



**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2015

TOWN OF GREENEVILLE, TENNESSEE

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2015

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**INTRODUCTORY
SECTION**

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF PRINCIPAL OFFICIALS
June 30, 2015**

Town of Greeneville, Tennessee - Officials and Mayor

Todd Smith, Town of Greeneville City Administrator
Carolyn Susong, Town of Greeneville Recorder
Brooke Davis, Town of Greeneville Assistant Finance Director
W.T. Daniels, Town of Greeneville Mayor

Town of Greeneville, Tennessee - Board Members

Brian Bragdon
Buddy Hawk
Keith Paxton
Sarah Webster

Greeneville Light and Power System - Officials

William Carroll, General Manager
Paige Mengel, Controller

Greeneville Light and Power System - Board Members

Willie Anderson
Sam Miller
Shane Hite
Sarah Webster
James Emory

Board of Education - Officials

Jeff Moorhouse, Director of Schools
Suzanne Bryant, Assistant Director of Schools for Instruction
Beverly Miller, Assistant Director of Schools for Administration

Board of Education - Board Members

Craig Ogle, Chairman
Cindy Luttrell, Vice Chairman
Jerry Anderson, Treasurer
Craig Shepard, Member
Mark Patterson, Member

Water and Light Commission - Officials

Laura White, Superintendent
Kim Bowers, Controller

Water and Light Commission - Board Members

Brandon Hull
Joe Waggoner
Johnny Honeycutt

**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Board of Aldermen,
Recorder and City Administrator
Greeneville, Tennessee

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greeneville, Tennessee (the Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Town of Greeneville Board of Education, Greeneville Light and Power System, or Greeneville Water and Light Commission. The financial statements of the Town of Greeneville Board of Education which is both a major fund and 20%, 23%, and 52%, respectively, of the assets, net position, and revenues of the governmental activities. The Greeneville Light and Power System and the Greeneville Water and Light Commission represent 100% of the total business-type activities of the Town of Greeneville, Tennessee.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Greeneville Board of Education, Greeneville Light and Power System, or Greeneville Water and Light Commission. The financial statements of the Town of Greeneville Board of Education represent 20%, 23% and 52%, respectively, of the assets, fund balances, and revenues of the governmental funds. The Greeneville Light and Power System and the Greeneville Water and Light Commission represent 100% of the total enterprise funds of the Town of Greeneville, Tennessee. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the governmental and business-type activities columns, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the General purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 25 to the financial statements, for the year ended June 30, 2015, the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plans of TCRS, the schedules of contributions based on participation in the public employee pension plan of TCRS and the schedule of funding progress of other post-employment benefits other than pensions on pages 5 through 14, pages 106 through 112, and page 113, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

Town of Greeneville, Tennessee
Independent Auditors' Report

information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, supplemental information section and other supplemental information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplemental information section, including the schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplemental information section, including the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2016, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Blackburn, Childers + Steagall, PLC

BLACKBURN, CHILDERS AND STEAGALL, PLC
Johnson City, Tennessee

March 24, 2016

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2015

As management of the Town of Greeneville, Tennessee (the Town), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$153,071,295 (net position). Of this amount, \$118,626,444 is invested in capital assets, \$1,918,777 is restricted, and \$32,526,074 may be used to meet the government's ongoing obligations to citizens and creditors (unrestricted net position).
- The Town's overall net position increased \$5,967,507 from the prior year as restated (see Note 25). This increase was a result of increased property tax and local sales tax revenue collections and a decrease in costs throughout multiple Town departments. Also contributing to the change was the implementation of GASB Statements Nos. 68 and No. 71, which now require the recognition of a liability for the long-term pension benefit obligation.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$18,116,474, an increase of \$1,855,064 from the prior year as restated (see Note 25). Of this amount, \$159,326 is nonspendable, \$1,918,777 is restricted, \$110,163 is committed for specific purposes, and \$4,069,896 is assigned. The remaining amount of \$11,858,312 is unrestricted and available for spending at the discretion of the Town.
- At the close of the current fiscal year, the general fund reported a fund balance of \$11,444,849, or 56% of total general fund expenditures including transfers out. This balance includes \$115,611 of nonspendable funds, \$55,010 of restricted funds, \$110,163 committed for specific purposes, and \$2,399,354 assigned. The remaining amount of \$8,764,711 is unrestricted and available for spending at the discretion of the Town.
- The Town's total outstanding long-term debt decreased by \$10,875,861 (22%) during the current fiscal year, as detailed in Note 8 of the notes to the financial statements.

Overview of the Financial Statements

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

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2015

Government-wide financial statements – The government-wide financial statements are designed to provide readers with both long-term and short-term information about the Town’s overall financial status in a manner similar to a private-sector business.

There are two government-wide financial statements:

Statement of Net Position – presents information about the Town’s assets, liabilities and deferred inflows / outflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Statement of Activities – presents information showing how the Town’s net position changed during the most recent fiscal year. All current year revenues and expenses are taken into account 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 years (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish between functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, education, public safety, public works, health and welfare, community development, food service, public enterprises and other miscellaneous operating expenditures. The business-type activities include the Town’s electric, water, and sewer operations. The Board of Education, although legally separate, functions as a department of the Town and therefore has been included as a governmental activity of the primary government.

The government-wide financial statements can be found beginning on page 15 of this report.

Fund financial statements – The fund financial statements provide more detailed information about the most significant funds – not the Town as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Greeneville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – The Town’s basic services are included in governmental funds. The focus of these funds is on (1) how cash and other financial assets that can readily be converted to cash were received and used and (2) what remains at the end of the fiscal year for future spending. This detailed short-term view helps in determining whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs.

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2015

Because this information does not include the additional long-term focus of the government-wide statements, we provide additional information after the governmental fund statement that explains the differences between the long-term view and the short-term view.

The Town of Greeneville maintains a general fund and multiple special revenue funds as governmental funds. Information is presented separately in the governmental fund statements for the general fund and the general purpose school fund since both of these are considered major funds. Data for the other funds is combined into a single column. Individual fund data for each of these nonmajor governmental funds (including the special revenue funds) is provided in the supplemental section of this report.

Budgetary comparisons for the general fund and the general purpose school fund are found in the fund financial statements section, and comparisons for the other governmental funds are provided in the supplementary information section of the report. Budgetary comparisons are provided to demonstrate compliance with the budget.

The governmental fund financial statements begin on page 18 of this report.

Proprietary funds – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The Town of Greeneville maintains one type of proprietary fund: enterprise funds.

Enterprise funds are the same as business-type activities in the government-wide financial statements but provide more detail and additional information, such as cash flows. Greeneville Light & Power and Greeneville Water and Light Commission are both considered major funds.

The proprietary fund statements begin on page 30 of this report.

Notes to the financial statements – The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The additional information contained in these notes is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 35 of this report.

Other information – In addition to the basic financial statements discussed above, this report also presents required supplementary information about the Town’s progress in funding its obligation to provide pension and OPEB benefits to its employees.

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2015

The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor special revenue funds are presented as supplemental information, as well as combining statements for the proprietary funds. Also included as supplemental information are budget to actual comparisons for governmental funds other than the general fund and the general purpose school fund, as well as a number of schedules that provide additional detail information about the operations of the Town.

Both the required and additional supplemental information can be found following the notes to the financial statements.

Financial Analysis of the Town as a Whole

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$153,071,295 at the close of the most recent fiscal year. The largest portion of the Town's net position (78%) reflects its net investment in capital assets (land, building, equipment, etc.), less any related debt used to acquire those assets that is still outstanding. Because capital assets are used to provide services to citizens, the assets are not available for future spending. Although the Town's investment in capital assets is shown 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.

Approximately \$32.5 million of unrestricted net position may be used to meet the ongoing obligations of the Town. At the end of the fiscal year, the Town is able to report a positive balance in all categories of net position: for the government as a whole, as well as for its governmental activities and its business-type activities.

The following is a summary of financial position for the Town at June 30, 2015:

**TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2015**

**Town of Greeneville's Net Position
(in thousands)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 31,686	31,525	49,719	50,281	81,405	81,806
Capital assets	<u>41,542</u>	<u>45,183</u>	<u>100,152</u>	<u>96,458</u>	<u>141,694</u>	<u>141,641</u>
Total assets	<u>73,228</u>	<u>76,708</u>	<u>149,871</u>	<u>146,739</u>	<u>223,099</u>	<u>223,447</u>
Deferred Outflows of Resources	2,866	-	1,176	-	4,042	-
Long term debt outstanding	25,527	23,966	13,300	11,180	38,827	35,146
Other liabilities	<u>3,026</u>	<u>5,210</u>	<u>13,277</u>	<u>10,349</u>	<u>16,303</u>	<u>15,559</u>
Total liabilities	<u>28,553</u>	<u>29,176</u>	<u>26,577</u>	<u>21,529</u>	<u>55,130</u>	<u>50,705</u>
Deferred Inflows of Resources	17,246	9,102	1,694	291	18,940	9,393
Net investment in capital assets	18,474	20,911	100,152	96,457	118,626	117,368
Restricted	1,919	1,877	-	-	1,919	1,877
Unrestricted	<u>9,902</u>	<u>15,642</u>	<u>22,624</u>	<u>28,462</u>	<u>32,526</u>	<u>44,104</u>
Total net position	\$ <u>30,295</u>	<u>38,430</u>	<u>122,776</u>	<u>124,919</u>	<u>153,071</u>	<u>163,349</u>

Changes in Net Position

Net position of the governmental activities of the Town was approximately \$30.3 million. The change was a result of increased property tax and local sales tax revenue collections, which likely resulted from the improved local economy. Additionally, cost savings were realized throughout multiple departments of the Town. Also contributing to the change was the implementation of GASB Statements Nos. 68 and 71 and other prior period adjustments (see Note 25). \$18.5 million of the Town's governmental net position is invested in capital assets (buildings, land, equipment, etc.). Additionally, \$1.9 million is restricted and \$9.9 million remains to meet the Town's ongoing obligations to citizens and creditors.

During the same period, the net position of the business-type activities was approximately \$122.8 million. The change was attributable in part to the \$4.7 million restatement and prior period adjustment of beginning net position. Approximately \$1.3 million of this restatement resulted from unbilled power costs, and approximately \$3.4 million resulted from the implementation of GASB Statements Nos. 68 and 71 (see Note 25). The Town generally can only use this net position to finance the continuing operations of the Light & Power System and the Water and Light Commission.

The following is a summary of financial activities for the Town during the fiscal year ended June 30, 2015:

**TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2015**

**Town of Greeneville's Changes in Net Position
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program revenues						
Charges for services	\$ 4,036	5,149	112,732	112,831	116,768	117,980
Grants	18,387	19,661	746	-	19,133	19,661
General revenues						
Local taxes	22,495	21,818	-	-	22,495	21,818
Investment income	78	48	92	92	170	140
Gain on disposal	58	-	47	-	105	-
Miscellaneous	7	-	-	-	7	-
Total revenues	<u>45,061</u>	<u>46,676</u>	<u>113,617</u>	<u>112,923</u>	<u>158,678</u>	<u>159,599</u>
Expenses						
Governmental activities						
General government	1,153	2,576	-	-	1,153	2,576
Education	26,126	27,411	-	-	26,126	27,411
Public safety	5,225	5,617	-	-	5,225	5,617
Public works	3,363	2,993	-	-	3,363	2,993
Health and welfare	1,654	1,513	-	-	1,654	1,513
Community development	57	670	-	-	57	670
Food service	1,415	1,471	-	-	1,415	1,471
Public enterprises	30	30	-	-	30	30
Other	3,231	4,202	-	-	3,231	4,202
Interest	781	-	-	-	781	-
Business-type activities						
Light and Power System	-	-	102,202	100,712	102,202	100,712
Water and Light Commission	-	-	7,474	7,779	7,474	7,779
Total expenses	<u>43,035</u>	<u>46,483</u>	<u>109,676</u>	<u>108,491</u>	<u>152,711</u>	<u>154,974</u>
Excess (deficiency) before transfers						
	<u>2,026</u>	<u>193</u>	<u>3,941</u>	<u>4,432</u>	<u>5,967</u>	<u>4,625</u>
Transfers	<u>1,339</u>	<u>1,522</u>	<u>(1,339)</u>	<u>(1,326)</u>	<u>-</u>	<u>196</u>
Change in net position	<u>\$ 3,365</u>	<u>1,715</u>	<u>2,602</u>	<u>3,106</u>	<u>5,967</u>	<u>4,821</u>

Governmental Activities

Current fiscal year revenues, including transfers, for the governmental activities of the Town were \$46.4 million, while the same period expenses were \$43 million, resulting in a net increase in net position of \$3.4 million. The largest source of governmental activity revenue was property taxes, and the single largest expenditure was education.

**TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2015**

Business-type Activities

Revenues for the business-type activities of the Town were \$113.6 million for the fiscal year, while the same period expenses, including transfers, were \$111 million, resulting in a net increase in net position of \$2.6 million.

- The largest source of business-type activity revenue is generated from the Greeneville Light and Power System. During the current fiscal year, operating revenues were \$102.9 million, and operating expenses totaled \$101.5 million, resulting in net operating income of \$1.4 million.
- The Water and Light Commission is comprised of two operations: the water and the wastewater operations. During the current fiscal year, operating revenues were \$9.6 million, and operating expenses totaled \$7.5 million, resulting in net operating income of \$2.1 million.

**Operating Revenues and Expenses - Business-Type Activities
(in thousands)**

	Light and Power System		Water and Light Commission		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues	\$ 102,903	103,160	9,608	9,672	112,511	112,832
Expenses	101,533	100,713	7,473	7,779	109,006	108,492
Net operating income	\$ 1,370	2,447	2,135	1,893	3,505	4,340

Financial Analysis of the Town's funds

The Town uses fund accounting to help it control and manage money for particular purposes and to demonstrate compliance with legal requirements. More detailed analysis is provided below for the Town's funds.

Governmental Funds

Governmental funds focus on providing information on the near-term flow of resources. As the Town completed the year, its governmental funds reported a combined fund balance of \$18.1 million. Approximately 65% of this amount (\$11.9 million) constitutes unassigned fund balance, which is available for spending at the discretion of the Town. All of the governmental funds reported a positive ending fund balance. Information regarding the major governmental funds is presented in the following paragraph.

General Fund – The general fund is the chief operating fund of the Town. At the close of the current fiscal year, the general fund reported a total fund balance of \$11.4 million. Of this amount, \$8.8 million (or 77%) was unassigned. Before considering the prior period adjustment, the net change in fund balance of the general fund was \$1.5 million during the fiscal year.

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2015

General purpose school fund – This fund is the operating fund of the Town of Greeneville Board of Education. At the end of the fiscal year, the general purpose school fund reported a total fund balance of \$3.7 million. Total fund balance of the general purpose school fund increased \$311,401 during the fiscal year.

Proprietary Funds

As the Town completed the fiscal year, its proprietary funds, which include two enterprise funds, had a combined net position of \$123 million. Of this amount, \$22.6 million was available to meet on-going obligations (unrestricted), with the majority, \$100.2 million, invested in capital assets.

Light and Power System – Before considering prior period adjustments and restatements, net position of the Light and Power System increased \$92,431. Beginning net position decreased \$3.9 million due to restatements and adjustments (see Note 25), for a total of \$85.1 million at the close of the current fiscal year.

Water and Light Commission – Before considering prior period restatements, net position of the Water and Light Commission increased \$2.5 million. Beginning net position decreased \$849,460 due to restatements (see Note 25), for a total of \$37.6 million at the close of the current fiscal year.

General Fund Budgetary Highlights

Original and Final Amended Budget Amounts – Differences between the original budget and final amended budget for the general fund represent a total decrease in revenues of \$7,537, the majority of which resulted from an increase in local tax revenues and a decrease in realized state grant funding, and a total decrease in expenditures of \$921,226, resulting from less than anticipated capital outlay expenditures and various departmental cost savings.

Final Amended Budget and Actual Amounts – Differences between the final amended budget and actual results for the general fund represent a total unfavorable variance with the final budget of \$194,828. This variance is a net result of a favorable budget to actual difference in expenditures of approximately \$599,000 and an unfavorable budget to actual difference of approximately \$788,000 resulting from a prior period adjustment (see Note 25). The favorable variance of approximately \$599,000 in expenditures is attributable to significant savings that were realized in capital outlay, police department, medical insurance and retirement expenditures.

Capital Asset and Debt Administration

Capital Assets

At the end of the current fiscal year, the Town had \$141.7 million (net of accumulated depreciation) invested in capital assets, including land and land rights, buildings and improvements, infrastructure, machinery and equipment, and furniture and fixtures. The following table shows the investment in capital assets by both governmental activities and business-type activities.

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2015

Town of Greeneville's Capital Assets
(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land and land rights	\$ 4,359	4,283	2,334	2,251	6,693	6,534
Construction in progress	356	303	6,207	2,871	6,563	3,174
Buildings and improvements	65,803	65,574	35,836	35,428	101,639	101,002
Equipment	17,622	17,137	146,383	141,514	164,005	158,651
Infrastructure	47,648	47,648	-	-	47,648	47,648
Less accumulated depreciation	<u>(94,246)</u>	<u>(89,762)</u>	<u>(90,608)</u>	<u>(85,606)</u>	<u>(184,854)</u>	<u>(175,368)</u>
	\$ 41,542	45,183	100,152	96,458	141,694	141,641

Debt

At the end of the current fiscal year, the Town had \$39 million in long-term debt outstanding, a decrease of \$10.9 million, or 22%, from the prior year.

Town of Greeneville's Outstanding Debt
(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
General obligation bonds	23,010	23,605	-	-	23,010	23,605
Compensated absences	623	652	1,017	1,013	1,640	1,665
Retirement incentive	220	166	-	-	220	166
Capital leases	58	117	-	-	58	117
TVA home insulation program	-	-	1,889	2,067	1,889	2,067
Due to TVA - unbilled power	-	-	1,306	-	1,306	-
Net other post employment benefits	3	80	6,747	6,028	6,750	6,108
Net pension liability	1,613	11,457	2,303	4,480	3,916	15,937
Due for easements	-	-	38	38	38	38
Total long-term debt	<u>25,527</u>	<u>36,077</u>	<u>13,300</u>	<u>13,626</u>	<u>38,827</u>	<u>49,703</u>

The Town of Greeneville maintains an "A+" rating from Standard & Poor's rating service for its general obligation debt.

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2015

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Greeneville, Recorder's Office, 200 North College Street, Greeneville, Tennessee 37745.

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,422,779	26,176,783	34,599,562
Certificates of Deposit - Long-Term	6,601,415	6,790,000	13,391,415
Investments	-	83,313	83,313
Receivables (Net of Allowances for Uncollectible)			
Taxes	9,712,299	-	9,712,299
Accounts	164,605	7,907,857	8,072,462
Other	-	2,876,102	2,876,102
Internal Balances	(204,075)	204,075	-
Due from Other Governments	4,436,942	276,973	4,713,915
Inventory	43,715	2,168,642	2,212,357
Prepaid Expense	115,611	512,870	628,481
Restricted Assets			
Cash and Cash Equivalents	-	244,935	244,935
Self-Insurance Certificates of Deposit - Long-Term	2,317,347	-	2,317,347
Self-Insurance Investments	75,872	-	75,872
Industrial Park Fund Receivables	-	625,065	625,065
TVA Home Insulation Program Receivables	-	1,851,761	1,851,761
Capital Assets			
Land and Land Rights	4,359,206	2,334,705	6,693,911
Construction In Progress	356,134	6,206,974	6,563,108
Buildings and Improvements	65,803,183	35,835,713	101,638,896
Equipment, Vehicles, and Distribution Systems	17,621,792	146,382,768	164,004,560
Infrastructure	47,647,802	-	47,647,802
Less: Accumulated Depreciation	(94,246,229)	(90,607,964)	(184,854,193)
Total Assets	73,228,398	149,870,572	223,098,970
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	2,866,048	1,175,951	4,041,999

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	831,613	1,958,534	2,790,147
Construction Bonds Held and Retainage Payable	-	47,054	47,054
Accrued Interest	24,062	-	24,062
Accrued Expenses	2,120,490	1,428,942	3,549,432
Due to TVA - Power	-	7,297,253	7,297,253
Due to Other Governments	50,129	-	50,129
Unearned Revenues	-	296,250	296,250
Customer Deposits	-	2,249,014	2,249,014
Noncurrent Liabilities			
Due Within One Year	1,434,646	350,580	1,785,226
Due In More Than One Year	24,092,467	12,949,517	37,041,984
Total Liabilities	28,553,407	26,577,144	55,130,551
DEFERRED INFLOWS OF RESOURCES			
Deferred Current Property Taxes	9,230,371	-	9,230,371
Unamortized Premium on Bonds and Notes	518,827	-	518,827
Deferred Inflows Related to Pensions	7,496,363	1,693,562	9,189,925
Total Deferred Inflows of Resources	17,245,561	1,693,562	18,939,123
NET POSITION			
Net Investment in Capital Assets	18,474,248	100,152,196	118,626,444
Restricted			
School Nutrition	355,102	-	355,102
Police SOF	5,010	-	5,010
State Street Aid	1,508,665	-	1,508,665
Other	50,000	-	50,000
Unrestricted	9,902,453	22,623,621	32,526,074
TOTAL NET POSITION	\$ 30,295,478	122,775,817	153,071,295

