

**TOWN OF ALAMO, TENNESSEE**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2020**

# TOWN OF ALAMO, TENNESSEE

## TABLE OF CONTENTS

### Introductory Section

Directory .....	1
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### Financial Section

Independent Auditor's Report .....	2
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	11
Statement of Activities .....	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	17
Statement of Net Position - Proprietary Fund .....	18
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund .....	19
Statement of Cash Flows - Proprietary Fund .....	20
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	21
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Purpose School Fund .....	26
Notes to Financial Statements .....	27
Required Supplementary Information	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS .....	67
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS .....	68
Schedule of Contributions Based on Participation in the Hybrid Teacher Retirement Plan of TCRS .....	69
Schedule of Proportionate Share of the Net Pension Liability (Asset) Hybrid Teacher Retirement Plan of TCRS .....	70
Schedule of Proportionate Share of the Net Pension Liability (Asset) Teacher Legacy Pension Plan of TCRS .....	71
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS .....	72
Schedule of Changes in the Net OPEB Liability and Related Ratios .....	73
Schedule of Contributions and Notes to OPEB Required Supplementary Information .....	74
Schedule of Changes in the Net OPEB Liability and Related Ratios – School's TGO Plan .....	75
Schedule of Changes in the Net OPEB Liability and Related Ratios – School's TN Plan .....	76

# TOWN OF ALAMO, TENNESSEE

## TABLE OF CONTENTS

### Supplementary and Other Information Section

Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet - Other Governmental Funds.....	77
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Other Governmental Funds.....	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - State Street Aid Fund.....	79
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Drug Fund.....	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Solid Waste Services Fund.....	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Federal Projects Fund.....	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Centralized Cafeteria Fund.....	83
Supplementary Schedules	
Schedule of Changes in Property Taxes Receivable.....	84
Schedule of Water and Sewer Rates in Force.....	85
Water Loss Schedule - Unaudited.....	86
Schedule of Principal and Interest Requirements - General Obligation Debt - Schools.....	88
Schedule of Changes in Long-Term Debt by Individual Issue.....	89
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	90
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.....	91

### Internal Control and Compliance Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	92
Schedule of Findings and Responses.....	94
Schedule of Prior Year Findings and Questioned Costs.....	95
Management's Corrective Action Plan.....	96

## **INTRODUCTORY SECTION**

**TOWN OF ALAMO, TENNESSEE**  
**DIRECTORY**  
June 30, 2020

**BOARD OF ALDERMEN**

Larry Conder  
Kenneth Bodkins  
Paul B. Conley IV  
John Reddick

**MANAGEMENT TEAM**

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

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Alexander Thompson Arnold PLLC  
Jackson, Tennessee

## **FINANCIAL SECTION**



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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Alamo, Tennessee, (the Town) as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Alamo City School Board of Education, which represent 64 percent, 68 percent, and 79 percent, respectively, of the assets, fund balances, and revenues of the governmental funds. The Alamo City School Board of Education is presented in the Town's financial statements as three funds: general purpose school fund, the federal projects fund, and the centralized cafeteria fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Alamo City School Board of Education, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparisons for the general fund and the general purpose school fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund statements and schedules, the budgetary comparison schedules included as supplementary and other information and supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the supplementary and other information, except those marked unaudited, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the water loss schedule 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 February 25, 2021 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other



matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Alexander Thompson Arnold, PLLC*

Jackson, Tennessee  
February 25, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Town of Alamo, Tennessee, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14.24 million (net position). Of this amount \$3.98 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1.15 million during 2020, compared to increasing by \$781 thousand during 2019. This change includes the prior period adjustment of net position of \$3 thousand in the current year.
- As of the close of the fiscal year, the Town's governmental funds reported ending fund balances of \$4.31 million. This was an increase of \$405 thousand, or 10.37%, over the prior year. 27.76% of the ending fund balances were unassigned and available for current use by the Town.
- The Town's total debt obligations increased by \$1 thousand during the current fiscal year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

#### **Government-Wide Financial Statements**

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

- The Statement of Net Position presents information on all of the Town's assets and liabilities, and deferred inflows/outflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, compensated absences, etc.).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government; public safety; public works; culture and recreation; and education. The business-type activities of the Town

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### **Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 14 to 17 of this report.

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

The Town adopts an annual appropriated budget for all governmental funds. Budgetary comparison statements have been provided on pages 21 to 26 and pages 79 to 83 of this report.

**Proprietary funds** - There are two different types of proprietary funds.

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for the Water and Sewer Division.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a government's various functions. The Town currently has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Division which is considered to be a major fund of the Town. The basic proprietary fund financial statements can be found on pages 18 to 20 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 to 66 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Other Information

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Statement of Net Position** - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14.24 million at the close of the most recent fiscal year. The largest portion of the Town's net position (56.45%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (15.62%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position representing unrestricted net position (27.93%) may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the Town as a whole, as well as for its total governmental and total business-type activities.

Comparisons with the prior year data are presented below.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current and other assets	\$ 6,257,033	\$ 5,428,744	\$ 1,432,507	\$ 1,212,932	\$ 7,689,540	\$ 6,641,676
Capital assets	5,048,823	5,048,803	3,226,392	2,932,400	8,275,215	7,981,203
Total assets	<u>11,305,856</u>	<u>10,477,547</u>	<u>4,658,899</u>	<u>4,145,332</u>	<u>15,964,755</u>	<u>14,622,879</u>
Deferred outflows of resources	<u>646,043</u>	<u>589,828</u>	<u>48,308</u>	<u>48,596</u>	<u>694,351</u>	<u>638,424</u>
Long-term liabilities	521,332	496,303	35,807	44,089	557,139	540,392
Other liabilities	449,156	348,268	8,178	15,762	457,334	364,030
Total liabilities	<u>970,488</u>	<u>844,571</u>	<u>43,985</u>	<u>59,851</u>	<u>1,014,473</u>	<u>904,422</u>
Deferred inflows of resources	<u>1,369,861</u>	<u>1,220,729</u>	<u>39,412</u>	<u>48,996</u>	<u>1,409,273</u>	<u>1,269,725</u>
Net position:						
Net investment in						
capital assets	4,808,906	4,809,918	3,226,392	2,932,400	8,035,298	7,742,318
Restricted	2,156,561	3,657,059	67,404	92,488	2,223,965	3,749,547
Unrestricted	2,646,083	535,098	1,330,014	1,060,193	3,976,097	1,595,291
<b>Total net position</b>	<b><u>\$ 9,611,550</u></b>	<b><u>\$ 9,002,075</u></b>	<b><u>\$ 4,623,810</u></b>	<b><u>\$ 4,085,081</u></b>	<b><u>\$14,235,360</u></b>	<b><u>\$13,087,156</u></b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

During the current fiscal year, the Town's net position increased by \$1.15 million. There was an increase in net position for the year of \$609 thousand in the governmental activities including a prior period adjustment of \$3 thousand. There was an increase in net position of \$539 thousand in the business type activities.

**Statement of Activities** - Expenses in the governmental activities exceeded program revenues by \$1.21 million. In the business-type activities, revenues exceeded expenses by \$533 thousand. General government revenues of \$1.82 million offset the governmental activities deficit leaving a net income of \$607 thousand, and other business-type revenues of \$6 thousand increased income leaving a net income of \$539 thousand.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenues:						
Program revenues:						
Charges for services	\$ 666,961	\$ 677,047	\$ 997,282	\$ 991,210	\$ 1,664,243	\$ 1,668,257
Operating grants and contributions	4,953,936	4,849,195	-	-	4,953,936	4,849,195
Capital grants and contributions	15,621	20,755	349,300	54,800	364,921	75,555
General revenues:						
Taxes & state shared revenues	1,711,732	1,671,368	-	-	1,711,732	1,671,368
Other sources	104,695	95,429	5,710	6,678	110,405	102,107
Total revenues	<u>7,452,945</u>	<u>7,313,794</u>	<u>1,352,292</u>	<u>1,052,688</u>	<u>8,805,237</u>	<u>8,366,482</u>
Expenses:						
General government	\$ 292,526	\$ 340,663	\$ -	\$ -	\$ 292,526	\$ 340,663
Public safety	340,808	393,752	-	-	340,808	393,752
Public works	646,366	594,091	-	-	646,366	594,091
Culture and recreation	37,432	33,250	-	-	37,432	33,250
Education	5,519,570	5,426,629	-	-	5,519,570	5,426,629
Interest on debt	9,569	11,347	-	-	9,569	11,347
Water and Sewer	-	-	813,563	785,625	813,563	785,625
Total expenses	<u>6,846,271</u>	<u>6,799,732</u>	<u>813,563</u>	<u>785,625</u>	<u>7,659,834</u>	<u>7,585,357</u>
<b>Change in net position</b>	<b>606,674</b>	<b>514,062</b>	<b>538,729</b>	<b>267,063</b>	<b>1,145,403</b>	<b>781,125</b>
Net position - beginning	9,002,075	8,506,883	4,085,081	3,818,018	13,087,156	12,324,901
Prior period adjustment	2,801	(18,870)	-	-	2,801	(18,870)
Net position - beginning - restated	<u>9,004,876</u>	<u>8,488,013</u>	<u>4,085,081</u>	<u>3,818,018</u>	<u>13,089,957</u>	<u>12,306,031</u>
Net position - ending	<u>\$ 9,611,550</u>	<u>\$ 9,002,075</u>	<u>\$ 4,623,810</u>	<u>\$ 4,085,081</u>	<u>\$ 14,235,360</u>	<u>\$ 13,087,156</u>

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

**Governmental funds** - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Based on

## MANAGEMENT'S DISCUSSION AND ANALYSIS

the statements and discussion, the overall financial position of the Town has improved during the period.

The general fund and general purpose school fund account for 16.75% and 67.74% respectively, of governmental fund revenues. Accordingly this discussion will focus on the general fund and general purpose school fund. General fund balance was \$1.20 million at the end of the current fiscal year. \$1.20 million of that balance is available to meet the day-to-day needs of the Town. The general purpose school fund balance was \$2.81 million at the end of the current fiscal year.

Revenues in the general fund increased in the current year by approximately \$39 thousand. The reason for this change is primarily due to an increase in federal and state grant funds in the current year.

Revenues in the general purpose school fund increased from last year by approximately \$142 thousand. The most significant changes in revenues in the general purpose school fund were in state education funds.

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

**Proprietary funds** - The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Net position of the proprietary fund was \$4.62 million with unrestricted net position making up \$1.33 million of that total. There was an overall increase in net position for proprietary funds of \$539 thousand during the current year.

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

Actual revenues and other financing sources were over budgeted amounts by \$16 thousand in the general fund. Actual revenues and other financing sources were higher than final budgeted amounts by \$60 thousand in the general purpose school fund. Significant variances are as follows:

- Other State revenue funds were budgeted for \$16 thousand but \$44 thousand in revenues were recognized during the year resulting in over budget of \$28 thousand in the general purpose school fund.
- Federal and state revenues were under budget by \$72 thousand in the general fund.

Expenditures and other financing uses were \$182 thousand under budget in the general fund and \$412 thousand under budgeted amounts in the general purpose school fund. Significant variances were as follows:

- Support services were under budget by \$175 thousand in the general purpose school fund.
- Capital outlay expenses were under budget by \$172 thousand in the general school fund.
- Downtown/tourism grant expenses were under budget by \$36 thousand in the general fund.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** - At the end of fiscal year 2020, the Town had invested \$8.28 million net of accumulated depreciation in a variety of capital assets and infrastructure. Additional information on the Town's capital assets can be found in Note 4C beginning on page 35 of this report.

**Long-term debt** - At the end of the current fiscal year, the Town had total long-term debt outstanding of \$240 thousand. The entire amount is comprised of debt backed by the full faith and credit of the Town. Information on the Town's long-term debt can be found in Note 4E beginning on page 37 of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The unemployment rate for Alamo is currently 6.8%. The state's average unemployment rate is currently 9.6%. The national average unemployment rate is currently 11.1%. All of the rates are from labor statistics released in June 2020.

All of these factors were considered in preparing the Town's budget for the 2021 fiscal year. The Town has no plans to incur any new debt.

