

**CITY OF PORTLAND, TENNESSEE
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

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For the Year Ended June 30, 2020

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INTRODUCTORY SECTION

**CITY OF PORTLAND, TENNESSEE
ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2020**

ELECTED OFFICIALS

Mike Callis	Mayor
John Kerley	Vice Mayor
Thomas Dillard	Alderman
Mike Hall	Alderman
Brian Harbin	Alderman
Andrew Jennings	Alderman
Jody McDowell	Alderman
Megann Thompson	Alderwoman

APPOINTED OFFICIALS

Doug Yoeckel, CPA, CMFO	Finance Director
Patricia Keen	City Recorder
John R. Bradley	City Attorney
Joseph B. (Jack) Freedle	City Judge

AUDIT COMMITTEE

Andrew Jennings
Kim Delaney, CPA
Jake Daughtry

FINANCIAL SECTION

The MG Group, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Board of Aldermen
City of Portland, Tennessee

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

515 NW Atlantic Street, Tullahoma, Tennessee 37388

16053 Rankin Avenue, Dunlap, Tennessee 37327

Phone (931) 393-3307

Fax (931) 563-5585

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the statement of budgetary comparison for the general fund, and the aggregate remaining fund information of the City of Portland, Tennessee as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Portland, Tennessee's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, schedule of expenditures of federal awards and state financial assistance, and the other information section are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, including the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, including the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, and other information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 07, 2020 on our consideration of the City of Portland, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Portland, Tennessee'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 City of Portland, Tennessee's internal control over financial reporting and compliance.

MG Group, P.C.

Tullahoma, Tennessee
December 07, 2020

CITY OF PORTLAND, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Portland, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

FINANCIAL HIGHLIGHTS

* The assets of the City of Portland exceeded its liabilities at the close of June 30, 2020 by \$72,919,546. Of this amount, \$14,677,890 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

* The government's total net position increased by \$4,689,284.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,620,902, an increase of \$2,446,853 in comparison to the prior year. Approximately 42.3% of this total amount, \$3,643,412 is available for spending at the government's discretion (unassigned general fund balance).

* The City's long-term liabilities increased by \$1,373,731. Additional debt issues of \$4,656,000 reduced by payments of \$1,569,763 and a reduction in OPEB liability of \$1,853,352 amount to the majority of the change.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Portland's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

The Statement of Activities presents information showing how the government's net position changed during the 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 tax and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the City of Portland include general government, planning, codes, police, fire, highways and streets, recreation, animal control, city engineering, community development, sanitation, storm water, golf course and the airport authority. The business-type activities of the City include Water and Sewer and Natural Gas operations.

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

Governmental Funds: Governmental Funds are funds 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, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight (8) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data for the other governmental funds are combined into a single, aggregated presentation, as nonmajor governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Portland adopts an annual appropriated budget for its general fund as well as drug fund, airport authority fund, impact fee fund, industrial loan fund, storm water fund, golf course fund and solid waste fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. See Table 3 for the general fund budget comparison. The other budgetary comparisons are in the combining and individual nonmajor fund statements and schedules section of the report.

FINANCIAL ANALYSIS OF THE FINANCIAL STATEMENTS

Proprietary Funds: The City of Portland maintains two proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses proprietary funds to account for its Water and Sewer and Natural Gas operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information of the water and sewer and natural gas activities, which are considered to be major funds of the City.

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 combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statement.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City of Portland, assets and deferred outflows exceeded liabilities and deferred inflows by \$68,230,263 at the close of 2019 and \$72,919,546 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (70.6%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt that is still outstanding, used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (approximately 9.3%) represents resources that are subject to external restrictions on how these may be used and assigned encumbrances from prior year. The remaining balance of unrestricted net position \$14,677,890 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole and for the business-type activities. The same situation held true for the prior year. Unrestricted net position of the governmental activities reflected a balance of \$2,950,744 at the end of the current fiscal year.

During the current fiscal year, the government's net position increased by \$4,689,284. This increase is approximately 6.4% of total net position. Of this \$4,689,284 increase, the governmental activities increased \$2,358,801 and the business-related activities increased \$2,330,483.

Table 1

Net Position
(In Thousands)

	Government Activities			Business -type Activities			Total		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
Assets									
Current & Other Assets	\$ 15,953	\$ 12,729	\$ 3,224	\$ 14,631	\$ 13,845	\$ 786	\$ 30,584	\$ 26,574	\$ 4,010
Capital Assets	34,708	31,794	2,914	43,316	42,897	419	78,024	74,691	3,333
Total Assets	50,661	44,523	6,138	57,947	56,742	1,205	108,608	101,265	7,343
Deferred Outflows									
Deferred Outflows	431	779	(347)	273	494	(221)	704	1,273	(569)
Total Deferred Outflows	431	779	(347)	273	494	(221)	704	1,273	(569)
Liabilities									
Other Liabilities	1,079	698	381	936	1,152	(216)	2,015	1,850	165
L-T Liabilities	12,949	10,311	2,638	15,011	16,275	(1,264)	27,960	26,586	1,374
Total Liabilities	14,028	11,010	3,018	15,947	17,426	(1,480)	29,975	28,436	1,539
Deferred Inflows									
Deferred Inflows	5,885	5,471	413	533	400	133	6,418	5,872	546
Total Deferred Inflows	5,885	5,471	413	533	400	133	6,418	5,872	546
Net Position									
Net Investment in									
Capital Assets	22,240	23,158	(918)	29,244	28,966	279	51,484	52,124	(640)
Restricted	5,989	3,791	2,197	769	659	110	6,757	4,450	2,307
Unrestricted	2,951	1,871	1,080	11,727	9,785	1,942	14,678	11,656	3,022
Total Net Position	\$ 31,179	\$ 28,820	\$ 2,359	\$ 41,740	\$ 39,410	\$ 2,330	\$ 72,920	\$ 68,230	\$ 4,689

Table 2

Changes in Net Position
(In Thousands)

	Government Activities			Business -type Activities			Total		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
Revenues									
Program Revenues:									
Charges for Services	\$ 2,825	\$ 2,991	\$ (165)	\$ 13,036	\$ 13,283	\$ (247)	\$ 15,861	\$ 16,273	\$ (412)
Operating Grants	5	56	(51)	-	-	-	5	56	(51)
Capital Grants	1,619	751	868	76	63	13	1,695	814	881
General Revenues:									
Property Taxes	4,862	4,726	136	-	-	-	4,862	4,726	136
Intergovernmental	4,487	4,275	212	-	-	-	4,487	4,275	212
Interest	16	16	-	58	60	(2)	75	76	(1)
Other Revenues	272	200	72	51	49	2	323	249	74
Gain	128	127	2	98	(2)	100	226	125	101
Total Revenues	\$ 14,215	\$ 13,141	\$ 1,074	\$ 13,318	\$ 13,452	\$ (134)	\$ 27,533	\$ 26,594	\$ 939
Program Expenses									
Gen Gov't	\$ 1,180	\$ 1,442	\$ (263)	\$ -	\$ -	\$ -	\$ 1,180	\$ 1,442	\$ (263)
Public Safety	4,936	5,612	(676)	-	-	-	4,936	5,612	(676)
City Court	20	16	4	-	-	-	20	16	4
Hwy, Streets	2,099	1,899	200	-	-	-	2,099	1,899	200
Solid Waste	1,044	1,038	5	-	-	-	1,044	1,038	5
Impact Fee	-	-	-	-	-	-	-	-	-
Parks	784	917	(132)	-	-	-	784	917	(132)
Airport	539	685	(145)	-	-	-	539	685	(145)
Planning	328	341	(13)	-	-	-	328	341	(13)
Comm Develop	67	83	(16)	-	-	-	67	83	(16)
City Garage	51	54	(3)	-	-	-	51	54	(3)
Engineering	9	22	(13)	-	-	-	9	22	(13)
Animal Control	23	58	(35)	-	-	-	23	58	(35)
Golf Course	207	187	20	-	-	-	207	187	20
Stormwater	563	708	(145)	-	-	-	563	708	(145)
Water & Sewer	-	-	-	6,699	7,134	(435)	6,699	7,134	(435)
Gas	-	-	-	3,989	4,848	(859)	3,989	4,848	(859)
Interest on L-T Debt	307	290	17	-	-	-	307	290	17
Total Expenses	12,156	13,350	(1,194)	10,688	11,982	(1,294)	22,844	25,332	(2,488)
Increase (Decrease) in net position									
Other Items	-	-	-	-	-	-	-	-	-
Transfers	300	271	28	(300)	(271)	(28)	-	-	-
Increase (Decrease) in net position	2,359	63	2,296	2,330	1,199	1,131	4,689	1,262	3,427
Net Position - Beginning	28,820	28,758	63	39,410	38,211	1,199	68,230	66,968	1,262
Prior Period Adjustment	-	-	-	-	-	-	-	-	-
Net Position - Ending	\$ 31,179	\$ 28,820	\$ 2,359	\$ 41,740	\$ 39,410	\$ 2,330	\$ 72,920	\$ 68,230	\$ 4,689

FINANCIAL ANALYSIS OF THE FINANCIAL STATEMENTS, continued

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,620,902, an increase of \$2,446,851, in comparison with 2019. Of this total amount, \$3,643,412 constitutes unassigned fund balance which is used for spending at the government's discretion. The non-spendable portion of fund balance (\$356,390) is reserved to indicate that it is not available for new spending because it has been committed to provide for prepaid items and inventory and the restricted fund balance (\$1,386,916) is set aside for statutorily reserved purposes. The committed fund balance (\$105,450) is designated for special projects that are provided by City Council action. The assigned fund balance (\$3,128,734) is amounts intended to be used for specific purposes primarily capital projects funded by the GO bond issue.

The general fund is the chief operating fund of the City. At the end of the current fiscal year the total general fund balance was \$7,247,359 with \$3,643,412 (approximately 50.3%) constituting unassigned fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

Unassigned fund balance represents 26.6% of total general fund expenditures and 39.4% of total expenditures less capital outlays. Total fund balance represents 52.9% of total general fund expenditures. During the current fiscal year, the fund balance of the City's general fund increased by \$2,261,093.

Overall revenues performed very well for the year even with the 4th quarter of the year covered by the COVID pandemic.

Overall sales tax revenues and local option tax revenues continue to improve year over year as new retail outlets continue to open or expand with additional outlets planned or in process for the coming year. The new interstate interchange continues to attract several new retail outlets. Current year levels improved 2.4% and 11.5% respectively over 2019 levels.

Collections of current year property taxes were at 96.6% of total taxes billed. Overall collections of property taxes including delinquents and penalties exceeded planned levels by approximately 2.8%.

Building permits continue to be very strong however not up to prior year level (-29.5%) versus 2019 and but up (+3.1%) to forecasted levels. Building permits are an excellent indicator of the construction business because they affect sewer and water taps and impact fees. Permits also affect the property tax revenues and sales tax revenues because of the impact of builders buying supplies and the increase in property assessment values. Building permits should continue to be strong because of growth indicators that support the road infrastructure improvements that are in process (new interchange on I-65) and the planned road project (Hwy 109 by-pass). The current year strength is attributed to the construction of

several retail facilities, strong residential housing construction and an expansion of an existing facility (Dorman).

The State of Tennessee's state shared revenues were up approximately +5.6% over prior year. Sales Tax continued to show solid improvements, +2.4%. Local option tax continues to grow because of the growth in retail business, +11.5%. The phase out of the state income tax and the delay in filing date due to COVID contributed to the decrease in revenue, down 79.0% from prior year. The Income tax level will continue to decrease under the phase-out, completely phased-out in 2021. Business tax continues to improve, up from prior year, +3.5%. These factors contributed to the improvement in general unassigned fund balance +\$522,611. The overall net change in general fund balance was (+\$2,261,093) created by the proceeds of the GO bond issue without the corresponding increase in capital spending, this is reflected in the assigned fund balance increase of \$1,980,049.

The City of Portland, recognizing fund balance problems in mid-year 2010, made several changes which continue to aid in the improvement in the fund balance. The improved economy and continued spending controls lend to continued positive signs with the strongest indicator being the unassigned fund balance of \$3,643,412 at the end of 2020.

Proprietary Funds

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

Unrestricted net position of the proprietary funds at the end of the year amounted to \$11,727,146, an increase of \$1,942,112 (+19.9%) with Water & Sewer contributing a (+\$1,191,206) and Gas contributing a (+\$750,906). Operating income was up in Gas (+\$63,949) and up in Water & Sewer (+\$944,348) versus prior year.

Gas revenues were down for the year -\$795,207 (-14.2%) as temperatures were milder than prior year. Natural gas costs for the year were down -\$937,486 due to decrease in usage and the overall margin on gas increased by 10.7% percentage points (pricing structure change with largest user). Spending was up moderately (+\$78,330) with operating expenses (+\$129,996), depreciation (+\$66,142) and administrative expenses down (-\$117,808). Overall operating income was up (+\$63,949).

Water & Sewer was up over 6.9% in operating revenues, +\$533,760. Costs were down significantly in operating expenses (-\$183,435), administrative expenses (-\$352,614) offset by an increase in depreciation (+\$125,461) creating the overall increase in operating income (+\$944,348). A significant adjustment in the OPEB liability contributed to the decline in administrative expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was amended during the year. The following table illustrates the change to the annual budget.

Table 3

	General Fund		
	Budgeted Amounts		
	Original	Final	Change
Revenues			
Local Taxes:			
Property and Personalty Taxes	\$ 4,621,000	\$ 4,732,500	\$ 111,500
Sales Taxes	1,875,000	1,875,000	-
Alcoholic Beverage Taxes	341,000	321,000	(20,000)
Business Taxes	125,000	75,000	(50,000)
Cable TV Franchise and Lease Taxes	117,000	107,000	(10,000)
Other Taxes	-	-	-
Licenses & Permits	375,000	323,000	(52,000)
Fines	185,000	154,500	(30,500)
Intergovernmental Revenues:			-
Sales Taxes	1,048,000	956,375	(91,625)
Gasoline and Motor Fuel Taxes	400,000	395,000	(5,000)
Petroleum Special Taxes	23,000	23,000	-
Income Taxes	30,000	-	(30,000)
Corporate Excise Tax	65,000	95,250	30,250
In Lieu of Tax	155,000	160,000	5,000
Federal & State Grants	-	266,475	266,475
Charges for Services	70,750	40,600	(30,150)
Rental Income	22,000	10,000	(12,000)
Investment Income	7,950	11,450	3,500
Miscellaneous Revenues	70,500	1,122,575	1,052,075
Total Revenues	<u>\$ 9,531,200</u>	<u>\$ 10,668,725</u>	<u>\$ 1,137,525</u>
Expenditures			
Current:			
General Government	\$ 998,600	\$ 1,209,612	\$ (211,012)
Public Safety	5,255,438	5,245,513	9,925
City Court	19,258	23,758	(4,500)
Highways, Streets and Roadways	918,293	1,042,343	(124,050)
Parks and Recreation	758,085	749,985	8,100
Planning and Zoning	144,086	193,336	(49,250)
Codes	158,450	167,100	(8,650)
Community Development	80,366	80,366	-
City Garage	57,229	57,129	100
Engineering	4,500	15,100	(10,600)
Animal Control	94,333	56,033	38,300
Debt Service			
Principal	785,970	698,070	87,900
Interest	326,142	344,922	(18,780)
Capital Outlay	3,673,950	7,206,586	(3,532,636)
Total Expenditures	<u>\$ 13,274,700</u>	<u>\$ 17,089,853</u>	<u>\$ (3,815,153)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (3,743,500)</u>	<u>\$ (6,421,128)</u>	<u>\$ (2,677,628)</u>
Other Financing Sources (Uses)			
Operating Transfers In/Out	\$ 101,000	\$ 295,750	\$ 194,750
Proceeds from Sales of Capital Assets	2,500	102,022	99,522
Insurance Recoveries	10,000	12,000	2,000
Bond Premium	-	215,248	215,248
Bond Discount	-	-	-
Proceeds from Debt Issuance	3,230,000	4,149,000	919,000
TIF Payment	-	(8,500)	(8,500)
Total Other Financing Sources (Uses)	<u>\$ 3,343,500</u>	<u>\$ 4,765,520</u>	<u>\$ 1,422,020</u>
Net Change in Fund Balance	<u>\$ (400,000)</u>	<u>\$ (1,655,608)</u>	<u>\$ (1,255,608)</u>
Budgetary Fund Balance - July 1, 2019	<u>\$ 4,986,266</u>	<u>\$ 4,986,266</u>	<u>\$ -</u>
Budgetary Fund Balance - June 30, 2020	<u>\$ 4,586,266</u>	<u>\$ 3,330,658</u>	<u>\$ (1,255,608)</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Portland's investment in capital assets from its governmental and business-type activities at June 30, 2020, amounts to \$78,024,090 (net of accumulated depreciation). This investment in capital assets consists mainly of land, buildings, improvements, machinery and equipment, park facilities, roads, bridges, and utility plant for the water, sewer, and natural gas services the City provides. Total Capital Assets increased by \$3,333,030 due to several large projects, City Hall Building renovation/expansion, contribution of two properties (land & Building) to the city and purchase of several pieces of equipment. The cost additions were offset by the annual depreciation of \$3,322,022.