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 1,153,114	174,493	1,820,507	-	841,886	-	841,886
Education	26,126,039	1,766,066	15,970,175	-	(8,389,798)	-	(8,389,798)
Public Safety	5,224,865	730,756	-	53,205	(4,440,904)	-	(4,440,904)
Public Works	3,362,774	1,214,214	397,664	-	(1,750,896)	-	(1,750,896)
Health and Welfare	1,653,700	149,369	90,041	-	(1,414,290)	-	(1,414,290)
Community Development	57,319	1,500	55,819	-	-	-	-
Food Service	1,415,349	-	-	-	(1,415,349)	-	(1,415,349)
Public Enterprises	30,380	-	-	-	(30,380)	-	(30,380)
Other	3,230,750	-	-	-	(3,230,750)	-	(3,230,750)
Interest	780,980	-	-	-	(780,980)	-	(780,980)
Total Governmental Activities	<u>43,035,270</u>	<u>4,036,398</u>	<u>18,334,206</u>	<u>53,205</u>	<u>(20,611,461)</u>	<u>0</u>	<u>(20,611,461)</u>
Business-Type Activities							
Light and Power System	102,201,951	103,123,539	-	391,217	-	1,312,805	1,312,805
Water and Light Commission	7,473,673	9,608,351	-	354,494	-	2,489,172	2,489,172
Total Business-Type Activities	<u>109,675,624</u>	<u>112,731,890</u>	<u>0</u>	<u>745,711</u>	<u>0</u>	<u>3,801,977</u>	<u>3,801,977</u>
Total Primary Government	<u>152,710,894</u>	<u>116,768,288</u>	<u>18,334,206</u>	<u>798,916</u>	<u>(20,611,461)</u>	<u>3,801,977</u>	<u>(16,809,484)</u>
General Revenues							
Taxes							
Property Taxes							
					14,072,662	-	14,072,662
Sales Taxes							
					6,778,811	-	6,778,811
Other Taxes							
					1,643,112	-	1,643,112
Unrestricted Investment Earnings							
					77,803	92,288	170,091
Gain on Disposal							
					58,048	47,377	105,425
Miscellaneous							
					6,890	-	6,890
Transfers							
					1,339,250	(1,339,250)	-
Total General Revenues and Transfers							
					<u>23,976,576</u>	<u>(1,199,585)</u>	<u>22,776,991</u>
Change in Net Position							
					<u>3,365,115</u>	<u>2,602,392</u>	<u>5,967,507</u>
Net Position - Beginning							
					38,429,558	124,919,863	163,349,421
Restatement - Pension							
					(8,720,888)	(3,440,799)	(12,161,687)
Prior Period Adjustments							
					(2,778,307)	(1,305,639)	(4,083,946)
Net Position - Beginning, Restated							
					<u>26,930,363</u>	<u>120,173,425</u>	<u>147,103,788</u>
Net Position - Ending							
					<u>\$ 30,295,478</u>	<u>122,775,817</u>	<u>153,071,295</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	General Purpose School Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,453,794	4,402,069	2,566,916	8,422,779
Certificates of Deposit - Long-Term	6,406,645	-	194,770	6,601,415
Receivables (Net of Allowances for Uncollectible)				
Taxes	9,712,299	-	-	9,712,299
Accounts	-	59,534	105,071	164,605
Due From Other Governments				
Notes Receivable	675,000	-	-	675,000
Other	2,039,762	1,022,324	699,856	3,761,942
Inventories	-	-	43,715	43,715
Prepaid Expense	115,611	-	-	115,611
Restricted for Self-Insurance				
Certificates of Deposit - Long-Term	2,317,347	-	-	2,317,347
Investments	75,872	-	-	75,872
TOTAL ASSETS	\$ 22,796,330	5,483,927	3,610,328	31,890,585
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 371,816	383,234	76,563	831,613
Accrued Expenses	361,732	1,371,934	386,824	2,120,490
Due to Other Governments	50,129	-	-	50,129
Due to Other Funds	-	-	204,075	204,075
TOTAL LIABILITIES	783,677	1,755,168	667,462	3,206,307
DEFERRED INFLOWS OF RESOURCES				
Deferred - Current Property Taxes	9,230,371	-	-	9,230,371
Deferred - Notes Receivable	675,000	-	-	675,000
Unavailable Revenues	662,433	-	-	662,433
TOTAL DEFERRED INFLOWS OF RESOURCES	10,567,804	0	0	10,567,804
FUND BALANCES				
Nonspendable	115,611	-	43,715	159,326
Restricted	55,010	-	1,863,767	1,918,777
Committed	110,163	-	-	110,163
Assigned	2,399,354	635,158	1,035,384	4,069,896
Unassigned	8,764,711	3,093,601	-	11,858,312
TOTAL FUND BALANCES	11,444,849	3,728,759	2,942,866	18,116,474
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 22,796,330	5,483,927	3,610,328	31,890,585

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Total Fund Balances - Governmental Funds	\$ 18,116,474
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 as assets in governmental funds. The cost of the assets is \$135,788,117, including contributed assets of \$53,205, and the accumulated depreciation is \$(94,246,229).	41,541,888
Tax and grant revenues, for amounts not received during the period of availability, are not considered "available" and are reported as deferred inflows in the funds.	1,337,433
Deferred inflows related to pensions of (\$7,496,363) and unamortized premiums on notes payable of (\$518,827), and deferred outflows related to pensions of \$2,866,048, are not considered current and thus not recorded at the fund level.	(5,149,142)
Accrued interest is not due and payable in the current period and; therefore, is not reported as a liability in the funds.	(24,062)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	<u>(25,527,113)</u>
Total Net Position - Governmental Activities	<u>\$ 30,295,478</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	General Fund	General Purpose School Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 17,022,058	5,644,427	-	22,666,485
Licenses and Permits	120,706	-	-	120,706
Intergovernmental	1,933,632	12,927,907	3,495,751	18,357,290
Charges for Services	851,025	736,858	1,732,723	3,320,606
Fines, Fees, and Costs	128,535	-	-	128,535
Interest Income	75,724	960	1,119	77,803
Other Revenues	-	454,551	12,000	466,551
TOTAL REVENUES	20,131,680	19,764,703	5,241,593	45,137,976
EXPENDITURES				
Current				
General Government	828,059	-	-	828,059
Education	-	24,216,277	2,166,802	26,383,079
Public Safety	5,275,573	-	-	5,275,573
Public Works	1,192,348	-	2,095,848	3,288,196
Health and Welfare	1,402,056	-	-	1,402,056
Community Development	-	-	57,319	57,319
Food Service	-	-	1,476,298	1,476,298
Public Enterprises	30,380	-	-	30,380
Other Operating Expenditures	3,230,750	-	-	3,230,750
Capital Outlay	226,191	435,891	526,857	1,188,939
Debt Service				
Principal	595,000	59,230	-	654,230
Interest and Fees	861,204	13,950	-	875,154
TOTAL EXPENDITURES	13,641,561	24,725,348	6,323,124	44,690,033
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,490,119	(4,960,645)	(1,081,531)	447,943
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	6,890	-	-	6,890
Proceeds from Sales of Assets	60,981	-	-	60,981
Repayments of Intergovernmental Loans	784,224	-	-	784,224
Intergovernmental Loans	(784,224)	-	-	(784,224)
Transfers In	1,710,259	5,643,055	1,134,768	8,488,082
Transfers Out	(6,777,823)	(371,009)	-	(7,148,832)
TOTAL OTHER FINANCING SOURCES (USES)	(4,999,693)	5,272,046	1,134,768	1,407,121
NET CHANGE IN FUND BALANCES	1,490,426	311,401	53,237	1,855,064
FUND BALANCES - BEGINNING	10,742,463	3,417,358	2,889,629	17,049,450
PRIOR PERIOD ADJUSTMENT	(788,040)	-	-	(788,040)
FUND BALANCES - BEGINNING - RESTATED	9,954,423	3,417,358	2,889,629	16,261,410
FUND BALANCES - ENDING	\$ 11,444,849	3,728,759	2,942,866	18,116,474

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

Total Net Change in Fund Balances - Governmental Funds	\$ 1,855,064
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds 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 expense of \$2,890,702 exceeds capital outlay of \$1,188,939.	(1,701,763)
Revenue from contributed capital assets is not reported in the governmental funds.	53,205
Some property taxes and grants will not be collected for several months after the Town's fiscal year end, and therefore they are not considered "available" revenues and are deferred inflows in the governmental funds. Unearned tax and grant revenues decreased by this amount for the current year.	(194,984)
Gain on sale of capital assets on the statement of activities are reported only to the extent of proceeds from sales, since depreciation is not reported in the governmental funds. This amount is the difference between the gain and proceeds reported.	(2,933)
Liabilities for other post-employment benefits (OPEB) are not reported in the governmental funds. Long-term debt related to OPEB changed by this amount for the current year.	76,368
Net adjustment for net pension liability and related entries are not due and payable in the current period and, therefore, are not reported in the governmental funds.	2,477,558
Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	32,107
Expenses for compensated absences and retirement incentives do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. Long-term debt related to compensated absences and retirement incentives changed, as adjusted by this amount for the current year.	55,994
Repayment of bond and note principal and capital leases are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.	654,230
Expenses on the statement of activities for accrued interest payable do not require the use of current financial resources. Therefore, it is not reported as an expenditure in the governmental funds. Accrued interest expense changed by this amount for the current year.	<u>60,269</u>
Change in Net Position of Governmental Activities	<u>\$ 3,365,115</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary & GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Local Taxes				
General Property Taxes	\$ 8,409,650	8,528,650	8,509,503	(19,147)
Penalty and Interest	83,000	83,000	90,632	7,632
In Lieu of Tax	40,000	40,000	45,374	5,374
Local Sales Tax	6,450,000	6,720,000	6,778,811	58,811
Business Tax	500,000	500,000	487,962	(12,038)
Local Beer Tax	650,000	582,000	581,804	(196)
Local Liquor Tax	235,000	235,000	227,079	(7,921)
Franchise Taxes	262,000	262,000	290,085	28,085
Privilege Tax	6,500	6,500	6,108	(392)
Other Taxes	3,300	3,300	4,700	1,400
Total Local Taxes	<u>16,639,450</u>	<u>16,960,450</u>	<u>17,022,058</u>	<u>61,608</u>
Licenses and Permits				
On Premise License	6,200	6,200	5,550	(650)
Burn Permits	1,500	1,500	1,130	(370)
Building Permits	68,000	114,000	114,026	26
Total Licenses and Permits	<u>75,700</u>	<u>121,700</u>	<u>120,706</u>	<u>(994)</u>
Intergovernmental Revenues				
Mixed Drink Tax	50,000	50,000	58,289	8,289
In Lieu of Taxes - TVA	170,000	170,000	174,788	4,788
State Sales Tax	1,070,000	1,125,000	1,142,221	17,221
Income Tax	325,000	266,663	266,663	-
State Beer Tax	8,000	8,000	7,204	(796)
Excise Tax	30,000	30,000	47,319	17,319
Revenue Sharing	33,000	33,000	30,726	(2,274)
Senior Center - State Grant Funds	12,000	12,000	12,000	-
Senior Citizen Title III Grant Funds	59,000	59,000	43,841	(15,159)
State Grant Funds	406,461	16,461	22,360	5,899
Other	775,000	775,000	94,021	(680,979)
Greene County - Recreation	29,400	29,400	34,200	4,800
Total Intergovernmental Revenues	<u>2,967,861</u>	<u>2,574,524</u>	<u>1,933,632</u>	<u>(640,892)</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary & GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES (CONTINUED)				
Charges for Services				
Various General Government Charges	164,500	164,500	230,157	65,657
Police and Fire	58,600	58,600	87,701	29,101
Fines, Fees and Costs	215,000	215,000	221,441	6,441
Outside Fire Protection	80,000	80,000	77,347	(2,653)
Cardboard Sales	42,800	42,800	45,648	2,848
Senior Center - State Transportation Funds	2,000	2,000	822	(1,178)
Senior Center	15,000	15,000	20,012	5,012
Miscellaneous	25,250	25,250	167,897	142,647
Total Charges for Services	<u>603,150</u>	<u>603,150</u>	<u>851,025</u>	<u>247,875</u>
Fines, Fees and Costs				
Recreation - Swimming Pools	14,500	23,000	23,083	83
Recreation - League Entry Fees	39,000	39,000	35,963	(3,037)
Recreation - Registration Fees	7,500	13,500	13,395	(105)
Recreation - Concessions	7,200	7,200	8,671	1,471
Recreation - Games	16,500	16,500	19,900	3,400
Recreation - Rentals	15,000	15,000	15,105	105
Recreation - Special Events	3,500	7,800	7,819	19
Recreation - Miscellaneous	3,000	3,000	4,599	1,599
Total Fines, Fees and Costs	<u>106,200</u>	<u>125,000</u>	<u>128,535</u>	<u>3,535</u>
Interest Earnings				
Interest	69,000	69,000	75,724	6,724
Total Interest Earnings	<u>69,000</u>	<u>69,000</u>	<u>75,724</u>	<u>6,724</u>
TOTAL REVENUES	<u>20,461,361</u>	<u>20,453,824</u>	<u>20,131,680</u>	<u>(322,144)</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary & GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES				
General Government				
Mayor and Aldermen	23,425	29,425	29,813	(388)
City Judge	6,500	6,500	5,675	825
Administrator	191,923	197,923	210,190	(12,267)
Election Commission	14,000	-	-	-
Recorder	333,237	333,237	329,286	3,951
Human Resources	91,813	91,813	89,847	1,966
Planning Commission	49,700	49,700	44,730	4,970
Civil Service Board	8,000	8,000	3,528	4,472
Other General Government	111,490	114,990	114,990	-
Capital Outlay	116,188	116,188	13,534	102,654
Total General Government	946,276	947,776	841,593	106,183
Public Safety				
Police Department	3,161,142	2,955,142	2,834,427	120,715
Fire Department	2,297,238	2,297,238	2,246,343	50,895
Building Inspector	117,541	117,541	107,432	10,109
Other Public Safety	100,000	100,000	87,371	12,629
Capital Outlay	139,000	139,000	157,644	(18,644)
Total Public Safety	5,814,921	5,608,921	5,433,217	175,704
Public Works				
Street Repair	891,362	791,362	790,144	1,218
Street Lighting	338,500	351,700	353,956	(2,256)
Town Hall	55,000	55,000	48,248	6,752
Capital Outlay	28,000	28,000	28,000	-
Total Public Works	1,312,862	1,226,062	1,220,348	5,714

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary & GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Health and Welfare				
Neighborhood	14,750	23,750	23,367	383
Roby Center	261,298	221,298	234,780	(13,482)
General Recreation	291,021	291,021	285,688	5,333
Pools	67,100	67,100	48,951	18,149
Ball Programs	162,200	162,200	134,660	27,540
Building and Grounds Maintenance	438,090	457,790	432,249	25,541
Other Health and Welfare	264,648	269,648	242,361	27,287
Capital Outlay	492,452	18,826	27,013	(8,187)
Total Health and Welfare	1,991,559	1,511,633	1,429,069	82,564
Public Enterprise				
Airport	30,380	30,380	30,380	-
Total Public Enterprise	30,380	30,380	30,380	0
Other Operating Expenditures				
Economic Development Assistance -				
Grants and Contributions	15,000	15,000	7,708	7,292
Social Security	506,043	506,043	468,276	37,767
Retirement	966,296	966,296	913,756	52,540
Insurance	410,000	410,000	468,952	(58,952)
Flex Benefit Plan	300	300	-	300
Medicare Supplement	9,450	9,450	9,188	262
Medical Insurance	1,517,887	1,367,887	1,235,149	132,738
Clerk and Master Fees	4,500	4,500	6,506	(2,006)
Contingencies	3,500	3,500	1,279	2,221
Ambulance Authority	40,000	40,000	-	40,000
Chamber of Commerce	10,227	10,227	10,227	-
Industrial Board	72,298	72,298	72,298	-
Junior Achievement Board	1,000	1,000	1,000	-
Unemployment Compensation	15,000	15,000	(910)	15,910
Main Street - Greeneville	37,000	37,000	37,321	(321)
Total Other Operating Expenditures	3,608,501	3,458,501	3,230,750	227,751

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary & GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Debt Service				
Principal	595,000	595,000	595,000	-
Interest	859,406	859,406	859,406	-
Fees	3,000	3,000	1,798	1,202
Total Debt Service	<u>1,457,406</u>	<u>1,457,406</u>	<u>1,456,204</u>	<u>1,202</u>
TOTAL EXPENDITURES	<u>15,161,905</u>	<u>14,240,679</u>	<u>13,641,561</u>	<u>599,118</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,299,456</u>	<u>6,213,145</u>	<u>6,490,119</u>	<u>276,974</u>
OTHER FINANCING SOURCES (USES)				
Insurance Recoveries	5,000	5,000	6,890	1,890
Proceeds from Sales of Assets	8,708	8,708	60,981	52,273
Intergovernmental Loans - Joint Ventures	-	(784,224)	(784,224)	-
Repayments of Intergovernmental Loans - Joint Ventures	-	784,224	784,224	-
Transfers In	1,320,000	1,352,000	1,710,259	358,259
Transfers Out	<u>(6,678,164)</u>	<u>(6,681,639)</u>	<u>(6,777,823)</u>	<u>(96,184)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,344,456)</u>	<u>(5,315,931)</u>	<u>(4,999,693)</u>	<u>316,238</u>
Net Change in Fund Balance	<u>(45,000)</u>	<u>897,214</u>	<u>1,490,426</u>	<u>593,212</u>
Fund Balance, July 1, 2014	10,742,463	10,742,463	10,742,463	-
Prior Period Adjustment	-	-	(788,040)	(788,040)
Fund Balance, July 1, 2014 (Restated)	<u>10,742,463</u>	<u>10,742,463</u>	<u>9,954,423</u>	<u>(788,040)</u>
Fund Balance, June 30, 2015	<u>\$ 10,697,463</u>	<u>11,639,677</u>	<u>11,444,849</u>	<u>(194,828)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary & GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal Funds through State	\$ 341,321	334,839	256,353	(78,486)
Direct Federal Funds	100,657	100,657	101,960	1,303
State Education Funds	12,544,927	12,553,197	12,569,594	16,397
Local Taxes	5,225,743	5,533,109	5,644,427	111,318
Charges for Current Services	666,500	636,500	736,858	100,358
Investment Income	-	-	960	960
Other Local Revenue	242,338	436,338	454,551	18,213
TOTAL REVENUES (SEE NOTES 1 AND 2)	19,121,486	19,594,640	19,764,703	170,063
EXPENDITURES				
Instruction				
Salaries	11,888,351	11,831,200	11,759,172	72,028
Employee Benefits	3,884,132	3,827,694	3,956,034	(128,340)
Contracted Services	374,953	449,834	466,203	(16,369)
Fee Waivers	25,000	25,000	25,000	-
Equipment	49,725	143,425	71,520	71,905
Materials and Supplies	293,618	290,102	291,209	(1,107)
Textbooks	191,250	128,250	201,169	(72,919)
Staff Development	116,500	121,885	119,852	2,033
Travel	31,495	32,595	17,068	15,527
Other	26,395	42,426	35,912	6,514
Total Instruction	16,881,419	16,892,411	16,943,139	(50,728)
Technology				
Equipment	321,900	321,105	327,394	(6,289)
Staff Development	2,500	2,500	11,118	(8,618)
Materials and Supplies	7,500	7,500	10,054	(2,554)
Other	47,851	207,845	121,920	85,925
Total Technology	379,751	538,950	470,486	68,464
Greene Technology Center	99,400	83,160	99,440	(16,280)
Student Support Services				
Salaries	592,061	592,316	592,318	(2)
Employee Benefits	185,838	185,881	183,386	2,495
Evaluation and Testing	40,672	40,672	38,699	1,973
Total Student Support Services	818,571	818,869	814,403	4,466

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary & GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Board of Education				
Insurance	173,500	164,650	155,092	9,558
Audit and Legal Services	55,000	55,000	54,092	908
Contracted Services	30,360	30,360	27,551	2,809
Trustee Commissions	85,036	88,761	83,276	5,485
Travel	15,000	15,000	11,509	3,491
Dues and Memberships	12,025	12,025	10,518	1,507
Other	18,150	17,000	7,461	9,539
Total Board of Education	389,071	382,796	349,499	33,297
Administration				
Salaries	1,458,659	1,492,894	1,493,129	(235)
Employee Benefits	446,978	406,986	432,199	(25,213)
Contracted Services	53,500	50,500	50,170	330
Equipment	6,000	3,000	20,995	(17,995)
Materials and Supplies	19,146	17,146	12,828	4,318
Communications	90,500	72,500	60,197	12,303
Travel	14,500	10,000	6,152	3,848
Dues and Memberships	5,195	4,695	1,583	3,112
Other	14,500	28,675	24,725	3,950
Total Administration	2,108,978	2,086,396	2,101,978	(15,582)
Transportation				
Salaries	199,524	215,398	209,712	5,686
Employee Benefits	109,337	109,369	113,100	(3,731)
Contracted Services	84,734	84,734	70,297	14,437
Materials and Supplies	289,587	292,087	216,543	75,544
Maintenance and Repairs	10,000	10,500	16,121	(5,621)
Other	10,500	10,000	11,328	(1,328)
Total Transportation	703,682	722,088	637,101	84,987
Health				
Salaries	98,801	188,351	120,135	68,216
Employee Benefits	38,813	85,876	88,847	(2,971)
Contracted Services	15,000	15,000	10,650	4,350
Materials and Supplies	6,600	6,600	7,232	(632)
Travel	1,500	1,500	2,678	(1,178)
Total Health	160,714	297,327	229,542	67,785

