CITY OF GERMANTOWN
TENNESSEE

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2015

Prepared by the City of Germantown Finance Department

CITY OF GERMANTOWN, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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CITY OF GERMANTOWN

CITY OF
GERMANTOWN
TENNESSEE 1930 South Germantown Road • Germantown, Tennessee 38138-2815
Phone (901) 757-7200 Fax (901) 757-7292 www.germantown-tn.gov

December 18, 2015

To the Citizens and Aldermen
City of Germantown, Tennessee:

It is a privilege to submit the Comprehensive Annual Financial Report of the City of Germantown for the fiscal year ending June 30, 2015. This document reports the sound financial position of the various funds of the City of Germantown and the financial results for operations during FY15. It also provides information on the economic condition of the City.

GERMANTOWN'S ECONOMIC CONDITION AND OUTLOOK

Germantown is a dynamic community whose citizens enjoy a higher per capita income than most cities in Tennessee. Although it is predominantly, preferably and historically residential in character, we are experiencing significant economic growth and expansion of healthcare facilities in the City. Additionally, Germantown benefits from its proximity to the transportation, industrial and commercial sectors of the Memphis metropolitan area.

With a sturdy local economy and sound fiscal planning, the City of Germantown maintained a General Fund fund balance of 74.8% against operating expenditures in FY15. The city also maintained a Triple-A debt credit rating with Moody's and Standard & Poor's, one of just 101 municipalities in the nation to merit the highest ranking from both agencies.

Our growth and prosperity can be further attributed to the manner in which residents and local government work together to

- support superior public education opportunities for children,
- keep the crime rate lowest among similar-sized cities in the Southeast,
- provide exception parks and recreation facilities and leisure opportunities,
- assure safe and attractive neighborhoods and business districts, and
- exercise strong leadership in both land use policies and financial planning.

Germantown's municipal services and amenities contribute to the exceptional quality of place its residents enjoy; they also contribute to the attractiveness of the metropolitan area. Quality housing is a major "industry" for Germantown, ranging from single-family subdivisions to zero-lot lines to congregate

living for seniors. Newer home construction supplements a housing inventory in both new and well-established neighborhoods that reflects exemplary efforts to preserve and modernize older homes.

Our commitment to quality living is demonstrated in the extensive parks system, composed of athletic and playing field complexes, comprehensive parks, neighborhood parks, a greenway, state natural area, city nature area and a farm park. The Germantown Athletic Club and other programs offer fitness

facilities and equipment for a healthy lifestyle. Methodist LeBonheur Germantown Hospital, Baptist Rehabilitation Germantown, several major medical clinics and numerous physician practices provide top-notch, accessible heath care. The police, fire and ambulance departments take pride in a five minute-or-less emergency response time. The newly-formed Germantown Municipal School District provides K-12 public education on five campuses, complemented by three private elementary schools, three additional public schools, three special needs learning centers and a university, together offering the broadest spectrum of educational resources.

OUR POLICY AGENDA

Twice a year, January and September, the Board of mayor and Aldermen establish a policy agenda that identifies and articulates primary goals for the immediate future and for the long term. The values and vision are derived from the long-rang strategic plan – Vision 2020 – developed through broad citizen input and adopted by the board during FY06.

The annual policy agenda guides the development of the annual operating and capital improvement budgets for the next fiscal year. The agenda is developed within the framework of the Board of Mayor and Aldermen's financial policies, policies that dictate.

- a balanced, multi-year operating budget,
- a stable and diversified revenue structure,
- maintenance of adequate reserves and designation of fund balances,
- a multi-year capital improvements program, and
- debt and investment policies ensuring judicious management of the City's credit and available funds.

This report, the operating budget and the capital improvements program demonstrate Germantown's responsiveness to citizen's needs, concerns and interest. The reports and the awards they have earned also confirm our commitment to excellence and performance and to effective and efficient management of Germantown's affairs.

Respectfully submitted,

Mike Palazzolo
Mayor

Patrick Lawton
City Administrator

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Phone (901) 757-7200 Fax (901) 757-7292 www.germantown-tn.gov

December 18, 2015

The Board of Mayor and Aldermen
And Citizens of the City of Germantown:

The Comprehensive Annual Financial Report, (CAFR) of the City of Germantown, Tennessee (The City) for the fiscal year ended June 30, 2015, is hereby submitted. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and have been audited in accordance with the generally accepted auditing standards.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's asset from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Watkins Uiberall, PLLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Germantown's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements: assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement basis for rendering an unmodified opinion.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Germantown's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Germantown is located in Shelby County in the southwestern part of the State of Tennessee. Germantown was first settled in 1825 and consisted largely of horse farms and estates until the early 1970's. It is in the center of the most affluent areas of Shelby County.

The Board of Mayor and (five) Aldermen are elected by popular vote. One-half of the Board is elected to four-year terms every two years. The mayor appoints the city administrator, chief of police and city clerk/recorder with confirmation of the Board of aldermen. The city provides a full range of municipal services including police and fire services, street and drainage construction and maintenance, sanitation, cultural and recreational programs, planning and zoning and administrative services. In addition, the city operates a water and sewer system.

The Germantown Municipal Board of Education assumed the operations of five schools from the Shelby County Board of Education at the beginning of the FY15 school year. Three out of eight schools remained with the Shelby county Board of Education. The Germantown Municipal Board of Education is reported as a special revenue fund of the City. The Light, Gas and Water Division of the City of Memphis provide electrical and natural gas distribution to the Germantown service area. The City of Memphis provides treatment of sewage collected via the City of Germantown sewer system. The Memphis Area Transit Authority provides scheduled bus service throughout the City. These entities do not meet established criteria for inclusion in the reporting entity and therefore are not included in this report.

The city administration annually prepares a plan of services for the upcoming fiscal year and the estimated cost of providing those services. The plan is reviewed by the Board of Mayor and Aldermen and is formally adopted by the passage of a budget ordinance. The ordinance is adopted by fund, function and department. Department heads may make transfer of appropriations within their department. Transfers of appropriations between departments require the approval of an amendment by the Board. Strict budgetary compliance is maintained by the automated accounting system to assure effective fiscal management and accountability. All request for purchases are checked by a budgetary control system to assure that funds are available. Purchase orders and contracts are encumbered prior to release to vendors. The system controls are maintained within cost center levels. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated budget has been adopted.

Factors Affecting Financial Conditions

The information presented in the financial statements are perhaps best understood when they are considered from the broader perspective of the specific environment within which the City operates.

Local Economy

The City's local economy has stabilized and has seen improvement during the past year. Property values have stabilized within the City and new properties are under construction. Property tax remains the most stable source of revenue at approximately 57.8% of total general fund revenue with collections remaining very strong. The City tax rate remains at $1.93 per $100.00 of assesses value for the fiscal year 2015 and 2016. Real and personal property are assessed by the Shelby County Assessor. Sales tax is the second largest revenue source to the City. Sales tax increased by 35.5% over the past year. This was due to a full year of the sales tax rate increase of .5%. With the economy improving, the Halls Income tax increase by $720,599 or 30.6%. The Halls Income tax is earmarked for capital improvements. The City of Germantown has a strong retail climate although the City is primarily a bedroom community. Emphasis is being placed on having more retail in the City to ease the burden on the residential property owners.

During Fiscal Year 2015 the City issued 34 new single family structure permits with a total value of $15,547,702 or average value of $457,000. During Fiscal Year 2015, 8 new commercial structure permits with a total value of $15,275,562. One permit was issued for a new hospital construction with a value of $17,499,378. The total of all new construction is $48,322,642. Whole Foods opened August 2015 and Kroger's opened during August with a 100,000 square foot super store. Saddle Creek South has completed development with store beginning to open. Somerset is a 43 home development and homes are being built. Homes are estimated to have an average sale price of $700,000. Thornwood has begun development with the infrastructure in place.

With the State Legislation changed to allow the City to develop a Germantown Municipal School District. Operations for the Germantown Municipal School District began August 2015 and completed a full year of operations June 1, 2015.

Long Term Financial Planning

Since the adoption of Vision 2020 in 2005, the Board of Mayor and Aldermen have conducted semi-annual retreats in January and September to review and revisit the strategic planning process to ensure the City maintains its focus on the vision, mission and core values. The results from the retreat are used to direct the strategic objectives, departmental business plans, the annual budget, five-year financial plan and five-year CIP. These plans are based on the triple bottom line (Economic, Environmental, and Social Sustainability) and are the driven by key indicators with progress measured by the achievement of performance measures.

In January 2015, the City began its visioning process with Germantown Forward 2030. The Germantown Forward 2030 began with a 30 member steering committee made up of diverse individuals from across the City. Their task was to form a new Vision for the City. This was followed by the development of 9 task forces which were related to key performance areas working with the Vision statement. Each task force was made up of a minimum of 10 citizens,

department heads and staff members. The groups worked to establish strategic objectives and related long-and short-term goals for each task force. At the conclusion of the calendar year 2015 a Vision for Germantown Forward 2030 will be adopted by the Board of Mayor and Aldermen.

The City's fiscal year spending plan emphasizes a long-term goal of maintaining financial stability. As a result, the City quickly embraced the practice of managed competition and applied those principles to build-out scenario for the community. Managed competition focused on cost control and reductions when appropriate, reengineering procedures or outsourcing.

Annual budgets are now driven by cost saving with emphasis on city departments operating as a business with focus on customer and quality of service. All expenditures reflect the spending priorities established by the Board of Mayor and Aldermen and strict adherence to the financial policies that provide a framework for allocating resources. The business planning approach is outcome based and results oriented, with processes in place to deliver services in the most effective way. With the proper deployment of these activities now and in the future the City is able to address long term financial obligations of the city, maintain a stable tax base and move closer to sustainability.

The City was reaffirmed as Triple-A by Moody's and Standard & Poor's in September 2013. On September 23, 2013 the City refunded its 2005 bonds for a better interest rate and issued new bonds in the amount of $3.5 million. The City will look at issuing bonds in fiscal year 2016 with a possible refunding. The bond issue will be used for City and Municipal School District capital projects.

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Germantown for its comprehensive Annual financial Report for the fiscal year ended June 30, 2014. This was the 33rd consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to GFOA to determine its eligibility for another certificate.

The Government finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Germantown for its Popular Annual Financial Report for the fiscal year ended June 30, 2014. The Award for Outstanding Achievement in Popular Annual financial Reporting is a prestigious

national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understanding and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year. The City of Germantown has received a Popular Award for the last seven consecutive years (fiscal years ended 2008-2014). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

The City received the GFOA's Distinguished Budget Presentation Award for its annual operating budget for the year ended June 30, 2015. The city has received the Award for each of the 30 years since the program was instituted in 1984. In order to qualify for the Distinguished Budget Presentation Award, the City budget document was judged to be proficient and/or outstanding in several categories including policy documentation, financial planning, operations and communications.

The preparation of this report could not be accomplished without the skill, effort and dedication of the entire staff of the departments of Finance and Budget & Performance throughout the fiscal year. I would like to express my appreciation and thanks to all the members of the departments who have assisted and contributed to this report, in addition to the City's independent certified public accountants, Watkins Uiberall, PLLC. In addition, I appreciated the Board of Mayor and Aldermen's interest, support and leadership in planning and conducting the financial operations of the City in a very responsible and progressive manner.

Respectfully submitted,

Ralph J. Gabb, CPA
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

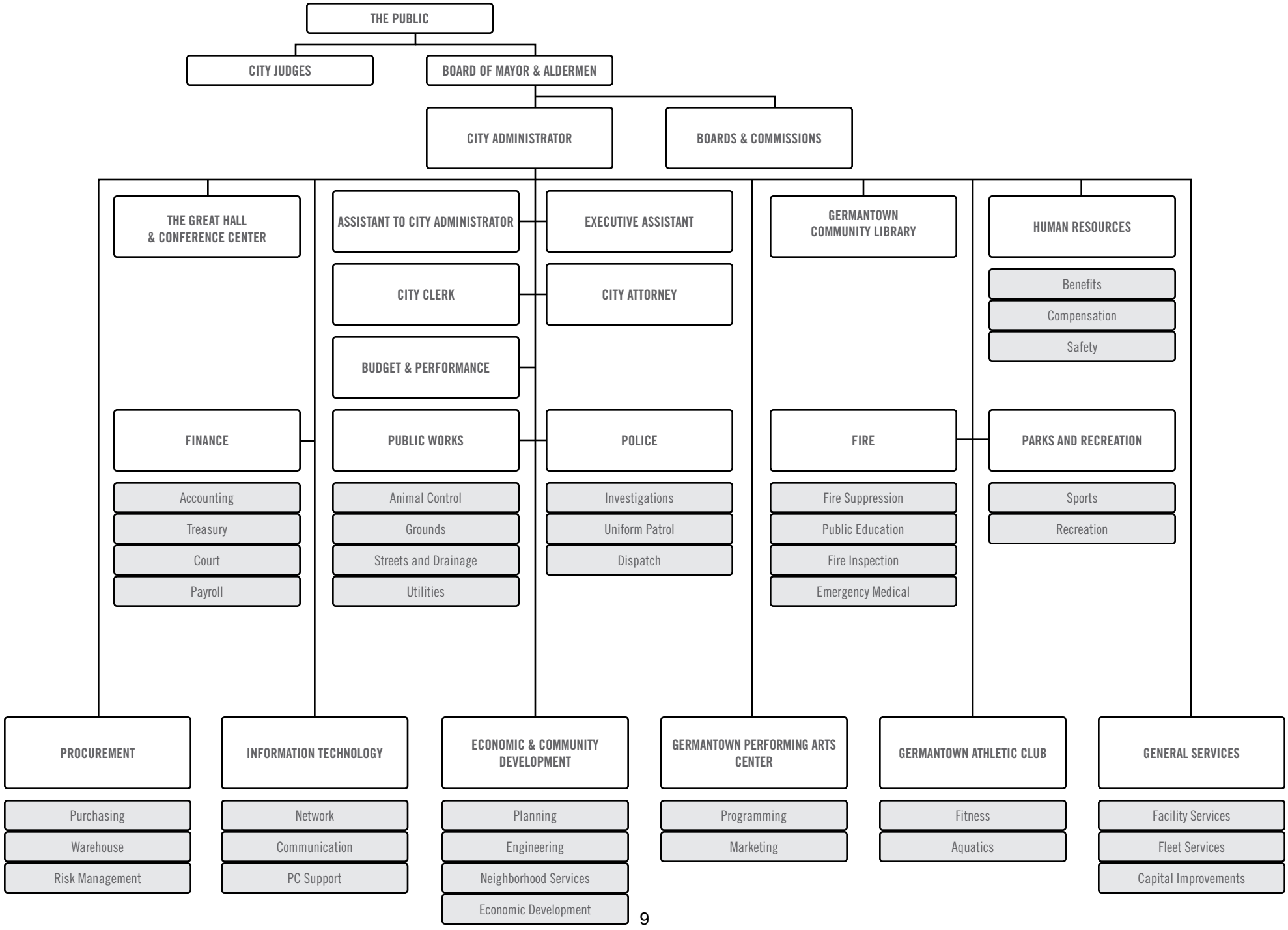
City of Germantown

Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO


THE PUBLIC
CITY JUDGES
BOARD OF MAYOR & ALDERMEN
CITY ADMINISTRATOR
BOARDS & COMMISSIONS
THE GREAT HALL & CONFERENCE CENTER
ASSISTANT TO CITY ADMINISTRATOR
EXECUTIVE ASSISTANT
GERMANTOWN COMMUNITY LIBRARY
HUMAN RESOURCES
Benefits
Compensation
Safety
CITY CLERK
CITY ATTORNEY
BUDGET & PERFORMANCE
FINANCE
PUBLIC WORKS
POLICE
FIRE
PARKS AND RECREATION
Accounting
Treasury
Court
Payroll
Animal Control
Grounds
Streets and Drainage
Utilities
Investigations
Uniform Patrol
Dispatch
Fire Suppression
Public Education
Fire Inspection
Emergency Medical
Sports
Recreation
PROCUREMENT
INFORMATION TECHNOLOGY
ECONOMIC & COMMUNITY DEVELOPMENT
GERMANTOWN PERFORMING ARTS CENTER
GERMANTOWN ATHLETIC CLUB
GENERAL SERVICES
Purchasing
Warehouse
Risk Management
Network
Communication
PC Support
Planning
Engineering
Neighborhood Services
Economic Development
Programming
Marketing
Fitness
Aquatics
Facility Services
Fleet Services
Capital Improvements

CITY OF GERMANTOWN
CITY OFFICIALS

MAYOR

Honorable Mike Palazzolo (2018*)

ALDERMEN

Rocky Janda (Vice Mayor – (2016*)

John Barzizza (2018*)
Mary Anne Gibson (2018*)
David Klevan (2016*)
Forest Owens (2016*)

CITY ADMINISTRATOR

Patrick J. Lawton

CITY ATTORNEY

Debra A. Wiles

CITY JUDGES

Raymond S. Clift
Robert M. Brannon, Jr.

EXECUTIVES

Economic and Community Development Services Director……..……Cameron Ross
Finance Director……...……...……Ralph J. Gabb
Fire Chief…….……...…….John M. Selberg
Germantown Athletic Club Director…… ...…….….Phil Rogers
Germantown Performing Arts Center……Paul Chandler
General Services Director……Reynold Douglas
Human Resources Director……...…….....Steve Wilensky
Information Technology Director……...…….….…Tony Fischer
Parks and Recreation Director……..……...……...……Pam Beasley
Police Chief……...…….…....Richard Hall
Procurement Director…….Lisa Piefer
Public Services Director…….……...…….….….Bo Mills

*(Date elected term expires)

WATKINS UIBERALL

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Independent Member of BKR International

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mike Palazzolo, Mayor
and the Board of Aldermen
City of Germantown, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the statements of budgetary comparison for the general and municipal schools funds, and the aggregate remaining fund information of the City of Germantown, Tennessee, (the "City") as of and for the 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Germantown Performing Arts Center ("GPAC"), a component unit of the City of Germantown, Tennessee, which represent 0.4 percent, 0.4 percent, and 2.0 percent, respectively, of the assets, net position, and revenues of the City. 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 GPAC, 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 of material misstatement.

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

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

Opinions

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

Change in Accounting Principle

The City of Germantown, Tennessee has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note 13 to the financial statements, which describes a restatement decreasing beginning Governmental Activities net position by $7,907,587 and beginning Business-Type Activities net position by $708,129 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. 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 on pages 105 through 113 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund statements and schedules, supplementary schedules, and the schedule of expenditures of federal and state 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. In our opinion, the combining and individual fund statements and schedules, the supplementary schedules, and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of the City of Germantown, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Germantown, Tennessee's internal control over financial reporting and compliance.

Watkins Uiberall, PLLC

Memphis, Tennessee
December 18, 2015

Management's Discussion and Analysis

As management of the City of Germantown (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and notes to the financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities and deferred inflows of resources at June 30, 2015 by $227,526,404 (net position). Of this amount, $39,408,395 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2015, the City's governmental funds reported total fund balances of $40,665,389. Of this amount, $10,195,572 (unassigned fund balances) may be used to meet the general governments spending requirements. The unassigned fund balance represents 27.0% of total General Fund expenditures.
- During the fiscal year, the City's total debt decreased by $3,790,453. The City paid down its bonded debt and debt due to settlement with Shelby County Board of Education.

Overview of the Financial Statements

This discussion and analysis 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 other supplementary information to provide greater detail of data presented in the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide the reader 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 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 government's net position changed during the year ended June 30, 2015. 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 and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Public Safety, Community Services, Transportation and Environment, Education and Interest and Fiscal Charges. The business-type activities of the City include Utility, Athletic Club, and nonmajor Enterprise Funds.

The government-wide financial statements can be found in Exhibits A-1 and A-2 of this report.

Fund Financial Statements. A fund is a group 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 three categories: governmental funds, proprietary funds and fiduciary 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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and other Governmental Funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the annual appropriated budget.

The basic governmental fund financial statements are presented as Exhibits A-3 through A-7.

Component unit. The component unit is not a "fund" of the City of Germantown as the primary government. However, the government-wide financial statements include a column for component unit as described in Note 1 – Summary of Significant Accounting Principles.

Proprietary Funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Utility, Athletic Club, Sanitation, Great Hall and Stormwater Funds operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the health insurance and vehicle maintenance costs. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund and Athletic Club Fund both of which are considered to be major funds of the City. In addition, the City has three non-major funds. These funds include the Sanitation, Great Hall, and Stormwater Funds. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in this report.

The basic proprietary fund financial statements are presented as Exhibits A-9 through A-11.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements are presented as Exhibits A-12 and A-13 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 50-101 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's annual and the Germantown Municipal School District's pension cost and Other Post Employment Benefits, Exhibit B-1 and B-8.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in

funding its obligation to provide pension benefits to its employees and Other Post Employment Benefits. Required supplementary information is presented as Note 5 and Note 10 of this report.

Combining and Individual Fund Statements and Schedules. The combining statements referred to earlier in connection with non-major governmental funds, internal service funds and Statement of Changes in Assets and Liabilities Bail Deposit Agency Fund are presented immediately following the required supplementary information on pensions.

Combining and Individual Fund Statements and Schedules are presented as Exhibits C-1 through D-7 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities and deferred outflows of resources by $227,526,404 at June 30, 2015.

Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	$ 79,751,221	$ 65,279,769	$ 9,422,901	$ 8,221,439	$ 89,174,122	$ 73,501,208
Capital Assets	155,787,205	155,835,804	59,619,171	59,493,298	215,406,376	215,329,102
Total Assets	235,538,426	221,115,573	69,042,072	67,714,737	304,580,498	288,830,310
Deferred Outflows of Resources	5,449,237	-	288,614	-	5,737,851	-
Long-term liabilities outstand	24,816,324	27,589,088	2,950,664	3,953,197	27,766,988	31,542,285
Other liabilities	24,073,801	8,369,973	3,723,148	2,677,538	27,796,949	11,047,511
Total Liabilities	48,890,125	35,959,061	6,673,812	6,630,735	55,563,937	42,589,796
Deferred Inflows of Resources	27,228,008	27,047,828	-	-	27,228,008	27,047,828
Net Asset:						
Invested in Capital Assets	131,667,006	129,976,697	55,875,216	54,777,680	187,542,222	184,754,377
Restricted	575,787	346,637		-	575,787	346,637
Unrestricted	32,626,737	27,785,350	6,781,658	6,306,322	39,408,395	34,091,672
Total Net Position	$ 164,869,530	$ 158,108,684	$ 62,656,874	$ 61,084,002	$ 227,526,404	$ 219,192,686

By far the largest portion of the City's net position (82.4%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is 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 its capital assets is reported net of related debt, it should be noted that the resources needed to

repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($39,408,395) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in both categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The positive unrestricted net position for governmental activities are reflective of the City's practice of maintaining adequate reserves for payment of debt service and capital projects, while funding current operations with current revenue sources.

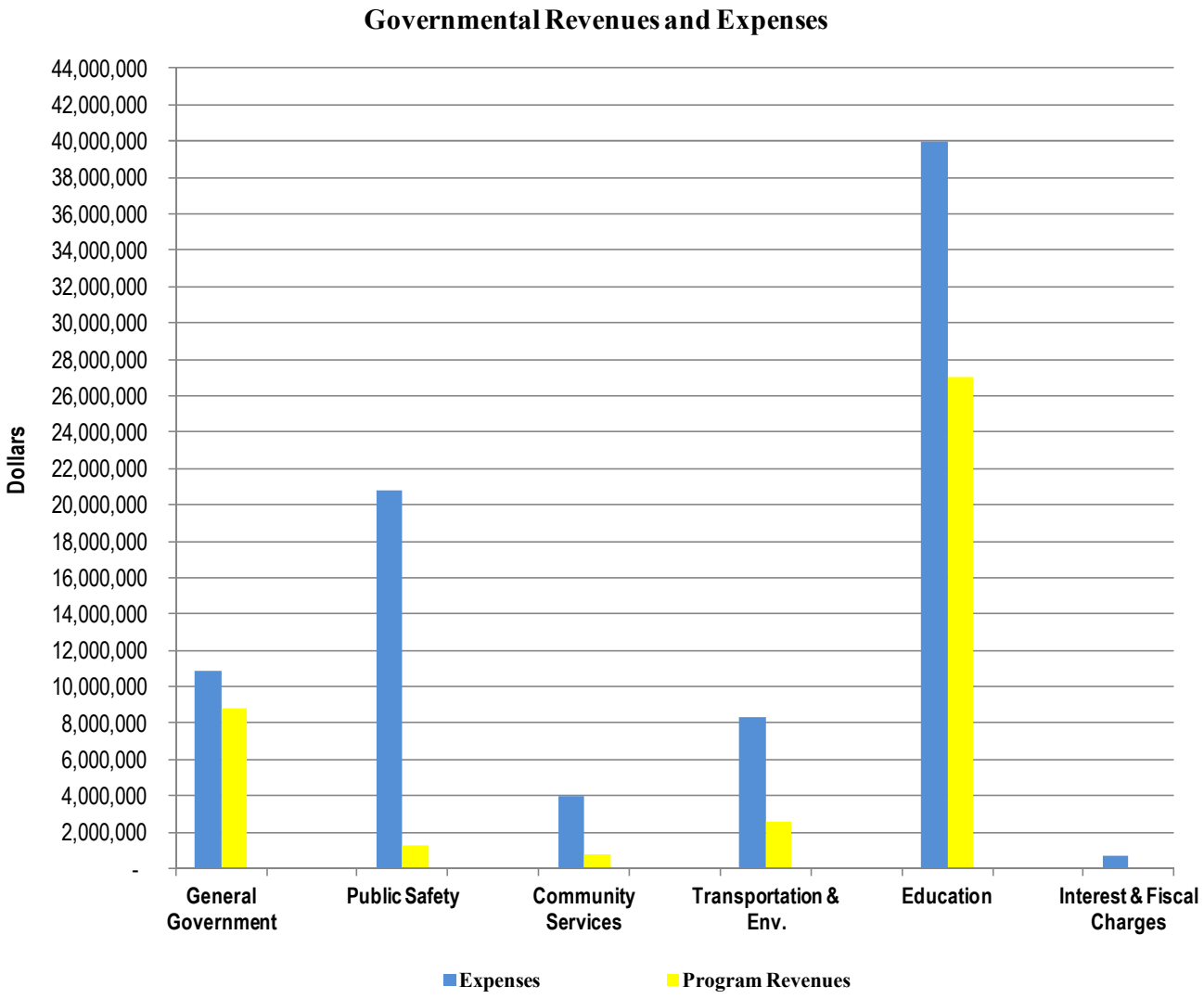
Governmental activities. Governmental activities increased the City's net position by $14,668,433 from the prior fiscal year for an ending balance of $164,869,530. Key elements of this increase are as follows:

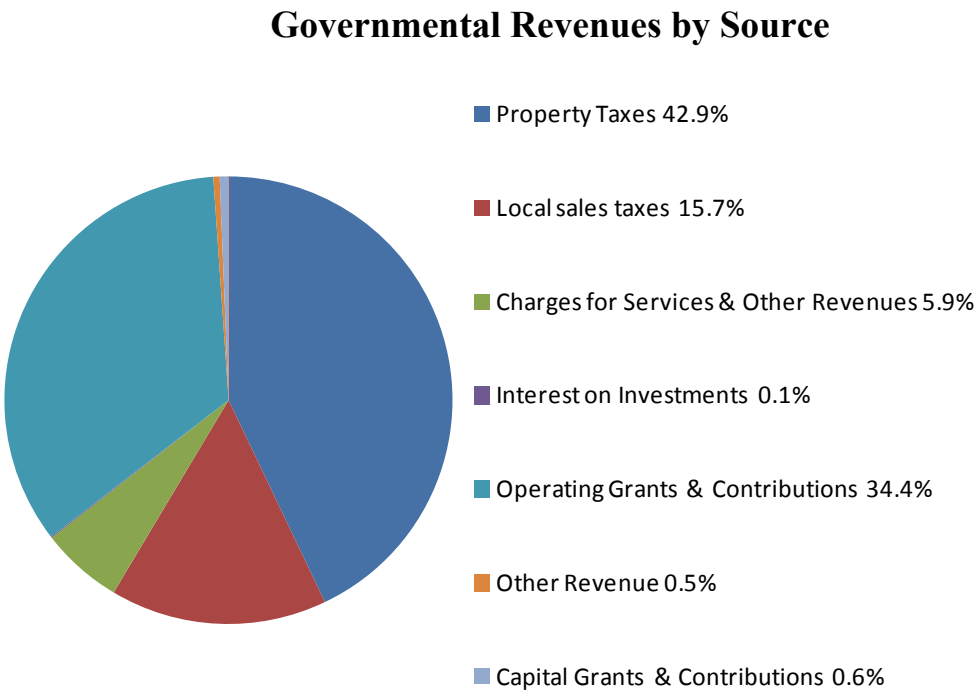
Condensed Statement of Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	$ 5,859,574	$ 4,374,550	17,387,493	15,573,898	23,247,067	19,948,448
Operating Grants and Contributions	34,081,394	6,703,431	-	-	34,081,394	6,703,431
Capital Grants and Contributions	620,874	53,265,528	329,674	259,000	950,548	53,524,528
General Revenues:						
Property Taxes	42,543,332	27,775,154	-	-	42,543,332	27,775,154
Local sales taxes	15,525,399	9,684,656	-	-	15,525,399	9,684,656
Interest on Investments	75,688	65,482	22,599	11,997	98,287	77,479
Other Revenue	457,938	970,816	-	-	457,938	970,816
Total Revenues	99,164,199	102,839,617	17,739,766	15,844,895	116,903,965	118,684,512
Expenses:						
General Government	10,883,179	9,815,248	-	-	10,883,179	9,815,248
Public Safety	20,763,626	19,605,811	-	-	20,763,626	19,605,811
Community Services	4,013,624	3,757,032	-	-	4,013,624	3,757,032
Transportation and Environment	8,296,168	7,696,305	-	-	8,296,168	7,696,305
Education	40,182,352	5,918,915	-		40,182,352	5,918,915
Interest and Fiscal Charges	679,845	831,623	-	-	679,845	831,623
Utilities	-	-	7,184,410	7,279,545	7,184,410	7,279,545
Athletic Club	-	-	3,278,419	3,257,518	3,278,419	3,257,518
Nonmajor Enterprise Fund	-	-	4,717,365	4,851,474	4,717,365	4,851,474
Total Expenses	84,818,794	47,624,934	15,180,194	15,388,537	99,998,988	63,013,471
Increase/(Decrease) in Net Position before transfers	14,345,405	55,214,683	2,559,572	456,358	16,904,977	55,671,041
Gain (Loss) on Disposal of Capital Assets	55,213	50,649	(10,756)	4,621	44,457	55,270
Transfers	267,815	327,201	(267,815)	(327,201)	-	-
Increase/(Decrease) in Net Position	14,668,433	55,592,533	2,281,001	133,778	16,949,434	55,726,311
Net Position. - July 1, 2014	* 150,201,097	102,516,151	60,375,873	* 60,950,224	* 210,576,970	163,466,375
Net Position - June 30, 2015	$164,869,530	158,108,684	62,656,874	61,084,002	227,526,404	219,192,686

*GASB 68 Implementation adjusted

- Property Taxes increased to $42,543,332, which is $14,768,178 greater than FY14. This is due to the addition of the Municipal School. Public Safety, community services, transportation, environment and education increased over the prior year by $37,345,638. The largest increase is in education. The large increase in education was due to the Municipal School having a full year of operating expenses. The other increase in public safety, community services, transportation and environment are due to wage increase and overall cost increases. The decrease in interest and fiscal charges are due to low interest rates on investments.



