

CITY OF COLLEGEDALE, TENNESSEE

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

JOHNSON, MURPHEY & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CHATTANOOGA, TENNESSEE

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CITY OF COLLEGEDALE, TENNESSEE
Mayor, Board of Commissioners and Officials
June 30, 2019

Mayor Katie Lamb

Vice Mayor Tim Johnson

Commissioner Debbie Baker

Commissioner Phil Garver

Commissioner Ethan White

City Manager, CMFO Ted Rogers

Assistant City Manager, CMFO Michelle Toro

Finance and Budget Analyst, CMFO Ashlynn Boyd

II. FINANCIAL SECTION



Certified Public
Accountants

301 N. Market
Chattanooga, TN
37405

Office: 423-756-1170
Fax: 423-756-1436
www.jmw-cpa.com

Members
American Institute
of Certified
Public Accountants

Paul Johnson, III, CPA

Brian T. Wright, CPA

Karen Hutcherson, CPA

Marianne Greene, CPA

Jennifer Waycaster, CPA

INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Commissioners
City of Collegedale, 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 City of Collegedale, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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.

Mayor and Board of Commissioners
City of Collegedale, Tennessee

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Collegedale, Tennessee, as of June 30, 2019, and, the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General 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, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of the TCRS, the Schedule of Contributions Based on Participation in the Public Employee Pension Plan of the TCRS and the Schedule of Changes in the City of Collegedale, Tennessee's Total OPEB Liability and Related Ratios listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Collegedale, Tennessee's basic financial statements. The Introductory Section, non-major governmental fund financial statements, financial schedules and Management's Corrective Action Plan are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The non-major governmental fund financial statements and financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the non-major governmental fund financial statements and financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mayor and Board of Commissioners
City of Collegedale, Tennessee

The Introductory Section 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 November 13, 2019, on our consideration of the City of Collegedale, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Collegedale, Tennessee's internal control over financial reporting and compliance.

Johnson, Murphy & Wright, P.C.

Chattanooga, Tennessee
November 13, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Collegedale, Tennessee, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Collegedale, Tennessee for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

The assets and deferred outflows of the City of Collegedale, Tennessee exceeded its liabilities and deferred inflows at June 30, 2019, by \$26,431,521 (net position). Of this amount, \$12,118,457 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's governmental activities operated at a surplus of \$80,947. The City's business-type activities operated at a surplus of \$947,123.

As of the close of the current fiscal year, the City of Collegedale, Tennessee's governmental funds reported combined ending fund balances of \$7,586,516.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,544,133, or 73.29%, of total General Fund expenditures.

As of the close of the current fiscal year, the City of Collegedale, Tennessee's enterprise funds reported combined ending net position of \$11,555,463. Of that balance, \$5,517,207, or 47.75%, is unrestricted and \$6,038,256 or 52.25% is net investment in capital assets.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction of the City of Collegedale, Tennessee's basic financial statements. The City of Collegedale, Tennessee's basic financial statements comprise three components: (1) Government-wide Financial Statements; (2) Fund Financial Statements, and (3) Notes to the Financial Statements. This report also contains other supplementary information 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 City of Collegedale, Tennessee's finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information showing how the government'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 and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Collegedale, Tennessee that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Collegedale, Tennessee include general government, public safety, public works, state street aid and public welfare and recreation. The business-type activities of the City of Collegedale, Tennessee include the Sewer Fund and the Airport Fund.

The government-wide financial statements can be found on pages 14 and 15 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 City of Collegedale, Tennessee, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Collegedale, Tennessee 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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The City of Collegedale, Tennessee maintains three individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, which is considered to be a major fund, and the non-major Drug Fund, and Technology Fund are the only non-major governmental funds.

The City of Collegedale, Tennessee adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the major governmental fund, the General Fund, to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 through 25 of this report.

Proprietary Funds

The City of Collegedale, Tennessee maintains one type of proprietary fund: Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Collegedale, Tennessee uses enterprise funds to account for its sewer and airport operations.

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 Sewer Fund and Airport Fund, which are considered to be major funds of the City of Collegedale, Tennessee.

The basic proprietary fund financial statements can be found on pages 26 through 28 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 29 through 57 of this report.

Required Supplementary Information Other than MD&A

The Schedules of Required Supplementary Information can be found on pages 58 through 61 of this report.

Other Information

The statements referred to earlier in connection with the non-major governmental fund can be found on pages 62 through 66 of this report.

Financial Analysis of the City as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Collegedale, Tennessee, assets and deferred outflows exceeded liabilities and deferred inflows by \$26,431,521 at the close of this fiscal year.

The largest portion of the City of Collegedale, Tennessee's net position (54.03%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any debt used to acquire those assets that is still outstanding. The City of Collegedale, Tennessee uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Collegedale, Tennessee'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.

City of Collegedale, Tennessee's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Capital assets	\$ 10,381,502	\$ 10,144,860	\$ 9,306,199	\$ 9,285,028	\$ 19,687,701	\$ 19,429,888
Other assets	13,792,579	11,195,231	5,946,499	1,958,579	19,739,078	13,153,810
Total assets	<u>\$ 24,174,081</u>	<u>\$ 21,340,091</u>	<u>\$ 15,252,698</u>	<u>\$ 11,243,607</u>	<u>\$ 39,426,779</u>	<u>\$ 32,583,698</u>
Deferred outflows of resources	\$ 611,064	\$ 629,437	\$ 32,160	\$ 33,128	\$ 643,224	\$ 662,565
Long-term liabilities	\$ 3,205,325	\$ 2,068,845	\$ 3,036,974	\$ 326,728	\$ 6,242,299	\$ 2,395,573
Other liabilities	886,673	756,231	686,654	337,990	1,573,327	1,094,221
Total liabilities	<u>\$ 4,091,998</u>	<u>\$ 2,825,076</u>	<u>\$ 3,723,628</u>	<u>\$ 664,718</u>	<u>\$ 7,815,626</u>	<u>\$ 3,489,794</u>
Deferred inflows of resources	\$ 5,817,089	\$ 4,349,341	\$ 5,767	\$ 3,677	\$ 5,822,856	\$ 4,353,018
Net investment in capital assets	\$ 8,243,502	\$ 8,886,860	\$ 6,038,256	\$ 8,900,382	\$ 14,281,758	\$ 17,787,242
Restricted	31,306	44,157	-	194	31,306	44,351
Unrestricted	<u>6,601,250</u>	<u>5,864,094</u>	<u>5,517,207</u>	<u>1,707,764</u>	<u>12,118,457</u>	<u>7,571,858</u>
Total net position	<u>\$ 14,876,058</u>	<u>\$ 14,795,111</u>	<u>\$ 11,555,463</u>	<u>\$ 10,608,340</u>	<u>\$ 26,431,521</u>	<u>\$ 25,403,451</u>

0.12%, or \$31,306, of the City of Collegedale, Tennessee's net position represents resources that are subject to external restrictions on how they may be used. The remaining \$12,118,457 of unrestricted net position may be used to meet the government's ongoing obligations to its citizens and creditors.

At June 30, 2019, the City of Collegedale, Tennessee is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities

Governmental activities increased the City of Collegedale, Tennessee’s net position by \$80,947.

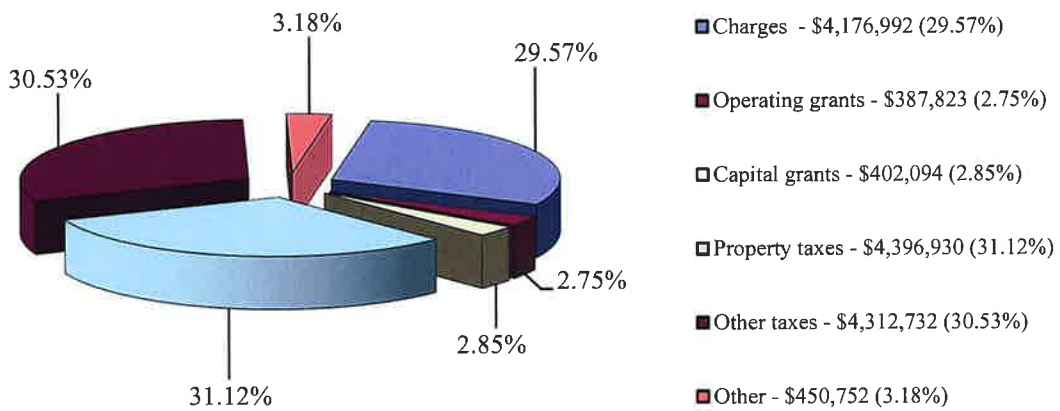
The City of Collegedale, Tennessee’s main revenue sources for 2019 were property tax and local sales tax. These taxes contributed almost wholly to the City’s growth in net position since related expense for this revenue is very low.

City of Collegedale, Tennessee’s Changes in Net Position

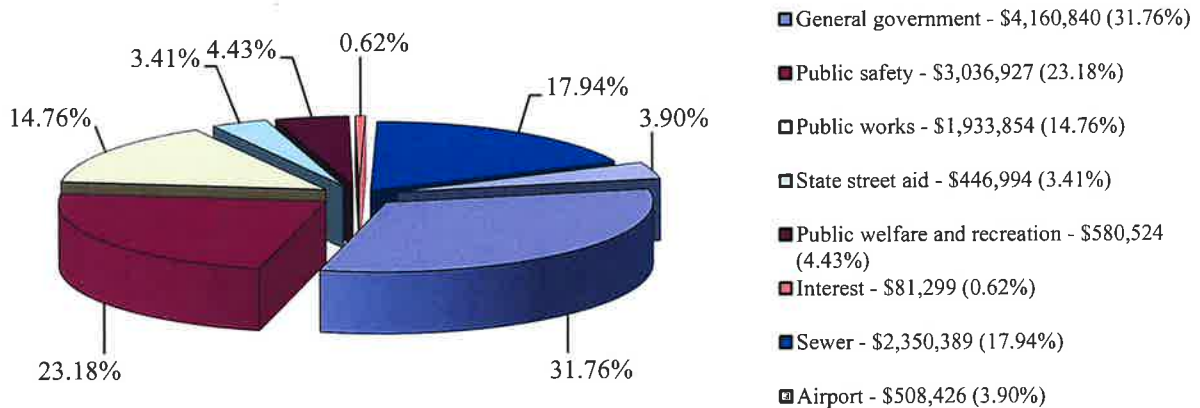
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 440,938	\$ 412,961	\$ 3,736,084	\$ 2,790,690	\$ 4,176,992	\$ 3,203,651
Operating grants and contributions	368,117	352,689	19,706	256,569	387,823	609,258
Capital grants and contributions	391,787	3,471,843	10,307	317,759	402,094	3,789,602
General revenues:						
Property taxes	4,396,930	4,266,246	-	-	4,396,930	4,266,246
Other taxes	4,312,732	3,727,769	-	-	4,312,732	3,727,769
Other	410,881	347,241	39,871	15,020	450,752	362,261
Total revenues	<u>10,321,385</u>	<u>12,578,749</u>	<u>3,805,938</u>	<u>3,380,038</u>	<u>14,127,323</u>	<u>15,958,787</u>
Expenses:						
General government	4,160,840	3,751,711	-	-	4,160,840	3,751,711
Public safety	3,036,927	2,985,602	-	-	3,036,927	2,985,602
Public works	1,933,854	1,313,958	-	-	1,933,854	1,313,958
State street aid	446,994	427,082	-	-	446,994	427,082
Public welfare and recreation	580,524	703,682	-	-	580,524	703,682
Interest on long-term debt	81,299	45,500	-	-	81,299	45,500
Sewer	-	-	2,350,389	2,553,722	2,350,389	2,553,722
Airport	-	-	508,426	421,970	508,426	421,970
Total expenses	<u>10,240,438</u>	<u>9,227,535</u>	<u>2,858,815</u>	<u>2,975,692</u>	<u>13,099,253</u>	<u>12,203,227</u>
Change in net position	80,947	3,351,214	947,123	404,346	1,028,070	3,755,560
Net position - beginning	<u>14,795,111</u>	<u>11,443,897</u>	<u>10,608,340</u>	<u>10,203,994</u>	<u>25,403,451</u>	<u>21,647,891</u>
Net position - ending	<u>\$ 14,876,058</u>	<u>\$ 14,795,111</u>	<u>\$ 11,555,463</u>	<u>\$ 10,608,340</u>	<u>\$ 26,431,521</u>	<u>\$ 25,403,451</u>

The graphs below summarize the \$14,127,323 of city-wide revenues by source and the associated \$13,099,253 of expense by program. The graphs combine data from both governmental and business-type activities.

