

# **CITY OF GERMANTOWN TENNESSEE**

## **Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2020**

Prepared by the City of Germantown Finance Department

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**INTRODUCTORY SECTION (UNAUDITED)**



December 14, 2020

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, 2020. This document reports the sound financial position of the various funds of the City of Germantown and the financial results for operations during FY20. 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 has experienced 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 stable local economy and sound fiscal planning, the City of Germantown maintained a General Fund balance of 86.5% against operating expenditures in FY20. 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 127 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.



City of Germantown  
December 14, 2020

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.

During the course of the fiscal year, the City learned that it was the recipient of the 2019 Malcolm Baldrige National Quality Award. The City is one of only four municipalities nationwide to receive the award. A presidential level honor, the award recognizes exemplary US organizations and businesses that demonstrate an unceasing drive for innovation, thoughtful leadership and administrative improvement. The award is the highest level of recognition for performance excellence that a US organization can receive.

Finally, fiscal year 2020 will forever be linked with the COVID-19 pandemic. With the fiscal health of the city in mind, Administration acted quickly to curtail discretionary spending to align with the decreased elastic taxes. Federal, state and local health department directives to stay at home and limit shopping and dining resulted in a national recession; the sharpest economic decline since the Great Recession of 2008. Working with the premise of preserving City reserves, steps were taken to realign resources to meet the health crisis while maintaining overall fiscal health.

#### 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





December 14, 2020

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, 2020, 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, 2020. 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, 2020 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



1930 S. Germantown Road  
Germantown, TN 38138-2815  
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Germantown-TN.gov

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 remain strong with property values increasing and new properties under construction. Property tax remains the most stable source of revenue at approximately 56.7% of total general fund revenue with collections remaining very strong. For fiscal year 2020, the City tax rate was at \$1.95 per \$100 of assessed value. Real and personal property are assessed by the Shelby County Assessor.

Beginning in late March, Germantown was placed in a "Safer at Home" directive that limited in-person dining and shopping. As a result, April retail sales numbers reflected a 30% drop in sales tax revenues. As restriction were lifted through a phased reopening plan, sales tax number also increased to reflect the increased business capacity and occupancy.

Property tax increased this past year by \$318,000. This was due to new construction and increased property values. Sales tax was the second largest revenue source to the City. Local sales tax increased by \$316,500. This increase is due to the strong economic conditions prior to the COVID-19 pandemic that began late in the fiscal year. Intergovernmental taxes decrease by \$422,200 due to the phasing out of the 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 2020, the City issued 25 permits for new single-family residence structures with a value of \$17,574,821.00 or average value of \$702,992.84. Also, several restaurants and retail stores, including part of the Thornwood mixed-use development and apartments came on line during fiscal year 2020 to join the Hampton Hotel, restaurants, and jewelry store. Economic development initiatives for fiscal year 2020 included the completion of a new K-5 elementary school, Forest Hill Elementary School. Forest Hill Irene Road was also completed, widening the road to handle the additional traffic due to the new school being opened and other additional residential developments approved

in fiscal year 2020. The new school was completed at the beginning of fiscal year 2020 and the road was completed at the end of fiscal year 2020.

In fiscal year 2020, 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 completed the largest reinvestment for fiscal year 2020 in the City's Medical Corridor. The reinvestment included 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 2021 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 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, 2019. This was the 38th 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.

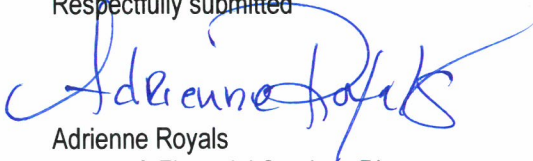
The City received the GFOA's Distinguished Budget Presentation Award for its annual operating budget for the year

The Board of Mayor and Aldermen  
City of Germantown, Tennessee  
December 14, 2020

ended June 30, 2020. The City has received the Award for each of the 36 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



Adrienne Royals  
Budget & Financial Services Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Germantown  
Tennessee**

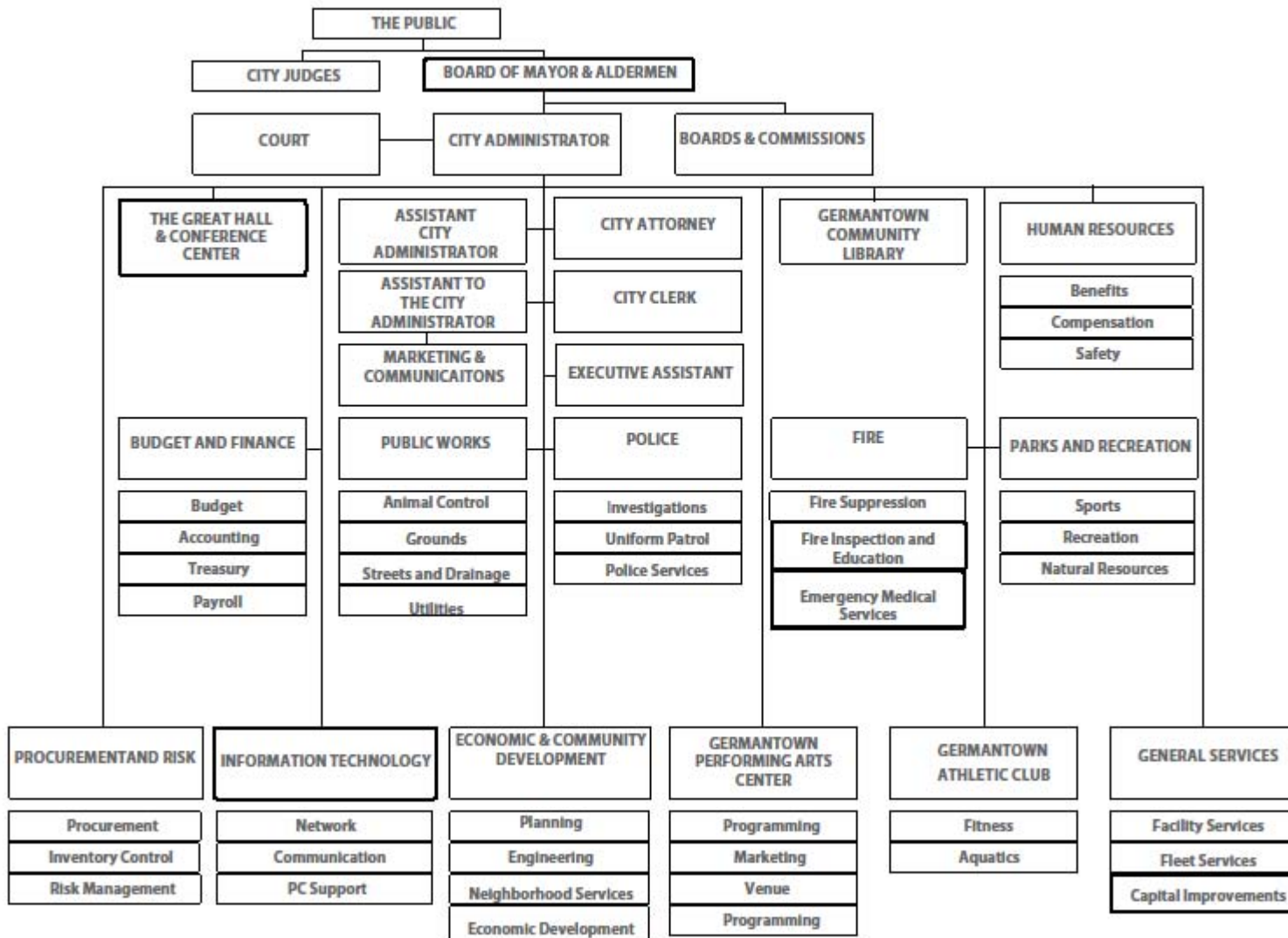
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

**CITY OF GERMANTOWN, TENNESSEE**  
**ORGANIZATIONAL CHART**  
 June 30, 2020



**CITY OF GERMANTOWN, TENNESSEE**  
**CITY OFFICIALS**  
June 30, 2020

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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.

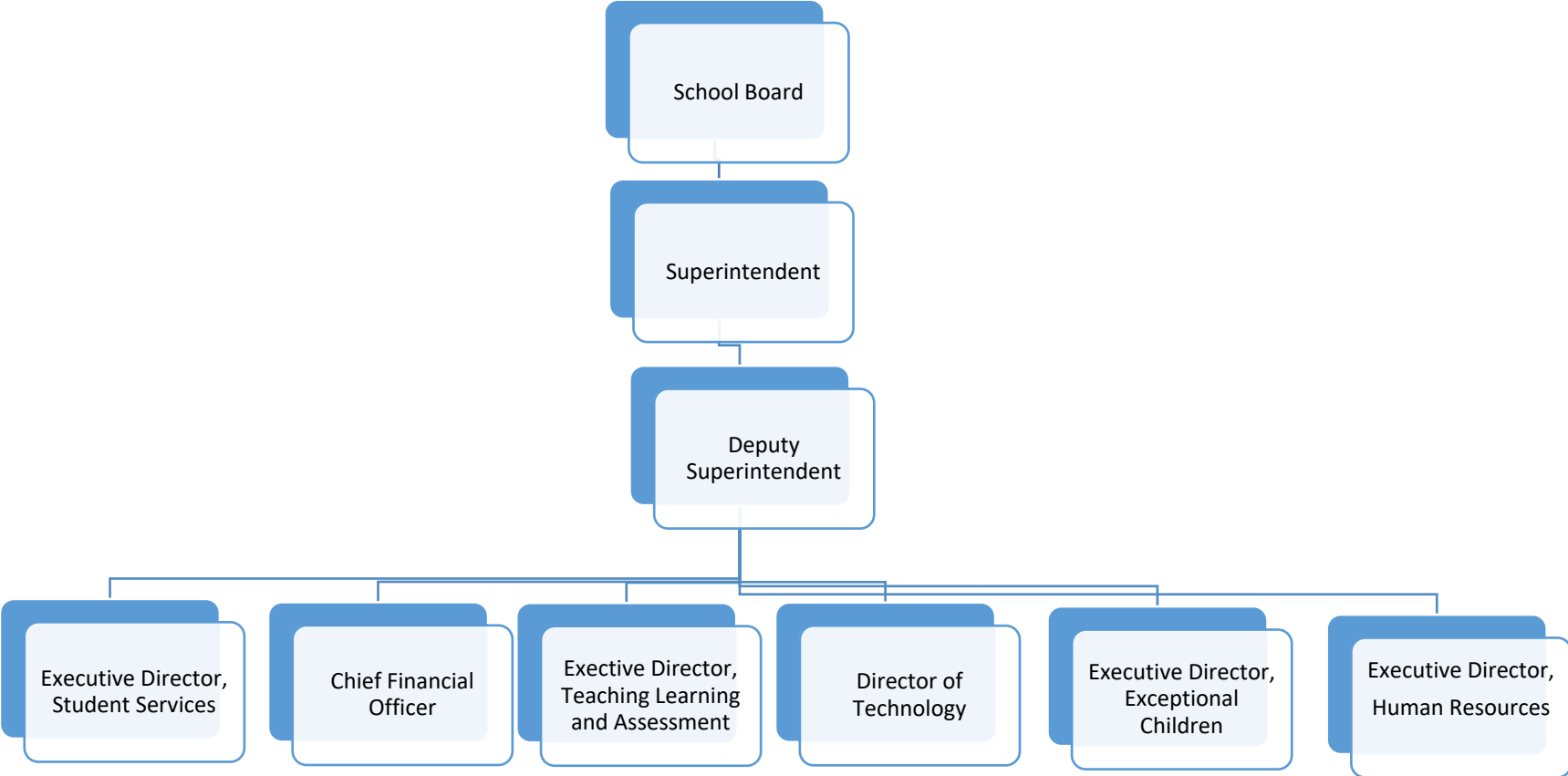
Director of Finance..... Adrienne Royals\*\*  
Economic and Community Development Services Director ..... Cameron Ross  
Fire Chief ..... John M. Selberg  
Germantown Athletic Club Director ..... Phil Rogers  
Germantown Performing Arts Center ..... Paul Chandler  
General Services Director..... Reynold Douglas  
Human Resources Director ..... Steve Wilensky  
Information Technology Director..... Tony Fischer  
Parks and Recreation Director..... Pam Beasley  
Police Chief..... Richard Hall  
Procurement Director ..... Lisa Piefer  
Public Services Director..... Bo Mills

\* Date elected term expires

\*\* Designated CMFO

**CITY OF GERMANTOWN, TENNESSEE**  
**GERMANTOWN MUNICIPAL SCHOOL DISTRICT ORGANIZATIONAL CHART**  
June 30, 2020

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**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  
Deputy Superintendent ..... Josh Cathey  
Executive Director of Student Services ..... Chauncey Bland  
Executive Director of Exceptional Student Education ..... Sarah Huffman  
Chief Financial Officer..... Kevin Jones\*\*  
Director of Technology..... John Pierce  
Executive Director of Teaching, Learning, and Assessment..... Teresa Price

\* 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, 2020, 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 0.30 percent, 0.30 percent, and 4.00 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, 2020, 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, other 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, as presented in the government auditing standards section, 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, supporting 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, supporting 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, other schedules, and statistical information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020, 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.

*Watkins Wilkerson, PLLC*

Memphis, Tennessee  
December 14, 2020

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2020

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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, 2020. 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, 2020 by \$294,756,456 (net position). Of this amount, \$49,773,792 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2020, the City's governmental funds reported total fund balances of \$75,833,996. Of this amount, \$22,125,358 (unassigned fund balances) may be used to meet the general government's spending requirements. The unassigned fund balance represents 44.4% of total General Fund expenditures.
- During the fiscal year, the City's total debt had a net decrease of \$3,056,453. The decrease is due to the paying down of the capital outlay note and general obligation bonds.

### **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 like private-sector business.

The statement of net position presents information on all 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, 2020. 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 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, 2020

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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-one 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, the General Purpose School Fund, and the School Capital Projects 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 Fund's 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 major funds of the City. In addition, the City has three nonmajor funds. These funds include the Sanitation Fund, the Great Hall Fund, and the Stormwater Fund. 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, 2020

**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 begin on page 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 \$294,756,456 at June 30, 2020.

	Condensed Statement of Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 135,530,887	\$ 136,989,362	\$ 12,994,198	\$ 14,470,720	\$ 148,525,085	\$ 151,460,082
Capital assets	232,685,562	214,628,967	64,566,828	62,600,190	297,252,390	277,229,157
<b>Total Assets</b>	<b>368,216,449</b>	<b>351,618,329</b>	<b>77,561,026</b>	<b>77,070,910</b>	<b>445,777,475</b>	<b>428,689,239</b>
<b>Deferred Outflows of Resources</b>	<b>30,754,846</b>	<b>31,176,876</b>	<b>2,399,601</b>	<b>2,195,727</b>	<b>33,154,447</b>	<b>33,372,603</b>
Long-term liabilities outstanding	123,855,344	120,599,316	5,123,726	4,340,763	128,979,070	124,940,079
Other liabilities	13,174,547	14,709,089	2,351,915	2,572,396	15,526,462	17,281,485
<b>Total Liabilities</b>	<b>137,029,891</b>	<b>135,308,405</b>	<b>7,475,641</b>	<b>6,913,159</b>	<b>144,505,532</b>	<b>142,221,564</b>
<b>Deferred Inflows of Resources</b>	<b>39,650,117</b>	<b>36,312,191</b>	<b>19,817</b>	<b>8,396</b>	<b>39,669,934</b>	<b>36,320,587</b>
<b>Net Asset</b>						
Invested in capital assets	171,996,214	158,551,222	64,566,828	62,600,190	236,563,042	221,151,412
Restricted	8,419,622	3,682,299	-	-	8,419,622	3,682,299
Unrestricted	41,875,451	48,941,088	7,898,341	9,744,892	49,773,792	58,685,980
<b>Total Net Position</b>	<b>\$ 222,291,287</b>	<b>\$ 211,174,609</b>	<b>\$ 72,465,169</b>	<b>\$ 72,345,082</b>	<b>\$ 294,756,456</b>	<b>\$ 283,519,691</b>

By far the largest portion of the City's net position (80%) 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 (2.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$49,773,792) may be used to meet the government's ongoing obligations to citizens and creditors.

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

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2020

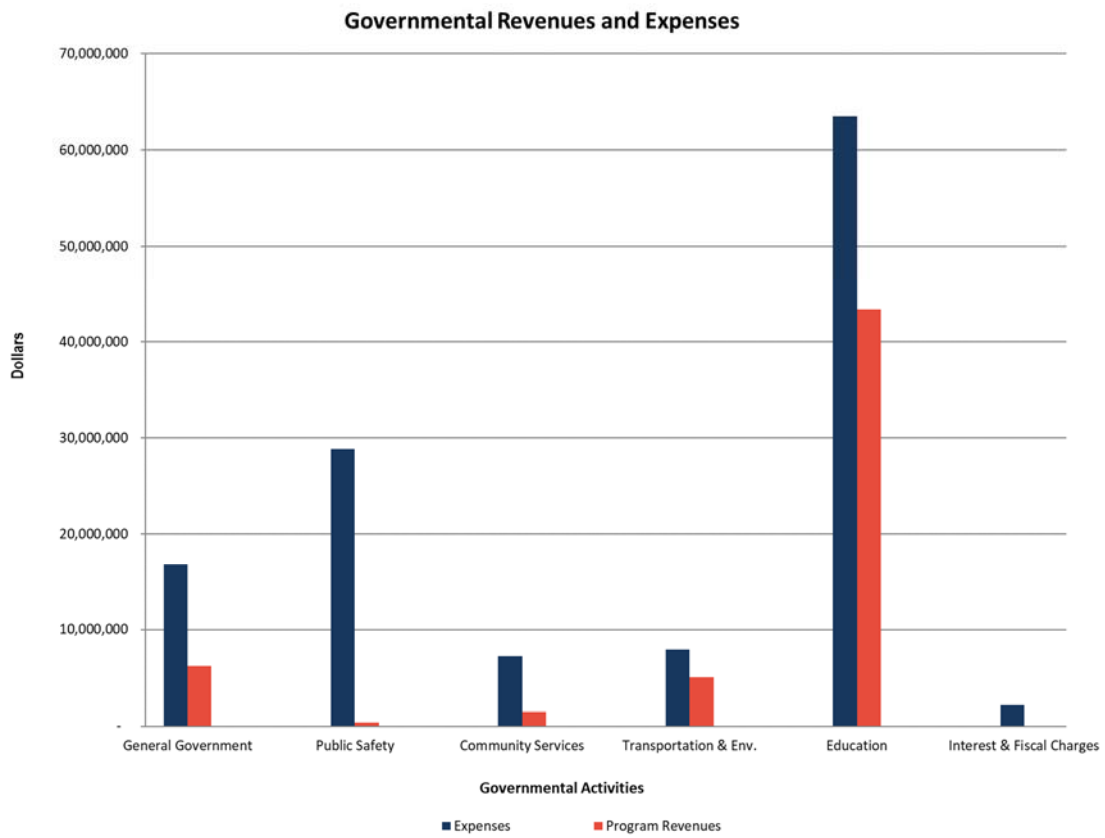
	<b>Condensed Statement of Changes in Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 6,201,284	\$ 7,611,811	\$ 18,504,915	\$ 19,470,504	\$ 24,706,199	\$ 27,082,315
Operating grants and contributions	36,101,903	39,541,314	-	19,304	36,101,903	39,560,618
Capital grants and contributions	14,146,521	2,439,777	-	576,946	14,146,521	3,016,723
General Revenues:						
Property taxes	50,369,013	50,837,494	-	-	50,369,013	50,837,494
Local sales taxes	21,823,268	21,400,850	-	-	21,823,268	21,400,850
Intergovernmental	5,681,422	6,103,589	-	-	5,681,422	6,103,589
Interest on investments	1,116,978	1,874,580	225,664	419,323	1,342,642	2,293,903
Other revenue	1,065,189	1,099,197	26,676	68,546	1,091,865	1,167,743
Insurance proceeds	655,050	450,881	-	-	655,050	450,881
<b>Total Revenues</b>	<b>137,160,628</b>	<b>131,359,493</b>	<b>18,757,255</b>	<b>20,554,623</b>	<b>155,917,883</b>	<b>151,914,116</b>
Expenses:						
General government	\$ 16,934,971	\$ 13,985,960	\$ -	\$ -	\$ 16,934,971	\$ 13,985,960
Public safety	28,918,428	24,663,025	-	-	28,918,428	24,663,025
Transportation and environment	7,772,362	9,018,290	-	-	7,772,362	9,018,290
Community services	7,251,264	7,584,153	-	-	7,251,264	7,584,153
Education	63,470,111	58,784,223	-	-	63,470,111	58,784,223
Interest and fiscal charges	2,153,886	2,362,573	-	-	2,153,886	2,362,573
Utilities	-	-	8,021,061	7,471,650	8,021,061	7,471,650
Athletic club	-	-	3,891,452	3,983,883	3,891,452	3,983,883
Nonmajor enterprise funds	-	-	6,267,583	6,599,622	6,267,583	6,599,622
<b>Total Expenses</b>	<b>126,501,022</b>	<b>116,398,224</b>	<b>18,180,096</b>	<b>18,055,155</b>	<b>144,681,118</b>	<b>134,453,379</b>
Increase/(Decrease) in net position before transfers	10,659,606	14,961,269	577,159	2,499,468	11,236,765	17,460,737
Gain on disposal of capital assets	-	-	-	-	-	-
Transfers	457,072	507,149	(457,072)	(507,149)	-	-
Increase/(Decrease) in net position	<b>11,116,678</b>	<b>15,468,418</b>	<b>120,087</b>	<b>1,992,319</b>	<b>11,236,765</b>	<b>17,460,737</b>
Net position, July 1, 2019	211,174,609	195,706,191	72,345,082	70,352,763	283,519,691	266,058,954
Net position, June 30, 2020	<b>\$ 222,291,287</b>	<b>\$ 211,174,609</b>	<b>\$ 72,465,169</b>	<b>\$ 72,345,082</b>	<b>\$ 294,756,456</b>	<b>\$ 283,519,691</b>

**Governmental activities.** Governmental activities increased the City's net position by \$11,116,678 from the prior fiscal year for an ending balance of \$222,291,287. Key elements of this increase are as follows:

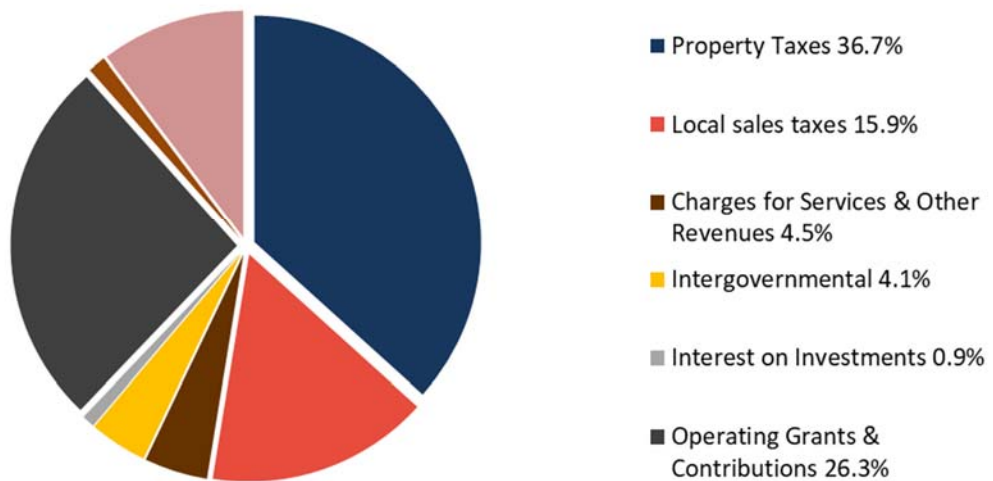
- Property Taxes decreased to \$50,369,013 which is \$468,481 less than FY19. Total governmental activities expenses increased by \$10,102,798 from FY19. Public safety, general government and education charges increased over the prior year. The largest increase is in education expense. The other increases 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, 2020



### Governmental Revenues by Source

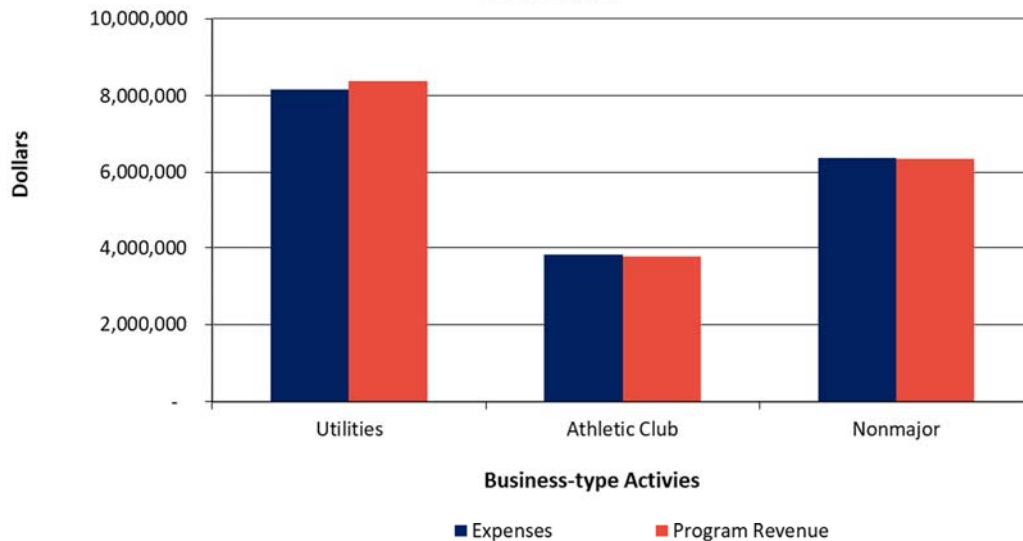


**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)**  
 For the Year Ended June 30, 2020

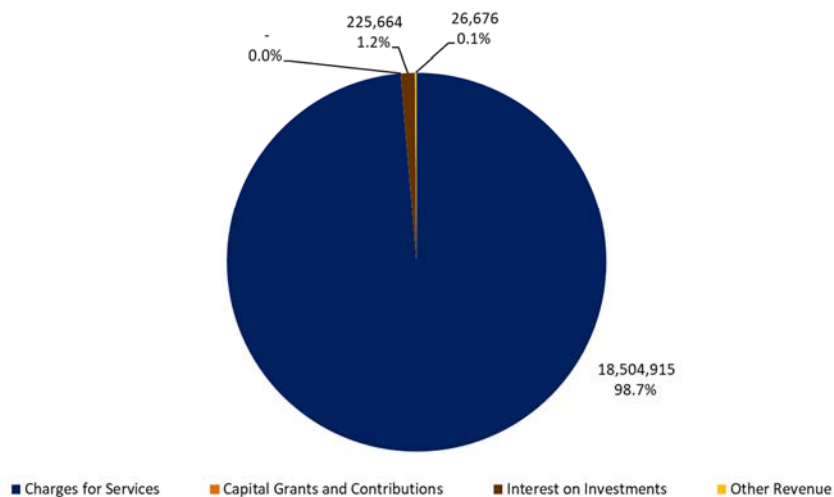
**Business-type activities.** Business-type activities increased the City’s net position by \$120,087. The business-type activities are Utility, Athletic Club, and the Nonmajor Enterprise Funds.

- The Germantown Utility Fund increased by \$129,890, with operating income of \$425,015 covering the cost of operations.
- The Germantown Athletic Club’s net position decreased by \$183,687 as the current year saw a \$122,586 operating loss as membership and class revenues suffered decreases due to COVID-19 pandemic.
- The Nonmajor Enterprise Fund’s net position increased by \$209,040 due to a positive change in net position in the Sanitation Fund. The Great Hall which had a decrease in net position of \$27,600 due to the closure of the facility for part of the year because of the COVID-19 pandemic. The Sanitation Fund had an increase in net position by \$199,771 due to lower operating cost. The Stormwater Fund had an increase in net position of \$36,869 due to decrease in materials and supplies cost.

**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, 2020

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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. 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, 2020, the City's governmental funds reported combined ending fund balances of \$75,833,996, a decrease of \$5,063,479 in comparison with the prior year. Most of the decrease was due to the payout for construction obligations in the Capital Improvements Fund. Approximately 29% of this total amount or \$22,125,358 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 \$760,859, restricted \$853,992, committed \$35,918,441 and assigned \$16,175,346 amounts. The General Fund is the chief operating fund of the City.

At June 30, 2020, unassigned fund balance of the General Fund was \$22,125,703 while the total fund balance reached \$42,933,236. 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 represents 44.4% of total General Fund Expenditures, while total fund balance represents 86.2% of that same amount.