### REQUESTS FOR INFORMATION

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

## **BASIC FINANCIAL STATEMENTS**



**TOWN OF ALAMO, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 3,775,425	\$ 1,259,257	\$ 5,034,682
Certificates of deposit	512,577	-	512,577
Receivables			
Interest	2,803	-	2,803
Taxes (net of allowance of \$30,598)	578,762	-	578,762
Accounts	30,000	105,837	135,837
Other	16	-	16
City court fines	6,925	-	6,925
Intergovernmental	97,050	-	97,050
Due from other governments	184,223	9	184,232
Inventories	13,024	-	13,024
Restricted cash in bank	114,831	-	114,831
Restricted stabilization reserve trust	25,752	-	25,752
Net pension asset	915,645	67,404	983,049
Capital assets, not being depreciated			
Land	270,290	-	270,290
Construction in progress	32,445	-	32,445
Capital assets, net of accumulated depreciation			
Buildings and improvements	3,979,842	-	3,979,842
Equipment	637,276	59,939	697,215
Infrastructure	128,970	-	128,970
Utility plant	-	3,166,453	3,166,453
<b>Total assets</b>	<b>11,305,856</b>	<b>4,658,899</b>	<b>15,964,755</b>
<b>Deferred outflows of resources</b>			
Pension - related	549,218	44,773	593,991
OPEB - related	96,825	3,535	100,360
<b>Total deferred outflows of resources</b>	<b>646,043</b>	<b>48,308</b>	<b>694,351</b>
<b>Liabilities</b>			
Accounts payable	915	2,190	3,105
Accrued expenses	448,241	5,988	454,229
Long-term liabilities			
OPEB Liability	263,636	23,723	287,359
Compensated absences	17,779	12,084	29,863
Due within one year	54,750	-	54,750
Due in excess of one year	185,167	-	185,167
<b>Total liabilities</b>	<b>970,488</b>	<b>43,985</b>	<b>1,014,473</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	533,954	-	533,954
Pension - related	654,024	28,272	682,296
OPEB - related	181,883	11,140	193,023
<b>Total deferred inflows of resources</b>	<b>1,369,861</b>	<b>39,412</b>	<b>1,409,273</b>
<b>Net Position</b>			
Net investment in capital assets	4,808,906	3,226,392	8,035,298
Restricted for			
Drug fund	3,376	-	3,376
Education	948,381	-	948,381
Federal projects	60,042	-	60,042
Food service - schools	68,270	-	68,270
Neighborhood stabilization program	2,527	-	2,527
Neighborhood watch program	87	-	87
Solid waste	127,620	-	127,620
State sex offender registry	2,559	-	2,559
Net pension asset	915,645	67,404	983,049
State street aid	28,054	-	28,054
Unrestricted	2,646,083	1,330,014	3,976,097
<b>Total net position</b>	<b>\$ 9,611,550</b>	<b>\$ 4,623,810</b>	<b>\$ 14,235,360</b>

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

**TOWN OF ALAMO, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Primary government</b>							
Governmental activities							
General government	\$ 292,526	\$ -	\$ 30,878	\$ -	\$ (261,648)	\$ -	\$ (261,648)
Public safety	340,808	21,790	400	15,621	(302,997)	-	(302,997)
Public works	646,366	230,210	-	-	(416,156)	-	(416,156)
Culture and recreation	37,432	2,700	-	-	(34,732)	-	(34,732)
Instruction	3,320,425	-	4,922,658	-	1,602,233	-	1,602,233
Support services	1,100,493	-	-	-	(1,100,493)	-	(1,100,493)
Non-instructional services	465,760	-	-	-	(465,760)	-	(465,760)
Food service	632,892	412,261	-	-	(220,631)	-	(220,631)
Debt service	9,569	-	-	-	(9,569)	-	(9,569)
Total governmental activities	<u>6,846,271</u>	<u>666,961</u>	<u>4,953,936</u>	<u>15,621</u>	<u>(1,209,753)</u>	<u>-</u>	<u>(1,209,753)</u>
<b>Business-type activities</b>							
Water and sewer	<u>813,563</u>	<u>997,282</u>	<u>-</u>	<u>349,300</u>	<u>-</u>	<u>533,019</u>	<u>533,019</u>
Total business-type activities	<u>\$ 813,563</u>	<u>\$ 997,282</u>	<u>\$ -</u>	<u>\$ 349,300</u>	<u>-</u>	<u>533,019</u>	<u>533,019</u>

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

**TOWN OF ALAMO, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
General revenues							
Property taxes - levied for general government					1,024,230	-	1,024,230
In lieu of taxes - TVA					30,275	-	30,275
Sales taxes					528,239	-	528,239
Franchise taxes					18,203	-	18,203
Alcoholic beverage taxes					61,492	-	61,492
Business taxes					31,451	-	31,451
Income taxes					17,842	-	17,842
Other sources					100,408	-	100,408
Interest income					4,287	5,710	9,997
Total general revenues					1,816,427	5,710	1,822,137
<b>Changes in net position</b>					<b>606,674</b>	<b>538,729</b>	<b>1,145,403</b>
Net position - beginning					9,002,075	4,085,081	13,087,156
Prior period adjustment					2,801	-	2,801
Net position - beginning, restated					9,004,876	4,085,081	13,089,957
<b>Net position - ending</b>					<b>\$ 9,611,550</b>	<b>\$ 4,623,810</b>	<b>\$ 14,235,360</b>

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

**TOWN OF ALAMO, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2020

	<u>General</u>	<u>General Purpose School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,057,885	\$ 2,516,755	\$ 200,785	\$ 3,775,425
Certificates of deposit	50,000	462,577	-	512,577
Receivables				
Interest	-	2,803	-	2,803
Taxes (net of allowance of \$30,598)	578,762	-	-	578,762
Accounts	-	-	30,000	30,000
Other	16	-	-	16
City court fines	6,925	-	-	6,925
Intergovernmental	97,050	-	-	97,050
Due from other funds	3,465	50,622	-	54,087
Due from other governments	-	56,972	127,251	184,223
Restricted cash in bank	-	114,831	-	114,831
Restricted stabilization reserve trust	-	25,752	-	25,752
Inventories	-	-	13,024	13,024
<b>Total assets</b>	<b><u>\$ 1,794,103</u></b>	<b><u>\$ 3,230,312</u></b>	<b><u>\$ 371,060</u></b>	<b><u>\$ 5,395,475</u></b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 915	\$ -	\$ -	\$ 915
Accrued expenses	9,827	421,827	16,587	448,241
Due to other funds	-	-	54,087	54,087
<b>Total liabilities</b>	<b><u>10,742</u></b>	<b><u>421,827</u></b>	<b><u>70,674</u></b>	<b><u>503,243</u></b>
<b>Deferred inflows of resources</b>				
Unavailable property tax revenue	574,479	-	-	574,479
Unavailable court fines revenue	6,925	-	-	6,925
<b>Total deferred inflows of resources</b>	<b><u>581,404</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>581,404</u></b>
<b>Fund balances</b>				
Nonspendable				
Inventory	-	-	13,024	13,024
Restricted				
Drug	-	-	3,376	3,376
Education	-	2,808,485	-	2,808,485
Federal projects	-	-	60,042	60,042
Food service - schools	-	-	68,270	68,270
Neighborhood stabilization program	2,527	-	-	2,527
Neighborhood watch program	87	-	-	87
Solid waste	-	-	127,620	127,620
State sex offender registry	2,559	-	-	2,559
State street aid	-	-	28,054	28,054
Unassigned	1,196,784	-	-	1,196,784
<b>Total fund balances</b>	<b><u>1,201,957</u></b>	<b><u>2,808,485</u></b>	<b><u>300,386</u></b>	<b><u>4,310,828</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 1,794,103</u></b>	<b><u>\$ 3,230,312</u></b>	<b><u>\$ 371,060</u></b>	<b><u>\$ 5,395,475</u></b>

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

**TOWN OF ALAMO, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2020

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

<b>Fund balance - total governmental funds (Page 14)</b>	<b>\$ 4,310,828</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.	5,048,823
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds.	47,450
Deferred outflows of resources related to pensions and OPEB in which the consumption of net position will occur in future period, therefore, it is not reported in the funds.	646,043
Deferred inflows of resources related to pensions and OPEB in which the acquisition of net position will occur in future periods, therefore, it is not reported in the funds.	(835,907)
Non current assets, including net pension asset are not financial resources and, therefore, are not reported in the funds.	915,645
Long-term liabilities, including bonds payable, net pension liability, OPEB liability, and other long-term liabilities are not due in the current period and, therefore, are not reported in the funds.	<u>(521,332)</u>
<b>Net position - governmental activities (Page 11)</b>	<b><u>\$ 9,611,550</u></b>

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

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

For the Fiscal Year Ended June 30, 2020

	<b>General</b>	<b>General Purpose School</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Taxes	\$ 892,302	\$ 486,418	\$ -	\$ 1,378,720
Intergovernmental	244,862	-	87,462	332,324
Charges for services	12,300	-	230,210	242,510
Other local revenue	-	26,351	-	26,351
State education	-	4,462,114	-	4,462,114
Fines	11,336	-	-	11,336
Payments for meals	-	-	17,733	17,733
USDA revenue	-	-	394,528	394,528
Federal and state grant funds	46,499	-	415,142	461,641
Other state	-	44,014	4,132	48,146
Drug related revenue	-	-	353	353
Other	38,288	17,886	3,813	59,987
Total revenues	<u>1,245,587</u>	<u>5,036,783</u>	<u>1,153,373</u>	<u>7,435,743</u>
<b>Expenditures</b>				
Current				
General government	280,377	-	-	280,377
Public safety	305,307	-	1,174	306,481
Public works	353,339	-	305,007	658,346
Culture and recreations	36,518	-	-	36,518
Instruction	-	3,027,704	291,551	3,319,255
Support services	-	1,476,090	125,901	1,601,991
Non-instructional services	-	231,925	-	231,925
Food service	-	-	413,618	413,618
Capital outlay	-	146,021	-	146,021
Debt service				
Principal	27,600	-	-	27,600
Interest	9,000	-	-	9,000
Total expenditures	<u>1,012,141</u>	<u>4,881,740</u>	<u>1,137,251</u>	<u>7,031,132</u>
Revenues over (under) expenditures	<u>233,446</u>	<u>155,043</u>	<u>16,122</u>	<u>404,611</u>
<b>Other financing sources (uses)</b>				
Transfers in	36,600	72,414	-	109,014
Transfers out	(72,414)	(36,600)	-	(109,014)
Total other financing sources (uses)	<u>(35,814)</u>	<u>35,814</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	<u>197,632</u>	<u>190,857</u>	<u>16,122</u>	<u>404,611</u>
Fund balances - beginning	<u>1,004,325</u>	<u>2,614,827</u>	<u>284,264</u>	<u>3,903,416</u>
Prior period adjustment	-	2,801	-	2,801
Fund balance restated - beginning	<u>1,004,325</u>	<u>2,617,628</u>	<u>284,264</u>	<u>3,906,217</u>
Fund balances - ending	<u>\$ 1,201,957</u>	<u>\$ 2,808,485</u>	<u>\$ 300,386</u>	<u>\$ 4,310,828</u>

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

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

For the Fiscal Year Ended June 30, 2020

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

<b>Net change in fund balances - total governmental funds (Page 16)</b>	<b>\$ 404,611</b>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which depreciation exceeded capital outlays in the current period.	18
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Revenues in the statement of activities that provide current financial resources are reported as revenues in the funds.	2,846
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Some expenses reported in the statements of activities, such as accrued leave, pension expense, OPEB expense do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	200,231
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Some expenses reported in the statement of activities, such as accrued leave and postclosure care, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(1,032)</u>
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<b>Change in net position of governmental activities (Page 13)</b>	<b><u>\$ 606,674</u></b>
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*The accompanying notes are an integral part of these financial statements.*

**TOWN OF ALAMO, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2020

	<b>Water and Sewer Fund</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 1,259,257
Customer receivables, net	105,837
Due from other governments	9
Total current assets	<u>1,365,103</u>
<b>Noncurrent assets</b>	
Net pension asset	67,404
Capital assets, being depreciated	
Utility plant	6,708,940
Equipment	286,562
Less accumulated depreciation	<u>(3,769,110)</u>
Total capital assets	<u>3,226,392</u>
Total noncurrent assets	<u>3,293,796</u>
<b>Total assets</b>	<b><u>4,658,899</u></b>
<b>Deferred outflows of resources</b>	
Pension - related	44,773
OPEB - related	<u>3,535</u>
<b>Total deferred outflows of resources</b>	<b><u>48,308</u></b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	2,190
Other accrued expenses	<u>5,988</u>
Total current liabilities	<u>8,178</u>
<b>Noncurrent liabilities</b>	
OPEB liability	23,723
Accrued leave	<u>12,084</u>
Total noncurrent liabilities	<u>35,807</u>
<b>Total liabilities</b>	<b><u>43,985</u></b>
<b>Deferred inflows of resources</b>	
Pension - related	28,272
OPEB - related	<u>11,140</u>
<b>Total deferred inflows of resources</b>	<b><u>39,412</u></b>
<b>Net position</b>	
Investment in capital assets	3,226,392
Net pension asset	67,404
Unrestricted	<u>1,330,014</u>
Total net position	<b><u>\$ 4,623,810</u></b>