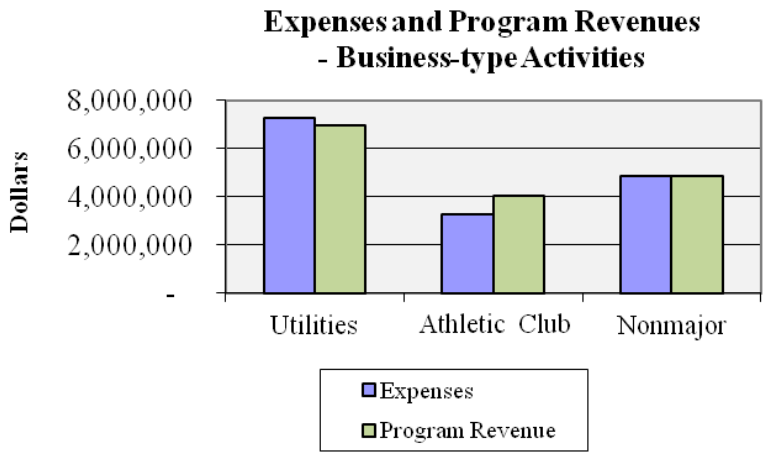


Business-type activities. Business-type activities increased the City's net position by $2,281,001. The business-type activities are Utility, Athletic Club, and the Nonmajor Enterprise Funds.

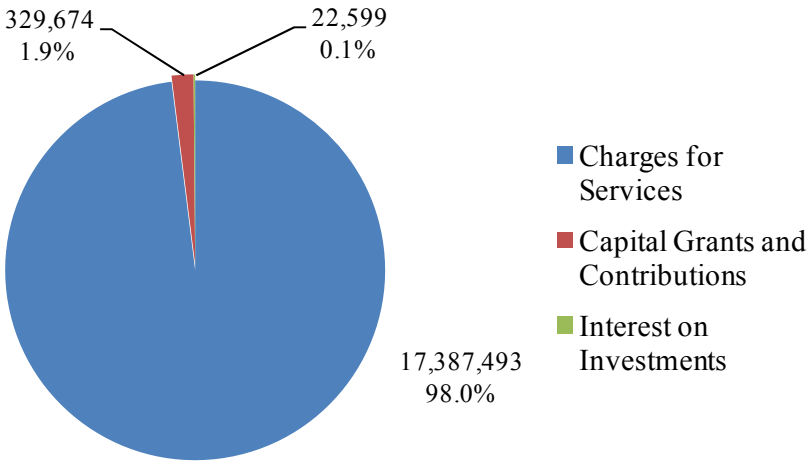
- The Germantown Utility Fund increased by $1,122,716 due to increased revenues in water and sewer and lower operating cost. The water and sewer rates were increased 30.0% due to lower consumption.

- The Germantown Athletic Club's net position increased by $807,875 due to increased membership and controlling cost.

- The Nonmajor Enterprise Fund's net position increased by $344,590 due to a transfer of $225,000 to the Great Hall which had a positive net position of $118,333. The Sanitation Fund had a positive net position of $75,055. The Stormwater Fund had a positive net position of $151,202.



Business-type Activities Revenue by Source



Financial Analysis of the Government'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 government's net resources available for spending at the end of the fiscal year.

As of June 30, 2015, the City's governmental funds reported combined ending fund balances of $40,665,389, an increase of $9,607,456 in comparison with the prior year. Approximately 38.1% of this total amount of $15,486,471 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is made up of nonspendable ($696,207), restricted ($575,787), committed ($20,074,743), and assigned ($3,832,181) amounts. The General Fund is the chief operating fund of the City.

At June 30, 2015, unassigned fund balance of the General Fund was $10,195,572 while the total fund balance reached $28,250,366. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represent 27.0% of total General Fund Expenditures, while total fund balance represents 74.8% of that same amount.

The fund balance of the City's General Fund increased by $4,180,533 during the fiscal year ended June 30, 2015. Key factors are as follows:

- Property tax increased $333,797
- Local sales tax increased $2,313,416
- Intergovermental taxes increased $857,238
- Fines and Forfeitures decreased $27,925
- Licenses and Permits increased $44,928
- Fees for services increased $35,443
- Investment income increased $10,085
- Grants increased $218,516
- Other revenue decreased $130,909
- Total expenditures increased $1,240,710

Property tax increased marginally over the past year by $333,797. This was due to new properties being added to the rolls. Local sales tax increased by $2,313,416. This was due to the increase in sales tax of .5% being in affect for a complete year. Intergovernmental taxes increased by $857,238. This is due to State Income & Excise Tax being stronger due to the economy by

$820,564 over the prior year. Fines and Forfeitures decreased a small amount by $27,925. This is due to lower animal impoundments fees and court revenues. Licenses and permits, Fees for services and Investment income grew moderately. This was due to increased building permits, engineering fees.

Total expenses increased by $1,240,710 due to increases in the general government. General government includes various departments with the City. The General Government expenditures increased $857,068. This due to normal cost increases with the various departments. The remaining increase of $365,642 is normal cost increases in public safety, Community service, transportation and environment.

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 $6,720,306 is comprised of, $2,598,381 for the Utility Fund, $2,666,837 for the Athletic Club Fund, and $1,455,088 for the nonmajor enterprise funds. User fees support these funds.

General Fund Budgetary Highlights

The General Fund revenues were higher than budget by $2,027,602. Property tax came in higher than budget by $183,664. Local sales tax came in higher than budget by $513,303 due to improved economy and a full year of a .5% sales tax increase. Intergovernmental revenue came in higher than budget by $962,816. This was due to state share revenue being higher and Halls Tax being higher than projected. Fines and Forfeitures revenue came in higher than budget by $7,416. License and permits are higher than budget by $52,651 due to building permits. More permits are sold as the economy improves and new buildings are being built. Fees for services exceed budget by $63,397. This is due to zoning applications and engineering fees increasing as the permits were sold. Grants increased over budget by $93,951 as more grants were received than anticipated. Other revenue exceed budget by $129,815. This was due to more homes requesting cable vision and the fees associated with the service being received by the City from cable providers.

General Fund expenditures were lower than budget by $2,552,768. The variances were due to lower cost associated with concerted efforts of the City government to control cost. Also, the City adopted a managed competition focus whereby the City looks at dollar savings and efficiency of City services. The largest positive variance was in general government. Savings were also achieved in transportation and environment of $432,336; Community Services achieved a savings of $247,543 and public safety of $241,983.

Capital Asset and Debt Administration

Capital Assets. The City investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to $215,406,377 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than building, machinery,

equipment and construction in progress. The investment in capital assets for the current fiscal year increase $7,275. Governmental activities decreased $48,599 or .03% and business activities increased $125,874, or .2%.

Condensed Statement of Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land and Buildings	$ 80,580,086	$ 79,812,235	$ 13,047,917	$ 13,436,559	$ 93,628,003	$ 93,248,794
Improvements Other Than Buildings	63,848,438	38,157,746	45,730,302	45,222,354	109,578,740	83,380,100
Equipment	10,171,830	8,690,589	580,441	463,740	10,752,271	9,154,329
Construction in Progress	1,186,851	29,175,234	260,512	370,645	1,447,363	29,545,879
Total Capital Assets	$ 155,787,205	$ 155,835,804	$ 59,619,172	$ 59,493,298	$ 215,406,377	$ 215,329,102

Additional information on the City's capital assets can be found in Note 4-D of this report.

Long-term debt. At June 30, 2015 the City had total bonded debt outstanding of $25,095,000. Of this amount $21,405,000 comprises debt backed by the full faith and credit of the government and $3,690,000 represents bonds secured by specified revenue sources (i.e., revenue bonds).

Condensed Statement of Outstanding Debt

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	$ 21,405,000	$ 23,885,000	$ -	$ -	$ 21,405,000	$ $23,885,000
Revenue Bonds	-	-	3,690,000	4,645,000	3,690,000	4,645,000
Total Revenues	$ 21,405,000	$ 23,885,000	$ 3,690,000	$ 4,645,000	$ 25,095,000	$ 28,530,000

During FY14, the City's total debt decreased by $3,435,000. Total debt includes general obligation bonds and revenue bonds. Total debt for governmental activities decreased by 10.4%. The City continues to pay down its existing debt. Business-type activities' debt decreased by 20.6%, due to the City not issuing Revenue bonds. Various construction programs were still in progress at the end of the current fiscal year.

The City has long held the highest bond rating on indebtedness from the major credit rating agencies. Factors most commonly cited by these agencies in support of its general obligation earned a triple-A bond rating from both Moody's and Standard & Poor's. In addition, the City has maintained a good relationship with the rating agencies and the major investment institutions through comprehensive disclosure of financial data and direct meetings with rating agency analysts. The City continues to follow prudent fiscal policies and practices.

Although the City is not subject to any state debt limits, the City has developed a debt policy that limits the amount of debt it may obtain: (1) net debt service may not exceed 12% of Governmental

Fund Expenditures; (2) direct debt may not exceed 1.5% of appraised property value; (3) direct debt may not exceed $2,000 per capital income; and (4) per capital debt may not exceed 4% of per capita income. The City's full faith, credit and taxing power are pledged to the repayment of all general obligation bond principal and interest and the City is contingently liable for the repayment of revenue bond principal and interest.

Additional information on the City's long-term debt can be found in Note 4-F.

Economic Factors and Next Year's Budget and Rates

Factors considered in preparing the City's Budget for the 2016 fiscal year are further discussed in the Budget document and include:

- The property tax is the most stable source of revenue for the City. There was no tax rate increase in the FY16 Budget. Other revenue sources are subject to some degree of fluctuation in economic cycles. Sales tax represents 21.0% of total revenue for the operations of the City. The FY16 budget anticipates a $10.2 million in local sales tax revenue.

- Plans are in place to develop and staff an additional police district within the City to help address increased service demands related to the expected rapid expansion of retail and service businesses within the Central Business District.

- With the formation of the Germantown Municipal School District, the City will work very closely with the District in the creation of a five-year capital plan and funding priorities. The plan will be built on enrollment data, growth projections and facility conditions. The City will also work with the District on an ongoing basis to evaluate the physical condition of the school buildings and how well they support current and future populations and educational requirements.

- To provide a consistent look in the City's Central Business District (CBD) and to incorporate the existing conditions, the City will engage the services of the professional design firm for the establishment of a CBD street scaping plan. The plan will identify a unified approach to street lighting, signage, landscaping and public art. Future funding for the implementation of this plan will be incorporated into the City's five-year capital improvements plan and will be supported by revenue from the City's occupancy tax.

The unassigned fund balance in the General Fund is $10,195,572. The City has a total approved budget of $127,453,236 in expenditures for FY16. The City tax rate for FY16 remains unchanged at $1.93

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Department of Finance, City of Germantown, 1930 South Germantown Road, Germantown, Tennessee 38138. The Comprehensive Annual Financial Report, June 30, 2015 and Fiscal and FY16 Budget Reports and other information about the City may be found on the City's website www.germantown-tn.gov.

Exhibit A-1

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	GPAC
ASSETS				
Cash and cash equivalents	$ 39,098,517	$ 7,447,768	$ 46,546,285	$ 673,999
Investments	3,829,664	1,168,645	4,998,309	-
Receivables				
Property taxes	27,816,099	-	27,816,099	-
Customer and developers receivables	-	266,272	266,272	138,658
Other	9,331,737	1,250,819	10,582,556	17,741
Less: allowance for doubtful accounts	(1,858,352)	(123,712)	(1,982,064)	-
Internal balances	688,648	(688,648)	-	-
Inventories	157,749	34,269	192,018	132
Prepaid expenditures	276,790	24,202	300,992	116,797
Restricted assets:				
Cash and cash equivalents	410,369	43,286	453,655	125,130
Capital assets, not being depreciated	15,967,713	3,033,105	19,000,818	21,000
Capital assets, being depreciated, net	139,819,492	56,586,066	196,405,558	68,491
Total assets	235,538,426	69,042,072	304,580,498	1,161,948
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows for pensions	5,449,237	288,614	5,737,851	-
LIABILITIES				
Accounts payable and accrued liabilities	6,317,274	771,024	7,088,298	3,409
Accrued interest	102,065	22,000	124,065	-
Customer deposits	2,275	648,289	650,564	-
Contracts payable	461,403	-	461,403	-
Unearned revenue	1,969,989	256,063	2,226,052	130,406
Noncurrent liabilities:				
Due within one year	2,920,785	990,000	3,910,785	-
Due in more than one year	24,816,324	2,950,664	27,766,988	-
Net OPEB obligation	697,857	-	697,857	-
Net pension liability	11,602,153	1,035,772	12,637,925	-
Total liabilities	48,890,125	6,673,812	55,563,937	133,815
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - taxes	27,191,552	-	27,191,552	-
Deferred inflows for pensions	36,456	-	36,456	-
	27,228,008	-	27,228,008	-
NET POSITION				
Net investment in capital assets	131,667,006	55,875,216	187,542,222	89,491
Restricted for:				
Drug Enforcement	312,278	-	312,278	-
Library Endowment	263,509	-	263,509	-
Unrestricted	32,626,737	6,781,658	39,408,395	938,642
Total net position	$ 164,869,530	$ 62,656,874	$ 227,526,404	$ 1,028,133

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

Exhibit A-2

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental Activities:				
General government	$ 10,883,179	$ 2,058,870	$ 6,738,691	$ -
Public safety	20,763,626	1,298,067	-	-
Community services	4,013,624	803,292	-	81,669
Transportation and environment	8,296,168	970,079	1,059,320	539,205
Education	40,182,352	729,266	26,283,383	-
Interest and fiscal charges	679,845	-	-	-
Total governmental activities	84,818,794	5,859,574	34,081,394	620,874
Business-type activities:				
Utilities	7,184,410	8,468,543	-	329,674
Athletic Club	3,278,419	4,095,114	-	-
Nonmajor Enterprise Fund	4,717,365	4,823,836	-	-
Total business-type activities	15,180,194	17,387,493	-	329,674
Total primary government	$ 99,998,988	$ 23,247,067	$ 34,081,394	$ 950,548
Component unit:				
GPAC	$ 2,043,147	$ 595,067	$ 1,521,584	$ -

General revenues:
- Property taxes
- Local sales taxes
- Interest on investments
- Gain (loss) on sale of capital assets
- Other revenues

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Effect of change in accounting principle

Net position - beginning, as restated

Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	GPAC
$ (2,085,618)	$ -	$ (2,085,618)	$ -
(19,465,559)	-	(19,465,559)	-
(3,128,663)	-	(3,128,663)	-
(5,727,564)	-	(5,727,564)	-
(13,169,703)	-	(13,169,703)	-
(679,845)	-	(679,845)	-
(44,256,952)	-	(44,256,952)	-
-	1,613,807	1,613,807	-
-	816,695	816,695	-
-	106,471	106,471	-
-	2,536,973	2,536,973	-
(44,256,952)	2,536,973	(41,719,979)	-
-	-	-	73,504
42,543,332	-	42,543,332	-
15,525,399	-	15,525,399	-
75,688	22,599	98,287	-
55,213	(10,756)	44,457	-
457,938	-	457,938	-
267,815	(267,815)	-	-
58,925,385	(255,972)	58,669,413	-
14,668,433	2,281,001	16,949,434	73,504
158,108,684	61,084,002	219,192,686	954,629
(7,907,587)	(708,129)	(8,615,716)	-
150,201,097	60,375,873	210,576,970	954,629
$ 164,869,530	$ 62,656,874	$ 227,526,404	$ 1,028,133

Exhibit A-3

CITY OF GERMANTOWN, TENNESSEE

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2015

	General	Municipal Schools	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 21,823,957	$ 6,781,524	$ 7,140,451	$ 35,745,932
Investments	3,742,085	-	87,579	3,829,664
Receivables				
Property taxes	27,816,099	147,687	-	27,963,786
Interest	-	-	-	-
Other	7,470,944	1,166,561	543,132	9,180,637
Less: allowance for doubtful accounts	(1,858,352)	-	-	(1,858,352)
Advances to other funds	750,000	-	-	750,000
Due from other funds	-	296,080	-	296,080
Inventories	71,207	-	-	71,207
Prepaid expenditures	1,780	275,010	-	276,790
Restricted assets:				
Cash and cash equivalents	15,489	-	394,880	410,369
Total assets	$ 59,833,209	$ 8,666,862	$ 8,166,042	$ 76,666,113
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	$ 1,849,749	$ 3,368,130	$ 317,589	$ 5,535,468
Contracts payable	-	-	461,403	461,403
Customer deposits	-	-	2,275	2,275
Due to other funds	176,798	-	119,282	296,080
Unearned revenue	1,961,152	8,787	22,296	1,992,235
Total liabilities	3,987,699	3,376,917	922,845	8,287,461
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	27,595,144	-	-	27,595,144
Unavailable revenue - grants	-	-	118,119	118,119
Total deferred inflows of resources	27,595,144	-	118,119	27,713,263
FUND BALANCES				
Nonspendable	696,207	-	-	696,207
Restricted	-	-	575,787	575,787
Committed	14,769,333	-	5,305,410	20,074,743
Assigned	2,589,254	-	1,242,927	3,832,181
Unassigned	10,195,572	5,289,945	954	15,486,471
Total fund balances	28,250,366	5,289,945	7,125,078	40,665,389
Total liabilities, deferred inflows of resources, and fund balances	$ 59,833,209	$ 8,666,862	$ 8,166,042	$ 76,666,113

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

Exhibit A-4

CITY OF GERMANTOWN, TENNESSEE

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balances - total governmental funds	$ 40,665,389
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	153,778,434
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	544,007
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.	5,412,781
Accrued interest on long-term debt is not payable with current financial resources and therefore is not reported in the funds.	(102,065)
Long-term liabilities, including bonds payable, settlement liability, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(27,737,109)
Net OPEB obligation is not payable with current financial resources and therefore is not reported in the funds.	(697,857)
Net pension liability is not payable with current financial resources and therefore is not reported in the funds.	(11,602,153)
Internal service funds are used by management to charge the costs of health insurance, and vehicle maintenance to other funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. This includes $(61,352) related to "look-back" adjustments for internal service funds.	4,608,103
Net position of governmental activities	$ 164,869,530

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

Exhibit A-5

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2015

	General	Municipal Schools	Other Governmental Funds	Total
REVENUES				
Taxes:				
Property taxes	$ 28,140,555	$14,423,804	$ -	$ 42,564,359
Local sales taxes	10,069,168	5,456,231	-	15,525,399
Intergovernmental	6,439,740	24,588,949	1,059,320	32,088,009
Fines and forfeitures	750,616	-	250	750,866
Licenses and permits	1,071,188	-	-	1,071,188
Fees for services	190,013	-	1,973,042	2,163,055
Interest on investments	74,989	-	699	75,688
Grants	293,951	359,824	2,014,547	2,668,322
Other revenues	1,681,466	205,313	445,624	2,332,403
Total revenues	48,711,686	45,034,121	5,493,482	99,239,289
EXPENDITURES				
Current:				
General government	10,380,587	-	-	10,380,587
Public safety	17,675,581	-	1,686,182	19,361,763
Community services	2,781,855	-	529,085	3,310,940
Transportation and environment	3,781,861	-	2,509,162	6,291,023
Education	-	40,169,494	2,158,979	42,328,473
Debt services				
Principal	2,480,000	-	-	2,480,000
Interest and fiscal charges	688,485	-	-	688,485
Capital projects	-	1,398,102	3,729,282	5,127,384
Total expenditures	37,788,369	41,567,596	10,612,690	89,968,655
Excess (deficiency) of revenues over (under) expenditures	10,923,317	3,466,525	(5,119,208)	9,270,634
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	55,977	-	13,030	69,007
Transfers in	492,815	2,121,576	5,246,370	7,860,761
Transfers out	(7,291,576)	(301,370)	-	(7,592,946)
Total other financing sources	(6,742,784)	1,820,206	5,259,400	336,822
Net change in fund balances	4,180,533	5,286,731	140,192	9,607,456
Fund balances - beginning	24,069,833	3,214	6,984,886	31,057,933
Fund balances - ending	$ 28,250,366	$ 5,289,945	$ 7,125,078	$ 40,665,389

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

Exhibit A-6

CITY OF GERMANTOWN, TENNESSEE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - total governmental funds	$ 9,607,456
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and net gains and losses on retirements exceeded depreciation in the current period.	9,603
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(80,090)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,844,093
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 governmental funds. This is the change in compensated absences, including unpaid vacation and sick time.	(122,879)
Change in net OPEB obligation.	(697,857)
Change in net pension liability and related deferred outflows of resources and deferred inflows of resources.	1,694,322
Internal service funds are used by management to charge the costs of health insurance and vehicle maintenance to individual funds. The net cost of certain activities of internal service funds is reported with governmental activities.	1,413,785
Change in net position of governmental activities	$ 14,668,433

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

Exhibit A-7

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –GENERAL FUND

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES				
PROPERTY TAXES				
Real property taxes	$ 26,378,541	$ 26,378,541	$ 26,487,900	$ 109,359
Personal property taxes	765,000	765,000	770,550	5,550
Penalties and interest - property taxes	130,000	130,000	121,421	(8,579)
Receipt in lieu of taxes - TVA	450,180	450,180	465,032	14,852
Receipt in lieu of taxes - MLGW	233,170	233,170	295,652	62,482
Total property taxes	27,956,891	27,956,891	28,140,555	183,664
LOCAL SALES TAXES				
Sales taxes	7,759,000	7,759,000	7,962,193	203,193
Beer and liquor taxes	628,983	628,983	784,588	155,605
Gross receipts tax	561,000	561,000	495,575	(65,425)
Penalties and interest - gross receipts tax	329	329	-	(329)
Room occupancy tax	606,553	606,553	826,812	220,259
Total local sales taxes	9,555,865	9,555,865	10,069,168	513,303
INTERGOVERNMENTAL				
Sales taxes	2,808,610	2,808,610	3,042,711	234,101
Income taxes	2,500,000	2,500,000	3,202,426	702,426
Beer taxes	20,062	20,062	19,190	(872)
Liquor taxes	66,000	66,000	93,520	27,520
Petroleum special taxes	82,252	82,252	81,893	(359)
Total intergovernmental	5,476,924	5,476,924	6,439,740	962,816
FINES AND FORFEITURES				
Traffic and other violations	140,000	140,000	120,083	(19,917)
City court costs	300,000	300,000	167,934	(132,066)
Other court costs	300,000	300,000	457,856	157,856
Animal impoundment fees	3,200	3,200	4,743	1,543
Total fines and forfeitures	743,200	743,200	750,616	7,416
LICENSES AND PERMITS				
Automobile registrations	881,062	881,062	891,675	10,613
Building permits	34,000	34,000	66,519	32,519
Animal licenses	79,500	79,500	73,661	(5,839)
Fence & sign permits	3,800	3,800	6,370	2,570
Liquor permits	20,175	20,175	32,963	12,788
Total licenses and permits	1,018,537	1,018,537	1,071,188	52,651

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

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL –GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
FEES FOR SERVICES				
Engineering fees	$ 10,900	$ 10,900	$ 39,372	$ 28,472
Fire inspection fees	5,325	5,325	17,180	11,855
Zoning applications	15,391	15,391	33,350	17,959
Library fees	95,000	95,000	100,111	5,111
Total fees for services	126,616	126,616	190,013	63,397
INTEREST ON INVESTMENTS	54,400	54,400	74,989	20,589
GRANTS	200,000	200,000	293,951	93,951
OTHER REVENUES				
Cable television fees	581,367	581,367	786,895	205,528
Miscellaneous	970,284	970,284	894,571	(75,713)
Total other revenues	1,551,651	1,551,651	1,681,466	129,815
Total revenues	$ 46,684,084	$ 46,684,084	$ 48,711,686	$ 2,027,602
EXPENDITURES				
GENERAL GOVERNMENT				
Alderman				
Personnel services	$ 119,862	$ 119,862	$ 105,220	$ 14,642
Materials and supplies	42,250	40,250	33,752	6,498
Other services and charges	51,900	53,900	53,295	605
Administration				
Personnel services	737,920	762,926	652,281	110,645
Materials and supplies	21,800	21,945	19,653	2,292
Other services and charges	1,174,317	1,473,630	950,145	523,485
Expense reimbursement	(45,370)	(45,370)	(45,370)	-
Personnel				
Personnel services	665,316	618,815	557,851	60,964
Materials and supplies	12,600	11,399	7,791	3,608
Other services and charges	63,689	85,470	72,966	12,504
Expense reimbursement	(52,112)	(52,112)	(52,112)	-
Information Technology				
Personnel services	533,927	538,178	537,128	1,050
Materials and supplies	93,500	80,836	80,840	(4)
Other services and charges	845,684	698,803	698,785	18
Capital outlay	414,000	406,160	131,004	275,156
Expense reimbursement	(80,990)	(80,990)	(80,990)	-

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

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL –GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
GENERAL GOVERNMENT (Continued)				
Finance				
Personnel services	$ 1,279,397	$ 1,329,476	$ 1,302,604	$ 26,872
Materials and supplies	71,020	69,210	48,216	20,994
Other services and charges	345,161	334,910	317,241	17,669
Expense reimbursement	(227,194)	(227,194)	(227,194)	-
City Court				
Personnel services	589,910	597,252	579,307	17,945
Materials and supplies	8,100	6,570	4,770	1,800
Other services and charges	48,767	42,933	34,192	8,741
GPAC				
Personnel services	870,473	863,635	833,870	29,765
Materials and supplies	72,300	73,990	16,110	57,880
Other services and charges	207,404	212,442	196,103	16,339
Capital outlay	9,000	10,700	-	10,700
Development				
Personnel services	1,503,727	1,567,074	1,540,187	26,887
Materials and supplies	41,240	37,345	24,511	12,834
Other services and charges	410,044	339,812	244,615	95,197
Capital outlay	25,000	3,572	-	3,572
Expense reimbursement	(72,909)	(72,909)	(72,909)	-
Research and Budget				
Personnel services	295,827	297,590	283,342	14,248
Materials and supplies	33,500	29,646	20,723	8,923
Other services and charges	23,731	23,757	11,760	11,997
Expense reimbursement	(19,147)	(19,147)	(19,147)	-
Building Maintenance				
Personnel services	916,339	950,501	924,563	25,938
Materials and supplies	94,000	114,974	98,303	16,671
Other services and charges	641,569	581,788	532,871	48,917
Capital outlay	320,000	178,885	33,333	145,552
Expense reimbursement	(69,023)	(69,023)	(69,023)	-
Total General Government	12,016,529	12,011,491	10,380,587	1,630,904
PUBLIC SAFETY				
Police Department				
Personnel services	9,353,851	9,440,782	9,387,731	53,051
Materials and supplies	535,949	593,299	521,128	72,171