City-Wide Sources of Revenue

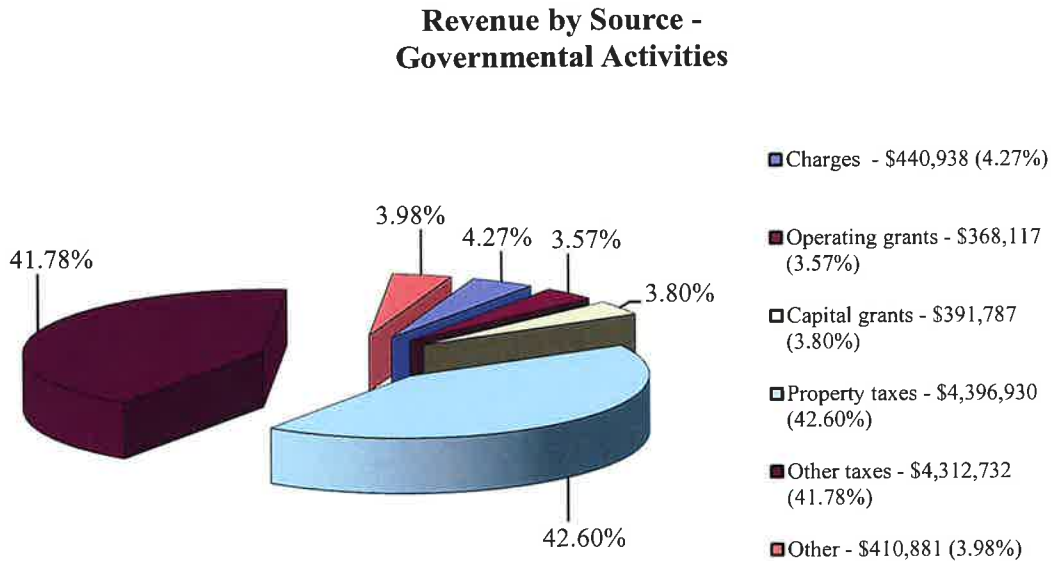


City-Wide Program Expenses

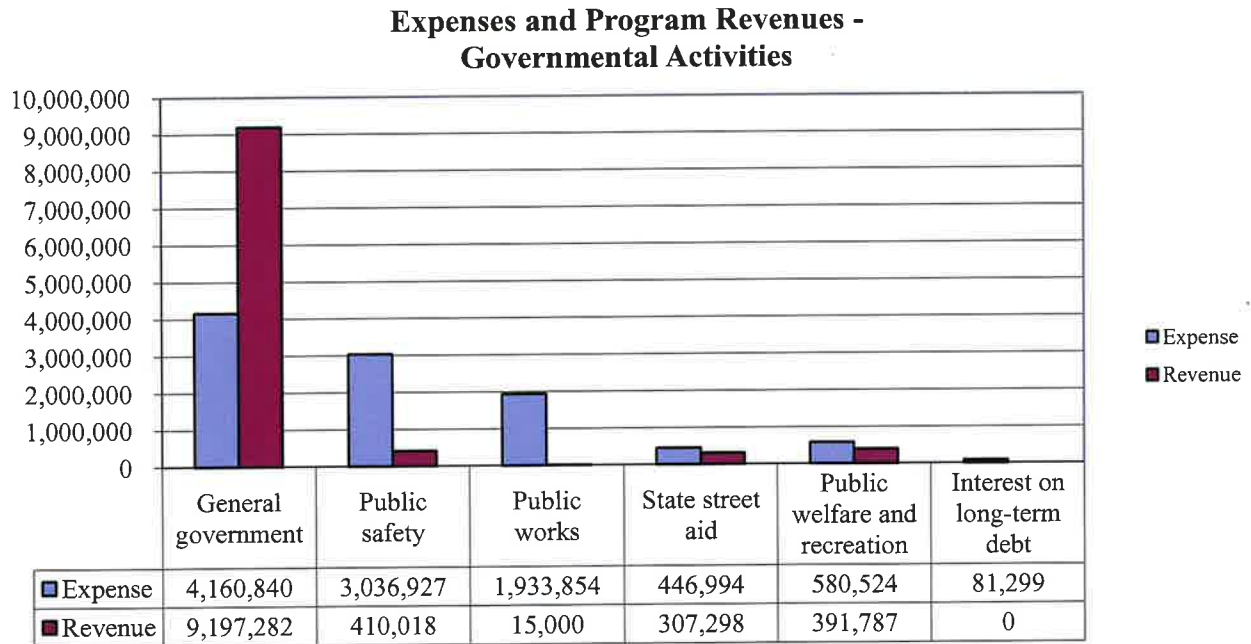


Governmental Activities

Governmental activities accounted for revenues of \$10,321,385. The following graph summarizes the revenue by source.



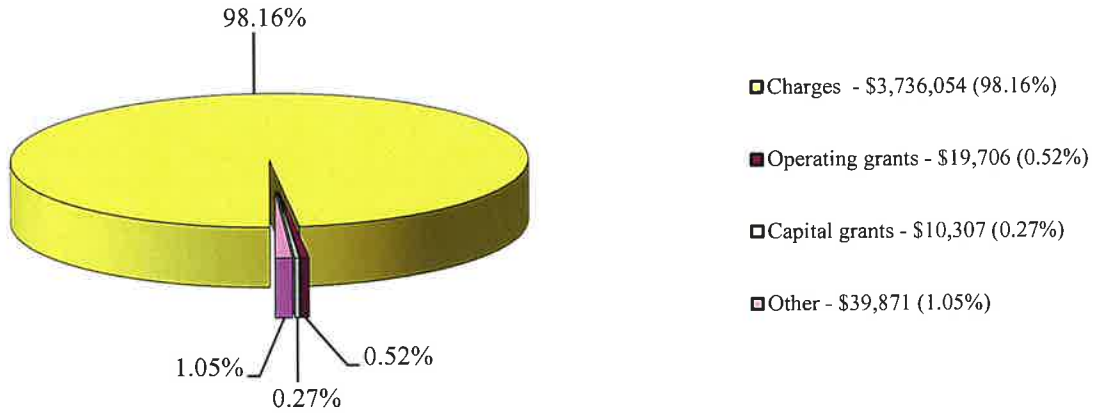
The following graph summarizes the revenue and related expense for each government program of the City. The difference between expense and revenue is the financial burden placed on the City’s taxpayers for each program.



Business-type Activities

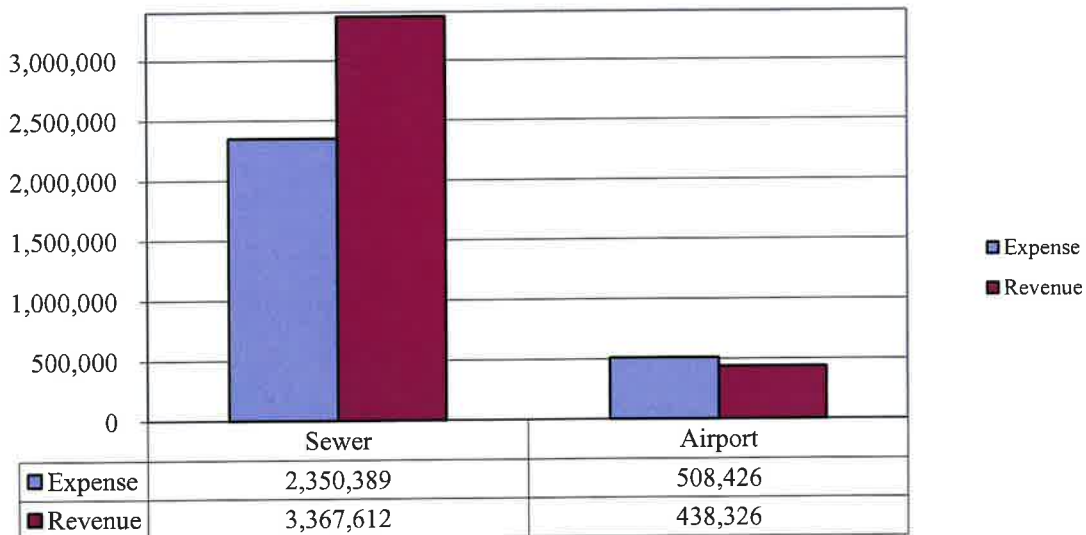
Business-type activities accounted for revenues of \$3,805,938. The following graph summarizes the revenue by source.

**Revenue by Source -
Business-Type Activities**



The following graph summarizes the revenue and related expense of operating the sewer and airport systems.

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



Financial Analysis of the City's Funds

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

Governmental Funds

The focus of the City of Collegedale, Tennessee's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Collegedale, Tennessee's financial requirements. The unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year for future unforeseen emergencies.

As of the end of the current fiscal year, the City of Collegedale, Tennessee's governmental funds reported combined ending fund balances of \$7,586,516.

The General Fund is the chief operating fund of the City of Collegedale, Tennessee. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,544,133. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 73.29% of total fund expenditures.

Proprietary Funds

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

Unrestricted net position at the end of the year amounted to \$5,344,464 for the Sewer Fund and \$172,743 for the Airport Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget netted to \$(559,800). The details are listed below:

Budgeted expenditures increased by \$559,800.

Departmental budget officers closely monitored expenditures during the fiscal year in order to minimize budget amendments.

Capital Assets and Debt Administration

City of Collegedale, Tennessee's Capital Assets (Net of Depreciation)

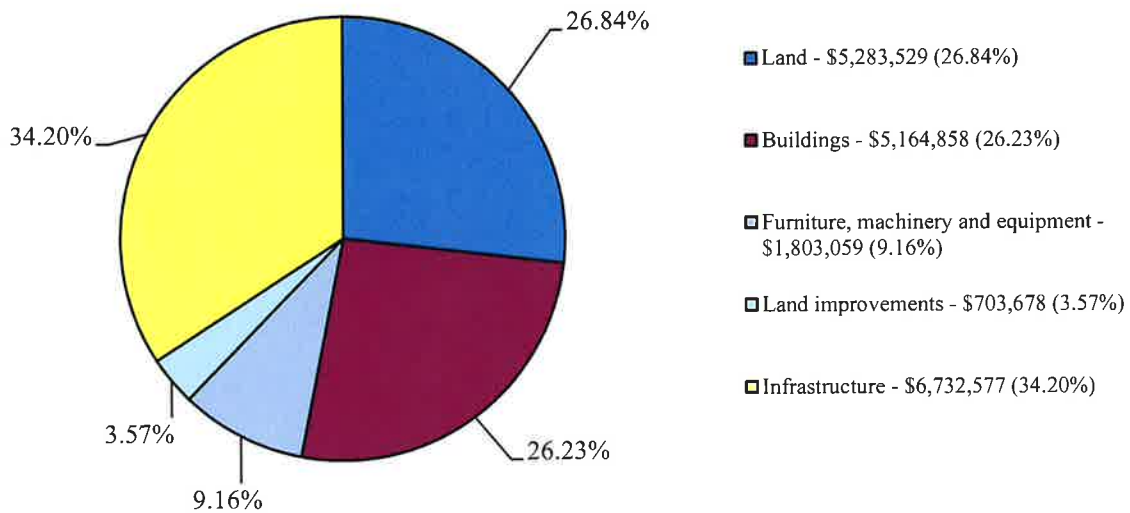
	Governmental Activities	Business-type Activities	Total
Land	\$ 3,289,619	\$ 1,993,910	\$ 5,283,529
Buildings	4,655,770	509,088	5,164,858
Furniture, machinery and equipment	1,732,435	70,624	1,803,059
Land improvement	703,678	-	703,678
Infrastructure	-	6,732,577	6,732,577
Total capital assets	<u>\$10,381,502</u>	<u>\$ 9,306,199</u>	<u>\$ 19,687,701</u>

Major capital asset events during the current fiscal year include the following:

Land for parking	\$ 340,800
2019 International Chassis	\$ 227,780
Engineering	\$ 107,479
Sewer lines	\$ 178,622
2 Dodge Chargers	\$ 65,110

Additional information on the City of Collegedale, Tennessee’s capital assets can be found in Note 8 on pages 38 and 39 of this report.

City-Wide Capital Assets

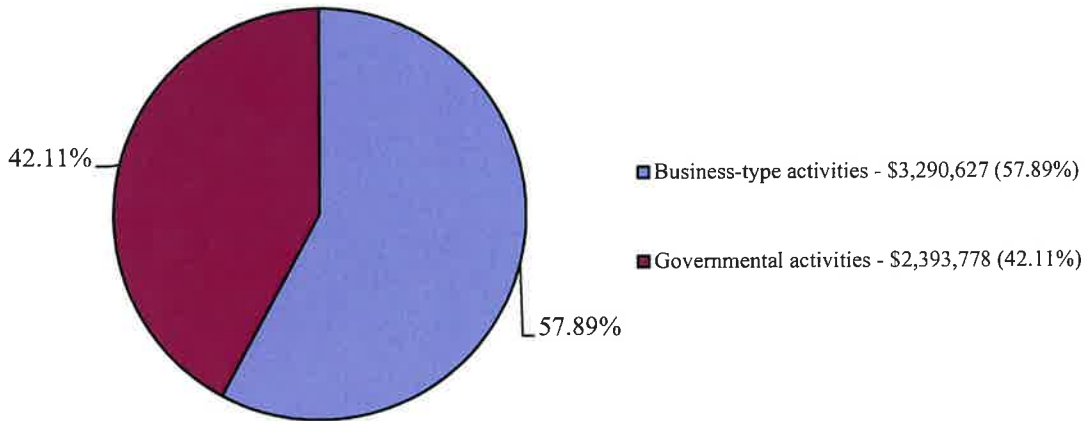


City of Collegedale, Tennessee’s Outstanding Debt

At the end of the current fiscal year, the City of Collegedale, Tennessee had total long-term debt outstanding of \$5,684,405. Of that amount, \$738,467 is due in the next fiscal year.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Bonds payable	\$ 2,138,000	\$ 3,000,000	\$ 5,138,000
Notes payable	-	267,943	267,943
Compensated absences	255,778	22,684	278,462
	<u>2,393,778</u>	<u>3,290,627</u>	<u>5,684,405</u>
Less: current portion	<u>(420,000)</u>	<u>(318,467)</u>	<u>(738,467)</u>
Total long-term debt	<u>\$ 1,973,778</u>	<u>\$ 2,972,160</u>	<u>\$ 4,945,938</u>

Long-Term Debt By Activity



Additional information on outstanding debt can be found in Note 11 on pages 40 through 42 of this report.

Currently Known Conditions Effecting Future Years

Collegedale continues to invest in our infrastructure all across the city ranging from roadways, intersection upgrades, to sewer projects. The Phase three expansion of Apison Pike, by TDOT, is still on track and should begin soon.

Our economic development strategies remain productive and effective. We continue to maintain healthy fiscal reserves along with strong cash flows. Our Collegedale Commons project is thriving, and we are anticipating the addition of a Community Center and facility kitchen as well. These facilities, completely owned debt free by our city, host craft shows, concerts, farmer's markets, and many other community activities. This allows residents and visitors a place to recreate and shop.

We consistently strive to maintain low debt, and at least one third of operating revenues in reserve. We continue to update and fine tune all city policies, procedures, and ordinances. We continue to create and foster a healthy relationship with our peer local governments, state and federal government partners.

Collegedale is a healthy vibrant city; one in which our residents and business stakeholders enjoy an excellent quality of life, and strive to work and recreate in an effective manner.

Requests for Information

This financial report is designed to provide a general overview of the City of Collegedale, Tennessee's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the City of Collegedale, Tennessee, 4910 Swinyar Drive, Collegedale, TN 37315.