The fund balance of the City's General Fund decreased by \$57,143 during the fiscal year ended June 30, 2020. Key factors are as follows:

- Total revenues decreased \$243,816
- Property tax increased \$318,261
- Local sales tax increased \$316,550
- Intergovernmental tax decreased \$422,167
- Fines and Forfeitures decreased \$264,754
- Licenses and Permits decreased \$106,985
- Fees for services decreased \$291,020
- Investment income decreased \$318,880
- Grants increased \$123,923
- Other revenue decreased \$61,887
- Donations increased \$463,143
- Total expenditures increased \$1,193,637

Property tax increased over the past year by \$318,261. This was due to an increase in tax collections during FY20. Local sales tax increased by \$316,550. This was due to the strong economic conditions during the first half of the fiscal year. Intergovernmental taxes decreased by \$422,167 due to the phase out of the Hall income tax. Fines and Forfeitures decreased by \$264,754. This is due to a decrease in traffic and court revenue. Fees for services decreased by \$291,020 due to the loss of rental income related to the COVID-19 pandemic. Investment income decreased by \$318,880. This was due to interest rate decreases because of COVID-19's economic impact.

Total expenditures increased by \$1,193,637. The increase in total general fund expenses are mainly attributed to public safety and debt service. General government, transportation and environment and community services decreased expenditures compared to last fiscal year.

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2020

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**Municipal Schools Fund.** As of June 30, 2020, GMSD reported an ending fund balance of \$20,994,668, an increase of \$1,430,313 in comparison with the prior year. Revenues and other financing sources totaled \$59,190,134 and expenditures and other financing uses totaled \$57,759,821.

Total revenues and other financing sources increased \$991,827. Local sales tax revenues are allocated by 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, 2020, the weighted full-time equivalency of average daily attendance percentage was 4.20%. Local sales tax revenues increased by \$105,868. Intergovernmental revenues increased by \$804,204. This is primarily due to an increase in Basic Education Program funding from the Tennessee Department of Education.

Total expenditures and other financing uses increased by \$2,799,964. Eligible employees received a 2% salary increase plus related fringe benefits plus an additional 30 FTEs were hired for 2020 as a new elementary school opened. Salaries and benefits for regular education teachers and educational assistants increased \$1,519,540. The remaining position costs at the new elementary school approximate \$800,000. Regular education materials and supplies increased \$481,448 primarily due to the purchase of classroom and technology equipment. Custodial services increased \$193,154 due to additional cleaning and sanitation of offices and schools because of the COVID-19 virus.

**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 \$7,846,298 is comprised of, \$5,369,691 for the Utility Fund, \$616,134 for the Athletic Club Fund, and \$1,860,473 for the nonmajor enterprise funds. User fees support these funds.

**General Fund Budgetary Highlights**

The General Fund revenues were higher than budget by \$838,565. Property tax came in higher than budget by \$29,482. This was due to new properties being added to the tax rolls. Local sales tax came in less than budget by \$134,548 due to COVID-19's impact on the local economy, particularly room occupancy tax. Intergovernmental revenue came in higher than budget by \$616,922. This was due to the Hall Tax being higher than projected. License and permits are less than budget due to the loss of building and related permits related to the COVID-19 pandemic. Charges for services are down by \$121,561. Again, this is due to the impact of COVID on the local economy. Fines, forfeitures, and penalties are down by \$424,627 due to City court costs. Interest on investments is up \$560,300 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 \$4,244,151. The variances were due largely to a concerted effort by the City to control cost in the wake of the COVID-19 pandemic that begun in March 2020. The largest positive variances were achieved in General Government in the amount of \$2,332,896 and Transportation and Environment in the amount of \$755,103.

**CITY OF GERMANTOWN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2020

**Capital Asset and Debt Administration**

**Capital Assets.** The City investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to \$297,252,390 (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 \$20,023,233. Governmental activities increased \$18,056,595 or 8.4% and business activities increased \$1,966,638, or 3.14%.

**Condensed Statement of Capital Assets, Net of Depreciation**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 19,435,307	\$ 19,395,255	\$ 2,772,593	\$ 2,772,593	\$ 22,207,900	\$ 22,167,848
Buildings and improvements	108,367,633	76,554,791	28,268,622	27,622,148	136,636,255	104,176,939
Improvements other than buildings	42,305,940	36,800,430	28,931,944	29,531,297	71,237,884	66,331,727
Machinery and equipment	14,046,418	10,268,193	2,326,637	1,993,537	16,373,055	12,261,730
Vehicles	5,205,747	4,647,200	-	-	5,205,747	4,647,200
Infrastructure	30,173,499	30,894,142	-	-	30,173,499	30,894,142
Construction in progress	13,151,018	36,068,956	2,267,032	680,615	15,418,050	36,749,571
<b>Total capital assets, net</b>	<b>\$ 232,685,562</b>	<b>\$ 214,628,967</b>	<b>\$ 64,566,828</b>	<b>\$ 62,600,190</b>	<b>\$ 297,252,390</b>	<b>\$ 277,229,157</b>

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

**Long-term debt.** At June 30, 2020 the City had total bonded debt outstanding of \$53,325,000 and total capital outlay note outstanding of \$2,629,000. Of this amount \$53,325,000 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	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 53,325,000	\$ 55,630,000	\$ -	\$ -	\$ 53,325,000	\$ 55,630,000
General obligation capital outlay note	2,629,000	3,025,000	-	-	2,629,000	3,025,000
<b>Total debt, net</b>	<b>\$ 55,954,000</b>	<b>\$ 58,655,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 55,954,000</b>	<b>\$ 58,655,000</b>

During FY20, the City's total debt decreased by \$2,701,000. Total debt includes general obligation bonds and capital outlay note. Total debt for governmental activities decreased by 4.6%. 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 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, 2020

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

Factors considered in preparing the City's Budget for the 2021 fiscal year are further discussed in the Budget document and include:

- The development of the FY21 budget reflects the City's efforts to anticipate and react to the continuing economic crisis caused by the Coronavirus pandemic.
- The property tax is the most stable source of revenue for the City. The tax rate for FY21 was set at \$1.95. The FY21 budget anticipates approximately \$34.1 million in property tax revenue.
- In response to the COVID-19 mandates and orders by federal, state, and health department officials to "flatten the curve" with safer at home directives, the City's has lowered many of its elastic revenues compared to last year's estimates. Local option sales tax revenues are expected to decrease 17%, room occupancy tax revenues are expected to decrease 25% and state shared tax revenue are predicted to decrease 17%.
- Due to decreased revenue expectations, most departmental expenditures were decreased compared to FY20 estimate. While spending is reduced, public safety budgets, core services and maintenance were all preserved. Discretionary spending is greatly reduced and there is no merit increase for general government employees as originally planned.
- With the adoption of the six-year Capital Improvements Program (CIP), including the annual Capital Improvements Budget (CIB) and a five-year projection of capital needs and expenditures, the city continues to invest in major roads, drainage and parks projects in FY21.

Factors considered in preparing GMSD's Budget for the 2021 fiscal year are further discussed in the Budget document and include:

- County funds come from two primary sources, property taxes 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 revenues collections is given to education and is distributed in the same manner as property taxes. The District's share was 4.20 percent in 2020 and remains the same in 2021. Assuming no major change in economic conditions because of the COVID-19 virus, any adjustment in County funds should be minimal for 2021.
- State funds consist primarily of Basic Education Plan (BEP) funds and are not projected to increase for the 2021 fiscal year. The Basic Education Plan (BEP) portion of State funds represents a preliminary estimate from the State based upon the 2020 fiscal year average daily membership (ADM) of 6,024. Funding is based on ADM weighted on the 2nd, 3rd, 6th, and 7th 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 2021 fiscal year budget includes construction costs for a high school softball field and a middle school addition. 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, 2020, FY21 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, 2020

**Exhibit A-1**

	Primary Government			Component
	Governmental Activities	Business-type Activity	Total	Unit GPAC
<b>ASSETS</b>				
Cash and cash equivalents	\$ 79,391,655	\$ 10,582,514	\$ 89,974,169	\$ 506,897
Investments	827,222	178,066	1,005,288	-
Receivables				
Taxes	33,837,259	-	33,837,259	-
Accounts receivable	3,204,039	1,630,491	4,834,530	1,663
Other	706,091	-	706,091	425,493
Less allowance for doubtful accounts	(3,020,101)	(163,889)	(3,183,990)	-
Due from other governments	10,007,529	-	10,007,529	-
Internal balances	12,182	(12,182)	-	-
Inventories	204,884	35,455	240,339	5,837
Prepaid items	283,545	-	283,545	44,966
Restricted cash and cash equivalents	2,382,390	743,743	3,126,133	-
Restricted investments	371,525	-	371,525	-
Capital assets, not being depreciated	32,586,325	5,039,625	37,625,950	-
Capital assets, being depreciated, net	200,099,237	59,527,203	259,626,440	405,433
Net pension asset	7,322,667	-	7,322,667	-
Total assets	<u>368,216,449</u>	<u>77,561,026</u>	<u>445,777,475</u>	<u>1,390,289</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension	24,587,954	1,912,347	26,500,301	-
Related to OPEB	6,044,759	487,254	6,532,013	-
Deferred charge on refunding	122,133	-	122,133	-
Total deferred outflows of resources	<u>30,754,846</u>	<u>2,399,601</u>	<u>33,154,447</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	7,002,044	1,063,354	8,065,398	113,228
Accrued interest payable	643,458	2,300	645,758	-
Customer deposits payable	10,700	743,743	754,443	-
Accrued payroll	3,566,586	157,152	3,723,738	-
Unearned revenue	1,951,759	385,366	2,337,125	211,703
Noncurrent liabilities:				
Due within one year	3,018,035	10,038	3,028,073	149,900
Due in more than one year				
Other liabilities	65,424,870	232,321	65,657,191	-
Net pension liability	42,151,980	4,213,930	46,365,910	-
Net OPEB liability	13,260,459	667,437	13,927,896	-
Total liabilities	<u>137,029,891</u>	<u>7,475,641</u>	<u>144,505,532</u>	<u>474,831</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	32,840,466	-	32,840,466	-
Related to pension	6,454,769	19,817	6,474,586	-
Related to OPEB	354,882	-	354,882	-
Total deferred inflows of resources	<u>39,650,117</u>	<u>19,817</u>	<u>39,669,934</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	171,996,214	64,566,828	236,563,042	405,433
Restricted for:				
Net pension asset	7,322,667	-	7,322,667	-
Stabilization reserve trust	371,525	-	371,525	-
Drug enforcement	367,823	-	367,823	-
Federal asset forfeiture	89,666	-	89,666	-
Library endowment	243,308	-	243,308	-
Education	24,633	-	24,633	-
Unrestricted	41,875,451	7,898,341	49,773,792	510,025
Total net position	<u>\$ 222,291,287</u>	<u>\$ 72,465,169</u>	<u>\$ 294,756,456</u>	<u>\$ 915,458</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, 2020

**Exhibit A-2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit GPAC
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary government:</b>								
Governmental Activities:								
General government	\$ 16,934,971	\$ 2,560,663	\$ 448,683	\$ 3,222,003	\$ (10,703,622)	\$ -	\$ (10,703,622)	\$ -
Public safety	28,918,428	189,750	141,409	37,445	(28,549,824)	-	(28,549,824)	-
Transportation and environment	7,772,362	1,204,811	1,550,899	2,288,554	(2,728,098)	-	(2,728,098)	-
Community services	7,251,264	994,956	1,250	452,319	(5,802,739)	-	(5,802,739)	-
Education	63,470,111	1,251,104	33,959,662	8,146,200	(20,113,145)	-	(20,113,145)	-
Interest on long-term debt	2,153,886	-	-	-	(2,153,886)	-	(2,153,886)	-
Total governmental activities	126,501,022	6,201,284	36,101,903	14,146,521	(70,051,314)	-	(70,051,314)	-
Business-type activity:								
Utilities	8,021,061	8,387,630	-	-	-	366,569	366,569	-
Athletic club	3,891,452	3,763,553	-	-	-	(127,899)	(127,899)	-
Nonmajor enterprise fund	6,267,583	6,353,732	-	-	-	86,149	86,149	-
Total business-type activities	18,180,096	18,504,915	-	-	-	324,819	324,819	-
Total primary government	\$ 144,681,118	\$ 24,706,199	\$ 36,101,903	\$ 14,146,521	(70,051,314)	324,819	(69,726,495)	-
<b>Component Unit:</b>								
GPAC	\$ 6,102,858	\$ 819,208	\$ 4,706,388	\$ -	-	-	-	(577,262)
General revenues:								
Property taxes					50,369,013	-	50,369,013	-
Local option sales tax					18,977,084	-	18,977,084	-
Other taxes								
Wholesale liquor and beer taxes					1,298,920	-	1,298,920	-
Local gross receipts tax					679,875	-	679,875	-
Business, cable tv, and hotel-motel taxes					867,389	-	867,389	-
Intergovernmental revenues:								
State sales tax					3,718,954	-	3,718,954	-
State income tax					1,702,192	-	1,702,192	-
Other state revenue					260,276	-	260,276	-
Other revenue					1,065,189	26,676	1,091,865	70,847
Interest on investments					1,116,978	225,664	1,342,642	29,531
Insurance proceeds					655,050	-	655,050	-
Transfers					457,072	(457,072)	-	-
Total general revenues and transfers					81,167,992	(204,732)	80,963,260	100,378
Change in net position					11,116,678	120,087	11,236,765	(476,884)
Net position - beginning					211,174,609	72,345,082	283,519,691	1,392,342
Net position - ending					\$ 222,291,287	\$ 72,465,169	\$ 294,756,456	\$ 915,458

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2020

**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	\$ 39,537,733	\$ 21,587,325	\$ 4,369,134	\$ 9,208,182	\$ 74,702,374
Investments - unrestricted	809,210	-	-	18,012	827,222
Receivables					
Taxes	33,837,259	-	-	-	33,837,259
Customer	3,180,178	-	-	23,861	3,204,039
Other	367,802	-	-	124,841	492,643
Less allowance for doubtful accounts	(2,998,696)	-	-	(21,405)	(3,020,101)
Due from other governments	4,508,120	3,090,586	755,672	1,653,151	10,007,529
Due from other funds	259,814	533,195	-	14,476	807,485
Inventory	109,006	-	-	-	109,006
Prepaid Items	247,180	36,365	-	-	283,545
Advances to other funds	125,000	-	-	-	125,000
Restricted cash and cash equivalents	1,094,468	-	-	1,287,922	2,382,390
Restricted investments	-	371,525	-	-	371,525
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 81,077,074</u>	<u>\$ 25,618,996</u>	<u>\$ 5,124,806</u>	<u>\$ 12,309,040</u>	<u>\$ 124,129,916</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 1,341,997	\$ 919,185	\$ 2,239,052	\$ 1,560,907	\$ 6,061,141
Accrued payroll	940,886	2,519,783	-	77,231	3,537,900
Customer deposits	-	-	-	10,700	10,700
Due to other funds	158,459	14,476	-	654,315	827,250
Unearned revenue	1,832,811	-	-	118,948	1,951,759
Total liabilities	<u>4,274,153</u>	<u>3,453,444</u>	<u>2,239,052</u>	<u>2,422,101</u>	<u>12,388,750</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue					
Taxes	33,610,389	1,170,884	-	-	34,781,273
Grants	217,698	-	-	861,705	1,079,403
Other	41,598	-	-	4,896	46,494
Total deferred inflows of resources	<u>33,869,685</u>	<u>1,170,884</u>	<u>-</u>	<u>866,601</u>	<u>35,907,170</u>
<b>FUND BALANCES</b>					
Nonspendable	481,186	36,365	-	243,308	760,859
Restricted	-	396,503	-	457,489	853,992
Committed	17,526,132	7,874,456	2,885,754	7,632,099	35,918,441
Assigned	2,800,215	12,687,344	-	687,787	16,175,346
Unassigned	22,125,703	-	-	(345)	22,125,358
Total fund balances	<u>42,933,236</u>	<u>20,994,668</u>	<u>2,885,754</u>	<u>9,020,338</u>	<u>75,833,996</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 81,077,074</u>	<u>\$ 25,618,996</u>	<u>\$ 5,124,806</u>	<u>\$ 12,309,040</u>	<u>\$ 124,129,916</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, 2020

Total fund balances, governmental funds		\$ 75,833,996
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.		232,685,562
(2) Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned or unavailable in the funds.		3,066,704
(3) Long-term debt is not due and payable in the current period and, therefore is not reported in the funds.		
Less: bonds payable	(53,325,000)	
Less: capital outlay note	(2,629,000)	
Less: settlement obligation	(2,132,717)	
Less: unamortized premiums and discounts on debt	(6,277,957)	
Add: deferred amount on refunding	<u>122,133</u>	(64,242,541)
(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	(643,458)	
Less: compensated absences payable	<u>(4,078,231)</u>	(4,721,689)
(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	7,322,667	
Less: net pension liability	(42,151,980)	
Less: net OPEB liability	<u>(13,260,459)</u>	(48,089,772)
(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	24,587,954	
Less: deferred inflows of resources related to pensions	(6,454,769)	
Add: deferred outflows of resources related to OPEB	6,044,759	
Less: deferred inflows of resources related to OPEB	<u>(354,882)</u>	23,823,062
(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>3,935,965</u>
Net position of governmental activities		<u><u>\$ 222,291,287</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, 2020

	<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	\$ 33,414,482	\$ 16,882,170	\$ -	\$ -	\$ 50,296,652
Local sales taxes	14,425,452	7,397,816	-	-	21,823,268
Intergovernmental					
State sales, income, and other tax	5,681,422	30,567,330	4,809,045	-	41,057,797
State gas tax	-	-	-	1,425,915	1,425,915
Licenses and permits	1,388,160	-	-	-	1,388,160
Charges for services	1,207,939	281,207	-	2,775,522	4,264,668
Fines, forfeitures, and penalties	680,373	-	-	180,575	860,948
Federal, state and other grants	448,683	388,202	-	5,823,649	6,660,534
Interest on investments	779,500	283,533	13,532	40,413	1,116,978
Donations	463,143	-	3,337,155	2,758,860	6,559,158
Other	843,074	143,464	-	78,651	1,065,189
Total revenues	<u>59,332,228</u>	<u>55,943,722</u>	<u>8,159,732</u>	<u>13,083,585</u>	<u>136,519,267</u>
<b>EXPENDITURES</b>					
Current					
General government	15,193,496	-	-	-	15,193,496
Public safety	22,095,162	-	-	2,267,982	24,363,144
Transportation and environment	4,188,793	-	-	2,284,300	6,473,093
Community services	2,791,315	-	-	744,143	3,535,458
Education	-	52,980,705	-	4,062,638	57,043,343
Debt Service					
Principal	3,056,453	-	-	-	3,056,453
Interest	2,442,621	-	-	-	2,442,621
Capital outlays	-	4,236,935	13,882,252	12,469,062	30,588,249
Total expenditures	<u>49,767,840</u>	<u>57,217,640</u>	<u>13,882,252</u>	<u>21,828,125</u>	<u>142,695,857</u>
Excess (deficiency) of revenues over (under) expenditures	9,564,388	(1,273,918)	(5,722,520)	(8,744,540)	(6,176,590)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	989	-	-	-	989
Insurance recoveries	-	655,050	-	-	655,050
Transfers in	1,059,777	2,591,362	6,293,123	8,114,476	18,058,738
Transfers out	(10,682,297)	(542,181)	-	(6,377,188)	(17,601,666)
Total other financing sources and uses	<u>(9,621,531)</u>	<u>2,704,231</u>	<u>6,293,123</u>	<u>1,737,288</u>	<u>1,113,111</u>
Net change in fund balances	(57,143)	1,430,313	570,603	(7,007,252)	(5,063,479)
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 42,933,236</u>	<u>\$ 20,994,668</u>	<u>\$ 2,885,754</u>	<u>\$ 9,020,338</u>	<u>\$ 75,833,996</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, 2020

Net change in fund balance - total governmental funds		\$ (5,063,479)
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 capitalized	30,842,491	
Depreciation expense	(12,713,647)	
Loss from the disposition of capital assets	<u>(72,249)</u>	18,056,595
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(13,689)
(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	3,056,453	
Less: proceeds from debt issuance	<u>-</u>	3,056,453
(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	260,545	
Amortization of deferred amount on refunding debt	(61,247)	
Change in accrued interest payable	89,437	
Change in compensated absences	<u>(501,048)</u>	(212,313)
(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	(4,315,153)	
Difference between actual contributions and OPEB expense	<u>(331,855)</u>	(4,647,008)
(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>(59,881)</u>
Change in net position of governmental activities		<u><u>\$ 11,116,678</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF GERMANTOWN, TENNESSEE

Exhibit A-7

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>PROPERTY TAXES</b>				
Real property taxes	\$ 31,600,000	\$ 31,600,000	\$ 31,698,029	\$ 98,029
Personalty property taxes	850,000	850,000	778,023	(71,977)
Property tax interest and penalties	110,000	110,000	119,937	9,937
Receipts in lieu of taxes - TVA	475,000	475,000	509,593	34,593
Receipts in lieu of taxes - MLGW	350,000	350,000	308,900	(41,100)
Total property taxes	33,385,000	33,385,000	33,414,482	29,482
<b>LOCAL TAXES</b>				
Local sales tax	11,675,000	11,675,000	11,579,268	(95,732)
Wholesale beer and liquor tax	1,165,000	1,165,000	1,298,920	133,920
Gross receipts tax	600,000	600,000	679,875	79,875
Room occupancy tax	1,120,000	1,120,000	867,389	(252,611)
Total local taxes	14,560,000	14,560,000	14,425,452	(134,548)
<b>INTERGOVERNMENTAL</b>				
State of Tennessee shared taxes				
State sales tax	3,550,000	3,550,000	3,718,954	168,954
Income tax	1,112,500	1,112,500	1,702,192	589,692
Beer and liquor tax	320,000	320,000	180,619	(139,381)
Petroleum special tax	82,000	82,000	79,657	(2,343)
Total state shared taxes	5,064,500	5,064,500	5,681,422	616,922
<b>LICENSES AND PERMITS</b>				
Automobile registration	1,250,000	1,250,000	1,233,129	(16,871)
Building and related permits	81,000	81,000	50,733	(30,267)
Animal licenses	78,000	78,000	74,252	(3,748)
Beer and liquor licenses	28,000	28,000	30,046	2,046
Total licenses and permits	1,437,000	1,437,000	1,388,160	(48,840)
<b>CHARGES FOR SERVICES</b>				
Engineering fees	30,000	30,000	26,912	(3,088)
Zoning application fees	40,000	40,000	56,015	16,015
Cable TV and telecom fees	775,000	775,000	723,575	(51,425)
Fire inspection fees	15,000	15,000	9,175	(5,825)
Parks and recreation charges	22,500	22,500	8,050	(14,450)
Rental income	360,000	360,000	332,376	(27,624)
Library fees	87,000	87,000	51,836	(35,164)
Total charge for services	1,329,500	1,329,500	1,207,939	(121,561)
<b>FINES, FORFEITURES, AND PENALTIES</b>				
City court costs	1,100,000	1,100,000	678,493	(421,507)
Animal impoundment fees	5,000	5,000	1,880	(3,120)
	1,105,000	1,105,000	680,373	(424,627)

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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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>FEDERAL AND STATE GRANTS</b>	\$ 880,000	\$ 880,000	\$ 448,683	\$ (431,317)
<b>INTEREST ON INVESTMENTS</b>	219,200	219,200	779,500	560,300
<b>DONATIONS</b>	-	-	463,143	463,143
<b>OTHER</b>	515,000	513,463	843,074	329,611
<b>Total Revenues</b>	<u>58,495,200</u>	<u>58,493,663</u>	<u>59,332,228</u>	<u>838,565</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Aldermen				
Salaries	\$ 60,000	\$ 60,458	\$ 60,457	\$ 1
Benefits	57,555	61,271	61,084	187
Contractual services	57,600	67,800	50,609	17,191
Materials and supplies	17,880	16,982	16,316	666
Other charges	14,402	11,126	10,373	753
	<u>207,437</u>	<u>217,637</u>	<u>198,839</u>	<u>18,798</u>
City Court				
Salaries	578,800	573,771	561,734	12,037
Benefits	197,214	202,243	184,523	17,720
Contractual services	17,500	17,500	10,776	6,724
Materials and supplies	6,120	6,120	5,885	235
Other charges	32,887	33,380	27,666	5,714
Expense reimbursement	3,322	3,322	2,894	428
	<u>835,843</u>	<u>836,336</u>	<u>793,478</u>	<u>42,858</u>
Administration				
Salaries	880,329	825,054	799,769	25,285
Benefits	315,980	320,275	267,662	52,613
Contractual services	220,000	543,867	502,387	41,480
Materials and supplies	26,260	26,373	26,204	169
Other charges	161,124	129,202	105,847	23,355
Expense reimbursement	(31,798)	(31,798)	(37,592)	5,794
	<u>1,571,895</u>	<u>1,812,973</u>	<u>1,664,277</u>	<u>148,696</u>
Human Resources				
Salaries	406,126	406,286	383,086	23,200
Benefits	156,243	179,131	176,125	3,006
Contractual services	71,500	65,120	56,958	8,162
Materials and supplies	2,800	2,704	2,019	685
Other charges	65,636	49,064	42,880	6,184
Expense reimbursement	(38,970)	(38,970)	(39,540)	570
	<u>663,335</u>	<u>663,335</u>	<u>621,528</u>	<u>41,807</u>

(CONTINUED ON NEXT PAGE)

The accompanying notes are an integral part of the financial statements

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

**Exhibit A-7**

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Finance</b>				
Salaries	\$ 680,543	\$ 680,543	\$ 639,310	\$ 41,233
Benefits	301,372	308,653	261,742	46,911
Contractual services	350,500	374,940	363,196	11,744
Materials and supplies	56,800	56,208	33,417	22,791
Other charges	37,758	38,067	25,907	12,160
Expense reimbursement	(121,736)	(121,736)	(124,873)	3,137
	<u>1,305,237</u>	<u>1,336,675</u>	<u>1,198,699</u>	<u>137,976</u>
<b>Information Technology</b>				
Salaries	458,172	473,826	470,344	3,482
Benefits	176,245	180,215	162,983	17,232
Contractual services	214,070	214,398	194,102	20,296
Materials and supplies	1,359,175	1,475,338	926,764	548,574
Other charges	138,550	141,187	130,156	11,031
Capital outlay	495,000	537,303	435,844	101,459
Expense reimbursement	(96,177)	(96,177)	(96,618)	441
	<u>2,745,035</u>	<u>2,926,090</u>	<u>2,223,575</u>	<u>702,515</u>
<b>Facility Services</b>				
Salaries	855,810	856,792	853,355	3,437
Benefits	407,740	415,946	372,068	43,878
Contractual services	20,000	20,688	16,480	4,208
Materials and supplies	679,517	790,902	753,800	37,102
Other charges	26,995	26,506	21,312	5,194
Capital outlay	741,000	745,565	515,334	230,231
Expense reimbursement	(24,735)	(16,200)	(18,456)	2,256
	<u>2,706,327</u>	<u>2,840,199</u>	<u>2,513,893</u>	<u>326,306</u>
<b>Budget and Performance</b>				
Salaries	231,798	231,798	187,246	44,552
Benefits	104,393	104,393	73,465	30,928
Materials and supplies	1,250	3,018	2,991	27
Other charges	56,040	64,707	35,979	28,728
Expense reimbursement	(22,896)	(22,896)	(22,974)	78
	<u>370,585</u>	<u>381,020</u>	<u>276,707</u>	<u>104,313</u>
<b>Economic and Community Development</b>				
Salaries	1,382,949	1,373,862	1,307,176	66,686
Benefits	572,294	572,294	504,710	67,584
Contractual services	304,800	304,800	154,802	149,998
Materials and supplies	138,540	149,267	98,022	51,245
Other charges	96,178	96,678	77,519	19,159
Expense reimbursement	(40,887)	(40,887)	(45,268)	4,381
	<u>2,453,874</u>	<u>2,456,014</u>	<u>2,096,961</u>	<u>359,053</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
GPAC				
Salaries	\$ 877,920	\$ 877,920	\$ 860,301	\$ 17,619
Benefits	345,209	346,929	310,448	36,481
Contractual services	100,000	99,575	61,557	38,018
Materials and supplies	23,500	33,181	26,859	6,322
Other charges	157,695	157,608	140,282	17,326
Capital outlay	97,500	195,462	107,270	88,192
Expense reimbursement	22,853	22,853	19,911	2,942
	<u>1,624,677</u>	<u>1,733,528</u>	<u>1,526,628</u>	<u>206,900</u>
Civic Support				
Salaries	660,792	654,107	598,282	55,825
Benefits	244,511	251,196	222,875	28,321
Contractual services	6,000	6,000	-	6,000
Grants	481,484	687,602	600,181	87,421
	<u>1,392,787</u>	<u>1,598,905</u>	<u>1,421,338</u>	<u>177,567</u>
Procurement				
Salaries	495,441	495,486	490,138	5,348
Benefits	207,272	210,974	193,629	17,345
Contractual services	30,000	27,000	150	26,850
Materials and supplies	27,800	27,862	19,725	8,137
Other charges	27,820	32,533	24,586	7,947
Expense reimbursement	(70,175)	(70,175)	(70,655)	480
	<u>718,158</u>	<u>723,680</u>	<u>657,573</u>	<u>66,107</u>
Total general government	<u>16,595,190</u>	<u>17,526,392</u>	<u>15,193,496</u>	<u>2,332,896</u>
<b>PUBLIC SAFETY</b>				
Police Services				
Salaries	8,347,523	8,412,148	8,297,792	114,356
Benefits	3,654,314	3,655,710	3,302,484	353,226
Contractual services	11,500	6,500	4,940	1,560
Materials and supplies	734,300	676,551	569,319	107,232
Other charges	160,540	162,581	141,660	20,921
Capital outlay	555,000	137,932	230,689	(92,757)
Expense reimbursement	440,781	475,400	460,264	15,136
	<u>13,903,958</u>	<u>13,526,822</u>	<u>13,007,148</u>	<u>519,674</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, 2020

