovernmental revenues:								
State sales tax					3,618,715	-	3,618,715	-
State income tax					2,216,722	-	2,216,722	-
Other state revenue					268,152	-	268,152	-
Other revenue					1,560,076	68,546	1,628,622	104,149
Interest on investments					1,874,580	419,323	2,293,903	41,123
Transfers					507,149	(507,149)	-	-
Total general revenues and transfers					82,283,738	(19,280)	82,264,458	145,272
Change in net position					15,468,418	1,992,319	17,460,737	(1,079,882)
Net position - beginning					195,706,191	70,352,763	266,058,954	2,472,224
Net position - ending					\$ 211,174,609	\$ 72,345,082	\$ 283,519,691	\$ 1,392,342

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2019

**Exhibit A-3**

	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Schools Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 29,647,500	\$ 21,790,984	\$ 1,785,381	\$ 14,508,416	\$ 67,732,281
Investments - unrestricted	3,033,172	-	-	44,828	3,078,000
Receivables					
Taxes	33,128,974	-	-	-	33,128,974
Customer	3,136,635	-	-	23,861	3,160,496
Other	615,778	17,516	-	145,031	778,325
Less allowance for doubtful accounts	(2,649,120)	-	-	(9,287)	(2,658,407)
Due from other governments	4,903,570	3,180,570	588,103	2,896,861	11,569,104
Due from other funds	-	539,555	2,249,403	-	2,788,958
Inventory	58,397	-	-	-	58,397
Prepaid Items	-	63,879	-	-	63,879
Advances to other funds	250,000	-	-	-	250,000
Restricted cash and cash equivalents	9,913,689	-	-	2,189,634	12,103,323
Restricted investments	-	161,744	-	-	161,744
	<u>\$ 82,038,595</u>	<u>\$ 25,754,248</u>	<u>\$ 4,622,887</u>	<u>\$ 19,799,344</u>	<u>\$ 132,215,074</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 1,043,577	\$ 2,531,490	\$ 2,302,004	\$ 2,411,391	\$ 8,288,462
Accrued payroll	684,191	2,403,989	-	65,553	3,153,733
Customer deposits	-	-	-	16,103	16,103
Due to other funds	2,319,204	-	-	429,966	2,749,170
Unearned revenue	1,682,956	-	-	71,879	1,754,835
Total liabilities	<u>5,729,928</u>	<u>4,935,479</u>	<u>2,302,004</u>	<u>2,994,892</u>	<u>15,962,303</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue					
Taxes	32,881,162	1,254,414	-	-	34,135,576
Grants	92,714	-	-	762,288	855,002
Other	344,412	-	5,732	14,574	364,718
Total deferred inflows of resources	<u>33,318,288</u>	<u>1,254,414</u>	<u>5,732</u>	<u>776,862</u>	<u>35,355,296</u>
<b>FUND BALANCES</b>					
Nonspendable	308,397	63,879	-	-	372,276
Restricted	-	221,230	-	696,518	917,748
Committed	19,364,467	8,263,905	2,315,151	13,680,140	43,623,663
Assigned	2,446,066	11,015,341	-	1,650,932	15,112,339
Unassigned	20,871,449	-	-	-	20,871,449
Total fund balances	<u>42,990,379</u>	<u>19,564,355</u>	<u>2,315,151</u>	<u>16,027,590</u>	<u>80,897,475</u>
	<u>\$ 82,038,595</u>	<u>\$ 25,754,248</u>	<u>\$ 4,622,887</u>	<u>\$ 19,799,344</u>	<u>\$ 132,215,074</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 82,038,595</u>	<u>\$ 25,754,248</u>	<u>\$ 4,622,887</u>	<u>\$ 19,799,344</u>	<u>\$ 132,215,074</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, 2019

Total fund balances, governmental funds		\$ 80,897,475
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.		214,628,967
(2) Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned or unavailable in the funds.		3,080,393
(3) Long-term debt is not due and payable in the current period and, therefore is not reported in the funds.		
Less: bonds payable	(55,630,000)	
Less: capital outlay note	(3,025,000)	
Less: settlement obligation	(2,488,170)	
Less: unamortized premiums and discounts on debt	(6,538,502)	
Add: deferred amount on refunding	<u>183,380</u>	(67,498,292)
(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	(732,895)	
Less: compensated absences payable	<u>(3,577,183)</u>	(4,310,078)
(5) Net pension assets are not a financial resource in the current period and net pension liabilities and net other postemployment (OPEB) liabilities are not payable with current financial resources and, therefore, are not reported in the funds.		
Add: net pension asset	2,764,551	
Less: net pension liability	(36,403,374)	
Less: net OPEB liability	<u>(12,937,087)</u>	(46,575,910)
(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	24,976,051	
Less: deferred inflows of resources related to pensions	(3,718,203)	
Add: deferred outflows of resources related to OPEB	6,017,445	
Less: deferred inflows of resources related to OPEB	<u>(319,085)</u>	26,956,208
(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>3,995,846</u>
Net position of governmental activities		<u><u>\$ 211,174,609</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, 2019

	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Schools Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property taxes	\$ 33,096,221	\$ 16,971,652	\$ -	\$ -	\$ 50,067,873
Local sales taxes	14,108,902	7,291,948	-	-	21,400,850
Intergovernmental					
State sales, income, and other tax	6,103,589	29,763,126	2,809,664	-	38,676,379
State gas tax	-	-	-	1,409,072	1,409,072
Licenses and permits	1,495,145	-	-	-	1,495,145
Charges for services	1,498,959	263,236	-	3,201,248	4,963,443
Fines, forfeitures, and penalties	945,127	-	-	202,403	1,147,530
Federal, state and other grants	324,760	311,827	-	6,637,915	7,274,502
Interest on investments	1,098,380	376,992	-	399,208	1,874,580
Donations	-	-	-	1,513,165	1,513,165
Other	904,961	586,856	-	68,259	1,560,076
Total revenues	<u>59,576,044</u>	<u>55,565,637</u>	<u>2,809,664</u>	<u>13,431,270</u>	<u>131,382,615</u>
<b>EXPENDITURES</b>					
Current					
General government	15,453,921	-	-	-	15,453,921
Public safety	20,923,571	-	-	2,332,990	23,256,561
Transportation and environment	4,756,176	-	-	3,402,192	8,158,368
Community services	3,021,762	-	-	979,801	4,001,563
Education	-	49,697,035	-	5,098,006	54,795,041
Debt Service					
Principal	1,670,000	-	-	-	1,670,000
Interest	2,748,773	2,929	-	-	2,751,702
Bond issuance costs	-	-	-	24,001	24,001
Capital outlays	-	5,040,460	23,660,187	8,462,464	37,163,111
Total expenditures	<u>48,574,203</u>	<u>54,740,424</u>	<u>23,660,187</u>	<u>20,299,454</u>	<u>147,274,268</u>
Excess (deficiency) of revenues over (under) expenditures	11,001,841	825,213	(20,850,523)	(6,868,184)	(15,891,653)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	-	3,025,000	3,025,000
Sale of capital assets	97,810	-	-	5,495	103,305
Transfers in	582,149	2,632,670	22,509,534	6,845,000	32,569,353
Transfers out	(9,416,607)	(219,433)	-	(22,426,164)	(32,062,204)
Total other financing sources and uses	<u>(8,736,648)</u>	<u>2,413,237</u>	<u>22,509,534</u>	<u>(12,550,669)</u>	<u>3,635,454</u>
Net change in fund balances	2,265,193	3,238,450	1,659,011	(19,418,853)	(12,256,199)
Fund balances - beginning	<u>40,725,186</u>	<u>16,325,905</u>	<u>656,140</u>	<u>35,446,443</u>	<u>93,153,674</u>
Fund balances - ending	<u>\$ 42,990,379</u>	<u>\$ 19,564,355</u>	<u>\$ 2,315,151</u>	<u>\$ 16,027,590</u>	<u>\$ 80,897,475</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, 2019

Net change in fund balance - total governmental funds		\$ (12,256,199)
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	42,424,188	
Depreciation expense	(10,811,128)	
Loss from the disposition of capital assets	<u>(103,761)</u>	31,509,299
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,326,587)
(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	2,025,453	
Less: proceeds from debt issuance	<u>(3,025,000)</u>	(999,547)
(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	251,335	
Amortization of deferred amount on refunding debt	(61,247)	
Change in accrued interest payable	(132,411)	
Change in compensated absences	<u>56,100</u>	113,777
(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	(1,703,082)	
Difference between actual contributions and OPEB expense	<u>(380,343)</u>	(2,083,425)
(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>511,100</u>
Change in net position of governmental activities		<u><u>\$ 15,468,418</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, 2019

	<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	\$ 30,645,000	\$ 30,645,000	\$ 31,277,491	\$ 632,491
Personalty property taxes	800,000	800,000	847,299	47,299
Property tax interest and penalties	110,000	110,000	120,465	10,465
Receipts in lieu of taxes - TVA	475,000	475,000	495,969	20,969
Receipts in lieu of taxes - MLGW	320,000	320,000	354,997	34,997
Total property taxes	<u>32,350,000</u>	<u>32,350,000</u>	<u>33,096,221</u>	<u>746,221</u>
<b>LOCAL TAXES</b>				
Local sales tax	10,525,000	10,525,000	11,221,582	696,582
Wholesale beer and liquor tax	1,090,000	1,090,000	1,180,517	90,517
Gross receipts tax	550,000	550,000	617,892	67,892
Room occupancy tax	1,100,000	1,100,000	1,088,911	(11,089)
Total local taxes	<u>13,265,000</u>	<u>13,265,000</u>	<u>14,108,902</u>	<u>843,902</u>
<b>INTERGOVERNMENTAL</b>				
State of Tennessee shared taxes				
State sales tax	3,500,000	3,500,000	3,618,715	118,715
Income tax	1,600,000	1,600,000	2,216,722	616,722
Beer and liquor tax	295,000	295,000	188,388	(106,612)
Petroleum special tax	82,000	82,000	79,764	(2,236)
Total state shared taxes	<u>5,477,000</u>	<u>5,477,000</u>	<u>6,103,589</u>	<u>626,589</u>
<b>LICENSES AND PERMITS</b>				
Automobile registration	1,150,000	1,150,000	1,284,245	134,245
Building and related permits	65,000	65,000	105,436	40,436
Animal licenses	78,000	78,000	76,289	(1,711)
Beer and liquor licenses	28,000	28,000	29,175	1,175
Total licenses and permits	<u>1,321,000</u>	<u>1,321,000</u>	<u>1,495,145</u>	<u>174,145</u>
<b>CHARGES FOR SERVICES</b>				
Engineering fees	35,000	35,000	27,394	(7,606)
Zoning application fees	40,000	40,000	69,484	29,484
Cable TV and telecom fees	850,000	850,000	743,577	(106,423)
Fire inspection fees	13,000	13,000	17,450	4,450
Parks and recreation charges	38,550	38,550	30,760	(7,790)
Rental income	360,000	360,000	532,922	172,922
Library fees	91,000	91,000	77,372	(13,628)
Total charge for services	<u>1,427,550</u>	<u>1,427,550</u>	<u>1,498,959</u>	<u>71,409</u>
<b>FINES, FORFEITURES, AND PENALTIES</b>				
City court costs	1,191,000	1,191,000	939,062	(251,938)
Animal impoundment fees	5,000	5,000	6,065	1,065
	<u>1,196,000</u>	<u>1,196,000</u>	<u>945,127</u>	<u>(250,873)</u>
<b>FEDERAL AND STATE GRANTS</b>	200,000	200,000	324,760	124,760

(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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>INTEREST ON INVESTMENTS</b>	\$ 219,200	\$ 219,200	\$ 1,098,380	\$ 879,180
<b>OTHER</b>	520,000	520,000	904,961	384,961
<b>Total Revenues</b>	<u>55,975,750</u>	<u>55,975,750</u>	<u>59,576,044</u>	<u>3,600,294</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Aldermen				
Benefits	119,678	119,967	114,833	5,134
Contractual services	50,000	58,225	50,225	8,000
Materials and supplies	42,880	38,455	16,746	21,709
Other charges	14,402	14,113	12,629	1,484
	<u>226,960</u>	<u>230,760</u>	<u>194,433</u>	<u>36,327</u>
City Court				
Salaries	337,116	353,680	350,772	2,908
Benefits	413,355	410,844	390,705	20,139
Contractual services	10,500	15,147	14,475	672
Materials and supplies	6,000	6,060	5,537	523
Other charges	31,087	28,799	26,243	2,556
Expense reimbursement	3,246	3,246	3,017	229
	<u>801,304</u>	<u>817,776</u>	<u>790,749</u>	<u>27,027</u>
Administration				
Salaries	755,447	754,065	746,397	7,668
Benefits	330,830	332,712	307,497	25,215
Contractual services	360,000	648,857	639,155	9,702
Materials and supplies	21,425	13,398	13,396	2
Other charges	158,130	144,047	116,283	27,764
Expense reimbursement	(16,067)	(16,067)	(19,168)	3,101
	<u>1,609,765</u>	<u>1,877,012</u>	<u>1,803,560</u>	<u>73,452</u>
Personnel				
Salaries	395,390	433,345	433,342	3
Benefits	149,635	152,491	134,208	18,283
Contractual services	41,500	40,836	33,723	7,113
Materials and supplies	2,300	2,300	1,910	390
Other charges	65,657	68,191	56,295	11,896
Expense reimbursement	(40,151)	(40,151)	(40,456)	305
	<u>614,331</u>	<u>657,012</u>	<u>619,022</u>	<u>37,990</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 BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**

**Exhibit A-7**

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Finance				
Salaries	\$ 662,527	\$ 522,704	\$ 515,855	\$ 6,849
Benefits	289,120	289,120	225,495	63,625
Contractual services	320,600	346,440	340,914	5,526
Materials and supplies	51,630	48,700	38,374	10,326
Other charges	36,906	36,897	26,212	10,685
Expense reimbursement	(117,163)	(117,163)	(118,842)	1,679
	<u>1,243,620</u>	<u>1,126,698</u>	<u>1,028,008</u>	<u>98,690</u>
Information Technology				
Salaries	458,748	458,721	450,751	7,970
Benefits	183,691	184,182	156,181	28,001
Contractual services	206,070	209,213	185,158	24,055
Materials and supplies	1,308,350	1,170,249	1,106,123	64,126
Other charges	146,720	146,768	126,500	20,268
Capital outlay	315,000	379,357	332,602	46,755
Expense reimbursement	(91,096)	(91,096)	(91,332)	236
	<u>2,527,483</u>	<u>2,457,394</u>	<u>2,265,983</u>	<u>191,411</u>
Building Maintenance				
Salaries	840,125	825,463	800,671	24,792
Benefits	416,232	416,820	352,638	64,182
Contractual services	10,000	10,900	7,552	3,348
Materials and supplies	667,900	630,442	621,282	9,160
Other charges	26,895	31,561	26,630	4,931
Capital outlay	375,000	484,935	448,725	36,210
Expense reimbursement	(14,233)	(14,233)	(17,579)	3,346
	<u>2,321,919</u>	<u>2,385,888</u>	<u>2,239,919</u>	<u>145,969</u>
Research and Budget				
Salaries	225,665	226,181	226,180	1
Benefits	99,993	100,474	92,803	7,671
Materials and supplies	1,250	2,315	1,679	636
Other charges	59,140	48,353	25,777	22,576
Expense reimbursement	(22,100)	(22,100)	(22,142)	42
	<u>363,948</u>	<u>355,223</u>	<u>324,297</u>	<u>30,926</u>
Development				
Salaries	1,346,977	1,340,223	1,328,496	11,727
Benefits	549,702	548,443	500,138	48,305
Contractual services	89,178	90,730	77,617	13,113
Materials and supplies	111,311	113,489	106,313	7,176
Other charges	90,854	102,383	91,433	10,950
Expense reimbursement	(37,148)	(37,148)	(45,234)	8,086
	<u>2,150,874</u>	<u>2,158,120</u>	<u>2,058,763</u>	<u>99,357</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
GPAC				
Salaries	\$ 836,736	\$ 820,408	\$ 812,058	\$ 8,350
Benefits	330,186	330,422	286,604	43,818
Materials and supplies	38,700	50,494	19,104	31,390
Other charges	139,325	147,532	139,232	8,300
Capital outlay	83,000	15,986	15,646	340
Expense reimbursement	22,331	22,331	20,756	1,575
	<u>1,450,278</u>	<u>1,387,173</u>	<u>1,293,400</u>	<u>93,773</u>
Civic Support				
Salaries	596,082	614,414	598,067	16,347
Benefits	221,721	224,922	219,432	5,490
Contractual services	15,000	2,675	-	2,675
Grants	856,937	1,343,791	1,316,445	27,346
	<u>1,689,740</u>	<u>2,185,802</u>	<u>2,133,944</u>	<u>51,858</u>
Procurement				
Salaries	492,072	526,720	526,708	12
Benefits	208,598	209,650	194,448	15,202
Contractual services	500	500	-	500
Materials and supplies	25,000	21,236	19,590	1,646
Other charges	27,010	27,090	24,344	2,746
Expense reimbursement	(62,990)	(62,990)	(63,247)	257
	<u>690,190</u>	<u>722,206</u>	<u>701,843</u>	<u>20,363</u>
Total general government	<u>15,690,412</u>	<u>16,361,064</u>	<u>15,453,921</u>	<u>907,143</u>
<b>PUBLIC SAFETY</b>				
Police Services				
Salaries	7,775,141	7,660,608	7,649,442	11,166
Benefits	3,512,998	3,532,029	3,218,060	313,969
Contractual services	10,000	10,000	8,785	1,215
Materials and supplies	626,650	543,077	458,451	84,626
Other charges	154,330	155,778	140,849	14,929
Capital outlay	496,000	480,071	450,989	29,082
Expense reimbursement	446,450	446,450	420,057	26,393
	<u>13,021,569</u>	<u>12,828,013</u>	<u>12,346,633</u>	<u>481,380</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 BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**

**Exhibit A-7**

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fire Services				
Salaries	\$ 5,166,421	\$ 5,473,035	\$ 5,473,008	\$ 27
Benefits	2,254,248	2,286,155	2,137,151	149,004
Contractual services	14,990	14,990	10,360	4,630
Materials and supplies	288,163	283,878	270,114	13,764
Other charges	174,242	176,881	165,755	11,126
Capital outlay	153,000	163,540	163,536	4
Expense reimbursement	378,442	378,442	357,014	21,428
	<u>8,429,506</u>	<u>8,776,921</u>	<u>8,576,938</u>	<u>199,983</u>
Total public safety	<u>21,451,075</u>	<u>21,604,934</u>	<u>20,923,571</u>	<u>681,363</u>
<b>TRANSPORTATION AND ENVIRONMENT</b>				
Public Services				
Salaries	1,908,649	1,946,298	1,927,132	19,166
Benefits	957,476	964,527	883,266	81,261
Materials and supplies	908,000	865,995	824,700	41,295
Other charges	42,247	44,172	37,937	6,235
Capital outlay	833,000	870,119	831,030	39,089
Expense reimbursement	(25,666)	(25,666)	(76,631)	50,965
	<u>4,623,706</u>	<u>4,665,445</u>	<u>4,427,434</u>	<u>238,011</u>
Animal Control				
Salaries	160,845	154,584	137,717	16,867
Benefits	80,197	81,231	61,387	19,844
Contractual services	7,200	7,200	7,200	-
Materials and supplies	84,900	90,673	88,895	1,778
Other charges	24,400	25,052	18,824	6,228
Capital outlay	-	8,995	8,995	-
Expense reimbursement	8,025	8,025	5,724	2,301
	<u>365,567</u>	<u>375,760</u>	<u>328,742</u>	<u>47,018</u>
Total transportation and environment	<u>4,989,273</u>	<u>5,041,205</u>	<u>4,756,176</u>	<u>285,029</u>
<b>COMMUNITY SERVICES</b>				
Parks and Recreation				
Salaries	632,144	570,812	541,817	28,995
Benefits	219,181	221,001	167,649	53,352
Contractual services	40,050	56,939	56,766	173
Materials and supplies	42,680	56,513	49,115	7,398
Other charges	282,905	309,888	303,473	6,415
Capital outlay	110,000	114,316	109,512	4,804
Expense reimbursement	47,251	47,251	43,507	3,744
	<u>1,374,211</u>	<u>1,376,720</u>	<u>1,271,839</u>	<u>104,881</u>

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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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cultural Arts Program				
Contractual services	\$ 13,575	\$ 13,575	\$ 13,369	\$ 206
Materials and supplies	54,375	61,502	57,751	3,751
Other charges	18,547	18,547	7,507	11,040
	<u>86,497</u>	<u>93,624</u>	<u>78,627</u>	<u>14,997</u>
Genealogical Library				
Benefits	200	200	189	11
Contractual services	121,131	121,131	114,542	6,589
Materials and supplies	2,000	2,000	1,679	321
Other charges	25,707	26,083	19,878	6,205
Expense reimbursement	1,672	1,672	1,554	118
	<u>150,710</u>	<u>151,086</u>	<u>137,842</u>	<u>13,244</u>
Library				
Benefits	1,500	1,500	449	1,051
Contractual services	1,338,561	1,331,538	1,327,285	4,253
Materials and supplies	43,800	56,969	44,915	12,054
Other charges	128,330	143,767	134,781	8,986
Capital outlay	-	2,250	2,250	-
Expense reimbursement	25,577	25,577	23,774	1,803
	<u>1,537,768</u>	<u>1,561,601</u>	<u>1,533,454</u>	<u>28,147</u>
Total community services	<u>3,149,186</u>	<u>3,183,031</u>	<u>3,021,762</u>	<u>161,269</u>
<b>DEBT SERVICE</b>				
Bond and note principal	1,670,000	1,670,000	1,670,000	-
Interest and fiscal charges	2,748,520	2,748,770	2,748,773	(3)
Total debt service	<u>4,418,520</u>	<u>4,418,770</u>	<u>4,418,773</u>	<u>(3)</u>
<b>Total Expenditures</b>	<u>49,698,466</u>	<u>50,609,004</u>	<u>48,574,203</u>	<u>2,034,801</u>
Excess of revenues over expenditures	6,277,284	5,366,746	11,001,841	5,635,095
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	10,000	10,000	97,810	87,810
Transfers in	605,367	605,367	582,149	(23,218)
Transfers out	(11,016,607)	(11,141,607)	(9,416,607)	1,725,000
<b>Total other financing uses</b>	<u>(10,401,240)</u>	<u>(10,526,240)</u>	<u>(8,736,648)</u>	<u>1,789,592</u>
Net change in fund balances	<u>\$ (4,123,956)</u>	<u>\$ (5,159,494)</u>	2,265,193	<u>\$ 7,424,687</u>
Fund balances - beginning			40,725,186	
Fund balances - ending			<u>\$ 42,990,379</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, 2019

**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	\$ 15,746,453	\$ 15,746,453	\$ 16,692,558	\$ 946,105
Receipts in lieu of tax	325,837	325,837	279,094	(46,743)
Total property taxes	<u>16,072,290</u>	<u>16,072,290</u>	<u>16,971,652</u>	<u>899,362</u>
<b>LOCAL TAXES</b>	6,306,056	6,491,868	7,291,948	800,080
<b>INTERGOVERNMENTAL</b>				
Mixed drink taxes	114,878	114,878	169,815	54,937
Basic Education Program	27,933,000	27,933,000	27,996,207	63,207
Career Ladder Program	103,290	103,290	119,222	15,932
Wheel tax	1,372,383	1,372,383	1,477,882	105,499
Other	-	-	-	-
Total intergovernmental	<u>29,523,551</u>	<u>29,523,551</u>	<u>29,763,126</u>	<u>239,575</u>
<b>CHARGES FOR SERVICES</b>	216,301	206,301	263,236	56,935
<b>GRANTS</b>	211,099	428,497	311,827	(116,670)
<b>OTHER</b>	138,660	538,660	586,856	48,196
<b>INTEREST INCOME</b>	25,000	25,000	376,992	351,992
<b>Total Revenues</b>	<u>52,492,957</u>	<u>53,286,167</u>	<u>55,565,637</u>	<u>2,279,470</u>
<b>EXPENDITURES</b>				
<b>EDUCATION</b>				
Regular Instruction				
Salaries	19,057,542	18,875,542	18,538,526	337,016
Benefits	5,190,174	5,437,174	5,016,149	421,025
Contractual services	665,000	607,611	597,791	9,820
Materials and supplies	2,956,230	3,041,570	1,770,599	1,270,971
Other charges	130,411	92,411	23,683	68,728
	<u>27,999,357</u>	<u>28,054,308</u>	<u>25,946,748</u>	<u>2,107,560</u>
Alternative Education				
Salaries	217,728	227,728	203,653	24,075
Benefits	62,736	64,547	59,422	5,125
Contractual services	10,000	10,000	2,861	7,139
Materials and supplies	4,000	4,000	-	4,000
	<u>294,464</u>	<u>306,275</u>	<u>265,936</u>	<u>40,339</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, 2019

