

**CITY OF PORTLAND, TENNESSEE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CITY OF PORTLAND, TENNESSEE
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION (Unaudited)	
Schedule of Elected and Appointed City Officials	i
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information)	4
Basic Financial Statements:	
Government-Wide Statements:	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activity	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	24
Proprietary Fund Financial Statements	
Statement of Net Position	28
Statement of Revenues, Expenses, and Changes in Net Position	29
Statement of Cash Flows	30
Statement of Fiduciary Net Position - Agency Fund	31
Notes to Financial Statements	32
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedules of Changes in Total OPEB Liability and Related Ratios (LGOP)	59
Schedules of Changes in Total OPEB Liability and Related Ratios (TNP)	60
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS	61
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS	62
Notes to Required Supplementary Information	63

CITY OF PORTLAND, TENNESSEE
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

Table of Contents

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION:	
Combining Financial Statements	
Combining Balance Sheet - Nonmajor Governmental Funds	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	65
Budgetary Comparison Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Airport	66
Solid Waste	67
Stormwater	68
Drug	69
Impact Fee	70
Revolving Loan	71
Golf Course	72
Schedule of Expenditures of Federal Awards and State Financial Assistance	73
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	74
OTHER INFORMATION SECTION (Unaudited)	
Schedule of Changes in Long-term Debt by Individual Issue	75
Schedule of Principal and Interest Requirements:	
Governmental Activities	76
Business-type Activities	78
Schedule of Changes in Property Taxes Receivable	79
AWWA Water Loss Reporting Worksheet	80
AWWA Water System Attributes and Performance Indicators	81
Schedule of Tax Rates and Assessments	82
Schedule of Utility Rate Structure and Number of Customers	83
GOVERNMENT AUDITING STANDARDS SECTION	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	84
Schedule of Findings and Responses	86
Summary Schedule of Prior Year Findings	88
Management's Corrective Action Plan	89

INTRODUCTORY SECTION

CITY OF PORTLAND, TENNESSEE
SCHEDULE OF ELECTED AND APPOINTED CITY OFFICIALS
JUNE 30, 2021

ELECTED OFFICIALS

Mike Callis	Mayor
Andrew Jennings	Vice Mayor
Brian Woodall	Alderman
Thomas Dillard	Alderman
Mike Hall	Alderman
Penny Barnes	Alderwoman
Jody McDowell	Alderman
Megann Thompson	Alderwoman

APPOINTED OFFICIALS

Rachel Slusser, 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, 2021, 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, and the aggregate remaining fund information of the City of Portland, Tennessee as of June 30, 2021, 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 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for the purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards and state financial assistance are the responsibility

of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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 May 12, 2022 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
May 12, 2022

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, 2021. 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, 2021 by \$76,113,473. Of this amount, \$32,620,947 (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 \$3,193,927.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,488,477, an increase of \$867,545 in comparison to the prior year. Approximately 46.3% of this total amount, \$4,394,968 is available for spending at the government's discretion (unassigned general fund balance).

* The City's long-term liabilities increased by \$17,803,440. Additional debt issues of \$16,930,000 reduced by payments of \$1,779,325 and an increase in OPEB liability of \$1,443,420 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 \$72,919,546 at the close of 2020 and \$76,113,473 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (48.5%) 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 8.6%) 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 \$32,620,947 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 \$3,416,274 at the end of the current fiscal year.

During the current fiscal year, the government's net position increased by \$3,193,927. This increase is approximately 4.2% of total net position. Of this \$3,193,927 increase, the governmental activities increased \$1,554,042 and the business-related activities increased \$1,639,885.

Table 1**Net Position**
(In Thousands)

	Government Activities			Business -type Activities			Total		
	2021	2020	Change	2021	2020	Change	2021	2020	Change
Assets									
Current & Other Assets	\$ 16,577	\$ 15,953	\$ 624	\$ 31,364	\$ 14,631	\$ 16,733	\$ 47,941	\$ 30,584	\$ 17,358
Capital Assets	35,001	34,708	293	45,438	43,316	2,122	80,439	78,024	2,415
Total Assets	51,578	50,661	918	76,802	57,947	18,855	128,381	108,608	19,773
Deferred Outflows									
Deferred Outflows	618	431	187	345	273	72	963	704	258
Total Deferred Outflows	618	431	187	345	273	72	963	704	258
Liabilities									
Other Liabilities	842	1,079	(237)	755	936	(181)	1,597	2,015	(418)
L-T Liabilities	13,101	12,949	152	32,662	15,011	17,651	45,763	27,960	17,803
Total Liabilities	13,943	14,028	(85)	33,417	15,947	17,471	47,360	29,975	17,385
Deferred Inflows									
Deferred Inflows	5,520	5,885	(364)	350	533	(184)	5,870	6,418	(548)
Total Deferred Inflows	5,520	5,885	(364)	350	533	(184)	5,870	6,418	(548)
Net Position									
Net Investment in									
Capital Assets	23,423	22,240	1,183	13,522	29,244	(15,722)	36,946	51,484	(14,539)
Restricted	5,894	5,989	(95)	653	769	(116)	6,547	6,757	(210)
Unrestricted	3,416	2,951	466	29,205	11,727	17,478	32,621	14,678	17,943
Total Net Position	\$ 32,733	\$ 31,179	\$ 1,554	\$ 43,380	\$ 41,740	\$ 1,640	\$ 76,113	\$ 72,920	\$ 3,194

Table 2**Changes in Net Position**
(In Thousands)

	Government Activities			Business -type Activities			Total		
	2021	2020	Change	2021	2020	Change	2021	2020	Change
Revenues									
Program Revenues:									
Charges for Services	\$ 2,987	\$ 2,825	\$ 162	\$ 14,143	\$ 13,036	\$ 1,107	\$ 17,130	\$ 15,861	\$ 1,269
Operating Grants	436	5	\$ 432	-	-	-	436	5	432
Capital Grants	1,557	1,619	\$ (62)	141	76	65	1,697	1,695	3
General Revenues:				-	-		-	-	-
Property Taxes	5,152	4,862	290	-	-	-	5,152	4,862	290
Intergovernmental	5,085	4,487	598	-	-	-	5,085	4,487	598
Interest	16	16	-	51	58	(7)	67	75	(8)
Other Revenues	242	272	(31)	89	51	38	331	323	7
Gain	39	128	(89)	9	98	(89)	48	226	(178)
Total Revenues	15,514	14,215	1,299	14,432	13,318	1,113	29,945	27,533	2,412
Program Expenses									
Gen Gov't	789	1,180	(390)	-	-	-	789	1,180	(390)
Public Safety	6,118	4,936	1,182	-	-	-	6,118	4,936	1,182
City Court	33	20	13	-	-	-	33	20	13
Hwy, Streets	2,400	2,099	301	-	-	-	2,400	2,099	301
Solid Waste	1,208	1,044	164	-	-	-	1,208	1,044	164
Impact Fee	-	-	-	-	-	-	-	-	-
Parks	877	784	92	-	-	-	877	784	92
Airport	523	539	(16)	-	-	-	523	539	(16)
Planning	277	328	(51)	-	-	-	277	328	(51)
Comm Develop	74	67	7	-	-	-	74	67	7
City Garage	58	51	7	-	-	-	58	51	7
Engineering	14	9	5	-	-	-	14	9	5
Animal Control	73	23	49	-	-	-	73	23	49
Golf Course	294	207	87	-	-	-	294	207	87
Stormwater	641	563	78	-	-	-	641	563	78
Water & Sewer	-	-	-	8,262	6,699	1,563	8,262	6,699	1,563
Gas	-	-	-	4,529	3,989	540	4,529	3,989	540
Interest on L-T Debt	378	307	71	-	-	-	378	307	71
Total Expenses	13,756	12,156	1,600	12,792	10,688	2,104	26,547	22,844	3,704
Increase (Decrease) in net position									
Other Items	-	-	-	-	-	-	-	-	-
Transfers	-	300	(300)	-	(300)	300	-	-	-
Increase (Decrease) in net position	1,758	2,359	(601)	1,640	2,330	(691)	3,398	4,689	(1,292)
Net Position - Beginning	31,179	28,820	2,359	41,740	39,410	2,330	72,920	68,230	4,689
Prior Period Adjustment	(204)	-	(204)	-	-	-	(204)	-	(204)
Net Position - Ending	32,733	31,179	1,554	43,380	41,740	1,640	76,113	72,920	3,194

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 \$9,488,447, an increase of \$867,545, in comparison with 2020. Of this total amount, \$4,394,968 constitutes unassigned fund balance which is used for spending at the government's discretion. The non-spendable portion of fund balance (\$308,096) 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 (\$1,711,569) is set aside for statutorily reserved purposes. The committed fund balance (\$143,080) is designated for special projects that are provided by City Council action. The assigned fund balance (\$2,930,734) 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 \$7,871,964 with \$4,394,968 (approximately 55.8%) 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 40.3% of total general fund expenditures and 45.0% of total expenditures less capital outlays. Total fund balance represents 72.1% of total general fund expenditures. During the current fiscal year, the fund balance of the City's general fund increased by \$624,605.

Overall revenues performed very well for the year even with the continuation of the COVID pandemic. Overall expenditures ended the year significantly under projected budgeted amounts.

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 15.3% and 25.7% respectively over 2020 levels.

Collections of current year property taxes were at 98.5% of total taxes billed. Overall collections of property taxes including delinquents and penalties exceeded planned levels by approximately 9.5%.

Building permits continue to be very strong however not up to prior year level (-13.8%) versus 2020 and up (+5.8%) 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 completed (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 facilities.

The State of Tennessee's state shared revenues were up approximately +18.4% over prior year. Sales Tax continued to show solid improvements, +15.3%. Local option tax continues to grow because of the growth in retail business, +25.7%. State income tax and the delay in filing date due to COVID contributed to the decrease in revenue in prior year, therefore, current year saw a +135.6% increase. Business tax continues to improve, up from prior year, +12.6%. These factors contributed to the improvement in general unassigned fund balance.

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 \$4,394,968 at the end of 2021.

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 \$29,204,673 an increase of \$17,477,527 (+149.0%) with Water & Sewer contributing a (+17,501,930) due to bond proceeds and Gas decreasing the unrestricted net position (-\$24,403) due to increased capital improvements. Operating income was up in Gas (+\$56,141) and down in Water & Sewer (-\$538,796) versus prior year.

Gas revenues were up for the year +\$596,301 (+11.0%) from prior year. The overall margin on gas decreased by 1.8% percentage points. Overall spending was up (+\$189,218) with operating expenses significantly down (-\$152,332), increase of depreciation expense (+\$44,423), and an increase in administrative expense (+\$297,127) over prior year. Overall operating income was up (+\$56,141).

Water & Sewer was up over 6.2% in operating revenues, (+\$510,030). Costs increased significantly in operating expenses (+\$189,589), administrative expenses (+\$835,089) offset by an increase in depreciation (+\$24,148) creating the overall decrease in operating income (-\$538,796). A significant increase in the OPEB liability contributed to the increase 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 Personal Taxes	\$ 4,369,000	\$ 4,409,000	\$ 40,000
Sales Taxes	1,875,000	1,875,000	-
Alcoholic Beverage Taxes	320,000	320,000	-
Business Taxes	100,000	100,000	-
Cable TV Franchise and Lease Taxes	107,000	107,000	-
Other Taxes	-	-	-
Licenses & Permits	268,250	268,250	-
Fines	161,000	191,000	30,000
Intergovernmental Revenues:			-
Sales Taxes	956,500	956,500	-
Gasoline and Motor Fuel Taxes	385,000	385,000	-
Petroleum Special Taxes	22,000	22,000	-
Income Taxes	15,000	15,000	-
Corporate Excise Tax	65,000	65,000	-
In Lieu of Tax	439,500	439,500	-
Federal & State Grants	313,000	635,000	322,000
Charges for Services	40,750	40,750	-
Rental Income	7,500	7,500	-
Investment Income	7,875	7,875	-
Miscellaneous Revenues	55,750	170,750	115,000
Total Revenues	\$ 9,508,125	\$ 10,015,125	\$ 507,000
Expenditures			
Current:			
General Government	\$ 1,009,231	\$ 1,093,731	\$ (84,500)
Public Safety	5,460,672	5,536,672	(76,000)
City Court	19,047	34,047	(15,000)
Highways, Streets and Roadways	911,281	921,281	(10,000)
Parks and Recreation	748,491	773,491	(25,000)
Planning and Zoning	197,326	197,326	-
Codes	163,840	163,840	-
Community Development	78,570	78,570	-
City Garage	55,655	55,655	-
Engineering	13,810	13,810	-
Animal Control	65,060	65,060	-
Debt Service			
Principal	713,520	713,520	-
Interest	372,115	372,115	-
Capital Outlay	600,450	3,845,450	(3,245,000)
Total Expenditures	\$ 10,409,068	\$ 13,864,568	\$ (3,455,500)
Excess of Revenues Over (Under) Expenditures	\$ (900,943)	\$ (3,849,443)	\$ (2,948,500)
Other Financing Sources (Uses)			
Operating Transfers In/Out	\$ (185,000)	\$ 2,415,000	\$ 2,600,000
Proceeds from Sales of Capital Assets	-	-	-
Insurance Recoveries	5,000	5,000	-
Bond Premium	-	-	-
Bond Discount	-	-	-
Proceeds from Debt Issuance	-	-	-
TIF Payment	(8,500)	(8,500)	-
Total Other Financing Sources (Uses)	\$ (188,500)	\$ 2,411,500	\$ 2,600,000
Net Change in Fund Balance	\$ (1,089,443)	\$ (1,437,943)	\$ (348,500)
Budgetary Fund Balance - July 1, 2020	\$ 7,247,359	\$ 7,247,359	\$ -
Budgetary Fund Balance - June 30, 2021	\$ 6,157,916	\$ 5,809,416	\$ (348,500)

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 \$80,439,357 (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 \$2,415,267 due to several projects and the purchase of several pieces of equipment. The cost additions were offset by the annual depreciation of \$3,393,932.