	<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	\$ 5,644,113	\$ 5,900,305	\$ 5,898,723	\$ 1,582
Benefits	2,359,717	2,245,074	2,237,721	7,353
Contractual services	14,990	10,030	8,934	1,096
Materials and supplies	306,158	315,901	308,251	7,650
Other charges	175,833	177,215	165,231	11,984
Capital outlay	75,000	81,726	73,809	7,917
Expense reimbursement	379,442	408,373	395,345	13,028
	<u>8,955,253</u>	<u>9,138,624</u>	<u>9,088,014</u>	<u>50,610</u>
Total public safety	<u>22,859,211</u>	<u>22,665,446</u>	<u>22,095,162</u>	<u>570,284</u>
<b>TRANSPORTATION AND ENVIRONMENT</b>				
Public Services				
Salaries	2,049,520	2,049,520	1,911,300	138,220
Benefits	1,005,403	1,007,325	900,709	106,616
Materials and supplies	971,950	969,569	828,913	140,656
Other charges	44,547	48,636	40,420	8,216
Capital outlay	537,000	606,917	334,681	272,236
Expense reimbursement	(96,604)	(96,604)	(136,504)	39,900
	<u>4,511,816</u>	<u>4,585,363</u>	<u>3,879,519</u>	<u>705,844</u>
Animal Control				
Salaries	155,224	155,224	144,860	10,364
Benefits	73,726	76,187	65,961	10,226
Contractual services	7,200	7,200	6,000	1,200
Materials and supplies	85,530	81,724	61,561	20,163
Other charges	30,355	30,370	23,506	6,864
Expense reimbursement	6,498	7,828	7,386	442
	<u>358,533</u>	<u>358,533</u>	<u>309,274</u>	<u>49,259</u>
Total transportation and environment	<u>4,870,349</u>	<u>4,943,896</u>	<u>4,188,793</u>	<u>755,103</u>
<b>COMMUNITY SERVICES</b>				
Parks and Recreation				
Salaries	644,306	644,306	606,928	37,378
Benefits	210,800	220,489	189,769	30,720
Contractual services	48,050	28,253	9,649	18,604
Materials and supplies	55,390	53,994	33,294	20,700
Other charges	285,000	306,342	278,419	27,923
Capital outlay	90,000	95,416	15,624	79,792
Expense reimbursement	49,539	50,264	47,035	3,229
	<u>1,383,085</u>	<u>1,399,064</u>	<u>1,180,718</u>	<u>218,346</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, 2020

	<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	\$ 15,575	\$ 16,466	\$ 5,117	\$ 11,349
Materials and supplies	54,375	63,832	46,561	17,271
Other charges	18,547	16,547	5,304	11,243
	<u>88,497</u>	<u>96,845</u>	<u>56,982</u>	<u>39,863</u>
Genealogical Library				
Benefits	200	200	70	130
Contractual services	119,950	119,952	117,701	2,251
Materials and supplies	2,000	1,998	825	1,173
Other charges	21,441	21,441	13,358	8,083
Expense reimbursement	1,711	1,711	1,491	220
	<u>145,302</u>	<u>145,302</u>	<u>133,445</u>	<u>11,857</u>
Library				
Benefits	1,500	1,500	280	1,220
Contractual services	1,358,361	1,358,361	1,241,544	116,817
Materials and supplies	43,800	56,565	27,791	28,774
Other charges	135,995	136,089	118,087	18,002
Capital outlay	-	17,328	9,662	7,666
Expense reimbursement	26,176	26,176	22,806	3,370
	<u>1,565,832</u>	<u>1,596,019</u>	<u>1,420,170</u>	<u>175,849</u>
Total community services	<u>3,182,716</u>	<u>3,237,230</u>	<u>2,791,315</u>	<u>445,915</u>
<b>DEBT SERVICE</b>				
Bond and note principal	2,879,453	3,056,454	3,056,453	1
Interest and fiscal charges	2,497,914	2,582,573	2,442,621	139,952
Total debt service	<u>5,377,367</u>	<u>5,639,027</u>	<u>5,499,074</u>	<u>139,953</u>
<b>Total Expenditures</b>	<u>52,884,833</u>	<u>54,011,991</u>	<u>49,767,840</u>	<u>4,244,151</u>
Excess of revenues over expenditures	5,610,367	4,481,672	9,564,388	5,082,716
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	-	-
Sale of capital assets	10,000	10,000	989	(9,011)
Transfers in	793,709	1,205,269	1,059,777	(145,492)
Transfers out	(10,732,296)	(12,187,636)	(10,682,297)	1,505,339
<b>Total other financing uses</b>	<u>(9,928,587)</u>	<u>(10,972,367)</u>	<u>(9,621,531)</u>	<u>1,350,836</u>
Net change in fund balances	<u>\$ (4,318,220)</u>	<u>\$ (6,490,695)</u>	<u>(57,143)</u>	<u>\$ 6,433,552</u>
Fund balances - beginning			<u>42,990,379</u>	
Fund balances - ending			<u>\$ 42,933,236</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, 2020

**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	\$ 16,552,222	\$ 16,552,222	\$ 16,617,342	\$ 65,120
Receipts in lieu of tax	276,003	276,003	264,828	(11,175)
Total property taxes	<u>16,828,225</u>	<u>16,828,225</u>	<u>16,882,170</u>	<u>53,945</u>
<b>LOCAL TAXES</b>	6,806,386	6,819,340	7,397,816	578,476
<b>INTERGOVERNMENTAL</b>				
Mixed drink taxes	167,521	167,521	161,825	(5,696)
Basic Education Program	28,748,000	28,820,047	28,924,965	104,918
Career Ladder Program	115,000	115,000	87,297	(27,703)
Wheel tax	1,283,397	1,283,397	1,393,243	109,846
Total intergovernmental	<u>30,313,918</u>	<u>30,385,965</u>	<u>30,567,330</u>	<u>181,365</u>
<b>CHARGES FOR SERVICES</b>	192,430	192,430	281,207	88,777
<b>GRANTS</b>	246,000	421,717	388,202	(33,515)
<b>OTHER</b>	146,070	146,070	143,464	(2,606)
<b>INTEREST INCOME</b>	100,000	120,000	283,533	163,533
<b>Total Revenues</b>	<u>54,633,029</u>	<u>54,913,747</u>	<u>55,943,722</u>	<u>1,029,975</u>
<b>EXPENDITURES</b>				
<b>EDUCATION</b>				
Regular Instruction				
Salaries	19,742,404	20,124,754	20,019,022	105,732
Benefits	5,478,403	5,566,360	5,055,193	511,167
Contractual services	722,430	722,430	568,837	153,593
Materials and supplies	2,939,443	3,582,932	2,252,047	1,330,885
Other charges	69,134	71,168	28,254	42,914
	<u>28,951,814</u>	<u>30,067,644</u>	<u>27,923,353</u>	<u>2,144,291</u>
Alternative Education				
Salaries	224,769	242,403	221,516	20,887
Benefits	64,258	67,482	48,223	19,259
Contractual services	10,000	31,500	14,060	17,440
Materials and supplies	4,000	2,500	-	2,500
	<u>303,027</u>	<u>343,885</u>	<u>283,799</u>	<u>60,086</u>

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**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, 2020

**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	\$ 3,324,219	\$ 3,384,066	\$ 2,832,180	\$ 551,886
Benefits	994,280	956,877	856,430	100,447
Contractual services	57,000	81,000	80,467	533
Materials and supplies	30,300	28,088	26,709	1,379
Other charges	-	-	-	-
	<u>4,405,799</u>	<u>4,450,031</u>	<u>3,795,786</u>	<u>654,245</u>
Technical Education				
Salaries	759,049	846,201	831,319	14,882
Benefits	259,335	275,266	229,879	45,387
Materials and supplies	47,000	53,429	31,269	22,160
Other charges	1,000	1,000	-	1,000
	<u>1,066,384</u>	<u>1,175,896</u>	<u>1,092,467</u>	<u>83,429</u>
Attendance and Planning				
Salaries	525,152	535,654	527,809	7,845
Benefits	138,817	138,736	128,010	10,726
Contractual services	1,000	3,000	2,296	704
Materials and supplies	11,000	5,500	5,327	173
Other charges	21,750	27,250	24,335	2,915
	<u>697,719</u>	<u>710,140</u>	<u>687,777</u>	<u>22,363</u>
Health Services				
Salaries	367,130	376,183	376,098	85
Benefits	116,383	127,909	125,458	2,451
Contractual services	1,000	2,600	2,600	-
Materials and supplies	19,564	25,051	18,126	6,925
Other charges	12,750	5,705	5,705	-
	<u>516,827</u>	<u>537,448</u>	<u>527,987</u>	<u>9,461</u>
Other Student Support				
Salaries	949,004	908,381	885,834	22,547
Benefits	261,294	264,747	232,521	32,226
Materials and supplies	2,500	1,837	1,837	-
Other charges	26,500	22,163	12,208	9,955
	<u>1,239,298</u>	<u>1,197,128</u>	<u>1,132,400</u>	<u>64,728</u>
Regular Instruction Support				
Salaries	1,582,308	1,677,792	1,574,171	103,621
Benefits	402,926	429,501	409,682	19,819
Contractual services	20,000	1,000	-	1,000
Materials and supplies	81,370	218,068	197,725	20,343
Other charges	92,301	155,607	92,856	62,751
	<u>2,178,905</u>	<u>2,481,968</u>	<u>2,274,434</u>	<u>207,534</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>

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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, 2020

**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	\$ 1,210,097	\$ 1,234,942	\$ 1,205,893	\$ 29,049
Benefits	335,009	329,552	280,953	48,599
Contractual services	10,000	9,500	9,500	-
Materials and supplies	13,000	24,904	24,401	503
Other charges	22,000	22,198	22,030	168
	<u>1,590,106</u>	<u>1,621,096</u>	<u>1,542,777</u>	<u>78,319</u>
Technical Education Support				
Salaries	17,952	18,311	18,311	-
Benefits	4,981	5,546	4,974	572
Contractual services	-	500	361	139
Materials and supplies	1,953	1,953	-	1,953
Other charges	4,000	4,000	745	3,255
	<u>28,886</u>	<u>30,310</u>	<u>24,391</u>	<u>5,919</u>
Technology				
Salaries	586,309	596,537	582,488	14,049
Benefits	192,727	194,829	146,470	48,359
Materials and supplies	397,900	511,941	474,417	37,524
Other charges	384,400	295,136	278,930	16,206
	<u>1,561,336</u>	<u>1,598,443</u>	<u>1,482,305</u>	<u>116,138</u>
Board of Education Services				
Salaries	21,500	21,500	21,500	-
Benefits	766,645	766,645	718,647	47,998
Contractual services	590,060	590,060	533,998	56,062
Materials and supplies	1,000	1,000	97	903
Insurance	216,185	216,185	177,421	38,764
Other charges	45,000	45,000	32,673	12,327
	<u>1,640,390</u>	<u>1,640,390</u>	<u>1,484,336</u>	<u>156,054</u>
Office of Superintendent				
Salaries	401,748	455,005	444,253	10,752
Benefits	101,019	117,893	106,797	11,096
Contractual Services	22,400	22,400	20,920	1,480
Materials and supplies	33,250	29,750	17,573	12,177
Other charges	90,562	109,959	86,474	23,485
	<u>648,979</u>	<u>735,007</u>	<u>676,017</u>	<u>58,990</u>
Office of Principal				
Salaries	2,728,261	2,792,806	2,670,364	122,442
Benefits	787,324	798,060	698,341	99,719
Contractual services	25,000	25,000	24,000	1,000
Materials and supplies	133,581	133,581	133,581	-
Other charges	39,919	39,919	30,713	9,206
	<u>3,714,085</u>	<u>3,789,366</u>	<u>3,556,999</u>	<u>232,367</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, 2020

**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	\$ 421,757	\$ 436,221	\$ 422,054	\$ 14,167
Benefits	124,319	130,594	115,648	14,946
Contractual services	4,000	2,000	-	2,000
Materials and supplies	68,500	72,800	64,275	8,525
Other charges	12,550	10,250	3,889	6,361
	<u>631,126</u>	<u>651,865</u>	<u>605,866</u>	<u>45,999</u>
Human Resources				
Salaries	327,495	334,044	334,045	(1)
Benefits	93,202	92,999	76,329	16,670
Contractual services	11,700	5,747	5,747	-
Materials and supplies	2,000	2,000	1,221	779
Other charges	61,140	67,093	61,764	5,329
	<u>495,537</u>	<u>501,883</u>	<u>479,106</u>	<u>22,777</u>
Operation of Plant				
Salaries	315,354	321,661	307,306	14,355
Benefits	110,256	111,408	97,070	14,338
Contractual services	157,300	157,300	105,095	52,205
Materials and supplies	5,000	5,000	-	5,000
Other charges	2,199,646	2,199,646	2,006,877	192,769
	<u>2,787,556</u>	<u>2,795,015</u>	<u>2,516,348</u>	<u>278,667</u>
Maintenance of Plant				
Salaries	445,459	470,179	454,798	15,381
Benefits	137,590	142,012	120,082	21,930
Contractual services	10,000	10,000	6,679	3,321
Materials and supplies	1,000	1,000	208	792
Other charges	844,730	826,494	768,893	57,601
	<u>1,438,779</u>	<u>1,449,685</u>	<u>1,350,660</u>	<u>99,025</u>
Transportation				
Contractual services	1,639,351	1,639,351	1,386,288	253,063
Other charges	160,000	160,000	124,926	35,074
	<u>1,799,351</u>	<u>1,799,351</u>	<u>1,511,214</u>	<u>288,137</u>
School Safety				
Materials and supplies	750	750	202	548
Other charges	35,578	35,578	32,481	3,097
	<u>36,328</u>	<u>36,328</u>	<u>32,683</u>	<u>3,645</u>
Total education	<u>55,740,637</u>	<u>57,621,284</u>	<u>52,980,705</u>	<u>4,640,579</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, 2020

**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>	\$ 4,800,000	\$ 7,960,405	\$ 4,236,935	\$ 3,723,470
<b>Total Expenditures</b>	<u>60,540,637</u>	<u>65,581,689</u>	<u>57,217,640</u>	<u>8,364,049</u>
Deficiency of revenues under expenditures	(5,907,608)	(10,667,942)	(1,273,918)	9,394,024
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries	-	646,727	655,050	8,323
Transfers in	2,577,297	2,577,297	2,591,362	14,065
Transfers out	<u>(627,706)</u>	<u>(627,706)</u>	<u>(542,181)</u>	<u>85,525</u>
<b>Total other financing sources</b>	<u>1,949,591</u>	<u>2,596,318</u>	<u>2,704,231</u>	<u>107,913</u>
Net change in fund balances	<u>\$ (3,958,017)</u>	<u>\$ (8,071,624)</u>	1,430,313	<u>\$ 9,501,937</u>
Fund balances - beginning			<u>19,564,355</u>	
Fund balances - ending			<u>\$ 20,994,668</u>	

The accompanying notes are an integral part of the financial statements



**CITY OF GERMANTOWN, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2020

**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	\$ 6,170,128	\$ 1,749,920	\$ 2,662,466	\$ 10,582,514	\$ 4,689,281
Investments	121,854	33,252	22,960	178,066	-
Receivables					
Customers	1,233,669	23,231	373,591	1,630,491	-
Other	-	-	-	-	28,605
Less allowance for doubtful accounts	(62,258)	(19,776)	(81,855)	(163,889)	-
Due from other funds	61,194	22,343	17,285	100,822	143,833
Inventory	34,438	1,017	-	35,455	95,878
Restricted cash and cash equivalents	680,215	-	63,528	743,743	-
Total current assets	8,239,240	1,809,987	3,057,975	13,107,202	4,957,597
Noncurrent assets:					
Capital assets, not being depreciated	2,648,045	2,391,580	-	5,039,625	-
Capital assets, being depreciated, net	44,230,594	14,506,372	790,237	59,527,203	1,581,838
Total capital assets, net	46,878,639	16,897,952	790,237	64,566,828	1,581,838
Total assets	55,117,879	18,707,939	3,848,212	77,674,030	6,539,435
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pension	1,052,300	419,304	440,743	1,912,347	-
Related to OPEB	200,507	160,622	126,125	487,254	-
	1,252,807	579,926	566,868	2,399,601	-
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	597,969	72,164	393,221	1,063,354	940,903
Accrued interest payable	-	2,300	-	2,300	-
Accrued payroll	80,201	54,780	22,171	157,152	28,686
Customer deposits	680,215	-	63,528	743,743	-
Unearned revenue	-	309,963	75,403	385,366	-
Due to other funds	-	-	40,047	40,047	-
Advances from other funds, current	-	125,000	-	125,000	-
Accrued compensated absences, current	10,038	-	-	10,038	-
Total current liabilities	1,368,423	564,207	594,370	2,527,000	969,589
Noncurrent liabilities:					
Accrued compensated absences	153,245	57,396	21,680	232,321	-
Net pension liability	2,317,627	925,175	971,128	4,213,930	-
Net OPEB liability	274,653	220,018	172,766	667,437	-
Total noncurrent liabilities	2,745,525	1,202,589	1,165,574	5,113,688	-
Total liabilities	4,113,948	1,766,796	1,759,944	7,640,688	969,589
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to pension	8,408	6,983	4,426	19,817	-
<b>NET POSITION</b>					
Net investment in capital assets	46,878,639	16,897,952	790,237	64,566,828	1,581,838
Unrestricted	5,369,691	616,134	1,860,473	7,846,298	3,988,008
Total net position	\$ 52,248,330	\$ 17,514,086	\$ 2,650,710	72,413,126	\$ 5,569,846
Adjustment to reflect the consolidation of internal service funds related to the enterprise fund				52,043	
Net position of the business-type activity				\$ 72,465,169	

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, 2020

**Exhibit A-10**

	<b>Business-type Activity - Enterprise Funds</b>				<b>Governmental</b>
	<b>Utility Fund</b>	<b>Athletic Club Fund</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>	<b>Activities Internal Service Funds</b>
<b>Operating Revenues:</b>					
Metered water sales	\$ 5,015,049	\$ -	\$ -	\$ 5,015,049	\$ -
Sewer service fee	3,152,096	-	-	3,152,096	-
Service connections fees	160,839	-	-	160,839	-
Membership fees	-	3,219,547	-	3,219,547	-
Class fees	-	458,944	-	458,944	-
Daily admissions	-	4,540	-	4,540	-
Sanitation fees	-	-	4,909,470	4,909,470	-
Stormwater fees	-	-	1,032,324	1,032,324	-
Forfeited discounts	59,646	-	36,589	96,235	-
Rental income	-	80,522	375,349	455,871	-
Internal charges	-	-	-	-	11,915,694
Other	23,290	273	3,113	26,676	637
<b>Total operating revenues</b>	<b>8,410,920</b>	<b>3,763,826</b>	<b>6,356,845</b>	<b>18,531,591</b>	<b>11,916,331</b>
<b>Operating Expenses:</b>					
Salaries	1,161,656	1,298,602	543,098	3,003,356	543,556
Benefits	790,868	436,857	342,309	1,570,034	214,097
Contractual services	1,615,099	425,035	4,666,916	6,707,050	-
Utilities	606,474	365,726	42,103	1,014,303	18,808
Materials and supplies	431,997	372,919	376,390	1,181,306	408,328
Other service charges	214,644	253,196	114,060	581,900	230,370
Expense reimbursement	1,242,769	98,823	59,562	1,401,154	-
Insurance claims	-	-	-	-	10,569,635
Depreciation	1,922,398	635,254	121,185	2,678,837	89,731
<b>Total operating expenses</b>	<b>7,985,905</b>	<b>3,886,412</b>	<b>6,265,623</b>	<b>18,137,940</b>	<b>12,074,525</b>
<b>Operating income (loss)</b>	<b>425,015</b>	<b>(122,586)</b>	<b>91,222</b>	<b>393,651</b>	<b>(158,194)</b>
<b>Nonoperating Revenues (Expenses):</b>					
Interest	136,947	43,939	44,778	225,664	-
Bond interest and fiscal charges	-	(5,040)	(1,960)	(7,000)	-
<b>Total non-operating expenses</b>	<b>136,947</b>	<b>38,899</b>	<b>42,818</b>	<b>218,664</b>	<b>-</b>
<b>Income (loss) before contributions and transfers</b>	<b>561,962</b>	<b>(83,687)</b>	<b>134,040</b>	<b>612,315</b>	<b>(158,194)</b>
Transfers in	-	-	75,000	75,000	-
Transfers out	(432,072)	(100,000)	-	(532,072)	-
<b>Change in net position</b>	<b>129,890</b>	<b>(183,687)</b>	<b>209,040</b>	<b>155,243</b>	<b>(158,194)</b>
<b>Total net position - beginning</b>	<b>52,118,440</b>	<b>17,697,773</b>	<b>2,441,670</b>	<b>72,257,883</b>	<b>5,728,040</b>
<b>Total net position - ending</b>	<b>\$ 52,248,330</b>	<b>\$ 17,514,086</b>	<b>\$ 2,650,710</b>	<b>\$ 72,413,126</b>	<b>\$ 5,569,846</b>
Change in net position				\$ 155,243	
Adjustment to reflect the consolidation of internal service funds related to the enterprise fund				(35,156)	
Change in net position of the business-type activity				\$ 120,087	

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, 2020

**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>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 8,317,431	\$ 3,636,541	\$ 6,351,106	\$ 18,305,078	\$ -
Receipts from interfund services provided	-	-	-	-	11,911,248
Payments to suppliers	(4,079,294)	(1,582,098)	(5,329,672)	(10,991,064)	(11,035,924)
Payments to employees	(1,552,876)	(1,593,432)	(782,413)	(3,928,721)	(746,187)
Other receipts	23,290	273	24,831	48,394	-
Net cash from operating activities	2,708,551	461,284	263,852	3,433,687	129,137
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Payments on advances from other funds	-	(125,000)	-	(125,000)	-
Increase (decrease) in due from other funds	(493,266)	(122,343)	22,762	(592,847)	-
Interest paid on advances	-	(7,440)	(1,960)	(9,400)	-
Transfer from (to) other fund	-	-	75,000	75,000	(59,058)
Net cash from (used for) noncapital financing activities	(493,266)	(254,783)	95,802	(652,247)	(59,058)
<b>CASH FLOW USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	(3,062,584)	(1,582,891)	-	(4,645,475)	(26,574)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale of investments	458,655	219,427	61,741	739,823	-
Interest income	136,947	43,940	44,777	225,664	-
Net cash from (used for) investing activities	595,602	263,367	106,518	965,487	-
Net increase (decrease) in cash and cash equivalents	(251,697)	(1,113,023)	466,172	(898,548)	43,505
Cash and cash equivalents - beginning	7,102,040	2,862,943	2,259,822	12,224,805	4,645,776
Cash and cash equivalents - end	<u>\$ 6,850,343</u>	<u>\$ 1,749,920</u>	<u>\$ 2,725,994</u>	<u>\$ 11,326,257</u>	<u>\$ 4,689,281</u>
Classified as:					
Current assets	\$ 6,170,128	\$ 1,749,920	\$ 2,662,466	\$ 10,582,514	\$ 4,689,281
Restricted assets	680,215	-	63,528	743,743	-
	<u>\$ 6,850,343</u>	<u>\$ 1,749,920</u>	<u>\$ 2,725,994</u>	<u>\$ 11,326,257</u>	<u>\$ 4,689,281</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, 2020

**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	\$ 425,015	\$ (122,586)	\$ 91,222	\$ 393,651	\$ (158,194)
Adjustments to reconcile operating income to net cash from (used for) operating activities:					
Depreciation	1,922,398	635,254	121,185	2,678,837	89,731
Pension expense in excess of employer contributions	313,814	115,673	85,341	514,828	-
OPEB expense in excess of employer contributions	17,134	13,725	10,780	41,639	-
Change in assets and liabilities					
Receivables	(79,124)	1,308	60,538	(17,278)	(5,083)
Inventory	5,374	674	-	6,048	(3,845)
Accounts payable	26,315	(67,073)	(70,641)	(111,399)	195,062
Accrued payroll	48,038	2,002	4,119	54,159	11,466
Compensated absences	20,662	10,627	2,754	34,043	
Customer deposits	8,925	-	(41,291)	(32,366)	
Unearned revenue	-	(128,320)	(155)	(128,475)	-
Net cash from operating activities	<u>\$ 2,708,551</u>	<u>\$ 461,284</u>	<u>\$ 263,852</u>	<u>\$ 3,433,687</u>	<u>\$ 129,137</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, 2020

Exhibit A-12

	<b>Pension and OPEB Trust Funds</b>	<b>Combined Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,721,009	\$ 1,206,353
Investments		
Domestic common stock	4,612,763	-
Foreign common stock	310,139	-
Fixed income mutual funds	11,299,226	-
Equity mutual funds	34,627,783	-
Balanced mutual fund	786,312	-
Foreign equity collective fund	2,156,880	-
Limited partnerships bond funds	2,478,072	-
Limited partnerships hedge funds	17,452,891	-
Total investments	<u>73,724,066</u>	-
Interest receivable	10,805	-
Other receivable	4,050	
Inventory	-	28,117
		<u>28,117</u>
Total assets	82,459,930	<u>\$ 1,234,470</u>
<b>LIABILITIES</b>		
Accounts payable	99,785	\$ -
Due to other funds	184,843	-
Bail bonds payable	-	51,121
Due to student general fund	-	470,882
Due to student groups	-	712,467
		<u>712,467</u>
Total liabilities	<u>284,628</u>	<u>\$ 1,234,470</u>
<b>NET POSITION</b>		
Restricted for pensions	73,249,291	
Restricted for OPEB	8,926,011	
Total net position	<u>\$ 82,175,302</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, 2020

**Exhibit A-13**

	<b>Pension and OPEB Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 5,299,195
Plan members	1,454,772
Total contributions	<u>6,753,967</u>
Investment earnings (losses):	
Interest and dividends	1,092,073
Net appreciation in fair value of investments	<u>(1,761,520)</u>
Total investment earnings	(669,447)
 Total additions	 6,084,520
<b>DEDUCTIONS</b>	
Benefits	6,962,909
Premiums	41,009
Administrative expense	261,062
Total deductions	<u>7,264,980</u>
 Change in net position	 (1,180,460)
 Net position - beginning of the year	 <u>83,355,762</u>
 Net position - end of the year	 <u><u>\$ 82,175,302</u></u>

The accompanying notes are an integral part of the financial statements

**CITY OF GERMANTOWN, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

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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 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 regarding 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 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, School Capital 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 following funds: State Street Aid, Drug Enforcement, Federal Asset Forfeiture, Pickering, Farm Park, Ambulance, E-Citation, Recreation, School Federal Projects, and School Cafeteria. 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: Major Roads, Intersections, General Government, Fire Department, Parks Improvement, Drainage, and Municipal School. In addition, the Board of Education maintains a Capital Projects Fund which is a major fund.
- d. **Permanent Fund** – The Library Endowment Fund is used to account for legally restricted resources to which only earnings, and not principal, may be used to support the government's programs.



## **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 public. The activities are financed primarily by user charges and the measurement of the financial activity focuses on net income measurement like 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 way revenue 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 of resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans and other postemployment benefit plans. The City maintains two pension trust funds, the Amended and Restated Pension Plan Fund and the Employee Cash Balance Pension Plan Fund which are used to account for the accumulation of resources to provide defined benefits to qualified employees upon retirement. In addition, the City and the School each use Other Postemployment Benefits Funds ("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 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 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 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 cash and cash equivalents in governmental funds consist of primarily of unspent debt proceeds and amounts held in the federal asset forfeiture fund, drug fund, and library endowment fund. Restricted cash and cash equivalents in proprietary funds consist of amounts held for customer deposits. 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 uncollectible amounts.

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, 2020. 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 is 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 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 more than 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, because 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 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 more than 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. In other governmental funds, the classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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. Asset Retirement Obligations*

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2020, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying and obtaining an estimate of those costs in the subsequent fiscal year.

### *14. 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**

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. 87, *Leases*, was issued to increase the usefulness of financial statements by requiring reporting of certain lease liabilities that currently are not reported, enhance comparability by requiring lessees and lessors to report leases under a single model, and enhance the usefulness of information by requiring notes to the financial statements regarding leasing arrangements. The requirements are effective for fiscal year 2022. The City is currently evaluating the impact of GASB Statement No. 87 may have on its financial statements.

## **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, 2020, expenditures did not exceed appropriations for any fund.

## **NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

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

As of June 30, 2020, the School Cafeteria Fund had a negative fund balance of \$345 due to timing of reimbursement of expenditures.

## **NOTE 3 - DEPOSITS**

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Legal Provisions -- Deposits must be collateralized by federal depository insurance, the Tennessee Bank Collateral Pool, collateral held by the City's agent in the City's name, collateral held by the Federal Reserve Banks acting as third party agents, or a combination of these methods. State statute requires that all uninsured deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are 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, 2020, 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**

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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, 2020. These investments are reported at amortized cost which approximates fair value and are included as cash equivalents.