**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>		
Special Education				
Salaries	\$ 2,865,422	\$ 2,809,422	\$ 2,747,336	\$ 62,086
Benefits	859,767	807,467	749,704	57,763
Contractual services	37,000	99,900	98,635	1,265
Materials and supplies	33,705	47,205	39,408	7,797
Other charges	9,500	7,500	7,456	44
	<u>3,805,394</u>	<u>3,771,494</u>	<u>3,642,539</u>	<u>128,955</u>
Technical Education				
Salaries	742,632	742,632	716,372	26,260
Benefits	246,896	246,896	233,672	13,224
Materials and supplies	45,000	45,000	36,654	8,346
Other charges	3,000	3,000	-	3,000
	<u>1,037,528</u>	<u>1,037,528</u>	<u>986,698</u>	<u>50,830</u>
Attendance and Planning				
Salaries	323,475	328,236	328,397	(161)
Benefits	82,954	90,759	89,754	1,005
Contractual services	1,000	1,000	519	481
Materials and supplies	2,000	2,000	1,726	274
Other charges	17,000	17,000	14,926	2,074
	<u>426,429</u>	<u>438,995</u>	<u>435,322</u>	<u>3,673</u>
Health Services				
Salaries	298,516	307,116	294,000	13,116
Benefits	106,574	95,974	93,295	2,679
Contractual services	1,500	350	-	350
Materials and supplies	12,074	15,637	13,831	1,806
Other charges	14,000	11,587	9,846	1,741
	<u>432,664</u>	<u>430,664</u>	<u>410,972</u>	<u>19,692</u>
Other Student Support				
Salaries	894,734	894,734	830,970	63,764
Benefits	241,011	241,011	223,921	17,090
Materials and supplies	5,000	3,500	574	2,926
Other charges	18,000	16,500	14,122	2,378
	<u>1,158,745</u>	<u>1,155,745</u>	<u>1,069,587</u>	<u>86,158</u>
Regular Instruction Support				
Salaries	1,307,634	1,349,086	1,319,245	29,841
Benefits	341,660	365,368	350,621	14,747
Contractual services	10,000	10,000	-	10,000
Materials and supplies	118,935	218,882	66,594	152,288
Other charges	38,871	47,724	32,209	15,515
	<u>1,817,100</u>	<u>1,991,060</u>	<u>1,768,669</u>	<u>222,391</u>
Alternative Education Support				
Salaries	5,000	5,000	-	5,000
Benefits	905	905	-	905
Other charges	2,500	2,500	-	2,500
	<u>8,405</u>	<u>8,405</u>	<u>-</u>	<u>8,405</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, 2019

**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>		
Special Education Support				
Salaries	\$ 1,078,797	\$ 1,100,786	\$ 1,105,074	\$ (4,288)
Benefits	285,940	283,046	276,105	6,941
Contractual services	5,000	16,947	16,947	-
Materials and supplies	5,000	14,000	12,319	1,681
Other charges	15,500	16,800	16,631	169
	<u>1,390,237</u>	<u>1,431,579</u>	<u>1,427,076</u>	<u>4,503</u>
Technical Education Support				
Salaries	17,765	17,765	17,593	172
Benefits	4,447	4,747	4,536	211
Materials and supplies	1,337	1,337	-	1,337
Other charges	2,000	2,000	1,699	301
	<u>25,549</u>	<u>25,849</u>	<u>23,828</u>	<u>2,021</u>
Technology				
Salaries	788,397	814,119	799,987	14,132
Benefits	230,747	232,536	223,561	8,975
Materials and supplies	465,613	581,437	555,640	25,797
Other charges	416,500	433,927	424,753	9,174
	<u>1,901,257</u>	<u>2,062,019</u>	<u>2,003,941</u>	<u>58,078</u>
Board of Education Services				
Salaries	21,500	21,500	21,500	-
Benefits	731,645	734,645	733,223	1,422
Contractual services	500,554	595,554	581,571	13,983
Materials and supplies	1,000	1,000	630	370
Insurance	226,482	203,482	194,984	8,498
Other charges	45,000	195,000	177,144	17,856
	<u>1,526,181</u>	<u>1,751,181</u>	<u>1,709,052</u>	<u>42,129</u>
Office of Superintendent				
Salaries	356,521	343,021	317,983	25,038
Benefits	102,239	102,239	91,736	10,503
Contractual Services	7,200	25,200	20,400	4,800
Materials and supplies	15,000	15,000	5,281	9,719
Other charges	198,275	204,575	189,517	15,058
	<u>679,235</u>	<u>690,035</u>	<u>624,917</u>	<u>65,118</u>
Office of Principal				
Salaries	2,486,097	2,506,097	2,420,384	85,713
Benefits	690,196	670,196	638,996	31,200
Contractual services	25,000	25,000	25,000	-
Materials and supplies	147,000	147,000	147,000	-
Other charges	30,600	30,600	17,576	13,024
	<u>3,378,893</u>	<u>3,378,893</u>	<u>3,248,956</u>	<u>129,937</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, 2019

**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>		
Fiscal Services				
Salaries	\$ 357,250	\$ 357,250	\$ 345,963	\$ 11,287
Benefits	106,497	107,247	102,313	4,934
Contractual services	5,000	4,300	520	3,780
Materials and supplies	62,000	62,700	60,075	2,625
Other charges	12,055	12,055	6,856	5,199
	<u>542,802</u>	<u>543,552</u>	<u>515,727</u>	<u>27,825</u>
Human Resources				
Salaries	150,217	150,217	151,354	(1,137)
Benefits	47,125	40,604	33,866	6,738
Contractual services	16,150	16,150	4,518	11,632
Materials and supplies	3,600	3,600	56	3,544
Other charges	30,640	57,411	40,586	16,825
	<u>247,732</u>	<u>267,982</u>	<u>230,380</u>	<u>37,602</u>
Operation of Plant				
Salaries	262,426	262,426	255,808	6,618
Benefits	85,277	88,277	84,373	3,904
Contractual services	107,300	110,300	94,485	15,815
Other charges	1,853,000	1,850,000	1,747,495	102,505
	<u>2,308,003</u>	<u>2,311,003</u>	<u>2,182,161</u>	<u>128,842</u>
Maintenance of Plant				
Salaries	379,908	379,908	373,425	6,483
Benefits	116,196	113,196	109,694	3,502
Contractual services	10,000	9,000	6,395	2,605
Materials and supplies	1,000	1,000	203	797
Other charges	822,730	763,730	669,199	94,531
	<u>1,329,834</u>	<u>1,266,834</u>	<u>1,158,916</u>	<u>107,918</u>
Transportation				
Contractual services	1,529,351	1,569,351	1,556,820	12,531
Other charges	150,000	170,000	169,801	199
	<u>1,679,351</u>	<u>1,739,351</u>	<u>1,726,621</u>	<u>12,730</u>
Special Services				
Salaries	136,252	145,047	145,099	(52)
Benefits	111,495	113,868	113,703	165
Contractual services	22,400	29,800	26,636	3,164
Materials and supplies	1,500	1,500	1,500	-
Other charges	9,530	7,830	1,266	6,564
	<u>281,177</u>	<u>298,045</u>	<u>288,204</u>	<u>9,841</u>
School Safety				
Materials and supplies	750	644	644	-
Other charges	27,500	31,405	30,141	1,264
	<u>28,250</u>	<u>32,049</u>	<u>30,785</u>	<u>1,264</u>
Total education	<u>52,298,587</u>	<u>52,992,846</u>	<u>49,697,035</u>	<u>3,295,811</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, 2019

**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>	\$ 6,142,199	\$ 7,558,786	\$ 5,040,460	\$ 2,518,326
<b>DEBT SERVICE</b>				
Principal	292,876	292,876	-	292,876
Interest	2,929	2,929	2,929	-
Total debt service	<u>295,805</u>	<u>295,805</u>	<u>2,929</u>	<u>292,876</u>
<b>Total Expenditures</b>	<u>58,736,591</u>	<u>60,847,437</u>	<u>54,740,424</u>	<u>6,107,013</u>
Excess (deficiency) of revenues over (under) expenditures	(6,243,634)	(7,561,270)	825,213	8,386,483
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,556,607	2,556,607	2,632,670	76,063
Transfers out	<u>(321,878)</u>	<u>(321,878)</u>	<u>(219,433)</u>	<u>102,445</u>
<b>Total other financing sources</b>	<u>2,234,729</u>	<u>2,234,729</u>	<u>2,413,237</u>	<u>178,508</u>
Net change in fund balances	<u>\$ (4,008,905)</u>	<u>\$ (5,326,541)</u>	3,238,450	<u>\$ 8,564,991</u>
Fund balances - beginning			<u>16,325,905</u>	
Fund balances - ending			<u>\$ 19,564,355</u>	

The accompanying notes are an integral part of the financial statements



**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2019

**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	\$ 6,430,750	\$ 2,862,943	\$ 2,155,003	\$ 11,448,696	\$ 4,645,776
Investments	580,509	252,679	84,701	917,889	-
Receivables					
Customers	1,150,419	24,539	409,722	1,584,680	-
Other	-	-	-	-	23,522
Less allowance for doubtful accounts	(58,132)	(19,776)	(79,166)	(157,074)	-
Due from other funds	-	-	-	-	84,775
Due from other governments	-	-	21,718	21,718	-
Inventory	39,812	1,691	-	41,503	92,033
Restricted cash and cash equivalents	671,290	-	104,819	776,109	-
Total current assets	<u>8,814,648</u>	<u>3,122,076</u>	<u>2,696,797</u>	<u>14,633,521</u>	<u>4,846,106</u>
Noncurrent assets:					
Capital assets, not being depreciated	939,324	2,513,884	-	3,453,208	-
Capital assets, being depreciated, net	44,799,129	13,436,432	911,421	59,146,982	1,644,995
Total capital assets, net	<u>45,738,453</u>	<u>15,950,316</u>	<u>911,421</u>	<u>62,600,190</u>	<u>1,644,995</u>
Total assets	<u>54,553,101</u>	<u>19,072,392</u>	<u>3,608,218</u>	<u>77,233,711</u>	<u>6,491,101</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pension	916,872	370,239	426,455	1,713,566	-
Related to OPEB	198,411	158,942	124,808	482,161	-
	<u>1,115,283</u>	<u>529,181</u>	<u>551,263</u>	<u>2,195,727</u>	<u>-</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	571,654	139,237	463,862	1,174,753	745,841
Accrued interest payable	-	4,700	-	4,700	-
Accrued payroll	35,759	52,778	24,774	113,311	17,220
Customer deposits	671,290	-	104,819	776,109	-
Unearned revenue	-	438,283	75,558	513,841	-
Advances from other funds, current	-	125,000	-	125,000	-
Total current liabilities	<u>1,278,703</u>	<u>759,998</u>	<u>669,013</u>	<u>2,707,714</u>	<u>763,061</u>
Noncurrent liabilities:					
Advances from other funds, net of current	-	125,000	-	125,000	-
Accrued compensated absences	139,025	46,769	12,204	197,998	-
Net pension liability	1,875,497	762,349	873,896	3,511,742	-
Net OPEB liability	255,423	204,613	160,669	620,705	-
Total noncurrent liabilities	<u>2,269,945</u>	<u>1,138,731</u>	<u>1,046,769</u>	<u>4,455,445</u>	<u>-</u>
Total liabilities	<u>3,548,648</u>	<u>1,898,729</u>	<u>1,715,782</u>	<u>7,163,159</u>	<u>763,061</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to pension	1,296	5,071	2,029	8,396	-
Related to OPEB	-	-	-	-	-
<b>NET POSITION</b>					
Net investment in capital assets	45,738,453	15,950,316	911,421	62,600,190	1,644,995
Unrestricted	6,379,987	1,747,457	1,530,249	9,657,693	4,083,045
Total net position	<u>\$ 52,118,440</u>	<u>\$ 17,697,773</u>	<u>\$ 2,441,670</u>	<u>72,257,883</u>	<u>\$ 5,728,040</u>
Adjustment to reflect the consolidation of internal service funds related to the enterprise fund				87,199	
Net position of the business-type activity				<u>\$ 72,345,082</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, 2019

**Exhibit A-10**

	<b>Business-type Activity - Enterprise Funds</b>				<b>Governmental</b>
	<b>Utility</b>	<b>Athletic</b>	<b>Nonmajor</b>	<b>Total</b>	<b>Activities</b>
	<b>Fund</b>	<b>Club</b>	<b>Enterprise</b>		
		<b>Fund</b>	<b>Fund</b>		<b>Service Funds</b>
Operating Revenues:					
Metered water sales	\$ 5,031,719	\$ -	\$ -	\$ 5,031,719	\$ -
Sewer service fee	3,092,062	-	-	3,092,062	-
Service connections fees	92,585	-	-	92,585	-
Membership fees	-	3,973,291	-	3,973,291	-
Class fees	-	643,337	-	643,337	-
Daily admissions	-	9,730	-	9,730	-
Sanitation fees	-	-	4,912,371	4,912,371	-
Stormwater fees	-	-	1,028,272	1,028,272	-
Forfeited discounts	55,852	-	35,955	91,807	-
Rental income	-	81,169	514,161	595,330	-
Federal, state, and other grants	-	-	19,304	19,304	-
Internal charges	-	-	-	-	12,026,895
Other	54,663	351	13,532	68,546	1,957
Total operating revenues	8,326,881	4,707,878	6,523,595	19,558,354	12,028,852
Operating Expenses:					
Salaries	1,150,151	1,350,912	602,684	3,103,747	500,674
Benefits	655,524	412,043	313,540	1,381,107	206,717
Contractual services	1,540,656	517,697	4,858,701	6,917,054	112
Utilities	625,927	390,471	45,139	1,061,537	20,485
Materials and supplies	401,161	334,758	427,900	1,163,819	388,980
Other service charges	98,092	252,023	172,269	522,384	202,868
Expense reimbursement	1,202,663	98,495	51,010	1,352,168	-
Insurance claims	-	-	-	-	10,118,331
Depreciation	1,828,282	618,988	125,071	2,572,341	95,975
Total operating expenses	7,502,456	3,975,387	6,596,314	18,074,157	11,534,142
Operating income (loss)	824,425	732,491	(72,719)	1,484,197	494,710
Nonoperating Revenues (Expenses):					
Interest	275,961	84,928	58,434	419,323	-
Bond interest and fiscal charges	(5,866)	(8,496)	(3,308)	(17,670)	-
Total non-operating expenses	270,095	76,432	55,126	401,653	-
Income (loss) before contributions and transfers	1,094,520	808,923	(17,593)	1,885,850	494,710
Capital contributions - development	576,946	-	-	576,946	-
Transfers in	-	-	75,000	75,000	-
Transfers out	(482,149)	(100,000)	-	(582,149)	-
Change in net position	1,189,317	708,923	57,407	1,955,647	494,710
Total net position - beginning	50,929,123	16,988,850	2,384,263	70,302,236	5,233,330
Total net position - ending	\$ 52,118,440	\$ 17,697,773	\$ 2,441,670	\$ 72,257,883	\$ 5,728,040
Change in net position				\$ 1,955,647	
Adjustment to reflect the consolidation of internal service funds related to the enterprise fund				36,672	
Change in net position of the business-type activity				\$ 1,992,319	

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, 2019

**Exhibit A-11**

	<b>Business-type Activity - Enterprise Funds</b>			<b>Total</b>	<b>Governmental</b>
	<b>Utility Fund</b>	<b>Athletic Club Fund</b>	<b>Nonmajor Enterprise Fund</b>		<b>Activities Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 8,382,542	\$ 4,741,892	\$ 6,491,943	\$ 19,616,377	\$ -
Receipts from interfund services provided	-	-	-	-	12,047,607
Payments to suppliers	(3,747,054)	(1,528,567)	(5,604,235)	(10,879,856)	(11,130,763)
Payments to employees	(1,600,389)	(1,671,564)	(849,958)	(4,121,911)	(706,311)
Other receipts	57,784	351	27,355	85,490	-
Net cash from operating activities	<u>3,092,883</u>	<u>1,542,112</u>	<u>65,105</u>	<u>4,700,100</u>	<u>210,533</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Payments on advances from other funds	-	(125,000)	-	(125,000)	-
Interest paid on advances	-	(10,896)	(3,308)	(14,204)	-
Transfer from (to) other fund	(482,149)	(100,000)	75,000	(507,149)	(31,073)
Net cash from (used for) noncapital financing activities	<u>(482,149)</u>	<u>(235,896)</u>	<u>71,692</u>	<u>(646,353)</u>	<u>(31,073)</u>
<b>CASH FLOW USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions	576,946	-	-	576,946	-
Purchases of capital assets	(2,606,928)	(431,090)	(148,476)	(3,186,494)	(42,913)
Principal paid on capital debt	(590,000)	-	-	(590,000)	-
Interest paid on capital debt	(11,800)	-	-	(11,800)	-
Net cash from (used for) capital and related financing activities	<u>(2,631,782)</u>	<u>(431,090)</u>	<u>(148,476)</u>	<u>(3,211,348)</u>	<u>(42,913)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	5,469	(86,411)	(3,833)	(84,775)	-
Interest income	275,961	84,928	66,101	426,990	-
Net cash from (used for) investing activities	<u>281,430</u>	<u>(1,483)</u>	<u>62,268</u>	<u>342,215</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	260,382	873,643	50,589	1,184,614	136,547
Cash and cash equivalents - beginning	<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>
Cash and cash equivalents - end	<u>\$ 7,102,040</u>	<u>\$ 2,862,943</u>	<u>\$ 2,259,822</u>	<u>\$ 12,224,805</u>	<u>\$ 4,645,776</u>
Classified as:					
Current assets	\$ 6,430,750	\$ 2,862,943	\$ 2,155,003	\$ 11,448,696	\$ 4,645,776
Restricted assets	671,290	-	104,819	776,109	-
	<u>\$ 7,102,040</u>	<u>\$ 2,862,943</u>	<u>\$ 2,259,822</u>	<u>\$ 12,224,805</u>	<u>\$ 4,645,776</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, 2019

**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	\$ 824,425	\$ 732,491	\$ (72,719)	\$ 1,484,197	\$ 494,710
Adjustments to reconcile operating income to net cash from (used for) operating activities:					
Depreciation	1,828,282	618,988	125,071	2,572,341	95,975
Pension expense in excess of employer contributions	156,031	72,072	62,663	290,766	-
OPEB expense in excess of employer contributions	6,930	13,703	11,352	31,985	-
Change in assets and liabilities					
Receivables	84,534	(495)	(14,859)	69,180	18,755
Interfund receivables	3,121	-	-	3,121	-
Inventory	(128)	(73)	-	(201)	1,592
Accounts payable	121,573	64,950	(49,216)	137,307	(401,579)
Accrued payroll	9,261	445	4,473	14,179	1,080
Compensated absences	33,064	5,171	(12,222)	26,013	-
Customer deposits	25,790	-	10,231	36,021	-
Unearned revenue	-	34,860	331	35,191	-
Net cash from operating activities	<u>\$ 3,092,883</u>	<u>\$ 1,542,112</u>	<u>\$ 65,105</u>	<u>\$ 4,700,100</u>	<u>\$ 210,533</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, 2019

Exhibit A-12

	<b>Pension and OPEB Trust Funds</b>	<b>Combined Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,015,081	\$ 942,611
Investments		
Domestic common stock	9,221,510	-
Foreign common stock	404,204	-
Fixed income mutual funds	10,704,725	-
Equity mutual funds	31,554,080	-
Balanced mutual fund	705,478	-
Foreign equity collective fund	1,442,609	-
Limited partnerships bond funds	2,325,868	-
Limited partnerships hedge funds	24,313,080	-
Total investments	80,671,554	-
Interest receivable	18,826	-
Other receivable	4,050	
Inventory	-	16,369
 Total assets	 83,709,511	 <u>\$ 958,980</u>
<b>LIABILITIES</b>		
Accounts payable	229,186	\$ -
Due to other funds	124,563	-
Bail bonds payable	-	55,214
Due to student general fund	-	442,439
Due to student groups	-	461,327
 Total liabilities	 353,749	 <u>\$ 958,980</u>
<b>NET POSITION</b>		
Restricted for pensions	74,601,673	
Restricted for OPEB	8,754,089	
Total net position	<u>\$ 83,355,762</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, 2019

**Exhibit A-13**

	<b>Pension and OPEB Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 4,787,678
Plan members	1,354,935
Total contributions	<u>6,142,613</u>
Investment earnings (losses):	
Interest and dividends	994,536
Net appreciation in fair value of investments	799,182
Total investment earnings	<u>1,793,718</u>
 Total additions	 7,936,331
<b>DEDUCTIONS</b>	
Benefits	6,139,206
Premiums	39,788
Administrative expense	238,376
Total deductions	<u>6,417,370</u>
 Change in net position	 1,518,961
Net position - beginning of the year	<u>81,836,801</u>
Net position - end of the year	<u><u>\$ 83,355,762</u></u>

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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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 funds are as follows:

**Major Governmental Funds:** General Fund, General Purpose School Fund, Municipal Schools Projects Fund

**Major Proprietary Funds:** Utility Fund, Athletic Club Fund

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 Funds** – 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, E-Citation 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.

- c. **Capital Projects Funds** – 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, Drainage Fund, and Municipal School Fund. In addition, the Board of Education maintains a Capital Projects Fund.



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

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### *2. 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.

### *3. 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. Since 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 or 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 investments measured using Net Asset Value ("NAV") per share which have no readily determinable fair value and have been determined using amortized cost which approximates fair value. 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. Restricted investments for governmental activities consist of assets held in an irrevocable trust for future TCRS pension benefits.

#### *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, 2019. 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."

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

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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.

*4. Inventories and prepaid items*

Inventories consist of expendable supplies held for consumption and are valued at cost.

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.

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

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### 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 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 compromise 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.

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

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**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 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 and Other Postemployment Benefits*

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*

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets and liabilities recorded at fair value in the statements of net position are categorized based on the level of judgment associated with the inputs used to measure their value. The three categories of level inputs are as follows: 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 for identical or similar assets or liabilities 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.

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

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### *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.

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

The City implemented GASB Statement No. 82, *Certain Asset Retirement Obligations* which requires accounting and financial reporting for certain asset retirement obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. As of June 30, 2019, the City of Germantown has not identified asset retirement obligations that have been incurred.

GASB Statement No. 84, *Fiduciary Activities* was issued to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The requirements of GASB Statement No. 84 are effective for fiscal year 2020. The City of Germantown is currently evaluating the impact of GASB Statement No. 84 may have on its financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of the Construction Period*, was issued to enhance the relevance and comparability of information about capital assets and the costs of borrowing for a period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements are effective for fiscal periods beginning after December 15, 2019, with early implementation encouraged. The City of Germantown implemented the new standard as of June 30, 2019.

## **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, 2019, expenditures did not exceed appropriations for any fund.

### **C. Deficit fund equity**

As of June 30, 2019, all funds had a positive fund balance.

**NOTE 3 - DEPOSITS**

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, 2019, all bank deposits were entirely insured by federal depository insurance and collateralized by the Bank Collateral Pool of the State of Tennessee.

**NOTE 4 – INVESTMENTS**

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.

The School is a member of the Tennessee Consolidated Retirement System (“TCRS”) Stabilization Reserve Trust. The School has placed funds into the irrevocable trust as authorized by 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 trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member’s funds are restricted for the payment of retirement benefits of that member’s employees. Trust funds are not subject to the claims of general creditors of the School or City. The trust is authorized to make investments as directed by the TCRS Board of Trustees. The School may not impose restrictions on investments placed by the trust on their behalf.