Additional information on the City of Portland's capital assets can be found in the notes to the financial statements section of this report.

Table 4

	Balance 7/1/2019	Additions	Disposals/ Transfers	Balance 6/30/2020
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 6,267,174	\$ 574,048	\$ -	\$ 6,841,222
Construction in Progress	743,181	3,913,669	(2,188,541)	2,468,309
Total Capital Assets not being Depreciated	<u>\$ 7,010,355</u>	<u>\$ 4,487,717</u>	<u>\$ (2,188,541)</u>	<u>\$ 9,309,531</u>
Capital Assets Being Depreciated				
Buildings	\$ 12,167,259	\$ 769,145	\$ -	\$ 12,936,404
Improvements Other than Buildings	7,019,712	516,811	-	7,536,523
Infrastructure	13,622,701	171,091	-	13,793,792
Machinery & Equipment	6,241,716	634,769	(230,617)	6,645,868
Total Capital Assets being Depreciated	<u>\$ 39,051,388</u>	<u>\$ 2,091,816</u>	<u>\$ (230,617)</u>	<u>\$ 40,912,587</u>
Accumulated Depreciation				
Buildings, Improvements, Machinery and Equipment	\$ 9,015,764	\$ 1,067,604	\$ (215,706)	\$ 9,867,662
Infrastructure	5,251,918	394,719	-	5,646,637
Total Accumulated Depreciation	<u>\$ 14,267,682</u>	<u>\$ 1,462,323</u>	<u>\$ (215,706)</u>	<u>\$ 15,514,299</u>
Total Governmental Activities, Net	<u><u>\$ 31,794,061</u></u>	<u><u>\$ 5,117,210</u></u>	<u><u>\$ (2,203,452)</u></u>	<u><u>\$ 34,707,819</u></u>
Business-type Activities				
Capital Assets not being Depreciated				
Land & Right of Way	\$ 1,280,682	\$ 6,000	\$ -	\$ 1,286,682
Construction in Progress	6,422,714	1,807,952	(6,679,525)	1,551,141
Total Capital Assets not being Depreciated	<u>\$ 7,703,396</u>	<u>\$ 1,813,952</u>	<u>\$ (6,679,525)</u>	<u>\$ 2,837,823</u>
Capital Assets Being Depreciated				
Water & Sewer Plant	\$ 42,142,410	\$ 5,957,912	\$ -	\$ 48,100,322
Natural Gas Plant	15,604,830	665,610	-	16,270,440
Equipment & Vehicles	2,801,722	573,295	(372,864)	3,002,153
Furniture & Fixtures	335,740	33,464	-	369,204
Total Capital Assets being Depreciated	<u>\$ 60,884,702</u>	<u>\$ 7,230,281</u>	<u>\$ (372,864)</u>	<u>\$ 67,742,119</u>
Accumulated Depreciation				
Water & Sewer Plant	\$ 18,201,918	\$ 1,221,799	\$ -	\$ 19,423,717
Natural Gas Plant	5,251,466	374,761	-	5,626,227
Machinery & Equipment	1,928,797	253,986	(287,127)	1,895,656
Furniture & Fixtures	308,918	9,153	-	318,071
Total Accumulated Depreciation	<u>\$ 25,691,099</u>	<u>\$ 1,859,699</u>	<u>\$ (287,127)</u>	<u>\$ 27,263,671</u>
Total Business-type Activities, Net	<u><u>\$ 42,896,999</u></u>	<u><u>\$ 7,184,534</u></u>	<u><u>\$ (6,765,262)</u></u>	<u><u>\$ 43,316,271</u></u>

ASSETS AND DEBT ADMINISTRATION – Continued

Long-Term Debt

At the end of the current year, the City of Portland had total debt outstanding of \$27,959,547. Of this amount, \$12,848,980 comprises debt backed by the full faith and credit of the government (governmental activity debt) and the remainder of the debt of the City represents debt secured by both the taxing power of the City and specific revenue sources (e.g. revenue and tax bonds) of the proprietary funds.

The total debt obligations increased by \$1,373,731. Bonds, Leases and Capital Outlay Notes with bond premium and discount increased +\$3,223,362 from the previous year due to the issue of the GO bonds (+\$3,780,000) and capital outlay notes (+\$876,000) offset by normal debt service liquidation, OPEB obligation decreased -\$1,853,352 and Compensated Absences increased +\$3,721.

State statutes impose no debt limit on the amount of general obligation debt a governmental entity may issue.

Additional information on the City of Portland's debt can be found in the notes to the financial statements section of this report.

Table 5

	Balance June, 30 2019	Increases	Decreases	Balance June, 30 2020	Amounts Due Within One Year
Governmental Activities					
Capital Outlay Notes	\$ 1,790,160	\$ 639,000	\$ 598,648	\$ 1,830,512	\$ 556,920
Capital Leases	-	-	-	\$ -	-
Bonds	6,790,000	3,780,000	180,000	\$ 10,390,000	255,000
	8,580,160	4,419,000	778,648	12,220,512	811,920
Plus Bond Premium		215,248	7,135	\$ 208,113	7,135
Less Bond Discount		1,137	34,294	\$ (33,157)	(1,137)
Compensated Absences	224,984		-	\$ 224,984	
Total OPEB Liability	1,506,127	-	1,177,599	\$ 328,528	
	<u>\$ 10,311,271</u>	<u>\$ 4,635,385</u>	<u>\$ 1,997,676</u>	<u>\$ 12,948,980</u>	<u>\$ 817,918</u>
Business-Type Activities					
Water & Sewer System					
Refunding and Improvement					
Bonds, Series 2016	13,715,000	-	680,000	\$ 13,035,000	700,000
State Revolving Loan	870,370	-	64,448	\$ 805,922	60,005
Capital Leases	-	-		\$ -	-
Capital Outlay Notes	46,667	237,000	46,667	\$ 237,000	47,400
	14,632,037	237,000	791,115	14,077,922	807,405
Plus bond premium	700,840	-	38,220	\$ 662,620	38,220
Less bond discount	(6,525)	389	-	\$ (6,136)	(389)
Compensated Absences	105,034	3,721		\$ 108,755	
Total OPEB Liability	843,159	-	675,753	\$ 167,406	
	<u>\$ 16,274,545</u>	<u>\$ 241,110</u>	<u>\$ 1,505,088</u>	<u>\$ 15,010,567</u>	<u>\$ 845,236</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The unemployment rate for the City of Portland is currently 5.9%, compared to the State unemployment rate of 6.3% and the national rate of 6.6%. Unemployment rates are up due to the COVID pandemic. The 2010 Census numbers revealed substantial growth and we are confident the 2020 numbers will be strong.

The Portland Airport continues to seek federal and state grant programs to enhance the airport. Realizing the benefit of air service in the northern part of the county, Sumner County provides an annual allocation of funds to partner with Portland on Airport projects. The completion of various major projects at the airport and the current additional on-going enhancement projects (Phase I Construction of a Parallel Taxiway and Runway Pavement Overlay) will provide more opportunities for service to our local industries and citizens. The improved airport also is a strong attraction for prospective industries to our City. Additionally, Civil Air Patrol (Search and Rescue Disaster Team) meets monthly at the Portland Airport

Portland's automotive manufacturers continue to thrive in our community. **U.S. Tsubaki** completed a new 250,000 square foot facility to consolidate all their Portland operations and to provide additional expansion capability. **Dorman Products** (After- market auto parts assembly supplier) is operating in an 815,000 SF facility and added an additional 181,640 SF to the facility during the year, total employment for the facility is 700.

Portland has experienced additional industrial growth with Advanced Plating locating in Portland at an existing 115,000 SF facility adding \$4 million in investment and the addition of 200 new jobs over a five-year period. S.R. Smith relocated and expanded operations into an available 166,500 SF facility. **Nabholz Construction** – National Commercial Contractor; **SSW Holding Company** – Pre-Cast Counter Weights; **Pennar Global** – Engineering Building Systems; **Specialty Water Technologies** – Water Purification Systems for the medical industry and **Genessee** – Metal stamping group are new Industries that located in Portland during the year. Some building modifications are underway and hiring has begun for most of the new locators. In addition, **SurKoat** an existing industry purchased the property previously occupied by Tsubaki. Companies who expand their operations in the same community manifest proof of their success.

Portland continues to captivate industry seeking a US Southeastern location. Our location is ideal for product to market whether it be distribution or manufacturing. Our location also serves well for access to a skilled and trainable workforce. The Portland Campus of the TN college of Applied Technology is in full operation with Advanced Manufacturing, Machine Tool, Information Technology, Construction , Nursing, Office Administration and Cosmetology and Welding classes all offered, Addition of a night shift to the welding class is providing more opportunity to enhance our local workforce training. A partnership with Sumner County School Board, TN Board of Regents and the City of Portland provided for the installation of an elevator and renovations to open up the second floor of the building to accommodate Middle School Core Curriculum classes. The TCAT staff is working closely with the local industries to meet their special training needs. The process of feeding the TCAT with high school students who wish to graduate with certifications to enter the workforce using the Middle College curriculum has been a huge success.

Road projects were a major part of the year with completion of construction on the new I-65 interchange. The new interchange ties into Hwy 109 north of Portland. Additionally, the joint project between four government entities (City of Portland, City of Orlinda, Robertson County and Sumner County) for the widening and adding of a signal at the intersection of Hwy 31W and Hwy 52, a main port of entrance to Portland, was completed. The proposed Portland By-Pass route which will tie into HWY 109 at the new interchange is in the final engineering stages, however, a delay has pushed land acquisition out until late 2021. The 109 corridor is the tie in to the northern loop of I-840, the loop around Nashville. These road projects continue to enhance our ability to recruit new industry and retail prospects.

Portland continues to have a presence at the International ICSC in Las Vegas, the TN-KY ICSC Annual Conference and the Southeastern Conference in Atlanta for retail recruitment. Additionally, the City entered into a contract with Retail Strategies for retail recruitment expertise. Developers, Investors and Retailers are showing increased interest in our community. Of particular interest is our strong growth rate in the federal census from 2000-2010 and the new interstate interchange completion . During the year we added a Dollar General Store on our east side, an independent convenience store, a Speedway store and fueling station and a 5-Star store and fueling station near the new interchange. A Dunkin Donuts is

opening in one of our downtown convenience stores. Portland is a good market for locally owned and operated businesses such as Milo's Coffee Shop. Highway 109 is still the main focus for retailers but significant additional interest is being generated along the new interchange corridor.

Tractor Supply was the first Tax Increment Financing Project (TIF) completed by the City. The project was completed in conjunction and cooperation with the Sumner County Government. The relationships forged and success experienced with Tractor Supply has initiated additional interest in the Portland market by local and regional investors and developers.

The City completed a bond issue in August 2015 of over \$7.4 million for a building program to include two fire halls, (one on the north side of town at the mouth of the interchange tie in to 109 and a joint project with the Sumner County EMS on the south side of town), a City Hall and several parks improvements. Due to increased construction costs, an additional bond issue of \$3.8 million was completed in April 2020 for completion of the renovation and addition to the City Hall. Additional funds are available under the 2020 bond to renovate the Police Station, add roads, and complete other Parks related projects. Completion of the City Hall project is scheduled for January, 2021.

The City completed the waste water plant improvement/renovation during the current year along with several sewer collection system projects and the phase II design for the waste water plant expansion. The City closed an additional \$17 million dollar Water & Sewer Bond issue in October 2020 to fund the waste water plant expansion (\$10 million) and several large collection system projects (\$7 million) in order to upgrade our system for the anticipated growth due to the road infrastructure improvements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Portland, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City Recorder

City of Portland, Tennessee

100 South Russell St.

Portland, TN 37148

BASIC FINANCIAL STATEMENTS

City of Portland, Tennessee
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,270,713	\$ 10,421,401	\$ 15,692,114
Investments	-	1,018,495	1,018,495
Receivables:			
Property taxes, net of allowance	5,056,159	-	5,056,159
Other, net of allowance	183,570	841,249	1,024,819
Due from other governments	436,552	-	436,552
Internal balances	(1,344)	1,344	-
Inventories	95,022	344,482	439,504
Prepaid items	261,368	134,028	395,396
Restricted cash and cash equivalents	3,177,757	1,101,202	4,278,959
Net pension asset	1,473,046	768,663	2,241,709
Depreciable capital assets	40,912,587	67,742,120	108,654,707
Less: accumulated depreciation	(15,514,299)	(27,263,671)	(42,777,970)
Non-depreciable capital assets	9,309,531	2,837,823	12,147,354
Total assets	<u>50,660,662</u>	<u>57,947,136</u>	<u>108,607,798</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	48,598	48,598
Related to pension	386,108	201,478	587,586
Related to OPEB	45,043	22,952	67,995
Total deferred outflows of resources	<u>431,151</u>	<u>273,028</u>	<u>704,179</u>
LIABILITIES			
Accounts payable and accrued liabilities	866,229	667,533	1,533,762
Accrued payroll	140,253	66,459	206,712
Accrued interest	72,539	112,211	184,750
Unearned revenue	-	90,000	90,000
Noncurrent liabilities:			
Compensated absences	224,984	108,755	333,739
Total OPEB Liability	328,528	167,406	495,934
Due within one year	817,918	845,236	1,663,154
Due in more than one year, net of premiums and discounts	11,577,550	13,889,170	25,466,720
Total Liabilities	<u>14,028,001</u>	<u>15,946,770</u>	<u>29,974,771</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property tax	4,852,413	-	4,852,413
Related to OPEB	448,147	228,359	676,506
Related to pension	584,000	304,741	888,741
Total deferred inflows of resources	<u>5,884,560</u>	<u>533,100</u>	<u>6,417,660</u>
NET POSITION			
Net investment in capital assets	22,239,812	29,244,485	51,484,297
Restricted for:	-		
Airport	40,418	-	40,418
Golf course	56,452	-	56,452
Solid Waste	268,851	-	268,851
Stormwater	556,276	-	556,276
Drug enforcement	20,587	-	20,587
Industrial revolving loan	136,662	-	136,662
Impact fee	219,647	-	219,647
Streets and highways	52,386	-	52,386
Day Care	35,637	-	35,637
Net pension asset	1,473,046	768,663	2,241,709
Assigned for prior year encumbrances	3,128,734	-	3,128,734
Unrestricted	2,950,744	11,727,146	14,677,890
Total Net Position	<u>\$ 31,179,252</u>	<u>\$ 41,740,294</u>	<u>\$ 72,919,546</u>

See notes to the financial statements

City of Portland, Tennessee
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 1,179,790	\$ 18,732	\$ 3,115	\$ 989,000	\$ (168,943)	\$ -	\$ (168,943)
Public safety	4,935,531	173,209	1,525	11,239	(4,749,558)	-	(4,749,558)
City court	20,027	-	-	-	(20,027)	-	(20,027)
Highways and streets	1,385,865	-	-	131,297	(1,254,568)	-	(1,254,568)
Soild Waste	1,043,599	1,059,543	-	-	15,944	-	15,944
Impact fee	-	71,547	-	-	71,547	-	71,547
Parks and recreation	784,372	25,265	-	-	(759,107)	-	(759,107)
Airport	539,404	167,033	-	487,591	115,220	-	115,220
Planning and codes	328,307	319,791	-	-	(8,516)	-	(8,516)
Community development	66,729	-	-	-	(66,729)	-	(66,729)
City garage	50,705	-	-	-	(50,705)	-	(50,705)
Engineering	8,597	-	-	-	(8,597)	-	(8,597)
Animal control	23,097	490	-	-	(22,607)	-	(22,607)
Golf course	207,029	149,421	-	-	(57,608)	-	(57,608)
Stormwater	562,835	840,285	-	-	277,450	-	277,450
Streets	712,790	-	-	-	(712,790)	-	(712,790)
Interest on long-term debt	307,079	-	-	-	(307,079)	-	(307,079)
Total Governmental Activities	<u>12,155,756</u>	<u>2,825,316</u>	<u>4,640</u>	<u>1,619,127</u>	<u>(7,706,673)</u>	<u>-</u>	<u>(7,706,673)</u>
Business-type activities							
Gas	3,988,982	4,788,091	-	-	-	799,109	799,109
Water and sewer	<u>6,699,038</u>	<u>8,247,687</u>	<u>-</u>	<u>75,518</u>	<u>-</u>	<u>1,624,167</u>	<u>1,624,167</u>
Total Business-type Activities	<u>10,688,020</u>	<u>13,035,778</u>	<u>-</u>	<u>75,518</u>	<u>-</u>	<u>2,423,276</u>	<u>2,423,276</u>
Total Primary Government	<u>\$ 22,843,776</u>	<u>\$ 15,861,094</u>	<u>\$ 4,640</u>	<u>\$ 1,694,645</u>	<u>(7,706,673)</u>	<u>2,423,276</u>	<u>(5,283,397)</u>
<u>General Revenues and Transfers:</u>							
Property and personalty taxes					4,862,064	-	4,862,064
Payment in lieu of tax					170,250	-	170,250
Income and excise taxes					113,418	-	113,418
Sales taxes					3,151,000	-	3,151,000
Alcoholic beverage taxes					348,532	-	348,532
Business taxes					156,144	-	156,144
Miscellaneous taxes					547,217	-	547,217
Investment income					16,432	58,358	74,790
Rental income					101,586	-	101,586
Gain on sale of capital assets					128,362	97,664	226,026
Miscellaneous					170,829	50,825	221,654
Transfers, net					<u>299,640</u>	<u>(299,640)</u>	<u>-</u>
Total general revenues and transfers					<u>10,065,474</u>	<u>(92,793)</u>	<u>9,972,681</u>
Change in net position					<u>2,358,801</u>	<u>2,330,483</u>	<u>4,689,284</u>
Net position - beginning					<u>28,820,451</u>	<u>39,409,811</u>	<u>68,230,262</u>
Net position - ending					<u>\$ 31,179,252</u>	<u>\$ 41,740,294</u>	<u>\$ 72,919,546</u>