**NOTE 4 – INVESTMENTS (CONTINUED)**

Other investments of the primary government include investments in U.S. government obligations. For the year ended June 30, 2020, 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	\$ -	\$ 1,005,288	\$ -	\$ 1,005,288

Credit quality distributions for investments in U.S. government obligations are as follows at June 30, 2020:

U.S. Government Obligations			
Moody's	Amount	S&P	Amount
Aaa	\$ 1,005,288	AA+	\$ 1,005,288

*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/2020/ag19091.pdf>. The following table summarizes fair value disclosures and measurements for Germantown School's investments held by the TRGT on its behalf at June 30, 2020:

Investments at Fair Value	Level 1	Level 2	Level 3	NAV	Total
U.S. equity	\$ 115,173	\$ -	\$ -	\$ -	\$ 115,173
Developed market international equity	52,013	-	-	-	52,013
Emerging market international equity	14,862	-	-	-	14,862
U.S. fixed income	-	74,305	-	-	74,305
Short-term securities	-	3,715	-	-	3,715
Real estate	-	-	37,152	-	37,152
Private equity and strategic lending	-	-	-	74,305	74,305
Total restricted investments	\$ 182,048	\$ 78,020	\$ 37,152	\$ 74,305	\$ 371,525

*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.

## NOTE 4 – INVESTMENTS (CONTINUED)

The following table summarizes fair value disclosures and measurements for fiduciary investments at June 30, 2020:

Investments at Fair Value	Level 1	Level 2	Level 3	NAV	Total
Common stock	\$ 4,612,763	\$ -	\$ -	\$ -	\$ 4,612,763
Foreign stock	310,139	-	-	-	310,139
Fixed income mutual funds	11,299,226	-	-	-	11,299,226
Equity mutual funds	34,627,783	-	-	-	34,627,783
Balanced mutual funds	786,312	-	-	-	786,312
Foreign equity collective fund	-	2,156,880	-	-	2,156,880
Limited partnerships - bond funds	-	2,478,072	-	-	2,478,072
Limited partnerships - hedge funds	-	-	-	17,452,891	17,452,891
	<u>\$ 51,636,223</u>	<u>\$ 4,634,952</u>	<u>\$ -</u>	<u>\$ 17,452,891</u>	<u>\$ 73,724,066</u>

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, 2020:

- *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.

**NOTE 4 – INVESTMENTS (CONTINUED)**

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, 2020.

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, 2020, is as follows:

Receivable Fund	Major Funds		Payable Fund			Total
	General	School General Purpose	Aggregate Nonmajor Governmental	Aggregate Nonmajor Proprietary	Pension & OPEB Trust	
Major Fund						
General	\$ -	\$ -	\$ 219,767	\$ 40,047	\$ -	\$ 259,814
General Purpose School	57,637	-	434,548	-	41,010	533,195
Utility	61,194	-	-	-	-	61,194
Athletic Club	22,343	-	-	-	-	22,343
Aggregate Nonmajor Governmental	-	14,476	-	-	-	14,476
Aggregate Nonmajor Proprietary	17,285	-	-	-	-	17,285
Aggregate Internal Service	-	-	-	-	143,833	143,833
Total	<u>\$ 158,459</u>	<u>\$ 14,476</u>	<u>\$ 654,315</u>	<u>\$ 40,047</u>	<u>\$ 184,843</u>	<u>\$ 1,052,140</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, 2020, advances to/from other funds of \$125,000 was payable from the Athletic Club Fund to the General Fund.

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

The composition of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer Out	Transfer In					Total
	Major Funds			Aggregate Nonmajor Governmental	Aggregate Nonmajor Enterprise	
	General	School General Purpose	School Capital Projects			
Major funds						
General	\$ -	\$ 2,507,297	\$ -	\$ 8,100,000	\$ 75,000	\$ 10,682,297
General Purpose School	527,705	-	-	14,476	-	542,181
Utility	432,072	-	-	-	-	432,072
Athletic Club	100,000	-	-	-	-	100,000
Aggregate Nonmajor						
Governmental	-	84,065	6,293,123	-	-	6,377,188
Total	<u>\$ 1,059,777</u>	<u>\$ 2,591,362</u>	<u>\$ 6,293,123</u>	<u>\$ 8,114,476</u>	<u>\$ 75,000</u>	<u>\$ 18,133,738</u>

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

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

## NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 19,395,255	\$ 40,052	\$ -	\$ 19,435,307
Construction in progress	36,068,956	23,916,758	(46,834,696)	13,151,018
Total capital assets, not being depreciated	55,464,211	23,956,810	(46,834,696)	32,586,325
Capital assets, being depreciated:				
Buildings and improvements	104,147,752	35,359,456	-	139,507,208
Improvements other than buildings	72,931,757	8,050,082	-	80,981,839
Machinery and equipment	33,983,659	7,553,125	(480,788)	41,055,996
Vehicles	12,087,209	1,467,858	(249,286)	13,305,781
Infrastructure	68,700,605	1,289,856	-	69,990,461
Total capital assets, being depreciated	291,850,982	53,720,377	(730,074)	344,841,285
Less accumulated depreciation for:				
Buildings and improvements	(27,592,961)	(3,546,614)	-	(31,139,575)
Improvements other than buildings	(36,131,327)	(2,544,572)	-	(38,675,899)
Machinery and equipment	(23,715,466)	(3,702,651)	408,539	(27,009,578)
Vehicles	(7,440,009)	(909,311)	249,286	(8,100,034)
Infrastructure	(37,806,463)	(2,010,499)	-	(39,816,962)
Total accumulated depreciation	(132,686,226)	(12,713,647)	657,825	(144,742,048)
Total capital assets, being depreciated, net	159,164,756	41,006,730	(72,249)	200,099,237
Governmental activities capital assets, net	\$ 214,628,967	\$ 64,963,540	\$ (46,906,945)	\$ 232,685,562
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,772,593	\$ -	\$ -	\$ 2,772,593
Construction in progress	680,615	3,662,926	(2,076,509)	2,267,032
Total capital assets, not being depreciated	3,453,208	3,662,926	(2,076,509)	5,039,625
Capital assets, being depreciated:				
Buildings and improvements	45,880,087	1,694,710	-	47,574,797
Improvements other than buildings	58,065,122	786,565	-	58,851,687
Machinery and equipment	5,308,977	577,781	(5,382)	5,881,376
Total capital assets, being depreciated	109,254,186	3,059,056	(5,382)	112,307,860
Less accumulated depreciation for:				
Buildings and improvements	(18,257,939)	(1,048,236)	-	(19,306,175)
Other improvements	(28,533,825)	(1,385,918)	-	(29,919,743)
Machinery and equipment	(3,315,440)	(244,681)	5,382	(3,554,739)
Total accumulated depreciation	(50,107,204)	(2,678,835)	5,382	(52,780,657)
Total capital assets, being depreciated, net	59,146,982	380,221	-	59,527,203
Business-type activities capital assets, net	\$ 62,600,190	\$ 4,043,147	\$ (2,076,509)	\$ 64,566,828

## NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General government	\$ 1,422,998
Public safety	1,434,747
Community service	932,923
Transportation and environment	3,825,099
Municipal school	5,097,880
Total depreciation expense - governmental activities	<u>\$ 12,713,647</u>
Business-type activities	
Utility	\$ 1,922,397
Athletic club	635,254
Nonmajor enterprise funds	121,184
Total depreciation expense - business-type activities	<u>\$ 2,678,835</u>

### Construction and other significant commitments

The government has active construction projects as of June 30, 2020. At year-end, the government's commitments with contractors are as follows:

<u>Function/Activity</u>	<u>Commitment</u>
Major roads	\$ 347,871
Intersections	1,037,879
Drainage	299,923
Parks and recreation	2,132,751
General government	12,800
Utility projects	1,130,420
Athletic club projects	571,337
GMSD	2,308,141
	<u>\$ 7,841,122</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.

#### Notes from direct borrowings

On August 13, 2018, the City issued a \$3,025,000 General Obligation Capital Outlay Note, Series 2018, maturing on July 1, 2030, 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. The City's outstanding capital notes contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

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.

#### Settlement Obligation

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. Effective July 1, 2020, the School assumed the liability for the remaining six payments. The City elected to establish the liability incurred through the settlement agreement at its present value with a discount rate of 3.33%.

Debt outstanding as of June 30, 2020 consisted of the following:

<b>Governmental activities:</b>	Interest Rates	Maturity Date	Original Issue	Balance at Year End
<u>Payable through General Fund</u>				
General obligation bonds:				
2009 Serial Bonds	3.00 - 4.20%	6/1/2022	\$ 9,635,000	\$ 565,000
2011 Serial Bonds	2.00 - 3.25%	6/1/2032	6,025,000	3,945,000
2013 Serial Bonds A	1.00 - 3.625%	8/1/2034	3,500,000	2,635,000
2013 Serial Bonds B	1.00 - 4.00%	8/1/2026	5,570,000	1,690,000
2016 Serial Bonds A	2.00 - 5.00%	6/1/2036	7,935,000	6,275,000
2016 Serial Bonds B	2.00 - 5.00%	6/1/2046	10,220,000	9,530,000
2017 Serial Bonds	4.00 - 5.00%	8/1/2047	29,275,000	28,685,000
			<u>72,160,000</u>	<u>53,325,000</u>
Note from direct borrowings:				
2018 Capital Outlay Note	3.25%	7/1/2030	<u>3,025,000</u>	<u>2,629,000</u>
<u>Payable through General Purpose School Fund</u>				
Shelby County Settlement Obligation	3.33%	11/1/2025	4,265,436	1,901,457
			<u>\$ 79,450,436</u>	<u>\$ 57,855,457</u>

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

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

Years Ending June 30	General Obligation Bonds		Notes from Direct Borrowings		Shelby County Settlement Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,345,000	\$ 2,173,078	\$ -	\$ 42,721	\$ 291,159	\$ 64,294
2022	2,325,000	2,097,209	226,000	81,770	301,004	54,449
2023	2,075,000	2,019,115	234,000	74,295	311,182	44,271
2024	2,160,000	1,940,466	241,000	66,576	321,704	33,749
2025	2,240,000	1,855,013	249,000	58,614	332,582	22,871
2026-2030	11,005,000	7,852,890	1,376,000	163,898	343,826	11,626
2031-2035	9,895,000	5,634,756	303,000	4,924	-	-
2036-2040	8,195,000	3,678,150	-	-	-	-
2041-2045	8,430,000	1,973,200	-	-	-	-
2046-2048	4,655,000	277,200	-	-	-	-
	<u>\$ 53,325,000</u>	<u>\$ 29,501,077</u>	<u>\$ 2,629,000</u>	<u>\$ 492,798</u>	<u>\$ 1,901,457</u>	<u>\$ 231,260</u>

### 2. Changes in long-term liabilities

A summary of long-term liability activity, including debt, for the year ended June 30, 2020 is as follows. Additional detailed information is available following the summary.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 55,630,000	\$ -	\$ (2,305,000)	\$ 53,325,000	\$ 2,345,000
Unamortized premiums	6,843,579	-	(334,362)	6,509,217	-
Total bonds	62,473,579	-	(2,639,362)	59,834,217	2,345,000
Notes from direct borrowings	3,025,000	-	(396,000)	2,629,000	-
Settlement obligation	2,488,170	-	(355,453)	2,132,717	355,453
Unamortized discounts	(305,077)	-	73,817	(231,260)	-
Total settlement obligation	2,183,093	-	(281,636)	1,901,457	355,453
Total long-term debt	67,681,672	-	(3,316,998)	64,364,674	2,700,453
Compensated absences	3,577,183	818,630	(317,582)	4,078,231	317,582
	<u>\$ 71,258,855</u>	<u>\$ 818,630</u>	<u>\$ (3,634,580)</u>	<u>\$ 68,442,905</u>	<u>\$ 3,018,035</u>
Business-type activities:					
Compensated absences	\$ 244,647	\$ 7,750	\$ (10,038)	\$ 242,359	\$ 10,038
	<u>\$ 244,647</u>	<u>\$ 7,750</u>	<u>\$ (10,038)</u>	<u>\$ 242,359</u>	<u>\$ 10,038</u>

For governmental activities, compensated absences are generally liquidated by the general fund and general purpose school fund.

## 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, 2020 consists of \$122,133 related to the refunding of the Series 2009 bonds.



**NOTE 9 – FUND BALANCES BY PURPOSE**

Following is more detailed information on the government-wide calculation of the net investment in capital assets:

	Governmental Activities	Business-Type Activities	Total
Capital assets, net of accumulated depreciation	\$ 232,685,562	\$ 64,566,828	\$ 297,252,390
Deferred loss on refunding	122,133	-	122,133
Total outstanding balance of capital debt	(62,463,217)	-	(62,463,217)
Unspent bond proceeds related to debt	1,651,736	-	1,651,736
Net investment in capital assets	<u>\$ 171,996,214</u>	<u>\$ 64,566,828</u>	<u>\$ 236,563,042</u>

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	\$ 109,006	\$ -	\$ -	\$ -	\$ 109,006
Prepaid expenditures	247,180	36,365	-	-	283,545
Library endowment	-	-	-	243,308	243,308
Long-term portion of receivable	125,000	-	-	-	125,000
Total nonspendable fund balance	<u>481,186</u>	<u>36,365</u>	<u>-</u>	<u>243,308</u>	<u>760,859</u>
Restricted for:					
Drug enforcement	-	-	-	367,823	367,823
Federal asset forfeiture	-	-	-	89,666	89,666
Stablization reserve trust	-	371,525	-	-	371,525
Education	-	24,978	-	-	24,978
Total restricted fund balance	<u>-</u>	<u>396,503</u>	<u>-</u>	<u>457,489</u>	<u>853,992</u>
Committed for:					
State street aid	-	-	-	1,089,800	1,089,800
Pickering center	-	-	-	331,779	331,779
Ambulance	-	-	-	446,285	446,285
Farm Park	-	-	-	191,781	191,781
E-citation	-	-	-	54,467	54,467
Recreation	-	-	-	508,505	508,505
Education	-	7,874,456	-	-	7,874,456
Emergency purposes	900,000	-	-	-	900,000
Contingencies	100,000	-	-	-	100,000
Capital projects	691,000	-	2,885,754	5,009,482	8,586,236
Tax anticipation	10,993,236	-	-	-	10,993,236
Debt service	4,841,896	-	-	-	4,841,896
Total committed fund balance	<u>17,526,132</u>	<u>7,874,456</u>	<u>2,885,754</u>	<u>7,632,099</u>	<u>35,918,441</u>
Assigned to:					
Vacation Accrual	2,194,849	-	-	-	2,194,849
Contingencies	605,366	-	-	-	605,366
Major Road Capital Projects	-	-	-	628,770	628,770
Drainage Capital Projects	-	-	-	59,017	59,017
Education	-	12,687,344	-	-	12,687,344
Total assigned fund balance	<u>2,800,215</u>	<u>12,687,344</u>	<u>-</u>	<u>687,787</u>	<u>16,175,346</u>
Unassigned	22,125,703	-	-	(345)	22,125,358
Total fund balances	<u>\$ 42,933,236</u>	<u>\$ 20,994,668</u>	<u>\$ 2,885,754</u>	<u>\$ 9,020,338</u>	<u>\$ 75,833,996</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 Hybrid 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 publicly 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.

For the governmental activities, net pension liability is generally liquidated by the general fund and general purpose school fund.

## NOTE 10 – PENSIONS (CONTINUED)

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

	Net Pension Asset	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
<b>Governmental Activities</b>					
Amended and Restated Plan	\$ -	\$ 19,017,876	\$ 41,858,699	\$ 93,638	\$ 7,320,684
Employee Cash Balance Plan	-	98,340	293,281	166,390	448,117
BOE Legacy Plan	359,232	247,590	-	200,280	188,537
BOE Hybrid Plan	64,764	146,787	-	2,410	6,907
Teacher Legacy Pension Plan	6,566,428	4,888,607	-	5,901,433	2,126,375
Teacher Hybrid Pension Plan	332,243	188,754	-	90,618	102,864
Total governmental activities	<u>\$ 7,322,667</u>	<u>\$ 24,587,954</u>	<u>\$ 42,151,980</u>	<u>\$ 6,454,769</u>	<u>\$ 10,193,484</u>
<b>Business-type Activities</b>					
Amended and Restated Plan	\$ -	\$ 1,906,181	\$ 4,195,541	\$ 9,385	\$ 772,038
Employee Cash Balance Plan	-	6,166	18,389	10,432	27,988
Total business-type activities	<u>\$ -</u>	<u>\$ 1,912,347</u>	<u>\$ 4,213,930</u>	<u>\$ 19,817</u>	<u>\$ 800,026</u>
Total	<u><u>\$ 7,322,667</u></u>	<u><u>\$ 26,500,301</u></u>	<u><u>\$ 46,365,910</u></u>	<u><u>\$ 6,474,586</u></u>	<u><u>\$ 10,993,510</u></u>

### A. General Information about the Pension Plans

#### 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, 2020 while the School TCRS Plans have a measurement date of June 30, 2019. 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	223	-	18	-
Inactive employees entitled to but not yet receiving benefits	107	5	33	28
Active employees	228	163	69	60
	<u>558</u>	<u>168</u>	<u>120</u>	<u>88</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, 2020 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	\$ 3,086,648	\$ 347,300	\$ 215,338	\$ 56,675	\$ 2,294,249	\$ 161,601
Covered payroll	<u>17,069,281</u>	<u>7,019,989</u>	<u>2,322,950</u>	<u>2,636,067</u>	<u>21,582,777</u>	<u>7,960,669</u>
As a percentage of covered payroll	18.08%	4.95%	9.27%	2.15%	10.63%	2.03%

For the year ended June 30, 2020, employer contributions to the School TCRS BOE Hybrid Plan and School TCRS Teacher Hybrid Plan included contributions to the Pension Stabilization Reserve Trust of 1.70% and 1.93%, respectively, as a percentage of covered payroll.

## 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, 2020 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

#### 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, 2020, the annual approximate rate of return on investments was -0.89%. The rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts 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, 2020 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, 2020, the annual approximate rate of return on investments was -1.15%. The rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts 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, 2019 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, 2019 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 reflect more closely 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, 2020 and each TCRS administered plan was measured as of June 30, 2019. 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	\$ 1,265,327	\$ 884,336	\$ 345,843	\$ 86,922		
Interest	8,019,612	101,827	152,825	18,881		
Differences between expected and actual experience	(111,608)	(65,796)	(61,666)	38,810		
Changes in assumptions	-	-	-	-		
Benefit payments, including refunds	(4,938,414)	(56,871)	(37,052)	(8,266)		
Net change in total pension liability	4,234,917	863,496	399,950	136,347		
Total pension liability - beginning	112,451,877	2,064,911	1,780,613	177,632		
Total pension liability - ending	116,686,794	2,928,407	2,180,563	313,979		
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	3,086,648	347,300	227,773	42,157		
Contributions - employee	669,889	429,731	122,856	93,268		
Net investment income (loss)	(639,199)	(24,845)	165,362	22,023		
Benefit payments	(4,938,414)	(56,871)	(37,052)	(8,266)		
Administrative/BOE expense	(217,823)	(8,798)	(6,376)	(5,266)		
Other changes	-	-	-	-		
Net change in plan fiduciary net position	(2,038,899)	686,517	472,563	143,916		
Plan fiduciary net position - beginning	72,671,453	1,930,220	2,067,232	234,827		
Plan fiduciary net position - ending	70,632,554	2,616,737	2,539,795	378,743		
Net pension liability (asset)	\$ 46,054,240	\$ 311,670	\$ (359,232)	\$ (64,764)		
Proportionate share of net pension liability (asset)					\$ (6,566,428)	\$ (332,243)
Proportionate share at June 30, 2019 measurement date					0.638646%	0.588576%
Proportionate share at June 30, 2018 measurement date					0.616054%	0.557613%

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%	\$ 59,940,430	\$ 46,054,240	\$ 33,318,698
Cash Balance Plan	5.00%	1,037,801	311,670	(624,328)
TCRS School BOE Legacy Plan	7.25%	(8,559)	(359,232)	(645,380)
TCRS School BOE Hybrid Plan	7.25%	10,681	(64,764)	(122,838)
<b>Proportionate share of the net pension asset</b>				
TCRS Teacher Legacy Plan	7.25%	\$ 13,426,448	\$ (6,566,428)	\$ (22,470,206)
TCRS Teacher Hybrid Plan	7.25%	105,267	(332,243)	(655,644)



**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, 2020, 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)	\$ 8,092,722	\$ 476,105	\$ 188,537	\$ 6,907	\$ 2,126,375	\$ 102,864
Deferred Outflows of Resources						
Differences between expected and actual experience	\$ 3,434,342	\$ -	\$ 16,068	\$ 88,262	\$ 319,703	\$ 13,776
Net difference between projected and actual earnings on plan investments	6,751,971	104,506	-	-	-	-
Changes in assumptions	10,737,744	-	16,184	1,850	884,860	11,544
Change in proportion of net pension liability (asset)	-	-	-	-	1,389,795	1,833
Contributions subsequent to the measurement date of June 30, 2019	-	-	215,338	56,675	2,294,249	161,601
	<u>\$ 20,924,057</u>	<u>\$ 104,506</u>	<u>\$ 247,590</u>	<u>\$ 146,787</u>	<u>\$ 4,888,607</u>	<u>\$ 188,754</u>
Deferred Inflows of Resources						
Differences between expected and actual experience	\$ 103,023	\$ 176,822	\$ 174,385	\$ -	\$ 4,010,904	\$ 58,000
Net difference between projected and actual earnings on plan investments	-	-	25,895	2,410	1,876,155	14,047
Changes in assumptions	-	-	-	-	-	-
Change in proportion of net pension liability (asset)	-	-	-	-	14,374	18,571
	<u>\$ 103,023</u>	<u>\$ 176,822</u>	<u>\$ 200,280</u>	<u>\$ 2,410</u>	<u>\$ 5,901,433</u>	<u>\$ 90,618</u>

The amounts shown above for "Contributions subsequent to the measurement date of June 30, 2019," 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
2021	\$ 2,878,600	\$ 14,007	\$ (34,448)	\$ 10,542	\$ (89,755)	\$ (8,447)
2022	3,456,881	19,742	(40,625)	10,362	(1,757,614)	(10,596)
2023	3,383,223	20,676	(31,799)	10,901	(833,259)	(6,656)
2024	2,550,815	18,095	(28,152)	11,250	(626,447)	(4,647)
2025	1,379,387	(7,996)	(33,004)	11,366	-	(4,075)
Thereafter	7,172,128	(136,840)	-	33,281	-	(29,044)

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	\$ 7,711,500	\$ 224,851
Interest receivable	10,170	44
Investments		
Domestic common stock	4,612,763	-
Foreign common stock	310,139	-
Fixed income mutual funds	9,265,002	332,157
Equity mutual funds	27,984,706	1,634,085
Balanced mutual fund	-	425,600
Foreign equity collective fund	2,156,880	-
Limited partnerships bond funds	2,232,235	-
Limited partnerships hedge funds	16,349,159	-
Total investments	<u>62,910,884</u>	<u>2,391,842</u>
Total assets	<u>70,632,554</u>	<u>2,616,737</u>
<b>NET POSITION</b>		
Restricted for pension	<u>\$ 70,632,554</u>	<u>\$ 2,616,737</u>
<u>Statements of Changes in Pension Plan Net Position</u>		
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 3,086,648	\$ 347,300
Plan members	669,889	429,731
Total contributions	<u>3,756,537</u>	<u>777,031</u>
Investment earnings (losses):		
Interest and dividends	899,806	39,103
Net appreciation in fair value of investments	<u>(1,539,005)</u>	<u>(63,948)</u>
Total investment earnings	<u>(639,199)</u>	<u>(24,845)</u>
Total additions	3,117,338	752,186
<b>DEDUCTIONS</b>		
Benefits	4,938,414	56,871
Administrative expense	<u>217,823</u>	<u>8,798</u>
Total deductions	<u>5,156,237</u>	<u>65,669</u>
Change in net position	(2,038,899)	686,517
<b>NET POSITION RESTRICTED FOR PENSION</b>		
Beginning of year	<u>72,671,453</u>	<u>1,930,220</u>
End of year	<u>\$ 70,632,554</u>	<u>\$ 2,616,737</u>

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

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### **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 2020, the Board of Education's employer contribution to the Hybrid Plans was \$527,684.

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

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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.

For the governmental activities, net OPEB liability is generally liquidated by the general fund and general purpose school fund.

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

The net OPEB assets, deferred outflows of resources, net OPEB liabilities, and deferred inflows of resources related to OPEBs, and OPEB expense 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	OPEB Expense
<b>Governmental Activities</b>					
City OPEB Plan	\$ -	\$ 4,902,729	\$ 6,680,666	\$ -	\$ 1,440,993
School OPEB Plan	-	1,142,030	6,579,793	354,882	594,253
Total governmental activities	\$ -	\$ 6,044,759	\$ 13,260,459	\$ 354,882	\$ 2,035,246
<b>Business-type Activities</b>					
City OPEB Plan	\$ -	\$ 487,254	\$ 667,437	\$ -	\$ 143,212
Total	\$ -	\$ 6,532,013	\$ 13,927,896	\$ 354,882	\$ 2,178,458

**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 can 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.

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

Employer contributions to each plan for the year ended June 30, 2020 were as follows:

	City OPEB Plan	School OPEB Plan
Employer contributions	\$ 1,123,593	\$ 786,600
Covered employee payroll	23,416,112	22,753,902
As a percentage of covered employee payroll	4.80%	3.46%

### 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, 2020. 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

#### 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, 2020, the annual money-weighted rate of return on investment was -0.77%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts 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 to achieve that return. The final equivalent single discount rate as of June 30, 2020 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 with results projected to the June 30, 2020 measurement date on a “no gain/no loss” basis. Significant assumptions used in the valuation include:

Inflation	3.0%
Salary increases	Based on payroll growth used in TCRS actuarial valuation as of June 30, 2018
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	7.5% initial rate, 4.5% ultimate rate, 7-year grading period

### Investment Policy

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

<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, 2020, the annual money-weighted rate of return on investment was 2.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts 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, 2020 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, 2020, were as follows:

	City OPEB Plan	School OPEB Plan
Total OPEB Liability		
Service cost	\$ 183,386	\$ 176,312
Interest	869,414	593,281
Changes of benefit items	-	-
Differences between expected and actual experience	807,413	(79,147)
Changes in assumptions	-	-
Benefit payments, including refunds	(1,585,261)	(773,071)
Net change in total OPEB liability	274,952	(82,625)
Total OPEB liability - beginning	13,055,736	9,605,844
Total OPEB liability - ending	13,330,688	9,523,219
Plan Fiduciary Net Position		
Contributions - employer	1,158,647	706,600
Contributions - retiree	275,152	80,000
Net investment income	(46,041)	40,638
Benefit payments	(1,585,261)	(773,071)
Administrative expense	(9,441)	(25,000)
Net change in plan fiduciary net position	(206,944)	29,167
Plan fiduciary net position - beginning	6,189,529	2,914,259
Plan fiduciary net position -ending	5,982,585	2,943,426
Net OPEB liability (asset)	\$ 7,348,103	\$ 6,579,793

*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%	\$ 8,525,214	\$ 7,348,103	\$ 6,338,608
School Net OPEB liability (asset)	6.25%	\$ 7,655,438	\$ 6,579,793	\$ 5,659,049

*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)	7% decreasing to 4%	\$ 6,680,490	\$ 7,348,103	\$ 8,310,550
School Net OPEB liability (asset)	7.5% decreasing to 4.5%	\$ 5,957,804	\$ 6,579,793	\$ 7,294,676

**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, 2020, 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>\$ 1,584,205</u>	<u>\$ 594,253</u>
Deferred Outflows of Resources		
Differences between expected and actual experience	\$ 2,140,253	\$ 295,086
Actual earnings on plan investments	547,687	166,272
Changes in assumptions	<u>2,702,043</u>	<u>680,672</u>
	<u>\$ 5,389,983</u>	<u>\$ 1,142,030</u>
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ -	\$ 354,882
Actual earnings on plan investments	-	-
Changes in assumptions	-	-
	<u>\$ -</u>	<u>\$ 354,882</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>
2021	\$ 1,228,102	\$ 127,415
2022	1,257,755	106,267
2023	1,241,263	98,419
2024	286,336	94,432
2025	190,931	65,065
Thereafter	1,185,596	295,550



**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</u> <u>OPEB Fund</u>	<u>School</u> <u>OPEB Fund</u>
<u>Statements of OPEB Trust Net Position</u>		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 768,440	\$ 16,218
Interest receivable	171	420
Accounts receivable	4,050	-
Investments		
Fixed income mutual funds	714,139	987,928
Equity mutual funds	2,885,289	2,123,703
Balanced mutual fund	360,712	-
Limited partnerships bond funds	245,837	-
Limited partnerships hedge funds	1,103,732	-
Total investments	<u>5,309,709</u>	<u>3,111,631</u>
Total assets	<u>6,082,370</u>	<u>3,128,269</u>
<b>LIABILITIES</b>		
Accounts payable	99,785	-
Due to other funds	-	184,843
	<u>99,785</u>	<u>184,843</u>
<b>NET POSITION</b>		
Restricted for OPEB	<u>\$ 5,982,585</u>	<u>\$ 2,943,426</u>
<u>Statements of Changes in OPEB Plan Net Position</u>		
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 1,158,647	\$ 706,600
Total contributions	1,433,799	786,600
Investment earnings (losses):		
Interest and dividends	86,237	66,927
Net appreciation in fair value of investments	(132,278)	(26,289)
Total investment earnings	<u>(46,041)</u>	<u>40,638</u>
Total additions	1,387,758	827,238
<b>DEDUCTIONS</b>		
Benefits	1,360,126	607,498
Administrative expense	9,441	25,000
Total deductions	<u>1,369,567</u>	<u>673,507</u>
Change in net position	18,191	153,731
<b>NET POSITION RESTRICTED FOR OPEB</b>		
Beginning of year	5,964,394	2,789,695
End of year	<u>\$ 5,982,585</u>	<u>\$ 2,943,426</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:

2021	\$ 353,119
2022	341,809
2023	328,481
2024	344,742
2025	348,684
Thereafter	5,931,702
	<u>\$ 7,648,537</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, 2020 was \$285,280. The future minimum lease payments under significant operating leases are as follows for the years ending June 30:

2021	\$ 269,781
2022	269,500
2023	269,171
2024	33,780
2025	2,815
	<u>\$ 845,047</u>

Legal Contingencies

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

**NOTE 14 - RISK MANAGEMENT**

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Insurance Other Than Health Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; employee injuries and other unanticipated casualties; and natural disasters. The City considers it more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for its general liability, workers' compensation, and property and casualty insurance. As such, the City participates in the 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 more than 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

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

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.