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

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL –GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
PUBLIC SAFETY (Continued)				
Other services and charges	$ 618,902	$ 642,328	$ 602,384	$ 39,944
Capital outlay	425,000	123,869	60,333	63,536
Total Police Department	10,933,702	10,800,278	10,571,576	228,702
Fire Department				
Personnel services	6,102,283	6,333,336	6,327,431	5,905
Materials and supplies	201,250	175,055	175,801	(746)
Other services and charges	533,466	528,489	528,474	15
Capital outlay	91,000	80,406	72,299	8,107
Total Fire Department	6,927,999	7,117,286	7,104,005	13,281
Total Public Safety	17,861,701	17,917,564	17,675,581	241,983
COMMUNITY SERVICES				
Parks and Recreation				
Personnel services	777,191	772,276	655,629	116,647
Materials and supplies	25,100	26,802	21,626	5,176
Other services and charges	496,135	523,100	449,817	73,283
Capital outlay	78,000	93,238	89,115	4,123
Total Parks and Recreation	1,376,426	1,415,416	1,216,187	199,229
Cultural Arts Program				
Materials and supplies	41,606	48,277	39,520	8,757
Other services and charges	42,840	43,840	38,140	5,700
Total Cultural Arts Program	84,446	92,117	77,660	14,457
Library				
Personnel services	3,000	1,485	811	674
Materials and supplies	27,650	32,282	31,123	1,159
Other services and charges	1,407,424	1,413,306	1,386,233	27,073
Total Library	1,438,074	1,447,073	1,418,167	28,906
Genealogical Library				
Personnel services	200	200	150	50
Materials and supplies	9,000	12,683	12,644	39
Other services and charges	60,779	60,779	57,047	3,732
Total Genealogical Library	69,979	73,662	69,841	3,821

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

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL –GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Farm				
Other services and charges	$ -	$ 1,130	$ -	$ 1,130
Total Farm	-	1,130	-	1,130
Total Community Services	2,968,925	3,029,398	2,781,855	247,543
TRANSPORTATION AND ENVIRONMENT				
Public Services:				
Personnel services	2,598,989	2,598,278	2,493,829	104,449
Materials and supplies	154,500	139,512	125,770	13,742
Other services and charges	1,175,464	1,207,590	958,459	249,131
Capital outlay	395,000	349,776	305,944	43,832
Expense reimbursement	(424,422)	(424,422)	(424,422)	-
Total public works	3,899,531	3,870,734	3,459,580	411,154
Animal Control:				
Personnel services	256,129	241,657	234,495	7,162
Materials and supplies	57,900	71,115	63,690	7,425
Other services and charges	25,824	27,081	24,096	2,985
Capital outlay	25,000	3,610	-	3,610
Total Animal Control	364,853	343,463	322,281	21,182
Total Transportation and Environment	4,264,384	4,214,197	3,781,861	432,336
DEBT SERVICE				
Bond and note principal	2,350,000	2,480,000	2,480,000	-
Interest and fiscal charges	686,307	688,487	688,485	2
Total Debt Service	3,036,307	3,168,487	3,168,485	2
Total Expenditures	40,147,846	40,341,137	37,788,369	2,552,768
Excess (deficiency) of revenues over (under) expenditures	6,536,238	6,342,947	10,923,317	4,580,370

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

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL –GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 484,683	$ 484,683	$ 492,815	$ 8,132
Transfers out	(7,346,583)	(7,346,583)	(7,291,576)	55,007
Sale of capital assets	20,000	20,000	55,977	35,977
Total other financing sources (uses)	(6,841,900)	(6,841,900)	(6,742,784)	99,116
Net change in fund balances	(305,662)	(498,953)	4,180,533	4,679,486
Fund balance - beginning	24,069,833	24,069,833	24,069,833	-
Fund balance - ending	$ 23,764,171	$ 23,570,880	$ 28,250,366	$ 4,679,486

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

Exhibit A-8

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL –MUNICIPAL SCHOOLS FUND

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Personal property taxes	$ 13,513,143	$ 13,513,143	$ 15,425,050	$ 1,911,907
Local sales taxes	5,179,545	5,179,545	5,456,231	276,686
Intergovernmental				
Liquor taxes	128,167	128,167	74,816	(53,351)
State of Tennessee education fundin	22,356,917	23,351,151	23,318,773	(32,378)
Total intergovernmental	22,485,084	23,479,318	23,393,589	(85,729)
Fees for services	313,976	415,076	197,258	(217,818)
Interest on investments	2,000	2,000	-	(2,000)
Grants	24,000	334,313	359,824	25,511
Other revenues	222,874	121,774	202,169	80,395
Total revenues	41,740,622	43,045,169	45,034,121	1,988,952
EXPENDITURES				
Education				
Personnel services	35,349,362	35,145,103	32,978,551	2,166,552
Materials and supplies	1,944,156	2,001,904	1,504,013	497,891
Other services and charges	5,698,335	6,177,837	5,686,930	490,907
Capital outlay	894,001	1,752,507	1,398,102	354,405
Total expenditures	43,885,854	45,077,351	41,567,596	3,509,755
Excess (deficiency) of revenues over (under) expenditures	(2,145,232)	(2,032,182)	3,466,525	5,498,707
OTHER FINANCING SOURCES (USES)				
Transfers in	2,145,232	2,145,232	2,121,576	(23,656)
Transfers out	-	(160,000)	(301,370)	(141,370)
Total other financing sources (uses)	2,145,232	1,985,232	1,820,206	(165,026)
Net change in fund balances	-	(46,950)	5,286,731	5,333,681
Fund balance - beginning	3,214	3,214	3,214	-
Fund balance - ending	$ 3,214	$ (43,736)	$ 5,289,945	$ 5,333,681

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

Exhibit A-9

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2015

	Business Type Activities -Enterprise Funds				Governmental Activities - Internal Service Funds
ASSETS	**Utility Fund**	**Athletic Club Fund**	**Nonmajor Enterprise Funds**	**Total**	
Current assets:					
Cash and cash equivalents					
Unrestricted	$ 2,548,878	$ 3,334,924	$ 1,563,966	$ 7,447,768	$ 3,352,585
Restricted	43,286	-	-	43,286	-
Total cash and cash equivalents	2,592,164	3,334,924	1,563,966	7,491,054	3,352,585
Investments	438,983	574,230	155,432	1,168,645	-
Receivables:					
Customers and developers	-	-	266,272	266,272	-
Others	1,209,094	23,856	17,869	1,250,819	3,413
Less: allowance for doubtful accounts	(40,328)	(19,305)	(64,079)	(123,712)	-
Net receivables	1,168,766	4,551	220,062	1,393,379	3,413
Inventories	32,139	2,130	-	34,269	86,542
Prepaid expenses	-	24,202	-	24,202	-
Total current assets	4,232,052	3,940,037	1,939,460	10,111,549	3,442,540
Noncurrent assets:					
Capital assets, not being depreciated					
Land	381,013	2,391,580	-	2,772,593	-
Construction in progress	4,650	255,862	-	260,512	-
Total non-depreciable assets	385,663	2,647,442	-	3,033,105	-
Capital assets, being depreciated					
Buildings and improvements	284,521	18,603,765	597,680	19,485,966	2,018,775
Water treatment plant	22,571,413	-	-	22,571,413	-
Water mains and laterals	23,745,870	-	-	23,745,870	-
Sewer mains and laterals	27,864,598	-	-	27,864,598	-
Machinery and equipment	2,436,149	679,085	381,479	3,496,713	679,360
Less accumulated depreciation	(30,760,955)	(9,442,789)	(374,750)	(40,578,494)	(689,364)
Total depreciable assets, net	46,141,596	9,840,061	604,409	56,586,066	2,008,771
Total noncurrent assets	46,527,259	12,487,503	604,409	59,619,171	2,008,771
Total assets	50,759,311	16,427,540	2,543,869	69,730,720	5,451,311
DEFERRED OUTFLOWS					
Deferred outflows for pensions	214,479	74,135	-	288,614	-

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

Exhibit A-9

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)

June 30, 2015

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
LIABILITIES	**Utility Fund**	**Athletic Club Fund**	**Nonmajor Enterprise Funds**	**Total**	
Current liabilities:					
Accounts payable	$ 380,023	$ 88,335	$ 302,666	$ 771,024	$ 781,856
Accrued interest payable	7,400	14,600	-	22,000	-
Unearned revenue	-	191,289	64,774	256,063	-
Customer deposits payable	-	-	78,534	78,534	-
Advances from other funds - current	-	125,000	-	125,000	-
Bonds payable - current	990,000	-	-	990,000	-
Total current liabilities	1,377,423	419,224	445,974	2,242,621	781,856
Noncurrent liabilities:					
Customer deposits payable	569,755	-	-	569,755	-
Advances from other funds - net of current	-	625,000	-	625,000	-
Compensated absences	121,259	37,052	38,398	196,709	-
Bonds payable - net of current	2,753,955	-	-	2,753,955	-
Net pension liability	769,713	266,059	-	1,035,772	-
Total noncurrent liabilities	4,214,682	928,111	38,398	5,181,191	-
Total liabilities	5,592,105	1,347,335	484,372	7,423,812	781,856
NET POSITION					
Net investment in capital assets	42,783,304	12,487,503	604,409	55,875,216	2,008,771
Unrestricted	2,598,381	2,666,837	1,455,088	6,720,306	2,660,684
Total net position	$ 45,381,685	$ 15,154,340	$ 2,059,497	62,595,522	$ 4,669,455
Adjustment to reflect the consolidation of internal service funds related to enterprise funds				61,352	
Net position of business-type activities				$ 62,656,874	

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

Exhibit A-10

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

For the Year Ended June 30, 2015

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utility Fund	Athletic Club Fund	Nonmajor Enterprise Funds	Total	
Operating Revenues:					
Water sales	$ 5,000,910	$ -	$ -	$ 5,000,910	$ -
Sewer service charges	3,117,434	-	-	3,117,434	-
Connection and other fees	209,285	-	-	209,285	-
Forfeited discounts	75,926	-	37,897	113,823	-
Sanitation fees	-	-	3,304,542	3,304,542	-
Membership fees	-	3,455,369	-	3,455,369	-
Class fees	-	531,641	-	531,641	-
Daily admissions	-	16,979	-	16,979	-
Stormwater fees	-	-	1,048,603	1,048,603	-
Internal charges	-	-	-	-	9,183,336
Grants	-	-	-	-	5,000
Other income	64,988	91,125	432,794	588,907	-
Total operating revenues	8,468,543	4,095,114	4,823,836	17,387,493	9,188,336
Operating Expenses:					
Personnel services	1,731,631	1,486,523	866,804	4,084,958	567,852
Materials and supplies	173,128	169,308	70,699	413,135	37,981
Utilities	642,496	-	40,450	682,946	-
Sewage treatment fees	1,384,933	-	-	1,384,933	-
Landfill fees	-	-	426,742	426,742	-
Garbage collection fees	-	-	2,736,620	2,736,620	-
Other services and charges	1,454,050	1,074,198	497,594	3,025,842	7,104,697
Depreciation	1,656,440	525,494	69,552	2,251,486	58,201
Total operating expenses	7,042,678	3,255,523	4,708,461	15,006,662	7,768,731
Operating income (loss)	1,425,865	839,591	115,375	2,380,831	1,419,605
Nonoperating Revenues (Expenses):					
Interest on investments	4,878	5,812	11,909	22,599	-
Interest and fiscal charges	(147,552)	(22,896)	(8,904)	(179,352)	-
Gain (loss) on disposal of capital assets	2,666	(14,632)	1,210	(10,756)	-
Total nonoperating expenses	(140,008)	(31,716)	4,215	(167,509)	-
Income (loss) before contributions and transfers	1,285,857	807,875	119,590	2,213,322	1,419,605
Contributions from developers	329,674		-	329,674	-
Transfers in	-	-	225,000	225,000	-
Transfers out	(492,815)	-	-	(492,815)	-
Change in net position	1,122,716	807,875	344,590	2,275,181	1,419,605
Total net position - beginning	44,785,235	14,528,329	1,714,907		3,249,850
Effect of change in accounting principle	(526,266)	(181,864)	-		-
Total net position - beginning, as restated	44,258,969	14,346,465	1,714,907		3,249,850
Total net position - ending	$ 45,381,685	$ 15,154,340	$ 2,059,497		$ 4,669,455
Adjustment to reflect the consolidation of internal service funds related to enterprise funds				5,820	
Change in net position of business-type activities				$ 2,281,001	

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

Exhibit A-11

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utility Fund	Athletic Club Fund	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 8,088,471	$ 4,079,326	$ 4,816,132	$ 16,983,929	$ 9,183,461
Cash received from grantors	-	-	-	-	5,000
Cash paid to suppliers	(3,621,135)	(1,256,240)	(3,821,278)	(8,698,653)	(6,831,419)
Cash paid to employees	(1,727,172)	(1,458,856)	(850,508)	(4,036,536)	(592,458)
Net cash provided by operating activities	2,740,164	1,364,230	144,346	4,248,740	1,764,584
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITES					
Transfer (to) from other fund	(492,815)	-	225,000	(267,815)	-
Advances from other funds	-	(125,000)	-	(125,000)	-
Net cash provided (used) by noncapital and related financing activities	(492,815)	(125,000)	225,000	(392,815)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bond and loan principal payments	(955,000)	-	-	(955,000)	-
Acquisition of capital assets	(1,427,914)	(373,136)	(265,631)	(2,066,681)	-
Proceeds from disposal of capital assets	2,666	4,230	1,210	8,106	-
Interest paid	(165,688)	(25,496)	(8,904)	(200,088)	-
Net cash used for capital and related financing activities	(2,545,936)	(394,402)	(273,325)	(3,213,663)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	10,053	-	-	10,053	-
Purchase of investments	-	(159,404)	(12,807)	(172,211)	-
Interest received	4,878	5,812	11,909	22,599	-
Net cash provided (used) by investing activities	14,931	(153,592)	(898)	(139,559)	-
Net increase (decrease) in cash and cash equivalents	(283,656)	691,236	95,123	502,703	1,764,584
Cash and cash equivalents - beginning	2,875,820	2,643,688	1,468,843	6,988,351	1,588,001
Cash and cash equivalents - ending	$ 2,592,164	$ 3,334,924	$ 1,563,966	$ 7,491,054	$ 3,352,585

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

Exhibit A-11

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utility Fund	Athletic Club Fund	Nonmajor Enterprise Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities					
Operating income (loss)	$ 1,425,865	$ 839,591	$ 115,375	$ 2,380,831	$ 1,419,605
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation expense	1,656,440	525,494	69,552	2,251,486	58,201
Pension expense in excess of employer contributions	29,102	10,060	-	39,162	-
(Increase) decrease in assets:					
Accounts receivable	(415,913)	(735)	(1,453)	(418,101)	125
Prepaid expenses	-	-	-	-	-
Inventories	10,433	1,887	-	12,320	33,926
Increase (decrease) in liabilities:					
Accounts payable	1,553	(3)	(37,175)	(35,625)	276,614
Compensated absences	(3,157)	2,989	4,298	4,130	(23,887)
Customer deposits	35,841	-	502	36,343	-
Unearned revenue	-	(15,053)	(6,753)	(21,806)	-
Total adjustments	1,314,299	524,639	28,971	1,867,909	344,979
Net cash provided by operating activities	$ 2,740,164	$ 1,364,230	$ 144,346	$ 4,248,740	$ 1,764,584
Noncash investing, capital, and financing activities:					
Contributions of capital assets from developers	$ 329,674	$ -	$ -	$ 329,674	$ -

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

Exhibit A-12

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS

June 30, 2015

	Amended & Restated Pension Fund	Cash Value Pension Fund	OPEB Fund	Bail Deposit Fund	School Student Activity Fund
ASSETS					
Cash and cash equivalents	$ 1,322,497	$ 2,588	$ 247,959	$ 41,237	$ 792,218
Investments, at fair value					
Common stock	7,498,316	-	-	-	-
Foreign stock	545,047	-	-	-	-
Mutual funds - equity	24,262,781	56,752	3,679,835	-	-
Mutual funds - fixed income	6,504,491	13,488	643,428	-	-
Mutual funds - balanced	-	17,504	434,054	-	-
Collective investment funds	-	-	-	-	-
Partnerships/joint ventures	25,850,338	-	1,532,867	-	-
Receivables:					
Contributions	-	82,456	-	-	-
Interest	15,416	-	6	-	-
Inventory	-	-	-	-	11,622
Total assets	65,998,886	172,788	6,538,149	$ 41,237	$ 803,840
LIABILITIES					
Accounts payable	-	-	50,705	$ -	$ -
Deposits held in trust	-	-	-	41,237	-
Due to schools	-	-	-	-	803,840
Total liabilities	-	-	50,705	$ 41,237	$ 803,840
NET POSITION					
Held in trust for pension benefits and OPEB	$ 65,998,886	$ 172,788	$ 6,487,444		

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

Exhibit A-13

CITY OF GERMANTOWN, TENNESSEE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS

For the Year Ended June 30, 2015

	Amended & Restated Pension Fund	Cash Value Pension Fund	OPEB Fund
ADDITIONS			
Contributions:			
Employer	$ 1,678,831	$ 84,723	$ 714,312
Plan members	693,659	61,705	161,071
Total contributions	2,372,490	146,428	875,383
Investment Income:			
Net appreciation in fair value of investments	1,320,253	-	(29,692)
Interest and dividends	785,824	1,248	145,601
Total investment earnings	2,106,077	1,248	115,909
Total additions	4,478,567	147,676	991,292
DEDUCTIONS			
Benefits paid	2,923,701	856	630,738
Administrative expense	199,981	2,470	7,784
Total deductions	3,123,682	3,326	638,522
Change in net position	1,354,885	144,350	352,770
Net position - beginning	64,644,001	28,438	6,134,674
Net position - ending	$ 65,998,886	$ 172,788	$ 6,487,444

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Germantown, Tennessee (the "City") was chartered in 1841 and incorporated in 1903 under the provisions of Chapter 550 of the Private Acts of the General Assembly of the State of Tennessee. The City operates under a Board of Mayor and Aldermen form of government. The Executive Branch is organized into the following areas: Finance, General Services, Development, Community Services, Fire, Police, Human Resources, Germantown Athletic Club, Germantown Performing Arts Center, and Procurement.

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. The City's one component unit has a June 30 year-end and their separate financial statements are available as indicated below. The significant accounting policies followed by the component unit are generally the same as those followed by the primary government.

Discretely Presented Component Unit:

Germantown Performing Arts Center (GPAC) – GPAC has a cooperative agreement with the City to carry out a performing arts program that will foster and promote theatrical and musical performances to the community at the Germantown Performing Arts Center. GPAC is dependent upon the City for providing payroll, utilities, and other expenses as well as the building used by GPAC, which is owned by the City. Upon termination of this agreement, the City shall receive all assets and assume all liabilities of GPAC. GPAC is a 501(c)(3) organization with separately issued financial statements which may be obtained from the Germantown Performing Arts Center, 1801 Exeter Road, Germantown, Tennessee 38138, (901)757-7500.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statements of net position and the statement of activities) are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. 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.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the differences

presented as net position. Net position is reported as one of three categories: net investment in capital assets; restricted; or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City has one component unit, the Germantown Performing Arts Center, for which the financial information is reported separately from the information presented for the primary government.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to

compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, 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. Licenses and permits, fines and forfeitures, and miscellaneous revenues (except for investment earnings) are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City and accounts for all financial resources of the general government not specifically provided for in other funds. Most of the essential governmental services such as police and fire protection, community services, and general administration are reported in the General Fund.

The Municipal Schools Fund is a special revenue fund used as the operating fund of the Germantown Municipal School District ("GMSD") and accounts for all general revenues and other receipts that are not allocated by law or contractual agreement to another GMSD fund, such as property tax revenue from Shelby County, Tennessee, Basic Education Program ("BEP") funds, sales tax, etc. General operating expenditures and capital improvement costs that are not paid through other GMSD funds are paid from the Municipal Schools Fund.

The City reports the following major proprietary funds:

The Utility Fund accounts for water and sewer fees in connection with the operation of the City's water and sewer system. The proceeds of several bond issues and intergovernmental loans have been used specifically for the construction or acquisition of water and sewer systems and facilities. Since it is the intention of the City to repay these bonds and loans through the operations of this fund, these obligations are classified as debt of this fund.

The Germantown Athletic Club Fund accounts for the operations of the Germantown Athletic Club, a recreation and cultural facility. The Athletic Club facility was financed through general obligation bonds and General Fund transfers. The City's intent is to operate the facility in a manner in which revenues cover operating expenses plus depreciation of the facility. However, the outstanding debt is to be paid by the General Fund and is therefore not carried as debt of the Germantown Athletic Club Fund. The General Fund made an advance to the Athletic Club facility for a 20-year term.

The City reports the following fund types:

Internal service funds account for health insurance and vehicle maintenance services provided to other departments or agencies of the government on a cost reimbursement basis.

Fiduciary Fund Types include pension and other employee benefit trust funds and agency funds. The pension and other employee benefit trust funds and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments.

Pension and other employee benefit trust funds are accounted for on the accrual basis. Agency funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis, which approximates the modified accrual basis of accounting.

The Amended & Restated and Cash Value Pension Funds, pension and other employee benefit trust funds, are used to account for the accumulation of resources to provide defined retirement benefits to qualified employees upon retirement.

The Other Post Employment Benefits ("OPEB") Fund, a pension and other employee benefit trust fund, is used to account for the accumulation of resources to be used to provide health and dental benefits to qualified retired employees.

The Bail Deposit Fund, an agency fund, is used to account for bail funds deposited by persons awaiting trial in City Court. The fund is purely custodial and thus does not involve measurement of results of operation.

The School Student Activity Fund, an agency fund, is used to account for funds and inventory accumulated by GMSD student activity groups. The fund is purely custodial and thus does not involve measurement of results of operation.

Additionally, the City makes mention of these details on the following special revenue fund:

The Farm Park Fund accounts for all expenditures and revenues associated with the use of a 10-acre educational center for sustainable gardening and agriculture, and a demonstration site for environmental stewardship.

As a general rule the effect of interfund activity has been eliminated from the government – wide financial statements.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund, Athletic Club Fund, Sanitation Fund, Great Hall Fund, and Stormwater Fund are charges to customers for sales and services.

The Utility Fund also recognizes, as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system.

Operating expenses for enterprise funds and internal service 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 an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

The City has implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – amounts that cannot be spent either because they are either in a (a) nonspendable form, including items not expected to be converted to cash, or (b) legally or contractually required to be maintained intact.

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

- Committed – amounts constrained to be used for specific purposes as per formal ordinance adopted by the Board of Mayor and Aldermen and the Board of Education

for the Germantown Municipal School District. Amounts classified as committed are not subject to legal enforceability like restricted resources; however, they cannot be used for any other purpose unless the Board removes or changes the commitment by taking the same action it employed to impose the commitment.

- Assigned – amounts intended to be used by the City for specific purposes, but are neither restricted nor committed. The intent shall be expressed by the Board of Mayor and Aldermen or an official delegated the authority to assign by the Board of Mayor and Aldermen for a specific purpose in accordance with the policy established by the Board of Mayor and Aldermen. The nature of the actions necessary to remove or modify an assignment is not as rigid as required under a committed fund balance classification. The Board of Education for the Germantown Municipal School District has the authority to assign the fund balance for the school funds.

- Unassigned – amounts available for any purpose in the General Fund.

D. Assets, liabilities, and fund balances/net position

1. Deposits and investments

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments are stated at fair value. Cash equivalents held by the trustee of the Amended & Restated Pension Fund, the Cash Value Pension Fund, and the OPEB Fund are included in cash and cash equivalents.

2. Receivables and payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported 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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property taxes receivable are shown net of an allowance for doubtful accounts.

Taxes are due December 1 (levy date) and are considered delinquent after February 28 (lien date), at which time penalties and interest are assessed.

3. Inventories and prepaid items

Inventories are valued at cost (first-in, first-out). Inventory in all funds consists of expendable supplies held for consumption. In the General Fund, the cost is recorded as an asset at the time individual inventory items are purchased. The reserve for inventories in the General Fund represents a portion of the fund balance that is applicable to future accounting periods.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Restricted assets

Restricted assets in proprietary funds represent cash on deposit with paying agents primarily restricted for the principal and interest requirements of long-term debt.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets in excess of $5,000 are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Buildings	25-50 years
Improvements	10-60 years
Infrastructure	50 years
Machinery and equipment	3-15 years

6. Compensated absences

Compensated absences for accumulated unpaid vacation and sick time are accrued when incurred in the government-wide and proprietary fund financial statements. Employees earn 10 or more days of vacation each year depending on length of service. The amount does not exceed the guidelines of the City Policy. 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. Compensated absences are paid out of the employee's cost center.

Accumulated unpaid overtime is also accrued when incurred in the government-wide financial statements.

7. Post-Employment Benefits

In addition to providing pension benefits, the City provides health insurance coverage for current and future retirees and their spouses as described at Note 10.

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

8. Long-term obligations

In the governmental-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as

liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt issuance expenditures.

9. Deferred outflows/inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City only has one item that qualifies for reporting in this category. It is the deferred outflows related to pensions recorded in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. It is comprised of the deferrals of pension experience and earnings as well as contributions made after the measurement date of the net pension liability.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an increase to net position that applies to a future period and is not recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Deferred inflows for pensions are comprised of the deferral of pension earnings recorded in accordance with GASB Statement No. 68. Unavailable revenues from property taxes are amounts in the governmental funds that were receivable and measurable at year-end but were not available to finance expenditures for the current year.

E. 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.

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

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that "long-term liabilities, including bonds payable, settlement liability, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds payable	$ (21,405,000)
Shelby County Board of Education settlement liability	(3,909,983)
Deferred amount for issuance premium	(425,591)
Deferred amount for issuance discount	689,496
Compensated absences - accumulated unpaid vacation	(1,362,787)
Compensated absences - accumulated unpaid sick time	(1,323,244)
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	$ (27,737,109)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the governmental-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and net gains and losses on retirements exceeded depreciation in the current period." The details of the difference are as follows:

Capital outlay	$ 6,810,830
Loss on sale of assets	(13,794)
Depreciation expense (excludes internal service funds)	(6,787,433)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 9,603

Another element of that reconciliation states that "the issuance of long-term debt (e.g. bond, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this difference are as follows:

Principal repayments:	
General obligation debt	$ 2,480,000
Settlement liability	355,453
Decrease in accrued interest payable	14,853
Amortization of bond premiums	(6,213)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	$ 2,844,093

Another element of that explanation is labeled “changes in net pension liability and related deferred outflows of resources and deferred inflows of resources.” The details of this difference are as follows:

Pension contributions after measurement date recorded as expense in the governmental funds are a deferred outflow on the government-wide statements	$ 2,199,514
Actuarially determined contributions recorded as expense in the governmental funds are a reduction of the net pension liability on the government-wide statements	1,480,784
Actuarially determined pension expense	(1,985,976)
Change in net pension liability and related deferred outflows of resources and deferred inflows of resources	$ 1,694,322

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A - Budgetary information

Under provisions of the City's charter, the Board of Mayor and Aldermen annually enact by ordinance the operating budgets of the general, special revenue, capital projects, enterprise, and internal service funds, which cannot exceed appropriation except by approval of the governing body.

An annual budget for the capital projects is adopted by individual funds. The total budgets of these funds constitute legal spending limits, requiring ordinance amendment. Transfers within the funds are accomplished by resolution of the Board of Mayor and Aldermen to authorize expenditures of various grants received and to adjust the individual fund budgets as required within the total dollar limitations of the budget ordinance. The Mayor may approve transfers between categories within a cost center without the governing body's approval. The Board must approve other transfers or requests for additional funds. Thus, departmental or cost center appropriations comprise a legal spending limit for governmental fund types, except for capital projects funds for which the project length financial plans are adopted. The City disperses its capital projects fund monies to various projects, which may cause a deficit within the project. However, the City adopts a positive Capital Improvements Program where funds can be transferred within the fund with appropriate approval from the governing body. Supplemental appropriations were required during the year and the accompanying budgetary data has been revised for amendments authorized by resolution during the year. The basis of accounting applied to budgetary data presented is consistent with the appropriate basis of accounting for each fund type.