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



**TOWN OF ALAMO, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
For the Fiscal Year Ended June 30, 2020

	<b>Water and Sewer Fund</b>
<b>Operating revenues</b>	
Charges for sales and service	\$ 954,628
Connection and service fees	18,098
Penalties	21,517
Other operating revenue	3,039
Total operating revenues	<u>997,282</u>
<b>Operating expenses</b>	
Salaries and personnel expense	357,649
Utilities	59,039
Supplies and testing	11,777
System maintenance	116,407
Provision for depreciation	160,255
Administrative and general expenses	108,436
Total operating expenses	<u>813,563</u>
Operating income (loss)	<u>183,719</u>
<b>Nonoperating revenues (expenses)</b>	
Interest and other income	5,710
Total nonoperating revenues (expenses)	<u>5,710</u>
Income (loss) before transfers and contributions	<u>189,429</u>
<b>Transfers and capital contributions</b>	
Capital contributions	349,300
Total transfers and capital contributions	<u>349,300</u>
<b>Change in net position</b>	<b>538,729</b>
Total net position - beginning	<u>4,085,081</u>
Total net position - ending	<u>\$ 4,623,810</u>

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

**TOWN OF ALAMO, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
For the Fiscal Year Ended June 30, 2020

	<b>Water and Sewer Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from consumers	\$ 992,513
Cash paid to suppliers of goods and services	(303,243)
Cash paid to employees for services	(350,143)
Net cash provided (used) by operating activities	<u>339,127</u>
<b>Cash flows from capital and related financing activities</b>	
Construction and acquisition of plant	(454,247)
Grant receipts	<u>349,300</u>
Net cash provided (used) by capital and related financing activities	<u>(104,947)</u>
<b>Cash flows from investing activities</b>	
Interest received	<u>5,710</u>
Net cash provided (used) by investing activities	<u>5,710</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>239,890</b>
Cash and cash equivalents - beginning of year	<u>1,019,367</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,259,257</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ 183,719
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	160,255
Change in pension related deferred inflows and outflows	(18,047)
Change in OPEB related deferred inflows and outflows	8,751
Changes in assets and liabilities	
Accounts receivable	(4,760)
Due from other governments	(9)
Accounts payable and accrued expenses	(7,584)
OPEB liability	(8,282)
Net pension asset	<u>25,084</u>
Net cash provided (used) by operating activities	<u><u>\$ 339,127</u></u>

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

**TOWN OF ALAMO, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2020

Revenues	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Taxes				
Property taxes	\$ 487,000	\$ 487,000	\$ 504,739	\$ 17,739
Public utility property tax	20,000	20,000	22,445	2,445
Interest and penalty - property tax	3,800	3,800	8,283	4,483
Local option sales taxes	187,000	187,000	216,567	29,567
Wholesale beer tax	44,362	44,362	59,901	15,539
Business taxes	23,000	23,000	30,690	7,690
Business tax recording fees	520	520	761	241
City Beer Permits	400	400	438	38
TVA in-lieu of tax payments	27,000	27,000	30,275	3,275
Cable TV franchise taxes	18,000	18,000	18,203	203
	<u>811,082</u>	<u>811,082</u>	<u>892,302</u>	<u>81,220</u>
Intergovernmental				
State - sales tax	203,000	203,000	224,210	21,210
State - income tax	4,000	4,000	2,654	(1,346)
State - beer tax	1,000	1,000	1,153	153
State- street and transportation	4,600	4,600	4,886	286
State - telecommunications tax	900	900	1,657	757
State - excise tax	5,500	5,500	10,302	4,802
State grant funds	15,500	15,500	30,878	15,378
Federal grants	87,900	87,900	15,621	(72,279)
	<u>322,400</u>	<u>322,400</u>	<u>291,361</u>	<u>(31,039)</u>
Charges for services				
Cemetery revenue	2,100	2,100	2,700	600
Fire calls out-of-town	10,000	10,000	9,600	(400)
	<u>12,100</u>	<u>12,100</u>	<u>12,300</u>	<u>200</u>
Fines and forfeitures				
City court revenue	6,000	6,000	6,465	465
Drug related fines	300	300	345	45
Officers costs	1,800	1,800	2,126	326
State law enforcement education	2,400	2,400	2,400	-
	<u>10,500</u>	<u>10,500</u>	<u>11,336</u>	<u>836</u>
Other				
Miscellaneous	6,300	6,300	-	(6,300)
Farm rental	3,900	3,900	3,900	-
Fire tower rental	2,040	2,040	2,040	-
Post office building rental	27,483	27,483	27,483	-

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

**TOWN OF ALAMO, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
<b>Revenues</b>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other				
State sex offender registry	300	300	500	200
Fire department auxiliary fund	300	300	400	100
Contributions and donations	-	-	100	100
Sale of equipment	31,009	31,009	-	(31,009)
Interest	2,500	2,500	3,865	1,365
	<u>73,832</u>	<u>73,832</u>	<u>38,288</u>	<u>(35,544)</u>
<b>Total revenues</b>	<b>\$ 1,229,914</b>	<b>\$ 1,229,914</b>	<b>\$ 1,245,587</b>	<b>\$ 15,673</b>
<b>Expenditures</b>				
Current				
General government				
Board and commissions				
Salary - Mayor	\$ 9,600	\$ 9,600	\$ 9,600	\$ -
FICA employer's share	1,836	1,836	1,757	(79)
Retirement	1,337	1,337	1,337	-
Board and committee members	14,400	14,400	14,400	-
Operating expense	250	250	175	(75)
	<u>27,423</u>	<u>27,423</u>	<u>27,269</u>	<u>(154)</u>
Legal				
Salary	3,600	3,600	3,600	-
FICA employer's share	276	276	275	(1)
Legal services	8,000	8,034	8,034	-
	<u>11,876</u>	<u>11,910</u>	<u>11,909</u>	<u>(1)</u>
City recorder				
Salaries	64,810	64,810	55,793	(9,017)
FICA employer's share	4,958	4,958	3,916	(1,042)
Hospitalization	18,617	18,617	16,631	(1,986)
Retirement	3,610	3,610	3,129	(481)
Litigation tax	1,100	1,100	584	(516)
Court fees/software payables	1,000	1,000	770	(230)
Publicity, donations, dues	7,342	7,342	5,442	(1,900)
Other publicity, subscriptions, dues	1,800	1,800	1,051	(749)
Industrial board	20	20	20	-
Christmas expense	8,500	6,000	5,599	(401)
Utilities	48,000	40,000	39,181	(819)
Accounting and auditing services	7,785	7,785	7,785	-
Other expense	5,000	5,000	3,790	(1,210)
Office expense	3,000	3,000	1,478	(1,522)

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

**TOWN OF ALAMO, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2020

Expenditures	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Current				
General government				
City recorder				
Post office cleaning	3,180	3,180	398	(2,782)
Professional fees	8,000	8,000	6,429	(1,571)
Uniforms	150	150	110	(40)
Insurance	40,500	40,621	40,621	-
Other contractual services	1,000	1,000	876	(124)
Capital outlay	3,500	1,500	1,150	(350)
	<u>231,872</u>	<u>219,493</u>	<u>194,753</u>	<u>(24,740)</u>
General government buildings				
Custodian	1,875	3,414	3,414	-
Operating expense	5,000	6,397	6,371	(26)
City owned property	10,000	5,000	4,938	(62)
Municipal building	6,800	1,000	845	(155)
Other grant expense	31,000	31,000	30,878	(122)
	<u>54,675</u>	<u>46,811</u>	<u>46,446</u>	<u>(365)</u>
Building inspector				
Salary	1,000	1,000	-	(1,000)
Building inspector expenses	3,000	3,000	-	(3,000)
	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Total general government	<u>329,846</u>	<u>309,637</u>	<u>280,377</u>	<u>(29,260)</u>
Public safety				
Police department				
Salary	188,385	173,385	169,771	(3,614)
FICA employer's share	14,305	14,320	12,091	(2,229)
Insurance	53,689	51,269	34,325	(16,944)
Retirement	10,304	10,304	7,111	(3,193)
Employee travel and training	1,244	1,244	812	(432)
Capital outlay	47,000	30,000	29,341	(659)
Operating expense	20,000	20,000	17,917	(2,083)
State sex offender registry expense	300	300	200	(100)
Uniforms	2,650	2,650	1,679	(971)
	<u>337,877</u>	<u>303,472</u>	<u>273,247</u>	<u>(30,225)</u>

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

**TOWN OF ALAMO, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2020

Expenditures	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Current				
Public safety				
Fire department				
Salary	9,600	9,600	9,600	-
FICA employer's share	1,270	1,270	1,189	(81)
Volunteer firemen	10,700	10,700	6,114	(4,586)
Auxiliary fund	750	803	803	-
Operating expense	12,000	14,354	14,354	-
Capital outlay	2,000	2,000	-	(2,000)
	<u>36,320</u>	<u>38,727</u>	<u>32,060</u>	<u>(6,667)</u>
Total public safety	<u>374,197</u>	<u>342,199</u>	<u>305,307</u>	<u>(36,892)</u>
Public works				
Street department				
Salary	168,320	211,093	157,558	(53,535)
FICA employer's share	12,035	12,035	10,593	(1,442)
Insurance	83,168	83,168	76,276	(6,892)
Retirement	8,764	8,764	7,689	(1,075)
Travel and education	500	500	-	(500)
Repair and maintenance	12,000	14,484	14,344	(140)
Vehicle maintenance	10,500	12,886	10,636	(2,250)
Capital outlay	4,000	4,000	-	(4,000)
Downtown/tourism grant	50,000	50,894	15,294	(35,600)
Uniforms	1,300	2,097	2,092	(5)
Street aid material	54,170	57,043	56,874	(169)
	<u>404,757</u>	<u>456,964</u>	<u>351,356</u>	<u>(105,608)</u>
Sanitation				
Junk pickup	4,000	4,000	1,983	(2,017)
	<u>4,000</u>	<u>4,000</u>	<u>1,983</u>	<u>(2,017)</u>
Total public works	<u>408,757</u>	<u>460,964</u>	<u>353,339</u>	<u>(107,625)</u>

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

**TOWN OF ALAMO, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2020

Expenditures	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Culture and recreations				
Parks:				
Salaries	2,000	2,000	2,000	-
Utilities	2,200	2,200	1,368	(832)
Miscellaneous	26,500	26,500	23,548	(2,952)
Insurance	1,000	1,000	1,000	-
	<u>31,700</u>	<u>31,700</u>	<u>27,916</u>	<u>(3,784)</u>
Cemeteries				
Cemetery expense	13,000	13,000	8,602	(4,398)
	<u>44,700</u>	<u>44,700</u>	<u>36,518</u>	<u>(8,182)</u>
Debt service				
Principal	27,600	27,600	27,600	-
Interest	9,000	9,000	9,000	-
Total debt service	<u>36,600</u>	<u>36,600</u>	<u>36,600</u>	<u>-</u>
<b>Total expenditures</b>	<b><u>1,194,100</u></b>	<b><u>1,194,100</u></b>	<b><u>1,012,141</u></b>	<b><u>(181,959)</u></b>
Revenues over (under) expenditures	<u>35,814</u>	<u>35,814</u>	<u>233,446</u>	<u>197,632</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	36,600	36,600	36,600	-
Operating transfers out	<u>(72,414)</u>	<u>(72,414)</u>	<u>(72,414)</u>	<u>-</u>
Total other financing sources (uses)	<u>(35,814)</u>	<u>(35,814)</u>	<u>(35,814)</u>	<u>-</u>
<b>Net changes in fund balance</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>197,632</u></b>	<b><u>\$ 197,632</u></b>
Fund balance - beginning			<u>1,004,325</u>	
Fund balance - ending			<u>\$ 1,201,957</u>	

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

**TOWN OF ALAMO, TENNESSEE**  
**GENERAL PURPOSE SCHOOL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2020

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Over (Under)</b>
<b>Revenues</b>	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
County taxes	\$ 483,289	\$ 483,289	\$ 486,418	\$ 3,129
Other local revenue	17,000	17,000	26,351	9,351
Miscellaneous revenue	-	1,700	17,886	16,186
State education funds	4,427,618	4,458,887	4,462,114	3,227
Other state revenue	16,200	16,200	44,014	27,814
Total revenues	<u>4,944,107</u>	<u>4,977,076</u>	<u>5,036,783</u>	<u>59,707</u>
<b>Expenditures</b>				
Instruction	3,130,152	3,094,111	3,027,704	(66,407)
Support services	1,582,408	1,651,416	1,476,090	(175,326)
Non-instructional services	230,619	230,620	231,925	1,305
Capital outlay	317,726	317,726	146,021	(171,705)
Total expenditures	<u>5,260,905</u>	<u>5,293,873</u>	<u>4,881,740</u>	<u>(412,133)</u>
Revenues over (under) expenditures	<u>(316,798)</u>	<u>(316,797)</u>	<u>155,043</u>	<u>471,840</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	72,414	72,414	72,414	-
Operating transfers out	<u>(36,600)</u>	<u>(36,600)</u>	<u>(36,600)</u>	<u>-</u>
Total other financing sources (uses)	<u>35,814</u>	<u>35,814</u>	<u>35,814</u>	<u>-</u>
<b>Net changes in fund balance</b>	<b><u>\$ (280,984)</u></b>	<b><u>\$ (280,983)</u></b>	<b><u>190,857</u></b>	<b><u>\$ 471,840</u></b>
Fund balance - beginning			2,614,827	
Prior period adjustment			<u>2,801</u>	
Fund balance - beginning - restated			<u>2,617,628</u>	
Fund balance - ending			<u>\$ 2,808,485</u>	

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



**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

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

**A. Reporting Entity**

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

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

Property taxes, gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary fund:

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and service. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **D. Assets, Liabilities, and Net Position or Equity**

##### **Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. State statutes authorize the Town to invest in certificates of deposit, obligations of the U.S. Treasury agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements, and the state's investment pool.

