

TOWN OF ALAMO, TENNESSEE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2019

TOWN OF ALAMO, TENNESSEE

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INTRODUCTORY SECTION

TOWN OF ALAMO, TENNESSEE
DIRECTORY
June 30, 2019

BOARD OF ALDERMEN

Larry Conder
Kenneth Bodkins
Paul B. Conley IV
John Reddick

MANAGEMENT TEAM

John Avery Emison, Mayor
Rita Reasons, Town Recorder, CMFO

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Alexander Thompson Arnold PLLC
Jackson, Tennessee

FINANCIAL SECTION



Independent Auditor's Report

To the Mayor and Board of Aldermen
Town of Alamo, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Alamo, Tennessee, (the Town) as of and for the year ended June 30, 2019, and the related notes to financial statements, which collectively comprise the Town'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 the Alamo City School Board of Education, which represent 63 percent, 71 percent, and 79 percent, respectively, of the assets, fund balances, and revenues of the governmental funds. The Alamo City School Board of Education is presented in the Town's financial statements as three funds: general purpose school fund, the federal projects fund, and the centralized cafeteria fund. 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 Alamo City School Board of Education, 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparisons for the general fund and the general purpose school fund 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, schedules of pension plans for TCRS and notes, and schedules for OPEB plans and notes 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 Town's basic financial statements. The introductory section, combining and individual fund statements and schedules, the budgetary comparison schedules included as supplementary and other information and supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the supplementary and other information, except those marked unaudited, 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the water loss schedule, and management's corrective action plan 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 March 11, 2020 on our consideration of the Town'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 the Town's 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 Town's internal control over financial reporting and compliance.

Alexander Thompson Arnold, PLLC

Jackson, Tennessee
March 11, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Alamo, Tennessee, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$13.09 million (net position). Of this amount \$1.60 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$781 thousand during 2019, compared to increasing by \$905 thousand during 2018. This change does not include the prior period adjustment of net position of (\$19) thousand in the current year.
- As of the close of the fiscal year, the Town's governmental funds reported ending fund balances of \$3.90 million. This was an increase of \$139 thousand, or 3.70%, over the prior year. 25.60% of the ending fund balances were unassigned and available for current use by the Town.
- The Town's total debt obligations increased by \$29 thousand during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of the following components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements
4. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

- The Statement of Net Position presents information on all of the Town's assets and liabilities, and deferred inflows/outflows of resources with the difference between the two 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 Town is improving or deteriorating.
- The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. 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, compensated absences, etc.).

Both of the government-wide financial statements distinguish functions of the Town 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 Town include general government; public safety; public works; culture and recreation; and education. The business-type activities of the Town

MANAGEMENT'S DISCUSSION AND ANALYSIS

are made up of the water and sewer division. The government-wide financial statements can be found on pages 11 to 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of 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 Town's near-term financing decisions. Both the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 14 to 17 of this report.

The Town maintains seven governmental funds. Information is presented separately in the Balance Sheet - Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for the General Fund and General Purpose School Fund, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation.

The Town adopts an annual appropriated budget for all governmental funds. Budgetary comparison statements have been provided on pages 21 to 26 and pages 80 to 84 of this report.

Proprietary funds - There are 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 Town uses enterprise funds to account for the Water and Sewer Division.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a government's various functions. The Town currently has no internal service funds.

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 Water and Sewer Division which is considered to be a major fund of the Town. The basic proprietary fund financial statements can be found on pages 18 to 20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 to 67 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's ability to meet its projected budget and the Town's schedule of funding progress for its pension plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13.09 million at the close of the most recent fiscal year. The largest portion of the Town's net position (59.16%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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 Town's net position (28.65%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position representing unrestricted net position (12.19%) may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the Town as a whole, as well as for its total governmental and total business-type activities.

Comparisons with the prior year data are presented below.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 5,428,744	\$ 4,926,501	\$ 1,212,932	\$ 1,020,039	\$ 6,641,676	\$ 5,946,540
Capital assets	5,048,803	5,018,932	2,932,400	2,822,030	7,981,203	7,840,962
Total assets	<u>10,477,547</u>	<u>9,945,433</u>	<u>4,145,332</u>	<u>3,842,069</u>	<u>14,622,879</u>	<u>13,787,502</u>
Deferred outflows of resources	<u>589,828</u>	<u>620,346</u>	<u>48,596</u>	<u>43,775</u>	<u>638,424</u>	<u>664,121</u>
Long-term liabilities	496,303	590,028	44,089	27,180	540,392	617,208
Other liabilities	348,268	368,337	15,762	7,385	364,030	375,722
Total liabilities	<u>844,571</u>	<u>958,365</u>	<u>59,851</u>	<u>34,565</u>	<u>904,422</u>	<u>992,930</u>
Deferred inflows of resources	<u>1,220,729</u>	<u>1,100,531</u>	<u>48,996</u>	<u>33,261</u>	<u>1,269,725</u>	<u>1,133,792</u>
Net position:						
Net investment in capital assets	4,809,918	4,808,932	2,932,400	2,822,030	7,742,318	7,630,962
Restricted	3,657,059	3,061,865	92,488	45,038	3,749,547	3,106,903
Unrestricted	535,098	636,086	1,060,193	950,950	1,595,291	1,587,036
Total net position	<u>\$ 9,002,075</u>	<u>\$ 8,506,883</u>	<u>\$ 4,085,081</u>	<u>\$ 3,818,018</u>	<u>\$13,087,156</u>	<u>\$12,324,901</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

During the current fiscal year, the Town's net position increased by \$781 thousand. There was an increase in net position for the year of \$514 thousand in the governmental activities. There was an increase in net position of \$267 thousand in the business type activities.

Statement of Activities - Expenses in the governmental activities exceeded program revenues by \$1.25 million. In the business-type activities, revenues exceeded expenses by \$260 thousand. General government revenues of \$1.77 million offset the governmental activities deficit leaving a net income of \$514 thousand, and other business-type revenues of \$7 thousand increased income leaving a net income of \$267 thousand.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 677,047	\$ 680,124	\$ 991,210	\$ 804,807	\$ 1,668,257	\$ 1,484,931
Operating grants and contributions	4,849,195	4,695,502	-	-	4,849,195	4,695,502
Capital grants and contributions	20,755	186,380	54,800	-	75,555	186,380
General revenues:						
Taxes & state shared revenues	1,671,368	1,592,757	-	-	1,671,368	1,592,757
Other sources	95,429	119,289	6,678	4,366	102,107	123,655
Total revenues	<u>7,313,794</u>	<u>7,274,052</u>	<u>1,052,688</u>	<u>809,173</u>	<u>8,366,482</u>	<u>8,083,225</u>
Expenses:						
General government	\$ 340,663	\$ 289,788	\$ -	\$ -	\$ 340,663	\$ 289,788
Public safety	393,752	352,517	-	-	393,752	352,517
Public works	594,091	602,288	-	-	594,091	602,288
Culture and recreation	33,250	16,162	-	-	33,250	16,162
Education	5,426,629	5,091,412	-	-	5,426,629	5,091,412
Interest on debt	11,347	9,000	-	-	11,347	9,000
Water and Sewer	-	-	785,625	817,032	785,625	817,032
Total expenses	<u>6,799,732</u>	<u>6,361,167</u>	<u>785,625</u>	<u>817,032</u>	<u>7,585,357</u>	<u>7,178,199</u>
Change in net position	514,062	912,885	267,063	(7,859)	781,125	905,026
Net position - beginning	<u>8,506,883</u>	<u>7,934,379</u>	<u>3,818,018</u>	<u>3,851,873</u>	<u>12,324,901</u>	<u>11,786,252</u>
Restatement - GASB Statement						
No. 75 implementation	-	(340,381)	-	(25,996)	-	(366,377)
No. 87 implementation	(18,870)	-	-	-	(18,870)	-
Net position - beginning - restated	<u>8,488,013</u>	<u>7,593,998</u>	<u>3,818,018</u>	<u>3,825,877</u>	<u>12,306,031</u>	<u>11,419,875</u>
Net position - ending	<u>\$ 9,002,075</u>	<u>\$ 8,506,883</u>	<u>\$ 4,085,081</u>	<u>\$ 3,818,018</u>	<u>\$13,087,156</u>	<u>\$12,324,901</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful

MANAGEMENT'S DISCUSSION AND ANALYSIS

measure of a government's net resources available for spending at the end of the fiscal year. Based on the statements and discussion, the overall financial position of the Town has improved during the period.

The general fund and general purpose school fund account for 16.55% and 67.13% respectively, of governmental fund revenues. Accordingly this discussion will focus on the general fund and general purpose school fund. General fund balance was \$1.00 million at the end of the current fiscal year. \$999 thousand of that balance is available to meet the day-to-day needs of the Town. The general purpose school fund balance was \$2.61 million at the end of the current fiscal year.

Revenues in the general fund increased in the current year by approximately \$36 thousand. The reason for this change is primarily due to an increase in tax revenue in the current year.

Revenues in the general purpose school fund increased from last year by approximately \$168 thousand. The most significant changes in revenues in the general purpose school fund were in state education funds.

All other revenues were within reasonable variances from last year. A budget comparison statement for these funds has been provided in the required supplementary information to demonstrate compliance with the budgets.

Proprietary funds - The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Net position of the proprietary fund was \$4.09 million with unrestricted net position making up \$1.06 million of that total. There was an overall increase in net position for proprietary funds of \$267 thousand during the current year.

Budgetary highlights - The Town made revisions to the original appropriations approved by the Board of Aldermen or School Board. Both general fund and general purpose school fund had budget amendments.

Actual revenues and other financing sources were over budgeted amounts by \$74 thousand in the general fund. Actual revenues and other financing sources were higher than final budgeted amounts by \$240 thousand in the general purpose school fund. Significant variances are as follows:

- State education funds were budgeted for \$4.16 million but \$4.37 million in revenues were recognized during the year resulting in over budget of \$207 thousand in the general purpose school fund.
- Wholesale beer taxes were budgeted for \$20 thousand, but \$54 thousand in revenues were recognized during the year resulting in over budget of \$34 thousand in the general fund.
- Federal and state revenues were under budget by \$36 thousand in the general fund.

Expenditures and other financing uses were \$93 thousand under budget in the general fund and \$43 thousand under budgeted amounts in the general purpose school fund. Significant variances were as follows:

- Support services were under budget by \$34 thousand in the general purpose school fund.
- Mosquito grant supplies were under budget by \$65 thousand in the general purpose school fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

There were no other significant variances in revenues, expenditures, and other financing sources and uses other than the ones that have been detailed above.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2019, the Town had invested \$7.98 million net of accumulated depreciation in a variety of capital assets and infrastructure. Additional information on the Town's capital assets can be found in Note 4C beginning on page 36 of this report.

Long-term debt - At the end of the current fiscal year, the Town had total long-term debt outstanding of \$239 thousand. The entire amount is comprised of debt backed by the full faith and credit of the Town. Information on the Town's long-term debt can be found in Note 4E beginning on page 38 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The unemployment rate for Alamo is currently 3.1. The state's average unemployment rate is currently 3.4%. The national average unemployment rate is currently 3.6%. All of the rates are from labor statistics released in June 2019.

All of these factors were considered in preparing the Town's budget for the 2020 fiscal year. The Town has no plans to incur any new debt.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Alamo's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Recorder, Town of Alamo, 74 East Park Street, Alamo, TN 38001.