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.

*A. Primary Government Investments*

The Tennessee Local Government Investment Pool (“LGIP”) represents the majority of the primary government’s investments at June 30, 2019. 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. For the year ended June 30, 2019, other 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)	2.26 years	\$ -	\$ 3,995,889	\$ -	\$ 3,995,889



## NOTE 4 – INVESTMENTS (CONTINUED)

Credit quality distributions for investments in U.S. government obligations are as follows at June 30, 2019:

U.S. Government Obligations			
Moody's	Amount	S&P	Amount
Aaa	\$ 3,995,889	AA+	\$ 3,995,889

### B. Restricted Investments – TCRS Stabilization Reserve Trust

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust ("TRGT"). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares. For further information concerning the School Department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>.

The following table summarizes fair value disclosures and measurements for Germantown School's investments held by the TRGT on its behalf June 30, 2019:

Investments at Fair Value	Level 1	Level 2	Level 3	Total
U.S. equity	\$ 50,140	\$ -	\$ -	\$ 50,140
Developed market international equity	22,644	-	-	22,644
Emerging market international equity	6,470	-	-	6,470
U.S. fixed income	-	32,349	-	32,349
Short-term securities	-	16,174	-	16,174
Real estate	-	-	1,617	1,617
	79,254	48,523	1,617	129,394
<b>Investments at amortized cost using NAV</b>				
Private equity and strategic lending	-	-	-	32,350
<b>Total restricted investments</b>	<b>\$ 79,254</b>	<b>\$ 48,523</b>	<b>\$ 1,617</b>	<b>\$ 161,744</b>

### C. Fiduciary Investments

The City administers three fiduciary funds and Germantown Schools administers on fiduciary fund whose investments are held by a third party trustee bank. Additionally, the City and Germantown Schools utilizes an advisor to select appropriate investment choices.

The following table summarizes fair value disclosures and measurements for fiduciary investments at June 30, 2019:

Investments at Fair Value	Level 1	Level 2	Level 3	Total
Common stock	\$ 9,221,510	\$ -	\$ -	\$ 9,221,510
Foreign stock	404,204	-	-	404,204
Equity mutual funds	31,554,080	-	-	31,554,080
Fixed income mutual funds	10,704,725	-	-	10,704,725
Balanced mutual funds	705,478	-	-	705,478
Foreign equity collective fund	-	1,442,609	-	1,442,609
Limited partnerships - bond funds	-	2,325,868	-	2,325,868
	52,589,997	3,768,477	-	56,358,474
<b>Investments at amortized cost using NAV</b>				
Limited partnerships - hedge funds	-	-	-	24,313,080
	<b>\$ 52,589,997</b>	<b>\$ 3,768,477</b>	<b>\$ -</b>	<b>\$ 80,671,554</b>

## NOTE 4 – INVESTMENTS (CONTINUED)

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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, 2019:

- *Short-term securities*: generally include investments in money market-type securities reported at cost plus accrued interest.
- *Equity and equity derivative securities*: Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Level 2 are securities whose values are derived daily from associated traded securities. Level 3 are valued with last trade data having limited trading volume.
- *US Treasury Bills, Bonds, Notes and Futures*: Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.
- *Real estate investments*: Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.
- *Private mutual funds, traditional private equity funds, strategic lending funds and real estate funds*: Those funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

Risks and Uncertainties – The fiduciary fund trust’s and TRGT’s investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Germantown School’s does not have the ability to limit TRGT investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City and School 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 and School 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.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Germantown Schools does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. Germantown Schools places no limit on the amount the TRGT may invest in one issuer. The City and Germantown Schools have 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 fiduciary fund investment portfolios 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, 2019.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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. Pursuant to the trust agreements, investments are held in the TRGT and each fiduciary trust are for the benefit of the City of Germantown and Germantown Schools to pay retirement benefits of their respective employees.

**NOTE 5 – INTERFUND TRANSACTIONS**

The composition of interfund balances as of June 30, 2019, is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Funds:		
General Fund		
School Capital Projects Fund	\$ -	\$ 2,249,403
General Purpose School Fund	-	69,801
	<u>-</u>	<u>2,319,204</u>
General Purpose School Fund		
General Fund	69,801	-
School Federal Projects Fund	429,966	-
School Health Insurance Fund	39,788	-
	<u>539,555</u>	<u>-</u>
School Capital Projects Fund		
General Fund	2,249,403	-
Nonmajor Funds:		
School Federal Projects Fund		
General Purpose School Fund	-	429,966
Fiduciary/Internal Service Funds:		
School OPEB Fund		
General Purpose School Fund	-	39,788
School Health Insurance Fund	-	84,775
	<u>-</u>	<u>124,563</u>
School Health Insurance Fund		
School OPEB Fund	84,775	-
	<u>84,775</u>	<u>-</u>
	<u>\$ 2,873,733</u>	<u>\$ 2,873,733</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, 2019, advances to/from other funds of \$250,000 was payable from the Athletic Club Fund to the General Fund.

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 5 – INTERFUND TRANSACTIONS (CONTINUED)**

The composition of interfund transfers for the year ended June 30, 2019 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Funds</b>		
General Fund		
General Purpose School Fund	\$ -	\$ 2,496,607
State Street Aid Fund	-	1,500,000
Farm Park Fund	-	120,000
Ambulance Fund	-	925,000
CIP Parks Improvement Fund	-	1,000,000
CIP Intersections Fund	-	1,530,000
CIP Fire Department	-	900,000
CIP General Government Fund	-	870,000
Utility Fund	482,149	-
Athletic Club Fund	100,000	-
Great Hall Fund	-	75,000
	<u>582,149</u>	<u>9,416,607</u>
General Purpose School Fund		
CIP Germantown Municipal Schools	2,496,607	-
School Federal Projects Fund	136,063	-
School Capital Projects Fund	-	219,433
	<u>2,632,670</u>	<u>219,433</u>
School Capital Projects Fund		
CIP Germantown Municipal Schools	22,290,101	-
General Purpose School Fund	219,433	-
	<u>22,509,534</u>	<u>-</u>
Utility Fund		
General Fund	-	482,149
Athletic Club Fund		
General Fund	-	100,000
Total major funds	<u>25,724,353</u>	<u>10,218,189</u>
<b>Nonmajor Funds</b>		
State Street Aid Fund		
General Fund	1,500,000	-
Ambulance Fund		
General Fund	925,000	-
Farm Park Fund		
General Fund	120,000	-
CIP Intersections Fund		
General Fund	1,530,000	-
CIP General Government Fund		
General Fund	870,000	-
CIP Fire Department		
General Fund	900,000	-
CIP Parks Improvement Fund		
General Fund	1,000,000	-
School Federal Projects Fund		
General Purpose School Fund	-	136,063
Municipal Schools Projects Fund		
School Capital Projects Fund	-	22,290,101
Great Hall Fund		
General Fund	75,000	-
Total nonmajor governmental funds	<u>6,920,000</u>	<u>22,426,164</u>
	<u>\$ 32,644,353</u>	<u>\$ 32,644,353</u>

## NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 19,054,555	\$ 340,700	\$ -	\$ 19,395,255
Construction in progress	3,974,605	35,569,502	(3,475,151)	36,068,956
Total capital assets, not being depreciated	23,029,160	35,910,202	(3,475,151)	55,464,211
Capital assets, being depreciated:				
Buildings and improvements	102,392,963	1,754,789	-	104,147,752
Improvements other than buildings	70,260,598	2,671,159	-	72,931,757
Machinery and equipment	31,460,516	3,279,013	(755,869)	33,983,660
Vehicles	11,677,007	871,378	(461,177)	12,087,208
Infrastructure	67,287,807	1,412,798	-	68,700,605
Total capital assets, being depreciated	283,078,891	9,989,137	(1,217,046)	291,850,982
Less accumulated depreciation for:				
Buildings and improvements	(24,813,729)	(2,779,232)	-	(27,592,961)
Improvements other than buildings	(33,694,338)	(2,436,989)	-	(36,131,327)
Machinery and equipment	(21,550,281)	(2,868,115)	702,930	(23,715,466)
Vehicles	(7,021,488)	(828,876)	410,355	(7,440,009)
Infrastructure	(35,908,547)	(1,897,916)	-	(37,806,463)
Total accumulated depreciation	(122,988,383)	(10,811,128)	1,113,285	(132,686,226)
Total capital assets, being depreciated, net	160,090,508	(821,991)	(103,761)	159,164,756
Governmental activities capital assets, net	\$ 183,119,668	\$ 35,088,211	\$ (3,578,912)	\$ 214,628,967
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,772,593	\$ -	\$ -	\$ 2,772,593
Construction in progress	147,539	1,758,232	(1,225,156)	680,615
Total capital assets, not being depreciated	2,920,132	1,758,232	(1,225,156)	3,453,208
Capital assets, being depreciated:				
Buildings and improvements	45,501,042	379,045	-	45,880,087
Improvements other than buildings	56,933,053	1,132,069	-	58,065,122
Machinery and equipment	4,284,451	1,142,302	(117,776)	5,308,977
Total capital assets, being depreciated	106,718,546	2,653,416	(117,776)	109,254,186
Less accumulated depreciation for:				
Buildings and improvements	(17,225,214)	(1,032,725)	-	(18,257,939)
Other improvements	(27,198,845)	(1,334,980)	-	(28,533,825)
Machinery and equipment	(3,228,581)	(204,635)	117,776	(3,315,440)
Total accumulated depreciation	(47,652,640)	(2,572,340)	117,776	(50,107,204)
Total capital assets, being depreciated, net	59,065,906	81,076	-	59,146,982
Business-type activities capital assets, net	\$ 61,986,038	\$ 1,839,308	\$ (1,225,156)	\$ 62,600,190

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

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

Governmental Activities:	
General government	\$ 1,378,920
Public safety	1,348,301
Community service	911,713
Transportation and environment	3,621,911
Municipal school	3,550,283
Total depreciation expense - governmental activities	<u>\$ 10,811,128</u>
Business-type activities	
Utility	\$ 1,828,280
Athletic club	618,988
Nonmajor enterprise funds	125,072
Total depreciation expense - business-type activities	<u>\$ 2,572,340</u>

Construction and other significant commitments

The government has active construction projects as of June 30, 2019. At year-end the government's commitments with contractors are as follows:

<u>Function/Activity</u>	<u>Commitment</u>
Major roads	\$ 3,852,704
Intersections	2,126,496
Drainage	123,924
Parks and recreation	711,641
General government	2,469,456
Utility projects	2,172,731
Athletic club projects	1,483,295
GMSD	5,049,472
	<u>\$ 17,989,719</u>

**NOTE 7 – LONG-TERM LIABILITIES**

*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.

Capital outlay notes

On August 13, 2018, the City issued a \$3,025,000 General Obligation Capital Outlay Note, Series 2018, maturing on June 30, 2031, with an interest rate of 3.25%. The proceeds will be used to fund the construction of the Germantown Municipal School District (GMSD) Administrative Building. There is a Memorandum of Understanding with GMSD that GMSD will remit to the City amounts equal to the debt service payments of the note as the payments become due.

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

Debt outstanding as of June 30, 2019 consisted of the following:

	Interest Rates	Maturity Date	Original Issue	Balance at Year End
Governmental activities:				
General obligation bonds:				
2009 Serial Bonds	3.25-4.20%	2022	\$ 9,635,000	\$ 835,000
2011 Serial Bonds	2.00-3.25%	2032	6,025,000	4,225,000
2013 Serial Bonds A	2.00-3.625%	2034	3,500,000	2,790,000
2013 Serial Bonds B	1.00-4.00%	2026	5,570,000	1,940,000
2016 Serial Bonds A	2.00-5.00%	2036	7,935,000	6,830,000
2016 Serial Bonds B	2.00-5.00%	2046	10,220,000	9,735,000
2017 Serial Bonds	4.00-5.00%	2048	29,275,000	29,275,000
			<u>72,160,000</u>	<u>55,630,000</u>
Capital Outlay Notes:				
2018 Capital Outlay Note	3.25%	2031	3,025,000	3,025,000
			<u>\$ 75,185,000</u>	<u>\$ 58,655,000</u>

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

Years Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$2,482,000	\$2,394,341
2021	2,564,000	2,272,954
2022	2,551,000	2,178,979
2023	2,309,000	2,093,410
2024	2,401,000	2,007,042
2025-2029	12,567,000	8,539,118
2030-2034	10,701,000	6,067,177
2035-2039	8,515,000	4,041,550
2040-2044	8,075,000	2,326,400
2045-2049	6,490,000	524,400
	<u>\$ 58,655,000</u>	<u>\$ 32,445,371</u>

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:

2020	\$355,453
2021	355,453
2022	355,453
2023	355,453
2024	355,453
2025-2026	<u>710,905</u>
Total payments	\$2,488,170
Less amount representing interest	<u>(305,077)</u>
	<u>\$ 2,183,093</u>

### 3. Changes in long-term liabilities

A summary of long-term liability activity, including debt, for the year ended June 30, 2019 is as follows. Additional detailed information is available following the summary.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 57,300,000	\$ -	\$ (1,670,000)	\$ 55,630,000	\$ 2,305,000
Capital outlay note	-	3,025,000	-	3,025,000	177,000
Settlement obligation	2,843,623	-	(355,453)	2,488,170	355,454
Unamortized premiums (discounts), net	6,789,837	-	(251,335)	6,538,502	-
Total long-term debt	<u>66,933,460</u>	<u>3,025,000</u>	<u>(2,276,788)</u>	<u>67,681,672</u>	<u>2,837,454</u>
Compensated absences	3,633,283	379,478	(435,578)	3,577,183	435,578
Net pension liability*	24,139,449	12,263,925	-	36,403,374	-
Net OPEB liability*	8,132,869	4,804,218	-	12,937,087	-
	<u>\$ 102,839,061</u>	<u>\$ 20,472,621</u>	<u>\$ (2,712,366)</u>	<u>\$ 120,599,316</u>	<u>\$ 3,273,032</u>
<b>Business-type activities:</b>					
Revenue bonds	\$ 590,000	\$ -	\$ (590,000)	\$ -	\$ -
Unamortized premiums	3,967	-	(3,967)	-	-
Total long-term debt	<u>593,967</u>	<u>-</u>	<u>(593,967)</u>	<u>-</u>	<u>-</u>
Compensated absences	171,985	46,649	(10,318)	208,316	10,318
Net pension liability*	2,403,573	1,108,169	-	3,511,742	-
Net OPEB liability*	269,963	350,742	-	620,705	-
	<u>\$ 3,439,488</u>	<u>\$ 1,505,560</u>	<u>\$ (604,285)</u>	<u>\$ 4,340,763</u>	<u>\$ 10,318</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. For the governmental activities, \$11,420,547 of bond proceeds were not spent as of June 30, 2019. As such, these proceeds were not included in the calculation of net investment in capital assets.

## 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, 2019 consists of \$183,380 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	School Capital Projects Fund	Other Governmental Funds	Total
Nonspendable for:					
Inventory	\$ 58,397	\$ -	\$ -	\$ -	\$ 58,397
Prepaid expenditures	-	63,879	-	-	63,879
Long-term portion of receivable	250,000	-	-	-	250,000
Total nonspendable fund balance	<u>308,397</u>	<u>63,879</u>	<u>-</u>	<u>-</u>	<u>372,276</u>
Restricted for:					
Drug enforcement	-	-	-	406,970	406,970
Federal asset forfeiture	-	-	-	17,332	17,332
Library endowment	-	-	-	239,519	239,519
Stablization reserve trust	-	161,744	-	-	161,744
Education	-	59,486	-	32,697	92,183
Total restricted fund balance	<u>-</u>	<u>221,230</u>	<u>-</u>	<u>696,518</u>	<u>917,748</u>
Committed for:					
State street aid	-	-	-	687,732	687,732
Pickering center	-	-	-	351,787	351,787
Ambulance	-	-	-	338,947	338,947
Farm Park	-	-	-	175,679	175,679
E-citation	-	-	-	27,966	27,966
Recreation	-	-	-	489,315	489,315
Education	-	8,263,905	-	-	8,263,905
Emergency purposes	900,000	-	-	-	900,000
Contingencies	50,000	-	-	-	50,000
Capital projects	2,590,500	-	2,315,151	11,608,714	16,514,365
Tax anticipation	10,802,053	-	-	-	10,802,053
Debt service	5,021,914	-	-	-	5,021,914
Total committed fund balance	<u>19,364,467</u>	<u>8,263,905</u>	<u>2,315,151</u>	<u>13,680,140</u>	<u>43,623,663</u>
Assigned to:					
Vacation Accrual	1,674,772	-	-	-	1,674,772
Contingencies	771,294	-	-	-	771,294
Parks Improvement Capital Projects	-	-	-	857,510	857,510
Drainage Capital Projects	-	-	-	793,422	793,422
Education	-	11,015,341	-	-	11,015,341
Total assigned fund balance	<u>2,446,066</u>	<u>11,015,341</u>	<u>-</u>	<u>1,650,932</u>	<u>15,112,339</u>
Unassigned					
Total fund balances	<u>20,871,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,871,449</u>
	<u>\$ 42,990,379</u>	<u>\$ 19,564,355</u>	<u>\$ 2,315,151</u>	<u>\$ 16,027,590</u>	<u>\$ 80,897,475</u>

## 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	Outflows of Resources	Net Pension Liability	Inflows of Resources
<b>Governmental Activities</b>				
Amended and Restated Plan	\$ -	\$ 17,839,729	\$ 36,277,937	\$ -
Employee Cash Balance Plan	-	-	125,437	113,813
BOE Legacy Plan	286,619	268,089	-	174,967
BOE Hybrid Plan	57,195	104,825	-	2,647
Teacher Legacy Pension Plan	2,167,844	6,614,288	-	3,396,406
Teacher Hybrid Pension Plan	252,893	149,120	-	30,370
Total governmental activities	<u>\$ 2,764,551</u>	<u>\$ 24,976,051</u>	<u>\$ 36,403,374</u>	<u>\$ 3,718,203</u>
<b>Business-type Activities</b>				
Amended and Restated Plan	\$ -	\$ 1,713,566	\$ 3,502,488	\$ -
Employee Cash Balance Plan	-	-	9,254	8,396
Total business-type activities	<u>\$ -</u>	<u>\$ 1,713,566</u>	<u>\$ 3,511,742</u>	<u>\$ 8,396</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.

**NOTE 10 – PENSIONS (CONTINUED)**

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

No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Plan 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, 2019 while the School TCRS Plans have a measurement date of June 30, 2018. 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	208	-	13	-
Inactive employees entitled to but not yet receiving benefits	108	7	32	19
Active employees	244	133	80	43
	<u>560</u>	<u>140</u>	<u>125</u>	<u>62</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, 2019 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	\$ 2,980,665	\$ 284,779	\$ 227,773	\$ 42,157	\$ 2,239,978	\$ 120,830
Covered payroll	17,720,547	5,695,568	2,457,098	1,865,349	21,414,726	6,228,366
As a percentage of covered payroll	16.82%	5.00%	9.27%	2.26%	10.46%	1.94%

## NOTE 10 – PENSIONS (CONTINUED)

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### B. Actuarial Assumptions

#### City Administered Amended and Restated Pension Plan

The total pension liability was determined as part of the June 30, 2019 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%, compounded annually
Investment rate of return	7.25%, net of investment expense, including inflation
Mortality table	Pub G-2010 for general employees ages 18-54 Pub-2010 for healthy employees over age 54

#### Changes of Assumptions

In 2019, the following assumptions were changed: decreased the investment rate of return from 7.50% to 7.25%; and changed the mortality table to use the Society of Actuaries Mortality Tables for Public Plans.

#### 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, 2019, the annual approximate rate of return on investments was 1.95%. 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 7.25%. 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)

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### City Administered Employee Cash Balance Plan

The total pension liability was determined as part of the June 30, 2019 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%, compounded annually
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, 2019, the annual approximate rate of return on investments was 4.18%. 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, 2018 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 8.72% to 3.44% 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, 2018 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.

### 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 7.25% 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, 2019 and each TCRS administered plan was measured as of June 30, 2018. 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
<b>Total Pension Liability</b>						
Service cost	\$ 1,263,199	\$ 682,256	\$ 400,432	\$ 54,287		
Interest	7,285,294	69,214	131,933	10,281		
Differences between expected and actual experience	742,260	(47,118)	(159,084)	25,649		
Changes in assumptions	8,896,166	-	-	-		
Benefit payments, including refunds	(4,460,135)	(47,440)	(24,015)	(219)		
Net change in total pension liability	13,726,784	656,912	349,266	89,998		
Total pension liability - beginning	98,725,093	1,407,999	1,431,347	87,634		
Total pension liability - ending	112,451,877	2,064,911	1,780,613	177,632		
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	2,980,665	284,779	264,748	50,699		
Contributions - employee	697,216	335,473	142,798	63,373		
Net investment income	1,233,522	59,394	144,057	13,797		
Benefit payments	(4,460,135)	(47,440)	(24,015)	(219)		
Administrative/BOE expense	(223,476)	(7,911)	(8,162)	(4,212)		
Other changes	-	-	-	-		
Net change in plan fiduciary net position	227,792	624,295	519,426	123,438		
Plan fiduciary net position - beginning	72,443,660	1,305,925	1,547,806	111,389		
Plan fiduciary net position -ending	72,671,452	1,930,220	2,067,232	234,827		
Net pension liability (asset)	\$ 39,780,425	\$ 134,691	\$ (286,619)	\$ (57,195)		
Proportionate share of net pension liability (asset)					\$ (2,167,844)	\$ (252,893)
Proportionate share at June 30, 2018 measurement date					0.616054%	0.557613%
Proportionate share at June 30, 2017 measurement date					0.614649%	0.559020%

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:

<b>Net pension liability (asset)</b>				
City Amended & Restated Plan	7.25%	\$ 54,653,878	\$ 39,780,425	\$ 27,289,533
Cash Balance Plan	5.00%	659,289	134,691	(261,035)
TCRS School BOE Legacy Plan	7.25%	18,443	(286,619)	(533,785)
TCRS School BOE Hybrid Plan	7.25%	(15,106)	(57,195)	(89,791)
<b>Proportionate share of the net pension asset</b>				
TCRS Teacher Legacy Plan	7.25%	\$ 16,711,104	\$ (2,167,844)	\$ (17,787,543)
TCRS Teacher Hybrid Plan	7.25%	39,097	(252,893)	(468,021)



**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, 2019, 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)	\$ 6,601,211	\$ 343,482	\$ 250,412	\$ 141	\$ 634,240	\$ 86,047
Deferred Outflows of Resources						
Differences between expected and actual experience	\$ 3,781,308	\$ -	\$ 20,086	\$ 60,554	\$ 438,195	\$ 14,323
Net difference between projected and actual earnings on plan investments	3,993,231	-	-	-	-	-
Changes in assumptions	11,778,756	-	20,230	2,114	1,280,339	11,931
Change in proportion of net pension liability (asset)	-	-	-	-	2,655,776	2,036
Contributions subsequent to the measurement date of June 30, 2018	-	-	227,773	42,157	2,239,978	120,830
	<u>\$ 19,553,295</u>	<u>\$ -</u>	<u>\$ 268,089</u>	<u>\$ 104,825</u>	<u>\$ 6,614,288</u>	<u>\$ 149,120</u>
Deferred Inflows of Resources						
Differences between expected and actual experience	\$ -	\$ 119,025	\$ 148,065	\$ -	\$ 2,924,593	\$ 10,073
Net difference between projected and actual earnings on plan investments	-	3,184	26,902	2,647	471,813	14,285
Changes in assumptions	-	-	-	-	-	-
Change in proportion of net pension liability (asset)	-	-	-	-	-	6,012
	<u>\$ -</u>	<u>\$ 122,209</u>	<u>\$ 174,967</u>	<u>\$ 2,647</u>	<u>\$ 3,396,406</u>	<u>\$ 30,370</u>