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary & GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Maintenance and Operations				
Salaries	882,953	875,601	850,939	24,662
Employee Benefits	393,680	392,775	385,177	7,598
Insurance	120,955	120,955	131,444	(10,489)
Contracted Services	104,500	119,500	91,224	28,276
Equipment	10,500	3,000	42,464	(39,464)
Utilities	778,485	748,067	647,117	100,950
Materials and Supplies	99,200	99,700	80,939	18,761
Maintenance and Repairs	218,000	307,000	391,986	(84,986)
Communications	4,000	4,000	3,231	769
Building Improvements	250,000	321,100	320,427	673
Capital Funds to Town	111,000	130,040	111,000	19,040
Other	9,290	14,250	23,812	(9,562)
Total Maintenance and Repairs	<u>2,982,563</u>	<u>3,135,988</u>	<u>3,079,760</u>	<u>56,228</u>
TOTAL EXPENDITURES (SEE NOTES 1 AND 2)	<u>24,524,149</u>	<u>24,957,985</u>	<u>24,725,348</u>	<u>232,637</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,402,663)</u>	<u>(5,363,345)</u>	<u>(4,960,645)</u>	<u>402,700</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	5,619,245	5,684,245	5,643,055	(41,190)
Operating Transfers Out	<u>(353,760)</u>	<u>(371,000)</u>	<u>(371,009)</u>	<u>(9)</u>
TOTAL OTHER FINANCING SOURCES (USES) (SEE NOTES 1 AND 2)	<u>5,265,485</u>	<u>5,313,245</u>	<u>5,272,046</u>	<u>(41,199)</u>
NET CHANGE IN FUND BALANCE	(137,178)	(50,100)	311,401	361,501
FUND BALANCE, June 30, 2014	<u>3,417,358</u>	<u>3,417,358</u>	<u>3,417,358</u>	<u>0</u>
FUND BALANCE, June 30, 2015	<u>\$ 3,280,180</u>	<u>3,367,258</u>	<u>3,728,759</u>	<u>361,501</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business - Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 13,710,789	11,313,829	25,024,618
Cash - Construction Account	-	1,152,165	1,152,165
Accounts Receivable, Net	7,179,146	728,711	7,907,857
Unbilled Revenue Receivable	2,751,938	-	2,751,938
Other Receivables	-	124,164	124,164
Due from Other Funds	204,075	-	204,075
Due from Other Governments	-	276,973	276,973
Inventory - Materials and Supplies	1,822,543	346,099	2,168,642
Prepaid Expenses and Other Assets	310,731	202,139	512,870
Investments	-	83,313	83,313
Total Current Assets	25,979,222	14,227,393	40,206,615
Noncurrent Assets			
Certificates of Deposit - Long-Term	6,790,000	-	6,790,000
Restricted Assets			
Industrial Park Fund: Cash	244,935	-	244,935
Industrial Park Fund: Receivables	625,065	-	625,065
TVA Home Insulation Program Receivable	1,851,761	-	1,851,761
Total Restricted Assets	2,721,761	0	2,721,761
Capital Assets			
Land and Land Rights	1,603,951	730,754	2,334,705
Construction in Progress	4,500,786	1,706,188	6,206,974
Buildings and Improvements	1,443,628	34,392,085	35,835,713
Equipment and Vehicles	125,987,869	20,394,899	146,382,768
Less: Accumulated Depreciation	(58,360,905)	(32,247,059)	(90,607,964)
Net Capital Assets	75,175,329	24,976,867	100,152,196
Total Noncurrent Assets	84,687,090	24,976,867	109,663,957
TOTAL ASSETS	110,666,312	39,204,260	149,870,572
DEFERRED OUTFLOWS OF RESOURCES			
Difference Between Expected and Actual Experience	124,688	-	124,688
Pension Contributions After Measurement Date	755,061	296,202	1,051,263
TOTAL DEFERRED OUTFLOWS OF RESOURCES	879,749	296,202	1,175,951

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business - Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
TOTAL LIABILITIES			
Current Liabilities, Payable from Current Assets			
Accounts Payable	1,767,474	170,985	1,938,459
Accrued Tree Trimming Expense	695,119	-	695,119
Accrued Sales Tax	-	21,207	21,207
Accrued Wages and Other Accrued Expenses	643,095	69,521	712,616
Due to TVA - Power	7,297,253	-	7,297,253
Due to TVA - Unbilled Power, Current Portion	90,000	-	90,000
Accrued Compensated Absences, Current Portion	-	260,580	260,580
Total Current Liabilities, Payable from Current Assets	10,492,941	522,293	11,015,234
Current Liabilities, Payable from Restricted Cash			
Accounts Payable, Construction Funds	-	20,075	20,075
Construction Bonds Held	-	15,000	15,000
Retainage Payable, Construction Funds	-	32,054	32,054
Total Current Liabilities, Payable from Restricted Cash	0	67,129	67,129
Long-Term Liabilities			
Unearned Revenues - Pole Rentals	296,250	-	296,250
Customer Deposits	1,933,160	315,854	2,249,014
Accrued Compensated Absences, Net of Current Portion	756,727	-	756,727
Net Pension Liability	1,993,845	309,000	2,302,845
Net OPEB Obligation	6,746,880	-	6,746,880
Due to TVA - Unbilled Power	1,215,639	-	1,215,639
TVA Home Insulation Program	1,889,051	-	1,889,051
Amounts Due for Easements Purchased	-	38,375	38,375
Total Long-Term Liabilities	14,831,552	663,229	15,494,781
TOTAL LIABILITIES	25,324,493	1,252,651	26,577,144
DEFERRED INFLOWS OF RESOURCES			
Difference Between Expected and Actual Experience	-	1,122	1,122
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,072,704	619,736	1,692,440
TOTAL DEFERRED INFLOWS OF RESOURCES	1,072,704	620,858	1,693,562
NET POSITION			
Investment in Capital Assets	75,175,329	24,976,867	100,152,196
Unrestricted	9,973,535	12,650,086	22,623,621
TOTAL NET POSITION	\$ 85,148,864	37,626,953	122,775,817

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Business - Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
OPERATING REVENUES			
Charges for Services	\$ 102,902,472	9,608,351	112,510,823
TOTAL OPERATING REVENUES	<u>102,902,472</u>	<u>9,608,351</u>	<u>112,510,823</u>
OPERATING EXPENSES			
Purchased Power	84,622,897	-	84,622,897
Water Treatment	-	1,954,520	1,954,520
Sewer Mains	-	178,220	178,220
Power and Pumping	-	776,035	776,035
Distribution Expense	3,992,682	508,724	4,501,406
Customer Accounts Expense	2,393,135	318,616	2,711,751
Sales Expense	113,314	-	113,314
General and Administrative Expense	1,563,715	1,929,354	3,493,069
Maintenance	4,310,427	263,346	4,573,773
Transmission Expense	50,304	-	50,304
Depreciation	4,097,217	1,471,286	5,568,503
Other	388,814	73,572	462,386
TOTAL OPERATING EXPENSES	<u>101,532,505</u>	<u>7,473,673</u>	<u>109,006,178</u>
OPERATING INCOME (LOSS)	<u>1,369,967</u>	<u>2,134,678</u>	<u>3,504,645</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	78,245	14,043	92,288
Revenue (Expense) from Merchandising, Jobbing, and Contract Work, Net of Sales totaling \$221,067	(52,502)	-	(52,502)
Interest Expense	(4,660)	-	(4,660)
Gain on Disposal	40,631	6,746	47,377
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>61,714</u>	<u>20,789</u>	<u>82,503</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>1,431,681</u>	<u>2,155,467</u>	<u>3,587,148</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Contributions in Aid of Construction	391,217	354,494	745,711
Reduction of Plant Costs Recovered Through Contributions in Aid of Construction	(391,217)	-	(391,217)
Transfers Out - Payments in Lieu of Tax	(1,339,250)	-	(1,339,250)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(1,339,250)</u>	<u>354,494</u>	<u>(984,756)</u>
Change in Net Position	<u>92,431</u>	<u>2,509,961</u>	<u>2,602,392</u>
Net Position - Beginning	88,953,411	35,966,452	124,919,863
Restatement - Power Costs	(1,305,639)	-	(1,305,639)
Restatement - Pension	(2,591,339)	(849,460)	(3,440,799)
Net Position - Beginning, Restated	<u>85,056,433</u>	<u>35,116,992</u>	<u>120,173,425</u>
Net Position - Ending	<u>\$ 85,148,864</u>	<u>37,626,953</u>	<u>122,775,817</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received From Customers	\$ 102,481,265	9,173,374	111,654,639
Cash Payments to Suppliers for Goods and Services	(90,017,502)	(4,162,026)	(94,179,528)
Cash Payments to Employees for Services	(6,187,819)	(2,020,181)	(8,208,000)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	6,275,944	2,991,167	9,267,111
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in Lieu of Taxes	(1,339,250)	-	(1,339,250)
Interest Paid	(4,660)	-	(4,660)
(Increase) Decrease in Home Insulation Program Receivables	170,973	-	170,973
Increase (Decrease) in Home Insulation Program Liabilities	(178,283)	-	(178,283)
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	(1,351,220)	0	(1,351,220)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(7,295,942)	(2,203,170)	(9,499,112)
Excess Removal Cost of Plant	(107,003)	-	(107,003)
Grants from Federal and State Sources	-	354,494	354,494
Revenue (Expense) from Merchandising, Jobbing, and Other	(52,502)	-	(52,502)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(7,455,447)	(1,848,676)	(9,304,123)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	76,389	13,949	90,338
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	76,389	13,949	90,338
Net Increase (Decrease) in Cash and Cash Equivalents	(2,454,334)	1,156,440	(1,297,894)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16,410,058	11,309,554	27,719,612
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 13,955,724	12,465,994	26,421,718

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
OPERATING INCOME (LOSS)	\$ 1,369,967	2,134,678	3,504,645
Depreciation and Amortization	4,487,521	1,471,286	5,958,807
Provision for Bad Debts	101,339	7,421	108,760
Change in Deferred Outflows Related to Pensions	(879,749)	(296,202)	(1,175,951)
Change in Deferred Inflows Related to Pensions	1,072,704	620,858	1,693,562
Change in Net Pension Liability	(597,494)	(540,460)	(1,137,954)
(Increase) Decrease in			
Accounts Receivable, Due from Other Funds, and Due from Other Governments	(476,891)	(446,917)	(923,808)
Unbilled Revenue Receivable	2,439	-	2,439
Materials and Supplies	(108,466)	(72,490)	(180,956)
Prepaid Expenses and Other Assets	64,038	25,837	89,875
Increase (Decrease) in			
Accounts Payable, Construction and Retainage Due to TVA	794,175	82,109	876,284
Other Accrued Liabilities	(55,981)	-	(55,981)
Customer Deposits	555,096	528	555,624
	(52,754)	4,519	(48,235)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 6,275,944</u>	<u>2,991,167</u>	<u>9,267,111</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES			
Implementation of GASB 68 Related to Pensions	<u>\$ 2,591,339</u>	<u>849,460</u>	<u>3,440,799</u>

The Cash and Cash Equivalents are classified on the Statement of Net Position as the following:

Cash and Cash Equivalents	\$ 13,710,789	11,313,829	25,024,618
Cash - Construction Account	-	1,152,165	1,152,165
Restricted: Industrial Park	244,935	-	244,935
Total Cash and Cash Equivalents	<u>\$ 13,955,724</u>	<u>12,465,994</u>	<u>26,421,718</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Greeneville, Tennessee (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The Town is a municipal corporation governed by a Mayor and Alderman form of government. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town and its special revenue and enterprise fund types.

The Town was incorporated in 1903 under the provisions of the State of Tennessee and operates under a Council/Administrator form of government. It has the usual corporate powers of municipalities including taxation, entering into contracts, and issuing bonds. The following services are authorized by Charter: Public Safety (Police and Fire), Public Works, Public Welfare, Public Utilities, Education, Planning and Zoning, and general administrative duties.

The Town, for financial statement purposes, includes all of the funds and account groups relevant to the operations of the Town. The financial statements presented herein do not include agencies that have been formed under applicable state laws as separate and distinct units of government apart from the Town.

As required by accounting principles generally accepted in the United States of America, these financial statements present the Town and its special revenue and enterprise fund types. The Town of Greeneville Board of Education, Greeneville Water and Light Commission, and Greeneville Light and Power System are included in the Town's reporting entity because of the significance of their operational or financial relationships with the Town.

The Town of Greeneville Board of Education – Members of the Town of Greeneville Board of Education (Board of Education), which are elected officials, approve its budgets and provide funding for the operation of the schools. The operations of the Board of Education are reported in the General Purpose School, Federal Projects, School Nutrition, and Extended School Program Funds, which are special revenue funds.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Greeneville Light and Power System and Greeneville Water and Light Commission – The Town’s Mayor and Board of Aldermen appoint the board members of the Greeneville Light and Power System (Light and Power System). Commissioners of the Greeneville Water and Light Commission (Water and Light Commission) are elected officials. Neither of these entities can issue bonded debt without the approval of the Mayor and Board of Aldermen. Operations of the electrical system are reported in the Light and Power System, and operations of the water and wastewater systems are reported in the Water and Light Commission, both of which are enterprise funds.

Individual Component Unit Disclosures

In evaluating how to define the government, for financial reporting purposes, the Town management has considered all potential component units. A component unit is an organization for which the Town is financially accountable, or for which the nature and significance of their relationship with the Town is such that exclusion from the Town’s financial statements would cause them to be misleading or incomplete. The decision to include a potential component unit in the reporting entity was made by applying the criteria as set forth in Governmental Accounting Standards Board (GASB). The Town is financially accountable if it appoints a voting majority of the Organization’s governing body and it is able to impose its will on the organization or there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on the Town. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based upon the application of these criteria, the Town does not have any component units other than the funds operated by the Town.

Joint Ventures and Jointly Governed Entities

The Town participates in several joint ventures and jointly governed entities as follows:

Kinser Park Commission - The Kinser Park Commission (the Commission) is a joint venture of the Town and Greene County, Tennessee (Greene County). The Commission was created in April 1962 by resolution of the Quarterly County Court of Greene County, when it became apparent that the Tennessee Valley Authority was to transfer certain property on the Davy Crockett Lake to the Town and Greene County for the establishment of a park and recreational facilities. The Commission’s board was established as an administrative body for the purpose of holding, operating and maintaining such facilities. In March 2014, the Commission’s board was dissolved, officials were authorized by the Commission, and the park and recreational facilities began being operated by a third-party operator, with an arrangement for the Commission to receive a percentage of compensation from the operator.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Ventures and Jointly Governed Entities (Continued)

Kinser Park Commission (Continued) - Under this agreement, for the year ended June 30, 2015, the Commission had no active employees. Financial responsibility for the Commission is maintained by the Town and Greene County. For the year ended June 30, 2015, the Town and Greene County appropriated \$5,000 each to supplement the Commission's operating revenues. Compensation received by the Commission from the third-party operators totaled \$6,898 for the fiscal year ended June 30, 2015. At June 30, 2015, the Commission's net position was \$106,276, of which \$91,909 was the investment in capital assets.

Greenville-Greene County Airport Authority - The Greenville-Greene County Airport Authority (the Authority) is a non-profit corporation operated jointly by the Town and Greene County, Tennessee. The Authority was chartered in 1980. The Town acts as a fiscal agent for the Authority. Financial responsibility for the Authority is maintained by the Town and Greene County. For the year ended June 30, 2015, the Town and Greene County appropriated \$30,380 and \$0, respectively, to supplement the Airport's operating revenues. At June 30, 2015, the Authority's net position was \$13,637,194, of which \$13,690,808 was the net investment in capital assets, leaving an unrestricted net deficit of (\$53,614).

Greenville-Greene County Landfill - The Greenville-Greene County Landfill (the Landfill) is operated jointly by the Town and Greene County, Tennessee. The facility serves as a transfer station for Classes I and II and classified special waste, which is transported out of Greene County. In addition, the Landfill operates a Class III/IV landfill. The Town acts as a fiscal agent for the Landfill. The Town and Greene County have an ongoing financial responsibility for the Landfill. For the year ended June 30, 2015, the Town and Greene County did not appropriate funds to the Landfill. At June 30, 2015, the Landfill's net position was \$1,436,448, of which \$1,001,394 was the investment in capital assets.

Greenville-Greene County Library - The Greenville-Greene County Library (the Library), a discretely presented component unit of Greene County, is also a joint venture of Greene County and the Town. The Library serves all citizens of Greene County and is governed by a board appointed, in majority, by Greene County Commission and also by the Town of Greeneville. The Town acts as a fiscal agent for the Library. The Library generates its operating revenue from donations, fines, copy fees, and appropriations from Greene County and the Town. For the year ended June 30, 2015, the Town and Greene County appropriated \$85,000 and \$84,500, respectively to supplement the Library's operating revenues. At June 30, 2015, the Library's net position was \$696,418, of which \$353,676 was the investment in capital assets.

Greenville-Greene County Center for Technology - The Greenville-Greene County Center for Technology (Greene Technology Center or the Center) is a joint venture that is operated by the Town's Board of Education and the Greene County Board of Education. The Center is dependent upon funding from the Town's Board of Education and Greene County and its Board of Education. For the year ended June 30, 2015, the Town and Greene County appropriated \$99,440 and \$910,961, respectively, to supplement the Center's operating revenues. In addition, during the year ended June 30, 2015, the Center received \$104,660 in federal funds from Greene County Board of Education.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Ventures and Jointly Governed Entities (Continued)

Greeneville-Greene County Center for Technology (Continued) - The Town's Board of Education acts as the fiscal agent for the Greene Technology Center. In this role, the Board received money during the year for the Center from the following sources:

State of Tennessee and Federal Funds (includes \$104,660 in Federal Funds from Greene County Board of Education)	\$ 765,083
Greene County	519,746
Greene County Board of Education	391,215
Greeneville Board of Education	<u>99,440</u>
Total	<u><u>\$ 1,775,484</u></u>

The Center maintains its own bank account, through which all revenues and expenses are run. The Board of Education is responsible for this account. The Center's general fund expenditures totaling \$1,681,130 were paid out of this account during the year.

Industrial Development Board - The Industrial Development Board was created and jointly governed by the Town and Greene County. The board is composed of sixteen members, eight from each government, including the mayors for the Town and Greene County and seven other members each as approved by the Town and Greene County. The purpose is to promote economic development by inducing manufacturing, industrial, governmental, educational, financial, service, commercial, recreational, and agricultural enterprises to locate in or remain in Greene County and the Town of Greeneville. Other than pass-through of tax-increment financing collections and remissions, the Town did not appropriate any funds for this operation during the year ending June 30, 2015 or have any ongoing financial interest or responsibilities for the entity. There were no separately issued audited financial statements for the Industrial Development Board.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Ventures and Jointly Governed Entities (Continued)

A summary of the joint ventures' audited information as of June 30, 2015 is presented below, including the Library, a discretely presented component unit of Greene County. All are presented on the accrual basis.

	Kinser Park Commission	Greeneville- Greene County Landfill	Greeneville- Greene County Airport Authority	Greeneville- Greene County Library (A Component Unit of Greene County)	Greene Technology Center
Charges for Services/Operating Revenues	\$ 6,898	1,602,544	251,995	54,498	-
Operating Grants and Contributions	-	-	-	13,020	1,372,292
Capital Grants and Contributions	-	-	2,077,767	-	-
Operating and Other Expenses	(34,755)	(1,849,109)	(1,098,798)	(270,917)	(1,626,587)
General Revenues	10,000	14,164	43,510	171,260	404,837
Change in Net Position	<u>(17,857)</u>	<u>(232,401)</u>	<u>1,274,474</u>	<u>(32,139)</u>	<u>150,542</u>
Net Position, Beginning	107,873	1,684,691	12,362,720	753,139	1,462,127
Prior Period Restatement	16,260	(15,842)	-	(24,582)	(207,400)
Net Position, Beginning, Restated	<u>124,133</u>	<u>1,668,849</u>	<u>12,362,720</u>	<u>728,557</u>	<u>1,254,727</u>
Net Position, Ending	<u>\$ 106,276</u>	<u>1,436,448</u>	<u>13,637,194</u>	<u>696,418</u>	<u>1,405,269</u>
Total Assets and Deferred Outflows	\$ 118,896	3,145,782	17,314,369	738,396	1,646,210
Total Liabilities and Deferred Inflows	12,620	1,709,334	3,677,175	41,978	240,941
Total Net Position	<u>\$ 106,276</u>	<u>1,436,448</u>	<u>13,637,194</u>	<u>696,418</u>	<u>1,405,269</u>

Complete sets of financial statements are issued separately for each of the Town's joint ventures and jointly governed entities and are available upon request.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements, and it relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred regardless of the timing of related cash flows.

The governmental fund financial statements are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid sick pay, which is not accrued; and (2) principal and interest on general obligation long-term debt, which is recognized when due.

Basic Financial Statements

The Town's basic financial statements include both the government-wide (reporting the Town as a whole) and fund financial statements. Separate fund financial statements are provided for governmental funds and the proprietary funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

Basic Financial Statements – Government-Wide Statements

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements (Continued)

In the government-wide statement of net position, the governmental activities are reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations, as are the proprietary fund financial statements.

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

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 levied, even though the receivable is recognized in the prior period when the enforceable legal claim arises. Property taxes recognized as receivable before the period of revenue recognition have been reported as unearned revenues. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The Town's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position, as applicable. When both unrestricted and restricted fund resources are available for use, it is the Town's policy to use restricted resources first.

This government-wide focus is more on the sustainability of the Town as an entity and the changes in the Town's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements – Governmental Fund

The financial transactions of the Town are reported in the fund financial statements. The funds are accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows, deferred outflows, fund balance, revenues and expenditures/expenses.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental Funds

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after fiscal year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

In accordance with the GASB, certain revenues are required to be, and are recognized, in the General Fund as a receivable at June 30 and either as revenue or deferred outflows of resources, depending upon revenue recognition policies of the entity. In general, taxes, licenses, federal and state grant funds, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Business taxes are not considered measurable and therefore and not susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial positions (sources, uses, and balances of the financial resources) rather than on net income.

The Town reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the Town. It is established to account for resources devoted to financing the general services of the Town for its citizens. General tax revenues and other sources of revenue used in the operation of the Town are included in this fund. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

General Purpose School Fund – The General Purpose School Fund accounts for transactions of the Board of Education. The major sources of revenues for this fund are state-shared revenues and local property and sales taxes.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental Funds (Continued)

Nonmajor Governmental Funds - The Town reports the following nonmajor governmental funds: State Street Aid Fund, Community Development Fund, Municipal Solid Waste Fund, Parking Fund, Federal Projects Fund, School Nutrition Fund, and Extended School Program.

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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

Proprietary Funds

The focus of the proprietary fund measurement is on determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are similar to those of businesses in the private sector. The following is a description of the proprietary funds of the Town:

Enterprise Funds – Light and Power System and Water and Light Commission are enterprise funds. An enterprise fund is a proprietary type fund used to account for operations 1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary Funds (Continued)

2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Town reports both the Light and Power System and Water and Light Commission as major proprietary funds.

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 Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund 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. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

The Light and Power System follows accounting policies for public electric utilities as prescribed by the Federal Energy Regulatory Commission and the Tennessee Valley Authority (TVA).

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Revenue Recognition

Property taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied on October 1 become delinquent March 1 of the following year. Property taxes attach as a lien on property after one year of delinquency.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. Allowances for uncollectible taxes within the General Fund are based upon historical experience in collecting taxes.