There have been no reductions in insurance coverage, and the City has not incurred any losses more than 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:

	2020	2019
Unpaid claims, beginning of fiscal year*	\$ 63,019	\$ 83,652
Claims incurred during the year*	142,215	94,100
Claims payments	(146,063)	(114,733)
Unpaid claims, end of fiscal year*	<u>\$ 59,171</u>	<u>\$ 63,019</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 City and the School maintain a liability comprised of the medical claims incurred prior to but not reported until after June 30, 2020. The amounts were estimated by a third-party administrator and are included in the accounts payable of the governmental activities internal service funds.

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

	2020	2019
Incurred claims but not reported, beginning of fiscal year	\$ 333,317	\$ 674,834
Claims submitted for fiscal year	5,196,731	4,765,759
Total available for claims payments	5,530,048	5,440,593
Claims paid during fiscal year	(5,157,281)	(5,107,276)
Incurred claims but not reported, end of fiscal year	<u>\$ 372,767</u>	<u>\$ 333,317</u>

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

	2020	2019
Incurred claims but not reported, beginning of fiscal year	\$ 401,027	\$ 673,236
Claims submitted for fiscal year	4,700,104	3,581,081
Total available for claims payments	5,101,131	4,254,317
Claims paid during fiscal year	(4,651,455)	(3,853,290)
Incurred claims but not reported, end of fiscal year	<u>\$ 449,676</u>	<u>\$ 401,027</u>

**NOTE 15 – DONOR-RESTRICTED ENDOWMENT**

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In December 2006, the City received \$250,000 as a Library Endowment, the earnings and corpus of which are to be used to support the function of the Library relative to the collection, preservation, and presentation of materials and to promote greater appreciation and understanding of the history of the City and surrounding areas and their inhabitants. The corpus and earnings are held in the LGIP and earmarked for use as directed by the Library Endowment Committee. For the year ended June 30, 2020, the net amount of appreciation on investment of the endowment was \$3,789.

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

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During 2020, 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 begin 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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Total Pension Liability</b>										
Service cost	\$ 1,265,327	\$ 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
Interest	8,019,612	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
Changes of benefit items	-	-	-	-	660,332	-	669,081	-	-	-
Differences between expected and actual experience	(111,608)	742,260	493,735	1,200,719	1,217,222	1,185,371	810,017	(382,255)	1,439,079	(862,794)
Changes in assumptions	-	8,896,166	-	4,636,983	-	-	-	-	(5,630,135)	-
Benefit payments	(4,938,414)	(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)
Net change in total pension liability	4,234,917	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
Total pension liability - beginning	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
Total pension liability - ending	116,686,794	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
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	3,086,648	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
Contributions - employee	669,889	697,216	711,081	768,169	708,541	693,659	698,881	683,344	665,402	639,112
Net investment income	(639,199)	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
Benefit payments	(4,938,414)	(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)
Administrative expense	(217,823)	(223,475)	(225,152)	(113,077)	(109,217)	(115,523)	(179,296)	(166,195)	(149,086)	(222,560)
Net change in plan fiduciary net position	(2,038,899)	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
Plan fiduciary net position - beginning	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
Plan fiduciary net position - ending	70,632,554	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
<b>Net pension liability</b>	<b>\$ 46,054,240</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>Plan fiduciary net position as a percentage of total pension liability</b>	60.53%	64.62%	73.22%	72.69%	73.22%	84.02%	88.28%	80.29%	73.45%	74.17%
<b>Covered payroll</b>	\$ 16,609,384	\$ 17,069,281	\$ 17,720,547	\$ 18,386,870	\$ 19,040,740	\$ 19,043,019	\$ 19,209,705	\$ 20,187,727	\$ 19,214,167	\$ 18,449,784
<b>Net pension liability as a percentage of covered payroll</b>	277.28%	233.05%	149.21%	139.77%	118.80%	65.94%	44.68%	66.10%	88.65%	89.73%

*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**  
**AMENDED AND RESTATED PENSION PLAN**

**Exhibit B-2**

Last Ten Fiscal Years June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 3,069,637	\$ 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
Contributions	3,086,648	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
Contribution deficiency (surplus)	\$ (17,011)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 16,609,384	\$ 17,069,281	\$ 17,720,547	\$ 18,386,870	\$ 19,040,740	\$ 19,043,019	\$ 19,209,705	\$ 20,187,727	\$ 19,214,167	\$ 18,449,784
Contributions as a percentage of covered payroll	18.58%	17.46%	16.51%	11.45%	7.26%	8.37%	11.65%	11.33%	12.01%	12.45%

**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	20 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

**Exhibit B-3**

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	Annual Money-Weighted Rate of Return Net of Investment Expenses
2020	-0.89%
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%



**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**EMPLOYEE CASH BALANCE PENSION PLAN**

**Exhibit B-4**

Last Ten Fiscal Years June 30

	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service cost	\$ 884,336	\$ 682,256	\$ 552,091	\$ 459,963	\$ 295,803	\$ 144,160	\$ 28,439
Interest	101,827	69,214	44,011	21,875	8,126	1,258	-
Changes of benefit items	-	-	-	-	-	-	-
Differences between expected and actual experience	(65,796)	(47,118)	(52,133)	(15,559)	(13,342)	(2,213)	-
Changes in assumptions	-	-	-	-	-	-	-
Benefit payments	(56,871)	(47,440)	(32,365)	(14,736)	(16,523)	(856)	-
Net change in total pension liability	863,496	656,912	511,604	451,543	274,064	142,349	28,439
Total pension liability - beginning	2,064,911	1,407,999	896,395	444,852	170,788	28,439	-
Total pension liability - ending	2,928,407	2,064,911	1,407,999	896,395	444,852	170,788	28,439
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	347,300	284,779	239,598	246,099	82,455	17,925	-
Contributions - employee	429,731	335,473	267,313	220,365	132,159	61,705	10,513
Net investment income	(24,845)	59,394	49,793	48,243	4,319	219	1
Benefit payments	(56,871)	(47,440)	(32,365)	(14,736)	(16,523)	(856)	-
Administrative expense	(8,798)	(7,911)	(6,727)	(480)	(3,921)	(203)	-
Other	-	-	-	-	1,029	-	-
Net change in plan fiduciary net position	686,517	624,295	517,612	499,491	199,518	78,790	10,514
Plan fiduciary net position - beginning	1,930,220	1,305,925	788,313	288,822	89,304	10,514	-
Plan fiduciary net position - ending	2,616,737	1,930,220	1,305,925	788,313	288,822	89,304	10,514
<b>Net pension liability (asset)</b>	<b>\$ 311,670</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 total pension liability</b>	89.36%	93.48%	92.75%	87.94%	64.93%	52.29%	36.97%
<b>Covered payroll</b>	<b>\$ 9,092,100</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>	3.43%	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**

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 347,300	\$ 284,779	\$ 239,598	\$ 163,644	\$ 82,455	\$ 17,925
Contributions	347,300	284,779	239,598	246,099	82,455	17,925
Contribution deficiency (surplus)	\$ -	\$ -	\$ -	\$ (82,455)	\$ -	\$ -
Covered payroll	\$ 9,092,100	\$ 7,019,989	\$ 5,695,568	\$ 4,966,815	\$ 3,272,881	\$ 1,649,109
Contributions as a percentage of covered payroll	3.82%	4.06%	4.21%	4.95%	2.52%	1.09%

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 Net of Investment Expenses
2020	-1.15%
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 (ASSET) AND RELATED RATIOS**  
**LEGACY PUBLIC EMPLOYEE RETIREMENT PLAN OF TCRS**

**Exhibit B-7**

Last Ten Fiscal Years June 30

	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service cost	\$ 345,843	\$ 400,432	\$ 383,628	\$ 419,227	\$ 416,170
Interest	152,825	131,933	99,446	65,393	31,185
Changes of benefit items	(61,666)	(159,084)	-	-	-
Differences between expected and actual experience	-	-	(16,391)	19,334	14,407
Changes in assumptions	-	-	28,322	-	-
Benefit payments	(37,052)	(24,015)	(11,957)	(16,665)	(752)
Net change in total pension liability	399,950	349,266	483,048	487,289	461,010
Total pension liability - beginning	1,780,613	1,431,347	948,299	461,010	-
Total pension liability - ending	2,180,563	1,780,613	1,431,347	948,299	461,010
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	227,773	264,748	291,593	304,673	270,452
Contributions - employee	122,856	142,798	157,278	165,864	145,718
Net investment income	165,362	144,057	130,205	16,955	6,292
Benefit payments	(37,052)	(24,015)	(11,957)	(16,665)	(752)
Administrative expense	(6,376)	(8,162)	(8,178)	(7,944)	(6,804)
Other	-	-	111,076	-	-
Net change in plan fiduciary net position	472,563	519,426	670,017	462,883	414,906
Plan fiduciary net position - beginning	2,067,232	1,547,806	877,789	414,906	-
Plan fiduciary net position - ending	2,539,795	2,067,232	1,547,806	877,789	414,906
<b>Net pension liability (asset)</b>	<b>\$ (359,232)</b>	<b>\$ (286,619)</b>	<b>\$ (116,459)</b>	<b>\$ 70,510</b>	<b>\$ 46,104</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	116.47%	116.10%	108.14%	92.56%	90.00%
<b>Covered payroll</b>	\$ 2,457,098	\$ 2,855,965	\$ 3,145,557	\$ 3,319,098	\$ 2,917,498
<b>Net pension liability as a percentage of covered payroll</b>	-14.62%	-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**

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 188,856	\$ 206,642	\$ 264,748	\$ 291,593	\$ 304,673	\$ 270,452
Contributions	215,338	227,773	264,748	291,593	304,673	270,452
Contribution deficiency (surplus)	\$ (26,482)	\$ (21,131)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,322,950	\$ 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%	9.27%	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 2020 were calculated based on the June 30, 2018 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**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSETS) AND RELATED RATIOS**  
**HYBRID PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
Last Ten Fiscal Years June 30

Exhibit B-9

	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service cost	\$ 86,922	\$ 54,287	\$ 25,937	\$ 4,077	\$ 1,357
Interest	18,881	10,281	4,111	501	102
Changes of benefit items	-	-	-	-	-
Differences between expected and actual experience	38,810	25,649	26,069	21,700	1,138
Changes in assumptions	-	-	2,642	-	-
Benefit payments	(8,266)	(219)	-	-	-
Net change in total pension liability	136,347	89,998	58,759	26,278	2,597
Total pension liability - beginning	177,632	87,634	28,875	2,597	-
Total pension liability - ending	313,979	177,632	87,634	28,875	2,597
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	42,157	50,699	31,017	15,582	776
Contributions - employee	93,268	63,373	38,771	19,477	969
Net investment income	22,023	13,797	7,934	500	26
Benefit payments	(8,266)	(219)	-	-	-
Administrative expense	(5,266)	(4,212)	(2,529)	(1,046)	(30)
Other	-	-	-	-	(58)
Net change in plan fiduciary net position	143,916	123,438	75,193	34,513	1,683
Plan fiduciary net position - beginning	234,827	111,389	36,196	1,683	-
Plan fiduciary net position - ending	378,743	234,827	111,389	36,196	1,683
<b>Net pension liability (asset)</b>	<b>\$ (64,764)</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 total pension liability</b>	120.63%	132.20%	127.11%	125.35%	64.81%
<b>Covered payroll</b>	\$ 1,865,349	\$ 1,267,462	\$ 775,425	\$ 389,537	\$ 19,389
<b>Net pension liability as a percentage of covered payroll</b>	-3.47%	-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**

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 56,675	\$ 42,157	\$ 25,223	\$ 15,896	\$ 7,791	\$ 388
Contributions	56,675	42,157	50,699	31,017	15,582	776
Contribution deficiency (surplus)	\$ -	\$ -	\$ (25,476)	\$ (15,121)	\$ (7,791)	\$ (388)
Covered payroll	\$ 2,636,067	\$ 1,865,349	\$ 1,267,462	\$ 775,425	\$ 389,537	\$ 19,389
Contributions as a percentage of covered payroll	2.15%	2.26%	4.00%	4.00%	4.00%	4.00%

In FY 2020, GMSD placed the actuarially determined contribution rate (2.15%) of covered payroll into the pension plan and placed 1.70% of covered payroll into the Pension Stabilization Reserve Trust

In FY 2019, GMSD placed the actuarially determined contribution rate (2.26%) of covered payroll into the pension plan and placed 1.74% of covered payroll into the Pension Stabilization Reserve Trust

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 2020 were calculated based on the June 30, 2018 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**

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	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.638646%	0.616054%	0.614649%	0.614341%	0.534251%	0.002723%
Proportionate share of the net pension liability (asset)	\$ (6,566,428)	\$ (2,167,844)	\$ (201,103)	\$ 3,839,293	\$ 218,847	\$ (442)
Covered payroll	\$ 21,414,726	\$ 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	-30.66%	-10.05%	-0.93%	17.31%	1.09%	-0.41%
Plan fiduciary net position as a percentage of the total pension liability	104.28%	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**

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required	\$ 2,294,249	\$ 2,239,978	\$ 1,958,758	\$ 1,951,239	\$ 2,004,754	\$ 1,807,972
Contribution in relation to the contractually required contribution	<u>2,294,249</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 21,582,777	\$ 21,414,726	\$ 21,572,180	\$ 21,584,518	\$ 22,176,498	\$ 19,999,692
Contributions as a percentage of covered payroll	10.63%	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**

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	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.588576%	0.557613%	0.555902%	0.501126%	0.600631%
Proportionate share of the net pension liability (asset)	\$ (332,243)	\$ (252,893)	\$ (146,667)	\$ (52,169)	\$ (24,163)
Covered payroll	\$ 6,228,366	\$ 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	-5.33%	-5.19%	-4.20%	-2.37%	-1.94%
Plan fiduciary net position as a percentage of the total pension liability	123.07%	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**

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required	\$ 161,601	\$ 120,830	\$ 79,464	\$ 145,944	\$ 88,299	\$ 31,199
Contribution in relation to the contractually required contribution	<u>161,601</u>	<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>\$ -</u>	<u>\$ (115,451)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,719)</u>
Covered payroll	\$ 7,960,669	\$ 6,228,366	\$ 4,872,882	\$ 3,491,744	\$ 2,204,980	\$ 1,247,965
Contributions as a percentage of covered payroll	2.03%	1.94%	4.00%	4.18%	4.00%	4.00%

In FY 2020, GMSD placed the actuarially determined contribution rate (2.03%) of covered payroll into the pension plan and placed 1.93% of covered payroll into the Pension Stabilization Reserve Trust

In FY 2019, GMSD placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed 2.06% of covered payroll into the Pension Stabilization Reserve Trust

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**

**Exhibit B-15**

Last Ten Fiscal Years June 30

	2020	2019	2018	2017
<b>Total OPEB Liability</b>				
Service cost	\$ 183,386	\$ 183,386	\$ 183,386	\$ 183,386
Interest	869,414	628,131	592,001	551,617
Changes of benefit items	-	-	-	-
Differences between expected and actual experience	807,413	-	810,904	1,054,723
Changes in assumptions	-	4,503,406	-	-
Benefit payments	(1,585,261)	(1,085,149)	(1,123,973)	(1,378,579)
Net change in total OPEB liability	274,952	4,229,774	462,318	411,147
Total OPEB liability - beginning	13,055,736	8,825,962	8,363,644	7,952,497
Total OPEB liability - ending	13,330,688	13,055,736	8,825,962	8,363,644
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	1,158,647	741,248	741,248	491,229
Contributions - employee	275,152	247,245	215,062	180,121
Net investment income	(46,041)	183,727	357,132	578,557
Benefit payments	(1,585,261)	(1,085,149)	(1,123,973)	(1,378,579)
Administrative expense	(9,441)	(23,868)	(16,351)	(17,869)
Net change in plan fiduciary net position	(206,944)	63,203	173,118	(146,541)
Plan fiduciary net position - beginning	6,189,529	6,126,326	5,953,208	6,099,749
Plan fiduciary net position - ending	5,982,585	6,189,529	6,126,326	5,953,208
<b>Net OPEB liability (asset)</b>	<b>\$ 7,348,103</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>	44.88%	47.41%	69.41%	71.18%
<b>Covered payroll</b>	<b>\$ 23,416,112</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>	31.38%	29.40%	11.56%	10.53%

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

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

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CONTRIBUTIONS**  
**CITY OTHER POSTEMPLOYMENT BENEFIT PLAN**

**Exhibit B-16**

Last Ten Fiscal Years June 30

	2020	2019	2018	2017
Actuarially determined contribution	\$ 1,123,593	\$ 741,248	\$ 741,248	\$ 491,229
Contributions	<u>1,158,647</u>	<u>741,248</u>	<u>741,248</u>	<u>491,229</u>
Contribution deficiency (surplus)	<u>\$ (35,054)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,416,112	\$ 23,353,685	\$ 23,353,685	\$ 22,882,490
Contributions as a percentage of covered payroll	4.95%	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, 2020 were determined from the valuation performed as of January 1, 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, closed
Remaining amortization period	5 years
Asset valuation method	Market value
Inflation	2.5%
Healthcare cost trend rates	7% initial, decreasing to an ultimate rate of 4%, 9 year grading
Salary increases	4.0%
Investment rate of return	7.0%, 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 Net of Investment Expenses
2020	-0.77%
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**

**Exhibit B-18**

Last Ten Fiscal Years June 30

	2020	2019	2018	2017
<b>Total OPEB Liability</b>				
Service cost	\$ 176,312	\$ 238,851	\$ 224,642	\$ 863,233
Interest	593,281	566,286	563,950	1,063,416
Changes of benefit items	-	-	-	(8,867,692)
Differences between expected and actual experience	(79,147)	360,661	(291,485)	74,057
Changes in assumptions	-	769,269	-	(104,778)
Benefit payments	(773,071)	(354,364)	(597,414)	(185,730)
Net change in total OPEB liability	(82,625)	1,580,703	(100,307)	(7,157,494)
Total OPEB liability - beginning	9,605,844	8,025,141	8,125,448	15,282,942
Total OPEB liability - ending	9,523,219	9,605,844	8,025,141	8,125,448
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	706,600	725,467	735,092	800,000
Contributions - retiree	80,000	75,000	50,000	40,000
Net investment income	40,638	157,561	109,894	14,084
Benefit payments	(773,071)	(354,364)	(597,414)	(185,730)
Administrative expense	(25,000)	(11,350)	(27,000)	(14,217)
Net change in plan fiduciary net position	29,167	592,314	270,572	654,137
Plan fiduciary net position - beginning	2,914,259	2,321,945	2,051,373	1,397,236
Plan fiduciary net position - ending	2,943,426	2,914,259	2,321,945	2,051,373
<b>Net OPEB liability (asset)</b>	<b>\$ 6,579,793</b>	<b>\$ 6,691,585</b>	<b>\$ 5,703,196</b>	<b>\$ 6,074,075</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	30.91%	30.34%	28.93%	25.25%
<b>Covered employee payroll</b>	<b>\$ 22,753,902</b>	<b>\$ 24,013,320</b>	<b>\$ 28,291,481</b>	<b>\$ 27,467,457</b>
<b>Net OPEB liability as a percentage of covered employee payroll</b>	28.92%	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**

**Exhibit B-19**

Last Ten Fiscal Years June 30

	2020	2019	2018	2017
Actuarially determined contribution	\$ 706,600	\$ 725,467	\$ 735,092	\$ 1,982,233
Contributions	706,600	725,467	735,092	800,000
Contribution deficiency (surplus)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,182,233</u>
Covered employee payroll	\$ 22,753,902	\$ 24,013,320	\$ 28,291,481	\$ 27,467,457
Contributions as a percentage of covered employee payroll	3.11%	3.02%	2.60%	2.91%

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	27 years
Asset valuation method	Market value
Inflation	3.0%
Healthcare cost trend rates	8.0% initial, decreasing to an ultimate rate of 4.5%
Salary increases	Based on payroll growth used in TCRS actuarial valuation as of June 30, 2018.
Investment rate of return	6.25%, net of investment expenses, including infla
Mortality	SOA Pub-2010 General Total Dataset, using scale MP-2018 SOA Pub-2010 Teacher Total Dataset, using scale MP-2018



**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**

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	Annual Money-Weighted Rate of Return Net of Investment Expenses
2020	2.54%
2019	5.10%
2018	7.54%
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, 2020

**Exhibit C-1**

	Special Revenue Funds									
	State Street Aid	Drug Enforcement	Federal Asset Forfeiture	Pickering Center	Farm Park	Ambulance	E-Citation	Recreation	Federal Projects	School Cafeteria
<b>ASSETS</b>										
Cash and cash equivalents	\$ 1,015,173	\$ -	\$ -	\$ 331,426	\$ 215,055	\$ 392,056	\$ 56,907	\$ 606,236	\$ 1,471	\$ 99,120
Investments	18,012	-	-	-	-	-	-	-	-	-
Receivables										
Customer	-	-	-	-	-	-	23,861	-	-	-
Other	-	-	-	65	-	124,776	-	-	-	-
Less allowance for doubtful accounts	-	-	-	-	-	-	(21,405)	-	-	-
Due from other governments	236,504	-	-	-	-	-	-	-	514,648	-
Due from other funds	-	-	-	-	-	-	-	-	-	14,476
Restricted cash and cash equivalents	-	386,905	89,741	9,060	1,640	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,269,689</b>	<b>\$ 386,905</b>	<b>\$ 89,741</b>	<b>\$ 340,551</b>	<b>\$ 216,695</b>	<b>\$ 516,832</b>	<b>\$ 59,363</b>	<b>\$ 606,236</b>	<b>\$ 516,119</b>	<b>\$ 113,596</b>
<b>LIABILITIES</b>										
Accounts payable and accrued liabilities	\$ 179,889	\$ 19,082	\$ 75	\$ (288)	\$ 1,257	\$ 32,607	\$ -	\$ 89,816	\$ 46,859	\$ 20,346
Accrued payroll	-	-	-	-	2,051	37,940	-	7,915	29,325	-
Customer deposits	-	-	-	9,060	1,640	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	434,548	-
Unearned revenue	-	-	-	-	19,966	-	-	-	5,387	93,595
<b>Total liabilities</b>	<b>179,889</b>	<b>19,082</b>	<b>75</b>	<b>8,772</b>	<b>24,914</b>	<b>70,547</b>	<b>-</b>	<b>97,731</b>	<b>516,119</b>	<b>113,941</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue - grants	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - other	-	-	-	-	-	-	4,896	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,896</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	367,823	89,666	-	-	-	-	-	-	-
Committed	1,089,800	-	-	331,779	191,781	446,285	54,467	508,505	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(345)
<b>Total fund balances</b>	<b>1,089,800</b>	<b>367,823</b>	<b>89,666</b>	<b>331,779</b>	<b>191,781</b>	<b>446,285</b>	<b>54,467</b>	<b>508,505</b>	<b>-</b>	<b>(345)</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,269,689</b>	<b>\$ 386,905</b>	<b>\$ 89,741</b>	<b>\$ 340,551</b>	<b>\$ 216,695</b>	<b>\$ 516,832</b>	<b>\$ 59,363</b>	<b>\$ 606,236</b>	<b>\$ 516,119</b>	<b>\$ 113,596</b>

(CONTINUED ON NEXT PAGE)

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2020

**Exhibit C-1**

	Capital Projects						Permanent	Total	
	Major Roads	Intersections	General Government Projects	Fire Department	Parks Improvement	Municipal School Projects	Drainage Projects	Library Endowment	Nonmajor Governmental Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 1,532,186	\$ 1,438,277	\$ 364,915	\$ 116,355	\$ 1,427,441	\$ 1,242,089	\$ 369,475	\$ -	\$ 9,208,182
Investments	-	-	-	-	-	-	-	-	18,012
Receivables									
Customer	-	-	-	-	-	-	-	-	23,861
Other	-	-	-	-	-	-	-	-	124,841
Less allowance for doubtful accounts	-	-	-	-	-	-	-	-	(21,405)
Due from other governments	282,914	367,378	-	-	241,667	-	10,040	-	1,653,151
Due from other funds	-	-	-	-	-	-	-	-	14,476
Restricted cash and cash equivalents	-	-	-	-	-	557,268	-	243,308	1,287,922
<b>Total assets</b>	<b>\$ 1,815,100</b>	<b>\$ 1,805,655</b>	<b>\$ 364,915</b>	<b>\$ 116,355</b>	<b>\$ 1,669,108</b>	<b>\$ 1,799,357</b>	<b>\$ 379,515</b>	<b>\$ 243,308</b>	<b>\$ 12,309,040</b>
<b>LIABILITIES</b>									
Accounts payable and accrued liabilities	\$ 583,892	\$ 167,155	\$ 240,425	\$ -	\$ 164,673	\$ 4,584	\$ 10,535	\$ -	\$ 1,560,907
Accrued payroll	-	-	-	-	-	-	-	-	77,231
Customer deposits	-	-	-	-	-	-	-	-	10,700
Due to other funds	-	-	-	-	-	219,767	-	-	654,315
Unearned revenue	-	-	-	-	-	-	-	-	118,948
<b>Total liabilities</b>	<b>583,892</b>	<b>167,155</b>	<b>240,425</b>	<b>-</b>	<b>164,673</b>	<b>224,351</b>	<b>10,535</b>	<b>-</b>	<b>2,422,101</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue - grants	254,567	355,431	-	-	241,667	-	10,040	-	861,705
Unavailable revenue - other	-	-	-	-	-	-	-	-	4,896
<b>Total deferred inflows of resources</b>	<b>254,567</b>	<b>355,431</b>	<b>-</b>	<b>-</b>	<b>241,667</b>	<b>-</b>	<b>10,040</b>	<b>-</b>	<b>866,601</b>
<b>FUND BALANCES</b>									
Nonspendable	-	-	-	-	-	-	-	243,308	243,308
Restricted	-	-	-	-	-	-	-	-	457,489
Committed	347,871	1,283,069	124,490	116,355	1,262,768	1,575,006	299,923	-	7,632,099
Assigned	628,770	-	-	-	-	-	59,017	-	687,787
Unassigned	-	-	-	-	-	-	-	-	(345)
<b>Total fund balances</b>	<b>976,641</b>	<b>1,283,069</b>	<b>124,490</b>	<b>116,355</b>	<b>1,262,768</b>	<b>1,575,006</b>	<b>358,940</b>	<b>243,308</b>	<b>9,020,338</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,815,100</b>	<b>\$ 1,805,655</b>	<b>\$ 364,915</b>	<b>\$ 116,355</b>	<b>\$ 1,669,108</b>	<b>\$ 1,799,357</b>	<b>\$ 379,515</b>	<b>\$ 243,308</b>	<b>\$ 12,309,040</b>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