The amounts shown above for “Contributions subsequent to the measurement date of June 30, 2018,” 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
2020	\$ 3,314,942	\$ (8,581)	\$ (21,494)	\$ 6,784	\$ 1,701,684	\$ (2,169)
2021	1,715,758	(9,343)	(23,300)	6,777	562,490	(2,623)
2022	2,294,038	(3,608)	(29,477)	6,597	(1,086,807)	(4,659)
2023	2,220,380	(2,674)	(20,651)	7,136	(199,463)	(926)
2024	1,387,972	(5,255)	(17,004)	7,485	-	977
Thereafter	8,620,205	(92,748)	(22,725)	25,242	-	7,320

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

**NOTE 10 – PENSIONS (CONTINUED)****E. Trusted Pension Plan without Stand-Alone Financial Statements**

The City pension plans do not issue stand-alone financial reports and are not included in the report of a public employee retirement system or report of another entity. The plan's financial statements are as follows:

	<u>Amended &amp; Restated Plan</u>	<u>Employee Cash Balance Plan</u>
<u>Statements of Pension Trust Net Position</u>		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,971,197	\$ 59,620
Interest receivable	15,566	462
Investments		
Domestic common stock	9,221,510	-
Foreign common stock	404,204	-
Fixed income mutual funds	8,737,619	281,462
Equity mutual funds	25,536,932	1,252,150
Balanced mutual fund	-	336,526
Foreign equity collective fund	1,442,609	-
Limited partnerships bond funds	2,095,131	-
Limited partnerships hedge funds	23,246,685	-
Total investments	<u>70,684,690</u>	<u>1,870,138</u>
Total assets	<u>72,671,453</u>	<u>1,930,220</u>
<b>NET POSITION</b>		
Restricted for pension	<u>\$ 72,671,453</u>	<u>\$ 1,930,220</u>
<u>Statements of Changes in Pension Plan Net Position</u>		
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 2,992,025	\$ 292,106
Plan members	697,216	335,474
Total contributions	3,689,241	627,580
Investment earnings (losses):		
Interest and dividends	814,194	29,955
Net appreciation in fair value of investments	578,844	29,438
Total investment earnings	<u>1,393,038</u>	<u>59,393</u>
Total additions	5,082,279	686,973
<b>DEDUCTIONS</b>		
Benefits	4,440,640	47,439
Administrative expense	195,774	8,787
Total deductions	<u>4,636,414</u>	<u>56,226</u>
Change in net position	445,865	630,747
<b>NET POSITION RESTRICTED FOR PENSION</b>		
Beginning of year	72,225,588	1,299,473
End of year	<u>\$ 72,671,453</u>	<u>\$ 1,930,220</u>

**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	\$ -	\$ 4,851,486	\$ 6,245,502	\$ -
School OPEB Plan	-	1,165,959	6,691,585	319,085
Total governmental activities	<u>\$ -</u>	<u>\$ 6,017,445</u>	<u>\$ 12,937,087</u>	<u>\$ 319,085</u>
<b>Business-type Activities</b>				
City OPEB Plan	<u>\$ -</u>	<u>\$ 482,161</u>	<u>\$ 620,705</u>	<u>\$ -</u>

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

**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.

The School OPEB plan provides healthcare for retirees and their dependents. Benefits are provided through a third-party insurer. Retirees on or before July 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, 2019, the date of the City OPEB valuation, and June 30, 2019, the date of the School OPEB valuation, consisted of the following:

	City OPEB Plan	School OPEB Plan
Inactive employees or beneficiaries currently receiving benefits	113	53
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	381	443
	<u>494</u>	<u>496</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, 2019 were as follows:

	City OPEB Plan	School OPEB Plan
Employer contributions	\$ 741,248	\$ 800,467
Covered payroll	23,353,685	24,013,320
As a percentage of covered payroll	3.17%	3.33%

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

### 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 as part of the January 1, 2019 actuarial valuation using the entry age normal level percent of pay cost method, applied to all periods in the measurement and actuarially rolled forward to the measurement date of June 30, 2019. Significant assumptions used in the valuation include:

Inflation	2.5%
Salary increases	4.0%
Investment rate of return	7.0%, net of investment expense, including inflation
Mortality table	RP-2000 with 2% load for expected mortality improvement
Health care cost trend rate	7.0% initial rate, 4.0% ultimate rate, 7 year grading period

#### Changes of Assumptions

In 2019, the following assumptions were changed: decreased the investment rate of return from 7.50% to 7.00% resulting in an increase in the total liability.

#### 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap equity	17.50%	6.25%
Small cap equity	7.50%	7.00%
International equity	20.00%	7.00%
Hedged strategies	35.00%	5.30%
Multi-strategy	5.00%	5.00%
Short-Term Bond	5.00%	2.25%
Intermediate -Term Bond	10.00%	3.25%
Cash and cash equivalents	0%	2.00%
	100%	

#### Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investment was 3.18%. 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, 2019 is 7.0%.

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

### GMSD Administered OPEB Plan

The total OPEB liability was determined as part of the June 30, 2019 actuarial valuation using the entry age normal level percent of pay cost method. Liabilities as of July 1, 2018 are based on an actuarial valuation date of June 30, 2017 projected to June 30, 2018 on a “no loss/no gain” basis. Significant assumptions used in the valuation include:

Inflation	3.0%
Salary increases	3.0%
Investment rate of return	6.25%, net of investment expense, including inflation
Mortality table	SOA Pub-2010 General Total Dataset, using scale MP-2018 SOA Pub-2010 Teacher Total Dataset, using scale MP-2018
Health care cost trend rate	8.0% initial rate, 4.0% ultimate rate, 8 year grading period

### Changes of Assumptions

In 2019, the following assumptions were changed: decreased the investment rate of return from 7.0% to 6.25%; and modified mortality tables resulting in an increase in the total liability.

### 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equities	42.00%	7.30%
Developed Foreign	13.00%	7.77%
Emerging Foreign	6.00%	8.36%
Investment Grade	32.00%	3.78%
High Yield	4.00%	4.75%
Domestic Real Estate	3.00%	6.12%
	<u>100%</u>	

### Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investment was 6.32%. 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, 2019 is 6.25% 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.

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

**C. Net OPEB Liability**

The components of the net OPEB liability for each plan at June 30, 2019, were as follows:

	City OPEB Plan	School OPEB Plan
Total OPEB Liability		
Service cost	\$ 183,386	\$ 238,851
Interest	628,131	566,286
Changes of benefit items	-	-
Differences between expected and actual experience	-	360,661
Changes in assumptions	4,503,406	769,269
Benefit payments, including refunds	(1,085,149)	(354,364)
Net change in total OPEB liability	4,229,774	1,580,703
Total OPEB liability - beginning	8,825,962	8,025,141
Total OPEB liability - ending	13,055,736	9,605,844
Plan Fiduciary Net Position		
Contributions - employer	741,248	800,467
Contributions - retiree	247,245	-
Net investment income	183,727	157,561
Benefit payments	(1,085,149)	(354,364)
Administrative expense	(23,868)	(11,350)
Net change in plan fiduciary net position	63,203	592,314
Plan fiduciary net position - beginning	6,126,326	2,321,945
Plan fiduciary net position -ending	6,189,529	2,914,259
Net OPEB liability (asset)	<u>\$ 6,866,207</u>	<u>\$ 6,691,585</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:

	Current Discount Rate	1% Decrease	Current Rate	1% Increase
City Net OPEB liability (asset)	7.00%	\$ 7,977,683	\$ 6,866,207	\$ 5,852,807
School Net OPEB liability (asset)	6.25%	\$ 7,773,817	\$ 6,691,585	\$ 5,765,284

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:

	Current Healthcare Cost Trend Rate	1% Decrease	Current Rate	1% Increase
City Net OPEB liability (asset)	6% decreasing to 3%	\$ 6,222,552	\$ 6,866,207	\$ 7,718,708
School Net OPEB liability (asset)	8% decreasing to 4.5%	\$ 6,098,329	\$ 6,691,585	\$ 7,372,425

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

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

For the year ended June 30, 2019, 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>\$ 1,208,210</u>	<u>\$ 745,833</u>
Deferred Outflows of Resources		
Differences between expected and actual experience	\$ 1,523,772	\$ 327,874
Actual earnings on plan investments	207,151	81,784
Changes in assumptions	<u>3,602,724</u>	<u>756,301</u>
	<u>\$ 5,333,647</u>	<u>\$ 1,165,959</u>
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ -	\$ 319,085
Actual earnings on plan investments	-	-
Changes in assumptions	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 319,085</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>
2020	\$ 1,075,024	\$ 106,841
2021	1,075,024	106,841
2022	1,104,678	85,693
2023	1,088,186	77,845
2024	133,259	73,859
Thereafter	857,476	395,795



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

**E. Trusted OPEB Plans without Stand-Alone Financial Statements**

The City and School OPEB plans do not issue stand-alone financial reports and are not included in the report of a public employee retirement system or report of another entity. The plan's financial statements are as follows:

	<u>City OPEB Fund</u>	<u>School OPEB Fund</u>
<u>Statements of OPEB Trust Net Position</u>		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 965,100	\$ 19,164
Interest receivable	1,713	1,085
Investments		
Fixed income mutual funds	673,010	1,012,634
Equity mutual funds	2,883,623	1,881,375
Balanced mutual fund	368,952	-
Limited partnerships bond funds	230,737	-
Limited partnerships hedge funds	1,066,395	-
Total investments	<u>5,222,717</u>	<u>2,894,009</u>
Total assets	<u>6,189,530</u>	<u>2,914,258</u>
<b>LIABILITIES</b>		
Accounts payable	<u>229,186</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted for OPEB	<u>\$ 5,964,394</u>	<u>\$ 2,789,695</u>
<u>Statements of Changes in OPEB Plan Net Position</u>		
<b>ADDITIONS</b>		
Contributions:		
Employer	<u>\$ 778,080</u>	<u>\$ 725,467</u>
Total contributions	1,025,325	800,467
Investment earnings (losses):		
Interest and dividends	83,128	67,259
Net appreciation in fair value of investments	100,598	90,302
Total investment earnings	<u>183,726</u>	<u>157,561</u>
Total additions	1,209,051	958,028
<b>DEDUCTIONS</b>		
Benefits	1,265,689	385,438
Administrative expense	22,466	11,349
Total deductions	<u>1,288,155</u>	<u>436,575</u>
Change in net position	(79,104)	521,453
<b>NET POSITION RESTRICTED FOR OPEB</b>		
Beginning of year	6,043,498	2,268,242
End of year	<u>\$ 5,964,394</u>	<u>\$ 2,789,695</u>

## **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:

2020	\$ 363,941
2021	353,119
2022	341,809
2023	328,481
2024	344,742
Thereafter	<u>6,343,987</u>
	<u>\$ 8,076,079</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, 2019 was \$254,255. The future minimum lease payments under significant operating leases expire for the year ending June 30, 2020 and total \$237,119.

### 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 Public Entity Partners Pool ("PEP"), formerly the TML Risk Management 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 PEP Pool provides traditional underwriting, re-insurance, claims processing and loss control services. Unlike commercial insurance, the PEP 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 PEP pool is subject to assessment if the funds it paid as premiums are insufficient to meet the obligations of the PEP Pool. The PEP 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 \$25,000 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 including privacy and network liability 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 PEP Pool. The City has elected to purchase the optional \$10 million earthquake coverage over the primary \$5 million coverage provided by the PEP Pool.

In addition to the annual premiums for insurance coverage, the payment of the PEP 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.

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

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>2019</u>	<u>2018</u>
Unpaid claims, beginning of fiscal year*	\$ 83,652	\$ 82,246
Claims incurred during the year*	94,100	106,500
Claims payments	<u>(114,733)</u>	<u>(105,094)</u>
Unpaid claims, end of fiscal year*	<u>\$ 63,019</u>	<u>\$ 83,652</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>2019</u>	<u>2018</u>
Incurred claims but not reported, beginning of fiscal year	\$ 674,834	\$ 623,229
Claims submitted for fiscal year	<u>4,765,759</u>	<u>4,933,959</u>
Total available for claims payments	5,440,593	5,557,188
Claims paid during fiscal year	<u>(5,107,276)</u>	<u>(4,882,354)</u>
Incurred claims but not reported, end of fiscal year	<u>\$ 333,317</u>	<u>\$ 674,834</u>

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

	<u>2019</u>	<u>2018</u>
Incurred claims but not reported, beginning of fiscal year	\$ 454,913	\$ 673,236
Claims submitted for fiscal year	<u>4,700,104</u>	<u>3,581,081</u>
Total available for claims payments	5,155,017	4,254,317
Claims paid during fiscal year	<u>(4,753,990)</u>	<u>(3,799,404)</u>
Incurred claims but not reported, end of fiscal year	<u>\$ 401,027</u>	<u>\$ 454,913</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, 2019. 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**

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 \$5,247.

**NOTE 16 – PARTIES-IN-INTEREST TRANSACTION**

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During 2019, the City of Germantown and the Germantown Municipal School District pledged to each donate at least \$1,000,000 to the Houston High School Athletics and Arts Foundation for the construction and completion of the Houston High School Athletic Fieldhouse and Band Expansion Project. The City and GMSD will each contribute \$200,000 annually over a five year period. GMSD made their first \$200,000 donation during 2019 and the City is scheduled to being their annual \$200,000 donation during 2020.

**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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total Pension Liability</b>										
Service cost	\$ 1,263,199	\$ 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	7,285,294	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	742,260	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	8,896,166	-	4,636,983	-	-	-	-	(5,630,135)	-	-
Benefit payments	(4,460,135)	(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	13,726,784	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	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	56,375,541
Total pension liability - ending	112,451,877	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	2,980,665	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	697,216	711,081	768,169	708,541	693,659	698,881	683,344	665,402	639,112	654,129
Net investment income	1,393,037	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	(4,460,135)	(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	(223,475)	(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	387,308	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	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	33,770,842
Plan fiduciary net position - ending	72,671,453	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>\$ 39,780,424</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>	64.62%	73.22%	72.69%	73.22%	84.02%	88.28%	80.29%	73.45%	74.17%	64.97%
<b>Covered payroll</b>	<b>\$ 17,069,281</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>	233.05%	149.21%	139.77%	118.80%	65.94%	44.68%	66.10%	88.65%	89.73%	111.71%

*Changes of assumptions.* In 2019, amounts reported as changes of assumptions resulted from changes to the discount rate and mortality tables.

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**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 2,980,665	\$ 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	2,980,665	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
Contribution deficiency (surplus)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 17,720,547	\$ 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
Contributions as a percentage of covered payroll	16.82%	15.92%	11.05%	7.26%	8.30%	11.09%	11.91%	12.50%	12.09%	12.04%

**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>
2019	1.95%
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%



**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**

	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 682,256	\$ 552,091	\$ 459,963	\$ 295,803	\$ 144,160	\$ 28,439
Interest	69,214	44,011	21,875	8,126	1,258	-
Changes of benefit items	-	-	-	-	-	-
Differences between expected and actual experience	(47,118)	(52,133)	(15,559)	(13,342)	(2,213)	-
Changes in assumptions	-	-	-	-	-	-
Benefit payments	(47,440)	(32,365)	(14,736)	(16,523)	(856)	-
Net change in total pension liability	656,912	511,604	451,543	274,064	142,349	28,439
Total pension liability - beginning	1,407,999	896,395	444,852	170,788	28,439	-
Total pension liability - ending	2,064,911	1,407,999	896,395	444,852	170,788	28,439
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	284,779	239,598	246,099	82,455	17,925	-
Contributions - employee	335,473	267,313	220,365	132,159	61,705	10,513
Net investment income	59,394	49,793	48,243	4,319	219	1
Benefit payments	(47,440)	(32,365)	(14,736)	(16,523)	(856)	-
Administrative expense	(7,911)	(6,727)	(480)	(3,921)	(203)	-
Other	-	-	-	1,029	-	-
Net change in plan fiduciary net position	624,295	517,612	499,491	199,518	78,790	10,514
Plan fiduciary net position - beginning	1,305,925	788,313	288,822	89,304	10,514	-
Plan fiduciary net position - ending	1,930,220	1,305,925	788,313	288,822	89,304	10,514
<b>Net pension liability (asset)</b>	<b>\$ 134,691</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>	93.48%	92.75%	87.94%	64.93%	52.29%	36.97%
<b>Covered payroll</b>	<b>\$ 7,019,989</b>	<b>\$ 5,695,568</b>	<b>\$ 4,966,815</b>	<b>\$ 3,272,881</b>	<b>\$ 1,649,109</b>	<b>\$ 358,493</b>
<b>Net pension liability as a percentage of covered payroll</b>	1.92%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 284,779	\$ 239,598	\$ 163,644	\$ 82,455	\$ 17,925
Contributions	<u>284,779</u>	<u>239,598</u>	<u>246,099</u>	<u>82,455</u>	<u>17,925</u>
Contribution deficiency (surplus)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (82,455)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,695,568	\$ 4,966,815	\$ 3,272,881	\$ 1,649,109	\$ 358,493
Contributions as a percentage of covered payroll	5.00%	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, prior to 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>
2019	4.18%
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**

	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 400,432	\$ 383,628	\$ 419,227	\$ 416,170
Interest	131,933	99,446	65,393	31,185
Changes of benefit items	(159,084)	-	-	-
Differences between expected and actual experience	-	(16,391)	19,334	14,407
Changes in assumptions	-	28,322	-	-
Benefit payments	(24,015)	(11,957)	(16,665)	(752)
Net change in total pension liability	349,266	483,048	487,289	461,010
Total pension liability - beginning	1,431,347	948,299	461,010	-
Total pension liability - ending	1,780,613	1,431,347	948,299	461,010
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	264,748	291,593	304,673	270,452
Contributions - employee	142,798	157,278	165,864	145,718
Net investment income	144,057	130,205	16,955	6,292
Benefit payments	(24,015)	(11,957)	(16,665)	(752)
Administrative expense	(8,162)	(8,178)	(7,944)	(6,804)
Other	-	111,076	-	-
Net change in plan fiduciary net position	519,426	670,017	462,883	414,906
Plan fiduciary net position - beginning	1,547,806	877,789	414,906	-
Plan fiduciary net position - ending	2,067,232	1,547,806	877,789	414,906
<b>Net pension liability (asset)</b>	<u>\$ (286,619)</u>	<u>\$ (116,459)</u>	<u>\$ 70,510</u>	<u>\$ 46,104</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	116.10%	108.14%	92.56%	90.00%
<b>Covered payroll</b>	\$ 2,855,965	\$ 3,145,557	\$ 3,319,098	\$ 2,917,498
<b>Net pension liability as a percentage of covered payroll</b>	-10.04%	-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**

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 206,642	\$ 264,748	\$ 291,593	\$ 304,673	\$ 270,452
Contributions	227,773	264,748	291,593	304,673	270,452
Contribution deficiency (surplus)	<u>\$ (21,131)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,457,098	\$ 2,855,965	\$ 3,145,557	\$ 3,319,098	\$ 2,917,498
Contributions as a percentage of covered payroll	9.27%	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 contribution rates for fiscal year 2019 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	2.5%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation
Investment rate of return	7.25%, 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 improvement
Cost of Living Adjustments	2.25%

*Changes of assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3% to 2.5%; decreased the investment rate of return from 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to 4%; and modified mortality assumptions.

## CITY OF GERMANTOWN, TENNESSEE

Exhibit B-9

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

Last Ten Fiscal Years June 30

	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 54,287	\$ 25,937	\$ 4,077	\$ 1,357
Interest	10,281	4,111	501	102
Changes of benefit items	-	-	-	-
Differences between expected and actual experience	25,649	26,069	21,700	1,138
Changes in assumptions	-	2,642	-	-
Benefit payments	(219)	-	-	-
Net change in total pension liability	89,998	58,759	26,278	2,597
Total pension liability - beginning	87,634	28,875	2,597	-
Total pension liability - ending	177,632	87,634	28,875	2,597
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	50,699	31,017	15,582	776
Contributions - employee	63,373	38,771	19,477	969
Net investment income	13,797	7,934	500	26
Benefit payments	(219)	-	-	-
Administrative expense	(4,212)	(2,529)	(1,046)	(30)
Other	-	-	-	(58)
Net change in plan fiduciary net position	123,438	75,193	34,513	1,683
Plan fiduciary net position - beginning	111,389	36,196	1,683	-
Plan fiduciary net position - ending	234,827	111,389	36,196	1,683
<b>Net pension liability (asset)</b>	<b>\$ (57,195)</b>	<b>\$ (23,755)</b>	<b>\$ (7,321)</b>	<b>\$ 914</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	132.20%	127.11%	125.35%	64.81%
<b>Covered payroll</b>	<b>\$ 1,267,462</b>	<b>\$ 775,425</b>	<b>\$ 389,537</b>	<b>\$ 19,389</b>
<b>Net pension liability as a percentage of covered payroll</b>	-4.51%	-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**

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 42,157	\$ 25,223	\$ 15,896	\$ 7,791	\$ 388
Contributions	<u>42,157</u>	<u>50,699</u>	<u>31,017</u>	<u>15,582</u>	<u>776</u>
Contribution deficiency (surplus)	<u>\$ -</u>	<u>\$ (25,476)</u>	<u>\$ (15,121)</u>	<u>\$ (7,791)</u>	<u>\$ (388)</u>
Covered payroll	\$ 1,865,349	\$ 1,267,462	\$ 775,425	\$ 389,537	\$ 19,389
Contributions as a percentage of covered payroll	2.26%	4.00%	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 2019 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	2.5%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4%
Investment rate of return	7.25%, 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 improvement
Cost of Living Adjustments	2.25%

*Changes of assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3% to 2.5%; decreased the investment rate of return from 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to 4%; and modified mortality assumptions.

**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**

	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.616054%	0.614649%	0.614341%	0.534251%	0.002723%
Proportionate share of the net pension liability (asset)	\$ (2,167,844)	\$ (201,103)	\$ 3,839,293	\$ 218,847	\$ (442)
Covered payroll	\$ 21,572,180	\$ 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	-10.05%	-0.93%	17.31%	1.09%	-0.41%
Plan fiduciary net position as a percentage of the total pension liability	101.49%	100.14%	97.14%	99.81%	100.08%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required	\$ 2,239,978	\$ 1,958,758	\$ 1,951,239	\$ 2,004,754	\$ 1,807,972
Contribution in relation to the contractually required contribution	<u>2,239,978</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 21,414,726	\$ 21,572,180	\$ 21,584,518	\$ 22,176,498	\$ 19,999,692
Contributions as a percentage of covered payroll	10.46%	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.

*Changes of assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3% to 2.5%; decreased the investment rate of return from 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to 4%; and modified mortality assumptions.

**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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.557613%	0.555902%	0.501126%	0.600631%
Proportionate share of the net pension liability (asset)	\$ (252,893)	\$ (146,667)	\$ (52,169)	\$ (24,163)
Covered payroll	\$ 4,872,882	\$ 3,491,744	\$ 2,204,980	\$ 1,247,965
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-5.19%	-4.20%	-2.37%	-1.94%
Plan fiduciary net position as a percentage of the total pension liability	126.97%	126.81%	121.88%	127.46%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required	\$ 120,830	\$ 79,464	\$ 145,944	\$ 88,299	\$ 31,199
Contribution in relation to the contractually required contribution	<u>120,830</u>	<u>194,915</u>	<u>145,944</u>	<u>88,299</u>	<u>49,918</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (115,451)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,719)</u>
Covered payroll	\$ 6,228,366	\$ 4,872,882	\$ 3,491,744	\$ 2,204,980	\$ 1,247,965
Contributions as a percentage of covered payroll	1.94%	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.

*Changes of assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3% to 2.5%; decreased the investment rate of return from 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to 4%; and modified mortality assumptions.

**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**

	2019	2018	2017
<b>Total OPEB Liability</b>			
Service cost	\$ 183,386	\$ 183,386	\$ 183,386
Interest	628,131	592,001	551,617
Changes of benefit items	-	-	-
Differences between expected and actual experience	-	810,904	1,054,723
Changes in assumptions	4,503,406	-	-
Benefit payments	(1,085,149)	(1,123,973)	(1,378,579)
Net change in total OPEB liability	4,229,774	462,318	411,147
Total OPEB liability - beginning	8,825,962	8,363,644	7,952,497
Total OPEB liability - ending	13,055,736	8,825,962	8,363,644
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	741,248	741,248	491,229
Contributions - employee	247,245	215,062	180,121
Net investment income	183,727	357,132	578,557
Benefit payments	(1,085,149)	(1,123,973)	(1,378,579)
Administrative expense	(23,868)	(16,351)	(17,869)
Net change in plan fiduciary net position	63,203	173,118	(146,541)
Plan fiduciary net position - beginning	6,126,326	5,953,208	6,099,749
Plan fiduciary net position - ending	6,189,529	6,126,326	5,953,208
<b>Net OPEB liability (asset)</b>	<b>\$ 6,866,207</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>	47.41%	69.41%	71.18%
<b>Covered payroll</b>	<b>\$ 23,353,685</b>	<b>\$ 23,353,685</b>	<b>\$ 22,882,490</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	29.40%	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.