B. Excess of expenditures over appropriations

For the year ended June 30, 2015, expenditures did not exceed appropriations in any fund.

C. Deficit fund balance

As of June 30, 2015, no fund had a deficit fund balance.

D. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

The City's cash and cash equivalents at June 30, 2015 were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks determine the aggregate balance of their public funds accounts for the City. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk disclosure.

As of June 30, 2015, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturities (Years)
Domestic Common Stock	$ 7,498,316	
Foreign Stocks	545,047	
Mutual Funds - Equity	27,999,368	
Mutual Funds - Fixed Income	7,161,407	
Mutual Funds - Balanced	451,558	
Partnerships/Joint Ventures	27,383,205	
U.S. Government Obligations	4,998,309	2.2
Total fair value	$ 76,037,210	

The City invests in a diversified core fixed income mutual fund comprised of predominantly investment grade securities. These fixed income debt securities all fall within Level 1 of the hierarchy for valuation purposes under generally accepted accounting principles. Credit quality distributions for investments in fixed income debt securities, with credit risk as a percentage of total investments are approximately as follows at June 30:

U.S. Government Obligations			
Moody's	Amount	S&P	Amount
Aaa	$ 4,998,309	AA+	$ 4,998,309

Interest Rate Risk – The City manages its exposure to declines in fair values by:

a. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

b. Investing operating funds primarily in shorter-term securities or the Tennessee Local Government Investment Pool (LGIP), and limiting the average maturity of the portfolio to those established by TCA 6-5-106 for commercial paper and repurchase agreement and four years for investments in securities of the U.S. Treasury, Federal Government sponsored agencies, or certificates of deposit. However, the weighted average maturity value of the overall investment portfolio will not exceed twenty-four months.

Credit Risk – The City has adopted the investment policy established by TCA 6-5-106 for investments other than those held for Pension or OPEB benefits. This policy limits the City's investment options as follows:

- Investments in commercial paper are limited to the highest rating issued by at least two rating services and have a remaining mature of ninety days or less.
- Nonconvertible debt securities of the following federal government sponsored enterprises: the federal home loan bank, the federal national mortgage association, the federal farm credit bank, and the federal home loan mortgage corporation.
- Investments in bonds are limited to obligations that are guaranteed as to principal and interest by the United States or any of its agencies.
- Investments in the local government investment pool.

As of June 30, 2015, the City's investments consisted of investments in Tennessee's local government investment pool and nonconvertible debt securities rated Aaa by Moody's Investors Service.

Concentration of Credit Risk – The City diversifies its investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. The City had investments in the following entities that comprised more than 5% of its total investments at June 30:

Federal Home Loan Bank	$ 3,000,278	3.9%
Federal Farm Credit Bank	1,000,040	1.3%
Federal Home Loan Mortgage Corporation	997,991	1.3%

Such concentrations are permitted by the City's investment policy.

B. Receivables

Receivables as of year-end for the City's individual major funds and non-major, internal service, and fiduciary funds in the aggregate including the applicable allowances for the uncollectible accounts, are as follows:

	General	Municipal Schools	Other Governmental Funds	Utility Fund	Athletic Club Fund	Nonmajor Enterprise Funds	Internal Service Funds	Total
Receivables:								
Property taxes	$ 27,816,099	$ 147,687	$ -	$ -	$ -	$ -	$ -	$ 27,963,786
Customers and developers	-	-	-	-	-	266,272	-	266,272
Other	7,470,944	1,166,561	543,132	1,209,094	23,856	17,869	3,413	10,434,869
Gross receivables	35,287,043	1,314,248	543,132	1,209,094	23,856	284,141	3,413	38,664,927
Less: allowance for doubtful accounts	(1,858,352)	-	-	(40,328)	(19,305)	(64,079)	-	(1,982,064)
Net total receivables	$ 33,428,691	$ 1,314,248	$ 543,132	$ 1,168,766	$ 4,551	$ 220,062	$ 3,413	$ 36,682,863

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned as unearned revenue. At the end of the current fiscal year, unavailable revenue principally represents: 1) amounts relating to property taxes as described above and 2) reimbursable grant amounts received more than sixty days after year end for grant related expenditures made prior to year end.

C. Property Taxes

The City levies property taxes each November 1 based upon assessed valuations provided by the Shelby County Tax Assessor. Taxes are due by the last day of February following the November 1 levy date. The various types of property are assessed at a percentage of estimated appraised value on January 1 of each year as follows:

	Assessment Rate	Assessed Value
Residential real property	25%	$ 1,089,881,650
Farm real property	25%	1,194,550
Commercial real property	40%	282,283,980
Public utilities real property	55%	13,470,927
Commercial personal property	30%	28,081,710
		$ 1,414,912,817

The estimated actual value was $5,277,145,095 making the overall assessed value 26.8% of the estimated actual value based on the State of Tennessee's certified Equalization Ratio for Shelby County of 100%. Current tax collections for the year ended June 30, 2015 were 98.5% of the tax levy. The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and City Charter, is set annually by the Board of Mayor and Aldermen and collected by the City Clerk. The property tax rate for the year ended June 30, 2015 was $1.93 per $100 of assessed value.

A summary of changes in property taxes is as follows below:

Year	Taxes Receivable June 30, 2014	Taxes Levied And Accrued	Collections And Adjustments	Taxes Receivable June 30, 2015
2005 & Prior	$ 27,034	$ -	$ 8,924	$ 18,110
2006	13,931	-	1,398	12,533
2007	13,368	-	1,360	12,008
2008	23,582	-	10,404	13,178
2009	28,451	-	10,971	17,480
2010	43,462	-	22,056	21,406
2011	54,510	-	27,513	26,997
2012	107,631	-	64,007	43,624
2013	397,913	-	295,744	102,169
2014	27,047,828	-	26,665,756	382,072
2015	-	27,166,522	-	27,166,522
	$ 27,757,710	$ 27,166,522	$ 27,108,133	$ 27,816,099

The City of Germantown actively pursues collection efforts for delinquent property taxes.

D. Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 14,546,166	$ 234,696	$ -	$ 14,780,862
Construction in progress	29,175,234	3,365,747	(31,354,130)	1,186,851
Total capital assets, not being depreciated	43,721,400	3,600,443	(31,354,130)	15,967,713
Capital assets, being depreciated:				
Buildings	80,779,633	2,727,004	(21,994)	83,484,643
Improvements other than buildings	93,042,648	28,384,261	(16,560)	121,410,349
Machinery and equipment	28,661,409	3,469,812	(450,324)	31,680,897
Total capital assets being depreciated	202,483,690	34,581,077	(488,878)	236,575,889
Less accumulated depreciation for:				
Buildings	(15,513,564)	(2,180,055)	8,200	(17,685,419)
Improvements other than building	(54,884,902)	(2,677,009)	-	(57,561,911)
Machinery and equipment	(19,970,820)	(1,988,571)	450,324	(21,509,067)
Total accumulated depreciation	(90,369,286)	(6,845,635)	458,524	(96,756,397)
Total capital assets, being depreciated, net	112,114,404	27,735,442	(30,354)	139,819,492
Governmental activities capital assets, net	$ 155,835,804	$ 31,335,885	$ (31,384,484)	$ 155,787,205

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 2,772,593	$ -	$ -	$ 2,772,593
Construction in progress	370,645	1,194,596	(1,304,729)	260,512
Total capital assets, not being depreciated	3,143,238	1,194,596	(1,304,729)	3,033,105
Capital assets, being depreciated:				
Buildings	19,316,079	169,887	-	19,485,966
Improvements other than buildings	72,131,538	2,050,343	-	74,181,881
Machinery and equipment	3,331,302	286,127	(120,716)	3,496,713
Total capital assets being depreciated	94,778,919	2,506,357	(120,716)	97,164,560
Less accumulated depreciation for:				
Buildings	(8,652,113)	(558,529)	-	(9,210,642)
Improvements other than building	(26,909,184)	(1,542,395)	-	(28,451,579)
Machinery and equipment	(2,867,562)	(150,562)	101,852	(2,916,272)
Total accumulated depreciation	(38,428,859)	(2,251,486)	101,852	(40,578,493)
Total capital assets, being depreciated, net	56,350,060	254,871	(18,864)	56,586,067
Business-type activities capital assets, net	$ 59,493,298	$ 1,449,467	$ (1,323,593)	$ 59,619,172

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

Governmental activities:	
General government	$ 1,096,089
Public safety	1,274,602
Community service	747,929
Transportation	2,115,971
Municipal school	1,552,843
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	58,201
Total depreciation expense - government activities	$ 6,845,635
Business-type activities:	
Utility	$ 1,656,440
Athletic Club	525,494
Nonmajor Enterprise Funds	69,552
Total depreciation expense - business-type activities	$ 2,251,486

E. Construction commitments

The government has active construction projects as of June 30, 2015. At year end the government's commitments with contractors are as follows:

Function / Activity	Commitment
Major Roads	$ 341,757
Intersections	123,958
Drainage	327,205
Parks & Recreation	2,529,206
General Government	496,062
Utility	218,754
Great Hall	87,950
	$ 4,124,892

F. Interfund Receivables, Payables, and Transfers

On October 31, 2000, the General Fund advanced $2,500,000 for an expansion project at the Germantown Athletic Club. The Germantown Athletic Club is responsible for funding the expansion. The agreement between the Germantown Athletic Club and the General Fund

is that the amount will be paid back over twenty years. As of June 30, 2015, advances to/from other funds of $750,000 was payable from the Athletic Club to the General Fund.

The composition of interfund transfers for the year ended June 30, 2015, is as follows:

	Transfer (In)/Out:					
	General Fund	Muncipal Schools	Nonmajor Governmental	Utility Fund	Nonmajor Enterprise	Total
General Fund	$ -	$ (2,121,576)	$ (4,945,000)	$ 492,815	$ (225,000)	$ (6,798,761)
Municipal Schools	$ 2,121,576	-	(301,370)	-	-	1,820,206
Nonmajor Governmental	4,945,000	301,370	-	-	-	5,246,370
Utility Fund	(492,815)	-	-	-	-	(492,815)
Nonmajor Enterprise	225,000	-	-	-	-	225,000
	$ 6,798,761	$ (1,820,206)	$ (5,246,370)	$ 492,815	$ (225,000)	$ -

Transfers from the general fund were made to provide sufficient positive fund balance within the special revenue, capital projects, and enterprise funds. Transfers from the municipal schools fund were made to provide sufficient positive fund balance within the other GMSD special revenue funds. Transfers from the utility fund to the general fund are payment in lieu of taxes.

G. Long Term Debt

General obligation bonds

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 City. There are no specific allocations of property tax or other revenue sources for debt service.

Settlement liability

The City and the GMSD entered into a settlement agreement with the Board of Commissioners of Shelby County, Shelby County, Tennessee, and the Shelby County Board of Education. The Germantown Board of Education agreed to pay the Shelby County Board of Education $355,453 per year for twelve years with the first payment due by November 1, 2014 and the remaining payments due by November 1 of each year following. The GMSD elected to establish the liability incurred through the settlement agreement at its present value with a discount rate of 3.33%.

Revenue bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service.

Advance and current refunding

The City issues advance and current refunding bonds to provide resources for future debt service payments and defease existing bonds. Advance refunding is undertaken to reduce total debt service payments over the next several years.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable - general obligation	$ 23,885,000	$ -	$ (2,480,000)	$ 21,405,000	$ 2,250,000
Shelby County Board of Education settlement liability	4,265,436	-	(355,453)	3,909,983	355,453
Plus (less) deferred amounts:					
For issuance premium	468,584	-	(42,993)	425,591	-
For issuance discount	(738,702)	-	49,206	(689,496)	-
Compensated Absences					
Accumulated unpaid vacation	1,208,302	154,485	-	1,362,787	-
Accumulated unpaid sick time	1,354,850	283,726	(315,332)	1,323,244	315,332
Governmental activity long-term liabilities	$ 30,443,470	$ 438,211	$ (3,144,572)	$ 27,737,109	$ 2,920,785
Business-type activities:					
Revenue bonds	$ 4,645,000	$ -	$ (955,000)	$ 3,690,000	$ 990,000
Plus (less) deferred amounts:					
For issuance premium	70,618	-	(16,663)	53,955	-
Compensated Absences					
Accumulated unpaid vacation	123,473	1,840	-	125,313	-
Accumulated unpaid sick time	69,106	2,290	-	71,396	-
Business-type activity long-term liabilities	$ 4,908,197	$ 4,130	$ (971,663)	$ 3,940,664	$ 990,000

For the governmental activities, compensated absences are generally liquidated by the general fund. No interest was capitalized for the year ended June 30, 2015; interest incurred and charged to expense totaled $679,845. For the governmental activities, $930,879 of bond proceeds were not spent as of June 30, 2015. As such, these proceeds were not included in the calculation of investments in capital assets, net of related debt.

Bonds and similar debt payable at June 30, 2015, are comprised of the following individual issues:

	Interest Rates	Original Issue	Outstanding at Year End
Governmental activities:			
Bonds payable:			
2006 Serial Bonds	4.0%	$ 5,555,000	$ 1,490,000
2009 Serial Bonds	3.0% - 4.2%	9,635,000	6,420,000
2011 Serial Bonds	2.0% - 3.25%	6,025,000	5,290,000
2013 Serial Bonds (Series A)	2.25% - 4.0%	3,500,000	3,385,000
2013 Serial Bonds (Seried B)	2.25% - 4.0%	5,570,000	4,820,000
		$ 30,285,000	21,405,000
Business-type activities:			
Bonds payable:			
2006 Revenue Bond	4.0%	$ 4,255,000	1,470,000
2008 Revenue Bond	3.0% - 4.0%	5,000,000	2,220,000
		$ 9,255,000	3,690,000
			$ 25,095,000

Annual debt service requirements to maturity are as follows:

Years Ending	Government Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2016	$ 2,250,000	$ 626,033	$ 990,000	$ 137,200
2017	2,300,000	565,833	1,035,000	97,100
2018	1,970,000	510,608	1,075,000	55,300
2019	1,335,000	464,883	590,000	11,800
2020	1,375,000	422,533	-	-
2021 - 2025	6,040,000	1,504,474	-	-
2026 - 2030	4,505,000	655,497	-	-
2031 - 2034	1,630,000	88,856	-	-
	$ 21,405,000	$ 4,838,717	$ 3,690,000	$ 301,400

Although the City is not subject to any state debt limits, the City has developed a debt policy that limits the amount of debt it may obtain: (1) net debt service may not exceed 12% of general fund expenditures; (2) direct debt may not exceed 4% of assessed property value; (3) direct debt may not exceed $1,500 per capita income; and (4) per capita debt may not exceed 3% of per capita income. The City's full faith, credit, and taxing power are pledged to the repayment of all general obligation bond principal and interest and the City is contingently liable for the repayment of revenue bond principal and interest.

H. Fund Balances by Purpose

Following is more detailed information on the governmental fund balances:

	General Fund	Municipal Schools	Other Governmental Funds	Total
Nonspendable for:				
Inventory	$ 71,207	$ -	$ -	$ 71,207
Long-term portion of receivable	625,000	-	-	625,000
Restricted for:				
Drug enforcement	-	-	312,278	312,278
Library	-	-	263,509	263,509
Committed to:				
Infrastructure replacement	1,734,000	-	-	1,734,000
Emergency & catastrophies	900,000	-	-	900,000
Contingencies	50,000	-	-	50,000
Taxes	9,207,800	-	-	9,207,800
Debt service	2,877,533	-	-	2,877,533
Contractual obligations	-	-	3,710,719	3,710,719
Automated enforcement	-	-	55,215	55,215
Pickering	-	-	213,309	213,309
Ambulance	-	-	369,313	369,313
Farm Park	-	-	47,367	47,367
Recreation	-	-	314,943	314,943
State Street Aid	-	-	594,544	594,544
Assigned to:				
Contractual obligations	1,316,317	-	1,242,927	2,559,244
Accrued vacation	1,272,937	-	-	1,272,937
Unassigned	10,195,572	5,289,945	954	15,486,471
Total fund balances	$ 28,250,366	$ 5,289,945	$ 7,125,078	$ 40,665,389

For flow assumption policy regarding use of fund balance types, refer to Note 1(C).

NOTE 5 - PENSIONS

I. CITY OF GERMANTOWN, TENNESSEE AMENDED AND RESTATED EMPLOYEES' RETIREMENT PLAN

A. General Information about the Pension Plan

Plan Description. The City of Germantown is the administrator of a single-employer public employee retirement system ("PERS") established and administered by the City to provide pension benefits for its employees. The PERS is considered to be part of the City of Germantown's financial reporting entity and is included in the City's financial reports as a pension trust fund. The Plan does not issue a stand-alone financial report. Plan benefits and other provisions are established by City and state statutes. The City's Board of Mayor and Aldermen is responsible for establishing benefits and approving all plan amendments.

The City amended the retirement plan in 2001. All employee retirement benefits are provided through a single employer, defined benefit plan. Under the Plan, all full time permanent employees at least 18 years of age (age 21 for Emergency Services Employees) participate and are vested after 10 years of service, 5 years if the employee was hired before January 1, 2003. Benefits are calculated at 2.25 percent of Average Monthly Earnings multiplied by the number of years of service subject to a 30 year maximum. The maximum accrual is 67.5 percent of base salary. The PERS is closed to new entrants.

At June 30, 2015, PERS membership consisted of:

Retirees and beneficiaries currently receiving benefits	151
Terminated employees entitled to benefits	114
Current employees:	
Vested	213
Nonvested	107
Total	585

Funding Policy. Emergency Services employees are required to contribute to the PERS. This contribution pays for an unreduced normal retirement benefit at age 55 to age 65. The normal retirement date for all other employees remains at age 62. The City's annual contribution is based on the actuarially determined contribution amount. Benefits and contributions are established by the City and may be amended only by the Board of Mayor and Aldermen.

Basis of Accounting. PERS financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefit payments and refunds to participants are recognized when due and payable in accordance with the terms of the plan.

Funded Status and Funding Progress. As of July 1, 2015, the actuarial accrued liability for benefits was $78,555,761 of which $12,556,875 was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $19,043,019 and the ratio of the net pension liability to the covered payroll was 65.94%.

Plan Expenses. Administrative expenses of the Plan, which include investment fees, trustee fees and actuary fees, are financed through both the plan and the general fund. Certain administrative functions are performed by City employees and are not reimbursed by the Plan.

Investment policy. The PERS's policy in regards to the allocation of invested assets is established and may be amended by the Board of Mayor and Aldermen. The following is the Board of Mayor and Aldermen's adopted asset allocation policy as of June 30, 2015:

Asset Class	Target Allocation
Cash and cash equivalents	2%
Domestic common stocks	11%
Foreign stocks	1%
Mutual funds - equity	37%
Mutual funds - fixed income	10%
Miscellaneous other investments	39%
	100%

Method used to value investments. PERS investments, other than contracts, are reported at fair value. Contracts are stated at cost plus interest accrued at contract rates. Investment income is recognized as earned. Plan assets do not include any securities of the City of Germantown, nor has the Plan made any loans to the City.

Rate of return. For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension liability. The components of the net pension liability of the City's PERS plan at June 30, 2015, were as follows:

	Increase/(Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2014	$ 73,227,257	$ 64,644,001	$ 8,583,256
Changes for the year:			
Service cost	1,208,653	-	1,208,653
Interest	5,858,181	-	5,858,181
Experience	1,185,371	-	1,185,371
Contributions - employee	-	693,659	(693,659)
Contributions - employer	-	1,594,372	(1,594,372)
Net investment income	-	2,106,078	(2,106,078)
Benefit payments	(2,923,701)	(2,923,701)	-
Administrative expense	-	(115,523)	115,523
Net changes	5,328,504	1,354,885	3,973,619
Balances at June 30, 2015	$ 78,555,761	$ 65,998,886	$ 12,556,875
Plan fiduciary net position as a percentage of the total pension liability		84.02%	

Pension expense. For the year ended June 30, 2015, the City recognized a pension expense of $2,069,145 for the Amended & Restated Pension Plan.

Deferred outflows of resources. For the year ended June 30, 2015, the City reported deferred outflows of resources related to the Amended & Restated Pension Plan from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 1,066,834
Net difference between projected and actual earnings on pension plan investments	2,432,012
	$ 3,498,846

Amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

Year ending June 30:	
2016	$ 726,540
2017	726,540
2018	726,540
2019	726,540
2020	118,537
Thereafter	474,149
	$ 3,498,846

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the aggregate actuarial cost method. Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial accrued liabilities, information about the Plan's funded status and funding progress has been prepared using the frozen initial liability actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan. Significant actuarial assumptions used in the computation included (a) a rate of return on the investment of present and future assets of 8% a year compounded annually, (b) projected salary increases 4.0% per year, (c) no post-retirement benefit increases, and (d) RP 2000 Mortality Table. The inflationary rate is 2.5%. Payroll for employees covered by this plan was $19,043,019. For financial reporting purposes, the projection of benefits does not explicitly incorporate the potential effects of the legal limit on employer contributions.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2014 through June 30, 2015.

Discount rate. The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City calculated using the discount rate of 8%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City's net pension liability	$ 23,370,076	$ 12,556,875	$ 4,459,451

C. Payable to the Pension Plan

At June 30, 2015, the City reported a payable of $78,035 for the outstanding amount of contributions to the Amended & Restated Pension Plan required at the year ended June 30, 2015.

II. CITY OF GERMANTOWN, TENNESSEE DEFINED BENEFIT PLAN

A. General Information about the Pension Plan

Plan Description. The City of Germantown is the administrator of the Defined Benefit Plan, a single-employer public employee retirement system ("PERS"), established and administered by the City to provide pension benefits for its employees. The PERS is considered to be part of the City of Germantown's financial reporting entity and is included in the City's financial reports as a pension trust fund. The Plan does not issue a stand-alone financial report. Plan benefits and other provisions are established by City and state statutes. The City's Board of Mayor and Aldermen is responsible for establishing benefits and approving all plan amendments.

The City Froze any new entrances to the City of Germantown Amended and Restated pension plan for new hires on or after July 1, 2013. Under the Defined Benefit Plan there is a six month waiting period to enter the plan and employees must be 21 years of age. Under the new plan the employee must contribute 5% of their pay. The city matches the 5% and guarantees a 5% return. The vesting is 10 years of service. The plan is portable and may be taken with the employee after vesting.

At June 30, 2015 PERS membership in the new plan consisted of:

Retiree and deferred vested participants	2
Active participants	44
Total	46

Funding Policy. All employees are required to contribute to the plan 5% of their salary. The City's annual contribution is based on the actuarially determined contribution amount. Benefits and contributions are established by the City and may be amended only by the Board of Mayor and Aldermen.

Basis of Accounting. PERS financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefit payments and refunds to participants are recognized when due and payable in accordance with the terms of the plan.

Funded Status and Funding Progress. As of July 1, 2015, the actuarial accrued liability for benefits was $170,788 of which $81,484 was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $1,649,109 and the ratio of the net pension liability to the covered payroll was 4.94%

Plan Expenses. Administrative expenses of the plan, which include investment fees, trustee fees, and actuary fees, are financed through both the plan and the general fund. Certain administrative functions are performed by City employees and are not reimbursed by the Plan.

Investment Policy. The PERS's policy in regards to the allocation of invested assets is established and may be amended by the Board of Mayor and Aldermen. The following is the Board of Mayor and Aldermen's adopted asset allocation policy as of June 30, 2015:

Asset Class	Target Allocation
Cash and cash equivalents	3%
Mutual funds - equity	63%
Mutual funds - fixed income	15%
Mutual funds - balanced	19%
	100%

B. Pension Liabilities and Pension Expense Related to Pensions

Net Pension Liability. The components of the Defined Benefit Plan net pension liability of the City at June 30, 2015, were as follows:

	Increase/(Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2014	$ 28,439	$ 10,514	$ 17,925
Changes for the year:			
Service cost	144,160	-	144,160
Interest	1,258	-	1,258
Experience	(2,213)	-	(2,213)
Contributions - employee	-	17,925	(17,925)
Contributions - employer	-	61,705	(61,705)
Net investment income	-	219	(219)
Benefit payments	(856)	(856)	-
Administrative expense	-	(203)	203
Net changes	142,349	78,790	63,559
Balances at June 30, 2015	$ 170,788	$ 89,304	$ 81,484
Plan fiduciary net position as a percentage of the total pension liability		52.29%	

Pension expense. For the year ended June 30, 2015, the City recognized a pension expense of $81,484 for the Defined Benefit Plan.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the actuarial cost method Entry As Normal and the amortization method of Level Dollar, closed. Significant actuarial assumptions used in the computation included (a) a rate of return on the investment including inflation of 5.0%, (b) projected salary increases 4.0%, (c) no post-retirement benefit increase, and (d) IRS Applicable mortality table. The inflationary rate is 2.5%. Payroll for employees covered by this plan is $1,649,109. For financial reporting purposes, the projection of benefits does not explicitly incorporate the potential effects of the legal limit on employer contributions.

Discount rate. The discount rate used to measure the total pension liability was 5.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Defined Benefit Plan calculated using the discount rate of 5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4%) or 1-percentage-point higher (6%) than the current rate:

	1% Decrease (4%)	Current Discount Rate (5%)	1% Increase (6%)
City's net pension liability	$ 128,142	$ 81,484	$ 46,503

III. GERMANTOWN MUNICIPAL SCHOOL DISTRICT TEACHER LEGACY PENSION PLAN OF TCRS

A. General Information about the Pension Plan

Plan description. Teachers with membership in the Tennessee Consolidated Retirement System ("TCRS") before July 1, 2014, of GMSD are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is

responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies ("LEAs") make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Germantown Municipal Schools for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were $2,148,820 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.

B. 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 GMSD reported an asset of $442 for its proportionate share of net pension asset (this amount is netted against the City's total net pension liability, as the City considers it to be immaterial for separate presentation on the statement of net position). 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. GMSD's proportion of the net pension liability was based on GMSD's 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, GMSD's proportion was 0.002723 percent. The proportion measured as of June 30, 2013 was 0.002175 percent.

Pension expense. For the year ended June 30, 2015, GMSD recognized a pension expense of $6,022 for the Teacher Legacy Pension Plan of TCRS.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, GMSD reported deferred outflows of resources and deferred inflows of resources related to the Teacher Legacy Pension Plan of TCRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,074	$ -
Net difference between projected and actual earnings on pension plan investments	-	36,456
Changes in proportion of Net Pension Liability	38,408	-
GMSD's contributions subsequent to the measurement date of June 30, 2014	2,148,820	-
	$ 2,188,302	$ 36,456

GMSD employer contributions of $2,148,820, 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 ending June 30:	
2016	$ (2,534)
2017	(2,534)
2018	(2,534)
2019	(2,534)
2020	6,580
Thereafter	6,580
	$ 3,024

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.

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 strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a 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 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 asset to changes in the discount rate. The following presents GMSD's proportionate share of the net pension asset calculated using the discount rate of 7.5 percent, as well as what GMSD's 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% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
GMSD's proportionate share of the net pension liability (asset)	$ 74,627	$ (442)	$ (62,592)

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

C. Payable to the Pension Plan

At June 30, 2015, GMSD reported a payable of $154,544 for the outstanding amount of contributions to the Teacher Legacy Pension Plan of TCRS required at the year ended June 30, 2015.

IV. GERMANTOWN MUNICIPAL SCHOOL DISTRICT TEACHER RETIREMENT PLAN OF TCRS

A. General Information about the Pension Plan

Plan description. See the plan description above for the GMSD Teacher Legacy Pension Plan of TCRS.

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

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

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 $50,694, 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.

B. 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, GMSD did not recognize a pension expense at June 30, 2015 for the Teacher Retirement Plan of TCRS.

Deferred outflows of resources. For the year ended June 30, 2015, GMSD reported deferred outflows of resources related to the Teacher Retirement Plan of TCRS from the following sources:

	Deferred Outflows of Resources
GMSD's contributions subsequent to the measurement date of June 30, 2014	$ 50,694
	$ 50,694

GMSD's employer contributions of $50,694 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.

C. 401(k) Plan

The Teacher Retirement Plan provides a combination of a defined benefit plan and a defined contribution plan. The defined benefit portion of the Teacher Retirement Plan is managed by TCRS. The defined contribution assets are deposited into the State's 401(k) plan where the employee manages the investments within the 401(k) plan. Public school teachers are required to contribute 2% of their salaries to the defined contribution (401(k)) portion of the Teacher Retirement Plan. Contributions are made on a tax-deferred basis. GMSD's employer contributions to the 401(k) plan for the year ended June 30, 2015 totaled $68,813.

NOTE 6 - INTERFUND BALANCES AND TRANSACTIONS

Unrestricted cash in the various funds of the City are pooled in one fund for investment purposes. At each month-end the interfund balances reflect each fund's portion of the cash/investment pool.