Exhibit C-2

	<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>Federal Projects</b>	<b>School Cafeteria</b>
<b>REVENUES</b>										
Intergovernmental										
State gas tax	\$ 1,425,915	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	24,978	28,870	1,204,811	-	546,966	-	969,897
Fines, forfeitures, and penalties	-	152,159	1,915	-	-	-	26,501	-	-	-
Federal, state and other grants	-	59,847	81,562	-	1,250	37,445	-	-	2,743,649	258,440
Interest on investments	10,453	-	-	-	-	1,349	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	24,294	-	19,419	-	33,069	-	1,869
Total revenues	<u>1,436,368</u>	<u>212,006</u>	<u>83,477</u>	<u>49,272</u>	<u>30,120</u>	<u>1,263,024</u>	<u>26,501</u>	<u>580,035</u>	<u>2,743,649</u>	<u>1,230,206</u>
<b>EXPENDITURES</b>										
Current										
Public safety	-	251,153	11,143	-	-	2,005,686	-	-	-	-
Transportation and environment	2,284,300	-	-	-	-	-	-	-	-	-
Community services	-	-	-	69,280	114,018	-	-	560,845	-	-
Education	-	-	-	-	-	-	-	-	2,659,584	1,203,054
Capital outlays	-	-	-	-	-	-	-	-	-	74,670
Total expenditures	<u>2,284,300</u>	<u>251,153</u>	<u>11,143</u>	<u>69,280</u>	<u>114,018</u>	<u>2,005,686</u>	<u>-</u>	<u>560,845</u>	<u>2,659,584</u>	<u>1,277,724</u>
Excess (deficiency) of revenues over (under) expenditures	(847,932)	(39,147)	72,334	(20,008)	(83,898)	(742,662)	26,501	19,190	84,065	(47,518)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	1,250,000	-	-	-	100,000	850,000	-	-	-	14,476
Transfers out	-	-	-	-	-	-	-	-	(84,065)	-
Total other financing sources and uses	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>850,000</u>	<u>-</u>	<u>-</u>	<u>(84,065)</u>	<u>14,476</u>
Net change in fund balances	402,068	(39,147)	72,334	(20,008)	16,102	107,338	26,501	19,190	-	(33,042)
Fund balances - beginning	687,732	406,970	17,332	351,787	175,679	338,947	27,966	489,315	-	32,697
Fund balances - ending	<u>\$ 1,089,800</u>	<u>\$ 367,823</u>	<u>\$ 89,666</u>	<u>\$ 331,779</u>	<u>\$ 191,781</u>	<u>\$ 446,285</u>	<u>\$ 54,467</u>	<u>\$ 508,505</u>	<u>\$ -</u>	<u>\$ (345)</u>

(CONTINUED ON NEXT PAGE)

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

**Exhibit C-2**

	Capital Projects						Permanent	Total	
	Major Roads	Intersections	General Government Projects	Fire Department	Parks Improvement	Municipal School Projects	Drainage Projects	Library Endowment	Nonmajor Governmental Funds
<b>REVENUES</b>									
Intergovernmental									
State gas tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,425,915
Charges for services	-	-	-	-	-	-	-	-	2,775,522
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-	180,575
Federal, state and other grants	1,052,740	1,327,918	-	-	244,586	-	16,212	-	5,823,649
Interest on investments	-	-	-	-	-	24,822	-	3,789	40,413
Donations	-	7,600	2,751,260	-	-	-	-	-	2,758,860
Other	-	-	-	-	-	-	-	-	78,651
Total revenues	<u>1,052,740</u>	<u>1,335,518</u>	<u>2,751,260</u>	<u>-</u>	<u>244,586</u>	<u>24,822</u>	<u>16,212</u>	<u>3,789</u>	<u>13,083,585</u>
<b>EXPENDITURES</b>									
Current									
Public safety	-	-	-	-	-	-	-	-	2,267,982
Transportation and environment	-	-	-	-	-	-	-	-	2,284,300
Community services	-	-	-	-	-	-	-	-	744,143
Education	-	-	-	-	-	200,000	-	-	4,062,638
Capital outlays	3,607,073	1,528,170	3,946,993	1,190,960	1,106,578	-	1,014,618	-	12,469,062
Total expenditures	<u>3,607,073</u>	<u>1,528,170</u>	<u>3,946,993</u>	<u>1,190,960</u>	<u>1,106,578</u>	<u>200,000</u>	<u>1,014,618</u>	<u>-</u>	<u>21,828,125</u>
Excess (deficiency) of revenues over (under) expenditures	(2,554,333)	(192,652)	(1,195,733)	(1,190,960)	(861,992)	(175,178)	(998,406)	3,789	(8,744,540)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	600,000	400,000	560,000	3,900,000	440,000	-	8,114,476
Transfers out	-	-	-	-	-	(6,293,123)	-	-	(6,377,188)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>400,000</u>	<u>560,000</u>	<u>(2,393,123)</u>	<u>440,000</u>	<u>-</u>	<u>1,737,288</u>
Net change in fund balances	(2,554,333)	(192,652)	(595,733)	(790,960)	(301,992)	(2,568,301)	(558,406)	3,789	(7,007,252)
Fund balances - beginning	3,530,974	1,475,721	720,223	907,315	1,564,760	4,143,307	917,346	239,519	16,027,590
Fund balances - ending	<u>\$ 976,641</u>	<u>\$ 1,283,069</u>	<u>\$ 124,490</u>	<u>\$ 116,355</u>	<u>\$ 1,262,768</u>	<u>\$ 1,575,006</u>	<u>\$ 358,940</u>	<u>\$ 243,308</u>	<u>\$ 9,020,338</u>

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit C-3**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
STATE STREET AID FUND**

For the Year Ended June 30, 2020

	<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	\$ 1,420,000	\$ 1,420,000	\$ 730,214	\$ (689,786)
Gas 1989	-	-	115,453	115,453
Gas 3 cent	-	-	580,248	580,248
Interest income	2,500	2,500	10,453	7,953
Total revenues	<u>1,422,500</u>	<u>1,422,500</u>	<u>1,436,368</u>	<u>13,868</u>
<b>EXPENDITURES:</b>				
Public Works				
Materials and supplies	3,550,000	3,561,565	1,329,454	2,232,111
Other charges	920,000	954,850	954,846	4
Total expenditures	<u>4,470,000</u>	<u>4,516,415</u>	<u>2,284,300</u>	<u>2,232,115</u>
Deficiency of revenues under expenditures	(3,047,500)	(3,093,915)	(847,932)	2,245,983
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,250,000</u>	<u>(1,750,000)</u>
Net change in fund balances	<u>\$ (47,500)</u>	<u>\$ (93,915)</u>	402,068	<u>\$ 495,983</u>
Fund balances - beginning			<u>687,732</u>	
Fund balances - ending			<u>\$ 1,089,800</u>	



**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit C-4**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
DRUG ENFORCEMENT FUND**

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines and forfeitures	\$ 300,000	\$ 300,000	\$ 152,159	\$ (147,841)
Federal, state, and other grants	-	-	59,847	59,847
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>212,006</u>	<u>(87,994)</u>
<b>EXPENDITURES:</b>				
Public Safety				
Salaries	36,000	36,000	35,999	1
Benefits	75,000	75,000	66,334	8,666
Materials and supplies	138,000	138,000	121,709	16,291
Other charges	12,750	12,750	457	12,293
Capital outlay	35,000	35,000	26,654	8,346
Total expenditures	<u>296,750</u>	<u>296,750</u>	<u>251,153</u>	<u>45,597</u>
Net change in fund balances	<u>\$ 3,250</u>	<u>\$ 3,250</u>	(39,147)	<u>\$ (42,397)</u>
Fund balances - beginning			<u>406,970</u>	
Fund balances - ending			<u>\$ 367,823</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FEDERAL ASSET FORFEITURE FUND**  
For the Year Ended June 30, 2020

**Exhibit C-5**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines and forfeitures	\$ 50,000	\$ 50,000	\$ 1,915	\$ (48,085)
Federal, state, and other grants	-	-	81,562	81,562
<b>Total Revenues</b>	<u>50,000</u>	<u>50,000</u>	<u>83,477</u>	<u>33,477</u>
<b>EXPENDITURES:</b>				
Public Safety				
Salaries	5,000	5,000	1,916	3,084
Benefits	20,000	20,000	-	20,000
Materials and supplies	25,000	25,000	9,227	15,773
<b>Total expenditures</b>	<u>50,000</u>	<u>50,000</u>	<u>11,143</u>	<u>38,857</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	72,334	<u>\$ 72,334</u>
Fund balances - beginning			<u>17,332</u>	
Fund balances - ending			<u>\$ 89,666</u>	

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

**Exhibit C-6**

For the Year Ended June 30, 2020

	<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	\$ 42,000	\$ 42,000	\$ 24,978	\$ (17,022)
Other income	59,500	59,500	24,294	(35,206)
Total revenues	<u>101,500</u>	<u>101,500</u>	<u>49,272</u>	<u>(52,228)</u>
<b>EXPENDITURES:</b>				
Community Services				
Contractual services	44,580	44,026	21,764	22,262
Materials and supplies	2,000	2,000	134	1,866
Other charges	16,734	16,734	11,638	5,096
Capital outlay	30,000	65,690	35,744	29,946
Total expenditures	<u>93,314</u>	<u>128,450</u>	<u>69,280</u>	<u>59,170</u>
Net change in fund balances	<u>\$ 8,186</u>	<u>\$ (26,950)</u>	(20,008)	<u>\$ 6,942</u>
Fund balances - beginning			<u>351,787</u>	
Fund balances - ending			<u>\$ 331,779</u>	

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

**Exhibit C-7**

For the Year Ended June 30, 2020

	<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	\$ 39,400	\$ 39,400	\$ 28,870	\$ (10,530)
Federal, state, and other grants	1,000	1,000	1,250	250
Total revenues	<u>40,400</u>	<u>40,400</u>	<u>30,120</u>	<u>(10,280)</u>
<b>EXPENDITURES:</b>				
Community Services				
Salaries	70,035	70,035	55,429	14,606
Benefits	20,070	20,102	16,467	3,635
Contractual services	21,800	26,749	12,429	14,320
Materials and supplies	17,200	21,477	12,282	9,195
Other charges	29,938	29,873	17,411	12,462
Total expenditures	<u>159,043</u>	<u>168,236</u>	<u>114,018</u>	<u>54,218</u>
Deficiency of revenues under expenditures	(118,643)	(127,836)	(83,898)	43,938
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (18,643)</u>	<u>\$ (27,836)</u>	16,102	<u>\$ 43,938</u>
Fund balances - beginning			<u>175,679</u>	
Fund balances - ending			<u>\$ 191,781</u>	

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit C-8**

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

For the Year Ended June 30, 2020

	<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	\$ 1,204,811	\$ (75,189)
Federal, state, and other grants	-	-	37,445	37,445
Interest income	-	-	1,349	1,349
Other income	-	-	19,419	19,419
Total revenues	<u>1,280,000</u>	<u>1,280,000</u>	<u>1,263,024</u>	<u>(16,976)</u>
<b>EXPENDITURES:</b>				
Public Safety				
Salaries	1,232,756	1,215,079	1,215,018	61
Benefits	464,384	473,842	424,089	49,753
Contractual services	68,404	94,563	100,407	(5,844)
Materials and supplies	120,785	146,732	122,133	24,599
Other charges	100,288	98,988	94,769	4,219
Capital outlay	50,000	50,000	49,270	730
Total expenditures	<u>2,036,617</u>	<u>2,079,204</u>	<u>2,005,686</u>	<u>73,518</u>
Deficiency of revenues under expenditures	(756,617)	(799,204)	(742,662)	56,542
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>800,000</u>	<u>850,000</u>	<u>850,000</u>	<u>-</u>
Net change in fund balances	<u>\$ 43,383</u>	<u>\$ 50,796</u>	107,338	<u>\$ 56,542</u>
Fund balances - beginning			<u>338,947</u>	
Fund balances - ending			<u>\$ 446,285</u>	

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit C-9**

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

For the Year Ended June 30, 2020

	<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	\$ 31,050	\$ 31,050	\$ 26,501	\$ (4,549)
<b>EXPENDITURES:</b>				
Public Safety				
Materials and supplies	3,000	3,000	-	3,000
Net change in fund balances	<u>\$ 28,050</u>	<u>\$ 28,050</u>	26,501	<u>\$ (1,549)</u>
Fund balances - beginning			<u>27,966</u>	
Fund balances - ending			<u>\$ 54,467</u>	

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit C-10**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
RECREATION FUND**

For the Year Ended June 30, 2020

	<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	\$ 683,670	\$ 683,670	\$ 546,966	\$ (136,704)
Other Income	-	-	33,069	33,069
Total revenues	<u>683,670</u>	<u>683,670</u>	<u>580,035</u>	<u>(103,635)</u>
<b>EXPENDITURES:</b>				
Community Services				
Salaries	385,114	371,369	211,594	159,775
Benefits	76,464	76,464	59,000	17,464
Contractual services	141,102	141,102	76,862	64,240
Materials and supplies	96,100	96,100	56,200	39,900
Other charges	24,286	53,595	72,705	(19,110)
Capital outlay	170,000	88,986	84,484	4,502
Total expenditures	<u>893,066</u>	<u>827,616</u>	<u>560,845</u>	<u>266,771</u>
Net change in fund balances	<u>\$ (209,396)</u>	<u>\$ (143,946)</u>	19,190	<u>\$ 163,136</u>
Fund balances - beginning			<u>489,315</u>	
Fund balances - ending			<u>\$ 508,505</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FEDERAL PROJECTS FUND**  
For the Year Ended June 30, 2020

**Exhibit C-11**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal, state, and other grants	\$ 3,281,565	\$ 4,106,793	\$ 2,743,649	\$ (1,363,144)
<b>EXPENDITURES:</b>				
Education				
Regular Instruction				
Salaries	290,135	278,620	253,414	25,206
Benefits	60,544	58,439	48,519	9,920
Contractual services	36,400	36,400	25,018	11,382
Materials and supplies	821,497	1,116,278	619,887	496,391
Special Education				
Salaries	718,135	718,135	636,616	81,519
Benefits	269,263	269,263	207,215	62,048
Contractual services	5,387	35,387	24,689	10,698
Materials and supplies	67,784	195,896	63,001	132,895
Technical Education				
Materials and supplies	36,742	87,933	66,994	20,939
Health Services				
Materials and supplies	5,925	5,925	1,015	4,910
Other Student Support				
Contractual services	34,982	27,215	5,615	21,600
Materials and supplies	5,200	5,200	-	5,200
Regular Instruction Support				
Salaries	289,641	289,641	204,101	85,540
Benefits	79,575	79,575	52,771	26,804
Contractual services	-	104,970	54,918	50,052
Materials and supplies	14,429	35,429	12,946	22,483
Other charges	316,210	434,720	221,734	212,986
Special Education Support				
Salaries	33,209	33,209	31,098	2,111
Benefits	10,637	10,637	9,362	1,275
Contractual services	367	-	-	-
Materials and supplies	26,971	37,418	9,708	27,710
Other charges	43,226	82,146	46,780	35,366
Technical Support				
Materials and supplies	24,574	20,742	13,567	7,175
Other charges	2,593	-	-	-
Transportation				
Materials and supplies	2,500	6,000	226	5,774
Other charges	1,025	53,000	50,390	2,610
Total expenditures	<u>3,196,951</u>	<u>4,022,178</u>	<u>2,659,584</u>	<u>1,362,594</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	84,614	84,615	84,065	(550)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(84,614)</u>	<u>(84,614)</u>	<u>(84,065)</u>	<u>549</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 1</u>	<u>-</u>	<u>\$ (1)</u>
Fund balances - beginning			<u>-</u>	
Fund balances - ending			<u>\$ -</u>	



**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SCHOOL CAFETERIA FUND**  
For the Year Ended June 30, 2020

**Exhibit C-12**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 1,158,723	\$ 1,158,723	\$ 969,897	\$ (188,826)
Federal, state, and other grants	337,346	337,346	258,440	(78,906)
Other income	10,000	10,000	1,869	(8,131)
Total revenues	<u>1,506,069</u>	<u>1,506,069</u>	<u>1,230,206</u>	<u>(275,863)</u>
<b>EXPENDITURES:</b>				
Education				
Cafeteria				
Contractual services	1,487,069	1,487,069	1,127,040	360,029
Materials and supplies	7,000	7,000	43,381	(36,381)
Other charges	40,000	42,000	32,633	9,367
Total education	<u>1,534,069</u>	<u>1,536,069</u>	<u>1,203,054</u>	<u>333,015</u>
<b>CAPITAL OUTLAY</b>	137,000	135,000	74,670	60,330
Total expenditures	<u>1,671,069</u>	<u>1,671,069</u>	<u>1,277,724</u>	<u>(393,345)</u>
Deficiency of revenues under expenditures	(165,000)	(165,000)	(47,518)	117,482
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>14,476</u>	<u>(85,524)</u>
Net change in fund balances	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>	<u>(33,042)</u>	<u>\$ 31,958</u>
Fund balances - beginning			<u>32,697</u>	
Fund balances - ending			<u>\$ (345)</u>	

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit C-13**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
MAJOR ROADS FUND**

For the Year Ended June 30, 2020

	<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	\$ -	\$ -	\$ 1,052,740	\$ 1,052,740
<b>EXPENDITURES:</b>				
Capital Outlay				
Professional services	925,000	999,130	127,026	872,104
Land	50,000	50,000	40,172	9,828
Other Improvements	825,000	4,255,703	3,439,875	815,828
Total expenditures	<u>1,800,000</u>	<u>5,304,833</u>	<u>3,607,073</u>	<u>1,697,760</u>
Net change in fund balances	<u>\$ (1,800,000)</u>	<u>\$ (5,304,833)</u>	(2,554,333)	<u>\$ 2,750,500</u>
Fund balances - beginning			<u>3,530,974</u>	
Fund balances - ending			<u>\$ 976,641</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**INTERSECTIONS FUND**  
For the Year Ended June 30, 2020

**Exhibit C-14**

	<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	\$ -	\$ -	\$ 1,327,918	\$ 1,327,918
Donations	-	-	7,600	7,600
Total revenues	-	-	1,335,518	1,335,518
<b>EXPENDITURES:</b>				
Capital Outlay				
Professional services	1,405,000	1,058,444	222,053	836,391
Land	4,230,000	4,230,000	-	4,230,000
Other improvements	140,000	1,574,943	1,306,117	268,826
Total expenditures	5,775,000	6,863,387	1,528,170	5,335,217
Deficiency of revenues under expenditures	(5,775,000)	(6,863,387)	(192,652)	6,670,735
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	110,000	110,000	-	(110,000)
Net change in fund balances	<u>\$ (5,665,000)</u>	<u>\$ (6,753,387)</u>	(192,652)	<u>\$ 6,560,735</u>
Fund balances - beginning			<u>1,475,721</u>	
Fund balances - ending			<u>\$ 1,283,069</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL GOVERNMENT PROJECTS FUND**  
For the Year Ended June 30, 2020

**Exhibit C-15**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Donations	\$ -	\$ -	\$ 2,751,260	\$ 2,751,260
<b>EXPENDITURES:</b>				
Capital Outlay				
Professional services	63,000	83,787	62,859	20,928
Land	175,000	1,880,351	2,307,793	(427,442)
Buildings	54,000	115,168	115,139	29
Other improvements	-	406,910	406,910	-
Equipment	243,000	243,644	1,054,292	(810,648)
Total expenditures	<u>535,000</u>	<u>2,729,860</u>	<u>3,946,993</u>	<u>(1,217,133)</u>
Deficiency of revenues under expenditures	(535,000)	(2,729,860)	(1,195,733)	1,534,127
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>-</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (535,000)</u>	<u>\$ (2,129,860)</u>	<u>(595,733)</u>	<u>\$ 1,534,127</u>
Fund balances - beginning			<u>720,223</u>	
Fund balances - ending			<u>\$ 124,490</u>	

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

**Exhibit C-16**

For the Year Ended June 30, 2020

	<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				
Professional services	\$ -	\$ 52,094	\$ 52,094	\$ -
Equipment	245,000	1,138,866	1,138,866	-
<b>Total Expenditures</b>	<u>245,000</u>	<u>1,190,960</u>	<u>1,190,960</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(245,000)	(1,190,960)	(1,190,960)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>250,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balances	<u>\$ 5,000</u>	<u>\$ (790,960)</u>	<u>(790,960)</u>	<u>\$ -</u>
Fund balances - beginning			<u>907,315</u>	
Fund balances - ending			<u>\$ 116,355</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**PARKS IMPROVEMENT FUND**  
For the Year Ended June 30, 2020

**Exhibit C-17**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal, state, and other grants	\$ -	\$ -	\$ 244,586	\$ 244,586
<b>EXPENDITURES:</b>				
Capital Outlay				
Professional services	90,000	222,852	208,810	14,042
Land	4,630,000	2,978,978	478,978	2,500,000
Other improvements	910,000	963,562	416,585	546,977
Equipment	-	4,780	2,205	2,575
Total expenditures	<u>5,630,000</u>	<u>4,170,172</u>	<u>1,106,578</u>	<u>3,063,594</u>
Deficiency of revenues under expenditures	(5,630,000)	(4,170,172)	(861,992)	3,308,180
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>900,000</u>	<u>560,000</u>	<u>560,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (4,730,000)</u>	<u>\$ (3,610,172)</u>	<u>(301,992)</u>	<u>\$ 3,308,180</u>
Fund balances - beginning			<u>1,564,760</u>	
Fund balances - ending			<u>\$ 1,262,768</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GERMANTOWN MUNICIPAL SCHOOLS PROJECTS FUND**  
For the Year Ended June 30, 2020

**Exhibit C-18**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other income	\$ -	\$ -	\$ 24,822	\$ 24,822
<b>EXPENDITURES:</b>				
Education	-	-	200,000	200,000
Total expenditures	-	-	200,000	200,000
Deficiency of revenues under expenditures	-	-	(175,178)	(175,178)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	3,900,000	3,900,000	-
Transfers out	2,200,000	(8,900,000)	(6,293,123)	2,606,877
Total other financing sources (uses)	2,200,000	(5,000,000)	(2,393,123)	2,606,877
Net change in fund balances	<u>\$ 2,200,000</u>	<u>\$ (5,000,000)</u>	(2,568,301)	<u>\$ 2,431,699</u>
Fund balances - beginning			<u>4,143,307</u>	
Fund balances - ending			<u>\$ 1,575,006</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**DRAINAGE PROJECTS FUND**  
For the Year Ended June 30, 2020

**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>				
Federal, state, and other grants	\$ -	\$ -	\$ 16,212	\$ 16,212
<b>EXPENDITURES:</b>				
Capital outlay				
Professional services	150,000	214,757	224,797	(10,040)
Land	875,000	876,800	762,890	113,910
Other improvements	50,000	54,385	26,931	27,454
Other	250,000	3,059	-	3,059
Total expenditures	<u>1,325,000</u>	<u>1,149,001</u>	<u>1,014,618</u>	<u>134,383</u>
Deficiency of revenues under expenditures	(1,325,000)	(1,149,001)	(998,406)	150,595
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>740,000</u>	<u>440,000</u>	<u>440,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (585,000)</u>	<u>\$ (709,001)</u>	<u>(558,406)</u>	<u>\$ 150,595</u>
Fund balances - beginning			<u>917,346</u>	
Fund balances - ending			<u>\$ 358,940</u>	



**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit C-20**

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

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest income	\$ -	\$ -	\$ 3,789	\$ 3,789
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	3,789	<u>\$ 3,789</u>
Fund balances - beginning			<u>239,519</u>	
Fund balances - ending			<u>\$ 243,308</u>	

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
June 30, 2020

**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	\$ 1,296,085	\$ 504,274	\$ 862,107	\$ 2,662,466
Investments	22,960	-	-	22,960
Receivables				
Customers	261,265	24,741	87,585	373,591
Less allowance for doubtful accounts	(28,661)	(24,741)	(28,453)	(81,855)
Due from other funds	-	-	17,285	17,285
Restricted investments	-	63,528	-	63,528
Total current assets	<u>1,551,649</u>	<u>567,802</u>	<u>938,524</u>	<u>3,057,975</u>
Noncurrent assets:				
Capital assets, being depreciated, net	117,789	393,042	279,406	790,237
Total assets	<u>1,669,438</u>	<u>960,844</u>	<u>1,217,930</u>	<u>3,848,212</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension	16,739	1,338	422,666	440,743
Related to OPEB	15,631	26,949	83,545	126,125
Total deferred outflows of resources	<u>32,370</u>	<u>28,287</u>	<u>506,211</u>	<u>566,868</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	374,630	8,946	9,645	393,221
Accrued payroll	2,493	5,500	14,178	22,171
Customer deposits	-	63,528	-	63,528
Unearned revenue	75,403	-	-	75,403
Due to other funds	40,047	-	-	40,047
Total current liabilities	<u>492,573</u>	<u>77,974</u>	<u>23,823</u>	<u>594,370</u>
Noncurrent liabilities:				
Accrued compensated absences	2,210	9,741	9,729	21,680
Net pension liability	36,843	3,989	930,296	971,128
Net OPEB liability	21,411	36,916	114,439	172,766
Total noncurrent liabilities	<u>60,464</u>	<u>50,646</u>	<u>1,054,464</u>	<u>1,165,574</u>
Total liabilities	<u>553,037</u>	<u>128,620</u>	<u>1,078,287</u>	<u>1,759,944</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pension	82	2,263	2,081	4,426
<b>NET POSITION</b>				
Net investment in capital assets	117,789	393,042	279,406	790,237
Unrestricted	1,030,900	465,206	364,367	1,860,473
Total net position	<u>\$ 1,148,689</u>	<u>\$ 858,248</u>	<u>\$ 643,773</u>	<u>\$ 2,650,710</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
For the Year Ended June 30, 2020

**Exhibit D-2**

	<b>Sanitation Fund</b>	<b>Great Hall Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>				
Sanitation fees	\$ 4,909,470	\$ -	\$ -	\$ 4,909,470
Stormwater fees	-	-	1,032,324	1,032,324
Forfeited discounts	36,589	-	-	36,589
Rental income	-	375,349	-	375,349
Other	68	3,045	-	3,113
Total operating revenues	<u>4,946,127</u>	<u>378,394</u>	<u>1,032,324</u>	<u>6,356,845</u>
<b>Operating Expenses:</b>				
Salaries	53,438	139,047	350,613	543,098
Benefits	26,112	42,095	274,102	342,309
Contractual services	4,651,022	15,894	-	4,666,916
Utilities	-	41,570	533	42,103
Materials and supplies	-	64,200	312,190	376,390
Other service charges	22,628	89,992	1,440	114,060
Expense reimbursement	-	16,633	42,929	59,562
Depreciation	15,474	79,164	26,547	121,185
Total operating expenses	<u>4,768,674</u>	<u>488,595</u>	<u>1,008,354</u>	<u>6,265,623</u>
Operating income (loss)	177,453	(110,201)	23,970	91,222
<b>Nonoperating Revenues (Expenses):</b>				
Interest	22,318	9,561	12,899	44,778
Bond interest and fiscal charges	-	(1,960)	-	(1,960)
Total non-operating expenses	<u>22,318</u>	<u>7,601</u>	<u>12,899</u>	<u>42,818</u>
Income (loss) before transfers	199,771	(102,600)	36,869	134,040
Transfers in	-	75,000	-	75,000
Change in net position	<u>199,771</u>	<u>(27,600)</u>	<u>36,869</u>	<u>209,040</u>
Total net position - beginning	<u>948,918</u>	<u>885,848</u>	<u>606,904</u>	<u>2,441,670</u>
Total net position - ending	<u>\$ 1,148,689</u>	<u>\$ 858,248</u>	<u>\$ 643,773</u>	<u>\$ 2,650,710</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
For the Year Ended June 30, 2020

**Exhibit D-3**

	<u>Sanitation Fund</u>	<u>Great Hall Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 4,963,780	\$ 349,921	\$ 1,037,405	\$ 6,351,106
Payments to suppliers	(4,736,910)	(225,577)	(367,185)	(5,329,672)
Payments to employees	(116,000)	(177,715)	(488,698)	(782,413)
Other receipts	21,786	3,045	-	24,831
Net cash from (used for) operating activities	<u>132,656</u>	<u>(50,326)</u>	<u>181,522</u>	<u>263,852</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Increase (decrease) in due from other funds	40,047	-	(17,285)	22,762
Interest paid on advances	-	(1,960)	-	(1,960)
Transfer from other funds	-	75,000	-	75,000
Net cash from (used for) noncapital financing activities	<u>40,047</u>	<u>73,040</u>	<u>(17,285)</u>	<u>95,802</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale of investments	61,741	-	-	61,741
Interest income	22,318	9,560	12,899	44,777
Net cash from (used for) investing activities	<u>84,059</u>	<u>9,560</u>	<u>12,899</u>	<u>106,518</u>
Net increase (decrease) in cash and cash equivalents	256,762	32,274	177,136	466,172
Cash and cash equivalents - beginning	<u>1,039,323</u>	<u>535,528</u>	<u>684,971</u>	<u>2,259,822</u>
Cash and cash equivalents - ending	<u>\$ 1,296,085</u>	<u>\$ 567,802</u>	<u>\$ 862,107</u>	<u>\$ 2,725,994</u>
Classified as:				
Current assets	\$ 1,296,085	\$ 504,274	\$ 862,107	\$ 2,662,466
Restricted assets	-	63,528	-	63,528
	<u>\$ 1,296,085</u>	<u>\$ 567,802</u>	<u>\$ 862,107</u>	<u>\$ 2,725,994</u>
<b>Reconciliation of operating income to net cash from operating activities:</b>				
Operating income	\$ 177,453	\$ (110,201)	\$ 23,970	\$ 91,222
Adjustments to reconcile operating income to net cash from (used for) operating activities				
Depreciation	15,474	79,164	26,547	121,185
Pension expense in excess of employer contributions	(36,475)	649	121,167	85,341
OPEB expense in excess of employer contributions	1,336	2,305	7,139	10,780
Change in assets and liabilities				
Receivables	39,594	15,863	5,081	60,538
Accounts payable	(63,260)	2,712	(10,093)	(70,641)
Accrued payroll	435	(263)	3,947	4,119
Compensated absences	(1,746)	736	3,764	2,754
Customer deposits	-	(41,291)	-	(41,291)
Unearned revenue	(155)	-	-	(155)
Net cash from operating activities	<u>\$ 132,656</u>	<u>\$ (50,326)</u>	<u>\$ 181,522</u>	<u>\$ 263,852</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
June 30, 2020

