CITY OF ELIZABETHTON, TENNESSEE

AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

CITY OF ELIZABETHTON, TENNESSEE

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2015

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council Members,
and City Manager
City of Elizabethton, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elizabethton, Tennessee (the City), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 Elizabethton Municipal Airport (the Airport), which represents twenty-eight percent, thirty-nine percent, and seventeen percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Airport, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Change in Accounting Principle

As described in Note 17 to the financial statements, in fiscal year 2015, the City adopted new accounting guidance, 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 and required supplementary information as listed in the table of contents on pages 4 through 12 and 121 through 127 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 other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We

do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules, the supplemental section, and the other supplemental 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 required part of the basic financial statements.

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

The other supplemental section has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2015 on our consideration of the City'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 City's internal control over financial reporting and compliance.

Blackburn, Childers + Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

December 7, 2015

As management of the City of Elizabethton, Tennessee (the City), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by **$76,119,699** *(net position).* Of this amount, **$67,038,470** is net investment in capital assets***.***

- The City's total net position increased by **$3,387,767.**

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of **$9,476,123.** Of this amount, **$52,007** is Non-Spendable, **$294,328** is Restricted, **$4,540,343** is Committed, **$663,461** is Assigned and **$3,925,984** is Unassigned Fund Balance.

- At the end of the current fiscal year, fund balance for the general fund was **$8,855,506** or **57%** of total general fund expenditures including transfers out. This balance included **$27,007 Non-Spendable, $35,195 Restricted, $4,403,144 Committed, $464,176 Assigned and $3,925,984 Unassigned Fund Balances.**

- The City's total debt decreased by **$317,167 (.5%)** during the current fiscal year, excluding the Net OPEB Obligation and Net Pension Liability.

Overview of the Financial Statements.

This narrative overview is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, etc.).

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

The business-type activities of the City include water and sewer, electric department and sanitation. The government-wide financial statements can be found on pages 13 through 14 of this report.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements. Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains ten (10) individual governmental funds. Nine (9) of these governmental funds are classified as non-major and are summarized under the heading "Other Governmental Funds" in the governmental fund presentation. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and non-major governmental funds, all of which are combined into a single, aggregate presentation. Individual fund data for non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 15 through 33 of this report.

The City adopts an annual appropriation budget for its general and other special revenue funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget.

Proprietary Funds. The City maintains proprietary funds including enterprise funds to track costs of specific activities that generate their own revenue. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water/sewer, electric department, and sanitation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information of the water and sewer, electric, and sanitation. The basic proprietary fund financial statements can be found on pages 34 through 38 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 through 120 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 128 through 139 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by **$76,119,699** at the close of the most recent fiscal year.

By far, the largest portion of the City's net position **(88%)** reflects its investment in capital assets (e.g. land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current Assets	$ 15,052,402	14,255,728	33,520,147	32,648,915	48,572,549	46,904,643
Other Assets	-	-	1,341,146	1,428,645	1,341,146	1,428,645
Plant and Equipment (Net)	12,491,756	12,995,656	106,148,931	106,025,458	118,640,687	119,021,114
Total Assets	27,544,158	27,251,384	141,010,224	140,103,018	168,554,382	167,354,402
Deferred Outflows of Resources:						
Deferred Bond Refunding Costs	-	-	681,053	97,620	681,053	97,620
Deferred Outflows Related to Pensions	708,646	-	1,189,361	-	1,898,007	-
Total Deferred Outflow of Resources	708,646	0	1,870,414	97,620	2,579,060	97,620
Liabilities:						
Current Liabilities	469,143	745,326	13,805,999	13,961,557	14,275,142	14,706,883
Long-Term Liabilities						
Due Within One Year	1,216,923	1,083,171	2,437,110	2,180,130	3,654,033	3,263,301
Due Within More Than One Year	14,362,344	12,612,730	56,419,709	48,813,605	70,782,053	61,426,335
Total Liabilities	16,048,410	14,441,227	72,662,818	64,955,292	88,711,228	79,396,519
Deferred Inflows of Resources:						
Deferred Revenues - Property Tax	4,859,528	4,828,116	-	-	4,859,528	4,828,116
Deferred Inflows Related to Pensions	841,435	-	601,552	-	1,442,987	-
Total Deferred Inflow of Resources	5,700,963	4,828,116	601,552	0	6,302,515	4,828,116
Net Position:						
Net Investment in Capital Assets	10,101,344	10,490,459	56,937,126	56,386,632	67,038,470	66,877,091
Restricted	294,328	300,848	-	-	294,328	300,848
Unrestricted	(3,892,241)	(2,809,266)	12,679,142	18,858,714	8,786,901	16,049,448
Total Net Position	$ 6,503,431	7,982,041	69,616,268	75,245,346	76,119,699	83,227,387

The government's net position **increased $3,387,767** during the current fiscal year. Of the total change, governmental activities increased **$1,290,758** while business-type activities increased **$2,097,009.**

The following is a summary of financial activities for the City during the 2015 fiscal year:

City of Elizabethton
CHANGE IN NET POSITION
As of June 30, 2015

	Governmental Activities		Business-Type Activities		Total	
Revenues	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Program Revenues:						
Charges for Services	$ 1,459,193	1,282,487	65,736,396	66,308,882	67,195,589	67,591,369
Operating Grants	25,093	13,616	-	-	25,093	13,616
Capital Grants	7,184	7,719	388,608	50,110	395,792	57,829
Total Program Revenues	1,491,470	1,303,822	66,125,004	66,358,992	67,616,474	67,662,814
General Revenues:						
Property Taxes	4,931,901	4,856,278	-	-	4,931,901	4,856,278
Other Taxes	5,292,005	5,168,810	-	-	5,292,005	5,168,810
Miscellaneous	1,816,172	2,679,753	46,766	40,443	1,862,938	2,720,196
Total General Revenues	12,040,078	12,704,841	46,766	40,443	12,086,844	12,745,284
Total Revenues	**13,531,548**	**14,008,663**	**66,171,770**	**66,399,435**	**79,703,318**	**80,408,098**
Expenses - Governmental Activities						
General Government	1,107,009	905,738	-	-	1,107,009	905,738
Public Safety	5,481,940	5,572,648	-	-	5,481,940	5,572,648
Public Works	2,091,850	2,334,992	-	-	2,091,850	2,334,992
Health and Welfare	193,085	194,258	-	-	193,085	194,258
Building Code Enforcement	330,889	305,412	-	-	330,889	305,412
Community Development	143,365	137,049	-	-	143,365	137,049
Culture and Recreation	1,334,923	1,474,866	-	-	1,334,923	1,474,866
Education	2,342,086	7,339,934	-	-	2,342,086	7,339,934
Airport	145,000	145,000	-	-	145,000	145,000
Golf Course	50,000	-	-	-	50,000	-
Other	118,347	98,318	-	-	118,347	98,318
Interest on Long-Term Debt	390,134	504,701	-	-	390,134	504,701
Total Governemental Activities	**13,728,628**	**19,012,916**	0	0	**13,728,628**	**19,012,916**
Business-Type Activities:						
Water and Sewer	-	-	7,991,875	8,072,676	7,991,875	8,072,676
Electric Department	-	-	53,635,100	52,339,675	53,635,100	52,339,675
Sanitation	-	-	959,948	1,031,438	959,948	1,031,438
Total Business-Type Activities	0	0	**62,586,923**	**61,443,789**	**62,586,923**	**61,443,789**
Total Expenses	**13,728,628**	**19,012,916**	**62,586,923**	**61,443,789**	**76,315,551**	**80,456,705**
Transfers	1,487,838	850,126	(1,487,838)	(850,126)	-	-
Change in Net Position	**1,290,758**	**(4,154,127)**	**2,097,009**	**4,105,520**	**3,387,767**	**(48,607)**
Net Positon, Beginning	7,982,041	12,136,168	75,245,346	71,139,826	83,227,387	83,275,994
Prior Period Adjustment	(73,753)	-	-	-	(73,753)	-
Prior Period Restatement	(2,695,615)	-	(7,726,087)	-	(10,421,702)	-
Net Positon, Beginning (Restated)	5,212,673	12,136,168	67,519,259	71,139,826	72,731,932	83,275,994
Net Position, Ending	**$ 6,503,431**	**7,982,041**	**69,616,268**	**75,245,346**	**76,119,699**	**83,227,387**

Governmental Activities. Governmental activities increased the City's net position by **$1,290,758**. A reconciliation of this decrease can be found on page 18 of this report.

Business-type activities. Business-type activities increased the City's net position by **$2,097,009.**

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of **$9,476,123.** Of this amount, **$52,007** is Non-Spendable, **$294,328** is Restricted, **$4,540,343** is Committed, **$663,461** is Assigned, and **$3,925,984** is Unassigned**.**

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance reached **$8,855,506**, including **$27,007** Non-Spendable, **$35,195** Restricted, **$4,403,144** Committed, **$464,176** Assigned and **$3,925,984** Unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents **25%** of total general fund expenditures and transfers out, while total fund balance represents **57%** of that same amount.

Non-major (other) governmental funds have a fund balance of **$620,617**. The net **increase** in fund balance during the current year was **$5,218**.

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

Unrestricted net position of the proprietary funds at the end of the year amounted to **$12,679,142**. Other factors concerning the financial position of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Original and Final Budgeted Amounts. Differences between the original budget and the final amended budget represent an **increase** in appropriations and some of the differences include the following:

$204,000	**Funding to purchase warehouse on F Street for future Police Department expansion**
67,858	**Funding to cover Lynn Avenue overrun - TDOT**
16,090	**Funding to cover Downtown restroom and pavilion/restroom at Kiwanis Park**
50,000	**Funding to support Elizabethton Golf Course**
200,000	**Funding to cover split allocation cost to Elizabethton Electric System**

Of this **increase**, the cost was funded from Fund Balance Appropriated.

One measure of a general fund budget is to compare revenue generated by departments with total expenditures of the department to determine the amount of supplement required to fund the department. The following charts do that comparison for the fiscal year ending June 30, 2015.

PROGRAM GENERATED REVENUE and EXPENSES
(Difference in Revenue Generated & Expenses
are made up from the General Fund Appropriation)

General Government	Expenses	Revenues	2015 Operating Grants and Contributions	Capital Grants and Contributions	General Fund Subsidy
General Government	$ 1,107,009	945,773	-	-	161,236
Public Safety	5,481,940	387,584	18,220	-	5,076,136
Public Works	2,091,850	-	-	-	2,091,850
Community Development	143,365	-	-	-	143,365
Health and Welfare	193,085	24	-	-	193,061
Culture and Recreation	1,334,923	125,812	6,873	7,184	1,195,054
Total General Fund Subsidy					**8,860,702**

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to **$118,640,687** (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, plant in service, equipment and vehicles, paving, transmission and power distribution system, garbage containers, infrastructure and construction in progress.

Major capital asset events during the fiscal year included the following:

- New Vehicle/Soft Cab Enclosure for Backhoe – Water Dept.
- Four New Vehicles/Warehouse and Land for Future Expansion/Ecitation Interface to Police Server RMS/HP Rack Server – Police Dept.
- Replacement of Paty Place Sewer Line/New Utility Vehicle – Sewer/Waste Water Dept.
- Replacement of Hampton, Warrior Lane, Cripple Creek, Pearl Street, Pleasant Beach Patterson, Dejarnette Street, East Cottage (Lynn to Sycamore), Erie Lane and Walker Street Water Lines.
- HVAC Roof Unit – City Hall/Roof Replacement – Senior Center Building/Replace Ice House Building Roof – Building Codes Dept.
- New Symphony ILS Library Automation System – Library Dept.
- Two New Vehicles/Widening of Lynn Avenue overrun/New Sign Making Software/New Asphalt Recycler and Hot Box Trailer / Salt Bin Brace/New Riding Mower/New Service Body/Downtown Restrooms/New Elk Avenue Canopies/New Handicap Ramps/New Sidewalks – Street Dept.
- Filtration Pump-Franklin Pool/HVAC Unit/New Riding Mower/Baseball Field Groomer/Athletic Center Basketball Court Fixture and Lighting Upgrade/Kiwanis Park Basketball Court Asphalt Resurface/New Elizabethton Twins Home and Visitor Dugouts/Kiwanis Park Pavilion – Park and Recreation Dept.
- Two New Roll Off Dumpsters/New Rear Loader Garbage Truck – Sanitation Dept.
- New Vehicle – Fire Dept.
- Hudson Intersection Radar Assembly/Two New Trucks/Bemberg and Elk Intersection Radar Assembly/Traffic Signal at Broad St and Veterans Hwy 19-E – Engineering Dept.

City of Elizabethton
Total Net Capital Assets
as of June 30, 2015

	Governmental Activities		Business - Type Activities		Total	
Net Capital Assets	2015	2014	2015	2014	2015	2014
Land	$ 1,943,594	1,897,344	1,513,969	1,513,969	3,457,563	3,411,313
Water Right	-	-	4,354,167	4,604,167	4,354,167	4,604,167
Library Infrastructure	660,275	762,552	-	-	660,275	762,552
Construction in Progress	368,911	348,995	3,399,457	5,600,282	3,768,368	5,949,277
Buildings and Improvements	3,637,951	4,104,110	12,771,278	13,502,175	16,409,229	17,606,285
Motor Equipment	1,224,022	1,275,030	5,186,173	5,035,602	6,410,195	6,310,632
Office Equipment	757,636	720,256	771,522	663,956	1,529,158	1,384,212
Infrastructure	3,899,367	3,887,369	78,152,365	75,105,307	82,051,732	78,992,676
Total Net Capital Assets	$ 12,491,756	12,995,656	106,148,931	106,025,458	118,640,687	119,021,114

Additional information on the City's capital assets can be found in Note 6 on pages 59 through 61 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding (excluding the net OPEB obligation and net pension liability) of **$62,380,146.** All of this debt is backed by the full faith and credit of the government.

City of Elizabethton
Debt Outstanding
As of June 30, 2015

	Governmental Activities		**Business - Type Activities**		**Total**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Outstanding Debt						
General Obligation	$ 10,741,536	11,489,611	-	-	10,741,536	11,489,611
Notes Payable	898,876	625,586	4,690,771	3,510,443	5,589,647	4,136,029
Revenue Bonds	-	-	45,202,087	46,200,016	45,202,087	46,200,016
Capital Lease	-	-	-	25,987	-	25,987
Compensated Absences	379,566	397,478	467,310	448,192	846,876	845,670
Total Outstanding Debt	**$ 12,019,978**	**12,512,675**	**50,360,168**	**50,184,638**	**62,380,146**	**62,697,313**

The City's total debt, excluding the net OPEB liability and net Pension liability, **decreased $317,167 (.5%)** during the current fiscal year. The decrease was due to the reduction of debt in the Utility Department and a new General Fund Capital Outlay Note. The City maintains an '**A1**' rating from Moody's Investors Service and Standard & Poor's rating of **A+**, for its General Obligation Debt.

The City is **not** subject to debt limitations imposed by its Charter. Additional information on the City's long-term debt can be found in Note 7 on pages 62 through 78 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the metropolitan statistical area is currently **6.8%**, which is a **decrease** of **0.9%** from a year ago. This compares to the state's average unemployment rate of **6.6%** as of July 31, 2014.
- Inflationary trends in the region are comparable to national indexes.
- New construction permitted and inspected over the previous year was **$11,686,714**, of which **$7,154,337** is commercial, including **53 permits issued**.
- Local sales tax collections are expected to increase approximately **3.0%** in fiscal year 2016 as a continuation of the current trend towards moderate improvement of the economy.

All of these factors were considered in preparing the City's budget for fiscal year 2015-16.

During the current fiscal year, unassigned fund balance in the general fund increased $1,033,628. The increase was due to (1) final expenses being less than budget, (2) a planned increase in fund balance.

As the result of a water and sewer cost rate study by the City finance director, water and sewer rates were recommended to be increased by 10% in fiscal year 2009 and a 3% increase for each year until fiscal year 2020 to fund inflationary costs associated with operations and planned capital improvements. Sewer rate adjustments were implemented by council with a rate increase of 10% for fiscal year 2011, a 5% increase each year until fiscal year 2016, and a 3% increase each year until fiscal year 2020. Residential garbage collection rates, as well as commercial and industrial collection rates, remained steady.

Discretely Presented Component Units

-EDUCATION FUND-

Detailed audit information about the Elizabethton City School System can be obtained by contacting the school system at:

Elizabethton City Schools
804 S. Watauga Avenue
Elizabethton, TN 37643
Phone (423) 547-8000

-GOLF COURSE-

Detailed audit information about the Elizabethton Municipal Golf Course can be obtained by contacting the golf course at:

Elizabethton Municipal Golf Course
PO Box 340
Elizabethton, TN 37643
Phone (423) 542-8051

-AIRPORT-

Detailed audit information about the Elizabethton Municipal Airport can be obtained by contacting the airport at:

Elizabethton Municipal Airport
415 Highway 91
Elizabethton, TN 37643
Phone (423) 543-2801

Other Separately Issued Reports

-ELECTRIC DEPARTMENT-

Detailed audit information about the Elizabethton Electric Department can be obtained by contacting the electric department at:

City of Elizabethton
136 S. Sycamore St.
Elizabethton, TN 37643
Phone (423) 542-1516

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in such. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Elizabethton, Director of Finance, 136 South Sycamore Street, Elizabethton, TN 37643.

CITY OF ELIZABETHTON, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Elizabethton Municipal Airport	Elizabethton Board of Education	Elizabethton Municipal Golf Course
ASSETS						
Cash and Cash on Hand	$ 1,999,732	14,824,915	16,824,647	127,445	1,710,777	99,291
Investments	1,535,437	7,069,012	8,604,449	-	-	-
Receivables (Net of Allowances for Uncollectibles)						
Taxes	5,200,428	-	5,200,428	-	-	-
Accounts	16,861	6,855,894	6,872,755	48,714	36,784	108
Internal Balances	44,020	(44,020)	-	-	-	-
Due from Other Governments	1,274,564	243,299	1,517,863	220,291	4,162,287	-
Inventories	24,192	1,404,532	1,428,724	31,634	32,266	21,865
Prepaid Expense	2,815	-	2,815	-	-	291
Restricted Assets						
Investments	4,954,353	-	4,954,353	-	-	-
Cash	-	3,166,515	3,166,515	58,081	1,933,250	-
Other Assets	-	1,341,146	1,341,146	255	-	-
Capital Assets						
Land	1,943,594	1,513,969	3,457,563	2,534,251	216,170	-
Water Right	-	4,354,167	4,354,167	-	-	-
Construction In Progress	368,911	3,399,457	3,768,368	4,829,023	3,798,155	-
Library Infrastructure	660,275	-	660,275	-	-	-
Buildings and Improvements	7,576,818	26,349,025	33,925,843	4,842,512	23,747,807	72,334
Motor Equipment	4,597,982	10,990,782	15,588,764	420,244	2,068,245	798,679
Office Equipment	2,775,106	1,577,203	4,352,309	-	-	13,442
Infrastructure	11,281,276	112,575,127	123,856,403	-	-	1,424,926
Less: Accumulated Depreciation	(16,712,206)	(54,610,799)	(71,323,005)	(2,380,007)	(11,471,644)	(1,794,633)
Net Pension Asset - Agency Plan	-	-	-	-	43,322	-
Total Assets	27,544,158	141,010,224	168,554,382	10,732,443	26,277,419	636,303
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Bond Refunding Costs	-	681,053	681,053	-	-	-
Deferred Outflows Related to Pensions	708,646	1,189,361	1,898,007	19,298	1,386,822	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	708,646	1,870,414	2,579,060	19,298	1,386,822	0
LIABILITIES						
Accounts Payable	321,248	7,073,905	7,395,153	341,685	1,660,407	18,059
Retainages Payable	-	86,597	86,597	137,068	-	-
Customer Deposits	-	3,079,918	3,079,918	125	-	-
Advance from TVA	-	1,322,517	1,322,517	-	-	-
Accrued Expenses	130,566	2,046,273	2,176,839	1,636	-	13,387
Due to Other Governments	4,818	-	4,818	-	-	-
Other Liabilities	12,511	181,468	193,979	3,207	-	1,084
Unearned Revenues	-	15,321	15,321	27,841	-	99,729
Noncurrent Liabilities						
Due Within One Year	1,216,923	2,437,110	3,654,033	104,885	5,242	35,328
Due In More Than One Year	14,362,344	56,419,709	70,782,053	271,807	3,601,391	56,184
TOTAL LIABILITIES	16,048,410	72,662,818	88,711,228	888,254	5,267,040	223,771
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	4,859,528	-	4,859,528	-	2,977,403	-
Deferred Inflows Related to Pensions	841,435	601,552	1,442,987	22,915	4,335,745	-
TOTAL DEFERRED INFLOWS OF RESOURCES	5,700,963	601,552	6,302,515	22,915	7,313,148	0
NET POSITION						
Net Investment in Capital Assets	10,101,344	56,937,126	67,038,470	9,516,634	18,358,733	423,236
Restricted	294,328	-	294,328	58,081	1,741,841	875
Unrestricted	(3,892,241)	12,679,142	8,786,901	265,857	(5,016,521)	(11,579)
TOTAL NET POSITION	$ 6,503,431	69,616,268	76,119,699	9,840,572	15,084,053	412,532

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

CITY OF ELIZABETHTON, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION					
					Primary Government			Component Units		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Elizabethton Municipal Airport	Elizabethton Board of Education	Elizabethton Municipal Golf Course
Primary Government										
Governmental Activities										
General Government	$ 1,107,009	945,773	-	-	(161,236)	-	(161,236)	-	-	-
Public Safety	5,481,940	387,584	18,220	-	(5,076,136)	-	(5,076,136)	-	-	-
Public Works	2,091,850	-	-	-	(2,091,850)	-	(2,091,850)	-	-	-
Health and Welfare	193,085	24	-	-	(193,061)	-	(193,061)	-	-	-
Building Code Enforcement	330,889	-	-	-	(330,889)	-	(330,889)	-	-	-
Community Development	143,365	-	-	-	(143,365)	-	(143,365)	-	-	-
Culture and Recreation	1,334,923	125,812	6,873	7,184	(1,195,054)	-	(1,195,054)	-	-	-
Education	2,342,086	-	-	-	(2,342,086)	-	(2,342,086)	-	-	-
Airport	145,000	-	-	-	(145,000)	-	(145,000)	-	-	-
Golf Course	50,000	-	-	-	(50,000)	-	(50,000)			
Other	118,347	-	-	-	(118,347)	-	(118,347)	-	-	-
Interest on Long-Term Debt	390,134	-	-	-	(390,134)	-	(390,134)	-	-	-
Total Governmental Activities	13,728,628	1,459,193	25,093	7,184	(12,237,158)	0	(12,237,158)	0	0	0
Business-Type Activities										
Water and Sewer	7,991,875	8,285,755	-	388,608	-	682,488	682,488	-	-	-
Electric Department	53,635,100	56,261,166	-	-	-	2,626,066	2,626,066	-	-	-
Sanitation	959,948	1,189,475	-	-	-	229,527	229,527	-	-	-
Total Business-Type Activities	62,586,923	65,736,396	0	388,608	0	3,538,081	3,538,081	0	0	0
Total Primary Government	$ 76,315,551	67,195,589	25,093	395,792	(12,237,158)	3,538,081	(8,699,077)	0	0	0
Component Units										
Airport	$ 1,054,799	907,612	158,942	3,938,223	-	-	-	3,949,978	-	-
Education - School Board	22,350,852	565,009	5,287,209	-	-	-	-	-	(16,498,634)	-
Golf Course	595,081	582,384	-	-	-	-	-	-	-	(12,697)
Total Component Units	$ 24,000,732	2,055,005	5,446,151	3,938,223	0	0	0	3,949,978	(16,498,634)	(12,697)
General Revenues										
Taxes										
Property Taxes					4,931,901	-	4,931,901	-	3,102,613	-
Sales Taxes					4,536,823	-	4,536,823	-	1,974,262	-
In-Lieu of Taxes					14,316	-	14,316	-	-	-
Business Taxes					234,849	-	234,849	-	-	-
Other Taxes					506,017	-	506,017	-	90,977	-
Other Local Governments					44,010	-	44,010	-	1,897	-
State Aid					2,013,214	-	2,013,214	-	11,889,215	-
Unrestricted Investment Earnings					6,306	46,766	53,072	267	20,299	35
Gain/(Loss) on Disposal of Capital Assets					(146,148)	-	(146,148)	1,660	-	-
Contributions not Restricted to Specific Programs					-	-	-	-	232,861	-
Miscellaneous					473,139	-	473,139	-	18,776	-
Transfers					1,487,838	(1,487,838)	-	-	-	-
Special Items					(574,349)	-	(574,349)	-	-	-
Total General Revenues, Transfers and Special Items					13,527,916	(1,441,072)	12,086,844	1,927	17,330,900	35
Change in Net Position					1,290,758	2,097,009	3,387,767	3,951,905	832,266	(12,662)
Net Position - Beginning					7,982,041	75,245,346	83,227,387	5,962,076	18,468,169	425,194
Prior Period Adjustment					(73,753)	-	(73,753)	-	54,821	-
Prior Period Restatement					(2,695,615)	(7,726,087)	(10,421,702)	(73,409)	(4,271,203)	-
Net Position - Beginning (Restated)					5,212,673	67,519,259	72,731,932	5,888,667	14,251,787	425,194
Net Position - Ending					$ 6,503,431	69,616,268	76,119,699	9,840,572	15,084,053	412,532