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

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

**Receivables and Payables**

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

The property tax calendar is as follows:

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

**Inventories and Prepaid Items**

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

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

**Restricted Assets**

The Town elects to use restricted assets before unrestricted assets when the situation arises where either can be used. The general purpose school fund currently has \$114,831 in restricted cash.

**Capital Assets**

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

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

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

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

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

**Deferred Revenue**

Deferred revenue represents amounts that were receivable and measurable at June 30, 2020 but were not available to finance expenditures for the year ended June 30, 2020. Deferred revenues primarily include unearned or unavailable revenues.

**Compensated Absences**

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

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

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City presently has no items that qualify for reporting in this category in the governmental fund statements. However, for the governmental activities, business type activities, and proprietary fund statements, the City reports deferred outflows for multiple pension-related items. In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has various items that qualify for reporting in this category. Property taxes reported as receivable before the period for which they are levied are deferred and recognized as an inflow of resources in the period the amounts become available. This item is reported as unavailable revenue in both the governmental fund balance sheet and the statement of net position. Property taxes reported as receivable that

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

were presently due, but not received within 60 days of the fiscal period are reported as unavailable property taxes in the governmental fund balance sheet. Court fines receivable that were not received within 60 days of the year end are also deferred in the governmental funds balance sheet and reported as court fines unavailable. In addition the statement of net position and proprietary fund statements report multiple pension-related items.

**Pensions**

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

**Fund Balances**

Fund balance for governmental funds can consist of the following:

***Nonspendable fund balance***

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

***Restricted fund balance***

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

***Committed fund balance***

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

***Assigned fund balance***

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

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

***Unassigned fund balance***

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

**Fund balance flow assumptions**

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

**Net Position**

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

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

**Estimates**

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

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

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, net pension liability, OPEB liability, and other long-term liabilities are not due in the current period and, therefore, are not reported in the funds." The details of this (\$521,332) difference are as follows:

Bonds payable	\$ (150,000)
Capital lease payable	(89,917)
OPEB liability	(263,636)
Compensated absences payable - City portion	<u>(17,779)</u>
<b>Net adjustment to reduce net changes in fund balance - total governmental funds to arrive at net position - governmental activities</b>	<b><u>\$ (521,332)</u></b>

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

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

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the government-wide statement of activities includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period." The details of this \$18 difference are as follows:

Capital outlay	\$ 283,774
Depreciation expense	<u>(283,756)</u>
<b>Net adjustment to reduce net changes in fund balance - total governmental funds to arrive at net position - governmental activities</b>	<b><u>\$ 18</u></b>

Another element of that reconciliation states that "Revenues in the statement of activities that provide current financial resources are reported as revenues in the funds." The details of this \$2,846 difference are as follows:

Change in unavailable property taxes	\$ 2,345
Change in unavailable court fines	<u>501</u>
<b>Net adjustment to reduce net changes in fund balance - total governmental funds to arrive at net position - governmental activities</b>	<b><u>\$ 2,846</u></b>

**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Town of Alamo:

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

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

Alamo School System:

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

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

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

**NOTE 4 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of June 30, 2020, the Town of Alamo, Tennessee had \$512,577 invested in certificates of deposit with local financial institutions.

**Custodial Credit Risk**

The Town's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, by the Tennessee Bank Collateral Pool, by collateral held by the Town's agent in the Town's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the Town to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2020, all bank deposits were fully collateralized or insured.

**B. Receivables**

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

	<b>General</b>	<b>General Purpose School</b>	<b>Other Governmental Funds</b>	<b>Water &amp; Sewer Division</b>	<b>Total</b>
Receivables:					
Interest	\$ -	\$ 2,803	\$ -	\$ -	\$ 2,803
Property taxes	609,360	-	-	-	609,360
Accounts	-	-	30,000	105,837	135,837
Other	16	-	-	-	16
City court fines	6,925	-	-	-	6,925
Grants	-	-	-	-	-
Intergovernmental	97,050	-	-	-	97,050
Gross receivables	713,351	2,803	30,000	105,837	851,991
Less: Allowance for uncollectibles	(30,598)	-	-	-	(30,598)
<b>Net total receivables</b>	<b>\$ 682,753</b>	<b>\$ 2,803</b>	<b>\$ 30,000</b>	<b>\$ 105,837</b>	<b>\$ 821,393</b>

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet



**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 40,525	\$ -
2020 property tax assessment	-	533,954
Court fines receivable	6,925	-
<b>Total unavailable revenue for fund financial statements</b>	<b><u>\$ 47,450</u></b>	<b><u>\$ 533,954</u></b>

**C. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 157,099	\$ 113,191	\$ -	\$ -	\$ 270,290
Construction in progress	-	32,445	-	-	32,445
Total capital assets, not being depreciated	<u>157,099</u>	<u>145,636</u>	<u>-</u>	<u>-</u>	<u>302,735</u>
Capital assets being depreciated:					
Buildings and improvements	6,436,847	37,427	-	-	6,474,274
Equipment	2,316,176	100,711	-	-	2,416,887
Infrastructure	215,347	-	-	-	215,347
Total capital assets being depreciated	<u>8,968,370</u>	<u>138,138</u>	<u>-</u>	<u>-</u>	<u>9,106,508</u>
Less accumulated depreciation for:					
Buildings and improvements	2,375,038	151,053	-	(31,659)	2,494,432
Equipment	1,623,864	124,089	-	31,658	1,779,611
Infrastructure	77,764	8,614	-	(1)	86,377
Total accumulated depreciation	<u>4,076,666</u>	<u>283,756</u>	<u>-</u>	<u>(2)</u>	<u>4,360,420</u>
Total capital assets being depreciated, net	<u>4,891,704</u>	<u>(145,618)</u>	<u>-</u>	<u>2</u>	<u>4,746,088</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 5,048,803</u></b>	<b><u>\$ 18</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2</u></b>	<b><u>\$ 5,048,823</u></b>

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 62,317	\$ 410,011	\$ -	\$ (472,328)	\$ -
Total capital assets, not being depreciated	<u>62,317</u>	<u>410,011</u>	<u>-</u>	<u>(472,328)</u>	<u>-</u>
Capital assets being depreciated:					
Equipment	262,346	24,216	-	-	286,562
Utility Plant	6,216,592	20,020	-	472,328	6,708,940
Total capital assets being depreciated	<u>6,478,938</u>	<u>44,236</u>	<u>-</u>	<u>472,328</u>	<u>6,995,502</u>
Less accumulated depreciation for:					
Equipment	207,171	19,452	-	-	226,623
Utility Plant	3,401,684	140,803	-	-	3,542,487
Total accumulated depreciation	<u>3,608,855</u>	<u>160,255</u>	<u>-</u>	<u>-</u>	<u>3,769,110</u>
Total capital assets being depreciated, net	<u>2,870,083</u>	<u>(116,019)</u>	<u>-</u>	<u>472,328</u>	<u>3,226,392</u>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 2,932,400</u></b>	<b><u>\$ 293,992</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,226,392</u></b>
<b>Total capital assets, net</b>	<b><u>\$ 7,981,203</u></b>	<b><u>\$ 294,010</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2</u></b>	<b><u>\$ 8,275,215</u></b>

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

Governmental activities:	
General government	\$ 48,643
Public safety	81,999
Public works	5,718
Culture and recreation	914
Instruction	146,482
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 283,756</u></b>
Business-type activities:	
<b>Water and sewer</b>	<b><u>\$ 160,255</u></b>

**D. Interfund Receivables, Payables, and Transfers**

All interfund balances are expected to be repaid within the next fiscal year and are considered ordinary in nature. The composition of interfund balances as of June 30, 2020 is as follows:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>
General Fund	State Street Aid fund	\$ 3,465
General Purpose School Fund	Federal Projects Fund	50,622
<b>Total</b>		<b><u>\$ 54,087</u></b>

The purposes of the interfund liabilities are noted below:

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

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

The following is a summary of transfers during the year ended June 30, 2020:

Transfers From	Transfers To	Amount
General Fund	General Purpose School Fund	\$ 72,414
General Purpose School Fund	General Fund	36,600
Governmental fund activities eliminated		(109,014)
<b>Total government-wide</b>		<b>\$ -</b>

The purposes of the transfers are noted below:

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

**E. Long-term Debt**

Long-term debt of the governmental funds at June 30, 2020, is comprised of the following:

**Bonds Payable:**

1995 General Obligation School Bond. Interest rate 4.00%. Interest and principal due in annual installments beginning 2011 through 2025. \$ 150,000

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

**Capital Lease Payable:**

The School has entered into an agreement to lease a 70" ActivPanel and 13 Promethean ActivConnect OPS with a combined capitalized cost. Such agreement is, in substance, purchases (capital leases) and is reported as capital lease obligations. The terms are one annual payment over a five-year period, with interest rates of 5.5% and 5% respectively. At June 30, 2020 the School reported a payable balance for the leases of \$45,212.

The school has also entered into an agreement to lease 40 Macbook Airs. Such agreement is, in substance, purchases (capital leases) and is reported as a capital lease obligation. The term is one annual payment over a four-year period, with an interest rate of 4.89%. At June 30, 2020 the School reported a payable balance for the lease of \$44,705.

As of June 30, 2020, the proprietary fund does not have any long-term debt.

The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave at June 30, 2020, are as follows:

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

Year Ending June 30,	Bonds		Capital Lease		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 30,000	\$ 6,600	\$ 24,750	\$ 4,467	\$ 54,750	\$ 11,067
2022	30,000	5,400	25,981	3,236	55,981	8,636
2023	30,000	4,200	27,197	1,942	57,197	6,142
2024	30,000	3,000	11,989	586	41,989	3,586
2025	30,000	1,800	-	-	30,000	1,800
	<u>\$ 150,000</u>	<u>\$ 21,000</u>	<u>\$ 89,917</u>	<u>\$ 10,231</u>	<u>\$ 239,917</u>	<u>\$ 31,231</u>

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

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
1995 General Obligation					
School Bond	\$ 180,000	\$ -	\$ 30,000	\$ 150,000	\$ 30,000
School capital lease	58,885	57,280	26,248	89,917	24,750
Compensated absences	17,779	-	-	17,779	-
	<u>\$ 256,664</u>	<u>\$ 57,280</u>	<u>\$ 56,248</u>	<u>\$ 257,696</u>	<u>\$ 54,750</u>
<b>Business activities:</b>					
Compensated absences	\$ 12,084	\$ -	\$ -	\$ 12,084	\$ -
	<u>\$ 12,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,084</u>	<u>\$ -</u>

**F. Operating Leases**

The Town has entered into a lease agreement as a lessee for its copier at the town hall. The lease is for a sixty month period with monthly payments of \$92. This lease agreement qualify as an operating lease for accounting purposes. The future minimum lease payments as of June 30, 2020, were as follows:

Year Ended June 30,	
2021	\$ 1,104
2022	1,104
2023	1,104
2024	276
	<u>\$ 3,588</u>

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**NOTE 5 - OTHER INFORMATION**

**A. Risk Management**

Town of Alamo:

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

Alamo School System:

The School is exposed to various risks related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the board of education carries commercial insurance. No claims exceeded insurance recoveries during the fiscal year ended June 30, 2020 or in either of the previous two years.

**B. Contingent Liabilities and Losses**

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

**C. Employee Retirement Systems and Pension Plans**

**Town of Alamo and City School:**

**Plan Description**

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

**Benefits Provided**

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	48
Active employees	50
	<u>124</u>

**Contributions**

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Alamo makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, employer contributions for Alamo were \$83,471 based on a rate of 5.57 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Alamo's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Alamo's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The total pension liability as of June 30, 2019 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.