Revenue for the Water and Light Commission and Light and Power System is billed to customers based on a monthly meter reading cycle. The net revenue from any service rendered from the latest billing cycle date to the end of the month and their related expenses are not considered material and are not reflected in the financial statements. Expenses of the Water and Light Commission are allocated between the water and wastewater divisions by the specific identification method for direct costs. Other costs are allocated in the ratio of operating revenues and the ratio of water customers to wastewater customers.

Commodities

Commodities received by School Nutrition from the U.S.D.A. are recognized as revenue in the period when all eligibility requirements are met (usually, when the commodities are received).

Tap Fees

Tap fees charged by the Water and Light Commission to join an existing line or extension of an existing line are recorded as operating income. The related costs are expensed.

Pricing of School Meals

The cost of meals exceeds the price charged to students set by the Board. The costs are supplemented by the USDA reimbursements on all meals and USDA donated commodities.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/ Fund Balance

Encumbrance Accounting

Encumbrance accounting is used for the General Purpose School, Federal Projects, School Nutrition, and Extended School Program Funds. Encumbrances are recorded when purchase orders are issued, but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance in the governmental fund financial statements. Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated.

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, regular savings accounts, and certificates of deposit with original maturities of ninety days or less.

Investments

Investments are reported at fair value. Investments consist of non-cash equivalents such certificates of deposits and U.S. Government Securities and Bonds, and Corporate Bonds with a maturity date greater than three months.

Receivables

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arise. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 60 days of fiscal year end are considered available and accrued. Estimated uncollectible taxes were based on the prior year's collection experience. Property taxes are levied as of August 1 and the billings are considered past due on January 1 at which time the applicable property is subject to lien and penalties and interest are assessed. For the fiscal year ending June 30, 2015, the 2014 calendar year property tax rate was \$2.05 per \$100 of assessed value.

Receivables of the Water and Light Commission and Light and Power System are considered past due 30 days from the invoice date. Management provides an allowance for probable uncollectible amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. Unbilled receivables are generally not accrued. Unbilled receivables of the Water and Light Commission at June 30, 2015 were estimated at \$350,000.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/ Fund Balance
(Continued)**

Allowance for Uncollectible Accounts

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectible) line. The allowance for uncollectible receivables is recorded based on the historical collection experience. At June 30, 2015, the allowance for uncollectible taxes in the General Fund was \$85,046, the allowance for uncollectible accounts receivable in the enterprise funds was \$248,293, and the allowance for uncollectible accounts in the Extended School Program Fund was \$1,567.

Inventories and Prepaid Items

The Water and Light Commission's materials and supplies inventories are valued at the lower of average cost or market. Materials and supplies of the Light and Power System are recorded at average cost.

Food and supply inventories for School Nutrition consist of food and expendable supplies stated on a first-in, first-out basis. They are carried at cost and are subsequently charged to expenditures when consumed.

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government-wide financial statements and on the fund level for the proprietary fund. The payments are being recorded as expenditures on the fund level for the governmental funds.

Restricted Assets

Resources have been set aside in demand deposits and certificates of deposit for restricted use, such as debt retirements. Certain assets of the Light and Power System have been designated for a particular use. These include certificates of deposit, demand deposits, and receivables from the industrial park and from the TVA Home Insulation Program.

Unearned Revenues

Governmental funds balance sheet and government-wide statement of net position report unearned revenue liabilities in connection with resources that have been received but not yet earned.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/ Fund Balance (Continued)

Capital Assets

Capital assets, including land, buildings and improvements, infrastructure, equipment and vehicles, and construction-in-progress, are carried at historical cost in the proprietary funds and in the government-wide financial statements for governmental and business-type activities. Interest costs incurred during construction of fixed assets are capitalized as part of the cost of assets.

Capital assets are defined by the Town as an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Land Improvements	30 - 40 years
Buildings	30 - 40 years
Equipment and Vehicles	3 - 10 years
Infrastructure	3 - 75 years

The Federal Power Commission requires that utilities acquiring properties from another utility to record such properties at original cost to the utility first devoting it to public service. If the purchase price differs from original cost less accumulated depreciation at the date of acquisition, the difference (plant acquisition adjustment) is to be charged to expense over a period of time not in excess of the remaining life of the purchased property. The Light and Power System has adopted the policy of expensing in the year of acquisition all such acquisition adjustments.

Payables and Accrued Expenses

Certain payments due reflect costs payable in future accounting periods and are recorded as payables and accrued expenses in the government-wide financial statements and on the fund level for the governmental and proprietary funds. Accrued expenses at June 30, 2015 include accrued wages and education-related liabilities in the governmental funds and include accrued wages, tree trimming, sales tax, and other accrued liabilities in the enterprise funds.

Deferred Outflows and Deferred Inflows

In addition to assets, the statement of net position and governmental fund's balance sheet will sometimes report a separate section for deferred outflows of resources. These separate financial statement elements represent a consumption of fund balance or net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/ Fund Balance (Continued)

Deferred Outflows and Deferred Inflows (Continued)

There were no deferred outflows at June 30, 2015 in the governmental funds. Certain pension items qualified for reporting on the government-wide statements in this category at June 30, 2015.

In addition to liabilities, the statement of net position and governmental fund's balance sheet will sometimes report a separate section for deferred inflows of resources. These separate financial statement elements represent an acquisition of fund balance or net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Under the modified accrual basis of accounting, unavailable revenue is reported in the governmental fund's balance sheet, but not on the statement of net position. At June 30, 2015, certain governmental funds of the Town reported unavailable revenues from grants and other sources collected past the period of availability. These amounts are currently deferred and subsequently recognized as inflows of resources in the period that the amounts become available. The Town had certain pension items and premiums on debt that qualified for reporting on the government-wide statements in this category at June 30, 2015.

Internal Activity

Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Long-term Obligations

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/ Fund Balance
(Continued)**

Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as expenditures during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are 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.

Accumulated Compensated Absences

It is the Town's policy to permit employees to accumulate a limited amount of earned but unused vacation, up to one year's vacation time plus 100 hours which will be paid to employees upon separation from the Town's service. The Town's Board of Education employees are permitted to accumulate a limited amount of earned but unused vacation up to twenty days, which will be paid to employees upon separation from the Board of Education. Sick leave can be accumulated indefinitely, but can only be used as service time for retirement if not used for sickness. In the governmental funds, the cost of accumulated vacation expected to be paid in the next 12 months is recorded as a fund liability. The liability for the compensated absences is recorded as long-term debt in the government-wide financial statements. The cost of sick leave is recognized when payments are made to employees.

Full-time regular employees are granted sixteen hours of personal leave each calendar year and hours not used during a calendar year are lost. Employees who are separated from employment during the year will be paid any unused personal leave.

The enterprise funds recognize the cost of vacation and sick leave pay, up to maximum allowable accumulation, as earned. The Water and Light Commission's policies provide that in the event of termination or retirement, an employee is reimbursed for accumulated vacation days up to the equivalent of 30 days and for one-third of his/her accumulated sick leave benefits up to a maximum accumulation of 130 days. The policies of the Light and Power System provide that upon termination or retirement, an employee is reimbursed for all accumulated vacation days and for one-third of his/her accumulated sick leave benefits. Employees can apply the remaining two-thirds of unused sick leave toward service time for retirement purposes.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/ Fund Balance (Continued)

Pension Plan Obligations

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

Other Post-Employment Benefits

For purposes of measuring the other post-employment benefits (OPEB) liability and related OPEB expense, the Town, Water and Light Commission, Light and Power System, and Board of Education recognize benefits when they are due and payable in accordance with the benefit terms and actuarial valuations.

Commodities of School Nutrition Fund and Other Nonmonetary Contributions

Commodities received from the USDA and other nonmonetary assistance received are within the scope of GASB Statement No. 33 and are recognized as revenue in the period when all eligibility requirements are met (usually, when the commodities or other nonmonetary items are received).

Net Position and Fund Balance

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The Town has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/ Fund Balance (Continued)

Net Position and Fund Balance (Continued)

Committed – includes amounts that can only be used for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Board of Mayor and Aldermen is the highest level of decision-making authority for the government that can, by adoption of an ordinance, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned – includes amounts that the Town intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts can be assigned by the Board of Mayor and Aldermen, by the Town’s Board of Education, or management.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in its commitment or assignment actions.

Self-Insurance Reserve

The Town is self-insured for the purpose of paying medical claims of the Town of Greeneville’s General Fund employees and their covered dependents as well as post-employment health care benefits and certain related parties (Note 22), thus minimizing the total cost of annual medical insurance to the Town. Medical claims exceeding \$70,000 per incident are covered through a private insurance carrier. The self-insurance transactions are recorded in the Town’s General Fund and not accounted for in a separate fund, with the fund balance reserved for self-insurance at an amount equal to the cash and receivables in funds previously designated as self-insurance funds.

Estimates

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/ Fund Balance (Continued)

Reclassifications

Certain reclassifications have been made to the June 30, 2014 financial information in order for them to conform to the June 30, 2015 financial statement presentation. Certain reclassifications have been made to the financial information of the Town’s Board of Education, Water and Light Commission, and Light and Power System in order for them to conform to the Town-wide financial statement presentation.

The Board of Education’s separately issued report show amounts as reported by other auditors. However, certain amounts were reclassified in the Town’s Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Purpose School Fund in order to conform to the Town’s financial statement presentation. Thus total revenues, total expenditures, and total other financing sources (uses) differ between the aforementioned separately issued report and the Town’s governmental funds financial statements; however, the General Purpose School Fund’s total net change in fund balance and ending fund balance agree between reports, as detailed in Note 2.

NOTE 2 - RECONCILIATION OF FINANCIAL STATEMENTS

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

The governmental funds balance sheet includes a reconciliation between *fund balances-governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds”. The details of this difference are as follows:

General Obligation Bonds	\$ (22,335,000)
General Obligation Bonds - Airport	(675,000)
Compensated Absences	(623,205)
Retirement Incentive	(219,995)
Capital Leases	(57,640)
Net Other Post-Employment Benefits	(3,258)
Net Pension Liability	<u>(1,613,015)</u>
 Net adjustment to reduce fund balances - governmental funds to arrive at net position - governmental activities.	 <u><u>\$ (25,527,113)</u></u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2 - RECONCILIATION OF FINANCIAL STATEMENTS (CONTINUED)

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

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation states that “net adjustment for net pension liability and related entries are not due and payable in the current period and, therefore, are not reported in the governmental funds”. The details of this difference are as follows:

Changes in deferred outflows of resources related to pensions	\$ 2,866,048
Changes in deferred inflows of resources related to pensions	7,496,363
Changes in net pension liability	(7,884,853)
 Net adjustment to increase net change in fund balances - governmental funds to arrive at change in net position of governmental activities.	 \$ 2,477,558

Explanation of Certain Differences Between the Town’s Governmental Funds Financial Statements and the Separately Issued Board of Education Report

As discussed in Note 1, the General Purpose School Fund required certain reclassifications from the separately issued report by other auditors to conform to the presentation of the Town’s governmental funds financial statements. The details of the differences are as follows:

	General Purpose School Fund			Net Change in Fund Balance
	Revenues	Expenditures	Other Financing Sources (Uses)	
Totals - Reported in the Board of Education's Separately Issued Report	\$ 25,403,948	25,161,357	68,810	311,401
Transfers to the BOE from the Town's General Fund for Operations and School Bus	(5,574,245)	-	5,574,245	-
Technology Expenditures Reimbursed by the Town's General Fund	(65,000)	(65,000)	-	-
Transfers from the BOE to the Town's General Fund for Debt Service Reimbursements	-	(371,009)	(371,009)	-
 Totals - Reported in the Town's Governmental Funds Financial Statements	 \$ 19,764,703	24,725,348	5,272,046	311,401

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 - BUDGETARY INFORMATION AND COMPLIANCE

Formal budgetary integration is employed as a management control device during the year for the General Fund, General Purpose School Fund, and certain Special Revenue Funds. These budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The statements of revenues, expenditures, and changes in fund balances – budget and actual for the General Fund and General Purpose School Fund present comparisons of legally adopted budgets with actual data on a budgetary basis. The schedules of revenues, expenditures, and changes in fund balances – budget and actual present comparisons for nonmajor funds of legally adopted budgets with actual data on a budgetary basis.

The Board of Mayor and Aldermen approve, by ordinance, total budget appropriations by department for the Town. The Town Recorder is authorized to transfer budget amounts within departments of any fund; however, any revisions that alter the total appropriations of any department must be approved by the Board of Mayor and Aldermen. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis within departments.

The Board of Education submits a proposed fiscal year operating budget to the Board of Mayor and Aldermen. The Board of Mayor and Aldermen does not have the authority to make line item adjustments to the budget; they control only the Town appropriation. The operating budget includes proposed revenues and expenditures. Public hearings are conducted to obtain citizen comments on the proposed budget. Upon second reading by the Board of Mayor and Aldermen, the budget is legally adopted. A copy of the budget must be filed with the Commissioner of Education. The Board of Education has the authority to make revisions to the budget as deemed necessary. The amended budget is approved by the Board of Education and reflected in the official minutes of the Board. The amended budget is reflected in these financial statements. Actual expenditures may not legally exceed budget appropriations at the individual fund level.

Unused appropriations for all the above annually budgeted funds lapse at the end of the year.

For the year ended June 30, 2015, expenditures exceeded budgeted appropriations in the listed departments or funds as follows:

School Nutrition Fund: \$59,707
General Purpose School Fund - Instruction: \$50,728
General Purpose School Fund - Greene Technology Center: \$16,280
General Purpose School Fund - Administration: \$15,582
Municipal Solid Waste - \$13,612

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash includes demand deposits, passbook savings accounts and certificates of deposit with original maturities less than ninety days. Certificates of deposit with original maturities greater than ninety days but less than one year are reflected as certificates of deposit.

Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized as follows:

DEPOSITS: All deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the Town of Greeneville. Deposits with savings and loan associations must be collateralized by one of the following methods: 1) by an amount equal to 110% of the face amount of uninsured deposits if the collateral is of the same character as that required for other financial institutions; 2) by an irrevocable letter of credit issued by the Federal Home Loan Bank; or 3) by providing notes secured by first mortgages or first deeds of trust upon residential real property located in Tennessee. The promissory notes must be in an amount equal to 150% of the amount of uninsured deposits.

INVESTMENTS: State statutes authorize the Town to invest in treasury bonds, notes or bills of the United States; nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the State Loan Marketing Association; other obligations not listed above which are guaranteed as to principal and interest by the United States or any of its agencies; other evidence of deposit at State and Federal chartered banks and Savings and Loan Associations, obligations of the United States or its agencies under a repurchase agreement and money market funds whose portfolios consist of any of the foregoing investments if approved by the State Director of Local Finance and made in accordance with procedures established by the State Funding Board; the State of Tennessee Local Government Investment Pool; obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

Specifically, the LGIP was established under Tennessee Code Annotated Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The LGIP invests in time deposits, such as certificates of deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the LGIP is required to maintain a 90-day or less weighted-average-maturity. The fair value of shares held in the LGIP is the same as the value of the LGIP shares. The TN LGIP has not been rated by a nationally recognized statistical rating organization.

The Town does not have a policy for interest rate risk or other credit risk other than pledging securities for amounts in excess of FDIC coverage.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Governmental Activities - Town of Greeneville

At June 30, 2015, the carrying value of the Town’s governmental activities’ bank balances (excluding the Board of Education) were \$3,637,928 for cash and cash equivalents and \$8,918,762 for certificates of deposit – long-term, of which \$2,317,347 was restricted for self-insurance. All of the carrying value was either covered by the federal depository insurance or through the bank’s participation in the Tennessee Bank Collateral Pool. Included in these amounts were funds with an investment company which are covered by SPIC.

Governmental Activities - Board of Education

The Board of Education’s cash accounts represent funds on deposit in a local financial institution. Carrying value of the Board of Education’s bank balances at June 30, 2015 totaled \$4,784,851 of all of which were either covered by the federal depository insurance or through the bank’s participation in the Tennessee Bank Collateral Pool.

Business-Type Activities - Water and Light Commission

At June 30, 2015, carrying value of the Water and Light Commission’s bank balances were \$12,465,994 all of which was covered by federal depository insurance and through the bank’s participation in the Tennessee Bank Collateral Pool.

Business-Type Activities - Light and Power System

At June 30, 2015, the carrying value of the Light and Power System’s bank balances were \$20,745,724, of which \$244,935 was restricted for the Industrial Park. All of the carrying value was covered by federal depository insurance, and through the banks’ participation in the Tennessee Bank Collateral Pool.

Summary of Deposits

A summary of the carrying amount of the Town’s Governmental Activities deposits per the Statement of Net Position follows:

	Unrestricted	Restricted	Total
Cash and Cash Equivalents	\$ 8,422,779	-	8,422,779
Certificates of Deposit	6,601,415	2,317,347	8,918,762
Total Governmental Activities	\$ 15,024,194	2,317,347	17,341,541

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

A summary of the carrying amount of the Town's Business-Type Activities deposits per the Statement of Net Position follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 26,176,783	244,935	26,421,718
Certificates of Deposit	<u>6,790,000</u>	<u>-</u>	<u>6,790,000</u>
Total Business-Type Activities	<u>\$ 32,966,783</u>	<u>244,935</u>	<u>33,211,718</u>

Investments

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

As of June 30, 2015, all of the Town's investments in corporate bonds were rated as BB- or higher. Certain asset and mortgage backed securities owned by the Town were not rated. Investments rated BBB and higher are considered to be investment grade. Investments rated BB or lower indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.

Governmental Activities

Investments for the Town are reported at fair value (generally based on quoted market prices). The Town places no limit on the amount the Town may invest in any one issuer.

As of June 30, 2015, the Town held investments in callable corporate bonds totaling \$70,562. These investments are not permitted under State statutes. Upon sale, call or maturity, the proceeds from these securities will be reinvested in compliance with State Code.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Governmental Activities (Continued)

At June 30, 2015, the Town's credit quality distribution for investments, with credit exposure as a percentage of total investments and weighted average maturity in years, are as follows:

Investment Type	Rating	Rating Agency	Fair Value	Percentage of Portfolio	Weighted Average Maturity (Years)
Corporate Bonds	A-/Baa1/A	Fitch / Moody's / Standard & Poor's	\$ 21,441	28%	0.22
Corporate Bonds	BB-/BB+	Fitch / Standard & Poor's	49,121	65%	0.70
Asset and Mortgage Backed Securities	Aaa	Moody's	2,100	3%	14.01
Asset and Mortgage Backed Securities	N/A	N/A	3,210	4%	3.57
Total Fair Value			<u>\$ 75,872</u>		
Portfolio Weighted Average Maturity					10.12

Cash, money market, and brokered certificates of deposit accounts held with investment firms are not represented in this table.

Restricted Investments

Certain investments have been restricted for use in the Town's Self-Insurance Plan. At June 30, 2015, the balance of investments restricted for self-insurance was \$75,872.

Concentration of Credit Risk

More than 5 percent of the Town's governmental activities investments are in corporate bonds.

