

OFFICIAL STATEMENT

New Issue
Book-Entry Only

Rating: S&P "AA-"

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Municipality (i) interest on the Bonds will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "Tax Matters" herein).

\$6,540,000

TOWN OF GREENEVILLE, TENNESSEE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020 (ULT) (NON-BANK QUALIFIED)

Dated: Date of Delivery

Due: June 1, as shown below

The Town of Greeneville, Tennessee (the "Municipality") will issue its \$6,540,000 General Obligation Refunding Bonds, Series 2020 (the "Bonds") in fully registered form, without coupons, and, when issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of beneficial ownership interest in the Bonds will be made in book-entry form only, in denominations of \$5,000 or multiples thereof through DTC Participants. Interest on the Bonds will be payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2020, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal of and interest on the Bonds are to be made to purchasers by DTC through the Participants (as such term is herein defined). Purchasers will not receive physical delivery of Bonds purchased by them. See "The Bonds-Book-Entry-Only System." Principal of and interest on the Bonds are payable by the Municipality to the designated corporate trust office of U.S. Bank National Association, Nashville, Tennessee, as registration and paying agent (the "Registration Agent").

The Bonds are not subject to optional redemption. The Bonds are payable on June 1 of each year as follows:

Maturity (June 1)	Principal	Interest Rate	Price or Yield	CUSIP Number	Maturity (June 1)	Principal	Interest Rate	Price or Yield	CUSIP Number
2021	\$ 75,000	3.000%	1.180%	396622LV2	2026	\$1,460,000	5.000%	1.400%	396622MA7
2022	75,000	3.000	1.200	396622LW0	2027	1,495,000	5.000	1.450	396622MB5
2023	75,000	3.000	1.250	396622LX8	2028	1,580,000	5.000	1.550	396622MC3
2024	90,000	5.000	1.280	396622LY6	2029	1,590,000	4.000	1.630	396622MD1
2025	100,000	5.000	1.330	396622LZ3					

The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the Municipality are irrevocably pledged.

The Bonds are offered when, as and if issued, subject to the approval of the legality by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the Municipality by Milligan & Coleman PLLP, Greeneville, Tennessee, counsel to the Municipality. Stephens Inc. is serving as Municipal Advisor to the Municipality. The Bonds, in book-entry form, are expected to be available for delivery through Depository Trust Company in New York, New York, on or about April 29, 2020.

April 7, 2020

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the “Official Statement”) by the Town of Greeneville, Tennessee (the “Municipality”), is an Official Statement with respect to the Bonds described herein that is deemed final by the Municipality as of the date hereof (or of any such supplement or amendment). It is subject to completion with certain information to be established at the time of the sale of the Bonds as permitted by Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesman or other person has been authorized by the Municipality or by Stephens Inc. (the “Municipal Advisor”) to give any information or make any representations other than those contained in this Official Statement and, if given or made, such information or representations with respect to the Municipality or the Bonds must not be relied upon as having been authorized by the Municipality or the Municipal Advisor. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities other than the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Municipality since the date as of which information is given in this Official Statement.

In making an investment decision investors must rely on their own examination of the Municipality and the terms of the offering, including the merits and risks involved. No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

CUSIP data herein is subject to copyright 2014, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of The American Bankers Association by S&P Capital IQ. This information is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the Municipality or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the Municipality nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

The material contained herein has been obtained from sources believed to be current and reliable, but the accuracy thereof is not guaranteed. The Official Statement contains statements which are based upon estimates, forecasts, and matters of opinion, whether or not expressly so described, and such statements are intended solely as such and not as representations of fact. All summaries of statutes, resolutions, and reports contained herein are made subject to all the provisions of said documents. The Official Statement is not to be construed as a contract with the purchasers of any of the Town of Greeneville, Tennessee General Obligation Refunding Bonds, Series 2020.

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TOWN OF GREENEVILLE, TENNESSEE

MAYOR
W. T. Daniels

BOARD OF MAYOR AND ALDERMEN

Scott Bullington
Cal Doty
Buddy Hawk
Jeff Taylor

ADMINISTRATION

City Administrator	Todd Smith
Recorder	Carolyn C. Susong
Chief of Police	Tim Ward
Public Works Director	Brad Peters
Planning Director	Logan Engle
Human Resources Director	Patsy S. Fuller

ISSUER ATTORNEY
Milligan & Coleman PLLP
Greeneville, Tennessee

BOND COUNSEL
Bass, Berry & Sims PLC
Nashville, Tennessee

REGISTRATION AND PAYING AGENT AND REFUNDING ESCROW AGENT
U.S. Bank National Association
Nashville, Tennessee

MUNICIPAL ADVISOR
Stephens Inc.
Nashville, Tennessee

UNDERWRITER
Hilltop Securities
Dallas, Texas

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Summary Statement

This Summary is expressly qualified by the entire Official Statement, which should be viewed in its entirety by potential investors.

ISSUER	Town of Greeneville, Tennessee (the “Municipality”).
ISSUES	\$6,540,000 General Obligation Refunding Bonds, Series 2020 (the “Bonds”).
PURPOSE	The Bonds are being issued for the purpose of providing funds to refund the Municipality’s (i) General Obligation Refunding Bonds, Series 2010A, dated October 28, 2010, maturing June 1, 2020 through June 1, 2029, inclusive, and (ii) pay costs related to the issuance and sale of the Bonds. See, “The Bonds-Description” and “Plan of Refunding” herein.
DATED DATE	April 29, 2020.
INTEREST DUE	Each June 1 and December 1, commencing June 1, 2020.
PRINCIPAL DUE	June 1, 2021 through June 1, 2029.
OPTIONAL REDEMPTION	The Bonds are not subject to redemption prior to redemption at the option of the Municipality. See “The Bonds-Optional Redemption” herein.
SECURITY	The Bonds shall be payable from unlimited <u>ad valorem</u> taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the Municipality are irrevocably pledged. See, “The Bonds –Security” herein.
RATING	“AA-” by S&P Global Ratings (the “Rating Agency”), based on documents and other information provided by the Issuer. The rating reflects only the view of the Rating Agency and neither the Issuer, the Municipal Advisor nor the Underwriter makes any representations as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by the Rating Agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the rating may be obtained from the Rating Agency. See. “Rating” herein.

TAX MATTERS In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Municipality, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. See “Tax Matters” herein.

**REGISTRATION AND PAYING
AGENT AND REFUNDING**

ESCROW AGENT..... U.S. Bank National Association, Nashville, Tennessee

MUNICIPAL ADVISOR..... Stephens Inc.

UNDERWRITER..... Hilltop Securities, Dallas, Texas.

Official Statement

Town of Greeneville, Tennessee

\$6,540,000 General Obligation Refunding Bonds, Series 2020 (ULT)

Introduction

The Official Statement, including the cover page and appendices hereto, is furnished in connection with the issuance by the Town of Greeneville, Tennessee (the “Municipality”) of \$6,540,000 General Obligation Refunding Bonds, Series 2020 (the “Bonds”).

The Bonds are issuable under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101 et seq., Tennessee Code Annotated, and pursuant to a detailed bond resolution adopted by the Board of Mayor and Aldermen of the Municipality on February 18, 2020 (the “Resolution”) authorizing the execution, terms, issuance and sale of the Bonds.

This Official Statement includes descriptions of, among other matters, the Bonds, the Resolution, and the Municipality. Such descriptions and information do not purport to be comprehensive or definitive. All references to the Resolution are qualified in their entirety by reference to the definitive document, including the form of the Bonds included in the Resolution. During the period of the offering of the Bonds, copies of the Resolution and any other documents described herein or in the Resolution may be obtained from the Municipality. After delivery of the Bonds, copies of such documents will be available for inspection at the Office of Recorder, Greeneville City Hall, 200 North College Street, Greeneville, Tennessee 37745. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolution.

The Bonds

Description

The Bonds are being issued for the purpose of providing funds to refund the Municipality’s (i) General Obligation Refunding Bonds, Series 2010A, dated October 28, 2010, maturing June 1, 2020 through June 1, 2029, inclusive (the “Refunded Bonds”), and (ii) pay costs related to the issuance and sale of the Bonds. See “Plan of Refunding” herein.

The Bonds will be issued as fully registered book-entry Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated their date of issuance. Interest on the Bonds, at the rates per annum set forth on the cover page and calculated on the basis of a 360-day year, consisting of twelve 30-day months, will be payable semiannually on June 1 and December 1 of each year (herein an “Interest Payment Date”), commencing June 1, 2020.

The Bonds will mature on the dates and in the amounts set forth on the cover page.

The Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds.

U.S. Bank National Association, Nashville, Tennessee (the “Registration Agent”) will make all interest payments with respect to the Bonds on each Interest Payment Date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the Interest Payment Date (the “Regular Record Date”) by

check or draft mailed to such owners at their addresses shown on said registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Municipality in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. In the event the Bonds are no longer registered in the name of DTC or its successor or assigns, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

Any interest on any Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Municipality to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: The Municipality shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Municipality shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall not be more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the Municipality of such Special Record Date and, in the name and at the expense of the Municipality, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in the Resolution or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of and interest on the Bonds when due.

Redemption

The Bonds are not subject to redemption prior to maturity at the option of the Municipality.

Security and Sources of Payment

The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the Municipality. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the Municipality are pledged.

Under Tennessee law, the Municipality's legislative body is authorized to levy a tax on all taxable property within the Municipality, or a portion thereof, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions pursuant to which the Bonds are issued, reference is hereby made to the Resolution.

Discharge and Satisfaction of Bonds

The Bonds may be discharged and defeased in any one or more of the following ways:

(a) By depositing sufficient funds as and when required with the Registration Agent, to pay the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the Municipality shall also pay or cause to be paid all other sums payable under the Resolution, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Municipality to the holders of such Bonds shall be fully discharged and satisfied.

If the Municipality pays and discharges the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners of such Bonds shall thereafter be entitled only to payment out of the money or Defeasance Obligations.

Defeasance Obligations are direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Remedies of Bondholders

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the Municipality, including, but not limited to, the right to require the Municipality to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the Municipality to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC[nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Municipality or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Municipality or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The Municipality may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Municipality believes to be reliable, but Municipality takes no responsibility for the accuracy thereof.

THE MUNICIPALITY AND THE REGISTRATION AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OR ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Plan of Financing

Sources and Uses of Funds

The following table sets forth the sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds

Par Amount	\$6,540,000.00
Reoffering Premium (Discount)	<u>1,431,496.60</u>
Total Sources	<u>\$7,971,496.60</u>

Uses of Funds

Deposit to Escrow Fund	\$7,843,032.73
Costs of Issuance ⁽¹⁾	126,932.64
Rounding Amount	<u>1,531.23</u>
Total Uses	<u>\$7,971,496.60</u>

(1) Includes all fees and expenses, including underwriter's discount and expenses

Plan of Refunding

The Bonds are being issued, in part, to refund the Refunded Bonds, as described under "THE BONDS – Description" herein. The purpose of the refunding is to achieve debt service savings for the Municipality.

Pursuant to a Refunding Escrow Agreement (the "Escrow Agreement") between the Municipality and U.S. Bank National Association, Nashville, Tennessee (the "Escrow Agent"), a portion of the proceeds of the Bonds will be used to purchase direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which obligations shall not be subject to redemption prior to maturity (the "Escrow Investments"). The Escrow Investments will be held in a separate fund established by the Escrow Agent with the interest earned and the principal amount of the Escrow Investments being sufficient to pay principal of and interest on the Refunded Bonds to and on their earliest possible redemption date of June 1, 2020. The principal of and the interest on the Escrow Investments will be available only for payment of the Refunded Bonds.

Rating

The Bonds have been assigned a rating of "AA-" by S & P Global Ratings (the "Rating Agency") based on documents and other information provided by the Issuer. The rating reflects only the view of the Rating Agency, and neither the Issuer, the Municipal Advisor, nor the Underwriter make any representation as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that they will not be lowered or withdrawn entirely by the Rating Agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the ratings may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the ratings may be obtained from the Rating Agency.

Continuing Disclosure

General

The Municipality will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds (i) to provide certain financial information and operating data relating to the Municipality by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2019 (the “Annual Report”), (ii) to provide notice of the occurrence of certain enumerated events and (iii) to provide notice of failure to timely provide any required financial information of the Municipality. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the Municipality with the Municipal Securities Rulemaking Board (“MSRB”) at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the “SID”). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the “Rule”).

The Municipality did not timely file the following: (i) notice of a rating change on its Airport Revenue and Tax Refunding and Improvement Bonds, Series 2003 (AMT), dated June 1, 2003 (the “Series 2003 Bonds”) by Moody’s as a result of a recalibration of Moody’s ratings, (ii) the annual report and audited financial statements for fiscal year ended June 30, 2011 for the Series 2003 Bonds, although such annual report and audited financial statements were timely filed for the Municipality’s other outstanding bonds, (iii) the chart in the Official Statement for the Series 2003 Bonds and for the Municipality’s General Obligation Refunding Bonds, Series 2009, dated August 12, 2009 (the “Series 2009 Bonds”) entitled “Summary of Revenues, Expenses and Changes in Fund Balances – Airport”, (iv) a change in the underlying rating of Standard & Poor’s Ratings Services on the Series 2009 Bonds, and (v) a change in the insured rating by S&P on the Municipality’s General Obligation Refunding Bonds, Series 2010. All of the foregoing omissions have been updated and filed, Except for the foregoing, the Municipality has not failed to comply in any material respect with the previous undertakings in the past five years.

Annual Report

The Municipality’s Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the Issuer for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the Municipality’s audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in Appendix B to this Official Statement as follows.

1. “Summary of Outstanding Debt”;
2. “Debt Statement”;
3. “Debt Record”;
4. “Per Capita Debt Ratios”;
5. “Debt Ratios”;
6. “Debt Trend”;

7. “General Obligation Debt Service Requirements”;
8. “Airport Supported Debt Service Requirements”;
9. “Property Valuation and Property Tax”;
10. “Top Taxpayers”;
11. “Fund Balances”;
12. “Net Assets for Fiscal Years Ending June 30th – Proprietary Funds “;
13. “Local Option Sales Tax Collections”; and
14. “Statement of Operating Revenues, Expenditures and Changes in Fund Balances – General Fund for the Fiscal Year”.

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the Municipality or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, in final form, it will be available from the Municipal Securities Rulemaking Board. The Municipality shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events

The Municipality will file notice regarding certain significant events with the MSRB and SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the Municipality shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any. Notwithstanding the foregoing, notice of Listed Events described in subsection (3)(h) and (i) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the Municipality shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults, if material;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;

- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- g. Modifications to rights of Bondholders, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution, or sale of property securing repayment of the securities, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
- m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- o. Incurrence of a financial obligation (as defined by the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

Upon the occurrence of a Listed Event, the Issuer shall file a notice of such occurrence with the MSRB and SID, if any, no more than ten (10) business days after the occurrence of such event.

For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the Issuer shall determine the materiality of such event as soon as possible after learning of its occurrence.

Termination of Reporting Obligation

The Municipality's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment/Waiver

Notwithstanding any other provision of the Disclosure Certificate, the Municipality may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of the respective Holders, or (ii) does not, in the opinion of nationally recognized Bond Counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the Municipality shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Municipality. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default

In the event of a failure of the Municipality to comply with any provision of the Disclosure Certificate, any Bondholder or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Municipality to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the Municipality to comply with the Disclosure Certificate shall be an action to compel performance.

Future Issues

The Municipality has no additional debt planned or authorized for new capital projects at this time.

COVID-19

The worldwide spread of COVID-19, a respiratory disease caused by a novel strain of coronavirus, has reached several areas in Tennessee, including the Municipality, and is considered a Public Health Emergency of International Concern by the World Health Organization. The spread of COVID-19 has led to quarantine and other “social-distancing” measures in affected regions, including the State and the Municipality, undertaken by government agencies, businesses, schools and other entities. The State’s Governor has ordered that all non-essential business in the State remain closed through mid-April. As such, the disease has significantly limited travel and commercial markets within the State and the Municipality.

Given the evolving nature of the spread of the disease and the behavior of governments, businesses, and individuals in response thereto, the Municipality is unable to predict (i) the extent or duration of the COVID-19 outbreak or other epidemic or pandemic, (ii) the extent or duration of existing and additional quarantines, business-closures, travel restrictions and other measures relating to COVID-19 or other epidemic or pandemic, (iii) whether and to what extent the COVID-19 outbreak or other epidemic or pandemic may adversely affect the operations of the Municipality, or (iv) the impact of COVID-19 on the financial condition of the Municipality. From an operations perspective, the Municipality is working proactively to preserve effective staffing for all essential Municipality operations. Financially, the Municipality expects that tax collections derived from commercial activity (such as sales taxes) will be adversely affected while business closure and other social-distancing measures remain in place.

Litigation

The Municipality, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation with its counsel, the Municipality believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the Municipality or its officials in such capacity are adequately covered by insurance or by sovereign immunity or will not have a material adverse effect upon the Municipality's financial condition.

As of the date of this Official Statement, the Municipality has no knowledge or information concerning any pending or threatened litigation contesting the Municipality of the Municipality to issue, sell or deliver the Bonds. The Municipality has no knowledge or information of any actions pending or expected that would materially affect the Municipality's ability to pay the debt service requirements of the Bonds.

Approval of Legal Proceedings

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Bass, Berry & Sims PLC, Bond Counsel. A copy of the opinion will be available upon delivery of the Bonds. (See Appendix A). Certain legal matters will be passed upon for the Municipality by Milligan & Coleman PLLP, Greeneville, Tennessee, counsel to the Municipality.

Tax Matters

Federal

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the Municipality and assuming compliance by the Municipality with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not a preference item for a bondholder under the federal alternative minimum tax on individuals.