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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:

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

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

**Discount Rate**

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

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**Changes in the Net Pension Liability (Asset)**

	Total Pension Liability (Asset) (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at 6/30/18</b>	\$ 4,665,259	\$ 5,151,553	\$ (486,294)
<b>Changes for the year:</b>			
Service cost	126,068	-	126,068
Interest	342,626	-	342,626
Differences between expected and actual experience	142,812	-	142,812
Changes in assumptions	-	-	-
Contributions- employer	-	95,076	(95,076)
Contributions- employees	-	75,768	(75,768)
Net investment income	-	384,904	(384,904)
Benefit payments, including refunds of employee contributions	(130,892)	(130,892)	-
Administrative expense	-	(4,481)	4,481
Other changes	-	-	-
<b>Net changes</b>	480,614	420,375	60,239
<b>Balance at 6/30/19</b>	\$ 5,145,873	\$ 5,571,928	\$ (426,055)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Alamo's net pension liability (asset)	\$ 288,158	\$ (426,055)	\$ (1,019,133)



**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

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

**Pension Expense**

For the year ended June 30, 2020, Alamo recognized pension expense of \$14,483.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2020, Alamo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u><b>Deferred Outflows of Resources</b></u>	<u><b>Deferred Inflows of Resources</b></u>
Differences between expected and actual experience	\$ 156,862	\$ 114,989
Net difference between projected and actual earnings on pension plan investments	-	63,715
Changes in assumptions	41,938	-
Contributions subsequent to the measurement date of June 30, 2019	<u>83,471</u>	<u>-</u>
Total	<u><u>\$ 282,271</u></u>	<u><u>\$ 178,704</u></u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2019," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

<u><b>Year Ended June 30:</b></u>	
2021	\$ 6,920
2022	(1,830)
2023	(11,532)
2024	26,538
2025	-
Thereafter	-

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

**Payable to the Pension Plan**

At June 30, 2020, Alamo reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**Alamo School System:**

**Hybrid Teacher Retirement Plan:**

**Plan Description**

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Alamo City Schools are provided with pensions through the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan was closed to new membership on June 30, 2014, but continues providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/retirement/board-and-governance](http://www.treasury.tn.gov/retirement/board-and-governance).

There are two components to the Hybrid Plan, a defined benefit component and a defined contribution component. Details of each component are described below:

**Defined Benefit Component of the Hybrid Plan**

**Benefits Provided**

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

**Contributions**

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2020 to the Teacher Retirement Plan were \$12,784 which is 2.03 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

**Pension Liabilities (Assets)**

At June 30, 2020, Alamo City Schools reported a liability (asset) of (\$31,263) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension asset used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. Alamo City School's proportion of the net pension asset was based on Alamo City School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, Alamo City School's proportion was 0.055383 percent. The proportion measured as of June 30, 2018 was 0.057905 percent.

**Pension Expense**

For the year ended June 30, 2020, Alamo City Schools recognized pension expense of \$9,949.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2020, Alamo City Schools reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,296	\$ 5,458
Net difference between projected and actual earnings on pension plan investments	-	1,322
Changes in assumptions	1,086	-
Changes in proportion of Net Pension Liability (Asset)	1,607	70
Contributions subsequent to the measurement date of June 30, 2019	<u>12,784</u>	<u>-</u>
Total	<u>\$ 16,773</u>	<u>\$ 6,850</u>

Alamo City Schools' employer contributions of \$12,784, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

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

<b><u>Year Ended June 30:</u></b>	
2021	\$ (525)
2022	(727)
2023	(357)
2024	(168)
2025	(114)
Thereafter	<u>(970)</u>
	<b><u>\$ (2,861)</u></b>

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

**Actuarial Assumptions**

The total pension liability in the June 30, 2019 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, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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:

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

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

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

**Discount Rate**

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

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

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

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Alamo City School's share of net pension liability (asset)	\$ 9,905	\$ (31,263)	\$ (61,694)

**Pension Plan Fiduciary Net Position**

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

**Payable to the Pension Plan**

At June 30, 2020, Alamo City Schools reported a payable of \$14,365 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**Defined Contribution Component of the Hybrid Plan**

Upon first becoming a public-school teacher in the Hybrid Plan, 2% of the employee's compensation will be deferred automatically in the defined contribution component of the Hybrid Plan unless the employee makes an affirmative election not to contribute. The School will make a contribution to the defined contribution component of the plan on behalf of each member which equals to 5% of the member's compensation, regardless of whether the member makes any employee contribution. The 5% employer contribution rate is established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees immediately vest in the employee and employer contributions to the defined contribution portion of the Hybrid Plan, and therefore there are no forfeitures necessary. There are no assets accumulating in a trust.

During the fiscal year 2020, the School contributed a total of \$31,487 in the defined contribution portion of the Hybrid Plan. There were no forfeitures during the year ended June 30, 2020. At June 30, 2020, the School reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

**Legacy Teacher Retirement Plan:**

**Plan Description**

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Alamo City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but continues providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple- employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/retirement/boards-and-governance/reporting-and-investment-policies](http://www.treasury.tn.gov/retirement/boards-and-governance/reporting-and-investment-policies).

**Benefits Provided**

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

**Contributions**

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Alamo City Schools for the year ended June 30, 2020 to the Teacher Legacy Pension Plan were \$180,691 which is 10.63 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

**Pension Liabilities (Assets)**

At June 30, 2020, the Alamo City Schools reported a liability (asset) of (\$525,731) for its proportionate share of net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Alamo City School's proportion of the net pension liability was based on Alamo City School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019 Alamo City Schools' proportion was 0.051132 percent. The proportion measured as of June 30, 2018 was 0.052005 percent.

**Negative Pension Expense**

For the year ended June 30, 2020, Alamo City Schools recognized a negative pension expense of (\$68,898).

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2020, Alamo City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 25,596	\$ 321,127
Net difference between projected and actual earnings on pension plan investments	-	150,211
Changes in assumptions	70,845	-
Changes in proportion of Net Pension Liability (Asset)	17,815	25,404
Contributions subsequent to the measurement date of June 30, 2019	<u>180,691</u>	<u>-</u>
Total	<u><u>\$ 294,947</u></u>	<u><u>\$ 496,742</u></u>

Alamo City Schools' employer contributions of \$180,691 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ended June 30:</u></b>	
2021	\$ (108,534)
2022	(158,992)
2023	(65,232)
2024	(49,728)
2025	-
Thereafter	<u>-</u>
	<u><u>\$ (382,486)</u></u>

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

**Actuarial Assumptions**

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:



**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

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, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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:

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially

# TOWN OF ALAMO, TENNESSEE

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Alamo City School's share of net pension liability (asset)	\$ 1,074,968	\$ (525,731)	\$ (1,799,042)

### **Pension Plan Fiduciary Net Position**

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

### **Payable to the Pension Plan**

At June 30, 2020, Alamo City Schools reported a payable of \$64,881 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

## **D. Surety Bonds**

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

## **E. Other Postemployment Benefits (OPEB)**

### **City Plan Description**

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

### **Funding Policy**

There are no assets or trust fund accumulating to pre-fund the OPEB obligation. The funding policy is to pay the OPEB obligation as it comes due each month on a pay-as-you-go basis. The total

# TOWN OF ALAMO, TENNESSEE

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

premium rate structure required for LGIP coverage is established by and may be amended by the Benefits Administration unit of the State and the State Insurance Committee. The local employer sets its own level of subsidy for the designated classification of members.

### Eligibility

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

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

### Benefits

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

Employees covered by benefit terms - At June 30, 2019, the following employees of the City were covered by the benefit terms of the plan:

Retirees and beneficiaries	-
Inactive, nonretired members	-
Active members	15
Total Participants	<u>15</u>

### Total OPEB Liability

### Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Discount Rate	3.62%
Salary Increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	6.03% for pre-65 in 2019, decreasing annually over a 10 year period to an ultimate rate of 4.50%. 5.20% for post-65 in 2019, decreasing annually over a 4-year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**Change in Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Total OPEB Liability (TOL) June 30, 2018</b>	<b>\$ 76,202</b>
Service Cost	4,309
Interest	2,912
Difference Between Actual and Expected	(27,218)
Change in Benefit Terms	-
Changes in Assumptions and Other Inputs	2,609
Benefit Payments	(167)
<b>Net Changes</b>	<b>(17,555)</b>
<b>Total OPEB Liability (TOL) June 30, 2019</b>	<b>\$ 58,647</b>

**Changes in Assumptions**

The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

<b>OPEB Expense</b>	
Service Cost	\$ 4,309
Interest on the Total OPEB Liability	2,912
Current-period benefit changes	-
OPEB plan administrative expense	-
Amortization of unrecognized:	
Liability (gain/loss)	(3,939)
Assumption of change (gain)/loss	907
<b>Total OPEB Expense</b>	<b>\$ 4,189</b>

**Recognition of Deferred Outflows and Inflows of Resources**

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

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 25,427
Change of assumptions	8,524	2,112
Contributions/benefits paid after the measurement date	216	-
<b>Total</b>	<b>\$ 8,740</b>	<b>\$ 27,539</b>

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

The amounts shown above for "Contributions/benefits paid after the measurement date" will be recognized as a reduction in OPEB liability in the following measurement period.

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

Year ending June 30,	Amortized
2021	\$ (3,032)
2022	(3,032)
2023	(3,032)
2024	(3,032)
2025	(3,032)
Thereafter	(3,855)
Total	<u>\$ (19,015)</u>

**Sensitivity of Total OPEB Liability to the Discount Rate Assumption**

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.51%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 2.51%	Current 3.51%	1% increase 4.51%
Total OPEB Liability	\$ 63,090	\$ 58,647	\$ 54,396

**Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rates**

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

	1% Decrease (5.03%/4.20%) decreasing to 3.50%	Healthcare Cost Trend Rates (6.03%/5.20%) decreasing to 4.50%	1% Increase (7.03%/6.20%) decreasing to 5.50%
Total OPEB Liability	\$ 52,620	\$ 58,647	\$ 65,548

**Discount Rate**

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this actuarial roll-forward, the municipal bond rate is 3.51% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date). The discount rate was 3.62% as of the beginning of the measurement year.

**Plan Assets**

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

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**Schools**

**Closed Teacher Group Plan**

**Plan Description**

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

**Benefits Provided**

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

**Employees Covered by Benefit Terms**

At July 1, 2019, the following employees of the School were covered by the benefit terms of the TGOP:

Retirees and beneficiaries	4
Inactive, nonretired members	3
Active members eligible for future benefits	63
Total Participants	<u>70</u>

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

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

developed policies. During the current reporting period, the School paid \$91,620 to the TGOP for OPEB benefits as they came due.

**Total OPEB Liability**

**Actuarial Assumptions**

The collective total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	6.03% for pre-65 in 2019, decreasing annually over a 10 year period to an ultimate rate of 4.50%. 5.20% for post-65 in 2019, decreasing annually over a 4 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2019, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled postretirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Postretirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.51 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Total OPEB Liability (TOL) June 30, 2018</b>	<b>\$ 287,696</b>
Service Cost	17,994
Interest	10,270
Difference Between Actual and Expected	98,802
Change in Benefit Terms	-
Changes in Assumptions and Other Inputs	(27,370)
Benefit Payments	(44,382)
<b>Net Changes</b>	<b>55,314</b>
<b>Total OPEB Liability (TOL) June 30, 2019</b>	<b>\$ 343,010</b>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 114,298
Employer's proportionate share of the collective total OPEB liability	\$ 228,712
Employer's proportion of the collective total OPEB liability	66.68%

The School has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. The School's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed 0% from the prior measurement date. The School recognized \$4,251 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for the School's retirees.

**Changes in Assumptions**

The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption decreased the total OPEB liability.

**Sensitivity of Total OPEB Liability to the Discount Rate Assumption**

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51%) or 1-percentage-point higher (4.51%) than the current discount rate.