Business-Type Activities

The Water and Light Commission invests funds in the State of Tennessee's Local Government Investment Pool (LGIP). The Water and Light Commission interest in the LGIP is recorded at fair market value. At June 30, 2015, the investment balance was \$83,313.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 - RECEIVABLES

Receivables as of June 30, 2015, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			Business - Type Activities	
	General	General Purpose School	Nonmajor and Other Funds	Light and Power	Water and Light
Receivables:					
Accounts	\$ -	59,534	106,638	7,399,146	757,004
Taxes	9,797,345	-	-	-	-
Unbilled Revenue	-	-	-	2,751,938	-
Other	-	-	-	-	124,164
Restricted Assets:					
Industrial Park Fund Receivables	-	-	-	625,065	-
TVA Home Insulation Program Receivables	-	-	-	1,851,761	-
Gross Receivables	9,797,345	59,534	106,638	12,627,910	881,168
Less: Allowance for Uncollectible	(85,046)	-	(1,567)	(220,000)	(28,293)
Total Receivables	<u>\$ 9,712,299</u>	<u>59,534</u>	<u>105,071</u>	<u>12,407,910</u>	<u>852,875</u>

Governmental funds report *unavailable revenues* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

	Unavailable	Unearned
Receivables not earned:		
General Government		
Property tax levied for ensuing fiscal year	\$ -	9,230,371
Receivables not received within period of availability:		
General Government		
Taxes not collected in the period of availability	415,692	-
Note Receivable	675,000	-
State Income Tax	155,787	-
Other State and Federal Revenues	47,254	-
Payments in Lieu of Tax	43,700	-
	<u>\$ 1,337,433</u>	<u>9,230,371</u>

Receivables not expected to be collected in one year are \$615,000 of notes receivable from the Greeneville-Greene County Airport.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 6 - PREPAID POWER

The Light and Power System has an agreement with TVA by which the System maintains an interest-earning prepaid power account for its purchase of electricity. At June 30, 2015 the Light and Power System had deposits with the TVA totaling \$29,878 and had a liability for purchased power equaling \$7,297,253. The account yielded an interest rate of 0.04% at June 30, 2015.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is as follows:

	Beginning Balance, Adjusted	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 4,283,277	75,929	-	4,359,206
Construction in Progress	302,807	53,327	-	356,134
Total Capital Assets, Not Being Depreciated	<u>4,586,084</u>	<u>129,256</u>	<u>0</u>	<u>4,715,340</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	65,574,276	228,907	-	65,803,183
Infrastructure	47,647,802	-	-	47,647,802
Equipment and Vehicles	17,181,280	883,982	(443,470)	17,621,792
Total Capital Assets, Being Depreciated	<u>130,403,358</u>	<u>1,112,889</u>	<u>(443,470)</u>	<u>131,072,777</u>
Less Accumulated Depreciation				
Buildings and Improvements	(33,735,203)	(1,692,238)	-	(35,427,441)
Infrastructure	(44,264,278)	(290,947)	-	(44,555,225)
Equipment and Vehicles	(13,796,583)	(907,517)	440,537	(14,263,563)
Total Accumulated Depreciation	<u>(91,796,064)</u>	<u>(2,890,702)</u>	<u>440,537</u>	<u>(94,246,229)</u>
Total Capital Assets, Being Depreciated, Net	<u>38,607,294</u>	<u>(1,777,813)</u>	<u>(2,933)</u>	<u>36,826,548</u>
Governmental activities, Capital assets, net	<u>\$ 43,193,378</u>	<u>(1,648,557)</u>	<u>(2,933)</u>	<u>41,541,888</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business - Type Activities				
Capital Assets, Not Being Depreciated				
Land and Land Rights	\$ 2,250,889	83,816	-	2,334,705
Construction in Progress	2,871,450	4,066,711	(731,187)	6,206,974
Total Capital Assets, Not Being Depreciated	<u>5,122,339</u>	<u>4,150,527</u>	<u>(731,187)</u>	<u>8,541,679</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	35,427,626	408,087	-	35,835,713
Equipment and Distribution Systems	141,513,417	5,678,431	(809,080)	146,382,768
Total Capital Assets, Being Depreciated	<u>176,941,043</u>	<u>6,086,518</u>	<u>(809,080)</u>	<u>182,218,481</u>
Less Accumulated Depreciation	<u>(85,605,871)</u>	<u>(5,958,807)</u>	956,714	<u>(90,607,964)</u>
Total Capital Assets, Being Depreciated, Net	<u>91,335,172</u>	<u>127,711</u>	<u>147,634</u>	<u>91,610,517</u>
Business - Type Activities, Capital assets, net	<u>\$ 96,457,511</u>	<u>4,278,238</u>	<u>(583,553)</u>	<u>100,152,196</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Education	\$ 1,600,517
General Government	374,810
Public Safety	400,937
Public Works	200,110
Health and Welfare	314,328
Total Depreciation Expense - Governmental Activities	<u>\$ 2,890,702</u>
 Business-type Activities	
Light and Power System	\$ 4,097,217
Water and Light Commission	1,471,286
	<u>5,568,503</u>
Depreciation Expense Charged to Clearing Account	<u>390,304</u>
 Total Business-Type Activities Depreciation Expense	<u>\$ 5,958,807</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 - LONG-TERM DEBT

During the year ended June 30, 2015, the following debt transactions occurred:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$ 22,870,000	-	(535,000)	22,335,000	1,235,000
General Obligation Bonds - Airport	735,000	-	(60,000)	675,000	60,000
Total Bonds and Notes Payable	23,605,000	0	(595,000)	23,010,000	1,295,000
Other Liabilities					
Compensated Absences	652,404	595,746	(624,945)	623,205	-
Retirement Incentive	165,993	136,008	(82,006)	219,995	82,006
Capital Leases	116,870	-	(59,230)	57,640	57,640
Net Other Post-Employment Benefits	79,626	661,122	(737,490)	3,258	-
Net Pension Liability	11,456,971	6,051,736	(15,895,692)	1,613,015	-
Total Other Liabilities	12,471,864	7,444,612	(17,399,363)	2,517,113	139,646
Governmental Activities Long-Term Liabilities	\$ 36,076,864	7,444,612	(17,994,363)	25,527,113	1,434,646
Business-Type Activities					
TVA Home Insulation Program	\$ 2,067,334	-	(178,283)	1,889,051	-
Due to TVA - Unbilled Power	-	1,305,639	-	1,305,639	90,000
Compensated Absences	1,013,005	267,011	(262,709)	1,017,307	260,580
Other Post-Employment Benefits	6,028,226	1,000,000	(281,346)	6,746,880	-
Net Pension Liability	4,479,267	2,727,412	(4,903,834)	2,302,845	-
Amounts Due for Easements Purchased	38,375	-	-	38,375	-
Business-Type Activities Long-Term Liabilities	\$ 13,626,207	5,300,062	(5,626,172)	13,300,097	350,580

The Town's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities

For governmental activities, compensated absences are liquidated by the General Fund and the General Purpose School Fund.

Governmental Activities

Accrued Compensated Absences, by Function:

General Government	\$ 39,120
Education	95,482
Public Safety	342,723
Public Works	95,258
Health and Welfare	47,567
Food Service	<u>3,055</u>
Total Accrued Compensated Absences	623,205
Accrued Retirement Incentive - Education	219,995
Net Other Post Employment Benefits	3,258
Net Pension Liability	1,613,015
Capital Leases Payable	57,640
\$11,120,000 bond issue (G.O. Refunding Bonds, Series 2010A). Proceeds to the Town were used to pay off G.O. Refunding Bonds, Series E-10-A 2009. Interest is due semi-annually. The bond matures on June 30, 2029; interest ranges from 2.00% to 4.00%	11,120,000
\$1,310,000 General Obligation Bonds, Series A, (Airport Improvement Project) due in annual installments of \$55,000 to \$90,000 through September 1, 2023; interest ranges from 2.50% to 5.1% payable semi-annually.	675,000
\$11,475,000 bond issue (G.O. Refunding Bonds, Series 2009). Proceeds to the Town were to pay off bonds issued for school renovation. Interest is due semi-annually. The bond matures on June 1, 2025; interest ranges from 2.00% to 4.00%	10,865,000
\$1,430,000 bond issue (G.O. Refunding Bonds, Series 2010B). Proceeds to the Town were used to pay the termination payments due on G.O. Refunding Bonds, Series E-10-A 2009. Interest is due semiannually. The bond matures on June 30, 2016; interest rate was 2.0% at June 30, 2014.	<u>350,000</u>
	25,527,113
Less Amounts Due Within One Year	<u>(1,434,646)</u>
	<u><u>\$ 24,092,467</u></u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Bonds Payable

General Obligation Bonds, Series A, debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 60,000	31,389	91,389
2017	65,000	28,606	93,606
2018	70,000	25,525	95,525
2019	70,000	22,244	92,244
2020	75,000	18,753	93,753
2021	80,000	14,925	94,925
2022	80,000	10,925	90,925
2023	85,000	6,757	91,757
2024	90,000	2,295	92,295
	<u>\$ 675,000</u>	<u>161,419</u>	<u>836,419</u>

General Obligation Bonds, Series 2009, debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 125,000	415,425	540,425
2017	130,000	411,675	541,675
2018	135,000	407,775	542,775
2019	1,285,000	403,387	1,688,387
2020	1,410,000	358,413	1,768,413
2021	1,455,000	305,537	1,760,537
2022	1,510,000	247,338	1,757,338
2023	1,550,000	192,600	1,742,600
2024	1,605,000	130,600	1,735,600
2025	1,660,000	66,400	1,726,400
	<u>\$ 10,865,000</u>	<u>2,939,150</u>	<u>13,804,150</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Bonds Payable (Continued)

General Obligation Bonds, Series 2010A, debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 760,000	31,389	791,389
2017	1,100,000	28,606	1,128,606
2018	1,200,000	25,525	1,225,525
2019	180,000	22,244	202,244
2020	185,000	301,825	486,825
2021	200,000	297,200	497,200
2022	200,000	291,700	491,700
2023	205,000	285,700	490,700
2024	225,000	279,550	504,550
2025	240,000	272,800	512,800
2026	1,600,000	265,000	1,865,000
2027	1,625,000	201,000	1,826,000
2028	1,700,000	136,000	1,836,000
2029	1,700,000	68,000	1,768,000
	<u>\$ 11,120,000</u>	<u>2,506,539</u>	<u>13,626,539</u>

General Obligation Bonds, Series 2010B, debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 350,000	7,700	357,700

To assist the Town with the bond payments, the Board of Education agreed to pay the Town for the renovation of two schools. The agreements the Board of Education has with the Town are as follows:

1. The Board of Education agreed to pay \$1,800,000 to the Town for the renovation of Greeneville Middle School. The Board of Education funds the annual payment from the BEP non-classroom funds. The principal and interest are paid in annual installments, and the last payment is due June 2025. The interest rate is 6.0%. The amount paid to the Town for June 30, 2015 was \$144,000. The principal balance the Board of Education owes the Town for Greeneville Middle School at June 30, 2015 was \$910,000.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Bonds Payable (Continued)

2. To assist the Town for the construction of Greeneville High School, the Board of Education agreed to pay to the Town, on an annual basis, the quarter cent sales tax money the Board of Education receives. The amount paid to the Town for June 30, 2015 was \$227,009. This payment will be made each year until fiscal year ended 2025.

The compensated absences liability is attributable to, and will be paid from the general fund and the general purpose school fund. The capital leases and retirement incentive will be paid by the general purpose school fund.

Deferred Inflows of Resources

At June 30, 2015, the governmental activities' deferred inflows of resources related to the Town's Board of Education debt were as follows:

Unamortized Premium on Notes Payable Related to G.O. Refunding Bonds, Series 2009	\$ 136,022
Unamortized Premium on Notes Payable Related to G.O. Refunding Bonds, Series 2010	<u>382,805</u>
	<u><u>\$ 518,827</u></u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities

Accrued Compensated Absences, by Function:

Light and Power System	\$ 756,727
Water and Light Commission	260,580
Total Accrued Compensated Absences	<u>1,017,307</u>
Amounts Due for Easements Purchased	38,375
TVA - Previous Years' Unbilled Power	1,305,639
Other Post Employment Benefits	6,746,880
Net Pension Liability	2,302,845
Advances under the Tennessee Valley Authority home insulation program providing for interest-free or low-interest loans to customers; repayable to a financial institution from customer repayments to the Light and Power System.	<u>1,889,051</u>
	13,300,097
Less Amounts Due Within One Year	<u>(350,580)</u>
	<u><u>\$ 12,949,517</u></u>

The Light and Power System learned that TVA had not billed them for certain power costs for various months during the period of 2009 through 2014. The total previously unbilled amounted to \$1,305,639. The Light and Power System will pay TVA these costs in 71 interest-free installments of \$10,000 beginning in October 2015, with a balloon payment for the remaining balance due in fiscal year 2022.

Payments on the bonds and notes payable are made by the General fund. The compensated absences liability is attributable to, and will be paid from the General fund and the General Purpose School Fund. The capital leases and retirement incentive will be paid by the General Purpose School Fund.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Annual Debt Service Requirements

Future maturities of governmental long-term debt excluding compensated absences at June 30, 2015 are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	General Obligation Bonds	
	Principal	Interest
2016	\$ 1,295,000	485,903
2017	1,295,000	468,887
2018	1,405,000	458,825
2019	1,535,000	447,875
2020	1,670,000	678,991
2021	1,735,000	617,662
2022	1,790,000	549,963
2023	1,840,000	485,057
2024	1,920,000	412,445
2025	1,900,000	339,200
2026	1,600,000	265,000
2027	1,625,000	201,000
2028	1,700,000	136,000
2029	1,700,000	68,000
Total	<u>\$ 23,010,000</u>	<u>5,614,808</u>

Future maturities of amounts due to the TVA for unbilled power at June 30, 2015 are as follows:

Fiscal Year Ending June 30	Business - Type Activities	
	TVA - Unbilled Power	
	Principal	Interest
2016	\$ 90,000	-
2017	120,000	-
2018	120,000	-
2019	120,000	-
2020	120,000	-
2021	120,000	-
2022	615,639	-
Total	<u>\$ 1,305,639</u>	<u>0</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 - CAPITAL LEASES

During the fiscal year ended June 30, 2008, the Board of Education entered into three lease agreements for equipment. These leases include annual installments totaling \$73,180 and the interest rates range from 9.516% to 14.177%. The capital lease items are included in the capital assets, with a cost of \$224,296. The equipment is included in the capital assets and is amortized in accordance with the Board of Education's policy. Amortization of leased equipment under capital assets is included with depreciation expense. The future minimum lease obligations as of June 30, 2015 are as follows:

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	<u>\$ 57,640</u>	<u>15,540</u>

Leased equipment under capital leases in capital assets at June 30, 2015, included the following:

Equipment	\$ 224,296
Less: Accumulated Depreciation	<u>(210,152)</u>
Net Equipment under Capital Lease	<u>\$ 14,144</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 - FUND BALANCES

As of June 30, 2015, fund balances are composed of the following:

	General Fund	General Purpose School	Nonmajor Governmental Funds	Total
Fund Balances:				
Non-Spendable:				
School Nutrition Food Inventory	\$ -	-	43,715	43,715
Prepaid Insurance	115,611	-	-	115,611
Total Non-Spendable	<u>115,611</u>	<u>0</u>	<u>43,715</u>	<u>159,326</u>
Restricted for:				
School Nutrition	-	-	355,102	355,102
Police SOF	5,010	-	-	5,010
State Street Aid	-	-	1,508,665	1,508,665
Other	50,000	-	-	50,000
Total Restricted	<u>55,010</u>	<u>0</u>	<u>1,863,767</u>	<u>1,918,777</u>
Committed to:				
Litigation Fees	110,163	-	-	110,163
Total Committed	<u>110,163</u>	<u>0</u>	<u>0</u>	<u>110,163</u>
Assigned to:				
Extended School Program	-	-	37,609	37,609
Instruction	-	213,621	-	213,621
Education	-	21,150	-	21,150
Municipal Solid Waste	-	-	762,845	762,845
Community Development	-	-	166,902	166,902
Parking Fund	-	-	68,028	68,028
Self-Insurance Fund	2,393,218	-	-	2,393,218
Special Events	6,136	-	-	6,136
Board of Education	-	180,387	-	180,387
Capital Projects	-	220,000	-	220,000
Total Assigned	<u>2,399,354</u>	<u>635,158</u>	<u>1,035,384</u>	<u>4,069,896</u>
Unassigned	<u>8,764,711</u>	<u>3,093,601</u>	<u>-</u>	<u>11,858,312</u>
Total Fund Balances	<u>\$ 11,444,849</u>	<u>3,728,759</u>	<u>2,942,866</u>	<u>18,116,474</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 11 - DUE TO/FROM FUNDS AND OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units are as follows:

	Governmental Activities	Business-Type Activities <u>Water and Light</u>
State and Local Sales Tax	\$ 1,391,903	-
Mixed Drink tax	10,452	-
Greeneville Light and Power In Lieu of Taxes	139,981	-
TVA In Lieu of Tax	43,700	-
State Income Tax	155,787	-
State Revenue Sharing	5,115	-
State Street Aid	72,871	-
Business Tax	19,467	-
Board of Education Grants and Other	1,384,577	-
Pass-Through Grants -Light and Power	204,075	-
Other Grants	93,582	276,973
Other	240,432	-
Airport Authority Note Receivable	675,000	-
	<u>675,000</u>	<u>276,973</u>
Total Due from Other Governments	<u>\$ 4,436,942</u>	<u>276,973</u>

NOTE 12 - INTERFUND RECEIVABLES, INTERFUND PAYABLES AND TRANSFERS

The Due to/from Other Funds is a result of pass through grants initially received by the Community Development Fund for the Light and Power System Fund. The composition of interfund balances as of June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Light and Power System	Community Development Fund	\$ 204,075

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 12 - INTERFUND RECEIVABLES, INTERFUND PAYABLES AND TRANSFERS (CONTINUED)

Transfers are used to move revenues from the fund with collections authorization to the fund authorized to make debt service principal and interest payments as they become due, move restricted amounts to establish mandatory reserve accounts, move payments made in lieu of taxes, or move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various programs.

Transfer In	Transfer Out	Amount	Purpose
General Fund	Light and Power System	\$ 1,339,250	In lieu of taxes
General Fund	General Purpose School Fund	371,009	Debt service payments
General Purpose School Fund	General Fund	5,643,055	Operations and school bus
Municipal Solid Waste Fund	General Fund	1,128,768	Operations
Parking Fund	General Fund	6,000	Operations

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

Governmental Activities - Board of Education - Other Post-Employment Benefits

Plan Description

The Town's Board of Education (Greeneville City Schools) participates in the state-administered Teacher Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit other post-employment benefits (OPEB) plans. Benefits are established and amended by an insurance committee created by Tennessee. Code Annotated (TCA) 8-27-201 for the state plan and TCA 8- 27-701 for the Medicare Supplement Plan. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in Medicare supplement plan that does not include pharmacy.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claim liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs of the plan are allocated to plan participants. Retired employees who have not reached the age of 65 pay the same base premium as active employees in the plan adjusted for years of service. Retirees with 30 years of service are subsidized 80 percent; 20 but less than 30 years, 70 percent; and less than 20 years, 60 percent. Retired employees who are 65 years of age or older have flat rate premium subsidies based on years of service. Retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Governmental Activities - Board of Education - Other Post-Employment Benefits (Continued)

Funding Policy (Continued)

Annual OPEB Cost and Net OPEB Obligation	Teacher Group Plan
ARC	\$ 164,000
Interest on the NPO	2,000
Adjustment to the ARC	(2,000)
Annual OPEB Cost	164,000
Amount of Contribution	(384,000)
Increase/Decrease in NPO	(220,000)
 Net OPEB Obligation - beginning of year	 64,000
 Net OPEB Asset - ending of year	 \$ (156,000)

Year End	Plan	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) at Year End
6/30/2012	Teacher Group	\$ 411,000	100%	\$ 406,000
6/30/2013	Teacher Group	\$ 304,000	100%	\$ 307,000
6/30/2014	Teacher Group	\$ 159,000	100%	\$ 64,000
6/30/2015	Teacher Group	\$ 164,000	100%	\$ (156,000)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, was as follows:

Actuarial Valuation Date	Teacher Group Plan
	7/1/2013
Actuarial Accrued Liability (AAL)	\$ 972,000
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 972,000
Actuarial Value of Assets as a % of the AAL	0%
Covered Payroll (Active Plan Members)	\$ 15,182,000
UAAL as a Percentage of Covered Payroll	6%

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Governmental Activities - Board of Education - Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013, actuarial valuation for the Local Education plan, the Projected Unit Credit actuarial cost method was used and the actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent initially. The rate decreased to 7 percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.7 percent in fiscal year 2044. The rate includes a 2.5 percent inflation assumption. The cost trend in the Medicare Supplement plan is 2 percent initially. The rate increases to 6 percent in fiscal year 2015 and decreases incrementally to 4.2 percent in fiscal year 2044. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of 3 percent.

Governmental Activities - Board of Education - Special Termination Benefits

The Board of Education offers an Early Retirement Incentive Program in accordance with Tennessee Code Annotated 49- 2-203(b)(9). All state certified teaching personnel who have completed 15 years of employment with the Greeneville City Schools System and who meet the retirement eligibility requirements for full benefits under TCRS, are eligible to participate in the Early Retirement Incentive Program. The benefits to be received by the participants are as follows:

1. An employee who chooses to participate in the Early Retirement Incentive Program in the first year of eligibility shall receive an annual amount equal to 20% of his/her annual base salary.
2. Benefits shall begin in July following retirement and shall be paid annually or biannually at the election of the recipient for three (3) years from the date of retirement.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Governmental Activities - Board of Education - Special Termination Benefits (Continued)

3. Any applicant with thirty (30) years or more of credited service, as defined by TCRS, or any applicant who has less than thirty (30) years of credited service, as defined by TCRS, but who has attained age sixty (60) by the end of the fiscal school year (June 30) and who fails to make timely application for the total benefits provided by the program, shall be deemed to have waived the right to claim total benefits. Benefits in the program will then be determined in the following manner:

(a) Second year eligibility participation: 15% of the most recent annual contractual salary (to be paid in two (2) years)

(b) Third year eligibility participation: 10% of the most recent annual contractual salary (to be paid in one (1) year)

4. Benefits provided by the Program may not be assigned or transferred in any manner. Program benefits shall automatically cease at the death of the participant and shall not pass on to the estate or beneficiary of the participant.

The benefits are on a pay-as-you-go basis and the benefits expensed during the year were \$82,006. At June 30, 2015, the Board had an estimated liability of \$219,995 future benefits of current participants, assuming all participants live until eligibility expires. This liability is reported in the Town's governmental activities of the government-wide financial statements.

Business-Type Activities - Light and Power System

During 2015, the Light and Power System had an actuarial study performed to determine the System's actuarial accrued liability for postemployment health care benefits. The present value of the unfunded actuarial accrued OPEB liability was approximately \$15.9 million as of the actuarial valuation date, July 1, 2014.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Business-Type Activities - Light and Power System (Continued)

The valuation assumed a funding interest rate of 4%; a medical trend rate of 8.5%; an ultimate trend rate of 5%; that the ultimate trend rate will be reached in 2021; an Entry Age Normal actuarial cost method; annual payroll growth rate of 2.5%; and a remaining amortization period of 22.5 years at June 30, 2013.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Currently, 38 retirees meet eligibility requirements. The System pays the cost of health care coverage for pre-Medicare retirees and their dependents. The System also pays the premium for Medicare supplemental coverage for each retiree eligible for Medicare. The System recognizes its share of the cost of health care expenses as claims are paid. During the years ended June 30, 2015 and June 30, 2014, expenditures of approximately \$260,000 and \$250,000 were incurred for post-retirement health care. The current year cost was approximately \$1 million, and the recorded net OPEB obligation liability at June 30, 2015 was approximately \$6.7 million. The schedule of funding progress, presented as RSI following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution that will be reported in the next fiscal year is estimated to be \$1.3 million, which includes the normal cost of the plan and the amortization over thirty years of any unfunded actuarial liability.

Business-Type Activities - Water and Light Commission

Management of the Water and Light Commission deemed the OPEB obligation liability to be immaterial. Accordingly, no liability has been recorded for the OPEB obligation by the Commission.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Governmental Activities - Town of Greeneville

A BRIEF DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PLANS:

- a. *Plan Types:* Medical Insurance through Blue Cross Blue Shield of Tennessee
- b. *Eligibility:* In order to retire, employees must have:
 - i. 30 years of service OR
 - ii. 55 years of age and 5 years of service or
 All benefits cease when employee is Medicare eligible.
- c. *Benefit/Cost Sharing:* Employer pays \$1,200 per year until Medicare eligible.
- d. *Spouse Benefit:* Yes, until Medicare eligible or retiree is Medicare eligible. Spouse pays \$1,200 per year.
- e. *Surviving Spouse Benefit:* Yes, until Medicare eligible. Surviving spouse pays \$1,200 per year.
- f. *Annual Premiums:* Effective 1/1/2014 – 12/31/2014

<i>Plan</i>	
INDIVIDUAL	\$6,552
FAMILY	\$14,794

As of the effective date of the actuarial valuation, the primary government employees comprise 97.9 percent and the employees of the Greeneville-Greene County Library and Greeneville-Greene County Landfill comprise a combined 2.1 percent of the plan based on census data. There was a total of 171 active participants and 35 retirees. The Greeneville-Greene County Library and Greeneville-Greene County Landfill OPEB disclosures are included in their separate reports.