*Changes of assumptions.* In 2019, amounts reported as changes of assumptions resulted from changes to the discount rate.

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

Exhibit B-16

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 741,248	\$ 741,248	\$ 491,229
Contributions	<u>741,248</u>	<u>741,248</u>	<u>491,229</u>
Contribution deficiency (surplus)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,353,685	\$ 23,353,685	\$ 22,882,490
Contributions as a percentage of covered payroll	3.17%	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 for June 30, 2019 were rolled forward from the valuation performed as of 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>
2019	3.18%
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**

	2019	2018	2017
<b>Total OPEB Liability</b>			
Service cost	\$ 238,851	\$ 224,642	\$ 863,233
Interest	566,286	563,950	1,063,416
Changes of benefit items	-	-	(8,867,692)
Differences between expected and actual experience	360,661	(291,485)	74,057
Changes in assumptions	769,269	-	(104,778)
Benefit payments	(354,364)	(597,414)	(185,730)
Net change in total OPEB liability	<u>1,580,703</u>	<u>(100,307)</u>	<u>(7,157,494)</u>
Total OPEB liability - beginning	<u>8,025,141</u>	<u>8,125,448</u>	<u>15,282,942</u>
Total OPEB liability - ending	9,605,844	8,025,141	8,125,448
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	725,467	735,092	800,000
Contributions - retiree	75,000	50,000	40,000
Net investment income	157,561	109,894	14,084
Benefit payments	(354,364)	(597,414)	(185,730)
Administrative expense	(11,350)	(27,000)	(14,217)
Net change in plan fiduciary net position	<u>592,314</u>	<u>270,572</u>	<u>654,137</u>
Plan fiduciary net position - beginning	<u>2,321,945</u>	<u>2,051,373</u>	<u>1,397,236</u>
Plan fiduciary net position - ending	<u>2,914,259</u>	<u>2,321,945</u>	<u>2,051,373</u>
<b>Net OPEB liability (asset)</b>	<u>\$ 6,691,585</u>	<u>\$ 5,703,196</u>	<u>\$ 6,074,075</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	30.34%	28.93%	25.25%
<b>Covered payroll</b>	\$ 24,013,320	\$ 28,291,481	\$ 27,467,457
<b>Net OPEB liability as a percentage of covered payroll</b>	27.87%	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.

*Changes of assumptions.* In 2019, amounts reported as changes of assumptions resulted from changes to the discount rate and mortality tables.

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

**Exhibit B-19**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 725,467	\$ 735,092	\$ 1,982,233
Contributions	<u>800,467</u>	<u>785,092</u>	<u>840,000</u>
Contribution deficiency (surplus)	<u>\$ (75,000)</u>	<u>\$ (50,000)</u>	<u>\$ 1,142,233</u>
Covered payroll	\$ 24,269,433	\$ 28,291,481	\$ 27,467,457
Contributions as a percentage of covered payroll	3.30%	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 valuation date of June 30, 2019.

**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	28 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

---

**Exhibit B-20**

	Annual Money-Weighted Rate of Return <u>Net of Investment Expenses</u>
2019	6.32%
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, 2019

**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>E-Citation</b>	<b>Recreation</b>	<b>Library Endowment</b>	<b>Federal Projects</b>	<b>School Cafeteria</b>
<b>ASSETS</b>											
Cash and cash equivalents	\$ 567,520	\$ -	\$ -	\$ 358,224	\$ 201,597	\$ 270,003	\$ 27,966	\$ 497,377	\$ -	\$ -	\$ 133,850
Investments	44,828	-	-	-	-	-	-	-	-	-	-
Receivables											
Customer	-	-	-	-	-	-	23,861	-	-	-	-
Other	-	-	-	65	-	124,356	-	-	-	-	-
Less allowance for doubtful accounts	-	-	-	-	-	-	(9,287)	-	-	-	-
Due from other governments	243,566	-	-	-	1,000	-	-	-	-	490,257	-
Restricted cash and cash equivalents	-	409,822	17,332	11,308	4,795	-	-	-	239,519	-	-
<b>Total assets</b>	<b>\$ 855,914</b>	<b>\$ 409,822</b>	<b>\$ 17,332</b>	<b>\$ 369,597</b>	<b>\$ 207,392</b>	<b>\$ 394,359</b>	<b>\$ 42,540</b>	<b>\$ 497,377</b>	<b>\$ 239,519</b>	<b>\$ 490,257</b>	<b>\$ 133,850</b>
<b>LIABILITIES</b>											
Accounts payable and accrued liabilities	\$ 168,182	\$ 2,852	\$ -	\$ 6,502	\$ 4,821	\$ 31,210	\$ -	\$ 3,674	\$ -	\$ 25,459	\$ 49,240
Accrued payroll	-	-	-	-	2,131	24,202	-	4,388	-	34,832	-
Customer deposits	-	-	-	11,308	4,795	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	429,966	-
Unearned revenue	-	-	-	-	19,966	-	-	-	-	-	51,913
<b>Total liabilities</b>	<b>168,182</b>	<b>2,852</b>	<b>-</b>	<b>17,810</b>	<b>31,713</b>	<b>55,412</b>	<b>-</b>	<b>8,062</b>	<b>-</b>	<b>490,257</b>	<b>101,153</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Unavailable revenue - grants	-	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - other	-	-	-	-	-	-	14,574	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,574</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>											
Restricted	-	406,970	17,332	-	-	-	-	-	239,519	-	32,697
Committed	687,732	-	-	351,787	175,679	338,947	27,966	489,315	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>687,732</b>	<b>406,970</b>	<b>17,332</b>	<b>351,787</b>	<b>175,679</b>	<b>338,947</b>	<b>27,966</b>	<b>489,315</b>	<b>239,519</b>	<b>-</b>	<b>32,697</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 855,914</b>	<b>\$ 409,822</b>	<b>\$ 17,332</b>	<b>\$ 369,597</b>	<b>\$ 207,392</b>	<b>\$ 394,359</b>	<b>\$ 42,540</b>	<b>\$ 497,377</b>	<b>\$ 239,519</b>	<b>\$ 490,257</b>	<b>\$ 133,850</b>

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**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2019

Exhibit C-1

	Capital Projects						Total Nonmajor Governmental Funds	
	Major Roads	Intersections	General Government Projects	Fire Department	Parks Improvement	Municipal School Projects		Drainage Projects
<b>ASSETS</b>								
Cash and cash equivalents	\$ 4,621,755	\$ 395,780	\$ 1,273,449	\$ 907,315	\$ 1,695,878	\$ 2,646,219	\$ 911,483	\$ 14,508,416
Investments	-	-	-	-	-	-	-	44,828
Receivables								
Customer	-	-	-	-	-	-	-	23,861
Other	-	-	-	-	-	-	20,610	145,031
Less allowance for doubtful accounts	-	-	-	-	-	-	-	(9,287)
Due from other governments	395,399	1,711,833	-	-	33,934	-	20,872	2,896,861
Restricted cash and cash equivalents	-	-	-	-	-	1,506,858	-	2,189,634
<b>Total assets</b>	<b>\$ 5,017,154</b>	<b>\$ 2,107,613</b>	<b>\$ 1,273,449</b>	<b>\$ 907,315</b>	<b>\$ 1,729,812</b>	<b>\$ 4,153,077</b>	<b>\$ 952,965</b>	<b>\$ 19,799,344</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 1,090,781	\$ 298,937	\$ 553,226	\$ -	\$ 131,118	\$ 9,770	\$ 35,619	\$ 2,411,391
Accrued payroll	-	-	-	-	-	-	-	65,553
Customer deposits	-	-	-	-	-	-	-	16,103
Due to other funds	-	-	-	-	-	-	-	429,966
Unearned revenue	-	-	-	-	-	-	-	71,879
<b>Total liabilities</b>	<b>1,090,781</b>	<b>298,937</b>	<b>553,226</b>	<b>-</b>	<b>131,118</b>	<b>9,770</b>	<b>35,619</b>	<b>2,994,892</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - grants	395,399	332,955	-	-	33,934	-	-	762,288
Unavailable revenue - other	-	-	-	-	-	-	-	14,574
<b>Total deferred inflows of resources</b>	<b>395,399</b>	<b>332,955</b>	<b>-</b>	<b>-</b>	<b>33,934</b>	<b>-</b>	<b>-</b>	<b>776,862</b>
<b>FUND BALANCES</b>								
Restricted	-	-	-	-	-	-	-	696,518
Committed	3,530,974	1,475,721	720,223	907,315	707,250	4,143,307	123,924	13,680,140
Assigned	-	-	-	-	857,510	-	793,422	1,650,932
<b>Total fund balances</b>	<b>3,530,974</b>	<b>1,475,721</b>	<b>720,223</b>	<b>907,315</b>	<b>1,564,760</b>	<b>4,143,307</b>	<b>917,346</b>	<b>16,027,590</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,017,154</b>	<b>\$ 2,107,613</b>	<b>\$ 1,273,449</b>	<b>\$ 907,315</b>	<b>\$ 1,729,812</b>	<b>\$ 4,153,077</b>	<b>\$ 952,965</b>	<b>\$ 19,799,344</b>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

**Exhibit C-2**

	Special Revenue Funds										
	State Street Aid	Drug Enforcement	Federal Asset Forfeiture	Pickering Center	Farm Park	Ambulance	E-Citation	Recreation	Library Endowment	Federal Projects	School Cafeteria
<b>REVENUES</b>											
Intergovernmental											
State gas tax	\$ 1,409,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	41,963	27,352	1,300,146	-	666,041	-	-	1,165,746
Fines, forfeitures, and penalties	-	170,118	-	-	-	-	32,285	-	-	-	-
Federal, state and other grants	2,012	250,655	14,006	-	3,000	225,370	-	-	-	3,747,123	301,565
Interest on investments	17,718	-	-	-	-	667	-	-	5,247	-	-
Donations	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	54,829	-	1,550	-	-	-	-	11,880
Total revenues	<u>1,428,802</u>	<u>420,773</u>	<u>14,006</u>	<u>96,792</u>	<u>30,352</u>	<u>1,527,733</u>	<u>32,285</u>	<u>666,041</u>	<u>5,247</u>	<u>3,747,123</u>	<u>1,479,191</u>
<b>EXPENDITURES</b>											
Current											
Public safety	-	145,217	16,066	-	-	2,167,388	4,319	-	-	-	-
Transportation and environment	3,402,192	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	68,039	122,185	-	-	789,577	-	-	-
Education	-	-	-	-	-	-	-	-	-	3,611,060	1,486,946
Debt Service											
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>3,402,192</u>	<u>145,217</u>	<u>16,066</u>	<u>68,039</u>	<u>122,185</u>	<u>2,167,388</u>	<u>4,319</u>	<u>789,577</u>	<u>-</u>	<u>3,611,060</u>	<u>1,486,946</u>
Excess (deficiency) of revenues over (under) expenditures	(1,973,390)	275,556	(2,060)	28,753	(91,833)	(639,655)	27,966	(123,536)	5,247	136,063	(7,755)
<b>OTHER FINANCING SOURCES (USES)</b>											
Issuance of debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	5,495	-	-	-	-	-	-	-	-	-
Transfers in	1,500,000	-	-	-	120,000	925,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(136,063)	-
Total other financing sources and uses	<u>1,500,000</u>	<u>5,495</u>	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>925,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,063)</u>	<u>-</u>
Net change in fund balances	(473,390)	281,051	(2,060)	28,753	28,167	285,345	27,966	(123,536)	5,247	-	(7,755)
Fund balances - beginning	1,161,122	125,919	19,392	323,034	147,512	53,602	-	612,851	234,272	-	40,452
Fund balances - ending	<u>\$ 687,732</u>	<u>\$ 406,970</u>	<u>\$ 17,332</u>	<u>\$ 351,787</u>	<u>\$ 175,679</u>	<u>\$ 338,947</u>	<u>\$ 27,966</u>	<u>\$ 489,315</u>	<u>\$ 239,519</u>	<u>\$ -</u>	<u>\$ 32,697</u>

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**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

Exhibit C-2

	Capital Projects						Total Nonmajor Governmental Funds	
	Major Roads	Intersections	General Government Projects	Fire Department	Parks Improvement	Municipal School Projects		Drainage Projects
<b>REVENUES</b>								
Intergovernmental								
State gas tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,409,072
Charges for services	-	-	-	-	-	-	-	3,201,248
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	202,403
Federal, state and other grants	17,364	1,930,174	-	-	26,452	-	120,194	6,637,915
Interest on investments	-	-	-	-	-	375,576	-	399,208
Donations	-	-	1,513,165	-	-	-	-	1,513,165
Other	-	-	-	-	-	-	-	68,259
Total revenues	17,364	1,930,174	1,513,165	-	26,452	375,576	120,194	13,431,270
<b>EXPENDITURES</b>								
Current								
Public safety	-	-	-	-	-	-	-	2,332,990
Transportation and environment	-	-	-	-	-	-	-	3,402,192
Community services	-	-	-	-	-	-	-	979,801
Education	-	-	-	-	-	-	-	5,098,006
Debt Service								
Bond issuance costs	-	-	-	-	-	24,001	-	24,001
Capital outlays	3,539,563	513,551	3,267,079	-	853,398	-	288,873	8,462,464
Total expenditures	3,539,563	513,551	3,267,079	-	853,398	24,001	288,873	20,299,454
Excess (deficiency) of revenues over (under) expenditures	(3,522,199)	1,416,623	(1,753,914)	-	(826,946)	351,575	(168,679)	(6,868,184)
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of debt	-	-	-	-	-	3,025,000	-	3,025,000
Sale of capital assets	-	-	-	-	-	-	-	5,495
Transfers in	-	1,530,000	870,000	900,000	1,000,000	-	-	6,845,000
Transfers out	-	-	-	-	-	(22,290,101)	-	(22,426,164)
Total other financing sources and uses	-	1,530,000	870,000	900,000	1,000,000	(19,265,101)	-	(12,550,669)
Net change in fund balances	(3,522,199)	2,946,623	(883,914)	900,000	173,054	(18,913,526)	(168,679)	(19,418,853)
Fund balances - beginning	7,053,173	(1,470,902)	1,604,137	7,315	1,391,706	23,056,833	1,086,025	35,446,443
Fund balances - ending	\$ 3,530,974	\$ 1,475,721	\$ 720,223	\$ 907,315	\$ 1,564,760	\$ 4,143,307	\$ 917,346	\$ 16,027,590

**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, 2019

	<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	\$ 700,923	\$ 700,923	\$ 759,732	\$ 58,809
Gas 1989	111,816	111,816	121,198	9,382
Gas 3 cent	487,261	487,261	528,142	40,881
Grants	-	-	2,012	2,012
Interest income	2,500	2,500	17,718	15,218
Total revenues	<u>1,302,500</u>	<u>1,302,500</u>	<u>1,428,802</u>	<u>126,302</u>
<b>EXPENDITURES:</b>				
Public Works				
Materials and supplies	2,550,000	2,506,930	2,485,537	21,393
Other charges	920,000	916,655	916,655	-
Total expenditures	<u>3,470,000</u>	<u>3,423,585</u>	<u>3,402,192</u>	<u>21,393</u>
Deficiency of revenues under expenditures	(2,167,500)	(2,121,085)	(1,973,390)	147,695
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (667,500)</u>	<u>\$ (621,085)</u>	<u>(473,390)</u>	<u>\$ 147,695</u>
Fund balances - beginning			<u>1,161,122</u>	
Fund balances - ending			<u>\$ 687,732</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, 2019

	<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	\$ 274,199	\$ 170,118	\$ (104,081)
Federal, state, and other grants	-	-	250,655	250,655
Other	-	-	5,495	5,495
Total revenues	<u>300,000</u>	<u>274,199</u>	<u>426,268</u>	<u>152,069</u>
<b>EXPENDITURES:</b>				
Public Safety				
Salaries	36,000	61,801	25,801	36,000
Benefits	75,000	75,000	54,243	20,757
Contractual services	-	412	412	-
Materials and supplies	138,000	138,000	63,272	74,728
Other charges	12,750	12,337	1,489	10,848
Total expenditures	<u>261,750</u>	<u>287,550</u>	<u>145,217</u>	<u>142,333</u>
Net change in fund balances	<u>\$ 38,250</u>	<u>\$ (13,351)</u>	281,051	<u>\$ 294,402</u>
Fund balances - beginning			<u>125,919</u>	
Fund balances - ending			<u>\$ 406,970</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, 2019

**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	\$ 46,750	\$ -	\$ (46,750)
Federal, state, and other grants	-	-	14,006	14,006
<b>Total Revenues</b>	<u>50,000</u>	<u>46,750</u>	<u>14,006</u>	<u>(32,744)</u>
<b>EXPENDITURES:</b>				
Public Safety				
Salaries	-	3,251	3,251	-
Benefits	20,000	20,000	6,107	13,893
Materials and supplies	30,000	30,000	6,708	23,292
<b>Total expenditures</b>	<u>50,000</u>	<u>53,251</u>	<u>16,066</u>	<u>37,185</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (6,501)</u>	<u>(2,060)</u>	<u>\$ 4,441</u>
Fund balances - beginning			<u>19,392</u>	
Fund balances - ending			<u>\$ 17,332</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, 2019

	<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	\$ 45,000	\$ 45,000	\$ 41,963	\$ (3,037)
Other income	54,500	54,500	54,829	329
Total revenues	<u>99,500</u>	<u>99,500</u>	<u>96,792</u>	<u>(2,708)</u>
<b>EXPENDITURES:</b>				
Community Services				
Contractual services	48,873	48,873	44,115	4,758
Materials and supplies	2,000	1,860	1,378	482
Other charges	14,667	14,667	12,719	1,948
Capital outlay	62,500	27,504	9,827	17,677
Total expenditures	<u>128,040</u>	<u>92,904</u>	<u>68,039</u>	<u>24,865</u>
Net change in fund balances	<u>\$ (28,540)</u>	<u>\$ 6,596</u>	28,753	<u>\$ 22,157</u>
Fund balances - beginning			<u>323,034</u>	
Fund balances - ending			<u>\$ 351,787</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, 2019

	<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	\$ 39,300	\$ 39,300	\$ 27,352	\$ (11,948)
Federal, state, and other grants	1,000	1,000	3,000	2,000
Total revenues	<u>40,300</u>	<u>40,300</u>	<u>30,352</u>	<u>(9,948)</u>
<b>EXPENDITURES:</b>				
Community Services				
Salaries	65,051	97,908	55,248	42,660
Benefits	18,431	18,485	14,157	4,328
Contractual services	21,500	17,228	16,101	1,127
Materials and supplies	19,300	20,429	13,100	7,329
Other charges	31,113	32,892	23,579	9,313
Capital outlay	20,000	20,000	-	20,000
Total expenditures	<u>175,395</u>	<u>206,942</u>	<u>122,185</u>	<u>84,757</u>
Deficiency of revenues under expenditures	(135,095)	(166,642)	(91,833)	74,809
<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>\$ (15,095)</u>	<u>\$ (46,642)</u>	28,167	<u>\$ 74,809</u>
Fund balances - beginning			<u>147,512</u>	
Fund balances - ending			<u>\$ 175,679</u>	

CITY OF GERMANTOWN, TENNESSEE

Exhibit C-8

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 AMBULANCE FUND

For the Year Ended June 30, 2019

	<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	\$ 1,280,000	\$ 1,280,000	\$ 1,300,146	\$ 20,146
Federal, state, and other grants	-	-	225,370	225,370
Interest income	-	-	667	667
Other income	-	-	1,550	1,550
Total revenues	<u>1,280,000</u>	<u>1,280,000</u>	<u>1,527,733</u>	<u>247,733</u>
<b>EXPENDITURES:</b>				
Public Safety				
Salaries	1,288,409	1,282,611	1,203,004	79,607
Benefits	472,456	472,456	409,897	62,559
Contractual services	68,404	105,088	105,088	-
Materials and supplies	112,865	113,283	109,713	3,570
Other charges	73,888	95,972	89,273	6,699
Capital outlay	-	250,413	250,413	-
Total expenditures	<u>2,016,022</u>	<u>2,319,823</u>	<u>2,167,388</u>	<u>152,435</u>
Deficiency of revenues under expenditures	(736,022)	(1,039,823)	(639,655)	400,168
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>775,000</u>	<u>925,000</u>	<u>925,000</u>	<u>-</u>
Net change in fund balances	<u>\$ 38,978</u>	<u>\$ (114,823)</u>	285,345	<u>\$ 400,168</u>
Fund balances - beginning			<u>53,602</u>	
Fund balances - ending			<u>\$ 338,947</u>	

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit C-9**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
E-CITATION FUND**

For the Year Ended June 30, 2019

	<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	\$ 36,960	\$ 36,960	\$ 32,285	\$ (4,675)
<b>EXPENDITURES:</b>				
Public Safety				
Materials and supplies	-	4,319	4,319	-
Net change in fund balances	<u>\$ 36,960</u>	<u>\$ 32,641</u>	27,966	<u>\$ (4,675)</u>
Fund balances - beginning			-	
Fund balances - ending			<u>\$ 27,966</u>	

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

**Exhibit C-10**

For the Year Ended June 30, 2019

	<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	\$ 675,103	\$ 675,103	\$ 666,041	\$ (9,062)
Total revenues	<u>675,103</u>	<u>675,103</u>	<u>666,041</u>	<u>(9,062)</u>
<b>EXPENDITURES:</b>				
Community Services				
Salaries	355,007	353,526	277,595	75,931
Benefits	72,821	74,713	63,857	10,856
Contractual services	152,340	149,247	114,666	34,581
Materials and supplies	94,950	96,141	71,874	24,267
Other charges	19,360	21,591	19,972	1,619
Capital outlay	106,000	251,887	241,613	10,274
Total expenditures	<u>800,478</u>	<u>947,105</u>	<u>789,577</u>	<u>157,528</u>
Net change in fund balances	<u>\$ (125,375)</u>	<u>\$ (272,002)</u>	(123,536)	<u>\$ 148,466</u>
Fund balances - beginning			<u>612,851</u>	
Fund balances - ending			<u>\$ 489,315</u>	

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit C-11**

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

For the Year Ended June 30, 2019

	<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	\$ -	\$ -	\$ 5,247	\$ 5,247
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	5,247	<u>\$ 5,247</u>
Fund balances - beginning			<u>234,272</u>	
Fund balances - ending			<u>\$ 239,519</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, 2019

**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>				
Federal, state, and other grants	\$ 3,256,920	\$ 4,530,563	\$ 3,747,123	\$ (783,440)
<b>EXPENDITURES:</b>				
Education				
Regular Instruction				
Salaries	200,158	262,863	196,741	66,122
Benefits	40,901	53,281	35,334	17,947
Contractual services	73,350	72,858	35,443	37,415
Materials and supplies	755,881	1,570,436	1,385,020	185,416
Special Education				
Salaries	699,119	764,119	614,349	149,770
Benefits	206,717	240,267	205,505	34,762
Contractual services	64,500	94,500	74,644	19,856
Materials and supplies	63,006	67,580	27,644	39,936
Other	35,160	54,502	47,184	7,318
Other Student Support				
Contractual services	10,562	11,869	11,754	115
Materials and supplies	-	16,800	19,083	(2,283)
Regular Instruction Support				
Salaries	432,462	499,342	408,391	90,951
Benefits	109,780	106,725	89,750	16,975
Contractual services	7,000	20,000	-	20,000
Materials and supplies	20,415	20,797	3,424	17,373
Other charges	288,073	345,077	320,088	24,989
Special Education Support				
Salaries	26,387	26,387	27,552	(1,165)
Benefits	8,424	8,424	8,020	404
Contractual services	216	367	77	290
Materials and supplies	14,971	41,624	22,096	19,528
Other charges	33,486	67,026	45,530	21,496
Technical Support				
Materials and supplies	20,890	42,837	30,569	12,268
Other charges	1,511	1,860	1,835	25
Transportation				
Materials and supplies	2,500	2,500	844	1,656
Other charges	1,025	1,025	183	842
Total expenditures	<u>3,116,494</u>	<u>4,393,066</u>	<u>3,611,060</u>	<u>782,006</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	140,426	137,497	136,063	(1,434)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(140,426)</u>	<u>(137,497)</u>	<u>(136,063)</u>	<u>1,434</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</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, 2019