The Code imposes requirements on the Bonds that the Municipality must continue to meet after the Bonds are issued. These requirements generally involve the way that the Bond proceeds must be invested and ultimately used. If the Municipality does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The Municipality has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also "Changes in Federal and State Tax Law" below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Original Issue Discount. A Bond will have “original issue discount” if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel’s opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder’s federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder’s tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Changes In Federal And State Tax Law

From time to time, there are Presidential proposals, proposals of various federal and Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. For example, various proposals have been made in Congress and by the President which, if enacted, would subject interest on bonds, such as the Bonds, that is otherwise excluded from gross income for federal income tax purposes, to a tax payable by certain bondholders with an adjusted gross income in excess of certain proposed thresholds. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to Bonds prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the

date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Municipal Advisor

Stephens Inc. is serving as Municipal Advisor to the Municipality in connection with the issuance of the Bonds. Stephens Inc., in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal or state income tax status of the Bonds. The information set forth herein has been obtained by the Municipality and other sources believed to be reliable. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Municipality and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

Underwriting

Hilltop Securities, Dallas, Texas, acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Bonds for an aggregate purchase price of \$7,930,629.59, which is par, plus \$1,431,496.60 of original issue premium, less underwriter's discount of \$40,867.01.

The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

Forward Looking Statements

The statements contained in this Official Statement, and in any other information provided that are not purely historic, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof, and assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business and policy decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

Miscellaneous

Any statement made in this Official Statement involving matters of opinion and estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement was duly authorized by the Municipality.

Certificate of Mayor

I, W. T. Daniels, do hereby certify that I am the duly qualified and acting Mayor of the Town of Greeneville, Tennessee, and as such official, I do hereby further certify with respect to the Official Statement dated April 7, 2020 issued in connection with the sale of the Municipality’s \$6,540,000 General Obligation Refunding Bonds, Series 2020 and to the best of my knowledge, information, and belief (a) the descriptions and statements contained in said Official Statement were at the time of acceptance of the winning bid and are on the date hereof true and correct in all material respects; and (b) that said Official Statement did not at the time of the acceptance of the winning bid and does not on the date hereof contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

WITNESS my official signature this 29th day of April, 2020.

/s/ W.T. Daniels
Mayor

I, Carolyn C. Susong, do hereby certify that I am the duly qualified and acting Recorder of the Town of Greeneville, Tennessee, and as such official, I do hereby certify that W. T. Daniels is the duly qualified and acting Mayor of said Municipality and that the signature appended to the foregoing certificate is the true and genuine signature of such official.

WITNESS my official signature and the seal of said Municipality as of the date subscribed to the foregoing certificate.

/s/ Carolyn C. Susong
City Recorder

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APPENDIX A

Form of Legal Opinion of Bass, Berry & Sims PLC, Attorneys,
Nashville, Tennessee relating to the Bonds.

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(Form of Opinion of Bond Counsel)

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

April 29, 2020

We have acted as bond counsel to the Town of Greeneville, Tennessee (the “Issuer”) in connection with the issuance of \$6,540,000 General Obligation Refunding Bonds, Series 2020, dated April 29, 2020 (the “Bonds”). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.

2. The resolution of the Board of Mayor and Aldermen of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

BASS, BERRY & SIMS PLC

APPENDIX B

Demographic and General Financial Information
Related to the Municipality

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DEMOGRAPHIC AND GENERAL FINANCIAL INFORMATION OF THE MUNICIPALITY

GENERAL INFORMATION

The Issuer

The Town of Greeneville (the “Town”) is located in the northeastern portion of Tennessee in Greene County (the “County”). The County is bordered by Sullivan, Washington, Unicoi, Cocke and Hamblen Counties in Tennessee and the State of North Carolina. The Town serves as the County seat. It is located approximately 70 miles northeast of Knoxville, 50 miles southwest of Bristol and 50 miles north of Asheville, North Carolina. The other incorporated areas in the County are Tusculum, Mosheim and Baileyton.

Greeneville is the second oldest Town in the State of Tennessee. The Town was the home and burial place of Andrew Johnson, the seventeenth President of the United States. Frontiersman Davy Crockett was born in the County in 1786. The U.S. Department of the Interior maintains various sites pertaining to these historical events.

The Town is accessed by Interstate Highway 81, U.S. Highway 11-E and 321 and State Highways 70, 34, 93, 107 and 172. The Norfolk Southern Railway serves as the Town’s railway. The Greeneville Municipal Airport is owned by the Town. The airport has a 6,300 foot lighted runway and provides 24-hour fuel service, aircraft maintenance, car rental and overnight aircraft lodging. Commercial flights are available at the McGhee Tyson Airport near Knoxville, Tri-Cities Regional Airport in Blountville, Tennessee and also at the Asheville Airport.

DEMOGRAPHIC DATA

Population

	<u>Town</u>	<u>Greene County</u>	<u>Tennessee</u>
1990 U.S. Census	13,532	55,990	4,890,626
2000 U.S. Census	15,198	63,049	5,703,719
2010 U.S. Census	15,062	68,833	6,355,311
2011 U.S. Census Estimate	15,058	69,097	6,399,291
2012 U.S. Census Estimate	14,938	68,698	6,453,898
2013 U.S. Census Estimate	14,886	68,330	6,494,340
2014 U.S. Census Estimate	14,930	68,467	6,541,223
2015 U.S. Census Estimate	14,921	68,521	6,591,170
2016 U.S. Census Estimate	14,875	68,511	6,646,010
2017 U.S. Census Estimate	14,870	68,759	6,708,799
2018 U.S. Census Estimate	14,898	69,087	6,771,631

Source: U.S. Bureau of Census

ECONOMIC DATA

Income

The statistics below are for Greene County.

	County	Tennessee	% of State
2009 Per Capita Personal Income	\$30,581	\$34,260	89.3%
2010 Per Capita Personal Income	\$32,269	\$35,653	90.5%
2011 Per Capita Personal Income	\$33,211	\$37,627	88.3%
2012 Per Capita Personal Income	\$34,155	\$39,312	86.9%
2013 Per Capita Personal Income	\$35,226	\$39,427	89.3%
2014 Per Capita Personal Income	\$35,494	\$40,801	87.0%
2015 Per Capita Personal Income	\$37,107	\$42,593	87.1%
2016 Per Capita Personal Income	\$37,665	\$43,726	86.1%
2017 Per Capita Personal Income	\$38,618	\$44,950	85.9%
2018 Per Capita Personal Income	\$39,971	\$46,900	85.2%

Source: Bureau of Economic Analysis, CA1-3 Personal Income Summary

Employment

Year	Employment	Unemployment	Total Labor Force	Unemployment Percent		
				County	State	U.S.
2010	27,021	3,966	30,987	12.8%	9.6%	9.6%
2011	27,207	3,501	30,708	11.4%	9.0%	8.9%
2012	27,012	3,068	30,080	10.2%	7.8%	8.1%
2013	27,440	2,914	30,354	9.6%	7.7%	7.4%
2014	27,611	2,434	30,045	8.1%	6.6%	6.2%
2015	28,561	1,986	30,547	6.5%	5.6%	5.3%
2016	29,153	1,664	30,817	5.4%	4.7%	4.9%
2017	28,920	1,394	30,314	4.6%	3.8%	4.3%
2018	28,457	1,372	29,829	4.6%	3.5%	3.9%
2019	29,057	1,369	30,426	4.5%	3.4%	3.7%
Jan-20	27,976	1,535	29,511	5.2%	3.3%	3.6%

Source: Bureau of Labor Statistics

Local Industry

Greene County is one of the largest manufacturing counties in Tennessee and ranks highly in the number of manufacturing jobs per capita. The Town is the location of many industries, several of which are divisions of Fortune 500 companies.

The Greene County Partnership was formed in 1993 to promote, preserve and enhance the quality of life and economic well-being of all Greene Countians by providing collective leadership and serving as a facilitator, catalyst and unifying force to achieve common community goals. In the past 15 years, the Greene

County Partnership has helped locate 20 manufacturing and distribution firms, the most recent of which is US Nitrogen with a capital investment nearing \$150 million.

The County and Town are home to three separate industrial parks. The Hardin Industrial Complex, located within the city limits of Greeneville, has over 150 total acres of industrial properties. The Mount Pleasant Industrial Park, built in 1991, is located just 5 miles west of downtown Greeneville and has a total of 175 acres. Elk Creek Industrial park is located adjacent to the Mount Pleasant Industrial Park and has 60 total acres of land.

In mid-2015, Worthington Industries announced an expansion of its engineering cabs facility in Greeneville by 140 employees with a \$14.25 million capital investment. The action brought Worthington’s total employee count in Greeneville to 460.

In 2017, Publix opened a Super Market at Fairgrounds Plaza within the city limits. The project included an approximate \$9 million investment and created more than 100 jobs.

In 2019, Marshalls opened a location in the Greeneville Commons shopping center creating 60 full-time and part-time jobs.

In 2019, Aubrey’s, a Knoxville based restaurant opened their 12th location in the Towne Crossing development.

Major Employers in Greene County

Employer	Employees	Product/Service
Greene County School System	1,100	Education
Walmart Logistics	1,000	Retail Distribution Center
SumiRiko Tennessee, Inc.	1,000	Automotive Parts
Laughlin Memorial Hospital	800	Healthcare
Takoma Regional Hospital	620	Healthcare
American Greetings	461	Cards and Gift Wrap
Greeneville City Schools	420	Education
Worthington Industries	410	Diversified Metal Processing
Huf North America	400	Locks
Parker Hannifin	400	Steering Gears
TI Group Automotive Systems	252	Automotive Parts
Jarden Zinc Products	252	Metal Fabrication
OldCastle BuildingEnvelope	250	Building Products

Source: Greene County Partnership and Tennessee Department of Economic and Community Development

EDUCATION

Public Education

The Greeneville City School System consists of four elementary schools, one middle school and one high school serving approximately 2,700 students. The system also serves as the fiscal agent for the Greeneville/Greene County Center for Technology, which provides technology education classes for students in all county high schools.

The following table shows enrollment figures for the past ten years.

Greeneville City Schools	
School Year	Average Daily Membership
2008 - 2009	2,705
2009 - 2010	2,696
2010 - 2011	2,676
2011 - 2012	2,682
2012 - 2013	2,726
2013 - 2014	2,715
2014 - 2015	2,725
2015 - 2016	2,769
2016 - 2017	2,739
2017 - 2018	2,739

Source: Tennessee Department of Education

Higher Education

East Tennessee State University was founded in 1910 in the northeast corner of Tennessee. The 366 acre main campus is located in southwest Johnson City, approximately 20 minutes from the Town of Greeneville and adjacent to the Veterans Administration and the Johnson City Medical Center Hospital. The university offers nearly 200 undergraduate, graduate, and medical programs of study. Extended regional campuses are in Kingsport, Elizabethton and Greeneville.

Tusculum College was founded in 1794 in Greeneville. Tusculum College is the oldest college in Tennessee, the twenty-eighth oldest college in the nation, and the oldest coeducational institution affiliated with the Presbyterian Church (USA). The wooded 140-acre Tusculum College campus has eight buildings and the Tusculum Arch that are listed on the National Register of Historic Places. Located in Greeneville, Tennessee, Tusculum College lies in the foothills of the Great Smoky Mountains. Tusculum also maintains offices in Knoxville, Tennessee, for its Graduate and Professional Studies Program, in addition to other class sites across East Tennessee.

Tennessee Technology Center at Greeneville-Greene County is a satellite facility of the Tennessee Technology Center at Morristown (TTC-M) and offers courses in electronics, computer skills, auto mechanics, and job skills training. The Center also offers a cooperative program with Walters State Community College for college credits.

The TTC-M is one of the 26 Technology Centers located throughout Tennessee. TTC-M is governed by the Tennessee Board of Regents, a system which is comprised of six universities, thirteen community colleges, and twenty -six technology centers. Training is provided for entry-level employment in business and industry. Each instructor is constantly updating the equipment and curriculum of its programs. Business and industries provide input to the school in order that course work parallels local industrial needs.

Walters State Community College Greeneville/Greene County Campus serves as an extension of the main campus in Morristown offering both credit and non-credit courses. The facility includes general education classrooms, administrative offices, computer, chemistry and biology laboratories, student lounge areas, and media center. In addition, the center is home for the Regional Police Academy and Respiratory Care program. East Tennessee State University also offers classes in the Walters State facility. Over 1,000 students are enrolled at the Greeneville facility each semester.

Walters State Community College is a public two-year higher education institution founded in 1970 and is located in Morristown, Tennessee. The college offers programs of study that lead to Associate of Science, Associate of Arts, and Associate of Applied Science degrees. There are four principal campuses in Hamblen, Sevier, Greene, and Claiborne counties.

MEDICAL SERVICES

In 2018, Mountain States Alliance and Wellmont Health System merged to create Ballad Health. With this merger came the merger of the two hospitals located in Greeneville now known as the Greeneville Community Hospital East and West Campuses. The East campus, formerly the Laughlin Memorial Hospital, has served the community since 1939 and is located in a state-of-the art \$38 million facility that was opened in 1995 with a total of 140 beds. The East campus serves as an acute inpatient facility, with a wide variety of additional services including diagnostic imaging, ICU, surgery and women's services, including obstetrics and imaging. The West campus, formerly the Takoma Regional Hospital, is focused on outpatient services, geropsychiatric services, inpatient rehabilitation, sleep lab and occupational services.

TOURISM

Greeneville is located in the foothills of the Great Smokey Mountains. Due to the proximity to the mountains and the history of Greeneville, tourism is an important industry to the Town. Following are some of the nearby sites for tourists:

Andrew Johnson National Historic Site and National Cemetery - Andrew Johnson National Historic Site honors the life of the 17th President. Andrew Johnson's presidency, 1865-1869, illustrates the United States Constitution at work following President Lincoln's assassination and during attempts to reunify a nation torn by civil war. Andrew Johnson owned the home twenty-four years, both before and after his presidency. Today the house is furnished extensively with original furnishings and belongings. The Visitor Center houses a museum collection and Andrew Johnson's Tailor Shop. The site was also used during the Civil War. The National Cemetery contains the remains of Andrew Johnson and his family. The cemetery continues today as a burial ground for the nation's veterans.

Appalachian National Scenic Trail (the "AT") – is a 2,175 mile long footpath stretching through 14 eastern states from Maine to Georgia. It can be accessed in Greene County through the Cherokee National Forest. Conceived in 1921 and first completed in 1937, it traverses the wild, scenic, wooded, pastoral, and

culturally significant lands of the Appalachian Mountains. The AT is enjoyed by an estimate 4 million people each year.

Cherokee National Forest - The Cherokee National Forest is located in Eastern Tennessee and stretches from Chattanooga to Bristol along the North Carolina border. The 640,000-acre forest is the largest tract of public land in Tennessee. It lies in the heart of the Southern Appalachian mountain range, one of the world's most diverse areas. These mountains are home to more than 20,000 species of plants and animals. Each year millions of people visit Tennessee's Cherokee National Forest. It is a place of scenic beauty that provides opportunities for anyone interested in nature and history.

Davy Crockett Birthplace State Park – consists of 105 partially wooded acres of land along the Nolichucky River in Greene County. The museum at the park contains exhibits which tell of the different aspects of the life of Davy Crockett. Visitors can hear about Crockett the hunter, the politician, the businessman and the legendary hero. In addition to the museum, a replica of the cabin he was born in is a short walking distance from the museum. The park also offers campsites, picnic facilities and a swimming pool. Fishing and boating on the Nolichucky River is also a popular attraction.

Nathanael Greene Museum – is located in Greeneville. The museum was begun in 1993 and incorporated in 1986. At present the museum consists of ten galleries and numerous independent exhibits. The museum is named for the outstanding Revolutionary War general for whom the town and county are named.

President Andrew Johnson Museum and Library is located in “Old College”. Built in 1841, the Museum is located at Tusculum College. The facility contains the personal library of President Johnson, along with exhibits of personal artifacts of the President and his family and the history of the College. It is listed on the National Register of Historic Places and is part of the campus' National Historic District.

FINANCIAL INFORMATION

Government-Wide and Fund Financial Statements

The government-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component unites for which the primary government is financially accountable.

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

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

Basis of Accounting and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statement. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flow. Property taxes are recognized as revenues in the year for which they are levied even though the receivable is recognized in the prior period when the enforceable legal claim arises. Property taxes recognized as receivable before the period of revenue recognition are reported as deferred revenues. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Certain revenues are required to be recognized in the General Fund as a receivable at June 30th and either as revenue or deferred revenue, depending upon revenue recognition policies of the entity. The following items for the Town are recorded: property tax, in-lieu of tax, TVA, State beer tax, income tax, local beer tax, mixed drink and gasoline tax.

The Town reports the following fund types:

Governmental Funds – the focus of the governmental funds’ measurement (in the fund statements) is upon determination of financial position and changes in financial positions (sources, uses, and balances of the financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

General Fund – is the general operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

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

Special Revenue Funds – are used to account for all proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Town reports the following special revenue funds: State Street Aid, Community Development Fund, Municipal Solid Waste Fund and Parking Fund. The School System also reports three special revenue funds: Federal Projects Fund, School Nutrition Fund and Extended School Program.

Capital Projects Fund – is used to account for all resources for the acquisition of capital facilities by the Board of Education.

Proprietary Funds:

The focus of the proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are similar to those of business in the private sector. The Greeneville Light and Power and Greeneville Water Commission are proprietary funds.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Process

Annual budgets are prepared and adopted on a basis consistent with GAAP for governmental funds except capital project funds and certain revenue funds associated with grants which are adopted on project-by-project basis and normally span a multi-fiscal-year period.

The Town chief financial officer coordinates the development of a preliminary budget for the upcoming fiscal year and presents the preliminary budget to the Board of Mayor and Aldermen. After a review and adjustments are made to the Annual Budget, the Board of Mayor and Aldermen must pass the budget on two readings before it is adopted and becomes the approved spending plan for the Town.

In accordance with state law, budgetary accounting is administered as a management control for all funds of the Town. In the past, financial reports have been prepared by the Accounting Department and submitted to the Board of Mayor and Aldermen.

Investment and Cash Management Practices

Investment of cash funds of the Town are in accordance with *Tennessee Code Annotated* Title 6, Section 56 and paragraphs 106 and 107. Generally, investments are limited to U.S. Government obligations, U.S. agencies obligations guaranteed by the U.S. Government, certificates of deposit guaranteed by the FDIC or properly collateralized under state law or the State Collateral Pool. Required collateral for investments and demand deposit accounts must be held by a third party escrow account for the benefit of the Town. For reporting purposes, all investments are stated at cost that approximates market value.