See notes to the financial statements

City of Portland, Tennessee
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 4,014,355	\$ 1,256,358	\$ 5,270,713
Receivables, net			
Property taxes	5,056,159	-	5,056,159
Customer	62,968	120,602	183,570
Due from other funds	1,023	2,620	3,643
Due from other governments	436,552	-	436,552
Inventories	59,885	35,137	95,022
Prepaid items	221,855	39,513	261,368
Restricted cash and cash equivalents	3,177,757	-	3,177,757
Total assets	<u>\$ 13,030,554</u>	<u>\$ 1,454,230</u>	<u>\$ 14,484,784</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 808,568	\$ 57,661	\$ 866,229
Accrued payroll	119,178	21,075	140,253
Due to other funds	3,036	1,951	4,987
Total liabilities	<u>930,782</u>	<u>80,687</u>	<u>1,011,469</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	4,852,413	-	4,852,413
Total deferred inflows of resources	<u>4,852,413</u>	<u>-</u>	<u>4,852,413</u>
Fund Balances			
Nonspendable	281,740	74,650	356,390
Restricted for:			
Airport	-	40,418	40,418
Solid Waste	-	268,851	268,851
Stormwater	-	556,276	556,276
Drug enforcement	-	20,587	20,587
Golf course	-	56,452	56,452
Industrial revolving loan	-	136,662	136,662
Impact fee	-	219,647	219,647
Streets and highways	52,386	-	52,386
Day care	35,637	-	35,637
Committed to:			
Cable	20,171	-	20,171
Capital projects	76,194	-	76,194
SOR	9,085	-	9,085
Assigned to:			
Prior year encumbrances	3,128,734	-	3,128,734
Unassigned	3,643,412	-	3,643,412
Total fund balances	<u>7,247,359</u>	<u>1,373,543</u>	<u>8,620,902</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,030,554</u>	<u>\$ 1,454,230</u>	<u>\$ 14,484,784</u>

City of Portland, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2020

Total fund balances, governmental funds	\$	8,620,902
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Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		34,707,819
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Net pension asset and deferred outflows of resources that are not reported in the funds related to pensions.		1,859,154
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Deferred outflows of resources that are not reported in the funds related to OPEB.		45,043
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Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.		(12,692,991)
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Deferred inflows of resources that are not reported in the funds related to pensions.		(584,000)
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Total OPEB liability and deferred inflows of resources that are not reported in the funds related to OPEB.		(776,675)
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Net Position of governmental activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">31,179,252</div>
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City of Portland, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 9,348,625	\$ -	\$ 9,348,625
Licenses and permits	319,791	-	319,791
Fines and forfeitures	169,083	6,326	175,409
Charges for services	44,487	2,285,629	2,330,116
Federal and state grants	145,651	487,591	633,242
Investment income	14,511	1,921	16,432
Rental/property income	9,191	92,395	101,586
Miscellaneous and contribution income	1,131,678	11,095	1,142,773
Total Revenues	<u>11,183,017</u>	<u>2,884,957</u>	<u>14,067,974</u>
Expenditures:			
Current:			
General government	729,106	-	729,106
Administrative and Mayor	230,549	-	230,549
Collection	67,360	-	67,360
Human resources	80,134	-	80,134
Planning & codes	328,715	-	328,715
Solid waste	-	915,999	915,999
Engineering	9,275	-	9,275
Airport	-	318,558	318,558
Golf course	-	188,002	188,002
Court	20,027	-	20,027
Police department	3,030,427	532	3,030,959
Fire department	1,967,939	-	1,967,939
Streets and highways	971,167	-	971,167
City garage	52,145	-	52,145
Stormwater	-	587,690	587,690
State Street Aid	10,084	-	10,084
Animal control	37,348	-	37,348
Swimming pool	25,097	-	25,097
Parks & recreation	613,022	-	613,022
Community development	69,032	-	69,032
Debt Service:			
Principal	698,998	84,336	783,334
Interest	307,079	7,151	314,230
Capital outlay	4,460,600	849,535	5,310,135
Total Expenditures	<u>13,708,104</u>	<u>2,951,803</u>	<u>16,659,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,525,087)</u>	<u>(66,846)</u>	<u>(2,591,933)</u>
Other Financing Sources (Uses)			
Insurance proceeds	11,856	7,475	19,331
Revolving loans	-	270,000	270,000
Bond Premiums	215,248	-	215,248
Bond Discounts	(34,294)	-	(34,294)
Debt Proceeds	4,149,000	-	4,149,000
TIF Payments	(8,503)	-	(8,503)
Sale of capital assets	106,922	21,440	128,362
Operating transfers In	485,951	-	485,951
Operating transfers out	(140,000)	(46,311)	(186,311)
Total other financing sources (uses)	<u>4,786,180</u>	<u>252,604</u>	<u>5,038,784</u>
Net Change in Fund Balance	<u>2,261,093</u>	<u>185,758</u>	<u>2,446,851</u>
Fund Balance - beginning	<u>4,986,266</u>	<u>1,187,785</u>	<u>6,174,051</u>
Fund Balance - end	<u>\$ 7,247,359</u>	<u>\$ 1,373,543</u>	<u>\$ 8,620,902</u>

See notes to the financial statements

City of Portland, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2020

Net changes in fund balance - total governmental funds	\$	2,446,851
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Amounts reported for governmental activities in the statement of activities
are different because:

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. This is the amount by which depreciation exceeded capital outlays in the current period, net loss on disposal.		2,928,458
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Governmental funds report retirement contributions as expenditures. These expenditures are reported as deferred outflows of resources and either pension and OPEB income or expense in the government-wide financial statements. This is the amount by which pension income exceeds pension expenditures and OPEB income exceeds OPEB expenditures in the current period.		827,269
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(270,000)
--	--	-----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(3,571,355)
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Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds.		(2,422)
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Change in net position of governmental activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">2,358,801</div>
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City of Portland, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Positive (Negative) Variance with Final Budget
	Original	Final	Actual	
Revenues				
Local taxes:				
Property and personalty taxes	\$ 4,621,000	\$ 4,732,500	\$ 4,862,064	\$ 129,564
Sales tax	1,875,000	1,875,000	2,090,728	215,728
Alcoholic beverage tax	341,000	321,000	348,532	27,532
Business tax	125,000	75,000	156,144	81,144
Cable TV franchise and lease tax	117,000	107,000	118,235	11,235
Licenses and permits	375,000	323,000	319,791	(3,209)
Fines	185,000	154,500	169,083	14,583
Intergovernmental revenues:				
Sales tax	1,048,000	956,375	1,060,272	103,897
Gasoline and motor fuel tax	400,000	395,000	406,191	11,191
Petroleum special tax	23,000	23,000	22,791	(209)
Income tax	30,000	-	18,168	18,168
Corporate excise tax	65,000	95,250	95,250	-
In lieu of tax	155,000	160,000	170,250	10,250
Federal and state grants	-	266,475	145,651	(120,824)
Charges for services	70,750	40,600	44,487	3,887
Rental income	22,000	10,000	9,191	(809)
Investment income	7,950	11,450	14,511	3,061
Miscellaneous and contribution income	70,500	1,122,575	1,131,678	9,103
Total revenues	<u>9,531,200</u>	<u>10,668,725</u>	<u>11,183,017</u>	<u>514,292</u>
Expenditures:				
Current:				
General Government				
Salaries, taxes and benefits	285,502	252,992	245,781	7,211
Repairs and maintenance	8,000	8,000	5,954	2,046
Supplies	57,000	78,000	79,885	(1,885)
Utilities	51,000	65,500	63,367	2,133
Other operating expenses	127,297	245,569	204,108	41,461
Donations	90,000	90,000	88,625	1,375
Capital outlay	3,007,500	5,694,288	3,397,738	2,296,550
Grants, contracts and other	-	42,000	41,386	614
	<u>3,626,299</u>	<u>6,476,349</u>	<u>4,126,844</u>	<u>2,349,505</u>
Administrative & Mayor				
Salaries, taxes and benefits	154,117	172,017	165,047	6,970
Repairs and maintenance	1,000	1,000	689	311
Supplies	1,250	1,250	728	522
Utilities	1,000	1,750	2,224	(474)
Other operating expenses	48,314	71,314	61,861	9,453
	<u>205,681</u>	<u>247,331</u>	<u>230,549</u>	<u>16,782</u>
Collection				
Salaries, taxes and benefits	82,985	76,735	67,360	9,375
	<u>82,985</u>	<u>76,735</u>	<u>67,360</u>	<u>9,375</u>
Human Resources				
Salaries, taxes and benefits	81,815	86,665	71,787	14,878
Supplies	2,000	1,500	438	1,062
Utilities	750	1,000	893	107
Other operating expenses	6,570	14,320	7,016	7,304
Capital outlay	2,000	1,000	-	1,000
	<u>93,135</u>	<u>104,485</u>	<u>80,134</u>	<u>24,351</u>

(Continued on next page)

See notes to the financial statements

City of Portland, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Budget and Actual
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Positive (Negative) Variance with Final Budget
	Original	Final	Actual	
Expenditures (continued):				
Planning				
Salaries, taxes and benefits	110,395	143,620	141,058	2,562
Repairs and maintenance	1,500	1,000	254	746
Supplies	7,000	7,000	2,783	4,217
Utilities	1,500	1,500	1,905	(405)
Other operating expenses	23,691	40,216	24,814	15,402
Capital outlay	2,500	22,750	7,811	14,939
	<u>146,586</u>	<u>216,086</u>	<u>178,625</u>	<u>37,461</u>
Engineering				
Salaries, taxes and benefits	1,000	10,000	6,465	3,535
Repairs and maintenance	-	250	10	240
Supplies	500	500	69	431
Utilities	1,000	2,250	2,659	(409)
Other operating expenses	2,000	2,100	72	2,028
	<u>4,500</u>	<u>15,100</u>	<u>9,275</u>	<u>5,825</u>
Codes				
Salaries, taxes and benefits	137,849	141,099	137,915	3,184
Repairs and maintenance	11,000	9,000	4,653	4,347
Supplies	2,500	4,150	3,974	176
Other operating expenses	7,101	12,851	11,359	1,492
Capital outlay	1,500	13,250	11,600	1,650
	<u>159,950</u>	<u>180,350</u>	<u>169,501</u>	<u>10,849</u>
Court				
Salaries, taxes and benefits	13,325	13,325	12,961	364
Supplies	4,000	4,500	4,418	82
Utilities	250	-	-	-
Other operating expenses	1,683	5,933	2,648	3,285
Capital outlay	750	-	-	-
	<u>20,008</u>	<u>23,758</u>	<u>20,027</u>	<u>3,731</u>
Police Department				
Salaries, taxes and benefits	2,668,665	2,532,665	2,410,292	122,373
Repairs and maintenance	70,000	68,000	53,626	14,374
Supplies	57,500	90,500	89,970	530
Utilities	66,250	68,250	61,925	6,325
Other operating expenses	511,633	493,033	414,614	78,419
Capital outlay	152,000	386,100	169,642	216,458
	<u>3,526,048</u>	<u>3,638,548</u>	<u>3,200,069</u>	<u>438,479</u>
Fire Department				
Salaries, taxes and benefits	1,672,182	1,766,182	1,749,497	16,685
Repairs and maintenance	41,000	49,175	51,133	(1,958)
Supplies	31,500	36,500	36,957	(457)
Utilities	74,000	78,750	73,679	5,071
Other operating expenses	62,708	62,458	56,673	5,785
Capital outlay	105,000	105,000	97,501	7,499
	<u>1,986,390</u>	<u>2,098,065</u>	<u>2,065,440</u>	<u>32,625</u>
Streets and Highway Department				
Salaries, taxes and benefits	517,615	519,115	506,771	12,344
Repairs and maintenance	62,000	189,500	168,135	21,365
Supplies	10,750	10,750	11,059	(309)
Utilities	226,500	232,000	225,707	6,293
Other operating expenses	78,428	79,078	59,495	19,583
Capital outlay	20,000	47,464	21,552	25,912
	<u>915,293</u>	<u>1,077,907</u>	<u>992,719</u>	<u>85,188</u>

(Continued on next page)

See notes to the financial statements

City of Portland, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Budget and Actual
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Positive (Negative) Variance with Final Budget
	Original	Final	Actual	
Expenditures (continued):				
City Garage				
Salaries, taxes and benefits	34,292	33,792	32,072	1,720
Repairs and maintenance	2,000	2,000	921	1,079
Supplies	8,500	8,500	7,940	560
Utilities	7,400	8,800	7,621	1,179
Other operating expenses	5,037	4,037	3,591	446
Capital outlay	3,500	36,900	25,558	11,342
	<u>60,729</u>	<u>94,029</u>	<u>77,703</u>	<u>16,326</u>
State Street Aid				
Repairs and maintenance	5,000	7,000	6,442	558
Other operating expenses	18,000	4,900	3,642	1,258
Capital outlay	377,000	625,600	623,701	1,899
	<u>400,000</u>	<u>637,500</u>	<u>633,785</u>	<u>3,715</u>
Animal Control				
Salaries, taxes and benefits	77,598	40,298	27,781	12,517
Repairs and maintenance	3,000	3,000	1,185	1,815
Supplies	1,750	1,250	121	1,129
Utilities	8,250	7,750	6,772	978
Other operating expenses	3,735	3,735	1,489	2,246
Capital outlay	500	500	-	500
	<u>94,833</u>	<u>56,533</u>	<u>37,348</u>	<u>19,185</u>
Grants and Special Projects				
Capital outlay	-	150,075	79,005	71,070
	<u>-</u>	<u>150,075</u>	<u>79,005</u>	<u>71,070</u>
Swimming Pool				
Salaries, taxes and benefits	20,500	23,500	13,052	10,448
Repairs and maintenance	5,000	5,000	30	4,970
Supplies	5,000	5,000	1,990	3,010
Utilities	15,750	15,750	9,854	5,896
Other operating expenses	750	750	171	579
	<u>47,000</u>	<u>50,000</u>	<u>25,097</u>	<u>24,903</u>
Parks & Recreation				
Salaries, taxes and benefits	491,688	484,838	458,122	26,716
Repairs and maintenance	49,500	50,000	26,888	23,112
Supplies	17,000	17,000	9,778	7,222
Utilities	90,500	85,500	72,125	13,375
Other operating expenses	62,397	62,647	46,109	16,538
Capital outlay	200	122,159	26,492	95,667
	<u>711,285</u>	<u>822,144</u>	<u>639,514</u>	<u>182,630</u>
Community Development				
Salaries, Taxes and Benefits	37,977	37,977	36,076	1,901
Supplies	1,000	1,000	589	411
Utilities	1,250	1,250	618	632
Other operating expenses	40,139	40,139	31,749	8,390
Capital outlay	1,500	1,500	-	1,500
	<u>81,866</u>	<u>81,866</u>	<u>69,032</u>	<u>12,834</u>

(Continued on next page)