**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	\$ 1,445,634	\$ 2,578,011	\$ 665,636	\$ 4,689,281
Receivables - other	28,605	-	-	28,605
Due from other funds	-	143,833	-	143,833
Inventory	-	-	95,878	95,878
Total current assets	<u>1,474,239</u>	<u>2,721,844</u>	<u>761,514</u>	<u>4,957,597</u>
Noncurrent assets:				
Capital assets, being depreciated, net	-	-	1,581,838	1,581,838
Total assets	<u>1,474,239</u>	<u>2,721,844</u>	<u>2,343,352</u>	<u>6,539,435</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	483,781	449,676	7,446	940,903
Accrued payroll	4,714	-	23,972	28,686
Total current liabilities	<u>488,495</u>	<u>449,676</u>	<u>31,418</u>	<u>969,589</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	1,581,838	1,581,838
Unrestricted	985,744	2,272,168	730,096	3,988,008
Total net position	<u>\$ 985,744</u>	<u>\$ 2,272,168</u>	<u>\$ 2,311,934</u>	<u>\$ 5,569,846</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, 2020

	<u>Health Insurance</u>	<u>Municipal School Health Insurance</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 4,864,679	\$ 5,202,734	\$ 1,848,281	\$ 11,915,694
Other	-	-	637	637
Total revenues	<u>4,864,679</u>	<u>5,202,734</u>	<u>1,848,918</u>	<u>11,916,331</u>
<b>OPERATING EXPENSES:</b>				
Salaries	-	-	543,556	543,556
Benefits	-	-	214,097	214,097
Utilities	-	-	18,808	18,808
Materials and supplies	-	-	408,328	408,328
Other service charges	9,823	216,153	4,394	230,370
Insurance Claims	5,186,908	4,811,192	571,535	10,569,635
Depreciation	-	-	89,731	89,731
Total operating expenses	<u>5,196,731</u>	<u>5,027,345</u>	<u>1,850,449</u>	<u>12,074,525</u>
Operating income	(332,052)	175,389	(1,531)	(158,194)
Fund balances - beginning	<u>1,317,796</u>	<u>2,096,779</u>	<u>2,313,465</u>	<u>5,728,040</u>
Fund balances - ending	<u>\$ 985,744</u>	<u>\$ 2,272,168</u>	<u>\$ 2,311,934</u>	<u>\$ 5,569,846</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended June 30, 2020

**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	\$ 4,853,937	\$ 5,203,263	\$ 1,854,048	\$ 11,911,248
Payments to suppliers	(5,046,267)	(4,978,696)	(1,010,961)	(11,035,924)
Payments to employees	4,714	-	(750,901)	(746,187)
Net cash provided by (used for)	<u>(187,616)</u>	<u>224,567</u>	<u>92,186</u>	<u>129,137</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer from (to) other fund	<u>-</u>	<u>(59,058)</u>	<u>-</u>	<u>(59,058)</u>
<b>CASH FLOW USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	<u>-</u>	<u>-</u>	<u>(26,574)</u>	<u>(26,574)</u>
Net increase in cash and cash equivalents	(187,616)	165,509	65,612	43,505
Cash and cash equivalents - beginning	<u>1,633,250</u>	<u>2,412,502</u>	<u>600,024</u>	<u>4,645,776</u>
Cash and cash equivalents - ending	<u><u>\$ 1,445,634</u></u>	<u><u>\$ 2,578,011</u></u>	<u><u>\$ 665,636</u></u>	<u><u>\$ 4,689,281</u></u>
<b>Reconciliation of operating income to net cash from operating activities</b>				
Operating income (loss)	\$ (332,052)	\$ 175,389	\$ (1,531)	\$ (158,194)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	-	89,731	89,731
Change in assets and liabilities				
Receivables	(10,742)	529	5,130	(5,083)
Inventory	-	-	(3,845)	(3,845)
Accounts payable	150,464	48,649	(4,051)	195,062
Accrued payroll	4,714	-	6,752	11,466
Net cash provided by (used for) operating activities	<u><u>\$ (187,616)</u></u>	<u><u>\$ 224,567</u></u>	<u><u>\$ 92,186</u></u>	<u><u>\$ 129,137</u></u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2020

**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	\$ 7,711,500	\$ 224,851	\$ 768,440	\$ 16,218	\$ 8,721,009
Investments					
Domestic common stock	4,612,763	-	-	-	4,612,763
Foreign common stock	310,139	-	-	-	310,139
Fixed income mutual funds	9,265,002	332,157	714,139	987,928	11,299,226
Equity mutual funds	27,984,706	1,634,085	2,885,289	2,123,703	34,627,783
Balanced mutual fund	-	425,600	360,712	-	786,312
Foreign equity collective fund	2,156,880	-	-	-	2,156,880
Limited partnerships bond funds	2,232,235	-	245,837	-	2,478,072
Limited partnerships hedge funds	16,349,159	-	1,103,732	-	17,452,891
Total investments	<u>62,910,884</u>	<u>2,391,842</u>	<u>5,309,709</u>	<u>3,111,631</u>	<u>73,724,066</u>
Interest receivable	10,170	44	171	420	10,805
Receivable - other	-	-	4,050	-	4,050
Total assets	<u>70,632,554</u>	<u>2,616,737</u>	<u>6,082,370</u>	<u>3,128,269</u>	<u>82,459,930</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	99,785	-	99,785
Due to other funds	-	-	-	184,843	184,843
Total liabilities	<u>-</u>	<u>-</u>	<u>99,785</u>	<u>184,843</u>	<u>284,628</u>
<b>NET POSITION</b>					
Restricted for pensions	70,632,554	2,616,737	-	-	73,249,291
Restricted for OPEBs	-	-	5,982,585	2,943,426	8,926,011
Total net position	<u>\$ 70,632,554</u>	<u>\$ 2,616,737</u>	<u>\$ 5,982,585</u>	<u>\$ 2,943,426</u>	<u>\$ 82,175,302</u>



**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
For the Year Ended June 30, 2020

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	\$ 3,086,648	\$ 347,300	\$ 1,158,647	\$ 706,600	\$ 5,299,195
Plan members	669,889	429,731	275,152	80,000	1,454,772
Total contributions	<u>3,756,537</u>	<u>777,031</u>	<u>1,433,799</u>	<u>786,600</u>	<u>6,753,967</u>
Investment earnings (losses):					
Interest and dividends	899,806	39,103	86,237	66,927	1,092,073
Net appreciation in fair value of investments	(1,539,005)	(63,948)	(132,278)	(26,289)	(1,761,520)
Total investment earnings	<u>(639,199)</u>	<u>(24,845)</u>	<u>(46,041)</u>	<u>40,638</u>	<u>(669,447)</u>
Total additions	3,117,338	752,186	1,387,758	827,238	6,084,520
<b>DEDUCTIONS</b>					
Benefits	4,938,414	56,871	1,360,126	607,498	6,962,909
Premiums	-	-	-	41,009	41,009
Administrative expense	217,823	8,798	9,441	25,000	261,062
Total deductions	<u>5,156,237</u>	<u>65,669</u>	<u>1,369,567</u>	<u>673,507</u>	<u>7,264,980</u>
Change in net position	(2,038,899)	686,517	18,191	153,731	(1,180,460)
Net position - beginning 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>
Net position - end of the year	<u>\$ 70,632,554</u>	<u>\$ 2,616,737</u>	<u>\$ 5,982,585</u>	<u>\$ 2,943,426</u>	<u>\$ 82,175,302</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2020

**Exhibit D-9**

	<b>Bail Bond Fund</b>	<b>School Activity Fund</b>	<b>Total Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 51,121	\$ 1,155,232	\$ 1,206,353
Inventory	-	28,117	28,117
Total assets	<u>\$ 51,121</u>	<u>\$ 1,183,349</u>	<u>\$ 1,234,470</u>
<b>LIABILITIES</b>			
Bail bonds payable	\$ 51,121	\$ -	\$ 51,121
Due to student general fund	-	470,882	470,882
Due to student groups	-	712,467	712,467
Total liabilities	<u>\$ 51,121</u>	<u>\$ 1,183,349</u>	<u>\$ 1,234,470</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For the Year Ended June 30, 2020

**Exhibit D-10**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Assets</b>				
<b>Bail Bond Fund</b>				
Cash and cash equivalents	\$ 55,214	\$ 40,470	\$ (44,563)	\$ 51,121
<b>School Activity Funds</b>				
Cash	887,397	2,033,701	(1,765,866)	1,155,232
Inventory	16,369	87,581	(75,833)	28,117
	<u>\$ 958,980</u>	<u>\$ 2,161,752</u>	<u>\$ (1,886,262)</u>	<u>\$ 1,234,470</u>
<b>Liabilities</b>				
<b>Bail Bond Fund</b>				
Deposits held in trust	\$ 55,214	\$ 40,470	\$ (44,563)	\$ 51,121
<b>School Activity Funds</b>				
Due to student general fund	442,439	576,353	(547,910)	470,882
Due to student groups	461,327	1,471,783	(1,220,643)	712,467
	<u>\$ 958,980</u>	<u>\$ 2,088,606</u>	<u>\$ (1,813,116)</u>	<u>\$ 1,234,470</u>

## **SUPPORTING SCHEDULES**

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF TRANSFERS**  
June 30, 2020

**Exhibit E-1**

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Funds</b>		
General Fund		
General Purpose School Fund	\$ 527,705	\$ 2,507,297
Utility Fund	432,072	-
Athletic Club Fund	100,000	-
State Street Aid Fund	-	1,250,000
Farm Park Fund	-	100,000
Ambulance Fund	-	850,000
CIP General Government Fund	-	600,000
CIP Fire Department	-	400,000
CIP Parks Improvement Fund	-	560,000
CIP Municipal Schools Projects	-	3,900,000
CIP Drainage Projects	-	440,000
Great Hall Fund	-	75,000
	<u>1,059,777</u>	<u>10,682,297</u>
General Purpose School Fund		
School Capital Projects Fund	-	527,705
School Federal Projects Fund	84,065	-
School Cafeteria Fund	-	14,476
CIP Municipal Schools Projects	2,507,297	-
	<u>2,591,362</u>	<u>542,181</u>
School Capital Projects Fund		
CIP Germantown Municipal Schools	6,293,123	-
Utility Fund		
General Fund	-	432,072
Athletic Club Fund		
General Fund	-	100,000
Total major funds	<u>9,944,262</u>	<u>11,756,550</u>
<b>Aggregate Nonmajor Governmental Funds</b>		
State Street Aid Fund		
General Fund	1,250,000	-
Farm Park Fund		
General Fund	100,000	-
Ambulance Fund		
General Fund	850,000	-
CIP General Government Fund		
General Fund	600,000	-
CIP Fire Department		
General Fund	400,000	-
CIP Parks Improvement Fund		
General Fund	560,000	-
CIP Municipal Schools Projects		
School Capital Projects Fund	3,900,000	6,293,123
CIP Drainage Projects Fund		
General Fund	440,000	-
School Federal Projects Fund		
General Purpose School Fund	-	84,065
School Cafeteria Fund		
General Purpose School Fund	14,476	-
Total aggregate nonmajor governmental funds	<u>8,114,476</u>	<u>6,377,188</u>
<b>Aggregate Nonmajor Proprietary Funds</b>		
Great Hall Fund		
General Fund	75,000	-
	<u>\$ 18,133,738</u>	<u>\$ 18,133,738</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES**  
 June 30, 2020

**Exhibit E-2**

	Interfund Receivable	Interfund Payable
<b>Major Funds</b>		
General Fund		
General Purpose School Fund	\$ -	\$ 57,637
GMSD Capital Projects Fund	219,767	-
Utility Fund	-	61,194
Athletic Club Fund	-	22,343
Sanitation Fund	40,047	-
Stormwater Fund	-	17,285
	<u>259,814</u>	<u>158,459</u>
General Purpose School Fund		
General Fund	57,637	-
School Federal Projects Fund	434,548	-
School Cafeteria Fund	-	14,476
School Health Insurance Fund	41,010	-
	<u>533,195</u>	<u>14,476</u>
Utility Fund		
General Fund	61,194	-
Athletic Club Fund		
General Fund	22,343	-
Total major funds	<u>876,546</u>	<u>172,935</u>
<b>Aggregate Nonmajor Governmental Funds</b>		
School Federal Projects Fund		
General Purpose School Fund	-	434,548
School Cafeteria Fund		
General Purpose School Fund	14,476	-
CIP Municipal Schools Projects		
General Purpose School Fund	-	219,767
Total aggregate nonmajor governmental funds	<u>14,476</u>	<u>654,315</u>
<b>Aggregate Nonmajor Proprietary Funds</b>		
Sanitation Fund		
General Fund	-	40,047
Stormwater Fund		
General Fund	17,285	-
Total aggregate nonmajor proprietary funds	<u>17,285</u>	<u>40,047</u>
<b>Aggregate Internal Service Funds</b>		
School Health Insurance Fund		
School OPEB Fund	143,833	-
<b>OPEB Trust Funds</b>		
School OPEB Fund		
General Purpose School Fund	-	41,010
School Health Insurance Fund	-	143,833
	<u>-</u>	<u>184,843</u>
	<u>\$ 1,052,140</u>	<u>\$ 1,052,140</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - SERIAL GENERAL OBLIGATION BONDS**  
**GOVERNMENTAL FUNDS**  
 June 30, 2020

**Exhibit E-3**

Fiscal Year	Series 2009 Bonds		Series 2011 Bonds		Series 2013 Bonds (Series A)		Series 2013 Bonds (Series B)		Series 2016 Bonds (Series A)		Series 2016 Bonds (Series B)		Series 2017 Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	\$ 2,345,000	\$ 2,183,953
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	2,325,000	2,097,209
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	2,075,000	2,019,115
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	2,160,000	1,940,466
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	2,240,000	1,855,013
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	2,335,000	1,762,456
2027	-	-	330,000	61,600	180,000	51,856	-	-	530,000	170,000	250,000	409,750	835,000	975,425	2,125,000	1,668,631
2028	-	-	340,000	51,550	185,000	46,381	-	-	560,000	143,500	265,000	397,250	875,000	932,675	2,225,000	1,571,356
2029	-	-	350,000	41,200	195,000	40,559	-	-	580,000	115,500	270,000	384,000	915,000	892,500	2,310,000	1,473,759
2030	-	-	360,000	30,325	200,000	34,263	-	-	210,000	86,500	285,000	370,500	955,000	855,100	2,010,000	1,376,688
2031	-	-	375,000	18,606	205,000	27,425	-	-	225,000	76,000	300,000	356,250	990,000	816,200	2,095,000	1,294,481
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>\$565,000</u>	<u>\$ 31,719</u>	<u>\$3,945,000</u>	<u>\$752,276</u>	<u>\$2,635,000</u>	<u>\$638,965</u>	<u>\$1,690,000</u>	<u>\$135,017</u>	<u>\$6,275,000</u>	<u>\$2,280,550</u>	<u>\$9,530,000</u>	<u>\$7,579,350</u>	<u>\$28,685,000</u>	<u>\$18,094,075</u>	<u>\$53,325,000</u>	<u>\$29,511,952</u>

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - OTHER LONG-TERM DEBT**  
**GOVERNMENTAL FUNDS**

Exhibit E-4

June 30, 2020

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Fiscal Year	2018 Capital Outlay Note		Shelby County Settlement Obligation	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ 42,721	\$ 291,159	\$ 64,294
2022	226,000	81,770	301,004	54,449
2023	234,000	74,295	311,182	44,271
2024	241,000	66,576	321,704	33,749
2025	249,000	58,614	332,582	22,871
2026	258,000	50,375	343,826	11,626
2027	266,000	41,860	-	-
2028	275,000	33,069	-	-
2029	284,000	23,985	-	-
2030	293,000	14,609	-	-
2031	303,000	4,924	-	-
	<u>\$2,629,000</u>	<u>\$492,798</u>	<u>\$1,901,457</u>	<u>\$231,260</u>



**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
June 30, 2020

**Exhibit E-5**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Oustanding 6/30/2019	Issued During Period	Paid During Period	Refunded During Period	Oustanding 6/30/2020
<b>Governmental Activities</b>									
<u>Payable through General Fund</u>									
General obligation bonds:									
2009 Serial Bonds	\$ 9,635,000	3.00 - 4.20%	6/19/2009	6/1/2022	\$ 835,000	\$ -	\$ (270,000)	\$ -	\$ 565,000
2011 Serial Bonds	6,025,000	2.00 - 3.25%	9/28/2011	6/1/2032	4,225,000	-	(280,000)	-	3,945,000
2013 Serial Bonds A	3,500,000	2.00 - 3.625%	10/9/2013	8/1/2034	2,790,000	-	(155,000)	-	2,635,000
2013 Serial Bonds B	5,570,000	1.00 - 4.00%	10/9/2013	8/1/2026	1,940,000	-	(250,000)	-	1,690,000
2016 Serial Bonds A	7,935,000	2.00 - 5.00%	2/12/2016	6/1/2036	6,830,000	-	(555,000)	-	6,275,000
2016 Serial Bonds B	10,220,000	2.00 - 5.00%	2/12/2016	6/1/2046	9,735,000	-	(205,000)	-	9,530,000
2017 Serial Bonds	29,275,000	4.00 - 5.00%	9/28/2017	8/1/2047	29,275,000	-	(590,000)	-	28,685,000
Total general obligation bonds					\$ 55,630,000	\$ -	\$ (2,305,000)	\$ -	\$ 53,325,000
Note from direct borrowings:									
2018 Capital Outlay Note	\$ 3,025,000	3.25%	8/21/2018	7/1/2030	\$ 3,025,000	\$ -	\$ (396,000)	\$ -	\$ 2,629,000
<u>Payable through General Purpose School Fund</u>									
Shelby County Settlement Obligation	\$ 4,265,436	3.33%	1/6/2014	11/1/2025	\$ 2,183,093		\$ (281,636)		\$ 1,901,457
					\$ 60,838,093	\$ -	\$ (2,982,636)	\$ -	\$ 57,855,457

**CITY OF GERMANTOWN, TENNESSEE**

**Exhibit E-6**

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

For the Year Ended June 30, 2020

<u>Year</u>	<u>June 30, 2019</u>	<u>Assessment</u>	<u>Collections</u>	<u>June 30, 2020</u>
2020	\$ -	\$ 32,979,709	\$ -	\$ 32,979,709
2019	32,406,158	-	(31,957,973)	448,185
2018	373,919	-	(255,731)	118,188
2017	96,603	-	(36,031)	60,572
2016	45,244	-	(13,100)	32,144
2015	30,063	-	(1,664)	28,399
2014	31,583	-	(2,648)	28,935
2013	30,991	-	(870)	30,121
2012	24,949	-	(1,117)	23,832
2011	17,257	-	(1,255)	16,002
2010 & Prior	72,207	-	(1,035)	71,172
	<u>33,128,974</u>	<u>\$ -</u>	<u>\$ (32,271,424)</u>	<u>33,837,259</u>
Allowance for uncollectible property taxes	<u>(131,255)</u>			<u>(139,243)</u>
	<u>\$ 32,997,719</u>			<u>\$ 33,698,016</u>

**OTHER SCHEDULES (UNAUDITED)**

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF BONDS OF PRINCIPAL OFFICIALS**  
 June 30, 2020

**Exhibit E-7**

	<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, 2020

**Exhibit E-8**

As of June 30, 2020, City of Germantown, Tennessee served approximately 13,860 water customers and 13,760 sewer customers and had the following rate structure in place:

Water Rates	Amount	
<b>Residential</b>		
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
<b>Commercial</b>		
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
Sewer Rates	Amount	
<b>Residential</b>		
Minimum (2 TGL)	\$	5.07
3rd 1 TGL	\$	0.90
4 TGL - 20 TGL	\$	1.99 per TGL
21 TGL and above	\$	0.78 per TGL
Maximum cost in billing period	\$	40.58 for 21 TGL
<b>Commercial</b>		
Minimum (2 TGL)	\$	5.07
3rd 1 TGL	\$	0.90
4 TGL and above	\$	1.99 per TGL
<b>Restaurant</b>		
Minimum (2 TGL)	\$	5.07
3rd 1 TGL	\$	1.68
4 TGL and above	\$	2.25 per TGL

(TGL = Thousand Gallons)

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

**Exhibit E-9**

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

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

Reporting Year: **2020**    **7/2019 - 6/2020**

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 it.

← Enter grading in column 'E' and 'J' →

Volume from own sources:	+ ? 8	2,407,003	MG/Yr		
Water imported:	+ ? 9	9,042	MG/Yr		
Water exported:	+ ? 9	0,000	MG/Yr		
<b>WATER SUPPLIED:</b>		<b>2,392,124</b>	<b>MG/Yr</b>		

**Master Meter and Supply Error Adjustments**

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

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

---

**AUTHORIZED CONSUMPTION**

Billed metered:	+ ? 9	2,105,314	MG/Yr		
Billed unmetered:	+ ? 9	0,000	MG/Yr		
Unbilled metered:	+ ? 9	0,000	MG/Yr		
Unbilled unmetered:	+ ? 9	29,902	MG/Yr		
<b>AUTHORIZED CONSUMPTION:</b>		<b>2,135,216</b>	<b>MG/Yr</b>		

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

Click here: 

	Pcnt:		Value:		
+ ? 9	1.25%	<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr

Use buttons to select percentage of water supplied OR value

---

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

256,908 MG/Yr

**Apparent Losses**

Unauthorized consumption:	+ ? 9	5,980	MG/Yr		
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed					
Customer metering inaccuracies:	+ ? 9	21,266	MG/Yr		
Systematic data handling errors:	+ ? 9	5,263	MG/Yr		
Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed					
<b>Apparent Losses:</b>		<b>32,509</b>	<b>MG/Yr</b>		

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

Real Losses = Water Losses - Apparent Losses: **224,399 MG/Yr**

**WATER LOSSES:** **256,908 MG/Yr**

	Pcnt:		Value:		
+ ? 9	0.25%	<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr
+ ? 9	1.00%	<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr
+ ? 9	0.25%	<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr

---

**NON-REVENUE WATER**

**NON-REVENUE WATER:** **286,810 MG/Yr**

= Water Losses + Unbilled Metered + Unbilled Unmetered

---

**SYSTEM DATA**

Length of mains:	+ ? 10	280.0	miles		
Number of active AND inactive service connections:	+ ? 9	14,410			
Service connection density:	+ ? 9	51	conn./mile main		
Are customer meters typically located at the curbstop or property line? <input checked="" type="radio"/> Yes					
Average length of customer service line: <input type="text" value=""/> (length of service line, beyond the property boundary, that is the responsibility of the utility)					
Average length of customer service line has been set to zero and a data grading score of 10 has been applied					
Average operating pressure:	+ ? 8	60.0	psi		

---

**COST DATA**

Total annual cost of operating water system:	+ ? 10	\$4,872,579	\$/Year		
Customer retail unit cost (applied to Apparent Losses):	+ ? 9	\$3.87	\$/1000 gallons (US)		
Variable production cost (applied to Real Losses):	+ ? 9	\$259.25	\$/Million gallons	<input type="checkbox"/>	Use Customer Retail Unit Cost to value real losses

---

**WATER AUDIT DATA VALIDITY SCORE:**

\*\*\* YOUR SCORE IS: 82 out of 100 \*\*\*

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

---

**PRIORITY AREAS FOR ATTENTION:**

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

- 1: Volume from own sources
- 2: Unauthorized consumption
- 3: Systematic data handling errors

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AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association. Copyright © 2014. All Rights Reserved.
Water Audit Report for: <b>City of Germantown (0000262)</b>		
Reporting Year: <b>2020</b> <b>7/2019 - 6/2020</b>		
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 ***		
<b>System Attributes:</b>		
	Apparent Losses:	<input type="text" value="32.509"/> MG/Yr
	+ Real Losses:	<input type="text" value="224.399"/> MG/Yr
	= <b>Water Losses:</b>	<input type="text" value="256.908"/> MG/Yr
	<input type="text" value="80.51"/> Unavoidable Annual Real Losses (UARL):	<input type="text" value="80.51"/> MG/Yr
	Annual cost of Apparent Losses:	<input type="text" value="\$125,811"/>
	Annual cost of Real Losses:	<input type="text" value="\$58,175"/> 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="12.0%"/>
	Non-revenue water as percent by cost of operating system:	<input type="text" value="3.9%"/> Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	<input type="text" value="6.18"/> gallons/connection/day
	Real Losses per service connection per day:	<input type="text" value="42.66"/> 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="0.71"/> gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL):		<input type="text" value="224.40"/> million gallons/year
	<input type="text" value="2.79"/> Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input type="text" value="2.79"/>
<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>148</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>2020</u>	<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>
Governmental activities										
Net investment in capital assets	\$ 171,996,214	\$ 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
Restricted	8,419,622	3,682,299	906,219	481,518	513,416	575,787	346,637	1,218,763	1,768,896	2,511,848
Unrestricted	41,875,451	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
Total governmental activities net position	<u>\$ 222,291,287</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 64,566,828	\$ 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
Restricted	-	-	-	787,961	-	-	-	-	-	-
Unrestricted	7,898,341	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
Total business-type activities net position	<u>\$ 72,465,169</u>	<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>
Primary government										
Net investment in capital assets	\$ 236,563,042	\$ 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
Restricted	8,419,622	3,682,299	906,219	1,269,479	513,416	575,787	346,637	1,218,763	1,768,896	2,511,848
Unrestricted	49,773,792	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
Total primary government net position	<u>\$ 294,756,456</u>	<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>

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

**Exhibit F-2**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses</b>										
Governmental activities:										
General government	\$ 16,934,971	\$ 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
Public safety	28,918,428	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
Transportation and environment	7,772,362	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
Community services	7,251,264	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
Education	63,470,111	58,784,223	52,212,680	50,362,795	46,068,542	40,182,352	5,918,915	-	-	-
Interest and fiscal charges	2,153,886	2,362,573	1,330,426	926,194	1,358,382	679,845	831,623	1,415,478	950,133	798,410
Total governmental activities expenses	126,501,022	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
Business-type activities:										
Utilities	8,021,061	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
Athletic Club	3,891,452	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
Sanitation	-	-	-	-	-	-	-	-	3,409,532	3,997,349
Nonmajor Enterprise Fund	6,267,583	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
Total business-type activities expenses	18,180,096	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
Total primary government expenses	\$ 144,681,118	\$ 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
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 2,560,663	\$ 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
Public safety	189,750	219,853	152,327	163,442	1,182,858	1,298,067	943,545	175,474	484,006	590,284
Transportation and environment	1,204,811	1,300,146	1,191,338	1,042,161	952,147	970,079	969,947	978,001	956,379	971,709
Community services	994,956	1,382,475	1,332,581	1,227,751	832,155	803,292	455,041	348,865	600,909	546,195
Education	1,251,104	1,428,982	1,236,058	1,148,080	3,207,977	729,266	-	-	-	-
Operating grants and contributions	36,101,903	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
Capital grants and contributions	14,146,521	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
Total governmental activities program revenues	56,449,708	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
Business-type activities:										
Charges for services:										
Utilities	8,387,630	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
Athletic Club	3,763,553	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
Sanitation	-	-	-	-	-	-	-	-	3,530,418	3,944,499
Nonmajor Enterprise Fund	6,353,732	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
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
Total business-type activities program revenues	18,504,915	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
Total primary government program revenues	\$ 74,954,623	\$ 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
Net (expense)/revenue										
Governmental activities	\$ (70,051,314)	\$ (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)
Business-type activities	324,819	2,011,599	1,974,845	2,021,995	4,146,988	2,536,973	444,361	331,815	848,847	599,919
Total primary government net expense	\$ (69,726,495)	\$ (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)

CONTINUED ON NEXT PAGE

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

**Exhibit F-2**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 50,369,013	\$ 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
Other local taxes	21,823,268	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
Intergovernmental revenues:										
State sales tax	3,718,954	3,618,715	3,490,064	3,328,313	-	-	-	-	-	-
State income and other taxes	1,702,192	2,216,722	2,152,031	2,969,807	-	-	-	-	-	-
Other state revenue	260,276	268,152	267,099	228,026	-	-	-	-	-	-
Other revenue	1,065,189	1,560,076	697,315	818,311	716,573	457,938	970,816	2,730,051	1,505,528	1,534,824
Investment earnings	1,116,978	1,874,580	980,430	310,119	166,588	75,688	65,482	82,582	109,193	128,522
Gain on sale of capital assets	-	-	18,514	98,073	51,726	55,213	50,649	-	77,670	29,735
Insurance proceeds	655,050	-	-	-	-	-	-	-	-	-
Transfers	457,072	507,149	510,458	(1,037)	242,168	267,815	327,207	1,166,609	376,323	(1,658,942)
Total government activities	81,167,992	82,283,738	77,151,751	71,406,214	63,003,718	58,925,385	38,873,964	35,009,547	36,564,453	34,613,667
Business-type activities:										
Other revenue	26,676	68,546	61,444	52,939	40,102	-	-	-	-	-
Investment earnings	225,664	419,323	214,246	72,856	-	22,599	11,997	19,795	16,487	37,035
Gain on sale of capital assets	-	-	8,369	8,660	-	(10,756)	4,621	-	-	-
Transfers	(457,072)	(507,149)	(510,458)	1,037	(242,168)	(267,815)	(327,201)	(1,166,609)	(376,323)	1,658,942
Total business-type activities	(204,732)	(19,280)	(226,399)	135,492	(202,066)	(255,972)	(310,583)	(1,146,814)	(359,836)	1,695,977
Total primary government	\$ 80,963,260	\$ 82,264,458	\$ 76,925,352	\$ 71,541,706	\$ 62,801,652	\$ 58,669,413	\$ 38,563,381	\$ 33,862,733	\$ 36,204,617	\$ 36,309,644
<b>Change in Net Position</b>										
Governmental activities	\$ 11,116,678	\$ 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
Business-type activities	120,087	1,992,319	1,748,446	2,157,487	3,944,922	2,281,001	133,778	(814,999)	489,011	2,295,896
Total primary government	\$ 11,236,765	\$ 17,460,737	\$ 17,569,608	\$ 9,736,494	\$ 16,720,509	\$ 16,949,434	\$ 55,726,317	\$ 9,876,146	\$ 6,793,740	\$ 7,010,849

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

**Exhibit F-3**

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 481,186	\$ 308,397	\$ 315,646	\$ 1,153,721	\$ 1,439,204	\$ 696,207	\$ 829,361	\$ 953,837	\$ 1,073,255	\$ 1,192,317
Committed	17,526,132	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	2,800,215	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	22,125,703	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>\$ 42,933,236</u>	<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>
Municipal Schools										
Nonspendable	\$ 36,365	\$ 63,879	\$ 77,585	\$ 191,041	\$ -	\$ -				
Restricted	396,503	221,230	122,762	-	-	-				
Committed	7,874,456	8,263,905	-	-	-	-				
Assigned	12,687,344	11,015,341	16,125,558	12,951,171	8,864,313	5,289,945				
Total Municipal Schools	<u>\$ 20,994,668</u>	<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>\$ -</u>	<u>\$ 1,314,245</u>	<u>\$ 5,223,684</u>	<u>\$ 3,606,404</u>
Municipal Schools Capital Projects										
Committed	\$ 2,885,754	\$ 2,315,151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All other governmental funds										
Nonspendable	\$ 243,308	\$ -	\$ 1,800	\$ -	\$ -	\$ -	\$ 69,811	\$ -	\$ -	\$ -
Restricted	457,489	696,518	418,235	3,230,614	513,416	575,787	346,637	904,907	393,863	91,532
Committed	7,632,099	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	687,787	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	(345)	-	(1,470,902)	-	-	-	(66,597)	-	-	-
Total all other governmental funds	<u>\$ 9,020,338</u>	<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>

**Note:** (1) Any increase/decrease in fund balance is explained in the Management's Discussion and Analysis for the current year.