Interest income is allocated to each fund based on the interfund balances at the end of the month.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The City rents office space and equipment under operating leases. Total rental expense for all funds for the year ended June 30, 2015, was $458,521**.** The future minimum lease payments under operating leases are as follows for the years ending June 30:

2016	$ 79,488
2017	122,718
2018	121,014
2019	3,470
	$ 326,690

Construction contract commitments at June 30, 2015, totaled $4,124,892.

The City is a party to a number of various types of lawsuits, many of which normally recur in governmental operations. The ultimate outcome of the actions is not determinable; however, City officials believe that the outcome of these proceedings, either singularly or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

NOTE 8 - RISK MANAGEMENT

The City maintains a practice of carrying conventional casualty insurance to limit the risk of loss associated with tort liability claims, property damage or destruction, employee injuries and other unanticipated casualties or natural disasters. Instead of commercial insurance however, the City has elected to participate as a member in the Tennessee Municipal League Risk Management Pool ("TML Pool"), a cooperative risk sharing arrangement among Tennessee communities that works in many ways like a traditional insurer. Members can obtain typical insurance coverage limits and deductible options at reasonable rates according to their risk tolerance while the TML Pool provides traditional underwriting, re-insurance, claims processing and loss control services. Unlike commercial insurance, the TML Pool offers the opportunity to earn a pro-rata refund of the surplus premiums according to the City's premiums paid and its favorable loss experience in recent years.

Through the TML Pool, the City maintains general coverage for its property, workers compensation and liability insurance. Subject to limits for certain types of risk, the property insurance covers the cost of replacing buildings, furnishings, public infrastructure, and specifically defined equipment for most types of losses in excess of a $50,000 deductible

amount. Worker compensation claims are covered up to the statutory limits for employee injuries after the City pays a maximum $10,000 deductible amount. The liability coverage includes general liability risks such as personal injury, automobile liability, and public official or law enforcement errors and omissions up to the limits allowed under the Tennessee tort liability laws and after the City-paid deductible amounts of $5,000.

Given its geographical location and the risk of significant infrastructure loss, the City considers it prudent to obtain supplemental insurance for excess earthquake losses that exceed the basic limits provided by the TML Pool. The City has elected to purchase the optional $10 million earthquake coverage over the primary $5 million coverage provided by the TML Pool.

In addition to the annual premiums for insurance coverage, the payment of the TML Pool deductible amounts for each loss occurrence and the self-insured losses for passenger vehicles and other lower value equipment is funded by the annual operating budgets for each department. And as a contingency for losses that may exceed the limits of coverage provided by conventional insurance or self-funding, the City annually designates a portion of its General Fund Balance as a reserve for emergencies.

There have been no reductions in insurance coverage and no liabilities in excess of insurance coverage for the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the balances of claim liabilities during the previous fiscal years are as follows:

	Year ended June 30, 2015	Year ended June 30, 2014
Unpaid claims, beginning of fiscal year*	$ 75,100	$ 85,900
Incurred claims*	120,717	167,700
Claim payments	(135,161)	(178,500)
Unpaid claims, end of fiscal year*	$ 60,656	$ 75,100

*All amounts include "Incurred But Not Reported"

NOTE 9 - LEASE REVENUE

The City leases various City-owned properties to corporations for cellular towers. The leases range from 20 to 25 years. The minimum lease payments the City will receive are as follows:

2016	$ 340,619
2017	346,337
2018	333,726
2019	232,495
2020	185,834
Thereafter	2,747,043
	$ 4,186,054

NOTE 10 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

CITY OF GERMANTOWN, TENNESSEE OPEB

In addition to the pension benefits described in Note 5, the City provides certain post-retirement health care benefits to employees who retire from the City under the provisions of PERS. The City, in conjunction with PERS, has established benefit provisions and contribution obligations. The premium charged retirees is a percentage of the group rate. Prior to January 1, 2008, the City's insurance became secondary to Medicare Insurance. After January 1, 2008, the plan was changed whereby future retirees could only obtain the City's dental and prescription drugs. The plan was changed on January 1, 2014, whereby employees who retire on or after January 1, 2014, can obtain the City's dental plan only. At year-ended June 30, 2015, 71 retirees met the requirement for participation and participated in the plan. The City Trust paid $674,589 in claims under the plan for the year-ended June 30, 2015.

In addition, the City provides certain post-retirement split-dollar life insurance benefits to certain executive employees who retire from the City and have worked a minimum of 10 years, and officials who have been elected to a second term. Currently there are 16 employees/elected officials participating in this post-retirement benefit. The City will pay 100% of the premium for life insurance for participating retirees for life. This benefit is not available to new entrants.

A. Plan Description

The City of Germantown is the administrator of a single-employer Other Post Employment Benefit plan (OPEB). The plan provides for continuation of medical insurance benefits for

certain retirees and their spouses and can be amended by action of the City. The Plan does not issue a stand-alone financial report.

B. Funding Policy

The required contribution rates of the employer and the members will vary depending on the cost of the plan as determined by the City. The City's Annual Required Contribution has been determined through the use of an Actuarial Group.

C. Basis of Accounting

The accrual basis of accounting is used. The fair market value of assets, if any, is determined by the market value of assets, if any, paid by a willing buyer to a willing seller.

D. Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement 45 for employers in plans with more than one hundred total plan members. The ARC represents a funding level that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The amortization method used is a level dollar, closed approach which amortizes the initial unfunded actuarial accrued liability over thirty years, actuarial gains/losses over ten years, and plan amendments over fifteen years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation to the Trust at June 30, 2015:

Annual Required Contribution	$ 684,360
Interest on net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Expense	684,360
Contributions made	684,360
Increase (decrease) in net OPEB obligation	-
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	$ -
Percent of expense contributed	100%

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of ARC Contributed	Net OPEB Obligation
6/30/2013	$ 1,423,007	100%	$ -
6/30/2014	684,360	100%	-
6/30/2015	684,360	100%	-

E. Funded Status and Funding Progress

As of June 30, 2015, the actuarial accrued liability for benefits was $9,285,322 of which $2,747,172 was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $19,043,019, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 13%. The actuarial value of the assets for other post-employment benefits as of July 1, 2015 is $6,538,150.

The projection of future benefit payments for an ongoing plan involves 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 as Exhibit B-2, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the plan members. The 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 actuarial cost method is the projected unit credit cost method. The investment return was assumed to be 7.5% inclusive of 2.5% inflation, 0% projected salary increases, 0% post-retirement benefit increases, and a graded healthcare

cost trend rate starting at 9% and grading down to 5% over 9 nine years. The following assumptions were made:

i. Measurement Date

July 1, 2008

ii. Discount Rate as of June 30, 2015

Seven and one-half percent (7.5%) per year compounded annually. This is the rate used to discount future benefit liabilities into today's dollars.

iii. Mortality Table

The 1983 Group Annuity Mortality Table was used.

Mortality Assumption
Annual Death Rate Per 1,000 Participants

Age	Male	Female
25	0.376	0.207
35	0.773	0.475
45	1.508	1.124
55	3.624	2.717
65	12.737	9.706

iv. Withdrawal From Service

Withdrawal Termination
Annual Termination Rate Per 1,000 Participants

Age	Rates
25	52.704
35	44.736
45	32.149
55	3.344
65	0.000

v. Opt-out Rates

It is assumed that active employees would participate in City-paid medical coverage in retirement. Current active employees who have opted out of medical coverage were assumed to elect medical coverage in retirement. Actual elections for retirees were used.

vi. Medicare

Medicare is expected to cover the same portion of costs as it currently does.

vii. Marriage rates

80% of active participants were assumed married. Females are assumed to be three years younger than males. Employees who currently have elected to cover their spouses are assumed to continue to do so upon retirement.

viii. Health Care Trend Rate

Health Care Cost Trend Rate	
Initial Rate	9.0%
Ultimate Rate	5.0%
Grading Period	9 years

ix. Salary Scale

No salary increases were assumed since benefits are not based on compensation.

x. Retirement Rates

Employees are assumed to retire in accordance with the following schedule:

Age	General Services Employees	Emergency Services Employees
50	0%	5%
51	0%	5%
52	0%	5%
53	0%	5%
54	0%	5%
55	10%	10%
56	10%	10%
57	10%	10%
58	10%	10%
59	10%	10%
60	10%	10%
61	10%	10%
62	20%	100%
63	20%	
64	20%	
65	100%	

xi. Change in Assumptions

None.

xii. Change in Plan provisions

Prior to January 1, 2008, the City's insurance became secondary to Medicare Insurance. After January 1, 2008, the plan was changed whereby future retirees reaching age 65 could only obtain the City's dental and prescription drugs. The City will offer a subsidy to Medicare eligible retirees in the amount of $200 for single coverage and $300 for family coverage.

As of May 1, 2009 employees taking early retirement are no longer eligible to participate in the City's Health Care Plan. This was amended July 1, 2012 to allow early retirement employees to participate in the City's Health Care Plan, provided they have been a member in the Plan for a minimum of 15 years immediately prior to their retirement date.

Effective January 1, 2012, any retiree or dependent who becomes eligible for Medicare at any age will no longer participate in the City's Health Care Plan.

Effective January 1, 2014, any employee who retires after January 1, 2014 and obtains the age of 65 will no longer be eligible to receive the City's prescription drug. Also, the subsidy to Medicare eligible retirees is limited to the retiree at $200.

G. Allocation of Post Employment Benefits

The City's allocation of their OPEB liability to the City's functions is as follows:

Government Activites:	
General government	$ 168,413
Public safety	369,441
Community services	10,841
Transportation and environment	60,749
Total governmental activities OPEB expense	$ 609,444

GERMANTOWN MUNICIPAL SCHOOL DISTRICT OPEB

In addition to the pension benefits described in Note 5, as of July 1, 2014, the GMSD provides certain post-retirement health care benefits to employees who retire from the GMSD and qualify for full retirement benefits under the TCRS. Eligible employees must complete 25 years of service with the District or at least age 55 and complete 15 years of service. Those who are former employees of Shelby County School District or Memphis City Schools ("Legacy") must have 15 years of continuous service with GMSD, Shelby County, and/or Memphis City Schools prior to retirement. The GMSD has established benefit provisions and contribution obligations. The premium charged retirees is the portion of premiums not covered by GMSD's explicit subsidy. At year-ended June 30, 2015, no retirees met the requirement for participation; however, there were 523 active employee participants in the plan. The GMSD paid no claims under the plan for the year-ended June 30, 2015.

A. Plan Description

The Germantown Municipal School District is the administrator of a single-employer Other Post Employment Benefit plan (OPEB). The plan provides for continuation of medical and life insurance benefits for certain retirees and their spouses and can be amended by action of the GMSD. The Plan does not issue a stand-alone financial report.

B. Funding Policy

The GMSD's intention is to partially fund the Annual Required Contribution and pay for the pay-go costs from the Municipal Schools Fund until the Trust balance is sufficient to meet future benefit payments. The GMSD's Annual Required Contribution has been determined through the use of an Actuarial Group.

C. Basis of Accounting

The accrual basis of accounting is used. The fair market value of assets, if any, is determined by the market value of assets, if any, paid by a willing buyer to a willing seller.

D. Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement 45 for employers in plans with more than one hundred total plan members. The ARC represents a funding level that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The amortization method used is a level percentage of pay over thirty years based on an open group.

The following table shows the components of the GMSD's annual OPEB cost for the year, the amount actually contributed to the plan, and the GMSD's net OPEB obligation to the Trust at June 30, 2015:

Annual Required Contribution	$ 1,297,857
Interest on net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Expense	1,297,857
Contributions made	600,000
Increase (decrease) in net OPEB obligation	697,857
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	$ 697,857
Percent of expense contributed	46%

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of ARC Contributed	Net OPEB Obligation
6/30/2015	$ 1,297,857	46%	$ 697,857

E. Funded Status and Funding Progress

As of June 30, 2015, the actuarial accrued liability for benefits was $11,799,324 of which $11,199,324 was unfunded. The actuarial value of the assets for other post-employment benefits as of June 30, 2015 is $600,000.

The projection of future benefit payments for an ongoing plan involves 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 as Exhibit B-2, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Methods and Assumptions

The actuarially determined information presented here is based upon actuarial assumptions and substantive projected plan provisions and participant information furnished to the actuary by the plan sponsor. The 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.

Measurement Date	June 30, 2015 with results actuarially rolled back to July 1, 2014 on a "no gain/no loss" basis
Discount Rate	7.5% funded
Payroll Growth	3.5% (used for amortization purposes only)
Inflation Rate	3.0% per year
Cost Method	Projected Unit Credit with linear proration to decrement

Amortization	Level % of pay over thirty years based on an open group
Census Data	Census information was provided as of January 2015 (we have reviewed it for reasonableness and no material modifications were made)
Health Care Coverage Election Rate	Active employees with current coverage: 95% Active employees with no coverage: 0% Legacy active employees with current coverage elect to receive stipend benefits: 30% Active employees with and without current coverage electing life insurance: 97%
Spousal Coverage	Based on actual coverage for current active employees (husbands are assumed to be three years older than wives)
Mortality	SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2014
Disability	None
Turnover Rate	Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. The rates represent the probability of termination in the next 12 months. The termination rates are based on the Shelby County Schools Actuarial Valuation as of fiscal year ending June 30, 2013. Sample annual turnover rates are as shown below.

Age	0 YOS	1 YOS	2+ YOS
25	15.0%	12.0%	8.4%
30	15.0%	12.0%	6.2%
35	15.0%	12.0%	3.9%
40	15.0%	12.0%	2.2%
45	15.0%	12.0%	1.4%
50	15.0%	12.0%	1.8%
55	15.0%	12.0%	3.4%
60	15.0%	12.0%	5.0%
65+	0.0%	0.0%	0.0%

Retirement Rate

Annual retirement rates are based on the Tennessee Consolidated Retirement System (TCRS) actuarial valuation as of July 1, 2011. A 100% rate load is applied in 2015 to anticipate increased retirement due to consolidation of several school districts and grandfathering of previous benefits. Annual sample rates of retirement after 2015 are as shown below.

Age	<15 YOS	15 –29 YOS	30+ YOS
50	6.50%	6.50%	7.31%
55	10.00%	10.00%	11.25%
58	13.00%	13.00%	14.63%
60	15.00%	16.20%	16.20%
62	22.00%	23.76%	23.76%
64	18.00%	19.44%	19.44%
65	35.00%	37.80%	37.80%
70	16.00%	17.28%	17.28%
75+	100.00%	100.00%	100.00%

Medical Trend Rates

The initial rate was based on a combination of employer history, national trend surveys, and professional judgment. The ultimate trend rate was selected based on historical medical Consumer Price Index ("CPI") information.

FYE	Rate	FYE	Rate
2016	7.6%	2025	6.2%
2017	7.4%	2026	6.0%
2018	7.3%	2027	5.8%
2019	7.2%	2028	5.6%
2020	7.0%	2029	5.4%
2021	6.9%	2030	5.2%
2022	6.8%	2031	5.0%
2023	6.6%	2032	4.8%
2024	6.4%	2033+	4.5%

Retiree Contributions

Retiree contributions are assumed to increase according to health care trend rates

Per Capita Costs — Annual per capita costs were calculated based on the District's monthly premium rates effective on July 1, 2015 actuarially increased using health index factors and current enrollment. The costs are assumed to increase with health care trend rates. Post-65 per capita costs are assumed to equal the post-65 premium rate. Sample annual per capita costs are as shown below:

Age	Basic	N-Plus	HRA
< 55	$ 7,200	$ 7,600	$ 6,600
55 – 59	$ 8,800	$ 9,300	$ 8,000
60 – 64	$ 10,900	$ 11,500	$ 9,900

Explicit Subsidy — The difference between (a) the premium rate and (b) the retiree contribution

Implicit Subsidy — The difference between (a) the per capita cost and (b) the premium rate

G. Allocation of Post Employment Benefits

The Net OPEB Obligation for the GMSD plan is reflected in Governmental Activities, Education expenses on the Statement of Activities for the year ended June 30, 2015.

NOTE 11 - SELF-INSURED GROUP HEALTH INSURANCE BENEFITS

The City of Germantown maintains a self-insured Group Health Insurance Fund for its active and retired employees and their dependents, funded by participation of both the City and its employees.

The schedule below presents the changes in the liabilities for the past two years for the Group Health Insurance Fund.

	2015	2014
Incurred Claims But Not Reported at Beginning of Fiscal Year	$ 480,131	$ 401,776
Claims Submitted for Fiscal Year	4,264,922	3,687,030
Total Available for Claims Payments	4,745,053	4,088,806
Claims Paid During Fiscal Year	4,266,320	3,608,675
Incurred Claims But Not Reported at End of Fiscal Year	$ 478,733	$ 480,131

The City maintains a liability in the Group Health Insurance Fund in the amount of $478,733 which is comprised of medical claims incurred prior to June 30, 2015 but not reported until after June 30, 2015, and was estimated by a third party administrator and is included in accounts payable of the governmental activities internal service funds.

The Germantown Municipal School District also maintains a self-insured Group Health Insurance Fund for its active and retired employees and their dependents, funded by participation of both the District and its employees.

The schedule below presents the changes in the liability for the year ended June 30, 2015, for the Group Health Insurance Fund.

Incurred Claims But Not Reported at Beginning of Fiscal Year	$ -
Claims Submitted for Fiscal Year	2,531,707
Total Available for Claims Payments	2,531,707
Claims Paid During Fiscal Year	2,278,950
Incurred Claims But Not Reported at End of Fiscal Year	$ 252,757

The GMSD maintains a liability in the Group Health Insurance Fund in the amount of $252,757 which is comprised of medical claims incurred prior to June 30, 2015 but not reported until after June 30, 2015, and was estimated by a third party administrator and is included in accounts payable of the governmental activities internal service funds.

NOTE 12 – DONOR-RESTRICTED ENDOWMENT

Library Endowment Fund. In December 2006 the City received $250,000 as a Library Endowment, the earnings and corpus of which are to be used to support the function of the Library relative to the collection, preservation and presentation of materials and to promote greater appreciation and understanding of the history of the City and surrounding areas and their inhabitants. The corpus and earnings are held in Tennessee's Local Government Investment Pool and earmarked for use as directed by the Library Endowment Committee. For the year ended June 30, 2015, the net amount of appreciation on investments of the endowment was $231.

NOTE 13 – RESTATEMENT OF NET POSITION

Effective for the fiscal year ended June 30, 2015, the City implemented GASB Statements No. 68 for pension accounting. This has been accounted for as a change in accounting principle with prior year adjustments as determined by an actuary.

The effect of this adjustment decreases beginning net position for governmental activities on the Statement of Activities by $7,907,587 and also decreases beginning net position of the Utility and Athletic Club funds on the Statement of Revenues, Expenses, and Changes in Net Position for Proprietary funds by $526,266 and $181,864, respectively.

NOTE 14 – SUBSEQUENT EVENTS

The City's original approved budget for the year ending June 30, 2016 did not include the capital needs of the Germantown Municipal School District. December 14, 2015 was the first reading of a budget amendment to reopen the budget to incorporate the issuance of general obligation bonds totaling $11,000,000 to cover the district's capital needs.

CITY OF GERMANTOWN
TENNESSEE

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AMENDED AND RESTATED PENSION PLAN

Last Ten Fiscal Years Ended June 30

	2015	2014	2013	2012	2011	2010
Total Pension Liability						
Service costs	$ 1,208,653	$ 1,267,271	$ 1,190,521	$ 1,389,808	$ 1,470,322	$ 1,399,997
Interest	5,858,181	5,416,588	5,131,943	5,126,758	4,846,960	4,510,043
Changes of benefit items	-	669,081	-	-	-	-
Difference b/w expected and actual experience	1,185,371	810,017	(382,255)	1,439,079	(862,794)	43,575
Changes of assumptions	-	-	-	(5,630,135)	-	-
Benefits payments	(2,923,701)	(2,643,055)	(2,382,147)	(2,260,687)	(1,957,022)	(1,742,152)
Net change in total pension liability	5,328,504	5,519,902	3,558,062	64,823	3,497,466	4,211,463
Total pension liability - beginning	73,227,257	67,707,355	64,149,293	64,084,470	60,587,004	56,375,541
Total pension liability - ending (a)	$ 78,555,761	$ 73,227,257	$ 67,707,355	$ 64,149,293	$ 64,084,470	$ 60,587,004
Plan Fiduciary Net Position						
Contributions - employer	$ 1,594,372	$ 2,238,029	$ 2,287,758	$ 2,306,853	$ 2,297,580	$ 2,269,772
Contributions - employee	693,659	698,881	683,344	665,402	639,112	654,129
Net investment income	2,106,078	10,166,680	6,824,377	(975,521)	7,407,973	4,636,664
Benefit payments	(2,923,701)	(2,643,055)	(2,382,147)	(2,260,687)	(1,957,022)	(1,742,152)
Administrative expense	(115,523)	(179,296)	(166,195)	(149,086)	(222,560)	(225,674)
Net change in plan fiduciary net postion	1,354,885	10,281,239	7,247,137	(413,039)	8,165,083	5,592,739
Plan fiduciary net position - beginning	64,644,001	54,362,762	47,115,625	47,528,664	39,363,581	33,770,842
Plan fiduciary net position - ending (b)	$ 65,998,886	$ 64,644,001	$ 54,362,762	$ 47,115,625	$ 47,528,664	$ 39,363,581
City's net pension liability - ending (a) - (b)	$ 12,556,875	$ 8,583,256	$ 13,344,593	$ 17,033,668	$ 16,555,806	$ 21,223,423
Plan's fiduciary net postion as a percentage of the total pension liability	84.02%	88.28%	80.29%	73.45%	74.17%	64.97%
Covered employee payroll	$ 19,043,019	$ 19,209,705	$ 20,187,727	$ 19,214,167	$ 18,449,784	$ 18,998,306
City's net pension liability as a percentage of covered employee payroll	65.94%	44.68%	66.10%	88.65%	89.73%	111.71%

*Only six years of information was available from the actuarial valuation. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Exhibit B-2

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS
AMENDED AND RESTATED PENSION PLAN

Last Ten Fiscal Years Ended June 30

	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	$ 1,594,372	$ 2,238,029	$ 2,287,758	$ 2,306,853	$ 2,297,580	$ 2,269,772	$ 1,803,515	$ 1,653,220
Contributions	1,594,372	2,238,029	2,287,758	2,306,853	2,297,580	2,269,772	1,803,515	1,653,220
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 19,209,705	$ 20,187,727	$ 19,214,167	$ 18,449,784	$ 18,998,306	$ 18,846,765	$ 18,172,732	$ 16,594,653
Contributions as a percentage of covered employee payroll	8.30%	11.09%	11.91%	12.50%	12.09%	12.04%	9.92%	9.96%

*Only eight years of information was available from the actuarial valuation. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF GERMANTOWN, TENNESSEE

NOTES TO THE SCHEDULE OF CITY CONTRIBUTIONS
AMENDED AND RESTATED PENSION PLAN

For the Year Ended June 30, 2015

NOTE 1 – VALUATION DATE

Actuarially determined contributions are calculated as of January 1, eighteen months prior to the fiscal year in which contributions are reported.

NOTE 2 – METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTIONS RATE

Actuarial cost method	Frozen Initial Liability
Amortization method	Level Dollar, closed
Remaining amortization period	24 Years
Asset valuation method	Market Value
Inflation	2.50%
Salary increases	4.0%, including inflation
Investment rate or return	8.0%, net plan of investment expense, including inflation
Retirement age	General Service Employees age 65 Emergency Service Employee age 58
Mortality	RP-2000
Withdrawal rates	T-3 The Actuary's Pension Handbook
Other information	Closed to new employees after June 30, 2013

Exhibit B-3

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DEFINED BENEFIT PLAN

Last Ten Fiscal Years Ended June 30

	2015	2014
Total Pension Liability		
Service costs	$ 144,160	$ 28,439
Interest	1,258	-
Difference between expected and actual experience	(2,213)	-
Benefits payments	(856)	-
Net change in total pension liability	142,349	28,439
Total pension liability - beginning	28,439	-
Total pension liability - ending (a)	$ 170,788	$ 28,439
Plan Fiduciary Net Position		
Contributions - employer	$ 17,925	$ -
Contributions - employee	61,705	10,513
Net investment income	219	1
Benefit payments	(856)	-
Administrative expense	(203)	-
Net change in plan fiduciary net postion	78,790	10,514
Plan fiduciary net position - beginning	10,514	-
Plan fiduciary net position - ending (b)	$ 89,304	$ 10,514
City's net pension liability - ending (a) - (b)	$ 81,484	$ 17,925
Plan's fiduciary net postion as a percentage of the total pension liability	52.29%	36.97%
Covered employee payroll	$ 1,649,109	$ 358,493
City's net pension liability as a percentage of covered employee payroll	4.94%	5.00%

This is a 10-year schedule; however, the Defined Benefit Plan began in fiscal year 2014. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Exhibit B-4

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF CITY CONTRIBUTIONS
DEFINED BENEFIT PLAN

Last Ten Fiscal Years Ended June 30

	2015
Actuarially determined contribution	$ 17,925
Contributions	17,925
Contribution deficiency	$ -
Covered employee payroll	$ 358,493
Contributions as a percentage of covered employee payroll	5.00%

This is a 10-year schedule; however, the Defined Benefit Plan began during the fiscal year ended June 30, 2014 and there was no required actuarially determined contribution prior to the fiscal year ended June 30, 2015. Years will be added to this schedule in future fiscal years until 10 years of information is available.