**Exhibit C-13**

	<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	\$ 923,416	\$ 1,150,416	\$ 1,165,746	\$ 15,330
Federal, state, and other grants	271,984	271,984	301,565	29,581
Other income	6,000	6,000	11,880	5,880
Total revenues	<u>1,201,400</u>	<u>1,428,400</u>	<u>1,479,191</u>	<u>50,791</u>
<b>EXPENDITURES:</b>				
Education				
Cafeteria				
Contractual services	1,184,844	1,344,844	1,367,916	(23,072)
Materials and supplies	79,000	132,750	70,769	61,981
Other charges	40,000	53,250	48,261	4,989
Total expenditures	<u>1,303,844</u>	<u>1,530,844</u>	<u>1,486,946</u>	<u>43,898</u>
Deficiency of revenues under expenditures	(102,444)	(102,444)	(7,755)	94,689
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>102,444</u>	<u>102,444</u>	<u>-</u>	<u>(102,444)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(7,755)</u>	<u>\$ (7,755)</u>
Fund balances - beginning			<u>40,452</u>	
Fund balances - ending			<u>\$ 32,697</u>	

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

**Exhibit C-14**

For the Year Ended June 30, 2019

	<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>				
Federal, state, and other grants	\$ -	\$ -	\$ 17,364	\$ 17,364
<b>EXPENDITURES:</b>				
Capital Outlay				
Professional services	260,000	253,164	200,166	52,998
Land	351,000	337,633	337,280	353
Other Improvements	8,025,000	4,477,913	3,002,117	1,475,796
Total expenditures	<u>8,636,000</u>	<u>5,068,710</u>	<u>3,539,563</u>	<u>1,529,147</u>
Deficiency of revenues under expenditures	(8,636,000)	(5,068,710)	(3,522,199)	1,546,511
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>430,000</u>	<u>430,000</u>	<u>-</u>	<u>(430,000)</u>
Net change in fund balances	<u>\$ (8,206,000)</u>	<u>\$ (4,638,710)</u>	<u>(3,522,199)</u>	<u>\$ 1,116,511</u>
Fund balances - beginning			<u>7,053,173</u>	
Fund balances - ending			<u>\$ 3,530,974</u>	

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit C-15**

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

For the Year Ended June 30, 2019

	<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>				
Federal, state, and other grants	\$ -	\$ -	\$ 1,930,174	\$ 1,930,174
<b>EXPENDITURES:</b>				
Capital Outlay				
Professional services	1,128,000	441,168	216,452	224,716
Land	3,500,000	3,290,352	10,973	3,279,379
Other improvements	1,277,858	297,961	286,126	11,835
Total expenditures	<u>5,905,858</u>	<u>4,029,481</u>	<u>513,551</u>	<u>3,515,930</u>
Excess (deficiency) of revenues over (under) expenditures	(5,905,858)	(4,029,481)	1,416,623	5,446,104
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>450,000</u>	<u>1,530,000</u>	<u>1,530,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (5,455,858)</u>	<u>\$ (2,499,481)</u>	2,946,623	<u>\$ 5,446,104</u>
Fund balances - beginning			<u>(1,470,902)</u>	
Fund balances - ending			<u>\$ 1,475,721</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, 2019

**Exhibit C-16**

	<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>				
Donations	\$ -	\$ -	\$ 1,513,165	\$ 1,513,165
<b>EXPENDITURES:</b>				
Capital Outlay				
Professional services	55,000	151,508	141,508	10,000
Land	3,155,000	2,570,231	2,570,231	-
Equipment	350,000	349,219	295,182	54,037
Other improvements	-	672	671	1
Construction contracts	-	259,487	259,487	-
Total expenditures	<u>3,560,000</u>	<u>3,331,117</u>	<u>3,267,079</u>	<u>64,038</u>
Deficiency of revenues under expenditures	(3,560,000)	(3,331,117)	(1,753,914)	1,577,203
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,270,000</u>	<u>870,000</u>	<u>870,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (2,290,000)</u>	<u>\$ (2,461,117)</u>	(883,914)	<u>\$ 1,577,203</u>
Fund balances - beginning			<u>1,604,137</u>	
Fund balances - ending			<u>\$ 720,223</u>	

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

**Exhibit C-17**

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES:</b>				
Capital Outlay				
Equipment	\$ 860,000	\$ 461	\$ -	\$ 461
Professional services	100,000	100,000	-	100,000
<b>Total Expenditures</b>	<u>960,000</u>	<u>100,461</u>	<u>-</u>	<u>100,461</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(960,000)	(100,461)	-	(100,461)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (60,000)</u>	<u>\$ 799,539</u>	900,000	<u>\$ (100,461)</u>
Fund balances - beginning			<u>7,315</u>	
Fund balances - ending			<u>\$ 907,315</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, 2019

**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>				
Federal, state, and other grants	\$ -	\$ -	\$ 26,452	\$ 26,452
<b>EXPENDITURES:</b>				
Capital Outlay				
Professional services	60,000	371,346	142,063	229,283
Land	2,200,000	2,200,000	-	2,200,000
Equipment	-	35,220	19,120	16,100
Other improvements	420,000	693,485	692,215	1,270
Total expenditures	<u>2,680,000</u>	<u>3,300,051</u>	<u>853,398</u>	<u>2,446,653</u>
Deficiency of revenues under expenditures	(2,680,000)	(3,300,051)	(826,946)	2,473,105
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,680,000)</u>	<u>\$ (2,300,051)</u>	173,054	<u>\$ 2,473,105</u>
Fund balances - beginning			<u>1,391,706</u>	
Fund balances - ending			<u>\$ 1,564,760</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, 2019

**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>				
Other income	\$ -	\$ -	\$ 375,576	\$ 375,576
<b>EXPENDITURES:</b>				
Debt service				
Bond issuance costs	-	24,001	24,001	-
Total expenditures	-	24,001	24,001	-
Excess (deficiency) of revenues over (under) expenditures	-	(24,001)	351,575	375,576
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	-	3,025,000	3,025,000
Transfers in	4,700,000	4,700,000	-	(4,700,000)
Transfers out	-	(22,290,101)	(22,290,101)	-
Total other financing sources (uses)	4,700,000	(17,590,101)	(19,265,101)	(1,675,000)
Net change in fund balances	<u>\$ 4,700,000</u>	<u>\$(17,614,102)</u>	(18,913,526)	<u>\$ (1,299,424)</u>
Fund balances - beginning			<u>23,056,833</u>	
Fund balances - ending			<u>\$ 4,143,307</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, 2019

**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>				
Federal, state, and other grants	\$ -	\$ -	\$ 120,194	\$ 120,194
<b>EXPENDITURES:</b>				
Capital outlay				
Professional services	150,000	272,564	209,779	62,785
Other improvements	50,000	81,289	79,094	2,195
Contingency - CIP	250,000	12,014	-	12,014
Total expenditures	<u>450,000</u>	<u>365,867</u>	<u>288,873</u>	<u>76,994</u>
Deficiency of revenues under expenditures	(450,000)	(365,867)	(168,679)	197,188
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
Net change in fund balances	<u>\$ (200,000)</u>	<u>\$ (115,867)</u>	<u>(168,679)</u>	<u>\$ (52,812)</u>
Fund balances - beginning			<u>1,086,025</u>	
Fund balances - ending			<u>\$ 917,346</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
June 30, 2019

**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	\$ 1,039,323	\$ 430,709	\$ 684,971	\$ 2,155,003
Investments	84,701	-	-	84,701
Receivables				
Customers	276,720	41,617	91,385	409,722
Less allowance for doubtful accounts	(26,240)	(25,754)	(27,172)	(79,166)
Due from other governments	21,718	-	-	21,718
Restricted investments	-	104,819	-	104,819
Total current assets	<u>1,396,222</u>	<u>551,391</u>	<u>749,184</u>	<u>2,696,797</u>
Noncurrent assets:				
Capital assets, being depreciated, net	<u>133,263</u>	<u>472,205</u>	<u>305,953</u>	<u>911,421</u>
Total assets	<u>1,529,485</u>	<u>1,023,596</u>	<u>1,055,137</u>	<u>3,608,218</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension	54,278	-	372,177	426,455
Related to OPEB	15,468	26,669	82,671	124,808
	<u>69,746</u>	<u>26,669</u>	<u>454,848</u>	<u>551,263</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	437,890	6,234	19,738	463,862
Accrued payroll	2,700	5,763	16,311	24,774
Customer deposits	-	104,819	-	104,819
Unearned revenue	75,558	-	-	75,558
Total current liabilities	<u>516,148</u>	<u>116,816</u>	<u>36,049</u>	<u>669,013</u>
Noncurrent liabilities:				
Accrued compensated absences	3,314	9,005	(115)	12,204
Net pension liability	110,939	2,236	760,721	873,896
Net OPEB liability	19,912	34,331	106,426	160,669
Total noncurrent liabilities	<u>134,165</u>	<u>45,572</u>	<u>867,032</u>	<u>1,046,769</u>
Total liabilities	<u>650,313</u>	<u>162,388</u>	<u>903,081</u>	<u>1,715,782</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pension	-	2,029	-	2,029
<b>NET POSITION</b>				
Net investment in capital assets	133,263	472,205	305,953	911,421
Unrestricted	815,655	413,643	300,951	1,530,249
Total net position	<u>\$ 948,918</u>	<u>\$ 885,848</u>	<u>\$ 606,904</u>	<u>\$ 2,441,670</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
For the Year Ended June 30, 2019

**Exhibit D-2**

	<u>Sanitation Fund</u>	<u>Great Hall Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Operating Revenues:				
Sanitation fees	\$ 4,912,371	\$ -	\$ -	\$ 4,912,371
Stormwater fees	-	-	1,028,272	1,028,272
Forfeited discounts	35,955	-	-	35,955
Rental income	-	514,161	-	514,161
Federal, state, and other grants	19,304	-	-	19,304
Other	8,207	5,325	-	13,532
Total operating revenues	<u>4,975,837</u>	<u>519,486</u>	<u>1,028,272</u>	<u>6,523,595</u>
Operating Expenses:				
Salaries	87,554	150,195	364,935	602,684
Benefits	49,055	46,685	217,800	313,540
Contractual services	4,833,541	25,160	-	4,858,701
Utilities	-	44,564	575	45,139
Materials and supplies	-	83,166	344,734	427,900
Other service charges	68,245	103,059	965	172,269
Expense reimbursement	-	16,234	34,776	51,010
Depreciation	15,474	75,163	34,434	125,071
Total operating expenses	<u>5,053,869</u>	<u>544,226</u>	<u>998,219</u>	<u>6,596,314</u>
Operating income (loss)	(78,032)	(24,740)	30,053	(72,719)
Nonoperating Revenues (Expenses):				
Interest	27,397	13,530	17,507	58,434
Bond interest and fiscal charges	-	(3,308)	-	(3,308)
Total non-operating expenses	<u>27,397</u>	<u>10,222</u>	<u>17,507</u>	<u>55,126</u>
Income (loss) before transfers	(50,635)	(14,518)	47,560	(17,593)
Transfers in	-	75,000	-	75,000
Change in net position	<u>(50,635)</u>	<u>60,482</u>	<u>47,560</u>	<u>57,407</u>
Total net position - beginning	<u>999,553</u>	<u>825,366</u>	<u>559,344</u>	<u>2,384,263</u>
Total net position - ending	<u>\$ 948,918</u>	<u>\$ 885,848</u>	<u>\$ 606,904</u>	<u>\$ 2,441,670</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
For the Year Ended June 30, 2019

**Exhibit D-3**

	<b>Sanitation Fund</b>	<b>Great Hall Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 4,940,699	\$ 527,260	\$ 1,023,984	\$ 6,491,943
Payments to suppliers	(4,863,039)	(271,702)	(469,494)	(5,604,235)
Payments to employees	(123,812)	(189,212)	(536,934)	(849,958)
Other receipts	20,550	5,325	1,480	27,355
Net cash from (used for) operating activities	<u>(25,602)</u>	<u>71,671</u>	<u>19,036</u>	<u>65,105</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interest paid on advances	-	(3,308)	-	(3,308)
Transfer from other funds	-	75,000	-	75,000
Net cash from (used for) noncapital financing activities	-	71,692	-	71,692
<b>CASH FLOW USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	-	(73,480)	(74,996)	(148,476)
Net cash from (used for) capital and related financing activities	-	(73,480)	(74,996)	(148,476)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	3,833	-	-	3,833
Interest income	27,398	13,530	17,507	58,435
Net cash from (used for) investing activities	<u>31,231</u>	<u>13,530</u>	<u>17,507</u>	<u>62,268</u>
Net increase (decrease) in cash and cash equivalents	5,629	83,413	(38,453)	50,589
Cash and cash equivalents - beginning	<u>1,033,694</u>	<u>452,115</u>	<u>723,424</u>	<u>2,209,233</u>
Cash and cash equivalents - ending	<u>\$ 1,039,323</u>	<u>\$ 535,528</u>	<u>\$ 684,971</u>	<u>\$ 2,259,822</u>
Classified as:				
Current assets	\$ 1,039,323	\$ 430,709	\$ 684,971	\$ 2,155,003
Restricted assets	-	104,819	-	104,819
	<u>\$ 1,039,323</u>	<u>\$ 535,528</u>	<u>\$ 684,971</u>	<u>\$ 2,259,822</u>
<b>Reconciliation of operating income to net cash from operating activities:</b>				
Operating income	\$ (78,032)	\$ (24,740)	\$ 30,053	\$ (72,719)
Adjustments to reconcile operating income to net cash from (used for) operating activities				
Depreciation	15,474	75,163	34,434	125,071
Pension expense in excess of employer contributions	13,161	4,265	45,237	62,663
OPEB expense in excess of employer contributions	1,247	2,334	7,771	11,352
Change in assets and liabilities				
Receivables	(14,919)	2,868	(2,808)	(14,859)
Accounts payable	38,747	481	(88,444)	(49,216)
Accrued payroll	(969)	(153)	(1,127)	(2,249)
Compensated absences	(642)	1,222	(6,080)	(5,500)
Customer deposits	-	10,231	-	10,231
Unearned revenue	331	-	-	331
Net cash from operating activities	<u>\$ (25,602)</u>	<u>\$ 71,671</u>	<u>\$ 19,036</u>	<u>\$ 65,105</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
June 30, 2019

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	\$ 1,633,250	\$ 2,412,502	\$ 600,024	\$ 4,645,776
Receivables - other	17,863	529	5,130	23,522
Due from other funds	-	84,775	-	84,775
Inventory	-	-	92,033	92,033
Total current assets	<u>1,651,113</u>	<u>2,497,806</u>	<u>697,187</u>	<u>4,846,106</u>
Noncurrent assets:				
Capital assets, being depreciated, net	-	-	1,644,995	1,644,995
Total assets	<u>1,651,113</u>	<u>2,497,806</u>	<u>2,342,182</u>	<u>6,491,101</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	333,317	401,027	11,497	745,841
Accrued payroll	-	-	17,220	17,220
Total current liabilities	<u>333,317</u>	<u>401,027</u>	<u>28,717</u>	<u>763,061</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	1,644,995	1,644,995
Unrestricted	1,317,796	2,096,779	668,470	4,083,045
Total net position	<u>\$ 1,317,796</u>	<u>\$ 2,096,779</u>	<u>\$ 2,313,465</u>	<u>\$ 5,728,040</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, 2019

	<u>Health Insurance</u>	<u>Municipal School Health Insurance</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,116,188	\$ 5,098,103	\$ 1,812,604	\$ 12,026,895
Other	-	-	1,957	1,957
Total revenues	<u>5,116,188</u>	<u>5,098,103</u>	<u>1,814,561</u>	<u>12,028,852</u>
<b>OPERATING EXPENSES:</b>				
Salaries	-	-	500,674	500,674
Benefits	-	-	206,717	206,717
Professional services	-	-	112	112
Utilities	-	-	20,485	20,485
Materials and supplies	-	-	388,980	388,980
Other service charges	11,889	185,162	5,817	202,868
Insurance Claims	4,753,870	4,768,662	595,799	10,118,331
Depreciation	-	-	95,975	95,975
Total operating expenses	<u>4,765,759</u>	<u>4,953,824</u>	<u>1,814,559</u>	<u>11,534,142</u>
Operating income	350,429	144,279	2	494,710
Fund balances - beginning	<u>967,367</u>	<u>1,952,500</u>	<u>2,313,463</u>	<u>5,233,330</u>
Fund balances - ending	<u>\$ 1,317,796</u>	<u>\$ 2,096,779</u>	<u>\$ 2,313,465</u>	<u>\$ 5,728,040</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended June 30, 2019

**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	\$ 5,122,051	\$ 5,116,125	\$ 1,809,431	\$ 12,047,607
Payments to suppliers	(5,107,276)	(5,007,710)	(1,015,777)	(11,130,763)
Payments to employees	-	-	(706,311)	(706,311)
Net cash provided by (used for)	<u>14,775</u>	<u>108,415</u>	<u>87,343</u>	<u>210,533</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer from (to) other fund	<u>-</u>	<u>(31,073)</u>	<u>-</u>	<u>(31,073)</u>
<b>CASH FLOW USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	<u>-</u>	<u>-</u>	<u>(42,913)</u>	<u>(42,913)</u>
Net increase in cash and cash equivalents	14,775	77,342	44,430	136,547
Cash and cash equivalents - beginning	<u>1,618,475</u>	<u>2,335,160</u>	<u>555,594</u>	<u>4,509,229</u>
Cash and cash equivalents - ending	<u><u>\$ 1,633,250</u></u>	<u><u>\$ 2,412,502</u></u>	<u><u>\$ 600,024</u></u>	<u><u>\$ 4,645,776</u></u>
<b>Reconciliation of operating income to net cash from operating activities</b>				
Operating income (loss)	\$ 350,429	\$ 144,279	\$ 2	\$ 494,710
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	-	95,975	95,975
Change in assets and liabilities				
Receivables	5,863	18,022	(5,130)	18,755
Inventory	-	-	1,592	1,592
Accounts payable	(341,517)	(53,886)	(6,176)	(401,579)
Accrued payroll	-	-	1,080	1,080
Net cash provided by (used for) operating activities	<u><u>\$ 14,775</u></u>	<u><u>\$ 108,415</u></u>	<u><u>\$ 87,343</u></u>	<u><u>\$ 210,533</u></u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2019

**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	\$ 1,971,197	\$ 59,620	\$ 965,100	\$ 19,164	\$ 3,015,081
Investments					
Domestic common stock	9,221,510	-	-	-	9,221,510
Foreign common stock	404,204	-	-	-	404,204
Fixed income mutual funds	8,737,619	281,462	673,010	1,012,634	10,704,725
Equity mutual funds	25,536,932	1,252,150	2,883,623	1,881,375	31,554,080
Balanced mutual fund	-	336,526	368,952	-	705,478
Foreign equity collective fund	1,442,609	-	-	-	1,442,609
Limited partnerships bond funds	2,095,131	-	230,737	-	2,325,868
Limited partnerships hedge funds	23,246,685	-	1,066,395	-	24,313,080
Total investments	<u>70,684,690</u>	<u>1,870,138</u>	<u>5,222,717</u>	<u>2,894,009</u>	<u>80,671,554</u>
Interest receivable	15,566	462	1,713	1,085	18,826
Receivable - other	-	-	4,050	-	4,050
Total assets	<u>72,671,453</u>	<u>1,930,220</u>	<u>6,193,580</u>	<u>2,914,258</u>	<u>83,709,511</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	229,186	-	229,186
Due to other funds	-	-	-	124,563	124,563
Total liabilities	<u>-</u>	<u>-</u>	<u>229,186</u>	<u>124,563</u>	<u>353,749</u>
<b>NET POSITION</b>					
Restricted for pensions	72,671,453	1,930,220	-	-	74,601,673
Restricted for OPEBs	-	-	5,964,394	2,789,695	8,754,089
Total net position	<u>\$ 72,671,453</u>	<u>\$ 1,930,220</u>	<u>\$ 5,964,394</u>	<u>\$ 2,789,695</u>	<u>\$ 83,355,762</u>



**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
For the Year Ended June 30, 2019

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	\$ 2,992,025	\$ 292,106	\$ 778,080	\$ 725,467	\$ 4,787,678
Plan members	697,216	335,474	247,245	75,000	1,354,935
Total contributions	<u>3,689,241</u>	<u>627,580</u>	<u>1,025,325</u>	<u>800,467</u>	<u>6,142,613</u>
Investment earnings (losses):					
Interest and dividends	814,194	29,955	83,128	67,259	994,536
Net appreciation in fair value of investments	578,844	29,438	100,598	90,302	799,182
Total investment earnings	<u>1,393,038</u>	<u>59,393</u>	<u>183,726</u>	<u>157,561</u>	<u>1,793,718</u>
Total additions	5,082,279	686,973	1,209,051	958,028	7,936,331
<b>DEDUCTIONS</b>					
Benefits	4,440,640	47,439	1,265,689	385,438	6,139,206
Premiums	-	-	-	39,788	39,788
Administrative expense	195,774	8,787	22,466	11,349	238,376
Total deductions	<u>4,636,414</u>	<u>56,226</u>	<u>1,288,155</u>	<u>436,575</u>	<u>6,417,370</u>
Change in net position	445,865	630,747	(79,104)	521,453	1,518,961
Net position - beginning 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>
Net position - end of the year	<u>\$ 72,671,453</u>	<u>\$ 1,930,220</u>	<u>\$ 5,964,394</u>	<u>\$ 2,789,695</u>	<u>\$ 83,355,762</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
 June 30, 2019

Exhibit D-9

	<b>Bail Bond Fund</b>	<b>School Activity Fund</b>	<b>Total Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 55,214	\$ 887,397	\$ 942,611
Inventory	-	16,369	16,369
Total assets	<u>\$ 55,214</u>	<u>\$ 903,766</u>	<u>\$ 958,980</u>
<b>LIABILITIES</b>			
Bail bonds payable	\$ 55,214	\$ -	\$ 55,214
Due to student general fund	-	442,439	442,439
Due to student groups	-	461,327	461,327
Total liabilities	<u>\$ 55,214</u>	<u>\$ 903,766</u>	<u>\$ 958,980</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**

**Exhibit D-10**

For the Year Ended June 30, 2019

	<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	\$ 80,650	\$ -	\$ (25,436)	\$ 55,214
<b>School Activity Funds</b>				
Cash	830,063	2,158,754	(2,101,420)	887,397
Inventory	25,180	92,769	(101,580)	16,369
	<u>\$ 935,893</u>	<u>\$ 2,251,523</u>	<u>\$ (2,228,436)</u>	<u>\$ 958,980</u>
<b>Liabilities</b>				
<b>Bail Bond Fund</b>				
Deposits held in trust	\$ 80,650	\$ -	\$ (25,436)	\$ 55,214
<b>School Activity Funds</b>				
Due to student general fund	392,811	726,708	(677,080)	442,439
Due to student groups	462,432	1,462,607	(1,463,712)	461,327
	<u>\$ 935,893</u>	<u>\$ 2,189,315</u>	<u>\$ (2,166,228)</u>	<u>\$ 958,980</u>

**SUPPORTING SCHEDULES (UNAUDITED)**

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - SERIAL GENERAL OBLIGATION BONDS**  
**GOVERNMENTAL FUNDS**  
 June 30, 2019