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 7/1/2020	Additions	Disposals/ Transfers	Balance 6/30/2021
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 6,841,222	\$ -	\$ -	\$ 6,841,222
Construction in Progress	2,468,309	1,192,460	(3,013,781)	646,988
Total Capital Assets not being Depreciated	\$ 9,309,531	\$ 1,192,460	\$ (3,013,781)	\$ 7,488,210
Capital Assets Being Depreciated				
Buildings	\$ 12,936,404	\$ 2,158,060	\$ -	\$ 15,094,464
Improvements Other than Buildings	7,536,523	871,473	-	8,407,996
Infrastructure	13,793,792	70,889	-	13,864,681
Machinery & Equipment	6,645,868	487,946	(127,150)	7,006,664
Total Capital Assets being Depreciated	\$ 40,912,587	\$ 3,588,368	\$ (127,150)	\$ 44,373,805
Accumulated Depreciation				
Buildings, Improvements, Machinery and Equipment	\$ 9,867,662	\$ 1,065,843	\$ (118,845)	\$ 10,814,660
Infrastructure	5,646,637	399,819	-	6,046,456
Total Accumulated Depreciation	\$ 15,514,299	\$ 1,465,662	\$ (118,845)	\$ 16,861,116
Total Governmental Activities, Net	\$ 34,707,819	\$ 3,315,166	\$ (3,022,086)	\$ 35,000,899
Business-type Activities				
Capital Assets not being Depreciated				
Land & Right of Way	\$ 1,286,682	\$ 8,900	\$ -	\$ 1,295,582
Construction in Progress	1,551,142	1,129,321	(1,254,137)	1,426,326
Total Capital Assets not being Depreciated	\$ 2,837,824	\$ 1,138,221	\$ (1,254,137)	\$ 2,721,908
Capital Assets Being Depreciated				
Water & Sewer Plant	\$ 48,100,322	\$ 2,615,466	\$ -	\$ 50,715,788
Natural Gas Plant	16,270,440	1,250,000	-	17,520,440
Equipment & Vehicles	3,371,357	302,603	(98,296)	3,575,664
Total Capital Assets being Depreciated	\$ 67,742,119	\$ 4,168,069	\$ (98,296)	\$ 71,811,892
Accumulated Depreciation				
Water & Sewer Plant	\$ 19,423,717	\$ 1,407,524	\$ -	\$ 20,831,241
Natural Gas Plant	5,626,227	388,845	-	6,015,072
Machinery & Equipment	2,213,727	131,901	(96,599)	2,249,029
Total Accumulated Depreciation	\$ 27,263,671	\$ 1,928,270	\$ (96,599)	\$ 29,095,342
Total Business-type Activities, Net	\$ 43,316,272	\$ 3,378,020	\$ (1,255,834)	\$ 45,438,458

ASSETS AND DEBT ADMINISTRATION – Continued

Long-Term Debt

At the end of the current year, the City of Portland had total debt outstanding of \$45,775,953. Of this amount, \$13,113,985 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 \$17,816,406. Bonds, Leases and Capital Outlay Notes with bond premium and discount increased +\$16,363,918 from the previous year due to the issue of the Water & Sewer System Refunding and Improvement Bonds (+\$16,930,000) offset by normal debt service liquidation, OPEB obligation increased +\$1,443,369 and Compensated Absences increased +\$9,119.

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 2020	Increases	Decreases	Balance June, 30 2021	Amounts Due Within One Year
Governmental Activities					
Capital Outlay Notes	\$ 1,830,512	\$ -	\$ 556,920	\$ 1,273,592	\$ 530,670
Capital Leases	-	-	-	\$ -	-
Bonds	10,390,000		255,000	\$ 10,135,000	255,000
	12,220,512	-	811,920	11,408,592	785,670
Plus Bond Premium	208,113		6,899	\$ 201,214	6,899
Less Bond Discount	(33,157)	1,099	-	\$ (32,058)	(1,099)
Compensated Absences	224,984	13,952	-	\$ 238,936	
Total OPEB Liability	328,528	968,773	-	\$ 1,297,301	
	<u>\$ 12,948,980</u>	<u>\$ 983,824</u>	<u>\$ 818,819</u>	<u>\$ 13,113,985</u>	<u>\$ 791,470</u>
	Balance June, 30 2020	Increases	Decreases	Balance June, 30 2021	Amounts Due Within One Year
Business-Type Activities					
Water & Sewer System					
Refunding and Improvement					
Bonds, Series 2016	13,035,000	16,930,000	860,000	\$ 29,105,000	950,000
State Revolving Loan	805,922	-	60,005	\$ 745,917	66,576
Capital Leases	-	-		\$ -	-
Capital Outlay Notes	237,000	-	47,400	\$ 189,600	47,400
	14,077,922	16,930,000	967,405	30,040,517	1,063,976
Plus bond premium	662,620	1,308,174	89,521	\$ 1,881,273	115,171
Less bond discount	(6,136)	390	-	\$ (5,746)	(390)
Compensated Absences	108,755	2,432	7,265	\$ 103,922	
Total OPEB Liability	167,406	474,596	-	\$ 642,002	
	<u>\$ 15,010,567</u>	<u>\$ 18,715,592</u>	<u>\$ 1,064,191</u>	<u>\$ 32,661,968</u>	<u>\$ 1,178,757</u>

ECONOMIC FACTORS AND OTHER MATTERS

The unemployment rate for the City of Portland is currently 4.4% compared to the State unemployment rate of 6.1% and the national rate of 6.9%. Unemployment rates are up due to the COVID pandemic. According to the U.S. Census Bureau, Portland's population is 13,156 for the 2020 Census.

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 enhancements will provide more opportunities for service to

our local industries and citizens. The improved airport is a strong attraction for prospective industries to our City.

Portland's industries continue to thrive in our community. The close proximity and easy access to I-65 makes Portland an ideal location for product to market whether it be distribution or manufacturing. Portland industries employ approximately 7,000 people in over 10 million sq ft of industrial building space which housed on over 900 acres.

Our location also serves well for access to a skilled and trainable workforce. The Portland Campus of the TN college of Applied Technology (TCAT) is in full operation. TCAT Portland offers classes in Advanced Manufacturing, Machine Tool, Information Technology, Construction, Nursing, Office Administration and Cosmetology and Welding. To accommodate demand in the welding program, TCAT has added additional classes for 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 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.

Developers, Investors and Retailers are showing increased interest in our community. Portland continues to be a good market for locally owned and operated businesses, During the year, Portland saw several small business start-ups. Added to our retail community were Portland Flea Market, Riley Reese Boutique, Emma Lou's Pet Salon, Draper Buttercup, Dunkin Donuts, Harbin Hollow, Main Street Nutrition, Planet Fitness and Freedom Fitness to name a few. Highway 109 is still the focus for retailers, but significant additional interest is being generated along Main Street and the new interchange corridor.

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.

The City Hall renovation project was completed in March 2021. The Police Station renovation project, road projects and Park related projects are still on-going. Portland has begun developing a Park's Master Plan. This collaborative effort between City Leaders, City Staff, and the Community is expected to be completed in the Fall of 2022. The City completed projects to the water and waste water system. Several projects are still on-going with a plan to begin Phase II Wastewater Plant expansion in 2022/2023. The City closed an additional \$17 million dollar Water & Sewer Bond issue in October 2020 to fund the wastewater plant expansion (\$10 million) and several large collection system projects (\$7 million) 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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,366,876	\$ 10,683,848	\$ 17,050,724
Investments	-	1,018,495	1,018,495
Receivables:			
Property taxes, net of allowance	5,068,205	-	5,068,205
Other, net of allowance	185,289	897,475	1,082,764
Due from other governments	448,747	-	448,747
Inventories	72,248	367,028	439,276
Prepaid items	235,848	127,576	363,424
Restricted cash and cash equivalents	2,948,529	17,616,442	20,564,971
Net pension asset	1,251,566	653,091	1,904,657
Depreciable capital assets	44,373,805	71,811,894	116,185,699
Less: accumulated depreciation	(16,861,116)	(29,095,343)	(45,956,459)
Non-depreciable capital assets	7,488,210	2,721,908	10,210,118
Total assets	<u>51,578,207</u>	<u>76,802,414</u>	<u>128,380,621</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	45,512	45,512
Related to pension	360,105	171,537	531,642
Related to OPEB	257,812	127,585	385,397
Total deferred outflows of resources	<u>617,917</u>	<u>344,634</u>	<u>962,551</u>
LIABILITIES			
Accounts payable and accrued liabilities	652,645	380,441	1,033,086
Accrued payroll	112,071	54,208	166,279
Accrued interest	72,539	235,067	307,606
Unearned revenue	-	90,000	90,000
Due to other funds	4,374	(4,374)	-
Noncurrent liabilities:			
Compensated absences	225,970	103,922	329,892
Total OPEB Liability	1,297,301	642,002	1,939,303
Due within one year	791,470	1,178,757	1,970,227
Due in more than one year, net of premiums and discounts	10,786,278	30,737,287	41,523,565
Total Liabilities	<u>13,942,648</u>	<u>33,417,310</u>	<u>47,359,958</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property tax	4,801,408	-	4,801,408
Related to OPEB	387,022	191,528	578,550
Related to pension	331,752	158,031	489,783
Total deferred inflows of resources	<u>5,520,182</u>	<u>349,559</u>	<u>5,869,741</u>
NET POSITION			
Net investment in capital assets	23,423,151	13,522,415	36,945,566
Restricted for:	-		
Airport	87,908	-	87,908
Golf course	28,438	-	28,438
Solid Waste	288,429	-	288,429
Stormwater	652,985	-	652,985
Drug enforcement	25,350	-	25,350
Industrial revolving loan	136,771	-	136,771
Impact fee	327,441	-	327,441
Streets and highways	129,542	-	129,542
Day Care	34,705	-	34,705
Net pension asset	1,251,566	653,091	1,904,657
Assigned for prior year encumbrances	2,930,734	-	2,930,734
Unrestricted	3,416,274	29,204,673	32,620,947
Total Net Position	<u>\$ 32,733,294</u>	<u>\$ 43,380,179</u>	<u>\$ 76,113,473</u>

See notes to the financial statements

City of Portland, Tennessee
Statement of Activities
For the Year Ended June 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in		
					Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 789,493	\$ 21,231	\$ -	\$ 362,984	\$ (405,278)	\$ -	\$ (405,278)
Public safety	6,117,855	231,425	1,000	198,770	(5,686,660)	-	(5,686,660)
City court	32,714	-	-	-	(32,714)	-	(32,714)
Highways and streets	1,213,399	-	435,387	127,607	(650,405)	-	(650,405)
Soild Waste	1,207,851	1,080,361	-	-	(127,490)	-	(127,490)
Impact fee	42	109,971	-	-	109,929	-	109,929
Parks and recreation	876,628	22,605	-	-	(854,023)	-	(854,023)
Airport	523,256	175,802	-	867,406	519,952	-	519,952
Planning and codes	276,999	276,113	-	-	(886)	-	(886)
Community development	73,680	-	-	-	(73,680)	-	(73,680)
City garage	58,061	-	-	-	(58,061)	-	(58,061)
Engineering	14,045	-	-	-	(14,045)	-	(14,045)
Animal control	72,517	1,826	-	-	(70,691)	-	(70,691)
Golf course	294,268	220,545	-	-	(73,723)	-	(73,723)
Stormwater	640,739	846,982	-	-	206,243	-	206,243
Streets	1,186,493	-	-	-	(1,186,493)	-	(1,186,493)
Interest on long-term debt	377,676	-	-	-	(377,676)	-	(377,676)
Total Governmental Activities	13,755,716	2,986,861	436,387	1,556,767	(8,775,701)	-	(8,775,701)
Business-type activities							
Gas	4,529,142	5,386,383	-	-	-	857,241	857,241
Water and sewer	8,262,482	8,756,554	-	140,525	-	634,597	634,597
Total Business-type Activities	12,791,624	14,142,937	-	140,525	-	1,491,838	1,491,838
Total Primary Government	\$ 26,547,340	\$ 17,129,798	\$ 436,387	\$ 1,697,292	(8,775,701)	1,491,838	(7,283,863)
General Revenues and Transfers:							
Property and personalty taxes					5,151,790	-	5,151,790
Payment in lieu of tax					461,147	-	461,147
Income and excise taxes					95,127	-	95,127
Sales taxes					3,848,214	-	3,848,214
Alcoholic beverage taxes					382,343	-	382,343
Business taxes					175,866	-	175,866
Miscellaneous taxes					121,881	-	121,881
Investment income					15,986	50,590	66,576
Rental income					111,096	-	111,096
Gain on sale of capital assets					39,458	8,504	47,962
Miscellaneous					130,581.00	88,953	219,534
Transfers, net					-	-	-
Total general revenues and transfers					10,533,489	148,047	10,681,536
Change in net position					1,757,788	1,639,885	3,397,673
Net position - beginning					31,179,252	41,740,294	72,919,546
Restatement: due to change in accounting estimate					(203,746)	-	(203,746)
Net position - ending					\$ 32,733,294	\$ 43,380,179	\$ 76,113,473