BASIC FINANCIAL STATEMENTS

CITY OF COLLEGEDALE, TENNESSEE
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	\$ 2,792,872	\$ 5,465,495	\$ 8,258,367
Investments	4,107,402	-	4,107,402
Property tax receivable - net	5,772,884	-	5,772,884
Accounts receivable - net	-	454,703	454,703
Due from other governments	1,086,209	-	1,086,209
Grants receivable	17,650	1,346	18,996
Other receivables	4,485	-	4,485
Inventory	11,077	24,955	36,032
Total current assets	<u>13,792,579</u>	<u>5,946,499</u>	<u>19,739,078</u>
Non-current assets			
Capital assets			
Land	3,289,619	1,993,910	5,283,529
Other capital assets - net of accumulated depreciation	7,091,883	7,312,289	14,404,172
Total capital assets	<u>10,381,502</u>	<u>9,306,199</u>	<u>19,687,701</u>
TOTAL ASSETS	<u>\$ 24,174,081</u>	<u>\$ 15,252,698</u>	<u>\$ 39,426,779</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	\$ 597,979	\$ 31,471	\$ 629,450
Deferred outflows related to OPEB	13,085	689	13,774
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 611,064</u>	<u>\$ 32,160</u>	<u>\$ 643,224</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 343,348	\$ 322,306	\$ 665,654
Payable to pension plan	23,574	-	23,574
Accrued liabilities	99,751	45,881	145,632
Notes payable - due in one year	-	118,467	118,467
Bonds payable - due in one year	420,000	200,000	620,000
Total current liabilities	<u>886,673</u>	<u>686,654</u>	<u>1,573,327</u>
Non-current liabilities			
Notes payable	-	149,476	149,476
Bonds payable	1,718,000	2,800,000	4,518,000
Compensated absences	255,778	22,684	278,462
Net OPEB liability	806,523	42,447	848,970
Net pension liability	425,024	22,367	447,391
Total non-current liabilities	<u>3,205,325</u>	<u>3,036,974</u>	<u>6,242,299</u>
TOTAL LIABILITIES	<u>\$ 4,091,998</u>	<u>\$ 3,723,628</u>	<u>\$ 7,815,626</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property tax	\$ 5,707,531	\$ -	\$ 5,707,531
Deferred inflows related to pensions	96,101	5,059	101,160
Deferred inflows related to OPEB	13,457	708	14,165
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 5,817,089</u>	<u>\$ 5,767</u>	<u>\$ 5,822,856</u>
NET POSITION			
Net investment in capital assets	\$ 8,243,502	\$ 6,038,256	\$ 14,281,758
Restricted for non-recurring police expenditures	26,378	-	26,378
Restricted for technology	4,928	-	4,928
Unrestricted	6,601,250	5,517,207	12,118,457
TOTAL NET POSITION	<u>\$ 14,876,058</u>	<u>\$ 11,555,463</u>	<u>\$ 26,431,521</u>

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

CITY OF COLLEGEDALE, TENNESSEE
Statement of Activities
Year Ended June 30, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Govern- mental Activities	Business- type Activities	Total	
Functions/Programs								
Primary Government:								
Governmental activities:								
General government	\$ 4,160,840	\$ 76,739	\$ -	\$ -	\$ (4,084,101)	\$ -	\$ (4,084,101)	
Public safety	3,036,927	349,199	60,819	-	(2,626,909)	-	(2,626,909)	
Public works	1,933,854	15,000	-	-	(1,918,854)	-	(1,918,854)	
State street aid	446,994	-	307,298	-	(139,696)	-	(139,696)	
Public welfare and recreation	580,524	-	-	391,787	(188,737)	-	(188,737)	
Interest on long-term debt	81,299	-	-	-	(81,299)	-	(81,299)	
Total governmental activities	<u>10,240,438</u>	<u>440,938</u>	<u>368,117</u>	<u>391,787</u>	<u>(9,039,596)</u>	<u>-</u>	<u>(9,039,596)</u>	
Business-type activities:								
Sewer	2,350,389	3,308,171	19,706	-	-	977,488	977,488	
Airport	508,426	427,883	-	10,307	-	(70,236)	(70,236)	
Total business-type activities	<u>2,858,815</u>	<u>3,736,054</u>	<u>19,706</u>	<u>10,307</u>	<u>-</u>	<u>907,252</u>	<u>907,252</u>	
Total primary government	<u>\$ 13,099,253</u>	<u>\$ 4,176,992</u>	<u>\$ 387,823</u>	<u>\$ 402,094</u>	<u>(9,039,596)</u>	<u>907,252</u>	<u>(8,132,344)</u>	
General revenues:								
Property tax					4,396,930	-	4,396,930	
Local sales tax					2,411,334	-	2,411,334	
Business tax					186,093	-	186,093	
Franchise tax					103,604	-	103,604	
Other state taxes					1,611,701	-	1,611,701	
Miscellaneous					410,881	39,871	450,752	
Total general revenue					<u>9,120,543</u>	<u>39,871</u>	<u>9,160,414</u>	
Change in net position					80,947	947,123	1,028,070	
Net position - beginning					14,795,111	10,608,340	25,403,451	
Net position - end					<u>\$ 14,876,058</u>	<u>\$ 11,555,463</u>	<u>\$ 26,431,521</u>	

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

CITY OF COLLEGEDALE, TENNESSEE
Governmental Funds
Balance Sheet
June 30, 2019

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 2,761,566	\$ 31,306	\$ 2,792,872
Investments	4,107,402	-	4,107,402
Property tax receivable - net	5,772,884	-	5,772,884
Due from other governments	1,086,209	-	1,086,209
Grants receivable	17,650	-	17,650
Other receivables	4,485	-	4,485
Inventory	11,077	-	11,077
TOTAL ASSETS	<u>\$ 13,761,273</u>	<u>\$ 31,306</u>	<u>\$ 13,792,579</u>
LIABILITIES			
Accounts payable	\$ 343,348	\$ -	\$ 343,348
Payable to pension plan	23,574	-	23,574
Accrued liabilities	99,751	-	99,751
TOTAL LIABILITIES	<u>\$ 466,673</u>	<u>\$ -</u>	<u>\$ 466,673</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property tax	\$ 5,739,390	\$ -	\$ 5,739,390
FUND BALANCES			
Nonspendable	\$ 11,077	\$ -	\$ 11,077
Restricted	-	31,306	31,306
Unassigned	7,544,133	-	7,544,133
TOTAL FUND BALANCES	<u>\$ 7,555,210</u>	<u>\$ 31,306</u>	<u>\$ 7,586,516</u>

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

CITY OF COLLEGEDALE, TENNESSEE
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total fund balances per governmental funds balance sheet	\$ 7,586,516
Capital assets used in governmental activities are not financial resources and, therefore, and not reported in the funds.	10,381,502
Long-term liabilities, including bonds payable, notes payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(2,393,778)
Pension liabilities, including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the funds.	76,854
OPEB liabilities, including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the funds.	(806,895)
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	<u>31,859</u>
Net position of governmental activities	<u>\$ 14,876,058</u>

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

CITY OF COLLEGEDALE, TENNESSEE
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2019

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 7,218,085	\$ -	\$ 7,218,085
Intergovernmental	1,864,736	-	1,864,736
License and permits	80,859	-	80,859
Fines and forfeitures	329,444	19,755	349,199
Other	<u>813,546</u>	<u>-</u>	<u>813,546</u>
TOTAL REVENUES	<u>10,306,670</u>	<u>19,755</u>	<u>10,326,425</u>
EXPENDITURES			
Current expenditures			
General government	3,517,483	-	3,517,483
Public safety	2,857,151	28,957	2,886,108
Public works	1,172,013	-	1,172,013
State street aid	446,994	-	446,994
Public welfare and recreation	587,087	-	587,087
Capital outlay	1,211,876	-	1,211,876
Debt service	<u>501,299</u>	<u>-</u>	<u>501,299</u>
TOTAL EXPENDITURES	<u>10,293,903</u>	<u>28,957</u>	<u>10,322,860</u>
Excess (deficiency) of revenues over (under) expenditures	12,767	(9,202)	3,565
Other financing sources (uses)			
Proceeds from debt issuance	<u>1,300,000</u>	<u>-</u>	<u>1,300,000</u>
Net changes in fund balances	1,312,767	(9,202)	1,303,565
Fund balances - beginning	<u>6,242,443</u>	<u>40,508</u>	<u>6,282,951</u>
Fund balances - end	<u>\$ 7,555,210</u>	<u>\$ 31,306</u>	<u>\$ 7,586,516</u>

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

CITY OF COLLEGEDALE, TENNESSEE
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Net change in fund balances for total governmental funds	\$ 1,303,565
Governmental funds report capital outlay 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. This is the amount by which capital outlay exceeds depreciation in the current period.	236,642
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(5,040)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	420,000
Pension expense for the prior year is not reported in the governmental funds but is reported in the Statement of Activities. Current year pension contributions are reported as an expense in the governmental funds but are not reported in the Statement of Activities.	(491,160)
OPEB expense for the prior year is not reported in the governmental funds but is reported in the Statement of Activities. Current year OPEB contributions are reported as an expense in the governmental funds but are not reported in the Statement of Activities.	(75,025)
Bonds issued are reported as a financial resource in the governmental funds. However, this is reported as an increase in long-term liabilities in the Statement of Net Position. During the current year additional loan proceeds were drawn on bonds payable.	(1,300,000)
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:	
Compensated absences	<u>(8,035)</u>
Change in net position of governmental activities	<u>\$ 80,947</u>

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

CITY OF COLLEGEDALE, TENNESSEE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Property tax	\$ 4,352,700	\$ 4,352,700	\$ 4,401,971	\$ 49,271
Local sales tax	2,173,440	2,173,440	2,411,334	237,894
Business tax	170,560	170,560	186,093	15,533
Hotel/motel tax	25,200	25,200	115,083	89,883
Franchise tax	101,200	101,200	103,604	2,404
Total taxes	<u>6,823,100</u>	<u>6,823,100</u>	<u>7,218,085</u>	<u>394,985</u>
Intergovernmental				
State sales tax	690,500	690,500	740,346	49,846
State income tax	100	100	456,871	456,771
State beer tax	181,600	181,600	186,672	5,072
State mixed drink tax	-	-	8,683	8,683
State excise tax	-	-	5,971	5,971
State gasoline and motor fuel tax	275,100	275,100	290,854	15,754
State gasoline inspection fee	16,750	16,750	16,444	(306)
Gross receipts - TVA	93,400	93,400	98,076	4,676
Federal grants	63,000	63,000	60,819	(2,181)
Total intergovernmental	<u>1,320,450</u>	<u>1,320,450</u>	<u>1,864,736</u>	<u>544,286</u>
License and permits				
Building permits	83,856	83,856	80,859	(2,997)
Fines and forfeitures				
City court fines and costs	316,700	316,700	329,444	12,744
Other				
Miscellaneous	184,000	184,000	119,741	(64,259)
Library	48,700	48,700	55,409	6,709
Donations	5,100	5,100	391,787	386,687
Strategic communication coalition	-	-	79,705	79,705
Insurance recoveries	-	-	59,623	59,623
Refuse collection charges	15,000	15,000	15,000	-
Sale of surplus property	2,100	2,100	17,855	15,755
Interest	36,500	36,500	74,426	37,926
Total other	<u>291,400</u>	<u>291,400</u>	<u>813,546</u>	<u>522,146</u>
TOTAL REVENUES	<u>8,835,506</u>	<u>8,835,506</u>	<u>10,306,670</u>	<u>1,471,164</u>

(Continued)

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

CITY OF COLLEGEDALE, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current expenditures				
General government				
Legislative				
Fees of officials	\$ 2,700	\$ 2,700	\$ 2,700	\$ -
City court				
Salaries	107,239	113,239	111,146	2,093
Payroll tax	8,298	8,298	8,258	40
Legal	43,100	43,100	43,100	-
Other operating supplies	2,873	2,873	2,185	688
Total city court	<u>161,510</u>	<u>167,510</u>	<u>164,689</u>	<u>2,821</u>
Election				
Election expenditures	<u>4,100</u>	<u>4,100</u>	<u>-</u>	<u>4,100</u>
Central staff agencies				
Salaries	491,078	523,078	512,983	10,095
Payroll tax	38,784	38,784	36,862	1,922
Equipment lease and maintenance	17,700	17,700	12,069	5,631
Total central staff agencies	<u>547,562</u>	<u>579,562</u>	<u>561,914</u>	<u>17,648</u>
Planning and economic development				
Salaries	127,039	132,939	130,786	2,153
Payroll tax	9,933	9,933	9,307	626
Business initiative	17,100	17,100	10,125	6,975
Tomorrow foundation	5,000	5,000	5,000	-
Total planning and economic development	<u>159,072</u>	<u>164,972</u>	<u>155,218</u>	<u>9,754</u>
Municipal buildings				
Salaries	187,637	196,037	191,692	4,345
Payroll tax	14,752	14,752	14,029	723
Safety program	5,550	9,450	9,079	371
Janitorial services	8,510	8,510	8,351	159
Inspection code enforcement	7,250	42,250	35,752	6,498
Repairs and maintenance	51,074	89,074	74,634	14,440
Telephone	82,350	82,350	85,267	(2,917)
Vehicle expenses	7,974	8,474	7,528	946
Utilities	138,439	138,439	112,090	26,349
Total municipal buildings	<u>503,536</u>	<u>589,336</u>	<u>538,422</u>	<u>50,914</u>

(Continued)

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

CITY OF COLLEGEDALE, TENNESSEE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Current expenditures (Continued)				
General government (Continued)				
Other general government				
Payroll tax	\$ 89,700	\$ 7,300	\$ 6,147	\$ 1,153
Retirement	303,039	303,039	313,695	(10,656)
Employee insurance	854,513	914,513	901,997	12,516
Dues and memberships	22,200	22,200	20,022	2,178
Humane Society	50,860	50,860	50,860	-
Insurance	217,000	267,000	254,798	12,202
Advertising	6,800	11,800	10,440	1,360
Professional fees	224,277	224,277	216,739	7,538
Property tax commission	84,194	87,194	87,542	(348)
Sales tax commission	21,734	21,734	24,149	(2,415)
Recreation and holiday programs	74,100	74,100	69,610	4,490
Office supplies	34,811	37,811	38,431	(620)
Postage	6,500	6,500	5,000	1,500
Service charges	17,135	17,135	20,625	(3,490)
Training and travel	67,900	67,900	74,485	(6,585)
Total other general government	<u>2,074,763</u>	<u>2,113,363</u>	<u>2,094,540</u>	<u>18,823</u>
 Total general government	 <u>3,453,243</u>	 <u>3,621,543</u>	 <u>3,517,483</u>	 <u>104,060</u>
 Public safety				
Police				
Salaries	1,281,576	1,396,576	1,398,981	(2,405)
Payroll tax	97,160	103,160	100,089	3,071
Clothing and uniforms	41,000	41,000	38,640	2,360
Dispatching contract and fees	136,912	138,912	138,666	246
Dues and memberships	2,400	2,400	2,130	270
K-9 unit	10,840	10,840	10,772	68
NCIC computer rental	65,650	65,650	65,675	(25)
Office supplies	43,073	58,073	56,945	1,128
Other operating supplies	48,350	48,350	48,149	201
Public relations	5,050	5,050	1,793	3,257
Repairs and maintenance	16,575	16,575	15,317	1,258
Training and travel	74,630	74,630	70,184	4,446
Vehicle	94,820	114,820	124,959	(10,139)
Total police	<u>1,918,036</u>	<u>2,076,036</u>	<u>2,072,300</u>	<u>3,736</u>
(Continued)				