**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		2018 Capital Outlay Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	\$ 590,000	\$ 1,221,300	\$ 177,000	\$130,938	\$ 2,482,000	\$ 2,394,341
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	620,000	1,191,050	219,000	89,001	2,564,000	2,272,954
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	645,000	1,159,425	226,000	81,770	2,551,000	2,178,979
2023	-	-	295,000	95,188	165,000	69,337	280,000	24,590	435,000	264,000	220,000	439,700	680,000	1,126,300	234,000	74,295	2,309,000	2,093,410
2024	-	-	305,000	87,688	170,000	65,569	285,000	18,234	460,000	242,250	225,000	435,300	715,000	1,091,425	241,000	66,576	2,401,000	2,007,042
2025	-	-	310,000	79,613	175,000	61,387	295,000	11,413	480,000	219,250	230,000	428,550	750,000	1,054,800	249,000	58,614	2,489,000	1,913,627
2026	-	-	320,000	70,950	175,000	56,831	300,000	3,900	505,000	195,250	240,000	419,350	795,000	1,016,175	258,000	50,375	2,593,000	1,812,831
2027	-	-	330,000	61,600	180,000	51,856	-	-	530,000	170,000	250,000	409,750	835,000	975,425	266,000	41,860	2,391,000	1,710,491
2028	-	-	340,000	51,550	185,000	46,381	-	-	560,000	143,500	265,000	397,250	875,000	932,675	275,000	33,069	2,500,000	1,604,425
2029	-	-	350,000	41,200	195,000	40,559	-	-	580,000	115,500	270,000	384,000	915,000	892,500	284,000	23,985	2,594,000	1,497,744
2030	-	-	360,000	30,325	200,000	34,263	-	-	210,000	86,500	285,000	370,500	955,000	855,100	293,000	14,609	2,303,000	1,391,297
2031	-	-	375,000	18,606	205,000	27,425	-	-	225,000	76,000	300,000	356,250	990,000	816,200	303,000	4,924	2,398,000	1,299,405
2032	-	-	385,000	6,256	215,000	20,075	-	-	235,000	64,750	315,000	341,250	1,030,000	775,800	-	-	2,180,000	1,208,131
2033	-	-	-	-	220,000	12,325	-	-	245,000	53,000	330,000	325,500	1,075,000	733,700	-	-	1,870,000	1,124,525
2034	-	-	-	-	230,000	4,169	-	-	260,000	40,750	345,000	309,000	1,115,000	689,900	-	-	1,950,000	1,043,819
2035	-	-	-	-	-	-	-	-	270,000	27,750	365,000	291,750	1,165,000	644,300	-	-	1,800,000	963,800
2036	-	-	-	-	-	-	-	-	285,000	14,250	385,000	273,500	1,215,000	596,700	-	-	1,885,000	884,450
2037	-	-	-	-	-	-	-	-	-	-	405,000	254,250	1,265,000	547,100	-	-	1,670,000	801,350
2038	-	-	-	-	-	-	-	-	-	-	425,000	234,000	1,315,000	495,500	-	-	1,740,000	729,500
2039	-	-	-	-	-	-	-	-	-	-	445,000	212,750	975,000	449,700	-	-	1,420,000	662,450
2040	-	-	-	-	-	-	-	-	-	-	465,000	190,500	1,015,000	409,900	-	-	1,480,000	600,400
2041	-	-	-	-	-	-	-	-	-	-	490,000	167,250	1,055,000	368,500	-	-	1,545,000	535,750
2042	-	-	-	-	-	-	-	-	-	-	515,000	142,750	1,095,000	325,500	-	-	1,610,000	468,250
2043	-	-	-	-	-	-	-	-	-	-	540,000	117,000	1,140,000	280,800	-	-	1,680,000	397,800
2044	-	-	-	-	-	-	-	-	-	-	570,000	90,000	1,190,000	234,200	-	-	1,760,000	324,200
2045	-	-	-	-	-	-	-	-	-	-	600,000	61,500	1,235,000	185,700	-	-	1,835,000	247,200
2046	-	-	-	-	-	-	-	-	-	-	630,000	31,500	1,290,000	135,200	-	-	1,920,000	166,700
2047	-	-	-	-	-	-	-	-	-	-	-	-	1,340,000	82,600	-	-	1,340,000	82,600
2048	-	-	-	-	-	-	-	-	-	-	-	-	1,395,000	27,900	-	-	1,395,000	27,900
	<u>\$835,000</u>	<u>\$62,013</u>	<u>\$4,225,000</u>	<u>\$865,451</u>	<u>\$2,790,000</u>	<u>\$718,109</u>	<u>\$1,940,000</u>	<u>\$188,957</u>	<u>\$6,830,000</u>	<u>\$2,591,800</u>	<u>\$9,735,000</u>	<u>\$8,033,650</u>	<u>\$29,275,000</u>	<u>\$19,315,375</u>	<u>\$3,025,000</u>	<u>\$670,016</u>	<u>\$58,655,000</u>	<u>\$32,445,371</u>

CITY OF GERMANTOWN, TENNESSEE

Exhibit E-2

SCHEDULE PRINCIPAL AND INTEREST REQUIREMENTS - SETTLEMENT LIABILITY

GOVERNMENTAL FUNDS

June 30, 2019

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Fiscal Year	Shelby County Settlement Liability		
	Principal	Interest	Total
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>\$ 2,183,093</u>	<u>\$ 305,077</u>	<u>\$ 2,488,170</u>

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit E-3**

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

For the Year Ended June 30, 2019

<u>Year</u>	<u>June 30, 2018</u>	<u>Assessment</u>	<u>Collections</u>	<u>June 30, 2019</u>
2019	\$ -	\$ 32,406,158	\$ -	\$ 32,406,158
2018	32,256,468	-	(31,882,549)	373,919
2017	362,273	-	(265,670)	96,603
2016	89,613	-	(44,369)	45,244
2015	36,420	-	(6,357)	30,063
2014	34,111	-	(2,528)	31,583
2013	31,342	-	(351)	30,991
2012	24,987	-	(38)	24,949
2011	17,266	-	(9)	17,257
2010	13,008	-	(1)	13,007
2009 & Prior	60,927	-	(1,727)	59,200
	<u>32,926,415</u>	<u>\$ -</u>	<u>\$ (32,203,599)</u>	<u>33,128,974</u>
Allowance for uncollectible property taxes	<u>(126,353)</u>			<u>(131,255)</u>
	<u>\$ 32,800,062</u>			<u>\$ 32,997,719</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF BONDS OF PRINCIPAL OFFICIALS**  
 June 30, 2019

**Exhibit E-4**

	<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
Scott Sanders	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>Finance Director*</b>	
Adrienne Royals	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, 2019

**Exhibit E-5**

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As of June 30, 2019, City of Germantown, Tennessee served approximately 12,845 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-6**

AWWA

**Free Water Audit Software:  
Reporting Worksheet**

WAS v5.0  
 American Water Works Association  
 Copyright © 2014. All Rights Reserved.

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Click to access definition  
 Click to add a comment

**Water Audit Report for: City of Germantown (0000262)**  
 Reporting Year: 2019 / 7/2018 - 6/2019

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

---

**WATER SUPPLIED**

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

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

Volume from own sources:	+ ?	8	2,200.694	MG/Yr	
Water imported:	+ ?	9	9.089	MG/Yr	
Water exported:	+ ?	n/a	0.000	MG/Yr	

WATER SUPPLIED: 2,187.904 MG/Yr

---

**AUTHORIZED CONSUMPTION**

Billed metered:	+ ?	9	1,910.082	MG/Yr	
Billed unmetered:	+ ?	n/a	0.000	MG/Yr	
Unbilled metered:	+ ?	n/a	0.000	MG/Yr	
Unbilled unmetered:	+ ?	?	27.349	MG/Yr	

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

AUTHORIZED CONSUMPTION: 1,937.431 MG/Yr

---

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

250.473 MG/Yr

**Apparent Losses**

Unauthorized consumption: + ? 5.470 MG/Yr

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

Customer metering inaccuracies:	+ ?	9	19.294	MG/Yr	
Systematic data handling errors:	+ ?	?	4.775	MG/Yr	

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

Apparent Losses: 29.539 MG/Yr

---

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

Real Losses = Water Losses - Apparent Losses: 220.934 MG/Yr

WATER LOSSES: 250.473 MG/Yr

---

**NON-REVENUE WATER**

NON-REVENUE WATER: 277.822 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

---

**SYSTEM DATA**

Length of mains:	+ ?	10	279.8	miles	
Number of active AND inactive service connections:	+ ?	9	14,378		
Service connection density:	?	?	51	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 length of customer service line has been set to zero and a data grading score of 10 has been applied)

Average operating pressure: + ? 8 60.0 psi

---

**COST DATA**

Total annual cost of operating water system:	+ ?	10	\$4,615,743	\$/Year	
Customer retail unit cost (applied to Apparent Losses):	+ ?	9	\$4.25	\$/1000 gallons (US)	
Variable production cost (applied to Real Losses):	+ ?	9	\$286.22	\$/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

Master Meter and Supply Error Adjustments

Pcmt: Value:

+ ?	8	1.00%		MG/Yr
+ ?	9	1.00%		MG/Yr

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

---

Click here: ? for help using option buttons below

Use buttons to select percentage of water supplied OR value

Pcmt: Value:

?		1.25%		MG/Yr
?		0.25%		MG/Yr
?		1.00%		MG/Yr
?		0.25%		MG/Yr

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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="2019"/> <input type="text" value="7/2018 - 6/2019"/>		
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 ***		
<b>System Attributes:</b>		
	Apparent Losses:	<input type="text" value="29.539"/> MG/Yr
+	Real Losses:	<input type="text" value="220.934"/> MG/Yr
=	<b>Water Losses:</b>	<input type="text" value="250.473"/> MG/Yr
	<input type="checkbox"/> Unavoidable Annual Real Losses (UARL):	<input type="text" value="80.38"/> MG/Yr
	Annual cost of Apparent Losses:	<input type="text" value="\$125,540"/>
	Annual cost of Real Losses:	<input type="text" value="\$63,236"/> 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="12.7%"/>
	Non-revenue water as percent by cost of operating system:	<input type="text" value="4.3%"/> Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	<input type="text" value="5.63"/> gallons/connection/day
	Real Losses per service connection per day:	<input type="text" value="42.10"/> 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="0.70"/> gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	<input type="text" value="220.93"/> million gallons/year
	<input type="checkbox"/> Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input type="text" value="2.75"/>
<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.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	<b>145</b>
These exhibits contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>150</b>
These exhibits contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes	
<b>Debt Capacity</b>	<b>159</b>
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.	
<b>Demographic and Economic Information</b>	<b>163</b>
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.	
<b>Operating Information</b>	<b>165</b>
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.	

**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>2019</u>	<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>
Governmental activities										
Net investment in capital assets	\$ 158,551,222	\$ 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
Restricted	3,682,299	906,219	481,518	513,416	575,787	346,637	1,218,763	1,768,896	2,511,848	1,692,290
Unrestricted	48,941,088	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
Total governmental activities net position	<u>\$ 211,174,609</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 62,600,190	\$ 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
Restricted	-	-	787,961	-	-	-	-	-	-	-
Unrestricted	9,744,892	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
Total business-type activities net position	<u>\$ 72,345,082</u>	<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>
Primary government										
Net investment in capital assets	\$ 221,151,412	\$ 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
Restricted	3,682,299	906,219	1,269,479	513,416	575,787	346,637	1,218,763	1,768,896	2,511,848	1,692,290
Unrestricted	58,685,980	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
Total primary government net position	<u>\$ 283,519,691</u>	<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>

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

**Exhibit F-2**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Community services										
<b>Expenses</b>										
Governmental activities:										
General government	\$ 13,985,960	\$ 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
Public safety	24,663,025	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
Transportation and environment	9,018,290	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
Community services	7,584,153	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
Education	58,784,223	52,212,680	50,362,795	46,068,542	40,182,352	5,918,915	-	-	-	-
Interest and fiscal charges	2,362,573	1,330,426	926,194	1,358,382	679,845	831,623	1,415,478	950,133	798,410	877,138
Total governmental activities expenses	116,398,224	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
Business-type activities:										
Utilities	7,471,650	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
Athletic Club	3,983,883	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
Sanitation	-	-	-	-	-	-	-	3,409,532	3,997,349	3,886,086
Nonmajor Enterprise Fund	6,599,622	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	18,055,155	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
Total primary government expenses	\$ 134,453,379	\$ 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
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 3,280,355	\$ 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
Public safety	219,853	152,327	163,442	1,182,858	1,298,067	943,545	175,474	484,006	590,284	431,689
Transportation and environment	1,300,146	1,191,338	1,042,161	952,147	970,079	969,947	978,001	956,379	971,709	1,142,344
Community services	1,382,475	1,332,581	1,227,751	832,155	803,292	455,041	348,865	600,909	546,195	694,866
Education	1,428,982	1,236,058	1,148,080	3,207,977	729,266	-	-	-	-	-
Operating grants and contributions	39,531,316	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
Capital grants and contributions	2,439,777	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
Total governmental activities program revenues	49,582,904	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
Business-type activities:										
Charges for services:										
Utilities	8,272,218	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
Athletic Club	4,707,527	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
Sanitation	-	-	-	-	-	-	-	3,530,418	3,944,499	3,905,442
Nonmajor Enterprise Fund	6,490,759	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	19,304	19,358	-	-	-	-	-	-	-	-
Capital grants and contributions	576,946	228,752	40,764	1,085,523	329,674	259,000	86,243	116,797	171,857	417,437
Total business-type activities program revenues	20,066,754	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
Total primary government program revenues	\$ 69,649,658	\$ 66,460,410	\$ 59,738,927	\$ 68,074,621	\$ 58,279,009	\$ 80,176,407	\$ 35,822,455	\$ 28,978,129	\$ 26,862,745	\$ 20,274,834
Net (expense)/revenue										
Governmental activities	\$ (66,815,320)	\$ (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)
Business-type activities	2,011,599	1,974,845	2,021,995	4,146,988	2,536,973	444,361	331,815	848,847	599,919	(527,029)
Total primary government net expense	\$ (64,803,721)	\$ (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)

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

**Exhibit F-2**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Community services										
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 50,837,494	\$ 48,968,934	\$ 45,110,923	\$ 44,056,859	\$ 42,543,332	\$ 27,775,154	\$ 22,185,722	\$ 22,514,596	\$ 22,424,281	\$ 22,212,886
Other local taxes	21,400,850	20,066,906	18,543,679	17,769,804	15,525,399	9,684,656	8,844,583	11,981,143	12,155,247	11,159,845
Intergovernmental revenues:										
State sales tax	3,618,715	3,490,064	3,328,313	-	-	-	-	-	-	-
State income and other taxes	2,216,722	2,152,031	2,969,807	-	-	-	-	-	-	-
Other state revenue	268,152	267,099	228,026	-	-	-	-	-	-	-
Other revenue	1,560,076	697,315	818,311	716,573	457,938	970,816	2,730,051	1,505,528	1,534,824	1,074,330
Investment earnings	1,874,580	980,430	310,119	166,588	75,688	65,482	82,582	109,193	128,522	244,182
Gain on sale of capital assets	-	18,514	98,073	51,726	55,213	50,649	-	77,670	29,735	-
Transfers	507,149	510,458	(1,037)	242,168	267,815	327,207	1,166,609	376,323	(1,658,942)	(777,656)
Special item - litigation settlement										
Special item - transfer of operations <sup>a</sup>										
<b>Total government activities</b>	<b>82,283,738</b>	<b>77,151,751</b>	<b>71,406,214</b>	<b>63,003,718</b>	<b>58,925,385</b>	<b>38,873,964</b>	<b>35,009,547</b>	<b>36,564,453</b>	<b>34,613,667</b>	<b>33,913,587</b>
Business-type activities:										
Other revenue	68,546	61,444	52,939	40,102	-	-	-	-	-	-
Investment earnings	419,323	214,246	72,856	-	22,599	11,997	19,795	16,487	37,035	73,394
Gain on sale of capital assets	-	8,369	8,660	-	(10,756)	4,621	-	-	-	51,349
Transfers	(507,149)	(510,458)	1,037	(242,168)	(267,815)	(327,201)	(1,166,609)	(376,323)	1,658,942	777,656
<b>Total business-type activities</b>	<b>(19,280)</b>	<b>(226,399)</b>	<b>135,492</b>	<b>(202,066)</b>	<b>(255,972)</b>	<b>(310,583)</b>	<b>(1,146,814)</b>	<b>(359,836)</b>	<b>1,695,977</b>	<b>902,399</b>
<b>Total primary government</b>	<b>\$ 82,264,458</b>	<b>\$ 76,925,352</b>	<b>\$ 71,541,706</b>	<b>\$ 62,801,652</b>	<b>\$ 58,669,413</b>	<b>\$ 38,563,381</b>	<b>\$ 33,862,733</b>	<b>\$ 36,204,617</b>	<b>\$ 36,309,644</b>	<b>\$ 34,815,986</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 15,468,418	\$ 15,821,162	\$ 7,579,007	\$ 12,775,587	\$ 14,668,433	\$ 55,592,539	\$ 10,691,145	\$ 6,304,729	\$ 4,714,953	\$ (23,245)
Business-type activities	1,992,319	1,748,446	2,157,487	3,944,922	2,281,001	133,778	(814,999)	489,011	2,295,896	375,370
<b>Total primary government</b>	<b>\$ 17,460,737</b>	<b>\$ 17,569,608</b>	<b>\$ 9,736,494</b>	<b>\$ 16,720,509</b>	<b>\$ 16,949,434</b>	<b>\$ 55,726,317</b>	<b>\$ 9,876,146</b>	<b>\$ 6,793,740</b>	<b>\$ 7,010,849</b>	<b>\$ 352,125</b>



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

**Exhibit F-3**

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,783,367
Unreserved	-	-	-	-	-	-	-	-	-	20,626,286
Nonspendable	308,397	315,646	1,153,721	1,439,204	696,207	829,361	953,837	1,073,255	1,192,317	-
Committed	19,364,467	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	2,446,066	2,432,724	2,096,450	2,449,205	2,589,254	1,823,473	1,358,669	325,000	2,583,000	-
Unassigned	20,871,449	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>\$ 42,990,379</u>	<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>
Municipal Schools										
Nonspendable	\$ 63,879	\$ 77,585	\$ 191,041	\$ -	\$ -					
Restricted	221,230	122,762	-	-	-					
Committed	8,263,905	-	-	-	-					
Assigned	11,015,341	16,125,558	12,951,171	8,864,313	5,289,945					
Total Municipal Schools	<u>\$ 19,564,355</u>	<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>\$ -</u>	<u>\$ 1,314,245</u>	<u>\$ 5,223,684</u>	<u>\$ 3,606,404</u>	<u>\$ -</u>
Municipal Schools Capital Projects										
Committed	\$ 2,315,151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,188,121
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	1,643,192
Capital projects funds	-	-	-	-	-	-	-	-	-	5,065,140
Nonspendable	-	1,800	-	-	-	69,811	-	-	-	-
Restricted	696,518	418,235	3,230,614	513,416	575,787	346,637	904,907	393,863	91,532	-
Committed	13,680,140	27,665,465	-	17,863,458	5,305,410	4,512,531	2,214,284	1,582,384	3,894,476	-
Assigned	1,650,932	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>\$ 16,027,590</u>	<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>

**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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues</b>										
Taxes	\$ 111,554,174	\$ 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
Fines and forfeitures	1,147,530	1,244,883	1,144,942	1,438,013	750,866	778,641	812,454	766,110	1,126,108	1,321,613
Licenses and permits	1,495,145	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
Charges for services	4,963,443	4,587,604	4,280,699	2,707,962	2,163,055	1,112,584	377,852	338,750	532,018	559,298
Interest on investments	1,874,580	980,430	310,119	166,588	75,688	65,482	82,582	109,193	128,522	244,182
Grants	7,274,502	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
Donations	1,513,165	-	-	-	-	-	-	-	-	-
Other revenues	1,560,076	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
Total revenues	<u>131,382,615</u>	<u>120,936,822</u>	<u>111,294,205</u>	<u>109,551,006</u>	<u>99,239,289</u>	<u>52,725,632</u>	<u>53,356,961</u>	<u>49,207,131</u>	<u>46,154,576</u>	<u>41,018,316</u>
<b>Expenditures</b>										
General government	15,453,921	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
Public safety	23,256,561	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
Transportation and Environment	8,158,368	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
Community services	4,001,563	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
Education	54,795,041	52,969,423	49,368,689	48,729,295	42,328,473	2,603,341	-	-	-	-
Debt service										
Principal	1,670,000	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
Interest	2,751,702	1,146,557	1,382,402	959,454	688,485	762,645	830,248	863,525	842,142	897,181
Bond issuance cost	24,001	242,238	-	290,428	-	120,576	-	90,919	-	-
Capital outlay	37,163,111	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
Total expenditures	<u>147,274,268</u>	<u>120,726,827</u>	<u>116,560,493</u>	<u>107,747,086</u>	<u>89,968,655</u>	<u>56,201,085</u>	<u>61,103,583</u>	<u>56,581,270</u>	<u>49,603,098</u>	<u>41,455,766</u>
Excess of revenues over (under) expenditures	(15,891,653)	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)
<b>Other financing sources (uses)</b>										
Transfers in	32,569,353	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
Transfers out	(32,062,204)	(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)
Debt Proceeds - General Obligation	3,025,000	29,275,000	-	13,970,000	-	9,070,000	-	6,025,000	-	-
Refunding bond issued	-	-	-	4,185,000	-	-	-	-	-	-
Discount on bond issued	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	3,778,809	-	3,579,349	-	222,803	-	130,456	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Contribution from developers	-	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	103,305	25,423	98,959	91,529	69,007	50,649	38,985	6,000	3,000	-
Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>3,635,454</u>	<u>33,589,690</u>	<u>97,922</u>	<u>22,053,046</u>	<u>336,822</u>	<u>9,670,653</u>	<u>1,205,594</u>	<u>6,537,779</u>	<u>(1,655,942)</u>	<u>(777,656)</u>
Net change in fund balances	<u>\$ (12,256,199)</u>	<u>\$ 33,799,685</u>	<u>\$ (5,168,366)</u>	<u>\$ 23,856,966</u>	<u>\$ 9,607,456</u>	<u>\$ 6,195,200</u>	<u>\$ (6,541,028)</u>	<u>\$ (836,360)</u>	<u>\$ (5,104,464)</u>	<u>\$ (1,215,106)</u>
Debt service as a percentage of noncapital expenditures	4.2%	3.5%	4.4%	7.8%	3.7%	18.5%	7.9%	7.3%	7.8%	7.6%

**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					
2019	\$ 1,244,545,200	\$ 2,216,025	\$ 373,289,845	\$ 9,677,077	\$ 34,126,780	\$ 1,663,854,927	1.950	\$ 6,104,672,300	27.26%
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%

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	
2019	\$ 1.950	\$ 1.49	\$ 1.94	\$ 0.62	\$ -	\$ 6.00
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

**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	2019			2010		
	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.	\$ 17,728,320	1	1.07%	\$ 11,600,000	1	0.75%
Whitney Bridges LLC (formerly Empirian Colenneade)	11,304,000	2	0.68%	7,482,480	4	0.48%
HCP Germantown LLC	10,817,360	3	0.65%			
PEBB Germantown LEB LLC	9,867,200	4	0.59%	9,046,960	2	0.59%
Shops at Saddle Creek Inc	8,937,240	5	0.54%			
G&I VIII Brook Chase LLC	8,831,680	6	0.53%			
Crestwyn Health Group LLC	8,247,120	7	0.50%			
EREP Forest Hill I LLC (formerly BIC-MTS Partners)	7,838,440	8	0.47%	5,167,040	8	0.33%
Vineyards Apartments Inc	7,574,840	9	0.46%	6,398,880	5	0.41%
Taylor Sentor Crook (TR) etal	7,475,760	10	0.45%	5,808,360	6	0.38%
UT Medical Group Inc.				7,494,760	3	0.49%
SXC Poplar FHI Partners LLC ( <i>not included in totals</i> )	7,086,840	11	0.43%	4,696,640	9	0.30%
Lightman Exeter Village Co GP	5,798,400	13	0.35%	4,249,200	10	0.28%
Sherriff LLC	3,240,000	29	0.19%	5,200,000	7	0.34%
<b>Totals</b>	<b>\$ 98,621,960</b>		<b>6.91%</b>	<b>\$ 67,144,320</b>		<b>4.35%</b>