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

CITY OF ELIZABETHTON, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and Cash on Hand	$ 1,456,793	542,939	1,999,732
Investments	1,455,443	79,994	1,535,437
Receivables (Net of Allowances for Uncollectibles)			
Taxes	5,200,428	-	5,200,428
Accounts	9,677	7,184	16,861
Due From Other Funds	54,873	3,725	58,598
Due From Other Governments	1,274,564	-	1,274,564
Inventories	24,192	-	24,192
Prepaid Expense	2,815	-	2,815
Restricted Assets - Investments	4,954,353	-	4,954,353
TOTAL ASSETS	$ 14,433,138	633,842	15,066,980
LIABILITIES			
Accounts Payable	$ 321,248	-	321,248
Other Liabilities	-	12,511	12,511
Due to Other Governments	4,818	-	4,818
Due to Other Funds	13,864	714	14,578
TOTAL LIABILITIES	339,930	13,225	353,155
DEFERRED INFLOWS OF RESOURCES			
Deferred Current Property Taxes	4,859,528	-	4,859,528
Other Deferred Unavailable Revenues	378,174	-	378,174
TOTAL DEFERRED INFLOWS OF RESOURCES	5,237,702	0	5,237,702
FUND BALANCES			
Total Non-Spendable	27,007	25,000	52,007
Total Restricted	35,195	259,133	294,328
Total Committed	4,403,144	137,199	4,540,343
Total Assigned	464,176	199,285	663,461
Total Unassigned	3,925,984	-	3,925,984
TOTAL FUND BALANCES	8,855,506	620,617	9,476,123
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 14,433,138	633,842	15,066,980

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

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

Total Fund Balances - Governmental Funds	$ 9,476,123
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 $29,203,962 and the accumulated depreciation is $(16,712,206).	12,491,756
Other long-term assets not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	378,174
Accrued interest is not due and payable in the current period, and therefore, is not reported as a liability in the funds.	(130,566)
Long-term pension retirement plans are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. This amount is the net pension asset/(liability), net of deferred inflows and deferred outflows.	(2,312,585)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of net OPEB obligations, bonds payable, notes payable, capital leases and compensated absences.	(13,399,471)
Total Net Position - Governmental Activities	$ 6,503,431

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

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

	General Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes	$ 10,273,837	-	10,273,837
Licenses and Permits	222,913	-	222,913
Intergovernmental	2,075,444	7,184	2,082,628
Charges for Services	1,550,984	-	1,550,984
Fines and Forfeitures	203,569	184,015	387,584
Miscellaneous	473,127	6,885	480,012
Interest Earnings	5,854	452	6,306
TOTAL REVENUES	14,805,728	198,536	15,004,264
EXPENDITURES			
General Government	1,709,835	10,517	1,720,352
Public Safety	5,195,627	130,302	5,325,929
Public Works	1,836,272	-	1,836,272
Health and Welfare	192,202	-	192,202
Building Code Enforcement	330,889	-	330,889
Community Development	143,365	-	143,365
Culture and Recreation	1,222,948	-	1,222,948
Golf Course	50,000	-	50,000
Education	2,342,086	-	2,342,086
Airport	145,000	-	145,000
Special Appropriations	111,572	-	111,572
Debt Service	1,265,136	-	1,265,136
Other Operating Expenditures	-	6,775	6,775
Capital Outlay	969,664	65,001	1,034,665
TOTAL EXPENDITURES	15,514,596	212,595	15,727,191
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(708,868)	(14,059)	(722,927)
OTHER FINANCING SOURCES (USES)			
Capital Outlay Note Issued	394,300	-	394,300
Transfers In	1,487,838	19,277	1,507,115
Transfers Out	(19,277)	-	(19,277)
TOTAL OTHER FINANCING SOURCES (USES)	1,862,861	19,277	1,882,138
Net Change in Fund Balances	1,153,993	5,218	1,159,211
Fund Balances - Beginning	7,775,266	615,399	8,390,665
Prior Period Adjustment	(73,753)	-	(73,753)
Fund Balances - Beginning (Restated)	7,701,513	615,399	8,316,912
Fund Balances - Ending	$ 8,855,506	620,617	9,476,123

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

CITY OF ELIZABETHTON, 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

Net Change in Fund Balances - Total Governmental Funds	$ 1,159,211
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 as depreciation expense. This is the amount by which capital outlay expense of $1,034,665 exceeds depreciation expense of $818,068.	216,597
Because some property taxes and grants will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues and grants increased by this amount for the current year.	(49,931)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and transfers) is to decrease net position. $146,148 was due to the disposal of capital assets. Additionally, $574,349 of the decrease is due to capital assets related to the animal shelter being transferred to Carter County.	(720,497)
In the Statement of Activities, certain operating expenses such as compensated absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. Compensated absences decreased by this amount for the current year.	17,912
Repayment of bond and note principal and leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	866,010
The issuance of long-term debt (e.g., bonds and capital outlay notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount of current year debt proceeds.	(394,300)
Interest expense reported in the Statement of Activities does not require the use of current financial resources. Therefore, it is not reported as an expenditure in the governmental funds.	5,918
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds: OPEB Liability.	(196,267)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the net amount of the change in Deferred Outflows of Resources Related to Pensions $708,646, change in Deferred Inflows of Resources Related to Pensions ($841,435), and the change in Net Position Liability $515,819.	383,030
Governmental funds report the effect of bond premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	3,075
Change in Net Position of Governmental Activities	$ 1,290,758

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

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes				
General Property Taxes				
Current Property Taxes	$ 4,473,500	4,473,500	4,503,390	29,890
Delinquent Property Taxes	411,500	411,500	363,094	(48,406)
Interest, Penalty and Attorney Fees	88,000	88,000	115,348	27,348
Total General Property Taxes	4,973,000	4,973,000	4,981,832	8,832
General Sales Tax				
Local Option Sales Tax	3,585,425	3,585,425	3,711,946	126,521
Selective Use and Sales Tax				
Local Beer Tax 17%	504,800	504,800	506,017	1,217
In-Lieu of Taxes				
Elizabethton Housing Authority	15,000	15,000	10,553	(4,447)
Brookhaven Homes for Elderly	3,300	3,300	3,763	463
Total In-Lieu of Taxes	18,300	18,300	14,316	(3,984)
Gross Receipts Taxes	338,450	338,450	234,849	(103,601)
Local Option	760,000	760,000	824,877	64,877
Total Taxes	10,179,975	10,179,975	10,273,837	93,862

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES (CONTINUED)				
Licenses and Permits				
Licenses				
Business License	2,000	2,000	-	(2,000)
Interest and Penalty	2,000	2,000	-	(2,000)
Beer License	5,000	5,000	4,789	(211)
Retail Liquor	95,000	95,000	105,438	10,438
Recording Fee	1,000	1,000	-	(1,000)
Electric, Gas and Plumbing	1,000	1,000	150	(850)
Fireworks	1,300	1,300	1,929	629
Total Licenses	107,300	107,300	112,306	5,006
Special Permits				
Electrical	15,000	15,000	12,773	(2,227)
Building	80,000	80,000	89,257	9,257
Plumbing	6,000	6,000	3,523	(2,477)
Gas	2,000	2,000	3,000	1,000
Demolition	2,000	2,000	550	(1,450)
Curb Cuts	100	100	120	20
Miscellaneous Permits	3,000	3,000	414	(2,586)
Pool	100	100	270	170
Moving	1,000	1,000	-	(1,000)
Erosion and Sediment	2,000	2,000	700	(1,300)
Total Special Permits	111,200	111,200	110,607	(593)
Total Licenses and Permits	218,500	218,500	222,913	4,413
Intergovernmental Revenue				
Federal through State				
Library Grant	-	-	4,934	4,934
HIDTA	17,000	17,000	18,220	1,220
Total Federal through State	17,000	17,000	23,154	6,154

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES (CONTINUED)				
Intergovernmental Revenue (Continued)				
State Awards				
TN Dept. of Transportation - Highway Maint.	64,000	64,000	39,221	(24,779)
TN Dept. of Transportation	2,000	2,000	-	(2,000)
Total State Awards	66,000	66,000	39,221	(26,779)
State Shared Revenues				
City Streets	29,110	29,110	28,934	(176)
Public Safety Supplemental Pay	42,000	42,000	42,600	600
Mixed Drink Tax	20,000	20,000	23,096	3,096
Income Tax	196,000	196,000	178,017	(17,983)
Sales Tax	1,029,500	1,029,500	1,073,643	44,143
State Street Aid	379,850	379,850	373,083	(6,767)
Beer Tax	7,100	7,100	6,780	(320)
TVA Replacement Tax	157,050	157,050	167,457	10,407
Excise Tax	118,000	118,000	74,105	(43,895)
Telecommunications Tax	1,000	1,000	1,344	344
Total State Shared Revenues	1,979,610	1,979,610	1,969,059	(10,551)
Local Government Revenue				
Carter County-Animal Shelter	25,000	25,000	1,141	(23,859)
Carter County-Library	31,588	31,588	31,588	-
Carter County-Park and Recreation	11,280	11,280	11,281	1
First Judicial Drug Task Force	1,000	1,000	-	(1,000)
Total Local Government Revenue	68,868	68,868	44,010	(24,858)
Total Intergovernmental Revenue	2,131,478	2,131,478	2,075,444	(56,034)

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES (CONTINUED)				
Charges for Services				
Various General Government Charges				
Garage Services	567,510	567,510	449,819	(117,691)
Elizabethton Water and Sewer Division	702,295	702,295	702,295	-
Elizabethton Electric Department	-	200,000	177,048	(22,952)
Special Police Services	105,000	105,000	95,986	(9,014)
Total Various General Government Charges	1,374,805	1,574,805	1,425,148	(149,657)
Health				
Dog Tags	50	50	24	(26)
Total Health	50	50	24	(26)
Culture and Recreation				
Swimming Pool-Season Tickets	300	300	-	(300)
Swimming Pool-Daily Tickets	20,000	20,000	18,092	(1,908)
Swimming Pool-Concessions	500	500	770	270
Baseball-Season Tickets	5,000	5,000	3,263	(1,737)
Baseball-Daily Tickets	10,000	10,000	18,522	8,522
Baseball-Souvenir Sales	10,000	10,000	10,614	614
Baseball-Advertising	24,000	24,000	28,830	4,830
Parks-Concession Sales	10,000	10,000	5,112	(4,888)
Other Miscellaneous - Park and Recreation	12,200	12,200	15,881	3,681
League Entrance Fees	17,000	17,000	15,800	(1,200)
Pavilion Rental	1,700	1,700	1,045	(655)
Rental	13,000	13,000	7,883	(5,117)
Total Culture and Recreation	123,700	123,700	125,812	2,112
Total Charges for Services	1,498,555	1,698,555	1,550,984	(147,571)

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES (CONTINUED)				
Fines and Forfeitures				
Moving Traffic Fines	126,000	126,000	95,996	(30,004)
Fines - Defense Driving School	30,000	30,000	33,080	3,080
Court Fines	68,000	68,000	40,700	(27,300)
Storm Water	-	-	999	999
Sex Offender	1,000	1,000	750	(250)
Financial Responsibility	14,000	14,000	13,790	(210)
Seized Driver's License	200	200	-	(200)
Library Fines	18,000	18,000	18,254	254
Total Fines and Forfeitures	257,200	257,200	203,569	(53,631)
Miscellaneous Revenue				
Rents and Royalties				
TV Cable Franchise	158,000	158,000	164,100	6,100
Natural Gas Franchise	145,000	145,000	152,064	7,064
City Property	1,000	1,000	10	(990)
Tennessee Vocational Training Center	78,960	78,960	78,960	-
Total Rents and Royalties	382,960	382,960	395,134	12,174
Other				
Miscellaneous	64,000	64,000	70,174	6,174
Donations	6,634	6,634	7,819	1,185
Total Other	70,634	70,634	77,993	7,359
Total Miscellaneous Revenue	453,594	453,594	473,127	19,533
Interest Earnings				
Investments	11,600	11,600	5,854	(5,746)
Total Interest Earnings	11,600	11,600	5,854	(5,746)
TOTAL REVENUES	14,750,902	14,950,902	14,805,728	(145,174)

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES				
General Government				
City Council				
Salaries and Benefits	14,715	14,875	14,806	69
Supplies	9,030	9,180	7,836	1,344
Professional Services	150	435	293	142
Travel, Training and Vehicle Expense	1,300	2,200	1,365	835
Utilities	300	300	200	100
Dues and Subscriptions	1,100	1,100	-	1,100
Other	4,500	5,310	5,128	182
General Liability	25,254	26,800	26,765	35
Total City Council	56,349	60,200	56,393	3,807
City Judge				
Salaries and Benefits	17,202	17,220	16,941	279
Professional Services	6,000	6,920	6,918	2
General Liability	129	129	89	40
Total City Judge	23,331	24,269	23,948	321
City Manager				
Salaries and Benefits	118,208	118,718	118,449	269
Supplies	2,440	2,475	647	1,828
Repairs and Maintenance	50	50	-	50
Professional Services	50	1,050	1,005	45
Travel, Training and Vehicle Expense	6,290	6,835	4,755	2,080
Utilities	1,000	1,000	646	354
Dues and Subscriptions	6,660	6,780	5,413	1,367
Other	100	100	-	100
General Liability	1,199	1,464	1,246	218
Total City Manager	135,997	138,472	132,161	6,311

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
General Government (Continued)				
Financial				
Salaries and Benefits	278,857	273,277	271,143	2,134
Supplies	21,700	18,740	14,213	4,527
Repairs and Maintenance	1,587	2,337	1,809	528
Professional Services	83,141	74,426	73,210	1,216
Travel, Training and Vehicle Expense	3,937	2,562	1,520	1,042
Utilities	3,700	2,200	1,709	491
Dues and Subscriptions	650	1,050	494	556
Other	7,875	8,755	6,450	2,305
General Liability	5,905	3,780	2,589	1,191
Total Financial	407,352	387,127	373,137	13,990
Fleet Maintenance				
Salaries and Benefits	180,967	178,017	173,834	4,183
Supplies	6,892	7,257	4,492	2,765
Repairs and Maintenance	14,800	14,800	8,799	6,001
Professional Services	10,250	10,000	4,269	5,731
Travel, Training and Vehicle Expense	40,550	91,750	2,127	89,623
Utilities	34,900	34,185	32,246	1,939
Other - Cost of Goods Sold	461,550	381,550	356,335	25,215
General Liability	3,625	3,625	980	2,645
Total Fleet Maintenance	753,534	721,184	583,082	138,102
Management Information Systems				
Supplies	1,000	1,000	430	570
Repairs and Maintenance	9,500	5,500	3,483	2,017
Professional Services	38,775	38,810	36,464	2,346
Travel, Training and Vehicle Expense	4,300	4,300	3,176	1,124
Utilities	8,000	500	(384)	884
General Liability	3,530	3,825	3,813	12
Total Management Information Systems	65,105	53,935	46,982	6,953

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
General Government (Continued)				
Purchasing				
Salaries and Benefits	40,802	45,627	45,364	263
Supplies	3,280	3,615	3,344	271
Repairs and Maintenance	600	1,300	776	524
Professional Services	440	580	419	161
Travel, Training and Vehicle Expense	2,100	2,100	1,917	183
Utilities	1,250	1,420	1,252	168
Dues and Subscriptions	460	460	364	96
Other	200	300	298	2
General Liability	995	997	338	659
Total Purchasing	50,127	56,399	54,072	2,327
City Attorney				
Salaries and Benefits	20,504	22,369	21,424	945
Supplies	-	30	26	4
Professional Services	31,500	27,690	27,632	58
Travel, Training and Vehicle Expense	700	1,450	924	526
Utilities	-	210	200	10
Dues and Subscriptions	1,300	1,695	1,664	31
Other	24,000	29,000	28,995	5
General Liability	140	410	407	3
Total City Attorney	78,144	82,854	81,272	1,582
Personnel				
Salaries and Benefits	287,226	290,516	173,378	117,138
Supplies	2,972	2,972	2,153	819
Repairs and Maintenance	65	65	-	65
Professional Services	786	786	125	661
Travel, Training and Vehicle Expense	665	665	-	665
Utilities	1,200	1,200	714	486
Dues and Subscriptions	1,400	1,400	1,369	31
Other	4,171	4,171	3,543	628
General Liability	410	410	317	93
Total Personnel	298,895	302,185	181,599	120,586

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
General Government (Continued)				
Electric				
Salaries and Benefits	-	167,060	166,738	322
Supplies	-	2,010	2,001	9
Repairs and Maintenance	-	1,335	1,179	156
Professional Services	-	5,770	5,736	34
Travel, Training and Vehicle Expense	-	205	203	2
Utilities	-	1,155	1,158	(3)
Other	-	180	174	6
Total Electric	0	177,715	177,189	526
Total General Government	1,868,834	2,004,340	1,709,835	294,505
Public Safety				
Police Patrol				
Salaries and Benefits	2,772,778	2,736,688	2,727,284	9,404
Supplies	101,010	91,400	82,537	8,863
Repairs and Maintenance	32,200	26,800	24,224	2,576
Professional Services	209,063	206,793	202,327	4,466
Travel, Training and Vehicle Expense	200,825	157,035	142,746	14,289
Utilities	39,640	25,330	23,032	2,298
Dues and Subscriptions	2,750	2,750	942	1,808
Other	6,255	6,040	1,028	5,012
General Liability	36,974	42,304	42,277	27
Total Police Patrol	3,401,495	3,295,140	3,246,397	48,743
Fire Prevention				
Salaries and Benefits	1,807,894	1,830,902	1,799,928	30,974
Supplies	34,400	34,560	32,977	1,583
Repairs and Maintenance	28,300	28,430	24,194	4,236
Professional Services	11,850	8,165	7,154	1,011
Travel, Training and Vehicle Expense	40,080	34,330	29,878	4,452
Utilities	34,147	36,822	34,303	2,519
Dues and Subscriptions	610	610	536	74
Other	9,670	10,400	3,415	6,985
General Liability	19,201	19,712	16,845	2,867
Total Fire Prevention	1,986,152	2,003,931	1,949,230	54,701
Capital Outlay	168,499	378,479	347,268	31,211
Total Public Safety	5,556,146	5,677,550	5,542,895	134,655

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Public Works				
Street Maintenance				
Salaries and Benefits	618,833	624,223	590,647	33,576
Supplies	150,305	114,098	94,187	19,911
Repairs and Maintenance	28,261	34,131	38,027	(3,896)
Professional Services	71,165	70,400	60,789	9,611
Travel, Training and Vehicle Expense	135,535	135,535	102,927	32,608
Utilities	3,550	3,380	2,794	586
Dues and Subscriptions	475	500	492	8
Other	525	565	309	256
General Liability	9,785	9,787	6,927	2,860
Total Street Maintenance	1,018,434	992,619	897,099	95,520
Parks and Special Events				
Utilities	4,500	4,500	4,195	305
Stormwater				
Supplies	800	800	111	689
Professional Services	32,000	32,000	15,382	16,618
Travel, Training and Vehicle Expense	3,250	3,250	1,183	2,067
Dues and Subscriptions	910	1,145	889	256
Other	3,460	3,460	3,460	-
Total Stormwater	40,420	40,655	21,025	19,630

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Public Works (Continued)				
Engineering				
Salaries and Benefits	174,797	175,947	174,782	1,165
Supplies	29,737	29,822	15,454	14,368
Repairs and Maintenance	49,650	18,257	28,152	(9,895)
Professional Services	35,370	35,725	32,028	3,697
Travel, Training and Vehicle Expense	7,950	7,950	4,414	3,536
Utilities	9,195	9,285	6,619	2,666
Dues and Subscriptions	3,300	3,300	691	2,609
General Liability	5,026	5,051	1,301	3,750
Total Engineering	315,025	285,337	263,441	21,896
State Street Aid				
Repairs and Maintenance	204,000	243,670	241,747	1,923
Utilities	451,000	451,000	408,765	42,235
Total State Street Aid	655,000	694,670	650,512	44,158
Capital Outlay	294,890	453,012	409,319	43,693
Total Public Works	2,328,269	2,470,793	2,245,591	225,202

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Health and Welfare				
Animal Shelter Operations				
Salaries and Benefits	53,394	55,444	55,031	413
Supplies	22,675	230	222	8
Professional Services	57,415	59,045	59,040	5
Travel, Training and Vehicle Expense	4,500	4,500	1,901	2,599
Utilities	385	385	101	284
General Liability	509	509	354	155
Total Animal Shelter Operations	138,878	120,113	116,649	3,464
Contributions to Non-Profit Organizations	79,553	79,553	75,553	4,000
Total Health and Welfare	218,431	199,666	192,202	7,464
Building Code Enforcement				
Enforcement				
Salaries and Benefits	267,439	267,799	260,050	7,749
Supplies	6,105	6,431	5,049	1,382
Repairs and Maintenance	12,442	30,117	21,728	8,389
Professional Services	26,319	23,244	7,641	15,603
Travel, Training and Vehicle Expense	8,545	8,470	4,624	3,846
Utilities	37,068	37,068	25,876	11,192
Dues and Subscriptions	1,904	2,359	2,343	16
Other	50	50	-	50
General Liability	5,274	4,116	3,578	538
Total Enforcement	365,146	379,654	330,889	48,765
Capital Outlay	124,780	113,380	73,325	40,055
Total Building Code Enforcement	489,926	493,034	404,214	88,820
Community Development				
Salaries and Benefits	120,300	120,520	118,946	1,574
Supplies	3,025	3,025	1,025	2,000
Repairs and Maintenance	150	150	-	150
Professional Services	40,820	40,820	19,000	21,820
Travel, Training and Vehicle Expense	2,310	3,125	2,672	453
Utilities	1,452	1,452	913	539
Dues and Subscriptions	760	760	292	468
Other	130	130	-	130
General Liability	810	810	517	293
Total Community Development	169,757	170,792	143,365	27,427

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Culture and Recreation				
Administration				
Salaries and Benefits	109,390	110,430	109,165	1,265
Supplies	2,605	4,405	1,984	2,421
Professional Services	525	535	530	5
Travel, Training and Vehicle Expense	4,850	4,870	3,107	1,763
Utilities	1,600	1,850	1,843	7
Dues and Subscriptions	650	650	575	75
Other	175	175	116	59
General Liability	1,536	1,579	1,427	152
Total Administration	121,331	124,494	118,747	5,747
Swimming Pools				
Salaries and Benefits	37,289	37,464	30,850	6,614
Supplies	7,400	7,840	5,188	2,652
Repairs and Maintenance	7,500	7,500	4,784	2,716
Professional Services	1,200	1,200	962	238
Utilities	15,172	15,492	9,033	6,459
Other	1,000	1,250	1,233	17
General Liability	1,400	1,680	1,663	17
Total Swimming Pools	70,961	72,426	53,713	18,713
Athletic Fields and Parks				
Salaries and Benefits	243,669	247,689	235,414	12,275
Supplies	33,976	40,776	37,344	3,432
Repairs and Maintenance	35,500	49,175	45,980	3,195
Professional Services	4,325	15,725	13,754	1,971
Travel, Training and Vehicle Expense	16,546	16,546	15,423	1,123
Utilities	77,186	81,361	61,318	20,043
Dues and Subscriptions	110	110	80	30
General Liability	8,852	9,277	6,605	2,672
Total Athletic Fields and Parks	420,164	460,659	415,918	44,741

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Culture and Recreation (Continued)				
Recreation Center				
Salaries and Benefits	57,899	60,719	53,777	6,942
Supplies	9,230	10,430	9,601	829
Repairs and Maintenance	5,500	5,725	5,696	29
Professional Services	16,000	16,015	16,011	4
Travel, Training and Vehicle Expense	1,000	1,000	275	725
Utilities	51,290	53,870	51,924	1,946
General Liability	4,220	4,900	4,872	28
Total Recreation Center	145,139	152,659	142,156	10,503
Leagues				
Salaries and Benefits	38,499	39,089	29,328	9,761
Supplies	32,255	35,735	27,778	7,957
Professional Services	19,400	20,635	17,152	3,483
Travel, Training and Vehicle Expense	1,800	2,920	1,919	1,001
Utilities	130	130	126	4
Dues and Subscriptions	16,500	16,500	14,415	2,085
Other	4,850	6,655	5,515	1,140
General Liability	1,402	1,617	1,221	396
Total Leagues	114,836	123,281	97,454	25,827
Public Library				
Salaries and Benefits	322,802	323,902	308,313	15,589
Supplies	23,974	27,404	10,786	16,618
Repairs and Maintenance	17,600	17,955	21,470	(3,515)
Professional Services	10,200	10,200	1,666	8,534
Travel, Training and Vehicle Expense	300	900	848	52
Utilities	34,200	35,830	29,912	5,918
Dues and Subscriptions	725	955	226	729
Other	27,000	33,275	15,292	17,983
General Liability	5,770	7,073	6,447	626
Total Public Library	442,571	457,494	394,960	62,534
Capital Outlay	158,176	183,896	139,752	44,144
Total Culture and Recreation	1,473,178	1,574,909	1,362,700	212,209

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary and GAAP Basis	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Golf Course	-	50,000	50,000	-
Education	2,382,500	2,377,220	2,342,086	35,134
Airport	145,000	145,000	145,000	-
Special Appropriations to Other Governmental Entities	111,572	111,572	111,572	-
Debt Service				
Principal	998,478	998,478	866,010	132,468
Interest	408,611	408,611	396,780	11,831
Paying Agent Fees	1,000	2,405	2,346	59
Total Debt Service	1,408,089	1,409,494	1,265,136	144,358
TOTAL EXPENDITURES	16,151,702	16,684,370	15,514,596	1,169,774
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,400,800)	(1,733,468)	(708,868)	1,024,600
OTHER FINANCING SOURCES (USES)				
Capital Outlay Note Issued	394,300	394,300	394,300	-
Transfers				
Elizabethton Electric - In-Lieu of Taxes	860,000	860,000	1,487,838	627,838
General Obligation Bond Proceeds - Capital Project	-	(5,280)	(5,277)	3
Parks and Recreation - Capital Project	(14,000)	(14,000)	(14,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,240,300	1,235,020	1,862,861	627,841
Net Change in Fund Balances	(160,500)	(498,448)	1,153,993	1,652,441
Fund Balances, July 1, 2014	7,775,266	7,775,266	7,775,266	-
Prior Period Adjustment	-	-	(73,753)	(73,753)
Fund Balances, July 1, 2014 (Restated)	7,775,266	7,775,266	7,701,513	(73,753)
Fund Balances, June 30, 2015	$ 7,614,766	7,276,818	8,855,506	1,578,688