NOTES TO THE SCHEDULE

Valuation date: Actuarially determined contributions are calculated as of June 30th, prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry as normal
Amortization method	Level dollar, closed
Asset valuation method	Market value
Inflation	2.5 percent
Salary increases	4.0 percent, including inflation
Investment rate of return	5.0 percent, net of plan investment expense, including inflation
Retirement age	62
Mortality	IRS Applicable Mortality – Post Retirement Only
Withdrawals	None
Other information	Plan adopted effective July 1, 2013

Exhibit B-5

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF GERMANTOWN MUNICIPAL SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET TEACHER LEGACY PENSION PLAN OF TCRS

Last Ten Fiscal Years Ended June 30

	2014
GMSD's proportion of the net pension asset	0.002723%
GMSD's proportionate share of the net pension asset	$ 442
GMSD's covered-employee payroll	$ 106,875
GMSD's proportionate share of the net pension asset as a percentage of its covered-employee payroll	0.41%
Plan fiduciary net position as a percentage of the total pension liability	100.08%

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

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

Exhibit B-6

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF GERMANTOWN MUNICIPAL SCHOOL DISTRICT'S CONTRIBUTIONS - TEACHER LEGACY PENSION PLAN OF TCRS

Last Ten Fiscal Years Ended June 30

	2015	2014
Actuarially determined contribution	$ 2,148,820	$ 9,491
Contributions	2,148,820	9,491
Contribution deficiency	$ -	$ -
Covered employee payroll	$ 23,770,133	$ 106,875
Contributions as a percentage of covered employee payroll	9.04%	8.88%

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

Exhibit B-7

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF GERMANTOWN MUNICIPAL SCHOOL DISTRICT'S CONTRIBUTIONS - TEACHER RETIREMENT PLAN OF TCRS

Last Ten Fiscal Years Ended June 30

	2015
Actuarially determined contribution	$ 31,684
Contributions	50,694
Contribution excess	$ (19,010)
Covered employee payroll	$ 1,267,354
Contributions as a percentage of covered employee payroll	4.00%

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

Exhibit B-8

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF OTHER POST EMPLOYMENT BENEFITS FUNDING PROGRESS

For the Year Ended June 30, 2015

CITY OF GERMANTOWN, TENNESSEE OPEB

Actuarial Valuaion Date	Actuarial Value of Assets	Actuarial Accrued Liability-PUC	Unfunded Actuarial Accrued Liability-PUC	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	1,455,484	9,754,566	8,299,082	14.9%	18,846,765	44%
7/1/2010	2,093,918	9,887,913	7,793,995	21.2%	18,998,306	41%
7/1/2011	3,112,582	10,876,356	7,763,774	28.6%	18,449,784	42%
7/1/2012	3,718,914	14,717,598	10,998,684	25.3%	19,214,167	57%
7/1/2013	5,141,813	16,043,657	10,901,844	32.0%	20,187,727	54%
7/1/2014	6,160,199	10,247,083	4,086,884	60.1%	19,209,705	21%
7/1/2015	6,538,150	9,285,322	2,747,172	70.4%	21,001,474	13%

GERMANTOWN MUNICIPAL SCHOOL DISTRICT OPEB

Actuarial Valuaion Date	Actuarial Value of Assets	Actuarial Accrued Liability-PUC	Unfunded Actuarial Accrued Liability-PUC	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2014	-	10,584,664	10,584,664	0.0%	N/A	N/A
6/30/2015	600,000	11,799,324	11,199,324	5.1%	N/A	N/A

Exhibit C-1

CITY OF GERMANTOWN, TENNESSEE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

	Special Revenue								
ASSETS	State Street Aid	Automated Enforcement	Drug Enforcement	Pickering	Farm Park	Ambulance	Recreation	Library Endowment	School Federal Projects
Cash and cash equivalents	$ 508,511	$ 58,714	$ 319,734	$ 220,662	$ 70,884	$ 321,706	$ 324,682	$ -	$ 4,202
Investments	87,579	-	-	-	-	-	-	-	-
Receivables - other	194,118	-	-	-	-	110,986	-	-	6,417
Restricted Assets:									
Cash and cash equivalents	-	-	-	-	-	-	-	263,812	-
Total assets	$ 790,208	$ 58,714	$ 319,734	$ 220,662	$ 70,884	$ 432,692	$ 324,682	$ 263,812	$ 10,619
LIABILITIES									
Accounts payable	$ 195,664	$ 3,499	$ 7,456	$ 7,353	$ 21,242	$ 63,379	$ 9,739	$ 303	$ 8,214
Contracts payable	-	-	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	2,275	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	195,664	3,499	7,456	7,353	23,517	63,379	9,739	303	8,214
DEFERRED INFLOWS OF RESOURCES									
Unavilable revenue - grants	-	-	-	-	-	-	-	-	2,405
FUND BALANCES									
Restricted	-	-	312,278	-	-	-	-	263,509	-
Committed	594,544	55,215	-	213,309	47,367	369,313	314,943	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	594,544	55,215	312,278	213,309	47,367	369,313	314,943	263,509	-
Total liabilities, deferred outflows of resources, and fund balances	$ 790,208	$ 58,714	$ 319,734	$ 220,662	$ 70,884	$ 432,692	$ 324,682	$ 263,812	$ 10,619

Special Revenue (cont'd)		Capital Projects						
School Cafeteria	School Capital Projects	Major Roads	Intersections	General Government	Fire Dept	Parks Improvement	Drainage Projects	Total
$ 142,318	$ 954	1,909,325	$ 338,200	$ 1,367,317	$ 1,482	$ 1,065,561	$ 486,199	$ 7,140,451
-	-	-	-	-	-	-	-	87,579
-	-	95,882	60,852	-	-	74,877	-	543,132
-	-	-	-	76,746	-	-	54,322	394,880
$ 142,318	$ 954	$ 2,005,207	$ 399,052	$ 1,444,063	$ 1,482	$ 1,140,438	$ 540,521	$ 8,166,042
$ 740	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 317,589
-	-	35,541	-	87,600	-	229,090	109,172	461,403
-	-	-	-	-	-	-	-	2,275
119,282	-							119,282
22,296	-	-	-	-	-	-	-	22,296
142,318	-	35,541	-	87,600	-	229,090	109,172	922,845
-	-	32,880	40,435	-	-	42,399	-	118,119
-	-	-	-	-	-	-	-	575,787
-	-	1,385,135	169,770	1,035,171	-	793,438	327,205	5,305,410
-	-	551,651	188,847	321,292	1,482	75,511	104,144	1,242,927
-	954	-	-	-	-	-	-	954
-	954	1,936,786	358,617	1,356,463	1,482	868,949	431,349	7,125,078
$ 142,318	$ 954	$ 2,005,207	$ 399,052	$ 1,444,063	$ 1,482	$ 1,140,438	$ 540,521	$ 8,166,042

Exhibit C-2

CITY OF GERMANTOWN, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2015

	Special Revenue								
	State Street Aid	Automated Enforcement	Drug Enforcement	Pickering	Farm Park	Ambulance	Recreation	Library Endowment	School Federal Projects
REVENUES									
Intergovernmental									
Gasoline & motor fuel tax	$ 1,059,320	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	-	250	-	-	-	-	-	-	-
Fees for services	-	-	-	28,921	29,300	914,442	502,985	-	-
Interest on investments	281	-	-	-	-	187	-	231	-
Grants	-	-	-	-	-	-	-	-	1,118,178
Other revenues	-	-	366,195	36,938	-	358	-	-	-
Total revenues	1,059,601	250	366,195	65,859	29,300	914,987	502,985	231	1,118,178
EXPENDITURES									
Public safety	-	98,817	145,692	-	-	1,441,673	-	-	-
Community services	-	-	-	35,449	131,933	-	357,090	4,613	-
Transportation and environment	2,509,162	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	1,118,178
Capital projects	-	-	-	-	-	-	-	-	-
Total expenditures	2,509,162	98,817	145,692	35,449	131,933	1,441,673	357,090	4,613	1,118,178
Excess (deficiency) of revenues over (under) expenditures	(1,449,561)	(98,567)	220,503	30,410	(102,633)	(526,686)	145,895	(4,382)	-
OTHER FINANCING SOURCES (USES)									
Sale of capital assets	-	-	13,030	-	-	-	-	-	-
Transfers in	1,650,000	75,000	-	-	150,000	500,000	-	-	-
Total other financing sources	1,650,000	75,000	13,030	-	150,000	500,000	-	-	-
Net change in fund balance	200,439	(23,567)	233,533	30,410	47,367	(26,686)	145,895	(4,382)	-
Fund balances - beginning	394,105	78,782	78,745	182,899	-	395,999	169,048	267,891	-
Fund balances - ending	$ 594,544	$ 55,215	$ 312,278	$ 213,309	$ 47,367	$ 369,313	$ 314,943	$ 263,509	$ -

Special Revenue (cont'd)		Capital Projects						
School Cafeteria	School Capital Projects	Major Roads	Intersections	General Government	Fire Dept	Parks Improvement	Drainage Projects	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,059,320
-	-	-	-	-	-	-	-	250
497,394	0	-	-	-	-	-	-	1,973,042
-	-	-	-	-	-	-	-	699
216,432	0	614,547	26,120	-	-	39,270	-	2,014,547
-	26,559	-	15,574	-	-	-	-	445,624
713,826	26,559	614,547	41,694	-	-	39,270	-	5,493,482
-	-	-	-	-	-	-	-	1,686,182
-	-	-	-	-	-	-	-	529,085
-	-	-	-	-	-	-	-	2,509,162
1,015,196	25,605	-	-	-	-	-	-	2,158,979
-	-	566,263	154,211	1,184,323	33,038	530,313	1,261,134	3,729,282
1,015,196	25,605	566,263	154,211	1,184,323	33,038	530,313	1,261,134	10,612,690
(301,370)	954	48,284	(112,517)	(1,184,323)	(33,038)	(491,043)	(1,261,134)	(5,119,208)
-	-	-	-	-	-	-	-	13,030
301,370	-	250,000	100,000	1,226,000	34,000	960,000	-	5,246,370
301,370	-	250,000	100,000	1,226,000	34,000	960,000	-	5,259,400
-	954	298,284	(12,517)	41,677	962	468,957	(1,261,134)	140,192
-	-	1,638,502	371,134	1,314,786	520	399,992	1,692,483	6,984,886
$ -	$ 954	$ 1,936,786	$ 358,617	$ 1,356,463	$ 1,482	$ 868,949	$ 431,349	$ 7,125,078

Exhibit C-3

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive(Negative)
STATE STREET AID				
REVENUES				
State gasoline taxes	$ 1,040,200	$ 1,040,200	$ 1,059,320	$ 19,120
Interest on investments	-	-	281	281
Total revenues	1,040,200	1,040,200	1,059,601	19,401
EXPENDITURES				
Transportation and Environment				
Material and supplies	2,674,000	2,601,560	2,509,162	92,398
Excess (deficiency) of revenues over (under) expenditures	(1,633,800)	(1,561,360)	(1,449,561)	111,799
OTHER FINANCING SOURCES (USES)				
Transfers in	1,650,000	1,650,000	1,650,000	-
Net change in fund balances	16,200	88,640	200,439	111,799
Fund balance - beginning	394,105	394,105	394,105	-
Fund balance - ending	$ 410,305	$ 482,745	$ 594,544	$ 111,799
AUTOMATED ENFORCEMENT				
REVENUES				
Other revenue	$ 58,800	$ 58,800	$ 250	$ (58,550)
EXPENDITURES				
Public Safety				
Personnel services	99,624	99,624	86,307	13,317
Materials and supplies	5,000	5,000	-	5,000
Other services and charges	15,500	38,075	12,510	25,565
Total expenditures	120,124	142,699	98,817	43,882
Excess (deficiency) of revenues over (under) expenditures	(61,324)	(83,899)	(98,567)	(14,668)
OTHER FINANCING SOURCES (USES)				
Transfers in	75,000	75,000	75,000	-
Net change in fund balances	13,676	(8,899)	(23,567)	(14,668)
Fund balance - beginning	78,782	78,782	78,782	-
Fund balance - ending	$ 92,458	$ 69,883	$ 55,215	$ (14,668)

Exhibit C-3

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive(Negative)
DRUG ENFORCEMENT				
REVENUES				
Other revenues	$ 400,000	$ 350,000	$ 379,225	$ 29,225
EXPENDITURES				
Public Safety				
Personnel Services	101,000	100,964	51,276	49,688
Materials and supplies	168,000	128,224	87,829	40,395
Other services and charges	36,750	36,750	6,587	30,163
Total expenditures	305,750	265,938	145,692	120,246
Net change in fund balances	94,250	84,062	233,533	(91,021)
Fund balance - beginning	78,745	78,745	78,745	-
Fund balance - ending	$ 172,995	$ 162,807	$ 312,278	$ (91,021)
PICKERING				
REVENUES				
Fees for services	$ 25,000	$ 25,000	$ 28,921	$ 3,921
Other revenues	42,000	42,000	36,938	(5,062)
Total revenues	67,000	67,000	65,859	(1,141)
EXPENDITURES				
Community Services				
Materials and supplies	500	980	927	53
Other services and charges	37,995	37,515	34,522	2,993
Capital outlay	-	-	-	-
Total expenditures	38,495	38,495	35,449	3,046
Net change in fund balances	28,505	28,505	30,410	(4,187)
Fund balance - beginning	182,899	182,899	182,899	-
Fund balance - ending	$ 211,404	$ 211,404	$ 213,309	$ (4,187)

Exhibit C-3

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive(Negative)
FARM PARK				
REVENUES				
Fees for services	$ 35,700	$ 35,700	$ 29,300	$ (6,400)
EXPENDITURES				
Community Services				
Personnel Services	70,272	66,093	59,740	6,353
Materials and supplies	23,000	22,596	16,247	6,349
Other services and charges	54,450	58,829	41,647	17,182
Capital outlay	30,000	14,300	14,299	1
Total expenditures	177,722	161,818	131,933	29,885
Excess (deficiency) of revenues over (under) expenditures	(142,022)	(126,118)	(102,633)	23,485
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
Net change in fund balances	7,978	23,882	47,367	23,485
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ 7,978	$ 23,882	$ 47,367	$ 23,485

Exhibit C-3

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive(Negative)
AMBULANCE				
REVENUES				
Fees for services	$ 835,936	$ 835,936	$ 914,442	$ 78,506
Other revenue	-	-	358	358
Interest on investments	-	-	187	187
Total revenues	835,936	835,936	914,987	79,051
EXPENDITURES				
Public Safety				
Personnel Services	1,208,782	1,203,296	1,198,169	5,127
Materials and supplies	75,287	75,330	72,489	2,841
Other services and charges	98,755	111,107	109,033	2,074
Capital outlay	62,000	62,000	61,982	18
Total expenditures	1,444,824	1,451,733	1,441,673	10,060
Excess (deficiency) of revenues over (under) expenditures	(608,888)	(615,797)	(526,686)	68,991
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	500,000	500,000	-
Net change in fund balances	(108,888)	(115,797)	(26,686)	68,991
Fund balance - beginning	395,999	395,999	395,999	-
Fund balance - ending	$ 287,111	$ 280,202	$ 369,313	$ 68,991
RECREATION				
REVENUES				
Fees for services	$ 521,910	$ 521,910	$ 502,985	$ (18,925)
EXPENDITURES				
Community Services				
Personnel Services	167,721	169,080	104,367	64,713
Materials and supplies	113,460	112,605	66,395	46,210
Other services and charges	239,816	242,512	186,328	56,184
Total expenditures	520,997	524,197	357,090	167,107
Net change in fund balances	913	(2,287)	145,895	148,182
Fund balance - beginning	169,048	169,048	169,048	-
Fund balance - ending	$ 169,961	$ 166,761	$ 314,943	$ 148,182

Exhibit C-3

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive(Negative)
LIBRARY ENDOWMENT				
REVENUES				
Interest on investments	$ -	$ -	$ 231	$ 231
EXPENDITURES				
Community Services				
Other services and charges	-	4,516	4,613	(97)
Net change in fund balances	-	(4,516)	(4,382)	134
Fund balance - beginning	267,891	267,891	267,891	-
Fund balance - ending	$ 267,891	$ 263,375	$ 263,509	$ 134
SCHOOL FEDERAL PROJECTS				
REVENUES				
Grants	$ 1,408,091	$ 1,416,813	$ 1,118,178	$ (298,635)
EXPENDITURES				
Education				
Personnel Services	1,204,715	1,199,942	1,007,743	192,199
Materials and supplies	129,083	85,744	16,286	69,458
Other services and charges	23,634	55,978	32,159	23,819
Capital outlay	50,659	80,711	61,990	18,721
Total expenditures	1,408,091	1,422,375	1,118,178	304,197
Net change in fund balances	-	(5,562)	-	5,562
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ (5,562)	$ -	$ 5,562

Exhibit C-3

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive(Negative)
SCHOOL CAFETERIA				
REVENUES				
Fees for services	$ 881,000	$ 1,041,000	$ 497,394	$ (543,606)
Grants	245,000	245,000	216,432	(28,568)
Total revenues	1,126,000	1,286,000	713,826	(572,174)
EXPENDITURES				
Education				
Personnel Services	524,819	524,819	556,620	(31,801)
Materials and supplies	480,900	473,900	354,729	119,171
Other services and charges	77,240	77,240	84,650	(7,410)
Capital outlay	12,900	19,900	19,197	703
Total expenditures	1,095,859	1,095,859	1,015,196	80,663
Excess (deficiency) of revenues over (under) expenditures	30,141	190,141	(301,370)	(491,511)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	160,000	301,370	141,370
Net change in fund balances	30,141	350,141	-	(350,141)
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ 30,141	$ 350,141	$ -	$ (350,141)
SCHOOL CAPITAL PROJECTS				
REVENUES				
Other revenues	$ -	$ 975,000	$ 26,559	$ (948,441)
EXPENDITURES				
Education				
Other services and charges	-	28,000	25,605	2,395
Capital outlay	-	947,000	-	947,000
Total expenditures	-	975,000	25,605	949,395
Net change in fund balances	-	-	954	954
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ 954	$ 954

Exhibit C-3

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive(Negative)
MAJOR ROADS				
REVENUES				
Grants	$ -	$ -	$ 614,547	$ 614,547
EXPENDITURES				
Capital Projects				
Architectural and engineering	80,000	375,819	314,187	61,632
Construction contracts	2,260,000	1,543,977	252,076	1,291,901
Total expenditures	2,340,000	1,919,796	566,263	1,353,533
Excess (deficiency) of revenues over (under) expenditures	(2,340,000)	(1,919,796)	48,284	1,968,080
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	250,000	250,000	-
Net change in fund balances	(2,040,000)	(1,669,796)	298,284	1,968,080
Fund balance - beginning	1,638,502	1,638,502	1,638,502	-
Fund balance - ending	$ (401,498)	$ (31,294)	$ 1,936,786	$ 1,968,080
INTERSECTIONS				
REVENUES				
Grants	$ -	$ -	$ 26,120	$ 26,120
Other revenues	-	-	15,574	15,574
Total revenues	-	-	41,694	41,694
EXPENDITURES				
Capital Projects				
Architectural and engineering	100,000	66,262	56,486	9,776
Construction contracts	159,000	164,011	97,725	66,286
Total expenditures	259,000	230,273	154,211	76,062
Excess (deficiency) of revenues over (under) expenditures	(259,000)	(230,273)	(112,517)	117,756
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Net change in fund balances	(159,000)	(130,273)	(12,517)	117,756
Fund balance - beginning	371,134	371,134	371,134	-
Fund balance - ending	$ 212,134	$ 240,861	$ 358,617	$ 117,756

Exhibit C-3

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive(Negative)
GENERAL GOVERNMENT PROJECTS				
EXPENDITURES				
Capital Projects				
Architectural and engineering	$ 119,000	$ 129,515	$ 114,048	$ 15,467
Construction contracts	1,274,000	1,343,216	1,070,275	272,941
Total expenditures	1,393,000	1,472,731	1,184,323	288,408
OTHER FINANCING SOURCES (USES)				
Transfers in	1,260,000	1,226,000	1,226,000	-
Net change in fund balances	(133,000)	(246,731)	41,677	288,408
Fund balance - beginning	1,314,786	1,314,786	1,314,786	-
Fund balance - ending	$ 1,181,786	$ 1,068,055	$ 1,356,463	$ 288,408
FIRE DEPT				
EXPENDITURES				
Capital Projects				
Construction contracts	$ -	$ 33,664	$ 33,038	$ 626
OTHER FINANCING SOURCES (USES)				
Transfers in	-	34,000	34,000	-
Net change in fund balances	-	336	962	626
Fund balance - beginning	520	520	520	-
Fund balance - ending	$ 520	$ 856	$ 1,482	$ 626

Exhibit C-3

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive(Negative)
PARKS IMPROVEMENTS				
REVENUES				
Grants	$ -	$ -	$ 39,270	$ 39,270
EXPENDITURES				
Capital Projects				
Architectural and engineering	50,000	32,084	32,083	1
Construction contracts	2,501,000	498,282	498,230	52
Total expenditures	2,551,000	530,366	530,313	53
Excess (deficiency) of revenues over (under) expenditures	(2,551,000)	(530,366)	(491,043)	39,323
OTHER FINANCING SOURCES (USES)				
Transfers in	910,000	960,000	960,000	-
Net change in fund balances	(1,641,000)	429,634	468,957	39,323
Fund balance - beginnning	399,992	399,992	399,992	-
Fund balance - ending	$ (1,241,008)	$ 829,626	$ 868,949	$ 39,323
DRAINAGE PROJECTS				
EXPENDITURES				
Capital Projects				
Architectural and engineering	$ 81,000	$ 123,910	$ 105,236	$ 18,674
Construction contracts	729,000	1,410,658	1,155,898	254,760
Contingency	-	53,498	-	53,498
Net change in fund balances	(810,000)	(1,588,066)	(1,261,134)	326,932
Fund balance - beginning	1,692,483	1,692,483	1,692,483	-
Fund balance - ending	$ 882,483	$ 104,417	$ 431,349	$ 326,932

Exhibit D-1

CITY OF GERMANTOWN, TENNESSEE

COMBINING STATEMENT OF NET POSITION – NONMAJOR PROPRIETARY FUNDS

June 30, 2015

	Sanitation Fund	Great Hall Fund	Stormwater Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 902,489	$ 155,777	$ 505,700	$ 1,563,966
Investments	155,432	-	-	155,432
Receivables:				
Customers and developers	178,829	-	87,443	266,272
Other	-	17,869	-	17,869
Less: allowance for doubtful accounts	(17,688)	(17,869)	(28,522)	(64,079)
Net receivables	161,141	-	58,921	220,062
Total current assets	1,219,062	155,777	564,621	1,939,460
Capital assets, being depreciated				
Buildings and improvements	-	597,680	-	597,680
Machinery and equipment	17,572	200,270	163,637	381,479
Less accumulated depreciation	(17,572)	(329,898)	(27,280)	(374,750)
Total depreciable assets, net	-	468,052	136,357	604,409
Total noncurrent assets	-	468,052	136,357	604,409
Total assets	$ 1,219,062	$ 623,829	$ 700,978	$ 2,543,869
LIABILITIES				
Current liabilities:				
Accounts payable	$ 220,830	$ 37,754	$ 44,082	$ 302,666
Unearned revenue	64,774	-	-	64,774
Customer deposits payable	-	78,534	-	78,534
Total current liabilities	285,604	116,288	44,082	445,974
Noncurrent liabilities:				
Compensated absences	3,259	3,897	31,242	38,398
Total liabilities	288,863	120,185	75,324	484,372
NET POSITION				
Net investment in capital assets	-	468,052	136,357	604,409
Unrestricted	930,199	35,592	489,297	1,455,088
Total net position	$ 930,199	$ 503,644	$ 625,654	$ 2,059,497

Exhibit D-2

CITY OF GERMANTOWN, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – NONMAJOR PROPRIETARY FUNDS

For the Year Ended June 30, 2015

	Sanitation Fund	Great Hall Fund	Stormwater Fund	Total
Operating Revenues:				
Sanitation fees	$ 3,304,542	$ -	$ -	$ 3,304,542
Stormwater fees	-	-	1,048,603	1,048,603
Forfeited discounts	37,897	-	-	37,897
Other income	22,364	410,430	-	432,794
Total operating revenues	3,364,803	410,430	1,048,603	4,823,836
Operating Expenses:				
Personnel services	94,890	172,637	599,277	866,804
Materials and supplies	32,236	24,069	14,394	70,699
Utilities	-	40,450	-	40,450
Landfill fees	426,742	-	-	426,742
Garbage collection fees	2,736,620	-	-	2,736,620
Other charges and services	1,068	221,578	274,948	497,594
Depreciation	-	50,805	18,747	69,552
Total operating expenses	3,291,556	509,539	907,366	4,708,461
Operating income (loss)	73,247	(99,109)	141,237	115,375
Nonoperating Revenues (Expenses):				
Interest on investments	1,808	136	9,965	11,909
Interest and fiscal charges	-	(8,904)	-	(8,904)
Gain on disposal of capital assets	-	1,210	-	1,210
Total nonoperating revenues (expenses)	1,808	(7,558)	9,965	4,215
Income (loss) before transfers	75,055	(106,667)	151,202	119,590
Transfers in	-	225,000	-	225,000
Change in net position	75,055	118,333	151,202	344,590
Total net position - beginning	855,144	385,311	474,452	1,714,907
Total net position - ending	$ 930,199	$ 503,644	$ 625,654	$ 2,059,497

Exhibit D-3

CITY OF GERMANTOWN, TENNESSEE

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR PROPRIETARY FUNDS

For the Year Ended June 30, 2015

	Sanitation Fund	Great Hall Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 3,348,852	$ 410,932	$ 1,056,348	$ 4,816,132
Cash paid to suppliers	(3,255,245)	(262,618)	(303,415)	(3,821,278)
Cash paid to employees	(93,982)	(167,892)	(588,634)	(850,508)
Net cash provided (used) by operating activities	(375)	(19,578)	164,299	144,346
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITES				
Transfer from other fund	-	225,000	-	225,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	(172,591)	(93,040)	(265,631)
Proceeds from sale of capital assets	-	1,210	-	1,210
Interest paid	-	(8,904)	-	(8,904)
Net cash used for capital and related financing activities	-	(180,285)	(93,040)	(273,325)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(12,807)	-	-	(12,807)
Interest received	1,808	136	9,965	11,909
Net cash provided (used) by investing activities	(10,999)	136	9,965	(898)
Net increase in cash and cash equivalents	(11,374)	25,273	81,224	95,123
Cash and cash equivalents - beginning	913,863	130,504	424,476	1,468,843
Cash and cash equivalents - ending	$ 902,489	$ 155,777	$ 505,700	$ 1,563,966

Exhibit D-3

CITY OF GERMANTOWN, TENNESSEE

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR PROPRIETARY FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Sanitation Fund	Great Hall Fund	Stormwater Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities				
Operating income (loss)	$ 73,247	$ (99,109)	$ 141,237	$ 115,375
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	-	50,805	18,747	69,552
(Increase) decrease in assets:				
Accounts receivable	(9,198)	-	7,745	(1,453)
Increase (decrease) in liabilities:				
Accounts payable	(58,100)	26,566	(5,641)	(37,175)
Compensated absences	429	1,658	2,211	4,298
Customer deposits	-	502	-	502
Unearned revenue	(6,753)	-	-	(6,753)
Total adjustments	(73,622)	79,531	23,062	28,971
Net cash provided (used) by operating activities	$ (375)	$ (19,578)	$ 164,299	$ 144,346

Exhibit D-4

CITY OF GERMANTOWN, TENNESSEE

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

June 30, 2015

	Health Insurance	Municipal School Health Insurance	Vehicle Maintenance	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,453,252	$ 1,622,241	$ 277,092	$ 3,352,585
Accounts receivable - other	3,413	-	-	3,413
Inventory	-	-	86,542	86,542
Total current assets	1,456,665	1,622,241	363,634	3,442,540
Noncurrent assets:				
Capital assets:				
Buildings	-	-	2,018,775	2,018,775
Machinery and equipment	-	-	679,360	679,360
	-	-	2,698,135	2,698,135
Less accumulated depreciation	-	-	(689,364)	(689,364)
Total capital assets	-	-	2,008,771	2,008,771
Total assets	1,456,665	1,622,241	2,372,405	5,451,311
LIABILITIES				
Current liabilities:				
Accounts payable	478,733	252,757	50,366	781,856
NET POSITION				
Invested in capital assets	-	-	2,008,771	2,008,771
Unrestricted	977,932	1,369,484	313,268	2,660,684
Total net position	$ 977,932	$ 1,369,484	$ 2,322,039	$ 4,669,455

Exhibit D-5

CITY OF GERMANTOWN, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2015

	Health Insurance	Municipal School Health Insurance	Vehicle Maintenance	Total
Operating Revenues:				
Charges for services	$ 4,332,113	$ 3,901,191	$ 950,032	$ 9,183,336
Grants	-	-	5,000	5,000
Total operating revenues	4,332,113	3,901,191	955,032	9,188,336
Operating Expenses:				
Personnel services	-	-	567,852	567,852
Materials and supplies	-	-	37,981	37,981
Other services and charges	4,286,990	2,531,707	286,000	7,104,697
Depreciation	-	-	58,201	58,201
Total operating expenses	4,286,990	2,531,707	950,034	7,768,731
Change in net position	45,123	1,369,484	4,998	1,419,605
Total net position - beginning	932,809	-	2,317,041	3,249,850
Total net position - ending	$ 977,932	$ 1,369,484	$2,322,039	$ 4,669,455

Exhibit D-6

CITY OF GERMANTOWN, TENNESSEE

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2015

	Health Insurance	Municipal School Health Insurance	Vehicle Maintenance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	$ 4,332,238	$ 3,901,191	$ 950,032	$ 9,183,461
Cash received from grantors	-	-	5,000	5,000
Cash paid to suppliers	(4,288,388)	(2,278,950)	(264,081)	(6,831,419)
Cash paid to employees	-	-	(592,458)	(592,458)
Net cash provided by operating activities	43,850	1,622,241	98,493	1,764,584
Net increase (decrease) in cash and cash equivalents	43,850	1,622,241	98,493	1,764,584
Cash and cash equivalents - beginning of the year	1,409,402	-	178,599	1,588,001
Cash and cash equivalents - end of the year	$ 1,453,252	$ 1,622,241	$ 277,092	$ 3,352,585
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:				
Operating income (loss)	$ 45,123	$ 1,369,484	$ 4,998	$ 1,419,605
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	-	-	58,201	58,201
(Increase) decrease in accounts receivable	125	-	-	125
(Increase) decrease in inventories	-	-	33,926	33,926
Increase (decrease) in accounts payable	(1,398)	252,757	25,255	276,614
Increase (decrease) in compensated absences	-	-	(23,887)	(23,887)
Total adjustments	(1,273)	252,757	93,495	344,979
Net cash provided by operating activities	$ 43,850	$ 1,622,241	$ 98,493	$ 1,764,584

Exhibit D-7

CITY OF GERMANTOWN, TENNESSEE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS

For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
BAIL DEPOSIT FUND				
Assets				
Cash and cash equivalents	$ 70,245	$ 100,992	$ 130,000	$ 41,237
Liabilities				
Deposits held in trust	$ 70,245	$ 100,992	$ 130,000	$ 41,237
SCHOOL STUDENT ACTIVITY FUND				
Assets				
Cash and cash equivalents	$ -	$2,881,798	$ 2,089,580	$ 792,218
Inventory	-	11,622	-	11,622
Total assets	$ -	$2,893,420	$ 2,089,580	$ 803,840
Liabilities				
Due to schools	$ -	$2,893,420	$ 2,089,580	$ 803,840
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	$ 70,245	$2,982,790	$ 2,219,580	$ 833,455
Inventory	-	11,622	-	11,622
Total assets	$ 70,245	$2,994,412	$ 2,219,580	$ 845,077
Liabilities				
Deposits held in trust	$ 70,245	$ 100,992	$ 130,000	$ 41,237
Due to schools	-	2,893,420	2,089,580	803,840
Total liabilities	$ 70,245	$2,994,412	$ 2,219,580	$ 845,077