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

CITY OF COLLEGEDALE, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public safety (Continued)				
Fire protection and control				
Fire protection service contract	\$ 748,405	\$ 748,405	\$ 748,404	\$ 1
ISO rating adjustment	30,000	30,000	30,000	-
Other fees	6,447	6,447	6,447	-
Total fire protection and control	<u>784,852</u>	<u>784,852</u>	<u>784,851</u>	<u>1</u>
Total public safety	<u>2,702,888</u>	<u>2,860,888</u>	<u>2,857,151</u>	<u>3,737</u>
Public works				
Streets				
Salaries	698,399	708,399	691,682	16,717
Payroll tax	54,400	54,400	48,217	6,183
Clothing and uniforms	12,534	12,534	15,485	(2,951)
Other operating supplies	50,201	50,201	30,107	20,094
Repairs and maintenance	42,369	42,369	35,414	6,955
Vehicle	67,721	99,721	99,019	702
Total streets	<u>925,624</u>	<u>967,624</u>	<u>919,924</u>	<u>47,700</u>
Solid waste				
Salaries	65,454	65,454	55,788	9,666
Payroll tax	5,036	5,036	3,849	1,187
Commercial waste pick-up	14,570	14,570	13,749	821
Landfill services	82,240	96,240	109,448	(13,208)
Other operating supplies	7,067	7,067	6,167	900
Recycle	12,463	12,463	10,544	1,919
Vehicle	27,036	56,036	52,544	3,492
Total solid waste	<u>213,866</u>	<u>256,866</u>	<u>252,089</u>	<u>4,777</u>
Total public works	<u>1,139,490</u>	<u>1,224,490</u>	<u>1,172,013</u>	<u>52,477</u>
State street aid				
Road and street resurfacing	377,396	377,396	372,848	4,548
Road repair materials	69,399	69,399	61,515	7,884
Sign parts and supplies	8,396	9,396	8,577	819
Street lighting	4,459	4,459	4,054	405
Total state street aid	<u>459,650</u>	<u>460,650</u>	<u>446,994</u>	<u>13,656</u>
(Continued)				

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

CITY OF COLLEGEDALE, TENNESSEE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public welfare and recreation				
Parks and recreation				
Salaries	\$ 66,187	\$ 75,387	\$ 75,205	\$ 182
Payroll tax	5,189	6,489	6,477	12
Equipment and supplies	14,100	16,100	15,558	542
Other operating supplies	1,300	1,300	1,412	(112)
Repairs and maintenance	-	-	11	(11)
Recreation program	<u>28,300</u>	<u>28,300</u>	<u>24,456</u>	<u>3,844</u>
Total parks and recreation	<u>115,076</u>	<u>127,576</u>	<u>123,119</u>	<u>4,457</u>
Library				
Contracted services and supplies	<u>464,000</u>	<u>464,000</u>	<u>463,968</u>	<u>32</u>
Total public welfare and recreation	<u>579,076</u>	<u>591,576</u>	<u>587,087</u>	<u>4,489</u>
Capital outlay				
General government				
Municipal buildings	-	-	390,500	(390,500)
Public safety				
Police	70,000	205,000	198,454	6,546
Public works				
Streets	<u>1,030,000</u>	<u>1,030,000</u>	<u>622,922</u>	<u>407,078</u>
Total capital outlay	<u>1,100,000</u>	<u>1,235,000</u>	<u>1,211,876</u>	<u>23,124</u>
Debt service				
Interest	65,230	65,230	81,299	(16,069)
Principal	<u>420,000</u>	<u>420,000</u>	<u>420,000</u>	<u>-</u>
Total debt service	<u>485,230</u>	<u>485,230</u>	<u>501,299</u>	<u>(16,069)</u>
TOTAL EXPENDITURES	<u>9,919,577</u>	<u>10,479,377</u>	<u>10,293,903</u>	<u>185,474</u>
(Continued)				

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

CITY OF COLLEGEDALE, TENNESSEE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures	\$ (1,084,071)	\$ (1,643,871)	\$ 12,767	\$ 1,656,638
Other financing sources (uses)				
Proceeds from debt issuance	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>
Net changes in fund balances	215,929	(343,871)	1,312,767	1,656,638
Fund balances - beginning	<u>6,242,443</u>	<u>6,242,443</u>	<u>6,242,443</u>	<u>-</u>
Fund balances - end	<u>\$ 6,458,372</u>	<u>\$ 5,898,572</u>	<u>\$ 7,555,210</u>	<u>\$ 1,656,638</u>

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

CITY OF COLLEGEDALE, TENNESSEE
Proprietary Funds
Statement of Net Position
June 30, 2019

	Enterprise		Totals
	Sewer Fund	Airport Fund	
ASSETS			
Current assets			
Cash	\$ 5,280,815	\$ 184,680	\$ 5,465,495
Accounts receivable - net	438,610	16,093	454,703
Grants receivable	-	1,346	1,346
Inventory	-	24,955	24,955
Total current assets	<u>5,719,425</u>	<u>227,074</u>	<u>5,946,499</u>
Non-current assets			
Capital assets			
Land	93,285	1,900,625	1,993,910
Other capital assets - net of accumulated depreciation	4,874,207	2,438,082	7,312,289
Total capital assets	<u>4,967,492</u>	<u>4,338,707</u>	<u>9,306,199</u>
TOTAL ASSETS	<u>\$10,686,917</u>	<u>\$ 4,565,781</u>	<u>\$15,252,698</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	\$ 6,294	\$ 25,177	\$ 31,471
Deferred outflows related to OPEB	138	551	689
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,432</u>	<u>\$ 25,728</u>	<u>\$ 32,160</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 315,622	\$ 6,684	\$ 322,306
Accrued liabilities	42,436	3,445	45,881
Notes payable - due in one year	118,467	-	118,467
Bonds payable - due in one year	200,000	-	200,000
Total current liabilities	<u>676,525</u>	<u>10,129</u>	<u>686,654</u>
Non-current liabilities			
Notes payable	149,476	-	149,476
Bonds payable	2,800,000	-	2,800,000
Compensated absences	9,219	13,465	22,684
Net OPEB liability	8,488	33,959	42,447
Net pension liability	4,473	17,894	22,367
Total non-current liabilities	<u>2,971,656</u>	<u>65,318</u>	<u>3,036,974</u>
TOTAL LIABILITIES	<u>\$ 3,648,181</u>	<u>\$ 75,447</u>	<u>\$ 3,723,628</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 1,013	\$ 4,046	\$ 5,059
Deferred inflows related to OPEB	142	566	708
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 1,155</u>	<u>\$ 4,612</u>	<u>\$ 5,767</u>
NET POSITION			
Net investment in capital assets	\$ 1,699,549	\$ 4,338,707	\$ 6,038,256
Unrestricted	5,344,464	172,743	5,517,207
TOTAL NET POSITION	<u>\$ 7,044,013</u>	<u>\$ 4,511,450</u>	<u>\$11,555,463</u>

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

CITY OF COLLEGEDALE, TENNESSEE
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2019

	Enterprise		Totals
	Sewer Fund	Airport Fund	
OPERATING REVENUES			
Sales of fuel, oil and supplies	\$ -	\$ 132,365	\$ 132,365
Rental of equipment	-	290,921	290,921
Sewer service charges	3,282,171	-	3,282,171
Sewer tap fees	26,000	-	26,000
Miscellaneous	-	4,597	4,597
Total operating revenues	<u>3,308,171</u>	<u>427,883</u>	<u>3,736,054</u>
OPERATING EXPENSES			
Purchased fuels and resale items	-	136,273	136,273
Operating and administration	2,032,704	259,634	2,292,338
Depreciation	227,777	107,788	335,565
Total operating expenses	<u>2,260,481</u>	<u>503,695</u>	<u>2,764,176</u>
Operating income	<u>1,047,690</u>	<u>(75,812)</u>	<u>971,878</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest expense	(89,908)	-	(89,908)
Interest revenue	39,735	136	39,871
Grant expenses	-	(4,731)	(4,731)
Intergovernmental revenue	19,706	10,307	30,013
Total non-operating revenues (expenses)	<u>(30,467)</u>	<u>5,712</u>	<u>(24,755)</u>
Changes in net position	1,017,223	(70,100)	947,123
Net position - beginning	<u>6,026,790</u>	<u>4,581,550</u>	<u>10,608,340</u>
Net position - end	<u>\$ 7,044,013</u>	<u>\$ 4,511,450</u>	<u>\$ 11,555,463</u>

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

CITY OF COLLEGE DALE, TENNESSEE
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2019

	Enterprise		
	Sewer Fund	Airport Fund	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 3,244,222	\$ 700,798	\$ 3,945,020
Payments to suppliers	(1,748,612)	(253,709)	(2,002,321)
Payments to employees	<u>(130,945)</u>	<u>(129,313)</u>	<u>(260,258)</u>
Net cash provided (used) by operating activities	<u>1,364,665</u>	<u>317,776</u>	<u>1,682,441</u>
Cash Flows from Non-capital Financing Activities			
Interfund loan receipts and payments	-	(148,035)	(148,035)
Grant expenses	-	(4,731)	(4,731)
Intergovernmental revenue	<u>19,706</u>	<u>10,307</u>	<u>30,013</u>
Net cash provided (used) by non-capital financing activities	<u>19,706</u>	<u>(142,459)</u>	<u>(122,753)</u>
Cash Flows from Capital and Related Financing Activities			
Proceeds of borrowings for capital purposes	3,000,000	-	3,000,000
Principal paid on notes	(116,703)	-	(116,703)
Interest paid on notes	(89,908)	-	(89,908)
Payments related to the acquisition of capital asset	<u>(356,736)</u>	<u>-</u>	<u>(356,736)</u>
Net cash provided (used) by capital and related financing activities	<u>2,436,653</u>	<u>-</u>	<u>2,436,653</u>
Cash Flows from Investing Activities			
Interest revenue	<u>39,735</u>	<u>136</u>	<u>39,871</u>
Net increase (decrease) in cash	3,860,759	175,453	4,036,212
Cash - beginning	<u>1,420,056</u>	<u>9,227</u>	<u>1,429,283</u>
Cash - end	<u>\$ 5,280,815</u>	<u>\$ 184,680</u>	<u>\$ 5,465,495</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	<u>\$ 1,047,690</u>	<u>\$ (75,812)</u>	<u>\$ 971,878</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	227,777	107,788	335,565
Increase (decrease) in net pension liability	4,512	18,049	22,561
Increase (decrease) in deferred inflows related to pension	439	1,757	2,196
(Increase) decrease in deferred outflows related to pension	219	874	1,093
Increase (decrease) in deferred inflows related to OPEB	(21)	(85)	(106)
(Increase) decrease in deferred outflows related to OPEB	(25)	(100)	(125)
(Increase) decrease in accounts receivable	(63,949)	(3,463)	(67,412)
(Increase) decrease in grants receivable	-	276,378	276,378
(Increase) decrease in inventories	-	(12,833)	(12,833)
Increase (decrease) in accounts payable	105,106	869	105,975
Increase (decrease) in accrued liabilities	39,951	974	40,925
Increase (decrease) in compensated absences	2,131	36	2,167
Increase (decrease) in net OPEB liability	<u>835</u>	<u>3,344</u>	<u>4,179</u>
Total adjustments	<u>316,975</u>	<u>393,588</u>	<u>710,563</u>
Net cash provided (used) by operating activities	<u>\$ 1,364,665</u>	<u>\$ 317,776</u>	<u>\$ 1,682,441</u>

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

CITY OF COLLEGEDALE, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Collegedale, Tennessee have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City of Collegedale, Tennessee operates under a Commission-Manager form of government within the following departments: general government, public safety, public works, state street aid, and public welfare and recreation.

The following is a summary of the more significant accounting policies:

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP and GASB issued Statement No. 14, *The Financial Reporting Entity*. This statement requires that the financial statements present the City of Collegedale, Tennessee (the primary government) and any component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting one of the following criteria; the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board and the primary government is able to impose its will upon the potential component unit); or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

Based on the foregoing criteria, there are no entities, which meet the above criteria for inclusion in the City of Collegedale, Tennessee's financial statements.

B. Basic Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

Government-wide Statements - The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

Government-wide Statements (Continued)

The Statement of Activities presents both a gross and net cost comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The net cost (by function or business-type activity) is normally covered by general revenue (property or sales taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is designed to view the City as a complete entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Fund Financial Statements - The fund financial statements provide information about the City's funds, including its governmental funds and enterprise funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental fund:

General Fund - This is the City'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 City reports the following major enterprise funds:

Sewer Fund - This fund is used to account for the sewer services provided to the residents of the City.

Airport Fund - This fund is used to account for the activity of the City's municipal airport.

C. Measurement Focus - Basis of Accounting

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 are recorded when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus - Basis of Accounting (Continued)

Government 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. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, gasoline taxes, wholesale beer taxes, income taxes, mixed drink taxes, and in-lieu of taxes are susceptible to accrual. Licenses and permits, fines and forfeitures, gross receipts taxes and excise taxes are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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 non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

D. Budgetary Data

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

The City commission adopts an annual budget for each governmental fund. Formal budgets are adopted for the General Fund and Special Revenue Fund on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Therefore, no adjustments are necessary to convert to the actual GAAP data from the budgetary basis. These formal budgets are adopted on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted in detail by department for current expenditures, capital outlay and transfers.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Data (Continued)

Budgeted amounts are as originally adopted in accordance with GAAP, or as amended by the City throughout the year. Individual amendments are not material in relation to the original appropriations, which were amended. All appropriations which are not expended lapse at year-end.

Budgets for Enterprise Funds are adopted by the Commissioners as a management tool.

E. Cash and Cash Equivalents

Cash consists of cash-on-hand and on-deposit with financial institutions. These are classified on the Statement of Net Position as "Cash". For purposes of reporting cash on the Statement of Cash Flows, the City considers unrestricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At June 30, 2019, the City had no cash equivalents.

F. Investments

All investments are reported at fair value, which is based on quoted market prices.

The City is authorized by State Statutes to invest in the following:

Bonds, notes or treasury bills of the United States.

Nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the Student Loan Marketing Association.

Any obligation guaranteed by the United States or any of its agencies.

Certificates-of-deposit at state and federal chartered banks and savings and loan associations.

The Local Government Investment Pool created by Title 9.

G. Property Taxes

Property taxes are levied by the City on January 1st on property value assessed for that calendar year. The billings are mailed October 1st and are considered due upon receipt by the taxpayer, however, the actual due date is based on a period ending approximately 60 days after calendar year end. On this date, March 1st, the bill becomes delinquent and penalties and interest may be assessed. Property taxes levied by the City are assessed by the Hamilton County Assessor of Property and are collected by the City. Property taxes are recognized on the accrual basis in the government-wide financial statements, and in the governmental funds, they are recognized on the modified accrual basis. The tax rate for the 2019 levy is \$1.65 per \$100 of assessed valuation, and the tax rate for the 2018 levy is \$1.2594 per \$100 of assessed valuation.

Property taxes for the 2019 levy are considered to be owed to the City as of the lien date on January 1, 2019. Therefore, the entire 2019 levy was recorded as a receivable and deferred revenue as of June 30, 2019, in both the government-wide financial statements and in the governmental fund statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Transactions

Interfund Receivables and Payables

Short-term advances between funds are not eliminated but accounted for in the appropriate interfund receivable and payable accounts, classified as due to other funds or due from other funds in the fund financial statements, and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

Transactions between Funds

Transactions between funds that would be treated as revenues, expenditures, or expenses, if they involved organizations external to the governmental unit, are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expense in the fund that is reimbursed. All other legally authorized transfers are not eliminated but treated as operating transfers and are included as other financing sources or uses in the governmental funds and reported after non-operating revenues or expenses in the enterprise funds.