	<b>1% Decrease 2.51%</b>	<b>Current 3.51%</b>	<b>1% increase 4.51%</b>
Total OPEB Liability	\$ 249,499	\$ 228,712	\$ 209,437



**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rates**

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

	<b>Healthcare Cost</b>		
	<b>1% Decrease</b>	<b>Trend Rates</b>	<b>1% Increase</b>
	<b>(5.03%/4.20%</b>	<b>(6.03%/5.20%</b>	<b>(7.03%/6.20%</b>
	<b>decreasing to 3.50%)</b>	<b>decreasing to 4.50%)</b>	<b>decreasing to 5.50%)</b>
Total OPEB Liability	\$ 199,168	\$ 228,712	\$ 264,900

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

**OPEB Expense**

For the fiscal year ended June 30, 2020, the School recognized OPEB expense of \$13,408.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the fiscal year ended June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 59,796	\$ 128,967
Change of assumptions	558	29,936
Changes in proportion and differences between expected and actual experience	9,028	6,581
Contributions/benefits paid after the measurement date	22,238	-
Total	<u>\$ 91,620</u>	<u>\$ 165,484</u>

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

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

<b>Year ending June 30,</b>	<b>Amortized</b>
2021	\$ (9,689)
2022	(9,689)
2023	(9,689)
2024	(9,689)
2025	(9,689)
Thereafter	(47,657)
Total	<u>\$ (96,102)</u>

# **TOWN OF ALAMO, TENNESSEE**

## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

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

### **Closed Tennessee Plan**

#### **Plan Description**

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

#### **Benefits Provided**

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

#### **Employees Covered by Benefits Terms**

At July 1, 2019, the following employees of the School were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	12
Inactive employees entitled to but not yet receiving benefit payments	9
Active members	<u>42</u>
Total Participants	<u><u>63</u></u>

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

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

**Total OPEB Liability**

**Actuarial Assumptions**

The collective total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2019, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled postretirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Postretirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.51 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**Changes in Collective Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Total OPEB Liability (TOL) June 30, 2018</b>	<b>\$ 141,679</b>
Service Cost	2,068
Interest	5,099
Difference Between Actual and Expected	31,108
Change in Benefit Terms	-
Changes in Assumptions and Other Inputs	2,985
Benefit Payments	(5,828)
<b>Net Changes</b>	<b>35,432</b>
<b>Total OPEB Liability (TOL) June 30, 2019</b>	<b>\$ 177,111</b>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 177,111
Employer's proportionate share of the collective total OPEB liability	\$ -
Employer's proportion of the collective total OPEB liability	0.00%

The School has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. The School's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School proportion of 0% did not change from the prior measurement date. The School recognized \$10,105 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for the School's retired employees.

**Changes in Assumptions**

The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption decreased the total OPEB liability.

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

**OPEB Expense**

For the fiscal year ended June, 30, 2020, the School recognized OPEB expense of \$10,105.

**F. TCRS Stabilization Trust**

**Legal Provisions**

The Alamo City Schools is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School Department has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of

## **TOWN OF ALAMO, TENNESSEE NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School Department.

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

### **Investment Balances**

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade- date basis. The fair value of assets of the TRGT held at June 30, 2020, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

Investments where fair value is measured using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

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

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

# TOWN OF ALAMO, TENNESSEE

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

US Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2020, the Alamo City Schools had the following investments held by the trust on its behalf.

Investment	Fair Value
Investment at Fair Value:	
U.S. Equity	\$ 7,983
Developed market international equity	3,605
Emerging market international equity	1,030
U.S. fixed income	5,150
Real estate	2,575
Short-term securities	258
Investment at Amortized Cost Using the NAV:	
Private equity and strategic lending	5,150
	<u>\$ 25,752</u>

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

Investment by Fair Value Level	Fair Value 6/30/20	Fair Value Measurements Using			Amoritized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	\$ 7,983	\$ 7,983	\$ -	\$ -	\$ -
Developed market					
international equity	3,605	3,605	-	-	-
Emerging market					
international equity	1,030	1,030	-	-	-
U.S. fixed income	5,150	-	5,150	-	-
Real estate	2,575	-	-	2,575	-
Short-term securities	258	-	258	-	-
Private equity and strategic lending	5,150	-	-	-	5,150
	<u>\$ 25,752</u>	<u>\$ 12,618</u>	<u>\$ 5,408</u>	<u>\$ 2,575</u>	<u>\$ 5,150</u>

**Risks and Uncertainties**

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Alamo City Schools does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

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

**Concentration of Credit Risk**

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

**TOWN OF ALAMO, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Alamo City Schools to pay retirement benefits of the School Department employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag19091.pdf>.

**G. Prior Period Adjustment**

In fiscal year 2019, the School pulled interest off of a certificate of deposit to create an "angel account". The purpose of this account is to provide under privileged students with financial assistance or gifts. The School did not record this bank account at the time and therefore a prior period adjustment needed to be made. The impact on the beginning net position is a restatement of \$2,801.

**H. COVID-19 Impact**

The full impact of the COVID-19 outbreak continues to evolve as of February 25, 2021. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021. Management has evaluated subsequent events through February 25, 2021, the date in which the financial statements were available to be issued.



## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service cost	\$ 126,068	\$ 133,168	\$ 130,767	\$ 123,100	\$ 127,074	\$ 106,140
Interest	342,626	329,799	302,387	289,900	269,622	264,579
Changes in benefit terms	-	-	-	-	-	-
Difference between actual & expected experience	142,812	(140,350)	106,530	(153,903)	(39,161)	(249,345)
Change of assumptions	-	-	104,848	-	-	-
Benefit payments, including refunds of employee contributions	(130,892)	(146,276)	(113,351)	(87,189)	(79,194)	(70,910)
<b>Net change in total pension liability (asset)</b>	480,614	176,341	531,181	171,908	278,341	50,464
<b>Total pension liability (asset) - beginning</b>	4,665,259	4,488,918	3,957,737	3,785,829	3,507,488	3,457,024
<b>Total pension liability (asset) - ending (a)</b>	<u>\$ 5,145,873</u>	<u>\$ 4,665,259</u>	<u>\$ 4,488,918</u>	<u>\$ 3,957,737</u>	<u>\$ 3,785,829</u>	<u>\$ 3,507,488</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 95,076	\$ 82,403	\$ 103,128	\$ 97,306	\$ 96,730	\$ 109,118
Contributions - employee	75,768	64,884	69,775	66,614	65,535	68,463
Net investment income	384,904	394,970	481,605	108,078	119,443	539,911
Benefit payments, including refunds of employee contributions	(130,892)	(146,276)	(113,351)	(87,189)	(79,914)	(70,910)
Administrative expense	(4,481)	(4,530)	(4,281)	(3,690)	(2,599)	(2,098)
Other	-	-	2,163	720	-	-
<b>Net change in plan fiduciary net position</b>	420,375	391,451	539,039	181,839	199,195	644,484
<b>Plan fiduciary net position - beginning</b>	5,151,553	4,760,102	4,221,063	4,039,224	3,840,029	3,195,545
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 5,571,928</u>	<u>\$ 5,151,553</u>	<u>\$ 4,760,102</u>	<u>\$ 4,221,063</u>	<u>\$ 4,039,224</u>	<u>\$ 3,840,029</u>
<b>Net Pension Liability (Asset) - ending (a) - (b)</b>	<u>\$ (426,055)</u>	<u>\$ (486,294)</u>	<u>\$ (271,184)</u>	<u>\$ (263,326)</u>	<u>\$ (253,395)</u>	<u>\$ (332,541)</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	108.28%	110.42%	106.04%	106.65%	106.69%	109.48%
<b>Covered payroll</b>	\$1,497,256	\$1,297,676	\$1,395,501	\$1,335,982	\$1,310,338	\$1,369,254
<b>Net pension liability (asset) as a percentage of covered - payroll</b>	-28.46%	-37.47%	-19.43%	-19.71%	-19.39%	-24.29%

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

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 83,471	\$ 95,076	\$ 82,403	\$ 103,128	\$ 97,306	\$ 96,730	\$ 109,118
Contributions in relation to the contractually required contributions	<u>83,471</u>	<u>95,076</u>	<u>82,403</u>	<u>103,128</u>	<u>97,306</u>	<u>96,730</u>	<u>109,118</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 1,498,579	\$ 1,497,256	\$ 1,297,676	\$ 1,395,501	\$ 1,335,982	\$ 1,310,338	\$ 1,369,254
Contributions as a percentage of covered payroll	5.57%	6.35%	6.35%	7.39%	7.28%	7.38%	7.97%

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

**Notes to Schedule:**

*Valuation Date* : Actuarially determined contribution rates for 2020 were calculated based on the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.25 percent

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 12,784	\$ 11,370	\$ 8,252	\$ 15,397	\$ 6,378	\$ 4,024
Contributions in relation to the contractually required contributions	<u>12,784</u>	<u>11,370</u>	<u>8,252</u>	<u>15,397</u>	<u>10,191</u>	<u>6,439</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,813)</u>	<u>(2,415)</u>
Alamo City Schools' covered payroll	\$ 629,732	\$ 586,062	\$ 506,023	\$ 384,929	\$ 254,780	\$ 160,963
Contributions as a percentage of covered payroll	2.03%	1.94%	1.63%	4.00%	4.00%	4.00%

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

Note: In FY 2020, the System placed the actuarially determined contribution rate (2.03%) of covered payroll into the pension plan and placed 1.97 percent of covered payroll into the Pension stabilization Reserve Trust.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Alamo City Schools' proportion of net pension asset	0.055383%	0.057905%	0.058648%	0.057904%	0.077471%
Alamo City Schools' proportionate share of the net pension asset	(31,263)	(26,261)	(15,473)	(6,028)	(3,117)
Alamo City Schools' covered - employee payroll	586,062	506,023	384,929	254,780	160,963
Alamo City Schools' proportionate share of the net pension asset as a percentage of its covered - employee payroll	-5.33%	-5.19%	-4.02%	-2.37%	-1.94%
Plan fiduciary net position as a percentage of the total pension liability	123.07%	126.97%	126.81%	121.88%	127.46%

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Alamo City Schools' proportion of the net pension asset	0.051132%	0.052005%	0.050345%	0.059128%	0.058102%	0.059180%
Alamo City Schools' proportionate share of the net pension asset	\$ (525,731)	\$ (183,002)	\$ (16,472)	\$ 369,520	\$ 23,801	\$ (9,616)
Alamo City Schools' covered payroll	\$ 1,714,533	\$ 1,821,047	\$ 1,779,670	\$ 2,134,419	\$ 2,175,055	\$ 2,322,795
Alamo City Schools' proportionate share of the net pension asset as a percentage of its covered payroll	-30.66%	-10.05%	-0.93%	17.31%	1.09%	-0.41%
Plan fiduciary net position as a percentage of the total pension liability	104.28%	101.49%	100.14%	97.14%	99.81%	100.08%

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

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 180,691	\$ 179,340	\$ 165,351	\$ 160,882	\$ 192,951	\$ 196,625	\$ 206,265
Contributions in relation to the actuarially determined contributions	<u>180,691</u>	<u>179,340</u>	<u>165,351</u>	<u>160,882</u>	<u>192,951</u>	<u>196,625</u>	<u>206,265</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,699,820	\$ 1,714,533	\$ 1,821,047	\$ 1,779,670	\$ 2,134,418	\$ 2,175,055	\$ 2,322,795
Contributions as a percentage of covered payroll	10.63%	10.46%	9.08%	9.04%	9.04%	9.04%	8.88%

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

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

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 4,309	\$ 3,586	\$ 3,888
Interest	2,912	2,430	1,921
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(27,218)	(2,404)	-
Changes of assumptions	2,609	7,962	(2,991)
Benefits Payments and Refunds	(167)	(85)	-
<b>Net Change in Total OPEB Liability</b>	<b>\$ (17,555)</b>	<b>\$ 11,489</b>	<b>\$ 2,818</b>
<b>Total OPEB Liability - beginning</b>	<b>76,202</b>	<b>64,713</b>	<b>61,895</b>
<b>Total OPEB Liability - ending (a)</b>	<b>\$ 58,647</b>	<b>\$ 76,202</b>	<b>\$ 64,713</b>
 <b>Covered Employee Payroll</b>	 <b>\$ 588,727</b>	 <b>\$ 588,744</b>	 <b>\$ 561,464</b>
 <b>Net OPEB Liability as a % of covered-employee payroll</b>	 <b>9.96%</b>	 <b>12.94%</b>	 <b>11.53%</b>

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

*See independent auditor's report.*



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

For the Fiscal Year Ended June 30, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 3,973	\$ 5,516	\$ 5,516
Contributions in relation to the actuarially determined contribution	<u>5,516</u>	<u>5,516</u>	<u>5,516</u>
Contribution deficiency (excess)	<u>(1,543)</u>	<u>-</u>	<u>-</u>
Covered - employee payroll	588,727	588,744	561,464
Contributions as a percentage of covered-employee payroll	0.94%	0.94%	0.98%

Notes to OPEB Required Supplementary Information

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

Methods and assumptions used to determine contribution rates:

Inflation	2.25%
Discount Rate	3.51%
Salary Increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare Cost Trend Rates	6.03% for pre-65 in 2019, decreasing annually over a 10-year period to an ultimate rate of 4.50%. 5.20% for post-65 in 2019, decreasing annually over a 4-year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs Expenses	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Changes in assumptions - The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

There were no benefit changes during the measurement period.