Exhibit E-1

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF PRINCIPAL AND INTEREST MATURITIES
SERIAL GENERAL OBLIGATION BONDS

June 30, 2015

	Series 06 Bonds		Series 09 Bonds		Series 11 Bonds		Series 13 Bonds (Series A)		Series 13 Bonds (Series B)		Total Series Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 490,000	$ 49,800	$ 495,000	$ 237,674	$ 255,000	$ 134,725	$ 145,000	$ 91,144	$ 865,000	$ 112,690	$ 2,250,000	$ 626,033
2017	500,000	30,000	510,000	222,824	265,000	129,525	145,000	88,244	880,000	95,240	2,300,000	565,833
2018	130,000	17,400	525,000	206,249	270,000	124,175	150,000	85,294	895,000	77,490	1,970,000	510,608
2019	125,000	12,300	540,000	187,874	275,000	118,725	155,000	82,244	240,000	63,740	1,335,000	464,883
2020	125,000	7,300	565,000	168,974	280,000	113,175	155,000	79,144	250,000	53,940	1,375,000	422,533
2021	120,000	2,400	580,000	149,199	285,000	107,525	160,000	75,994	260,000	43,740	1,405,000	378,858
2022	-	-	610,000	128,174	290,000	101,775	160,000	72,794	270,000	33,140	1,330,000	335,883
2023	-	-	330,000	105,299	295,000	95,188	165,000	69,337	280,000	24,590	1,070,000	294,414
2024	-	-	340,000	92,511	305,000	87,688	170,000	65,568	285,000	18,234	1,100,000	264,001
2025	-	-	355,000	78,911	310,000	79,613	175,000	61,381	295,000	11,413	1,135,000	231,318
2026	-	-	370,000	64,711	320,000	70,950	175,000	56,831	300,000	3,900	1,165,000	196,392
2027	-	-	385,000	49,911	330,000	61,600	180,000	51,856	-	-	895,000	163,367
2028	-	-	400,000	34,030	340,000	51,550	185,000	46,381	-	-	925,000	131,961
2029	-	-	415,000	17,430	350,000	41,200	195,000	40,559	-	-	960,000	99,189
2030	-	-	-	-	360,000	30,325	200,000	34,263	-	-	560,000	64,588
2031	-	-	-	-	375,000	18,606	205,000	27,425	-	-	580,000	46,031
2032	-	-	-	-	385,000	6,256	215,000	20,075	-	-	600,000	26,331
2033	-	-	-	-	-	-	220,000	12,325	-	-	220,000	12,325
2034	-	-	-	-	-	-	230,000	4,169	-	-	230,000	4,169
	$ 1,490,000	$ 119,200	$ 6,420,000	$ 1,743,771	$ 5,290,000	$ 1,372,601	$ 3,385,000	$ 1,065,028	$ 4,820,000	$ 538,117	$ 21,405,000	$ 4,838,717

Exhibit E-2

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF PRINCIPAL AND INTEREST MATURITIES
SETTLEMENT LIABILITY

June 30, 2015

	Settlement Liability		
	Principal	Interest	Total
2016	$ 246,559	$ 108,894	$ 355,453
2017	254,896	100,557	355,453
2018	263,514	91,939	355,453
2019	272,425	83,028	355,453
2020	281,636	73,817	355,453
2016	291,159	64,294	355,453
2017	301,004	54,449	355,453
2018	311,182	44,271	355,453
2019	321,704	33,749	355,453
2020	332,582	22,871	355,453
2021	343,827	11,626	355,453
	$ 3,220,488	$ 689,495	$ 3,909,983

Exhibit E-3

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF PRINCIPAL AND INTEREST MATURITIES
SERIAL BONDS

June 30, 2015

	Series 06 Bonds		Series 08 Bonds		Total Series Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 470,000	$ 58,800	$ 520,000	$ 78,400	$ 990,000	$ 137,200
2017	490,000	40,000	545,000	57,100	1,035,000	97,100
2018	510,000	20,400	565,000	34,900	1,075,000	55,300
2019	-	-	590,000	11,800	590,000	11,800
	$ 1,470,000	$ 119,200	$ 2,220,000	$ 182,200	$ 3,690,000	$ 301,400

Exhibit E-4

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF OFFICIAL BONDS OF PRINCIPAL OFFICIALS

June 30, 2015

	Amount of Bond/Insurance *
Mayor	$500,000
Honorable Mike Palazzolo	
Five Aldermen (each) *	
Rocky Janda	500,000
Forrest Ownes	500,000
Mary Anne Gibson	500,000
David Klevan	500,000
John Barzizza	500,000
City Administrator *	
Patrick J. Lawton	500,000
City Clerk Recorder *	
Dotty Johnson	500,000
Economic and Community Development Director *	
Cameron Ross	500,000
Finance Director *	
Ralph J. Gabb	500,000
Fire Chief *	
John M. Selberg	500,000
Germantown Performing Arts Centre Executive Director *	
Paul Chandler	500,000
Germantown Athletic Club Director *	
Phil Rogers	500,000
Human Resources Director *	
Steve Wilensky	500,000
Information Technology Director *	
Tony Fischer	500,000
Library Services Director*	
Daniel Page	500,000
Parks and Recreation Director *	
Pam Beasley	500,000
Police Chief *	
Richard Hall	500,000
Public Service Director *	
Bo Mills	500,000
Procurement Director*	
Lisa Piefer	500,000
General Services Director *	
Reynold Douglas	500,000

* Employees are covered under the City's insurance policy for dishonesty, forgery, alterations, theft, disappearance or destruction, and computer fraud for the amounts listed, subject to a $1,000 deductible.

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2015

Grantor/Pass-through Grantor	CFDA #	Grant Number	Receivable (Deferral) June 30, 2014	Receipts 2015	Expenditures 2015	Receivable (Deferral) June 30, 2015
Federal Awards						
USDA/TN Department of Education						
School Breakfast Program	10.553	N/A	$ -	$ 9,062	$ 9,062	$ -
National School Lunch	10.555	N/A	-	148,630	148,630	-
Subtotal - Nutrition Cluster			-	157,692	157,692	-
Fresh Fruit and Vegetable Program	10.582	N/A	-	58,740	58,740	-
Total USDA			-	216,432	216,432	-
US Dept of Transportation/TN Dept of Transportation						
Highway Planning and Construction	20.205	Fed Proj #STP-M-NHE-57(46)	114,706	118,342	3,636	-
Highway Planning and Construction	20.205	Fed Proj #STP-M-5161(2)	-			-
Highway Planning and Construction	20.205	Fed Proj #STP-M-9420(1) & 9420(5)	25,866	250,993	343,840	118,713
Highway Planning and Construction	20.205	Fed Proj #STP-M-NHE-57(48)	5,973	5,973	-	-
Highway Planning and Construction	20.205	Fed Proj #HSIP-R-177(28)	-	3,900	24,318	20,418
Highway Planning and Construction	20.205	Fed Proj #STP-M-NH-177(37)	916	24,734	30,486	6,668
Highway Planning and Construction	20.205	Fed Proj #STO-M-NH-177(36)	900	13,741	45,189	32,348
Highway Planning and Construction	20.205	Fed Proj #STP-M-NH-57(62)	-	9,764	34,717	24,953
Highway Planning and Construction	20.205	Fed Proj #STP-M-9420(7)	17,055	46,215	29,160	-
Highway Planning and Construction	20.205	Fed Proj #STP-M-5431(10)	14,182	85,662	84,832	13,352
Total DOT			179,598	559,324	596,178	216,452
US Dept of Education/TN Department of Education						
Title I Grants to Local Education Agencies	84.010	S010A140042	-	208,029	208,309	280
Consolidated Admin	84.010	N/A	-	39,283	39,283	-
Subtotal - Title I-A			-	247,312	247,592	280

See accompanying notes to the schedule.

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

For the Year Ended June 30, 2015

Grantor/Pass-through Grantor	CFDA #	Grant Number	Receivable (Deferral) June 30, 2014	Receipts 2015	Expenditures 2015	Receivable (Deferral) June 30, 2015
Special Education Grants to States	84.027	H207A140052	-	662,286	662,286	-
Special Education Preschool Grants	84.173	H173A140095	-	2,855	2,855	-
Subtotal - Special Education Cluster			-	665,141	665,141	-
English Language Acquisition State Grants	84.365	S365A140042	-	4,590	4,590	-
Consolidated Admin	84.365	N/A	-	284	284	-
Subtotal - Title III-ELL			-	4,874	4,874	-
Improving Teacher Quality State Grants	84.367	S367A140040	-	137,839	141,571	3,732
Consolidated Admin	84.367	N/A	-	59,000	59,000	-
Subtotal - Title II-A			-	196,839	200,571	3,732
Total USDOE			-	1,114,166	1,118,178	4,012
TOTAL FEDERAL AWARDS			179,598	1,889,922	1,930,788	220,464
State Financial Assistance						
Department of Transportation	20.205	Fed Proj #STP-M-NHE-57(46)	28,675	29,584	909	-
Department of Transportation	20.205	Fed Proj #STP-M-NH-177(37)	115	3,092	3,811	834
Department of Transportation	20.205	Fed Proj #STO-M-NH-177(36)	225	3,435	11,297	8,087
Department of Transportation	20.205	Fed Proj #STP-M-NH-57(62)	-	2,441	8,679	6,238
DOE Coordinated School Health	N/A	N/A	-	90,000	90,000	-
DOE Safe Schools Act of 1998	N/A	N/A	-	24,581	24,581	-
DOE Technology Grant	N/A	N/A	-	245,243	245,243	-
TOTAL FEDERAL AND STATE AWARDS			$ 208,613	$ 2,288,298	$ 2,315,308	$ 235,623

See accompanying notes to the schedule.

CITY OF GERMANTOWN, TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2015

NOTE 1 – BASIS OF PRESENTATION

The schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Germantown, TN (the City) under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirement of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the city.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity contract numbers are presented where available.

NOTE 3 – RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS TO THE FINANCIAL STATEMENTS

The following is a reconciliation of expenditures per the schedule of expenditures of federal and state awards to the revenue balances in the City's financial statements:

Total grant revenue per governmental funds financial statements	$	2,668,322
Change in deferred revenue at the fund level		(59,063)
Non-federal and non-state grants		(293,951)
Total federal and state awards	$	2,315,308

CITY OF GERMANTOWN, TENNESSEE

STATISTICAL SECTION

This part of the City of Germantown's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends **145**

These exhibits contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **150**

These exhibits contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity **158**

These exhibits present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **162**

These exhibits offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place, to help make comparisons over time and with other governments.

Sources: Unless otherwise noted, the information in these exhibits is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; exhibits presenting government-wide information include information beginning in that year.

Exhibit F-1

CITY OF GERMANTOWN, TENNESSEE
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Net investment in capital assets	$ 131,667,006	$ 129,976,697	$ 79,702,940	$ 64,381,386	$ 52,900,774	$ 45,980,201	$ 45,178,360	$ 39,655,346	$ 39,655,346	$ 34,419,127
Restricted	575,787	346,637	1,218,763	1,768,896	2,511,848	1,692,290	1,661,780	1,406,872	1,288,885	1,556,120
Unrestricted	32,626,737	27,785,350	2,868,826	25,674,724	30,107,655	33,132,833	33,988,429	39,928,257	35,020,161	33,723,089
Total governmental activities net position	$ 164,869,530	$ 158,108,684	$ 83,790,529	$ 91,825,006	$ 85,520,277	$ 80,805,324	$ 80,828,569	$ 80,990,475	$ 75,964,392	$ 69,698,336
Business-type activities										
Net investment in capital assets	$ 55,875,216	$ 54,777,680	$ 55,092,513	$ 54,753,414	$ 52,829,038	$ 52,457,209	$ 49,924,751	$ 50,914,976	$ 46,556,454	$ 45,205,036
Unrestricted	6,781,658	6,306,322	5,857,711	7,011,809	8,447,174	6,523,107	8,680,195	6,267,677	6,216,531	2,884,810
Total business-type activities net position	$ 62,656,874	$ 61,084,002	$ 60,950,224	$ 61,765,223	$ 61,276,212	$ 58,980,316	$ 58,604,946	$ 57,182,653	$ 52,772,985	$ 48,089,846
Primary government										
Net investment in capital assets	$ 187,542,222	$ 184,754,377	$ 134,795,453	$ 119,134,800	$ 105,729,812	$ 98,437,410	$ 95,103,111	$ 90,570,322	$ 86,211,800	$ 79,624,163
Restricted	575,787	346,637	1,218,763	1,768,896	2,511,848	1,692,290	1,661,780	1,406,872	1,288,885	1,556,120
Unrestricted	39,408,395	34,091,672	26,726,537	32,686,533	38,554,829	39,655,940	42,668,624	46,195,934	41,236,692	36,607,899
Total primary government net position	$ 227,526,404	$ 219,192,686	$ 162,740,753	$ 153,590,229	$ 146,796,489	$ 139,785,640	$ 139,433,515	$ 138,173,128	$ 128,737,377	$ 117,788,182

Exhibit F-2

CITY OF GERMANTOWN, TENNESSEE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities:										
General government	$10,883,179	$ 9,815,248	$ 15,085,014	$ 14,455,690	$ 13,883,051	$ 14,126,482	$ 12,165,467	$ 10,074,368	$ 11,172,137	$ 9,638,679
Public safety	20,763,626	19,605,811	18,283,716	18,714,470	17,670,477	16,746,970	16,687,140	16,918,305	15,186,485	14,231,653
Community services	4,013,624	3,757,032	4,286,244	3,038,987	3,013,028	2,768,856	4,775,897	5,201,066	5,329,489	5,897,428
Transportation and environment	8,296,168	7,696,305	5,436,003	5,969,305	4,792,033	5,434,148	5,088,019	4,279,001	2,891,573	3,868,498
Education	40,182,352	5,918,915	-	-	-	-	-	-	-	-
Interest and fiscal charges	679,845	831,623	1,415,478	950,133	798,410	877,138	786,612	878,503	1,062,319	1,078,349
Total governmental activities expenses	84,818,794	47,624,934	44,506,455	43,128,585	40,156,999	39,953,594	39,503,135	37,351,243	35,642,003	34,714,607
Business-type activities:										
Utilities	7,184,410	7,279,545	7,309,861	6,884,307	7,230,379	7,046,258	6,502,565	6,100,526	5,928,575	5,581,195
Athletic Club	3,278,419	3,257,518	3,404,771	3,579,023	3,523,561	3,486,381	3,588,475	2,992,340	2,673,695	2,659,614
Sanitation	-	-	-	3,409,532	3,997,349	3,886,086	3,824,101	3,706,306	3,609,186	3,900,496
Nonmajor Enterprise Fund	4,717,365	4,851,474	4,587,955	1,387,559	1,253,252	366,376	-	-	-	-
Total business-type activities expenses	15,180,194	15,388,537	15,302,587	15,260,421	16,004,541	14,785,101	13,915,141	12,799,172	12,211,456	12,141,305
Total primary government expenses	$ 99,998,988	$ 63,013,471	$ 59,809,042	$ 58,389,006	$ 56,161,540	$ 54,738,695	$ 53,418,276	$ 50,150,415	$ 47,853,459	$ 46,855,912
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 2,058,870	$ 2,006,017	$ 1,266,206	$ 1,156,280	$ 1,517,274	$ 1,736,391	$ 1,497,312	$ 1,581,629	$ 1,824,188	$ 1,552,140
Public safety	1,298,067	943,545	175,474	484,006	590,284	431,689	446,496	630,712	1,050,389	638,670
Community services	803,292	455,041	348,865	600,909	546,195	694,866	610,060	554,945	567,634	483,461
Transportation and environment	970,079	969,947	978,001	956,379	971,709	1,142,344	953,711	972,327	982,354	980,535
Education	729,266									
Operating grants and contributions	34,081,394	6,703,431	7,103,351	1,401,676	1,607,271	1,731,228	1,237,633	1,547,919	450,883	513,490
Capital grants and contributions	620,874	53,265,528	10,316,156	8,269,611	5,025,552	280,244	400,000	162,546	733,382	807,156
Total governmental activities program revenues	40,561,842	64,343,509	20,188,053	12,868,861	10,258,285	6,016,762	5,145,212	5,450,078	5,608,830	4,975,452
Business-type activities:										
Charges for services:										
Utilities	8,468,543	6,681,013	6,793,703	7,471,805	7,896,551	6,598,459	7,030,835	7,991,054	8,486,257	7,628,554
Athletic Club	4,095,114	4,026,672	3,900,935	3,709,915	3,517,289	3,221,736	3,003,894	2,131,190	2,090,233	2,207,882
Sanitation	-	-	-	3,530,418	3,944,499	3,905,442	3,810,426	3,750,835	3,731,045	3,608,470
Nonmajor Enterprise Fund	4,823,836	4,866,213	4,853,521	1,280,333	1,074,264	114,998	-	-	-	-
Operating grants and contributions					-	-	-	-	-	-
Capital grants and contributions	329,674	259,000	86,243	116,797	171,857	417,437	96,502	1,475,640	1,320,633	759,414
Total business-type activities program revenues	17,717,167	15,832,898	15,634,402	16,109,268	16,604,460	14,258,072	13,941,657	15,348,719	15,628,168	14,204,320
Total primary government program revenues	$ 58,279,009	$ 80,176,407	$ 35,822,455	$ 28,978,129	$ 26,862,745	$ 20,274,834	$ 19,086,869	$ 20,798,797	$ 21,236,998	$ 19,179,772
Net (expense)/revenue										
Governmental activities	$ 44,256,952	$ (16,718,575)	$ (24,318,402)	$ (30,259,724)	$ (29,898,714)	$ (33,936,832)	$ (34,357,923)	$ (31,901,165)	$ (30,033,173)	$ (29,739,155)
Business-type activities	(2,536,973)	(444,361)	331,815	848,847	599,919	(527,029)	26,516	2,549,547	3,416,712	2,063,015
Total primary government net expense	$ 41,719,979	$ (17,162,936)	$ (23,986,587)	$ (29,410,877)	$ (29,298,795)	$ (34,463,861)	$ (34,331,407)	$ (29,351,618)	$ (26,616,461)	$ (27,676,140)

Exhibit F-3

CITY OF GERMANTOWN, TENNESSEE
PROGRAM REVENUES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(accrual basis of accounting)

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities:										
General government	$ 2,058,870	$ 2,006,017	$ 1,266,206	$ 1,156,280	$ 1,517,274	$ 1,736,391	$ 1,497,312	$ 1,581,629	$ 2,187,448	$ 1,552,140
Public safety	1,298,067	943,545	175,474	484,006	590,284	431,689	446,496	630,712	1,588,031	1,155,561
Community services	803,292	455,041	348,865	600,909	546,195	694,866	610,060	554,945	850,997	1,287,216
Transportation and environment	970,079	969,947	978,001	956,379	971,709	1,142,344	953,711	972,327	982,354	980,535
Education	729,266	-	-	-	-	-	-	-	-	-
Total governmental activities	5,859,574	4,374,550	2,768,546	3,197,574	3,625,462	4,005,290	3,507,579	3,739,613	5,608,830	4,975,452
Business-type activities:										
Utilities	8,468,543	6,681,013	6,793,703	7,471,805	7,896,551	6,598,459	7,030,835	7,991,054	9,806,890	8,387,968
Athletic Club	4,095,114	4,026,672	3,900,935	3,709,915	3,517,289	3,221,736	3,003,894	2,131,190	2,090,233	2,207,882
Sanitation	-	-	-	3,530,418	3,944,499	3,905,442	3,810,426	3,750,835	3,731,045	3,608,470
Nonmajor Enterprise Fund	4,823,836	4,866,213	4,853,521	1,280,333	1,074,264	114,998	-	-	-	-
Total business-type activities	17,387,493	15,573,898	15,548,159	15,992,471	16,432,603	13,840,635	13,845,155	13,873,079	15,628,168	14,204,320
Total primary government	$ 23,247,067	$ 19,948,448	$ 18,316,705	$ 19,190,045	$ 20,058,065	$ 17,845,925	$ 17,352,734	$ 17,612,692	$ 21,236,998	$ 19,179,772

Exhibit F-4

CITY OF GERMANTOWN, TENNESSEE
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General fund										
Reserved	$ -	$ -	$ -	$ -	$ -	$ 1,783,367	$ 2,824,036	$ 2,090,726	$ 2,296,984	$ 2,210,255
Unreserved				-	-	20,626,286	21,242,586	23,660,623	23,741,000	21,087,404
Nonspendable	696,207	829,361	953,837	1,073,255	1,192,317	-	-	-	-	-
Committed	14,769,333	15,121,607	14,031,590	12,828,407	13,027,239	-	-	-	-	-
Assigned	2,589,254	1,823,473	1,358,669	325,000	2,583,000	-	-	-	-	-
Unassigned	10,195,572	6,295,396	2,876,078	2,483,836	3,024,170	-	-	-	-	-
Total general fund	$ 28,250,366	$ 24,069,837	$ 19,220,174	$ 16,710,498	$ 19,826,726	$ 22,409,653	$ 24,066,622	$ 25,751,349	$ 26,037,984	$ 23,297,659
Municipal Schools										
Unassigned	$ 5,289,945									
Total Municipal Schools	$ 5,289,945									
Major Roads										
Restricted	$ -	$ -	$ 313,856	$ 1,375,033	$ -	$ -	$ -	$ -	$ -	$ -
Committed	-	-	1,000,389	3,848,651	-	-	-	-	-	-
Assigned	-	-	-	-	3,606,404	-	-	-	-	-
Total major roads	$ -	$ -	$ 1,314,245	$ 5,223,684	$ 3,606,404	$ -	$ -	$ -	$ -	$ -
All other governmental funds										
Reserved	$ -	$ -	$ -	$ -	$ -	$ 7,188,121	$ 3,649,714	$ 3,225,017	$ 2,514,591	$ 4,603,913
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	1,643,192	1,821,642	1,791,386	1,526,765	1,342,842
Capital projects funds	-	-	-	-	-	5,065,140	7,983,234	5,619,174	4,954,762	4,215,186
Nonspendable		69,811	-	-	-	-	-	-	-	-
Restricted	575,787	346,637	904,907	393,863	91,532	-	-	-	-	-
Committed	5,305,410	4,512,531	2,214,284	1,582,384	3,894,476	-	-	-	-	-
Assigned	1,242,927	2,125,718	1,209,127	6,454,853	3,782,504	-	-	-	-	-
Unassigned	954	(66,597)	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 7,125,078	$ 6,988,100	$ 4,328,318	$ 8,431,100	$ 7,768,512	$ 13,896,453	$ 13,454,590	$ 10,635,577	$ 8,996,118	$ 10,161,941

Note: (1) Any increase/decrease in fund balance is explained in the Management's Discussion and Analysis for the current year.
(2) Fund Balance presentation change per GASB 54 in 2011.

Exhibit F-5

CITY OF GERMANTOWN, TENNESSEE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	$ 90,177,767	$ 44,119,410	$38,220,104	$ 35,571,416	$ 35,306,525	$ 34,829,681	$ 34,606,858	$ 36,882,620	$ 34,496,302	$ 32,878,675
Fines and forfeitures	750,866	778,641	812,454	766,110	1,126,108	1,321,613	1,059,200	1,107,391	1,327,456	1,080,416
Licenses and permits	1,071,188	1,026,260	1,036,498	1,004,480	1,029,855	1,037,046	1,038,469	1,059,548	1,052,800	1,050,238
Fees for services	2,163,055	1,112,584	377,852	338,750	532,018	559,298	468,260	469,961	439,648	732,136
Interest on investments	75,688	65,482	82,582	109,193	128,522	244,182	783,049	1,484,404	1,838,031	1,229,713
Grants	2,668,322	3,195,374	9,555,678	8,661,249	5,524,638	923,104	157,319	244,501	1,107,120	988,963
Other revenues	2,332,403	2,427,881	3,271,793	2,755,933	2,506,910	2,103,392	2,007,269	2,355,595	2,515,895	1,918,755
Total revenues	$ 99,239,289	$ 52,725,632	53,356,961	49,207,131	46,154,576	41,018,316	40,120,424	43,604,020	42,777,252	39,878,896
Expenditures										
General government	10,380,587	9,505,519	10,121,258	10,214,400	9,868,644	9,731,390	9,746,932	9,742,760	8,940,800	9,084,807
Public safety	19,361,763	18,850,518	18,984,883	19,213,459	17,788,685	17,499,614	16,917,276	16,700,245	14,826,704	14,271,995
Community services	3,310,940	3,029,081	4,410,517	3,204,284	3,047,641	3,115,601	4,202,211	4,995,877	4,753,135	4,775,028
Transportation and Environment	6,291,023	5,825,167	6,043,143	6,144,103	4,803,913	5,528,735	5,030,665	4,140,337	4,583,977	3,986,024
Education	42,328,473	2,603,341								
Debt service										
Principal	2,480,000	8,290,000	2,545,000	2,200,000	2,175,000	2,055,000	2,025,000	1,950,000	2,250,000	1,985,005
Interest	688,485	762,645	830,248	863,525	842,142	897,181	810,284	900,535	1,086,395	1,076,192
Bond issuance cost	-	-	-	-	-	-	109,525	-	62,078	106,327
Capital outlay	5,127,384	7,214,238	18,168,534	14,650,580	11,077,073	2,628,245	5,115,870	2,827,924	3,913,926	3,363,442
Total expenditures	89,968,655	56,080,509	61,103,583	56,490,351	49,603,098	41,455,766	43,957,763	41,257,678	40,417,015	38,648,820
Excess of revenues over (under) expenditures	9,270,634	(3,354,877)	(7,746,622)	(7,283,220)	(3,448,522)	(437,450)	(3,837,339)	2,346,342	2,360,237	1,230,076
Other financing sources (uses)										
Transfers in	7,860,761	4,547,201	2,582,496	3,684,323	3,344,058	3,646,994	3,300,000	5,400,000	3,978,000	3,512,630
Transfers out	(7,592,946)	(4,220,000)	(1,415,887)	(3,308,000)	(5,003,000)	(4,424,650)	(4,420,000)	(6,425,000)	(4,838,000)	(3,680,000)
Debt Proceeds - General Obligation	-	9,070,000	-	6,025,000	-	-	9,635,000	-	-	4,800,000
Refunding bond issued	-	-	-	-	-	-	-	-	5,555,000	4,895,000
Discount on bond issued	-	-	-	-			-	-		(28,685)
Premium on bonds issued	-	222,803	-	130,456	-	-	124,951	-	123,207	-
Payment to refunded bond escrow age	-	-	-	-	-	-	(3,666,048)	-	(5,612,314)	(4,752,581)
Contribution from developers	-	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	69,007	50,649	38,985	6,000	3,000	-	(1,967)	-	-	-
Disposal of Capital Assets	-	-	-	-	-	-	-	31,482	8,372	-
Bond Issuance Costs	-	(120,576)	-	(90,919)	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	(311)	-	-	-
Total other financing sources (uses)	336,822	9,550,077	1,205,594	6,446,860	(1,655,942)	(777,656)	4,971,625	(993,518)	(785,735)	4,746,364
Net change in fund balances	$ 9,607,456	$ 6,195,200	$ (6,541,028)	$ (836,360)	$ (5,104,464)	$ (1,215,106)	$ 1,134,286	$ 1,352,824	$ 1,574,502	$ 5,976,440
Debt service as a percentage of noncapital expenditures	3.7%	18.5%	7.9%	7.3%	7.8%	7.6%	7.3%	8.0%	9.1%	8.7%

Exhibit F-6

CITY OF GERMANTOWN, TENNESSEE
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Property Taxes	$ 42,564,359	$ 27,806,758	$ 22,508,880	$ 22,580,235	$ 22,409,252	$ 22,581,468	$ 21,635,074	$ 21,208,026	$ 20,575,134	$ 20,059,338
Local Sales Taxes	15,525,399	9,684,656	8,844,583	7,245,188	7,144,712	6,570,006	6,546,302	7,578,275	6,759,894	7,103,233
State Taxes (Local Share)	32,088,009	6,627,996	6,866,641	5,745,993	6,118,720	5,678,207	6,425,482	8,096,319	7,161,274	5,716,104
Total	$ 90,177,767	$ 44,119,410	$ 38,220,104	$ 35,571,416	$ 35,672,684	$ 34,829,681	$ 34,606,858	$ 36,882,620	$ 34,496,302	$ 32,878,675

Note: The city has been able to decrease the tax rate charge on property as the value of property continues to increase. The Shelby County Assessor's Office assesses all property in the county.