I. Prepayment of Expenditures

Governmental fund expenditures for insurance and similar services extending over more than one accounting period are not allocated between accounting periods but accounted for as expenditures of the period of acquisition.

J. Inventories

Inventories are valued at cost, using the first-in, first-out (FIFO method). The cost of an inventory item is recorded as an expense at the time of purchase. Inventories on hand at year-end are physically counted and recorded as assets, reducing the appropriate expense account.

K. Restricted Assets

Certain resources can be classified as restricted assets on the Statement of Net Position because their use is limited.

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage), 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 \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings	5-40
Furniture, machinery and equipment	5-19
Land improvements	30-40

Capital assets of the proprietary funds are accounted for in the proprietary fund and are stated at cost or estimated fair value when original cost is not available. Major additions are capitalized while maintenance and repairs, including the cost of minor items of property, are expensed as incurred. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

<u>Asset Class</u>	<u>Years</u>
Buildings	5-40
Furniture, machinery and equipment	5
Infrastructure	40

Donated capital assets are valued at their estimated fair value on the date donated. The City's policy is to capitalize the net interest cost incurred during the year resulting from borrowings utilized to finance the construction of assets.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position 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(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Entity has two types of items that qualify for reporting in this category: deferred outflows related to pensions and deferred outflows related to OPEB.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Currently, the City has three types of items that qualify for reporting in this category: deferred revenue - property taxes, deferred inflows related to pensions and deferred inflows related to OPEB.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences

City employees accrue paid time off (PTO). Paid time off includes vacation time, sick leave and holiday pay. Paid time off for employees of governmental funds are recorded as an expenditure in the period they are used and considered payable from current financial resources. Paid time off accrues at the rate of 8% to 14% depending on length of service. The PTO accrues with a limit of 320 hours for vacation and 1040 hours for sick time and may be taken as time off or if approved as additional pay. Upon termination, PTO is paid out to the employees. Government-wide proprietary funds accrue vacation benefits in the period they are earned. A liability for these amounts is reported in governmental funds only if they have matured.

O. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position.

P. 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 Collegedale's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Collegedale'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.

Q. Net Position

Net position is the residual of all elements presented in the Statement of Financial Position (i.e., assets + deferred outflows - liabilities - deferred inflows). Net investment in capital assets represent capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by any related outstanding debt.

R. Fund Balance

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* established standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

Nonspendable: The City cannot spend these amounts due to form.

Restricted: The State or other sources can restrict funds to specific purposes by externally imposing restrictions or imposing by law through constitutional provisions or enabling legislation.

Committed: The Board of Commissioners has the authority to commit funds for a specific purpose. Any funds set aside as committed fund balance requires, at a minimum, the passage of a resolution by a simple majority vote. An ordinance may also be used.

Assigned: The Board of Commissioners has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as assigned fund balance requires a simple majority vote and must be recorded in the minutes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balance (Continued)

Unassigned: Amounts not classified as nonspendable, restricted, committed, or assigned.

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it.

When restricted, committed, assigned and unassigned funds are available for use, restricted funds should be spent first, committed funds second, assigned funds third and unassigned funds last.

S. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

T. Events Occurring after Reporting Date

The City has evaluated events and transactions that occurred between June 30, 2019, and November 13, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure the City's deposits may not be returned to it. The City does not have a deposit or investment policy for custodial credit risk, however, the State of Tennessee requires its governmental entities to either meet the deposit and collateralization regulations under TCA Title 9, Chapter 4, Parts 1 and 4, or as provided in the collateral pool. As of June 30, 2019, the carrying amount of the City's deposits was \$12,363,429, and the bank balance was \$12,408,863. None of the City's bank balance was exposed to custodial credit risk as uninsured or uncollateralized due to the fact that all of its deposits and investments are in a financial institution that is a participant in the State of Tennessee collateral pool.

The carrying amount of the City's deposits is classified as follows on the Statement of Net Position:

Cash	\$ 8,258,367
Investments	4,107,402
Less: petty cash	(2,340)
Total	<u>\$ 12,363,429</u>

Investments

The City's investments are carried at fair value, and consist of certificates-of-deposit. The City's investments are listed on the Statement of Net Position as follows:

Certificates-of-deposit	<u>\$ 4,107,402</u>
-------------------------	---------------------

NOTE 3 - PROPERTY TAXES RECEIVABLE - NET

Property taxes receivable as of June 30, 2019, consist of the following:

<u>Year of Levy</u>	
2019	\$ 5,707,531
2018	69,545
2017	-
2016	-
2015	6,294
2014	5,530
2013	69
2012	4,734
2011	-
2010	<u>9,478</u>
	5,803,181
Less: allowance for uncollectibles	<u>(30,297)</u>
Property taxes receivable - net	<u>\$ 5,772,884</u>

NOTE 4 - ACCOUNTS RECEIVABLE - NET

Accounts receivable - net at June 30, 2019, consists of the following:

	<u>Sewer Fund</u>	<u>Airport Fund</u>	<u>Total</u>
Customer receivables	\$ 438,610	\$ 17,189	\$ 455,799
Less: allowance for doubtful accounts	<u>-</u>	<u>(1,096)</u>	<u>(1,096)</u>
Total	<u>\$ 438,610</u>	<u>\$ 16,093</u>	<u>\$ 454,703</u>

Bad debt expense was \$0 for the year ended June 30, 2019.

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2019, consists of the following:

State income tax	\$ 456,871
County sales tax	423,197
Gas and motor fuel tax	2,741
City streets and transportation	50,276
State sales tax	130,615
State business tax	5,842
Beer tax	<u>16,667</u>
Total	<u>\$ 1,086,209</u>

NOTE 6 - GRANTS RECEIVABLE

Grants receivable at June 30, 2019, consists of the following:

U.S. Department of Transportation	\$ 17,650
Tennessee Department of Transportation	<u>1,346</u>
Total	<u>\$ 18,996</u>

NOTE 7 - OTHER RECEIVABLES

Other receivable at June 30, 2019, consists of the following:

Returned checks	\$ 198
Due from volunteer fire department	2,640
State fees	<u>1,647</u>
Total	<u>\$ 4,485</u>

NOTE 8 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,899,119	\$ 390,500	\$ -	\$ 3,289,619
Capital assets being depreciated:				
Buildings	6,334,224	5,215	-	6,339,439
Furniture, machinery and equipment	5,773,457	443,236	(132,708)	6,083,985
Land improvements	<u>1,013,873</u>	<u>-</u>	<u>-</u>	<u>1,013,873</u>
Total capital assets being depreciated	<u>13,121,554</u>	<u>448,451</u>	<u>(132,708)</u>	<u>13,437,297</u>
Less accumulated depreciation for:				
Buildings	1,520,995	162,674	-	1,683,669
Furniture, machinery and equipment	4,071,877	412,381	(132,708)	4,351,550
Land improvements	<u>282,941</u>	<u>27,254</u>	<u>-</u>	<u>310,195</u>
Total accumulated depreciation	<u>5,875,813</u>	<u>602,309</u>	<u>(132,708)</u>	<u>6,345,414</u>
Total capital assets being depreciated - net	<u>7,245,741</u>	<u>(153,858)</u>	<u>-</u>	<u>7,091,883</u>
Governmental activities capital assets - net	<u>\$10,144,860</u>	<u>\$ 236,642</u>	<u>\$ -</u>	<u>\$10,381,502</u>

Depreciation expense was charged to the functions of the primary government as follows:

General government	\$ 71,938
Public safety	177,097
Public works	170,494
Public welfare and recreation	<u>182,780</u>
Total	<u>\$ 602,309</u>

NOTE 8 - CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,967,410	\$ 26,500	\$ -	\$ 1,993,910
Capital assets being depreciated:				
Buildings	1,631,723	-	-	1,631,723
Furniture, machinery and equipment	500,393	10,000	(8,577)	501,816
Infrastructure	<u>10,699,494</u>	<u>320,236</u>	<u>-</u>	<u>11,019,730</u>
Total capital assets being depreciated	<u>12,831,610</u>	<u>330,236</u>	<u>(8,577)</u>	<u>13,153,269</u>
Less accumulated depreciation for:				
Buildings	1,095,932	26,703	-	1,122,635
Furniture, machinery and equipment	406,768	33,001	(8,577)	431,192
Infrastructure	<u>4,011,292</u>	<u>275,861</u>	<u>-</u>	<u>4,287,153</u>
Total accumulated depreciation	<u>5,513,992</u>	<u>335,565</u>	<u>(8,577)</u>	<u>5,840,980</u>
Total capital assets being depreciated - net	<u>7,317,618</u>	<u>(5,329)</u>	<u>-</u>	<u>7,312,289</u>
Business-type activities capital assets - net	<u>\$ 9,285,028</u>	<u>\$ 21,171</u>	<u>\$ -</u>	<u>\$ 9,306,199</u>

NOTE 9 - DEFERRED OUTFLOWS RELATED TO PENSIONS

Deferred outflows related to pensions at June 30, 2019, consists of the following:

Beginning balance	\$ 651,298
Difference in actuarial experience	(33,530)
2019 contributions	330,205
Difference in investment earnings	(115,534)
Employer contributions made during 2018	(293,670)
Changes in assumptions	(24,853)
Netting cumulative investment earnings for presentation purposes	<u>115,534</u>
Total	<u>\$ 629,450</u>

NOTE 10 - DEFERRED OUTFLOWS RELATED TO OPEB

Deferred outflows related to OPEB at June 30, 2019, consists of the following:

Beginning balance	\$ 11,267
Prior year prepaid benefit payments	(11,267)
Current year prepaid benefit payments	<u>13,774</u>
Total	<u>\$ 13,774</u>

NOTE 11 - LONG-TERM DEBT

A. Governmental Debt

Long-term debt, payable by the governmental funds, which consists of bonds payable and compensated absences is summarized as follows:

	<u>Principal Balance</u>
TML Bond - 2010, 2.98%, due 2025	\$ 838,000
TML Bond - 2018, 3.95%, in draw down phase	1,300,000
Compensated absences	<u>255,778</u>
	2,393,778
Less: current portion of governmental long-term debt	<u>(420,000)</u>
 Total governmental long-term debt	 <u>\$ 1,973,778</u>

A summary of changes in governmental long-term debt for the year ended June 30, 2019, is as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amount Due</u>
	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>	<u>Within</u>
					<u>One Year</u>
TML Bond - 2010	\$ 1,258,000	\$ -	\$(420,000)	\$ 838,000	\$ 420,000
TML Bond - 2018	-	1,300,000	-	1,300,000	-
Compensated absences	<u>247,743</u>	<u>8,035</u>	<u>-</u>	<u>255,778</u>	<u>-</u>
 Total	 <u>\$ 1,505,743</u>	 <u>\$ 1,308,035</u>	 <u>\$(420,000)</u>	 2,393,778	 <u>\$ 420,000</u>
Less: current portion of governmental long-term debt				<u>(420,000)</u>	
 Total governmental long-term debt				 <u>\$ 1,973,778</u>	

Interest paid during the year ended June 30, 2019, on governmental long-term debt was \$81,299.

Governmental fund debt service requirements to maturity, including interest of \$24,942 are as follows:

<u>Year ended</u>			<u>Total</u>
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2020	\$ 420,000	\$ 18,714	\$ 438,714
2021	<u>418,000</u>	<u>6,228</u>	<u>424,228</u>
	<u>\$ 838,000</u>	<u>\$ 24,942</u>	<u>\$ 862,942</u>

Note: The above debt service requirements schedule does not include compensated absences or the 2018 TML Bond which is still being drawn down.

NOTE 11 - LONG-TERM DEBT (Continued)

B. Business-Type Debt Payable

Sewer Fund

Long-term debt, payable by the Sewer Fund, which consists of notes payable, bonds payable and compensated absences is summarized as follows:

	<u>Principal Balance</u>
TN SRF-114, 2.57%, due 2022	\$ 104,329
TN SRF-118, 2.57%, due 2021	57,943
Capital Outlay Note - City of Chattanooga, no interest, due 2022	105,671
TML Bond - 2018A	1,500,000
TML Bond - 2018B	1,500,000
Compensated absences	<u>9,219</u>
	3,277,162
Less: current portion of Sewer long-term debt	<u>(318,467)</u>
 Total Sewer long-term debt	 <u>\$ 2,958,695</u>

A summary of changes in Sewer long-term debt for the year ended June 30, 2019, are as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amount Due</u>
	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>	<u>Within</u>
					<u>One Year</u>
TN SRF-114	\$ 151,261	\$ -	\$(46,932)	\$ 104,329	\$ 48,144
TN SRF-118	78,943	-	(21,000)	57,943	21,552
City of Chattanooga	154,442	-	(48,771)	105,671	48,771
TML Bond - 2018A	-	1,500,000	-	1,500,000	100,000
TML Bond - 2018B	-	1,500,000	-	1,500,000	100,000
Compensated absences	<u>7,088</u>	<u>2,131</u>	<u>-</u>	<u>9,219</u>	<u>-</u>
 Total	 <u>\$ 391,734</u>	 <u>\$3,002,131</u>	 <u>\$(116,703)</u>	 3,277,162	 <u>\$ 318,467</u>
Less: current portion of Sewer long-term debt				<u>(318,467)</u>	
 Total Sewer long-term debt				 <u>\$2,958,695</u>	

Interest paid during the year ended June 30, 2019, on Sewer long-term debt was \$89,908.

Sewer debt service requirements to maturity, including interest of \$762,237 are as follows:

<u>Year ended</u>			<u>Total</u>
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2020	\$ 318,467	\$ 116,654	\$ 435,121
2021	342,566	106,854	449,420
2022	230,910	97,133	328,043
2023	226,000	88,484	314,484
2024	234,000	79,490	313,490
2025-2029	1,316,000	249,928	1,565,928
2030-2031	<u>600,000</u>	<u>23,694</u>	<u>623,694</u>
	<u>\$ 3,267,943</u>	<u>\$ 762,237</u>	<u>\$ 4,030,180</u>

Note: The above debt service requirements schedule does not include compensated absences.

NOTE 11 - LONG-TERM DEBT (Continued)

B. Business-Type Debt Payable

Airport Fund

Long-term debt, payable by the Airport Fund, which consists of compensated absences is summarized as follows:

	<u>Principal Balance</u>
Compensated absences	\$ 13,465
Less: current portion of Airport long-term debt	<u> -</u>
 Total Airport long-term debt	 <u>\$ 13,465</u>

A summary of changes in Airport long-term debt for the year ended June 30, 2019, are as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amount Due</u>
	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>	<u>Within</u>
					<u>One Year</u>
Compensated absences	<u>\$ 13,429</u>	<u>\$ 36</u>	<u>\$ -</u>	\$ 13,465	<u>\$ -</u>
Less: current portion of Airport long-term debt				<u> -</u>	
 Total Airport long-term debt				 <u>\$ 13,465</u>	

Interest paid during the year ended June 30, 2019, on Airport long-term debt was \$0.