Current state law does not allow cities and counties in the state to invest in repurchase agreements unless they follow the State Funding Board Regulations or invest in unusual derivative products.

Property Tax

State Authority. Under Tennessee law, a municipality is authorized to levy a tax on all taxable property within the municipality without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount.

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the “General Assembly”) exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as defined under the Tennessee Code Annotated.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four subclassifications and assessed at the rates as follows:

(a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;

(b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;

(c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and

(d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible

Personal Property is required constitutionally to be classified into three subclassifications and assessed at the rates as follows:

- (a) Public Utility Property, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and
- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into subclassifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

Pension Plans

See Appendix C, page 108, Note 15.

Other Post-Retirement Benefits (OPEB)

See Appendix C, page 76, Note 13.

GENERAL FINANCIAL INFORMATION
SUMMARY OF OUTSTANDING DEBT ⁽¹⁾⁽²⁾⁽³⁾
As of June 30, 2018

Amount Issued	Issue	Date Issued	Maturity Date	Interest Rate	Principal Outstanding 6/30/2018 ⁽¹⁾
General Obligation Notes and Bonds					
11,475,000	General Obligation Refunding Bonds, Series 2009	08/12/09	06/01/19	3.50%	1,285,000
11,120,000	General Obligation Refunding Bonds, Series 2010A	10/28/10	06/01/20	2.00% - 4.00%	365,000 ⁽⁴⁾
9,125,000	General Obligation Refunding Bonds, Series 2017	12/07/17	06/01/25	3.00%	9,125,000
250,000	General Obligation Capital Outlay Notes, Series 2019	12/03/19	06/01/24	2.544%	250,000
6,540,000	Proposed G.O. Refunding Bonds, Series 2020	04/29/20	06/01/29	3.00% - 5.00%	6,540,000
Total General Obligation Notes and Bonds					\$17,565,000
1,626,242	Capital Leases	Various	2024	2.39% - 3.78%	1,104,541
Total Other Obligations					\$1,104,541
Revenue and Tax Bonds ⁽²⁾					
1,615,000	General Obligation Bonds, Series 2016A	12/02/16	09/01/41	3.00% - 4.00%	1,615,000
\$555,000	Airport Revenue & Tax Refunding Bonds, Series 2016B	12/28/16	09/01/23	2.42%	480,000
Total Revenue and Tax Bonds					\$2,095,000
Total Current Outstanding Debt					\$20,764,541

DEBT STATEMENT

June 30, 2018

Outstanding Debt

Total Current Outstanding Debt	<u>\$20,764,541</u>
Gross Direct Debt	<u>\$20,764,541</u>
Less: Self-Supporting Debt Issues ⁽²⁾	
General Obligation Bonds, Series 2016A	(1,615,000)
Airport Revenue & Tax Refunding Bonds, Series 2016B	(480,000)
Net Direct Debt	<u>\$18,669,541</u>
Net Overlapping Debt (As of June 30, 2019)	
Town's Portion of Greene County Debt (32.41% of \$11,305,000) - excludes rural school debt	3,663,793
Total Net Overlapping Debt	<u>\$3,663,793</u>
Overall Net Debt	<u>\$22,333,334</u>

Source: Comprehensive Annual Financial Report for the fiscal year ending June 30, 2018 and Town officials.

(1) As of 6/30/2018 audit, adjusted for Series 2019 Capital Outlay Notes and Series 2020 Refunding Bonds.

(2) The Series 2016A and 2016B Bonds are secured by the pledge of the full faith and credit of the Municipality. They are additionally payable from, but not secured by payments made by the Airport Authority under the Joint Venture Agreement.

(3) The Light and Power System has a power contract with the TVA whereby the System purchases most of its electric power from TVA and is subject to certain restrictions and conditions provided in the contract. As of June 30, 2018, the outstanding principal of this note was \$975,639.

(4) Excludes Bonds Being Refunded

DEBT RECORD

There is no record of a default on bond principal and interest from information available.

POPULATION

	<u>Town</u>	<u>Greene County</u>	<u>Tennessee</u>
1990 U.S. Census	13,532	55,990	4,890,626
2000 U.S. Census	15,198	63,049	5,703,719
2010 U.S. Census	15,062	68,834	6,355,311
2011 U.S. Census Estimate	15,058	69,173	6,399,291
2012 U.S. Census Estimate	14,938	68,760	6,453,898
2013 U.S. Census Estimate	14,886	68,336	6,494,340
2014 U.S. Census Estimate	14,930	68,464	6,541,223
2015 U.S. Census Estimate	14,921	68,586	6,591,170
2016 U.S. Census Estimate	14,875	68,529	6,646,010
2017 U.S. Census Estimate	14,870	68,821	6,708,799
2018 U.S. Census Estimate	14,898	69,164	6,771,631

Source: U.S. Bureau of Census

DEBT PER CAPITA RATIOS

Outstanding Debt	\$1,393.78
Gross Direct Debt	\$1,393.78
Net Direct Debt	\$1,253.16
Net Overlapping Debt	\$245.93
Overall Net Debt	\$1,499.08

DEBT RATIOS

	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
Property Values	\$ 447,329,340	\$ 1,427,797,122
Outstanding Debt	4.64%	1.45%
Gross Direct Debt	4.64%	1.45%
Net Direct Debt	4.17%	1.31%
Net Overlapping Debt	0.82%	0.26%
Overall Net Debt	4.99%	1.56%

DEBT TREND

	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>	<u>06/30/14</u>
Debt Type					
Airport Debt ⁽¹⁾	\$2,095,000	\$2,170,000	\$615,000	\$675,000	\$735,000
General Obligation Bonds	18,470,000	19,805,000	21,100,000	22,335,000	22,870,000
Capital Leases	1,104,541	1,572,027	0	57,640	116,870
	<u>\$21,669,541</u>	<u>\$23,547,027</u>	<u>\$21,715,000</u>	<u>\$23,067,640</u>	<u>\$23,721,870</u>

⁽¹⁾ Includes Series 2016A and 2016B self-supporting debt issues totaling \$2,095,000 in principal outstanding as of 6/30/2018.

Source: Comprehensive Annual Financial Report for the fiscal years ending June 30, 2018 - 2014.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

as of June 30, 2018 ⁽¹⁾

		Principal					Interest				
Year No.	Year	Total G.O. Bonds and Notes 6/30/2018	Less: Portion of Series 20010 Bonds Being Refunded	Plus: G.O. Refunding Bonds, Series 2020	Total Principal Requirements	Percent Principal Retired	Total G.O. Bonds 6/30/2018	Less: Portion of Series 20010 Bonds Being Refunded	Plus: G.O. Refunding Bonds, Series 2020	Total Interest Requirements	Total Debt Service Requirements
1	2019	1,480,000			1,480,000		624,600			624,600	2,104,600
2	2020	1,665,000			1,665,000		578,270	(148,600)	27,253	456,923	2,121,923
3	2021	1,710,000	(200,000)	75,000	1,585,000		532,688	(297,200)	306,600	542,088	2,127,088
4	2022	1,755,000	(200,000)	75,000	1,630,000		482,116	(291,700)	304,350	494,766	2,124,766
5	2023	1,790,000	(205,000)	75,000	1,660,000	45.66%	429,694	(285,700)	302,100	446,094	2,106,094
6	2024	1,845,000	(225,000)	90,000	1,710,000		376,222	(279,550)	299,850	396,522	2,106,522
7	2025	1,850,000	(240,000)	100,000	1,710,000		321,100	(272,800)	295,350	343,650	2,053,650
8	2026	1,600,000	(1,600,000)	1,460,000	1,460,000		265,000	(265,000)	290,350	290,350	1,750,350
9	2027	1,625,000	(1,625,000)	1,495,000	1,495,000		201,000	(201,000)	217,350	217,350	1,712,350
10	2028	1,700,000	(1,700,000)	1,580,000	1,580,000	90.95%	136,000	(136,000)	142,600	142,600	1,722,600
11	2029	1,700,000	(1,700,000)	1,590,000	1,590,000	100.00%	68,000	(68,000)	63,600	63,600	1,653,600
		<u>\$18,720,000</u>	<u>(\$7,695,000)</u>	<u>\$6,540,000</u>	<u>\$17,565,000</u>		<u>\$4,014,690</u>	<u>(\$2,245,550)</u>	<u>\$2,249,403</u>	<u>\$4,018,543</u>	<u>\$21,583,543</u>

Source: Comprehensive Annual Financial Report for the fiscal year ending June 30, 2018 and Town Officials.

(1) As of 6/30/2018 audit, adjusted for Series 2019 Capital Outlay Notes and Series 2020 Refunding Bonds.

(2) Does not include the Series 2016A or 2016B Bonds, which are also secured by the full faith and credit of the Municipality, but additionally payable from payments made under the Joint Venture Agreement. See "Airport Supported Debt Service Requirements." Also excludes \$1,104,541 in capital leases.

AIRPORT SUPPORTED DEBT SERVICE REQUIREMENTS ⁽¹⁾
as of June 30, 2018

Year No.	Year	Principal		Interest		Total Debt Service Requirements	
		Outstanding Principal 6/30/2018	Total Outstanding Principal	Percent Principal Retired	Interest Requirements 6/30/2018		Total Interest Requirements
1	2019	80,000	80,000		61,117	61,117	141,117
2	2020	80,000	80,000		59,181	59,181	139,181
3	2021	80,000	80,000		57,245	57,245	137,245
4	2022	80,000	80,000		55,309	55,309	135,309
5	2023	80,000	80,000	19.09%	53,373	53,373	133,373
6	2024	80,000	80,000		51,437	51,437	131,437
7	2025	70,000	70,000		49,419	49,419	119,419
8	2026	70,000	70,000		47,319	47,319	117,319
9	2027	75,000	75,000		45,144	45,144	120,144
10	2028	75,000	75,000	36.75%	42,894	42,894	117,894
11	2029	75,000	75,000		40,644	40,644	115,644
12	2030	80,000	80,000		38,319	38,319	118,319
13	2031	80,000	80,000		35,919	35,919	115,919
14	2032	85,000	85,000		33,444	33,444	118,444
15	2033	85,000	85,000	56.09%	30,894	30,894	115,894
16	2034	90,000	90,000		28,269	28,269	118,269
17	2035	95,000	95,000		25,494	25,494	120,494
18	2036	95,000	95,000		22,644	22,644	117,644
19	2037	100,000	100,000		19,594	19,594	119,594
20	2038	100,000	100,000	79.00%	16,344	16,344	116,344
21	2039	105,000	105,000		13,013	13,013	118,013
22	2040	110,000	110,000		9,450	9,450	119,450
23	2041	110,000	110,000		5,738	5,738	115,738
24	2042	115,000	115,000	100.00%	1,941	1,941	116,941
		<u>\$2,095,000</u>	<u>\$2,095,000</u>		<u>\$844,139</u>	<u>\$844,139</u>	<u>\$2,939,139</u>

Source: Comprehensive Annual Financial Report for the fiscal year ending June 30, 2018 and town officials.

(1) The Series 2016A and 2016B Bonds are secured by the pledge of the full faith and credit of the Municipality. They are additionally payable from, but not secured by payments made by the Airport Authority under the Joint Venture Agreement.

PROPERTY VALUATION AND PROPERTY TAX

Fiscal Year Tax Year	2018-2019 2018	2017-2018 2017	2016-2017 2016	2015-2016 2015	2014-2015 2014
ESTIMATED ACTUAL VALUES					
Residential & Farm	\$670,999,200	\$687,520,770	\$659,145,027	\$652,384,913	\$641,994,200
Commercial & Industrial	476,506,100	497,548,432	475,716,275	469,744,258	458,457,800
Personal Tangible Property	244,481,013	217,930,383	215,730,492	196,270,850	197,635,430
Public Utilities	35,810,809	32,720,862	35,092,259	34,815,221	34,140,635
Total Estimated Actual Values	<u>\$1,427,797,122</u>	<u>\$1,435,720,447</u>	<u>\$1,385,684,053</u>	<u>\$1,353,215,242</u>	<u>\$1,332,228,065</u>
Annual Percentage Change	-0.55%	3.61%	2.40%	1.58%	1.25%
Estimated Per Capita Amount	\$95,838	\$96,551	\$93,155	\$90,692	\$89,232
ASSESSED VALUES					
Residential & Farm (at 25%)	\$167,749,800	\$162,753,350	\$161,918,975	\$160,258,350	\$160,498,550
Commercial & Industrial (at 40%)	190,602,440	188,451,440	186,975,520	184,628,280	183,383,120
Personal Tangible Property (at 30%)	73,344,341	62,294,323	63,701,442	58,015,614	59,290,687
Public Utilities (at 30%-55%)	15,632,759	14,283,652	15,319,112	15,196,844	14,902,387
Total Assessed Values	<u>\$447,329,340</u>	<u>\$427,782,765</u>	<u>\$427,915,049</u>	<u>\$418,099,088</u>	<u>\$418,074,744</u>
Annual Percentage Change	4.57%	-0.03%	2.35%	0.01%	1.14%
Estimated Per Capita Amount	\$30,026	\$28,768	\$28,767	\$28,021	\$28,002
Appraisal Ratios	100.00%	94.69%	98.26%	98.26%	100.00%
Assessed Values to Actual Values	31.33%	29.80%	30.88%	30.90%	31.38%
Property Tax Rate	\$2.1775	\$2.2153	\$2.2153	\$2.2153	\$2.0453
Taxes Levied	\$9,716,709	\$9,501,967	\$9,477,100	\$9,262,148	\$8,550,811
Collections					
Current Fiscal Year	In Process	\$9,100,688	\$9,131,048	\$8,893,446	\$8,162,669
Percent Collected Current FY	In Process	95.78%	96.35%	96.02%	95.46%

Sources: Comprehensive Annual Financial Report for the fiscal year ending June 30, 2018, State Board of Equalization, 2014-2018 Tax Aggregate Reports of Tennessee and Town officials.

TOP TAXPAYERS

<u>Business</u>	<u>Type of Business</u>	<u>Assessed Value</u>	
		<u>Tax Year 2018</u> <u>Assessed Value</u>	<u>as a percent of</u> <u>Total Assessment</u>
John Deere Power Products	Lawn Mower Manufacturing	\$12,375,307	2.77%
Imerys Fuse Minerals	Manufacturing	6,935,454	1.55%
Parker Hannifin	Manufacturing	6,484,022	1.45%
Wal-Mart	Retail	6,479,870	1.45%
Premium Waters	Manufacturing	5,517,498	1.23%
Chasan LLC	Electronics	5,321,520	1.19%
Bewley Properties	Property Management	4,888,590	1.09%
BRE Retail Minerals	Greeneville Commons	4,755,900	1.06%
Angus Palm	Manufacturing	4,573,439	1.02%
Meco Corporation	Grill/Chair Manufacturing	4,540,754	1.02%

Source: Town officials

FUND BALANCES

	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
GOVERNMENTAL FUNDS					
General Fund	\$12,382,375	\$14,095,401	\$11,819,305	\$11,444,849	\$10,742,463
General Purpose School Fund	3,462,204	3,459,789	3,468,030	3,728,759	3,417,358
School Nutrition Fund	407,890	373,570	358,557	398,817	448,046
Extended School Program	5,665	35,000	50,962	37,609	14,555
State Street Aid	1,333,531	1,822,278	1,841,377	1,508,665	1,429,010
Community Development Fund	166,890	166,890	166,890	166,902	166,902
Municipal Solid Waste Fund	659,271	917,834	807,764	762,845	745,429
Parking Fund	37,088	43,449	51,364	68,028	85,687
Total Governmental Funds	\$18,454,914	\$20,914,211	\$18,564,249	\$18,116,474	\$17,049,450

Sources: Comprehensive Annual Financial Reports for fiscal years ending June 30, 2014-2018 and Town Officials.

NET ASSETS

PROPRIETARY FUNDS	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Light & Power System	\$78,968,124	\$87,156,837	\$86,306,092	\$85,148,864	\$88,953,411
Water & Light Commission	44,343,053	42,964,450	40,575,037	37,626,953	35,966,452
Total Proprietary Funds	\$123,311,177	\$130,121,287	\$126,881,129	\$122,775,817	\$124,919,863

Sources: Comprehensive Annual Financial Reports for fiscal years ending June 30, 2014-2018 and Town Officials.

LOCAL OPTION SALES TAX

	<u>FY2017-18</u>	<u>FY2016-17</u>	<u>FY2015-16</u>	<u>FY2014-15</u>	<u>FY2013-14</u>
Sales Tax Rate	2.75%	2.75%	2.75%	2.75%	2.75%
Total Amount to City (General Fund)	\$7,393,367	\$7,327,186	\$7,043,940	\$6,778,811	\$6,496,966
% of Increase	0.90%	4.02%	3.91%	4.34%	3.73%

Sources: Comprehensive Annual Financial Reports for fiscal years ending June 30, 2014-2018 and Town Officials.

Local Option Sales and Use Tax

Pursuant to applicable provision of Title 67, Chapter 6, Part 7 of *Tennessee Code Annotated* as amended, the “Local Sales Tax”), a county levies a county-wide local option sales tax. Under the Local Sales Tax, counties and incorporated cities may levy a sales tax on the same privileges on which the State levies its sales tax. The rate of any sales tax levied by a county or town is limited under State law to two and three-fourths percent (2 ¾%).

Pursuant to the Local Sales Tax, the levy of a sales tax by a county precludes any city or town within the county from levying a sales tax, but a city or town may levy a sales tax in addition to the county’s sales tax at a rate not exceeding the difference between the county sales tax rate and the maximum local option sales tax rate of two and three-fourths percent (2 ¾%). If a city or town is located in more than one county, each portion of the city or town that is located in a separate county is treated as a separate city or town for purposes of determining the maximum sales tax rate.