See notes to the financial statements

City of Portland, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Budget and Actual
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Positive (Negative) Variance with Final Budget
	Original	Final	Actual	
Expenditures (continued):				
Principal	785,970	698,070	698,998	(928)
Interest	326,142	344,922	307,079	37,843
	<u>1,112,112</u>	<u>1,042,992</u>	<u>1,006,077</u>	<u>36,915</u>
Total Expenditures	<u>13,274,700</u>	<u>17,089,853</u>	<u>13,708,104</u>	<u>3,381,749</u>
Excess (deficiency) of revenues over (under) expenditures	(3,743,500)	(6,421,128)	(2,525,087)	3,896,041
Other Financing Sources (Uses)				
Sale of capital assets	2,500	102,022	106,922	4,900
Insurance recoveries	10,000	12,000	11,856	(144)
Bond Premiums	-	215,248	215,248	-
Bond Discounts	-	-	(34,294)	(34,294)
Debt Proceeds	3,230,000	4,149,000	4,149,000	-
TIF Payments	-	(8,500)	(8,503)	(3)
Transfers in	311,000	485,750	485,951	201
Transfers out	(210,000)	(190,000)	(140,000)	50,000
Total Other Financing Sources (Uses)	<u>3,343,500</u>	<u>4,765,520</u>	<u>4,786,180</u>	<u>20,660</u>
Net Change in Fund Balances	<u>\$ (400,000)</u>	<u>\$ (1,655,608)</u>	2,261,093	<u>\$ 3,916,701</u>
Fund Balance - beginning			<u>4,986,266</u>	
Fund Balance - end			<u>\$ 7,247,359</u>	

See notes to the financial statements

City of Portland, Tennessee
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities - Enterprise Funds		
	Gas Fund	Water & Sewer Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 5,416,225	\$ 5,005,176	\$ 10,421,401
Investments	-	1,018,495	1,018,495
Receivables, customers, net	174,047	667,202	841,249
Due from other funds	1,620	1,078	2,698
Inventory	118,192	226,290	344,482
Prepaid expenses	23,170	110,858	134,028
Restricted cash and cash equivalents	-	1,101,202	1,101,202
Net pension asset	200,684	567,979	768,663
Total current assets	5,933,938	8,698,280	14,632,218
Noncurrent assets			
Capital assets, not being depreciated			
Land, right of ways, usages	240,061	1,046,621	1,286,682
Construction in progress	-	1,551,141	1,551,141
Capital assets, being depreciated			
Plant and equipment	17,561,673	50,180,447	67,742,120
Less accumulated depreciation	(6,572,961)	(20,690,710)	(27,263,671)
Total capital assets, net	11,228,773	32,087,499	43,316,272
Total assets	17,162,711	40,785,779	57,948,490
Deferred Outflows of Resources			
Deferred charge on refunding	-	48,598	48,598
Related to pension	52,602	148,876	201,478
Related to OPEB	5,847	17,105	22,952
Total deferred outflows of resources	58,449	214,579	273,028
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	100,879	405,114	505,993
Retainage payable	-	161,540	161,540
Unearned revenue	-	90,000	90,000
Accrued payroll	17,684	48,775	66,459
Accrued interest	-	112,211	112,211
Due to other funds	604	750	1,354
Notes and bonds payable, current	-	845,236	845,236
Total current liabilities	119,167	1,663,626	1,782,793
Noncurrent Liabilities			
Accrued compensated absences	32,683	76,072	108,755
Total OPEB liability	42,646	124,760	167,406
Notes and bonds payable, net of premiums and discounts	-	13,889,170	13,889,170
Total noncurrent liabilities	75,329	14,090,002	14,165,331
Total liabilities	194,496	15,753,628	15,948,124
Deferred Inflows of Resources			
Related to OPEB	58,174	170,185	228,359
Related to pension	79,562	225,179	304,741
Total deferred inflows of resources	137,736	395,364	533,100
Net Position			
Net investment in capital assets	11,228,774	18,015,711	29,244,485
Restricted for pension	200,684	567,979	768,663
Unrestricted	5,459,470	6,267,676	11,727,146
Total net position	\$ 16,888,928	\$ 24,851,366	\$ 41,740,294

See notes to the financial statements

City of Portland, Tennessee
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds		
	Gas Fund	Water & Sewer Fund	Total
Operating Revenues:			
Charges for services	\$ 4,788,091	\$ 8,247,687	\$ 13,035,778
Other operating revenues	25,412	8,881	34,293
Total operating revenues	4,813,503	8,256,568	13,070,071
Operating Expenses:			
Natural gas purchased	2,060,818	-	2,060,818
General administration	1,002,129	2,812,685	3,814,814
Utilities	57,595	626,685	684,280
Supplies	79,039	387,095	466,134
Machinery and equipment	246,330	236,457	482,787
Maintenance	88,058	787,329	875,387
Depreciation	455,013	1,404,685	1,859,698
Total operating expenses	3,988,982	6,254,936	10,243,918
Operating income	824,521	2,001,632	2,826,153
Nonoperating Revenues (Expenses):			
Investment income	14,271	44,087	58,358
Sale of capital assets	-	97,664	97,664
Insurance recoveries	3,878	12,654	16,532
Bond interest and fiscal charges	-	(444,102)	(444,102)
Total nonoperating revenues (expenses)	18,149	(289,697)	(271,548)
Income before contributions and transfers	842,670	1,711,935	2,554,605
Other contributions and grants	-	75,518	75,518
Transfers out	(160,591)	(139,049)	(299,640)
Change in Net Position	682,079	1,648,404	2,330,483
Net Position - July 1, 2019	16,206,849	23,202,962	39,409,811
Net Position - June 30, 2020	<u>\$ 16,888,928</u>	<u>\$ 24,851,366</u>	<u>\$ 41,740,294</u>

See notes to financial statements

City of Portland, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds		
	Gas Fund	Water & Sewer Fund	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 4,811,523	\$ 8,088,638	\$ 12,900,161
Payments to suppliers	(2,531,840)	(2,037,566)	(4,569,406)
Payments to employees	(1,002,129)	(2,812,685)	(3,814,814)
Net cash provided by operating activities	<u>1,277,554</u>	<u>3,238,387</u>	<u>4,515,941</u>
Cash Flows from Noncapital Financing Activities:			
Transfers to other funds	(160,591)	(139,049)	(299,640)
Net cash used by noncapital financing activities	<u>(160,591)</u>	<u>(139,049)</u>	<u>(299,640)</u>
Cash Flows from Capital and Related Financing Activities:			
Capital contributions	1,980	167,930	169,910
Other contributions and grants	-	75,518	75,518
Insurance recoveries	3,878	12,654	16,532
Sale of capital asset gain/(loss)	-	97,664	97,664
Debt Proceeds	-	237,000	237,000
Principal paid on capital debt	-	(791,115)	(791,115)
Interest paid on capital debt	-	(444,102)	(444,102)
Purchases and construction of capital assets	(460,879)	(2,495,671)	(2,956,550)
Net cash used for capital and related financing activities	<u>(455,021)</u>	<u>(3,140,122)</u>	<u>(3,595,143)</u>
Cash Flows from Investing Activities:			
Interest received	14,271	44,087	58,358
Net cash provided by investing activities	<u>14,271</u>	<u>44,087</u>	<u>58,358</u>
Net increase (decrease) in cash and cash equivalents	676,213	3,303	679,516
Cash and cash equivalents, beginning	4,740,012	6,020,368	10,760,380
Cash and cash equivalents, end	<u>\$ 5,416,225</u>	<u>\$ 6,023,671</u>	<u>\$ 11,439,896</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	<u>\$ 824,521</u>	<u>\$ 2,001,632</u>	<u>\$ 2,826,153</u>
Adjustments to reconcile operating Income to net cash provided by operating activities:			
Depreciation and amortization	455,013	1,404,685	1,859,698
(Increase) decrease in:			
Receivable, net	(67,075)	60,609	(6,466)
Due from other governments	-	(62,964)	(62,964)
Due from other funds	982	(3,936)	(2,954)
Inventory	(15,949)	(7,890)	(23,839)
Prepaid expenses	(1,575)	(343)	(1,918)
Deferred outflow - pension and OPEB	(55,286)	(706,042)	(761,328)
Net pension asset	32,954	76,732	109,686
Increase (decrease) in:			
Accounts payable and accrued liabilities	97,151	550,935	648,086
Retainage payable	-	(55,231)	(55,231)
Unearned revenue	-	(2,000)	(2,000)
Accrued interest	-	5,100	5,100
Accrued payroll	(5,278)	(10,774)	(16,052)
OPEB liability	(89,941)	(339,057)	(428,998)
Due to other funds	2,666	(663)	2,003
Deferred inflow - pension and OPEB	101,545	329,141	430,686
Compensated absences	(2,174)	(1,547)	(3,721)
Net Cash Provided by Operating Activities	<u>\$ 1,277,554</u>	<u>\$ 3,238,387</u>	<u>\$ 4,515,941</u>

See notes to the financial statements

City of Portland, Tennessee
Statement of Fiduciary Net Position
Agency Fund - Statement of Assets and Liabilities
June 30, 2020

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents - restricted	<u>\$ 5,510</u>
Total Assets	<u><u>\$ 5,510</u></u>
Liabilities	
Accrued liabilities	\$ 2,500
Due to other funds	<u>3,010</u>
Total Liabilities	<u><u>\$ 5,510</u></u>

See notes to the financial statements

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The City of Portland, Tennessee ("the City") was incorporated May 21, 1905, by the authority of the 54th Tennessee General Assembly and was chartered under the Private Acts of 1939, Chapter No. 568 House Bill No. 1377. The City operates under a Mayor-Aldermen form of government and provides the following services as authorized by its charter: public safety, water, wastewater, natural gas, solid waste (sanitation), parks and recreation, public works, planning and zoning, airport, and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting Entity

The Portland Airport Authority as established in the city charter is responsible for development, construction and operation of the Portland Airport. Financial activities of the Portland Airport Authority are included in the Airport Fund of these financial statements.

City officials are responsible for appointing members of the Portland Housing Authority and the Housing Assistance Board of Portland, Tennessee. Accountability for these organizations does not extend beyond making appointments. They do not meet the criteria in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards for including as component units.

City officials are responsible for appointing members to the Industrial Development Board of the City of Portland, Tennessee, as established by authority of Chapter 53, Title 7 of the Tennessee Code Annotated. The City has a fiduciary responsibility to administer proceeds of revenue notes issued by the Portland Industrial Development Board ("IDB"). The IDB does not meet the criteria in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards for including as a component unit, however it does meet the criteria for inclusion as a fiduciary fund.

In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may be financially accountable and, as such, should be included within the City's financial statements. Based on the criteria of financial accountability, the City had no component units at June 30, 2020.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. 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 a given function or segment is 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

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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, proprietary funds and fiduciary funds. However, data from fiduciary funds are not incorporated in the government-wide financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Long-term assets, receivables, long-term debt and other obligations are recognized. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are assessed.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions, and (3) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

Expenses are allocated among various City functions including administrative overhead charges allocated by the general fund to various City functions. As a rule, the effect of inter-fund 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 utilities 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.

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Separate financial statements are provided for governmental funds, fiduciary funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Basis of Presentation

Governmental Fund Financials

Governmental fund financial statements are reported using the current financial 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related liability is incurred. 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, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following governmental funds:

General Fund - 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. This fund is considered a major fund for reporting purposes.

Nonmajor governmental Funds – The special revenues fund of the City that are reported as nonmajor are as follows: Airport, Solid Waste (Sanitation), Stormwater, Industrial Revolving Loan, Drug Enforcement, Golf Course, and Impact Fee.

Since the governmental fund financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided that explains the transition from one basis of accounting to another.

Proprietary Fund Financial Statements

The focus of the proprietary fund measurement is upon determination of operating income, changes in net position and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the various utility funds are charges to customers for sales and services. The Water & Sewer fund also recognizes as operating revenue the portion of tap fees intended to cover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government reports the following major proprietary funds:

Water & Sewer Fund – accounts for the water and wastewater services provided to customers of the system.

Natural Gas Fund – accounts for the distribution of natural gas to customers of the system.

Fiduciary Fund Financial Statement

The Fiduciary fund financial statement consists of a Statement of Net Position for an agency fund of the Portland Industrial Development Board which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is accounted for on a spending or "economic reasons" measurement focus and the accrual basis of accounting.

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

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Budget and Budgetary Accounting

The City's fiscal operating year begins July 1st. An annual operating budget is adopted by the Mayor and Board of Aldermen prior to the commencement of the fiscal year. The budget is legally enacted through the passage of an ordinance which also sets the tax rate. Any revision that alters the total appropriations of any fund requires the Board of Aldermen action. The budgetary basis is consistent with GAAP.

Cash and Cash Equivalents

For purposes of the proprietary statements of cash flows, the City defines its cash and cash equivalents to include only cash on hand, demand deposits, and all highly liquid investments with original maturities of three months or less from date of acquisition. Certain cash is reported as restricted because they are maintained in separate bank accounts and their use is either limited by applicable bond covenants or are restricted for use by outside parties or bond issues.

Investments consist of bank certificates of deposit with maturity in excess of three months from the date of purchase.

Inventories and Prepaid Items

Inventory of the Public Works and Solid Waste departments, Airport Authority, Water & Sewer and Gas Funds is stated at cost determined by the first-in, first-out (FIFO) method. The costs of governmental funds inventories are recorded as expenditures when purchased. Certain payments to vendors reflecting costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. The inventories and prepaid items recorded in the governmental funds do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reported as non-spendable.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets used in governmental fund operations are accounted for as capital outlay expenditures. Capital assets, not including general government infrastructure assets, are defined by the government as assets with an initial, total cost of more than \$2,500 and an estimated useful life in excess of one year.

General government infrastructure assets with a total cost greater than \$10,000 and an estimated useful life in excess of one year are capitalized. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Governmental Activities:

Buildings	40 years
Improvements Other than Buildings	10-40 years
Infrastructure Assets	15-50 years
Machinery, Equipment, & Vehicles	5-40 years

Business-type Activities:

Water and Sewer Plant	10-50 years
Natural Gas Plant	10-50 years
Machinery, Equipment, & Vehicles	5-15 years
Furniture and Fixtures	5-15 years

Property Tax

The City's property tax is levied each October 1st on the assessed value listed as of the prior January 1st for all real and personal property located in the City's legal boundaries. All City taxes on real estate are declared to be a lien on such realty from January 1st of the year assessments are made. Taxes become delinquent in March of the year subsequent to the levy date; at that time a lien attaches, and delinquent taxes are turned over for collection proceedings. Property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectability is doubtful.

Property taxes are treated as non-exchange revenue. Accounts receivable from imposed non-exchange transactions are recorded when the City has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date of January 1st. Therefore, the City has recorded the succeeding year's receivable and deferred inflows of resources for taxes assessed as of June 30, 2020 that will not be received until after year-end.

Interfund Receivables, Payables, and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e. the current portion of inter-fund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Compensated Absences

The City's policies permit employees to earn vacation time on a calendar-year basis. Any unused vacation leave at December 31 is forfeited. Vacation leave earned but unpaid at June 30, 2020 is accrued and presented as current liabilities in the government-wide and proprietary fund financial statements. The City's policies permit the accumulation, within certain limitations, of unused sick leave with vesting of unused amounts upon retirement with no monetary payouts. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available resources. The compensated absence liability attributable to the governmental activities will be liquidated primarily by the General Fund.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Long-Term Liabilities

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 assets. Bond premiums and discounts are deferred and amortized straight-line over the life of the bonds that are reported net with bonds payable. Bond issue costs are expensed as 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.

Fund Balance

Fund balances are classified into clearly defined categories making the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints as defined in the City's fund balance policy.

Non-spendable Fund Balance - Amounts that cannot be spent because they are either in a (a) non-spendable form, including items not expected to be converted to cash (i.e. inventories, prepaid amounts, long-term portion of loans and notes receivable and property acquired for resale), or (b) legally or contractually required to be maintained intact (i.e. principal of permanent funds).

Restricted Fund Balance - Amounts constrained to be used for a specific purpose as per external parties, constitutional provision, or enabling legislation.

Committed Fund Balance - Amounts constrained to be used for a specific purpose as per action by the Board of Aldermen (by ordinance). Amounts classified as committed are not subject to legal enforceability like restricted resources; however, they cannot be used for any other purpose unless the Board removes or changes the commitment by taking the same action it employed to impose the commitment.

Assigned Fund Balance – Amounts intended to be used by the City for a specific purpose, but are neither restricted nor committed. The intent shall be expressed by the Board of Aldermen or a designee authorized by the Board of Aldermen. The nature of the actions necessary to remove or modify an assignment is not as rigid as required under a committed fund balance classification. It does not require formal action. This classification includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned Fund Balance – Amounts available for any purpose (amounts that are not non-spendable, restricted, committed or assigned) in the General Fund. It represents the resources available for future spending. This classification includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts. An appropriate level of unassigned fund balance should be maintained in the General Fund in order to cover unexpected expenditures and revenue shortfalls.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, it shall be the policy of the City to use the restricted

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

amounts first as permitted under law. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City to use the committed amounts first, followed by the assigned amounts and the unassigned amounts.

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Government-wide and proprietary fund net position are divided into three components:

Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consist of assets that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (including those who have donated to the City less related liabilities and deferred inflows of resources). Restrictions from enabling legislation include the State Street Aid Fund, Solid Waste Fund, Stormwater Fund, SOR, Impact Fee Fund and Drug Fund.