BASIC FINANCIAL STATEMENTS

TOWN OF ALAMO, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,080,999	\$ 1,019,367	\$ 4,100,366
Certificates of deposit	451,641	-	451,641
Receivables			
Interest	2,803	-	2,803
Taxes (net of allowance of \$23,774)	567,567	-	567,567
Accounts	32,019	101,077	133,096
Other	16	-	16
City court fines	6,424	-	6,424
Grants	10,370	-	10,370
Intergovernmental	95,344	-	95,344
Due from other governments	539,535	-	539,535
Inventories	12,365	-	12,365
Restricted cash in bank	14,058	-	14,058
Restricted stabilization reserve trust	12,534	-	12,534
Net pension asset	603,069	92,488	695,557
Capital assets, not being depreciated			
Land	157,099	-	157,099
Construction in progress	-	62,317	62,317
Capital assets, net of accumulated depreciation			
Buildings and improvements	4,061,809	-	4,061,809
Equipment	692,312	55,175	747,487
Infrastructure	137,583	-	137,583
Utility plant	-	2,814,908	2,814,908
Total assets	10,477,547	4,145,332	14,622,879
Deferred outflows of resources			
Pension - related	546,172	45,538	591,710
OPEB - related	43,656	3,058	46,714
Total deferred outflows of resources	589,828	48,596	638,424
Liabilities			
Accounts payable	6,691	7,751	14,442
Accrued expenses	341,577	8,011	349,588
Long-term liabilities			
OPEB Liability	239,639	32,005	271,644
Compensated absences	17,779	12,084	29,863
Due within one year	42,706	-	42,706
Due in excess of one year	196,179	-	196,179
Total liabilities	844,571	59,851	904,422
Deferred inflows of resources			
Unavailable revenue - property taxes	529,386	-	529,386
Pension - related	529,055	47,084	576,139
OPEB - related	162,288	1,912	164,200
Total deferred inflows of resources	1,220,729	48,996	1,269,725
Net Position			
Net investment in capital assets	4,809,918	2,932,400	7,742,318
Restricted for			
Drug fund	4,197	-	4,197
Education	2,777,018	-	2,777,018
Federal projects	62,352	-	62,352
Food service - schools	62,763	-	62,763
Neighborhood stabilization program	2,527	-	2,527
Neighborhood watch program	87	-	87
Solid waste	116,491	-	116,491
State sex offender registry	2,459	-	2,459
Net pension asset	603,069	92,488	695,557
State street aid	26,096	-	26,096
Unrestricted	535,098	1,060,193	1,595,291
Total net position	\$ 9,002,075	\$ 4,085,081	\$ 13,087,156

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government							
Governmental activities							
General government	\$ 340,663	\$ -	\$ -	\$ -	\$ (340,663)	\$ -	\$ (340,663)
Public safety	393,752	33,832	3,656	20,755	(335,509)	-	(335,509)
Public works	594,091	232,666	-	-	(361,425)	-	(361,425)
Culture and recreation	33,250	900	-	-	(32,350)	-	(32,350)
Instruction	3,240,049	-	4,845,539	-	1,605,490	-	1,605,490
Support services	1,118,941	-	-	-	(1,118,941)	-	(1,118,941)
Non-instructional services	406,502	-	-	-	(406,502)	-	(406,502)
Food service	661,137	409,649	-	-	(251,488)	-	(251,488)
Debt service	11,347	-	-	-	(11,347)	-	(11,347)
Total governmental activities	<u>6,799,732</u>	<u>677,047</u>	<u>4,849,195</u>	<u>20,755</u>	<u>(1,252,735)</u>	<u>-</u>	<u>(1,252,735)</u>
Business-type activities							
Water and sewer	<u>785,625</u>	<u>991,210</u>	<u>-</u>	<u>54,800</u>	<u>-</u>	<u>260,385</u>	<u>260,385</u>
Total business-type activities	<u>\$ 785,625</u>	<u>\$ 991,210</u>	<u>\$ -</u>	<u>\$ 54,800</u>	<u>-</u>	<u>260,385</u>	<u>260,385</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
General revenues							
Property taxes - levied for general government					1,000,756	-	1,000,756
In lieu of taxes - TVA					29,149	-	29,149
Sales taxes					518,228	-	518,228
Franchise taxes					18,297	-	18,297
Alcoholic beverage taxes					55,310	-	55,310
Business taxes					31,047	-	31,047
Income taxes					18,581	-	18,581
Other sources					91,218	1,920	93,138
Interest income					4,211	4,758	8,969
Total general revenues					<u>1,766,797</u>	<u>6,678</u>	<u>1,773,475</u>
Changes in net position					514,062	267,063	781,125
Net position - beginning					8,506,883	3,818,018	12,324,901
Restatement - GASB Statement No. 87 implementation					(18,870)	-	(18,870)
Net position - beginning, restated					<u>8,488,013</u>	<u>3,818,018</u>	<u>12,306,031</u>
Net position - ending					<u>\$ 9,002,075</u>	<u>\$ 4,085,081</u>	<u>\$ 13,087,156</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	<u>General</u>	<u>General Purpose School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 895,849	\$ 1,988,382	\$ 196,768	\$ 3,080,999
Certificates of deposit	-	451,641	-	451,641
Receivables				
Interest	-	2,803	-	2,803
Taxes (net of allowance of \$23,774)	567,567	-	-	567,567
Accounts	-	-	32,019	32,019
Other	16	-	-	16
City court fines	6,424	-	-	6,424
Grants	10,370	-	-	10,370
Intergovernmental	95,344	-	-	95,344
Due from other funds	17,966	65,822	-	83,788
Due from other governments	-	394,544	144,991	539,535
Prepays	-	-	-	-
Restricted cash in bank	-	14,058	-	14,058
Restricted stabilization reserve trust	-	12,534	-	12,534
Inventories	-	-	12,365	12,365
Total assets	<u>\$ 1,593,536</u>	<u>\$ 2,929,784</u>	<u>\$ 386,143</u>	<u>\$ 4,909,463</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ 5,417	\$ -	\$ 1,274	\$ 6,691
Accrued expenses	9,803	314,957	16,817	341,577
Due to other funds	-	-	83,788	83,788
Total liabilities	<u>15,220</u>	<u>314,957</u>	<u>101,879</u>	<u>432,056</u>
Deferred inflows of resources				
Unavailable property tax revenue	567,567	-	-	567,567
Unavailable court fines revenue	6,424	-	-	6,424
Total deferred inflows of resources	<u>573,991</u>	<u>-</u>	<u>-</u>	<u>573,991</u>
Fund balances				
Nonspendable				
Inventory	-	-	12,365	12,365
Restricted				
Drug	-	-	4,197	4,197
Education	-	2,614,827	-	2,614,827
Federal projects	-	-	62,352	62,352
Food service - schools	-	-	62,763	62,763
Neighborhood stabilization program	2,527	-	-	2,527
Neighborhood watch program	87	-	-	87
Solid waste	-	-	116,491	116,491
State sex offender registry	2,459	-	-	2,459
State street aid	-	-	26,096	26,096
Unassigned	999,252	-	-	999,252
Total fund balances	<u>1,004,325</u>	<u>2,614,827</u>	<u>284,264</u>	<u>3,903,416</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,593,536</u>	<u>\$ 2,929,784</u>	<u>\$ 386,143</u>	<u>\$ 4,909,463</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2019

Amounts reported for the governmental activities in the statement of net position (Page 11) are different because:

Fund balance - total governmental funds (Page 14)	\$ 3,903,416
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.	5,048,803
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds.	44,605
Deferred outflows of resources related to pensions and OPEB in which the consumption of net position will occur in future period, therefore, it is not reported in the funds.	589,828
Deferred inflows of resources related to pensions and OPEB in which the acquisition of net position will occur in future periods, therefore, it is not reported in the funds.	(691,343)
Non current assets, including net pension asset are not financial resources and, therefore, are not reported in the funds.	603,069
Long-term liabilities, including bonds payable, net pension liability, OPEB liability, and other long-term liabilities are not due in the current period and, therefore, are not reported in the funds.	<u>(496,303)</u>
Net position - governmental activities (Page 11)	<u>\$ 9,002,075</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2019

		General Purpose School	Other Governmental Funds	Total Governmental Funds
Revenues	General			
Taxes	\$ 872,117	\$ 477,949	\$ -	\$ 1,350,066
Intergovernmental	239,558	-	86,427	325,985
Charges for services	12,600	-	232,666	245,266
Other local revenue	-	17,847	-	17,847
State education	-	4,371,166	-	4,371,166
Fines	16,452	-	-	16,452
Payments for meals	-	-	22,859	22,859
USDA revenue	-	-	386,790	386,790
Federal and state grant funds	19,354	-	440,016	459,370
Other state	-	26,570	7,787	34,357
Drug related revenue	-	-	487	487
Other	46,672	1,600	12,914	61,186
Total revenues	<u>1,206,753</u>	<u>4,895,132</u>	<u>1,189,946</u>	<u>7,291,831</u>
Expenditures				
Current				
General government	298,950	-	-	298,950
Public safety	318,708	-	1,075	319,783
Public works	317,343	-	301,553	618,896
Culture and recreations	32,336	-	-	32,336
Instruction	-	3,027,812	318,212	3,346,024
Support services	-	1,466,911	130,232	1,597,143
Non-instructional services	-	254,676	-	254,676
Food service	-	-	440,235	440,235
Capital outlay	-	206,860	-	206,860
Debt service				
Principal	28,800	-	-	28,800
Interest	9,000	-	-	9,000
Total expenditures	<u>1,005,137</u>	<u>4,956,259</u>	<u>1,191,307</u>	<u>7,152,703</u>
Revenues over (under) expenditures	<u>201,616</u>	<u>(61,127)</u>	<u>(1,361)</u>	<u>139,128</u>
Other financing sources (uses)				
Transfers in	37,800	72,414	-	110,214
Transfers out	(72,414)	(37,800)	-	(110,214)
Total other financing sources (uses)	<u>(34,614)</u>	<u>34,614</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>167,002</u>	<u>(26,513)</u>	<u>(1,361)</u>	<u>139,128</u>
Fund balances - beginning	<u>837,323</u>	<u>2,641,340</u>	<u>285,625</u>	<u>3,764,288</u>
Fund balances - ending	<u>\$ 1,004,325</u>	<u>\$ 2,614,827</u>	<u>\$ 284,264</u>	<u>\$ 3,903,416</u>

The accompanying notes are an integral part of these financial statements.

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

For the Fiscal Year Ended June 30, 2019

Amounts reported for the governmental activities in the statement of activities (Page 13) are different because:

Net change in fund balances - total governmental funds (Page 16)	\$ 139,128
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which depreciation exceeded capital outlays in the current period.	(68,206)
Revenues in the statement of activities that provide current financial resources are reported as revenues in the funds.	2,078
Some expenses reported in the statements of activities, such as accrued leave, pension expense, OPEB expense do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	353,003
Some expenses reported in the statement of activities, such as accrued leave and postclosure care, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>88,059</u>
Change in net position of governmental activities (Page 13)	<u>\$ 514,062</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2019

	Water and Sewer Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 1,019,367
Customer receivables, net	101,077
Total current assets	<u>1,120,444</u>
Noncurrent assets	
Net pension asset	92,488
Capital assets, not being depreciated	
Construction in progress	62,317
Capital assets, being depreciated	
Utility plant	6,216,592
Equipment	262,346
Less accumulated depreciation	<u>(3,608,855)</u>
Total capital assets	<u>2,932,400</u>
Total noncurrent assets	<u>3,024,888</u>
Total assets	<u>4,145,332</u>
Deferred outflows of resources	
Pension - related	45,538
OPEB - related	<u>3,058</u>
Total deferred outflows of resources	<u>48,596</u>
Liabilities	
Current liabilities	
Accounts payable	7,751
Other accrued expenses	<u>8,011</u>
Total current liabilities	<u>15,762</u>
Noncurrent liabilities	
OPEB liability	32,005
Accrued leave	<u>12,084</u>
Total noncurrent liabilities	<u>44,089</u>
Total liabilities	<u>59,851</u>
Deferred inflows of resources	
Pension - related	47,084
OPEB - related	<u>1,912</u>
Total deferred inflows of resources	<u>48,996</u>
Net position	
Investment in capital assets	2,932,400
Net pension asset	92,488
Unrestricted	<u>1,060,193</u>
Total net position	<u>\$ 4,085,081</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019

	Water and Sewer Fund
Operating revenues	
Charges for sales and service	\$ 939,944
Connection and service fees	22,189
Penalties	22,117
Other operating revenue	6,960
Total operating revenues	<u>991,210</u>
Operating expenses	
Salaries and personnel expense	367,624
Utilities	59,327
Supplies and testing	9,656
System maintenance	105,783
Provision for depreciation	149,199
Administrative and general expenses	94,036
Total operating expenses	<u>785,625</u>
Operating income (loss)	<u>205,585</u>
Nonoperating revenues (expenses)	
Interest and other income	4,758
Gain on disposition of capital asset	1,920
Total nonoperating revenues (expenses)	<u>6,678</u>
Income (loss) before transfers and contributions	<u>212,263</u>
Transfers and capital contributions	
Capital contributions	54,800
Total transfers and capital contributions	<u>54,800</u>
Change in net position	267,063
Total net position - beginning	<u>3,818,018</u>
Total net position - ending	<u><u>\$ 4,085,081</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019