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

CITY OF ELIZABETHTON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-Type Activities - Enterprise Funds			
	Elizabethton Water and Sewer Fund	Elizabethton Electric Department	Elizabethton Sanitation Fund	Total Enterprise Funds
ASSETS				
Current Assets				
Cash and Cash on Hand	$ 1,403,871	12,781,283	639,761	14,824,915
Investments	1,579,010	5,369,798	120,204	7,069,012
Accounts Receivable (Net of Allowances for Uncollectibles)	462,142	6,343,421	50,331	6,855,894
Inventories	514,218	890,314	-	1,404,532
Due from Other Funds	-	10,139	-	10,139
Due from Other Governments	243,299	-	-	243,299
Total Current Assets	4,202,540	25,394,955	810,296	30,407,791
Capital Assets				
Land	596,025	602,694	315,250	1,513,969
Water Right	4,354,167	-	-	4,354,167
Construction In Progress	2,543,450	856,007	-	3,399,457
Buildings and Improvements	24,023,164	2,325,861	-	26,349,025
Motor Equipment	5,023,132	4,623,250	1,344,400	10,990,782
Office Equipment	331,842	1,214,843	30,518	1,577,203
Infrastructure	22,745,312	89,829,815	-	112,575,127
Less: Accumulated Depreciation	(29,565,220)	(24,520,136)	(525,443)	(54,610,799)
Total Capital Assets	30,051,872	74,932,334	1,164,725	106,148,931
Other Noncurrent Assets				
Restricted Cash - Customer Deposits	564,402	2,515,516	-	3,079,918
Restricted Cash - Retainages	86,597	-	-	86,597
Other Assets	-	1,341,146	-	1,341,146
Total Other Noncurrent Assets	650,999	3,856,662	0	4,507,661
TOTAL ASSETS	34,905,411	104,183,951	1,975,021	141,064,383
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Bond Refunding Costs	44,393	636,660	-	681,053
Deferred Outflows Related to Pensions	271,728	882,907	34,726	1,189,361
TOTAL DEFERRED OUTFLOWS OF RESOURCES	316,121	1,519,567	34,726	1,870,414
LIABILITIES				
Current Liabilities				
Accounts Payable	174,701	6,871,280	27,924	7,073,905
Retainages Payable	86,597	-	-	86,597
Customer Deposits	564,402	2,515,516	-	3,079,918
Other Current Liabilities	39,553	141,915	-	181,468
Accrued Payroll	4,356	-	-	4,356
Accrued Interest	1,521,568	519,520	829	2,041,917
Unearned Revenue	15,321	-	-	15,321
Due to Other Funds	10,801	31,156	12,202	54,159
Bonds Payable	785,045	1,175,000	-	1,960,045
Notes Payable	79,244	-	76,281	155,525
State Loans Payable	153,276	-	-	153,276
Compensated Absences	55,424	107,796	5,044	168,264
Total Current Liabilities	3,490,288	11,362,183	122,280	14,974,751

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-Type Activities - Enterprise Funds			
	Elizabethton Water and Sewer Fund	Elizabethton Electric Department	Elizabethton Sanitation Fund	Total Enterprise Funds
LIABILITIES (CONTINUED)				
Noncurrent Liabilities				
Bonds Payable	9,442,589	33,310,000	-	42,752,589
Bond Premium	26,264	463,189	-	489,453
Notes Payable	405,731	-	121,019	526,750
State Loans Payable	3,855,220	-	-	3,855,220
Advance from TVA	-	1,322,517	-	1,322,517
Compensated Absences	66,893	227,059	5,094	299,046
Net Pension Liability	835,835	6,690,452	106,817	7,633,104
Net OPEB Obligation	395,497	407,547	60,503	863,547
Total Noncurrent Liabilities	15,028,029	42,420,764	293,433	57,742,226
TOTAL LIABILITIES	18,518,317	53,782,947	415,713	72,716,977
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	322,645	237,674	41,233	601,552
TOTAL DEFERRED INFLOWS OF RESOURCES	322,645	237,674	41,233	601,552
NET POSITION				
Net Investment in Capital Assets	15,348,896	40,620,805	967,425	56,937,126
Unrestricted	1,031,674	11,062,092	585,376	12,679,142
TOTAL NET POSITION	$ 16,380,570	51,682,897	1,552,801	69,616,268

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

CITY OF ELIZABETHTON, 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			
	Elizabethton Water and Sewer Fund	Elizabethton Electric Department	Elizabethton Sanitation Fund	Total Enterprise Funds
OPERATING REVENUES				
Charges for Services	$ 8,285,755	56,261,166	1,189,475	65,736,396
OPERATING EXPENSES				
Wages and Employee Benefits	2,618,907	-	357,260	2,976,167
Purchases of Power, Water and Other	-	42,676,758	-	42,676,758
Other Operating Expenses	1,423,301	3,942,943	35,913	5,402,157
Maintenance	103,137	1,963,828	165,145	2,232,110
Tax Equivalent	-	628,629	-	628,629
Treatment, Transmissions and Utilities	865,963	-	-	865,963
Landfill	-	-	322,774	322,774
Administrative	702,295	-	92	702,387
Amortization	247,848	-	-	247,848
Depreciation	1,400,950	2,949,579	75,315	4,425,844
TOTAL OPERATING EXPENSES	7,362,401	52,161,737	956,499	60,480,637
OPERATING INCOME	923,354	4,099,429	232,976	5,255,759
NONOPERATING REVENUES (EXPENSES)				
Interest Income	2,430	44,231	105	46,766
Interest Expense and Fiscal Charges	(629,474)	(1,473,363)	(3,449)	(2,106,286)
TOTAL NONOPERATING REVENUES (EXPENSES)	(627,044)	(1,429,132)	(3,344)	(2,059,520)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	296,310	2,670,297	229,632	3,196,239
TRANSFER TO GENERAL FUND	-	(1,487,838)	-	(1,487,838)
CONTRIBUTIONS - CAPITAL GRANT REVENUE	388,608	-	-	388,608
Change in Net Position	684,918	1,182,459	229,632	2,097,009
NET POSITION, JULY 1, 2014	16,729,277	57,060,806	1,455,263	75,245,346
PRIOR PERIOD RESTATEMENT	(1,033,625)	(6,560,368)	(132,094)	(7,726,087)
NET POSITION, JULY 1, 2014, RESTATED	15,695,652	50,500,438	1,323,169	67,519,259
NET POSITION, JUNE 30, 2015	$ 16,380,570	51,682,897	1,552,801	69,616,268

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

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

	Business-Type Activities - Enterprise Funds			
	Elizabethton Water and Sewer Fund	Elizabethton Electric Department	Elizabethton Sanitation Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received From Customers	$ 8,214,463	53,803,884	1,190,728	63,209,075
Cash Received from City of Elizabethton for Services	-	1,169,693	-	1,169,693
Cash Received from Rentals and Other Sales	-	1,148,579	-	1,148,579
Cash Payments for Tax Equivalent	-	(441,197)	-	(441,197)
Cash Payments for Employee Services and Benefits	(2,717,072)	(678,269)	(375,493)	(3,770,834)
Cash Payments to Suppliers for Goods and Services	(3,179,414)	(48,249,853)	(542,318)	(51,971,585)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	2,317,977	6,752,837	272,917	9,343,731
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(2,089,088)	(2,631,444)	(188,096)	(4,908,628)
Payments on Capital Lease	(25,987)	-	-	(25,987)
Principal Paid on Bonds Payable	(803,238)	(11,480,000)	-	(12,283,238)
Principal Paid on Notes Payable	(130,547)	-	(74,993)	(205,540)
Interest Paid on Bonds and Notes Payable	(676,962)	(1,338,211)	(4,604)	(2,019,777)
Net Proceeds from Refunding Bonds	-	10,480,000	-	10,480,000
Capital Grants	467,899	-	-	467,899
State Loan Proceeds	1,385,868	-	-	1,385,868
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(1,872,055)	(4,969,655)	(267,693)	(7,109,403)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers to Other Funds	(44,538)	(1,487,838)	(9)	(1,532,385)
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	(44,538)	(1,487,838)	(9)	(1,532,385)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of Investments	38,782	-	-	38,782
Purchase of Investments	-	(3,774,107)	(104)	(3,774,211)
Interest on Investments	2,430	44,231	104	46,765
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	41,212	(3,729,876)	0	(3,688,664)
Net Increase (Decrease) in Cash and Cash on Hand	442,596	(3,434,532)	5,215	(2,986,721)
CASH AND CASH ON HAND AT BEGINNING OF YEAR	1,612,274	18,731,331	634,546	20,978,151
CASH AND CASH ON HAND AT END OF YEAR	$ 2,054,870	15,296,799	639,761	17,991,430

(Continued)

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

	Business-Type Activities - Enterprise Funds			
	Elizabethton Water and Sewer Fund	Elizabethton Electric Department	Elizabethton Sanitation Fund	Total Enterprise Funds
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities				
OPERATING INCOME	$ 923,354	4,099,429	232,976	5,255,759
Adjustments				
Depreciation and Amortization	1,648,798	3,058,892	75,315	4,783,005
Change in Net Pension Liability	(197,789)	130,084	(25,277)	(92,982)
Change in Deferred Outflows Related to Pensions	(271,728)	(882,907)	(34,726)	(1,189,361)
Change in Deferred Inflows Related to Pensions	322,645	237,674	41,233	601,552
Changes in Assets and Liabilities				
(Increase) Decrease in Accounts Receivables	(71,292)	(123,457)	1,253	(193,496)
(Increase) Decrease in Inventories	49,875	43,225	-	93,100
Increase (Decrease) in Accounts Payable	(198,653)	150,511	(18,394)	(66,536)
Increase (Decrease) in Retainages Payable	38,876	-	-	38,876
Increase (Decrease) in Customer Deposits	17,902	59,952	-	77,854
Increase (Decrease) in Other Current Liabilities	7,282	(44,879)	-	(37,597)
Increase (Decrease) in Accrued Payroll	(11)	-	-	(11)
Increase (Decrease) in OPEB Liability	38,041	17,524	(1,115)	54,450
Increase (Decrease) in Compensated Absences	10,677	6,789	1,652	19,118
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 2,317,977	6,752,837	272,917	9,343,731
RECONCILIATION OF CASH AND CASH ON HAND TO STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and Cash on Hand	$ 1,403,871	12,781,283	639,761	14,824,915
Restricted Cash - Customer Deposits	564,402	2,515,516	-	3,079,918
Restricted Cash - Retainages	86,597	-	-	86,597
TOTAL CASH AND CASH ON HAND	$ 2,054,870	15,296,799	639,761	17,991,430

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Financial Reporting Entity

The City of Elizabethton, Tennessee is a municipal corporation governed by a Modified City Manager-Council form of government. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in separate columns in the government-wide financial statements to emphasize it is legally separate from the government. The Elizabethton Municipal Airport, Elizabethton Board of Education and the Elizabethton Municipal Golf Course are discretely presented component units. Each component unit has a June 30 year end.

Individual Component Unit Disclosures

In evaluating how to define the government, for financial reporting purposes, the City management has considered all potential component units. A component unit is an organization for which the City is financially accountable, or for which the nature and significance of their relationship with the City is such that exclusion from the City'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 by GASB. The City 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 City. 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. The component units discussed below are included in the City's reporting entity because the City's management has determined that the City is financially accountable to those organizations.

Discretely Presented Component Units – As discussed earlier, the City has three discretely presented component units. While neither the Elizabethton Municipal Airport nor the Elizabethton Municipal Golf Course are considered to be a major component unit, they are nevertheless shown in separate columns in the government-wide financial statements. They are reported in separate columns to emphasize that they are legally separate from the City. All of the discretely presented component units serve the geographic area of Elizabethton and their corporate charter grants them legally separate corporate powers.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Individual Component Unit Disclosures (Continued)

Complete financial statements of Elizabethton Municipal Airport, Elizabethton Board of Education, and Elizabethton Municipal Golf Course may be obtained from their administrative offices at:

Elizabethton Municipal Airport
415 Highway 91
Elizabethton, Tennessee 37643

Elizabethton Board of Education
804 South Watauga Avenue
Elizabethton, Tennessee 37643-4207

Elizabethton Municipal Golf Course
185 Buck Van Huss Drive
Elizabethton, Tennessee 37643

Elizabethton Municipal Airport
The Elizabethton Municipal Airport Authority was created in accordance with *Tennessee Code Annotated* (*TCA*) Sec. 42-3-101 through 42-3-103 and Sec. 42-5-101 through 42-5-20-5. The Elizabethton Municipal Airport Authority Commissioners are appointed for five-year terms by the Elizabethton City Council. The City is responsible for all Airport indebtedness.

Elizabethton Municipal Golf Course
The City owns all assets associated with the Elizabethton Municipal Golf Course (the Golf Course). The Golf Course was established for the use and benefit of the citizens of Elizabethton and surrounding areas. The City, by resolution in accordance with TCA 48-51-201 (29 et. Seq.), authorized the Municipal Golf Course Board of Directors to incorporate as a non-profit, public benefit corporation. The Board of Directors manages and operates the day-to-day activities of the Golf Course. Membership on the Board of Directors consists of eight members elected by the membership of the public benefit corporation; three members of the Elizabethton City Council appointed by the City Council; one member elected by the women's golf association; and the director of the City's Park and Recreation Department. The City Council is ultimately responsible for all indebtedness approved for the Golf Course. The Board of Directors has the authority to borrow funds subject to the approval of the Elizabethton City Council. All revenues generated by the Elizabethton Municipal Golf Course are used exclusively for operation, maintenance and expansion of the Golf Course facilities.

The Elizabethton Board of Education
The Elizabethton City School System was created and currently operates in accordance with the provisions set forth in the TCA and the City municipal charter. The five school board members are elected at large for four-year terms. The citizens of the City are the primary beneficiaries of the school system. The City's General Fund contributes a sizable appropriation to the General Purpose School Fund. Other school system revenue is provided by state, federal and other statutory sources. Also, the City is responsible for all applicable indebtedness incurred by the System.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Organizations

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations do not extend beyond making the appointments.

The City cannot impose its will on these boards since it does not have the ability to modify or approve their budgets or overrule or modify decisions of the boards. The boards are fiscally independent and there is no financial benefit or burden relationship with the City. Therefore, they are not included in the City's financial statements.

The following organizations are related organizations, which have not been included in the reporting entity.

Carter County Tomorrow
The City Manager of the City is a continuing appointment along with two City Council member appointments made by the City Council. An annual appropriation is made by the City, but the City has no direct or implied responsibility for indebtedness incurred by Carter County Tomorrow.

Carter County Emergency 911 Communications District
The board of the Carter County Emergency 911 Communications District includes the City police chief, fire chief and one appointment by the City Council for a five-year term. Included in the City annual budget process, a direct appropriation is made for necessary emergency and non-emergency dispatching of public safety and public works functions. The City is not responsible for any direct or indirect debt of the District.

Carter County Equalization Board
The City only appoints one member for a one-year term. No assistance is provided to this board, and the City has no responsibility for any debts.

Health and Education Facilities Board
All seven members of the Health and Education Facilities Board are appointed by the City Council for six-year terms. The Board is a non-profit corporation. No financial assistance is provided by the City.

Watauga Regional Library Board
The City Council appoints one member for a three-year term. No financial assistance is provided by the City.

Solid Waste Regional Board
The City has one appointment to this Board. No financial assistance is provided by the City.

Elizabethton Housing Authority
Commissioners of the Elizabethton Housing Authority are appointed by the Mayor, but the City does not provide funding, has no obligation for the debt issued by the Authority, and cannot impose its will.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Organizations (Continued)

Watauga River Regional Water Authority
The City is a participant in the Watauga River Regional Water Authority with other area utility districts. The Authority was created by Chapter 29, Private Acts of 2001, to plan, operate, and maintain a water and wastewater system in Carter County and the City. The authority is governed by a five-member board.

Joint Venture

Carter County Solid Waste Disposal System Board
The City appoints two members to the Board and the County appoints two members. A fifth member is jointly approved by both the City Council and the Carter County Commission. Also, the City Manager is an ex-officio member. No appropriation is made by the City to this Board. The City and County have entered into an agreement to jointly and cooperatively operate and maintain a solid waste disposal system for the duration of the life of the Campbell Hollow Solid Waste Sanitary Landfill. The landfill was closed in 2000. The County has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. The postclosure care liability is reported by Carter County. The County bills the City for one-half of the postclosure expenditures per the written agreement. There are no separately issued financial statements for the landfill.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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 City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenue also has a period of availability of 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Certain revenues are required to be recognized in the General Fund as a receivable at June 30 and either as revenue or deferred inflows of resources, depending upon revenue recognition policies of the City. The following items for the City are recorded: Property Tax, In-Lieu of tax: TVA, State Beer Tax, Telecommunications, Income Tax, Local Beer Tax, Mixed Drink and Gasoline Tax. Circuit Clerk/Clerk and Master Collections, Litigation Tax, Business Tax, Bank Excise Tax, Fines, Forfeitures and Penalties and Performance Bond Forfeiture are required to be recognized; however, they are not measurable or estimable and are not generally material to the financial statements. Therefore, they are not recognized as revenue until received.

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

The *Elizabethton Electric Department fund* is used to account for provisions of electric service to residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and billing and collection.

The *Elizabethton Water and Sewer fund* is used to account for the provision of water and sewer service to the residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and financing.

The *Elizabethton Sanitation fund* accounts for the activities of the City's residential garbage refuse collection activities.

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 City's enterprise funds are charges to customers for sales and services. The City 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 enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted funds are available for use, it is the City's policy to use restricted resources first, then unrestricted resources unless legal requirements disallow it.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments

The City's cash is considered to be cash on hand and demand deposits. For purposes of the Statement of Cash Flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are stated at fair value. The Local Government Investment Pool operates in accordance with the appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. All interest earned on investments is recorded in the fund of the investment.

2. Receivables and Payables

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".

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible. The property tax receivable allowance is equal to 2.5% of current taxes and 8.0% of all other years at June 30, 2015. Estimated uncollectible taxes were based on the prior year's collection experience.

Property taxes are levied as of August 1 on property values assessed as of January 1. All real property taxes and personal property taxes are due and payable on the tenth of November. 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. Property taxes recognized as receivable before the period of revenue recognition have been reported as deferred inflows of resources. For the fiscal year ending June 30, 2015, the 2014 calendar year property tax rate was $1.82 per $100 of assessed value.

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 year end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Inventories and Prepaid Items

Inventories in the General, Water and Sewer, and Electric Department Funds are valued at cost using the first-in/first-out (FIFO) method. Inventories of gasoline and vehicle parts are carried during the fiscal year with a 10% to 25% mark-up for the purpose of charging out to other funds. These are re-valued to cost at year end. The costs of inventory are reported as expenditures when consumed rather than when purchased.

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements and on the fund level for the governmental and proprietary funds. Balances include postage, insurance, finance charges, and travel advances.

4. Restricted Assets

Certain assets of the General Fund and Capital Projects Fund are classified as restricted by management. Management has restricted the cash and investments for future payment of bond retirement costs and industrial development.

The Water and Sewer Fund and the Elizabethton Electric Department's restricted assets consist of cash on deposit which is restricted for the payment of customer deposits and retainages.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The City has elected not to capitalize works of art and historical treasures including the historic Covered Bridge and the Veteran's War Memorial. These assets are being held for public display and education and not for financial gain. These assets are cared for and preserved and the City has no plans to sell these assets but plans to maintain them as part of the City's heritage.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	10-50
Buildings	20-40
Building Improvements	30-40
Large Trucks	10-20
Vehicles	3-10
Computers and Office Equipment	5

The assets of the Elizabethton Electric Department are being depreciated on the straight-line method over the useful lives per guidelines of the Tennessee Valley Authority (T.V.A.). When property is retired or otherwise disposed of, its average cost, together with its cost of removal less salvage, is charged to accumulated depreciation; no gain or loss is recognized as per federal energy regulations. $109,313 of depreciation was charged to operating expense per T.V.A. guidelines.

The estimated useful lives of the utility plant of the Electric Department are as follows:

Class Description	Estimated Useful Life
Buildings	50.2 years
Office Equipment	20.0 years
Transportation Equipment	5.0 to 10.0 years
Other Machinery and Equipment	12.5 to 20.0 years
Power Distribution System	12.5 to 44.44 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Compensated Absences

Policy of the City of Elizabethton

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave because payment is not made upon termination. Vacation pay is accrued when earned in the government-wide and proprietary funds financial statements.

The proprietary funds financial statements reflect $467,310 of vacation benefits payable. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Expected future demands of $379,566 for vacation benefits have been reflected in the Statement of Net Position as compensated absences for the governmental activities.

Policy of the Elizabethton Electric Department

Employees earn various days of vacation based on the number of years of service. Employees with more than 20 years of service are entitled to a maximum of 25 days of vacation per year. A maximum of 30 days of accumulated vacation may be carried to the next calendar year. Vacation time accumulated prior to January 1, 1978 is exempt from the carry-forward limitation and capped at the balance. At the end of December 31 of each year, accumulated vacation leave in excess of 30 days may be paid in cash. All accumulated vacation leave will be paid upon separation of service. Also, one additional day will be given each year for a year's service without a lost-time accident or without taking a day of sick leave.

7. Long-Term Obligations

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

8. Net Position and Fund Balance

In the government-wide financial statements and the proprietary funds in the fund financial statements, equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2015, the City had $9,250,000 in outstanding debt for capital purposes for the discretely presented Elizabethton Board of Education. The debt is a liability of the City, but the capital assets acquired are reported in the financial statements of the School Board. Therefore, the City has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the City's capital assets.

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Net Position and Fund Balance (Continued)

- Committed fund balance – amounts constrained to specific purposes by the City itself, using an ordinance, its highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government. To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. Formal action via Ordinance is required to establish, modify or rescind a fund balance commitment.

- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When committed, assigned and unassigned funds are available for expenditures, committed funds should be spent first, assigned funds second, and unassigned funds last.

City Council established that an amount equal to at least 15% of the City's most recent approved operating budget shall be established as a minimum Unassigned Fund Balance. Then annually, following the completion of the City's audit, the City Manager shall review the Unassigned Fund Balance and propose to utilize, through the annual budget process, surplus funds above the 15% minimum, if any. Proposed use of Unassigned Fund Balance funds should be dedicated to projects in the Capital Improvement Program or other unanticipated one-time expenses. The Council may vote to establish certain committed accounts from the Unassigned Fund Balance for the purpose of funding specific capital improvement needs in the future. The Council may also, by a two-thirds vote, decide to expend or to reserve amounts greater than that listed above based on the immediate or long-term needs of the City. The Council has the authority to establish a financial stabilization account that will be a committed fund balance. A financial stabilization account is established for the purpose of providing funds for an urgent event that affects the safety of the general public. The recognition of an urgent event must be established by the Council or the City Manager, who must report the specific urgent event to the Council at its next meeting. A budget amendment to spend financial stabilization funds must be approved by the City's governing body.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS) and the Central Service Association (CSA) Pension Plan, and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan and CSA for the pension 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 and the CSA Pension Plan. Investments are reported at fair value.

11. Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide and proprietary funds Statement of Net Position. One of these items is for deferred bond refunding costs which result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is for pension changes in experience and other deferrals, as well as employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Deferred Outflows / Inflows of Resources (Continued)

The City has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide and proprietary funds Statement of Net Position, and the governmental funds and the proprietary funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

12. Reclassifications

Certain accounts in the prior year financial statements have been reclassified to conform to the presentation the current year financial statements.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance-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. Long-term liabilities at year end consist of net OPEB obligation, bonds payable, notes payable, capital leases and compensated absences." The details of this $(13,399,471) difference are as follows:

Bonds Payable	$ (10,700,000)
Deferred Amount on Issuance Premium	(41,536)
Notes Payable	(898,876)
Net OPEB Obligation	(1,379,493)
Compensated Absences	(379,566)
Net adjustment to reduce *fund balance - governmental funds* to arrive at *net position-governmental activities*	$ (13,399,471)

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position (Continued)

Another element of that reconciliation explains that "long-term pension retirement plans are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. This amount is the net pension asset/ (liability), net of deferred inflows and deferred outflows." The details of this $(2,312,585) difference are as follows:

Net Pension Liability	$ (2,179,796)
Deferred Outflows of Resources Related to Pensions	708,646
Deferred Inflows of Resources Related to Pensions	(841,435)
Net adjustment to reduce *fund balance - governmental funds* to arrive at *net position-governmental activities*	$ (2,312,585)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances-total 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 "repayment of bond and note principal and leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position". The details of this $866,010 difference are as follows:

Principal Repayments:	
General Obligation Debt	$ 745,000
Notes Payable	121,010
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$ 866,010

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states that "in the Statement of Activities, certain operating expenses, such as compensated absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. Compensated absences decreased by this amount for the current year." The details of this $17,912 difference are as follows:

Compensated Absences for the Prior Year	$ 397,478
Compensated Absences for the Current Year	(379,566)
Net adjustment to increase *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	$ 17,912

NOTE 3 - BUDGETARY INFORMATION AND COMPLIANCE

A. BUDGETARY REPORTING

The City Council authorizes an annual operating budget ordinance for expenditures and related estimated revenues for the General fund, all Special Revenue funds, and certain Capital Projects funds. The City's financial operations are subject to the comprehensive appropriated budget. Budget amendments are authorized during the year. The Statement of Budget to Actual is as originally adopted or as amended by the City Council. The budgetary basis only differs from accounting principles generally accepted in the United States of America concerning the reporting of property tax collections. The budget is prepared using the actual cash collections expected. The actual amounts reported by the modified accrual basis are immaterially different from the cash basis used for the budget. For the year ended June 30, 2015, expenditures in the police equipment fund exceeded appropriations by $2,825.