See notes to the financial statements

City of Portland, Tennessee
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 4,853,719	\$ 1,513,157	\$ 6,366,876
Receivables, net			
Property taxes	5,068,205	-	5,068,205
Customer	65,823	119,466	185,289
Due from other funds	-	700	700
Due from other governments	433,747	15,000	448,747
Inventories	41,846	30,402	72,248
Prepaid items	197,089	38,759	235,848
Restricted cash and cash equivalents	2,948,529	-	2,948,529
Total assets	<u>\$ 13,608,958</u>	<u>\$ 1,717,484</u>	<u>\$ 15,326,442</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 570,893	\$ 81,752	\$ 652,645
Accrued payroll	93,243	18,828	112,071
Due to other funds	4,653	421	5,074
Total liabilities	<u>668,789</u>	<u>101,001</u>	<u>769,790</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	5,068,205	-	5,068,205
Total deferred inflows of resources	<u>5,068,205</u>	<u>-</u>	<u>5,068,205</u>
Fund Balances			
Nonspendable	238,935	69,161	308,096
Restricted for:			
Airport	-	87,908	87,908
Solid Waste	-	288,429	288,429
Stormwater	-	652,985	652,985
Drug enforcement	-	25,350	25,350
Golf course	-	28,438	28,438
Industrial revolving loan	-	136,771	136,771
Impact fee	-	327,441	327,441
Streets and highways	129,542	-	129,542
Day care	34,705	-	34,705
Committed to:			
Cable	19,512	-	19,512
Capital projects	112,383	-	112,383
SOR	11,185	-	11,185
Assigned to:			
Prior year encumbrances	2,930,734	-	2,930,734
Unassigned	4,394,968	-	4,394,968
Total fund balances	<u>7,871,964</u>	<u>1,616,483</u>	<u>9,488,447</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,608,958</u>	<u>\$ 1,717,484</u>	<u>\$ 15,326,442</u>

City of Portland, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2021

Total fund balances, governmental funds	\$	9,488,447
---	----	-----------

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.		35,000,899
--	--	------------

Net pension asset and deferred outflows of resources that are not reported in the funds related to pensions.		1,611,671
---	--	-----------

Deferred outflows of resources that are not reported in the funds related to OPEB.		257,812
---	--	---------

Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.		(11,876,257)
---	--	--------------

Deferred inflows of resources that are not reported in the funds related to pensions.		(331,752)
--	--	-----------

Total OPEB liability and deferred inflows of resources that are not reported in the funds related to OPEB.		(1,684,323)
---	--	-------------

Other long-term liabilities that are not available to for current period revenues and, therefore, are either deferred or not reported in the fund:		266,797
---	--	---------

Net Position of governmental activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">32,733,294</div>
---	----	---

City of Portland, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 10,404,958	\$ -	\$ 10,404,958
Licenses and permits	276,113	-	276,113
Fines and forfeitures	227,428	5,647	233,075
Charges for services	45,662	2,432,011	2,477,673
Federal and state grants	639,361	867,406	1,506,767
Investment income	14,709	1,277	15,986
Rental/property income	9,966	101,130	111,096
Miscellaneous and contribution income	139,182	7,813	146,995
Total Revenues	<u>11,757,379</u>	<u>3,415,284</u>	<u>15,172,663</u>
Expenditures:			
Current:			
General government	632,583	-	632,583
Administrative and Mayor	231,755	-	231,755
Collection	76,267	-	76,267
Human resources	67,593	-	67,593
Planning & codes	266,703	-	266,703
Solid waste	-	932,525	932,525
Engineering	13,144	-	13,144
Airport	-	302,202	302,202
Golf course	-	237,122	237,122
Court	32,575	-	32,575
Police department	3,285,696	1,935	3,287,631
Fire department	2,057,753	-	2,057,753
Streets and highways	1,151,682	-	1,151,682
City garage	53,685	-	53,685
Stormwater	-	550,724	550,724
State Street Aid	11,334	-	11,334
Animal control	63,225	-	63,225
Swimming pool	18,353	-	18,353
Parks & recreation	640,106	-	640,106
Community development	68,889	-	68,889
Debt Service:			
Principal	713,520	105,094	818,614
Interest	372,554	5,122	377,676
Capital outlay:	<u>1,154,712</u>	<u>1,117,986</u>	<u>2,272,698</u>
Total Expenditures	<u>10,912,129</u>	<u>3,254,887</u>	<u>14,167,016</u>
Excess (deficiency) of revenues over (under) expenditures	<u>845,250</u>	<u>160,397</u>	<u>1,005,647</u>
Other Financing Sources (Uses)			
Insurance proceeds	31,676	2,910	34,586
TIF Payments	(8,400)	-	(8,400)
Sale of capital assets	34,825	4,633	39,458
Operating transfers out	(75,000)	75,000	-
Total other financing sources (uses)	<u>(16,899)</u>	<u>82,543</u>	<u>65,644</u>
Net Change in Fund Balance	<u>828,351</u>	<u>242,940</u>	<u>1,071,291</u>
Fund Balance - beginning	<u>7,247,359</u>	<u>1,373,543</u>	<u>8,620,902</u>
Restatement: due to change in accounting estimate	<u>(203,746)</u>	<u>-</u>	<u>(203,746)</u>
Fund Balance - end	<u>\$ 7,871,964</u>	<u>\$ 1,616,483</u>	<u>\$ 9,488,447</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, 2021

Net changes in fund balance - total governmental funds	\$	1,071,291
--	----	-----------

Amounts reported for governmental activities in the statement of activities
are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		266,797
--	--	---------

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.		301,384
---	--	---------

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.		(678,962)
---	--	-----------

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.		716,798
---	--	---------

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.		80,480
--	--	--------

Change in net position of governmental activities	\$	<u>1,757,788</u>
---	----	------------------

City of Portland, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts			Positive (Negative) Variance with Final Budget
	Original	Final	Actual	
Revenues				
Local taxes:				
Property and personalty taxes	\$ 4,369,000	\$ 4,409,000	\$ 4,884,993	\$ 475,993
Sales tax	1,875,000	1,875,000	2,627,137	752,137
Alcoholic beverage tax	320,000	320,000	382,343	62,343
Business tax	100,000	100,000	175,866	75,866
Cable TV franchise and lease tax	107,000	107,000	117,639	10,639
Licenses and permits	268,250	268,250	276,113	7,863
Fines	161,000	191,000	227,428	36,428
Intergovernmental revenues:				
Sales tax	956,500	956,500	1,221,077	264,577
Gasoline and motor fuel tax	385,000	385,000	412,596	27,596
Petroleum special tax	22,000	22,000	22,791	791
Income tax	15,000	15,000	42,812	27,812
Corporate excise tax	65,000	65,000	52,315	(12,685)
Other tax revenues	-	-	4,242	4,242
In lieu of tax	439,500	439,500	461,147	21,647
Federal and state grants	313,000	635,000	639,361	4,361
Charges for services	40,750	40,750	45,662	4,912
Rental income	7,500	7,500	9,966	2,466
Investment income	7,875	7,875	14,709	6,834
Miscellaneous and contribution income	55,750	170,750	139,182	(31,568)
Total revenues	<u>9,508,125</u>	<u>10,015,125</u>	<u>11,757,379</u>	<u>1,742,254</u>
Expenditures:				
Current:				
General Government				
Salaries, taxes and benefits	286,814	270,814	279,359	(8,545)
Repairs and maintenance	4,000	16,000	20,080	(4,080)
Supplies	58,000	69,000	43,464	25,536
Utilities	64,000	79,000	78,328	672
Other operating expenses	117,461	163,461	144,532	18,929
Donations	85,000	85,000	66,820	18,180
Capital outlay	37,000	2,537,000	27,635	2,509,365
	<u>652,275</u>	<u>3,220,275</u>	<u>660,218</u>	<u>2,560,057</u>
Administrative & Mayor				
Salaries, taxes and benefits	163,736	166,736	173,216	(6,480)
Repairs and maintenance	1,000	1,000	1,015	(15)
Supplies	1,000	3,500	3,485	15
Utilities	2,000	2,000	2,995	(995)
Other operating expenses	50,525	61,525	51,044	10,481
	<u>218,261</u>	<u>234,761</u>	<u>231,755</u>	<u>3,006</u>
Collection				
Salaries, taxes and benefits	83,200	83,200	76,267	6,933
	<u>83,200</u>	<u>83,200</u>	<u>76,267</u>	<u>6,933</u>
Human Resources				
Salaries, taxes and benefits	83,395	83,395	64,433	18,962
Supplies	1,500	1,500	1,254	246
Utilities	1,000	1,000	601	399
Other operating expenses	6,600	6,600	1,305	5,295
Capital outlay	1,000	1,000	-	1,000
	<u>93,495</u>	<u>93,495</u>	<u>67,593</u>	<u>25,902</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, 2021

	Budgeted Amounts			Positive (Negative) Variance with Final Budget
	Original	Final	Actual	
Expenditures (continued):				
Planning				
Salaries, taxes and benefits	169,063	169,063	101,872	67,191
Repairs and maintenance	1,000	1,000	122	878
Supplies	5,000	5,000	1,567	3,433
Utilities	1,500	1,500	1,683	(183)
Other operating expenses	20,763	20,763	12,408	8,355
Capital outlay	9,000	9,000	-	9,000
	<u>206,326</u>	<u>206,326</u>	<u>117,652</u>	<u>88,674</u>
Engineering				
Salaries, taxes and benefits	10,810	10,810	10,486	324
Supplies	250	250	-	250
Utilities	2,250	2,250	2,622	(372)
Other operating expenses	500	500	36	464
	<u>13,810</u>	<u>13,810</u>	<u>13,144</u>	<u>666</u>
Codes				
Salaries, taxes and benefits	143,987	143,987	135,742	8,245
Repairs and maintenance	11,000	11,000	1,911	9,089
Supplies	2,700	2,700	5,195	(2,495)
Other operating expenses	6,153	6,153	6,203	(50)
Capital outlay	1,000	1,000	-	1,000
	<u>164,840</u>	<u>164,840</u>	<u>149,051</u>	<u>15,789</u>
Court				
Salaries, taxes and benefits	13,325	13,325	13,079	246
Supplies	4,000	4,000	3,817	183
Other operating expenses	1,722	16,722	15,679	1,043
Capital outlay	750	750	139	611
	<u>19,797</u>	<u>34,797</u>	<u>32,714</u>	<u>2,083</u>
Police Department				
Salaries, taxes and benefits	2,734,447	2,734,447	2,633,755	100,692
Repairs and maintenance	65,000	84,000	74,801	9,199
Supplies	65,500	65,500	64,310	1,190
Utilities	67,750	67,750	63,708	4,042
Other operating expenses	567,647	567,647	449,122	118,525
Capital outlay	2,500	211,500	210,134	1,366
	<u>3,502,844</u>	<u>3,730,844</u>	<u>3,495,830</u>	<u>235,014</u>
Fire Department				
Salaries, taxes and benefits	1,732,342	1,754,342	1,815,488	(61,146)
Repairs and maintenance	50,000	50,000	48,241	1,759
Supplies	36,500	36,500	27,926	8,574
Utilities	78,750	78,750	79,272	(522)
Other operating expenses	62,736	97,736	86,826	10,910
Capital outlay	2,500	4,500	6,360	(1,860)
	<u>1,962,828</u>	<u>2,021,828</u>	<u>2,064,113</u>	<u>(42,285)</u>
Streets and Highway Department				
Salaries, taxes and benefits	527,816	527,816	512,155	15,661
Repairs and maintenance	52,500	62,500	324,667	(262,167)
Supplies	10,750	10,750	11,974	(1,224)
Utilities	232,500	232,500	226,646	5,854
Other operating expenses	77,715	77,715	76,240	1,475
Capital outlay	-	25,000	30,907	(5,907)
	<u>901,281</u>	<u>936,281</u>	<u>1,182,589</u>	<u>(246,308)</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, 2021