	<u>Water and Sewer Fund</u>
Cash flows from operating activities	
Cash received from consumers	\$ 974,589
Cash paid to suppliers of goods and services	(260,425)
Cash paid to employees for services	(387,251)
Net cash provided (used) by operating activities	<u>326,913</u>
Cash flows from capital and related financing activities	
Construction and acquisition of plant	(259,569)
Proceeds from disposition of capital asset	1,920
Grant receipts	54,800
Net cash provided (used) by capital and related financing activities	<u>(202,849)</u>
Cash flows from investing activities	
Interest received	4,758
Net cash provided (used) by investing activities	<u>4,758</u>
Net increase (decrease) in cash and cash equivalents	128,822
Cash and cash equivalents - beginning of year	<u>890,545</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,019,367</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 205,585
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	149,199
Change in pension related deferred inflows and outflows	13,157
Change in OPEB related deferred inflows and outflows	(2,243)
Changes in assets and liabilities	
Accounts receivable	(16,621)
Accounts payable and accrued expenses	8,377
Accrued leave	12,084
OPEB liability	4,825
Net pension asset	<u>(47,450)</u>
Net cash provided (used) by operating activities	<u><u>\$ 326,913</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Over
Revenues	Original	Final	Actual	(Under)
Taxes				
Property taxes	\$ 485,000	\$ 485,000	\$ 498,839	\$ 13,839
Public utility property tax	16,240	16,240	21,652	5,412
Interest and penalty - property tax	3,400	3,400	5,431	2,031
Local option sales taxes	185,000	185,000	213,531	28,531
Wholesale beer tax	20,000	20,000	53,521	33,521
Business taxes	26,000	26,000	30,200	4,200
Business tax recording fees	520	520	847	327
City Beer Permits	400	400	650	250
TVA in-lieu of tax payments	27,000	27,000	29,149	2,149
Cable TV franchise taxes	18,000	18,000	18,297	297
	781,560	781,560	872,117	90,557
Intergovernmental				
State - sales tax	198,000	198,000	218,270	20,270
State - income tax	3,000	3,000	2,674	(326)
State - beer tax	1,000	1,000	1,139	139
State- street and transportation	4,600	4,600	4,886	286
State - telecommunications tax	175	175	1,568	1,393
State - excise tax	7,200	7,200	11,021	3,821
Federal and state grants	55,000	55,000	19,354	(35,646)
	268,975	268,975	258,912	(10,063)
Charges for services				
Cemetery revenue	2,100	2,100	900	(1,200)
Fire calls out-of-town	9,000	9,000	11,700	2,700
	11,100	11,100	12,600	1,500
Fines and forfeitures				
City court revenue	5,000	5,000	10,628	5,628
Drug related fines	300	300	520	220
Officers costs	1,200	1,200	2,904	1,704
State law enforcement education	2,400	2,400	2,400	-
	8,900	8,900	16,452	7,552
Other				
Miscellaneous	5,000	5,000	2,426	(2,574)
Farm rental	3,900	3,900	3,900	-
Fire tower rental	2,040	2,040	2,040	-
Post office building rental	27,483	27,483	27,483	-

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
Revenues	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other				
State sex offender registry	600	600	300	(300)
Fire department auxiliary fund	-	-	3,656	3,656
Sale of equipment	6,000	6,000	3,090	(2,910)
Interest	1,800	1,800	3,777	1,977
	<u>46,823</u>	<u>46,823</u>	<u>46,672</u>	<u>(151)</u>
Total revenues	\$ 1,117,358	\$ 1,117,358	\$ 1,206,753	\$ 89,395
Expenditures				
Current				
General government				
Board and commissions				
Salary - Mayor	\$ 9,600	\$ 9,600	\$ 9,600	\$ -
FICA employer's share	1,840	1,840	1,744	(96)
Retirement	1,530	1,530	1,524	(6)
Board and committee members	14,400	14,400	14,400	-
Operating expense	<u>250</u>	<u>250</u>	<u>-</u>	<u>(250)</u>
	<u>27,620</u>	<u>27,620</u>	<u>27,268</u>	<u>(352)</u>
Legal				
Salary	3,600	3,600	3,600	-
FICA employer's share	276	276	275	(1)
Legal services	<u>8,000</u>	<u>8,000</u>	<u>7,668</u>	<u>(332)</u>
	<u>11,876</u>	<u>11,876</u>	<u>11,543</u>	<u>(333)</u>
City recorder				
Salaries	66,960	66,965	66,960	(5)
FICA employer's share	5,123	5,123	4,689	(434)
Hospitalization	19,500	20,362	20,721	359
Retirement	4,252	4,282	4,281	(1)
Litigation tax	800	900	897	(3)
Court fees/software payables	200	1,030	1,027	(3)
Publicity, donations, dues	4,342	4,342	4,242	(100)
Other publicity, subscriptions, dues	2,500	2,500	953	(1,547)
Industrial board	20	20	20	-
Christmas expense	6,700	6,700	6,305	(395)
Utilities	46,000	46,000	43,549	(2,451)
Accounting and auditing services	7,560	7,560	7,558	(2)
Other expense	7,500	8,350	8,300	(50)
Office expense	2,900	1,900	1,014	(886)

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

Expenditures	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Current				
General government				
City recorder				
Post office cleaning	3,180	3,480	3,420	(60)
Professional fees	6,000	8,000	7,970	(30)
Uniforms	100	144	144	-
Insurance	46,000	42,500	41,067	(1,433)
Other contractual services	1,200	1,200	835	(365)
Capital outlay	1,200	1,259	1,259	-
	<u>232,037</u>	<u>232,617</u>	<u>225,211</u>	<u>(7,406)</u>
General government buildings				
Custodian	1,875	1,875	1,500	(375)
Operating expense	5,000	6,050	5,972	(78)
City owned property	3,000	6,203	7,054	851
Municipal building	21,316	16,316	15,326	(990)
Other grant expense	-	60	60	-
	<u>31,191</u>	<u>30,504</u>	<u>29,912</u>	<u>(592)</u>
Building inspector				
Salary	1,000	1,000	480	(520)
Building inspector expenses	3,000	4,600	4,536	(64)
	<u>4,000</u>	<u>5,600</u>	<u>5,016</u>	<u>(584)</u>
Total general government	<u>306,724</u>	<u>308,217</u>	<u>298,950</u>	<u>(9,267)</u>
Public safety				
Police department				
Salary	180,600	180,600	177,323	(3,277)
FICA employer's share	13,740	13,740	12,538	(1,202)
Insurance	74,858	52,858	52,531	(327)
Retirement	11,406	11,406	8,115	(3,291)
Employee travel and training	1,500	1,500	1,038	(462)
Capital outlay	9,055	55	-	(55)
Operating expense	15,800	21,300	20,544	(756)
State sex offender registry expense	300	300	100	(200)
Uniforms	2,500	3,500	3,442	(58)
	<u>309,759</u>	<u>285,259</u>	<u>275,631</u>	<u>(9,628)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

Expenditures	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Current				
Public safety				
Fire department				
Salary	9,600	9,600	9,600	-
FICA employer's share	1,806	1,806	1,287	(519)
Volunteer firemen	14,000	7,300	7,220	(80)
Auxiliary fund	-	24	24	-
Operating expense	13,000	19,000	18,029	(971)
Capital outlay	25,000	13,616	6,917	(6,699)
	<u>63,406</u>	<u>51,346</u>	<u>43,077</u>	<u>(8,269)</u>
Total public safety	<u>373,165</u>	<u>336,605</u>	<u>318,708</u>	<u>(17,897)</u>
Public works				
Street department				
Salary	135,000	141,200	135,642	(5,558)
FICA employer's share	9,180	9,180	8,697	(483)
Insurance	62,688	64,488	64,304	(184)
Retirement	7,658	8,258	8,153	(105)
Travel and education	-	460	460	-
Repair and maintenance	15,500	15,500	7,529	(7,971)
Asphalt	2,500	2,500	-	(2,500)
Vehicle maintenance	12,500	12,500	11,687	(813)
Capital outlay	2,000	7,250	7,234	(16)
Downtown/tourism grant	-	-	29,600	29,600
Mosquito grant supplies	65,000	65,000	-	(65,000)
Uniforms	1,100	1,100	524	(576)
Street aid material	29,591	43,748	43,513	(235)
	<u>342,717</u>	<u>371,184</u>	<u>317,343</u>	<u>(53,841)</u>
Sanitation				
Junk pickup	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Total public works	<u>346,717</u>	<u>375,184</u>	<u>317,343</u>	<u>(57,841)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

Expenditures	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Culture and recreations				
Parks:				
Salaries	1,965	1,965	1,965	-
Utilities	2,600	2,600	1,719	(881)
Miscellaneous	17,555	18,655	18,377	(278)
Insurance	1,000	1,000	1,000	-
	<u>23,120</u>	<u>24,220</u>	<u>23,061</u>	<u>(1,159)</u>
Cemeteries				
Cemetery expense	<u>10,500</u>	<u>16,000</u>	<u>9,275</u>	<u>(6,725)</u>
Total culture and recreations	<u>33,620</u>	<u>40,220</u>	<u>32,336</u>	<u>(7,884)</u>
Debt service				
Principal	28,800	28,800	28,800	-
Interest	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	-
Total debt service	<u>37,800</u>	<u>37,800</u>	<u>37,800</u>	-
Total expenditures	<u>\$ 1,098,026</u>	<u>\$ 1,098,026</u>	<u>\$ 1,005,137</u>	<u>\$ (92,889)</u>
Revenues over (under) expenditures	<u>19,332</u>	<u>19,332</u>	<u>201,616</u>	<u>182,284</u>
Other financing sources (uses)				
Operating transfers in	53,082	53,082	37,800	(15,282)
Operating transfers out	<u>(72,414)</u>	<u>(72,414)</u>	<u>(72,414)</u>	-
Total other financing sources (uses)	<u>(19,332)</u>	<u>(19,332)</u>	<u>(34,614)</u>	<u>(15,282)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>167,002</u>	<u>\$ 167,002</u>
Fund balance - beginning			<u>837,323</u>	
Fund balance - ending			<u>\$ 1,004,325</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Over (Under)
Revenues	Original	Final	Actual	
County taxes	\$ 466,653	\$ 466,653	\$ 477,949	\$ 11,296
Other local revenue	17,000	17,000	17,847	847
Miscellaneous revenue	-	-	1,600	1,600
State education funds	4,053,336	4,164,127	4,371,166	207,039
Other state revenue	26,570	26,570	26,570	-
Total revenues	<u>4,563,559</u>	<u>4,674,350</u>	<u>4,895,132</u>	<u>220,782</u>
Expenditures				
Instruction	2,980,353	3,066,440	3,027,812	(38,628)
Support services	1,487,352	1,501,343	1,466,911	(34,432)
Non-instructional services	237,612	254,707	254,676	(31)
Capital outlay	208,356	208,356	206,860	(1,496)
Total expenditures	<u>4,913,673</u>	<u>5,030,846</u>	<u>4,956,259</u>	<u>(74,587)</u>
Revenues over (under) expenditures	<u>(350,114)</u>	<u>(356,496)</u>	<u>(61,127)</u>	<u>295,369</u>
Other financing sources (uses)				
Operating transfers in	72,414	72,414	72,414	-
Operating transfers out	<u>(37,800)</u>	<u>(37,800)</u>	<u>(37,800)</u>	-
Total other financing sources (uses)	<u>34,614</u>	<u>34,614</u>	<u>34,614</u>	-
Net changes in fund balance	<u>\$ (315,500)</u>	<u>\$ (321,882)</u>	<u>(26,513)</u>	<u>\$ 295,369</u>
Fund balance - beginning			<u>2,641,340</u>	
Fund balance - ending			<u>\$ 2,614,827</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Alamo, Tennessee (Town), operates under a Mayor-Aldermen form of government and provides the following services as authorized by its charter: public safety (police and fire), street maintenance, cemetery maintenance, sanitation collection and disposal, recreation, library, water and sewer, education, and general administrative services. As required by generally accepted accounting principles, these financial statements present all funds, which comprise the Town.

B. Government-wide and Fund 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 activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Property taxes, gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The general purpose school fund is the government's primary operating fund in the school system. It accounts for the financial resources used in the education of the community's children.

The Town reports the following major proprietary fund:

The water and sewer fund accounts for the activities associated with the water distribution system, the sewage treatment plant, sewage pumping stations and collection system.

The financial statements of the City are prepared in accordance with generally accepted accounting principles. The *Governmental Accounting Standards Board* (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described here with Note 1.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's utility divisions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and service. The water and sewer 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 the proprietary 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.

D. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

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

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

statutes authorize the Town to invest in certificates of deposit, obligations of the U.S. Treasury agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements, and the state's investment pool.

Investments consist solely of bank certificates of deposit with initial maturities in excess of three months.

Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

The property tax calendar is as follows:

Lien date	January 1
Levy date	October 1
Tax bills mailed	October 1
Payment due dates	October 1 through February 28
Delinquent date	March 1

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

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

Restricted Assets

The Town elects to use restricted assets before unrestricted assets when the situation arises where either can be used. The general purpose school fund currently has \$14,058 in restricted cash.

Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life of greater than one year, except for School Funds, in which capital assets are defined as assets with an initial cost of more than \$500 and an extended useful life of greater than two years. All land, construction in progress, and works of art will be included. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

TOWN OF ALAMO, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Capital assets of the Town are depreciated using the straight line method over the following useful lives:

Buildings	20 - 60 years
Utility plant	20 - 40 years
Machinery and equipment	5 - 25 years
Other improvements	15 - 25 years
Infrastructure	25 years

Deferred Revenue

Deferred revenue represents amounts that were receivable and measurable at June 30, 2019 but were not available to finance expenditures for the year ended June 30, 2019. Deferred revenues primarily include unearned or unavailable revenues.