Note: A debt service requirements schedule is not required for compensated absences.

NOTE 12 - NET OPEB LIABILITY

Net OPEB liability at June 30, 2019 consists of the following:

Beginning OPEB liability	\$ 765,370
OPEB plan expense	92,747
Change in deferrals	<u>(9,147)</u>
 Total	 <u>\$ 848,970</u>

NOTE 13 - NET PENSION LIABILITY

Net pension liability at June 30, 2019, consists of the following:

Beginning balance	\$(3,843)
Employer contributions made during 2018	(293,670)
Pension expense	847,216
Difference in actuarial experience	(42,102)
Difference in investment earnings	(35,357)
Changes in assumptions	<u>(24,853)</u>
 Total	 <u>\$ 447,391</u>

NOTE 14 - DEFERRED REVENUE - PROPERTY TAX

Governmental funds report deferred 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, the various components of deferred revenue reported in the governmental funds as deferred inflows were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes	<u>\$ 31,859</u>	<u>\$ 5,707,531</u>	<u>\$ 5,739,390</u>

Funds that are earned, but not available, are realized as revenue under GASB #33.

NOTE 15 - DEFERRED INFLOWS RELATED TO PENSIONS

Deferred inflows related to pension at June 30, 2019, consists of the following:

Beginning balance	\$ 57,233
Difference in investment earnings	(80,177)
Difference in actuarial experience	8,570
Netting cumulative investment earnings for presentation purposes	<u>115,534</u>
Total	<u>\$ 101,160</u>

NOTE 16 - DEFERRED INFLOWS RELATED TO OPEB

Deferred inflows related to OPEB at June 30, 2019, consists of the following:

Beginning balance	\$ 16,285
Change in deferrals	<u>(2,120)</u>
Total	<u>\$ 14,165</u>

NOTE 17 - NET POSITION RESTRICTIONS

The City can restrict net position to be maintained for specific purposes. The nature and purpose of these are explained as follows:

Restricted for non-recurring police expenditures - Drug funds in the amount of \$26,378 are legally restricted for non-recurring police expenditures.

Restricted for technology - Technology funds in the amount of \$4,928 are legally restricted for an electronic citation program.

NOTE 18 - FUND BALANCES

Fund balances are as follows:

Nonspendable: \$11,077 is nonspendable inventory.

Restricted: \$26,378 are restricted for non-recurring police expenditures. \$4,928 are restricted for an electronic citation program.

Unassigned: In accordance with generally accepted accounting principles, the General Fund is the only fund at the City that reports amounts for unassigned fund balance. This classification represents fund balance that is not nonspendable and has not been committed to specific purposes within the General Fund.

NOTE 19 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position:

The governmental fund balance includes a reconciliation between fund balance - total governmental funds, and net position - government activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that, "long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds". The details of this \$(2,393,778) difference are as follows:

Bonds payable	\$(2,138,000)
Compensated absences	<u>(255,778)</u>
Net adjustment	<u>\$(2,393,778)</u>

Another element of that reconciliation states that, "Pension liabilities, including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$76,854 difference are as follows:

Net pension liability	\$ (425,024)
Deferred outflows related to pensions	597,979
Deferred inflows related to pensions	<u>(96,101)</u>
Net adjustment	<u>\$ 76,854</u>

Another element of that reconciliation states that "OPEB liabilities, including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$(806,895) difference are as follows:

Deferred outflows related to OPEB	\$ 13,085
Net OPEB liability	(806,523)
Deferred inflows related to OPEB	<u>(13,457)</u>
Net adjustments	<u>\$(806,895)</u>

NOTE 19 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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 governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between net changes in fund balances for 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 outlay 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". The details of this \$236,642 difference are as follows:

Depreciation expense	\$(602,309)
Capital outlay	<u>838,951</u>
Net adjustment	<u>\$ 236,642</u>

Another element of that reconciliation states that, "Pension expense for the prior year is not reported in the governmental funds but is reported in the Statement of Activities. Current year pension contributions are reported as an expense in the governmental funds but are not reported in the Statement of Activities." The details of this \$(491,160) difference are as follows:

Pension expense	\$ (804,855)
Contributions	<u>313,695</u>
Net adjustment	<u>\$ (491,160)</u>

Another element of that reconciliation states that, "OPEB expense from the prior year is not reported in the governmental funds but is reported in the Statement of Activities. Current year OPEB contributions are reported as an expense in the governmental funds but are not reported in the Statement of Activities." The details of this \$(75,025) difference are as follows:

OPEB expense	\$ (88,110)
Contributions	<u>13,085</u>
Net adjustment	<u>\$ (75,025)</u>

NOTE 20 - MATERIAL COMPLIANCE WITH FINANCE RELATED LEGAL AND CONTRACTUAL PROVISIONS

The City's Airport Fund operated at a loss of \$70,100 for the year ending June 30, 2019.

NOTE 21 - RISK MANAGEMENT POOL

The City is exposed to various risk of loss related to torts, errors and omissions, damages to assets, and injuries to employees. The City has joined the Public Entity Partners Risk Management Pool (Pool). The membership allows the City to share liability, motor vehicle, and employee injury risks.

The Pool is a governmental entity organized by Tennessee cities as a not-for-profit corporation to provide liability and workers' compensation coverage to Tennessee cities. Emphasis is on risk management and controlling losses, as all costs are shared by the Pool member cities. An extensive program of loss prevention, employee training, and legal counsel supplements experienced claims processing for member cities.

Coverages are as follows:

Liability	\$ 700,000 each other loss per occurrence
Workers compensation	\$ 300,000 each accident \$ 300,000 each employee \$ 700,000 policy limit
Property	\$ 20,529,626 blanket limit

The responsibilities of the City are as follows:

To pay all contributions or other sums due to the Pool at such times and in such amounts as shall be established by the Pool.

To allow the Pool and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of the Pool during the coverage period and up to (3) three years afterward.

To allow attorneys appointed by the Pool to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Pool.

To assist and cooperate in the defense and settlement of claims against the City.

To furnish full cooperation to the Pool's attorneys, claims adjusters, and any agent, employee, officer or independent contractor of the Pool relating to the purposes of the Pool.

To follow all loss reduction and prevention procedures established by the Pool where possible.

To furnish to the Pool such operating and underwriting information as may be requested.

NOTE 21 - RISK MANAGEMENT POOL (Continued)

To report as promptly as possible, and in accordance with any conditions issued, all incidents which could result in the Pool being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection in which the City participates.

To allow the Pool to inspect and appraise any damaged property before its repair or disposition.

The City must cooperate with the pool in any dispute resolutions with other insurance companies.

The responsibilities of the Pool are as follows:

The Pool will defend any suit against the City or covered party seeking damages even if any of the allegations of the suit are groundless, false, or fraudulent.

The Pool's duty to pay on behalf of or to indemnify a covered party other than the City does not apply to any act, error or omission:

- (1) That constitutes malfeasance in office;
- (2) That constitutes willful and wanton neglect of duty;
- (3) That constitutes dishonesty on the part of a covered party; or
- (4) That constitutes the willful violation of a statute or ordinance by any official, employee, or agent of the municipality.

The City has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year. The City is not aware of any claims which the City is liable for (up to the applicable deductible) which were outstanding and unpaid at June 30, 2019. No provision has been made in the financial statements for the year ended June 30, 2019, for any estimate of potential unpaid claims.

NOTE 22 - COMMERCIAL INSURANCE

It is the policy of the City to purchase commercial insurance for various risks of losses to which it is exposed. These risks include accident and employee health. Other risks of losses are covered under a risk management pool. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 23 - PENSION PLAN

General Information about the Pension Plan

Plan description

Employees of Collegedale 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>.

NOTE 23 - PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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 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:

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	45
Active employees	<u>61</u>
Total employees	<u>123</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. Collegedale 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, the employer contributions for Collegedale were \$330,205 based on a rate of 10.80 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Collegedale's state shared taxes if required employer contributions are not remitted. The employer's 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)

Pension liabilities (assets)

Collegedale'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.

NOTE 23 - PENSION PLAN (Continued)

Net Pension Liability (Asset) (Continued)

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.

Changes in 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:

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

NOTE 23 - PENSION PLAN (Continued)

Net Pension Liability (Asset) (Continued)

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 Collegedale 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.

Changes in the Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
Balances at 6/30/17	\$ 7,437,095	\$ 7,440,939	\$ (3,844)
Changes for the year:			
Service cost	243,878	-	243,878
Interest	548,664	-	548,664
Differences between expected and actual experience	(20,556)	-	(20,556)
Change in benefit terms	587,506	-	587,506
Changes in assumptions	-	-	-
Contributions - employer	-	293,670	(293,670)
Contributions - employees	-	-	-
Net investment income	-	620,201	(620,201)
Benefit payments, including refunds of employee contributions	(226,390)	(226,390)	-
Administrative expense	-	(5,614)	5,614
Other changes	-	-	-
Net changes	<u>1,133,102</u>	<u>681,867</u>	<u>451,235</u>
Balances at 6/30/18	<u>\$ 8,570,197</u>	<u>\$ 8,122,806</u>	<u>\$ 447,391</u>

Changes of benefit terms

In the June 30, 2018 actuarial valuation, benefit terms were changed to authorize the establishment of a mandatory retirement at age 60 for all public safety officers. This benefit option allows unreduced retirement benefits (service retirement) upon attainment of age 55 with 25 years of public safety officer service. It allows a supplemental bridge benefit that will begin at age 55 and continue through age 62.

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of Collegedale 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	Current	1% Increase
	<u>(6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>(8.25%)</u>
Collegedale's net pension liability (asset)	\$ 1,737,538	\$ 447,391	\$ (612,741)

NOTE 23 - PENSION PLAN (Continued)

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

Pension expense (negative pension expense)

For the year ended June 30, 2019, Collegedale recognized pension expense (negative pension expense) of \$847,216.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2019, Collegedale 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	\$ 150,128	\$ 62,867
Net difference between projected and actual earnings on pension plan investments	-	38,293
Changes in assumptions	149,117	-
Contributions subsequent to the measurement date of June 30, 2018	<u>330,205</u>	<u>(not applicable)</u>
Total	<u>\$ 629,450</u>	<u>\$ 101,160</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:

Year Ended June 30:	
2020	\$ 95,267
2021	\$ 41,602
2022	\$ (20,267)
2023	\$ 30,698
2024	\$ 20,866
Thereafter	\$ 29,915

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, Collegedale reported a payable of \$23,574 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

NOTE 24 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

A Brief Description of the Retiree Medical Insurance Plans:

- a. Plan Types: Fully insured through BCBS of Tennessee
- b. Eligibility: Eligible to retire from TCRS and at least age 55 with 15 years of service. Retirees are eligible to receive benefits until Medicare eligible, or for maximum of 10 years.
- c. Benefit/Cost Sharing: For retirees with at least 15 years of service, but less than 30 years of service: The City pays 64% of the medical premium. For retirees with at least 30 years of service: The City pays 76% of the medical premium. The City contributes up to \$3,750 to the retirees Health Reimbursement Account each year per individual.
- d. Spouse Benefit: Yes, as long as retiree is under Medicare eligibility age.
- e. Surviving Spouse Benefits: Yes, until Medicare eligible or for a maximum of 10 years.
- f. Annual Premiums: Effective January 1, 2018 - December 31, 2018

<u>BCBS Network S</u>	
Employee only	\$ 5,892.48
Employee and family	\$ 15,349.92
 <u>BCBS Network P</u>	
Employee only	\$ 6,629.40
Employee and family	\$ 17,269.56

As of June 30, 2018, the City has 61 active employees in the plan, 3 of which are eligible to retire. There is currently 1 inactive retiree receiving benefits.

Actuarial Assumptions and Methodology

- 1. Discount Rate: The discount rate was 3.58% as of June 30, 2017 and 3.87% as of June 30, 2018. The discount rate was based on the Bond Buyer's 20 Bond Index.
- 2. Mortality: The mortality rates are from the RP-2000 combined male and female fully generational projected table.
- 3. Retirement Rates: It was assumed that the following percentage of eligible employees would retire each year:

<u>Age</u>	<u>Rate</u>
50-54	2.0%
55-57	3.0%
58	4.0%
59	6.4%
60	9.0%
61	11.5%
62	21.5%
63	14.5%
64	16.0%
65	29.0%
66+	N/A

NOTE 24 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Methodology (Continued)

4. Disability Rates: None

5. Termination Rates: Males

<u>Age</u>	<u>Years of Service</u>		
	<u>0</u>	<u>1</u>	<u>Greater than 2</u>
20	28.2%	24.9%	15.7%
25	26.3%	22.5%	12.4%
30	24.3%	20.0%	9.1%
35	22.4%	17.6%	5.8%
40	20.4%	15.1%	2.5%
45	18.5%	13.9%	2.2%
50	16.5%	12.7%	1.9%
55	14.6%	11.5%	1.6%

Females

<u>Age</u>	<u>Years of Service</u>		
	<u>0</u>	<u>1</u>	<u>Greater than 2</u>
20	28.2%	24.9%	18.7%
25	26.3%	22.5%	14.9%
30	24.3%	20.0%	11.1%
35	22.4%	17.6%	7.3%
40	20.4%	15.1%	3.5%
45	18.5%	13.9%	3.0%
50	16.5%	12.7%	2.4%
55	14.6%	11.5%	1.9%

6. Health Care Trend Rates: It was assumed that health care costs would increase in accordance with the trend rates in the following table:

<u>Year</u>	<u>Current Valuation</u>	<u>Prior Valuation</u>
2017	9.0%	7.0%
2019	8.0%	6.0%
2019	7.0%	5.0%
2020	6.0%	5.0%
2021+	5.0%	5.0%

7. Participation Rate: It is assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.

8. Percent Married: It was assumed that 40% employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

9. Actuarial Value of Assets: N/A

NOTE 24 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Methodology (Continued)

10. Per Capita Claims Cost: Conventional insured equivalent premiums were age-graded on the current participants in the Medical plan. Further details of the annual per capita claims cost are featured below:

<u>Age</u>	<u>Male</u>	<u>Female</u>
50	7,024	8,102
51	7,297	8,255
52	7,582	8,413
53	7,881	8,555
54	8,197	8,702
55	8,529	8,850
56	8,871	9,002
57	9,223	9,155
58	9,565	9,381
59	9,918	9,618
60	10,286	9,860
61	10,665	10,102
62	11,059	10,354
63	11,270	10,554
64	11,485	10,754

11. Administrative Expenses: Included in premiums used.

12. Participant Salary
Increases: 3.50% annually

13. Payroll Growth Rate: 2.50% annually

Actuarial Cost Method

An Actuarial Cost Method develops an orderly allocation of the actuarial present value of benefits payments over the working lifetime of the participants in the plan. The actuarial present value of benefits allocated to a particular fiscal year is called the Normal Cost. The actuarial present value of benefits allocated to all periods prior to a valuation date is called the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is amortized over future years in accordance with the employer's established accounting policy.