*See independent auditor's report.*

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 17,994	\$ 30,414	\$ 33,009
Interest	10,270	18,726	16,423
Changes of benefit terms	-	-	-
Differences between expected and actual experience	98,802	(231,344)	-
Changes of assumptions	(27,370)	1,002	(27,766)
Benefits payments and refunds	(44,382)	(53,420)	(57,506)
<b>Net Change in Total OPEB Liability</b>	<b>\$ 55,314</b>	<b>\$ (234,622)</b>	<b>\$ (35,840)</b>
<b>Total OPEB Liability - beginning</b>	<b>287,696</b>	<b>522,318</b>	<b>558,158</b>
<b>Total OPEB Liability - ending (a)</b>	<b><u>\$ 343,010</u></b>	<b><u>\$ 287,696</u></b>	<b><u>\$ 522,318</u></b>
 <b>Nonemployer contributing entities proportionate share of the collective total OPEB liability</b>	 <b>\$ 114,298</b>	 <b>\$ 92,254</b>	 <b>\$ 179,823</b>
 <b>Employer's proportionate share of the collective total OPEB liability</b>	 <b>\$ 228,712</b>	 <b>\$ 195,442</b>	 <b>\$ 342,495</b>
 <b>Total payroll</b>	 <b>\$ 3,597,160</b>	 <b>\$ 3,584,263</b>	 <b>\$ 3,313,406</b>
 <b>Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll</b>	 <b>6.36%</b>	 <b>5.45%</b>	 <b>10.34%</b>

**Notes to Schedule**

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

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

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

*See independent auditor's report.*

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 2,068	\$ 2,272	\$ 2,827
Interest	5,099	4,791	4,256
Changes of benefit terms	-	-	-
Differences between expected and actual experience	31,108	5,979	-
Changes of assumptions	2,985	(1,143)	(12,764)
Benefits Payments and Refunds	(5,828)	(5,071)	(4,800)
<b>Net Change in Total OPEB Liability</b>	<b>\$ 35,432</b>	<b>\$ 6,828</b>	<b>\$ (10,481)</b>
<b>Total OPEB Liability - beginning</b>	<b>141,679</b>	<b>134,851</b>	<b>145,332</b>
<b>Total OPEB Liability - ending (a)</b>	<b>\$ 177,111</b>	<b>\$ 141,679</b>	<b>\$ 134,851</b>
 <b>Nonemployer contributing entities proportionate share of the collective total OPEB liability</b>	 <b>\$ 177,111</b>	 <b>\$ 141,679</b>	 <b>\$ 134,851</b>
 <b>Employer's proportionate share of the collective total OPEB liability</b>	 <b>\$ -</b>	 <b>\$ -</b>	 <b>\$ -</b>
 <b>Total payroll</b>	 <b>\$ 3,597,160</b>	 <b>\$ 3,584,263</b>	 <b>\$ 3,313,406</b>
 <b>Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll</b>	 <b>0.00%</b>	 <b>0.00%</b>	 <b>0.00%</b>

**Notes to Schedule**

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

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

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

*See independent auditor's report.*

## **SUPPLEMENTARY AND OTHER INFORMATION SECTION**

**TOWN OF ALAMO, TENNESSEE  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS**  
June 30, 2020

	<b>State Street Aid</b>	<b>Drug</b>	<b>Solid Waste</b>	<b>Federal Projects</b>	<b>Centralized Cafeteria</b>	<b>Totals</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 17,013	\$ 3,376	\$ 112,126	\$ -	\$ 68,270	\$ 200,785
Accounts receivable	14,506	-	15,494	-	-	30,000
Inventory	-	-	-	-	13,024	13,024
Due from other governments	-	-	-	127,251	-	127,251
<b>Total assets</b>	<b>\$ 31,519</b>	<b>\$ 3,376</b>	<b>\$ 127,620</b>	<b>\$ 127,251</b>	<b>\$ 81,294</b>	<b>\$ 371,060</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accrued salaries and wages	\$ -	\$ -	\$ -	\$ 16,587	\$ -	\$ 16,587
Due to other funds	3,465	-	-	50,622	-	54,087
<b>Total liabilities</b>	<b>3,465</b>	<b>-</b>	<b>-</b>	<b>67,209</b>	<b>-</b>	<b>70,674</b>
<b>Fund balances</b>						
Nonspendable:						
Inventory	-	-	-	-	13,024	13,024
Restricted:						
Food service - schools	-	-	-	-	68,270	68,270
Federal projects	-	-	-	60,042	-	60,042
Solid waste	-	-	127,620	-	-	127,620
State street aid	28,054	-	-	-	-	28,054
Drug	-	3,376	-	-	-	3,376
<b>Total fund balances</b>	<b>28,054</b>	<b>3,376</b>	<b>127,620</b>	<b>60,042</b>	<b>81,294</b>	<b>300,386</b>
<b>Total liabilities and fund balances</b>	<b>\$ 31,519</b>	<b>\$ 3,376</b>	<b>\$ 127,620</b>	<b>\$ 127,251</b>	<b>\$ 81,294</b>	<b>\$ 371,060</b>

*See independent auditor's report.*

**TOWN OF ALAMO, TENNESSEE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2020

	<u>State Street Aid</u>	<u>Drug Fund</u>	<u>Solid Waste</u>	<u>Federal Projects</u>	<u>Centralized Cafeteria</u>	<u>Totals</u>
<b>Revenues</b>						
Intergovernmental	\$ 87,462	\$ -	\$ -	\$ -	\$ -	\$ 87,462
Garbage collection charges (net of uncollectibles)	-	-	230,210	-	-	230,210
Other state revenue	-	-	-	-	4,132	4,132
Drug related revenue	-	353	-	-	-	353
Payments for meals	-	-	-	-	17,733	17,733
USDA revenue	-	-	-	-	367,199	367,199
USDA commodities revenue	-	-	-	-	27,329	27,329
Federal funds from state	-	-	-	415,142	-	415,142
Other	24	-	398	-	3,391	3,813
Total revenues	<u>87,486</u>	<u>353</u>	<u>230,608</u>	<u>415,142</u>	<u>419,784</u>	<u>1,153,373</u>
<b>Expenditures</b>						
Instruction	-	-	-	291,551	-	291,551
Support services	-	-	-	125,901	-	125,901
Public works	85,528	-	219,479	-	-	305,007
Drug related	-	1,174	-	-	-	1,174
Food service	-	-	-	-	413,618	413,618
Total expenditures	<u>85,528</u>	<u>1,174</u>	<u>219,479</u>	<u>417,452</u>	<u>413,618</u>	<u>1,137,251</u>
<b>Net changes in fund balance</b>	<b>1,958</b>	<b>(821)</b>	<b>11,129</b>	<b>(2,310)</b>	<b>6,166</b>	<b>16,122</b>
Fund balance - beginning	<u>26,096</u>	<u>4,197</u>	<u>116,491</u>	<u>62,352</u>	<u>75,128</u>	<u>284,264</u>
Fund balance - ending	<u>\$ 28,054</u>	<u>\$ 3,376</u>	<u>\$ 127,620</u>	<u>\$ 60,042</u>	<u>\$ 81,294</u>	<u>\$ 300,386</u>

*See independent auditor's report.*

**TOWN OF ALAMO, TENNESSEE**  
**STATE STREET AID**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental				
State gas tax 1989	\$ 7,500	\$ 7,500	\$ 7,082	\$ (418)
State gas tax 3 cent	14,000	14,000	13,122	(878)
State gasoline and motor fuel tax	47,400	47,400	44,789	(2,611)
State gas tax 2017	17,000	17,000	22,469	5,469
Interest	12	12	24	12
Total revenues	<u>85,912</u>	<u>85,912</u>	<u>87,486</u>	<u>1,574</u>
<b>Expenditures</b>				
Current				
Public works				
City streets				
Street lighting	49,000	49,032	49,031	(1)
Office supplies	-	-	1	1
Street aid material	<u>36,912</u>	<u>36,912</u>	<u>36,496</u>	<u>(416)</u>
Total expenditures	<u>85,912</u>	<u>85,944</u>	<u>85,528</u>	<u>(416)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ (32)</u>	<u>\$ 1,958</u>	<u>\$ (1,990)</u>
Fund balance - beginning			<u>26,096</u>	
Fund balance - ending			<u>\$ 28,054</u>	

*See independent auditor's report.*

**TOWN OF ALAMO, TENNESSEE**  
**DRUG FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Drug related fines	\$ 270	\$ 270	\$ 353	\$ 83
Miscellaneous revenue	100	100	-	(100)
Total revenues	<u>370</u>	<u>370</u>	<u>353</u>	<u>(17)</u>
<b>Expenditures</b>				
Public safety				
Drug				
Drug related expenses	<u>370</u>	<u>1,199</u>	<u>1,174</u>	<u>(25)</u>
Total expenditures	<u>370</u>	<u>1,199</u>	<u>1,174</u>	<u>(25)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ (829)</u>	<u>(821)</u>	<u>\$ 8</u>
Fund balance - beginning			<u>4,197</u>	
Fund balance - ending			<u>\$ 3,376</u>	

*See independent auditor's report.*



**TOWN OF ALAMO, TENNESSEE**  
**SOLID WASTE SERVICES**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Garbage collection charges	\$ 267,560	\$ 267,560	\$ 230,210	\$ (37,350)
Interest	350	350	398	48
Total revenues	<u>267,910</u>	<u>267,910</u>	<u>230,608</u>	<u>(37,302)</u>
<b>Expenditures</b>				
Public works				
Sanitation				
Sanitation expense	<u>267,910</u>	<u>267,910</u>	<u>219,479</u>	<u>(48,431)</u>
Total expenditures	<u>267,910</u>	<u>267,910</u>	<u>219,479</u>	<u>(48,431)</u>
<b>Net changes in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,129</u>	<u>\$ 11,129</u>
Fund balance - beginning			<u>116,491</u>	
Fund balance - ending			<u>\$ 127,620</u>	

*See independent auditor's report.*

**TOWN OF ALAMO, TENNESSEE**  
**FEDERAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Over (Under)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Grant revenue	\$ 479,608	\$ 479,608	\$ 415,142	\$ (64,466)
<b>Expenditures</b>				
Instruction	321,320	344,442	291,551	(52,891)
Support services	139,585	135,165	125,901	(9,264)
Total expenditures	<u>460,905</u>	<u>479,607</u>	<u>417,452</u>	<u>(62,155)</u>
<b>Net change in fund balance</b>	<u><b>\$ 18,703</b></u>	<u><b>\$ 1</b></u>	<b>(2,310)</b>	<u><b>\$ (2,311)</b></u>
Fund balance - beginning			<u>62,352</u>	
Fund balance - ending			<u><u>\$ 60,042</u></u>	

*See independent auditor's report.*

**TOWN OF ALAMO, TENNESSEE  
CENTRALIZED CAFETERIA FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2020

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Payments for meals	\$ 26,000	\$ 26,000	\$ 17,733	\$ (8,267)
USDA revenue	354,000	354,000	367,199	13,199
USDA commodities revenue	-	27,329	27,329	-
Other state revenue	12,000	12,000	4,132	(7,868)
Other sources	200	200	3,391	3,191
Total revenues	<u>392,200</u>	<u>419,529</u>	<u>419,784</u>	<u>255</u>
<b>Expenditures</b>				
Food service	<u>357,200</u>	<u>419,529</u>	<u>413,618</u>	<u>(5,911)</u>
<b>Net change in fund balance</b>	<b><u>\$ 35,000</u></b>	<b><u>\$ -</u></b>	<b><u>6,166</u></b>	<b><u>\$ 6,166</u></b>
Fund balance - beginning			<u>75,128</u>	
Fund balance - ending			<u><u>\$ 81,294</u></u>	

*See independent auditor's report.*

**TOWN OF ALAMO, TENNESSEE**  
**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE**  
For the Fiscal Year Ended June 30, 2020

<u>Tax Levy for Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Beginning Outstanding Taxes</u>	<u>Additions and Adjustments</u>	<u>Collections</u>	<u>Ending Outstanding Taxes</u>
2019	1.42	\$ 530,157	\$ -	\$ 528,940	\$ 497,095	\$ 31,845
2018	1.42	526,672	25,252	25	10,807	14,470
2017	1.42	532,844	13,640	-	6,202	7,438
2016	1.11	421,988	5,103	-	759	4,344
2015	1.15	394,939	4,808	-	558	4,250
2014	1.15	393,475	3,106	2,453	-	5,559
2013	1.01	337,129	2,879	-	58	2,821
2012	1.01	327,783	2,487	-	183	2,304
2011	0.99	331,436	2,392	-	17	2,375
2010	0.99	331,878	2,288	(2,251)	37	-
			<u>\$ 61,955</u>	<u>\$ 529,167</u>	<u>\$ 515,716</u>	<u>\$ 75,406</u>
Above balances represented as follows:						
Considered current revenue						4,283
Allowance for uncollectible accounts						30,598
Deferred revenue						<u>40,525</u>
						75,406
Estimated 2020 tax levy due October 1, 2020						<u>533,954</u>
<b>Total taxes receivable</b>						<b><u>\$ 609,360</u></b>