Compensated Absences

The Town's policy allows employees to accumulate unused sick leave with no limit as to amount and unused annual leave from thirty to forty-two days based on length of service. Sick leave is not vested and is not paid upon termination. Accumulated annual leave is payable to employees upon termination.

The personnel policies of the School Board of Alamo do not allow any vested accumulation of annual leave. Sick leave can be accumulated up to a maximum of ten days per year, which is not vested.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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 in the year incurred.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City presently has no items that qualify for reporting in this category in the governmental fund statements. However, for the governmental activities, business type activities, and proprietary fund statements, the City reports deferred outflows for multiple pension-related items. In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

not be recognized as an inflow of resources (revenue) until that time. The City has various items that qualify for reporting in this category. Property taxes reported as receivable before the period for which they are levied are deferred and recognized as an inflow of resources in the period the amounts become available. This item is reported as unavailable revenue in both the governmental fund balance sheet and the statement of net position. Property taxes reported as receivable that were presently due, but not received within 60 days of the fiscal period are reported as unavailable property taxes in the governmental fund balance sheet. Court fines receivable that were not received within 60 days of the year end are also deferred in the governmental funds balance sheet and reported as court fines unavailable. In addition the statement of net position and proprietary fund statements report multiple pension-related items.

Impact of other recently issued accounting pronouncements

In March 2018, the GASB issued Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, effective for financial statements for periods beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Management has implemented this statement in the current financial statements.

In November 2016, the GASB issued Statement No. 83 – Certain Asset Retirement Obligations, effective for fiscal years beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the Statement. There was no impact on the current financial statements from the implementation of this Statement.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town of Alamo's participation in the Public Employee Retirement Plan of The Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Town's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Fund Balances

Fund balance for governmental funds can consist of the following:

Nonspendable fund balance

This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted fund balance

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

Committed fund balance

This classification includes amounts that can only be used for the specific purposes determined by the City's highest level of decision-making authority, (the City Council) and the highest form of authority (ordinances). Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: ordinance). The ordinance must be either approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. If the actual amount of the commitment is not available by June 30th, the ordinance must state the process of formula necessary to calculate the actual amount as soon as information is available.

Assigned fund balance

This classification includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Council and its designee, the Finance Director, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except for the general fund and also negative amounts) that are not classified as nonspendable, restricted, or committed. Any funds assigned must be reported to the Council at the next regular meeting and recorded in the minutes. Council has the authority to assign funds or to remove or change the assignments of the Finance Director with a simple majority vote. Upon passage of a budget ordinance where fund balance is used as a source to balance the budget, the Finance Director shall record the amount as assigned fund balance.

Unassigned fund balance

This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

Restricted net position are assets less related liabilities reported in the government-wide statement of net position that have limitation imposed on their use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, contributors, legislation, or the other governments.

Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, net pension liability, OPEB liability, and other long-term liabilities are not due in the current period and, therefore, are not reported in the funds." The details of this (\$496,303) difference are as follows:

Bonds payable	\$ (180,000)
Capital lease payable	(58,885)
OPEB liability	(239,639)
Compensated absences payable - City portion	<u>(17,779)</u>
Net adjustment to reduce net changes in fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (496,303)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the government-wide statement of activities includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period." The details of this (\$68,206) difference are as follows:

Capital outlay	\$ 219,136
Gain/loss on sale of equipment	(28,333)
Depreciation expense	<u>(259,009)</u>
Net adjustment to reduce net changes in fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (68,206)</u>

Another element of that reconciliation states that "Revenues in the statement of activities that provide current financial resources are reported as revenues in the funds." The details of this \$2,078 difference are as follows:

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Change in unavailable property taxes	\$ (3,115)
Change in unavailable court fines	<u>5,193</u>
Net adjustment to reduce net changes in fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 2,078</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Town of Alamo:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. These include the general fund and the special revenue funds. The Board of Aldermen approves and appropriates the budgets for these funds annually. All annual appropriations lapse at fiscal year end. In addition, school commodity income and expense are not budgeted on the GAAP basis.

As an extension of the formal budgetary process, the Board of Aldermen may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. The Town's policy is to not allow expenditures to exceed budgetary amounts at the total fund expenditure level without obtaining additional appropriation approval from the Board.

Alamo School System:

Budgets and amendments are prepared by the Director of Schools and presented to the School Board for approval. Budgets are adopted on a basis consistent with GAAP in the United States of America. As an extension of the formal budgetary process, the School Board may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. All unexpended appropriations lapse at the end of the fiscal year unless the Board authorizes retention.

The System's policy is not to allow expenditures to exceed budgetary amounts at the total fund expenditure level.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of June 30, 2019, the Town of Alamo, Tennessee had \$451,641 invested in certificates of deposit with local financial institutions.

Custodial Credit Risk

The Town's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, by the Tennessee Bank Collateral Pool, by collateral held by the Town's agent in the Town's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the Town to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2019, all bank deposits were fully collateralized or insured.

B. Receivables

Receivables as of the year end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	General Purpose School	Other Governmental Funds	Water & Sewer Division	Total
Receivables:					
Interest	\$ -	\$ 2,803	\$ -	\$ -	\$ 2,803
Property taxes	591,341	-	-	-	591,341
Accounts	-	-	32,019	101,077	133,096
Other	16	-	-	-	16
City court fines	6,424	-	-	-	6,424
Grants	10,370	-	-	-	10,370
Intergovernmental	95,344	-	-	-	95,344
Gross receivables	703,495	2,803	32,019	101,077	839,394
Less: Allowance for uncollectibles	(23,774)	-	-	-	(23,774)
Net total receivables	\$ 679,721	\$ 2,803	\$ 32,019	\$ 101,077	\$ 815,620

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. At the end of the current fiscal year, various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 38,181	\$ -
2019 property tax assessment	-	529,386
Court fines receivable	6,424	-
Total unavailable revenue for fund financial statements	\$ 44,605	\$ 529,386

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 157,099	\$ -	\$ -	\$ -	\$ 157,099
Construction in progress	193,898	206,860	-	(400,758)	-
Total capital assets, not being depreciated	<u>350,997</u>	<u>206,860</u>	<u>-</u>	<u>(400,758)</u>	<u>157,099</u>
Capital assets being depreciated:					
Buildings and improvements	6,036,089	-	-	400,758	6,436,847
Equipment	2,673,950	12,276	475,904	105,854	2,316,176
Infrastructure	215,348	-	-	(1)	215,347
Total capital assets being depreciated	<u>8,925,387</u>	<u>12,276</u>	<u>475,904</u>	<u>506,611</u>	<u>8,968,370</u>
Less accumulated depreciation for:					
Buildings and improvements	2,183,764	191,274	-	-	2,375,038
Equipment	2,004,537	59,122	439,794	(1)	1,623,864
Infrastructure	69,151	8,613	-	-	77,764
Total accumulated depreciation	<u>4,257,452</u>	<u>259,009</u>	<u>439,794</u>	<u>(1)</u>	<u>4,076,666</u>
Total capital assets being depreciated, net	<u>4,667,935</u>	<u>(246,733)</u>	<u>36,110</u>	<u>506,612</u>	<u>4,891,704</u>
Governmental activities capital assets, net	<u>\$ 5,018,932</u>	<u>\$ (39,873)</u>	<u>\$ 36,110</u>	<u>\$ 105,854</u>	<u>\$ 5,048,803</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ -	\$ 62,317	\$ -	\$ -	\$ 62,317
Total capital assets, not being depreciated	<u>-</u>	<u>62,317</u>	<u>-</u>	<u>-</u>	<u>62,317</u>
Capital assets being depreciated:					
Equipment	289,216	-	26,870	-	262,346
Utility Plant	6,019,340	197,252	-	-	6,216,592
Total capital assets being depreciated	<u>6,308,556</u>	<u>197,252</u>	<u>26,870</u>	<u>-</u>	<u>6,478,938</u>
Less accumulated depreciation for:					
Equipment	216,686	17,355	26,870	-	207,171
Utility Plant	3,269,840	131,844	-	-	3,401,684
Total accumulated depreciation	<u>3,486,526</u>	<u>149,199</u>	<u>26,870</u>	<u>-</u>	<u>3,608,855</u>
Total capital assets being depreciated, net	<u>2,822,030</u>	<u>48,053</u>	<u>-</u>	<u>-</u>	<u>2,870,083</u>
Business-type activities capital assets, net	<u>\$ 2,822,030</u>	<u>\$ 110,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,932,400</u>
Total capital assets, net	<u>\$ 7,840,962</u>	<u>\$ 70,497</u>	<u>\$ 36,110</u>	<u>\$ 105,854</u>	<u>\$ 7,981,203</u>

TOWN OF ALAMO, TENNESSEE
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 45,091
Public safety	80,396
Public works	5,526
Culture and recreation	914
Instruction	127,082
Total depreciation expense - governmental activities	<u>\$ 259,009</u>
Business-type activities:	
Water and sewer	<u>\$ 149,199</u>

D. Interfund Receivables, Payables, and Transfers

All interfund balances are expected to be repaid within the next fiscal year and are considered ordinary in nature. The composition of interfund balances as of June 30, 2019 is as follows:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>
General Fund	State Street Aid fund	\$ 17,966
General Purpose School Fund	Federal Projects Fund	65,822
Total		<u>\$ 83,788</u>

The purposes of the interfund liabilities are noted below:

- The balance between the State Street Aid Fund and the General Fund is for previous balances borrowed.
- The balance between the General Purpose School Fund and the Federal Projects Fund represent activities in the normal course of business.

The following is a summary of transfers during the year ended June 30, 2019:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General Fund	General Purpose School Fund	\$ 72,414
General Purpose School Fund	General Fund	37,800
Governmental fund activities eliminated		(110,214)
Total government-wide		<u>\$ -</u>

The purposes of the transfers are noted below:

- The transfer between the General Fund and the General Purpose School Fund was made to cover operating expenses.
- The transfer between the General Purpose School Fund and the General Fund was made to cover debt and interest expenses paid by the General Fund for the School.

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

E. Long-term Debt

Long-term debt of the governmental funds at June 30, 2019, is comprised of the following:

Bonds Payable:

1995 General Obligation School Bond. Interest rate 4.00%. Interest and principal due in annual installments beginning 2011 through 2025. \$ 180,000

The aforementioned bonds are direct obligations and pledge the full faith and credit of the government, with principal and interest at a rate of 4.00%, due each year. The Town issued the General Obligation School Bond, Series 1995 to provide funds for renovations of classrooms and facilities. The bonds were issued in 1995 in the amount of \$400,000.

Capital Lease Payable:

The School has entered into an agreement to lease a 70" ActivPanel and 13 Promethean ActivConnect OPS with a combined capitalized cost. Such agreement is, in substance, purchases (capital leases) and is reported as capital lease obligations. The terms are one annual payment over a five-year period, with interest rates of 5.5% and 5% respectively. At June 30, 2019 the School reported a payable balance for the leases of \$58,885.

As of June 30, 2019, the proprietary fund does not have any long-term debt.

The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave at June 30, 2019, are as follows:

Year Ending June 30,	Bonds		Capital Lease		Total
	Principal	Interest	Principal	Interest	
2020	\$ 30,000	\$ 7,800	\$ 12,706	\$ 2,738	\$ 55,264
2021	30,000	6,600	14,308	2,334	55,263
2022	30,000	5,400	15,028	1,614	52,042
2023	30,000	4,200	15,707	857	50,764
2024	30,000	3,000	1,136	62	34,198
2025	30,000	1,800	-	-	31,800
	<u>\$ 180,000</u>	<u>\$ 28,800</u>	<u>\$ 58,885</u>	<u>\$ 7,605</u>	<u>\$ 279,331</u>

All significant debt covenants and restrictions as set forth in the bond agreements were complied with.