The Entry Age Actuarial Cost Method is used in this valuation. Under this method, the Actuarial Present Value of Projected Benefits of each individual included in the Actuarial Valuation is allocated on a level basis over future earnings of the individual between entry age and assumed exit age(s). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Cost is called the Actuarial Accrued Liability.

Additional Comments

The values in this valuation represent a closed group and do not reflect new entrants after the census collection date.

NOTE 24 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

For the fiscal year ending June 30, 2019, the total OPEB liability, the fiduciary net position, the net OPEB liability and deferred (outflows)/inflows of resources are based on calculations as of the valuation date.

Fiscal Year Ending June 30, 2019

Total OPEB liability	\$ 848,970
Fiduciary net position	\$ 0
Net OPEB liability	\$ 848,970
OPEB expense	\$ 92,747
Deferred (outflows)/inflows of resources	\$ 14,165
Expected benefit payments	\$ 11,267

GASB 75 Liabilities and Expense for Fiscal Year Ending June 30, 2019

I. Present Value of Future Benefits	
A. Retirees/disableds	\$ 208,931
B. Active employees	<u>1,529,106</u>
C. Total	\$ 1,738,037
II. Total OPEB Liability	
A. Retirees/disableds	\$ 221,331
B. Active employees	<u>627,639</u>
C. Total	\$ 848,970
III. Fiduciary Net Position	\$ 0
IV. Net OPEB Liability	\$ 848,970
V. Expected Benefit Payments	
A. Retirees/disableds	\$ 6,731
B. Active employees	<u>4,536</u>
C. Total	\$ 11,267
VI. OPEB Expense	
A. Service cost	\$ 63,253
B. Interest	31,614
C. Changes of benefit terms	0
D. Recognition of deferred outflows/inflows of resources	<u>(2,120)</u>
E. OPEB expense [A + B + C + D]	\$ 92,747
VII. Deferred (Outflows) of Resources	
A. Experience loss	\$ 0
B. Change in assumptions	<u>0</u>
C. Total	\$ 0
Deferred inflows of resources	
A. Experience gain	\$ 0
B. Change in assumptions	<u>14,165</u>
C. Total	\$ 14,165

NOTE 24 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

GASB 75 Liabilities and Expense for Fiscal Year Ending June 30, 2019 (Continued)

Recognition in Expense Year ended June 30,	
2020	\$(2,120)
2021	\$(2,120)
2022	\$(2,120)
2023	\$(2,120)
2024	\$(2,120)
Thereafter	\$(3,565)

NOTE 25 - LITIGATION AND CLAIMS

The City is currently the defendant in various legal actions that are being vigorously defended. These claims occurred subsequent to the end of the fiscal year. It is the overall impression of management that these suits are defensible cases.

NOTE 26 - CONTINGENT LIABILITY

The City of Collegedale, Tennessee, took over the operations of the County Library that is located in the City. If the City ever terminates the operation of the library, the building and the associated assets they received from the County revert back to Hamilton County.

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REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of the TCRS
June 30, 2019

Last Fiscal Year Ending June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Total pension liability</u>					
Service cost	\$ 142,759	\$ 184,353	\$ 185,914	\$ 211,255	\$ 243,878
Interest	400,160	440,458	478,516	508,239	548,664
Changes in benefit terms	-	-	-	-	587,506
Differences between actual and expected experience	132,627	86,369	(72,395)	63,993	(20,556)
Change of assumptions	-	-	-	198,823	-
Benefit payments, including refunds of employee contributions	<u>(170,218)</u>	<u>(189,448)</u>	<u>(221,166)</u>	<u>(220,964)</u>	<u>(226,390)</u>
Net change in total pension liability	505,328	521,732	370,869	761,346	1,133,102
Total pension liability - beginning	<u>5,277,820</u>	<u>5,783,148</u>	<u>6,304,880</u>	<u>6,675,749</u>	<u>7,437,095</u>
Total pension liability - ending (a)	<u>\$ 5,783,148</u>	<u>\$ 6,304,880</u>	<u>\$ 6,675,749</u>	<u>\$ 7,437,095</u>	<u>\$ 8,570,197</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	\$ 321,644	\$ 316,319	\$ 348,809	\$ 300,483	\$ 293,670
Contributions - employee	14,177	338	-	-	-
Net investment income	841,426	186,966	169,267	753,568	620,201
Benefit payments, including refunds of employee contributions	(170,218)	(189,448)	(221,166)	(220,964)	(226,390)
Administrative expense	(2,142)	(2,721)	(4,135)	(4,650)	(5,614)
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>1,004,887</u>	<u>311,454</u>	<u>292,775</u>	<u>828,437</u>	<u>681,867</u>
Plan fiduciary net position - beginning	<u>5,003,384</u>	<u>6,008,271</u>	<u>6,319,725</u>	<u>6,612,501</u>	<u>7,440,939</u>
Plan fiduciary net position - ending (b)	<u>\$ 6,008,271</u>	<u>\$ 6,319,725</u>	<u>\$ 6,612,500</u>	<u>\$ 7,440,938</u>	<u>\$ 8,122,806</u>
Net Pension Liability (asset) - ending (a) - (b)	<u>\$ (225,123)</u>	<u>\$ (14,845)</u>	<u>\$ 63,249</u>	<u>\$ (3,843)</u>	<u>\$ 447,391</u>
Plan fiduciary net position as a percentage of total pension liability	103.89%	100.24%	99.05%	100.05%	94.78%
Covered payroll	\$ 2,365,151	\$ 2,446,396	\$ 2,697,672	\$ 2,771,104	\$ 2,937,658
Net pension liability (asset) as a percentage of covered payroll	-9.52%	-0.61%	2.34%	-0.14%	15.23%

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.

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Contributions Based on Participation
in the Public Employee Pension Plan of the TCRS
June 30, 2019

Last Fiscal Year Ending June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 321,644	\$ 316,319	\$ 348,809	\$ 300,483	\$ 252,932	\$ 285,173
Contributions in relation to the actuarially determined contribution	<u>321,644</u>	<u>316,319</u>	<u>348,809</u>	<u>300,483</u>	<u>293,670</u>	<u>330,205</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (40,738)</u>	<u>\$ (45,032)</u>
Covered payroll	\$ 2,365,151	\$ 2,446,396	\$ 2,697,672	\$ 2,771,104	\$ 2,937,658	\$ 3,056,512
Contributions as a percentage covered payroll	13.60%	12.93%	12.93%	10.84%	10.00%	10.80%

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.

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Contributions Based on Participation
in the Public Employee Pension Plan of the TCRS (Continued)
June 30, 2019

Notes to Schedule

Valuation date: Actuarially determined contribution rates for fiscal year 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 year
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.

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Changes in the City of Collegedale, Tennessee's Total OPEB
Liability and Related Ratios
June 30, 2019

	<u>2018</u>	<u>2019</u>
Total OPEB liability		
Service cost	\$ 64,587	\$ 63,253
Interest	27,395	31,614
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(18,405)	-
Benefit payments	<u>(17,551)</u>	<u>(11,267)</u>
Net change in total OPEB liability	56,026	83,600
Total OPEB liability - beginning	<u>709,344</u>	<u>765,370</u>
Total OPEB liability - ending (a)	<u>\$ 765,370</u>	<u>\$ 848,970</u>
Covered-employee payroll	\$3,036,109	\$2,729,898
Total OPEB liability as a percentage of covered-employee payroll	25.21%	31.10%

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.

That 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 the become available.

OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Drug Fund:

This fund is used to account for investigation of violations of controlled substance laws and is funded primarily by the state statute from the receipt of fines and costs related to drug enforcement cases.

Technology Fund:

This fund is used to account for the electronic citation program and is funded through a five dollar citation fee upon certain traffic citations.

CITY OF COLLEGEDALE, TENNESSEE
Combining Non-major Governmental Fund
Balance Sheet
June 30, 2019

	<u>Drug Fund</u>	<u>Technology Fund</u>	<u>Governmental Funds</u>
ASSETS			
Cash	\$ 26,378	\$ 4,928	\$ 31,306
 FUND BALANCES			
Restricted	<u>\$ 26,378</u>	<u>\$ 4,928</u>	<u>\$ 31,306</u>

CITY OF COLLEGEDALE, TENNESSEE
Combining Non-major Governmental Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2019

	<u>Drug Fund</u>	<u>Technology Fund</u>	<u>Governmental Funds</u>
REVENUES			
Fines and forfeitures	<u>\$ 15,164</u>	<u>\$ 4,591</u>	<u>\$ 19,755</u>
EXPENDITURES			
Current expenditures			
Public safety	<u>14,821</u>	<u>14,136</u>	<u>28,957</u>
Excess (deficiency) of revenues over (under) expenditures	343	(9,545)	(9,202)
Fund balance - beginning	<u>26,035</u>	<u>14,473</u>	<u>40,508</u>
Fund balance - end	<u>\$ 26,378</u>	<u>\$ 4,928</u>	<u>\$ 31,306</u>

CITY OF COLLEGE DALE, TENNESSEE
Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines and forfeitures				
City court fines and costs	\$ 2,000	\$ 2,000	\$ 15,164	\$ 13,164
EXPENDITURES				
Current expenditures				
Public safety				
Police				
Other operating supplies	1,000	15,000	14,821	179
Excess (deficiency) of revenues over (under) expenditures	1,000	(13,000)	343	13,343
Fund balances - beginning	<u>26,035</u>	<u>26,035</u>	<u>26,035</u>	<u>-</u>
Fund balances - end	<u>\$ 27,035</u>	<u>\$ 13,035</u>	<u>\$ 26,378</u>	<u>\$ 13,343</u>

CITY OF COLLEGEDALE, TENNESSEE
Technology Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures				
Citation fees	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 4,591</u>	<u>\$ 2,591</u>
EXPENDITURES				
Current expenditures				
Public safety				
Technology				
Electronic citation program	<u>-</u>	<u>15,000</u>	<u>14,136</u>	<u>864</u>
Excess (deficiency) of revenues over (under) expenditures	2,000	(13,000)	(9,545)	3,455
Fund balances - beginning	<u>14,473</u>	<u>14,473</u>	<u>14,473</u>	<u>-</u>
Fund balances - end	<u>\$ 16,473</u>	<u>\$ 1,473</u>	<u>\$ 4,928</u>	<u>\$ 3,455</u>

FINANCIAL SCHEDULES

CITY OF COLLEGE DALE, TENNESSEE
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Grant/Program Number	Accrued (Receivable) 07/01/18	Grant Receipts	Grant Expenditures	Accrued (Receivable) 06/30/19
Federal						
Department of Transportation						
Highway Safety Grant - Multiple Violations Program	20.600	Z18THS068	\$ (3,266)	\$ 3,746	\$ 480	\$ -
Highway Safety Grant - Safety Initiative for Bicyclists	20.600/20.614	Z18THS067	(12,593)	27,267	14,674	-
Highway Safety Grant - Community-Based Traffic Safety	20.600	Z19THS060	-	4,543	12,221	(7,678)
Highway Safety Grant - Bicycle and Pedestrian Safety	20.600	Z19THS061	-	23,472	33,444	(9,972)
Total Department of Transportation			<u>(15,859)</u>	<u>59,028</u>	<u>60,819</u>	<u>(17,650)</u>
State						
State of Tennessee						
Department of Transportation						
Airport Grant - Pavement Crack Seal on Runway	-	40100-00118	(275,146)	277,294	2,148	-
Airport Grant - Airport Maintenance	-	40100-00118	(2,578)	2,578	-	-
Airport Grant - Airport Maintenance	-	40100-00619	-	6,813	8,159	(1,346)
Total Department of Transportation			<u>(277,724)</u>	<u>286,685</u>	<u>10,307</u>	<u>(1,346)</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ (293,583)</u>	<u>\$ 345,713</u>	<u>\$ 71,126</u>	<u>\$ (18,996)</u>

CITY OF COLLEGEDALE, TENNESSEE
Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of the City of Collegedale, Tennessee and is presented on the modified accrual basis of accounting.

NOTE 2 - INDIRECT COST RATE

The City of Collegedale, Tennessee has not allocated any indirect cost.

CITY OF COLLEGEDALE, TENNESSEE
Sewer Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
OPERATING REVENUES				
Sewer service charges	\$ 2,815,777	\$ 2,815,777	\$ 3,282,171	\$ 466,394
Sewer tap fees	30,000	30,000	26,000	(4,000)
Total operating revenues	<u>2,845,777</u>	<u>2,845,777</u>	<u>3,308,171</u>	<u>462,394</u>
OPERATING EXPENSES				
Operating and administration				
Salaries	139,406	139,406	130,945	8,461
Payroll tax	10,550	10,550	9,117	1,433
Retirement	10,866	10,866	8,472	2,394
Employee insurance	36,267	36,267	30,104	6,163
Other operating supplies	2,603,000	2,603,000	292,572	2,310,428
Other post-employment benefits	-	-	927	(927)
Repairs and maintenance	43,962	43,962	46,638	(2,676)
Insurance	-	-	7,931	(7,931)
Sewer treatment	1,408,951	1,408,951	1,379,761	29,190
Utilities	108,000	108,000	114,940	(6,940)
Vehicle	-	-	11,297	(11,297)
Total operating and administration	<u>4,361,002</u>	<u>4,361,002</u>	<u>2,032,704</u>	<u>2,328,298</u>
Depreciation	<u>217,117</u>	<u>217,117</u>	<u>227,777</u>	<u>(10,660)</u>
Total operating expenses	<u>4,578,119</u>	<u>4,578,119</u>	<u>2,260,481</u>	<u>2,317,638</u>
Operating income	<u>(1,732,342)</u>	<u>(1,732,342)</u>	<u>1,047,690</u>	<u>2,780,032</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(390,260)	(390,260)	(89,908)	300,352
Interest revenue	5,300	5,300	39,735	34,435
Intergovernmental revenue	26,282	26,282	19,706	(6,576)
Total non-operating revenues (expenses)	<u>(358,678)</u>	<u>(358,678)</u>	<u>(30,467)</u>	<u>328,211</u>
Changes in net position	(2,091,020)	(2,091,020)	1,017,223	3,108,243
Net position - beginning	<u>6,026,790</u>	<u>6,026,790</u>	<u>6,026,790</u>	<u>-</u>
Net position - end	<u>\$ 3,935,770</u>	<u>\$ 3,935,770</u>	<u>\$ 7,044,013</u>	<u>\$ 3,108,243</u>