	Budgeted Amounts			Positive (Negative) Variance with Final Budget
	Original	Final	Actual	
Expenditures (continued):				
City Garage				
Salaries, taxes and benefits	33,831	33,831	32,751	1,080
Repairs and maintenance	1,500	1,500	1,594	(94)
Supplies	7,500	7,500	10,128	(2,628)
Utilities	8,650	8,650	6,132	2,518
Other operating expenses	4,174	4,174	3,080	1,094
Capital outlay	3,000	22,000	20,098	1,902
	<u>58,655</u>	<u>77,655</u>	<u>73,783</u>	<u>3,872</u>
State Street Aid				
Repairs and maintenance	10,000	10,000	7,636	2,364
Other operating expenses	-	-	3,698	(3,698)
Capital outlay	543,000	543,000	324,190	218,810
	<u>553,000</u>	<u>553,000</u>	<u>335,524</u>	<u>217,476</u>
Animal Control				
Salaries, taxes and benefits	52,169	52,169	50,431	1,738
Repairs and maintenance	2,500	2,500	3,693	(1,193)
Supplies	500	500	622	(122)
Utilities	7,750	7,750	6,891	859
Other operating expenses	2,141	2,141	1,588	553
	<u>65,060</u>	<u>65,060</u>	<u>63,225</u>	<u>1,835</u>
Grants and Special Projects				
Capital outlay	-	395,000	420,282	(25,282)
	<u>-</u>	<u>395,000</u>	<u>420,282</u>	<u>(25,282)</u>
Swimming Pool				
Salaries, taxes and benefits	14,000	14,000	10,623	3,377
Repairs and maintenance	2,500	2,500	-	2,500
Supplies	6,000	6,000	3,295	2,705
Utilities	15,750	15,750	3,885	11,865
Other operating expenses	750	750	550	200
	<u>39,000</u>	<u>39,000</u>	<u>18,353</u>	<u>20,647</u>
Parks & Recreation				
Salaries, taxes and benefits	500,425	525,425	471,554	53,871
Repairs and maintenance	43,500	43,500	33,999	9,501
Supplies	15,000	15,000	9,419	5,581
Utilities	89,000	89,000	72,135	16,865
Other operating expenses	61,566	61,566	52,999	8,567
Capital outlay	200	95,200	114,967	(19,767)
	<u>709,691</u>	<u>829,691</u>	<u>755,073</u>	<u>74,618</u>
Community Development				
Salaries, Taxes and Benefits	39,622	39,622	36,493	3,129
Supplies	1,000	1,000	527	473
Utilities	1,250	1,250	601	649
Other operating expenses	36,698	36,698	31,268	5,430
Capital outlay	500	500	-	500
	<u>79,070</u>	<u>79,070</u>	<u>68,889</u>	<u>10,181</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, 2021

	Budgeted Amounts			Positive (Negative) Variance with Final Budget
	Original	Final	Actual	
Expenditures (continued):				
Principal	713,520	713,520	713,520	-
Interest	372,115	372,115	372,554	(439)
	<u>1,085,635</u>	<u>1,085,635</u>	<u>1,086,074</u>	<u>(439)</u>
 Total Expenditures	 <u>10,409,068</u>	 <u>13,864,568</u>	 <u>10,912,129</u>	 <u>2,952,439</u>
 Excess (deficiency) of revenues over (under) expenditures	 (900,943)	 (3,849,443)	 845,250	 4,694,693
Other Financing Sources (Uses)				
Sale of capital assets	-	-	34,825	34,825
Insurance recoveries	5,000	5,000	31,676	26,676
TIF Payments	(8,500)	(8,500)	(8,400)	100
Transfers in	15,000	2,515,000	-	(2,515,000)
Transfers out	(200,000)	(100,000)	(75,000)	25,000
Total Other Financing Sources (Uses)	<u>(188,500)</u>	<u>2,411,500</u>	<u>(16,899)</u>	<u>(2,428,399)</u>
 Net Change in Fund Balances	 <u>\$ (1,089,443)</u>	 <u>\$ (1,437,943)</u>	 828,351	 <u>\$ 2,266,294</u>
 Fund Balance - beginning			 <u>7,247,359</u>	
 Restatement: due to change in accounting estimate			 <u>(203,746)</u>	
 Fund Balance - end			 <u>\$ 7,871,964</u>	

See notes to the financial statements

City of Portland, Tennessee
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-type Activities - Enterprise Funds		
	Gas Fund	Water & Sewer Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 5,403,414	5,280,434	\$ 10,683,848
Investments	-	1,018,495	1,018,495
Receivables, customers, net	244,999	652,476	897,475
Due from other funds	2,572	2,293	4,865
Inventory	140,418	226,610	367,028
Prepaid expenses	17,553	110,023	127,576
Restricted cash and cash equivalents	-	17,616,442	17,616,442
Net pension asset	170,510	482,581	653,091
Total current assets	5,979,466	25,389,354	31,368,820
Noncurrent assets			
Capital assets, not being depreciated			
Land, right of ways, usages	240,061	1,055,521	1,295,582
Construction in progress	6,670	1,419,656	1,426,326
Capital assets, being depreciated			
Plant and equipment	18,921,925	52,889,969	71,811,894
Less accumulated depreciation	(7,040,069)	(22,055,274)	(29,095,343)
Total capital assets, net	12,128,587	33,309,872	45,438,459
Total assets	18,108,053	58,699,226	76,807,279
Deferred Outflows of Resources			
Deferred charge on refunding	-	45,512	45,512
Related to pension	44,326	127,211	171,537
Related to OPEB	31,506	96,079	127,585
Total deferred outflows of resources	75,832	268,802	344,634
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	115,352	252,625	367,977
Retainage payable	-	12,464	12,464
Unearned revenue	-	90,000	90,000
Accrued payroll	13,414	40,794	54,208
Accrued interest	-	235,067	235,067
Due to other funds	64	427	491
Notes and bonds payable, current	-	1,178,757	1,178,757
Total current liabilities	128,830	1,810,134	1,938,964
Noncurrent Liabilities			
Accrued compensated absences	25,418	78,504	103,922
Total OPEB liability	158,535	483,467	642,002
Notes and bonds payable, net of premiums and discounts	-	30,737,287	30,737,287
Total noncurrent liabilities	183,953	31,299,258	31,483,211
Total liabilities	312,783	33,109,392	33,422,175
Deferred Inflows of Resources			
Related to OPEB	47,296	144,232	191,528
Related to pension	40,836	117,195	158,031
Total deferred inflows of resources	88,132	261,427	349,559
Net Position			
Net investment in capital assets	12,128,587	1,393,828	13,522,415
Restricted for pension	170,510	482,581	653,091
Unrestricted	5,483,873	23,720,800	29,204,673
Total net position	\$ 17,782,970	25,597,209	\$ 43,380,179

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, 2021

	Business-type Activities - Enterprise Funds		
	Gas Fund	Water & Sewer Fund	Total
Operating Revenues:			
Charges for services	5,386,383	8,756,554	\$ 14,142,937
Other operating revenues	23,421	10,044	33,465
Total operating revenues	5,409,804	8,766,598	14,176,402
Operating Expenses:			
Natural gas purchased	2,411,760	-	2,411,760
General administration	1,299,256	3,647,774	4,947,030
Utilities	57,051	629,265	686,316
Supplies	65,991	362,573	428,564
Machinery and equipment	149,574	360,028	509,602
Maintenance	46,074	875,289	921,363
Depreciation	499,436	1,428,833	1,928,269
Total operating expenses	4,529,142	7,303,762	11,832,904
Operating income	880,662	1,462,836	2,343,498
Nonoperating Revenues (Expenses):			
Investment income	9,740	40,850	50,590
Sale of capital assets	-	8,504	8,504
Insurance recoveries	3,640	51,848	55,488
Bond insurance cost	-	(236,212)	(236,212)
Bond interest and fiscal charges	-	(722,508)	(722,508)
Total nonoperating revenues (expenses)	13,380	(857,518)	(844,138)
Income before contributions and transfers	894,042	605,318	1,499,360
Capital contributions - development	-	140,525	140,525
Change in Net Position	894,042	745,843	1,639,885
Net Position - July 1, 2020	16,888,928	24,851,366	41,740,294
Net Position - June 30, 2021	17,782,970	25,597,209	\$ 43,380,179

See notes to financial statements

City of Portland, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds		
	Gas Fund	Water & Sewer Fund	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 5,386,689	8,536,971	\$ 13,923,660
Payments to suppliers	(2,730,450)	(2,227,155)	(4,957,605)
Payments to employees	(1,299,256)	(3,647,774)	(4,947,030)
Net cash provided by operating activities	<u>1,356,983</u>	<u>2,662,042</u>	<u>4,019,025</u>
Cash Flows from Capital and Related Financing Activities:			
Capital contributions	21,375	229,627	251,002
Other contributions and grants	-	140,525	140,525
Insurance recoveries	3,640	51,848	55,488
Sale of capital asset gain/(loss)	-	8,504	8,504
Debt Proceeds	-	16,930,000	16,930,000
Principal paid on capital debt	-	(967,405)	(967,405)
Interest paid on capital debt	-	(958,720)	(958,720)
Purchases and construction of capital assets	(1,404,549)	(1,346,773)	(2,751,322)
Net cash provided by (used for) capital and related financing activities	<u>(1,379,534)</u>	<u>14,087,606</u>	<u>12,708,072</u>
Cash Flows from Investing Activities:			
Interest received	9,740	40,850	50,590
Net cash provided by investing activities	<u>9,740</u>	<u>40,850</u>	<u>50,590</u>
Net increase (decrease) in cash and cash equivalents	<u>(12,811)</u>	<u>16,790,498</u>	<u>16,777,687</u>
Cash and cash equivalents, beginning, restated (1)	<u>5,416,225</u>	<u>7,124,873</u>	<u>12,541,098</u>
Cash and cash equivalents, end	<u>\$ 5,403,414</u>	<u>23,915,371</u>	<u>\$ 29,318,785</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 880,662	1,462,836	\$ 2,343,498
Adjustments to reconcile operating Income to net cash provided by operating activities:			
Depreciation and amortization	499,436	1,428,833	1,928,269
(Increase) decrease in:			
Receivables, net	70,952	(14,726)	56,226
Due from other funds	952	1,215	2,167
Inventory	22,226	320	22,546
Prepaid expenses	(5,617)	(835)	(6,452)
Deferred outflow - pension and OPEB	17,383	(183,447)	(166,064)
Net pension asset	(30,174)	(85,398)	(115,572)
Increase (decrease) in:			
Accounts payable and accrued liabilities	124,709	490,020	614,729
Retainage payable	-	149,076	149,076
Accrued interest	-	(122,856)	(122,856)
Accrued payroll	4,270	7,981	12,251
OPEB liability	(115,889)	(358,707)	(474,596)
Due to other funds	540	323	863
Deferred inflow - pension and OPEB	(119,732)	(110,161)	(229,893)
Compensated absences	7,265	(2,432)	4,833
Net Cash Provided by Operating Activities	<u>\$ 1,356,983</u>	<u>2,662,042</u>	<u>\$ 4,019,025</u>

(1) Beginning Cash and Cash Equivalents restated to include restricted cash

City of Portland, Tennessee
Statement of Fiduciary Net Position
Agency Fund - Statement of Assets and Liabilities
June 30, 2021

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

See notes to the financial statements

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 inclusion 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 inclusion 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, 2021

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, 2021

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, 2021

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 action by the Board of Aldermen. 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, 2021

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, 2021

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, 2021

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 - consists 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 - consists 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, 2021

Deposits: As of June 30, 2021, 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, 2021, 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, 2021 is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Funds		
General Fund	\$ -	\$ 3,954
	-	3,954
Nonmajor Funds		
Airport Fund	-	391
Stormwater	-	-
Solid Waste Fund	-	30
Golf Fund	-	-
	-	421
Proprietary Funds		
Water and Sewer Fund	2,293	427
Gas Fund	2,573	64
	4,865	491
	<u>\$ 4,865</u>	<u>\$ 4,865</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, 2021

The composition of interfund transfers for the year ended June 30, 2021, is as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>
General Fund	Airport Fund	75,000

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, 2020	Additions	Deletions/ Adjustments	Ending Balance June 30, 2021
<u>Capital assets not being depreciated:</u>				
Land	\$ 6,841,222	\$ -	\$ -	\$ 6,841,222
Construction in progress	2,468,309	1,192,460	(3,013,781)	646,988
Total Not Being Depreciated	9,309,531	1,192,460	(3,013,781)	7,488,210
<u>Capital assets being depreciated:</u>				
Buildings and plant	12,936,404	2,158,060	-	15,094,464
Other improvements	7,536,523	871,473	-	8,407,996
Infrastructure	13,793,792	70,889	-	13,864,681
Machinery and equipment	6,645,868	487,946	(127,150)	7,006,664
Total Being Depreciated	40,912,587	3,588,368	(127,150)	44,373,805
<u>Less: Accumulated Depreciation</u>	(15,514,299)	(1,465,662)	118,845	(16,861,116)
Net Capital Assets Being Depreciated	25,398,288	2,122,706	(8,305)	27,512,689
Net Capital Assets	\$ 34,707,819	\$ 3,315,166	\$ (3,022,086)	\$ 35,000,899

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

<u>Business-type Activities</u>	Beginning Balance July 1, 2020	Additions	Deletions/ Adjustments	Ending Balance June 30, 2021
<u>Capital assets not being depreciated:</u>				
Land	\$ 1,286,682	\$ 8,900	\$ -	\$ 1,295,582
Construction in progress	1,551,142	1,129,321	(1,254,137)	1,426,326
Total Not Being Depreciated	2,837,824	1,138,221	(1,254,137)	2,721,908
<u>Capital assets being depreciated:</u>				
Water & Sewer plant	48,100,322	2,615,466	-	50,715,788
Natural Gas plant	16,270,440	1,250,000	-	17,520,440
Machinery, equipment & vehicles	3,371,357	302,603	(98,296)	3,575,664
Total Being Depreciated	67,742,119	4,168,069	(98,296)	71,811,892
<u>Less: Accumulated Depreciation</u>	(27,263,671)	(1,928,270)	96,599	(29,095,342)
Net Capital Assets Being Depreciated	40,478,448	2,239,799	(1,697)	42,716,550
Net Capital Assets	\$ 43,316,272	\$ 3,378,020	\$ (1,255,834)	\$ 45,438,458

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

Primary Government- Governmental Activities

General government	\$ 105,575
Public safety	359,841
Parks & recreation	170,921
Planning and codes	6,410
Streets	430,687
Solid Waste	90,981
Stormwater	50,252
Golf course	31,065
Airport	219,930
Total Depreciation	<u>\$ 1,465,662</u>

Primary Government-Business-type Activities

Water and sewer fund	\$ 1,428,834
Natural gas Fund	499,436
Total Depreciation	<u>\$ 1,928,270</u>

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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 \$10,135,000 and \$1,273,592, respectively. Direct borrowings related to business-type activities include capital outlay notes and state revolving loans totaling \$935,517 and water/sewer system refunding bonds of \$29,105,000.