TOWN OF ALAMO, TENNESSEE
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Long-term liability activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
1995 General Obligation					
School Bond	\$ 210,000	\$ -	\$ 30,000	\$ 180,000	\$ 30,000
School capital lease	-	71,980	13,095	58,885	12,706
Compensated absences	34,166	-	16,387	17,779	17,779
	<u>\$ 244,166</u>	<u>\$ 71,980</u>	<u>\$ 59,482</u>	<u>\$ 256,664</u>	<u>\$ 60,485</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business activities:					
Compensated absences	\$ -	\$ 12,084	\$ -	\$ 12,084	\$ 12,084
	<u>\$ -</u>	<u>\$ 12,084</u>	<u>\$ -</u>	<u>\$ 12,084</u>	<u>\$ 12,084</u>

F. Operating Leases

The Town has entered into a lease agreement as a lessee for its copier at the town hall. The lease is for a sixty month period with monthly payments of \$92. The Town also entered into a lease agreement as a lessee for alarm monitoring for the tornado shelter. The lease is for one year and automatically renews annually if neither party terminates. The annual payments are \$276. These lease agreements qualify as operating leases for accounting purposes. The future minimum lease payments as of June 30, 2019, were as follows:

<u>Year Ended June 30,</u>	
2020	\$ 1,104
2021	1,104
2022	1,104
2023	1,104
2024	276
	<u>\$ 4,692</u>

NOTE 5 - OTHER INFORMATION

A. Risk Management

Town of Alamo:

In order to manage its activities so as to minimize its exposure to risks such as torts; theft of or damage to assets; business interruption; job related illness or injuries to employees; and acts of God such as floods or earthquakes, the Town has purchased insurance in amounts that it considers sufficient to retain no significant risk or loss. There have been no settlements that exceeded the amount of insurance coverage in any of the past three fiscal years.

Alamo School System:

The School is exposed to various risks related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the board of education carries

TOWN OF ALAMO, TENNESSEE
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June 30, 2019

commercial insurance. No claims exceeded insurance recoveries during the fiscal year ended June 30, 2019 or in either of the previous two years.

B. Contingent Liabilities and Losses

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time; although, the Town's management expects such amounts, if any, to be immaterial.

C. Employee Retirement Systems and Pension Plans

Town of Alamo and City School:

Plan Description

Employees of Alamo are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided

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. 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. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

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Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	49
Active employees	<u>47</u>
	<u>119</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Alamo makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, employer contributions for Alamo were \$95,076 based on a rate of 5.57 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Alamo's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) 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.

Net Pension Liability (Asset)

Alamo's net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

TOWN OF ALAMO, TENNESSEE
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Changes of Assumptions

The long-term expected rate of return on pension plan investments was 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 percent. 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:

Asset Class	Long Term Expected Real Rate of Return	Target Allocation
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 percent 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 percent. 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 Alamo 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 net 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 the total pension liability.

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (Asset) (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/17	\$ 4,488,918	\$ 4,760,102	\$ (271,184)
Changes for the year:			
Service cost	133,168	-	133,168
Interest	329,799	-	329,799
Differences between expected and actual experience	(140,350)	-	(140,350)
Changes in assumptions	-	-	-
Contributions- employer	-	82,403	(82,403)
Contributions- employees	-	64,884	(64,884)
Net investment income	-	394,970	(394,970)
Benefit payments, including refunds of employee contributions	(146,276)	(146,276)	-
Administrative expense	-	(4,530)	4,530
Other changes	-	-	-
Net changes	<u>176,341</u>	<u>391,451</u>	<u>(215,110)</u>
Balance at 6/30/18	<u>\$ 4,665,259</u>	<u>\$ 5,151,553</u>	<u>\$ (486,294)</u>

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

The following presents the net pension liability (asset) of Alamo calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Alamo's net pension liability (asset)	\$ 152,598	\$ (486,294)	\$ (1,017,776)

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Negative Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Negative Pension Expense

For the year ended June 30, 2019, Alamo recognized negative pension expense of (\$36,322).

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, Alamo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,918	\$ 223,228
Net difference between projected and actual earnings on pension plan investments	-	24,334
Changes in assumptions	62,908	-
Contributions subsequent to the measurement date of June 30, 2018	<u>95,076</u>	<u>-</u>
Total	<u>\$ 221,902</u>	<u>\$ 247,562</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2018," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2020	\$ (34,691)
2021	(19,616)
2022	(28,366)
2023	(38,063)
2024	-
Thereafter	-

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

Payable to the Pension Plan

At June 30, 2019, Alamo reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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Alamo School System:

Hybrid Teacher Retirement Plan:

Plan Description

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Alamo City Schools are provided with pensions through the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan was closed to new membership on June 30, 2014, but continues providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit 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 all employer pension plans in 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.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan 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. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. 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 Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer

TOWN OF ALAMO, TENNESSEE
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June 30, 2019

contributions are not remitted. Employer contributions for the year ended June 30, 2019 to the Teacher Retirement Plan were \$11,370 which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is 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.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets)

At June 30, 2019, Alamo City Schools reported a liability (asset) of (\$26,261) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension asset used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. Alamo City School's proportion of the net pension asset was based on Alamo City School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, Alamo City School's proportion was 0.057905 percent. The proportion measured as of June 30, 2017 was 0.058648 percent.

Pension Expense

For the year ended June 30, 2019, Alamo City Schools recognized pension expense of \$9,017.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, Alamo City Schools reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,487	\$ 1,046
Net difference between projected and actual earnings on pension plan investments	-	1,483
Changes in assumptions	1,239	-
Changes in proportion of Net Pension Liability (Asset)	600	76
Contributions subsequent to the measurement date of June 30, 2018	<u>11,370</u>	<u>-</u>
Total	<u>\$ 14,696</u>	<u>\$ 2,605</u>

Alamo City Schools' employer contributions of \$11,370, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF ALAMO, TENNESSEE
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June 30, 2019

Year Ended June 30:

2020	\$ (144)
2021	(191)
2022	(402)
2023	(15)
2024	183
Thereafter	<u>1,290</u>
	<u>\$ 721</u>

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

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Change in assumptions

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; and decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent.

The long-term expected rate of return on pension plan investments was 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-

TOWN OF ALAMO, TENNESSEE
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June 30, 2019

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 percent. 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:

Asset Class	Long Term Expected Real Rate of Return	Target Allocation
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 percent 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 percent. 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 all LEAs 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 net 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 the total pension liability.

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

The following presents Alamo City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Alamo City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Alamo City School's share of net pension liability (asset)	\$ 4,060	\$ (26,261)	\$ (48,601)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

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June 30, 2019

Payable to the Pension Plan

At June 30, 2019, Alamo City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

Legacy Teacher Retirement Plan:

Plan Description

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Alamo City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but continues providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple- employer defined benefit 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 all employer pension plans in 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.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan 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. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. 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 Pension Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the

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sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Alamo City Schools for the year ended June 30, 2019 to the Teacher Legacy Pension Plan were \$179,340 which is 9.08 percent of covered payroll. The employer rate, when combined with member contributions, is 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.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets)

At June 30, 2018, the Alamo City Schools reported a liability (asset) of (\$183,002) for its proportionate share of net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Alamo City School's proportion of the net pension liability was based on Alamo City School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018 Alamo City Schools' proportion was 0.052005 percent. The proportion measured as of June 30, 2017 was 0.050345 percent.

Negative Pension Expense

For the year ended June 30, 2019, Alamo City Schools recognized a negative pension expense of (\$53,744).

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, Alamo City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,991	\$ 246,884
Net difference between projected and actual earnings on pension plan investments	-	39,829
Changes in assumptions	108,082	-
Changes in proportion of Net Pension Liability (Asset)	30,699	39,259
Contributions subsequent to the measurement date of June 30, 2018	<u>179,340</u>	<u>-</u>
Total	<u>\$ 355,112</u>	<u>\$ 325,972</u>

Alamo City Schools' employer contributions of \$179,340 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of

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resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2020	\$ 36,365
2021	(59,801)
2022	(110,977)
2023	(15,787)
2024	-
Thereafter	-
	<u><u>\$ (150,200)</u></u>

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

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of assumptions

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

The long-term expected rate of return on pension plan investments was 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

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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 percent. 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:

Asset Class	Long Term Expected Real Rate of Return	Target Allocation
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 percent 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 percent. 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 all LEAs 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 net 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 the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents Alamo City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Alamo City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Alamo City School's share of net pension liability (asset)	\$ 1,410,692	\$ (183,002)	\$ (1,501,561)

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Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2019, Alamo City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

D. Related Parties - School System

The School pays a related party for janitorial services. The janitorial expenses paid to the related party for the year ended June 30, 2019 were \$87,963.

E. Surety Bonds

The Board of Education carries a \$175,000 bond on the treasurer and a \$150,000 blanket bond covering all employees.

F. Other Postemployment Benefits (OPEB)

**City
Plan Description**

The employer provides certain retiree health insurance benefits in a single employer defined benefit OPEB Plan through the LGIP which is administered by the State of Tennessee. All employees covered by the LGIP and hired prior to July 1, 2015 are covered by the OPEB Plan. According to State law in effect on the measurement date, employees first hired on or after July 1, 2015 are not eligible to continue health insurance coverage under the OPEB Plan after retiring. Any changes to the law will be recognized in future measurements. For eligible employees, some employers provide a direct subsidy toward the premium for certain employees; all employers provide an implicit subsidy; and the retiree pays any balance of the required premium remaining.

Funding Policy

There are no assets or trust fund accumulating to pre-fund the OPEB obligation. The funding policy is to pay the OPEB obligation as it comes due each month on a pay-as-you-go basis. The total premium rate structure required for LGIP coverage is established by and may be amended by the Benefits Administration unit of the State and the State Insurance Committee. The local employer sets its own level of subsidy for the designated classification of members.

Eligibility

Eligibility to commence OPEB coverage is the same as eligibility for retirement under the Tennessee Consolidated Retirement System (TCRS), with the added conditions of (a) having being at least age 55 with at least 10 years of employment with the employer and three continuous years of insurance coverage in the LGIP immediately prior to final termination for retirement (or age 55 with at least 20 years of such employment if only one year of such coverage) and (b) receiving a monthly pension from TCRS. Additional rules apply for OPEB coverage for TCRS-approved disabilities. Alternative conditions are made for any locally sponsored public safety retirement plan or utility board member.

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With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGIP and this OPEB Plan upon attaining eligibility for Medicare benefits. In addition to subsidies that may be provided by the local employers for retiree premiums, the OPEB benefits include access to coverage for the retiree and dependents under the Medical, Prescription, Dental, Vision, and Long Term Care (LTC access for retirees was discontinued effective January 1, 2018).

Benefits

The employer may provide a flat dollar or percent subsidy depending on years of service, job classification, health plan option and tier selected. The State does not provide a subsidy for local government participants.

Employees covered by benefit terms - At June 30, 2018, the following employees of the City were covered by the benefit terms of the plan:

Retirees and beneficiaries	-
Inactive, nonretired members	-
Active members	19
Total Participants	19

Total OPEB Liability

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	3.62%
Salary Increases	Salary increase rates used in the July 1, 2018 actuarial valuation of the the Tennessee Consolidated Retirement System (TCRS); 3.44% - 8.72%, including inflation.
Retirement Age	Retirement rates used in the July 1, 2018 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS).
Mortality	Mortality tables used in the July 1, 2018 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS).
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.75% for 2019 calendar year, and gradually decreasing 32-year period to an ultimate trend rate of 3.53% with 0.28% added to approximate the effect of the excise tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in the per capita health costs.

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Change in Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability (TOL) June 30, 2017	\$ 64,713
Service Cost	3,586
Interest	2,430
Difference Between Actual and Expected	(2,404)
Change in Benefit Terms	-
Changes in Assumptions and Other Inputs	7,962
Benefit Payments	(85)
Net Changes	11,489
Total OPEB Liability (TOL) June 30, 2018	\$ 76,202
OPEB Expense	
Service Cost	\$ 3,586
Interest on the Total OPEB Liability	2,430
Current-period benefit changes	-
OPEB plan administrative expense	-
Recognition of outflow/inflow of resources due to liabilities	298
Total OPEB Expense	\$ 6,314

Recognition of Deferred Outflows and Inflows of Resources

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the average of the expected remaining service lives for purposes of recognizing the applicable combined deferred outflows and inflows of resources established in the current measurement period is 9.4 years.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,148
Change of assumptions	7,115	2,405
Contributions/benefits paid after the measurement date	167	-
Total	\$ 7,282	\$ 4,553

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Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

For the year ended June 30:

2020	\$	298
2021		298
2022		298
2023		298
2024		298
Thereafter		1,072
		<u>\$ 2,562</u>

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.62%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease	Current	1% increase
	2.62%	3.62%	4.62%
Total OPEB Liability	\$ 81,454	\$ 76,202	\$ 70,963

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rates

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current	1% Increase
	(5.75% to 2.81%)	(6.75% to 3.81%)	(7.75% to 4.81%)
Total OPEB Liability	\$ 67,909	\$ 76,202	\$ 85,648

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this actuarial roll-forward, the municipal bond rate is 3.62% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date). The discount rate was 3.56% as of the beginning of the measurement year.