Annual OPEB Cost and Net OPEB Obligation

The Town’s other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years. The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s OPEB obligation.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Governmental Activities - Town of Greeneville (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

	7/1/2014- 6/30/2015
Annual OPEB Cost and Net OPEB Obligation	
1. Annual Required Contribution (ARC)	\$ 419,475
2. Interest on net OPEB Obligation	3,766
3. Adjustment to ARC	(4,820)
4. Annual OPEB Cost (Expense)	418,421
5. Contribution made (assumed middle of year)*	(353,490)
6. Increase in net OPEB Obligation	64,931
7. Net OPEB Obligation - beginning of year	94,175
8. Net OPEB Obligation - end of year	\$ 159,106

* Contribution made was assumed to equal Expected Benefit Payments.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2015, 2014, and 2013 are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$418,422	85%	\$159,106
6/30/2014	\$383,947	91%	\$94,175
6/30/2013	\$373,479	89%	\$58,837

Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1 2014	\$ 0	\$ 4,056,479	\$ 4,056,479	0.0%	\$ 6,137,880	66.09%
July 1, 2012	\$ 0	\$ 4,384,000	\$ 4,384,000	0.0%	\$ 6,265,000	69.98%
July 1, 2010	\$ 0	\$ 6,666,000	\$ 6,666,000	0.0%	\$ 7,086,000	94.07%

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 13 - POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Governmental Activities - Town of Greeneville (Continued)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The valuation date is July 1, 2014 and year 1 represents the period of July 1, 2014 to June 30, 2015. The following methods and assumptions were used:

Funding Interest Rate	4.00%
2014 Medical Trend Rate	9.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Medical Trend Rate Reached	2018
Actuarial Cost Methods	Entry Age Normal
Remaining Amortization Period at 6/30/2015	22.87 Years
Annual Estimated Payroll Increase	2.50%

The amortization of the unfunded actuarial accrued liability is being amortized as a level percentage of pay over 30 years on a closed basis.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 14 - CONDUIT DEBT OBLIGATIONS

From time to time, the Town has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Town, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

NOTE 15 - PENSION PLAN FUNDS

Water and Light Commission and Board of Education - Non-Certified Employees

As detailed within the disclosure for the primary government to follow, non-certified employees of the Board of Education are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The non-certified employees of the Board of Education comprise 29.41% of the plan based on census data and current year contributions. This plan also includes employees of the Water and Light Commission (representing 15.55%), the Governmental Funds of the Town (other than the Board of Education) (representing 54.30%), the separate entity Greeneville-Greene County Landfill (representing 0.29%), and the separate entity Greeneville-Greene County Library (representing 0.45%). Thus, total primary government (Board of Education, Water and Light Commission, and other Town Governmental funds) represent 99.26%, and the separate entities represent 0.74% collectively.

Board of Education - Teacher Legacy Pension Plan

General Information about the Pension Plan

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Legacy Pension Plan (Continued)

General Information about the Pension Plan (Continued)

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Greeneville City Schools for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were \$1,070,343 which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Legacy Pension Plan (Continued)

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

Pension Asset. At June 30, 2014, the Greeneville City Schools reported an asset of \$50,417 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Greeneville City Schools' proportion of the net pension liability was based on Greeneville City Schools' employer contributions to the pension plan during the year ended June 30, 2014 relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014 measurement date, Greeneville City Schools' proportion was 0.33 percent. The proportion measured as of June 30, 2013 was 0.32 percent.

Pension Income. For the year ended June 30, 2015, Greeneville City Schools recognized a pension income of \$31,251.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Greeneville City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 122,402	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	4,154,106
Changes in Proportion of Net Pension Liability (Asset) Contributions Subsequent to the Measurement Date of June 30, 2014	71,933	-
	1,070,343	-
	\$ 1,264,678	4,154,106

Greeneville City Schools employer contributions of \$1,070,343, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Legacy Pension Plan (Continued)

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

Year Ended June 30:	
2016	\$ (1,006,137)
2017	(1,006,137)
2018	(1,006,137)
2019	(1,006,137)
2020	32,389
Thereafter	<u>32,389</u>
Total	<u>\$ (3,959,770)</u>

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

Actuarial Assumptions. The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 2.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	Pattern of retirement determined by experience study

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Legacy Pension Plan (Continued)

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

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, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established 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 inflation of 3 percent. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	6.46%	33%
Developed Market International Equity	6.26%	17%
Emerging Market International Equity	6.40%	5%
Private Equity Strategic Lending	4.61%	8%
U.S. Fixed Income	0.98%	29%
Real Estate	4.73%	7%
Short-term Securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blend of the three factors described above.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Legacy Pension Plan (Continued)

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Greeneville City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Greeneville City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00% Increase (8.50%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 8,503,532	(50,417)	(7,132,161)

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

Payable to the Pension Plan

At June 30, 2015, Greeneville City Schools reported a payable of \$340,569 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Retirement Plan

General Information about the Pension Plan

Plan Description. Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Greeneville City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014 are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing 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 all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Board of Education - Teacher Retirement Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015 to the Teacher Retirement Plan were \$6,874, which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the Teacher Retirement Plan, there is not a net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, Greeneville City Schools did not recognize a pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Greeneville City Schools reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to the Measurement Date of June 30, 2014	<u>\$ 6,874</u>	<u>Not Applicable</u>

Greeneville City Schools' employer contributions of \$6,874 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Town of Greeneville

General Information about the Pension Plan

Plan Description. Employees of the Town of Greeneville (including employees of the Water and Light Commission and non-certified employees of the Board of Education) as well as employees of the Greeneville-Greene County Library and the Greeneville-Greene County Landfill (collectively called the Town of Greeneville for pension plan purposes) are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. 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. Employees covered by benefit terms include employees of the Town of Greeneville (including employees of the Water and Light Commission and non-certified employees of the Board of Education) as well as employees of the Greeneville-Greene County Library and the Greeneville-Greene County Landfill. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	322
Inactive employees entitled to but not yet receiving benefits	236
Active employees	336
	894
	894

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Town of Greeneville (Continued)

General Information about the Pension Plan (Continued)

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees of the plan are non-contributory. Greeneville makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the fiscal year ended June 30, 2015, employer contributions for Greeneville were \$1,904,695 based on a rate of 15 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Greeneville state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Greeneville's net pension liability (asset) was measured as of June 30, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Town of Greeneville (Continued)

Net Pension Liability (Asset) (Continued)

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, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established 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 inflation of 3 percent. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	6.46%	33%
Developed Market International Equity	6.26%	17%
Emerging Market International Equity	6.40%	5%
Private Equity Strategic Lending	4.61%	8%
U.S. Fixed Income	0.98%	29%
Real Estate	4.73%	7%
Short-term Securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blend of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 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 Greeneville 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 member. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Town of Greeneville (Continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/2013	\$ 63,003,541	55,633,042	7,370,499
Changes for the year:			
Service Cost	946,928	-	946,928
Interest	4,672,248	-	4,672,248
Differences Between Actual and Expected Experience	(9,025)	-	(9,025)
Contributions - Employer	-	1,907,731	(1,907,731)
Contributions - Employee	-	156	(156)
Net Investment Income	-	9,101,203	(9,101,203)
Benefit payments, including refunds of employee contributions	(3,307,674)	(3,307,674)	-
Administrative Expense	-	(15,576)	15,576
Net changes	<u>2,302,477</u>	<u>7,685,840</u>	<u>(5,383,363)</u>
Balance at 6/30/2014	<u>\$ 65,306,018</u>	<u>63,318,882</u>	<u>1,987,136</u>

The Agent plan includes employees of the Water and Light Commission, certain employees of the Board of Education as well as employees of the Landfill and Library. Allocation of Agent Plan Changes in Net Pension Liability (Asset) were based upon census data and current year TCRS contributions:

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	99.26%	\$ 64,822,754	62,850,322	1,972,432
Greeneville-Greene County Landfill	0.29%	189,388	183,626	5,762
Greeneville-Greene County Library	0.45%	293,876	284,934	8,942
		<u>\$ 65,306,018</u>	<u>63,318,882</u>	<u>1,987,136</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Town of Greeneville (Continued)

Changes in Net Pension Liability (Asset) (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Greeneville calculated using the discount rate of 7.5 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 (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00% Increase (8.50%)
Net Pension Liability (Asset)	\$ 10,041,053	1,987,136	(4,767,850)

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

Pension Expense. For the fiscal year ended June 30, 2015, Greeneville recognized pension expense of \$517,029.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the fiscal year ended June 30, 2015, Greeneville reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	7,220
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	3,985,441
Contributions Subsequent to the Measurement Date of June 30, 2014	1,904,695	-
	\$ 1,904,695	3,992,661

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Town of Greeneville (Continued)

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

Allocation of Agent Plan Deferred Outflows of Resources and Deferred Inflows of Resources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
		<u> </u>	<u> </u>
Primary Government	99.26%	\$ 1,890,698	3,963,115
Greeneville-Greene County Landfill	0.29%	5,474	11,579
Greeneville-Greene County Library	0.45%	<u>8,523</u>	<u>17,967</u>
		<u>\$ 1,904,695</u>	<u>3,992,661</u>

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:	
2016	\$ (998,165)
2017	(998,165)
2018	(998,165)
2019	(998,165)
2020	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2015, the Town reported a payable of \$80,999 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2015.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Light and Power System

General Information about the Pension Plan

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

Benefits Provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. 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 five 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 credit service. 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.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled to but not yet receiving benefits	15
Active employees	79
	<hr/>
	143
	<hr/> <hr/>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Light and Power System (Continued)

General Information about the Pension Plan (Continued)

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 System makes employer contributions at the rate set by the Board of Trustees as determined by actuarial valuation. For the year ended June 30, 2015, employer contributions for the System were \$755,061 based on a rate of 13.55 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the System's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Valuation Date. The Light and Power System's net pension liability (asset) was measured as a June 30, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Light and Power System (Continued)

Net Pension Liability (Asset) (Continued)

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, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established 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 inflation of 3 percent. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	6.46%	33%
Developed Market International Equity	6.26%	17%
Emerging Market International Equity	6.40%	5%
Private Equity Strategic Lending	4.61%	8%
U.S. Fixed Income	0.98%	29%
Real Estate	4.73%	7%
Short-term Securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blend of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Light and Power System 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 member. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Light and Power System (Continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/2013	\$ 18,163,739	14,830,585	3,333,154
Changes for the year:			
Service Cost	345,910	-	345,910
Interest	1,356,076	-	1,356,076
Differences Between Actual and Expected Experience	145,469	-	145,469
Contributions - Employer	-	741,815	(741,815)
Contributions - Employee	-	-	-
Net Investment Income	-	2,448,703	(2,448,703)
Benefit payments, including refunds of employee contributions	(857,278)	(857,278)	-
Administrative Expense	-	(3,754)	3,754
Net changes	<u>990,177</u>	<u>2,329,486</u>	<u>(1,339,309)</u>
Balance at 6/30/2014	<u>\$ 19,153,916</u>	<u>17,160,071</u>	<u>1,993,845</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the Light and Power System calculated using the discount rate of 7.5 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 (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00% Increase (8.50%)
Net Pension Liability (Asset)	\$ 4,424,427	1,993,845	(58,100)

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

Pension Expense. For the fiscal year ended June 30, 2015, the Light and Power System recognized pension expense of \$350,522.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Light and Power System (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resource. For the fiscal year ended June 30, 2015, the Light and Power System reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 124,688	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,072,704
Contributions Subsequent to the Measurement Date of June 30, 2014	755,061	-
	\$ 879,749	1,072,704

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:	
2016	\$ (247,395)
2017	(247,395)
2018	(247,395)
2019	(247,395)
2020	20,782
Thereafter	20,782
Total	\$ (948,016)

Payable to the Pension Plan

At June 30, 2015 the Light and Power System reported a payable of \$64,180 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2015.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Pending Litigation

The Town is the defendant in lawsuits arising principally in the normal course of operations. In the opinion of management and attorneys consulted, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

The Water and Light Commission is involved in other litigation but does not believe there could be a significant impact on its financial position.

Commitments and Contingencies

The Town and Greene County operate the Greeneville-Greene County Landfill (the Landfill) as a joint venture. The operations of the Landfill are accounted for in an enterprise fund and a separate report has been issued as of and for the year ended June 30, 2015. The Landfill's financial statements reflect a liability for future closure and postclosure care costs of \$1,524,580. The Town will be responsible for one half of any closure and postclosure costs for which the Landfill does not have adequate funds.

The Water and Light Commission has contractual agreements with the Glen Hills, Old Knoxville Highway, Chuckey, and Cross Anchor Utility Districts and the Town of Mosheim to sell water to them at the Water and Light Commission's current inside rates. The contracts are generally for 20 years; however, the Chuckey and Cross Anchor contracts include an early termination option of 10 years with a 5 year written notice.

The Light and Power System has allocated \$870,000 of its reserves to advance as needed to the Industrial Park Agency, the Town of Greeneville/Greene County Board which is developing Phase II of the Mt. Pleasant Industrial Park and Hardin Industrial Complex. The funds are to be repaid without interest to the Light and Power System as developed property is sold or as development expenses are recovered through grant proceeds received by the Agency. As of June 30, 2015, \$625,065 of the allocation had been expended but not reimbursed, and represents a receivable due from the Industrial Park Agency.

Also, the Town of Greeneville has committed to fund up to \$1.8 million for school improvements to Greeneville Middle School. The Board of Education must repay these funds from the Basic Education Program (BEP) non-classroom funds. The note matures on June 1, 2025, and the interest is 6.0%.The amount paid to the Town for June 30, 2015 was \$144,000. The principal balance the Board owes the Town for Greeneville Middle School at June 30, 2015 was \$910,000.

To assist the Town of Greeneville for the construction of Greeneville High School, the Board of Education agreed to pay the Town, on an annual basis, the quarter cent sales tax money the Board of Education receives. This amount was \$227,009 for the year ended June 30, 2015. This payment will be made each year until fiscal year ended 2025.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 17 - RISK MANAGEMENT

The Town, Board of Education, Light and Power System, and Water and Light Commission are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries certain insurance coverage through the Tennessee Municipal League (TML) Risk Management Pool. There was no reduction in insurance coverage from the prior year, and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

In addition, the Town provides medical insurance to employees as well as post-employment health care benefits through a partially self-funded health insurance plan and maintains a self-insured reserve of fund balance, as described in Note 1. Participants in the plan pay premiums as determined by the Town to offset a portion of the cost of the plan. The participants pay 100% of claims up to \$500/\$1,000 for individual/family plans, respectively. Then Town pays 80% of claims up to \$1,500/\$3,000 and 100% of the amount exceeding \$1,500/\$3,000 for individual/family plans, respectively.

A reconciliation of claims for the fiscal years ended June 30, 2015 and 2014 are as follows:

	June 30, 2015	June 30, 2014
Claims Accrued, Beginning	\$ 214,435	87,249
Claims Incurred	1,649,960	1,839,718
Claims Paid	(1,752,958)	(1,712,532)
Claims Accrued, Ending	\$ 111,437	214,435

The total paid during the years included payments for claims incurred in previous years. The Town also has stop-loss insurance coverage for excess medical liabilities. For the fiscal year ended June 30, 2015, reimbursements received under the excess coverage were \$233,152. For the fiscal year ended June 30, 2014, reimbursements received under the excess coverage were \$159,990. For the fiscal year ended June 30, 2013, reimbursements received under the excess coverage were \$159,395.

NOTE 18 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Light and Power System and Water and Light Commission to concentrations of credit risk consist primarily of customer accounts receivable. Account monitoring procedures are utilized to minimize the risk of loss. Management does not believe significant credit risk exists at June 30, 2015.

The Town's investments in corporate bonds expose the General Fund of the Town to risks due to the volatility in the bond market.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 19 - POWER CONTRACT

The Light and Power System has a power contract with the TVA whereby the System purchases most of its electric power from TVA and is subject to certain restrictions and conditions as provided in the contract. The System has a supplemental agreement with the TVA that allows the System to purchase up to 5% of its power from other sources.

NOTE 20 - TVA HOME INSULATION PROGRAM

Under a contract with the Tennessee Valley Authority, the Light and Power System participated in a home insulation program providing for advances to qualified customers for installing heat pumps in their homes to TVA specifications. Funds for advances to customers were provided from financial institution advances to the System. Customer repayments are remitted to the applicable financial institution by the System.

NOTE 21 - NONEXCHANGE FINANCIAL GUARANTEES

As permitted by State statutes, the Town has guaranteed 50% of the Greeneville-Greene County Airport Authority's (the Authority, a related party) \$784,224 bank note that was obligated by the Authority during 2015. The note has a variable interest rate of LIBOR+1.62% and is due in 59 monthly installments through June 2020. At June 30, 2015, the outstanding principal amount of the guaranteed debt was \$784,224. In the event the Authority is unable to make a required payment on the bonds, the Town will be required to make 50% of that payment. The Authority is not required to repay the Town for any payments the Town makes pursuant to the guarantee. This is the only nonexchange financial guarantee extended by the Town.

NOTE 22 - RELATED PARTY TRANSACTIONS

The Town offers self-insurance coverage to certain related parties. Claims for the Greeneville-Greene County Library and the Greeneville-Greene County Landfill for the fiscal year ended June 30, 2015 are included in the Town's coverage (see Note 1 and Note 17).

During the fiscal year June 30, 2015, the Town appropriated the following amounts to the various joint ventures and jointly governed entities in which the Town jointly operates with Greene County:

Greeneville-Greene County Airport Authority	\$ 30,380
Greeneville-Greene County Library (Component Unit of Greene County)	85,000
Kinser Park Commission	5,000
Greene Technology Center	99,440

Greene Technology Center is a related party as a result of shared directors from the Town's Board of Education and Greene County Board of Education. Financial transactions are discussed in Note 1.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 23 - ECONOMIC DEPENDANCY

The Town depends on financial resources flowing from, or associated with, both the federal government and the State of Tennessee. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations.

NOTE 24 - GRANT AGREEMENTS

The Water and Light Commission received a \$375,000 award in 2014 from the State of Tennessee to correct piping to the clearwells at the water treatment plant. The total cost of the project including improvements to the levy was \$533,331. The project was completed during the year.

The Water and Light Commission was approved for a \$250,000 clean energy grant from the State of Tennessee, Department of Environment and Conservation, for a water system pump replacement and variable speed drive addition. The project is near completion at year end with the final cost being \$603,372.

NOTE 25 - ACCOUNTING STANDARDS CHANGE AND PRIOR PERIOD ADJUSTMENT

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*, became effective for the year ended June 30, 2015 and collectively recognized the initial establishment of a net pension liability at July 1, 2013. Due to the implementation of the new GASB standards, restatements of \$8,720,888 for the governmental activities and \$3,440,799 for the business-type activities (\$849,460 for the Water and Light and \$2,591,339 for the Light and Power) decreased net position in order to record the net opening balance of the pension liability and other debits/credits required in the government-wide financial statements under the new standards.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

**NOTE 25 - ACCOUNTING STANDARDS CHANGE AND PRIOR PERIOD ADJUSTMENT
(CONTINUED)**

Subsequent to year end, the Light and Power System learned that TVA had not billed them for certain power costs for various months during the period of 2009 through 2014. The total previously unbilled amounted to \$1,305,639. The adjustment for the unbilled costs are reflected in these financial statements as a prior period adjustment decreasing beginning net position by \$1,305,639, of which \$987,353 were additional power costs during the fiscal year ended June 30, 2014 and a \$318,286 adjustment prior to fiscal year ended June 30, 2014. The Light and Power System will pay TVA these costs in 71 interest-free installments of \$10,000 beginning in October 2015, with a balloon payment for the remaining balance due in fiscal year 2022.

During the year ended June 30, 2015, the Town had a prior period adjustment decreasing government-wide net position by \$1,990,267 related to a change in depreciation methods for infrastructure (from composite depreciation to straight-line depreciation, as practiced by the Town for other capital assets), updating the lives of infrastructure to match the Town's policy, recording certain capital assets, and other adjustments related to capital assets.

During the year ended June 30, 2015, the Town had a prior period adjustment decreasing the general fund's fund balance and government-wide net position by \$788,040 to write-off of a tax-credit receivable of \$573,605 related to the General Morgan Convention Center and to include the opening self-insurance incurred but not paid liability of \$214,435.

NOTE 26 - SUBSEQUENT EVENTS

Subsequent to year end the Town approved a contract for construction of Phase 3 of the Fairgrounds Connector Road. Total cost of the project is expected to be \$2,512,826. The Town has approximately \$1,500,000 in Surface Transportation Funds with the State and approximately \$1,000,000 of fund balance budgeted in fiscal year 2016 to complete the project.

The Town also approved a contract for the EastView Splash Pad subsequent to year end. The total cost of this project is expected to be \$251,547.

Subsequent to year end the Water and Light Commission received approval for a grant from the U.S. Department of Commerce, Economic Development Administration (EDA) for upgrades at the raw water intake. Currently in the engineering design phase, the project is expected to start January 2016 and must be completed by June 2017. The estimated cost of the project is \$5,800,000, with \$1,205,000 to be paid by the grant and the remainder by the Commission.