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash includes cash on hand and demand deposits in local banks.

The City of Elizabethton is responsible for receiving and disbursing funds of the City. 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 City of Elizabethton. 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 City 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 (LGIP); 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.

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

Disclosures Relating to Credit, Interest Rate, Concentration and Custodial Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is the measure with the assignment of a rating by a nationally recognized statistical rating organization. The City will minimize credit risk by limiting the portfolio to the types of investments pursuant to TCA §6-56-106, pre-qualifying the financial institutions with which the City will do business in accordance with Section 4, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City will minimize interest rate risk by structuring the portfolio to meet the cash requirements of ongoing operations, thereby mitigating the need to liquidate investments at a loss prior to maturity and by investing operating funds primarily in shorter-term investments, CDs or similar investment pools and limiting the average maturity of the portfolio.

Concentration of credit risk is the risk of loss due to having a significant portion of resources invested in a single issuer. The City will minimize concentration of credit risk by diversifying the investment portfolio. Diversification so that the impact of potential losses from any one type of security or issuer will be minimized. Investments issued or explicitly guaranteed by the U.S. government or the State of Tennessee Collateral Pool, Tennessee Local Government Investment Pool (LGIP) and any other external investment pools that are authorized by the State are excluded from this requirement.

Custodial credit risk is the risk that in the event of the failure of a depository financial institution the deposits or collateralized investments that are in the possession of an outside party would not be recovered. The City will minimize custodial credit risk for deposits and investments through collateralization and safekeeping of assets.

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

The City's carrying amount of deposits was $19,991,162 and the bank balance was $20,833,923.

The bank balances are collateralized or insured as follows:

Amount insured by FDIC or collateralized with State of Tennessee Bank Collateral Pool	$ 20,833,923

A reconciliation of deposits to the amounts reflected on the Statement of Net Position is as follows:

	Primary Government
Carrying Amount of Deposits	$ 19,991,162
Amounts per Statement of Net Position:	
Cash and Cash on Hand	$ 16,824,647
Restricted Assets - Cash	3,166,515
Total per Statement of Net Position	$ 19,991,162

Investments

The City, including the Electric Department, invests funds in the State of Tennessee's Local Government Investment Pool and bond proceeds with an investment advisor. The City's interest in the Investment Pool is recorded at fair market value and at June 30, 2015, funds were $11,555,959. The total investment with the investment firm is recorded at fair value and is $2,002,843 at June 30, 2015.

	Carrying Amount	Market Value
Local Government Investment Pool	$ 11,555,959	11,555,959
Bond Fund Investments		
Municipal Securities	2,002,843	2,002,843
Total Investments	$ 13,558,802	13,558,802

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The Electric Department's bond fund investments had the following credit risk structure as of June 30, 2015:

Investment Type	Moody's Credit Rating	Fair Value	Percent of Total
Treasury Securities	AAA	$ 2,002,843	100%

The Electric Department's investment maturities by type are as follows:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More Than 10
Treasury Securities	$ 2,002,843	802,843	800,000	400,000	-
Total Bond Fund Investments	$ 2,002,843	802,843	800,000	400,000	0

A reconciliation of investments to the amounts reflected on the Statement of Net Position is as follows:

	Governmental Activities	Business-Type Activities	Total
Investments	$ 1,535,437	7,069,012	8,604,449
Restricted Assets - Investments	4,954,353	-	4,954,353
Total	$ 6,489,790	7,069,012	13,558,802

NOTE 5 - RECEIVABLES

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

	General	Water and Sewer	Electric Department	Sanitation Fund	Nonmajor Governmental Funds	Total
Receivables:						
Accounts	$ 9,677	498,692	6,481,686	53,451	7,184	7,050,690
Taxes	5,227,685	-	-	-	-	5,227,685
Due from Other Governments	1,274,564	243,299	-	-	-	1,517,863
Gross Receivables	6,511,926	741,991	6,481,686	53,451	7,184	13,796,238
Less: Allowance for Uncollectibles	(27,257)	(36,550)	(138,265)	(3,120)	-	(205,192)
Total Receivables	$ 6,484,669	705,441	6,343,421	50,331	7,184	13,591,046

NOTE 5 – RECEIVABLES (CONTINUED)

The Electric Department has a program whereby qualifying homeowners may obtain interest-bearing loans to pay for energy conservation measures in their homes. The customer repays the loan over a period of up to ten years at a stated interest rate of 9.25%. Payments are made with the customers' regular monthly bills. Loans are secured by the related real property. The balance of the energy conservation loans as of June 30, 2015 was $1,311,309.

NOTE 6 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 1,897,344	46,250	-	1,943,594
Construction in Progress	348,995	19,916	-	368,911
Library Infrastructure	762,552	28,876	(131,153)	660,275
Total Capital Assets, Not Being Depreciated	3,008,891	95,042	(131,153)	2,972,780
Capital Assets, Being Depreciated:				
Buildings and Improvements	7,832,303	318,864	(574,349)	7,576,818
Motor Equipment	4,371,933	264,781	(38,732)	4,597,982
Office Equipment	2,646,671	150,969	(22,534)	2,775,106
Infrastructure	11,076,267	205,009	-	11,281,276
Total Capital Assets, Being Depreciated	25,927,174	939,623	(635,615)	26,231,182
Less Accumulated Depreciation For:				
Buildings and Improvements	(3,728,193)	(210,674)	-	(3,938,867)
Motor Equipment	(3,096,903)	(306,789)	29,732	(3,373,960)
Office Equipment	(1,926,415)	(107,594)	16,539	(2,017,470)
Infrastructure	(7,188,898)	(193,011)	-	(7,381,909)
Total Accumulated Depreciation	(15,940,409)	(818,068)	46,271	(16,712,206)
Total Capital Assets, Being Depreciated, Net	9,986,765	121,555	(589,344)	9,518,976
Governmental Activities, Capital Assets, Net	$ 12,995,656	216,597	(720,497)	12,491,756

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 1,513,969	-	-	1,513,969
Water Right	4,604,167	-	(250,000)	4,354,167
Construction in Progress	5,600,282	3,789,982	(5,990,807)	3,399,457
Total Capital Assets, Not Being Depreciated	11,718,418	3,789,982	(6,240,807)	9,267,593
Capital Assets, Being Depreciated:				
Buildings and Improvements	26,337,324	11,701	-	26,349,025
Motor Equipment	10,518,656	678,082	(205,956)	10,990,782
Office Equipment	1,412,956	164,247	-	1,577,203
Infrastructure	106,911,214	5,954,186	(290,273)	112,575,127
Total Capital Assets, Being Depreciated	145,180,150	6,808,216	(496,229)	151,492,137
Less Accumulated Depreciation For:				
Buildings and Improvements	(12,835,149)	(742,598)	-	(13,577,747)
Motor Equipment	(5,483,054)	(526,778)	205,223	(5,804,609)
Office Equipment	(749,000)	(56,681)	-	(805,681)
Infrastructure	(31,805,907)	(3,209,100)	592,245	(34,422,762)
Total Accumulated Depreciation	(50,873,110)	(4,535,157)	797,468	(54,610,799)
Total Capital Assets, Being Depreciated, Net	94,307,040	2,273,059	301,239	96,881,338
Business-Type Activities, Capital Assets, Net	$ 106,025,458	6,063,041	(5,939,568)	106,148,931

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

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

Governmental Activities		
General Government	$	115,554
Public Safety		278,264
Public Works - including general infrastructure assets		276,045
Health and Welfare		883
Culture and Recreation		144,723
Drug Fund		2,599
Total Depreciation Expense - Governmental Activities	$	818,068
Business-Type Activities		
Electric Department	$	3,058,892
Water and Sewer		1,400,950
Sanitation		75,315
Total Depreciation Expense - Business-Type Activities	$	4,535,157

A total of $109,313 of depreciation expense for the Electric Department was charged to transportation expense.

NOTE 7 - LONG-TERM DEBT

Refunding

During the June 30, 2015 fiscal year, the Elizabethton Electric Department issued bonds in the amount of $11,185,000 to refinance in part, two outstanding bond issues. The Series 2015A Bonds were issued in the amount of $9,280,000 and the Series 2015B Bonds were issued in the amount of $1,905,000. The objectives of the transaction included, but are not limited to, realizing significant annual aggregate and net present value savings, strengthening the overall financial position of the Department, avoiding the need to create a cash funded debt service reserve fund and to take advantage of better yields resulting from the use of the Department's general obligation pledge without changing the source of all debt service payments on the Bonds. The Series 2015A Bonds refunded, in part, in advance of their maturity, the Department's outstanding $15,000,000 Electric System Revenue Bonds, Series 2007. Only the Series 2007 Bonds maturing on September 1, 2019 through September 1, 2022, and on September 1, 2027 were refunded. The Refunded Series 2007 Bonds callable on and after September 1, 2015 through September 1, 2018 will remain in place and will not be advance refunded. The Series 2015B Bonds refunded, in part, in advance of their maturity, the outstanding $3,495,000 Electric System Revenue Refunding Bonds, Series 2005. Only Series 2005 Bonds maturing on September 1, 2016 through September 1, 2022, which are callable at par and accrued interest on and after September 1, 2015 will remain in place and will not be advance refunded. There were no dollars released when the Refunded Series 2005 Bonds and the Refunded Series 2007 Bonds were refinanced in part by the Bonds.

The total interest incurred for the fiscal year ended June 30, 2015 was $1,315,403. Of this amount $60,517 was capitalized as a component of the cost of capital assets constructed during the fiscal year and $1,254,886 was charged to expense.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental Activities:					
General Obligation Debt	$ 11,445,000	-	745,000	10,700,000	755,000
Premium	44,611	-	3,075	41,536	-
Total Bonds	11,489,611	0	748,075	10,741,536	755,000
Net OPEB Obligation	1,183,226	196,267	-	1,379,493	-
Net Pension Liability	3,383,920	1,366,598	2,570,722	2,179,796	-
Compensated Absences	397,478	189,556	207,468	379,566	207,468
Notes Payable	625,586	394,300	121,010	898,876	254,455
Governmental Activities Long-Term Liabilities	17,079,821	2,146,721	3,647,275	15,579,267	1,216,923
Business-Type Activities:					
Tax Refunding and Improvement Bonds	11,030,872	-	803,238	10,227,634	785,045
Revenue Bonds	34,780,000	11,185,000	11,480,000	34,485,000	1,175,000
Add: Deferred Amount on Issuance	389,144	251,311	151,002	489,453	-
Total Bonds	46,200,016	11,436,311	12,434,240	45,202,087	1,960,045
Notes Payable	835,293	-	153,018	682,275	155,525
Capital Lease	25,987	-	25,987	-	-
State Loans Payable	2,675,150	1,385,868	52,522	4,008,496	153,276
Net OPEB Obligation	809,097	54,450	-	863,547	-
Net Pension Liability	8,878,958	2,180,442	3,426,296	7,633,104	-
Compensated Absences	448,192	206,844	187,726	467,310	168,264
Business-Type Activities Long-Term Liabilities	59,872,693	15,263,915	16,279,789	58,856,819	2,437,110
Total Changes in Long-Term Debt	$ 76,952,514	17,410,636	19,927,064	74,436,086	3,654,033

Changes in the Deferred Gain on Bond Refunding for the fiscal year ended June 30, 2015 are as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Elizabethton Electric Department	$ 47,678	652,815	(63,833)	636,660	(51,893)
Elizabethton Water and Sewer Fund	49,942	-	(5,549)	44,393	(5,549)
	$ 97,620	652,815	(69,382)	681,053	(57,442)

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Governmental Activity Debt

Bonds Payable

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the City. The General Obligation School Bonds Series 2008 are also secured by a pledge of the one half percent addition to the City's Local Option Sales and Use Tax.

The following is a summary of general obligation bonds currently outstanding from the General Fund:

General Fund	Date Issued	Amount Issued	Interest Rate	Maturity Date	Outstanding June 30, 2015
General Obligation - School Bonds Series 2008	12/16/2008	$ 6,750,000	2.25-4.40%	9/1/2023	$ 3,800,000
General Obligation - Series 2010B	3/11/2010	505,000	3.00-3.75%	6/1/2025	385,000
General Obligation - Refunding Bond Series 2012	7/27/2012	2,145,000	0.25-1.75%	3/1/2020	1,065,000
General Obligation - School Refunding Bond Series 2013	9/20/2013	5,450,000	3.00-4.00%	9/1/2034	5,450,000
					$ 10,700,000

General Obligation Bonds issued 12-16-08 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 370,000	146,305	516,305
2017	385,000	132,615	517,615
2018	400,000	117,793	517,793
2019	415,000	101,896	516,896
2020	430,000	85,100	515,100
2021-2024	1,800,000	155,250	1,955,250
	$ 3,800,000	738,959	4,538,959

NOTE 7 - LONG TERM DEBT (CONTINUED)

Governmental Activity Debt (Continued)

Bonds Payable (Continued)

General Obligation Bonds issued 03-11-10 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 35,000	12,850	47,850
2017	35,000	11,800	46,800
2018	35,000	10,750	45,750
2019	35,000	9,700	44,700
2020	35,000	8,606	43,606
2021-2025	210,000	23,313	233,313
	$ 385,000	77,019	462,019

General Obligation Refunding Bonds issued 07-27-12 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 350,000	11,363	361,363
2017	240,000	9,175	249,175
2018	240,000	6,775	246,775
2019	135,000	3,775	138,775
2020	100,000	1,750	101,750
	$ 1,065,000	32,838	1,097,838

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Governmental Activity Debt (Continued)

Bonds Payable (Continued)

General Obligation School Refunding Bonds issued 09-20-13 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ -	200,625	200,625
2017	-	200,625	200,625
2018	-	200,625	200,625
2019	-	200,625	200,625
2020	-	200,625	200,625
2021 - 2025	650,000	987,375	1,637,375
2026 - 2030	2,465,000	698,663	3,163,663
2031 - 2034	2,335,000	191,500	2,526,500
	$ 5,450,000	2,880,663	8,330,663

Total debt service requirements to maturity for General Obligation Bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 755,000	371,143	1,126,143
2017	660,000	354,215	1,014,215
2018	675,000	335,943	1,010,943
2019	585,000	315,996	900,996
2020	565,000	296,081	861,081
2021 - 2025	2,660,000	1,165,938	3,825,938
2026 - 2030	2,465,000	698,663	3,163,663
2031 - 2034	2,335,000	191,500	2,526,500
	$ 10,700,000	3,729,479	14,429,479

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Governmental Activity Debt (Continued)

Notes Payable

Capital outlay notes are issued for various capital additions and projects city-wide. The full faith and credit of the City is pledged for payment. The City pledges its taxing power as to all taxable property. Capital outlay notes currently outstanding from the General Fund are as follows:

General Fund	Date Issued	Amount Issued	Interest Rate	Maturity Date	Outstanding June 30, 2015
Capital Outlay Note	3/15/2012	$ 252,000	2.10%	3/15/2019	$ 148,528
Capital Outlay Note	11/14/2013	441,838	3.50%	11/14/2018	356,048
Capital Outlay Note	12/4/2014	394,300	1.30%	12/4/2017	394,300
					$ 898,876

Capital Outlay Note issued 03-15-12 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 35,961	3,171	39,132
2017	36,735	2,397	39,132
2018	37,517	1,615	39,132
2019	38,315	816	39,131
	$ 148,528	7,999	156,527

Capital Outlay Note issued 11-14-13 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 87,061	4,648	91,709
2017	88,349	3,360	91,709
2018	89,656	2,053	91,709
2019	90,982	726	91,708
	$ 356,048	10,787	366,835

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Governmental Activity Debt (Continued)

Notes Payable (Continued)

Capital Outlay Note issued 12-4-14 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 131,433	5,197	136,630
2017	131,433	3,474	134,907
2018	131,434	1,733	133,167
	$ 394,300	10,404	404,704

Total debt service requirements to maturity for Capital Outlay Notes are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 254,455	13,016	267,471
2017	256,517	9,231	265,748
2018	258,607	5,401	264,008
2019	129,297	1,542	130,839
	$ 898,876	29,190	928,066

Business-Type Activity Debt

Bonds Payable

The government issues bonds when the government pledges income derived from the acquired or constructed assets to pay debt service. The 2010 and 2012 Series are payable from unlimited ad valorem taxes to be levied on all taxable property within the City. The full faith and credit of the City is pledged for payment. Although not secured by the net revenues of the water system, proceeds of the Bonds will be used to fund water projects. Debt service on that portion of the bonds will be paid in its entirety from the net revenues of the water system. The 2002 Series has pledged the net revenues of the water system. In the event of a deficiency of net revenues for such purposes, the bonds are payable from direct annual taxes to be levied on all taxable property in the City. The full faith and credit of the City is pledged. The Electric Department 2005, 2007, and 2015 bonds are secured by a pledge of the net revenues of the Department. Neither the full faith and credit nor taxing power of the City is pledged. The 2010 Electric Department Revenue Bonds are additionally payable from, but not secured by, direct payment credits received in respect of such emission of bonds.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activity Debt (Continued)

Bonds Payable (Continued)

The following is a summary of revenue bonds currently outstanding and the funds from which they will be paid:

Water and Sewer Fund	Date Issued	Amount Issued	Interest Rate	Maturity Date	Outstanding June 30, 2015
Water and Sewer Revenue and Tax Refunding and Improvement Bonds - Series 2002B	6/12/2002	$ 5,647,414	4.90-5.61%	6/1/2031	$ 4,772,634
Water and Sewer General Obligation Improvement Bonds - Series 2010B	4/30/2010	3,540,000	3.00-4.00%	6/1/2030	2,715,000
Water and Sewer General Obligation Improvement Bonds - Series 2010C	12/13/2010	2,460,000	2.00-4.10%	6/1/2030	1,855,000
Water and Sewer General Obligation Refunding Bonds - Series 2012	7/27/2012	2,190,000	0.25%-2.00%	3/1/2023	885,000
Electric Department Fund					
Revenue Refunding Bonds - Series 2005	8/24/2005	3,495,000	3.50-4.15%	9/1/2016	225,000
Revenue Bonds - Series 2007	12/20/2007	15,000,000	4.00-5.00%	12/27/2019	2,895,000
Revenue Bonds - Series 2010	4/20/2010	20,585,000	1.75-6.25%	9/1/2035	20,180,000
Revenue Refunding Bonds - Series 2015A	3/19/2015	9,280,000	2.00-2.50%	9/1/2027	9,280,000
Revenue Refunding Bonds - Series 2015B	3/19/2015	1,905,000	2.00-3.00%	9/1/2022	1,905,000
					$ 44,712,634

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activity Debt (Continued)

Bonds Payable (Continued)

Water and Sewer Revenue and Tax Refunding and Improvement Bonds - Series 2002B issued 06-12-02 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 430,045	444,955	875,000
2017	405,755	469,245	875,000
2018	382,462	492,538	875,000
2019	358,969	516,031	875,000
2020	337,050	537,950	875,000
2021-2025	1,507,688	3,207,312	4,715,000
2026-2030	1,201,688	3,823,312	5,025,000
2031	148,977	591,023	740,000
	$ 4,772,634	10,082,366	14,855,000

Water and Sewer General Obligation Improvement Bonds - Series 2010B issued 04-30-10 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 105,000	98,094	203,094
2017	115,000	94,944	209,944
2018	125,000	91,494	216,494
2019	135,000	87,744	222,744
2020	145,000	83,525	228,525
2021-2025	840,000	339,850	1,179,850
2026-2030	1,250,000	154,274	1,404,274
	$ 2,715,000	949,925	3,664,925

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activity Debt (Continued)

Bonds Payable (Continued)

Water and Sewer General Obligation Improvement Bonds - Series 2010C issued 12-13-10 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 140,000	65,359	205,359
2017	135,000	61,159	196,159
2018	135,000	57,109	192,109
2019	130,000	53,058	183,058
2020	130,000	49,159	179,159
2021-2025	615,000	183,350	798,350
2026-2030	570,000	69,560	639,560
	$ 1,855,000	538,754	2,393,754

Water and Sewer General Obligation Refunding Bonds - Series 2012 issued 7-27-12 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 110,000	13,425	123,425
2017	110,000	12,737	122,737
2018	110,000	11,637	121,637
2019	110,000	10,263	120,263
2020	115,000	8,613	123,613
2021-2023	330,000	12,900	342,900
	$ 885,000	69,575	954,575

Revenue Refunding Bonds issued 08-24-05 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 225,000	4,500	229,500
	$ 225,000	4,500	229,500

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activity Debt (Continued)

Bonds Payable (Continued)

Revenue Bonds issued 12-20-07 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 675,000	64,825	739,825
2017	710,000	95,900	805,900
2018	740,000	247,050	987,050
2019	770,000	404,100	1,174,100
	$ 2,895,000	811,875	3,706,875

Revenue Bonds issued 04-20-10 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 145,000	1,173,981	1,318,981
2017	145,000	1,168,906	1,313,906
2018	155,000	1,163,088	1,318,088
2019	155,000	1,156,694	1,311,694
2020	160,000	1,149,800	1,309,800
2021-2025	1,510,000	5,594,884	7,104,884
2026-2030	5,250,000	4,828,909	10,078,909
2031-2035	10,335,000	2,366,938	12,701,938
2036	2,325,000	72,656	2,397,656
	$ 20,180,000	18,675,856	38,855,856

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activity Debt (Continued)

Bonds Payable (Continued)

Revenue Refunding Bonds issued 03-19-15 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 110,000	196,927	306,927
2017	100,000	205,250	305,250
2018	105,000	203,200	308,200
2019	105,000	201,100	306,100
2020	900,000	191,050	1,091,050
2021-2025	4,800,000	649,675	5,449,675
2026-2028	3,160,000	119,874	3,279,874
	$ 9,280,000	1,767,076	11,047,076

Revenue Refunding Bonds issued 03-19-15 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 20,000	44,070	64,070
2017	250,000	43,700	293,700
2018	255,000	38,650	293,650
2019	260,000	33,500	293,500
2020	270,000	28,200	298,200
2021-2023	850,000	38,700	888,700
	$ 1,905,000	226,820	2,131,820

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activity Debt (Continued)

Bonds Payable (Continued)

Total debt service requirements to maturity for Business-Type Activity Bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 1,960,045	2,106,136	4,066,181
2017	1,970,755	2,151,841	4,122,596
2018	2,007,462	2,304,766	4,312,228
2019	2,023,969	2,462,490	4,486,459
2020	2,057,050	2,048,297	4,105,347
2021-2025	10,452,688	10,026,671	20,479,359
2026-2030	11,431,688	8,995,929	20,427,617
2031-2035	10,483,977	2,957,961	13,441,938
2036	2,325,000	72,656	2,397,656
	$ 44,712,634	33,126,747	77,839,381

The 2010 Revenue Bonds in the Electric Department are taxable Build America Bonds. The bonds provide for a 35% federal subsidy on the total interest requirements, which are paid semiannually corresponding with the interest payment dates to the bondholders. The interest requirements for this bond in the schedule of maturities are shown at the gross amount. The remaining federal subsidy totals $6,065,936 through the term of the bonds.

Notes Payable

Capital outlay notes currently outstanding and the funds from which they will be paid are as follows:

Water and Sewer Fund	Date Issued	Amount Issued	Interest Rate	Maturity Date	Outstanding June 30, 2015
Capital Outlay Note	9/5/2013	$ 263,000	1.48%	8/23/2018	$ 211,880
Capital Outlay Note	9/5/2013	300,000	2.48%	8/23/2023	273,095
Sanitation Fund					
Capital Outlay Note	3/22/2012	167,500	1.99%	3/22/2017	68,986
Capital Outlay Note	2/26/2013	210,717	1.49%	2/26/2018	128,314
					$ 682,275

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activity Debt (Continued)

Notes Payable (Continued)

Water and Sewer Capital Outlay Note issued 09-05-13 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 51,811	3,181	54,992
2017	52,582	2,410	54,992
2018	53,377	1,614	54,991
2019	54,110	813	54,923
	$ 211,880	8,018	219,898

Water and Sewer Capital Outlay Note issued 09-05-13 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 27,433	6,870	34,303
2017	28,106	6,198	34,304
2018	28,829	5,474	34,303
2019	29,554	4,749	34,303
2020	30,297	4,006	34,303
2021-2024	128,876	8,221	137,097
	$ 273,095	35,518	308,613

Sanitation Capital Outlay Note issued 03-22-12 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 34,153	1,373	35,526
2017	34,833	693	35,526
	$ 68,986	2,066	71,052

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activity Debt (Continued)

Notes Payable (Continued)

Sanitation Capital Outlay Note issued 02-26-13 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 42,128	1,944	44,072
2017	42,770	1,302	44,072
2018	43,416	656	44,072
	$ 128,314	3,902	132,216

Total debt service requirements to maturity for Capital Outlay Notes are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 155,525	13,368	168,893
2017	158,291	10,603	168,894
2018	125,622	7,744	133,366
2019	83,664	5,562	89,226
2020	30,297	4,006	34,303
2021-2024	128,876	8,221	137,097
	$ 682,275	49,504	731,779

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activity Debt (Continued)

State Loans Payable

The City currently has three projects with the State of Tennessee. Two of the projects have been completed and the final obligation and amortization schedules has been completed. One of the projects is still ongoing as the City is currently drawing down loan and grant funds and therefore has yet to establish a final obligation and amortization schedule. The two completed projects are: SRF 2011-272 with a balance of $2,770,975 and DWO-2011-112 with a balance of $836,315. The one project still ongoing is the SRF Drinking Water DGI 12-120 Eastside with a balance of $401,206. Total State Loans Payable as of June 30, 2015 is $4,008,496.