Unrestricted - all other net position is reported in this category.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

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 fiduciary net position of the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by TCRS for 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 their fair value.

NOTE 2 – CASH AND CASH INVESTMENTS

The City has no formal deposit and investment policies other than those prescribed by State of Tennessee statute and explained below.

Policies: Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by Federal Deposit Insurance Corporation Insurance (FDIC). Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Deposits: As of June 30, 2020, all of the City's deposits were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks in the bank collateral pool determine the aggregate balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Collected securities required to be pledged by the participant banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under the additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk disclosure.

Investments: As of June 30, 2020, the City also held certificates of deposit with initial maturities of greater than three months which have been classified as investments. The certificates of deposit earn interest ranging from .15% to .75% and are invested with banks participating in the state bank collateral pool.

NOTE 3 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2020 is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Funds		
General Fund	\$ 1,023	\$ 3,036
	1,023	3,036
Nonmajor Funds		
Airport Fund	-	106
Stormwater	782	1,023
Solid Waste Fund	1,738	822
Golf Fund	100	-
	2,620	1,951
Proprietary Funds		
Water and Sewer Fund	1,078	750
Gas Fund	1,620	604
	2,698	1,354
	<u>\$ 6,341</u>	<u>\$ 6,341</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances will be repaid within one year.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

From Fund	To Fund	Amount
Industrial Revolving Loan Fund	General Fund	\$ 171,311
Drug Fund	General Fund	15,000
General Fund	Airport Fund	50,000
General Fund	Golf	90,000
Water and Sewer Fund	General Fund	139,049
Gas Fund	General Fund	160,591
Total Transfers		<u>\$ 625,951</u>

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets as presented in the governmental activities column of the government-wide financial statement is as follows:

<u>Governmental Activities</u>	Beginning Balance July 1, 2019	Additions	Deletions/ Adjustments	Ending Balance June 30, 2020
<u>Capital assets not being depreciated:</u>				
Land	\$ 6,267,174	\$ 574,048	\$ -	\$ 6,841,222
Construction in progress	743,181	3,913,669	(2,188,541)	2,468,309
Total Not Being Depreciated	<u>7,010,355</u>	<u>4,487,717</u>	<u>(2,188,541)</u>	<u>9,309,531</u>
<u>Capital assets being depreciated:</u>				
Buildings and plant	12,167,259	769,145	-	12,936,404
Other improvements	7,019,712	516,811	-	7,536,523
Infrastructure	13,622,701	171,091	-	13,793,792
Machinery and equipment	6,241,716	634,769	(230,617)	6,645,868
Total Being Depreciated	<u>39,051,388</u>	<u>2,091,816</u>	<u>(230,617)</u>	<u>40,912,587</u>
<u>Less: Accumulated Depreciation</u>	<u>(14,267,682)</u>	<u>(1,462,323)</u>	<u>215,706</u>	<u>(15,514,299)</u>
Net Capital Assets Being Depreciated	<u>24,783,706</u>	<u>629,493</u>	<u>(14,911)</u>	<u>25,398,288</u>
Net Capital Assets	<u>\$ 31,794,061</u>	<u>\$ 5,117,210</u>	<u>\$ (2,203,452)</u>	<u>\$ 34,707,819</u>

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

<u>Business-type Activities</u>	Beginning Balance July 1, 2019	Additions	Deletions/ Adjustments	Ending Balance June 30, 2020
<u>Capital assets not being depreciated:</u>				
Land	\$ 1,280,682	\$ 6,000	\$ -	\$ 1,286,682
Construction in progress	6,422,714	1,807,952	(6,679,525)	1,551,141
Total Not Being Depreciated	7,703,396	1,813,952	(6,679,525)	2,837,823
<u>Capital assets being depreciated:</u>				
Water & Sewer plant	42,142,410	5,957,912	-	48,100,322
Natural Gas plant	15,604,830	665,610	-	16,270,440
Machinery, equipment & vehicles	3,137,462	606,759	(372,864)	3,371,357
Total Being Depreciated	60,884,702	7,230,281	(372,864)	67,742,119
<u>Less: Accumulated Depreciation</u>	(25,691,099)	(1,859,699)	287,127	(27,263,671)
Net Capital Assets Being Depreciated	35,193,603	5,370,582	(85,737)	40,478,448
Net Capital Assets	\$ 42,896,999	\$ 7,184,534	\$ (6,765,262)	\$ 43,316,271

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

Primary Government- Governmental Activities

General government	\$ 89,081
Public safety	384,418
Parks & recreation	194,546
Planning and codes	5,827
Streets	429,925
Solid Waste	78,483
Stormwater	32,085
Golf course	29,011
Airport	218,947
Total Depreciation	<u>\$ 1,462,323</u>

Primary Government-Business-type Activities

Water and sewer fund	\$ 1,404,686
Natural gas Fund	455,013
Total Depreciation	<u>\$ 1,859,699</u>

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 5 - LONG-TERM OBLIGATIONS

Governmental Activities

Long-Term Debt

General Obligation Bonds and Capital Outlay Notes

The City has outstanding general obligation refunding bonds and capital outlay notes from direct borrowings and direct placements related to governmental activities totaling \$10,390,000 and \$1,830,512, respectively. Direct borrowings related to business-type activities include capital outlay notes and state revolving loans totaling \$1,042,922 and water/sewer system refunding bonds of \$13,035,000.

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

	Interest Rates	Maturity Date	Original Issue	Balance at Year End
Governmental activities:				
<u>Capital Outlay Notes:</u>				
<u>Direct Borrowings:</u>				
Fire Dept. Note 2018	2.87%	2023	\$ 500,000	\$ 152,750
Series 2013 (Fire Dept.)	3.78%	2022	378,000	92,700
Library Expansion Note 2011	2.35%	2020	675,000	-
Parks Dept. Note 2015	2.49%	2020	160,000	-
Police Dept. Note 2017	2.65%	2022	225,000	71,250
Police Dept Note 2018	3.16%	2023	225,000	123,750
Sanitation Truck 2018	3.78%	2023	267,000	160,200
Series 2014	3.78%	2023	154,500	84,000
Street Equipment 2015	2.17%	2020	150,000	7,500
Street Paving 2015	2.61%	2023	1,150,000	467,140
Parks Improvements 2017	2.65%	2027	150,000	102,500
Police/Fire Equipment	3.00%	2024	369,000	324,972
Sanitation Truck 2020	3.00%	2025	270,000	243,750
<u>General Obligation Bonds:</u>				
General Obligation Refunding Bonds, \$	3.50%	2045	7,410,000	6,610,000
General Obligation Refunding Bonds, \$	2.625-4.00%	2050	3,780,000	3,780,000
			<u>\$ 15,863,500</u>	<u>\$ 12,220,512</u>
Business-type activities:				
<u>Water and Sewer System Refunding Bonds</u>				
Refunding Bonds, Series 2016	3.00%	2046	\$ 14,405,000	\$ 13,035,000
<u>Direct Borrowings</u>				
State Revolving Loan Fund	1.70%	2031	1,500,000	805,922
Capital Outlay Note-Equip	2.35%	2020	350,000	-
Capital Outlay Note-Equip	2.48%	2025	237,000	237,000
			<u>\$ 16,492,000</u>	<u>\$ 14,077,922</u>

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

General obligation bonds, capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. The City's direct borrowings related to governmental and business-type activities require the same pledge of the full faith and credit; however, none of the direct borrowings contain any provision for acceleration of payments of principal or are secured by collateral. All bonds and other loans included in long-term debt as of June 30, 2020 will generally be retired from governmental or enterprise fund cash.

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

Years Ending		
June 30	Principal	Interest
2021	\$ 811,920	\$ 383,937
2022	785,670	370,021
2023	702,240	347,225
2024	439,660	329,131
2025	369,772	316,065
2026-2030	1,616,250	1,413,179
2031-2035	1,860,000	1,116,681
2036-2040	2,175,000	796,982
2041-2045	2,570,000	405,438
2046-2050	890,000	82,051
Total	<u>\$ 12,220,512</u>	<u>\$ 5,560,710</u>

Business-type Activities debt service requirements to maturity for bonds, notes, and loans payable are as follows:

Years Ending		
June 30	Principal	Interest
2021	\$ 807,405	\$ 466,556
2022	683,976	444,175
2023	570,128	424,748
2024	591,280	408,770
2025	597,468	394,531
2026-2030	2,948,748	1,717,865
2031-2035	2,963,917	1,200,351
2036-2040	2,485,000	691,843
2041-2045	1,990,000	270,225
2046	440,000	14,300
Total	<u>\$ 14,077,922</u>	<u>\$ 6,033,364</u>

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

A summary of long-term liability activity, including debt, for the year ended June 30, 2020 is as follows:

	Balance July 01 2019	Increases	Decreases	Balance June 30 2020	Amounts Due Within One Year
Governmental Activities					
General Obligation bonds	\$ 6,790,000	\$ 3,780,000	\$ (180,000)	\$ 10,390,000	\$ 255,000
Plus Bond Premium	-	215,248	(7,135)	208,113	7,135
Less bond discount	-	1,137	(34,294)	(33,157)	(1,137)
Total bonds payable	6,790,000	3,996,385	(221,429)	10,564,956	260,998
Private Placement Notes	1,790,160	639,000	(598,648)	1,830,512	556,920
Compensated Absences	224,984	-	-	224,984	-
Total OPEB Liability	1,506,127	-	(1,177,599)	328,528	-
Total governmental activities	\$ 10,311,271	\$ 4,635,385	\$ (1,997,676)	\$ 12,948,980	\$ 817,918
Business-Type Activities					
Water & Sewer Refunding & Improvement Bonds, Series 2016	\$ 13,715,000	\$ -	\$ (680,000)	\$ 13,035,000	\$ 700,000
Plus Bond Premium	700,840	-	(38,220)	662,620	38,220
Less bond discount	(6,525)	389	-	(6,136)	(389)
Total bonds payable	14,409,315	389	(718,220)	13,691,484	737,831
Notes and Loans from Direct Borrowings					
State Revolving Loan	870,370	-	(64,448)	805,922	60,005
Capital Outlay Notes	46,667	237,000	(46,667)	237,000	47,400
Compensated Absences	105,034	3,721	-	108,755	-
Total OPEB Liability	843,159	-	(675,753)	167,406	-
Total business-type activities	\$ 16,274,545	\$ 241,110	\$ (1,505,088)	\$ 15,010,567	\$ 845,236

The bond resolution authorizing the Water and Sewer System Refunding and Improvement Bonds, Series 2016 shown above requires the City to establish a Debt Service Reserve Fund, a Bond and Interest Sinking Fund, and requires the City to establish rates to its customers in order to maintain a debt service coverage ratio of no less than 1.2 to 1.0 for the 2006 bonds and all prior lien bonds and 1 to 1 for all other obligations. These refunding bonds defeased certain outstanding bonds, which were retired in October 2016.

The City issued \$15,560,000 in Water & Sewer System Refunding and Improvement Bonds, Series 2016 to refund certain outstanding debt of the City (Series 2006 and 2014 Bonds) and add approximately \$8,500,000 in new monies. The new refunding bonds bear interest at rates that range between 2.50% and 4.00% per annum for the life of the bond. The City refunded \$4,909,167 of Water & Sewer System Revenue Refunding Bonds, Series 2006 and \$2,781,091 of Water & Sewer Bonds, Series 2014 with interest rates ranging from 3.875% to 4.375% for the Series 2006 and 2.400% for the Series 2014. The reacquisition price exceeded the net carrying amount of the old debt by \$6,113. This amount is presented as a deferred outflow of resources and amortized over the remaining life of the refunding debt. The refunded debt reduced the City's total debt service payments by \$749,293 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$672,310.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 6 – PENSION PLANS

General Information about the Pension Plan

Plan Description

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

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	58
Inactive employees entitled to but not yet receiving benefits	82
Active Employees	154
Total Employees	<u>294</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. The City 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 the City were \$214,592 based on a rate of 3 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

employer's ADC and member contributions are expected to finance the cost of benefits earned by during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The City'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.

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 future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent.

The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Changes in Net Pension Liability (Asset)

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

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

Changes in the Net Pension Liability (Asset)
Increase (Decrease)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/18	\$ 17,782,606	\$ 19,580,085	\$ (1,797,479)
Changes for the year:			
Service cost	552,366	-	552,366
Interest	1,306,593	-	1,306,593
Differences between expected and actual experience	(139,442)	-	(139,442)
Changes in benefits	-	-	-
Changes in assumptions	-	-	-
Contributions-employer	-	331,739	(331,739)
Contributions-employees	-	383,706	(383,706)
Net investment income	-	1,460,793	(1,460,793)
Benefit payments, including refunds of employee contributions	(625,990)	(625,990)	-
Administrative expense	-	(12,491)	12,491
Other changes	-	-	-
Net changes	1,093,527	1,537,757	(444,230)
Balance at 6/30/19	\$ 18,876,133	\$ 21,117,842	\$ (2,241,709)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the City 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%)
Portland's net pension liability (asset)	\$435,491	(\$2,241,709)	(\$4,444,368)

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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, the City recognized pension expense of \$96,675

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, Portland reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 178,213	\$ 649,121
Net difference between projected and actual earnings on pension plan investment	-	239,620
Changes in assumptions	194,781	-
Contributions subsequent to the measurement date of June 30, 2018	<u>214,592</u>	<u>(not applicable)</u>
Total	<u>\$ 587,586</u>	<u>\$ 888,741</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:

Year Ended June 30:	
2021	(99,040)
2022	(184,722)
2023	(117,659)
2024	(85,050)
2025	(9,356)
Thereafter	(19,920)

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, Portland reported a payable of \$45,129 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

Local Government OPEB Plan (LGOP)

Plan description - Employees of the City of Portland, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government OPEB Plan (LGOP) 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 pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided - The City of Portland offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, 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.[Entities should insert language to explain their direct subsidy policy for pre-65 retiree insurance coverage or the fact that they do not directly subsidize and are only subject to the implicit]. The LGOP 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 City of Portland were covered by the benefit terms of the LGOP:

Inactive employees currently receiving benefit payments	9
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	152
Total	<u>161</u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP 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. For the fiscal year ended June 30, 2020, the City of Portland paid \$40,341 to the LGOP for OPEB benefits as they came due.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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%
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 for 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 post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement 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.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Changes in the Total OPEB Liability

LGOP	Total OPEB Liability (a)
Total OPEB liability- beginning balance	\$ 2,206,992
Changes for the year:	
Service cost	152,342
Interest	82,955
Changes of benefit terms	(1,365,252)
Differences between expected and actual experience	(475,369)
Change in assumptions	19,405
Benefit payments	(136,753)
Net changes	(1,722,672)
Total OPEB liability - ending balance	\$ 484,320

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. It was also decided to change the status will increase the OPEB liability. Other changes in assumptions include adjustment to initial per capita cost and slight changes to the near term health trend rates.

Changes in benefit terms- A change in benefit terms resulted in a \$1,365,252 decrease in the City's total OPEB liability.

Sensitivity of total OPEB liability to changes in the discount rate - The following presents the total OPEB liability related to the LGOP, as well as what the 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.

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB Liability	\$ 521,307	\$ 484,320	\$ 450,421

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate - The following presents the total OPEB liability related to the LGOP, as well as what the 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.

	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	\$ 438,669	\$ 484,320	\$ 538,924

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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 City recognized OPEB expense of \$1,223,221.

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

LGOP	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	\$ 2,788	\$ 413,793
Changes of assumptions	16,891	251,392
Employer payments subsequent to the measurement date	40,341	-
Total	\$ 60,020	\$ 665,185

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:

For the year ended June 30:

2021	(93,266)
2022	(93,266)
2023	(93,266)
2024	(93,266)
2025	(93,266)
Thereafter	(179,176)

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

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Tennessee Plan (TNP)

Plan description - Employees of the City of Portland, 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 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 retirees and disability participants of local governments, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and local education agencies. 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 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. The TNP 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 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 benefit terms - At July 1, 2019, the following employees of the City of Portland were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit paymen	3
Active employees	-
Total	<u>3</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 City of Portland paid \$447 to the TNP for OPEB benefits as they came due.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 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 post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement 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 Bond Buyer 20-Year Municipal GO AA index.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Changes in the Total OPEB Liability

TNP	Total OPEB Liability
	(a)
Total OPEB liability - beginning balance	<u>\$ 142,294</u>
Changes for the year:	
Service cost	3,932
Interest	5,279
Changes of benefit terms	(144,994)
Differences between expected and actual experience	5,776
Change in assumptions	127
Benefit payments	<u>(800)</u>
Net changes	<u>(130,680)</u>
Total OPEB liability - ending balance	<u>\$ 11,614</u>

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.

Changes in benefit terms- A change in benefit terms resulted in a \$144,994 decrease in the City's total OPEB liability.

Sensitivity of total OPEB liability to changes in the discount rate - The following presents the total OPEB liability related to the TNP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB Liability	<u>\$ 12,878</u>	<u>\$ 11,614</u>	<u>\$ 10,531</u>

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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 City recognized OPEB expense of \$136,477.