The revenues from the county-wide sales taxes are distributed pursuant to the provisions of the Local Sales Tax and other provision of the *Tennessee Code Annotated*. Fifty percent (50%) of the revenues raised through the county-wide sales taxes are directed to educational purposes and are distributed to all organized school systems in the county in which the taxes are collected based upon the average daily attendance of each school system. The balance of the sales tax collections are divided between the general fund of the county in which the taxes are collected and all incorporated cities or towns in such county bases upon the sites of collection, unless a separate agreement has been ratified concerning the distribution of these funds.

Local Sales Taxes collected by Greene County and shared with the Town pursuant to State statutory authorities are based on the current rate of two and three-fourths percent (2.75%) for the fiscal years 2014 – 2018 are outlined below:

	<u>FY2017-18</u>	<u>FY2016-17</u>	<u>FY2015-16</u>	<u>FY2014-15</u>	<u>FY2013-14</u>
Sales Tax Rate	2.75%	2.75%	2.75%	2.75%	2.75%
Total Amount to City (General Fund)	\$7,393,367	\$7,327,186	\$7,043,940	\$6,778,811	\$6,496,966
% of Increase	0.90%	4.02%	3.91%	4.34%	3.73%

Sources: Comprehensive Annual Financial Reports for fiscal years ending June 30, 2014-2018 and Town Officials.

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Fiscal Year ended June 30

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES					
Local Taxes	\$18,580,823	\$18,595,634	\$18,078,970	\$17,022,058	\$16,774,682
Intergovernmental Revenues	2,236,975	3,919,525	2,834,911	1,933,632	1,930,118
Charges for Services	1,004,087	1,262,343	809,314	851,025	1,562,636
Licenses and Permits	104,079	118,562	142,415	120,706	89,223
Revenues from Use of Property	0	0	0	0	0
Fines, Fees and Costs	146,792	139,903	131,803	128,535	129,446
Interest Income	91,484	62,225	75,795	75,724	42,172
Other Revenues	0	0	0	0	21,640
Total Revenues	22,164,240	24,098,192	22,073,208	20,131,680	20,549,917
EXPENDITURES					
Debt Service	\$2,881,769	\$2,766,558	\$2,140,841	\$1,456,204	\$1,423,074
Public Safety	6,661,190	5,388,157	5,386,024	5,275,573	5,386,759
Public Works	1,539,370	1,410,822	1,283,262	1,192,348	1,597,622
Other Expenditures	4,233,543	4,129,838	3,935,885	3,230,750	3,628,036
Health and Welfare	1,572,414	1,403,421	1,387,382	1,402,056	1,392,077
General Government	996,612	908,377	867,713	828,059	694,922
Capital Outlay	463,083	3,367,315	1,674,503	226,191	604,738
Public Enterprises	194,239	1,419,472	30,380	30,380	30,380
Total Expenditures	18,542,220	20,793,960	16,705,990	13,641,561	14,757,608
Excess of Revenues over (under)					
Expenditures	3,622,020	3,304,232	5,367,218	6,490,119	5,792,309
OTHER FINANCING SOURCES (USES)					
Operating transfers out	(\$7,337,905)	(\$6,602,019)	(\$6,811,685)	(\$6,777,823)	(\$5,843,096)
Operating transfers in	1,757,516	1,763,492	1,746,226	1,710,259	1,325,633
Bond Proceeds	9,639,428	2,197,041	0	0	0
Refunding Bond Payment	(9,496,505)	0	0	0	0
Insurance Recoveries	37,525	25,438	41,458	6,890	0
Proceeds from Sales of Assets	10,680	15,885	31,239	60,981	0
Proceeds from Sales of Capital Lease	54,215	1,572,027	0	0	0
Repayments of Intergovernmental Loans	0	0	0	784,224	0
Intergovernmental Loans	0	0	0	(784,224)	0
Total Other Financing Sources					
(Uses)	(5,335,046)	(1,028,136)	(4,992,762)	(4,999,693)	(4,517,463)
Excess of Revenues & Other Financing					
Sources Over (Under) Expenditures &					
Other Financing Uses	(1,713,026)	2,276,096	374,456	1,490,426	1,274,846
Fund Balance July 1	\$14,095,401	\$11,819,305	\$11,444,849	\$10,742,463	\$9,467,617
Prior Period Adjustments	0	0	0	(788,040)	0
Fund Balance, June 30	\$12,382,375	\$14,095,401	\$11,819,305	\$11,444,849	\$10,742,463

Sources: Comprehensive Annual Financial Reports for fiscal years ending June 30, 2018-2014.

APPENDIX C

Comprehensive Annual Financial Report of the Municipality for the
Fiscal Year Ended June 30, 2018

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**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Fiscal Year Ended June 30, 2018

TOWN OF GREENEVILLE, TENNESSEE

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Fiscal Year Ended June 30, 2018

TOWN OF GREENEVILLE, TENNESSEE
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**INTRODUCTORY
SECTION**

TOWN OF GREENEVILLE, TENNESSEE
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2018

Town of Greeneville, Tennessee: Elected Officials

Mayor	W. T. Daniels
Alderman	Buddy Hawk
Alderman	Keith Paxton
Alderman	Jeffery D. Taylor
Alderman	Sarah Webster

Town of Greeneville, Tennessee: Officials

City Administrator	Todd Smith
Recorder/Finance Director	Carolyn Susong, CMFO
Assistant Finance Director	Crystal Gilland

Greeneville Light and Power System: Officials

General Manager	William Carroll
Controller	Paige Mengel

Greeneville Light and Power System: Board Members

Member - Chairman	Sarah Webster
Member - Secretary	Sam Miller
Member	Willie Anderson
Member	James Emory
Member	Shane Hite

Greeneville Water and Light Commission: Officials

Superintendent	Laura White
Controller	Kim Bowers

Greeneville Water and Light Commission: Board Members

Member	Brandon Hull
Member	Joe Waggoner
Member	Johnny Honeycutt

Greeneville Board of Education: Officials

Director of Schools	Steve Starnes
Assistant Director of Schools for Instruction	Dr. Suzanne Bryant
Assistant Director of Schools for Administration	Beverly Miller

Greeneville Board of Education: Board Members

Member - Chairman	Craig Ogle
Member - Vice Chairman	Cindy Luttrell
Member - Treasurer	Jerry Anderson
Member	Dr. Craig Shepherd
Member	Brian Cook

**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Greeneville, Tennessee (the Town) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Greeneville Board of Education, Greeneville Light and Power System, or Greeneville Water and Light Commission. The financial statements of the Greeneville Board of Education, which includes a major fund, represent approximately 18%, 21%, and 49% of the assets, fund balances and revenues, respectively, of the governmental funds. The Greeneville Light and Power System and the Greeneville Water and Light Commission represent 100% of the total business-type activities of the Town of Greeneville, Tennessee.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Greeneville Board of Education, Greeneville Light and Power System, or Greeneville Water and Light Commission. The financial statements of the Greeneville Board of Education represent 18%, 21% and 49%, respectively, of the assets, fund balances and revenues of the governmental funds. The Greeneville Light and Power System and the Greeneville Water and Light Commission represent 100% of the total business-type activities of the Town of Greeneville, Tennessee. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the governmental and business-type activities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Town of Greeneville, Tennessee
Independent Auditors' Report

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the General Purpose School Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in fiscal year 2018, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than 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 as listed in the table of contents on pages 5 through 14 and pages 141 through 162, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

Other Matters (Continued)

Required Supplementary Information (Continued)

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, supplementary information section and other supplementary information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Blackburn, Childers + Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

March 26, 2019

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

As management of the Town of Greeneville, Tennessee (the Town), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$146,805,207 (net position). Of this amount, \$133,885,303 is net investment in capital assets, \$1,724,640 is restricted, and \$11,195,264 may be used to meet the government's ongoing obligations to citizens and creditors (unrestricted net position).
- The Town's overall net position increased \$924,459 from the previous year, before a prior period restatement of \$23,509,941 decreasing net position and almost entirely related to the addition of other post-employment benefits (see Note 23). This increase, prior to the restatement, is largely attributable to an increase in business-type activities of the Greeneville Light & Power System.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$18,454,914, a decrease of \$2,459,297 from the prior year. Of this amount, \$638,153 is nonspendable, \$1,724,640 is restricted, \$176,637 is committed for specific purposes, and \$3,489,836 is assigned. The remaining amount of \$12,425,648 is unrestricted and available for spending at the discretion of the Town.
- At the close of the current fiscal year, the general fund reported a fund balance of \$12,382,375, or 48% of total general fund expenditures including transfers out. This balance includes \$580,920 of nonspendable funds, \$40,452 of restricted funds, \$176,637 committed for specific purposes, and \$2,384,710 assigned. The remaining amount of \$9,199,656 is unrestricted and available for spending at the discretion of the Town.
- The Town's total outstanding long-term debt decreased by \$2,057,350 (7%) during the current fiscal year. This decrease is largely attributable to the Greeneville Board of Education's debt refinancing and the long-term debt payments made.

Overview of the Financial Statements

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

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Government-wide financial statements – The government-wide financial statements are designed to provide readers with both long-term and short-term information about the Town's overall financial status in a manner similar to a private-sector business.

There are two government-wide financial statements:

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

Statement of Activities – presents information showing how the Town's net position changed during the most recent fiscal year. All current year revenues and expenses are taken into account regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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

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

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

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

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

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

The proprietary fund statements begin on page 31 of this report.

Notes to the financial statements – The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The additional information contained in these notes is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 36 of this report.

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

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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

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

Financial Analysis of the Town as a Whole

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$146,805,207 at the close of the most recent fiscal year. The largest portion of the Town's net position (91%) reflects its net investment in capital assets (land, building, equipment, etc.), less any related debt used to acquire those assets that is still outstanding. Because capital assets are used to provide services to citizens, the assets are not available for future spending. Although the Town's investment in capital assets is shown net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately \$11 million of unrestricted net position may be used to meet the ongoing obligations of the Town. At the end of the fiscal year, the Town is able to report a positive balance in all categories of net position: for the government as a whole, as well as for its governmental activities and its business-type activities.

**TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018**

The following is a summary of financial position for the Town at June 30, 2018:

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 34,023	35,729	48,499	49,126	82,522	84,855
Capital assets, net	42,610	43,231	113,738	108,011	156,348	151,242
Total assets	<u>76,633</u>	<u>78,960</u>	<u>162,237</u>	<u>157,137</u>	<u>238,870</u>	<u>236,097</u>
Deferred Outflows of Resources	6,006	8,111	3,298	2,804	9,304	10,915
Long term debt outstanding	23,309	25,019	3,800	4,147	27,109	29,166
Other liabilities	22,517	10,276	37,494	25,563	60,011	35,839
Total liabilities	<u>45,826</u>	<u>35,295</u>	<u>41,294</u>	<u>29,710</u>	<u>87,120</u>	<u>65,005</u>
Deferred Inflows of Resources	13,319	12,507	930	110	14,249	12,617
Net investment in capital assets	20,147	19,884	113,738	108,011	133,885	127,895
Restricted	1,725	2,231	-	-	1,725	2,231
Unrestricted	1,622	17,154	9,573	22,110	11,195	39,264
Total net position	<u>\$ 23,494</u>	<u>39,269</u>	<u>123,311</u>	<u>130,121</u>	<u>146,805</u>	<u>169,390</u>

Changes in Net Position

Net position of the governmental activities of the Town was approximately \$23.5 million at the close of the current fiscal year. The decrease of approximately \$2.6 million in governmental activities net position was attributable to a decrease in general government operating grants and contributions, an increase in education expenses, an increase in public safety expenses and an increase in public works expenses. Of the Town's \$23.5 million governmental activities net position, \$20.1 million is net investment in capital assets (buildings, land, equipment, etc.), \$1.7 million is restricted and \$1.6 million remains to meet the Town's ongoing obligations to citizens and creditors.

During the same period, the net position of the business-type activities was approximately \$123.3 million. The increase of approximately \$3.5 million in business-type activities net position was attributable to increase in business-type activities of the Light and Power System and the Water and Light Commission. Of the Town's \$123.3 million business-type activities net position, \$113.7 million is net investment in capital assets. The Town generally can only use the net position of the business-type activities to finance the continuing operations of the Light and Power System and the Water and Light Commission.

The following is a summary of financial activities for the Town during the fiscal year ended June 30, 2018

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program revenues						
Charges for services	\$ 4,388	4,666	119,452	117,038	123,840	121,704
Grants and Contributions	20,097	22,754	727	545	20,824	23,299
General revenues						
Local taxes	24,621	24,451	-	-	24,621	24,451
Investment income	93	64	152	104	245	168
Gain on disposal	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>49,199</u>	<u>51,935</u>	<u>120,331</u>	<u>117,687</u>	<u>169,530</u>	<u>169,622</u>
Expenses						
Governmental activities						
General government	1,687	1,357	-	-	1,687	1,357
Education	29,707	28,041	-	-	29,707	28,041
Public safety	8,183	5,907	-	-	8,183	5,907
Public works	4,738	3,678	-	-	4,738	3,678
Health and welfare	2,059	1,695	-	-	2,059	1,695
Community development	3	60	-	-	3	60
School nutrition	1,576	1,525	-	-	1,576	1,525
Public enterprises	193	1,419	-	-	193	1,419
Other	4,232	4,130	-	-	4,232	4,130
Interest	808	834	-	-	808	834
Business-type activities						
Light and Power System	-	-	106,441	105,012	106,441	105,012
Water and Light Commission	-	-	8,978	8,060	8,978	8,060
Total expenses	<u>53,186</u>	<u>48,646</u>	<u>115,419</u>	<u>113,072</u>	<u>168,605</u>	<u>161,718</u>
Excess (deficiency) before transfers	<u>(3,987)</u>	<u>3,289</u>	<u>4,912</u>	<u>4,615</u>	<u>925</u>	<u>7,904</u>
Transfers, net	<u>1,422</u>	<u>1,375</u>	<u>(1,422)</u>	<u>(1,375)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ (2,565)</u>	<u>4,664</u>	<u>3,490</u>	<u>3,240</u>	<u>925</u>	<u>7,904</u>

Governmental Activities

Current fiscal year revenues, including net transfers, for the governmental activities of the Town were \$50.6 million, while the same period expenses were \$53.1 million, resulting in a net decrease in net position of \$2.6 million. The largest sources of governmental activity revenue were operating grants and contributions and property taxes, and the single largest expense was education. This decrease in net position can be attributed to a decrease in general government operating grants and contributions and an increase in public safety expenses and public works expenses.

**TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018**

Business-type Activities

Revenues for the business-type activities of the Town were \$120.3 million for the fiscal year, while the same period expenses, including net transfers, were \$116.8 million, resulting in a net increase in net position of \$3.5 million.

- The largest source of business-type activity revenue is generated from the Greeneville Light and Power System. During the current fiscal year, operating revenues were \$109 million, and operating expenses totaled \$105.7 million, resulting in net operating income of \$3.3 million.
- The Water and Light Commission is comprised of two operations: the water and the wastewater operations. During the current fiscal year, operating revenues were \$10 million, and operating expenses totaled \$9 million, resulting in net operating income of \$1 million.

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

	Light and Power System		Water and Light Commission		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues	\$ 109,025	106,489	9,945	10,176	118,970	116,665
Expenses	105,714	104,161	8,978	8,059	114,692	112,220
Net operating income	<u>\$ 3,311</u>	<u>2,328</u>	<u>967</u>	<u>2,117</u>	<u>4,278</u>	<u>4,445</u>

Financial Analysis of the Town's funds

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

Governmental Funds

Governmental funds focus on providing information on the near-term flow of resources. As the Town completed the year, its governmental funds reported a combined fund balance of \$18.5 million. Approximately 67% of this amount (\$12.4 million) constitutes unassigned fund balance, which is available for spending at the discretion of the Town. All of the governmental funds reported a positive ending fund balance. Information regarding the major governmental funds is presented in the following paragraph.

General Fund – The general fund is the chief operating fund of the Town. At the close of the current fiscal year, the general fund reported a total fund balance of \$12.4 million. Of this amount, \$9.2 million (or 74%) was unassigned. The general fund's fund balance decreased \$1.7 million during the fiscal year. The decrease in net fund balance for the general fund can be attributed to several factors including a decrease in assets due to the reduction of long-term certificates of deposit and an increase in liabilities due to an increase in accounts payable and accrued expenses.

TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

General Purpose School Fund – This fund is the operating fund of the Town of Greeneville Board of Education. At the end of the fiscal year, the general purpose school fund reported a total fund balance of \$3.5 million. Total fund balance of the general purpose school fund increased \$2,415 during the fiscal year.

Proprietary Funds

As the Town completed the fiscal year, its proprietary funds, which include two enterprise funds, had a combined net position of \$123.3 million. Of this amount, \$9.6 million was available to meet on-going obligations (unrestricted), with the majority, \$113.7 million, net investment in capital assets.

Light and Power System – At the close of the fiscal year, the Light and Power System reported a net position of \$79 million. Net position increased \$2 million during the fiscal year, before a prior period restatement (see Note 23).

Water and Light Commission – Net position of the Water and Light Commission increased \$1.5 million during the current fiscal year, before a prior period restatement (see Note 23), resulting in total net position of \$44.3 million at the close of the fiscal year.

General Fund Budgetary Highlights

Original and Final Amended Budget Amounts – Differences between the original budget and final amended budget for the general fund represent a total increase in revenues, including an increase in other financing sources, of \$9,054,928, and a total increase in expenditures including, an increase in other financing uses, of \$9,711,421. The revenue and other financing sources amendments were largely attributable to the Town's bond sales of approximately \$9.1 million. The expenditure and other financing uses budget amendments were largely attributed to the advance refunding bond payments of approximately \$9.5 million and an increase in capital outlay and public safety expenditures.

Final Amended Budget and Actual Amounts – Differences between the final amended budget and actual results for the general fund represent a total favorable variance with the final budget of \$6,615. This variance is a net result of an unfavorable budget to actual difference in expenditures, including other financing uses, of \$40,301 and a favorable budget to actual difference in revenues, including other financing sources, of \$46,916. The unfavorable expenditure variance is largely attributable to an increase in public safety expenditures and an increase in public safety capital outlay. The favorable revenues variance is largely attributable to proceeds from an unbudgeted capital lease.

**TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018**

Capital Asset and Debt Administration

Capital Assets

At the end of the current fiscal year, the Town had \$156.3 million (net of accumulated depreciation) invested in capital assets, including land and land rights, buildings and improvements, infrastructure, machinery and equipment, and furniture and fixtures. The following table shows the investment in capital assets by both governmental activities and business-type activities.

**Town of Greeneville's Capital Assets
(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and land rights	\$ 4,359	4,359	2,428	2,428	6,787	6,787
Construction in progress	920	416	10,199	11,106	11,119	11,522
Buildings and improvements	67,401	66,375	40,944	39,772	108,345	106,147
Equipment	21,888	20,681	164,989	155,202	186,877	175,883
Infrastructure	50,395	50,315	-	-	50,395	50,315
Less accumulated depreciation	<u>(102,353)</u>	<u>(98,915)</u>	<u>(104,822)</u>	<u>(100,497)</u>	<u>(207,175)</u>	<u>(199,412)</u>
Total capital assets, net	<u>\$ 42,610</u>	<u>43,231</u>	<u>113,738</u>	<u>108,011</u>	<u>156,348</u>	<u>151,242</u>

Debt

At the end of the current fiscal year, the Town had \$27.1 million in long-term debt outstanding, a decrease of \$2 million, or 7%, from the prior year. This decrease is attributable to the Town's debt refinancing and the long-term debt payments made, as well as a decrease in capital leases and retirement incentives.

**TOWN OF GREENEVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018**

**Town of Greeneville's Outstanding Debt
(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Bonds and Notes Payable	\$ 21,403	22,524	-	-	21,403	22,524
Compensated absences	684	679	1,291	1,148	1,975	1,827
Retirement incentive	116	244	-	-	116	244
Capital leases	1,104	1,572	-	-	1,104	1,572
TVA home insulation program	-	-	1,494	1,862	1,494	1,862
Due to TVA - unbilled power	-	-	975	1,096	975	1,096
Due for easements	-	-	38	38	38	38
Other long-term liabilities	-	-	-	4	-	4
Total long-term debt	<u>\$ 23,307</u>	<u>25,019</u>	<u>3,798</u>	<u>4,148</u>	<u>27,105</u>	<u>29,167</u>

During the current fiscal year, the Town of Greeneville maintained the upgraded rating of an "AA-" rating from Standard & Poor's rating service for its general obligation debt.

Contacting the Town's Financial Management

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

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,371,351	25,422,833	31,794,184
Certificates of Deposit - Long-Term	6,488,460	6,283,000	12,771,460
Investments	-	83,558	83,558
Receivables (Net of Allowances for Uncollectible)			
Taxes	10,293,255	-	10,293,255
Accounts	368,468	9,848,378	10,216,846
Due from Other Governments			
Notes	2,015,000	-	2,015,000
Other	4,133,960	196,248	4,330,208
Inventory	57,233	2,005,567	2,062,800
Prepaid Expenses	580,920	2,339,614	2,920,534
Restricted or Designated Assets			
Cash and Cash Equivalents	1,329,975	244,935	1,574,910
Self-Insurance Certificates of Deposit - Long-Term	2,359,269	-	2,359,269
Self-Insurance Investments	25,441	-	25,441
Industrial Park Fund Receivables	-	625,065	625,065
TVA Home Insulation Program Receivables	-	1,448,933	1,448,933
Capital Assets			
Land and Land Rights	4,359,206	2,428,464	6,787,670
Construction In Progress	920,460	10,198,713	11,119,173
Buildings and Improvements	67,401,064	40,944,091	108,345,155
Infrastructure	50,395,363	-	50,395,363
Equipment, Vehicles, and Distribution Systems	21,888,111	164,989,440	186,877,551
Less: Accumulated Depreciation	(102,353,765)	(104,822,213)	(207,175,978)
Total Assets	<u>76,633,771</u>	<u>162,236,626</u>	<u>238,870,397</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to OPEB	527,195	430,845	958,040
Deferred Outflows Related to Pensions	5,478,312	2,867,612	8,345,924
Total Deferred Outflows of Resources	<u>6,005,507</u>	<u>3,298,457</u>	<u>9,303,964</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	796,065	1,457,454	2,253,519
Construction Accounts and Retainage Payables	-	527,489	527,489
Accrued Interest	86,090	-	86,090
Accrued Expenses	2,174,915	2,736,278	4,911,193
Due to TVA - Power	-	7,214,405	7,214,405
Due to Other Governments	35,791	-	35,791
Unearned Revenues	32,154	323,107	355,261
Customer Deposits	-	2,293,500	2,293,500
Other Post-Employment Benefits	13,984,896	18,282,975	32,267,871
Net Pension Liability	5,407,064	4,658,765	10,065,829
Noncurrent Liabilities			
Due Within One Year	2,177,074	397,539	2,574,613
Due In More Than One Year	21,132,099	3,402,328	24,534,427
Total Liabilities	45,826,148	41,293,840	87,119,988
DEFERRED INFLOWS OF RESOURCES			
Deferred Current Property Taxes	9,716,709	-	9,716,709
Deferred Inflows Related to OPEB	508,596	788,770	1,297,366
Deferred Inflows Related to Pensions	3,093,795	141,296	3,235,091
Total Deferred Inflows of Resources	13,319,100	930,066	14,249,166
NET POSITION			
Net Investment in Capital Assets	20,146,808	113,738,495	133,885,303
Restricted			
School Nutrition	350,657	-	350,657
State Street Aid	1,333,531	-	1,333,531
Police SOF	5,453	-	5,453
Special Events	8,757	-	8,757
Other	26,242	-	26,242
Unrestricted	1,622,582	9,572,682	11,195,264
TOTAL NET POSITION	\$ 23,494,030	123,311,177	146,805,207

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

TOWN OF GREENEVILLE, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	General Purpose School Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 222,850	3,834,386	2,314,115	6,371,351
Certificates of Deposit - Long-Term	6,288,817	-	199,643	6,488,460
Receivables, Net of Allowance				
Taxes	10,293,255	-	-	10,293,255
Accounts	239,513	5,652	123,303	368,468
Due From Other Governments				
Notes Receivable, Net of Allowance	2,015,000	-	-	2,015,000
Other	2,278,867	1,403,733	451,360	4,133,960
Inventory	-	-	57,233	57,233
Prepaid Expenses	580,920	-	-	580,920
Restricted Cash and Investments				
Cash and Cash Equivalents	1,329,975	-	-	1,329,975
Self-Insurance Certificates of Deposit - Long-Term	2,359,269	-	-	2,359,269
Self-Insurance Investments	25,441	-	-	25,441
TOTAL ASSETS	<u>25,633,907</u>	<u>5,243,771</u>	<u>3,145,654</u>	<u>34,023,332</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	<u>\$ 25,633,907</u>	<u>5,243,771</u>	<u>3,145,654</u>	<u>34,023,332</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	General Purpose School Fund	Total Nonmajor Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 344,029	301,308	150,728	796,065
Accrued Expenses	342,219	1,448,105	384,591	2,174,915
Due to Other Governments	35,791	-	-	35,791
TOTAL LIABILITIES	722,039	1,749,413	535,319	3,006,771
DEFERRED INFLOWS OF RESOURCES				
Deferred - Current Property Taxes	9,716,709	-	-	9,716,709
Deferred - Notes Receivable	2,015,000	-	-	2,015,000
Unavailable Revenues	797,784	32,154	-	829,938
TOTAL DEFERRED INFLOWS OF RESOURCES	12,529,493	32,154	0	12,561,647
FUND BALANCES				
Nonspendable	580,920	-	57,233	638,153
Restricted	40,452	-	1,684,188	1,724,640
Committed	176,637	-	-	176,637
Assigned	2,384,710	236,212	868,914	3,489,836
Unassigned	9,199,656	3,225,992	-	12,425,648
TOTAL FUND BALANCES	12,382,375	3,462,204	2,610,335	18,454,914
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 25,633,907	5,243,771	3,145,654	34,023,332

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

TOWN OF GREENEVILLE, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2018

Total Fund Balances - Governmental Funds	\$ 18,454,914
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and; therefore, are not reported as assets in governmental funds. The cost of the assets is \$144,964,204 including current contributed assets of \$147,484, and the accumulated depreciation is \$(102,353,765).	42,610,439
Tax, notes, and grant revenues not received during the period of availability are not considered "available" and are reported as deferred inflows in the funds.	2,812,784
Total OPEB liabilities of (\$13,984,896) are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Deferred inflows related to OPEB of (\$508,596) and deferred outflows related to OPEB of \$527,195 are not considered current and thus not recorded at the fund level.	(13,966,297)
Net pension liabilities of (\$5,407,064) are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Deferred inflows related to pensions of (\$3,093,795) and deferred outflows related to pensions of \$5,478,312 are not considered current and thus not recorded at the fund level.	(3,022,547)
Accrued interest is not due and payable in the current period and; therefore, is not reported as a liability in the funds.	(86,090)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	<u>(23,309,173)</u>
Total Net Position - Governmental Activities	<u>\$ 23,494,030</u>

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

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	General Fund	General Purpose School Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 18,580,823	5,909,389	-	24,490,212
Licenses and Permits	104,079	-	-	104,079
Intergovernmental	2,236,975	14,282,477	3,496,327	20,015,779
Charges for Services	1,004,087	960,295	1,759,979	3,724,361
Fines, Fees, and Costs	146,792	-	-	146,792
Investment Income	91,484	795	1,668	93,947
Other Revenues	-	386,405	15,458	401,863
TOTAL REVENUES	22,164,240	21,539,361	5,273,432	48,977,033
EXPENDITURES				
Current				
General Government	996,612	-	-	996,612
Education	-	26,212,880	2,003,751	28,216,631
Public Safety	6,661,190	-	-	6,661,190
Public Works	1,539,370	-	2,494,559	4,033,929
Health and Welfare	1,572,414	-	-	1,572,414
Community Development	-	-	3,000	3,000
School Nutrition	-	-	1,579,408	1,579,408
Public Enterprises	194,239	-	-	194,239
Other Operating Expenditures	4,233,543	-	-	4,233,543
Capital Outlay	463,083	1,464,469	803,805	2,731,357
Debt Service				
Principal	1,931,701	-	-	1,931,701
Interest and Fees	811,643	-	-	811,643
Issuance Costs	138,425	-	-	138,425
TOTAL EXPENDITURES	18,542,220	27,677,349	6,884,523	53,104,092
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,622,020	(6,137,988)	(1,611,091)	(4,127,059)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sales of Assets	10,680	-	-	10,680
Insurance Recoveries	37,525	-	-	37,525
Re-Offering Premium	514,428	-	-	514,428
Bond Sales	9,125,000	-	-	9,125,000
Proceeds from Capital Lease	54,215	-	-	54,215
Advance Refunding Bond Payments	(9,496,505)	-	-	(9,496,505)
Transfers In	1,757,516	6,475,500	862,405	9,095,421
Transfers Out	(7,337,905)	(335,097)	-	(7,673,002)
TOTAL OTHER FINANCING SOURCES (USES)	(5,335,046)	6,140,403	862,405	1,667,762
NET CHANGE IN FUND BALANCES	(1,713,026)	2,415	(748,686)	(2,459,297)
FUND BALANCES - BEGINNING	14,095,401	3,459,789	3,359,021	20,914,211
FUND BALANCES - ENDING	\$ 12,382,375	3,462,204	2,610,335	18,454,914

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

TOWN OF GREENEVILLE, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

Total Net Change in Fund Balances - Governmental Funds	\$ (2,459,297)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$2,878,841 including \$147,484 revenue from contributed capital assets not reported in governmental funds, is exceeded by depreciation expense of \$3,502,615.	(623,774)
Expenses on the statement of activities for accrued interest payable do not require the use of current financial resources. Therefore, it is not reported as an expenditure in the governmental funds. Accrued interest expense changed by this amount for the current year.	(2,319)
Expenses for compensated absences and retirement incentives do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. Long-term debt related to compensated absences and retirement incentives changed by this amount for the current year.	122,010
Total other post-employment benefits (OPEB) liability and related deferred inflows and deferred outflows are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(461,733)
Net adjustment for net pension liability and related deferred inflows and deferred outflows entries are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(788,443)
The issuance of long-term debt (bonds, notes, and capital leases) provides current financial resources to the governmental funds but are considered additions to long-term liabilities in the statement of net position.	(9,179,215)
Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(354,658)
Repayment of bond principals, note principals, and capital leases are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.	11,121,701
Some property taxes and grants will not be collected for several months after the Town's fiscal year end, and therefore they are not considered "available" revenues and are deferred inflows in the governmental funds. Unearned tax and grant revenues increased by this amount for the current year.	<u>60,528</u>
Change in Net Position of Governmental Activities	<u>\$ (2,565,200)</u>

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

**TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Local Taxes				
General Property Taxes	\$ 9,508,000	9,298,000	9,291,018	(6,982)
Penalty and Interest	66,500	66,500	60,203	(6,297)
In Lieu of Tax	78,000	78,000	75,358	(2,642)
Local Sales Tax	7,352,523	7,417,523	7,393,367	(24,156)
Business Tax	525,000	520,000	577,458	57,458
Local Beer Tax	656,500	656,500	664,604	8,104
Local Liquor Tax	198,940	198,940	191,485	(7,455)
Franchise Taxes	280,020	286,020	307,703	21,683
Privilege Tax	6,700	6,700	7,127	427
Other Taxes	11,500	11,500	12,500	1,000
Total Local Taxes	18,683,683	18,539,683	18,580,823	41,140
Licenses and Permits				
On Premise License	5,600	5,600	6,732	1,132
Burn Permits	1,500	1,500	1,285	(215)
Building Permits	97,000	97,000	96,062	(938)
Total Licenses and Permits	104,100	104,100	104,079	(21)
Intergovernmental Revenues				
Mixed Drink Tax	62,405	73,405	70,741	(2,664)
In Lieu of Taxes - TVA	165,500	171,500	171,012	(488)
State Sales Tax	1,220,000	1,316,000	1,331,857	15,857
Income Tax	250,000	250,000	180,507	(69,493)
State Beer Tax	7,750	7,750	7,027	(723)
Excise Tax	50,000	50,000	55,865	5,865
Revenue Sharing	30,750	30,750	30,305	(445)
Senior Center - State Grant Funds	11,300	11,300	11,300	-
Senior Citizen Title III Grant Funds	38,600	38,600	32,372	(6,228)
State Grant Funds	32,382	280,382	35,069	(245,313)
State Highway Maintenance	120,107	120,107	113,471	(6,636)
Other	137,992	137,992	157,449	19,457
Greene County - Recreation	40,000	40,000	40,000	-
Total Intergovernmental Revenues	2,166,786	2,527,786	2,236,975	(290,811)

(Continued)

**TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES (CONTINUED)				
Charges for Services				
Sidewalks	8,000	8,000	10,336	2,336
Property Clean Up	500	8,500	8,582	82
Vendor Registration	1,000	1,000	310	(690)
Litigation and Court Costs	205,000	205,000	220,846	15,846
Driving School Fees	8,250	13,250	14,385	1,135
Drug Cash Forfeitures	-	15,000	14,788	(212)
Police and Fire	61,000	70,000	74,719	4,719
Fines, Fees and Costs	250,000	250,000	322,798	72,798
Outside Fire Protection	80,000	80,000	66,914	(13,086)
Cardboard Sales	51,000	51,000	55,572	4,572
Senior Center - State Transportation Funds	500	500	578	78
Senior Center	13,000	13,000	11,302	(1,698)
Miscellaneous	33,200	53,200	188,957	135,757
Senior Center - County	10,000	10,000	14,000	4,000
	<u>721,450</u>	<u>778,450</u>	<u>1,004,087</u>	<u>225,637</u>
Total Charges for Services				
Fines, Fees, and Costs				
Recreation - Swimming Pools	21,000	31,000	36,052	5,052
Recreation - League Entry Fees	37,000	37,000	28,325	(8,675)
Recreation - Registration Fees	9,000	12,500	12,115	(385)
Recreation - Concessions	7,500	10,500	10,624	124
Recreation - Games	20,500	20,500	22,263	1,763
Recreation - Rentals	14,500	19,500	21,132	1,632
Recreation - Special Events	5,500	5,500	5,904	404
Recreation - Miscellaneous	3,000	9,000	10,377	1,377
	<u>118,000</u>	<u>145,500</u>	<u>146,792</u>	<u>1,292</u>
Total Fines, Fees, and Costs				
Investment Income				
Interest	80,000	90,000	91,484	1,484
	<u>80,000</u>	<u>90,000</u>	<u>91,484</u>	<u>1,484</u>
Total Investment Income				
TOTAL REVENUES	<u>21,874,019</u>	<u>22,185,519</u>	<u>22,164,240</u>	<u>(21,279)</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES				
General Government				
Mayor and Aldermen	50,637	37,637	38,209	(572)
City Judge	6,500	6,500	5,500	1,000
Administrator	217,368	214,368	210,229	4,139
Election Commission	14,000	19,000	18,563	437
Recorder	378,348	376,348	371,664	4,684
Human Resources	137,987	102,987	95,330	7,657
Planning Commission	54,240	54,240	52,356	1,884
Civil Service Board	8,000	8,000	5,665	2,335
Other General Government	115,990	115,990	199,096	(83,106)
Capital Outlay	600,000	662,000	20,441	641,559
Total General Government	1,583,070	1,597,070	1,017,053	580,017
Public Safety				
Police Department	3,423,466	3,364,466	3,955,780	(591,314)
Fire Department	2,752,627	3,219,627	2,484,988	734,639
Building Inspector	133,584	133,584	132,833	751
Other Public Safety	84,347	84,347	87,589	(3,242)
Capital Outlay	-	-	342,561	(342,561)
Total Public Safety	6,394,024	6,802,024	7,003,751	(201,727)
Public Works				
Street Repair	1,102,900	1,102,900	1,101,579	1,321
Street Lighting	366,500	366,500	377,249	(10,749)
Town Hall	66,376	72,376	60,542	11,834
Capital Outlay	-	32,740	85,412	(52,672)
Total Public Works	1,535,776	1,574,516	1,624,782	(50,266)