SRF 2011-272 state loans payable requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 117,444	50,004	167,448
2017	119,628	47,820	167,448
2018	121,848	45,600	167,448
2019	124,104	43,344	167,448
2020	126,408	41,040	167,448
2021-2025	668,136	169,104	837,240
2026-2030	732,468	104,772	837,240
2031-2035	760,939	34,329	795,268
	$ 2,770,975	536,013	3,306,988

DWO-2011-112 state loans payable requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 35,832	16,230	52,062
2017	36,552	15,600	52,152
2018	37,284	14,868	52,152
2019	38,040	14,112	52,152
2020	38,796	13,356	52,152
2021-2025	206,004	54,756	260,760
2026-2030	227,544	33,216	260,760
2031-2035	216,263	9,591	225,854
	$ 836,315	171,729	1,008,044

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Business-Type Activity Debt (Continued)

State Loans Payable (Continued)

Total state loans payable requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 153,276	66,234	219,510
2017	156,180	63,420	219,600
2018	159,132	60,468	219,600
2019	162,144	57,456	219,600
2020	165,204	54,396	219,600
2021-2025	874,140	223,860	1,098,000
2026-2030	960,012	137,988	1,098,000
2031-2035	977,202	43,920	1,021,122
	$ 3,607,290	707,742	4,315,032

NOTE 8 - FUND BALANCES – GOVERNMENTAL FUNDS

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

	General Fund	Nonmajor Governmental Funds	Total
Fund Balances:			
Non-Spendable:			
Inventories	$ 24,192	-	24,192
Prepaid Expense	2,815	-	2,815
Bolling Trust	-	25,000	25,000
Total Non-Spendable	27,007	25,000	52,007
Restricted for:			
Library Donation	35,195	-	35,195
Police Community Relations	-	3,829	3,829
Department of Justice	-	81,019	81,019

NOTE 8 - FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)

	General Fund	Nonmajor Governmental Funds	Total
Restricted for: (Continued)			
Police Drug Enforcement Fund	-	71,765	71,765
Fundraiser	-	2,253	2,253
Veteran's Walk of Honor Phase II	-	94,833	94,833
Bolling Trust	-	5,434	5,434
Total Restricted	35,195	259,133	294,328
Committed to:			
City Schools	705,098	-	705,098
OPEB LGIP	1,669,411	-	1,669,411
Debt Service	2,028,635	-	2,028,635
Special Capital Projects	-	50,789	50,789
Debt Issue	-	24,618	24,618
Police Technology Fee	-	61,792	61,792
Total Committed	4,403,144	137,199	4,540,343
Assigned to:			
Police	1,626	-	1,626
Christmas Tree	180	-	180
Capital Outlay Note 2014	53,682	-	53,682
Acoustical	4,000	-	4,000
Sidewalk	11,774	-	11,774
Industrial Development	8,195	-	8,195
Library	45,000	-	45,000
Elk Avenue Bridge Repair	125,000	-	125,000
Downtown Canopy	76,000	-	76,000
Mixed Drink - County	92,448	-	92,448
Mixed Drink - City	35,771	-	35,771
Linear Path Phase V	10,500	196,050	206,550
Joe O'Brien Field	-	3,235	3,235
Total Assigned	464,176	199,285	663,461
Unassigned	3,925,984	-	3,925,984
Total Fund Balances	$ 8,855,506	620,617	9,476,123

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables, payables and transfers at June 30, 2015 were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Water and Sewer	$ 10,801	Reimbursement for Charges
General	Sanitation	12,202	Reimbursement for Charges
Electric Department	General	10,139	Reimbursement
General	Police Drug Enforcement	714	Reimbursement for Charges
Police Drug Enforcement	General	3,725	Reimbursement
General	Electric Department	31,156	Reimbursement for Charges
Total		$ 68,737	

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 and payments between funds are made.

Transfer In	Transfer Out	Amount
Park and Recreation Capital Projects	General	$ 14,000
General Obligation Bond Proceeds	General	5,277
General	Electric Department	1,487,838
Total		$ 1,507,115

The transfer from the Electric Department represents the in-lieu of tax payments. The transfer to the Park and Recreation Capital Projects fund was for the Linear Path project and the transfer to the General Obligation Bond Proceeds fund was related to the animal shelter.

NOTE 10 - RETIREMENT COMMITMENTS

The City of Elizabethton participates in the Tennessee Consolidated Retirement System. The Elizabethton Electric Department participates in the Tennessee Consolidated Retirement System as well as a private retirement plan, Central Service Association Pension Plan for Governmental Employees.

Tennessee Consolidated Retirement System (TCRS)

General Information about the Pension Plan

Plan Description. Employees of the City of Elizabethton, Tennessee 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.

A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

NOTE 10 - RETIREMENT COMMITMENTS (CONTINUED)

Tennessee Consolidated Retirement System (TCRS) (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees for the City of Elizabethton's plan as a whole were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	142
Inactive employees entitled to but not yet receiving benefits	139
Active employees	216
	497

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Beginning in fiscal year 2011, the employee non-contributory status was reversed; therefore as of fiscal year 2011, employees contribute 5 percent of salary. The Primary Government and the Airport 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 the Primary Government and the Airport were $1,196,041 and $19,298, respectively, based on a rate of 14.75 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Primary Government and Airport's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

The Primary Government and Airport's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability 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

NOTE 10 - RETIREMENT COMMITMENTS (CONTINUED)

Tennessee Consolidated Retirement System (TCRS) (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions (Continued). 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.

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 each 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 be 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 of arithmetic real rates 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%	33.00%
Developed Market International Equity	6.26%	17.00%
Emerging Market International Equity	6.40%	5.00%
Private Equity and Strategic Lending	4.61%	8.00%
U.S. Fixed Income	0.98%	29.00%
Real Estate	4.73%	7.00%
Short-Term Securities	0.00%	1.00%
		100.00%

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 blending of the three factors described above.

NOTE 10 - RETIREMENT COMMITMENTS (CONTINUED)

Tennessee Consolidated Retirement System (TCRS) (Continued)

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

Changes in the Net Pension Liability

	Increase (Decrease) Primary Government			Increase (Decrease) Discretely Presented Component Unit (the Airport)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balance at 6/30/2013	$ 23,748,733	18,037,410	5,711,323	383,191	291,037	92,154
Changes for the fiscal year:						
Service Cost	529,841	-	529,841	8,549	-	8,549
Interest	1,768,192	-	1,768,192	28,530	-	28,530
Differences Between Expected and Actual Experience	(136,360)	-	(136,360)	(2,200)	-	(2,200)
Contributions - Employer	-	1,161,709	(1,161,709)	-	18,745	(18,745)
Contributions - Employees	-	65,834	(65,834)	-	1,062	(1,062)
Net Investment Income	-	2,974,919	(2,974,919)	-	48,001	(48,001)
Benefit Payments, Including Refunds of Employee Contributions	(1,405,355)	(1,405,355)	-	(22,676)	(22,676)	-
Administrative Expense	-	(8,488)	8,488	-	(137)	137
Net Changes	756,318	2,788,619	(2,032,301)	12,203	44,995	(32,792)
Balance at 6/30/2014	$ 24,505,051	20,826,029	3,679,022	395,394	336,032	59,362

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Primary Government and the Airport calculated using the discount rate of 7.5 percent, as well as what the net pension liability 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:

NOTE 10 - RETIREMENT COMMITMENTS (CONTINUED)

Tennessee Consolidated Retirement System (TCRS) (Continued)

	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
Net Pension Liability - Primary Government	$ 6,663,377	3,679,022	1,163,821
Net Pension Liability - Airport	107,515	59,362	18,779

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

Pension Expense. For the fiscal year ended June 30, 2015, the Primary Government and the Airport recognized pension expense of $549,567 and $8,867, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Primary Government		Airport	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	116,880	$ -	1,886
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,303,279	-	21,029
Contributions Subsequent to the Measurement Date of June 30, 2014	1,196,041	-	19,298	-
	$ 1,196,041	1,420,159	$ 19,298	22,915

The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2014," will be recognized as a reduction to net pension liability in the following measurement period.

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

NOTE 10 - RETIREMENT COMMITMENTS (CONTINUED)

Tennessee Consolidated Retirement System (TCRS) (Continued)

	Primary Government	Airport
Fiscal Year Ended June 30:		
2016	$ (345,300)	(5,571)
2017	(345,300)	(5,571)
2018	(345,300)	(5,571)
2019	(345,300)	(5,571)
2020	(19,480)	(314)
Thereafter	(19,480)	(314)

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

Central Service Association (CSA)

On October 1, 2005, the Electric Department withdrew from the CSA Non-Governmental Plan in a spin off whereby assets and liabilities were transferred into the Central Service Association Pension Plan for Governmental Employees. This is a new tax-qualified multiple-employer defined benefit pension plan that is maintained as a governmental plan (as defined under section 414(d) of the Internal Revenue Code).

The Central Service Association Defined Benefit Plan operates with assistance from Mass Mutual. Mass Mutual holds all of the assets in a wide range of diverse investment funds. Additional information may be obtained from Central Service Association, P.O. Box 3480, 93 South Coley Road, Tupelo, MS 38803-3480.

The plan provides for a retirement date, which is the first day of the calendar month, which coincides with, or next follows the employee's 57th birthday, with a minimum of 30 years of service, or age 65 with 5 years of service. Early retirement may be taken within ten years of the retirement date. Benefits are determined on credited service, earnings, marital status and choice of options.

The plan covers all employees over 21 years of age with six months of service. At the measurement date of October 1, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	58
Inactive employees entitled to but not yet receiving benefits	12
Active employees	26
	96

NOTE 10 - RETIREMENT COMMITMENTS (CONTINUED)

Central Service Association (CSA) (Continued)

Effective January 12, 2007, the Department elected to discontinue enrolling new employees in the CSA Pension Plan Program as now employees will be enrolled with the same retirement plan as the City of Elizabethton, Tennessee with the Tennessee Consolidated Retirement System.

Covered employees are required to contribute 1.5% of their monthly earnings to the plan. The Department is required to contribute the remaining amount necessary to fund pension costs accrued including amortization of unfunded prior service cost over a period not to exceed 30 years. Any changes to the plan would need to be approved by the Board of the Department and CSA.

Monthly contributions are made based on an annual evaluation for the following plan year. The most recently completed Actuarial Report was for the plan year beginning October 1, 2014.

Actuarial Assumptions

Measurement Date	October 1, 2014
Discount Rate	7.00%
Mortality	RP-2000 Fully Generational with Scale AA
Salary Scale	3.00%
Assumed Retirement Age	Earlier of age 57 with 30 years, or age 65 with 5 years service
Cost of Living Increase	Not Applicable
Date of Participation Freeze	January 12, 2007
Actuarial Cost Method	Entry age normal, frozen initial liability level percentage of pay
Remaining Amortization Period	13 years
Asset Valuation	5-year smoothed within a 10% corridor to market value
Inflation	1.50%

NOTE 10 - RETIREMENT COMMITMENTS (CONTINUED)

Central Service Association (CSA) (Continued)

Actuarial Assumptions (Continued)

The target allocation and best estimate of arithmetic real rates for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed Income	50%	2.97% - 3.34%
Large Value	10%	6.80% - 10.16%
Large Growth	10%	6.80% - 10.16%
Mid Value	5%	7.77% - 12.45%
Mid Growth	5%	7.77% - 12.45%
Small Value	4%	8.82% - 15.34%
Small Growth	4%	8.82% - 15.34%
Real Estate	2%	7.53% - 12.71%
International Growth	4%	6.80% - 11.20%
International Core	4%	6.80% - 11.20%
Emerging Markets	2%	9.30% - 22.94%
	100%	5.21% - 7.78%

* These rates are not adjusted for inflation.

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the Plan's current funding policy on an annual basis. Based on assumption, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active an inactive employees. 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.

NOTE 10 - RETIREMENT COMMITMENTS (CONTINUED)

Central Service Association (CSA) (Continued)

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 10/1/2013	$ 16,674,266	10,122,711	6,551,555
Changes for the fiscal year:			
Service Cost	107,733	-	107,733
Interest	1,131,940	-	1,131,940
Differences Between Expected and Actual Experience	(3,191)	-	(3,191)
Contributions - Employer	-	905,956	(905,956)
Contributions - Employees	-	25,691	(25,691)
Net Investment Income	-	723,358	(723,358)
Benefit Payments, Including Refunds of Employee Contributions	(1,222,850)	(1,222,850)	-
Administrative Expense	-	(846)	846
Net Changes	13,632	431,309	(417,677)
Balance at 10/1/2014	$ 16,687,898	10,554,020	6,133,878

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Department calculated using the discount rate of 7 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Net Pension Liability	$ 7,922,850	6,133,878	4,518,600

NOTE 10 - RETIREMENT COMMITMENTS (CONTINUED)

Central Service Association (CSA) (Continued)

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

Pension Expense

For the fiscal year ended June 30, 2015, the Department recognized pension expense of $511,106.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2015, the Department 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	$ -	2,836
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	19,992
Contributions Subsequent to the Measurement Date of October 1, 2014	701,966	-
	$ 701,966	22,828

The amount shown above for "Contributions Subsequent to the Measurement Date of October 1, 2014," will be recognized as a reduction to net pension liability in the following measurement period.

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

Fiscal Year Ended June 30:	
2016	$ (5,353)
2017	(5,353)
2018	(5,353)
2019	(5,353)
2020	(345)
Thereafter	(1,071)

NOTE 10 - RETIREMENT COMMITMENTS (CONTINUED)

Other Post-Employment Benefits (OPEB)

Plan Types

The City, including the Electric Department, will pay up to the level of the single premium paid for full-time City employees until the retiree reaches age 65. The actuarial valuation assumes the City will pay 98% of the single premium, which is the current level paid by the City for full-time employees.

The City offers post-employment health care benefits to certain eligible employees. Full service eligible retirees are those age 60 or older with a minimum of 5 years of creditable city service at retirement, or retiring at any age with at least 30 years of service. Early retirees are those age 55 or older with a minimum 10 years of creditable city service at retirement, or retiring at any age with at least 25 years of service. The co-insurance rate of reimbursement depends on the plan the employee is covered by. The base plan has a $1,500 deductible and out-of-pocket maximum of $3,000 with an 80% co-insurance rate. The buy-up plan has a $750 deductible and out-of-pocket maximum of $1,500 with an 80% co-insurance rate.

Full-time employees who retire after attaining eligibility for either full service or retirement are eligible to receive retirement benefits referred to as a retirement bonus and retirement gift.

The amount of the retirement bonus is equal to $2,500 for full service retirement with less than 20 years of service, $3,000 with 20 to 30 years of service or $3,500 with 30 or more years of service.

The amount of the retirement bonus is equal to $2,500 for early retirement. This benefit is paid in the form of single sum payment upon retirement. An additional retirement gift of $25 per year of service is paid at the time of retirement to any employee retiring with a full service, early or disability retirement. Benefits are currently funded on a pay-as-you-go basis. For the purposes of reporting, the liability for such benefits are included in the OPEB Liability as reflected on the Statement of Net Position. An actuary study was performed and dated July 1, 2014 for these benefits and the same assumptions as disclosed for the retiree medical and life insurance plan were used.

Funding Policy

The contribution requirements of plan members are based on pay-as-you-go financing requirements.

NOTE 10 - RETIREMENT COMMITMENTS (CONTINUED)

Other Post-Employment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The City and Electric Department'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 City and Electric Department's costs for the year, the amount actually contributed to the plan, and changes in the OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation	City	Electric Department
Annual Required Contribution (ARC)	$ 498,046	155,419
Interest on Net OPEB Obligation	64,092	15,601
Adjustment to ARC	(100,260)	(24,410)
Annual OPEB Cost (Expense)	461,878	146,610
Contribution Made (assumed end of year)	228,685	129,086
Increase in Net OPEB Obligation	233,193	17,524
Net OPEB Obligation - Beginning of Year	1,602,300	390,023
Net OPEB Obligation - End of Year	$ 1,835,493	407,547

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
City	6/30/2015	$ 461,878	50%	$ 1,835,493
City	6/30/2013	477,891	40%	1,602,300
City	6/30/2013	477,891	40%	1,317,671
Electric Department	6/30/2015	146,610	88%	407,547
Electric Department	6/30/2014	154,067	81%	390,023
Electric Department	6/30/2013	154,067	81%	360,954

NOTE 10 - RETIREMENT COMMITMENTS (CONTINUED)

Other Post-Employment Benefits (OPEB) (Continued)

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $4,211,434 for the City and $1,541,345 for the Electric Department. The covered payroll was $6,179,480 for the City and $2,263,143 for the Electric Department and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 68.00% for the City and 68.00% for the Electric Department. The funding ratio was 0% for both.

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.

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 following methods and assumptions were used.

The valuation date is July 1, 2014 and year one represents the period of July 1, 2014 to June 30, 2015. A discount rate of 4.00% was used to discount expected liabilities to the valuation dates based on the expected rate of return on employer assets. Average health care trend costs rates are assumed to increase by 8.50% (year 1), 8.00% (year 2 and 3), 7.50% (years 4 and 5), 7.00% (years 6 and 7), 6.50% (years 8 and 9), 6.00% (years 10 and 11), and 5.50% thereafter. The ARC was calculated using the level dollar amortization method, amortizing costs over 30 years.

NOTE 11 - LITIGATION

Lawsuits and Pending Claims

Various claims and lawsuits are pending against the City. In the opinion of City management, after consulting with legal counsel, the potential loss on all claims and lawsuits is not determinable as the legal counsel will vigorously defend the City and some claims are still in the discovery phase.

Contingencies

The Tennessee Department of Environment and Conservation (TDEC) is pursuing an action in regard to the closed landfill because of the presence of some waste from a company that was discovered uncovered at that site. This has the potential of exposure to the City of approximately $500,000 and the City is presently negotiating with TDEC to postpone the issuance of any Commissioner's Orders on the site until after the end of the fiscal year (e.g. after June 30, 2006).

NOTE 12 - RISK MANAGEMENT

The City is a member of the Tennessee Municipal League Risk Management Pool (TML Pool). Coverage for the City includes workers compensation, general liability, property and casualty, public employee dishonesty, errors and omissions, and employer's liability. The TML Pool is a non-profit, risk-sharing organization of Tennessee municipalities and local public agencies. The Tennessee Statute governing the formation of pooling and risk-sharing arrangements dictates that the Pool has the ability to assess members. Contributions (premiums) from members are used in part to purchase re-insurance to cover losses that exceed the Pool's loss fund. The coverage has been approximately the same for the past three fiscal years and there have been no settlements in excess of coverage during the past three fiscal years.

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS

Elizabethton Municipal Airport

Capital Assets

Capital assets activity for the Airport for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 2,534,251	-	-	2,534,251
Construction in Progress	702,288	4,175,947	(49,212)	4,829,023
Total Capital Assets, Not Being Depreciated	3,236,539	4,175,947	(49,212)	7,363,274
Capital Assets, Being Depreciated:				
Land Improvement	2,090,679	-	-	2,090,679
Hangars and Terminal Building	2,751,833	-	-	2,751,833
Major Moveable Equipment	378,232	49,212	(7,200)	420,244
Total Capital Assets, Being Depreciated	5,220,744	49,212	(7,200)	5,262,756
Less Accumulated Depreciation For:				
Land Improvements	(995,680)	(45,052)	-	(1,040,732)
Hangars and Terminal Building	(901,820)	(88,091)	-	(989,911)
Major Moveable Equipment	(337,083)	(15,641)	3,360	(349,364)
Total Accumulated Depreciation	(2,234,583)	(148,784)	3,360	(2,380,007)
Total Capital Assets, Being Depreciated, Net	2,986,161	(99,572)	(3,840)	2,882,749
Total Capital Assets, Net	$ 6,222,700	4,076,375	(53,052)	10,246,023

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Municipal Airport (Continued)

Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Expansion Loan	$ 395,500	-	100,000	295,500	100,000
Net Pension Liability	92,153	37,216	70,007	59,362	-
Compensated Absences	16,613	9,332	4,115	21,830	4,885
	$ 504,266	46,548	174,122	376,692	104,885

The interest rate on the Airport debt is fixed for the expansion loan. The estimated debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 100,000	4,379	104,379
2017	100,000	2,139	102,139
2018	95,500	-	95,500
	$ 295,500	6,518	302,018

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education

Capital Assets

Capital assets activity for the Board of Education for the fiscal year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 216,170	-	-	216,170
Construction in Progress	147,141	3,651,014	-	3,798,155
Total Capital Assets, Not Being Depreciated	363,311	3,651,014	0	4,014,325
Capital Assets, Being Depreciated				
Buildings and Improvements	23,696,698	51,109	-	23,747,807
Motor Equipment	1,941,400	126,845	-	2,068,245
Total Capital Assets, Being Depreciated	25,638,098	177,954	0	25,816,052
Less Accumulated Depreciation For:				
Buildings and Improvements	(10,067,870)	(419,145)	-	(10,487,015)
Motor Equipment	(872,369)	(112,260)	-	(984,629)
Total Accumulated Depreciation	(10,940,239)	(531,405)	0	(11,471,644)
Total Capital Assets, Being Depreciated, Net	14,697,859	(353,451)	0	14,344,408
Total Capital Assets, Net	$ 15,061,170	3,297,563	0	18,358,733

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Long-Term Liabilities

During the fiscal year ended June 30, 2015, the following debt transactions occurred for the Board of Education:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 58,303	5,242	10,507	53,038	5,242
Net Pension Liability	1,165,623	810,982	1,768,599	208,006	-
Net OPEB Obligation	2,932,418	805,298	392,127	3,345,589	-
Governmental Activities Long-Term Liabilities	$ 4,156,344	1,621,522	2,171,233	3,606,633	5,242

Retirement Commitments – Agency Plan

General Information about the Pension Plan - Agency Plan

Plan Description. Employees of Elizabethton City Board of Education are provided a defined benefit plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statue 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.

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – Agency Plan (Continued)

General Information about the Pension Plan - Agency Plan (Continued)

Benefits Provided (Continued). 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 change is less than one-half percent. A one-percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

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

Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	162
Active employees	110
	378

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. Elizabethton City Board of Education makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Elizabethton City Board of Education were $194,645 based on a rate of 8.37 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Elizabethton City Board of Education's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

Elizabethton City Board of Education's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – Agency Plan (Continued)

Net Pension Liability - Agency Plan (Continued)

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.

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 each 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 of arithmetic real rates of return for each major asset class are summarized in the following table:

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – Agency Plan (Continued)

Net Pension Liability - Agency Plan (Continued)

Actuarial Assumptions (Continued).

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 and Strategiv 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 of 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 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 Elizabethton City Board of Education 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.

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – Agency Plan (Continued)

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 6/30/2013	$ 8,038,516	6,872,893	1,165,623
Changes for the year:			
Service Cost	203,227	-	203,227
Interest	603,524	-	603,524
Differences Between Expected and Actual Experience	(336,885)	-	(336,885)
Contributions - Employer	-	186,419	(186,419)
Contributions - Employees	-	112,436	(112,436)
Net Investment Income	-	1,132,859	(1,132,859)
Benefit Payments, Including Refunds of Employee Contributions	(389,506)	(389,506)	-
Administrative Expense	-	(4,231)	4,231
Net Changes	80,360	1,037,977	(957,617)
Balance at 6/30/2014	$ 8,118,876	7,910,870	208,006

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of Elizabethton City Board of Education calculated using the discount rate of 7.5 percent, as well as what the net pension liability 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:

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – Agency Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued).

	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
Elizabethton City Board of Education's Net Pension Liability (Asset)	$ 1,248,991	208,006	(661,974)

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

Pension Income. For the year ended June 30, 2015, Elizabethton City Board of Education recognized pension income of $4,930.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Elizabethton City Board of Education 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	$ -	269,508
Net Difference Between Projected and Actual Earnings on Pension Plan investments	-	496,760
Contributions Subsequent to the Measurement Date of June 30, 2014	194,645	-
	$ 194,645	766,268

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – Agency Plan (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 Resources (Continued). The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction to net pension liability in the following measurement period.

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

Year Ended June 30:		
2016	$	(191,567)
2017		(191,567)
2018		(191,567)
2019		(191,567)
2020		-
Thereafter		-

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

Retirement Commitments - Teacher Legacy Pension Plan

General Information about the Pension Plan

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Elizabethton 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.

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – Techer 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 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 Elizabethton City Schools for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were $917,246 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.

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – 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 Elizabethton City Schools reported an asset of $43,322 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. Elizabethton City Schools' proportion of the net pension asset was based on Elizabethton 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, Elizabethton City Schools' proportion was 0.266606 percent. The proportion measured as of June 30, 2013 was 0.256511 percent.

Pension Income. For the year ended June 30, 2015, Elizabethton City Schools recognized a pension income of $13,421.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Elizabethton 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	$ 105,176	-
Net Difference Between Projected and Actual Earnings on Pension Plan investments	-	3,569,477
Changes in proportion of Net Pension Liability (Asset)	142,401	-
Contributions Subsequent to the Measurement Date of June 30, 2014	917,246	-
	$ 1,164,823	3,569,477

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – Teacher Legacy Pension Plan (Continued)

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

Elizabethton City Schools employer contributions of $917,246, 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:

Year Ended June 30:	
2016	$ (851,106)
2017	(851,106)
2018	(851,106)
2019	(851,106)
2020	41,263
Thereafter	41,263

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

Actuarial Assumptions. The total pension liability in the June 30, 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 are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – Teacher Legacy Pension Plan (Continued)

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

Actuarial Assumptions (Continued). 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.