The Water and Light Commission also was awarded \$427,889 in CDBG funds for water system improvements to be used for a new backwash tank at the water treatment plant. The project was in the engineering design phase at year end and is currently under construction. The total cost of the project is expected to be \$555,700.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED
RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
PRIMARY GOVERNMENT
Last Fiscal Year Ending June 30

	2014
TOTAL PENSION LIABILITY	
Service Cost	\$ 946,928
Interest	4,672,248
Changes in Benefit Terms	-
Differences Between Actual and Expected Experience	(9,025)
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(3,307,674)
NET CHANGE IN TOTAL PENSION LIABILITY	2,302,477
TOTAL PENSION LIABILITY - BEGINNING	63,003,541
TOTAL PENSION LIABILITY - ENDING (a)	\$ 65,306,018
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 1,907,731
Contributions - Employee	156
Net Investment Income	9,101,203
Benefit Payments, Including Refunds of Employee Contributions	(3,307,674)
Administrative Expense	(15,576)
NET CHANGE IN TOTAL PENSION LIABILITY	7,685,840
PLAN FIDUCIARY NET POSITION - BEGINNING	55,633,042
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 63,318,882
NET PENSION LIABILITY - ENDING (a) - (b)	\$ 1,987,136
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	96.96%
COVERED EMPLOYEE PAYROLL	\$ 12,550,853
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	15.83%

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

Note: data above includes employees of the Water and Light Commission, non-certified employees of the Board of Education as well as employees of the Landfill (Joint Venture with Greene County) and Library (discretely presented component unit of Greene County). Allocation of Agent Plan Changes in Net Pension Liability (Asset) were based upon census data and current year TCRS contributions as described in Note 15.

See Independent Auditors' Report.

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

	2014	2015
Actuarially Determined Contribution	\$ 1,907,731	\$ 1,904,695
Contributions in Relation to the Actuarially Determined Contribution	1,907,731	1,904,695
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 12,550,853	\$ 11,033,964
Contributions as a Percentage of Covered-Employee Payroll	15.20%	17.26%

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

Note: data above includes employees of the Water and Light Commission, non-certified employees of the Board of Education as well as employees of the Landfill (Joint Venture with Greene County) and Library (discretely presented component unit of Greene County). Allocations were based upon census data and current year TCRS contributions as described in Note 15.

Notes To Schedule

Valuation date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen initial liability
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	10 years
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.00%
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.50 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.50 percent

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED
RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
GREENEVILLE LIGHT AND POWER SYSTEM
Last Fiscal Year Ending June 30

	2014
TOTAL PENSION LIABILITY	
Service Cost	\$ 345,910
Interest	1,356,076
Changes in Benefit Terms	-
Differences Between Actual and Expected Experience	145,469
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(857,278)
NET CHANGE IN TOTAL PENSION LIABILITY	990,177
TOTAL PENSION LIABILITY - BEGINNING	18,163,739
TOTAL PENSION LIABILITY - ENDING (a)	\$ 19,153,916
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 741,815
Contributions - Employee	-
Net Investment Income	2,448,703
Benefit Payments, Including Refunds of Employee Contributions	(857,278)
Administrative Expense	(3,754)
NET CHANGE IN TOTAL PENSION LIABILITY	2,329,486
PLAN FIDUCIARY NET POSITION - BEGINNING	14,830,585
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 17,160,071
NET PENSION LIABILITY - ENDING (a) - (b)	\$ 1,993,845
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	89.59%
COVERED EMPLOYEE PAYROLL	\$ 5,470,613
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	36.45%

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

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
GREENEVILLE LIGHT AND POWER SYSTEM
Last Fiscal Year Ending June 30

	2014	2015
Actuarially Determined Contribution	\$ 741,815	\$ 755,061
Contributions in Relation to the Actuarially Determined Contribution	741,815	755,061
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 12,550,853	\$ 5,572,405
Contributions as a Percentage of Covered-Employee Payroll	5.91%	13.55%

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

Notes To Schedule

Valuation date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen initial liability
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	10 years
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.00%
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.50 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.50 percent

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF PROPORTIONATE
SHARE OF THE NET PENSION ASSET OF THE
TEACHER LEGACY PENSION PLAN OF TCRS
GREENEVILLE BOARD OF EDUCATION
Last Fiscal Year Ending June 30**

	2014
PROPORTION OF THE NET PENSION ASSET	0.33%
PROPORTIONATE SHARE OF THE NET PENSION ASSET	\$ 50,417
COVERED EMPLOYEE PAYROLL	\$ 12,178,167
PROPORTIONATE SHARE OF THE NET PENSION ASSET AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	0.41%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	100.08%

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

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON
TEACHER LEGACY PENSION PLAN OF TCRS
GREENEVILLE BOARD OF EDUCATION
Last Fiscal Year Ending June 30**

	2014	2015
Actuarially Determined Contribution	\$ 1,081,420	\$ 1,070,343
Contributions in Relation to the Actuarially Determined Contribution	1,081,420	1,070,343
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 12,178,153	\$ 11,840,077
Contributions as a Percentage of Covered-Employee Payroll	8.88%	9.04%

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

Notes To Schedule

Valuation date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Inflation	3.00%
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.50 percent, net of investment expense, including inflation
Cost of Living Adjustments	Pattern of retirement determined by experience study

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE TEACHER RETIREMENT PLAN OF TCRS
GREENEVILLE BOARD OF EDUCATION
Last Fiscal Year Ending June 30

	2015
Actuarially Determined Contribution	\$ 6,874
Contributions in Relation to the Actuarially Determined Contribution	6,874
Contribution Deficiency (Excess)	\$ -
Covered-Employee Payroll	\$ 171,850
Contributions as a Percentage of Covered-Employee Payroll	4.00%

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

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF FUNDING PROGRESS OF OTHER POST EMPLOYMENT
BENEFITS OTHER THAN PENSIONS
For the Fiscal Year Ended June 30, 2015

Town of Greenville

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1 2014	\$ 0	\$ 4,056,479	\$ 4,056,479	0.0%	\$ 6,137,880	66.09%
July 1, 2012	\$ 0	\$ 4,384,000	\$ 4,384,000	0.0%	\$ 6,265,000	69.98%
July 1, 2010	\$ 0	\$ 6,666,000	\$ 6,666,000	0.0%	\$ 7,086,000	94.07%

Greeneville Light and Power System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1 2014	\$ 0	\$ 15,916,000	\$ 15,916,000	0.0%	\$ 4,177,000	381.04%
July 1, 2011	\$ 0	\$ 16,379,000	\$ 16,379,000	0.0%	\$ 4,406,000	371.74%
February 1, 2008	\$ 0	\$ 18,812,000	\$ 18,812,000	0.0%	\$ 4,300,000	437.49%

Board of Education

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1 2013	\$ 0	\$ 972,000	\$ 972,000	0.0%	\$ 15,182,000	6.40%
July 1, 2011	\$ 0	\$ 1,543,000	\$ 1,543,000	0.0%	\$ 14,988,000	10.29%
July 1, 2010	\$ 0	\$ 1,543,000	\$ 1,543,000	0.0%	\$ 14,815,000	10.42%

See Independent Auditors' Report.

SUPPLEMENTAL INFORMATION
SECTION

**TOWN OF GREENEVILLE, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Federal Projects Fund	School Nutrition Fund	Extended School Program	State Street Aid Fund	Community Development Fund	Municipal Solid Waste Fund	Parking Fund	
ASSETS								
Cash and Cash Equivalents	\$ -	347,932	34,850	1,233,547	173,140	707,786	69,661	2,566,916
Certificates of Deposit - Long-Term	-	-	-	194,770	-	-	-	194,770
Due from Other Governments	362,253	-	-	80,348	257,255	-	-	699,856
Accounts Receivable	-	9,149	3,665	-	-	92,257	-	105,071
Inventory	-	43,715	-	-	-	-	-	43,715
TOTAL ASSETS	\$ 362,253	400,796	38,515	1,508,665	430,395	800,043	69,661	3,610,328
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 3,911	1,979	906	-	59,418	10,162	187	76,563
Due to Other Funds	-	-	-	-	204,075	-	-	204,075
Accrued Expenses	358,342	-	-	-	-	27,036	1,446	386,824
TOTAL LIABILITIES	362,253	1979	906	0	263,493	37,198	1,633	667,462
FUND BALANCES								
Nonspendable	-	43,715	-	-	-	-	-	43,715
Restricted	-	355,102	-	1,508,665	-	-	-	1,863,767
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	37,609	-	166,902	762,845	68,028	1,035,384
TOTAL FUND BALANCES	0	398,817	37,609	1,508,665	166,902	762,845	68,028	2,942,866
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 362,253	400,796	38,515	1,508,665	430,395	800,043	69,661	3,610,328

See Independent Auditors' Report

TOWN OF GREENEVILLE, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Federal Projects Fund	School Nutrition Fund	Extended School Program	State Street Aid Fund	Community Development Fund	Municipal Solid Waste Fund	Parking Fund	
REVENUES								
Intergovernmental	\$ 2,071,097	947,633	23,538	397,664	55,819	-	-	3,495,751
Other Revenues	-	10,063	437	-	1,500	-	-	12,000
Charges for Services	-	469,373	94,784	-	-	1,119,028	49,538	1,732,723
Interest Income	-	-	-	1,119	-	-	-	1,119
TOTAL REVENUES	2,071,097	1,427,069	118,759	398,783	57,319	1,119,028	49,538	5,241,593
EXPENDITURES								
Current								
Education	2,071,097	-	95,705	-	-	-	-	2,166,802
Public Works	-	-	-	36,643	-	1,986,008	73,197	2,095,848
Food Service	-	1,476,298	-	-	-	-	-	1,476,298
Community Development	-	-	-	-	57,319	-	-	57,319
Capital Outlay	-	-	-	282,485	-	244,372	-	526,857
TOTAL EXPENDITURES	2,071,097	1,476,298	95,705	319,128	57,319	2,230,380	73,197	6,323,124
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(49,229)	23,054	79,655	-	(1,111,352)	(23,659)	(1,081,531)
OTHER FINANCING SOURCES (USES)								
Operating Transfers	-	-	-	-	-	1,128,768	6,000	1,134,768
Net Change in Fund Balances	-	(49,229)	23,054	79,655	-	17,416	(17,659)	53,237
FUND BALANCES, July 1, 2014	0	448,046	14,555	1,429,010	166,902	745,429	85,687	2,889,629
FUND BALANCES, June 30, 2015	\$ -	398,817	37,609	1,508,665	166,902	762,845	68,028	2,942,866

See Independent Auditors' Report

**TOWN OF GREENEVILLE, TENNESSEE
FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal Government	\$ 1,915,266	2,293,150	2,071,097	(222,053)
TOTAL REVENUES	<u>1,915,266</u>	<u>2,293,150</u>	<u>2,071,097</u>	<u>(222,053)</u>
EXPENDITURES				
Current - Regular Instruction				
Salaries	1,161,594	1,371,797	1,332,686	39,111
Employee Benefits	323,089	348,303	336,415	11,888
Contracted Services	124,259	76,108	13,027	63,081
Materials and Supplies	29,299	200,646	164,003	36,643
Staff Development	60,473	137,646	81,278	56,368
Equipment	14,961	81,400	78,747	2,653
Other	201,591	77,250	64,941	12,309
TOTAL EXPENDITURES	<u>1,915,266</u>	<u>2,293,150</u>	<u>2,071,097</u>	<u>222,053</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, July 1, 2014	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, June 30, 2015	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHOOL NUTRITION PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal Government	\$ 919,241	919,241	934,205	14,964
State of Tennessee	13,000	13,000	13,428	428
Charges for Services	482,000	482,000	469,373	(12,627)
Investment Income	350	350	-	(350)
Other Local Revenue	2,000	2,000	10,063	8,063
TOTAL REVENUES	1,416,591	1,416,591	1,427,069	10,478
EXPENDITURES				
Current				
Salaries	554,175	554,175	526,901	27,274
Employee Benefits	212,433	212,433	211,289	1,144
Food Service	607,241	607,241	632,736	(25,495)
Contracted Services	15,000	15,000	10,584	4,416
Equipment	16,142	16,142	32,246	(16,104)
Supplies	3,000	3,000	54,194	(51,194)
Travel	1,500	1,500	2,707	(1,207)
Other	7,100	7,100	5,641	1,459
TOTAL EXPENDITURES	1,416,591	1,416,591	1,476,298	(59,707)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(49,229)	(49,229)
FUND BALANCE, July 1, 2014	448,046	448,046	448,046	0
FUND BALANCE, June 30, 2015	\$ 448,046	448,046	398,817	(49,229)

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
EXTENDED SCHOOL PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal Government	\$ 3,500	3,500	23,538	20,038
Charges for Services	121,800	121,800	94,784	(27,016)
Investment income	15	15	-	(15)
Other	300	300	437	137
	<u>125,615</u>	<u>125,615</u>	<u>118,759</u>	<u>(6,856)</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Salaries	90,488	90,488	68,726	21,762
Employee Benefits	16,353	16,353	15,048	1,305
Food Service	7,000	7,000	4,185	2,815
Supplies	4,724	4,724	747	3,977
Bad Debts	-	-	529	(529)
Travel	3,700	3,700	3,383	317
Other	3,350	3,350	3,087	263
	<u>125,615</u>	<u>125,615</u>	<u>95,705</u>	<u>29,910</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>23,054</u>	<u>23,054</u>
FUND BALANCE, July 1, 2014	<u>14,555</u>	<u>14,555</u>	<u>14,555</u>	<u>0</u>
FUND BALANCE, June 30, 2015	<u>\$ 14,555</u>	<u>14,555</u>	<u>37,609</u>	<u>23,054</u>

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
MUNICIPAL SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Garbage Fees	\$ 810,000	810,000	790,643	(19,357)
Pull/Rental Charges	265,000	265,000	282,934	17,934
Toter/Container Sales	12,000	12,000	13,120	1,120
Other Income	1,000	1,000	32,331	31,331
TOTAL REVENUES	1,088,000	1,088,000	1,119,028	31,028
EXPENDITURES				
Current				
Salaries	722,410	722,410	679,332	43,078
Fringe Benefits	466,599	466,599	380,750	85,849
Contracts	594,250	594,250	563,332	30,918
Operation of Motor Vehicles	286,500	286,500	209,003	77,497
Supplies and Other	147,009	147,009	153,591	(6,582)
Capital Outlay	-	-	244,372	(244,372)
TOTAL EXPENDITURES	2,216,768	2,216,768	2,230,380	(13,612)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,128,768)	(1,128,768)	(1,111,352)	17,416
OTHER FINANCING SOURCES (USES)				
Operating Transfers	1,128,768	1,128,768	1,128,768	-
Net Change in Fund Balances	-	-	17,416	17,416
FUND BALANCE, July 1, 2014	745,429	745,429	745,429	0
FUND BALANCE, June 30, 2015	\$ 745,429	745,429	762,845	17,416

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

Grantor Agency/ Pass-Through Agency/Program Name	CFDA Number	Balance June 30, 2014	Cash Receipts	Expenditures	Balance June 30, 2015
BOARD OF EDUCATION FUNDS					
U.S. Department of Health and Human Services					
Passed Through State of Tennessee Department of Education					
Head Start	93.600	\$ -	41,695	(41,695)	-
U.S. Department of Health and Human Services					
Passed Through Upper East Tennessee Human					
Development Agency					
Child Care Assistance	93.575	-	20,751	(20,751)	-
U.S. Department of Agriculture					
Child Nutrition Cluster					
Child Care Food	10.558	-	110,497	(110,497)	-
School Breakfast Program	10.553	-	188,003	(188,003)	-
National School Lunch Program	10.555	-	596,524	(596,524)	-
Total Child Nutrition Cluster		-	895,024	(895,024)	-
U.S. Department of Education					
Passed Through State of Tennessee Department of Education					
Adult Basic Education	84.002	(47,918)	115,263	(155,991)	(88,646) *
NCLB, Title I	84.010	(297,010)	1,096,958	(886,171)	(86,223) *
Special Education - Grants to States					
(IDEA, Part B)	84.027	(257,440)	665,226	(561,606)	(153,820) *
IDEA Preschool	84.173	(1,255)	11,347	(10,092)	-
Title IV, Part B	84.358	(32,264)	66,103	(33,839)	-
Title III, Part A	84.365	(28,152)	58,621	(45,165)	(14,696) *
Title II, Part A	84.367	(43,395)	134,711	(91,316)	-
Title IV, Part B - 21st Century	84.287	(31,597)	31,597	-	-
21st Century Classroom	84.287	(159,486)	452,778	(396,780)	(103,488) *
E Rate	84.302A	-	46,742	(46,742)	-
Race to the Top Incentive Grants	84.395	(117,281)	178,523	(61,242)	-
		(1,015,798)	2,857,869	(2,288,944)	(446,873)

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

Grantor Agency/ Pass-Through Agency/Program Name	CFDA Number	Balance June 30, 2014	Cash Receipts	Expenditures	Balance June 30, 2015
U.S. Department of Education					
Passed Through State of Tennessee Department of Education and Greene County Board of Education					
Vocational Education - Perkins	84.048	43,629	(145,111)	145,111	43,629 *
Title I, Section 112 (c) Reserve	84.048	<u>(43,629)</u>	<u>145,111</u>	<u>(145,111)</u>	<u>(43,629) *</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Defense					
Junior ROTC	12.357	<u>(4,832)</u>	<u>59,850</u>	<u>(55,018)</u>	<u>-</u>
Total Board of Education Funds		<u>(1,020,630)</u>	<u>3,875,189</u>	<u>(3,301,432)</u>	<u>(446,873)</u>
GENERAL FUND					
U.S. Department of Agriculture Rural Housing Services					
Community Facilities Loans and Grants	10.766	<u>(48,200)</u>	<u>48,200</u>	<u>-</u>	<u>-</u>
U.S. Department of Defense					
Passed Through State of Tennessee Department of General Services					
Section 1033 Excess Property Program	12.UNKNOWN	<u>-</u>	<u>46,205</u>	<u>(46,205)</u>	<u>-</u>
U.S. Department of Justice Drug Enforcement Agency					
Organized Crime Drug Enforcement SE-TNE-0240(H)	16.UNKNOWN	<u>-</u>	<u>3,734</u>	<u>(3,734)</u>	<u>-</u>
U.S. Department of Justice Bureau of Justice Assistance					
Bulletproof Vest Partnership Program	16.607	<u>-</u>	<u>5,954</u>	<u>(5,954)</u>	<u>-</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

Grantor Agency/ Pass-Through Agency/Program Name	CFDA Number	Balance June 30, 2014	Cash Receipts	Expenditures	Balance June 30, 2015
U.S. Department of Transportation National Highway Traffic Safety Administration (NHTSA) Passed Through State of Tennessee Department of Transportation					
Alcohol Open Container Requirements (Grant Period: 10/1/2013-9/30/2014)	20.607	(2,188)	2,188	-	-
Alcohol Open Container Requirements (Grant Period: 10/1/2014-9/30/2015)	20.607	-	4,881	(4,881)	-
		<u>(2,188)</u>	<u>7,069</u>	<u>(4,881)</u>	<u>-</u>
U.S. Department of Transportation Federal Highway Administration (FHWA) Passed Through State of Tennessee Department of Environment and Conservation					
Recreational Trails Program	20.219	<u>(96,205)</u>	<u>96,205</u>	<u>(6,016)</u>	<u>(6,016) *</u>
U.S. Department of Health and Human Services Passed Through State of Tennessee Commission on Aging Passed Through First Tennessee Development District					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers - Roby Center	93.044	(585)	25,180	(30,500)	(5,905) *
National Family Caregiver Support Title III, Part E - Roby Center	93.052	-	2,177	(2,177)	-
		<u>(585)</u>	<u>27,357</u>	<u>(32,677)</u>	<u>(5,905)</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

Grantor Agency/ Pass-Through Agency/Program Name	CFDA Number	Balance June 30, 2014	Cash Receipts	Expenditures	Balance June 30, 2015
U.S. Department of Homeland Security, FEMA, Passed Through State of Tennessee Department of Military Passed Through State of Tennessee Emergency Management Agency					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	-	-	(24,412)	(24,412) *
Total General Fund		(147,178)	234,724	(123,879)	(36,333)
NONMAJOR FUNDS					
U.S. Department of Housing and Urban Development Passed Through State of Tennessee Department of Economic and Community Development					
Home Investment Partnerships Program (CDBG HOME Grant)	14.239	-	2,638	(55,818)	(53,180) *
Total Nonmajor Funds		-	2,638	(55,818)	(53,180)
WATER AND LIGHT COMMISSION					
U.S. Department of Housing and Urban Development Passed Through State of Tennessee Department of Economic and Community Development					
Water System Rehabilitation (CDBG) 9078	14.228	-	-	(26,973)	(26,973) *

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

<u>Grantor Agency/ Pass-Through Agency/Program Name</u>	<u>CFDA Number</u>	<u>Balance June 30, 2014</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2015</u>
LIGHT AND POWER SYSTEM					
U.S. Department of Homeland Security, FEMA, Passed Through State of Tennessee Department of Military Passed Through State of Tennessee Emergency Management Agency					
Disaster Grants - Public Assistance (Presidentially Declared Disasters) Contract 34101-31612					
	97.036	<u>(327,307)</u>	<u>123,232</u>	<u>-</u>	<u>(204,075) *</u>
Total Primary Government		<u>\$ (1,495,115)</u>	<u>4,235,783</u>	<u>(3,508,102)</u>	<u>(767,434)</u>

* Receivable

** Unused Revenue

See Independent Auditor's Report

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Greeneville, Tennessee and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE B - SUBRECIPIENTS

The Board of Education provided federal awards to the Greene Technology Center as follows:

<u>Program Title</u>	<u>Amount</u>
Perkins	\$40,967

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance of food distribution is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE D - DEPARTMENT OF DEFENSE CONTRIBUTIONS

Nonmonetary assistance of department of defense is reported in the schedule at the fair market value of the property received.