Plan Assets

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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Schools

Closed Teacher Group Plan

Plan Description

Employees of the School, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The School offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), no partnership promise PPO, standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The School contributes up to 18% toward a single plan provided the person has 25 years of service with the School. If an employee has worked for the School between 10 and 24 years, the 18% is prorated. If an employee has been employed less than 10 years, no subsidy is provided. The School Board approves this percentage on an annual basis and is not guaranteed. The state, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At July 1, 2018, the following employees of the School were covered by the benefit terms of the TGOP:

Retirees and beneficiaries	4
Inactive, nonretired members	-
Active members eligible for future benefits	53
Active members not eligible for future benefits	8
Total Participants	<u>65</u>

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are

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allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School paid \$39,432 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial Assumptions

The collective total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	6.75% for 2019, decreasing annually to an ultimate rate of 3.53% for 2050 and later years.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled postretirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Postretirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.62 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

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Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability (TOL) June 30, 2017	\$ 522,318
Service Cost	30,414
Interest	18,726
Difference Between Actual and Expected	-
Change in Benefit Terms	(231,344)
Changes in Assumptions and Other Inputs	1,002
Benefit Payments	(53,420)
Net Changes	(234,622)
Total OPEB Liability (TOL) June 30, 2018	\$ 287,696
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 92,254
Employer's proportionate share of the collective total OPEB liability	\$ 195,442
Employer's proportion of the collective total OPEB liability	67.93%

The School has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. The School's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed 0% from the prior measurement date. The School recognized \$7,994 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for the School's retirees.

Changes in Assumptions

The discount rate was changed from 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change in assumption decreased the total OPEB liability.

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62%) or 1-percentage-point higher (4.62%) than the current discount rate.

	1% Decrease 2.62%	Current 3.62%	1% increase 4.62%
Total OPEB Liability	\$ 209,606	\$ 195,442	\$ 182,249

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Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rates

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.75% decreasing to 2.85%) or 1-percentage-point higher (7.75% decreasing to 4.85%) than the current healthcare cost trend rate.

	1% Decrease	Current	1% Increase
	(5.75% to 2.85%)	(6.75% to 3.85%)	(7.75% to 4.85%)
Total OPEB Liability	\$ 174,273	\$ 195,442	\$ 221,679

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense

For the fiscal year ended June 30, 2019, the School recognized OPEB expense of \$27,688.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 144,278
Change of assumptions	625	15,369
Changes in proportion and differences between expected and actual experience	9,913	-
Contributions/benefits paid after the measurement date	28,894	-
Total	<u>\$ 39,432</u>	<u>\$ 159,647</u>

The amounts shown above for "Employer payments subsequent to the measurement date" will be recognized as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	Amortized
2020	\$ (13,688)
2021	(13,688)
2022	(13,688)
2023	(13,688)
2024	(13,688)
Thereafter	(80,669)
Total	<u>\$ (149,109)</u>

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

Closed Tennessee Plan

Plan Description

Employees of the School, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TN plan does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The School does not subsidize. The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefits Terms

At July 1, 2018, the following employees of the School were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	12
Inactive employees entitled to but not yet receiving benefit payments	8
Active members	42
Total Participants	<u>62</u>

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School did not make any payments to the TNP for OPEB benefits as they came due.

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Total OPEB Liability

Actuarial Assumptions

The collective total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled postretirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Postretirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.62 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Changes in Collective Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability (TOL) June 30, 2017	\$ 134,851
Service Cost	2,272
Interest	4,791
Difference Between Actual and Expected	5,979
Change in Benefit Terms	-
Changes in Assumptions and Other Inputs	(1,143)
Benefit Payments	(5,071)
Net Changes	<u>6,828</u>
Total OPEB Liability (TOL) June 30, 2018	<u><u>\$ 141,679</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 141,679
Employer's proportionate share of the collective total OPEB liability	\$ -
Employer's proportion of the collective total OPEB liability	0.00%

The School has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. The School's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School proportion of 0% did not change from the prior measurement date. The School recognized \$6,412 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for the School's retired employees.

Changes in Assumptions

The discount rate was changed from 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change in assumption decreased the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense

For the fiscal year ended June, 30, 2019, the School recognized OPEB expense of \$5,901.

G. TCRS Stabilization Trust

Legal Provisions

The Alamo City Schools is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School Department has placed funds into the irrevocable trust as

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

authorized by statute under Tennessee Code Annotated (TCA), 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 Department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Alamo City Schools may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances

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.

Investments are reported at fair value or amortized which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade- date basis. The fair value of assets of the TRGT held at June 30, 2019, 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 held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes so to be represented in the table below.

TOWN OF ALAMO, TENNESSEE

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June 30, 2019

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

US Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in 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 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in 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.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate 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.

At June 30, 2019, the Alamo City Schools had the following investments held by the trust on its behalf.

Investment	Fair Value
Investment at Fair Value:	
U.S. Equity	\$ 3,886
Developed market international equity	1,755
Emerging market international equity	501
U.S. fixed income	2,507
Real estate	1,253
Short-term securities	125
Investment at Amortized Cost Using the NAV:	
Private equity and strategic lending	2,507
	<u>\$ 12,534</u>

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Investment by Fair Value Level	Fair Value 6/30/19	Fair Value Measurements Using			Amoritized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	\$ 3,886	\$ 3,886	\$ -	\$ -	\$ -
Developed market					
international equity	1,755	1,755	-	-	-
Emerging market					
international equity	501	501	-	-	-
U.S. fixed income	2,507	-	2,507	-	-
Real estate	1,253	-	-	1,253	-
Short-term securities	125	-	125	-	-
Private equity and strategic lending	2,507	-	-	-	2,507
	<u>\$ 12,534</u>	<u>\$ 6,142</u>	<u>\$ 2,632</u>	<u>\$ 1,253</u>	<u>\$ 2,507</u>

Risks and Uncertainties

The trust'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. The Alamo City Schools does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Alamo City Schools places no limit on the amount the county may invest in one issuer.

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

TOWN OF ALAMO, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Alamo City Schools to pay retirement benefits of the School Department employees.

For further information concerning the School Department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>.

H. Prior Period Adjustment

In June 2017, the GASB issued Statement No. 87, Leases. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Statement No. 87 is effective for periods beginning after December 15, 2019, however the Board of Education has elected to adopt this standard early and has determined the impact on the beginning net position to be a restatement of \$18,870.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON
PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Fiscal Year Ending June 30

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 133,168	\$ 130,767	\$ 123,100	\$ 127,074	\$ 106,140
Interest	329,799	302,387	289,900	269,622	264,579
Changes in benefit terms	-	-	-	-	-
Difference between actual & expected experience	(140,350)	106,530	(153,903)	(39,161)	(249,345)
Change of assumptions	-	104,848	-	-	-
Benefit payments, including refunds of employee contributions	(146,276)	(113,351)	(87,189)	(79,194)	(70,910)
Net change in total pension liability (asset)	<u>176,341</u>	<u>531,181</u>	<u>171,908</u>	<u>278,341</u>	<u>50,464</u>
Total pension liability (asset) - beginning	<u>4,488,918</u>	<u>3,957,737</u>	<u>3,785,829</u>	<u>3,507,488</u>	<u>3,457,024</u>
Total pension liability (asset) - ending (a)	<u>\$ 4,665,259</u>	<u>\$ 4,488,918</u>	<u>\$ 3,957,737</u>	<u>\$ 3,785,829</u>	<u>\$ 3,507,488</u>
Plan fiduciary net position					
Contributions - employer	\$ 82,403	\$ 103,128	\$ 97,306	\$ 96,730	\$ 109,118
Contributions - employee	64,884	69,775	66,614	65,535	68,463
Net investment income	394,970	481,605	108,078	119,443	539,911
Benefit payments, including refunds of employee contributions	(146,276)	(113,351)	(87,189)	(79,914)	(70,910)
Administrative expense	(4,530)	(4,281)	(3,690)	(2,599)	(2,098)
Other	-	2,163	720	-	-
Net change in plan fiduciary net position	<u>391,451</u>	<u>539,039</u>	<u>181,839</u>	<u>199,195</u>	<u>644,484</u>
Plan fiduciary net position - beginning	<u>4,760,102</u>	<u>4,221,063</u>	<u>4,039,224</u>	<u>3,840,029</u>	<u>3,195,545</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,151,553</u>	<u>\$ 4,760,102</u>	<u>\$ 4,221,063</u>	<u>\$ 4,039,224</u>	<u>\$ 3,840,029</u>
Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ (486,294)</u>	<u>\$ (271,184)</u>	<u>\$ (263,326)</u>	<u>\$ (253,395)</u>	<u>\$ (332,541)</u>
Plan fiduciary net position as a percentage of total pension liability	110.42%	106.04%	106.65%	106.69%	109.48%
Covered payroll	\$1,297,676	\$1,395,501	\$1,335,982	\$1,310,338	\$1,369,254
Net pension liability (asset) as a percentage of covered - payroll	-37.47%	-19.43%	-19.71%	-19.39%	-24.29%

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.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC
EMPLOYEE PENSION PLAN OF TCRS
Fiscal Year Ending June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 95,076	\$ 82,403	\$ 103,128	\$ 97,306	\$ 96,730	\$ 109,118
Contributions in relation to the contractually required contributions	<u>95,076</u>	<u>82,403</u>	<u>103,128</u>	<u>97,306</u>	<u>96,730</u>	<u>109,118</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 1,497,259	\$ 1,297,676	\$ 1,395,501	\$ 1,335,982	\$ 1,310,338	\$ 1,369,254
Contributions as a percentage of covered payroll	6.35%	6.35%	7.39%	7.28%	7.38%	7.97%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates for 2019 were calculated based on the June 30, 2017 actuarial valuation.

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 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of investment expense, 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 percent

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

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN HYBRID TEACHER RETIREMENT PLAN OF TCRS
Fiscal Year Ending June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 5,514	\$ 20,241	\$ 15,397	\$ 6,378	\$ 4,024
Contributions in relation to the contractually required contributions	<u>5,514</u>	<u>20,241</u>	<u>15,397</u>	<u>10,191</u>	<u>6,439</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,813)</u>	<u>(2,415)</u>
Alamo City Schools' covered payroll	\$ 284,241	\$ 506,023	\$ 384,929	\$ 254,780	\$ 160,963
Contributions as a percentage of covered payroll	1.94%	4.00%	4.00%	4.00%	4.00%

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

Note: In FY 2019, the System placed the actuarially determined contribution rate (19.4%) of covered payroll into the pension plan and placed 2.06 percent of covered payroll into the Pension stabilization Reserve Trust.

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
HYBRID TEACHER RETIREMENT PLAN OF TCRS
Fiscal Year Ending June 30

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Alamo City Schools' proportion of net pension asset	0.057905%	0.058648%	0.057904%	0.077471%
Alamo City Schools' proportionate share of the net pension asset	(26,261)	(15,473)	(6,028)	(3,117)
Alamo City Schools' covered - employee payroll	506,023	384,929	254,780	160,963
Alamo City Schools' proportionate share of the net pension asset as a percentage of its covered - employee payroll	-5.19%	-4.02%	-2.37%	-1.94%
Plan fiduciary net position as a percentage of the total pension liability	126.97%	126.81%	121.88%	127.46%

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

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

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (LIABILITY) ASSET
TEACHER LEGACY PENSION PLAN OF TCRS
Fiscal Year Ending June 30*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Alamo City Schools' proportion of the net pension asset	0.052005%	0.050345%	0.059128%	0.058102%	0.059180%
Alamo City Schools' proportionate share of the net pension asset	\$ (183,002)	\$ (16,472)	\$ 369,520	\$ 23,801	\$ (9,616)
Alamo City Schools' covered payroll	\$ 1,821,047	\$ 1,779,670	\$ 2,134,419	\$ 2,175,055	\$ 2,322,795
Alamo City Schools' proportionate share of the net pension asset as a percentage of its covered payroll	-10.05%	-0.93%	17.31%	1.09%	-0.41%
Plan fiduciary net position as a percentage of the total pension liability	101.49%	100.14%	97.14%	99.81%	100.08%

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

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

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN TEACHER LEGACY PENSION PLAN OF TCRS
Fiscal Year Ending June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 179,340	\$ 165,351	\$ 160,882	\$ 192,951	\$ 196,625	\$ 206,265
Contributions in relation to the actuarially determined contributions	<u>179,340</u>	<u>165,351</u>	<u>160,882</u>	<u>192,951</u>	<u>196,625</u>	<u>206,265</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,975,115	\$ 1,821,047	\$ 1,779,670	\$ 2,134,418	\$ 2,175,055	\$ 2,322,795
Contributions as a percentage of covered payroll	9.08%	9.08%	9.04%	9.04%	9.04%	8.88%

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.

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
For the Fiscal Year Ended June 30,

	2018	2017
Total OPEB Liability		
Service cost	\$ 3,586	\$ 3,888
Interest	2,430	1,921
Changes of benefit terms	-	-
Differences between expected and actual experience	(2,404)	-
Changes of assumptions	7,962	(2,991)
Benefits Payments and Refunds	(85)	-
Net Change in Total OPEB Liability	\$ 11,489	\$ 2,818
Total OPEB Liability - beginning	64,713	61,895
Total OPEB Liability - ending (a)	<u>\$ 76,202</u>	<u>\$ 64,713</u>
 Covered Employee Payroll	 \$ 588,744	 \$ 561,464
 Net OPEB Liability as a % of covered-employee payroll	 12.94%	 11.53%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which information is available.