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 each 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 of 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 and Strategiv 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 blending of the three factors described above.

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – 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 Elizabethton City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Elizabethton 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 (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
Elizabethton City Schools' proportionate share of the Net Pension Liability (Asset)	$ 7,306,786	(43,322)	(6,128,415)

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

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – Teacher Retirement Plan

General Information about the Pension Plan

Plan Description. Teachers with membership in the Tennessee Consolidate Retirement System (TCRS) before July 1, 2014 of Elizabethton 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 now 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 deaths 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.

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – 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 $27,354, 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, Elizabethton 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, Elizabethton City Schools reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Elizabethton City Schools' Contributions Subsequent to the Measurement Date of June 30, 2014	$ 27,354	-
	$ 27,354	0

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments – Teacher Retirement Plan (Continued)

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

Elizabethton City Schools' employer contributions of $27,354 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.

Reconciliation of all three TCRS plans to the Statement of Net Position:

	Agency Plan	Teacher Legacy Plan	Teacher Retirement Plan	Total
Deferred Outflows Related to Pensions				
Differences Between Expected and Actual Experience	$ -	105,176	-	105,176
Contributions Subsequent to Measurement Date	194,645	917,246	27,354	1,139,245
Changes in Proportion	-	142,401	-	142,401
Total Deferred Outflows Related to Pensions	194,645	1,164,823	27,354	1,386,822
Deferred Inflows Related to Pensions				
Differences Between Expected and Actual Experience	269,508	-	-	269,508
Differences Between Projected and Actual Investment Earnings	496,760	3,569,477	-	4,066,237
Total Deferred Inflows Related to Pensions	$ 766,268	3,569,477	0	4,335,745

Retirement Commitments - Other Post-Employment Healthcare Plan

Plan Description

The Elizabethton City Schools participate in the State-administered Teacher Group Insurance Plan, Medicare Supplement Plan and Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Tennessee Annotated Code (TCA) 8-27-201 (teachers) or TCA 8-27-207 (local governments). Prior to reaching age 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 a state-administered medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR).

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments - Other Post-Employment Healthcare Plan (Continued)

Special Funding Situation

The State is legally responsible for contributions to the Teacher Group and Medicare Supplement Plans that cover the retirees of other governmental entities. The State provides a subsidy for retired higher education and local education agency (LEA) teachers in the plans. The State is not the sole employer for the LEA employees since some of these agencies provide additional direct subsidies and all provide implicit subsidies. However, the State is the sole contributor for the vast majority of higher education teachers that participate in the Medicare Supplement Plan and, therefore, is acting as the employer.

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. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue.

The State does not provide a subsidy for local government participants; however, the State does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan.

The School pay 100% of the monthly premium for individual coverage. Monthly premiums vary based upon the plan selected and for 2015 are as follows:

Monthly Premiums – Retiree:

PPO 30 plus years: $297 to $322, 20 years or less: $406 to $431 and 20 years to 29 years: $351 to $376 (single coverage)

Monthly Premiums – Active:

PPO $540 (single coverage)

The School will pay 100% of eligible retirees' coverage upon retirement for the shorter of 5 years or age 65.

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments - Other Post-Employment Healthcare Plan (Continued)

Funding Policy (Continued)

	07/01/2014 - 06/30/2015
Annual OPEB Cost and Net OPEB Obligation	
1. Annual Required Contribution (ARC)	$ 688,000
2. Interest on net OPEB Obligation	117,298
3. Adjustment to ARC	(114,275)
4. Annual OPEB Cost (Expense) (1+2+3)	691,023
5. Contribution made (assumed end of year)*	277,852
6. Increase (Decrease) in net OPEB Obligation (4 - 5)	413,171
7. Net OPEB Obligation - beginning of year	2,932,418
8. Net OPEB Obligation - end of year (6 + 7)	$ 3,345,589

**Contribution made was assumed to equal Expected Benefit Payments*

Year End	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6/30/2015	Teacher and Local Government	$ 691,023	40.2%	$ 3,345,589
6/30/2014	Teacher and Local Government	666,668	48.5%	2,932,418
6/30/2013	Teacher and Local Government	803,733	44.3%	2,589,397

The funded status of the plan as of July 1, 2014, was as follows:

Actuarial Valuation Date	July 1, 2013
Actuarial Accrued Liability (AAL)	$ 5,642,000
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 5,642,000
Actuarial Value of Assets as a % of the AAL	0%
Covered Payroll	$ 13,978,807
UAAL as a Percentage of Covered Payroll	40.36%

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Board of Education (Continued)

Retirement Commitments - Other Post-Employment Healthcare Plan (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 of Post-Retirement Benefits Other than Pensions, presented as RSI following the notes to the financial statements, presents multi-year 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, the Projected Unit Credit actuarial cost method was used. 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. 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 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.

Total on-behalf payments were $115,000.

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Municipal Golf Course

Capital Assets

Capital assets activity for the Golf Course for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Buildings and Improvements	$ 72,334	-	-	72,334
Motor Equipment	788,676	10,003	-	798,679
Office Equipment	13,442	-	-	13,442
Infrastructure	1,424,926	-	-	1,424,926
Total Capital Assets, Being Depreciated	2,299,378	10,003	0	2,309,381
Less Accumulated Depreciation For:				
Buildings and Improvements	(64,377)	(1,696)	-	(66,073)
Motor Equipment	(658,445)	(47,353)	-	(705,798)
Office Equipment	(13,442)	-	-	(13,442)
Infrastructure	(984,774)	(24,546)	-	(1,009,320)
Total Accumulated Depreciation	(1,721,038)	(73,595)	0	(1,794,633)
Total Capital Assets, Being Depreciated, Net	$ 578,340	(63,592)	0	514,748

Capital Leases

The Golf Course leases various mowing and turf equipment from several financing companies. The economic substance of the leases is that the Golf Course is financing the acquisition of the assets through the leases and, accordingly, the leases are recorded in the Golf Course's assets and liabilities. Capital leases reflect the transfer of risks and benefits associated with the asset to the lessee. During the fiscal year 2015, the Golf Course obtained additional capital leases for mowing equipment.

The following is an analysis of leased assets included in the equipment of the Golf Course:

Various Mowing and Turf Equipment	$200,328
Less: Accumulated Depreciation	(109,334)
	$ 90,994

Amortization of assets held under capital leases is included with depreciation expense.

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Municipal Golf Course (Continued)

Capital Leases (Continued)

Capital lease obligations at June 30, 2015, and changes for the fiscal year then ended are as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Capital Lease - Turf Equipment	$ -	7,945	823	7,122	1,583
Capital Lease - Progator	8,665	-	1,805	6,860	1,941
Capital Lease - John Deere	71,417	-	25,217	46,200	21,223
Capital Lease - Toro Groundmaster	41,498	-	10,168	31,330	10,581
Total Capital Lease Obligations	$ 121,580	7,945	38,013	91,512	35,328

The following presents future minimum lease payments as of June 30, 2015:

Fiscal Year Ending June 30	
2016	$ 38,639
2017	31,864
2018	23,456
2019	2,179
2020	790
Less: Interest	(5,416)
Present Value of Minimum Lease Payments	$ 91,512

NOTE 13 - DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Elizabethton Municipal Golf Course (Continued)

Operating Leases

The Golf Course leases property to be used as a driving range. In addition to the $1,125 monthly lease payment, the Golf Course is required to pay all utility bills, business taxes or fees and carry public liability insurance on the property. The Golf Course is also responsible for payment to the lessor 1/3 of all driving range annual income received in excess of $22,500 as a lump sum annually. The lease agreement matured March 1, 2014. A new agreement has not been entered into as of the year ended June 30, 2015. Total lease expense for the year was $13,500.

The Golf Course also leases golf carts from Yamaha. Monthly payments of principal and interest are $2,230 and the final payment on the term of the lease occurred during the current fiscal year. In January 2015, the Golf Course entered into a new operating lease for golf carts. Monthly payments of principal and interest are $2,831 and the final payment on the term of the lease will be due in fiscal year 2020. Total lease expense, including interest, for the year was $30,364.

Future payments required under the operating leases are as follows:

Fiscal Year Ending June 30	
2016	$ 33,972
2017	33,972
2018	33,972
2019	33,972
2020	16,986
	$ 152,874

NOTE 14 - CONTINGENT LIABILITIES

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan assets are in custodial accounts and are not subject to the claims of the City's general creditors and are not reflected in the funds of the City.

Carter County/Elizabethton Solid Waste Landfill – Closure and Post Closure Costs

The City, as a member of the joint venture to operate the Carter County/Elizabethton Solid Waste Disposal System, is jointly and severally liable for the closure and post closure costs. The landfill was closed in 2000 and there are no separately issued financial statements. The County has active permits on file with the State Department of Environment and Conservation and has provided the financial assurances for estimated postclosure liabilities as required by the State of Tennessee. The City and County each pay 50% of the monitoring costs. The County has recorded the full liability in their funds and bills the City for one-half of associated expenses in accordance to the written agreement.

NOTE 15 - COMMITMENTS

In October 2008, the City entered into a long-term contractual agreement with the Watauga River Regional Water Authority (the Authority). The City, per the terms of the agreement, agreed to purchase potable water from the Authority and the Authority agreed to provide the City, during the term of the contract, up to 1,000,000 gallons of potable water per day pursuant to the price established per the agreement. The performance of this contract began December 2012. The term of the agreement is 20 years from the date water was first made available to the City with the option to renew for 5 years at the end of the initial 20 years. The City, per the agreement, agreed to pay the Authority a $5,000,000 capital contribution for construction. In accordance with the provisions of GASB 51, *Accounting and Financial Reporting for Intangible Assets,* the asset is reflected in the Water and Sewer Fund at $5,000,000 and amortization expense began in fiscal year 2013, when the Authority completed the plant and the City began to obtain water from the Authority. As of June 30, 2015, the asset balance is $4,354,167. The current year amortization totals $250,000.

The Electric Department has active construction projects as of June 30, 2015 for substations and transmission lines. At year end, the Electric Department's commitments for the projects total approximately $79,367. The Water and Sewer Fund has active construction projects as of June 30, 2015 for infrastructure improvements. At year end, the Water and Sewer Fund's commitments for the projects total approximately $540,000.

NOTE 16 - CONCENTRATION

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

NOTE 17 - ACCOUNTING CHANGES 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 No. 68* became effective for the year ended June 30, 2015. Due to the implementation of the new GASB standards, prior period restatements of $2,695,615 and $7,726,087 decreased the governmental activities and business-type activities net position, respectively, in order to record the net operating balance of the pension liability and other debits/credits required in the government-wide financial statements under the new standard.

The City determined that certain transactions were recorded incorrectly in the prior year. In the General Fund, the prior year revenue was overstated in comparison to what was actually collected. Thus, a prior period adjustment was made in the amount of $73,753 which decreased fund balance for the General Fund as of July 1, 2014.

CITY OF ELIZABETHTON, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
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	$ 529,841
Interest	1,768,192
Changes in Benefit Terms	-
Differences Between Actual and Expected Experience	(136,360)
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(1,405,355)
NET CHANGE IN TOTAL PENSION LIABILITY	756,318
TOTAL PENSION LIABILITY - BEGINNING	23,748,733
TOTAL PENSION LIABILITY - ENDING (a)	$ 24,505,051
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	$ 1,161,709
Contributions - Employee	65,834
Net Investment Income	2,974,919
Benefit Payments, Including Refunds of Employee Contributions	(1,405,355)
Administrative Expense	(8,488)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,788,619
PLAN FIDUCIARY NET POSITION - BEGINNING	18,037,410
PLAN FIDUCIARY NET POSITION - ENDING (b)	$ 20,826,029
NET PENSION LIABILITY - ENDING (a) - (b)	$ 3,679,022
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	84.99%
COVERED-EMPLOYEE PAYROLL	$ 7,951,481
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	46.27%

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.

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION OF TCRS - PRIMARY GOVERNMENT
Last Fiscal Year Ending June 30

	2014	2015
Actuarially Determined Contribution	$ 1,161,711	$ 1,196,042
Contributions in Relation to the Actuarially Determined Contribution	1,161,711	1,196,042
Contribution Deficiency (Excess)	$ 0	$ 0
Covered-Employee Payroll	$ 7,951,481	$ 8,110,141
Contributions as a Percentage of Covered-Employee Payroll	14.61%	14.75%

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.

See Independent Auditors' Report.

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

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	12 years
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.00 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	7.50 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

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED
RATIOS BASED ON PARTICIPATION IN THE GOVERNMENTAL EMPLOYEES PENSION PLAN OF CSA
Last Fiscal Year Ending June 30

	2014
TOTAL PENSION LIABILITY	
Service Cost	$ 107,733
Interest	1,131,940
Changes in Benefit Terms	-
Differences Between Actual and Expected Experience	(3,191)
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(1,222,850)
NET CHANGE IN TOTAL PENSION LIABILITY	13,632
TOTAL PENSION LIABILITY - BEGINNING	16,674,266
TOTAL PENSION LIABILITY - ENDING (a)	$ 16,687,898
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	$ 905,956
Contributions - Employee	25,691
Net Investment Income	723,358
Benefit Payments, Including Refunds of Employee Contributions	(1,222,850)
Administrative Expense	(846)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	431,309
PLAN FIDUCIARY NET POSITION - BEGINNING	10,122,711
PLAN FIDUCIARY NET POSITION - ENDING (b)	$ 10,554,020
NET PENSION LIABILITY - ENDING (a) - (b)	$ 6,133,878
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	63.24%
COVERED-EMPLOYEE PAYROLL	$ 1,766,956
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	347.14%

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.

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE GOVERNMENTAL EMPLOYEES PENSION PLAN OF CSA
Last Fiscal Year Ending June 30

	2014	2015
Actuarially Determined Contribution	$ 905,956	$ 701,966
Contributions in Relation to the Actuarially Determined Contribution	905,956	701,966
Contribution Deficiency (Excess)	$ 0	$ 0
Covered-Employee Payroll	$ 1,766,956	$ 1,705,269
Contributions as a Percentage of Covered-Employee Payroll	51.27%	41.16%

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.

See Independent Auditors' Report.

GOVERNMENTAL EMPLOYEES PENSION PLAN OF CSA

Valuation date : Actuarially determined contribution rates for 2015 were calculated based on the October 1, 2014 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Individual Entry Age Normal Cost Method
Amortization Method	Level dollar, closed
Remaining Amortization Period	5 years
Salary Increases	3.00%
Discount Rate	7.00%
Retirement Age	Earlier of age 57 with 30 years or age 65 with 5 years of service
Mortality	RP-2000 Fully Generational with Scale AA
Cost of Living Adjustments	N/A
Date of Participation Freeze	January 12, 2007

CITY OF ELIZABETHTON, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS OF OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
For the Fiscal Year Ended June 30, 2015

City of Elizabethton

Actuarial Valuation Date	Actuarial Value of Assets (a)	(AAL) Actuarial Accrued Liability - Entry Age (b)	(UAAL) Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c)
July 1, 2014	$ -	$ 4,211,434	$ 4,211,434	0.00%	$ 6,179,480	68.00%
July 1, 2012	-	4,153,403	4,153,403	0.00%	6,433,014	65.00%
July 1, 2010	-	4,236,054	4,236,054	0.00%	6,543,385	65.00%

Elizabethton Electric Department

Actuarial Valuation Date	Actuarial Value of Assets (a)	(AAL) Actuarial Accrued Liability - Entry Age (b)	(UAAL) Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c)
July 1, 2014	$ -	$ 1,541,345	$ 1,541,345	0.00%	$ 2,263,143	68.00%
July 1, 2012	-	1,593,123	1,593,123	0.00%	2,060,573	77.00%
July 1, 2010	-	1,892,996	1,892,996	0.00%	2,412,356	78.00%

See Independent Auditors' Report.

SUPPLEMENTAL SECTION

CITY OF ELIZABETHTON, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue Funds				Permanent Fund	
	Police Drug Enforcement Fund	Police Community Relations Fund	Police Equipment Fund	Total Capital Project Funds	E. Bolling Memorial Trust Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and Cash on Hand	$ 112,724	3,829	54,608	371,778	-	542,939
Investments	49,560	-	-	-	30,434	79,994
Accounts Receivable	-	-	7,184	-	-	7,184
Due from Other Funds	3,725	-	-	-	-	3,725
TOTAL ASSETS	$ 166,009	3,829	61,792	371,778	30,434	633,842
LIABILITIES						
Other Liabilities	$ 12,511	-	-	-	-	12,511
Due to Other Funds	714	-	-	-	-	714
TOTAL LIABILITIES	13,225	0	0	0	0	13,225
FUND BALANCES						
Non-Spendable:						
Bolling Trust	-	-	-	-	25,000	25,000
Restricted for:						
Police Community Relations	-	3,829	-	-	-	3,829
Department of Justice	81,019	-	-	-	-	81,019
Police Drug Enforcement Fund	71,765	-	-	-	-	71,765
Fundraiser	-	-	-	2,253	-	2,253
Veteran's Walk of Honor Phase II	-	-	-	94,833	-	94,833
Bolling Trust	-	-	-	-	5,434	5,434
Committed to:						
Special Capital Projects	-	-	-	50,789	-	50,789
Debt Issue	-	-	-	24,618	-	24,618
Police Technology Fee	-	-	61,792	-	-	61,792
Assigned:						
Linear Path Phase V	-	-	-	196,050	-	196,050
Joe O'Brien Field	-	-	-	3,235	-	3,235
TOTAL FUND BALANCES	152,784	3,829	61,792	371,778	30,434	620,617
TOTAL LIABILITIES AND FUND BALANCES	$ 166,009	3,829	61,792	371,778	30,434	633,842

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2015

	Capital Project Funds					
	Park and Recreation Capital Projects Fund	Joe O'Brien Field Fund	Special Capital Projects Fund	General Obligation Bond Proceeds Fund	Veteran's Walk of Honor Phase II Fund	Total Nonmajor Capital Project Funds
ASSETS						
Cash and Cash on Hand	$ 196,050	5,488	50,789	24,618	94,833	371,778
TOTAL ASSETS	$ 196,050	5,488	50,789	24,618	94,833	371,778
LIABILITIES						
Accounts Payable	$ -	-	-	-	-	-
TOTAL LIABILITIES	0	0	0	0	0	0
FUND BALANCES						
Restricted For:						
Fundraiser	-	2,253	-	-	-	2,253
Veteran's Walk of Honor Phase II	-	-	-	-	94,833	94,833
Committed to:						
Special Capital Projects	-	-	50,789	-	-	50,789
Debt Issue	-	-	-	24,618	-	24,618
Assigned to:						
Linear Path Phase V	196,050	-	-	-	-	196,050
Joe O'Brien Field	-	3,235	-	-	-	3,235
TOTAL FUND BALANCES	196,050	5,488	50,789	24,618	94,833	371,778
TOTAL LIABILITIES AND FUND BALANCES	$ 196,050	5,488	50,789	24,618	94,833	371,778

See Independent Auditors' Report.

CITY OF ELIZABETHTON, 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				Permanent Fund	
	Police Drug Enforcement Fund	Police Community Relations Fund	Police Equipment Fund	Total Capital Project Funds	E. Bolling Memorial Trust Fund	Total Nonmajor Governmental Funds
REVENUES						
Intergovernmental	$ -	-	7,184	-	-	7,184
Donations	-	1,625	-	5,248	-	6,873
Fines and Forfeitures	48,378	-	135,637	-	-	184,015
Miscellaneous	12	-	-	-	-	12
Interest Earnings	43	3	59	321	26	452
TOTAL REVENUES	48,433	1,628	142,880	5,569	26	198,536
EXPENDITURES						
General Government	10,517	-	-	-	-	10,517
Public Safety	34,986	469	94,847	-	-	130,302
Other Operating Expenditures	-	-	-	6,775	-	6,775
Capital Outlay	-	-	45,085	19,916	-	65,001
TOTAL EXPENDITURES	45,503	469	139,932	26,691	0	212,595
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,930	1,159	2,948	(21,122)	26	(14,059)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	19,277	-	19,277
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	19,277	0	19,277
Net Change in Fund Balances	2,930	1,159	2,948	(1,845)	26	5,218
FUND BALANCES, JULY 1, 2014	149,854	2,670	58,844	373,623	30,408	615,399
FUND BALANCES, JUNE 30, 2015	$ 152,784	3,829	61,792	371,778	30,434	620,617

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Fiscal Year Ended June 30, 2015

	Capital Project Funds					
	Park and Recreation Capital Projects Fund	Joe O'Brien Field Fund	Special Capital Projects Funds	General Obligation Bond Proceeds Fund	Veteran's Walk of Honor Phase II Fund	Total Nonmajor Capital Projects Funds
REVENUES						
Donations	$ -	-	-	-	5,248	5,248
Interest Earnings	169	5	44	22	81	321
TOTAL REVENUES	169	5	44	22	5,329	5,569
EXPENDITURES						
Other Operating Expenditures	-	-	-	4,747	2,028	6,775
Capital Outlay	19,916	-	-	-	-	19,916
TOTAL EXPENDITURES	19,916	0	0	4,747	2,028	26,691
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(19,747)	5	44	(4,725)	3,301	(21,122)
OTHER FINANCING SOURCES (USES)						
Transfers In	14,000	-	-	5,277	-	19,277
TOTAL OTHER FINANCING SOURCES (USES)	14,000	0	0	5,277	0	19,277
Net Change in Fund Balances	(5,747)	5	44	552	3,301	(1,845)
FUND BALANCES, JULY 1, 2014	201,797	5,483	50,745	24,066	91,532	373,623
FUND BALANCES, JUNE 30, 2015	$ 196,050	5,488	50,789	24,618	94,833	371,778

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
POLICE DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Task Force	$ 21,870	23,680	19,986	(3,694)
Interest Earnings	400	400	43	(357)
Drug Fines - Courts	15,000	15,000	10,458	(4,542)
Fines and Forfeitures	1,000	8,146	17,934	9,788
Insurance Proceeds	-	-	12	12
TOTAL REVENUES	38,270	47,226	48,433	1,207
EXPENDITURES				
General Government	1,230	10,186	10,517	(331)
Salaries and Benefits	9,244	9,244	-	9,244
Insurance	900	900	-	900
Other Contractual Services	9,440	9,440	13,690	(4,250)
Vehicle Maintenance and Fuel	13,590	13,590	13,817	(227)
Police Grants	8,500	8,500	7,479	1,021
TOTAL EXPENDITURES	42,904	51,860	45,503	6,357
Net Change in Fund Balance	(4,634)	(4,634)	2,930	7,564
FUND BALANCE, JULY 1, 2014	149,854	149,854	149,854	-
FUND BALANCE, JUNE 30, 2015	$ 145,220	145,220	152,784	7,564

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
POLICE COMMUNITY RELATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Donations	$ 1,000	1,000	1,625	625
Interest Earnings	-	-	3	3
TOTAL REVENUES	1,000	1,000	1,628	628
EXPENDITURES				
Public Safety	1,000	1,000	469	531
TOTAL EXPENDITURES	1,000	1,000	469	531
Net Change in Fund Balance	-	-	1,159	1,159
FUND BALANCE, JULY 1, 2014	2,670	2,670	2,670	-
FUND BALANCE, JUNE 30, 2015	$ 2,670	2,670	3,829	1,159

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
POLICE EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Court Fines	$ 5,865	5,865	5,910	45
Intergovernmental	7,400	7,400	7,184	(216)
Fines and Forfeitures	118,546	118,546	129,727	11,181
Interest Earnings	296	296	59	(237)
TOTAL REVENUES	132,107	132,107	142,880	10,773
EXPENDITURES				
Public Safety	92,107	97,107	94,847	2,260
Capital Outlay	40,000	40,000	45,085	(5,085)
TOTAL EXPENDITURES	132,107	137,107	139,932	(2,825)
Net Change in Fund Balance	-	(5,000)	2,948	7,948
FUND BALANCE, JULY 1, 2014	58,844	58,844	58,844	-
FUND BALANCE, JUNE 30, 2015	$ 58,844	53,844	61,792	7,948

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
PARK AND RECREATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Intergovernmental	$ 362,035	362,035	-	(362,035)
Interest Earnings	-	-	169	169
TOTAL REVENUES	362,035	362,035	169	(361,866)
EXPENDITURES				
Capital Outlay	559,584	559,584	19,916	539,668
TOTAL EXPENDITURES	559,584	559,584	19,916	539,668
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(197,549)	(197,549)	(19,747)	177,802
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	14,000	14,000	14,000	-
TOTAL OTHER FINANCING SOURCES (USES)	14,000	14,000	14,000	0
Net Change in Fund Balance	(183,549)	(183,549)	(5,747)	177,802
FUND BALANCE, JULY 1, 2014	201,797	201,797	201,797	-
FUND BALANCE, JUNE 30, 2015	$ 18,248	18,248	196,050	177,802

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
JOE O'BRIEN FIELD FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Interest Earnings	$ 50	50	5	(45)
TOTAL REVENUES	50	50	5	(45)
EXPENDITURES				
Other Expenditures	50	50	-	50
TOTAL EXPENDITURES	50	50	0	50
Net Change in Fund Balance	-	-	5	5
FUND BALANCE, JULY 1, 2014	5,483	5,483	5,483	-
FUND BALANCE, JUNE 30, 2015	$ 5,483	5,483	5,488	5

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
SPECIAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Interest Earnings	$ -	-	44	44
TOTAL REVENUES	0	0	44	44
TOTAL EXPENDITURES	0	0	0	0
Net Change in Fund Balance	-	-	44	44
FUND BALANCE, JULY 1, 2014	50,745	50,745	50,745	-
FUND BALANCE, JUNE 30, 2015	$ 50,745	50,745	50,789	44