Debt outstanding as of June 30, 2021 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 Department Capital Outlay Note #72	3.78%	03/01/22	\$ 378,000	\$ 61,800
Street Paving Note Capital Outlay Note #60	2.87%	04/01/23	500,000	97,190
Street Equipment Capital Outlay Note #65	2.17%	10/01/20	150,000	-
Street Paving Note Capital Outlay Note #66	2.61%	10/01/23	1,150,000	323,380
Police Cars Capital Outlay Note #68	2.65%	01/11/22	225,000	26,250
Parks Improvements Capital Outlay Note, Series 2017	2.65%	04/15/27	150,000	87,500
Police Cars Capital Outlay Note #70	3.16%	04/15/23	225,000	78,750
Sanitation Trucks Capital Outlay Note #71	3.78%	06/21/23	267,000	106,800
Fire Department Capital Outlay Note, Series 2013	3.78%	06/21/23	154,500	42,000
Police/Fire Equipment Capital Outlay Note #73	3.00%	11/05/24	369,000	251,172
Sanitation Truck Capital Outlay Note #74	3.00%	11/15/25	270,000	198,750
<u>General Obligation Bonds:</u>				
General Obligation Refunding Bonds, Series 2015	3.50%	04/01/45	7,410,000	6,430,000
General Obligation Refunding Bonds, Series 2020	2.625-4.00%	06/30/50	3,780,000	3,705,000
			<u>\$ 15,028,500</u>	<u>\$ 11,408,592</u>
Business-type activities:				
<u>Water and Sewer System Refunding Bonds</u>				
Refunding Bonds, Series 2016	3.00%	04/01/46	\$ 14,405,000	\$ 12,335,000
Refunding Bonds, Series 2020	2.63%	04/01/50	16,930,000	16,770,000
<u>Direct Borrowings</u>				
State Revolving Loan Fund	1.70%	10/01/31	1,500,000	745,917
Capital Outlay Note-Equip	2.48%	06/15/25	237,000	189,600
			<u>\$ 33,072,000</u>	<u>\$ 30,040,517</u>

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, 2021 will generally be retired from governmental or enterprise fund cash.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Years Ending		
June 30	Principal	Interest
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	82,050
Total	<u>\$ 11,408,592</u>	<u>\$ 5,176,772</u>

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

Years Ending		
June 30	Principal	Interest
2022	\$ 1,063,976	\$ 956,600
2023	960,128	929,573
2024	986,280	905,795
2025	1,002,468	883,656
2026-2030	5,078,748	4,060,090
2031-2035	5,413,917	3,224,726
2036-2040	5,460,000	2,185,418
2041-2045	5,540,000	1,190,600
2046-2050	4,535,000	385,425
Total	<u>\$ 30,040,517</u>	<u>\$ 14,721,883</u>

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

A summary of long-term liability activity, including debt, for the year ended June 30, 2021 is as follows:

	Balance July 01 2020	Increases	Decreases	Balance June 30 2021	Amounts Due Within One Year
Governmental Activities					
General Obligation bonds	\$ 10,390,000	\$ -	\$ (255,000)	\$ 10,135,000	\$ 255,000
Plus Bond Premium	208,113	-	(6,899)	201,214	6,899
Less bond discount	(33,157)	1,099	-	(32,058)	(1,099)
Total bonds payable	10,564,956	1,099	(261,899)	10,304,156	260,800
Private Placement Notes	1,830,512	-	(556,920)	1,273,592	530,670
Compensated Absences	224,984	13,952	-	238,936	-
Total OPEB Liability	328,528	968,773	-	1,297,301	-
Total governmental activities	\$ 12,948,980	\$ 983,824	\$ (818,819)	\$ 13,113,985	\$ 791,470
Business-Type Activities					
Water & Sewer Refunding & Improvement Bonds	\$ 13,035,000	\$ 16,930,000	\$ (860,000)	\$ 29,105,000	\$ 950,000
Plus Bond Premium	662,620	1,308,174	(89,521)	1,881,273	115,171
Less bond discount	(6,136)	390	-	(5,746)	(390)
Total bonds payable	13,691,484	18,238,564	(949,521)	30,980,527	1,064,781
Notes and Loans from Direct Borrowings					
State Revolving Loan	805,922	-	(60,005)	745,917	66,576
Capital Outlay Notes	237,000	-	(47,400)	189,600	47,400
Compensated Absences	108,755	2,432	(7,265)	103,922	-
Total OPEB Liability	167,406	474,596	-	642,002	-
Total business-type activities	\$ 15,010,567	\$ 18,715,592	\$ (1,064,191)	\$ 32,661,968	\$ 1,178,757

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.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	66
Inactive employees entitled to but not yet receiving benefits	99
Active Employees	<u>145</u>
Total Employees	<u>310</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, 2021, employer contributions for the City were \$113,332 based on a rate of 1.45 percent of covered payroll. By law, employer contributions are required to be paid. The

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The 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, 2020, 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, 2020 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, 2020 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, 2021

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 6/30/19	\$ 18,876,133	\$ 21,117,842	\$ (2,241,709)
Changes for the year:			
Service cost	606,437	-	606,437
Interest	1,385,853	-	1,385,853
Differences between expected and actual experience	(46,755)	-	(46,755)
Changes in benefits	-	-	-
Changes in assumptions	-	-	-
Contributions-employer	-	216,616	(216,616)
Contributions-employees	-	361,678	(361,678)
Net investment income	-	1,043,260	(1,043,260)
Benefit payments, including refunds of employee contributions	(734,715)	(734,715)	-
Administrative expense	-	(13,071)	13,071
Other changes	-	-	-
Net changes	1,210,820	873,768	337,052
Balance at 6/30/20	\$ 20,086,953	\$ 21,991,610	\$ (1,904,657)

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:

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Portland's net pension liability (asset)	\$887,252	(\$1,904,657)	(\$4,194,048)

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

Pension expense. For the year ended June 30, 2021, the City recognized pension expense of \$109,394.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2021, Portland reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 107,533	\$ 489,781
Net difference between projected and actual earnings on pension plan investment	164,691	-
Changes in assumptions	146,085	-
Contributions subsequent to the measurement date of June 30, 2018	<u>113,333</u>	<u>(not applicable)</u>
Total	<u>\$ 531,642</u>	<u>\$ 489,781</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2020," 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:	
2022	(95,073)
2023	(28,010)
2024	4,599
2025	80,293
2026	(26,599)
Thereafter	(6,679)

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

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Payable to the Pension Plan

At June 30, 2020, Portland reported a payable of \$46,197 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2021.

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 a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired 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, 2020, the following employees of City of Portland were covered by the benefit terms of the LGOP:

Inactive employees currently receiving benefit payments	12
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	152
Total	<u>164</u>

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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 \$93,859 to the LGOP for OPEB benefits as they came due.

Actuarial assumptions - The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.10%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	9.02% for pre-65 for 2020, decreasing annually over a 10-year period to an ultimate rate of 4.50%. 7.56% for post-65 in 2020 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, 2020, valuations were the same as those employed in the July 1, 2019 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 2.21 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, 2021

Changes in the Total OPEB Liability

LGOP	Total OPEB Liability (a)
Total OPEB liability- beginning balance	\$ 484,320
Changes for the year:	
Service cost	38,114
Interest	17,636
Changes of benefit terms	1,000,152
Differences between expected and actual experience	112,672
Change in assumptions	191,539
Benefit payments	(40,341)
Net changes	1,319,772
Total OPEB liability - ending balance	\$ 1,804,092

Changes in assumptions - The discount rate was changed from 3.51% as of the beginning of the measurement period to 3.21% as of June 30, 2020. 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 \$1,000,152 increase 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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate.

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 1,970,102	\$ 1,804,092	\$ 1,650,851

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 (8.02%/6.56% decreasing to 3.50%)	Healthcare Cost Trend Rates (9.02%/7.56% decreasing to 4.50%)	1% Increase (10.02%/8.56% decreasing to 5.50%)
Total OPEB Liability	\$ 1,585,764	\$ 1,804,092	\$ 2,069,480

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

OPEB expense - For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$999,826

Deferred outflows of resources and deferred inflows of resources - For the fiscal year ended June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	\$ 101,324	\$ 352,217
Changes of assumptions	182,500	216,826
Employer payments subsequent to the measurement date	93,859	-
Total	<u>\$ 377,683</u>	<u>\$ 569,043</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:

For the year ended June 30:

2022	(56,076)
2023	(56,076)
2024	(56,076)
2025	(56,076)
2026	(56,076)
Thereafter	(4,839)

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, 2021

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 a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible 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 receive 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, 2020, the following employees of the City of Portland were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	160
Total	<u><u>163</u></u>

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the City of Portland paid \$1,307 to the TNP for OPEB benefits as they came due.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Actuarial assumptions - The collective total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.10%
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, 2020, valuations were the same as those employed in the July 1, 2019 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 2.21 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, 2021

Changes in the Total OPEB Liability

TNP	Total OPEB Liability
	(a)
Total OPEB liability - beginning balance	<u>\$ 11,614</u>
Changes for the year:	
Service cost	-
Interest	400
Changes of benefit terms	94,452
Differences between expected and actual experience	1,689
Change in assumptions	27,504
Benefit payments	<u>(447)</u>
Net changes	<u>123,598</u>
Total OPEB liability - ending balance	<u><u>\$ 135,212</u></u>

Changes in assumptions - The discount rate was changed from 3.51% as of the beginning of the measurement period to 2.21% as of June 30, 2020. This change in assumption increased the total OPEB liability.

Changes in benefit terms- A change in benefit terms resulted in a \$94,452 increase 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 (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 161,460	\$ 135,212	\$ 114,035

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

OPEB expense - For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$123,351.

Deferred outflows of resources and deferred inflows of resources - For the fiscal year ended June 30, 2021, 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	\$ 6,310	\$ -
Changes of assumptions	97	9,506
Employer payments subsequent to the measurement date	1,307	-
Total	<u>\$ 7,714</u>	<u>\$ 9,506</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:

2022	(694)
2023	(694)
2024	(694)
2025	(694)
2026	(761)
Thereafter	438

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, 2021

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 2021 were approximately \$90,074. 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, 2021:

	Amt Thru		Additional		Total
	<u>06/30/21</u>		<u>Commitment</u>		<u>Project</u>
Governmental Funds Projects					
R.C. Coleman Comm Ctr.	\$ 16,190	\$	12,610	\$	28,800
Railroad Crossing Impr	-		138,666		138,666
Water & Sewer Fund					
Waste Water Treatment Plant Impr	\$ 226,786	\$	733,214	\$	960,000
Sewer Interceptor	-		4,000,000		4,000,000
AMR Project	-		150,000		150,000
Mason Tank-12" Waterline Conn	-		136,900		136,900
Gas Fund					
Gas System Impr (Creek Crossings)	\$ -	\$	85,000	\$	85,000

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.

CITY OF PORTLAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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 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 - PRIOR PERIOD ADJUSTMENT

Change in Accounting Estimate in Previously Issued Financial Statements

The City's Deferred Inflow of Resources for property taxes receivables estimated value was decreased by \$203,746 in relation to the ending balance at June 30, 2020.

Prior period adjustments were made to both beginning net position and beginning fund balance in relation to this change in accounting estimate.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 12, 2022, 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 May 12, 2022. 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 2022.