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

TNP

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	\$ 7,416	\$ -
Changes of assumptions	112	11,321
Employer payments subsequent to the measurement date	447	-
Total	<u>\$ 7,975</u>	<u>\$ 11,321</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:

TNP

For the year ended June 30:

2021	(694)
2022	(694)
2023	(694)
2024	(694)
2025	(694)
Thereafter	(323)

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

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 8 - RISK MANAGEMENT

The City is exposed to various risks to general liability and property and casualty losses. The City deems it was more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty and workman's compensation coverage. The City participates in the TML Risk Pool which is a public entity risk pool established by the Tennessee Municipal League, an association of member Cities. The City pays an annual premium to the TML for its general liability, law enforcement liability, errors and omissions liability, auto liability, workers' compensation and property coverage. The City's workers' compensation coverage is retrospectively rated, whereby premiums are accrued based on the ultimate costs of the experience of the City. Claims arising are paid by the Pool. The Pool has the right to assess participants for loss experience in excess of premiums collected. The City also obtains commercial insurance coverage for accidents and sick-leave for volunteer firemen. Insurance recoveries during 2020 were approximately \$35,853. Settled claims have not exceeded insurance coverage since 2008.

NOTE 9 – COMMITMENTS AND CONCENTRATIONS

Commitments

The City is committed on future capital expenditures for projects ongoing at June 30, 2020:

	Amt Thru 6/30/2020	Additional Commitment	Total Project
Governmental Funds Projects			
City Hall Renovation/Addition	\$ 2,668,084	\$ -	\$ 2,668,084
Gateview Road	\$ 70,745	\$ 69,255	\$ 140,000
Water & Sewer Fund			
Waste Water Collection System Upgrade	\$ 1,043,075	\$ 78,210	\$ 1,121,285
City Hall Renovation/Addition	\$ -	\$ 1,131,625	\$ 1,131,625
Lyon Drive Lift Station	\$ 343,005	\$ 226,100	\$ 569,105
West Side Sewer Interceptor	\$ 115,580	\$ 18,495	\$ 134,075
WB Dye Water Line	\$ -	\$ 130,000	\$ 130,000
AMR Project	\$ -	\$ 150,000	\$ 150,000
Gas Fund			
City Hall Renovation/Addition	\$ -	\$ 1,131,625	\$ 1,131,625
AMR Project	\$ 505,991	\$ 19,009	\$ 525,000

The City of Portland and Sumner County Government have adopted the Tax Increment Financing Program established by the Industrial Development Board (IDB) of Sumner County. TIF is an economic development tool that allocates all or a portion of the new, additional taxes generated by a development over a specified period of time to pay for infrastructure such as utility and road improvements related to that development.

The TIF Program is primarily for the economic development projects that provide improvements in underutilized areas. This program applies only to projects initiated by a private developer and supported

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

by tax increment property tax revenues. It is a discretionary program and does not create or vest any rights in any person or entity.

Concentrations

The business-type activities have a concentration of accounts receivable with customers who are geographically concentrated in the City service area. The business-type activities require a cash deposit from new customers or a letter of credit from a previous utility company showing timely payment of bills. These requirements are in place to mitigate the risk of uncollectible accounts.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 07, 2020, which is the date the financial statements were available to be issued. The full impact of the COVID-19 outbreak continues to evolve as of December 07, 2020. 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, there is no estimate as to the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year 2021.

REQUIRED SUPPLEMENTARY INFORMATION

City of Portland, Tennessee
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30

LGOP

	2018	2019	2020
Total OPEB liability			
Service cost	\$ 149,187	\$ 141,202	\$ 152,342
Interest	70,860	85,728	82,955
Changes of benefit terms	-	-	(1,365,252)
Differences between expected and actual experience	-	3,512	(475,369)
Changes of assumptions	(106,826)	(225,062)	19,405
Benefit payments	(117,143)	(130,554)	(136,753)
Net change in total OPEB liability	(3,922)	(125,174)	(1,722,672)
Total OPEB liability - beginning	2,336,088	2,332,166	2,206,992
Total OPEB liability - ending (a)	\$ 2,332,166	\$ 2,206,992	\$ 484,320
Covered-employee payroll	\$ 6,901,160	\$ 7,688,246	\$ 7,705,243
Total OPEB liability as a percentage of covered-employee payroll	33.79%	28.71%	6.29%

**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

City of Portland, Tennessee
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30

TNP

	2018	2019	2020
Total OPEB liability			
Service cost	\$ 6,603	\$ 5,095	\$ 3,932
Interest	3,727	4,844	5,279
Changes of benefit terms	-	-	(144,994)
Differences between expected and actual experience	-	3,156	5,776
Changes of assumptions	(15,184)	(1,399)	127
Benefit payments	(15,300)	(738)	(800)
Net change in total OPEB liability	(20,154)	10,958	(130,680)
Total OPEB liability - beginning	151,490	131,336	142,294
Total OPEB liability - ending (a)	\$ 131,336	\$ 142,294	\$ 11,614
Covered-employee payroll	\$ 6,901,160	\$ 7,688,246	\$ 7,705,243
Total OPEB liability as a percentage of covered-employee payroll	1.90%	1.85%	0.15%

**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.

City of Portland, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
General Government Employees
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019
Total Pension Liability (Asset)						
Service Cost	\$ 423,986	\$ 409,779	\$ 423,986	\$ 578,391	\$ 573,359	\$ 552,366
Interest	1,128,066	1,040,811	1,128,066	1,208,654	1,217,498	1,306,593
Changes in Benefit Terms	-	-	-	-	-	-
Differences Between Actual and Expected Experience	36,093	384,722	36,093	(816,907)	73,950	(139,442)
Change of Assumptions	-	-	-	340,869	-	-
Benefit Payments, Including Refunds of Employee Contributions	(683,337)	(688,881)	(683,337)	(652,758)	(603,825)	(625,990)
Net Change in Total Pension Liability (Asset)	904,808	1,146,431	904,808	658,249	1,260,982	1,093,527
Total Pension Liability (Asset), Beginning	14,958,567	13,812,136	14,958,567	15,863,375	16,521,624	17,782,606
Total Pension Liability (Asset), Ending (a)	<u>\$ 15,863,375</u>	<u>\$ 14,958,567</u>	<u>\$ 15,863,375</u>	<u>\$ 16,521,624</u>	<u>\$ 17,782,606</u>	<u>\$ 18,876,133</u>
 Plan Fiduciary Net Position						
Contributions - Employer	\$ 587,552	\$ 526,805	\$ 587,552	\$ 631,603	\$ 477,517	\$ 331,739
Contributions - Employee	276,673	248,121	276,673	297,087	368,786	383,706
Net Investment Income	405,013	452,471	405,013	1,804,246	1,491,884	1,460,793
Benefit Payments, Including Refunds of Employee Contributions	(683,337)	(688,881)	(683,337)	(652,758)	(603,825)	(625,990)
Administrative Expense	(9,659)	(5,977)	(9,659)	(11,315)	(12,580)	(12,491)
Net Change in Plan Fiduciary Net Position	576,242	532,539	576,242	2,068,863	1,721,782	1,537,757
Plan Fiduciary Net Position, Beginning	15,213,198	14,680,659	15,213,198	15,789,440	17,858,303	19,580,085
Plan Fiduciary Net Position, Ending (b)	<u>\$ 15,789,440</u>	<u>\$ 15,213,198</u>	<u>\$ 15,789,440</u>	<u>\$ 17,858,303</u>	<u>\$ 19,580,085</u>	<u>\$ 21,117,842</u>
 Net Pension Liability (Asset), Ending (a - b)	<u>\$ 73,935</u>	<u>\$ (254,631)</u>	<u>\$ 73,935</u>	<u>\$ (1,336,679)</u>	<u>\$ (1,797,479)</u>	<u>\$ (2,241,709)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.53%	101.70%	99.53%	108.09%	110.11%	111.88%
Covered Employee Payroll	\$ 5,527,302	\$ 4,955,832	\$ 5,527,302	5,941,704	6,366,885	6,634,785
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	1.34%	-5.14%	1.34%	-22.50%	-28.23%	-33.79%

**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.

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.

City of Portland, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 495,742	\$ 526,805	\$ 587,552	\$ 620,314	\$ 306,247	\$ 192,409	\$ 214,592
Contributions in relation to the actuarially determined contribution	495,742	526,805	577,156	631,603	477,517	331,739	214,592
Contribution deficiency (excess)	\$ -	\$ -	\$ 10,396	\$ (11,289)	\$ (171,270)	\$ (139,330)	\$ -
Covered Payroll	\$ 4,775,917	\$ 4,955,832	\$ 5,527,302	\$ 5,941,704	\$ 6,366,885	\$ 6,634,785	\$ 7,463,992
Contributions as a Percentage of Covered Payroll	10.38%	10.63%	10.44%	10.63%	7.50%	5.00%	2.88%

**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.

CITY OF PORTLAND, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

Valuation date: Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	2.50%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4.00%
Investment Rate of Return	7.25%, Net of Investment Expense, Including Inflation
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 Adjustment	2.25%

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.

See independent auditor's report

OTHER SUPPLEMENTARY INFORMATION

City of Portland, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds						Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Airport Fund	Solid Waste Fund	Stormwater Fund	Drug Fund	Golf Course Fund	Impact Fees Fund	Revolving Loan Fund	
Assets								
Cash & cash equivalents	\$ 43,467	\$ 225,729	\$ 541,797	\$ 27,964	\$ 61,092	\$ 219,647	\$ 136,662	\$ 1,256,358
Receivables, net	-	83,902	36,700	-	-	-	-	120,602
Due from other funds	-	1,738	782	-	100	-	-	2,620
Prepaid items and other assets	11,032	17,295	7,294	-	3,892	-	-	39,513
Inventory	21,492	13,645	-	-	-	-	-	35,137
Total assets	75,991	342,309	586,573	27,964	65,084	219,647	- 136,662	1,454,230
Liabilities								
Accounts payable	554	34,353	13,456	7,377	1,921	-	-	57,661
Accrued payroll	2,389	7,343	8,524	-	2,819	-	-	21,075
Due to other funds	106	822	1,023	-	-	-	-	1,951
Total liabilities	3,049	42,518	23,003	7,377	4,740	-	-	80,687
Fund Balances								
Nonspendable								
Inventory and prepaid items	32,524	30,940	7,294	-	3,892	-	-	74,650
Restricted For:								
Airport	40,418	-	-	-	-	-	-	40,418
Solid waste	-	268,851	-	-	-	-	-	268,851
Stormwater	-	-	556,276	-	-	-	-	556,276
Drug control	-	-	-	20,587	-	-	-	20,587
Golf course	-	-	-	-	56,452	-	-	56,452
Revolving loans	-	-	-	-	-	-	136,662	136,662
Impact fee	-	-	-	-	-	219,647	-	219,647
Total fund balances	72,942	299,791	563,570	20,587	60,344	219,647	136,662	1,373,543
Total liabilities and fund balances	\$ 75,991	\$ 342,309	\$ 586,573	\$ 27,964	\$ 65,084	\$ 219,647	\$ 136,662	\$ 1,454,230

See independent auditor's report.

City of Portland, Tennessee
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds						Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Airport Fund	Solid Waste Fund	Stormwater Fund	Drug Fund	Golf Course Fund	Impact Fees Fund	Revolving Loan Fund	
Revenues								
Charges for services	\$ 167,033	\$ 1,059,543	\$ 838,085	\$ -	\$ 149,421	\$ 71,547	\$ -	\$ 2,285,629
Fines and forfeitures	-	-	2,200	4,126	-	-	-	6,326
Federal and state grants	487,591	-	-	-	-	-	-	487,591
Investment income	67	559	879	18	-	-	398	1,921
Rental	91,600	-	-	-	795	-	-	92,395
Miscellaneous and contributions	725	168	9,677	250	275	-	-	11,095
Total revenues	747,016	1,060,270	850,841	4,394	150,491	71,547	398	2,884,957
Expenditures								
Salaries, taxes and benefits	106,930	434,347	417,879	-	106,759	-	-	1,065,915
Repairs and maintenance	25,071	36,842	88,727	-	8,829	-	-	159,469
Utilities	31,659	11,968	16,825	-	12,157	-	-	72,609
Supplies	136,097	41,187	25,691	532	30,677	-	-	234,184
Other operating	18,801	391,655	38,568	-	29,580	-	-	478,604
Debt service	-	91,487	-	-	-	-	-	91,487
Capital outlay	475,670	318,656	41,409	-	13,800	-	-	849,535
Total expenditures	794,228	1,326,142	629,099	532	201,802	-	-	2,951,803
Excess (deficiency) of revenues over (under) expenditures	(47,212)	(265,872)	221,742	3,862	(51,311)	71,547	398	(66,846)
Other Financing Sources (Uses)								
Sale of capital assets	-	18,000	-	3,440	-	-	-	21,440
Insurance proceeds	-	-	7,475	-	-	-	-	7,475
Revolving loans	-	270,000	-	-	-	-	-	270,000
Transfers in (out)	50,000	-	-	(15,000)	90,000	-	(171,311)	(46,311)
Total other financing sources and uses	50,000	288,000	7,475	(11,560)	90,000	-	(171,311)	252,604
Net Change in Fund Balances	2,788	22,128	229,217	(7,698)	38,689	71,547	(170,913)	185,758
Fund Balance - beginning	70,154	277,663	334,353	28,285	21,655	148,100	307,575	1,187,785
Fund Balance - end	\$ 72,942	\$ 299,791	\$ 563,570	\$ 20,587	\$ 60,344	\$ 219,647	\$ 136,662	\$ 1,373,543

See independent auditor's report.

City of Portland, Tennessee
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Airport Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Positive (Negative) Variance with Final</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 155,000	\$ 175,000	\$ 167,033	\$ (7,967)
Federal and state grants	1,109,500	579,050	487,591	(91,459)
Investment income	78	78	67	(11)
Rental	92,000	92,000	91,600	(400)
Miscellaneous and contributions	100	800	725	(75)
Total revenues	<u>1,356,678</u>	<u>846,928</u>	<u>747,016</u>	<u>(99,912)</u>
Expenditures				
Salaries, taxes and benefits	107,105	108,105	106,930	1,175
Repairs and maintenance	24,000	27,825	25,071	2,754
Utilities	34,550	34,550	31,659	2,891
Supplies	140,000	153,500	136,097	17,403
Other operating	25,750	23,175	18,801	4,374
Capital outlay	<u>1,100,273</u>	<u>574,773</u>	<u>475,670</u>	<u>99,103</u>
Total expenditures	<u>1,431,678</u>	<u>921,928</u>	<u>794,228</u>	<u>127,700</u>
Excess (deficiency) of revenues over (under) expenditures	(75,000)	(75,000)	(47,212)	27,788
Other Financing Sources (Uses)				
Transfers in (out)	<u>75,000</u>	<u>75,000</u>	<u>50,000</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>75,000</u>	<u>75,000</u>	<u>50,000</u>	<u>(25,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,788</u>	<u>\$ 2,788</u>
Fund Balance - beginning			<u>70,154</u>	
Fund Balance - end			<u>\$ 72,942</u>	

See independent auditor's report.

City of Portland, Tennessee
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Solid Waste Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Positive (Negative) Variance with Final</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 1,037,000	\$ 1,044,000	\$ 1,059,543	\$ 15,543
Investment income	420	450	559	109
Miscellaneous and contributions	111	111	168	57
Total revenues	<u>1,037,531</u>	<u>1,044,561</u>	<u>1,060,270</u>	<u>15,709</u>
Expenditures				
Salaries, taxes and benefits	444,848	443,598	434,347	9,251
Repairs and maintenance	51,000	47,780	36,842	10,938
Utilities	12,750	13,000	11,968	1,032
Supplies	53,737	47,237	41,187	6,050
Other operating	383,135	393,385	391,655	1,730
Debt service	124,561	96,561	91,487	5,074
Capital outlay	314,500	314,500	318,656	(4,156)
Total expenditures	<u>1,384,531</u>	<u>1,356,061</u>	<u>1,326,142</u>	<u>29,919</u>
Excess (deficiency) of revenues over (under) expenditures	(347,000)	(311,500)	(265,872)	45,628
Other Financing Sources (Uses)				
Sale of capital assets	-	-	18,000	18,000
Debt proceeds	267,000	270,000	270,000	-
Total other financing sources (uses)	<u>267,000</u>	<u>270,000</u>	<u>288,000</u>	<u>18,000</u>
Net Change in Fund Balance	<u>\$ (80,000)</u>	<u>\$ (41,500)</u>	<u>22,128</u>	<u>\$ 63,628</u>
Fund Balance - beginning			<u>277,663</u>	
Fund Balance - end			<u>\$ 299,791</u>	

See independent auditor's report.