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
GENERAL OBLIGATION BOND PROCEEDS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Interest Earnings	$ -	20	22	2
TOTAL REVENUES	0	20	22	2
EXPENDITURES				
Other Expenditures	-	4,756	4,747	9
TOTAL EXPENDITURES	0	4,756	4,747	9
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(4,736)	(4,725)	11
OTHER FINANCING SOURCES (USES)				
Transfers In	-	4,736	5,277	541
TOTAL OTHER FINANCING SOURCES (USES)	0	4,736	5,277	541
Net Change in Fund Balance	-	-	552	552
FUND BALANCE, JULY 1, 2014	24,066	24,066	24,066	-
FUND BALANCE, JUNE 30, 2015	$ 24,066	24,066	24,618	552

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CITY OF ELIZABETHTON, TENNESSEE
VETERAN'S WALK OF HONOR PHASE II FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Donations	$ 6,000	6,000	5,248	(752)
Interest Earnings	-	-	81	81
TOTAL REVENUES	6,000	6,000	5,329	(671)
EXPENDITURES				
Other Operating Expenses	6,170	6,170	2,028	4,142
TOTAL EXPENDITURES	6,170	6,170	2,028	4,142
Net Change in Fund Balance	(170)	(170)	3,301	3,471
FUND BALANCE, JULY 1, 2014	91,532	91,532	91,532	-
FUND BALANCE, JUNE 30, 2015	$ 91,362	91,362	94,833	3,471

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

CFDA Number	Program Name/ Grant Number	Grantor Agency	Balance June 30, 2014	Cash Receipts	Expenditures	Balance June 30, 2015	
PRIMARY GOVERNMENT							
GENERAL FUND							
16.000	Appalachian High Intensity Drug Trafficking Area	U.S. Department of Justice	$ (1,956)	15,517	18,220	(4,659)	*
	Pass-Through State of Tennessee Department of State, TN State Library and Archives						
45.310	TN State Library and Archives / LSTA Technology Grant	Institute of Museum and Library Services	-	713	713	-	
	Department of State, TN State Library and Archives						
89.003	TN State Library and Archives / SNAP Grant State and National Archival Partnership Grant / SNAP Grant	National Historical Publications and Records Commission	(307)	307	-	-	
Total General Fund			(2,263)	16,537	18,933	(4,659)	
SPECIAL REVENUE FUND							
16.607	Bullet Proof Vest Grant	U.S. Department of Justice	(2,419)	2,419	2,187	(2,187)	*
	Pass-Through State of Tennessee Department of Transportation						
20.607	Governor's Highway Safety Office - High Visibility	U.S. Department of Transportation	(4,993)	4,993	4,997	(4,997)	*
	Pass-Through State of Tennessee Department of Criminal Justice Programs						
16.738	Edward Byrne Memorial Justice Assistance Grant	U.S. Department of Justice	-	15,000	15,000	-	
Total Special Revenue Fund			(7,412)	22,412	22,184	(7,184)	
WATER AND SEWER FUND							
	Pass-Through State of Tennessee State Revolving Loan Fund						
66.468	Capitalization Grants for Clean Water SRF Funds FS 984272, DWO Project 2011-112	Environmental Protection Agency	-	107,821	107,821	-	
	State Revolving Loan Fund						
66.468	Capitalization Grants for Clean Water SRF Funds FS 984272, DWO Project 2011-112: Loan Forgiveness	Environmental Protection Agency	-	26,955	26,955	-	
	State Revolving Loan Fund						
66.468	Project No. DG1 2012-120 Green, Replacement of Waterlines in Eastside Community Wastewater Treatment Plant and Collection System Improvements. FS 984272: Loan Forgiveness	Environmental Protection Agency	-	99,687	129,894	(30,207)	*
	State Revolving Loan Fund						
66.468	Project No. DG1 2012-120 Green, Replacement of Waterlines in Eastside Community Wastewater Treatment Plant and Collection System Improvements. FS 984272	Environmental Protection Agency	(52,630)	230,935	250,550	(72,245)	*
	State Revolving Loan Fund						
66.458	Project No. CWSRF 2011-272 - Capitalization Grants for Clean Water SRF Funds Wastewater Treatment Plant and Collection System Improvements. FS 984272	Environmental Protection Agency	-	443,387	537,555	(94,168)	*
	Community Development Block Grants / State's Program and Non-entitlement Grants in Hawaii						
14.228	Water System Improvements - CDBG	Department of Housing and Urban Development	-	18,000	18,000	-	
Total Water and Sewer Fund			(52,630)	926,785	1,070,775	(196,620)	
Total Primary Government			$ (62,305)	965,734	1,111,892	(208,463)	

* Receivable ** Unused Revenue

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2015

State Grant Number	Program Name/ Grant Number	Grantor Agency	Balance June 30, 2014	Cash Receipts	Expenditures	Balance June 30, 2015
PRIMARY GOVERNMENT						
GENERAL FUND						
Project 10951-4266-04 CMA 1474	Highway Maintenance	TN Department of Transportation	$ (1,757)	40,978	39,221	-
	LSTA Technology Grant	TN State Library and Archives	-	284	284	-
30504-02114-04	Free Access to Computer Training	TN State Library and Archives	-	450	450	-
30504-01015-01	Archives Development Program	TN State Library and Archives	-	3,493	3,493	-
Total General Fund			(1,757)	45,205	43,448	0
WATER AND SEWER FUND						
Project DWO 11-112 FS 984272, DWO Project 2011-112	State Revolving Loan Fund	TN Department of Environment and Conservation	-	25,985	25,985	-
Project DWO 11-112 FS 984272, DWO Project 2011-112	Loan Forgiveness	TN Department of Environment and Conservation	-	6,496	6,496	-
Project DG1 2012-120	Clean TN Energy Grant	TN Department of Environment and Conservation	-	176,000	176,000	-
Project SRF 11-272	State Revolving Loan Fund	TN Department of Environment and Conservation	(217,561)	641,248	442,525	(18,838) *
Project DG1 2012-120	State Revolving Loan Fund Loan Forgiveness	TN Department of Environment and Conservation	-	23,383	31,261	(7,878) *
Project DG1 2012-120	State Revolving Loan Fund	TN Department of Environment and Conservation	(20,204)	56,231	52,646	(16,619) *
Total Water and Sewer Fund			(237,765)	929,343	734,913	(43,335)
Total Primary Government			$ (239,522)	974,548	778,361	(43,335)

* Receivable ** Unused Revenue

See Independent Auditors' Report.

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of the City of Elizabethton, 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 2 – LOANS OUTSTANDING

At June 30, 2015, the City of Elizabethton had outstanding loans obtained through the State Revolving Loan Fund. The loans are funded by federal and state sources. Loan proceeds (state funds) of $442,525, which includes $18,838 in receivable and loan proceeds (federal funds) of $537,555, which includes $94,168 in receivable was received for SRF-11-272 (CFDA 66.458). This loan has an outstanding balance of $2,770,975. DWO 11-112 has an outstanding loan balance of $836,315 and total to date principal forgiveness of $214,953. State proceeds of $25,985 and federal proceeds of $107,821 were received during the year for DWO 11-112. DG1 2012-120 has a reconciled, for fiscal year-end pay requests and receivable, outstanding loan balance of $401,206. State proceeds of $52,646 and federal proceeds of $250,550 were received during the year for DG1 2012-120. Principal payments have begun on the SRF-11-272 and DWO 11-112 loan programs as of June 30, 2015.

CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF CHANGES IN GENERAL BONDED DEBT AND NOTES PAYABLE - GOVERNMENTAL ACTIVITIES
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	General Obligation Debt Additions	General Obligation Debt Retired	Balance June 30, 2015
General Bonded Debt				
General Fund:				
General Obligation - Series 2010B	$ 415,000	-	30,000	385,000
General Obligation - School Bonds, Series 2008	4,160,000	-	360,000	3,800,000
General Obligation - Series 2012	1,420,000	-	355,000	1,065,000
General Obligation - School Refunding Bonds, Series 2013	5,450,000	-	-	5,450,000
Total General Bonded Debt	$ 11,445,000	0	745,000	10,700,000
Notes Payable				
General Fund:				
Capital Outlay Note - 2012	$ 183,748	-	35,220	148,528
Capital Outlay Note - 2013	441,838	-	85,790	356,048
Capital Outlay Note - 2014	-	394,300	-	394,300
Total Notes Payable	$ 625,586	394,300	121,010	898,876

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION SERIES 2010B (ANIMAL SHELTER)
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 35,000	12,850	47,850
6/30/2017	35,000	11,800	46,800
6/30/2018	35,000	10,750	45,750
6/30/2019	35,000	9,700	44,700
6/30/2020	35,000	8,606	43,606
6/30/2021	40,000	7,469	47,469
6/30/2022	40,000	6,119	46,119
6/30/2023	40,000	4,719	44,719
6/30/2024	45,000	3,319	48,319
6/30/2025	45,000	1,687	46,687
	$ 385,000	77,019	462,019

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION - SCHOOL BONDS SERIES 2008
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 370,000	146,305	516,305
6/30/2017	385,000	132,615	517,615
6/30/2018	400,000	117,793	517,793
6/30/2019	415,000	101,896	516,896
6/30/2020	430,000	85,100	515,100
6/30/2021	450,000	67,275	517,275
6/30/2022	450,000	48,600	498,600
6/30/2023	450,000	29,475	479,475
6/30/2024	450,000	9,900	459,900
	$ 3,800,000	738,959	4,538,959

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CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION SCHOOL IMPROVEMENT AND REFUNDING BONDS, SERIES 2013
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ -	200,625	200,625
6/30/2017	-	200,625	200,625
6/30/2018	-	200,625	200,625
6/30/2019	-	200,625	200,625
6/30/2020	-	200,625	200,625
6/30/2021	-	200,625	200,625
6/30/2022	20,000	200,325	220,325
6/30/2023	40,000	199,425	239,425
6/30/2024	60,000	197,925	257,925
6/30/2025	530,000	189,075	719,075
6/30/2026	460,000	173,650	633,650
6/30/2027	475,000	157,863	632,863
6/30/2028	490,000	140,975	630,975
6/30/2029	510,000	122,838	632,838
6/30/2030	530,000	103,337	633,337
6/30/2031	550,000	82,400	632,400
6/30/2032	570,000	60,000	630,000
6/30/2033	595,000	36,700	631,700
6/30/2034	620,000	12,400	632,400
	$ 5,450,000	2,880,663	8,330,663

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF CHANGES IN GENERAL BONDED DEBT AND NOTES PAYABLE - BUSINESS-TYPE ACTIVITIES
June 30, 2015

	Balance July 1, 2014	General Obligation Debt Additions	General Obligation Debt Retired	Balance June 30, 2015
Business-Type Activities Bonded Debt				
Water and Sewer Fund:				
Water and Sewer Revenue and Tax Refunding and Improvement Bonds - Series 2002B	$ 5,230,872	-	458,238	4,772,634
Water and Sewer General Obligation Improvement Bonds - Series 2010B	2,810,000	-	95,000	2,715,000
Water and Sewer General Obligation Improvement Bonds - Series 2010C	2,000,000	-	145,000	1,855,000
Water and Sewer General Obligation Refunding Bonds - Series 2012	990,000	-	105,000	885,000
Total Water and Sewer Bonded Debt	11,030,872	0	803,238	10,227,634
Electric Department Fund:				
Revenue Refunding Bonds - 2005	2,320,000	-	2,095,000	225,000
Revenue Bonds - 2007	12,140,000	-	9,245,000	2,895,000
Revenue Bonds - Series 2010A	20,320,000	-	140,000	20,180,000
Revenue Refunding Bonds - Series 2015A	-	9,280,000	-	9,280,000
Revenue Refunding Bonds - Series 2015B	-	1,905,000	-	1,905,000
Total Electric Department Bonded Debt	34,780,000	11,185,000	11,480,000	34,485,000
Total Business-Type Activities Bonded Debt	$ 45,810,872	11,185,000	12,283,238	44,712,634
Business-Type Activities Notes Payable				
Water and Sewer Fund:				
Capital Outlay Note - 2013	$ 263,000	-	51,120	211,880
Capital Outlay Note - 2013	300,000	-	26,905	273,095
Total Water and Sewer Fund Notes Payable	563,000	0	78,025	484,975
Sanitation Fund:				
Capital Outlay Note - 2012	102,473	-	33,487	68,986
Capital Outlay Note - 2013	169,820	-	41,506	128,314
Total Sanitation Fund Notes Payable	272,293	0	74,993	197,300
Total Business-Type Activities Notes Payable	$ 835,293	0	153,018	682,275

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CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
WATER AND SEWER REVENUE AND TAX REFUNDING
AND IMPROVEMENT BONDS - SERIES 2002B
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 430,045	444,955	875,000
6/30/2017	405,755	469,245	875,000
6/30/2018	382,462	492,538	875,000
6/30/2019	358,969	516,031	875,000
6/30/2020	337,050	537,950	875,000
6/30/2021	316,680	558,320	875,000
6/30/2022	297,843	577,158	875,001
6/30/2023	306,115	648,884	954,999
6/30/2024	302,525	702,475	1,005,000
6/30/2025	284,525	720,475	1,005,000
6/30/2026	268,686	736,313	1,004,999
6/30/2027	253,682	751,317	1,004,999
6/30/2028	239,471	765,528	1,004,999
6/30/2029	226,004	778,995	1,004,999
6/30/2030	213,845	791,159	1,005,004
6/30/2031	148,977	591,023	740,000
	$ 4,772,634	10,082,366	14,855,000

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CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
WATER AND SEWER GENERAL OBLIGATION AND IMPROVEMENT BONDS - SERIES 2010B
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 105,000	98,094	203,094
6/30/2017	115,000	94,944	209,944
6/30/2018	125,000	91,494	216,494
6/30/2019	135,000	87,744	222,744
6/30/2020	145,000	83,525	228,525
6/30/2021	160,000	78,812	238,812
6/30/2022	165,000	73,412	238,412
6/30/2023	120,000	67,638	187,638
6/30/2024	190,000	63,438	253,438
6/30/2025	205,000	56,550	261,550
6/30/2026	220,000	48,862	268,862
6/30/2027	235,000	40,612	275,612
6/30/2028	250,000	31,800	281,800
6/30/2029	265,000	21,800	286,800
6/30/2030	280,000	11,200	291,200
	$ 2,715,000	949,925	3,664,925

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CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
WATER AND SEWER GENERAL OBLIGATION AND IMPROVEMENT BONDS - SERIES 2010C
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 140,000	65,359	205,359
6/30/2017	135,000	61,159	196,159
6/30/2018	135,000	57,109	192,109
6/30/2019	130,000	53,058	183,058
6/30/2020	130,000	49,159	179,159
6/30/2021	125,000	45,259	170,259
6/30/2022	125,000	41,040	166,040
6/30/2023	125,000	36,821	161,821
6/30/2024	120,000	32,290	152,290
6/30/2025	120,000	27,940	147,940
6/30/2026	115,000	23,140	138,140
6/30/2027	115,000	18,540	133,540
6/30/2028	115,000	13,940	128,940
6/30/2029	110,000	9,225	119,225
6/30/2030	115,000	4,715	119,715
	$ 1,855,000	538,754	2,393,754

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CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
WATER AND SEWER GENERAL OBLIGATION REFUNDING BONDS - SERIES 2012
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 110,000	13,425	123,425
6/30/2017	110,000	12,737	122,737
6/30/2018	110,000	11,637	121,637
6/30/2019	110,000	10,263	120,263
6/30/2020	115,000	8,613	123,613
6/30/2021	115,000	6,600	121,600
6/30/2022	115,000	4,300	119,300
6/30/2023	100,000	2,000	102,000
	$ 885,000	69,575	954,575

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CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
ELECTRIC DEPARTMENT REVENUE BONDS - SERIES 2010A
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 145,000	1,173,981	1,318,981
6/30/2017	145,000	1,168,906	1,313,906
6/30/2018	155,000	1,163,088	1,318,088
6/30/2019	155,000	1,156,694	1,311,694
6/30/2020	160,000	1,149,800	1,309,800
6/30/2021	160,000	1,142,500	1,302,500
6/30/2022	165,000	1,134,675	1,299,675
6/30/2023	180,000	1,126,050	1,306,050
6/30/2024	495,000	1,108,866	1,603,866
6/30/2025	510,000	1,082,793	1,592,793
6/30/2026	530,000	1,055,163	1,585,163
6/30/2027	545,000	1,025,931	1,570,931
6/30/2028	565,000	995,053	1,560,053
6/30/2029	1,770,000	928,275	2,698,275
6/30/2030	1,840,000	824,487	2,664,487
6/30/2031	1,910,000	716,675	2,626,675
6/30/2032	1,985,000	602,213	2,587,213
6/30/2033	2,060,000	480,863	2,540,863
6/30/2034	2,145,000	352,031	2,497,031
6/30/2035	2,235,000	215,156	2,450,156
6/30/2036	2,325,000	72,656	2,397,656
	$ 20,180,000	18,675,856	38,855,856

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CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
ELECTRIC DEPARTMENT REVENUE REFUNDING BONDS - SERIES 2015A
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 110,000	196,927	306,927
6/30/2017	100,000	205,250	305,250
6/30/2018	105,000	203,200	308,200
6/30/2019	105,000	201,100	306,100
6/30/2020	900,000	191,050	1,091,050
6/30/2021	920,000	171,700	1,091,700
6/30/2022	940,000	150,775	1,090,775
6/30/2023	960,000	129,400	1,089,400
6/30/2024	980,000	108,800	1,088,800
6/30/2025	1,000,000	89,000	1,089,000
6/30/2026	1,025,000	66,187	1,091,187
6/30/2027	1,055,000	40,187	1,095,187
6/30/2028	1,080,000	13,500	1,093,500
	$ 9,280,000	1,767,076	11,047,076

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CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
ELECTRIC DEPARTMENT REVENUE REFUNDING BONDS - SERIES 2015B
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 20,000	44,070	64,070
6/30/2017	250,000	43,700	293,700
6/30/2018	255,000	38,650	293,650
6/30/2019	260,000	33,500	293,500
6/30/2020	270,000	28,200	298,200
6/30/2021	275,000	21,375	296,375
6/30/2022	285,000	12,975	297,975
6/30/2023	290,000	4,350	294,350
	$ 1,905,000	226,820	2,131,820

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CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF NOTE PAYABLE PRINCIPAL AND INTEREST REQUIREMENTS
WATER AND SEWER CAPITAL OUTLAY NOTE - 2013
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 27,433	6,870	34,303
6/30/2017	28,106	6,198	34,304
6/30/2018	28,829	5,474	34,303
6/30/2019	29,554	4,749	34,303
6/30/2020	30,297	4,006	34,303
6/30/2021	31,050	3,253	34,303
6/30/2022	31,840	2,463	34,303
6/30/2023	32,640	1,663	34,303
6/30/2024	33,346	842	34,188
	$ 273,095	35,518	308,613

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
ALL FUNDS - PRIMARY GOVERNMENT
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 2,715,045	2,477,279	5,192,324
6/30/2017	2,630,755	2,506,056	5,136,811
6/30/2018	2,682,462	2,640,709	5,323,171
6/30/2019	2,608,969	2,778,486	5,387,455
6/30/2020	2,622,050	2,344,378	4,966,428
6/30/2021	2,561,680	2,299,935	4,861,615
6/30/2022	2,602,843	2,249,379	4,852,222
6/30/2023	2,611,115	2,248,762	4,859,877
6/30/2024	2,642,525	2,227,013	4,869,538
6/30/2025	2,694,525	2,167,520	4,862,045
6/30/2026	2,618,686	2,103,316	4,722,002
6/30/2027	2,678,682	2,034,450	4,713,132
6/30/2028	2,739,471	1,960,796	4,700,267
6/30/2029	2,881,004	1,861,134	4,742,138
6/30/2030	2,978,845	1,734,896	4,713,741
6/30/2031	2,608,977	1,390,098	3,999,075
6/30/2032	2,555,000	662,213	3,217,213
6/30/2033	2,655,000	517,563	3,172,563
6/30/2034	2,765,000	364,431	3,129,431
6/30/2035	2,235,000	215,156	2,450,156
6/30/2036	2,325,000	72,656	2,397,656
	$ 55,412,634	36,856,226	92,268,860

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF NOTE PRINCIPAL AND INTEREST REQUIREMENTS
ALL FUNDS - PRIMARY GOVERNMENT
June 30, 2015

Fiscal Year Ending	Principal Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 409,980	26,384	436,364
6/30/2017	414,808	19,834	434,642
6/30/2018	384,229	13,145	397,374
6/30/2019	212,961	7,104	220,065
6/30/2020	30,297	4,006	34,303
6/30/2021	31,050	3,253	34,303
6/30/2022	31,840	2,463	34,303
6/30/2023	32,640	1,663	34,303
6/30/2024	33,346	842	34,188
	$ 1,581,151	78,694	1,659,845

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CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF STATE LOAN PRINCIPAL AND INTEREST REQUIREMENTS
WATER AND SEWER STATE LOAN - SRF 2011-272
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 117,444	50,004	167,448
6/30/2017	119,628	47,820	167,448
6/30/2018	121,848	45,600	167,448
6/30/2019	124,104	43,344	167,448
6/30/2020	126,408	41,040	167,448
6/30/2021	128,760	38,688	167,448
6/30/2022	131,148	36,300	167,448
6/30/2023	133,584	33,864	167,448
6/30/2024	136,056	31,392	167,448
6/30/2025	138,588	28,860	167,448
6/30/2026	141,156	26,292	167,448
6/30/2027	143,772	23,676	167,448
6/30/2028	146,448	21,000	167,448
6/30/2029	149,160	18,288	167,448
6/30/2030	151,932	15,516	167,448
6/30/2031	154,752	12,696	167,448
6/30/2032	157,620	9,828	167,448
6/30/2033	160,548	6,900	167,448
6/30/2034	163,524	3,924	167,448
6/30/2035	124,495	981	125,476
	$ 2,770,975	536,013	3,306,988

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CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF STATE LOAN PRINCIPAL AND INTEREST REQUIREMENTS
WATER AND SEWER STATE LOAN - DWO 2011-112
June 30, 2015

Fiscal Year Ending	Bond Requirements	Interest Requirements	Total Requirements
6/30/2016	$ 35,832	16,230	52,062
6/30/2017	36,552	15,600	52,152
6/30/2018	37,284	14,868	52,152
6/30/2019	38,040	14,112	52,152
6/30/2020	38,796	13,356	52,152
6/30/2021	39,576	12,576	52,152
6/30/2022	40,380	11,772	52,152
6/30/2023	41,184	10,968	52,152
6/30/2024	42,012	10,140	52,152
6/30/2025	42,852	9,300	52,152
6/30/2026	43,716	8,436	52,152
6/30/2027	44,592	7,560	52,152
6/30/2028	45,492	6,660	52,152
6/30/2029	46,404	5,748	52,152
6/30/2030	47,340	4,812	52,152
6/30/2031	48,288	3,864	52,152
6/30/2032	49,260	2,892	52,152
6/30/2033	50,244	1,908	52,152
6/30/2034	51,252	900	52,152
6/30/2035	17,219	27	17,246
	$ 836,315	171,729	1,008,044

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	$ 11,444,573	10,590,936	11,194,421	4,609,854	4,456,326	4,890,080	4,762,715	5,349,627	10,490,459	10,101,344
Restricted	-	-	-	-	-	-	-	-	300,848	294,328
Unrestricted	6,789,683	7,194,201	7,018,313	13,995,100	9,572,482	6,863,855	6,826,501	6,786,541	(2,809,266)	(3,892,241)
Total Governmental Activities Net Position	$ 18,234,256	17,785,137	18,212,734	18,604,954	14,028,808	11,753,935	11,589,216	12,136,168	7,982,041	6,503,431
Business-Type Activities										
Net Investment in Capital Assets	$ 44,271,111	45,625,558	38,582,426	49,348,344	36,573,549	45,788,517	51,968,558	53,717,874	56,386,632	56,937,126
Restricted	927	-	-	-	-	-	-	-	-	-
Unrestricted	9,248,016	10,893,732	20,055,574	10,776,548	23,982,437	17,750,477	16,826,224	17,421,952	18,858,714	12,679,142
Total Business-Type Activities Net Position	$ 53,520,054	56,519,290	58,638,000	60,124,892	60,555,986	63,538,994	68,794,782	71,139,826	75,245,346	69,616,268
Primary Government										
Net Investment in Capital Assets	$ 55,715,684	56,216,494	49,776,847	53,958,198	41,029,875	50,678,597	56,731,273	59,067,501	66,877,091	67,038,470
Restricted	927	-	-	-	-	-	-	-	300,848	294,328
Unrestricted	16,037,699	18,087,933	27,073,887	24,771,648	33,554,919	24,614,332	23,652,725	24,208,493	16,049,448	8,786,901
Total Primary Government Net Position	$ 71,754,310	74,304,427	76,850,734	78,729,846	74,584,794	75,292,929	80,383,998	83,275,994	83,227,387	76,119,699