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Health and Welfare				
Neighborhood	15,250	15,250	14,478	772
Roby Center	236,158	219,158	203,041	16,117
General Recreation	310,734	310,734	306,443	4,291
Pools	85,100	85,100	65,994	19,106
Ball Programs	221,600	221,600	196,076	25,524
Building and Grounds Maintenance	470,509	502,509	472,566	29,943
Other Health and Welfare	264,255	271,005	313,816	(42,811)
Capital Outlay	6,500	6,500	14,669	(8,169)
Total Health and Welfare	1,610,106	1,631,856	1,587,083	44,773
Public Enterprises				
Airport	80,380	194,239	194,239	-
Total Public Enterprises	80,380	194,239	194,239	0
Other Operating Expenditures				
Economic Development Assistance -				
Grants and Contributions	375,000	35,000	34,615	385
Social Security	556,152	556,152	520,215	35,937
Retirement	1,213,763	1,213,763	1,161,292	52,471
Insurance	600,000	600,000	592,438	7,562
Medicare Supplement	10,000	10,000	9,113	887
Medical Insurance	1,750,814	1,825,814	1,787,381	38,433
Clerk and Master Fees	5,500	5,500	2,972	2,528
Contingencies	2,000	2,000	711	1,289
Chamber of Commerce	10,227	10,227	9,700	527
Industrial Board	74,798	74,798	74,798	-
Junior Achievement Board	1,000	1,000	1,000	-
Unemployment Compensation	-	-	490	(490)
Main Street - Greeneville	39,500	39,500	38,818	682
Total Other Operating Expenditures	4,638,754	4,373,754	4,233,543	140,211

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Debt Service				
Principal	1,484,000	1,410,000	1,931,701	(521,701)
Interest	836,607	765,749	805,480	(39,731)
Fees	12,000	12,000	6,163	5,837
Issuance Costs	-	138,425	138,425	-
Total Debt Service	<u>2,332,607</u>	<u>2,326,174</u>	<u>2,881,769</u>	<u>(555,595)</u>
TOTAL EXPENDITURES	<u>18,174,717</u>	<u>18,499,633</u>	<u>18,542,220</u>	<u>(42,587)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,699,302</u>	<u>3,685,886</u>	<u>3,622,020</u>	<u>(63,866)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sales of Assets	10,000	10,000	10,680	680
Insurance Recoveries	30,000	39,000	37,525	(1,475)
Re-Offering Premium	-	514,428	514,428	-
Bond Sales	910,000	9,125,000	9,125,000	-
Proceeds from Capital Lease	-	-	54,215	54,215
Advance Refunding Bond Payments	-	(9,496,505)	(9,496,505)	-
Transfers In	1,737,741	1,742,741	1,757,516	14,775
Transfers Out	<u>(7,450,191)</u>	<u>(7,340,191)</u>	<u>(7,337,905)</u>	<u>2,286</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,762,450)</u>	<u>(5,405,527)</u>	<u>(5,335,046)</u>	<u>70,481</u>
NET CHANGE IN FUND BALANCE	(1,063,148)	(1,719,641)	(1,713,026)	6,615
FUND BALANCE - BEGINNING	<u>14,095,401</u>	<u>14,095,401</u>	<u>14,095,401</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 13,032,253</u>	<u>12,375,760</u>	<u>12,382,375</u>	<u>6,615</u>

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

TOWN OF GREENEVILLE, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
State Education Funds	\$ 14,030,279	14,116,279	14,161,646	45,367
Federal Funds through State	50,000	50,000	62,988	12,988
Direct Federal Funds	74,476	74,476	57,843	(16,633)
Local Taxes	6,111,462	6,111,462	5,909,389	(202,073)
Charges for Services	813,581	852,503	960,295	107,792
Investment Income	1,866	1,866	795	(1,071)
Other Local Revenue	181,853	242,068	386,405	144,337
TOTAL REVENUES (SEE NOTES 1 AND 2)	21,263,517	21,448,654	21,539,361	90,707
EXPENDITURES				
Instruction				
Salaries	12,273,710	12,224,492	12,188,710	35,782
Employee Benefits	3,938,247	3,942,599	4,103,720	(161,121)
Contracted Services	282,063	230,886	201,790	29,096
Fee Waivers	25,000	25,000	25,000	-
Equipment	51,935	38,135	24,616	13,519
Materials and Supplies	265,060	300,190	232,908	67,282
Textbooks	187,318	67,318	56,355	10,963
Staff Development	113,500	134,464	152,848	(18,384)
Travel	16,150	16,150	7,302	8,848
Other	34,771	41,415	25,374	16,041
Total Instruction	17,187,754	17,020,649	17,018,623	2,026
Technology				
Salaries	317,648	317,648	297,032	20,616
Employee Benefits	109,864	109,864	103,465	6,399
Staff Development	5,000	12,750	47,714	(34,964)
Equipment	576,936	738,728	749,493	(10,765)
Materials and Supplies	7,500	7,500	7,590	(90)
Other	108,142	108,392	65,236	43,156
Total Instruction	1,125,090	1,294,882	1,270,530	24,352
Board of Education				
Salaries	122,106	122,106	133,739	(11,633)
Employee Benefits	9,342	9,342	10,249	(907)
Contracted Services	270,500	275,000	259,076	15,924
Trustee Commissions	99,228	99,228	88,557	10,671
Dues and Memberships	12,430	12,430	12,497	(67)
Other	58,030	59,630	67,460	(7,830)
Total Board of Education	571,636	577,736	571,578	6,158

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Health				
Salaries	239,883	239,883	222,810	17,073
Employee Benefits	117,154	117,154	111,010	6,144
Contracted Services	54,543	52,543	40,603	11,940
Materials and Supplies	39,257	39,279	46,045	(6,766)
Travel	900	900	75	825
Other	5,100	7,078	9,617	(2,539)
Total Health	456,837	456,837	430,160	26,677
 Greene Technology Center	 125,326	 125,326	 125,326	 -
Student Support Services				
Salaries	695,497	695,497	690,402	5,095
Employee Benefits	229,392	229,392	220,144	9,248
Evaluation and Testing	3,757	28,312	29,181	(869)
Total Student Support Services	928,646	953,201	939,727	13,474
Transportation				
Salaries	222,069	222,069	272,845	(50,776)
Employee Benefits	132,072	132,072	140,714	(8,642)
Contracted Services	83,827	83,827	86,998	(3,171)
Materials and Supplies	274,346	371,346	205,531	165,815
Maintenance and Repairs	10,500	28,128	27,045	1,083
Other	12,000	12,000	11,515	485
Total Transportation	734,814	849,442	744,648	104,794
Administration				
Salaries	1,638,344	1,638,344	1,620,251	18,093
Employee Benefits	464,937	464,937	458,916	6,021
Contracted Services	30,000	30,000	13,274	16,726
Equipment	6,000	6,000	2,886	3,114
Materials and Supplies	19,164	19,164	26,098	(6,934)
Communications	72,500	72,664	82,397	(9,733)
Travel	3,050	3,050	3,002	48
Dues and Memberships	5,195	5,195	1,437	3,758
Other	46,000	46,396	30,782	15,614
Total Administration	2,285,190	2,285,750	2,239,043	46,707

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED)				
Maintenance and Operations				
Salaries	960,308	960,308	934,022	26,286
Employee Benefits	447,978	447,978	436,393	11,585
Insurance	139,757	139,757	127,923	11,834
Contracted Services	102,231	102,231	91,840	10,391
Equipment	3,000	3,000	5,361	(2,361)
Utilities	781,264	781,264	749,785	31,479
Materials and Supplies	74,700	74,700	92,789	(18,089)
Maintenance and Repairs	299,000	333,271	327,682	5,589
Communications	4,000	4,000	3,618	382
Building Improvements	1,350,000	1,695,385	1,437,959	257,426
Capital Funds to Town	175,016	175,016	111,000	64,016
Other	9,250	9,250	19,342	(10,092)
Total Maintenance and Repairs	<u>4,346,504</u>	<u>4,726,160</u>	<u>4,337,714</u>	<u>388,446</u>
TOTAL EXPENDITURES (SEE NOTES 1 AND 2)	<u>27,761,797</u>	<u>28,289,983</u>	<u>27,677,349</u>	<u>612,634</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,498,280)</u>	<u>(6,841,329)</u>	<u>(6,137,988)</u>	<u>703,341</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	5,713,376	6,003,376	6,475,500	472,124
Operating Transfers Out	<u>(335,097)</u>	<u>(335,097)</u>	<u>(335,097)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES) (SEE NOTES 1 AND 2)	<u>5,378,279</u>	<u>5,668,279</u>	<u>6,140,403</u>	<u>472,124</u>
NET CHANGE IN FUND BALANCE	(1,120,001)	(1,173,050)	2,415	1,175,465
FUND BALANCE - BEGINNING	<u>3,459,789</u>	<u>3,459,789</u>	<u>3,459,789</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 2,339,788</u>	<u>2,286,739</u>	<u>3,462,204</u>	<u>1,175,465</u>

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

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business - Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 10,268,758	14,299,624	24,568,382
Cash - Construction and Restricted Retainage	-	854,451	854,451
Accounts and Other Receivables, Net	7,149,641	664,897	7,814,538
Unbilled Revenue Receivable	2,033,840	-	2,033,840
Due from Other Governments	-	196,248	196,248
Inventory - Materials and Supplies	1,614,790	390,777	2,005,567
Prepaid Expenses and Other Current Assets	2,125,833	213,781	2,339,614
Investments	-	83,558	83,558
Total Current Assets	23,192,862	16,703,336	39,896,198
Noncurrent Assets			
Certificates of Deposit - Long-Term	6,283,000	-	6,283,000
Designated Assets			
Industrial Park Fund: Cash	244,935	-	244,935
Industrial Park Fund: Receivables	625,065	-	625,065
TVA Home Insulation Program Receivable	1,448,933	-	1,448,933
Total Designated Assets	2,318,933	0	2,318,933
Capital Assets			
Land and Land Rights	1,697,710	730,754	2,428,464
Construction in Progress	3,927,573	6,271,140	10,198,713
Buildings and Improvements	3,249,845	37,694,246	40,944,091
Equipment, Vehicles, and Distribution Systems	143,324,643	21,664,797	164,989,440
Less: Accumulated Depreciation	(68,151,374)	(36,670,839)	(104,822,213)
Net Capital Assets	84,048,397	29,690,098	113,738,495
Total Noncurrent Assets	92,650,330	29,690,098	122,340,428
TOTAL ASSETS	115,843,192	46,393,434	162,236,626
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to OPEB	429,104	1,741	430,845
Deferred Outflows Related to Pensions	2,340,228	527,384	2,867,612
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,769,332	529,125	3,298,457

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business - Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
TOTAL LIABILITIES			
Current Liabilities, Payable from Current Assets			
Accounts Payable	1,262,075	195,379	1,457,454
Accrued Tree Trimming Expense	1,996,869	-	1,996,869
Accrued Wages and Other Accrued Expenses	700,583	18,307	718,890
Accrued Sales Tax	-	20,519	20,519
Due to TVA - Power	7,214,405	-	7,214,405
Due to TVA - Unbilled Power, Current Portion	120,000	-	120,000
Accrued Compensated Absences, Current Portion	-	277,539	277,539
Total Current Liabilities, Payable from Current Assets	11,293,932	511,744	11,805,676
Current Liabilities, Payable from Designated Assets			
Accounts Payable, Construction Funds	-	242,726	242,726
Retainage Payable, Construction Funds	-	284,763	284,763
Total Current Liabilities, Payable from Designated Assets	0	527,489	527,489
Long-Term Liabilities			
Unearned Revenues - Pole Rentals	323,107	-	323,107
Customer Deposits	1,964,866	328,634	2,293,500
Accrued Compensated Absences, Net of Current Portion	1,013,474	-	1,013,474
Net Pension Liability	3,725,891	932,874	4,658,765
Other Post-Employment Benefits	18,192,251	90,724	18,282,975
Due to TVA - Unbilled Power	855,639	-	855,639
TVA Home Insulation Program	1,494,840	-	1,494,840
Amounts Due for Easements Purchased	-	38,375	38,375
Total Long-Term Liabilities	27,570,068	1,390,607	28,960,675
TOTAL LIABILITIES	38,864,000	2,429,840	41,293,840
DEFERRED INFLOWS OF RESOURCES			
Deferred Outflows Related to OPEB	779,710	9,060	788,770
Deferred Outflows Related to Pensions	690	140,606	141,296
TOTAL DEFERRED OUTFLOWS OF RESOURCES	780,400	149,666	930,066
NET POSITION			
Investment in Capital Assets	84,048,397	29,690,098	113,738,495
Unrestricted	(5,080,273)	14,652,955	9,572,682
TOTAL NET POSITION	\$ 78,968,124	44,343,053	123,311,177

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

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Business - Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
OPERATING REVENUES			
Charges for Services	\$ 109,025,147	9,944,888	118,970,035
TOTAL OPERATING REVENUES	109,025,147	9,944,888	118,970,035
OPERATING EXPENSES			
Purchased Power	86,797,309	-	86,797,309
Power and Pumping	-	810,249	810,249
Purification and Treatment	-	2,123,173	2,123,173
Sewer Mains	-	350,723	350,723
Maintenance	4,426,110	183,356	4,609,466
Distribution Expense	5,094,490	722,660	5,817,150
Depreciation	4,475,613	1,569,785	6,045,398
Customer Accounts Expense	2,363,727	342,728	2,706,455
General and Administrative Expense	2,004,295	2,802,950	4,807,245
Sales Expense	91,528	-	91,528
Transmission Expense	48,441	-	48,441
Other	412,960	72,777	485,737
TOTAL OPERATING EXPENSES	105,714,473	8,978,401	114,692,874
OPERATING INCOME (LOSS)	3,310,674	966,487	4,277,161
NONOPERATING REVENUES (EXPENSES)			
Investment Income	151,804	251	152,055
Intergovernmental	-	490,139	490,139
Revenue (Expense) from Merchandising, Jobbing, and Contract Work, Net (Gross Sales \$408,140)	(77,475)	-	(77,475)
Interest Expense	(4,320)	-	(4,320)
Gain (Loss) on Disposal of Capital Assets	58,546	15,972	74,518
TOTAL NONOPERATING REVENUES (EXPENSES)	128,555	506,362	634,917
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	3,439,229	1,472,849	4,912,078
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Contributions in Aid of Construction	236,694	-	236,694
Reduction of Plant Costs Recovered Through Contributions in Aid of Construction	(236,694)	-	(236,694)
Transfers Out - Payments in Lieu of Tax	(1,422,419)	-	(1,422,419)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,422,419)	0	(1,422,419)
CHANGE IN NET POSITION	2,016,810	1,472,849	3,489,659
NET POSITION - BEGINNING	87,156,837	42,964,450	130,121,287
Prior Period Restatement	(10,205,523)	(94,246)	(10,299,769)
NET POSITION - BEGINNING, RESTATED	76,951,314	42,870,204	119,821,518
NET POSITION - ENDING	\$ 78,968,124	44,343,053	123,311,177

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

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received From Customers	\$ 109,347,411	10,276,132	119,623,543
Cash Payments to Suppliers for Goods and Services	(93,826,893)	(4,883,612)	(98,710,505)
Cash Payments to Employees for Services	(6,954,479)	(2,132,127)	(9,086,606)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	8,566,039	3,260,393	11,826,432
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in Lieu of Taxes	(1,422,419)	-	(1,422,419)
Interest Paid	(4,320)	-	(4,320)
(Increase) Decrease in Home Insulation Program Receivables	372,061	-	372,061
Increase (Decrease) in Home Insulation Program Liabilities	(366,840)	-	(366,840)
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	(1,421,518)	0	(1,421,518)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(8,227,447)	(3,752,663)	(11,980,110)
Proceeds from Sale of Capital Assets	65,400	17,726	83,126
Excess Removal Cost of Plant	(238,179)	-	(238,179)
Grants from Federal and State Sources	-	490,139	490,139
Revenue (Expense) from Merchandising, Jobbing, and Other	(77,475)	-	(77,475)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(8,477,701)	(3,244,798)	(11,722,499)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Maturity of Certificates of Deposits	257,600	-	257,600
Interest on Investments	155,214	201	155,415
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	412,814	201	413,015
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(920,366)	15,796	(904,570)
CASH AND CASH EQUIVALENTS - BEGINNING	11,434,059	15,138,279	26,572,338
CASH AND CASH EQUIVALENTS - ENDING	\$ 10,513,693	15,154,075	25,667,768

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Light and Power System	Water and Light Commission	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
OPERATING INCOME (LOSS)	\$ 3,310,674	966,487	4,277,161
Depreciation	4,914,452	1,569,785	6,484,237
Provision for Bad Debts	-	53,706	53,706
(Increase) Decrease in			
Accounts and Other Receivables, Net, and			
Due from Other Governments	(155,848)	277,538	121,690
Unbilled Revenue Receivable	378,394	-	378,394
Inventory - Materials and Supplies	188,454	1,221	189,675
Prepaid Expenses and Other Current Assets	(1,643,531)	(9,701)	(1,653,232)
Deferred Outflows Related to Pensions	(1,001,455)	132,883	(868,572)
Deferred Outflows Related to OPEB	(429,104)	(1,741)	(430,845)
Increase (Decrease) in			
Accounts, Construction, and Retainage Payables	90,345	126,156	216,501
Due to TVA	(125,230)	-	(125,230)
Other Accrued Liabilities	1,622,634	835	1,623,469
Customer Deposits	99,718	410	100,128
Net Pension Liability	(47,531)	108,457	60,926
Other Post-Employment Benefits	(221,105)	(5,226)	(226,331)
Deferred Inflows Related to Pensions	805,462	30,523	835,985
Deferred Inflows Related to OPEB	779,710	9,060	788,770
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 8,566,039</u>	<u>3,260,393</u>	<u>11,826,432</u>

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

Cash and Cash Equivalents	\$ 10,268,758	14,299,624	24,568,382
Cash - Construction Account	-	854,451	854,451
Designated - Industrial Park: Cash	244,935	-	244,935
Total Cash and Cash Equivalents	<u>\$ 10,513,693</u>	<u>15,154,075</u>	<u>25,667,768</u>

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

The Town of Greeneville Board of Education – Members of the Town of Greeneville Board of Education (Board of Education), which are elected officials, approve its budgets including funding for the operation of the schools. See Note 3. The operations of the Board of Education are reported in the General Purpose School, Federal Projects, School Nutrition, and Extended School Program Funds, which are special revenue funds.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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

Individual Component Unit Disclosures

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

Joint Ventures and Jointly Governed Entities

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

Greeneville-Greene County Landfill - The Greeneville-Greene County Landfill (the Landfill) is operated jointly by the Town and Greene County, Tennessee. The facility serves as a transfer station for Classes I and II and classified special waste, which is transported out of Greene County. In addition, the Landfill operates a Class III/IV landfill. The Town acts as a fiscal agent for the Landfill. The Town and Greene County have an ongoing financial responsibility for the Landfill. For the fiscal year ended June 30, 2018, the Town and Greene County did not appropriate funds to the Landfill. At June 30, 2018, the Landfill’s net position was \$1,509,401, of which \$731,557 was the investment in capital assets.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Ventures and Jointly Governed Entities (Continued)

Greenville-Greene County Airport Authority - The Greenville-Greene County Airport Authority (the Authority) is a non-profit corporation operated jointly by the Town and Greene County. The Authority was chartered in 1980. The Town acts as a fiscal agent for the Authority. Financial responsibility for the Authority is maintained by the Town and Greene County. For the fiscal year ended June 30, 2018, the Town and Greene County appropriated \$40,380 and \$40,380, respectively, to supplement the Authority's operating revenues. At June 30, 2018, the Authority's net position was \$26,126,432, of which \$26,067,468 was the net investment in capital assets. Subsequent to the year ended June 30, 2018, the Authority's joint venture agreement was dissolved and the Authority became municipal authority, as described in Note 24.