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	2021
	Total OPEB liability				
Service cost		\$ 149,187	\$ 141,202	\$ 152,342	\$ 38,114
Interest		70,860	85,728	82,955	17,636
Changes of benefit terms		-	-	(1,365,252)	1,000,152
Differences between expected and actual experience		-	3,512	(475,369)	112,672
Changes of assumptions		(106,826)	(225,062)	19,405	191,539
Benefit payments		(117,143)	(130,554)	(136,753)	(40,341)
Net change in total OPEB liability		(3,922)	(125,174)	(1,722,672)	1,319,772
Total OPEB liability - beginning		2,336,088	2,332,166	2,206,992	484,320
Total OPEB liability - ending (a)		\$ 2,332,166	\$ 2,206,992	\$ 484,320	\$ 1,804,092
Covered-employee payroll		\$ 6,901,160	\$ 7,688,246	\$ 7,705,243	\$ 7,793,956
Total OPEB liability as a percentage of covered-employee payroll		33.79%	28.71%	6.29%	23.15%

**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 Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30

TNP

	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ 6,603	\$ 5,095	\$ 3,932	\$ -
Interest	3,727	4,844	5,279	400
Changes of benefit terms	-	-	(144,994)	94,452
Differences between expected and actual experience	-	3,156	5,776	1,689
Changes of assumptions	(15,184)	(1,399)	127	27,504
Benefit payments	(15,300)	(738)	(800)	(447)
Net change in total OPEB liability	(20,154)	10,958	(130,680)	123,598
Total OPEB liability - beginning	151,490	131,336	142,294	11,614
Total OPEB liability - ending (a)	\$ 131,336	\$ 142,294	\$ 11,614	\$ 135,212
Covered-employee payroll	\$ 6,901,160	\$ 7,688,246	\$ 7,705,243	\$ 7,793,956
Total OPEB liability as a percentage of covered-employee payroll	1.90%	1.85%	0.15%	1.73%

**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 the 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	2020
Total Pension Liability (Asset)							
Service Cost	\$ 423,986	\$ 409,779	\$ 423,986	\$ 578,391	\$ 573,359	\$ 552,366	\$ 606,437
Interest	1,128,066	1,040,811	1,128,066	1,208,654	1,217,498	1,306,593	1,385,853
Changes in Benefit Terms	-	-	-	-	-	-	-
Differences Between Actual and Expected Experience	36,093	384,722	36,093	(816,907)	73,950	(139,442)	(46,755)
Change of Assumptions	-	-	-	340,869	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(683,337)	(688,881)	(683,337)	(652,758)	(603,825)	(625,990)	(734,715)
Net Change in Total Pension Liability (Asset)	904,808	1,146,431	904,808	658,249	1,260,982	1,093,527	1,210,820
Total Pension Liability (Asset), Beginning	14,958,567	13,812,136	14,958,567	15,863,375	16,521,624	17,782,606	18,876,133
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>	<u>\$ 20,086,953</u>
 Plan Fiduciary Net Position							
Contributions - Employer	\$ 587,552	\$ 526,805	\$ 587,552	\$ 631,603	\$ 477,517	\$ 331,739	\$ 216,616
Contributions - Employee	276,673	248,121	276,673	297,087	368,786	383,706	361,678
Net Investment Income	405,013	452,471	405,013	1,804,246	1,491,884	1,460,793	1,043,260
Benefit Payments, Including Refunds of Employee Contributions	(683,337)	(688,881)	(683,337)	(652,758)	(603,825)	(625,990)	(734,715)
Administrative Expense	(9,659)	(5,977)	(9,659)	(11,315)	(12,580)	(12,491)	(13,071)
Net Change in Plan Fiduciary Net Position	576,242	532,539	576,242	2,068,863	1,721,782	1,537,757	873,768
Plan Fiduciary Net Position, Beginning	15,213,198	14,680,659	15,213,198	15,789,440	17,858,303	19,580,085	21,117,842
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>	<u>\$ 21,991,610</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>	<u>\$ (1,904,657)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.53%	101.70%	99.53%	108.09%	110.11%	111.88%	109.48%
Covered Employee Payroll	\$ 5,527,302	\$ 4,955,832	\$ 5,527,302	5,941,704	6,366,885	6,634,785	7,220,545
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	1.34%	-5.14%	1.34%	-22.50%	-28.23%	-33.79%	-26.38%

**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	2021
Actuarially Determined Contribution	\$ 495,742	\$ 526,805	\$ 587,552	\$ 620,314	\$ 306,247	\$ 192,409	\$ 177,625	\$ 113,332
Contributions in relation to the actuarially determined contribution	495,742	526,805	577,156	631,603	477,517	331,739	216,616	113,332
Contribution deficiency (excess)	\$ -	\$ -	\$ 10,396	\$ (11,289)	\$ (171,270)	\$ (139,330)	\$ (38,991)	\$ -
Covered Payroll	\$ 4,775,917	\$ 4,955,832	\$ 5,527,302	\$ 5,941,704	\$ 6,366,885	\$ 6,634,785	\$ 7,220,545	\$ 7,793,956
Contributions as a Percentage of Covered Payroll	10.38%	10.63%	10.44%	10.63%	7.50%	5.00%	3.00%	1.45%

**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.

See independent auditor's report.

CITY OF PORTLAND, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

Valuation date: Actuarially determined contribution rates for fiscal year 2021 were calculated based on the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Varies by 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, 2021

	Special Revenue Funds						Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets	Airport Fund	Solid Waste Fund	Stormwater Fund	Drug Fund	Golf Course Fund	Impact Fees Fund	Revolving Loan Fund	
Cash & cash equivalents	75,342	253,500	633,406	37,558	49,139	327,441	136,771	1,513,157
Receivables, net	-	83,555	35,911	-	-	-	-	119,466
Due from other funds	700	-	-	-	-	-	-	700
Prepaid items and other assets	12,231	15,935	7,912	-	2,681	-	-	38,759
Inventory	16,121	14,281	-	-	-	-	-	30,402
Total assets	119,394	367,271	677,229	37,558	51,820	327,441	- 136,771	1,717,484
Liabilities								
Accounts payable	614	42,058	9,422	12,208	17,450	-	-	81,752
Accrued payroll	2,129	6,538	6,910	-	3,251	-	-	18,828
Due to other funds	391	30	-	-	-	-	-	421
Total liabilities	3,134	48,626	16,332	12,208	20,701	- -	-	101,001
Fund Balances								
Nonspendable								
Inventory and prepaid items	28,352	30,216	7,912	-	2,681	-	-	69,161
Restricted For:								
Airport	87,908	-	-	-	-	-	-	87,908
Solid waste	-	288,429	-	-	-	-	-	288,429
Stormwater	-	-	652,985	-	-	-	-	652,985
Drug control	-	-	-	25,350	-	-	-	25,350
Golf course	-	-	-	-	28,438	-	-	28,438
Revolving loans	-	-	-	-	-	-	136,771	136,771
Impact fee	-	-	-	-	-	327,441	-	327,441
Total fund balances	116,260	318,645	660,897	25,350	31,119	327,441 -	136,771	1,616,483
Total liabilities and fund balances	119,394	367,271	677,229	37,558	51,820	327,441 -	136,771	1,717,484

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, 2021

	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	\$ 175,802	\$ 1,080,361	\$ 845,332	\$ -	\$ 220,545	\$ 109,971	\$ -	\$ 2,432,011
Fines and forfeitures	-	-	1,650	3,997	-	-	-	5,647
Federal and state grants	867,406	-	-	-	-	-	-	867,406
Investment income	65	422	672	9	-	-	109	1,277
Rental	99,465	-	-	-	1,665	-	-	101,130
Miscellaneous and contributions	769	2,903	3,621	-	520	-	-	7,813
Total revenues	1,143,507	1,083,686	851,275	4,006	222,730	109,971	109	3,415,284
Expenditures								
Salaries, taxes and benefits	108,708	427,681	390,555	-	148,614	-	-	1,075,558
Repairs and maintenance	19,902	50,335	84,960	-	14,016	-	-	169,213
Utilities	32,864	11,523	18,264	-	14,375	-	-	77,026
Supplies	119,009	49,206	29,969	135	26,409	2,177	-	226,905
Other operating	21,719	393,780	26,976	1,800	33,708	-	-	477,983
Debt service	-	110,216	-	-	-	-	-	110,216
Capital outlay	874,478	23,241	205,434	-	14,833	-	-	1,117,986
Total expenditures	1,176,680	1,065,982	756,158	1,935	251,955	2,177	-	3,254,887
Excess (deficiency) of revenues over (under) expenditures	(33,173)	17,704	95,117	2,071	(29,225)	107,794	109	160,397
Other Financing Sources (Uses)								
Sale of capital assets	791	1,150	-	2,692	-	-	-	4,633
Insurance proceeds	700	-	2,210	-	-	-	-	2,910
Transfers in (out)	75,000	-	-	-	-	-	-	75,000
Total other financing sources and uses	76,491	1,150	2,210	2,692	-	-	-	82,543
Net Change in Fund Balances	43,318	18,854	97,327	4,763	(29,225)	107,794	109	242,940
Fund Balance - beginning	72,942	299,791	563,570	20,587	60,344	219,647	136,662	1,373,543
Fund Balance - ending	\$ 116,260	\$ 318,645	\$ 660,897	\$ 25,350	\$ 31,119	\$ 327,441	\$ 136,771	\$ 1,616,483

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, 2021

	<u>Budgeted Amounts</u>			Positive (Negative) Variance with Final
	Original	Final	Actual	
Revenues				
Charges for services	\$ 150,000	\$ 150,000	\$ 175,802	\$ 25,802
Federal and state grants	792,000	792,000	867,406	75,406
Investment income	0	0	65	65
Rental	87,000	87,000	99,465	12,465
Miscellaneous and contributions	-	-	769	769
Total revenues	<u>1,029,000</u>	<u>1,029,000</u>	<u>1,143,507</u>	<u>114,507</u>
Expenditures				
Salaries, taxes and benefits	107,894	107,894	108,708	(814)
Repairs and maintenance	51,215	51,215	19,902	31,313
Utilities	34,500	34,500	32,864	1,636
Supplies	137,500	137,500	119,009	18,491
Other operating	22,891	22,891	21,719	1,172
Capital outlay	750,000	975,000	874,478	100,522
Total expenditures	<u>1,104,000</u>	<u>1,329,000</u>	<u>1,176,680</u>	<u>152,320</u>
Excess (deficiency) of revenues over (under) expenditures	(75,000)	(300,000)	(33,173)	266,827
Other Financing Sources (Uses)				
Sale of capital assets	-	-	791	791
Insurance recoveries	-	-	700	700
Transfers in (out)	75,000	75,000	75,000	-
Total other financing sources (uses)	<u>75,000</u>	<u>75,000</u>	<u>76,491</u>	<u>1,491</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (225,000)</u>	<u>43,318</u>	<u>\$ 268,318</u>
Fund Balance - beginning			<u>72,942</u>	
Fund Balance - ending			<u>\$ 116,260</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Positive (Negative) Variance with Final</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 1,042,000	\$ 1,042,000	\$ 1,080,361	\$ 38,361
Investment income	450	450	422	(28)
Miscellaneous and contributions	-	-	2,903	2,903
Total revenues	<u>1,042,450</u>	<u>1,042,450</u>	<u>1,083,686</u>	<u>41,236</u>
Expenditures				
Salaries, taxes and benefits	418,185	418,185	427,681	(9,496)
Repairs and maintenance	48,500	48,500	50,335	(1,835)
Utilities	13,250	13,250	11,523	1,727
Supplies	52,250	52,250	49,206	3,044
Other operating	445,047	445,047	393,780	51,267
Debt service	110,218	110,218	110,216	2
Capital outlay	25,000	25,000	23,241	1,759
Total expenditures	<u>1,112,450</u>	<u>1,112,450</u>	<u>1,065,982</u>	<u>46,468</u>
Excess (deficiency) of revenues over (under) expenditures	(70,000)	(70,000)	17,704	87,704
Other Financing Sources (Uses)				
Sale of capital assets	-	-	1,150	1,150
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,150</u>	<u>1,150</u>
Net Change in Fund Balance	<u>\$ (70,000)</u>	<u>\$ (70,000)</u>	18,854	<u>\$ 88,854</u>
Fund Balance - beginning			<u>299,791</u>	
Fund Balance - ending			<u>\$ 318,645</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, 2021

	<u>Budgeted Amounts</u>			Positive (Negative) Variance with Final
	Original	Final	Actual	
Revenues				
Charges for services	\$ 795,000	\$ 795,000	\$ 845,332	\$ 50,332
Fines and forfeitures	-	-	1,650	1,650
Investment income	750	750	672	(78)
Miscellaneous and contributions	-	-	3,621	3,621
Total revenues	<u>795,750</u>	<u>795,750</u>	<u>851,275</u>	<u>55,525</u>
Expenditures				
Salaries, taxes and benefits	457,607	457,607	390,555	67,052
Repairs and maintenance	199,900	199,900	84,960	114,940
Utilities	18,000	18,000	18,264	(264)
Supplies	37,000	37,000	29,969	7,031
Other operating	56,243	60,243	26,976	33,267
Capital outlay	27,000	212,000	205,434	6,566
Total expenditures	<u>795,750</u>	<u>984,750</u>	<u>756,158</u>	<u>228,592</u>
Excess (deficiency) of revenues over (under) expenditures	-	(189,000)	95,117	284,117
Other Financing Sources (Uses)				
Insurance Proceeds	-	-	2,210	2,210
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,210</u>	<u>2,210</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (189,000)</u>	<u>97,327</u>	<u>\$ 286,327</u>
Fund Balance - beginning			<u>563,570</u>	
Fund Balance - ending			<u>\$ 660,897</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Positive (Negative) Variance with Final</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 4,500	\$ 4,500	\$ 3,997	\$ (503)
Investment income	-	-	9	9
Total revenues	<u>4,500</u>	<u>4,500</u>	<u>4,006</u>	<u>(494)</u>
Expenditures				
Supplies	-	-	135	(135)
Other operating expenses	-	-	1,800	(1,800)
Total expenditures	<u>-</u>	<u>-</u>	<u>1,935</u>	<u>(1,935)</u>
Excess (deficiency) of revenues over (under) expenditures	4,500	4,500	2,071	(2,429)
Other Financing Sources (Uses)				
Transfers in (out)	(15,000)	(15,000)	-	15,000
Sale of capital assets	2,500	2,500	2,692	(192)
Total other financing sources (uses)	<u>(12,500)</u>	<u>(12,500)</u>	<u>2,692</u>	<u>14,808</u>
Net Change in Fund Balance	<u>\$ (8,000)</u>	<u>\$ (8,000)</u>	4,763	<u>\$ 12,379</u>
Fund Balance - beginning			<u>20,587</u>	
Fund Balance - ending			<u>\$ 25,350</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, 2021