CITY OF COLLEGEDALE, TENNESSEE
Airport Fund
Schedule of Revenues, Expenses and Changes in Net Position -
Budget and Actual
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Sales of fuel, oil and supplies	\$ 101,205	\$ 101,205	\$ 132,365	\$ 31,160
Rental of equipment	277,087	277,087	290,921	13,834
Miscellaneous	350	350	4,597	4,247
Total operating revenues	<u>378,642</u>	<u>378,642</u>	<u>427,883</u>	<u>49,241</u>
OPERATING EXPENSES				
Purchased fuels and resale items				
Fuel for resale	90,150	90,150	135,434	(45,284)
Oil for resale	1,275	1,275	345	930
Supplies for resale	753	753	494	259
Total purchased fuels and resale items	<u>92,178</u>	<u>92,178</u>	<u>136,273</u>	<u>(44,095)</u>
Operating and administration				
Salaries	142,340	142,340	129,313	13,027
Payroll tax	11,298	11,298	10,051	1,247
Retirement	7,888	7,888	33,889	(26,001)
Employee insurance	20,742	20,742	17,237	3,505
Office supplies	2,260	2,260	151	2,109
Other operating supplies	4,375	4,375	11,334	(6,959)
Other post-employment benefits	-	-	3,710	(3,710)
Repairs and maintenance	34,600	34,600	22,344	12,256
Advertising	6,684	6,684	5,848	836
Insurance	6,209	6,209	5,971	238
Telephone	3,253	3,253	3,435	(182)
Utilities	13,156	13,156	15,082	(1,926)
Vehicle	4,775	4,775	1,269	3,506
Total operating and administration	<u>257,580</u>	<u>257,580</u>	<u>259,634</u>	<u>(2,054)</u>
Depreciation	-	-	107,788	(107,788)
Total operating expenses	<u>349,758</u>	<u>349,758</u>	<u>503,695</u>	<u>(153,937)</u>
Operating income (loss)	<u>28,884</u>	<u>28,884</u>	<u>(75,812)</u>	<u>(104,696)</u>

(Continued)

CITY OF COLLEGEDALE, TENNESSEE
Airport Fund
Schedule of Revenues, Expenses and Changes in Net Position -
Budget and Actual (Continued)
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
NON-OPERATING REVENUES (EXPENSES)				
Interest revenue	\$ -	\$ -	\$ 136	\$ 136
Grant expenses	-	-	(4,731)	(4,731)
Intergovernmental revenue	<u>14,300</u>	<u>14,300</u>	<u>10,307</u>	<u>(3,993)</u>
Total non-operating revenues (expenses)	<u>14,300</u>	<u>14,300</u>	<u>5,712</u>	<u>(8,588)</u>
Changes in net position	43,184	43,184	(70,100)	(113,284)
Net position - beginning	<u>4,581,550</u>	<u>4,581,550</u>	<u>4,581,550</u>	<u>-</u>
Net position - end	<u>\$ 4,624,734</u>	<u>\$ 4,624,734</u>	<u>\$ 4,511,450</u>	<u>\$ (113,284)</u>

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Property Taxes Receivable
General Fund
June 30, 2019

Year of Levy

2019	\$ 5,707,531
2018	69,545
2017	-
2016	-
2015	6,294
2014	5,530
2013	69
2012	4,734
2011	-
2010	<u>9,478</u>
	5,803,181
Less allowance for uncollectibles	<u>(30,297)</u>
Property taxes receivable - net	<u>\$ 5,772,884</u>

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Changes in Property Taxes Receivable
General Fund
June 30, 2019

	<u>Taxes Receivable July 1, 2018</u>	<u>Taxes Levied</u>	<u>Pickups</u>	<u>Releases</u>	<u>Collections</u>	<u>Taxes Receivable June 30, 2019</u>
2019	\$ -	\$ 5,707,531	\$ -	\$ -	\$ -	\$ 5,707,531
2018	4,279,500	-	102,081	(22,021)	(4,290,015)	69,545
2017	66,149	-	2,092	-	(68,241)	-
2016	22,032	-	1,677	-	(23,709)	-
2015	9,574	-	-	-	(3,280)	6,294
2014	6,146	-	-	-	(616)	5,530
2013	69	-	-	-	-	69
2012	4,734	-	-	-	-	4,734
2011	-	-	-	-	-	-
2010	9,478	-	-	-	-	9,478
2009	21,363	-	-	(21,363)	-	-
Total	<u>\$ 4,419,045</u>	<u>\$ 5,707,531</u>	<u>\$ 105,850</u>	<u>\$ (43,384)</u>	<u>\$ (4,385,861)</u>	<u>\$ 5,803,181</u>

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Debt Service Requirements
General Fund
June 30, 2019

TML BOND - 2010

<u>Maturing June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 420,000	\$ 18,714	\$ 438,714
2021	<u>418,000</u>	<u>6,228</u>	<u>424,228</u>
Total	<u>\$ 838,000</u>	<u>\$ 24,942</u>	<u>\$ 862,942</u>

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Debt Service Requirements
Sewer Fund
June 30, 2019

State Revolving Fund #114

<u>Maturing June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 48,144	\$ 2,052	\$ 50,196
2021	49,404	792	50,196
2022	<u>6,781</u>	<u>9</u>	<u>6,790</u>
Total	<u>\$ 104,329</u>	<u>\$ 2,853</u>	<u>\$ 107,182</u>

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Debt Service Requirements
Sewer Fund
June 30, 2019

State Revolving Fund #118

<u>Maturing June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 21,552	\$ 1,212	\$ 22,764
2021	<u>36,391</u>	<u>648</u>	<u>37,039</u>
Total	<u>\$ 57,943</u>	<u>\$ 1,860</u>	<u>\$ 59,803</u>

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Debt Service Requirements
Sewer Fund
June 30, 2019

CITY OF CHATTANOOGA

<u>Maturing June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 48,771	\$ -	\$ 48,771
2021	48,771	-	48,771
2022	<u>8,129</u>	<u>-</u>	<u>8,129</u>
Total	<u>\$ 105,671</u>	<u>\$ -</u>	<u>\$ 105,671</u>

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Debt Service Requirements
Sewer Fund
June 30, 2019

TML BOND - 2018A

<u>Maturing June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 100,000	\$ 56,695	\$ 156,695
2021	104,000	52,707	156,707
2022	108,000	48,562	156,562
2023	113,000	44,242	157,242
2024	117,000	39,745	156,745
2025	122,000	35,073	157,073
2026	126,000	30,224	156,224
2027	131,000	25,200	156,200
2028	137,000	19,961	156,961
2029	142,000	14,506	156,506
2030	147,000	8,856	155,856
2031	<u>153,000</u>	<u>2,991</u>	<u>155,991</u>
 Total	 <u>\$ 1,500,000</u>	 <u>\$ 378,762</u>	 <u>\$ 1,878,762</u>

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Debt Service Requirements
Sewer Fund
June 30, 2019

TML BOND - 2018B

<u>Maturing June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 100,000	\$ 56,695	\$ 156,695
2021	104,000	52,707	156,707
2022	108,000	48,562	156,562
2023	113,000	44,242	157,242
2024	117,000	39,745	156,745
2025	122,000	35,073	157,073
2026	126,000	30,224	156,224
2027	131,000	25,200	156,200
2028	137,000	19,961	156,961
2029	142,000	14,506	156,506
2030	147,000	8,856	155,856
2031	<u>153,000</u>	<u>2,991</u>	<u>155,991</u>
Total	<u>\$ 1,500,000</u>	<u>\$ 378,762</u>	<u>\$ 1,878,762</u>

CITY OF COLLEGE DALE, TENNESSEE
Schedule of Changes in Long-term Debt by Individual Issue
June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 07/01/18	Issued During Period	Paid and/or		Outstanding 06/30/19
							Matured During Period	Refunded During Period	
Governmental Activities									
Bonds Payable through General Fund									
TML Bond - 2010	\$2,000,000	2.98%	11/30/12	11/01/20	\$1,258,000	\$ -	\$(420,000)	\$ -	\$ 838,000
TML Bond - 2018		3.95%	08/15/18		-	1,300,000	-	-	1,300,000
Total Bonds Payable through General Fund					<u>\$1,258,000</u>	<u>\$1,300,000</u>	<u>\$(420,000)</u>	<u>\$ -</u>	<u>\$2,138,000</u>
Business-Type Activities									
Notes Payable through Sewer Fund									
State Revolving Fund #114	\$ 784,345	2.57%	08/01/01	07/30/21	\$ 151,261	\$ -	\$ (46,932)	\$ -	\$ 104,329
State Revolving Fund #118	\$ 355,629	2.57%	02/01/02	07/30/21	78,943	-	(21,000)	-	57,943
City of Chattanooga	\$ 243,856	0.00%	07/05/16	06/05/22	154,442	-	(48,771)	-	105,671
Total Notes Payable through Sewer Fund					<u>\$ 384,646</u>	<u>\$ -</u>	<u>\$(116,703)</u>	<u>\$ -</u>	<u>\$ 267,943</u>
Bonds Payable through Sewer Fund									
TML Bond - 2018A	\$1,500,000	3.91%	09/28/18	09/01/30	\$ -	\$1,500,000	\$ -	\$ -	\$1,500,000
TML Bond - 2018B	\$1,500,000	3.91%	10/23/18	09/01/30	-	1,500,000	-	-	1,500,000
Total Bonds Payable through Sewer Fund					<u>\$ -</u>	<u>\$3,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,000,000</u>

The TML Bond - 2018 is currently still in the draw down phase, therefore, the original amount of issue and last maturity date are unknown at year-end.

CITY OF COLLEGEDALE, TENNESSEE
Tax Rates and Assessed Valuation Applicable to Last Ten Years
June 30, 2019

<u>Year of Levy</u>	<u>Per \$100</u>	<u>Values</u>	<u>Assessment</u>
2019	\$ 1.65	\$ 345,910,970	\$ 5,707,531
2018	\$ 1.2594	\$ 345,910,989	\$ 4,356,403
2017	\$ 1.2594	\$ 339,801,441	\$ 4,279,459
2016	\$ 1.3713	\$ 298,847,586	\$ 4,098,097
2015	\$ 1.3713	\$ 285,565,562	\$ 3,915,961
2014	\$ 1.3713	\$ 276,572,918	\$ 3,792,644
2013	\$ 1.34	\$ 276,707,571	\$ 3,707,881
2012	\$ 1.3497	\$ 252,396,693	\$ 3,382,116
2011	\$ 1.3497	\$ 244,380,529	\$ 3,298,404
2010	\$ 1.158	\$ 246,814,899	\$ 2,858,117

NOTE: Property taxes for the 2019 levy are considered to be owed to the City as of the lien date on January 1, 2019. Therefore, the entire 2019 levy was recorded as a receivable and deferred revenue as of June 30, 2019, in both the government-wide financial statements and in the governmental fund statements.

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Municipal Rates and Number of Customers
June 30, 2019

SEWER SYSTEM

Number of customers	1,400
\$10.00 per 1,000 gallons (with \$5.00 monthly minimum)	

AIRPORT RATES

Number of box hangars available	14
Monthly rent \$469	

Number of T-hangars available	24
Monthly rent \$315	

Number of T-hangars available	15
Monthly rent \$253	

Number of tie downs available	6
Monthly rent \$67	

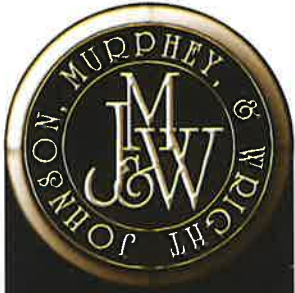
Commercial Hangars

Monthly rent \$2,263	1
Monthly rent \$1,099	1
Monthly rent \$ 795	1
Monthly rent \$ 719	1
Monthly rent \$ 605	1

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Insurance
June 30, 2019

<u>Description</u>	<u>Policy Term</u>	<u>Coverage</u>
Property	7-1-18/19	\$20,529,626 blanket coverage
Liability	4-15-19/20	\$700,000 each other loss per occurrence
Workers compensation	7-1-18/19	\$300,000 each accident \$300,000 each employee \$700,000 policy limit

III. INTERNAL CONTROL AND COMPLIANCE SECTION



Certified Public
Accountants

301 N. Market
Chattanooga, TN
37405

Office: 423-756-1170
Fax: 423-756-1436
www.jmw-cpa.com

Members
American Institute
of Certified
Public Accountants

Paul Johnson, III, CPA

Brian T. Wright, CPA

Karen Hutcherson, CPA

Marianne Greene, CPA

Jennifer Waycaster, CPA

**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**

Mayor and Board of Commissioners
City of Collegedale, 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 City of Collegedale, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Collegedale, Tennessee's basic financial statements and have issued our report thereon dated November 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Collegedale, Tennessee'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 City of Collegedale, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Collegedale Tennessee's internal control.

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

Mayor and Board of Commissioners
City of Collegedale, Tennessee
Page Two

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Collegedale, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2019-001.

City of Collegedale, Tennessee's Response to Findings

City of Collegedale, Tennessee's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. City of Collegedale, Tennessee'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.

Johnson, Murphey & Wright, P.C.

Chattanooga, Tennessee
November 13, 2019

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Findings and Responses
June 30, 2019

SUMMARY OF AUDIT RESULTS

Opinion on Financial Statements:

Unmodified opinion issued on the financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States of America.

Internal Control Deficiencies:

During the audit of the financial statements, no deficiencies in internal controls were disclosed.

Material Noncompliance:

One instance of noncompliance or other matters was disclosed.

FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

COMPLIANCE:

FINDING 2019-001 - Enterprise Fund Operating at a Loss

Criteria:

Tennessee Code Annotated (TCA) Section 7-35-414 states in part that “Such rates and charges will be adjusted so as to provide funds sufficient to pay all reasonable expenses of operation...”

Condition:

The Airport Fund operated at a loss of \$70,100 for the year ending June 30, 2019.

Cause:

The Airport Fund did not have sufficient rates and charges or expenditure reduction to offset current year expenses.

Effect:

Continued losses by the Airport Fund may cause the fund to have a negative net position.

Management’s Response:

We concur. We will more closely monitor the fund in the future to ensure it operates with sufficient rates and charges to pay all reasonable expenses.

CITY OF COLLEGEDALE, TENNESSEE
Schedule of Prior Audit Findings
June 30, 2019

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2018-001	Approvals and Documentation (Original finding 2015-001)	Corrected
2018-002	Expenditures Exceeded Budget (Original finding 2018-002)	Corrected

CITY OF COLLEGEDALE

4910 SWINYAR DRIVE
POST OFFICE BOX 1880
COLLEGEDALE, TENNESSEE 37315-1880
TELEPHONE: 423-396-3135
FAX: 423-396-3138

MANAGEMENT'S CORRECTIVE ACTION PLAN


Management's corrective action plan for our June 30, 2019 audit is as follows:

2019-001 Enterprise Fund Operating at a Loss

We concur. Ted Rogers, City Manager, will ensure there is an increase in gross profit on fuel sales occurring throughout the fiscal year.

Respectfully submitted,

City of Collegedale, Tennessee



Ted Rogers, City Manager