City of Portland, Tennessee
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Stormwater Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			Positive (Negative) Variance with
	Original	Final	Actual	Final
Revenues				
Charges for services	\$ 800,000	\$ 835,000	\$ 838,085	\$ 3,085
Fines and forfeitures	-	-	2,200	2,200
Investment income	650	850	879	29
Miscellaneous and contributions	-	9,700	9,677	(23)
Total revenues	800,650	845,550	850,841	5,291
Expenditures				
Salaries, taxes and benefits	410,975	431,015	417,879	13,136
Repairs and maintenance	256,500	272,835	88,727	184,108
Utilities	16,000	18,275	16,825	1,450
Supplies	35,750	38,750	25,691	13,059
Other operating	64,425	64,925	38,568	26,357
Capital outlay	27,000	37,250	41,409	(4,159)
Total expenditures	810,650	863,050	629,099	233,951
Excess (deficiency) of revenues over (under) expenditures	(10,000)	(17,500)	221,742	239,242
Other Financing Sources (Uses)				
Transfer in (out)	10,000	10,000	-	(10,000)
Insurance Proceeds	-	7,500	7,475	(25)
Total other financing sources (uses)	10,000	17,500	7,475	(10,025)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	229,217	<u>\$ 229,217</u>
Fund Balance - beginning			<u>334,353</u>	
Fund Balance - end			<u>\$ 563,570</u>	

See independent auditor's report.

City of Portland, Tennessee
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Drug Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Positive (Negative) Variance with Final</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 7,000	\$ 4,450	\$ 4,126	\$ (324)
Investment income	-	50	18	(32)
Miscellaneous and contribution income	-	-	250	250
Total revenues	<u>7,000</u>	<u>4,500</u>	<u>4,394</u>	<u>(106)</u>
Expenditures				
Supplies	<u>1,000</u>	<u>1,000</u>	<u>532</u>	<u>468</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>532</u>	<u>468</u>
Excess (deficiency) of revenues over (under) expenditures	6,000	3,500	3,862	362
Other Financing Sources (Uses)				
Transfers in (out)	(15,000)	(15,000)	(15,000)	-
Sale of capital assets	5,000	4,000	3,440	560
Total other financing sources (uses)	(10,000)	(11,000)	(11,560)	560
Net Change in Fund Balance	<u>\$ (4,000)</u>	<u>\$ (7,500)</u>	<u>(7,698)</u>	<u>\$ 922</u>
Fund Balance - beginning			<u>28,285</u>	
Fund Balance - end			<u>\$ 20,587</u>	

See independent auditor's report.

City of Portland, Tennessee
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Impact Fee Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Positive (Negative) Variance with Final
	Original	Final	Actual	
Revenues				
Charges for services	\$ 30,000	\$ 68,500	\$ 71,547	\$ 3,047
Total revenues	30,000	68,500	71,547	3,047
Expenditures				
Total expenditures	-	-	-	-
Net Change in Fund Balance	<u>\$ 30,000</u>	<u>\$ 68,500</u>	<u>\$ 71,547</u>	<u>\$ 3,047</u>
Fund Balance - beginning			<u>148,100</u>	
Fund Balance - end			<u>\$ 219,647</u>	

See independent auditor's report.

City of Portland, Tennessee
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Revolving Loan Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			Positive (Negative) Variance with Final
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Investment income	\$ 250	\$ 500	\$ 398	\$ (102)
Total revenues	250	500	398	(102)
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	250	500	398	(102)
Other Financing Sources (Uses)				
Transfers in (out)	-	(171,250)	(171,311)	(61)
Total other financing sources (uses)	-	(171,250)	(171,311)	(61)
Net Change in Fund Balance	<u>\$ 250</u>	<u>\$ (170,750)</u>	<u>\$ (170,913)</u>	<u>\$ (163)</u>
Fund Balance - beginning			307,575	
Fund Balance - end			<u>\$ 136,662</u>	

See independent auditor's report.

City of Portland, Tennessee
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Golf Course Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Positive (Negative) Variance with Final
	Original	Final	Actual	
Revenues				
Charges for services	\$ 150,500	\$ 119,000	\$ 149,421	\$ 30,421
Rental	3,000	1,000	795	(205)
Miscellaneous and contribution income	-	350	275	(75)
Total revenues	153,500	120,350	150,491	30,141
Expenditures				
Salaries, taxes and benefits	170,503	111,503	106,759	4,744
Repairs and maintenance	17,000	14,000	8,829	5,171
Utilities	16,500	15,000	12,157	2,843
Supplies	32,200	35,350	30,677	4,673
Other operating	37,297	35,497	29,580	5,917
Capital outlay	5,000	14,000	13,800	200
Total expenditures	278,500	225,350	201,802	23,548
Excess (deficiency) of revenues over (under) expenditures	(125,000)	(105,000)	(51,311)	53,689
Other Financing Sources (Uses)				
Transfers in (out)	125,000	105,000	90,000	(35,000)
Total other financing sources (uses)	125,000	105,000	90,000	(35,000)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	38,689	<u>\$ 18,689</u>
Fund Balance - beginning			21,655	
Fund Balance - end			<u>\$ 60,344</u>	

See Independent auditor's report.

CITY OF PORTLAND, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	CFDA NO.	PROGRAM	CONTRACT NO.	EXPENDITURES
<u>FEDERAL AWARDS</u>				
U.S. Department of Housing and Urban Development				
<u>Pass-through funding:</u>				
Tennessee Dept. of Economic and Community Development	14.24	Home Investment Partnerships Program	10-THDA-H-20	\$ 3,115
al U.S. Department of Housing and Urban Development				<hr/> 3,115
Federal Aviation Administration				
<u>Pass-through funding:</u>				
TN Dept of Transportation, Aeronautics Division	20.11	T-Hangar Apron Rehab - Construction	AERO 19-174-00	259,346
TN Dept of Transportation, Aeronautics Division	20.11	T-Hangar Apron Rehab - Resurfacing	AERO 20-204-00	156,002
Total Federal Aviation Administration				<hr/> 415,348
U.S. Department of Transportation				
<u>Pass-through funding:</u>				
TN Dept of Transportation Surface Transportation Program	20.21	SRTS Watt Hardison Sidewalk (Safe Routes To Schools)	130261	42,862
Surface Transportation Program	20.21	Kirby Road Paving	150201	15
Federal Highway Administration	20.21	Traffic Light Study	83LPLM-F1-097	7,457
Total U.S. Department of Transportation				<hr/> 50,334
TOTAL EXPENDITURES OF FEDERAL AWARDS				<hr/> 468,797
<u>STATE AWARDS</u>				
TN Dept of Transportation, Aeronautics Division	N/A	Annual Airport Maint. Grant	AERO-M12-250	15,000
TN Dept of Transportation, Aeronautics Division	N/A	Parallel Taxiway South Design Only	AERO-19-220-00 Agency Tracking #40100-00619	60,451
State of Tennessee Office of Economic & Community Development	N/A	<u>Fast Track Infrastructure Dev Prog (FIDP)</u> Cardinal Sewer Addition	CN: 306200	9,200
TOTAL EXPENDITURES OF STATE AWARDS				<hr/> 84,651

CITY OF PORTLAND, TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Portland, Tennessee under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Pass-through entity contract numbers are presented where available.
3. The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – OUTSTANDING LOANS

The City has outstanding a loan of \$805,922 obtained through the State Revolving Loan Fund (SRLF) in 2006. The loan is presented in detail elsewhere in the supplementary and other information section of this report.

See independent auditor's report.

OTHER INFORMATION SECTION

City of Portland, Tennessee
Schedule of Changes in Long-term Debt by Individual Issue
June 30, 2020

Description of Indebtedness	Original Amount Of Issue	Interest Rate	Last Maturity Date	Outstanding 7/1/2019	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2020
<u>Governmental Activities</u>							
<u>Capital Outlay Notes Payable</u>							
Fire Department Capital Outlay Note #72	\$ 378,000	3.78%	3/1/2022	\$ 123,600	\$ -	\$ (30,900)	\$ 92,700
Public Library Expansion Capital Outlay Note 2011 Loan #56	675,000	2.35%	1/20/2020	43,750	-	(43,750)	-
Street Paving Note Capital Outlay Note #60	500,000	2.87%	4/1/2023	208,310	-	(55,560)	152,750
Parks Equipment Capital Outlay Note, Series 2015	160,000	2.49%	3/9/2020	24,000	-	(24,000)	-
Street Equipment Capital Outlay Note #65	150,000	2.17%	10/1/2020	37,500	-	(30,000)	7,500
Street Paving Note Capital Outlay Note #66	1,150,000	2.61%	10/1/2023	610,900	-	(143,760)	467,140
Police Cars Capital Outlay Note #68	225,000	2.65%	1/11/2022	116,250	-	(45,000)	71,250
Parks Improvements Capital Outlay Note, Series 2017	150,000	2.65%	4/15/2027	117,500	-	(15,000)	102,500
Police Cars Capital Outlay Note #70	225,000	3.16%	4/15/2023	168,750	-	(45,000)	123,750
Sanitation Trucks Capital Outlay Note #71	267,000	3.78%	06/21/2023	213,600	-	(53,400)	160,200
Fire Department Capital Outlay Note, Series 2013	154,500	3.78%	06/21/2023	126,000	-	(42,000)	84,000
Police/Fire Equipment Capital Outlay Note #73	369,000	3.00%	11/05/2024	-	369,000	(44,028)	324,972
Sanitation Truck Capital Outlay Note #74	270,000	3.00%	11/15/2025	-	270,000	(26,250)	243,750
Total Capital Outlay Notes Payable				\$ 1,790,160	\$ 639,000	\$ (598,648)	\$ 1,830,512
<u>Bonds Payable</u>							
General Obligation Refunding Bonds, Series 2015 Loan #64	\$ 7,410,000	3.50%	4/1/2045	\$ 6,790,000	\$ -	\$ (180,000)	\$ 6,610,000
General Obligation Refunding Bonds, Series 2020 Loan #75	3,780,000	2.625-4.00%	6/30/2050	-	3,780,000	-	3,780,000
Total Bonds Payable				\$ 6,790,000	\$ 3,780,000	\$ (180,000)	\$ 10,390,000
<u>Business Activities</u>							
<u>Capital Outlay Notes Payable</u>							
Jet Vac Trk #62	\$ 350,000	2.35%	2/6/2020	\$ 46,667	\$ -	\$ (46,667)	\$ -
Jet Vac Trk #76	237,000	2.48%	6/15/2025	-	237,000	-	237,000
Total Capital Outlay Notes Payable				\$ 46,667	\$ 237,000	\$ (46,667)	\$ 237,000
<u>Bonds Payable</u>							
Water and Sewer System Revenue Refunding Bonds, Series 2016 #67	\$ 14,405,000	3.00%	4/1/2046	\$ 13,715,000	\$ -	\$ (680,000)	\$ 13,035,000
Total Bonds Payable				\$ 13,715,000	\$ -	\$ (680,000)	\$ 13,035,000
<u>Other Loan Payable</u>							
State Revolving Fund Loan, 2006 Loan #37	\$ 1,500,000	1.70%	10/1/2031	\$ 870,370	\$ -	\$ (64,448)	\$ 805,922
Total Other Loans Payable				\$ 870,370	\$ -	\$ (64,448)	\$ 805,922

City of Portland, Tennessee
Schedule of Principal and Interest Requirements - Governmental Funds
June 30, 2020

Year Ending June 30,	General Obligation Refunding Bonds, Series 2015 Loan #64		Police Cars Capital Outlay Note #70		Street Paving Note Capital Outlay Note #66		Street Paving/Street Truck Capital Outlay Note #60		Parks Improvements Capital Outlay Note, Series 2017-Note # 69		Fire Department Capital Outlay Note, Series 2013 Note # 59	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	180,000	218,438	45,000	3,259	143,760	10,473	55,560	3,653	15,000	3,337	42,000	2,251
2022	185,000	213,937	45,000	1,837	143,760	6,720	55,560	2,059	15,000	2,814	42,000	1,125
2023	190,000	209,312	33,750	444	143,760	2,968	41,630	497	15,000	2,290	-	-
2024	195,000	204,563	-	-	35,860	156	-	-	15,000	1,767	-	-
2025	200,000	199,200	-	-	-	-	-	-	15,000	1,243	-	-
2026	205,000	193,700	-	-	-	-	-	-	15,000	720	-	-
2027	215,000	188,062	-	-	-	-	-	-	12,500	200	-	-
2028	220,000	181,613	-	-	-	-	-	-	-	-	-	-
2029	225,000	175,012	-	-	-	-	-	-	-	-	-	-
2030	230,000	168,263	-	-	-	-	-	-	-	-	-	-
2031	240,000	161,362	-	-	-	-	-	-	-	-	-	-
2032	245,000	154,163	-	-	-	-	-	-	-	-	-	-
2033	255,000	146,812	-	-	-	-	-	-	-	-	-	-
2034	260,000	139,163	-	-	-	-	-	-	-	-	-	-
2035	270,000	130,062	-	-	-	-	-	-	-	-	-	-
2036	280,000	120,613	-	-	-	-	-	-	-	-	-	-
2037	290,000	110,812	-	-	-	-	-	-	-	-	-	-
2038	300,000	100,663	-	-	-	-	-	-	-	-	-	-
2039	310,000	90,162	-	-	-	-	-	-	-	-	-	-
2040	320,000	79,313	-	-	-	-	-	-	-	-	-	-
2041	335,000	67,312	-	-	-	-	-	-	-	-	-	-
2042	345,000	54,750	-	-	-	-	-	-	-	-	-	-
2043	360,000	41,813	-	-	-	-	-	-	-	-	-	-
2044	370,000	28,312	-	-	-	-	-	-	-	-	-	-
2045	385,000	14,438	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 6,610,000</u>	<u>\$ 3,391,850</u>	<u>\$ 123,750</u>	<u>\$ 5,540</u>	<u>\$ 467,140</u>	<u>\$ 20,317</u>	<u>\$ 152,750</u>	<u>\$ 6,209</u>	<u>\$ 102,500</u>	<u>\$ 12,371</u>	<u>\$ 84,000</u>	<u>\$ 3,376</u>
	Sanitation Trucks Capital Outlay Note #71		Street Equipment Capital Outlay Note #65		Police Cars Capital Outlay Note #68		Fire Department Capital Outlay Note #72		Police/Fire Equipment Capital Outlay Note # 73		Sanitation Truck Capital Outlay Note # 74	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	53,400	5,124	7,500	27	45,000	1,340	30,900	2,965	73,800	8,890	\$ 45,000	\$ 6,695
2022	53,400	3,114	-	-	26,250	233	30,900	1,802	73,800	6,643	45,000	5,344
2023	53,400	1,095	-	-	-	-	30,900	634	73,800	4,398	45,000	3,994
2024	-	-	-	-	-	-	-	-	73,800	2,158	45,000	2,644
2025	-	-	-	-	-	-	-	-	29,772	235	45,000	1,294
2026	-	-	-	-	-	-	-	-	-	-	18,750	141
	<u>\$ 160,200</u>	<u>\$ 9,333</u>	<u>\$ 7,500</u>	<u>\$ 27</u>	<u>\$ 71,250</u>	<u>\$ 1,573</u>	<u>\$ 92,700</u>	<u>\$ 5,401</u>	<u>\$ 324,972</u>	<u>\$ 22,323</u>	<u>\$ 243,750</u>	<u>\$ 20,111</u>

City of Portland, Tennessee
Schedule of Principal and Interest Requirements - Governmental Funds
June 30, 2020

	General Obligation Refunding Bonds, Series 2020 Loan #75		Total Governmental Funds		
	Principal	Interest	Total Principal	Total Interest	Total
2021	75,000	117,485	\$ 811,920	\$ 383,937	\$ 1,195,857
2022	70,000	124,394	785,670	370,021	1,155,691
2023	75,000	121,594	702,240	347,225	1,049,465
2024	75,000	117,844	439,660	329,131	768,791
2025	80,000	114,094	369,772	316,065	685,837
2026	85,000	110,094	323,750	304,654	628,404
2027	90,000	105,844	317,500	294,106	611,606
2028	95,000	101,344	315,000	282,957	597,957
2029	100,000	96,594	325,000	271,606	596,606
2030	105,000	91,594	335,000	259,857	594,857
2031	110,000	86,344	350,000	247,706	597,706
2032	115,000	80,844	360,000	235,007	595,007
2033	120,000	76,244	375,000	223,056	598,056
2034	120,000	72,644	380,000	211,807	591,807
2035	125,000	69,044	395,000	199,106	594,106
2036	130,000	65,919	410,000	186,532	596,532
2037	130,000	62,669	420,000	173,481	593,481
2038	135,000	59,256	435,000	159,919	594,919
2039	140,000	55,713	450,000	145,875	595,875
2040	140,000	51,863	460,000	131,176	591,176
2041	145,000	48,013	480,000	115,325	595,325
2042	150,000	44,025	495,000	98,775	593,775
2043	155,000	39,900	515,000	81,713	596,713
2044	160,000	35,638	530,000	63,950	593,950
2045	165,000	31,238	550,000	45,676	595,676
2046	165,000	26,700	165,000	26,700	191,700
2047	170,000	21,750	170,000	21,750	191,750
2048	180,000	16,650	180,000	16,650	196,650
2049	185,000	11,250	185,000	11,250	196,250
2050	190,000	5,700	190,000	5,700	195,700
	<u>\$ 3,780,000</u>	<u>\$ 2,062,279</u>	<u>\$ 12,220,512</u>	<u>\$ 5,560,710</u>	<u>\$ 17,781,222</u>