	Budgeted Amounts			Positive (Negative) Variance with Final
	Original	Final	Actual	
Revenues				
Charges for services	\$ 42,500	\$ 42,500	\$ 109,971	\$ 67,471
Total revenues	42,500	42,500	109,971	67,471
Expenditures				
Other operating	-	-	42	(42)
Capital outlay	-	-	2,177	(2,177)
Total expenditures	-	-	2,219	(2,177)
Net Change in Fund Balance	<u>\$ 42,500</u>	<u>\$ 42,500</u>	\$ 107,752	<u>\$ 69,648</u>
Fund Balance - beginning			<u>219,647</u>	
Fund Balance - ending			<u>\$ 327,399</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, 2021

	<u>Budgeted Amounts</u>			Positive (Negative) Variance with Final
	Original	Final	Actual	
Revenues				
Investment income	\$ -	\$ -	\$ 109	\$ 109
Total revenues	-	-	109	109
Expenditures				
Total expenditures	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109</u>	<u>\$ 109</u>
Fund Balance - beginning			<u>136,662</u>	
Fund Balance - ending			<u>\$ 136,771</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, 2021

	Budgeted Amounts			Positive (Negative) Variance with Final
	Original	Final	Actual	
Revenues				
Charges for services	\$ 130,500	\$ 130,500	\$ 220,545	\$ 90,045
Rental	1,500	1,500	1,665	165
Miscellaneous and contribution income	350	350	520	170
Total revenues	132,350	132,350	222,730	90,380
Expenditures				
Salaries, taxes and benefits	154,710	154,710	148,614	6,096
Repairs and maintenance	16,000	26,000	14,016	11,984
Utilities	15,750	15,750	14,375	1,375
Supplies	33,250	33,250	26,409	6,841
Other operating	32,640	32,640	33,708	(1,068)
Capital outlay	5,000	30,000	14,833	15,167
Total expenditures	257,350	292,350	251,955	40,395
Excess (deficiency) of revenues over (under) expenditures	(125,000)	(160,000)	(29,225)	130,775
Other Financing Sources (Uses)				
Transfers in (out)	125,000	125,000	-	(125,000)
Total other financing sources (uses)	125,000	125,000	-	(125,000)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (35,000)</u>	(29,225)	<u>\$ 5,775</u>
Fund Balance - beginning			<u>60,344</u>	
Fund Balance - ending			<u>\$ 31,119</u>	

See Independent auditor's report.

CITY OF PORTLAND, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	FEDERAL ASSISTANCE LISTING NUMBER	PROGRAM TITLE	CONTRACT NUMBER	EXPENDITURES
Federal Aviation Administration				
<u>Pass-through funding:</u>				
TN Dept of Transportation, Aeronautics Division	20.106	Construction Phase 1 -Parallel Taxiway South CARES Act Part I	AERO-20-286-00 AERO-20-286-00	\$ 163,626 21,112
TN Dept of Transportation, Aeronautics Division	20.106	Runway Rehabilitation-Preliminary Design CARES Act Part I	AERO-21-257-00 AERO-21-257-00	36,000 4,000
TN Dept of Transportation, Aeronautics Division	20.106	CARES Act Part 4	AERO-21-255-00	29,120
Total Federal Aviation Administration				<u>253,858</u>
National Highway Traffic Safety Administration				
<u>Pass-through funding:</u>				
TN Dept of Safety & Homeland Security	20.600	THSO AL-154 High Visibility Grant	Z21THS237	<u>3,984</u>
U.S. Department of the Treasury				
<u>Pass-through funding:</u>				
TN Dept. of Revenue	21.019	TN Cares Act Grant	N/A	<u>192,345</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>450,187</u>
<u>STATE AWARDS</u>				
TN Dept of Transportation, Aeronautics Division	N/A	Parallel Taxiway South - State Award	AERO-20-286-00	<u>431,056</u>
TN Dept of Transportation, Aeronautics Division	N/A	Runway Rehabilitation-State Award	AERO-21-257-00	<u>56,050</u>
TN Dept of Transportation, Aeronautics Division	N/A	FY21 Airport Maintenance	AERM-21-157-00	<u>15,000</u>
Tn Agricultural Enhancement Program	N/A	Farmer's Market Grant	N/A	<u>1,000</u>
TN Dept of Finance & Admin	N/A	Direct Appropriations Grant	N/A	<u>312,984</u>
TOTAL EXPENDITURES OF STATE AWARDS				<u>816,090</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS				<u>\$ 1,266,277</u>

CITY OF PORTLAND, TENNESSEE

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

For the Year Ended June 30, 2021

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, 2021. 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 an outstanding loan of \$745,917 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.

OTHER INFORMATION SECTION

City of Portland, Tennessee
Schedule of Changes in Long-term Debt by Individual Issue
June 30, 2021

Description of Indebtedness	Original Amount Of Issue	Interest Rate	Original Issue Date	Last Maturity Date	Outstanding 07/01/20	Issued During Period	Paid and/or Matured During Period	Outstanding 06/30/21
<u>Governmental Activities</u>								
<u>Capital Outlay Notes Payable</u>								
Fire Department Capital Outlay Note #72	\$ 378,000	3.78%	2012	3/1/2022	\$ 92,700	\$ -	\$ (30,900)	\$ 61,800
Street Paving Note Capital Outlay Note #60	500,000	2.87%	2011	4/1/2023	152,750	-	(55,560)	97,190
Street Equipment Capital Outlay Note #65	150,000	2.17%	2015	10/1/2020	7,500	-	(7,500)	-
Street Paving Note Capital Outlay Note #66	1,150,000	2.61%	2013	10/1/2023	467,140	-	(143,760)	323,380
Police Cars Capital Outlay Note #68	225,000	2.65%	2002	1/11/2022	71,250	-	(45,000)	26,250
Parks Improvements Capital Outlay Note, Series 2017	150,000	2.65%	2017	4/15/2027	102,500	-	(15,000)	87,500
Police Cars Capital Outlay Note #70	225,000	3.16%	2003	4/15/2023	123,750	-	(45,000)	78,750
Sanitation Trucks Capital Outlay Note #71	267,000	3.78%	2003	06/21/2023	160,200	-	(53,400)	106,800
Fire Department Capital Outlay Note, Series 2013	154,500	3.78%	2000	06/21/2023	84,000	-	(42,000)	42,000
Police/Fire Equipment Capital Outlay Note #73	369,000	3.00%	2004	11/05/2024	324,972	-	(73,800)	251,172
Sanitation Truck Capital Outlay Note #74	270,000	3.00%	2008	11/15/2025	243,750	-	(45,000)	198,750
Total Capital Outlay Notes Payable					\$ 1,830,512	\$ -	\$ (556,920)	\$ 1,273,592
<u>Bonds Payable</u>								
General Obligation Refunding Bonds, Series 2015 Loan #64	\$ 7,410,000	3.50%	2015	4/1/2045	\$ 6,610,000	\$ -	\$ (180,000)	\$ 6,430,000
General Obligation Refunding Bonds, Series 2020 Loan #75	3,780,000	2.625-4.00%	2020	6/30/2050	3,780,000	-	(75,000)	3,705,000
Total Bonds Payable					\$ 10,390,000	\$ -	\$ (255,000)	\$ 10,135,000
<u>Business Activities</u>								
<u>Capital Outlay Notes Payable</u>								
Jet Vac Trk #76	\$ 237,000	2.48%	2020	6/15/2025	\$ 237,000	\$ -	\$ (47,400)	\$ 189,600
Total Capital Outlay Notes Payable					\$ 237,000	\$ -	\$ (47,400)	\$ 189,600
<u>Bonds Payable</u>								
Water and Sewer System Revenue Refunding Bonds, Series 2016 #67	\$ 14,405,000	3.00%	2019	4/1/2046	\$ 13,035,000	\$ -	\$ (700,000)	\$ 12,335,000
Water and Sewer System Revenue Refunding Bonds, Series 2020 #77	\$ 16,930,000	2.63%	2021	4/1/2050	-	16,930,000	(160,000)	16,770,000
Total Bonds Payable					\$ 13,035,000	\$ 16,930,000	\$ (860,000)	\$ 29,105,000
<u>Other Loan Payable</u>								
State Revolving Fund Loan, 2006 Loan #37	\$ 1,500,000	1.70%	2012	10/1/2031	\$ 805,922	\$ -	\$ 60,005	\$ 865,927
Total Other Loans Payable					\$ 805,922	\$ -	\$ 60,005	\$ 865,927

City of Portland, Tennessee
Schedule of Principal and Interest Requirements - Governmental Funds
June 30, 2021

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
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>\$ 6,430,000</u>	<u>\$ 3,173,412</u>	<u>\$ 78,750</u>	<u>\$ 2,281</u>	<u>\$ 323,380</u>	<u>\$ 9,844</u>	<u>\$ 97,190</u>	<u>\$ 2,556</u>	<u>\$ 87,500</u>	<u>\$ 9,034</u>	<u>\$ 42,000</u>	<u>\$ 1,125</u>
	Sanitation Trucks Capital Outlay Note #71		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		
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>\$ 106,800</u>	<u>\$ 4,209</u>	<u>\$ 26,250</u>	<u>\$ 233</u>	<u>\$ 61,800</u>	<u>\$ 2,436</u>	<u>\$ 251,172</u>	<u>\$ 13,433</u>	<u>\$ 198,750</u>	<u>\$ 13,416</u>		

City of Portland, Tennessee
Schedule of Principal and Interest Requirements - Governmental Funds
June 30, 2021

	General Obligation Refunding		Total Governmental Funds		
	Bonds, Series 2020 Loan #75		Total	Total	Total
	Principal	Interest	Principal	Interest	
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>\$ 3,705,000</u>	<u>\$ 1,944,794</u>	<u>\$ 11,408,592</u>	<u>\$ 5,176,772</u>	<u>\$ 16,585,364</u>

City of Portland, Tennessee
Schedule of Principal and Interest Requirements - Enterprise Funds
June 30, 2021


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		Water and Sewer System Revenue Refunding Bonds, Series 2020 #77		Total Business-Type Activities		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total
2022	570,000	427,844	66,576	12,168	47,400	4,163	380,000	512,425	1,063,976	956,600	2,020,576
2023	455,000	410,744	67,728	11,016	47,400	2,988	390,000	504,825	960,128	929,573	1,889,701
2024	475,000	397,094	68,880	9,864	47,400	1,812	395,000	497,025	986,280	905,795	1,892,075
2025	480,000	385,218	70,068	8,676	47,400	637	405,000	489,125	1,002,468	883,656	1,886,124
2026	490,000	373,218	71,268	7,476	-	-	415,000	481,025	976,268	861,719	1,837,987
2027	500,000	360,969	72,492	6,252	-	-	420,000	472,725	992,492	839,946	1,832,438
2028	530,000	340,969	73,728	5,016	-	-	425,000	468,525	1,028,728	814,510	1,843,238
2029	545,000	319,769	74,988	3,756	-	-	430,000	464,275	1,049,988	787,800	1,837,788
2030	515,000	297,968	76,272	2,472	-	-	440,000	455,675	1,031,272	756,115	1,787,387
2031	535,000	277,368	77,580	1,164	-	-	450,000	442,475	1,062,580	721,007	1,783,587
2032	555,000	255,969	26,337	93	-	-	470,000	424,475	1,051,337	680,537	1,731,874
2033	575,000	239,319	-	-	-	-	490,000	405,675	1,065,000	644,994	1,709,994
2034	590,000	222,069	-	-	-	-	510,000	386,075	1,100,000	608,144	1,708,144
2035	605,000	204,369	-	-	-	-	530,000	365,675	1,135,000	570,044	1,705,044
2036	635,000	180,169	-	-	-	-	550,000	344,475	1,185,000	524,644	1,709,644
2037	435,000	154,769	-	-	-	-	570,000	322,475	1,005,000	477,244	1,482,244
2038	455,000	137,369	-	-	-	-	595,000	299,675	1,050,000	437,044	1,487,044
2039	470,000	119,168	-	-	-	-	620,000	275,875	1,090,000	395,043	1,485,043
2040	490,000	100,368	-	-	-	-	640,000	251,075	1,130,000	351,443	1,481,443
2041	370,000	80,769	-	-	-	-	670,000	225,475	1,040,000	306,244	1,346,244
2042	385,000	65,968	-	-	-	-	690,000	205,375	1,075,000	271,343	1,346,343
2043	400,000	53,938	-	-	-	-	710,000	184,675	1,110,000	238,613	1,348,613
2044	410,000	41,438	-	-	-	-	730,000	163,375	1,140,000	204,813	1,344,813
2045	425,000	28,112	-	-	-	-	750,000	141,475	1,175,000	169,587	1,344,587
2046	440,000	14,300	-	-	-	-	775,000	118,675	1,215,000	132,975	1,347,975
2047	-	-	-	-	-	-	795,000	99,600	795,000	99,600	894,600
2048	-	-	-	-	-	-	820,000	75,750	820,000	75,750	895,750
2049	-	-	-	-	-	-	840,000	51,150	840,000	51,150	891,150
2050	-	-	-	-	-	-	865,000	25,950	865,000	25,950	890,950
	<u>\$ 12,335,000</u>	<u>\$ 5,489,255</u>	<u>\$ 745,917</u>	<u>\$ 67,953</u>	<u>\$ 189,600</u>	<u>\$ 9,600</u>	<u>\$ 16,770,000</u>	<u>\$ 9,155,075</u>	<u>\$ 30,040,517</u>	<u>\$ 14,721,883</u>	<u>\$ 41,189,950</u>

City of Portland, Tennessee
Schedule of Changes in Property Taxes Receivable
and Uncollected Delinquent Taxes Filed
June 30, 2021

Year of Levy	Gross Property Taxes Receivable July 1, 2020	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Allowance for Uncollectibles	Net Property Taxes Receivable June 30, 2021
2021			\$ 4,801,408				\$ 4,801,408
2020		\$ 4,852,413		\$ 49,087	\$ (4,683,061)		218,439
2019	150,721			39,348	(134,116)	(7,595)	48,358
2018	53,025			1,472	(26,098)	(28,399)	-
2017	23,956			969	(6,139)	(18,786)	-
2016	25,966			3,572	(13,372)	(16,166)	-
2015	10,083			651	(2,139)	(8,595)	-
2014	6,164			136	(548)	(5,752)	-
2013	7,919			227	(503)	(7,643)	-
2012	11,128			248	(506)	(10,870)	-
2011 & before	37,786			(1,940)	(2,059)	(33,787)	-
	<u>\$ 326,748</u>	<u>\$ 4,852,413</u>	<u>\$ -</u>	<u>\$ 93,770</u>	<u>\$ (4,868,541)</u>	<u>\$ (137,593)</u>	<u>\$ 5,068,205</u>

Note: All uncollected taxes for years due prior to March 1, 2018 have been turned over to the County for collection.