See Independent Auditor's Report

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2015

Grantor Agency/Program Name	State Grant Number	Balance June 30, 2014	Cash Receipts	Expenditures	Balance June 30, 2015
BOARD OF EDUCATION FUNDS					
Tennessee Department of Education					
Early Childhood Health	N/A	\$ (159,397)	328,418	(348,280)	(179,259) *
Arts Student Ticket Subsidy	N/A	-	4,175	(4,175)	-
ConnectTN	N/A	-	11,044	(11,044)	-
School Safety	N/A	(15,100)	26,706	(11,606)	-
Coordinated School Health					
State Expansion	N/A	(21,740)	90,422	(94,999)	(26,317) *
ACT Testing	N/A	-	2,788	(2,788)	-
Basic Education Program	N/A	-	11,797,628	(11,797,628)	-
Career Ladder	N/A	-	122,638	(122,638)	-
Family Resource	N/A	(5,266)	46,055	(59,223)	(18,434) *
Total Board of Education Funds		<u>(201,503)</u>	<u>12,429,874</u>	<u>(12,452,381)</u>	<u>(224,010)</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2015

Grantor Agency/Program Name	State Grant Number	Balance June 30, 2014	Cash Receipts	Expenditures	Balance June 30, 2015
GENERAL FUND					
Tennessee Commission on Aging, passed through First Tennessee Development District					
State Senior Center	N/A	-	12,000	(12,000)	-
Grants for Supportive Services and Senior Centers - Roby Center	N/A	-	10,264	(10,264)	-
Tennessee Department of Military, passed through Tennessee Emergency Management Agency					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	-	-	(4,069)	(4,069) *
Total General Fund		-	22,264	(26,333)	(4,069)

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2015

Grantor Agency/Program Name	State Grant Number	Balance June 30, 2014	Cash Receipts	Expenditures	Balance June 30, 2015
WATER AND LIGHT COMMISSION					
Tennessee Department of Economic and Community Development Water System Improvement - Angus Palm FIDP (Fast-Track Infrastructure Development Project)	ECD-0393	-	77,521	(77,521)	-
Tennessee Department of Environment and Conservation Clean Tennessee Energy Grant Program	35882	-	-	(250,000)	(250,000) *
Total Water and Light Commission		-	77,521	(327,521)	(250,000)
Total Primary Government		\$ (201,503)	12,529,659	(12,806,235)	(478,079)

* Receivable

** Unused Revenue

See Independent Auditors' Report

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF INTERFUND TRANSFERS
For the Fiscal Year Ended June 30, 2015**

<u>Transfer From</u>	<u>Transfer To</u>				<u>Total</u>
	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Municipal Solid Waste Fund</u>	<u>Parking Fund</u>	
Light and Power System	\$ 1,339,250	-	-	-	1,339,250
General Purpose School Fund	371,009	-	-	-	371,009
General Fund	-	5,643,055	-	-	5,643,055
General Fund	-	-	1,128,768	-	1,128,768
General Fund	-	-	-	6,000	6,000
	<u>\$ 1,710,259</u>	<u>5,643,055</u>	<u>1,128,768</u>	<u>6,000</u>	<u>8,488,082</u>

The School Fund transferred funds to the General Fund as a reimbursement for the General Fund's payment of debt issued on behalf of the School Fund. The Light and Power System transferred monies for payment in lieu of taxes. A portion of the amount the General Fund transferred to the School Fund was used for the purchase of a school bus. The remaining transfers were for operating purposes.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF OPERATING REVENUES - WATER
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2015

OPERATING REVENUES

Water Revenues	
Water Sales	\$ 5,547,992
Fire Protection	52,446
Penalties	58,273
Service Charges and Miscellaneous Water	70,207
Miscellaneous Service Revenue	59,613
Miscellaneous Revenues	4,889
Water Tap Fees	38,800
Total Water Revenues	<u>5,832,220</u>
Wastewater Revenues	
Sewer Charges	3,662,877
Miscellaneous Service Revenue	260
Miscellaneous Revenue	93,394
Sewer Tap Fees	19,600
Total Wastewater Revenues	<u>3,776,131</u>
TOTAL OPERATING REVENUES	<u><u>\$ 9,608,351</u></u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF OPERATING EXPENSES - WATER
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2015

OPERATING EXPENSES - WATER

Source of Supply Expenses	
Operating Labor	\$ 12,839
Operating Supplies and Expense	2,104
Maintenance of Plant	58,629
Total Source of Supply Expenses	73,572
Power and Pumping Expenses	
Power Purchased	764,041
Maintenance of Power and Pumping Equipment	11,994
Total Power and Pumping Expenses	776,035
Purification Expenses	
Purification Labor	291,814
Purification Supplies and Expense	374,621
Maintenance of Plant	198,411
Total Purification Expenses	864,846
Transmission and Distribution Expenses	
Maintenance of Mains	230,303
Maintenance of Other Distribution Plant	227,340
Other Services	29,815
Water Tap Expense	21,266
Total Transmission and Distribution Expenses	508,724
Maintenance and Meter Shop Expenses	
Salaries and Wages	107,964
Materials and Supplies	119,064
Maintenance of Buildings and Equipment	26,146
Utilities and Communications	10,172
Total Maintenance and Meter Shop Expenses	263,346
Customer Billing and Accounting Expenses	
Customer Services	63,925
Meter Reading	53,976
Billing and Accounting	112,786
Total Customer Billing and Accounting Expenses	230,687

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF OPERATING EXPENSES - WATER
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2015

OPERATING EXPENSES - WATER (CONTINUED)

Administrative and General Expenses	
Employees' Welfare Expense and Pension	568,042
Salaries of General Office Employees	170,801
General Insurance	106,313
Payroll Taxes	83,856
Miscellaneous Expense	57,988
General Office Supplies and Expense	51,183
Special Services	30,931
Utilities and Communications	29,699
Maintenance of General Property	27,506
Uncollectible Accounts	4,854
Board of Commissioners	2,159
Total Administrative and General Expenses	<u>1,133,332</u>
 TOTAL OPERATING EXPENSES - WATER	 <u>\$ 3,850,542</u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF OPERATING EXPENSES - WASTEWATER
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2015

OPERATING EXPENSES - WASTEWATER

Wastewater Treatment Plant Expenses	
Plant Labor	\$ 495,777
Supplies and Other Expenses	121,841
Power Purchased for Plant and Pumping Stations	298,490
Maintenance of Plant, Plant Equipment, and General Property	166,191
Maintenance of Disposal Equipment	7,375
Total Wastewater Treatment Plant Expenses	<u>1,089,674</u>
Sewer Main Expenses	
Maintenance of Mains	131,935
Other Services	43,505
Sewer Tap Expense	2,780
Total Sewer Main Expenses	<u>178,220</u>
Customer Billing and Accounting Expenses	
Billing and Accounting	87,929
Administrative and General Expenses	
Employees' Welfare Expense and Pension	464,761
Salaries General Office Employees	142,966
General Insurance	85,795
Payroll Taxes	69,645
Special Services	23,860
Miscellaneous Expense	3,257
Uncollectible Accounts	3,972
Board of Commissioners	1,766
Total Administrative and General Expenses	<u>796,022</u>
TOTAL OPERATING EXPENSES - WASTEWATER	<u>\$ 2,151,845</u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF GENERAL BONDED DEBT
June 30, 2015

Fiscal Year Ending	General Obligation Series 2009		General Obligation Series 2010A		General Obligation Series 2010B		General Obligation Series A		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
6/30/2016	\$ 125,000	415,425	760,000	31,389	350,000	7,700	60,000	31,389	1,295,000	485,903
6/30/2017	130,000	411,675	1,100,000	28,606	-	-	65,000	28,606	1,295,000	468,887
6/30/2018	135,000	407,775	1,200,000	25,525	-	-	70,000	25,525	1,405,000	458,825
6/30/2019	1,285,000	403,387	180,000	22,244	-	-	70,000	22,244	1,535,000	447,875
6/30/2020	1,410,000	358,413	185,000	301,825	-	-	75,000	18,753	1,670,000	678,991
6/30/2021	1,455,000	305,537	200,000	297,200	-	-	80,000	14,925	1,735,000	617,662
6/30/2022	1,510,000	247,338	200,000	291,700	-	-	80,000	10,925	1,790,000	549,963
6/30/2023	1,550,000	192,600	205,000	285,700	-	-	85,000	6,757	1,840,000	485,057
6/30/2024	1,605,000	130,600	225,000	279,550	-	-	90,000	2,295	1,920,000	412,445
6/30/2025	1,660,000	66,400	240,000	272,800	-	-	-	-	1,900,000	339,200
6/30/2026	-	-	1,600,000	265,000	-	-	-	-	1,600,000	265,000
6/30/2027	-	-	1,625,000	201,000	-	-	-	-	1,625,000	201,000
6/30/2028	-	-	1,700,000	136,000	-	-	-	-	1,700,000	136,000
6/30/2029	-	-	1,700,000	68,000	-	-	-	-	1,700,000	68,000
	<u>\$ 10,865,000</u>	<u>2,939,150</u>	<u>11,120,000</u>	<u>2,506,539</u>	<u>350,000</u>	<u>7,700</u>	<u>675,000</u>	<u>161,419</u>	<u>23,010,000</u>	<u>5,614,808</u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF NOTES PAYABLE
June 30, 2015

Business-Type Activities

Fiscal Year Ending	TVA	
	Unbilled Power	
	Principal	Interest
6/30/2016	\$ 90,000	-
6/30/2017	120,000	-
6/30/2018	120,000	-
6/30/2019	120,000	-
6/30/2020	120,000	-
6/30/2021	120,000	-
6/30/2022	615,639	-
	<u>\$ 1,305,639</u>	<u>-</u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CHANGES IN TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2015

Year of Levy	Assessment	Rate	Total Levy	Balance Unpaid 7/1/2014	Levy	Collections	Releases, Adjustments & Abatements	Balance Unpaid 6/30/2015
2015	\$ 418,074,744	2.05	\$ 9,230,371	-	9,230,371	-	-	9,230,371
2014	403,172,357	2.05	8,550,811	8,550,811		(8,188,846)	26,177	388,142
2013	398,484,563	1.86	8,452,722	419,650	-	(365,830)	33,397	87,217
2012	432,199,169	1.86	8,323,179	106,758	-	(68,118)	-	38,640
2011	428,831,865	1.86	8,323,179	63,323	-	(26,331)	-	36,992
2010	428,831,865	1.86	8,278,513	48,062	-	(32,291)	212	15,983
2009	436,600,539	1.86	8,148,244	46,001	-	-	(46,001)	-
				<u>\$ 9,234,605</u>	<u>9,230,371</u>	<u>(8,681,416)</u>	<u>13,785</u>	9,797,345
						Less: Allowance for Uncollectible		<u>(85,046)</u>
								<u>\$ 9,712,299</u>

All uncollected taxes for years prior to 2013 have been turned over to the Clerk and Master for collection.

See Independent Auditors' Report.

OTHER SUPPLEMENTAL INFORMATION
SECTION (UNAUDITED)

TOWN OF GREENEVILLE, TENNESSEE
PROPERTY TAX RATES AND ASSESSMENTS (UNAUDITED)
Last Ten Fiscal Years

Tax Year	Total		Ratio of Assessed To Actual Value	Tax Rate
	Assessed	Estimated Value		
2014	\$ 403,485,750	1,298,835,057	31%	2.0453
2013	399,881,794	1,286,005,202	31%	2.0453
2012	431,858,097	1,399,944,785	31%	1.8590
2011	429,746,101	1,391,513,362	31%	1.8590
2010	429,216,527	1,388,727,911	31%	1.8590
2009	437,039,208	1,414,646,881	31%	1.8590
2008	434,336,350	1,405,182,320	31%	1.8590
2007	344,204,291	1,148,662,878	30%	2.2290
2006	343,580,771	1,116,840,917	31%	2.2290
2005	334,482,495	1,091,864,682	31%	2.2290

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CUSTOMER AND RATE DATA (UNAUDITED)
LIGHT AND POWER SYSTEM
June 30, 2015

	2015	2014	Increase
Number of Customer Served in the Month of June	37,960	37,805	155

	Customer Charge	Energy Charge (per kWh)
Residential rate - Schedule RS	\$ 11.11	\$ 0.09099

General power rate - Schedule GSA

Base Charges

A. This rate shall apply to the firm power requirements (where a customer's contract demand is 5,000 kW or less) for electric service to commercial, industrial, and governmental customers, and to institutional customers including, without limitation, churches, clubs, fraternities, orphanages, nursing homes, rooming or boarding houses, and like customers. This rate shall also apply to customers to whom service is not available under any other resale rate schedule.

1. If the higher of (i) the customer's currently effective contract demand, if any, or (ii) its highest billing demand during the latest 12-month period is not more than 50 kW:

Customer Charge: \$15.50 per delivery point per month

Energy Charge: \$0.10306 per kWh per month

2. If (a) the higher of (i) customer's currently effective contract demand or (ii) its highest billing demand during the latest 12-month period is greater than 50 kW but not more than 1,000 kW or (b) the customer's billing demand is less than 50 kW and its energy takings for any month during such period exceed 15,000 kWh:

Customer Charge: \$30.00 per delivery point per month

Demand Charge: First 50 kW of billing demand per month, no demand charge

Excess over 50 kW of billing demand per month, at \$12.16 per kW

Energy Charge: First 15,000 kWh per month at \$0.10383 per kWh

Additional kWh per month at \$0.06288 per kWh

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CUSTOMER AND RATE DATA (UNAUDITED)
LIGHT AND POWER SYSTEM
June 30, 2015

Base Charges (Continued)

3. If (a) the higher of the customer's currently effective contract demand or (b) its highest billing demand during the latest 12-month period is greater than 1,000 kW but not more than 2,500 kW:

Customer Charge: \$200.00 per delivery point per month

Demand Charge: First 1,000 kW of billing demand per month at \$11.23 per kW

Additional kW of billing demand per month at \$11.24 per kW

Energy Charge: \$0.06516 per kWh per month

4. If (a) the higher of the customer's currently effective contract demand or (b) its highest billing demand during the latest 12-month period is greater than 2,500 kW but no more than 5,000 kW:

Customer Charge: \$325.00 per delivery point per month

Demand Charge: First 1,000 kW of billing demand per month at \$11.23

Additional kW of billing demand per month at \$11.24 per kW

Energy Charge: \$0.06516 per kWh per month

- B. This rate shall apply to the firm electric power requirements where a customer's currently effective contract demand is greater than 5,000 kW but not more than 15,000 kW.

Customer Charge: \$1,500 per delivery point per month

Demand Charge: \$22.70 per kW of billing demand per month, plus an additional \$22.70 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand

Energy Charge: \$0.048551 per kWh for up to 620 hours use of metered demand per month

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CUSTOMER AND RATE DATA (UNAUDITED)
LIGHT AND POWER SYSTEM
June 30, 2015

- C. This rate shall apply to the firm electric power requirements where a customer's currently effective contract demand is greater than 15,000 kW but not more than 25,000 kW.

Customer Charge: \$1,500 per delivery point per month

Demand Charge: \$22.19 per kW of billing demand per month, plus an addition \$22.19 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand

Energy Charge: \$0.04868 per kWh for up to 620 hours use of metered demand per month

- D. This rate shall apply to the firm electric power requirements where a customer's currently effective contract demand is greater than 25,000 kW.

Customer Charge: \$1,500 per delivery point per month

Demand Charge: \$25.84 per kW of billing demand per month, plus an additional \$25.84 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand.

Energy Charge: \$0.04124 per kWh per month

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CUSTOMER AND RATE DATA (UNAUDITED)
WATER AND LIGHT COMMISSION
June 30, 2015

	Customers		Hundreds of Cubic Feet of Water Consumption	Revenue	
	Water	Wastewater		Water	Wastewater
June 30, 2015	9,911	7,199	257,873	\$ 487,540	\$ 326,167
June 30, 2014	9,871	7,178	263,162	461,734	289,554
	<u>40</u>	<u>21</u>	<u>(5,289)</u>	<u>\$ 25,806</u>	<u>\$ 36,613</u>

The following is a schedule of water rates inside the city:

Metered Rates

Service Fee Per Month	\$	8.40
First 1,000 cubic feet		1.25 per 100 cubic feet
Next 1,000 cubic feet		1.20 per 100 cubic feet
All over 2,000 cubic feet		1.15 per 100 cubic feet

Sewer customers are charged a service fee of 9.50 plus 3.25 per 100 cubic feet of water usage. Industrial water surcharges based on concentration and volume are assessed certain commercial customers.

Customers outside the city are charged an additional 100% of the basic water and sewer rates. These water and sewer rates were went into effect July 1, 2014 with increases occurring annually through year ending June 30, 2016.

All bills are subject to a 10% penalty if not paid within ten days after the due date, except that commercial users, accustomed to paying at regular intervals, are allowed to pay the net bill after the penalty dates.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER (UNAUDITED)
WATER AND LIGHT COMMISSION
June 30, 2015

AWWA Free Water Audit Software: Reporting Worksheet

Water Audit Report for: **Greenville Water Commission**
 Reporting Year: **2015** 7/2014 - 6/2016

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 all volumes to be entered as: MILLION GALLONS (MG) 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

Master Meter and Supply Error Adjustments

WATER SUPPLIED

Volume from own sources: 3,050.603 MG/Yr
 Water imported: MG/Yr
 Water exported: MG/Yr

WATER SUPPLIED: MG/Yr

AUTHORIZED CONSUMPTION

Billed metered: 2,349.050 MG/Yr
 Billed unmetered: MG/Yr
 Unbilled metered: 54.573 MG/Yr
 Unbilled unmetered: 38.133 MG/Yr

FALSE

AUTHORIZED CONSUMPTION: MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

Apparent Losses

Unauthorized consumption: 7.627 MG/Yr
 Customer metering inaccuracies: 126.506 MG/Yr
 Systematic data handling errors: 5.873 MG/Yr

Apparent Losses: MG/Yr

Real Losses (Current Annual Real Losses or CARL)

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

Use Customer Retail Unit Cost to

WATER LOSSES: MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: MG/Yr

Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: 311.0 miles
 Number of active AND inactive service connections: 10,902
 Service connection density: 35 conn./mile main
 Are customer meters typically located at the curbstop or property line? (length of service line beyond the property boundary, that is the responsibility of the utility)
 Average length of customer service line: (length of service line beyond the property boundary, that is the responsibility of the utility)
 Average length of customer service line has been set to zero and a data grading score of 10 has been applied
 Average operating pressure: 70.0 psi

COST DATA

Total annual cost of operating water system: \$4,793,275 \$/Year
 Customer retail unit cost (applied to Apparent Losses): \$2.04 \$/1000 gallons (US)
 Variable production cost (applied to Real Losses): \$1.57 \$/Million gallons

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 92 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	

(Continued)

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER (UNAUDITED)
WATER AND LIGHT COMMISSION
June 30, 2015**

AWWA Free Water Audit Software:

Water Audit Report for: **Greeneville Water Commission**

Reporting Year: **2015** **7/2014 - 6/2015**

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 92 out of 100 *****

System Attributes:

	Apparent Losses:	140.006	MG/yr	
+	Real Losses:	468.842	MG/yr	
=	Water Losses:	608.847	MG/yr	

Unavoidable Annual Real Losses (UARL):	84.77	MG/yr	
Annual cost of Apparent Losses:	\$285,611		
Annual cost of Real Losses:	\$738		Valued at Variable Production Cost <small>Return to Reporting Worksheet to change this assumption</small>

Performance Indicators:

Non-revenue water as percent by volume of Water Supplied:	23.0%	
Non-revenue water as percent by cost of operating system:	6.0%	Real Losses valued at Variable Production Cost
Apparent Losses per service connection per day:	35.18	gallons/connection/day
Real Losses per service connection per day:	117.82	gallons/connection/day
Real Losses per length of main per day*:	N/A	
Real Losses per service connection per day per psi pressure:	1.68	gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL):	468.84	million gallons/year
Infrastructure Leakage Index (ILI) [CARL / UARL]:	5.53	

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

See Independent Auditors' Report.

**INTERNAL CONTROL AND
COMPLIANCE SECTION**

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

Honorable Mayor, Board of Aldermen,
Recorder, and City Administrator
Town of Greeneville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greeneville, Tennessee (the Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 24, 2016. Our report includes a reference to other auditors who audited the financial statements of the Town of Greeneville Board of Education, Greeneville Light and Power System, and Greeneville Water and Light Commission, as described in our report on the Town of Greeneville, Tennessee's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

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

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

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

Town of Greeneville, Tennessee
Report on Internal Control over
Financial Reporting and Compliance

Compliance and Other Matters

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

Purpose of this Report

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

Blackburn, Childers + Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

March 24, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable Mayor, Board of Aldermen,
Recorder, and City Administrator
Town of Greeneville, Tennessee

Report on Compliance for Each Major Federal Program

We, and the other auditors, have audited the Town of Greeneville, Tennessee's (the "Town") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2015. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Our report includes a reference to other auditors who audited the financial statements of the Town of Greeneville Board of Education, Greeneville Light and Power System, and Greeneville Water and Light Commission, as described in our report on the Town of Greeneville, Tennessee's financial statements. This report includes our consideration of the results of the other auditors' testing of compliance for each major program and on internal control over compliance that are reported on separately by those auditors. However, this report insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit and the audit of the other auditors of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit and the audit of the other auditors provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Town of Greeneville, Tennessee
Report on Compliance for Each Major
Program and on Internal Control

Opinion on Each Major Federal Program

In our opinion, based on our audit and the report of the other auditors, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Blackburn, Childers + Steagall, PLC
BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

March 24, 2016

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

Financial Statement Findings

Finding Number	Finding Title	Status
2014-001	Board of Education - Payroll Access	Corrected

Federal Award Findings and Questioned Costs

None reported.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greeneville, Tennessee (the Town). We did not audit the financial statements of the Town of Greeneville Board of Education, Greeneville Light and Power System, or Greeneville Water and Light Commission. The financial statements of the Town of Greeneville Board of Education represent 20%, 23%, and 52%, respectively, of the assets, fund balances, and revenues of the governmental funds. The Greeneville Light and Power System and the Greeneville Water and Light Commission represent 100% of the total enterprise funds of the Town of Greeneville, Tennessee. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the governmental and business-type activities columns, is based on the reports of the other auditors.
2. No material weaknesses in internal control were disclosed in the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Town, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses in internal control over major programs were disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for the Town expresses an unmodified opinion on all major federal programs.
6. There were no audit findings with a direct and material effect relative to the major federal award programs for the Town that are required to be disclosed in accordance with section 501(a) of OMB Circular A-133.
7. The programs tested by the other auditors as major programs includes:

<u>Program</u>	<u>CFDA Number</u>
Title I, Part A (Board of Education)	84.010
Individuals with Disabilities Act (IDEA) (Board of Education)	84.027
8. The threshold for distinguishing Types A and B Programs was \$300,000.
9. The Town of Greeneville was determined to be a low-risk auditee.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

Current Year Findings

None Reported.

Prior Year Findings Implemented

2014-001 – Board of Education – Payroll Access

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.