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

**Exhibit F-4**

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
Taxes	\$ 114,603,632	\$ 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
Fines and forfeitures	860,948	1,147,530	1,244,883	1,144,942	1,438,013	750,866	778,641	812,454	766,110	1,126,108
Licenses and permits	1,388,160	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
Charges for services	4,264,668	4,963,443	4,587,604	4,280,699	2,707,962	2,163,055	1,112,584	377,852	338,750	532,018
Interest on investments	1,116,978	1,874,580	980,430	310,119	166,588	75,688	65,482	82,582	109,193	128,522
Grants	6,660,534	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
Donations	6,559,158	1,513,165	-	-	-	-	-	-	-	-
Other revenues	1,065,189	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
Total revenues	<u>136,519,267</u>	<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>
<b>Expenditures</b>										
General government	15,193,496	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
Public safety	24,363,144	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
Transportation and Environment	6,473,093	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
Community services	3,535,458	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
Education	57,043,343	54,795,041	52,969,423	49,368,689	48,729,295	42,328,473	2,603,341	-	-	-
Debt service										
Principal	3,056,453	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
Interest	2,442,621	2,751,702	1,146,557	1,382,402	959,454	688,485	762,645	830,248	863,525	842,142
Bond issuance cost	-	24,001	242,238	-	290,428	-	120,576	-	90,919	-
Capital outlay	30,588,249	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
Total expenditures	<u>142,695,857</u>	<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>
Excess of revenues over (under) expenditures	(6,176,590)	(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)
<b>Other financing sources (uses)</b>										
Transfers in	18,058,738	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
Transfers out	(17,601,666)	(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)
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	989	103,305	25,423	98,959	91,529	69,007	50,649	38,985	6,000	3,000
Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Insurance recoveries	655,050	-	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,113,111</u>	<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>
Net change in fund balances	<u>\$ (5,063,479)</u>	<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>
Debt service as a percentage of noncapital expenditures	4.9%	4.0%	3.6%	4.3%	8.1%	3.7%	18.7%	7.9%	7.5%	7.8%

**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					
2020	\$ 1,254,259,000	\$ 2,229,950	\$ 350,426,010	\$ 8,453,630	\$ 32,681,310	\$ 1,648,049,900	1.950	\$ 6,163,222,436	26.74%
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%

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

<b>Property Tax Rates</b> (Per \$100 of Assessed Valuation)						
<b>Fiscal Year</b>	<b>City</b>	<b>County</b>				<b>Total Direct &amp; Overlapping Rates</b>
	<b>Direct Rate</b>	<b>General Fund</b>	<b>Education</b>	<b>Debt Service</b>	<b>Rural School Bonds</b>	
2020	\$ 1.950	\$ 1.49	\$ 1.94	\$ 0.62	\$ -	\$ 6.00
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

**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	2020			2011		
	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.	17,515,560	1	1.06%	\$ 14,683,160	1	0.97%
Methodist Hospitals of Memphis	16,876,640	2	1.02%	\$ 4,210,920	9	0.28%
Campbell Clinic WR MOB LP	12,492,320	3	0.76%	-	-	-
Neshoba-Exter Real Estate Partners	11,442,880	4	0.69%	-	-	-
Whitney Bridges LLC (formerly Empirian Colonneade)	11,304,000	5	0.69%	-	-	-
HCP Germantown LLC	10,817,360	6	0.66%	-	-	-
PEBB Germantown LEB LLC (formerly Belz Investment Co)	9,867,200	7	0.60%	-	-	-
Shops at Saddle Creek Inc	8,937,240	8	0.54%	-	-	-
G&I VIII Brook Chase LLC	8,831,680	9	0.54%	-	-	-
Crestwyn Health Group LLC	8,247,120	10	0.50%	-	-	-
Germantown Village Square Joint Venure	-	-	-	8,400,000	2	0.56%
UT Medical Group Inc	-	-	-	7,494,760	3	0.50%
Emperian Colonneade 75% & Bush Realty Columade 25%	-	-	-	7,482,480	4	0.50%
Vineyards Apartments Inc	-	-	-	6,398,880	5	0.42%
Taylor Senter Crook ET AL	-	-	-	5,803,860	6	0.38%
SWC Poplar FHI Partners LLC	-	-	-	4,696,640	7	0.31%
GA Poplar Avenue Germantown LLC	-	-	-	4,220,000	8	0.28%
Brook Chase Apartments LLC	-	-	-	4,210,920	10	0.28%
<b>Totals</b>	<b>\$ 116,332,000</b>		<b>7.06%</b>	<b>\$ 67,601,620</b>		<b>4.47%</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>
2019	\$ 32,406,158	\$ 32,363,213	99.0%	-	\$ 32,363,213	99.9%	\$ 42,945	0.1%
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%

**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>2020</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>
Property Taxes	\$ 50,296,652	\$ 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
Local Sales Taxes	21,823,268	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
State Taxes (Local Share)	42,483,712	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
Total	<u>\$ 114,603,632</u>	<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>

**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>2020</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>
Governmental activities:										
General government	\$ 2,560,663	\$ 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
Public safety	189,750	219,853	152,327	163,442	1,182,858	1,298,067	943,545	175,474	484,006	590,284
Transportation and environment	1,204,811	1,300,146	1,191,338	1,042,161	952,147	970,079	969,947	978,001	956,379	971,709
Community services	994,956	1,382,475	1,332,581	1,227,751	832,155	803,292	455,041	348,865	600,909	546,195
Education	1,251,104	1,428,982	1,236,058	1,148,080	3,207,977	729,266	-	-	-	-
Total governmental activities	<u>6,201,284</u>	<u>7,611,811</u>	<u>7,539,509</u>	<u>6,507,831</u>	<u>8,967,115</u>	<u>5,859,574</u>	<u>4,374,550</u>	<u>2,768,546</u>	<u>3,197,574</u>	<u>3,625,462</u>
Business-type activities:										
Utilities	8,387,630	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
Athletic Club	3,763,553	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
Sanitation	-	-	-	-	-	-	-	-	3,530,418	3,944,499
Nonmajor Enterprise Fund	6,353,732	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
Total business-type activities	<u>18,504,915</u>	<u>19,470,504</u>	<u>19,311,970</u>	<u>19,343,954</u>	<u>18,035,511</u>	<u>17,387,493</u>	<u>15,573,898</u>	<u>15,548,159</u>	<u>15,992,471</u>	<u>16,432,603</u>
Total primary government	<u>\$ 24,706,199</u>	<u>\$ 27,082,315</u>	<u>\$ 26,851,479</u>	<u>\$ 25,851,785</u>	<u>\$ 27,002,626</u>	<u>\$ 23,247,067</u>	<u>\$ 19,948,448</u>	<u>\$ 18,316,705</u>	<u>\$ 19,190,045</u>	<u>\$ 20,058,065</u>

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

**Exhibit F-11**

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<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Shelby County</u>	<u>State of Tennessee</u>
2020	1.625 %	1.125 %	7.00 %
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

**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>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>
Building Materials	\$ 10,447,398	\$ 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
General Merchandise Stores	52,099,216	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
Food Stores	134,509,967	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
MV Dealers and Service Stations	15,801,482	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
Apparel Stores	70,164,661	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
Furniture Stores	53,037,909	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
Eating and Drinking Places	88,914,542	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
Other Retail	60,097,709	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
All Other Outlets	105,195,750	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
	<u>\$590,268,634</u>	<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>

**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

	2020				2011			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	409	46.42%	\$12,643,507	82.36%	475	54.91%	\$7,732,605	83.60%
Services	273	30.99%	991,263	6.46%	222	25.66%	1,122,532	12.14%
Manufacturing	45	5.11%	575,679	3.75%	36	4.16%	74,806	0.81%
Wholesale Trade	49	5.56%	12,611	0.08%	64	7.40%	23,992	0.26%
Construction	12	1.36%	11,914	0.08%	12	1.39%	3,152	0.03%
Finance Insurance Real Estate	11	1.25%	38,857	0.25%	5	0.58%	546	0.01%
Transportation and Utilities	9	1.02%	140,777	0.92%				
Agriculture	10	1.14%	24,699	0.16%	10	1.16%	25,079	0.27%
Other, Non Classified	63	7.15%	911,607	5.94%	41	4.74%	267,129	2.89%
<b>Total</b>	<b>881</b>	<b>100%</b>	<b>\$15,350,914</b>	<b>100%</b>	<b>865</b>	<b>100%</b>	<b>\$9,249,841</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			
2020	\$59,834,217	-	-	2,629,000	\$1,901,457	\$ -	\$ -	\$64,364,674	41.70%	\$ 1,604
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

**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					
2020	\$ 59,834,217	\$ -	\$ -	\$ 2,629,000	\$ 1,901,457	\$ 64,364,674	1.05%	\$ 1,604.18	
2019	62,473,579	-	-	3,025,000	2,183,093	67,681,672	1.11%	1,686.85	
2018	64,477,942	-	-	-	2,455,518	66,933,460	1.10%	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	

**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>	\$ 64,364,674	100.00%	\$ 64,364,674
<b>Shelby County (including School Board)</b>	<u>\$ 56,173,000</u>	100.00%	<u>\$ 56,173,000</u>
<b>Direct, Overlapping Debt</b>	<u>\$ 120,537,674</u>		<u>\$ 120,537,674</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	
2020	\$ 8,410,920	\$ 6,063,507	\$ 2,347,413	\$ -	\$ -	0.00
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

**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)
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)	\$ 113,392 (12)	58,722 (12)	6,044 (7)	2.7
2020	40,123 (3)	\$ 116,585 (12)	60,855 (12)	5,960 (7)	2.6 (11)

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) Unemployment rate derived from www.cividdashboards.com
- (12) United States Census Quick Facts website

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

**Exhibit F-19**

Employer	2020			2015		
	Employees	Rank	Percentage of Total County Employment*	Employees	Rank	Percentage of Total County Employment**
Methodist LeBonheur Hospital - Germantown	1,986	1	0.40%	1,857	1	0.33%
FedEx Logistics	800	2	0.16%	--	--	--
Germantown Municipal School District	639	3	0.13%	517	2	0.09%
West Cancer Center	516	4	0.10%	--	--	--
City of Germantown	407	5	0.08%	380	4	0.07%
Campbell Clinic	333	6	0.07%	400	3	0.07%
Kroger	300	7	0.06%	362	5	0.06%
Gastro One	292	8	0.06%	--	--	--
Stern Cardiovascular	284	9	0.06%	240	9	0.04%
ThyssenKrupp Elevator Manufacturing, Inc.	262	10	0.05%	260	7	0.05%
The Village at Germantown	--	--	--	249	8	0.04%
Baptist Rehabilitation -- Germantown	--	--	--	184	10	0.03%
Orgill, Inc.	--	--	--	265	6	0.05%

**Notes:**

\*Approximately 5,870 Personnel Staff per Shelby County Human Resources Representative (2020)

\*\*Approximately 5,662 Personnel Staff per Shelby County Official Website (2015)

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

**Exhibit F-20**

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

Program/Cost Center:	2020		2019		2018		2017		2016		2015		2014		2013		2012		2011	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
<b>General Government</b>																				
City Court	8	0	7	0	7	0	7	0	7	0	7	0	7	3	7	1	7	0	7	0
Administration	9	1	8	0	8	0	7	2	5	1	5	1	5	1	5	0	4	1	5	1
Human Resources	5	0	5	0	5	0	5	0	6	0	7	0	6	0	6	0	6	0	6	0
Information Technology	5	1	5	0	5	0	5	1	5	0	5	0	5	0	5	0	5	0	4	0
Finance	9	0	12	0	12	0	11	0	11	0	10	0	16	1	9	1	15	1	14	1
Procurement	7	0	7	0	7	0	7	0	7	0	7	0	0	0	0	0	0	0	0	0
Economic and Community Development	19	0	19	0	19	0	19	0	20	0	19	0	20	0	22	0	21	0	21	0
Facility Services	15	1	17	1	17	1	17	0	16	0	14	0	12	0	12	0	13	0	15	0
GPAC	12	1	12	2	12	2	11	24	10	2	10	2	9	5	9	36	9	5	9	5
Office of Budget & Performance	2	0	3	0	3	0	3	0	3	0	3	0	2	0	2	0	2	0	2	0
Civic Support	8	0	7	0	6	0	6	0	7	0	0	0	0	0	0	0	0	0	0	0
<b>Public Safety</b>																				
Police	125	1	120	0	118	0	122	5	113	0	115	1	107	0	107	0	110	1	109	1
Fire	80	2	73	1	67	1	68	1	67	1	66	1	70	1	79	1	69	1	69	1
<b>Transportation &amp; Environment</b>																				
Public Services	36	0	39	1	38	1	40	1	38	1	39	1	39	1	44	2	39	1	38	0
Fleet Services	9	0	9	0	9	0	9	0	9	0	8	1	10	0	10	0	10	0	10	0
Animal Control	4	0	4	1	4	1	3	0	4	1	4	1	5	0	4	0	4	0	4	0
<b>Community Services</b>																				
Parks & Recreation	7	6	8	6	8	6	7	6	7	6	6	6	7	5	5	21	7	4	6	5
The Farm	1	1	1	1	0	1	0	3	0	1	0	1	0	1	4	0	0	0	0	0
Community Education	2	0	3	8	2	8	1	6	1	8	0	0	0	0	0	0	0	0	0	0
<b>Ambulance Fund</b>	6	0	0	0	19	0	19	0	19	0	16	0	0	0	0	0	0	0	0	0
<b>Germantown Athletic Club</b>																				
Recreation	10	13	12	13	12	13	11	44	10	12	10	12	11	12	9	69	10	12	10	12
Aquatics	1	12	1	14	1	14	2	38	2	14	2	14	2	14	2	78	2	14	2	14
Personal Training	0	0	0	0	0	0	0	0	1	3	1	1	1	1	0	0	0	0	0	0
<b>Great Hall</b>	2	2	2	1	2	1	2	3	2	1	2	1	2	1	0	3	2	1	2	1
<b>Utilities</b>																				
Water	15	0	16	0	17	0	16	0	17	0	21	0	20	0	20	0	20	0	20	0
Sewer	5	0	5	0	5	0	5	0	5	0	6	0	6	0	6	0	6	0	6	0
<b>Solid Waste</b>	0	0	2	0	2	0	1	0	2	0	1	0	0	0	0	0	0	0	0	0
<b>Stormwater</b>	5	0	7	0	7	0	7	0	7	0	7	0	7	0	0	0	7	0	8	0
<b>Recreation</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
<b>Municipal Schools *</b>																				
Full Time (Employees)	597	10	587	0	518	0	527	0	505	0	517	0	0	0	0	0	0	0	0	0
<b>Total</b>	<u>1,004</u>	<u>50</u>	<u>990</u>	<u>46</u>	<u>929</u>	<u>47</u>	<u>938</u>	<u>131</u>	<u>906</u>	<u>48</u>	<u>908</u>	<u>43</u>	<u>368</u>	<u>43</u>	<u>363</u>	<u>216</u>	<u>368</u>	<u>41</u>	<u>367</u>	<u>42</u>

Source: City of Germantown

**Notes:**

A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).  
 5,960 Students Enrolled

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

**Exhibit F-21**

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2020</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>
Police										
Physical arrests	1,856	2,478	2,344	2,447	1,163	1,730	1,227	1,009	2,354	2,738
Parking violations	225	243	256	370	123	159	83	101	140	164
Traffic violations	9,099	15,822	15,027	18,267	23,024	16,728	6,758	5,318	12,411	14,475
Fire										
Emergency responses	4,412	4,485	4,473	4,115	3,928	3,551	3,354	3,300	3,109	2,924
Fires extinguished	62	49	70	54	56	45	44	82	102	89
Inspections	633	1,577	1,225	1,517	1,939	1,515	1,613	1,585	1,803	1,210
Other public works										
Street resurfacing (miles)	3	9	8	7	8	9	8	7	8	7
Parks and recreation										
Athletic field permits issued	0	1	1	3	n/a	n/a	2	n/a	n/a	n/a
Germantown Athletic Club										
*Admissions - per day	1,320	1,571	1,492	1,425	1,568	1,310	1,233	1,232	1,132	1,029
*Admissions - per year	409,399	565,500	537,455	512,845	564,349	471,675	443,855	443,686	407,476	370,497
**Library										
Volumes in collection	137,790	135,362	139,622	135,532	139,545	136,005	143,618	146,819	158,689	152,129
Total volumes borrowed	241,052	314,715	344,077	338,761	347,908	324,892	333,227	356,314	351,997	367,495
Water										
New connections	40	41	82	70	58	40	56	69	42	59
Water main breaks	7	8	14	18	16	20	22	19	12	8
Average daily consumption (TGL)	6.470	5.744	6.117	6.229	7.530	6,899	7.205	8.658	8.600	8.326
Peak daily consumption (TGL)	14.622	12.294	12.294	12.150	13.580	13.275	13.969	15.818	17.200	15.120

Sources: Various city departments.

**Notes:**

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

\*The Germantown Athletic Club is open 360 days per year but was closed for 50 days in 2020 due to the COVID-19 pandemic. 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**

<b>Function/Program</b>	<b>2020</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>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	48	41	40	39	38	37	37	37	37	37
Fire Stations	4	4	4	4	4	4	4	4	4	4
Other public works										
Streets (miles)	231	231	230	220	215	210	210	210	206	206
Highways (miles)	11	11	11	11	11	11	11	11	11	11
Streetlights	5,080	5,080	5,000	5,014	5,099	5,097	5,097	5,258	5,135	5,122
Parks and recreation										
Acreage	748	748	748	748	748	748	748	748	748	748
Playgrounds	30	30	30	30	30	30	30	30	30	30
Baseball/softball diamonds	15	15	15	15	15	15	15	15	15	15
Soccer/football fields	11	11	11	11	11	11	11	21	21	21
Community center	0	0	0	0	0	0	0	1	1	1
Water										
Water mains (miles)	280	280	256	256	256	210	235	213	209	208
Fire hydrants	2,661	2,661	2,611	2,611	2,599	2,606	2,559	2,419	2,384	2,373
Storage capacity (million gallons)	8.1	8.1	8.1	8.1	8.1	8.1	7.9	8.1	8.1	8.1
Wastewater*										
Sanitary sewers (miles)	235	235	235	233	233	210	232	213	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, 2020

**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		\$ -	\$ 28,956	\$ 28,956	\$ -
National School Lunch Program - Cash Assistance	10.555		-	176,739	176,739	-
National School Lunch Program - USDA Commodities	10.555		-	40,289	40,289	-
Subtotal - CFDA 10.555			-	217,028	217,028	-
<b>Total U.S. Department of Agriculture</b>			-	245,984	245,984	-
<b>U.S. Department of Housing and Urban Development (HUD)</b>						
<u>Passed through TN Department of Economic and Community Development</u>						
Hurricane Sandy CDBG Disaster Recovery Grants	14.269	Edison Contract #56217	20,872	37,084	26,252	10,040
<b>U.S. Department of Justice</b>						
<u>Direct Award</u>						
Equitable Sharing Program	16.922	TN0790200	-	59,847	59,847	-
<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 #STO-M-NH-177(36)	1,098,199	1,094,593	-	-
Highway Planning and Construction	20.205	Fed Proj #STP-M-9420(11)	228,671	398,752	176,902	6,821
Highway Planning and Construction	20.205	Fed Proj #STP -M-9420(9)	27,139	276,978	253,537	3,698
Highway Planning and Construction	20.205	Fed Proj #TAP-M-9420(12)	69,440	123,340	54,940	1,040
Highway Planning and Construction	20.205	Fed Proj #STP-M-9409(210)	13,834	527,536	869,522	355,820
Highway Planning and Construction	20.205	Fed Proj #STP-M-2830(10)	395,399	1,019,193	636,349	12,555
Highway Planning and Construction	20.205	Fed Proj #TAP-M-9420(10)	33,110	244,585	453,142	241,667
Highway Planning and Construction	20.205	Fed Proj #STP-M-NH-57(68)	-	4,160	220,447	216,287
<b>Total U.S. Department of Transportation</b>			1,865,792	3,689,137	2,664,839	837,888
<b>U.S. Department of Treasury</b>						
<u>Direct Award</u>						
Equitable Sharing Program	21.016	TN0790200	-	81,562	81,562	-
<b>National Endowment for the Humanities</b>						
<u>Passed through the National Endowment for the Arts and Arts Midwest</u>						
Promotion of the Arts- Grants to Organizations & Individuals	45.024	Case #00023807	-	12,800	12,800	-
Promotion of the Arts- Grants to Organizations & Individuals	45.024	12681586	-	-	25,273	25,273
			-	12,800	38,073	25,273

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, 2020

**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	317,980	1,290,551	1,207,255	234,684
Consolidated Administration	84.010	N/A	38,170	153,687	134,238	18,721
Subtotal - Title I-A			<u>356,150</u>	<u>1,444,238</u>	<u>1,341,493</u>	<u>253,405</u>
<i>Special Education Cluster (IDEA)</i>						
IDEA Part B - Special Grants to States	84.027	H027A150052	110,170	1,000,558	1,076,052	185,664
IDEA Discretionary - Special Education Grants to States	84.027	H027A150052	-	777	777	-
Special Education - Preschool Grants	84.173	H173A150095	2,871	18,464	15,918	325
Special Education - Preschool Grants	84.173A	H173A150095	-	32,460	32,908	448
Special Education - Technology Partnership Grant	84.027A	H027A180052-18A	-	-	4,510	4,510
Subtotal - Special Education Cluster (IDEA)			<u>113,041</u>	<u>1,052,259</u>	<u>1,130,165</u>	<u>190,947</u>
Rehabilitation Services - Vocational Rehabilitation to States	84.126	N/A	7,731	62,008	62,050	7,773
English Language Acquisition State Grants	84.365	S365A150042	1,278	11,086	9,908	100
Consolidated Administration	84.365	N/A	-	118	118	-
Subtotal - Title III			<u>1,278</u>	<u>11,204</u>	<u>10,026</u>	<u>100</u>
Supporting Effective Instruction State Grant	84.367	SO13A150042	10,094	95,960	93,999	8,133
Supporting Effective Instruction State Grant	84.367	N/A	-	943	943	-
Subtotal - Title II			<u>10,094</u>	<u>96,903</u>	<u>94,942</u>	<u>8,133</u>
Student Support and Academic Enrichment Program	84.424	N/A	450	100,841	95,004	(5,387)
Consolidated Administration	84.424	N/A	-	943	943	-
Subtotal - Title IV			<u>450</u>	<u>101,784</u>	<u>95,947</u>	<u>(5,387)</u>
Career and Technical Education Basic Grants to States	84.048	V048A150042	9,243	22,172	71,077	58,148
<b>Total U.S. Department of Education</b>			<u>497,987</u>	<u>2,790,568</u>	<u>2,805,700</u>	<u>513,119</u>
<b>U.S. Department of Health and Human Services</b>						
<u>Direct Award</u>						
COVID-19 Provider Relief Fund	93.498	HHS-96754814750	-	37,444	37,444	-
<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	-	10,658	10,658	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2017-FH-00321	104,350	247,475	321,753	178,628
<b>Total U.S. Department of Homeland Security/FEMA</b>			<u>104,350</u>	<u>258,133</u>	<u>332,411</u>	<u>178,628</u>
<b>Total Federal Awards</b>			<u>2,489,001</u>	<u>7,212,559</u>	<u>6,292,112</u>	<u>1,564,948</u>

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, 2020

**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)	273,648	273,648	-	-
Department of Transportation	N/A	79LPLM-F3-524	-	1,040	55,112	54,072
Office of Criminal Justice Program	N/A	DGA #65194	-	10,000	10,000	-
TEMA - Hurricane Florence - South Carolina	N/A	N/A	55,592	43,794	-	11,798
TEMA Grant - FL Hurricane Dorian EMAC	N/A	FL2019GF-50	-	25,060	25,060	-
TN Dept of Environment and Conservation	N/A	N/A	19,304	19,304	-	-
TN Dept of Agriculture - Agricultural Growth Initiative	N/A	2853	1,000	1,000	-	-
TN Foundation for Agriculture in the Classroom	N/A	N/A	-	500	-	(500)
Farmer's Market Promotion Program	N/A	N/A	-	750	-	(750)
TN Agriculture Enhancement Program	N/A	N/A	4,305	4,305	-	-
DOE Coordinated School Health	N/A	N/A	7,912	97,912	90,000	-
DOE Safe Schools Act of 1998	N/A	N/A	7,024	134,709	127,685	-
DOE Child Nutrition State	N/A	N/A	-	12,456	12,456	-
DOE Read to Be Ready Coaching Network	N/A	N/A	8,394	8,394	-	-
DOE School Safety	N/A	N/A	5,437	103,377	97,940	-
<b>Total State Financial Assistance</b>			<u>382,616</u>	<u>736,249</u>	<u>418,253</u>	<u>64,620</u>
<b>Total Federal Awards and State and State Financial Assistance</b>			<u>\$ 2,871,617</u>	<u>\$ 7,948,808</u>	<u>\$ 6,710,365</u>	<u>\$ 1,629,568</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, 2020

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**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, 2020. 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	\$ 6,660,534
Change in deferred revenue at the fund level	224,401
Non-federal and non-state grants	
City of Germantown	(164,043)
Germantown Municipal School District	(10,527)
Total federal awards and state financial assistance	<u>\$ 6,710,365</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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 14, 2020. Our report includes a reference to other auditors who audited the financial statements of GPAC, as described in our report on the City financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Watkins Mikusall, PLLC*

Memphis, Tennessee  
December 14, 2020

**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, 2020. 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, 2020.



## 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.

*Watkins Wilmsall, PLLC*

Memphis, TN  
December 14, 2020

**CITY OF GERMANTOWN, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2020

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

**Financial Statements**

Type of auditor’s report issued on whether financial statements audited were prepared in accordance with accounting principles generally accepted in the United State of America Unmodified

Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_ Yes  No

Significant deficiency(ies) identified not considered to be material weakness(es)? \_\_\_ Yes  None Reported

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

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified? \_\_\_ Yes  No

Significant deficiency(ies) identified not considered to be material weakness(es)? \_\_\_ Yes  None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

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

Identification of major programs:

*CFDA Number 20.205 – Highway Planning and Construction*

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

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

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

**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, 2020

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**SECTION I – PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT**

<b>Prior Year Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
2019-001	Recording Receivables Due from County Government	Corrected
2019-002	Other Postemployment Benefit Plan Census Data	Corrected

**SECTION II – PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None reported.