CITY OF PORTLAND, TENNESSEE
AWWA WATER REPORTING WORKSHEET
JUNE 30, 2021



AWWA Free Water Audit Software:
Reporting Worksheet

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

? Click to access definition

+ Click to add a comment

Water Audit Report for: City of Portland, Tennessee

Reporting Year: 2021

7/2020 - 6/2021

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

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

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

----- Enter grading in column 'E' and 'J' -----

WATER SUPPLIED

Volume from own sources:	+	?	10	830.602	MG/Yr
Water imported:	+	?	n/a		MG/Yr
Water exported:	+	?	n/a		MG/Yr

WATER SUPPLIED: 830.602 MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:	Value:	
+	?	<input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>
+	?	<input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>
+	?	<input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>

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

AUTHORIZED CONSUMPTION

Billed metered:	+	?	10	516.658	MG/Yr
Billed unmetered:	+	?	10	0.181	MG/Yr
Unbilled metered:	+	?	n/a		MG/Yr
Unbilled unmetered:	+	?	7	118.725	MG/Yr

Unbilled Unmetered volume entered is greater than the recommended default value

AUTHORIZED CONSUMPTION: 635.564 MG/Yr

Click here: ? for help using option buttons below

Pcnt: Value:

0.25%

☐ ☒ ☐

Use buttons to select percentage of water supplied OR value

0.25%

☐ ☒ ☐

0.25%

☐ ☒ ☐

WATER LOSSES (Water Supplied - Authorized Consumption)

Apparent Losses

Unauthorized consumption:	+	?	5	2.077	MG/Yr
---------------------------	---	---	---	-------	-------

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

Customer metering inaccuracies:	+	?	7	1.295	MG/Yr
Systematic data handling errors:	+	?	7	1.292	MG/Yr

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

Apparent Losses: 4.663 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:	?	?	?	190.375	MG/Yr
---	---	---	---	---------	-------

WATER LOSSES: 195.038 MG/Yr

Pcnt: Value:

0.25%

☐ ☒ ☐

0.25%

☐ ☒ ☐

0.25%

☐ ☒ ☐

NON-REVENUE WATER

NON-REVENUE WATER: 313.763 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+	?	10	272.8	miles
Number of active AND inactive service connections:	+	?	9	8,004	
Service connection density:	?	?	?	29	conn./mile main

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

Average length of customer service line:
+
?

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

Average operating pressure:
+
?

(length of service line, beyond the property boundary, that is the responsibility of the utility)

COST DATA

Total annual cost of operating water system:	+	?	8	\$3,864,171	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	8	\$7.50	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	7	\$1,413.52	\$/Million gallons

☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 86 out of 100 *****

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

PRIORITY AREAS FOR ATTENTION:

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

1: Unauthorized consumption

2: Systematic data handling errors

3: Customer metering inaccuracies

CITY OF PORTLAND, TENNESSEE
WATER SYSTEM ATTRIBUTES &
PERFORMANCE INDICATORS
JUNE 30, 2021

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.
Copyright © 2014, All Rights Reserved.

Water Audit Report for: **City of Portland, Tennessee**

Reporting Year: **2021** **7/2020 - 6/2021**

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

System Attributes:

Apparent Losses:	4.663	MG/Yr
+	Real Losses:	190.375 MG/Yr
=	Water Losses:	195.038 MG/Yr

? Unavoidable Annual Real Losses (UARL): 53.73 MG/Yr

Annual cost of Apparent Losses: \$34,973

Annual cost of Real Losses: \$269,099 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: 37.8%
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: 1.60 gallons/connection/day
Real Losses per service connection per day: N/A gallons/connection/day
Real Losses per length of main per day*: 1,911.93 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): 190.37 million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: 3.54

* 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
2021	2022	1.06	1.06	\$ 4,801,408
2020	2021	1.06	1.06	\$ 4,852,413
2019	2020	1.06	1.06	\$ 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

*Anticipated Levy as of June 30, 2021

City of Portland, Tennessee
Schedule of Utility Rate Structure and Number of Customers
For the Year Ended June 30, 2021

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, 2021
Solid Waste (special revenue)	4,712
Stormwater (special revenue)	4,970
Water	7,926
Sewer	4,281
Natural Gas	5,170

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, 2021, 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 May 12, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-002 that we consider to be a significant deficiency.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-003.

City of Portland, Tennessee's Response to Findings

The City of Portland, Tennessee's response to the findings identified in our audit is described in the accompanying schedule of findings and responses and in the accompanying management's corrective action plan. The City of Portland, Tennessee's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

MG Group, P.C.

Tullahoma, Tennessee
May 12, 2022

City of Portland, Tennessee
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS

2021-001: BUDGETED EXPENDITURES IN EXCESS OF APPROPRIATIONS (Noncompliance under *Government Auditing Standards*)

Condition:

The General Fund exceeded appropriations at the level of control for the following:

- Grants and Projects \$25,282
- Streets and Highways \$246,808
- Fire Department \$42,393

The Drug Fund exceeded appropriations by \$1,935

The Impact Fees Fund exceeded appropriations by \$2,177.

Criteria: *Tennessee Code Annotated*, Section 6-56-203(1) states in part: ...all moneys received and expended by a municipality shall be included in a budget ordinance. Therefore, notwithstanding any other law, no municipality may expend any moneys regardless of their source, including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans, or special assessments, except in accordance with a budget ordinance....

Cause: Failure to monitor spending and adoption of budget amendments as needed.

Effect: Expenditures made in excess of budgeted amounts could result in a loss of control over financial operations by the governing body.

Recommendation: Expenditures should be held within appropriations approved by the Board of Mayor and Aldermen.

Management's Response: We concur with this finding. See corrective action plan.

2021-002: MATERIALLY MISSTATED FINANCIAL STATEMENTS BEFORE AUDIT ADJUSTMENT (Significant Deficiency under *Government Auditing Standards*)

Condition: The financial statements of the City of Portland contained transactions that were misclassified and, if left uncorrected, would have resulted in a material misstatement of the financial statements as well as an issue of noncompliance with state statutes which would have most likely resulted in a modified opinion on at least one opinion unit of the City. Audit adjustments were proposed that corrected the material misstatement.

Criteria: *Tennessee Code Annotated*, Section 9-18-110(a)(3) states in part: Each agency of state government...along with each municipal government shall establish and maintain internal controls, which shall provide reasonable assurance that:

- (3) Revenues and expenditures are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

Cause: Failure of the City to have adequate internal controls over the maintenance of accounting records.

City of Portland, Tennessee
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Effect: Material adjustments were required because the City's financial system failed to detect misstatements in the accounting records.

Recommendation: Management should hire or contract with an individual who has the necessary skills, knowledge, and experience to review the accounting records at or shortly after the fiscal year-end.

Management's Response: We concur with this finding. See corrective action plan.

2021-003: FAILURE TO CLOSE BOOKS IN A TIMELY MANNER (Noncompliance under *Government Auditing Standards*)

Condition: The City's accounting records were not "closed" on or before August 31, 2021.

Criteria: *Tennessee Code Annotated*, Section 9-2-102(b) states in part: It is the duty of all local governments that are subject to the audit requirements of the comptroller of the treasury and that handle public funds to close their official accounting records and to have those records available for audit no later than two (2) months after the close of their fiscal year.

The Office of the Comptroller's guidelines states that "closing the books" refers to journal entries to close an accounting cycle and prepare the records for a new accounting cycle. These journal entries include, but are not limited to, entries to post amounts for year-end receivables, payables, deferred outflows, deferred inflows, capital assets, and accumulated depreciation; plus entries to rid or transfer the amounts from the temporary ledgers for revenues and expenditures/expenses to the permanent records for fund balances/net position. The term "closing the books" does not include some entries required to convert the fund accounting statements to the government-wide financial statements.

Cause: Failure to follow the City's internal control policies.

Effect: Without proper definition of duties, individuals are placed at risk should questions arise regarding the closing procedures for accounting records.

Recommendation: As noted in Finding 2021-002, Management should hire or contract with an individual who has the necessary skills, knowledge, and experience to review the accounting records at or shortly after the fiscal year-end.

Management's Response: We concur with this finding. See corrective action plan.

**City of Portland, Tennessee
Summary Schedule of Prior Year Findings
June 30, 2021**

No prior year findings.



100 S. Russell Street Portland, TN 37148
615-325-6776

May 25, 2022

Dear Sir or Madam:

The City of Portland contracted with MG Group P.C. to perform an audit of Portland's financial statements with completion of the audit being on or before December 31, 2021. MG Group arrived at the City of Portland on September 13th and 14th of 2021 to conduct preliminary audit work. MG Group was expected to return in October 2021 to finish their field work for the audit. City of Portland made several inquiries to MG Group on when they intended to be back on-site. They never returned. City of Portland tried to contact MG Group via phone and email beginning December 2021 regarding the expected completion date of the audit. Between January and April 2022, inquiries on possible audit completion dates were attempted several times until April when the Finance Director was told, "It is tax season, don't expect the audit before April 18th [2021]". In lieu of returning to the City of Portland for field work, MG Group made a request via email for information on May 3, 2022. The request was fulfilled by Portland and sent via email on May 4, 2022. All year-end information and all requests of information were given to MG Group in a timely manner. The City of Portland received the "Draft" audit on May 12, 2022, from MG Group P.C. In October 2021, the City of Portland began a Water/Sewer Rate study. Because Portland received the audit late, the rate study will not be completed before FY 2022/2023 budget when rate information is needed to ensure our revenues in Water and Sewer can cover operating expenses.

MG Group had three findings in the FYE 2021 audit. The City of Portland has the following responses to those findings:

2021-001: Budgeted Expenditures in Excess of Appropriations

Management's Response: We concur with this finding. The City of Portland experienced a transition of Finance Directors in February 2021. One Finance Director retired, and a new Finance Director started. At the time when the new finance director assumed the position, no budget amendments had been done and spending couldn't be accurately tracked. The budget amendment that was passed under the new Finance Director was for over \$4 million dollars across all funds.

Corrective Action Plan: The City of Portland is amending the budget throughout the year before spending occurs. Since March 2021, City Council has been receiving monthly reports on the financial condition of the City of Portland. These reports are voted on by the City Council for acceptance. City of Portland will continue to closely monitor all financial activity and amend the budget prior to spending. The City of Portland's Staff will continue to communicate with City Council by providing monthly reports on the financial condition of Portland.

2021-002: Materially Misstated Finance Statements before Audit Adjustments

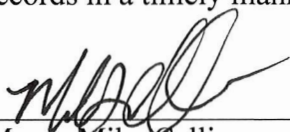
Management's Response: We concur with this finding. City of Portland experienced a transition of Finance Directors in February 2021. One Finance Director retired, and a new Finance Director started. On June 30, 2021, the new Finance Director was in place for four months. There was no way, nor was it expected for the new Finance Director to know everything that occurred prior to starting the position.

Corrective Action Plan: The City of Portland will continue to closely monitor all financial statements and any adjustments made to the statements. All revenues and expenditures will be accurately and properly accounted for in order to supply reliable financial and statistical reports and to maintain accountability over all assets of the City of Portland. Portland's internal control policy will be evaluated to ensure that adequate controls are in place over the maintenance of accounting records.

2021-003: Failure to Close Books in a Timely Manner

Management's Response: We concur with this finding. Fixed assets and/or depreciation reports and the corresponding entries were finished on or before September 8, 2021. All other entries for the year-end to close the accounting cycle were completed prior to August 31, 2021. The City of Portland experienced a transition of Finance Directors in February 2021. One Finance Director retired, and a new Finance Director started. On June 30, 2021, the new Finance Director was in place for four months. The new Finance Director and staff (who had been employed with Portland for a year) wasn't familiar with the computer software program that maintained Portland's assets for inventory and depreciation. Staff had to get assistance with the software company before entries could be made to record assets that were acquired and disposed of for FYE 2021.

Correction Action Plan: Since Staff is familiar with the computer software program, "closing the books" will occur on or before August 31st of each year as T.C.A. §9-2-102(b) requires. Staff will continue to make all closing year-end entries to post amounts for year-end receivables, payables, deferred outflows, deferred inflows, capital assets, and accumulated depreciation; including, entries to rid or transfer the amounts from the temporary ledgers for revenues and expenditures/expenses to the permanent records in a timely manner to ensure compliance with State of Tennessee Law.



Mayor Mike Callis