*See independent auditor's report.*

**TOWN OF ALAMO, TENNESSEE**  
**SCHEDULE OF WATER AND SEWER RATES IN FORCE**  
June 30, 2020

**Water Division**  
**Inside City Limits**

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

**Outside City Limits**

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

**Number of Customers**

<b>2020</b>	<b>2019</b>
1,224	1,230

**Sewer Division**  
**Inside City Limits**

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

**Outside City Limits**


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

**Number of Customers**

<b>2020</b>	<b>2019</b>
1,112	1,119

*See independent auditor's report.*

**TOWN OF ALAMO, TENNESSEE**  
**WATER LOSS SCHEDULE - UNAUDITED**  
 June 30, 2020



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

WAS v5.0  
American Water Works Association  
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? Click to access definition

+ Click to add a comment

**Water Audit Report for:** Alamo Water Department (0000005)  
**Reporting Year:** 2020 7/2019 - 6/2020

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

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

---

**WATER SUPPLIED**

Volume from own sources:	+ ? 9	102.710	MG/Yr
Water imported:	+ ? n/a	0.000	MG/Yr
Water exported:	+ ? n/a	0.000	MG/Yr

---

**WATER SUPPLIED:**

**100.795**

MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:	Value:	MG/Yr
+ ? 7 1.90%	● ○ ○ ○ ○ ○ ○ ○ ○ ○	MG/Yr
+ ?	● ○ ○ ○ ○ ○ ○ ○ ○ ○	MG/Yr
+ ?	● ○ ○ ○ ○ ○ ○ ○ ○ ○	MG/Yr

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

---

**AUTHORIZED CONSUMPTION**

Billed metered:	+ ? 9	67.001	MG/Yr
Billed unmetered:	+ ? n/a	0.000	MG/Yr
Unbilled metered:	+ ? 9	0.707	MG/Yr
Unbilled unmetered:	+ ? 7	0.396	MG/Yr

---

**AUTHORIZED CONSUMPTION:**

**68.104**

MG/Yr

Click here: ?  
for help using option buttons below

Use buttons to select percentage of water supplied OR value

Pcnt:	Value:	MG/Yr
0.25%	● ○ ○ ○ ○ ○ ○ ○ ○ ○	MG/Yr
1.50%	● ○ ○ ○ ○ ○ ○ ○ ○ ○	MG/Yr
0.25%	● ○ ○ ○ ○ ○ ○ ○ ○ ○	MG/Yr

---

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

**32.691**

MG/Yr

**Apparent Losses**

Unauthorized consumption:	+ ?	0.252	MG/Yr
---------------------------	-----	-------	-------

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

Customer metering inaccuracies:	+ ? 7	1.031	MG/Yr
Systematic data handling errors:	+ ?	0.168	MG/Yr

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

**Apparent Losses:**

**1.451**

MG/Yr

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

**Real Losses = Water Losses - Apparent Losses:**

**31.240**

MG/Yr

---

**WATER LOSSES:**

**32.691**

MG/Yr

---

**NON-REVENUE WATER**

**NON-REVENUE WATER:**

**33.794**

MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

**SYSTEM DATA**

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

Are customer meters typically located at the curbside or property line?

**Average length of customer service line:**

**0**

feet

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

**Average operating pressure:**

**70.0**

psi

---

**COST DATA**

Total annual cost of operating water system:	+ ? 9	\$406,785	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+ ? 9	\$9.12	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+ ? 9	\$387.56	\$/Million gallons

Use Customer Retail Unit Cost to value real losses

**WATER AUDIT DATA VALIDITY SCORE:**

\*\*\* YOUR SCORE IS: 84 out of 100 \*\*\*

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

**PRIORITY AREAS FOR ATTENTION:**

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

1: Volume from own sources

2: Unauthorized consumption

3: Systematic data handling errors

See independent auditor's report.  
 - 86 -

**TOWN OF ALAMO, TENNESSEE**  
**WATER LOSS SCHEDULE - UNAUDITED**  
June 30, 2020

**AWWA Free Water Audit Software:**  
**System Attributes and Performance Indicators**

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

**Water Audit Report for:** Alamo Water Department (0000005)

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

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

**System Attributes:**

	Apparent Losses:	1.451	MG/Yr
	+ Real Losses:	31.240	MG/Yr
	= <b>Water Losses:</b>	<b>32.691</b>	<b>MG/Yr</b>

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

	Annual cost of Apparent Losses:	\$13,229	
	Annual cost of Real Losses:	\$12,107	Valued at <b>Variable Production Cost</b>

Return to Reporting Worksheet to change this assumption

**Performance Indicators:**

Financial:	{	Non-revenue water as percent by volume of Water Supplied: <span style="border: 1px solid black; padding: 2px;">33.5%</span> Non-revenue water as percent by cost of operating system: <span style="border: 1px solid black; padding: 2px;">6.3%</span>	Real Losses valued at Variable Production Cost
------------	---	---	--

Operational Efficiency:	{	Apparent Losses per service connection per day: <span style="border: 1px solid black; padding: 2px;">3.04</span> gallons/connection/day Real Losses per service connection per day: <span style="border: 1px solid black; padding: 2px;">65.39</span> gallons/connection/day Real Losses per length of main per day*: <span style="border: 1px solid black; padding: 2px;">N/A</span> Real Losses per service connection per day per psi pressure: <span style="border: 1px solid black; padding: 2px;">0.93</span> gallons/connection/day/psi	
-------------------------	---	---	--

From Above, Real Losses = Current Annual Real Losses (CARL): 31.24 million gallons/year

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

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

**TOWN OF ALAMO, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION DEBT - SCHOOLS**  
June 30, 2020

Year Ended June 30,	General Obligation Bonds							
	Series 1995		Capital Lease		Total Requirements			
	Principal	Interest	Principal	Interest	Principal	Interest	Total	
2021	\$ 30,000	\$ 6,600	\$ 24,750	\$ 4,467	\$ 54,750	\$ 11,067	\$ 65,817	
2022	30,000	5,400	25,981	3,236	55,981	8,636	64,617	
2023	30,000	4,200	27,197	1,942	57,197	6,142	63,339	
2024	30,000	3,000	11,989	586	41,989	3,586	45,575	
2025	30,000	1,800	-	-	30,000	1,800	31,800	
	\$ 150,000	\$ 21,000	\$ 89,917	\$ 10,231	\$ 239,917	\$ 31,231	\$ 271,148	

*See independent auditor's report.*



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

Description of Indebtness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/1/2019	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding 6/30/2020
<b>Governmental Activities</b>									
Bonds Payable									
General Obligation School Bond, Series 1995	\$ 400,000	4.00%	May 1, 2011	September 1, 2024	\$ 180,000	\$ -	\$ 30,000	\$ -	\$ 150,000
Total Bonds Payable	<u>\$ 400,000</u>				<u>180,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>150,000</u>
Capital Leases Payable									
13 Promethean ActivConnect OPS	\$ 66,864	5.50%	January 15, 2019	September 1, 2024	\$ 54,686	\$ -	\$ 12,706	\$ -	\$ 41,980
70" ActivPanel	5,116	5.00%	July 16, 2018	September 18, 2023	4,199	-	967	-	3,232
40 Macbook Airs	<u>57,280</u>	4.89%	September 18, 2019	September 18, 2023	<u>-</u>	<u>57,280</u>	<u>12,575</u>	<u>-</u>	<u>44,705</u>
Total Capital Leases Payable	<u>\$ 129,260</u>				<u>58,885</u>	<u>57,280</u>	<u>26,248</u>	<u>-</u>	<u>89,917</u>
Total Long-Term Debt					<u>\$ 238,885</u>	<u>\$ 57,280</u>	<u>\$ 56,248</u>	<u>\$ -</u>	<u>\$ 239,917</u>

See independent auditor's report.

**TOWN OF ALAMO, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
For the Fiscal Year Ended June 30, 2020

	<u>CFDA Number</u>	<u>Pass Through Agency Grant Number</u>	<u>Expenditures</u>
<b>Federal Awards:</b>			
<b>Department of Housing and Urban Development</b>			
<b>Passed through Tennessee Department</b>			
<b>of Economic and Community Development</b>			
Community Development Block Grant	14.228	33004-91318	<u>349,300</u>
 <b>Department of Agriculture Rural Housing Service</b>			
Community Facilities Grant	10.766		<u>15,439</u>
 <b>Total Federal Awards</b>			 <b><u>\$ 364,739</u></b>
<b>State Awards:</b>			
<b>Department of Economic and Community Development</b>			
Tennessee Downtown Program Grant		Edison ID# 62385-1532	<u>12,025</u>
 <b>Department of Economic and Community Development</b>			
Downtown Wifi Grant		1532	<u>15,439</u>
 <b>Department of Tourist Development</b>			
Tourism Grant		1532	<u>13,966</u>
 <b>Total State Awards</b>			 <b><u>\$ 41,430</u></b>

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

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

**TOWN OF ALAMO, TENNESSEE**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
June 30, 2020

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards and schedule of state financial assistance include the award activity of the Town under programs of the federal and state governments, respectively, for the year ended June 30, 2020. The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule of expenditures of federal awards and schedule of state financial assistance present only a selected portion of the operations of the Town, they are not intended to and do not present the financial position, statement of activities, or cash flows of the Town.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the schedule of expenditures of federal awards and schedule of state financial assistance are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Certain amounts shown on the schedule of expenditures of federal awards and schedule of state financial assistance represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Town has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



**Independent Auditor's Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

Honorable John Avery Emison, Mayor  
Members of the Board of Aldermen  
Town of Alamo, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Alamo, Tennessee (the Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 25, 2021. Our report includes a reference to other auditors who audited the financial statements of the Alamo City School Board of Education, as described in our report on the Town's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we and the other auditor did not identify any deficiencies in internal control that we consider to be material weaknesses. We and the other auditor did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2020-001 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are disclosed in the accompanying Schedule of Findings and Responses as 2020-001.

We noted other matters involving the internal control and its operation that we reported to management of the Town in a separated letter dated February 25, 2021.

## **Town of Alamo's Response to Findings**

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

## **Purpose of this Report**

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

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

Jackson, Tennessee  
February 25, 2021

**TOWN OF ALAMO, TENNESSEE**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
June 30, 2020

**Current Year Findings**

**Town of Alamo**

**2020-001 – Improper Waiver of Competitive Bid (Noncompliance and Significant Deficiency)**

Condition: We noted that the competitive bid process on the Wi-Fi grant project was waived based on several factors including donated services, not-to-exceed contracts, and the fact that the chosen entity was a non-profit.

Cause: A local electric non-profit performed work for the Town related to their Wi-fi project and the Town subsequently waived the bid process to award the project directly to them. The Mayor and Board documented and agreed to the waving of the bid process due to several factors documented in the board packet. These factors included multiple reasons that could be considered questionable.

Criteria: The Town has a policy that requires bids for equipment or projects that exceed \$10,000 which this project is going to exceed.

Effect: The Town failed to adhere to their own bid requirement policy.

Recommendation: We recommend that the Town adhere to their existing competitive bid policies. Competitive bids historically remove doubt as to whether municipalities have obtained the best offer possible for a piece of equipment or in this case a project.

Response: The Mayor and Board voted and approved to waive the competitive bid process based on the following bases: 1) It is clearly to the advantage of the Town to contract with the chosen Electric non-profit because they have already donated valuable professional services to the Wi-Fi project, 2) a "Not to Exceed" turnkey construction project is clearly in the best interest of the Town as it assures there will be no cost overruns to the detriment of the Town, 3) the chosen non-profit has the technical expertise to complete this project, and 4) Competitive bidding of this project could create delays that expose the Town to increased construction and/or equipment cost. The Mayor and Board will work to make sure that competitive bids are taken on items that exceed the \$10,000 threshold.

**Federal Findings and Questioned Costs**

No current year findings noted.

**TOWN OF ALAMO, TENNESSEE**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended June 30, 2020

**Financial Statement Findings**

**Prior Year Findings**

**Town of Alamo**

<b>Prior Year Finding Number</b>	<b>Finding Title</b>	<b>Status/Current Year Finding Number</b>
2019-001	Improper Competitive Bid Completion (original finding # 2019-001)	Modified/2020-001

**Alamo City Schools**

There were no prior year findings reported.

**Federal Findings and Questioned Costs**

There were no prior year findings reported.



## MANAGEMENT'S CORRECTIVE ACTION PLAN

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The Town of Alamo, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2020.

Name and address of independent public accounting firm:

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

Audit period:

June 30, 2020

The findings from the June 30, 2020, Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### FINDINGS – FINANCIAL STATEMENT AUDIT

#### **2020-001      Improper Waiver of Competitive Bid (Noncompliance and Significant Deficiency)**

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

Action Taken: The Mayor and Board will work to make sure that competitive bids are taken on items that exceed the \$10,000 threshold.

Anticipated Completion Date: June 30, 2021

Person Responsible for Implementation:

John Avery Emison, Mayor  