Exhibit F-7

CITY OF GERMANTOWN, TENNESSEE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Calendar Year Ended	Real Property: Residential Property	Real Property: Farm Property	Real Property: Commercial Property	Real Property: Public Utilities Property	Commercial Personal Property	Total Taxable Assessed Value	Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2015	$1,089,881,650	$ 1,194,550	$ 282,283,980	$ 13,470,927	$ 28,081,710	$ 1,414,912,817	1.930	$ 5,277,145,095	26.81%
2014	1,086,542,975	1,630,500	294,463,130	12,946,203	26,852,980	1,422,435,788	1.930	5,292,064,151	26.88%
2013	1,165,625,600	1,878,200	271,361,220	13,671,353	26,621,560	1,479,157,933	1.485	5,552,753,505	26.64%
2012	1,171,535,200	2,166,525	280,629,910	12,655,926	25,962,880	1,492,950,441	1.485	5,594,910,275	26.68%
2011	1,179,127,275	2,555,975	289,658,450	14,049,120	25,877,620	1,511,268,440	1.425	5,651,738,255	26.74%
2010	1,197,849,725	3,248,850	298,456,105	14,652,167	29,641,640	1,543,848,487	1.425	5,735,373,604	26.92%
2009	1,057,734,155	3,034,575	263,523,140	14,652,167	28,482,630	1,367,426,667	1.54	5,082,693,103	26.90%
2008	1,032,906,875	3,096,525	256,651,090	14,500,493	25,959,580	1,333,114,563	1.54	4,936,751,633	27.00%
2007	1,010,925,200	3,817,725	248,191,850	15,073,276	25,036,090	1,303,044,141	1.54	4,812,012,156	27.08%
2006	986,502,650	3,224,050	244,805,450	14,500,278	25,378,780	1,274,411,208	1.54	4,703,993,042	27.09%

Source: Shelby County Assessor Office before adjustment from the County Board of Equalization.

Note: Property in Shelby County is reassessed once every two years. Tax rates are applied at $100 of assessed value.
Residential and farm property is assessed at 25.0%, Commercial real property is assessed at 40.0%, Public utilites is assessed at 55.0%,
Commercial personal property is assessed at 30.0%

Exhibit F-8

CITY OF GERMANTOWN, TENNESSEE
PROPERTY TAX RATES AND TAX LEVIES
Last Ten Fiscal Years

Property Tax Rates
(Per $100 of Assessed Valuation)

	City	County				
Fiscal Year	**Direct Rate**	**General Fund**	**Education**	**Debt Service**	**Rural School Bonds**	**Total Direct & Overlapping Rates**
2015	$ 1.930	$ 1.45	$ 2.14	$ 0.78	$ -	$ 6.30
2014	1.930	1.45	2.14	0.78	-	6.30
2013	1.485	1.36	1.91	0.75	0.04	5.55
2012	1.485	1.36	1.91	0.75	0.04	5.55
2011	1.425	1.36	1.91	0.75	0.04	5.49
2010	1.425	1.33	1.90	0.79	0.04	5.49
2009	1.54	1.23	1.98	0.81	0.04	5.60
2008	1.54	1.22	2.02	0.80	0.05	5.63
2007	1.54	1.22	2.02	0.80	0.05	5.63
2006	1.54	1.22	2.02	0.80	0.05	5.63

Note: The City has no direct or contingent liability for the Shelby County debt.
Above are the tax rates for both the City of Germantown and Shelby County.

Exhibit F-9

CITY OF GERMANTOWN, TENNESSEE
PRINCIPAL PROPERTY TAX PAYERS
Current and Ten Years Ago

	2015			2005		
Taxpayer	**Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
The Village at Germantown Inc.	$ 11,600,000	1	0.84%	$ -	-	-
Methodist Hospital of Memphis	11,295,640	2	0.82%	5,808,155	8	0.55%
Brook Chase Apartments, LLC	9,683,880	3	0.71%	8,117,840	2	0.76%
HRT of Tennessee, Inc.	8,975,320	4	0.65%	-	-	-
VA Germantown LLC	8,310,400	5	0.61%	-	-	-
FSP-Germantown, LLC	7,902,208	6	0.58%	-	-	-
BIC-MTS Partners (PSO)	7,818,320	7	0.57%	10,630,885	1	1.00%
Baptist Memorial Health Services	7,759,560	8	0.57%	-	-	-
Taylor Sentor C (TR) etal	7,187,640	9	0.52%	5,208,000	9	0.49%
Germantown Village Square Joint Venture	6,807,400	10	0.50%	-	-	-
Belz Investment Company (PSO)	-	-	-	7,207,120	3	0.68%
Sheriff, LLC	-	-	-	6,825,680	4	0.64%
UT Medical Group	-	-	-	6,682,640	5	0.63%
Tennessee Germantown LP	-	-	-	6,454,000	6	0.61%
Vineyards Apartments, Inc.	-	-	-	6,270,440	7	0.59%
Summit Hotel Properties, LLC	-	-	-	4,951,240	10	0.47%
Totals	$ 87,340,368		6.36%	$ 68,156,000		6.42%

Source: Shelby County Board of Assessments

CITY OF GERMANTOWN, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Levy Years

Levy Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Tax Collections	Percent of Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Tax Levy
2014	$ 27,047,828	$ 26,665,756	98.6%	$ -	$ 26,665,756	98.6%	$ 382,072	1.4%
2013	27,203,149	26,805,236	98.5%	-	26,805,236	98.5%	397,913	1.5%
2012	21,762,476	21,442,774	98.5%	243,349	21,686,123	99.6%	319,699	1.5%
2011	21,982,373	21,579,284	98.2%	36,773	21,616,057	98.3%	403,089	1.8%
2010	21,335,375	21,028,288	98.6%	2,869,683	21,317,971	99.9%	119,648	0.6%
2009	21,291,084	20,724,774	97.3%	139,518	20,864,292	98.0%	66,527	0.3%
2008	20,832,727	20,368,950	97.8%	13,863	20,382,813	97.8%	26,486	0.1%
2007	20,306,656	19,883,309	97.9%	1,388	19,884,697	97.9%	13,574	0.1%
2006	19,770,408	19,404,872	98.2%	2,083	19,406,955	98.2%	15,277	0.1%
2005	19,402,628	19,145,169	98.7%	20	19,145,189	98.7%	18,571	0.1%

Note: The Shelby County Assessor's office assess the value of property within the county. The City levies a tax and is responsible for collection.

Exhibit F-11

CITY OF GERMANTOWN, TENNESSEE
TAXABLE SALES BY CATEGORY
Last Ten Calendar Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Building Materials	$ 8,193,042	$ 7,587,962	$ 7,230,598	$ 58,918,876	$ 5,751,382	$ 5,026,853	$ 5,821,268	$ 6,135,150	$ 6,275,280	$ 6,160,411
General Merchandise	45,593,824	45,515,254	43,883,755	41,511,127	39,730,828	37,640,466	38,507,812	39,133,168	32,921,730	34,469,245
Food Stores	74,450,934	70,966,313	69,706,380	74,747,953	74,471,623	73,914,195	78,156,102	75,996,649	71,903,573	67,752,633
MV Dealers/Service Stations	9,268,145	10,660,232	10,821,656	59,272,044	11,307,651	11,206,377	10,453,608	10,286,392	10,302,064	10,766,590
Apparel & Accessories	60,416,565	61,458,112	59,929,794	37,993,292	59,103,823	55,002,845	58,064,064	65,690,412	69,010,888	75,397,435
Furniture & Home Décor	29,652,335	29,080,559	34,617,549	6,241,411	33,635,931	26,561,300	30,232,779	28,835,577	25,103,179	24,046,293
Eating & Drinking	67,204,184	63,427,005	61,948,792	10,994,725	58,885,084	53,820,045	54,040,756	53,590,618	54,146,824	54,329,183
Other Retail	50,093,358	52,328,190	51,790,156	55,074,728	54,315,420	55,272,420	57,354,174	57,804,063	64,786,132	61,721,161
Other	69,380,695	62,604,962	64,872,951	73,337,760	70,191,347	63,581,646	70,223,203	83,615,875	82,036,950	82,668,416
	$ 414,253,082	$ 403,628,589	$ 404,801,631	$ 418,091,916	$ 407,393,089	$ 382,026,147	$ 402,853,766	$ 421,087,904	$ 416,486,620	$ 417,311,367

Source: Tennessee Department of Revenue, Research Division

Note: Sales information is not available on a fiscal-year basis.

Exhibit F-12

CITY OF GERMANTOWN, TENNESSEE
LOCAL SALES TAX REVENUE BY INDUSTRY
Current and Nine Years Ago

	2015				2006			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	409	52.10%	$ 9,450,204	82.76%	552	59.80%	$ 8,527,434	85.77%
Services	198	25.22%	1,146,046	10.04%	229	24.81%	988,921	9.95%
Manufacturing	28	3.57%	101,479	0.89%	28	3.03%	99,362	1.00%
Wholesale Trade	49	6.24%	61,739	0.54%	63	6.83%	37,547	0.38%
Construction	8	1.02%	2,714	0.02%	12	1.30%	73,065	0.73%
Finance Insurance Real Estate/	5	0.64%	295	0.00%	6	0.65%	1,020	0.01%
Agriculture	9	1.15%	32,443	0.28%	13	1.41%	55,147	0.55%
Other, Non Classified	79	10.06%	624,556	5.47%	20	2.17%	159,484	1.60%
Total	785	100.00%	$ 11,419,476	100.00%	923	100.00%	$ 9,941,980	100.00%

Source: Tennessee Department of Revenue, Research Division.

Notes:
1. Figures subject to revision due to amended taxpayer returns.
2. Figures represent local sales tax collected by merchants during the period, not disbursements from the Department of Revenue.
3. Changes in local telecommunications sourcing rules in 2003 reduced the number of taxpayers reporting in the Transportation and Utilities sector.
4. Does not include Germantown 's share of county clerk or out-of-state taxpayer amounts.
5. Blank cells are suppressed to avoid potential disclosure of confidential information.

Exhibit F-13

CITY OF GERMANTOWN, TENNESSEE
DIRECT AND OVERLAPPING SALES TAX RATES
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Shelby County	State of Tennessee
2015	1.625 %	1.125 %	7.00 %
2014	1.625	1.125	7.00
2013	1.625	1.125	7.00
2012	1.125	1.125	7.00
2011	1.125	1.125	7.00
2010	1.125	1.125	7.00
2009	1.125	1.125	7.00
2008	1.125	1.125	7.00
2007	1.125	1.125	7.00
2006	1.125	1.125	7.00

Source: State of Tennessee Financial Control

Note: Local option tax can be changed by a vote of the citizens.

CITY OF GERMANTOWN, TENNESSEE
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	Governmental Activities				Business-type Activities				
Fiscal Years	General Obligation Bonds	Demand Bonds	Capital Lease	Capital Note	Bonds	Intergovernmental Loans	Total Primary Government	Percentage of Personal Income	Per Capita
2015	$ 21,141,095	$ -	$ -	$ -	$ 3,743,955	$ -	$ 24,885,050	19.72%	$ 620
2014	23,614,882	-	-	-	4,715,618	-	28,330,500	22.45%	706
2013	23,337,318	-	-	-	5,652,281	-	28,989,599	22.97%	723
2012	25,954,333	-	-	-	6,454,052	-	32,408,385	24.40%	834
2011	21,402,936	-	-	-	7,310,555	-	28,713,491	18.17%	739
2010	25,466,025	-	-	-	8,137,057	-	33,603,082	23.60%	783
2009	25,585,254	-	-	-	8,913,560	-	34,498,814	20.26%	841
2008	21,611,014	-	-	-	4,264,284	-	25,875,298	15.81%	631
2007	23,540,552	-	-	-	4,600,714	-	28,141,266	17.37%	687
2006	26,000,000	-	-	-	4,905,000	-	30,905,000	21.00%	754

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

CITY OF GERMANTOWN, TENNESSEE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

	Governmental Activities						
Fiscal Years	**General Obligation Bonds**	**Demand Bonds**	**Capital Lease**	**Capital Note**	**Total**	**Percentage of Actual Taxable Value of Property**	**Per Capita**
2015	$ 21,141,095	$ -	$ -	$ -	$ 21,141,095	0.40%	$ 526.91
2014	23,614,882	-	-	-	23,614,882	0.45%	588.56
2013	23,337,318	-	-	-	23,337,318	0.42%	581.64
2012	25,954,333	-	-	-	25,954,333	0.46%	668.17
2011	21,402,936	-	-	-	21,402,936	0.38%	551.00
2010	25,466,025	-	-	-	25,466,025	0.44%	620.96
2009	25,585,254	-	-	-	25,585,254	0.50%	624.38
2008	21,611,014	-	-	-	21,611,014	0.44%	535.30
2007	23,540,552	-	-	-	23,540,552	0.49%	582.89
2006	26,000,000	-	-	-	26,000,000	0.55%	646.72

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See schedule 7 for property value data.
Population data can be found in Exhibit F-22.

CITY OF GERMANTOWN, TENNESSEE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2015

	Net Outstanding Debt	Percentage Applicable City of Germantown	Overlapping Debt
City Net General Obligation Debt	$ 21,405,000	100.00%	$ 21,405,000
Shelby County (including School Board)	1,153,259,057	8.40%	96,873,761
Direct, Overlapping Debt	$ 1,174,664,057		$ 118,278,761

Note: The City has no direct or contingent liability for the Shelby County debt. The overlapping debt is calculated based upon the Germantown assessment as a percentage of the total county assessment.

Exhibit F-17

CITY OF GERMANTOWN, TENNESSEE
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2015	$ 8,468,543	$ 5,386,238	$ 3,082,305	$ 955,000	$ 165,688	2.75
2014	6,681,013	5,386,006	1,295,007	920,000	182,608	1.17
2013	6,793,703	5,326,971	1,466,732	880,000	232,190	1.32
2012	7,471,805	5,069,893	2,401,912	855,000	261,698	2.15
2011	7,896,551	5,543,197	2,353,354	825,000	290,810	2.11
2010	6,598,459	5,215,958	1,382,501	775,000	318,623	1.26
2009	7,030,835	4,996,003	2,034,832	350,000	255,419	3.36
2008	7,991,054	4,826,184	3,164,870	335,000	116,296	7.01
2007	8,486,257	4,406,062	4,080,195	315,000	282,167	6.83
2006	7,628,554	4,183,328	3,445,226	387,887	230,104	5.57

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest or depreciation expenses.

Exhibit F-18

CITY OF GERMANTOWN, TENNESSEE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	37	37	37	37	37	37	37	39	38	37
Fire Stations	4	4	4	4	4	4	4	4	4	4
Other public works										
Streets (miles)	210	210	210	206	206	200	200	198.5	196.5	195.5
Highways (miles)	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Streetlights	5,097	5,097	5,258	5,135	5,122	5,115	5,102	5,095	4,936	4,896
Parks and recreation										
Acreage	748	748	748	748	748	748	748	748	748	722
Playgrounds	30	30	30	30	30	26	26	26	26	27
Baseball/softball diamonds	15	15	15	15	15	21	21	21	21	21
Sopccer/football fields	11	11	21	21	21	14	14	14	14	13
Community center	0	0	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	210	235	213	209	208	208	207	206	205	200
Fire hydrants	2,606	2,559	2,419	2,384	2,373	2,365	2,357	2,351	2,334	2,317
Storage capacity (million gallons)	8.1	7.9	8.1	8.1	8.1	8.1	6.375	6.375	6.375	6.375
Wastewater*										
Sanitary sewers (miles)	210	232	213	211	211	211	210	209	208	200

Sources: Various city departments.
Notes:
* Wastewater treatment is provided through the City of Memphis via an agreement between the City and Memphis. The charge is then passed on to the customer as a service fee on their monthly bill.

Exhibit F-19

CITY OF GERMANTOWN, TENNESSEE
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Physical arrests	1,730	1,227	1,009	2,354	2,738	2,881	2,938	2,840	2,461	2,352
Parking violations	159	83	101	140	164	338	132	95	55	179
Traffic violations	16,728	6,758	5,318	12,411	14,475	16,423	17,995	17,271	15,362	13,868
Fire										
Emergency responses	3,551	3,354	3,300	3,109	2,924	2,806	2,789	2,703	2,790	2,685
Fires extinguished	45	44	82	102	89	111	114	119	152	141
Inspections	1,515	1,613	1,585	1,803	1,210	1,193	1,233	1,272	1,096	1,295
Other public works										
Street resurfacing (miles)	8.75	7.5	7	8	7	5	8	8	8	9
Parks and recreation										
Athletic field permits issued	n/a	2	n/a	n/a	n/a	68	159	178	153	205
Germantown Athletic Club										
*Admissions - per day	1,310	1,233	1,232	1,132	1,029	1,004	957	779	860	800
*Admissions - per year	471,675	443,855	443,686	407,476	370,497	361,422	344,763	284,404	301,000	288,000
**Library										
Volumes in collection	136,005	143,618	146,819	158,689	152,129	149,974	146,141	144,090	140,337	152,384
Total volumes borrowed	324,892	333,227	356,314	351,997	367,495	372,622	367,844	323,333	289,225	326,744
Water										
New connections	40	56	69	42	59	51	40	101	111	258
Water main breaks	20	22	19	12	8	18	7	6	8	15
Average daily consumption (TGL)	6,899	7.2047	8.658	8.600	8326.000	7.038	7.518	7.779	7.650	7.632
Peak daily consumption (TGL)	13.275	13.969	15.818	17.200	15.120	15.722	15.668	21.328	21.300	18.930

Sources: Various city departments.

Notes: TGL=thousand gallons; n/a=information not available

*The Germantown Athletic Club is open 360 days per year. Per day is an average and is rounded to the nearest even number. Children 11 and under are not included in these numbers

**The Library was part of Memphis/Shelby County Library System until July 2004 when it came under the direction of the City of Germantown. Also, includes collections from the Germantown Regional History and Genealogy Center beginning in 2006

Exhibit F-20

CITY OF GERMANTOWN, TENNESSEE
FULL-TIME EQUIVALENT CITY GOVERNMENT BY PROGRAM/COST CENTER
Last Ten Fiscal Years

Program/Cost Center: (Full Time Equivalents- Non-Exempt/Exempt Employees)	**2015**		**2014**		**2013**		**2012**		**2011**		**2010**		**2009**		**2008**		**2007**		**2006**	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
General Government																				
City Court	7	-	7	3	7	1	7	-	7	-	6	-	6	-	5	-	5	-	6	-
Administration	5	1	5	0.5	5	-	4	1	5	1	5	1	5	2	9	2	9	2	7	1
Human Resources	7	-	6	-	6	-	6	-	6	-	6	-	6	-	6	-	6	-	6	-
Information Technology	5	-	5	-	5	-	5	-	4	-	3	1	2	1	2	-	5		5	-
Finance	10	-	16	0.5	9	1	15	1	14	1	15	1	15	1	16	-	15	1	17	-
Procurement	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and Community Development	19	-	20	-	22	-	21	-	21	-	26	-	27	-	27	-	27	-	30	-
Facility Services	14	-	12	-	12	-	13	-	15	-	15	-	16	-	10	3	10	3	10	3
GPAC	10	2	9	4.5	9	36	9	5	9	5	9	5	9	4	10	5	9	5	9	5
Office of Budget & Performance	3	-	2	-	2	-	2	-	2	-	2	-	2	-	2	1	3	1	3	1
Public Safety																				
Police	115	1	107	-	107	-	110	1	109	1	109	1	108	1	108	1	106	1	102	1
Fire	66	1	70	1	79	1	69	1	69	1	68	1	68	1	69	1	69	1	69	1
Transportation & Environment																				
Public Services	39	1	38.5	1	44	2	39	1	38	-	44	-	29	-	29	-	29	-	29	-
Fleet Services	8	1	10	-	10	-	10	-	10	-	10	-	10	-	10	-	11	-	11	-
Animal Control	4	1	5	-	4	-	4	-	4	-	4	-	4	-	4	-	4	-	4	-
Community Services																				
Parks & Recreation	6	6	6.5	4.5	5	21	7	4	6	5	9	4	32	4	33	3	37	3	39	3
The Farm	-	1	-	1	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulance Fund	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Germantown Athletic Club																				
Recreation	10	12	11	11.9	9	69	10	12	10	12	11	11	10	12	8	15	15	15	12	15
Aquatics	2	14	2	13.5	2	78	2	14	2	14	2	13	2	13	2	13	3	13	3	14
Personal Training	1	1	1	1	-	-	-	-	-	-	-	-	2	-	2	-	-	-	3	1
Great Hall	2	1	2	1	-	3	2	1	2	1	2	1	-	-	-	-	-	-	-	-
Utilities																				
Water	21	-	20	-	20	-	20	-	20	-	20	-	20	-	20	-	21	-	21	-
Sewer	6	-	6	-	6	-	6	-	6	-	6	-	6	-	6	-	6	-	6	-
Sanitation	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stormwater	7	-	7	-	-	-	7	-	8	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	1	6	-	6	-	6	-	6	-	6	-
Municipal Schools *																				
Full Time (Employees)	517	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	908	43	368	43	363	216	368	41	367	42	378	39	385	39	384	44	396	45	398	45

Source: City of Germantown
Notes:
A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).
* 5,732 Students Enrolled

CITY OF GERMANTOWN, TENNESSEE
PRINCIPAL EMPLOYERS
Current Year and Five Years Ago

	2015			2010		
Employer	**Employees**	**Rank**	***Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Methodist LeBonhuer Hospital - Germantown	1,857	1	0.33%	1,938	1	0.49%
Germantown Municipal School District	517	2	0.09%	--	--	--
Campbell Clinic	400	3	0.07%	350	4	0.09%
City of Germantown	380	4	0.07%	372	3	0.09%
Kroger	362	5	0.06%	--	--	--
Orgill, Inc.	265	6	0.05%	287	7	0.07%
ThyssenKrupp Elevator Manufacturing, Inc.	260	7	0.05%	--	--	--
Villages of Germantown	249	8	0.04%	--	--	--
Stern Cardiovascular	240	9	0.04%	170	10	0.05%
Baptist Rehabilitation – Germantown	184	10	0.03%	523	2	0.13%
O.R. Nurses	--	--	--	323	5	0.08%
Orgill, Inc.	--	--	--	295	6	0.07%
El Porton	--	--	--	200	8	0.05%
Schnucks	--	--	--	200	9	0.05%

*Approximately 5,662 Personnel Staff per Shelby County Official Website

CITY OF GERMANTOWN, TENNESSEE
DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

	Population	1	Median Income (thousands of dollars) 4	1	Per Capita Personal Income 4		School Enrollment		Unemployment Rate 6
2006	40,977	3	162,055	4	57,591		9,117		N/A*
2007	40,944		163,643	4	59,017		8,558		3.4
2008	40,977		170,252	4	61,275		8,363		4.5
2009	41,011		154,292	4	55,632		8,099		8.6
2010	41,011		142,358	4	51,215		7,927		6.9
2011	38,844		158,011		53,043		8,499		6.2
2012	38,844		132,795	4	50,429		8,580		6.4
2013	40,123	3	126,196	3	51,701	3	8,571		5.4
2014	40,123	3	113,294	3	49,857	3	8,551	7	5.6
2015	40,123	3	114,520	9	53,329	9	5,732	8	4.6

Sources:
(1) Estimated unless otherwise noted
(2) Federal Census
(3) Special Local Census
(4) Memphis Business Journal
(5) Shelby County Board of Education
(6) U.S. Census Bureau * 2006 Unemployment rate not available by document deadline.
2008, 2011, 2013 and 2014 Unemployment rate derived from Sperling's Best Places. 2010 Unemployment rate derived from The Commercial Appeal. 2012 unemployment rate derived from the Department of Labor and Workforce Development.
(7) Homefacts.com
Note: U.S. Census Bureau and Memphis Business Journal information is reported on a calendar basis.
(8) Germantown Municipal School District.
(9) Sperling's Best Places.

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 Germantown (0000262)
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.

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

Master Meter and Supply Error Adjustments

WATER SUPPLIED

		Grade	Volume		Grade	Pcnt:	Value:	
Volume from own sources:	+ ?	8	2,518.086	MG/Yr	9	6.00%		MG/Yr
Water imported:	+ ?	9	14.587	MG/Yr	8	2.00%		MG/Yr
Water exported:	+ ?	n/a	0.000	MG/Yr				MG/Yr

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

WATER SUPPLIED: 2,389.854 MG/Yr

AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

		Grade	Volume		Pcnt:	Value:	
Billed metered:	+ ?	6	1,892.051	MG/Yr			
Billed unmetered:	+ ?	n/a	0.000	MG/Yr			
Unbilled metered:	+ ?	10	9.536	MG/Yr			
Unbilled unmetered:	+ ?	8	81.272	MG/Yr		81.272	MG/Yr

Unbilled Unmetered volume entered is greater than the recommended default value

Use buttons to select percentage of water supplied **OR** value

AUTHORIZED CONSUMPTION: ? 1,982.859 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption) 406.995 MG/Yr

Apparent Losses

		Grade	Volume		Pcnt:	Value:	
Unauthorized consumption:	+ ?	7	11.250	MG/Yr		11.250	MG/Yr

Unauthorized consumption volume entered is greater than the recommended default value

		Grade	Volume		Pcnt:	Value:	
Customer metering inaccuracies:	+ ?	7	19.208	MG/Yr	1.00%		MG/Yr
Systematic data handling errors:	+ ?	7	4.915	MG/Yr		4.915	MG/Yr

Apparent Losses: ? 35.373 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: ? 371.622 MG/Yr

WATER LOSSES: 406.995 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: ? 497.803 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

		Grade	Value	
Length of mains:	+ ?	8	223.0	miles
Number of active AND inactive service connections:	+ ?	8	14,052	
Service connection density:	?		63	conn./mile main
Are customer meters typically located at the curbstop or property line?			No	
Average length of customer service line:	+ ?	8	15.0	ft
Average operating pressure:	+ ?	7	60.0	psi

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

COST DATA

		Grade	Value	
Total annual cost of operating water system:	+ ?	9	$4,342,318	$/Year
Customer retail unit cost (applied to Apparent Losses):	+ ?	8	$2.52	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+ ?	9	$276.37	$/Million gallons

☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 79 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 Germantown (0000262)
Reporting Year: 2015 | 7/2014 - 6/2015

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 79 out of 100 ***

System Attributes:

	Apparent Losses:	35.373	MG/Yr
+	Real Losses:	371.622	MG/Yr
=	Water Losses:	406.995	MG/Yr
?	Unavoidable Annual Real Losses (UARL):	79.14	MG/Yr
	Annual cost of Apparent Losses:	$89,140	
	Annual cost of Real Losses:	$102,705	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:	20.8%	
	Non-revenue water as percent by cost of operating system:	5.0%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	6.90	gallons/connection/day
	Real Losses per service connection per day:	72.46	gallons/connection/day
	Real Losses per length of main per day*:	N/A	
	Real Losses per service connection per day per psi pressure:	1.21	gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	371.62	million gallons/year
?	Infrastructure Leakage Index (ILI) [CARL/UARL]:	4.70	

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

CITY OF GERMANTOWN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS
June 30, 2015

As of June 30, 2015, City of Germantown, Tennessee served approximately 13,572 water customers and had the following rate structure in place:

Water Rates		Amount	(TGL=Thousand Gallons)
Residential	Minimum (5 TGL)	$ 8.78	per TGL
	6 TGL - 15 TGL	2.15	per TGL
	16 TGL - 50 TGL	2.47	per TGL
	51 to 999,999	3.12	per TGL
Commercial	Minimum (5 TGL)	13.17	per TGL
	6 TGL - 15 TGL	3.42	per TGL
	16 - 50 TGL	3.90	per TGL
	51 to 999,999	4.88	per TGL

WATKINS UIBERALL

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

To the Honorable Mike Palazzolo, Mayor
and the Board of Aldermen
City of Germantown, 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 discretely presented component unit, each major fund, the statement of budgetary comparison for the general and municipal schools funds, and the aggregate remaining fund information of the City of Germantown, Tennessee, (the "City") as of and for the 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 18, 2015. Our report includes a reference to other auditors who audited the financial statements of GPAC, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Watkins Uiburall, PLLC

Memphis, Tennessee
December 18, 2015

WATKINS UIBERALL

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

To the Honorable Mike Palazzolo, Mayor
and the Board of Aldermen
City of Germantown, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the City of Germantown, Tennessee (the "City")'s compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2015. The City's major federal program is identified in the summary of auditor's 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 major federal program.

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

Watkins Uiburall, PLLC

Memphis Tennessee
December 18, 2015

CITY OF GERMANTOWN, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Germantown, Tennessee.

2. No significant deficiencies related to the financial statements of the City of Germantown, Tennessee were disclosed during the audit.

3. No instances of noncompliance material to the financial statements of the City of Germantown, Tennessee, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs are reported.

5. The auditor's report on compliance for the major federal award program for the City of Germantown, Tennessee expresses an unmodified opinion on the major federal program.

6. There were no audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The program tested as a major program included:

   Special Education Cluster (IDEA), CFDA numbers 84.027 – Special Education Grants to States and 84.173 – Special Education Preschool Grants

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

9. The City of Germantown, Tennessee qualifies as a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None reported

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported

CITY OF GERMANTOWN, TENNESSEE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2015

None