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental Activities										
General Government	$ 1,964,833	2,092,175	2,312,896	2,313,294	2,320,021	2,315,622	1,073,396	974,186	905,738	1,107,009
Public Safety	4,220,050	4,498,229	4,691,754	4,761,540	4,921,251	5,121,019	5,160,505	5,482,963	5,572,648	5,481,940
Public Works	1,655,130	1,710,488	1,709,253	1,975,372	1,892,643	2,096,641	1,804,323	1,958,961	2,334,992	2,091,850
Health and Welfare	128,009	133,507	143,386	147,151	147,272	164,820	154,745	187,911	194,258	193,085
Building Code Enforcement	245,923	236,687	267,685	279,931	297,039	300,851	296,729	312,324	305,412	330,889
Community Development	97,378	128,559	150,503	135,716	190,682	189,330	157,973	135,732	137,049	143,365
Culture and Recreation	1,255,737	1,335,822	1,279,218	1,317,757	1,237,217	1,231,555	1,359,822	1,504,687	1,474,866	1,334,923
Education	2,332,000	2,332,000	2,332,000	2,586,950	7,006,578	4,491,562	2,378,756	2,632,885	7,339,934	2,342,086
Airport	-	-	-	-	-	-	-	145,000	145,000	145,000
Golf Course	-	-	-	-	-	-	-	-	-	50,000
Other	597,845	1,110,518	511,202	575,514	396,513	319,608	753,496	135,227	98,318	118,347
Interest on Long-Term Debt	100,446	124,408	120,050	228,870	336,470	303,926	290,917	271,676	504,701	390,134
Total Governmental Activities	12,597,351	13,702,393	13,517,947	14,322,095	18,745,686	16,534,934	13,430,662	13,741,552	19,012,916	13,728,628
Business-Type Activities										
Water and Sewer	6,258,684	6,351,520	6,421,106	6,891,218	6,775,618	7,287,257	7,266,962	8,058,277	8,072,676	7,991,875
Electric Department	38,562,527	41,233,588	44,584,278	51,200,732	48,649,864	55,127,228	48,790,590	50,851,625	52,339,675	53,635,100
Sanitation	686,323	737,428	1,101,139	1,110,919	963,492	1,050,289	2,087,820	958,488	1,031,438	959,948
Total Business-Type Activities	45,507,534	48,322,536	52,106,523	59,202,869	56,388,974	63,464,774	58,145,372	59,868,390	61,443,789	62,586,923
Total Expenses	$ 58,104,885	62,024,929	65,624,470	73,524,964	75,134,660	79,999,708	71,576,034	73,609,942	80,456,705	76,315,551
PROGRAM REVENUES										
Governmental Activities										
Charges for Services	$ 1,645,615	1,572,058	1,980,490	2,079,922	1,977,331	2,051,561	1,238,789	1,365,426	1,282,487	1,459,193
Operating Grants and Contributions	137,993	180,494	634,089	315,366	60,871	47,830	25,707	43,669	13,616	25,093
Capital Grants and Contributions	334,270	464,532	60,697	93,220	66,147	34,858	289,944	4,778	7,719	7,184
Total Governmental Activities	2,117,878	2,217,084	2,675,276	2,488,508	2,104,349	2,134,249	1,554,440	1,413,873	1,303,822	1,491,470
Business-Type Activities										
Charges for Services	48,187,308	50,749,078	53,113,524	59,673,864	56,637,930	65,321,181	62,703,650	65,500,427	66,308,882	65,736,396
Operating Grants and Contributions	337,513	257,984	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	56,040	652,044	871,820	613,273	1,019,347	191,821	590,609	50,110	388,608
Total Business-Type Activities	48,524,821	51,063,102	53,765,568	60,545,684	57,251,203	66,340,528	62,895,471	66,091,036	66,358,992	66,125,004
Total Program Revenues	$ 50,642,699	53,280,186	56,440,844	63,034,192	59,355,552	68,474,777	64,449,911	67,504,909	67,662,814	67,616,474

(Continued)

CITY OF ELIZABETHTON, TENNESSEE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
NET (EXPENSE) REVENUE										
Governmental Activities	$ (10,479,473)	(11,485,309)	(10,842,671)	(11,833,587)	(16,641,337)	(14,400,685)	(11,876,222)	(12,327,679)	(17,709,094)	(12,237,158)
Business-Type Activities	3,017,287	2,740,566	1,659,045	1,342,815	862,229	2,875,754	4,750,099	6,222,646	4,915,203	3,538,081
Total Net (Expense) Revenue	$ (7,462,186)	(8,744,743)	(9,183,626)	(10,490,772)	(15,779,108)	(11,524,931)	(7,126,123)	(6,105,033)	(12,793,891)	(8,699,077)
GENERAL REVENUES										
Governmental Activities										
Taxes										
Property Taxes	$ 3,705,114	3,766,242	4,061,546	3,921,523	3,982,150	4,008,863	4,588,415	4,712,052	4,856,278	4,931,901
Sales Taxes	3,631,223	3,805,354	4,127,085	4,507,121	4,110,095	4,137,126	4,183,559	4,259,793	4,281,604	4,536,823
In-Lieu of Taxes	29,861	26,124	36,733	29,903	27,805	29,333	27,741	16,534	18,759	14,316
Business Taxes	251,306	240,944	250,850	259,183	150,884	298,423	385,646	282,820	353,049	234,849
Other Taxes	-	-	-	462,971	477,250	480,090	502,388	494,547	515,398	506,017
Other Local Governments	166,627	108,421	93,987	67,687	65,246	322,381	152,092	49,049	44,981	44,010
State Aid	1,773,976	2,195,451	1,649,418	1,943,782	1,947,533	1,943,661	1,889,311	1,943,199	1,976,468	2,013,214
Federal Aid	492,029	418,930	414,820	-	-	-	-	-	-	-
Unrestricted Investment Earnings	241,330	258,024	232,933	149,530	74,730	25,810	8,426	7,625	9,463	6,306
Miscellaneous	56,370	24,893	35,582	519,837	683,002	408,839	408,657	455,716	648,841	473,139
Special Item - Donations of Assets	-	-	-	14,482	-	-	-	-	-	(574,349)
Loss on Disposal of Capital Assets	-	(95,016)	-	-	-	-	-	-	-	(146,148)
Transfers	652,642	286,823	367,314	349,788	546,496	471,286	(434,732)	752,416	850,126	1,487,838
Total Governmental Activities	11,000,478	11,036,190	11,270,268	12,225,807	12,065,191	12,125,812	11,711,503	12,973,751	13,554,967	13,527,916
Business-Type Activities										
Unrestricted Investment Earnings	285,842	540,614	601,753	493,865	115,361	50,415	70,957	43,168	40,443	46,766
Miscellaneous	1,159	4,879	-	-	-	-	-	-	-	-
Transfers	(652,642)	(286,823)	(367,314)	(349,788)	(546,496)	(471,286)	434,732	(752,416)	(850,126)	(1,487,838)
Total Business-Type Activities	(365,641)	258,670	234,439	144,077	(431,135)	(420,871)	505,689	(709,248)	(809,683)	(1,441,072)
Total Primary Government	$ 10,634,837	11,294,860	11,504,707	12,369,884	11,634,056	11,704,941	12,217,192	12,264,503	12,745,284	12,086,844
CHANGE IN NET POSITION										
Governmental Activities	$ 521,005	(449,119)	427,597	392,220	(4,576,146)	(2,274,873)	(164,719)	646,072	(4,154,127)	1,290,758
Business-Type Activities	2,651,646	2,999,236	1,893,484	1,486,892	431,094	2,454,883	5,255,788	5,513,398	4,105,520	2,097,009
Total Change in Net Position	$ 3,172,651	2,550,117	2,321,081	1,879,112	(4,145,052)	180,010	5,091,069	6,159,470	(48,607)	3,387,767

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Non-Spendable	$ -	-	-	-	-	187,398	161,312	148,751	19,062	27,007
Restricted	-	-	-	-	-	330,378	395,853	313,632	49,131	35,195
Committed	-	-	-	-	-	1,629,890	4,265,560	3,918,887	4,185,203	4,403,144
Assigned	-	-	-	-	-	381,351	211,446	210,365	629,514	464,176
Unassigned	-	-	-	-	-	4,132,802	2,107,524	2,598,583	2,892,356	3,925,984
Designated	4,178,565	4,085,787	3,651,625	11,171,656	7,289,320	-	-	-	-	-
Unreserved	1,951,297	1,646,915	2,201,376	1,741,002	1,536,347	-	-	-	-	-
Total General Fund	$ 6,129,862	5,732,702	5,853,001	12,912,658	8,825,667	6,661,819	7,141,695	7,190,218	7,775,266	8,855,506
All Other Governmental Funds										
Non-Spendable	$ -	-	-	-	-	25,000	25,000	25,000	25,000	25,000
Restricted	-	-	-	-	-	327,278	185,427	184,460	251,717	259,133
Committed	-	-	-	-	-	397,264	337,122	191,475	133,655	137,199
Assigned	-	-	-	-	-	235	3,230	196,239	205,027	199,285
Unreserved, Reported in:										
Special Revenue Funds	201,206	128,398	199,524	374,442	400,433	-	-	-	-	-
Capital Projects Funds	494,150	974,305	916,396	915,604	767,017	-	-	-	-	-
Permanent Fund	27,011	28,465	29,652	30,133	30,240	-	-	-	-	-
Total All Other Governmental Funds	$ 722,367	1,131,168	1,145,572	1,320,179	1,197,690	749,777	550,779	597,174	615,399	620,617

Beginning in the Fiscal Year 2011, the presentation of fund balance was changed to conform with GASB 54.

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Taxes	$ 7,604,318	7,868,022	8,429,613	9,130,476	8,709,195	8,868,012	9,842,326	9,778,235	10,009,980	10,273,837
Licenses and Permits	93,181	97,991	95,095	130,030	96,781	84,244	96,193	204,503	212,619	222,913
Intergovernmental	1,925,234	2,045,305	2,192,700	2,052,531	2,039,177	2,281,042	2,344,577	2,027,870	2,037,174	2,082,628
Charges for Services	2,005,518	2,125,682	2,433,889	2,405,205	2,460,199	2,438,111	1,583,026	1,563,774	1,430,175	1,550,984
Donations	176,801	140,796	141,807	14,482	34,473	32,830	12,477	12,825	5,610	6,873
Grant Income	348,354	702,489	134,028	367,524	66,147	34,858	-	-	-	-
Fines and Forfeitures	314,885	273,425	260,435	444,687	320,351	329,206	359,570	397,149	432,391	387,584
Miscellaneous	642,254	552,244	487,078	519,837	694,911	441,088	445,973	455,716	648,841	473,139
Interest Earnings	241,377	301,217	233,457	149,530	74,730	25,810	8,426	7,625	9,463	6,306
TOTAL REVENUES	13,351,922	14,107,171	14,408,102	15,214,302	14,495,964	14,535,201	14,692,568	14,447,697	14,786,253	15,004,264
EXPENDITURES										
General Government	2,559,403	2,859,524	3,086,714	3,030,589	3,060,510	2,993,468	1,757,135	1,650,057	1,566,938	1,720,352
Public Safety	4,045,478	4,294,937	4,493,299	4,456,234	4,627,091	4,835,792	4,856,945	5,117,045	5,197,167	5,325,929
Public Works	1,290,099	1,363,400	1,355,854	1,570,336	1,492,740	1,730,028	1,506,961	1,675,184	2,011,900	1,836,272
Health and Welfare	125,157	132,641	142,785	145,815	146,388	163,984	153,858	187,027	193,322	192,202
Building Code Enforcement	245,905	236,743	268,427	278,497	297,039	300,851	296,729	312,324	305,412	330,889
Community Development	97,354	128,608	151,174	134,677	190,682	189,330	157,973	135,732	137,049	143,365
Education	2,332,000	2,332,000	2,332,000	2,586,950	7,006,578	4,491,562	2,378,756	2,632,885	7,339,934	2,342,086
Airport	-	-	-	-	-	-	-	145,000	145,000	145,000
Golf Course	-	-	-	-	-	-	-	-	121,589	50,000
Culture and Recreation	1,175,390	1,238,513	1,174,843	1,178,826	1,173,744	1,211,861	1,227,366	1,346,643	1,192,119	1,222,948
Special Appropriations	225,432	197,632	285,114	202,146	202,146	198,330	187,080	107,170	91,572	111,572
Capital Outlay	690,096	1,128,103	281,060	110,588	1,540,221	265,081	880,923	649,898	999,099	1,034,665
Debt Service:										
Principal	599,167	679,542	717,844	736,583	785,489	769,570	803,834	2,987,570	874,485	866,010
Interest	105,453	127,822	117,289	141,732	329,227	346,423	320,354	244,168	302,493	396,780
Paying Agent Fees	1,487	-	1,383	133,485	3,539	690	3,140	39,930	105,805	2,346
Lease Payments	-	-	-	-	51,215	-	-	-	-	-
Other Operating Expenditures	411,724	912,888	232,927	373,368	194,367	121,278	566,416	28,057	6,746	6,775
TOTAL EXPENDITURES	13,904,145	15,632,353	14,640,713	15,079,826	21,100,976	17,618,248	15,097,470	17,258,690	20,590,630	15,727,191
Excess (Deficiency) of Revenues Over (Under) Expenditures	(552,223)	(1,525,182)	(232,611)	134,476	(6,605,012)	(3,083,047)	(404,902)	(2,810,993)	(5,804,377)	(722,927)
OTHER FINANCING SOURCES (USES)										
Capital Outlay Note Proceeds	-	1,250,000	-	-	1,200,000	-	252,000	-	441,838	394,300
Bond Proceeds	-	-	-	6,750,000	505,000	-	-	2,153,495	5,450,000	-
Capital Lease	-	-	-	-	144,036	-	-	-	-	-
Premium on Refunding Bonds Issued	-	-	-	-	-	-	-	-	40,253	-
Payment to Refunded Bond Escrow	-	-	-	-	-	-	-	-	(374,567)	-
Transfers In	1,334,342	1,364,173	929,314	943,288	1,417,455	971,269	995,246	1,214,321	1,122,035	1,507,115
Transfers Out	(644,350)	(1,077,350)	(562,000)	(593,500)	(870,959)	(499,983)	(561,466)	(461,905)	(271,909)	(19,277)
TOTAL OTHER FINANCING SOURCES (USES)	689,992	1,536,823	367,314	7,099,788	2,395,532	471,286	685,780	2,905,911	6,407,650	1,882,138
Net Change in Fund Balances	$ 137,769	11,641	134,703	7,234,264	(4,209,480)	(2,611,761)	280,878	94,918	603,273	1,159,211
Debt Service as a Percentage of Noncapital Expenditures	5.33%	5.57%	5.82%	5.87%	5.70%	6.43%	7.91%	19.46%	6.01%	8.59%

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLE
June 30, 2015

Tax Year	Property Tax Receivable at June 30, 2014	Property Tax Levied	Anticipated Current Year Levy	Collections	Abatements and Adjustments	Property Tax Receivable at June 30, 2015
2015	$ -	-	4,859,528	-	-	4,859,528
2014	-	4,828,116	-	(4,556,078)	(44,581)	227,457
2013	269,616	-	-	(211,377)	(1,606)	56,633
2012	44,058	-	-	(18,244)	(233)	25,581
2011	30,576	-	-	(10,811)	(61)	19,704
2010	22,220	-	-	(9,081)	-	13,139
2009	19,718	-	-	(15,523)	(16)	4,179
2008	14,562	-	-	(9,245)	(441)	4,876
2007	16,921	-	-	(6,915)	(738)	9,268
2006	10,749	-	-	(6,365)	-	4,384
2005	4,377	-	-	(1,441)	-	2,936
2004	4,262	-	-	-	(4,262)	-
2003	148	-	-	-	(148)	-
Total	$ 437,207	4,828,116	4,859,528	(4,845,080)	(52,086)	5,227,685

As of October 1, 2015, all of the above delinquent taxes have been filed by the City Attorney with the Carter County Chancery Court.

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
PROPERTY TAX RATES AND ASSESSMENTS
Last Ten Fiscal Years

Tax Year	Total Assessed	Total Estimated Value	Ratio of Assessed To Actual Value	Tax Rate
2014	$ 262,162,119	862,777,585	30%	1.82
2013	260,290,014	857,151,926	30%	1.82
2012	253,568,595	838,755,716	30%	1.78
2011	254,388,581	825,701,897	31%	1.78
2010	217,582,031	731,318,801	30%	1.78
2009	216,807,173	727,791,154	30%	1.78
2008	214,686,906	721,095,965	30%	1.78
2007	214,594,913	712,259,053	30%	1.78
2006	213,075,562	706,899,099	30%	1.78
2005	156,216,923	524,143,493	30%	2.30

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2015

	Fiscal Year 2015
Total Assessed Property	$ 262,162,119
Legal Debt Limit - 10% of Assessed Value	26,216,212
General Obligation Debt	(10,700,000)
Margin for Additional Borrowing	$ 15,516,212

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Bonded Debt	$ 1,705,000	1,215,000	685,000	6,890,000	6,805,000	6,355,000	5,875,000	7,175,000	11,445,000	10,700,000
Assessed Valuation	$ 156,216,923	213,075,562	214,594,913	214,686,906	216,807,173	217,582,031	254,388,581	253,568,595	260,290,014	262,162,119
Ratio of General Bonded Debt to Assessed Value	1.09%	0.57%	0.32%	3.21%	3.14%	2.92%	2.31%	2.83%	4.40%	4.08%
Bonded Debt per Capita Based on Census	$ 14,017	14,017	14,017	14,017	14,176	14,176	14,176	14,176	14,176	14,176
Bonded Debt per Capita	$ 122	87	49	492	480	448	414	506	807	755

Note: The 2010 Census resulted in an increase of 159.

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
TAX RATES AND ASSESSMENTS
Last Ten Years

	Tax Year									
Fund	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund	$ 2.30	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.82	1.82
Assessed Valuation										
Real and Personal	$ 156,216,923	213,075,562	214,594,913	214,599,241	216,807,173	217,582,031	254,388,581	253,568,595	260,290,014	262,162,119
Public Utility	94,182	88,765	87,665	87,665	87,035	93,880	94,246	92,218	89,881	87,887
Total Assessed Valuation	$ 156,311,105	213,164,327	214,682,578	214,686,906	216,894,208	217,675,911	254,482,827	253,660,813	260,379,895	262,250,006

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
UTILITY RATES FOR WATER AND SEWER, NUMBER OF CUSTOMERS
For the Fiscal Year Ended June 30, 2015

	Inside Corporate Limits of City		Outside Corporate Limits of City	
Water Meter Rates for Residential Commercial, and Industrial				
1,000 gallons or less	Minimum	$ 14.95	Minimum	$21.84
Above 1,000 to 500,000 gallons		4.01		7.07
Above 500,000 to 1,000,000 gallons		2.57		4.43
Above 1,000,000 gallons		2.47		4.15
Wholesale Rates for Water for Utility Districts				
First 100,000 gallons or less			Minimum	463.00
Above 100,000 gallons				4.70/m
Sewer Rates for Residential, Industrial and Commercial				
Base Rate		12.66		16.77
Cost per 1,000 gallons up to 9,000 gallons		3.00		5.60
Cost per 1,000 gallons over 9,000 gallons		3.00		4.08
Number of Customers				
Water (Inside and Outside)		9,412		
Sewer (Inside and Outside)		9,472		

See Independent Auditors' Report.

AWWA Free Water Audit Software:
Reporting Worksheet

WAS v5.0
American Water Works Association
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? Click to access definition
* Click to add a comment

Water Audit Report for: City of Elizabethton (0000221)
Reporting Year: 2015 | 7/2014 - 6/2015

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

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

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

Master Meter and Supply Error Adjustments

WATER SUPPLIED <---------- Enter grading in column 'E' and 'J' ----------> Pcnt: Value:

Volume from own sources:	*	?	8	1,594.856	MG/Yr	* ?	n/a		0.000	MG/Yr
Water imported:	*	?	8	106.085	MG/Yr	* ?	n/a		0.000	MG/Yr
Water exported:	*	?	n/a		MG/Yr	* ?	n/a	-2.00%		MG/Yr

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

WATER SUPPLIED: 1,700.941 MG/Yr

AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

						Pcnt:	Value:	
Billed metered:	*	?	7	717.870	MG/Yr			
Billed unmetered:	*	?	n/a		MG/Yr			
Unbilled metered:	*	?	9	21.867	MG/Yr			
Unbilled unmetered:	*	?		21.262	MG/Yr	1.25%		MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

Use buttons to select percentage of water supplied OR value

AUTHORIZED CONSUMPTION: ? 760.998 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption) 939.943 MG/Yr

Apparent Losses

						Pcnt:	Value:	
Unauthorized consumption:	*	?		4.252	MG/Yr	0.25%		MG/Yr

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

Customer metering inaccuracies:	*	?	6	30.822	MG/Yr	4.00%		MG/Yr
Systematic data handling errors:	*	?	5	1.795	MG/Yr	0.25%		MG/Yr

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

Apparent Losses: ? 36.869 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: ? 903.074 MG/Yr

WATER LOSSES: 939.943 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: ? 983.071 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	*	?	4	330.0	miles
Number of active AND inactive service connections:	*	?	8	11,547	
Service connection density:		?		35	conn./mile main
Are customer meters typically located at the curbstop or property line?				Yes	
Average length of customer service line:	*	?	10	0.0	ft

(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:	*	?	8	100.0	psi

COST DATA

Total annual cost of operating water system:	*	?	10	$4,793,070	$/Year
Customer retail unit cost (applied to Apparent Losses):	*	?	9	$7.16	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	*	?	9	$590.59	$/Million gallons

☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 77 out of 100 *****

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

PRIORITY AREAS FOR ATTENTION:

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

1: Volume from own sources
2: Billed metered
3: Customer metering inaccuracies

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.
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Water Audit Report for: City of Elizabethton (0000221)
Reporting Year: 2015 | 7/2014 - 6/2015

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 77 out of 100 *****

System Attributes:

	Apparent Losses:	36.869	MG/Yr
+	Real Losses:	903.074	MG/Yr
=	**Water Losses:**	**939.943**	MG/Yr
?	Unavoidable Annual Real Losses (UARL):	128.38	MG/Yr
	Annual cost of Apparent Losses:	$263,985	
	Annual cost of Real Losses:	$533,346	Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumpiton

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	57.8%	
	Non-revenue water as percent by cost of operating system:	17.2%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	8.75	gallons/connection/day
	Real Losses per service connection per day:	214.27	gallons/connection/day
	Real Losses per length of main per day*:	N/A	
	Real Losses per service connection per day per psi pressure:	2.14	gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	903.07	million gallons/year
?	Infrastructure Leakage Index (ILI) [CARL/UARL]:	7.03	

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

AWWA Free Water Audit Software v5.0 Performance Indicators 1

See Independent Auditors' Report.

CITY OF ELIZABETHTON, TENNESSEE
CURRENT UTILITY RATES AND NUMBER OF CUSTOMERS
June 30, 2015

Residential Rate Schedule	**RS**
Customer Charge -	
per delivery point per month	$13.29
Energy Charge - per kWh per month	$0.09691

General Power Rate Schedule	**GSA**
	(Demand 0-5,000 kW)
Part 1.	
Customer Charge	
Per delivery point per month	$14.46
Energy Charge - per kWh per month	$0.10596
Per kWh up to 620 hours per month	
Per kWh all additional per month	
Demand Charge - per kW per month	
Excess of billing demand over contract demand - per kW per month	
Part 2.	
Customer Charge	
Per delivery point per month	$55.00
Demand Charge - per kW per month	
First 50 kW	$0.00
Excess over 50kW per month	$12.97
Energy charge - per kWh per month	
First 15,000 kWh	$0.10577
Additional kWh per month	$0.06382
Part 3.	
Customer Charge	
Per delivery point per month	$150.00
Demand Charge - per kW per month	
First 1,000 kW	$13.67
Excess over 1,000 kW	$15.06
Excess of higher of 2,500 kW or contract demand	$0.00
Energy Charge - per kWh per month	
First 15,000 kWh	$0.06379
Additional kWh	$0.06379

Outdoor Lighting Rate Schedule	**LS**
Customer Charges	
Per delivery point per month	$3.70
Energy Charge - per kWh	$0.06668

Number of Customers	
Residential	22,856
General	3,137
Street, Athletic and Outdoor Lighting	233
Total Customers	26,226

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*

To the Honorable Mayor, City Council Members and City Manager
City of Elizabethton, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elizabethton, Tennessee (the City), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 7, 2015. Our report includes a reference to other auditors who audited the financial statements of the Elizabethton Municipal Airport, a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 City'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 City'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

December 7, 2015

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

To the Honorable Mayor, City Council Members and City Manager
City of Elizabethton, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the City of Elizabethton, Tennessee's (the City) 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 City's major federal programs for the fiscal year ended June 30, 2015. The City's major federal program are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 City's major federal programs based on our audit 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 federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit 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 City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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 fiscal year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the City 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 City's internal control over compliance with the types of 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 and opinion on the effectiveness of the City'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 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

December 7, 2015

CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elizabethton, Tennessee.

2. No material weaknesses relating to the audit of the financial statements of the City of Elizabethton, Tennessee were disclosed during the audit.

3. No instances of noncompliance material to the financial statements of the City of Elizabethton, Tennessee were disclosed during the audit.

4. No material weaknesses relating to the audit of the major federal award programs were disclosed during the audit.

5. The auditors' report on compliance for the major federal award programs for the City of Elizabethton, Tennessee expresses an unmodified opinion.

6. There were no audit findings relative to the major federal award programs that are required to be reported in accordance with section 510(a) of Circular A-133.

7. The programs tested as major programs were Capitalization Grants for Drinking Water State Revolving Funds, CFDA #66.468 and Capitalization Grants for Clean Water State Revolving Funds, CFDA #66.458.

8. The threshold for distinguishing Type A and B programs was $300,000.

9. The City of Elizabethton, Tennessee was determined to not be a low-risk auditee.

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

None Reported.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None Reported.

CITY OF ELIZABETHTON, TENNESSEE
SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS
For the Fiscal Year Ended June 30, 2015

Financial Statement Findings

Finding Number		Finding Title		Status
2014-001		Significant Deficiency -Elizabethton Electric - Work Orders		Corrected

Federal Award Findings and Questioned Costs

There were no prior findings reported.