City of Portland, Tennessee
Schedule of Principal and Interest Requirements - Enterprise Funds
June 30, 2020

Year Ending June 30,	Water and Sewer System Revenue Refunding Bonds, Series 2016 #67		State Revolving Fund Loan, 2006 Loan #37		Jet Vac Trk # 76		Total Business-Type Activities		
	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total
2021	700,000	448,844	60,005	12,177	47,400	5,535	\$ 807,405	\$ 466,556	\$ 1,273,961
2022	570,000	427,844	66,576	12,168	47,400	4,163	683,976	444,175	1,128,151
2023	455,000	410,744	67,728	11,016	47,400	2,988	570,128	424,748	994,876
2024	475,000	397,094	68,880	9,864	47,400	1,812	591,280	408,770	1,000,050
2025	480,000	385,218	70,068	8,676	47,400	637	597,468	394,531	991,999
2026	490,000	373,218	71,268	7,476	-	-	561,268	380,694	941,962
2027	500,000	360,969	72,492	6,252	-	-	572,492	367,221	939,713
2028	530,000	340,969	73,728	5,016	-	-	603,728	345,985	949,713
2029	545,000	319,769	74,988	3,756	-	-	619,988	323,525	943,513
2030	515,000	297,968	76,272	2,472	-	-	591,272	300,440	891,712
2031	535,000	277,368	77,580	1,164	-	-	612,580	278,532	891,112
2032	555,000	255,969	26,337	93	-	-	581,337	256,062	837,399
2033	575,000	239,319	-	-	-	-	575,000	239,319	814,319
2034	590,000	222,069	-	-	-	-	590,000	222,069	812,069
2035	605,000	204,369	-	-	-	-	605,000	204,369	809,369
2036	635,000	180,169	-	-	-	-	635,000	180,169	815,169
2037	435,000	154,769	-	-	-	-	435,000	154,769	589,769
2038	455,000	137,369	-	-	-	-	455,000	137,369	592,369
2039	470,000	119,168	-	-	-	-	470,000	119,168	589,168
2040	490,000	100,368	-	-	-	-	490,000	100,368	590,368
2041	370,000	80,769	-	-	-	-	370,000	80,769	450,769
2042	385,000	65,968	-	-	-	-	385,000	65,968	450,968
2043	400,000	53,938	-	-	-	-	400,000	53,938	453,938
2044	410,000	41,438	-	-	-	-	410,000	41,438	451,438
2045	425,000	28,112	-	-	-	-	425,000	28,112	453,112
2046	440,000	14,300	-	-	-	-	440,000	14,300	454,300
	<u>\$ 13,035,000</u>	<u>\$ 5,938,099</u>	<u>\$ 805,922</u>	<u>\$ 80,130</u>	<u>\$ 237,000</u>	<u>\$ 15,135</u>	<u>\$ 14,077,922</u>	<u>\$ 6,033,364</u>	<u>\$ 20,111,286</u>

City of Portland, Tennessee
Schedule of Changes in Property Taxes Receivable
and Uncollected Delinquent Taxes Filed
June 30, 2020

Year of Levy	Gross Property Taxes Receivable July 1, 2019	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Allowance for Uncollectibles	Net Property Taxes Receivable June 30, 2020
2020	\$ -	\$ -	\$ 4,852,413	\$ -	\$ -	\$ -	\$ 4,852,413
2019	-	4,692,284	-	147,699	(4,689,263)	-	150,721
2018	96,103	-	-	36,085	(79,163)	-	53,025
2017	29,394	-	-	(5,047)	(391)	(23,956)	-
2016	28,295	-	-	(2,329)	-	(25,966)	-
2015	11,118	-	-	(1,035)	-	(10,083)	-
2014	7,286	-	-	(1,122)	-	(6,164)	-
2013	8,826	-	-	(907)	-	(7,919)	-
2012	14,240	-	-	(3,112)	-	(11,128)	-
2011	27,191	-	-	(238)	(372)	(26,581)	-
2010	11,205	-	-	-	-	(11,205)	-
	<u>\$ 233,658</u>	<u>\$ 4,692,284</u>	<u>\$ 4,852,413</u>	<u>\$ 169,994</u>	<u>\$ (4,769,189)</u>	<u>\$ (123,002)</u>	<u>\$ 5,056,159</u>

Note: All uncollected taxes for years due prior to March 1, 2017 have been turned over to the County for collection.

City of Portland, Tennessee
AWWA Water Loss Reporting Worksheet
June 30, 2020

AWWA Free Water Audit Software: Reporting Worksheet										WAS v5.0 American Water Works Association Copyright © 2014, All Rights Reserved																																																	
<div style="display: inline-block; text-align: left; font-size: x-small;"> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">? Click to access definition</div> <div style="border: 1px solid black; padding: 2px;">+ Click to add a comment</div> </div>		Water Audit Report for: City of Portland, Tennessee																																																									
		Reporting Year: 2020		7/2019 - 6/2020																																																							
<p style="font-size: x-small;">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</p> <p style="text-align: center; color: red; font-weight: bold;">All volumes to be entered as: MILLION GALLONS (US) PER YEAR</p>																																																											
<p style="font-size: x-small;">To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds <u>all</u> criteria for that grade and all grades below it.</p>																																																											
WATER SUPPLIED				<div style="text-align: center; font-size: x-small;"> ----- Enter grading in column 'E' and 'J' -----> </div> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Volume from own sources:</td> <td style="width: 10%; text-align: center;">+</td> <td style="width: 10%; text-align: center;">?</td> <td style="width: 10%; text-align: center;">10</td> <td style="width: 20%; text-align: right;">799.992</td> <td style="width: 10%;">MG/Yr</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Water imported:</td> <td style="text-align: center;">+</td> <td style="text-align: center;">?</td> <td style="text-align: center;">n/a</td> <td></td> <td>MG/Yr</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Water exported:</td> <td style="text-align: center;">+</td> <td style="text-align: center;">?</td> <td style="text-align: center;">n/a</td> <td></td> <td>MG/Yr</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>								Volume from own sources:	+	?	10	799.992	MG/Yr							Water imported:	+	?	n/a		MG/Yr							Water exported:	+	?	n/a		MG/Yr																		
Volume from own sources:	+	?	10	799.992	MG/Yr																																																						
Water imported:	+	?	n/a		MG/Yr																																																						
Water exported:	+	?	n/a		MG/Yr																																																						
				<div style="text-align: right; font-size: x-small;"> Master Meter and Supply Error Adjustments Pcnt: 0.25% Value: 139.378 MG/Yr Enter negative % or value for under-registration Enter positive % or value for over-registration </div>																																																							
WATER SUPPLIED:				799.992 MG/Yr																																																							
AUTHORIZED CONSUMPTION																																																											
				<div style="text-align: right; font-size: x-small;"> Click here: ? for help using option buttons below </div> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Billed metered:</td> <td style="width: 10%; text-align: center;">+</td> <td style="width: 10%; text-align: center;">?</td> <td style="width: 10%; text-align: center;">10</td> <td style="width: 20%; text-align: right;">517.333</td> <td style="width: 10%;">MG/Yr</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Billed unmetered:</td> <td style="text-align: center;">+</td> <td style="text-align: center;">?</td> <td style="text-align: center;">10</td> <td style="text-align: right;">0.588</td> <td>MG/Yr</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Unbilled metered:</td> <td style="text-align: center;">+</td> <td style="text-align: center;">?</td> <td style="text-align: center;">n/a</td> <td></td> <td>MG/Yr</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Unbilled unmetered:</td> <td style="text-align: center;">+</td> <td style="text-align: center;">?</td> <td style="text-align: center;">7</td> <td style="text-align: right;">139.378</td> <td>MG/Yr</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>								Billed metered:	+	?	10	517.333	MG/Yr							Billed unmetered:	+	?	10	0.588	MG/Yr							Unbilled metered:	+	?	n/a		MG/Yr							Unbilled unmetered:	+	?	7	139.378	MG/Yr						
Billed metered:	+	?	10	517.333	MG/Yr																																																						
Billed unmetered:	+	?	10	0.588	MG/Yr																																																						
Unbilled metered:	+	?	n/a		MG/Yr																																																						
Unbilled unmetered:	+	?	7	139.378	MG/Yr																																																						
				<div style="text-align: right; font-size: x-small;"> Pcnt: 0.25% Value: 139.378 MG/Yr Use buttons to select percentage of water supplied OR value </div>																																																							
AUTHORIZED CONSUMPTION:				657.299 MG/Yr																																																							
WATER LOSSES (Water Supplied - Authorized Consumption)																																																											
				142.693 MG/Yr																																																							
Apparent Losses																																																											
				<div style="text-align: right; font-size: x-small;"> Unauthorized consumption: 2.000 MG/Yr Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed </div>																																																							
				<div style="text-align: right; font-size: x-small;"> Customer metering inaccuracies: 1.297 MG/Yr Systematic data handling errors: 1.293 MG/Yr Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed </div>																																																							
Apparent Losses:				4.590 MG/Yr																																																							
Real Losses (Current Annual Real Losses or CARL)																																																											
Real Losses = Water Losses - Apparent Losses:				138.103 MG/Yr																																																							
WATER LOSSES:				142.693 MG/Yr																																																							
NON-REVENUE WATER																																																											
NON-REVENUE WATER:				282.071 MG/Yr																																																							
= Water Losses + Unbilled Metered + Unbilled Unmetered																																																											
SYSTEM DATA																																																											
				<div style="text-align: right; font-size: x-small;"> Length of mains: 271.5 miles Number of <u>active AND inactive</u> service connections: 7,920 Service connection density: 29 conn./mile main </div>																																																							
				<div style="text-align: right; font-size: x-small;"> Are customer meters typically located at the curbside or property line? Yes Average length of customer service line: 60.0 psi (length of service line, beyond the property boundary, that is the responsibility of the utility) Average length of customer service line has been set to zero and a data grading score of 10 has been applied </div>																																																							
				<div style="text-align: right; font-size: x-small;"> Average operating pressure: 60.0 psi </div>																																																							
COST DATA																																																											
				<div style="text-align: right; font-size: x-small;"> Total annual cost of operating water system: \$3,577,147 \$/Year Customer retail unit cost (applied to Apparent Losses): \$7.50 \$/1000 gallons (US) Variable production cost (applied to Real Losses): \$1,451.81 \$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses </div>																																																							
WATER AUDIT DATA VALIDITY SCORE:																																																											
<p style="color: red; font-weight: bold; font-size: 1.2em;">*** YOUR SCORE IS: 86 out of 100 ***</p> <p style="font-size: x-small;">A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score</p>																																																											
PRIORITY AREAS FOR ATTENTION:																																																											
<p style="font-size: x-small;">Based on the information provided, audit accuracy can be improved by addressing the following components:</p>																																																											
<p style="color: red; font-weight: bold;">1: Unauthorized consumption</p>																																																											
<p style="color: red; font-weight: bold;">2: Systematic data handling errors</p>																																																											
<p style="color: red; font-weight: bold;">3: Customer metering inaccuracies</p>																																																											

City of Portland, Tennessee
AWWA Water System Attributes and
Performance Indicators
June 30, 2020

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

WAS v5.0

American Water Works Association.
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Water Audit Report for: **City of Portland, Tennessee**

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

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 86 out of 100 *****

System Attributes:

Apparent Losses:	4.590	MG/Yr
+ Real Losses:	138.103	MG/Yr
= Water Losses:	142.693	MG/Yr

? Unavoidable Annual Real Losses (UARL): **58.18** MG/Yr

Annual cost of Apparent Losses: **\$34,424**

Annual cost of Real Losses: **\$200,499**

Valued at **Variable Production Cost**
Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:

Non-revenue water as percent by volume of Water Supplied: **35.3%**

Non-revenue water as percent by cost of operating system: **12.2%** Real Losses valued at Variable Production Cost

Operational Efficiency:

Apparent Losses per service connection per day: **1.59** gallons/connection/day

Real Losses per service connection per day: **N/A** gallons/connection/day

Real Losses per length of main per day*: **1,393.61** gallons/mile/day

Real Losses per service connection per day per psi pressure: **N/A** gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): **138.10** million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: **2.37**

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

City of Portland, Tennessee
Schedule of Property Tax Rates and Assessments
Last Ten Fiscal Years

Year of Levy	Fiscal Year	Tax Rate Per \$100 Sumner	Tax Rate Per \$100 Robertson	Tax Assessment
2020	2021	1.41	1.11	\$ 4,852,413
2019	2020	1.41	1.11	\$ 4,692,284
2018	2019	1.21	1.21	\$ 3,982,140
2017	2018	1.21	1.21	\$ 3,982,140
2016	2017	1.21	1.21	\$ 3,985,892
2015	2016	1.21	1.21	\$ 3,882,467
2014	2015	1.21	1.21	\$ 2,679,618
2013	2014	1.18	1.18	\$ 3,761,856
2012	2013	1.1	1.13	\$ 3,310,126
2011	2012	1.1	1.13	\$ 3,315,772
2010	2011	1.1	1.13	\$ 3,230,794

*Anticipated Levy as of June 30, 2020

City of Portland, Tennessee
Schedule of Utility Rate Structure and Number of Customers
For the Year Ended June 30, 2020

Water Customer Rates			
Effective 7/1/16	Inside City Limits		Outside City Limits
Residential			
First 2,500 gallons	12.75		26.23
Per 1,000 gallons over 2,500	5.10		10.49
Commercial			
First 2,500 gallons	16.53		28.05
Per 1,000 gallons over 2,500	6.61		11.22
Industrial			
First 2,500 gallons	20.05		30.10
Per 1,000 gallons over 2,500	8.02		12.04
Pondville			
First 5,000 gallons	26.23		
Per 1,000 gallons over 5,000	10.49		

Sewer Customer Rates			
Effective 7/1/19	Inside City Limits		Outside City Limits
Residential			
First 2,500 gallons	28.75		37.25
Per 1,000 gallons over 2,500	11.50		14.90
Commercial			
First 2,500 gallons	34.38		44.73
Per 1,000 gallons over 2,500	13.75		17.89
Industrial			
First 2,500 gallons	37.25		48.45
Per 1,000 gallons over 2,500	14.90		19.38

Solid Waste (Sanitation) Rates			
Sanitation for residential customers inside the city limits is \$18 per month.			
Business customer rate is \$22 per month.			

Natural Gas Customer Rates			
Residential - Inside City Limits			
Service Fee	6.00	Per Month	
PTA Rate	0.28	Per CCF	
Cost of Gas Rate	0.31	Per CCF	
Residential - Outside City Limits			
Service Fee	10.00	Per Month	
PTA Rate	0.35	Per CCF	
Cost of Gas Rate	0.31	Per CCF	
Commercial - Inside/Outside City Limits			
Service Fee	35.00	Per Month	
PTA Rate	0.35	Per CCF	
Cost of Gas Rate	0.31	Per CCF	
Industrial - Inside/Outside City Limits			
Service Fee	250.00	Per Month	
PTA Rate	0.35	Per CCF	
Cost of Gas Rate	0.31	Per CCF	

The rate structure is made up of three components: gas cost, PTA and service fees. The cost of gas and the pass through adjustment make up the current cost of gas to the city at the city's source of supply. This cost is adjusted monthly, increased or decreased, to reflect the current market cost of gas to the city. The service fee covers the projected cost of operating and maintaining the city's gas department. The service fee and PTA rates were effective July 2019 and the monthly cost of the gas rate were in effect at June 30, 2020.

Number of Customers	
Service	June 30, 2020
Solid Waste (special revenue)	4,672
Stormwater (special revenue)	4,935
Water	7,813
Sewer	4,238
Natural Gas	5,141

GOVERNMENT AUDITING STANDARDS SECTION

The MG Group, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor
and Board of Aldermen
City of Portland, 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 City of Portland, Tennessee as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Portland, Tennessee's basic financial statements, and have issued our report thereon dated December 07, 2020.

Internal Control over Financial Reporting

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

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

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

515 NW Atlantic Street, Tullahoma, Tennessee 37388

16053 Rankin Avenue, Dunlap, Tennessee 37327

Phone (931) 393-3307 Fax (931) 563-5585

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

MG Group, P.C.

Tullahoma, Tennessee
December 07, 2020

**City of Portland, Tennessee
Summary Schedule of Prior Year Findings
June 30, 2020**

No prior year findings.