See independent auditor's report.

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF CONTRIBUTIONS AND NOTES TO OPEB REQUIRED SUPPLEMENTARY
INFORMATION

For the Fiscal Year Ended June 30, 2019

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 5,516	\$ 5,516
Contributions in relation to the actuarially determined contribution	<u>5,516</u>	<u>5,516</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered - employee payroll	588,744	561,464
Contributions as a percentage of covered-employee payroll	0.94%	0.98%

Notes to OPEB Required Supplementary Information

Valuation Date: Actuarially determined contribution rates for 2018 were calculated based on the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	3.62%
Salary Increases	Salary increase rates used in the July 1, 2018 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS); 3.44% - 8.72%, including inflation.
Retirement Age	Retirement rates used in the July 1, 2018 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS).
Mortality	Mortality tables used in the July 1, 2018 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS).
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.7% for 2019 calendar year, and gradually decreasing 33-year period to an ultimate trend rate of 3.53% with 0.28% added to approximate the effect of the excise tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in the per capita health costs.

Other Information:

Changes in assumptions and other inputs include the change in the discount rate from 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change is reflected in the Schedule of Changes in Total OPEB Liability.

There were no benefit changes during the measurement period.

See independent auditor's report.

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS - SCHOOL'S TGO PLAN
For the Fiscal Year Ended June 30,

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 30,414	\$ 33,009
Interest	18,726	16,423
Changes of benefit terms	-	-
Differences between expected and actual experience	(231,344)	-
Changes of assumptions	1,002	(27,766)
Benefits payments and refunds	(53,420)	(57,506)
Net Change in Total OPEB Liability	\$ (234,622)	\$ (35,840)
Total OPEB Liability - beginning	522,318	558,158
Total OPEB Liability - ending (a)	\$ 287,696	\$ 522,318
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$ 92,254	 \$ 179,823
 Employer's proportionate share of the collective total OPEB liability	 \$ 195,442	 \$ 342,495
 Total payroll	 \$ 3,584,263	 \$ 3,313,406
 Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	 5.45%	 10.34%

Notes to Schedule

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This scheudle is intended to display ten years of information. Additional years will be displayed as they become available.

See independent auditor's report.

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS - SCHOOL'S TN PLAN
For the Fiscal Year Ended June 30,

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 2,272	\$ 2,827
Interest	4,791	4,256
Changes of benefit terms	-	-
Differences between expected and actual experience	5,979	-
Changes of assumptions	(1,143)	(12,764)
Benefits Payments and Refunds	(5,071)	(4,800)
Net Change in Total OPEB Liability	\$ 6,828	\$ (10,481)
Total OPEB Liability - beginning	134,851	145,332
Total OPEB Liability - ending (a)	<u>\$ 141,679</u>	<u>\$ 134,851</u>
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$ 141,679	 \$ 134,851
 Employer's proportionate share of the collective total OPEB liability	 \$ -	 \$ -
 Total payroll	 \$ 3,584,263	 \$ 3,313,406
 Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	 0.00%	 0.00%

Notes to Schedule

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

SUPPLEMENTARY AND OTHER INFORMATION SECTION

TOWN OF ALAMO, TENNESSEE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2019

	State Street Aid	Drug	Solid Waste	Federal Projects	Centralized Cafeteria	Totals
Assets						
Cash and cash equivalents	\$ 30,811	\$ 4,197	\$ 98,997	\$ -	\$ 62,763	\$ 196,768
Accounts receivable	14,525	-	17,494	-	-	32,019
Inventory	-	-	-	-	12,365	12,365
Due from other governments	-	-	-	144,991	-	144,991
Total assets	\$ 45,336	\$ 4,197	\$ 116,491	\$ 144,991	\$ 75,128	\$ 386,143
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 1,274	\$ -	\$ -	\$ -	\$ -	\$ 1,274
Accrued salaries and wages	-	-	-	16,817	-	16,817
Due to other funds	17,966	-	-	65,822	-	83,788
Total liabilities	19,240	-	-	82,639	-	101,879
Fund balances						
Nonspendable:						
Inventory	-	-	-	-	12,365	12,365
Restricted:						
Food service - schools	-	-	-	-	62,763	62,763
Federal projects	-	-	-	62,352	-	62,352
Solid waste	-	-	116,491	-	-	116,491
State street aid	26,096	-	-	-	-	26,096
Drug	-	4,197	-	-	-	4,197
Total fund balances	26,096	4,197	116,491	62,352	75,128	284,264
Total liabilities and fund balances	\$ 45,336	\$ 4,197	\$ 116,491	\$ 144,991	\$ 75,128	\$ 386,143

See independent auditor's report.

TOWN OF ALAMO, TENNESSEE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

	<u>State Street Aid</u>	<u>Drug Fund</u>	<u>Solid Waste</u>	<u>Federal Projects</u>	<u>Centralized Cafeteria</u>	<u>Totals</u>
Revenues						
Intergovernmental	\$ 86,427	\$ -	\$ -	\$ -	\$ -	\$ 86,427
Garbage collection charges (net of uncollectibles)	-	-	232,666	-	-	232,666
Other state revenue	-	-	-	-	7,787	7,787
Drug related revenue	-	487	-	-	-	487
Payments for meals	-	-	-	-	22,859	22,859
USDA revenue	-	-	-	-	358,045	358,045
USDA commodities revenue	-	-	-	-	28,745	28,745
Federal funds from state	-	-	-	440,016	-	440,016
Other	18	4,524	416	-	7,956	12,914
Total revenues	<u>86,445</u>	<u>5,011</u>	<u>233,082</u>	<u>440,016</u>	<u>425,392</u>	<u>1,189,946</u>
Expenditures						
Instruction	-	-	-	318,212	-	318,212
Support services	-	-	-	130,232	-	130,232
Public works	73,788	-	227,765	-	-	301,553
Drug related	-	1,075	-	-	-	1,075
Food service	-	-	-	-	440,235	440,235
Total expenditures	<u>73,788</u>	<u>1,075</u>	<u>227,765</u>	<u>448,444</u>	<u>440,235</u>	<u>1,191,307</u>
Net changes in fund balance	12,657	3,936	5,317	(8,428)	(14,843)	(1,361)
Fund balance - beginning	<u>13,439</u>	<u>261</u>	<u>111,174</u>	<u>70,780</u>	<u>89,971</u>	<u>285,625</u>
Fund balance - ending	<u>\$ 26,096</u>	<u>\$ 4,197</u>	<u>\$ 116,491</u>	<u>\$ 62,352</u>	<u>\$ 75,128</u>	<u>\$ 284,264</u>

See independent auditor's report.

TOWN OF ALAMO, TENNESSEE
STATE STREET AID
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
State gas tax 1989	\$ 7,820	\$ 7,820	\$ 7,434	\$ (386)
State gas tax 3 cent	14,500	14,500	13,774	(726)
State gasoline and motor fuel tax	48,900	48,900	46,599	(2,301)
State gas tax 2017	14,000	14,000	18,620	4,620
Interest	6	6	18	12
Total revenues	<u>85,226</u>	<u>85,226</u>	<u>86,445</u>	<u>1,219</u>
Expenditures				
Current				
Public works				
City streets				
Street lighting	44,000	44,000	44,734	734
Street aid material	<u>41,135</u>	<u>41,135</u>	<u>29,054</u>	<u>(12,081)</u>
Total expenditures	<u>85,135</u>	<u>85,135</u>	<u>73,788</u>	<u>(11,347)</u>
Revenues over (under) expenditures	<u>91</u>	<u>91</u>	<u>12,657</u>	<u>(12,566)</u>
Other financing sources (uses)				
Operating transfers out	<u>-</u>	<u>(15,282)</u>	<u>-</u>	<u>(15,282)</u>
Total other financing sources (uses)	<u>-</u>	<u>(15,282)</u>	<u>-</u>	<u>(15,282)</u>
Net change in fund balance	<u>\$ 91</u>	<u>\$ (15,191)</u>	<u>\$ 12,657</u>	<u>\$ (27,848)</u>
Fund balance - beginning			<u>13,439</u>	
Fund balance - ending			<u><u>\$ 26,096</u></u>	

See independent auditor's report.

TOWN OF ALAMO, TENNESSEE
DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Drug related fines	\$ 420	\$ 420	\$ 487	\$ 67
Miscellaneous revenue	500	500	1,199	699
Sale of equipment	-	-	3,325	3,325
Total revenues	<u>920</u>	<u>920</u>	<u>5,011</u>	<u>766</u>
Expenditures				
Public safety				
Drug				
Drug related expenses	145	300	300	-
Equipment	<u>775</u>	<u>775</u>	<u>775</u>	<u>-</u>
Total expenditures	<u>920</u>	<u>1,075</u>	<u>1,075</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (155)</u>	3,936	<u>\$ 766</u>
Fund balance - beginning			<u>261</u>	
Fund balance - ending			<u>\$ 4,197</u>	

See independent auditor's report.

TOWN OF ALAMO, TENNESSEE
SOLID WASTE SERVICES
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Garbage collection charges	\$ 267,560	\$ 267,560	\$ 232,666	\$ (34,894)
Interest	440	440	416	(24)
Total revenues	<u>268,000</u>	<u>268,000</u>	<u>233,082</u>	<u>(34,918)</u>
Expenditures				
Public works				
Sanitation				
Sanitation expense	<u>268,000</u>	<u>268,000</u>	<u>227,765</u>	<u>(40,235)</u>
Total expenditures	<u>268,000</u>	<u>268,000</u>	<u>227,765</u>	<u>(40,235)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,317</u>	<u>\$ 5,317</u>
Fund balance - beginning			<u>111,174</u>	
Fund balance - ending			<u>\$ 116,491</u>	

See independent auditor's report.

TOWN OF ALAMO, TENNESSEE
FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Grant revenue	\$ 430,076	\$ 535,431	\$ 440,016	\$ (95,415)
Expenditures				
Instruction	307,360	393,270	318,212	(75,058)
Support services	121,519	142,161	130,232	(11,929)
Total expenditures	<u>428,879</u>	<u>535,431</u>	<u>448,444</u>	<u>(86,987)</u>
Net change in fund balance	<u>\$ 1,197</u>	<u>\$ -</u>	(8,428)	<u>\$ (8,428)</u>
Fund balance - beginning			<u>70,780</u>	
Fund balance - ending			<u><u>\$ 62,352</u></u>	

See independent auditor's report.

**TOWN OF ALAMO, TENNESSEE
CENTRALIZED CAFETERIA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Payments for meals	\$ 25,000	\$ 25,000	\$ 22,859	\$ (2,141)
USDA revenue	370,000	370,000	358,045	(11,955)
USDA commodities revenue	-	28,745	28,745	-
Other state revenue	8,000	8,000	7,787	(213)
Other sources	10,200	10,200	7,956	(2,244)
Total revenues	<u>413,200</u>	<u>441,945</u>	<u>425,392</u>	<u>(16,553)</u>
Expenditures				
Food service	<u>373,200</u>	<u>441,945</u>	<u>440,235</u>	<u>(1,710)</u>
Net change in fund balance	<u>\$ 40,000</u>	<u>\$ -</u>	<u>(14,843)</u>	<u>\$ (14,843)</u>
Fund balance - beginning			<u>89,971</u>	
Fund balance - ending			<u><u>\$ 75,128</u></u>	

See independent auditor's report.

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2019

<u>Tax Levy for Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Beginning Outstanding Taxes</u>	<u>Additions and Adjustments</u>	<u>Collections</u>	<u>Ending Outstanding Taxes</u>
2018	1.42	\$ 526,672	\$ -	\$ 526,580	\$ 501,328	\$ 25,252
2017	1.42	532,844	31,155	(266)	17,249	13,640
2016	1.11	421,988	11,449	-	6,346	5,103
2015	1.15	394,939	5,191	-	383	4,808
2014	1.15	393,475	3,635	-	529	3,106
2013	1.01	337,129	3,106	-	227	2,879
2012	1.01	327,783	2,588	-	101	2,487
2011	0.99	331,436	2,429	-	37	2,392
2010	0.99	331,878	2,325	-	37	2,288
2009	1.05	324,761	1,932	(1,894)	38	-
			<u>\$ 63,810</u>	<u>\$ 524,420</u>	<u>\$ 526,275</u>	<u>\$ 61,955</u>
Above balances represented as follows:						
Considered current revenue						-
Allowance for uncollectible accounts						23,774
Deferred revenue						<u>38,181</u>
						61,955
Estimated 2019 tax levy due October 1, 2019						<u>529,386</u>
Total taxes receivable						<u>\$ 591,341</u>

See independent auditor's report.