Greenville-Greene County Library - The Greenville-Greene County Library (the Library), a discretely presented component unit of Greene County, is also a joint venture of Greene County and the Town. The Library serves all citizens of Greene County and is governed by a board appointed, in majority, by the Greene County Commission and also by the Town of Greeneville. The Town acts as a fiscal agent for the Library. The Library generates its operating revenue from donations, fines, copy fees, and appropriations from Greene County and the Town. For the fiscal year ended June 30, 2018, the Town and Greene County appropriated \$93,500 and \$90,000, respectively, to supplement the Library's operating revenues. At June 30, 2018, the Library's net position was \$494,489, of which \$260,985 was the investment in capital assets.

Greenville-Greene County Center for Technology - The Greenville-Greene County Center for Technology (Greene Technology Center or the Center) is a joint venture that is operated by the Board of Education and the Greene County Board of Education. The Center is dependent upon funding from both of these related entities.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Ventures and Jointly Governed Entities (Continued)

Greeneville-Greene County Center for Technology (Continued)

For the fiscal year ended June 30, 2018, the appropriations from the Town's Board of Education, the Greene County Board of Education and Greene County as reported in the audit report of the Board of Education, audited by other auditors, were as follows:

State of Tennessee and Federal Funds (includes \$88,942 in Federal Funds from Greene County Board of Education)	\$ 1,610,983
Greene County	465,253
Greene County Board of Education	312,375
Greeneville Board of Education	<u>125,326</u>
Total	<u><u>\$ 2,513,937</u></u>

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

Industrial Development Board - The Industrial Development Board (IDB) was created and jointly governed by the Town and Greene County. The board is composed of sixteen members, eight from each government, including the mayors for the Town and Greene County and seven other members each as approved by the Town and Greene County. The Town's administrator assists with certain financial procedures of the IDB, including signing disbursements. The purpose is to promote economic development by inducing manufacturing, industrial, governmental, educational, financial, service, commercial, recreational, and agricultural enterprises to locate in or remain in Greene County and the Town of Greeneville. Other than pass-through of tax-increment financing collections and remissions, the Town did not appropriate any funds for this operation during the fiscal year ending June 30, 2018 or have any ongoing financial interest or responsibilities for the entity. There were no separately issued audited financial statements for the IDB.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Ventures and Jointly Governed Entities (Continued)

A summary of the joint ventures' audited information as of June 30, 2018 is presented below, including the Library, a discretely presented component unit of Greene County. All are presented on the accrual basis.

	Greene County Landfill	Greeneville- Greene County Airport Authority	Greeneville- Greene County Library (A Component Unit of Greene County)	Greeneville- Greene Technology Center
Charges for Services/Operating Revenues	\$ 1,705,428	231,108	57,875	-
Operating Grants and Contributions	-	-	37,791	1,183,128
Capital Grants and Contributions	-	434,430	-	462,115
Operating and Other Expenses	(1,636,212)	(1,067,031)	(362,365)	(1,911,553)
General Revenues	17,400	99,049	185,791	466,377
Change in Net Position	86,616	(302,444)	(80,908)	200,067
Net Position, Beginning	1,486,706	26,428,876	606,229	1,257,186
Prior Period Restatement	(63,921)	-	(30,832)	(341,246)
Net Position, Beginning - Restated	1,422,785	26,428,876	575,397	915,940
Net Position, Ending	<u>\$ 1,509,401</u>	<u>26,126,432</u>	<u>494,489</u>	<u>1,116,007</u>
Total Assets and Deferred Outflows	\$ 3,036,363	28,497,741	599,800	1,655,131
Total Liabilities and Deferred Inflows	1,526,962	2,371,309	105,311	539,124
Total Net Position	<u>\$ 1,509,401</u>	<u>26,126,432</u>	<u>494,489</u>	<u>1,116,007</u>

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

Measurement Focus and Basis of Accounting

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

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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

Basic Financial Statements

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

Basic Financial Statements – Government-Wide Statements

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

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

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements (Continued)

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

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

Basic Financial Statements – Fund Financial Statements

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

Governmental Funds

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

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Governmental Funds (Continued)

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

The Town reports the following major governmental funds:

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

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

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

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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." At June 30, 2018, there were no such government-wide internal balances.

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Proprietary Funds

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

Enterprise Funds – Light and Power System and Water and Light Commission are enterprise funds. An enterprise fund is a proprietary type fund used to account for operations 1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the System. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Revenue Recognition

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

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

Commodities of School Nutrition Fund and Other Nonmonetary Contributions

Commodities received by School Nutrition from the USDA and other nonmonetary assistance received by the Town are recognized as revenue at the estimated fair market value in the period when all eligibility requirements are met (usually, when the commodities or other nonmonetary items are received).

Pricing of Meals - School Nutrition

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

Tap Fees

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

Budgets and Budgetary Accounting

The Town presents its budget on the modified accrual basis of accounting.

Encumbrance Accounting

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value (generally based on quoted market prices), except for Local Government Investment Pool (LGIP), which is at amortized cost. Investments consist of LGIP, Corporate Bonds and Asset and Mortgage Backed Securities with a maturity date greater than three months.

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

Receivables and Allowance for Uncollectible Accounts

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 60 days of fiscal year-end are considered available and accrued. Estimated uncollectible taxes were based on the prior year's collection experience. Property taxes are levied as of October 1 and the billings are considered past due on March 1 at which time the applicable property is subject to lien and penalties and interest are assessed. For the fiscal year ending June 30, 2018, the 2017 calendar year property tax rate was \$2.2153 per \$100 of assessed value. At June 30, 2018, the allowance for uncollectible accounts in the Town's General Fund was \$81,682.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables and Allowance for Uncollectible Accounts (Continued)

Receivables of the Water and Light Commission and Light and Power System are considered past due 30 days from the invoice date. Receivables are stated at the amount management expects to collect from outstanding balances. Amounts are aggregated into a single accounts receivable (net of allowance for uncollectible of \$35,055 at June 30, 2018) line. Management provides for probable uncollectible amounts based on its assessment of the current status of individual accounts through a provision for uncollectible accounts based on the historical collection experience. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. Unbilled receivables are generally not accrued. Unbilled receivables of the Water and Light Commission at June 30, 2018 were estimated at \$414,600. For the Light and Power System, at June 30, 2018, the balance in allowance for uncollectible accounts was approximately \$314,000, and amounts past due 90 days or greater at June 30, 2018 was approximately \$29,000. Also, at June 30, 2018, the allowance for uncollectible accounts in the Board of Education's Extended School Program Fund was \$6,502.

Inventories and Prepaid Items

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

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

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

Restricted Assets

Resources have been set aside in demand deposits and certificates of deposit for restricted use, such as cash and cash equivalents set aside for debt retirements and certificates of deposits and investments designated for self-insurance in the Town's general fund. Also, certain assets of the Light and Power System have been restricted or designated for a particular use. These assets include restricted cash for construction and retainage and designated cash deposits and receivables from the industrial park and from the TVA Home Insulation Program.

Unearned Revenues

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets

Capital assets, including land, buildings and improvements, infrastructure, equipment and vehicles, and construction in progress, are carried at historical cost in the proprietary funds and in the government-wide financial statements for governmental and business-type activities. Donated capital assets are recorded on the government-wide statements at the estimated fair market value of the property received at the date of donation. Interest costs incurred during construction of fixed assets are capitalized as part of the cost of assets. Capital assets are defined by the Town as items with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Repairs and maintenance are expensed as incurred. Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis over the estimated service life. The estimated useful lives of capital assets are as follows:

Land Improvements	30 - 40 years
Buildings	30 - 40 years
Equipment and Vehicles	3 - 25 years
Infrastructure	3 - 75 years

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

Payables and Accrued Expenses

Certain payments due reflect costs payable in future accounting periods and are recorded as payables and accrued expenses in the government-wide financial statements and on the fund level for the governmental and proprietary funds. Accrued expenses at June 30, 2018 include accrued wages and benefits in the governmental funds and include accrued wages and benefits, tree trimming, sales tax, power, and other accrued liabilities in the enterprise funds.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows and Deferred Inflows

In addition to assets, the statement of net position and governmental fund's balance sheet will sometimes report a separate section for deferred outflows of resources. These separate financial statement elements represent a consumption of fund balance or net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2018, the Town reported no deferred outflows in the governmental funds. The Town had certain pension and other post-employment benefit items that qualified for reporting on the government-wide statements in this category at June 30, 2018.

In addition to liabilities, the statement of net position and governmental fund's balance sheet will sometimes report a separate section for deferred inflows of resources. These separate financial statement elements represent an acquisition of fund balance or net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Under the modified accrual basis of accounting, unavailable revenue is reported in the governmental fund's balance sheet, but not on the statement of net position. At June 30, 2018, certain governmental funds of the Town reported unavailable revenues from taxes, grants and related inflows, and notes receivable and other sources collected past the period of availability. These amounts are currently deferred and subsequently recognized as inflows of resources in the period that the amounts become available. The Town had certain pension, other post-employment benefit items, and tax items that qualified for reporting on the government-wide statements in this category at June 30, 2018.

Internal Activity

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

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs are expensed as incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts as expenditures during the current period. The face amount of debt issued is reported as other financing sources, net of applicable premiums and discounts.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-term Obligations (Continued)

Refunded debt when applicable is reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Accumulated Compensated Absences

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

The enterprise funds recognize the cost of vacation and sick leave pay, up to maximum allowable accumulation, as earned. The Water and Light Commission's policies provide that in the event of termination or retirement, employees are reimbursed for accumulated vacation days up to a maximum of 30 days of vacation for prior years plus any vacation earned in the current year. Water and Light Commission employees can accumulate unlimited days of sick leave. Upon retirement or termination, Water and Light Commission employees are reimbursed for one-third of a maximum of 130 working days. The policies of the Light and Power System provide that upon termination or retirement, an employee is reimbursed for all accumulated vacation days. Light and Power System employees can accumulate sick leave and, upon retirement or termination, are reimbursed for one-third of the employees' accumulated sick leave benefits. Light and Power System employees can apply the remaining two-thirds of unused sick leave toward service time for retirement purposes.

Other Post-Employment Benefits

For purposes of measuring the other post-employment benefits (OPEB) liability and related OPEB expense, the Town, including the Water and Light Commission, Light and Power System, and Board of Education, recognizes benefits when they are due and payable, and related deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, in accordance with the benefit terms and actuarial valuations. The Town does not fund the OPEB liability; expenses are paid as incurred.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pension Plan Obligations

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

Fund Balance

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

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

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

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

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

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance (Continued)

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

Self-Insurance Reserve

The Town is self-insured for the purpose of paying medical claims of the Town of Greeneville's General Fund employees and their covered dependents, as well as post-employment health care benefits and certain related parties (Note 21), thus minimizing the total cost of annual medical insurance to the Town. Medical claims exceeding \$70,000 per incident are covered through a private insurance carrier. The self-insurance transactions are recorded in the Town's General Fund and not accounted for in a separate fund, with the fund balance reserved for self-insurance at an amount equal to the cash and receivables in funds previously designated as self-insurance funds and related assets restricted.

Estimates

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

Accounting Changes

Provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, were implemented for the fiscal year ended June 30, 2018. This standard establishes methods for measuring and recognizing OPEB liabilities, deferred outflows of resources, deferred inflows of resources and expenses. The net position has been restated to reflect the change in accounting principle. The impact of this restatement is a decrease net position of \$94,246 for the Water and Light Commission, \$10,205,523 for the Light and Power System and \$13,212,611 for the governmental activities including the Board of Education and remaining Town activities, for the net effect of recording the beginning total OPEB liability and removing the prior Net OPEB Obligation. GASB Statement No. 85, *Omnibus 2017*, was also implemented for the year ended June 30, 2018, which modifies the definition of covered payroll. See Note 23.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Reclassifications

Certain reclassifications have been made to the June 30, 2017 financial information in order for them to conform to the June 30, 2018 financial statement presentation. Certain reclassifications have been made to the financial information of the Town's Board of Education, Water and Light Commission, and Light and Power System in order for them to conform to the Town-wide financial statement presentation.

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

NOTE 2 - RECONCILIATION OF FINANCIAL STATEMENTS

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

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. Two elements of that reconciliation states that "net adjustment for net pension liability (asset) and related deferred inflows and deferred outflows entries are not due and payable in the current period and, therefore, are not reported in the governmental funds" and "total OPEB liability and related deferred inflows and deferred outflows entries are not due and payable in the current period and, therefore, are not reported in the governmental funds".

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 - RECONCILIATION OF FINANCIAL STATEMENTS (CONTINUED)

The details of these pension and OPEB differences are as follows:

Changes in deferred outflows of resources related to OPEB	\$ 527,195
Changes in deferred inflows of resources related to OPEB	(508,596)
Changes in total OPEB liability	<u>(13,984,896)</u>
Net changes for the effect of OPEB related amounts	(13,966,297)
Changes in deferred outflows of resources related to pensions	5,478,312
Changes in deferred inflows of resources related to pensions	(3,093,795)
Changes in net pension liability	<u>(5,407,064)</u>
Net changes for the effect of pension related amounts	(3,022,547)
Total net adjustment for the decrease in fund balances - governmental funds to arrive at change in net position of governmental activities for pension and OPEB	<u><u>\$ (16,988,844)</u></u>

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

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

	General Purpose School Fund			Net Change in Fund Balance
	Revenues	Expenditures	Other Financing Sources (Uses)	
Totals - Reported in the Board of Education's Separately Issued Report - Governmental Funds	\$ 28,068,276	28,077,446	11,585	2,415
Transfers to the BOE from the Town's General Fund for Operations and Parking Lot and Other Items	(6,391,242)	-	6,391,242	-
Utility Expenditures Reimbursed by the Town's General Fund	(36,000)	-	36,000	-
Mixed Drink Funds Reimbursed by the Town's General Fund	(36,673)	-	36,673	-
Technology Expenditures Reimbursed by the Town's General Fund	(65,000)	(65,000)	-	-
Transfers from the BOE to the Town's General Fund for Debt Service Reimbursements	-	(335,097)	(335,097)	-
Totals - Reported in the Town's Governmental Funds Financial Statements	<u>\$ 21,539,361</u>	<u>27,677,349</u>	<u>6,140,403</u>	<u>2,415</u>

In addition, \$32,154 of unearned income and \$812,858 of unamortized premium on notes payable from the Board of Education's separately issued financial statements were reclassified from deferred inflows to liabilities for governmental activities on the Town's statement of net position.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - BUDGETARY INFORMATION AND COMPLIANCE

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

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

The Board of Education’s budget process begins with the development of the Board of Education’s goals. The administrative team, school administrators, and central office administrators identify priorities. The Board of Education reviews the budget, and the team makes refinement to the budget until it is adopted by the Board of Education. The Board of Education submits a proposed fiscal year operating budget to the Board of Mayor and Aldermen. The Board of Mayor and Aldermen does not have the authority to make line item adjustments to the budget; they control only the Town appropriation. The operating budget includes proposed revenues and expenditures. Public hearings are conducted to obtain citizen comments on the proposed budget. Upon second reading by the Board of Mayor and Aldermen, the budget is legally adopted. A copy of the budget must be filed with the Commissioner of Education. The Board of Education has the authority to make revisions to the budget as deemed necessary. The amended budget is approved by the Board of Education and reflected in the official minutes of the Board of Education. The original and amended budgets are reflected in these financial statements. Actual expenditures may not legally exceed budget appropriations at the individual fund level. The Board of Education’s Capital Projects Fund Budget is a project-length budget that corresponds to the expected length of the construction project. The Board of Education did not adopt an annual budget for the Board of Education’s Capital Project Fund for the year ended June 30, 2018.

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

For the fiscal year ended June 30, 2018, expenditures exceeded budgeted appropriations in the listed departments or funds as follows:

General Fund	
Public Safety	\$201,727
Public Works	50,266
Debt Service	555,595

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

Deposits

Governmental Activities - Town of Greeneville

At June 30, 2018, the carrying value of the Town's governmental activities' bank deposit balances (excluding the Board of Education) approximated \$3,888,211 for cash and cash equivalents and \$8,648,086 for certificates of deposit – long-term, of which \$2,359,269 was restricted for self-insurance. All of the carrying value was either covered by the federal depository insurance or through the bank's participation in the Tennessee Bank Collateral Pool.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Governmental Activities - Board of Education

The Board of Education’s cash accounts represent funds on deposit in a local financial institution. Carrying value of the Board of Education’s bank balances at June 30, 2018 totaled \$4,393,930, all of which was either covered by the federal depository insurance or through the bank’s participation in the Tennessee Bank Collateral Pool.