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>
2018	\$ 32,256,468	\$ 31,882,550	98.9%	-	\$ 31,882,550	98.8%	\$ 373,918	1.2%
2017	32,268,236	31,905,963	98.9%	265,670	32,171,633	99.7%	96,603	0.3%
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%	339,270	27,131,248	99.9%	35,274	0.1%
2014	27,047,828	26,665,756	98.6%	347,961	27,013,717	99.9%	34,111	0.1%
2013	27,203,149	26,805,236	98.5%	366,571	27,171,807	99.9%	31,342	0.1%
2012	21,762,476	21,442,774	98.5%	294,715	21,737,489	99.9%	24,987	0.1%
2011	21,982,373	21,579,284	98.2%	385,823	21,965,107	99.9%	17,266	0.1%
2010	21,335,375	21,028,288	98.6%	294,079	21,322,367	99.9%	13,008	0.1%
2009	21,291,084	20,724,774	97.3%	556,478	21,281,252	100.0%	9,832	0.0%

**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)

	<b>2019</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>
Property Taxes	\$ 50,067,873	\$ 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
Local Sales Taxes	21,400,850	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
State Taxes (Local Share)	40,085,451	36,905,247	35,681,298	33,181,541	32,088,009	6,627,996	6,866,641	5,745,993	6,118,720	5,678,207
Total	<u>\$ 111,554,174</u>	<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>

**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>2019</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>Governmental activities:</b>										
General government	\$ 3,280,355	\$ 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
Public safety	219,853	152,327	163,442	1,182,858	1,298,067	943,545	175,474	484,006	590,284	431,689
Transportation and environment	1,300,146	1,191,338	1,042,161	952,147	970,079	969,947	978,001	956,379	971,709	1,142,344
Community services	1,382,475	1,332,581	1,227,751	832,155	803,292	455,041	348,865	600,909	546,195	694,866
Education	1,428,982	1,236,058	1,148,080	3,207,977	729,266	-	-	-	-	-
<b>Total governmental activities</b>	<b>7,611,811</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>Business-type activities:</b>										
Utilities	8,272,218	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
Athletic Club	4,707,527	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
Sanitation	-	-	-	-	-	-	-	3,530,418	3,944,499	3,905,442
Nonmajor Enterprise Fund	6,490,759	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>19,470,504</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>Total primary government</b>	<b>\$ 27,082,315</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>



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

**Exhibit F-11**

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<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>Shelby County</b>	<b>State of Tennessee</b>
2019	1.625 %	1.125 %	7.00 %
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

**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>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>
Building Materials	\$ 9,834,561	\$ 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
General Merchandise Stores	48,599,287	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
Food Stores	121,797,260	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
MV Dealers and Service Stations	15,501,254	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
Apparel Stores	61,773,787	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
Furniture Stores	42,067,398	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
Eating and Drinking Places	70,519,246	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
Other Retail	52,642,226	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
All Other Outlets	140,318,383	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
	<u>\$563,053,402</u>	<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>

**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

	2019				2010			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	321	35.01%	\$11,802,308	74.65%	507	56.02%	\$7,282,417	83.83%
Services	181	19.74%	967,329	6.12%	231	25.52%	980,383	11.29%
Manufacturing	24	2.62%	582,409	3.68%	39	4.31%	73,760	0.85%
Wholesale Trade	40	4.36%	24,542	0.16%	60	6.63%	31,347	0.36%
Construction	9	0.98%	5,072	0.03%	12	1.33%	5,777	0.07%
Finance Insurance Real Estate	7	0.76%	1,340	0.01%	7	0.77%	621	0.01%
Agriculture	9	0.98%	22,140	0.14%	14	1.55%	43,874	0.51%
Other, Non Classified	326	35.55%	2,404,719	15.21%	35	3.87%	268,958	3.10%
<b>Total</b>	<b>917</b>	<b>100%</b>	<b>\$15,809,859</b>	<b>100%</b>	<b>905</b>	<b>100%</b>	<b>\$8,687,137</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				Settlement Obligation	Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Demand Bonds	Capital Lease	Capital Note		Bonds	Intergovernmental Loans			
2019	\$62,473,579	-	-	3,025,000	\$2,183,093	\$ -	\$ -	\$67,681,672	43.85%	\$ 1,687
2018	64,477,942	-	-	-	2,455,518	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

**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					
2019	\$ 62,473,579	\$ -	\$ -	\$ 3,025,000	\$ 2,183,093	\$ 67,681,672	1.25%	\$ 1,686.85	
2018	64,477,942	-	-	-	2,455,518	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	

**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, 2018

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>	\$ 67,681,672	100.00%	\$ 67,681,672
<b>Shelby County (including School Board)</b>	<u>\$ 1,283,900,761</u>	8.66%	<u>\$ 111,185,806</u>
<b>Direct, Overlapping Debt</b>	<u>\$ 1,351,582,433</u>		<u>\$ 178,867,478</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	
2019	\$ 8,326,881	\$ 5,674,177	\$ 2,652,704	\$ 590,000	\$ 11,800	4.41
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

**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)
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)
2019	40,123 (3)	\$ 154,163 (9)	53,919 (9)	6,044 (7)	2.7

Sources:

- (1) Estimated unless otherwise noted
- (3) Special Local Census
- (4) Memphis Business Journal
- (6) 2008, 2011, 2013, 2014, and 2019 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.civicedashboards.com



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

**Exhibit F-19**

Employer	2019			2014		
	Employees	Rank	Percentage of Total County Employment*	Employees	Rank	Percentage of Total County Employment**
Methodist LeBonheur Hospital - Germantown	2,080	1	0.42%	1,291	1	0.21%
Germantown Municipal School District	587	2	0.12%	--	--	
Memphis Orthopedic Group	458	3	0.09%	--	--	
Campbell Clinic	422	4	0.08%	400	4	0.06%
City of Germantown	407	5	0.08%	465	3	0.07%
Stern Cardiovascular	373	6	0.07%	240	7	0.04%
Kroger	300	7	0.06%	107	9	0.02%
Gastro One	250	8	0.05%	--	--	
Village at Germantown	220	9	0.04%	249	6	0.04%
ThyssenKrupp Elevator Manufacturing, Inc.	201	10	0.04%	260	5	0.04%
Shelby County School System--Germantown School	--	--	--	49	10	0.01%
Baptist Rehabilitation -- Germantown	--	--	--	184	8	0.03%
Orgill, Inc.	--	--	--	319	2	0.05%

**Notes:**

\*Approximately 5,005 Personnel Staff per Shelby County Human Resources Representative (2019)

\*\*Approximately 6,270 Personnel Staff per Shelby County Official Website (2014)

**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)	2019		2018		2017		2016		2015		2014		2013		2012		2011		2010	
	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>Program/Cost Center:</b>																				
<b>General Government</b>																				
City Court	7	-	7	-	7	-	7	-	7	-	7	3	7	1	7	-	7	-	6	-
Administration	8	0.3	8	0.4	7	1.5	5	1	5	1	5	1	5		4	1	5	1	5	1
Human Resources	5	-	5	-	5	-	6	-	7	-	6	-	6	-	6	-	6	-	6	-
Information Technology	5	0.1	5	0.1	5	0.5	5	-	5	-	5	-	5	-	5	-	4	-	3	1
Finance	12	-	12	-	11	-	11	-	10	-	16	1	9	1	15	1	14	1	15	1
Procurement	7	-	7	-	7	-	7	-	7	-	-	-	-	-	-	-	-	-	-	-
Economic and Community Development	19	0.1	19	0.1	19	-	20	-	19	-	20	-	22	-	21	-	21	-	26	-
Facility Services	17	0.5	17	0.5	17	-	16	-	14	-	12	-	12	-	13	-	15	-	15	-
GPAC	12	1.5	11.5	1.5	11	23.5	10	2	10	2	9	5	9	36	9	5	9	5	9	5
Office of Budget & Performance	3	-	3	-	3	-	3	-	3	-	2	-	2	-	2	-	2	-	2	-
<b>Public Safety</b>																				
Police	120.3	-	118	-	122	5	113	-	115	1	107	-	107	-	110	1	109	1	109	1
Fire	73	1.0	67	1	68	1	67	1	66	1	70	1	79	1	69	1	69	1	68	1
<b>Transportation &amp; Environment</b>																				
Public Services	39	1.0	38	1	40	1	38	1	39	1	39	1	44	2	39	1	38	-	44	-
Fleet Services	9	-	9	-	9	-	9	-	8	1	10	-	10	-	10	-	10	-	10	-
Animal Control	4	0.5	4	0.5	3	-	4	1	4	1	5	-	4	-	4	-	4	-	4	-
<b>Community Services</b>																				
Parks & Recreation	8	5.5	8	5.5	7	6	7	6	6	6	7	5	5	21	7	4	6	5	9	4
The Farm	1	0.5	-	1	-	2.5	-	1	-	1	-	1	-	4	-	-	-	-	-	-
Community Education	2.5	7.5	2	7.5	1	6	1	8	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ambulance Fund</b>																				
<b>Germantown Athletic Club</b>																				
Recreation	12	12.9	12	12.9	11	44	10	12	10	12	11	12	9	69	10	12	10	12	11	11
Aquatics	1	13.5	1	13.5	2	37.5	2	14	2	14	2	14	2	78	2	14	2	14	2	13
Personal Training	-	-	-	-	-	-	1	3	1	1	1	1	-	-	-	-	-	-	-	-
<b>Great Hall</b>																				
Utilities	2	1.0	2	1	2	2.5	2	1	2	1	2	1	-	3	2	1	2	1	2	1
<b>Water</b>																				
Water	16	-	17	-	16	-	17	-	21	-	20	-	20	-	20	-	20	-	20	-
Sewer	5	-	5	-	5	-	5	-	6	-	6	-	6	-	6	-	6	-	6	-
<b>Sanitation</b>																				
Sanitation	1.5	-	1.5	-	2	-	2	-	1	-	-	-	-	-	7	-	8	-	-	-
<b>Stormwater</b>																				
Stormwater	6.5	-	6.5	-	7	-	7	-	7	-	7	-	-	-	-	-	-	-	-	-
<b>Recreation</b>																				
Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	6	-
<b>Municipal Schools *</b>																				
Full Time (Employees)	587	-	518	-	527	-	505	-	517	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>983</b>	<b>46</b>	<b>923</b>	<b>47</b>	<b>933</b>	<b>131</b>	<b>899</b>	<b>51</b>	<b>908</b>	<b>43</b>	<b>369</b>	<b>46</b>	<b>363</b>	<b>216</b>	<b>368</b>	<b>41</b>	<b>367</b>	<b>42</b>	<b>378</b>	<b>39</b>

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>2019</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>
Police										
Physical arrests	2,478	2,344	2,447	1,163	1,730	1,227	1,009	2,354	2,738	2,881
Parking violations	243	256	370	123	159	83	101	140	164	338
Traffic violations	15,822	15,027	18,267	23,024	16,728	6,758	5,318	12,411	14,475	16,423
Fire										
Emergency responses	4,485	4,473	4,115	3,928	3,551	3,354	3,300	3,109	2,924	2,806
Fires extinguished	49	70	54	56	45	44	82	102	89	111
Inspections	1,577	1,225	1,517	1,939	1,515	1,613	1,585	1,803	1,210	1,193
Other public works										
Street resurfacing (miles)	9	8	7	8	9	8	7	8	7	5
Parks and recreation										
Athletic field permits issued	1	1	3	n/a	n/a	2	n/a	n/a	n/a	68
Germantown Athletic Club										
*Admissions - per day	1,571	1,492	1,425	1,568	1,310	1,233	1,232	1,132	1,029	1,004
*Admissions - per year	565,500	537,455	512,845	564,349	471,675	443,855	443,686	407,476	370,497	361,422
**Library										
Volumes in collection	135,362	139,622	135,532	139,545	136,005	143,618	146,819	158,689	152,129	149,974
Total volumes borrowed	314,715	344,077	338,761	347,908	324,892	333,227	356,314	351,997	367,495	372,622
Water										
New connections	41	82	70	58	40	56	69	42	59	51
Water main breaks	8	14	18	16	20	22	19	12	8	18
Average daily consumption (TGL)	5.744	6.117	6.229	7.530	6,899	7.205	8.658	8.600	8.326	7.038
Peak daily consumption (TGL)	12.294	12.294	12.150	13.580	13.275	13.969	15.818	17.200	15.120	15.722

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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	41	40	39	38	37	37	37	37	37	37
Fire Stations	4	4	4	4	4	4	4	4	4	4
Other public works										
Streets (miles)	231	230	220	215	210	210	210	206	206	200
Highways (miles)	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Streetlights	5,080	5,000	5,014	5,099	5,097	5,097	5,258	5,135	5,122	5,115
Parks and recreation										
Acreage	748	748	748	748	748	748	748	748	748	748
Playgrounds	30	30	30	30	30	30	30	30	30	26
Baseball/softball diamonds	15	15	15	15	15	15	15	15	15	21
Soccer/football fields	11	11	11	11	11	11	21	21	21	14
Community center	0	0	0	0	0	0	1	1	1	1
Water										
Water mains (miles)	280	256	256	256	210	235	213	209	208	208
Fire hydrants	2,661	2,611	2,611	2,599	2,606	2,559	2,419	2,384	2,373	2,365
Storage capacity (million gallons)	8.1	8.1	8.1	8.1	8.1	7.9	8.1	8.1	8.1	8.1
Wastewater*										
Sanitary sewers (miles)	235	235	233	233	210	232	213	211	211	211

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, 2019

**Exhibit G-1**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Contract Number	Beginning Accrued (Deferred)	Cash Receipts	Expenditures	Ending Accrued (Deferred)
<b>U.S. Department of Agriculture</b>						
<u>Passed through TN Department of Education</u>						
<i>Child Nutrition Cluster</i>						
School Breakfast Program	10.553		\$ -	\$ 39,131	\$ 39,131	\$ -
National School Lunch Program - Cash Assistance	10.555		-	228,813	228,813	-
National School Lunch Program - USDA Commodities	10.555		-	33,620	33,620	-
Subtotal - CFDA 10.555			-	262,433	262,433	-
<b>Total U.S. Department of Agriculture</b>			-	301,564	301,564	-
<b>U.S. Department of Justice</b>						
<u>Direct Award</u>						
Equitable Sharing Program	16.922	TN0790200	-	250,655	250,655	-
<b>U.S. Department of Transportation</b>						
<u>Passed through TN Department of Transportation</u>						
<i>Highway Planning and Construction Cluster</i>						
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)	2,136,877	1,033,247	(5,431)	1,098,199
Highway Planning and Construction	20.205	Fed Proj #STP-M-9420	8,541	11,759	231,889	228,671
Highway Planning and Construction	20.205	Fed Proj #STP -M-9420(9)	7,192	10,080	30,027	27,139
Highway Planning and Construction	20.205	Fed Proj #TAP-M-9420(12)	-	26,640	96,080	69,440
Highway Planning and Construction	20.205	Fed Proj #STP-M-9409(210)	24,249	36,175	25,760	13,834
Highway Planning and Construction	20.205	Fed Proj #STP-M-2830(10)	7,422	15,603	403,580	395,399
Highway Planning and Construction	20.205	Fed Proj #TAP-M-9420(10)	17,239	39,434	55,305	33,110
Highway Planning and Construction	20.205	Fed Proj #STP-M-NH-57(68)	200	3,590	3,390	-
<b>Total U.S. Department of Transportation</b>			2,202,544	1,176,528	840,600	1,866,616
<b>U.S. Department of Treasury</b>						
<u>Direct Award</u>						
Equitable Sharing Program	21.016	TN0790200	-	14,006	14,006	-

See independent auditor's report and 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, 2019

**Exhibit G-1**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Contract Number	Beginning Accrued (Deferred)	Cash Receipts	Expenditures	Ending Accrued (Deferred)
<b>U.S. Department of Education</b>						
<u>Passed through TN Department of Education</u>						
Title I Grants to Local Education Agencies	84.010	S010A140042	239,392	2,064,587	2,143,175	317,980
Consolidated Administration	84.010	N/A	35,372	229,189	231,987	38,170
Subtotal - Title I-A			274,764	2,293,776	2,375,162	356,150
<i>Special Education Cluster (IDEA)</i>						
IDEA Part B - Special Grants to States	84.027	H027A150052	139,777	1,124,728	1,095,121	110,170
IDEA Discretionary - Special Education Grants to States	84.027	H027A150052	415	8,386	10,842	2,871
Special Education - Preschool Grants	84.173	H173A150095	-	4,564	4,564	-
Subtotal - Special Education Cluster (IDEA)			140,192	1,137,678	1,110,527	113,041
Rehabilitation Services - Vocational Rehabilitation Grant to States	84.126	N/A	-	67,317	75,048	7,731
English Language Acquisition State Grants	84.365	S365A150042	2,650	13,826	12,454	1,278
Consolidated Administration	84.365	N/A	-	109	109	-
Subtotal - Title III			2,650	13,935	12,563	1,278
Improving Teacher Quality State Grants	84.367	SO13A150042	10,948	89,647	88,793	10,094
Consolidated Administration	84.367	N/A	-	6,376	6,376	-
Subtotal - Title II			10,948	96,023	95,169	10,094
Student Support and Academic Enrichment Program	84.424	N/A	-	128,207	128,657	450
Consolidated Administration	84.424	N/A	-	911	911	-
Subtotal - Title IV			-	129,118	129,568	450
Career and Technical Education Grants to States	84.048	V048A150042	424	54,062	62,881	9,243
<b>Total U.S. Department of Education</b>			428,978	3,791,909	3,860,918	497,987
<b>U.S. Department of Homeland Security</b>						
<u>Passed through TN Emergency Management Agency</u>						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4320-DR-TN	42,501	42,501	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4320-DR-TN	4,665	4,665	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	EMW-2017-FO-05325	-	225,370	225,370	-
SAFER Grant	97.083	EMW-2017-FH-00321	-	-	104,350	104,350
<b>Total U.S. Department of Homeland Security/FEMA</b>			47,166	272,536	329,720	104,350
<b>Total Federal Awards</b>			2,678,688	5,807,198	5,597,463	2,468,953

See independent auditor's report and 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, 2019

**Exhibit G-1**

State Financial Assistance	CFDA Number	Contract Number	Beginning Accrued (Deferred)	Cash Receipts	Expenditures	Ending Accrued (Deferred)
Department of Transportation	N/A	Fed Proj #STO-M-NH-177(36)	534,219	258,312	(1,357)	274,550
TN Department of Economic and Community Development	N/A	Edison Id #1543	47,330	99,322	72,864	20,872
Department of Transportation	N/A	Fed Proj #STP-M-NH-57(68)	50	898	848	-
TEMA Grant	N/A	N/A	-	46,196	101,788	55,592
TN Dept of Agriculture - Agricultural Growth Initiative	N/A	2853	-	-	1,000	1,000
TN Dept of Environment and Conservation	N/A	N/A	-	-	19,304	19,304
DOE Coordinated School Health	N/A	N/A	7,584	89,672	90,000	7,912
DOE Safe Schools Act of 1998	N/A	N/A	20,406	57,382	44,000	7,024
DOE Child Nutrition State	N/A	N/A	-	9,998	9,998	-
DOE Read to Be Ready Coaching Network	N/A	N/A	-	-	8,394	8,394
DOE School Safety	N/A	N/A	-	29,211	34,648	5,437
<b>Total State Financial Assistance</b>			<u>609,589</u>	<u>590,991</u>	<u>381,487</u>	<u>400,085</u>
<b>Total Federal Awards and State and State Financial Assistance</b>			<u>\$ 3,288,277</u>	<u>\$ 6,398,189</u>	<u>\$ 5,978,950</u>	<u>\$ 2,869,038</u>

See independent auditor's report and 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, 2019

**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, 2019. 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 the Uniform Guidance 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.
- 5) Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

**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	\$ 7,274,502
Change in deferred revenue at the fund level	(1,114,615)
Non-federal and non-state grants	
City of Germantown	(175,228)
Germantown Municipal School District	(5,709)
Total federal awards and state financial assistance	<u>\$ 5,978,950</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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 18, 2019. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be material weaknesses.

## **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*.

## **City's Responses to Findings**

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

## **Purpose of this Report**

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

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

Memphis, Tennessee  
November 18, 2019

**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, 2019. 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, 2019.

## 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.



Memphis, TN  
November 18, 2019

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2019

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**SECTION I – SUMMARY OF INDEPENDENT AUDITOR’S RESULTS**

**Financial Statements**

Type of auditors report issued on whether financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America. Unmodified

Internal control over financial reporting:  
Material weakness(es) identified? X Yes \_\_\_ No  
Significant deficiency(ies) identified not considered to be material weakness(es)? \_\_\_ Yes X None

Noncompliance material to financial statements noted \_\_\_ Yes X No

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified? \_\_\_ Yes X No  
Significant deficiency(ies) identified not considered to be material weakness(es)? \_\_\_ Yes X None

Type of auditors report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be report in accordance with 2 CFR 200.516(a) \_\_\_ Yes X No

Identification of major programs:

*CFDA Number: 84.010 – Title I Grants to Local Educational Agencies*

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Did auditee qualify as a low-risk auditee? X Yes \_\_\_ No

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
For the Year Ended June 30, 2019

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Material Weaknesses**

**2019-001      Recording Receivables Due from County Government**

**Condition:** Annually the County government fails to notify the Germantown Municipal School District of amounts allocated related to CIP appropriations. Therefore, internal control procedures in place include post-closing journal entries to record receivables and unavailable revenue due to GMSD but not yet received. However, in fiscal year 2019, a material portion of the unreported amount due from the County government was received within 60 days of year end and erroneously recorded in fiscal year 2020 revenue and understating fiscal year 2019 revenue.

**Criteria:** A good system of internal controls over financial reporting should include procedures to identify and collect all significant transactions for inclusion in the financial statements.

**Effect:** Understatement of receivables and revenue at the fund level.

**Recommendation:** We recommend that GMSD include procedures to gather information related to the amounts due from the County government and to improve bank reconciliation review procedures in order to appropriately identify subsequent receipts received within 60 days of year end that relate to County CIP appropriations earned in that fiscal year.

**Management Comments:** See management's corrective action plan.

**2019-002      Other Postemployment Benefit Plan Census Data**

**Condition:** The Germantown Municipal School District erroneously remitted prior period census data related to the other postemployment benefit plan to the plan actuary. Auditing procedures identified the inaccurate census information resulting in a recalculation of the other postemployment benefit plan valuation and a material correction to the other postemployment benefit liability.

**Criteria:** A good system of internal control should include procedures to ensure the accuracy and completeness of retiree census data sent to the actuary so that the valuation calculation can be performed accurately.

**Effect:** Understatement of liabilities at the government-wide level.

**Recommendation:** We recommend that GMSD include procedures to gather accurate and complete retiree census data and review such data prior to remitting this information to the actuary. Secondly, a review of the census information reported by the actuary to the internal census data may also mitigate against error.

**Management Comments:** See management's corrective action plan.

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
For the Year Ended June 30, 2019

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**SECTION III – FEDERAL AWARD FINDINGS**

None reported.

**SECTION IV – STATE AUDIT MANUAL FINDINGS AND QUESTIONED COSTS**

None reported.



**CITY OF GERMANTOWN, TENNESSEE**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the Year Ended June 30, 2019

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

None reported.

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

None reported.



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### MANAGEMENT'S CORRECTIVE ACTION PLAN

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The Germantown Municipal School District respectfully submits the following corrective action plan for the year ended June 30, 2019. The findings from the June 30, 2019, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

#### **2019-001 Recording Receivables Due from County Government**

Planned Corrective Action: Corrective action took place during the audit process to record the County CIP revenues in the year ending June 30, 2019, via the preparation of a journal entry on November 11, 2019. This journal entry was then reversed in the year ending June 30, 2020.

#### **2019-002 Other Postemployment Benefit Plan Census Data**

Planned Corrective Action: During the audit process, GMSD staff realized that an older census data report was accidentally provided to the actuary. The correct census data reports for retirees were provided to the actuary and a revised GASB 74/75 report was provided during the audit process on October 17, 2019.

Contact Person Responsible for Each Corrective Action: Kevin Jones, Chief Financial Officer

Anticipated Completion Date for Each Corrective Action: All corrective actions took place during the audit process by November 11, 2019

Respectively submitted,

Kevin Jones  
Chief Financial Officer  
Germantown Municipal School District