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF WATER AND SEWER RATES IN FORCE
June 30, 2019

Water Division
Inside City Limits

Service Fee	\$12.00
Price Per 1,000 Gallons	\$4.56

Outside City Limits

Service Fee	\$14.10
Price Per 1,000 Gallons	\$5.98

Number of Customers

2019	2018
1,230	1,241

Sewer Division
Inside City Limits

Service Fee	\$12.00
Price Per 1,000 Gallons	\$4.56

Outside City Limits


Service Fee	\$14.10
Price Per 1,000 Gallons	\$5.98

Number of Customers

2019	2018
1,119	1,124

See independent auditor's report.

TOWN OF ALAMO, TENNESSEE
WATER LOSS SCHEDULE - UNAUDITED
 June 30, 2019



AWWA Free Water Audit Software:
Reporting Worksheet

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

? Click to access definition

+ Click to add a comment

Water Audit Report for: Alamo Water Department (0000005)

Reporting Year: 2019

7/2018 - 6/2019

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

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

WATER SUPPLIED

	+	?	?	?	?	
Volume from own sources:	+	?	9	105.985	MG/Yr	
Water imported:	+	?	n/a	0.000	MG/Yr	
Water exported:	+	?	n/a	0.000	MG/Yr	

WATER SUPPLIED: 102.798 MG/Yr

Master Meter and Supply Error Adjustments

	+	?	?	?	?	
Pcnt: 3.10%	+	?	7	3.10%	MG/Yr	
Value:	+	?	?		MG/Yr	
Value:	+	?	?		MG/Yr	

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

AUTHORIZED CONSUMPTION

Billed metered:	+	?	9	67.678	MG/Yr
Billed unmetered:	+	?	n/a	0.000	MG/Yr
Unbilled metered:	+	?	9	2.254	MG/Yr
Unbilled unmetered:	+	?	7	1.499	MG/Yr

Unbilled Unmetered volume entered is greater than the recommended default value

AUTHORIZED CONSUMPTION: 71.431 MG/Yr

Click here: ?
 for help using option
 buttons below

Pcnt: 0.25% Value: 1.499 MG/Yr

Use buttons to select
percentage of water
supplied
OR
value

Pcnt: 0.25% Value: MG/Yr

Pcnt: 1.50% Value: MG/Yr

Pcnt: 0.25% Value: MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

31.367 MG/Yr

Apparent Losses

Unauthorized consumption:	+	?	?	0.257	MG/Yr
---------------------------	---	---	---	-------	-------

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

Customer metering inaccuracies:	+	?	7	1.065	MG/Yr
Systematic data handling errors:	+	?	?	0.169	MG/Yr

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

Apparent Losses: 1.491 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 29.876 MG/Yr

WATER LOSSES: 31.367 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 35.120 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+	?	9	29.0	miles
Number of <u>active AND inactive</u> service connections:	+	?	7	1,309	
Service connection density:	+	?	?	45	conn./mile main

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

Average length of customer service line: (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:	+	?	7	70.0	psi
-----------------------------	---	---	---	------	-----

COST DATA

Total annual cost of operating water system:	+	?	9	\$409,918	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	9	\$9.12	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	9	\$393.65	\$/Million gallons

Use Customer Retail Unit Cost to value real losses ☐

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 84 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

TOWN OF ALAMO, TENNESSEE
WATER LOSS SCHEDULE - UNAUDITED
June 30, 2019

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: Alamo Water Department (0000005)

Reporting Year: 2019 7/2018 - 6/2019

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 84 out of 100 ***

System Attributes:

	Apparent Losses:	1.491	MG/Yr	
	+ Real Losses:	29.876	MG/Yr	
	= Water Losses:	31.367	MG/Yr	

? Unavoidable Annual Real Losses (UARL): See limits in definition MG/Yr

	Annual cost of Apparent Losses:	\$13,599		
	Annual cost of Real Losses:	\$11,761		Valued at Variable Production Cost

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:

Operational Efficiency:

Non-revenue water as percent by volume of Water Supplied:	34.2%	
Non-revenue water as percent by cost of operating system:	6.5%	Real Losses valued at Variable Production Cost

Apparent Losses per service connection per day:	3.12	gallons/connection/day
Real Losses per service connection per day:	62.53	gallons/connection/day
Real Losses per length of main per day*:	N/A	
Real Losses per service connection per day per psi pressure:	0.89	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 29.88 million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]:

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT - SCHOOLS
June 30, 2019

Year Ended June 30,	General Obligation Bonds				Total Requirements		
	Series 1995		Capital Lease				
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	\$ 30,000	\$ 7,800	\$ 12,706	\$ 2,738	\$ 42,706	\$ 50,506	\$ 93,212
2021	30,000	6,600	14,308	2,334	44,308	8,934	53,242
2022	30,000	5,400	15,028	1,614	45,028	7,014	52,042
2023	30,000	4,200	15,707	857	45,707	5,057	50,764
2024	30,000	3,000	1,136	62	31,136	3,062	34,198
2025	30,000	1,800	-	-	30,000	1,800	31,800
	<u>\$ 180,000</u>	<u>\$ 28,800</u>	<u>\$ 58,885</u>	<u>\$ 7,605</u>	<u>\$ 238,885</u>	<u>\$ 76,373</u>	<u>\$ 315,258</u>

See independent auditor's report.

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2019

Description of Indebtness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/1/2018	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding 6/30/2019
Governmental Activities									
Bonds Payable									
General Obligation School Bond, Series 1995	\$ 400,000	4.00%	May 1, 2011	September 1, 2024	\$ 210,000	\$ -	\$ 30,000	\$ -	\$ 180,000
Total Bonds Payable	<u>400,000</u>				<u>210,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>180,000</u>
Capital Leases Payable									
13 Promethean ActivConnect OPS	\$ 66,864	5.50%	January 15, 2019	September 1, 2024	\$ -	\$ 66,864	\$ 12,178	\$ -	\$ 54,686
70" ActivPanel	\$ 5,116	5.00%	July 16, 2018	September 18, 2023	-	5,116	917	-	4,199
Total Capital Leases Payable	<u>71,980</u>				<u>-</u>	<u>71,980</u>	<u>13,095</u>	<u>-</u>	<u>58,885</u>
Total Long-Term Debt					<u>\$ 210,000</u>	<u>\$ 71,980</u>	<u>\$ 43,095</u>	<u>\$ -</u>	<u>\$ 238,885</u>

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended June 30, 2019

	<u>CFDA Number</u>	<u>Pass Through Agency Grant Number</u>	<u>Expenditures</u>
Federal Awards:			
Department of Defense			
Passed through the State of Tennessee			
Donations/Loans of Obsolete DOD Property	12.700	N/A	\$ <u>1,401</u>
Department of Housing and Urban Development			
Passed through Tennessee Department of Economic and Community Development			
Community Development Block Grant	14.228	33004-91318	<u>54,800</u>
Department of Transportation			
Passed through Tennessee Department of Transportation, Department of Transportation			
State and Community Highway Safety	20.607	154AL-18-087/154AL	<u>1,320</u>
Total Federal Awards			\$ <u>57,521</u>
State Awards:			
Department of Economic and Community Development			
Tennessee Downtown Program Grant		Edison ID# 161560	<u>2,131</u>
Department of Tourist Development			
Tourism Grant			<u>15,903</u>
Total State Awards			\$ <u>18,034</u>

See accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

Federal awards and state assistance for the Alamo City Schools was presented in a separately-issued audit report and, therefore, is not included here.

See independent auditor's report.

TOWN OF ALAMO, TENNESSEE
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
June 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and schedule of state financial assistance include the award activity of the Town under programs of the federal and state governments, respectively, for the year ended June 30, 2019. The information in the schedule of expenditures of federal awards is presented in accordance with the 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). Because the schedule of expenditures of federal awards and schedule of state financial assistance present only a selected portion of the operations of the Town, they are not intended to and do not present the financial position, statement of activities, or cash flows of the Town.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards and schedule of state financial assistance are reported on the modified 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. Certain amounts shown on the schedule of expenditures of federal awards and schedule of state financial assistance represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Town has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

INTERNAL CONTROL AND COMPLIANCE SECTION



**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***

Honorable John Avery Emison, Mayor
Members of the Board of Aldermen
Town of Alamo, 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, each major fund, and the aggregate remaining fund information of the Town of Alamo, Tennessee (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 11, 2020. Our report includes a reference to other auditors who audited the financial statements of the Alamo City School Board of Education, as described in our report on the Town's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we and the other auditor did not identify any deficiencies in internal control that we consider to be material weaknesses. We and the other auditor did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 and those of the other auditors disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are disclosed in the accompanying Schedule of Findings and Responses as 2019-001.

We noted other matters involving the internal control and its operation that we reported to management of the Town in a separated letter dated March 11, 2020.

Town of Alamo's Response to Findings

Town of Alamo's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Alexander Thompson Arnold, PLLC".

Jackson, Tennessee
March 11, 2020

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019

Current Year Findings

Town of Alamo

2019-001 – Improper Competitive Bid Completion (Noncompliance)

Condition: We noted that the bid process related to the residential and commercial garbage services was improperly handled and that residential garbage rates were allowed to be lowered by a bidder after the sealed bids were opened in a public meeting.

Cause: There were sealed bids related to the residential and commercial garbage services that were lowered by the eventual winning contractor on invitation of the Mayor, prior to consideration and approval by the Board of Mayor and Aldermen. The Mayor advised the Board of Aldermen of this fact by memo dated April 25, 2019 prior to the Board meeting on May 6, 2019 at which time the Board approved the contract. The Mayor signed an addendum to the contract on September 4, 2019 that raised the rate for commercial garbage rate carts (not dumpsters) from \$13.50, which was the original bid amount, to \$18.50.

Criteria: The RFP that was approved by the board stated that any modification to rates shall not be changed during the life of the contract. Also, that all collection prices shall be firm for the four-year period.

Effect: The City failed to adhere to their Request for Proposal and normal bidding procedures at municipalities as it relates to commercial garbage carts.

Recommendation: We recommend that the City adhere to their request for proposals and that no contracts be modified without board approval, especially contracts that have a direct impact on the taxpayers. Additionally, bid information should not be allowed to be changed after the opening of the sealed bids unless all bidders are given an equal opportunity to do so.

Response: The Mayor obtained a written commitment from the contractor that their pricing on commercial garbage carts would return to \$13.50 as provided in the proposal. Furthermore, on February 27, 2020 the Mayor issued a purchasing policy improvement to City employees which states: *“Effective immediately any modification of a cost schedule or price list that is part of an existing contract with the Town of Alamo, or any other modification of an existing contract, or any new contract, will first be submitted to the Town Attorney for review and instructions, prior to any action to approve it.”* The expectation is that the error is corrected and a policy has been adopted to prevent any similar occurrence.

Federal Findings and Questioned Costs

No current year findings noted.

TOWN OF ALAMO, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2019

Financial Statement Findings

Prior Year Findings

Town of Alamo

There were no prior year findings reported.

Alamo City Schools

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2018-001	Segregation of Duties (original finding # 2018-001)	Corrected

Federal Findings and Questioned Costs

There were no prior year findings reported.

TOWN OF
ALAMO

SMALL TOWN, BIG HEART

97 S. JOHNSON STREET - ALAMO, TENNESSEE 38001
PHONE 731-696-4515 - FAX 731-696-4045

MANAGEMENT'S CORRECTIVE ACTION PLAN

The Town of Alamo, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2019.

Name and address of independent public accounting firm:

Alexander Thompson Arnold PLLC
227 Oil Well Road
Jackson, TN 38305

Audit period:

June 30, 2019

The findings from the June 30, 2019, Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2019-001 Improper Competitive Bid Completion (Noncompliance)

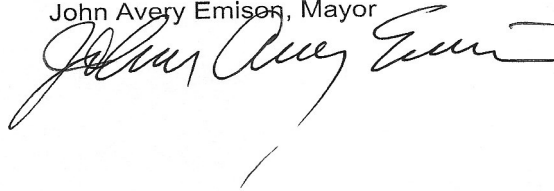
Person responsible for implementing the Corrective Action Plan: The Board of Aldermen and Mayor.

Action Taken: Mayor Emison issued a purchasing policy improvement to city employees which states: *"Effective immediately any modification of a cost schedule or price list that is part of an existing contract with the Town of Alamo, or any other modification of an existing contract, or any new contract, will first be submitted to the Town Attorney for review and instructions, prior to any action to approve it."* This should correct the error and the policy adopted should prevent any similar occurrence.

Anticipated Completion Date: February 27, 2020

Person Responsible for Implementation:

John Avery Emison, Mayor



Home of the **TENNESSEE SAFARI PARK**