Business-Type Activities - Water and Light Commission

At June 30, 2018, the bank balances of the Water and Light Commission was approximately \$15.3 million, all of which was either covered by federal depository insurance or through the bank’s participation in the Tennessee Bank Collateral Pool.

Business-Type Activities - Light and Power System

At June 30, 2018, the bank balances of the Light and Power System aggregated approximately \$16.8 million (including certificates of deposits and designated cash funds), all of which was covered by federal depository insurance, through the bank’s participation in the Tennessee Bank Collateral Pool, or through securities held by the Light and Power System in the System’s name. All of the Light and Power System’s bank balances were in interest bearing accounts.

Summary of Deposits

A summary of the carrying amount of the Town’s governmental activities deposits per the Statement of Net Position are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 6,371,351	1,329,975	7,701,326
Certificates of Deposit - Long-Term	<u>6,488,460</u>	<u>2,359,269</u>	<u>8,847,729</u>
Total Governmental Activities	<u>\$ 12,859,811</u>	<u>3,689,244</u>	<u>16,549,055</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

A summary of the carrying amount of the Town’s business-type activities deposits per the fund level Statement of Net Position follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Designated</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 24,568,382	854,451	244,935	25,667,768
Certificates of Deposit - Long-Term	<u>6,283,000</u>	<u>-</u>	<u>-</u>	<u>6,283,000</u>
Total Business-Type Activities	<u>\$ 30,851,382</u>	<u>854,451</u>	<u>244,935</u>	<u>31,950,768</u>

Investments

Interest Rate Risk

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

Credit Risk

As of June 30, 2018, all of the Town’s investments in corporate bonds were rated as B+/BB-. Certain asset and mortgage backed securities owned by the Town were not rated. Investments rated BBB and higher are considered to be investment grade. Investments rated BB or lower indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.

Concentration of Credit Risk over Investments

More than 5 percent of the Town’s governmental activities investments (excluding long-term certificates of deposits) are in corporate bonds.

See Note 18 for disclosure of concentration of credit risk for business-type activities.

Governmental Activities

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

As of June 30, 2018, the Town held investments in callable corporate bonds totaling \$22,225, funds held with an investment company covered by SPIC. These investments are not permitted under State statutes. Upon sale, call or maturity, the proceeds from these securities will be reinvested in compliance with State Code.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Governmental Activities (Continued)

At June 30, 2018, the Town's credit quality distribution for investments, with credit exposure as a percentage of total investments and weighted average maturity in years, are as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)		
Corporate Bonds	\$ 22,225	8.42		
Asset and Mortgage Backed Securities	3,216	1.71		
Total Fair Value	<u>\$ 25,441</u>			
Portfolio Weighted Average Maturity		7.57		

Investment Type	Rating	Rating Agency	Fair Value	Percentage
Corporate Bonds	B+/BB-	Fitch / Standard & Poor's	\$ 22,225	87%
Asset and Mortgage Backed Securities	N/A	N/A	<u>3,216</u>	13%
			<u>\$ 25,441</u>	

Investment maturities by type are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More Than 10
Corporate Bonds	\$ 22,225	-	-	-	22,225
Asset and Mortgage Backed Securities	3,216	-	-	-	3,216
Total Bond Fund Investments	<u>\$ 25,441</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,441</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Governmental Activities (Continued)

Investments at fair value on recurring basis are as follows:

	Total	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level One)	Significant Other Observable Inputs (Level Two)	Significant Unobservable Inputs (Level Three)
Corporate Bonds	\$ 22,225	22,225	-	-
Asset and Mortgage Backed Securities	3,216	3,216	-	-
Total Investments Reported at Fair Value	<u>\$ 25,441</u>	<u>25,441</u>	<u>0</u>	<u>0</u>

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

Restricted Investments

Certain investments have been restricted for use in the Town's Self-Insurance Plan. At June 30, 2018, the balance of investments restricted for self-insurance was \$25,441.

Business-Type Activities

The Water and Light Commission invests funds in the State of Tennessee's Local Government Investment Pool (LGIP) and is recorded at amortized cost which approximates fair market value. At June 30, 2018, the investment balance was \$83,558. At June 30, 2018, the LGIP reported weighted average maturity of 43 days, which is the dollar weighted days to maturity considering the approved maturity shortening features, such as the interest rate reset date; maximum allowed is 60 days for LGIP investments. The dollar weighted days to maturity averaged 72 days for LGIP investments at June 30, 2018; maximum allowed is 120 days. The monthly return at June 30, 2018 approximated 1.83%, which is the gross return prior to reduction of administrative fees, currently at 4 basis points.

Investment Type	Cost	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More Than 10
Local Government Investment Pool	\$ 83,558	83,558	-	-	-
Total LGIP Investments	<u>\$ 83,558</u>	<u>83,558</u>	<u>0</u>	<u>0</u>	<u>0</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - RECEIVABLES

Receivables as of June 30, 2018 with the applicable allowances for uncollectible accounts are as follows:

	Governmental Activities			Business - Type Activities	
	General	General Purpose School	Nonmajor and Other Funds	Light and Power	Water and Light
Current Receivables:					
Accounts	\$ 239,513	5,652	129,805	7,463,641	625,897
Taxes	10,374,937	-	-	-	-
Unbilled Revenue	-	-	-	2,033,840	-
Other	-	-	-	-	74,055
Designated Receivables:					
Industrial Park Fund Receivables	-	-	-	625,065	-
TVA Home Insulation Program Receivables	-	-	-	1,448,933	-
Gross Receivables	10,614,450	5,652	129,805	11,571,479	699,952
Less: Allowance for Uncollectible	(81,682)	-	(6,502)	(314,000)	(35,055)
Total Receivables	<u>\$ 10,532,768</u>	<u>5,652</u>	<u>123,303</u>	<u>11,257,479</u>	<u>664,897</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Receivables not earned:		
General Government		
Property tax levied for ensuing fiscal year	\$ -	9,716,709
Receivables not received within period of availability:		
General Government		
Notes Receivable	2,015,000	-
Taxes not collected in the period of availability	536,276	-
State Income Tax	103,270	-
Payments in Lieu of Tax	42,753	-
State and Federal Grants	100,697	-
Other receivables not collected in the period of availability	46,942	-
	<u>\$ 2,844,938</u>	<u>9,716,709</u>

At June 30, 2018, receivables not expected to be collected in one year are the entire \$2,015,000 notes receivable balance from the Greeneville-Greene County Airport Authority, since subsequent to year-end, the Town wrote off the fiscal year 2019 portion of the notes receivable from the Authority, as described in Note 24.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 6 - PREPAID POWER

The Light and Power System has an agreement with TVA by which the System maintains an interest-earning prepaid power account for its purchase of electricity. At June 30, 2018 the Light and Power System had deposits with the TVA totaling \$1,812,230 and had a liability for purchased power equaling \$7,214,405. The account yielded an interest rate of 1.88% at June 30, 2018.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 is as follows:

	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 4,359,206	-	-	4,359,206
Construction in Progress	440,708	1,522,013	(1,042,261)	920,460
Total Capital Assets, Not Being Depreciated	<u>4,799,914</u>	<u>1,522,013</u>	<u>(1,042,261)</u>	<u>5,279,666</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	66,351,091	1,049,973	-	67,401,064
Infrastructure	50,315,202	80,161	-	50,395,363
Equipment and Vehicles	20,681,301	1,268,955	(62,145)	21,888,111
Total Capital Assets, Being Depreciated	<u>137,347,594</u>	<u>2,399,089</u>	<u>(62,145)</u>	<u>139,684,538</u>
Less Accumulated Depreciation				
Buildings and Improvements	(38,018,367)	(1,746,224)	-	(39,764,591)
Infrastructure	(45,196,793)	(558,587)	-	(45,755,380)
Equipment and Vehicles	(15,698,135)	(1,197,804)	62,145	(16,833,794)
Total Accumulated Depreciation	<u>(98,913,295)</u>	<u>(3,502,615)</u>	<u>62,145</u>	<u>(102,353,765)</u>
Total Capital Assets, Being Depreciated, Net	<u>38,434,299</u>	<u>(1,103,526)</u>	<u>-</u>	<u>37,330,773</u>
Governmental Activities, Capital Assets, Net	<u>\$ 43,234,213</u>	<u>418,487</u>	<u>(1,042,261)</u>	<u>42,610,439</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business - Type Activities				
Capital Assets, Not Being Depreciated				
Land and Land Rights	\$ 2,428,464	-	-	2,428,464
Construction in Progress	11,106,585	3,682,379	(4,590,251)	10,198,713
Total Capital Assets, Not Being Depreciated	<u>13,535,049</u>	<u>3,682,379</u>	<u>(4,590,251)</u>	<u>12,627,177</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	39,771,691	1,172,400	-	40,944,091
Equipment and Distribution Systems	155,201,576	11,715,582	(1,927,718)	164,989,440
Total Capital Assets, Being Depreciated	<u>194,973,267</u>	<u>12,887,982</u>	<u>(1,927,718)</u>	<u>205,933,531</u>
Less Accumulated Depreciation	<u>(100,497,019)</u>	<u>(6,484,237)</u>	<u>2,159,043</u>	<u>(104,822,213)</u>
Total Capital Assets, Being Depreciated, Net	<u>94,476,248</u>	<u>6,403,745</u>	<u>231,325</u>	<u>101,111,318</u>
Business - Type Activities, Capital Assets, Net	<u>\$ 108,011,297</u>	<u>10,086,124</u>	<u>(4,358,926)</u>	<u>113,738,495</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 443,884
Education	1,585,867
Public Safety	647,522
Public Works	456,284
Health and Welfare	369,058
Total Governmental Activities Depreciation Expense	<u>\$ 3,502,615</u>
Business-type Activities	
Light and Power System	\$ 4,475,613
Water and Light Commission	1,569,785
	<u>6,045,398</u>
Depreciation Expense Charged to Light and Power System Clearing Account	438,839
Total Business-Type Activities Depreciation Expense	<u>\$ 6,484,237</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 - LONG-TERM DEBT

During the fiscal year ended June 30, 2018, the following debt transactions occurred:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$ 19,870,000	9,125,000	(10,525,000)	18,470,000	1,480,000
Plus: Premiums	457,160	514,428	(158,730)	812,858	-
General Obligation Bonds - Airport	1,615,000	-	-	1,615,000	-
Plus: Premiums	26,434	-	(1,040)	25,394	-
Airport Revenue and Tax Refunding Bonds	555,000	-	(75,000)	480,000	80,000
Total Bonds and Notes Payable	22,523,594	9,639,428	(10,759,770)	21,403,252	1,560,000
Other Liabilities					
Compensated Absences	679,160	1,439,014	(1,433,386)	684,788	-
Retirement Incentive	244,230	112,754	(240,392)	116,592	82,731
Capital Leases	1,572,027	54,215	(521,701)	1,104,541	534,343
Total Other Liabilities	2,495,417	1,605,983	(2,195,479)	1,905,921	617,074
Governmental Activities Long-Term Liabilities	\$ 25,019,011	11,245,411	(12,955,249)	23,309,173	2,177,074
Business-Type Activities					
Compensated Absences	\$ 1,147,618	410,572	(267,177)	1,291,013	277,539
Due to TVA - Unbilled Power	1,095,639	-	(120,000)	975,639	120,000
TVA Home Insulation Program	1,861,680	-	(366,840)	1,494,840	-
Amounts Due for Easements Purchased	38,375	-	-	38,375	-
Other Long-Term Liabilities	4,067	-	(4,067)	-	-
Business-Type Activities Long-Term Liabilities	\$ 4,147,379	410,572	(758,084)	3,799,867	397,539

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

Governmental Activities

For governmental activities, compensated absences are liquidated by the General Fund and the General Purpose School Fund. The retirement incentive will be paid by the General Purpose School Fund.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Accrued Compensated Absences, by Function:

General Government	\$ 45,347
Education	114,327
Public Safety	362,777
Public Works	107,700
Health and Welfare	51,016
Food Service	<u>3,621</u>

Total Accrued Compensated Absences	684,788
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Accrued Retirement Incentive - Education	116,592
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\$1,572,027 capital lease obtained in fiscal year 2017 to purchase public safety equipment. Payments are due annually beginning in fiscal year 2018 until fiscal year 2020. Imputed interest is 2.39%.	1,060,379
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\$54,215 capital lease obtained in fiscal year 2018 to purchase public safety equipment. Payments are due annually beginning in fiscal year 2018 until fiscal year 2022. Interest rate of the lease is 3.78%.	44,162
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\$11,475,000 bond issue (G.O. Refunding Bonds, Series 2009). Proceeds to the Town were to pay off bonds issued for school renovation. Interest is due semi-annually. The bond was refunded during the year ended June 30, 2018. Interest ranged from 2.00% to 4.00% during the bond life.	1,285,000
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\$11,120,000 bond issue (G.O. Refunding Bonds, Series 2010). Proceeds to the Town were used to pay off G.O. Refunding Bonds, Series E-10-A 2009. Interest is due semi-annually. The bond matures on June 30, 2029. Interest ranges from 2.00% to 4.00% and was approximately 3.79% at June 30, 2018.	8,060,000
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Unamortized premium related to \$11,120,000 bond issue (G.O. Refunding Bonds, Series 2010).	332,727
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\$1,615,000 bond issue (General Obligation Bonds, Series 2016A). Proceeds to the Town were to sustain the Authority's future payments on liabilities, paying off the capital outlay note and litigation settlement liability. Interest is due semi-annually. The bond matures on September 1, 2041. Interest ranges from approximately 3.00% to 3.38% and was 3.00% at June 30, 2018.	1,615,000
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Unamortized premium related to \$1,615,000 bond issue (General Obligation Bonds, Series 2016A).	25,394
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\$555,000 bond issue (Airport Revenue and Tax Refunding Bond, Series 2016B, AMT). Proceeds to the Town were to pay off Series 2003 Airport Improvement Project obligation. The bond matures on September 1, 2023 and the interest rate is 2.42%.	480,000
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\$9,125,000 bond issue (General Obligation Bonds, Series 2017). Proceeds to the Town were restricted to pay off G.O. Refunding Bonds, Series 2009. Interest is due semi-annually. The bond matures on June 1, 2025. Interest rate is 3.00%.	9,125,000
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Unamortized premium related to \$9,125,000 bond issue (G.O. Refunding Bonds, Series 2017).	<u>480,131</u>
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Total Governmental Activities Long-Term Liabilities	23,309,173
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Less: Amounts Due Within One Year	<u>(2,177,074)</u>
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Noncurrent	<u><u>\$ 21,132,099</u></u>
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TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Bonds Payable

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

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 1,285,000	44,975	1,329,975

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

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 180,000	305,875	485,875
2020	185,000	301,825	486,825
2021	200,000	297,200	497,200
2022	200,000	291,700	491,700
2023	205,000	285,700	490,700
2024	225,000	279,550	504,550
2025	240,000	272,800	512,800
2026	1,600,000	265,000	1,865,000
2027	1,625,000	201,000	1,826,000
2028	1,700,000	136,000	1,836,000
2029	1,700,000	68,000	1,768,000
	<u>\$ 8,060,000</u>	<u>2,704,650</u>	<u>10,764,650</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Bonds Payable (Continued)

General Obligation Bonds, Series 2016A, debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ -	50,469	50,469
2020	-	50,469	50,469
2021	-	50,469	50,469
2022	-	50,469	50,469
2023	-	50,469	50,469
2024	-	50,469	50,469
2025	70,000	49,419	119,419
2026	70,000	47,319	117,319
2027	75,000	45,144	120,144
2028	75,000	42,894	117,894
2029	75,000	40,644	115,644
2030	80,000	38,319	118,319
2031	80,000	35,919	115,919
2032	85,000	33,444	118,444
2033	85,000	30,894	115,894
2034	90,000	28,269	118,269
2035	95,000	25,494	120,494
2036	95,000	22,644	117,644
2037	100,000	19,594	119,594
2038	100,000	16,344	116,344
2039	105,000	13,013	118,013
2040	110,000	9,450	119,450
2041	110,000	5,738	115,738
2042	115,000	1,941	116,941
	<u>\$ 1,615,000</u>	<u>809,297</u>	<u>2,424,297</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Bonds Payable (Continued)

Airport Revenue and Tax Refunding Bonds, Series 2016B, debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 80,000	10,648	90,648
2020	80,000	8,712	88,712
2021	80,000	6,776	86,776
2022	80,000	4,840	84,840
2023	80,000	2,904	82,904
2024	80,000	968	80,968
	<u>\$ 480,000</u>	<u>34,848</u>	<u>514,848</u>

In December 2017, the Town, on behalf of the Town's Board of Education, refinanced the General Obligation Bonds, Series 2009, issuing \$9,125,000 General Obligation Bonds, Series 2017. A portion of the new debt's proceeds, \$1,329,975, was advance crossover funding for General Obligation Bonds, Series 2009, payments due in fiscal year 2019; cash of an equal amount was considered restricted at June 30, 2018. G.O. Refunding Bonds, Series 2017, debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 15,000	273,750	288,750
2020	1,430,000	273,300	1,703,300
2021	1,460,000	230,400	1,690,400
2022	1,505,000	186,600	1,691,600
2023	1,535,000	141,450	1,676,450
2024	1,570,000	95,400	1,665,400
2025	1,610,000	48,300	1,658,300
	<u>\$ 9,125,000</u>	<u>1,249,200</u>	<u>10,374,200</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Bonds Payable (Continued)

Annual Debt Service Requirements - Governmental Activities Totals

Total future maturities of governmental long-term debt general obligation and refunding bonds at June 30, 2018 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 1,560,000	685,717	2,245,717
2020	1,695,000	634,306	2,329,306
2021	1,740,000	584,845	2,324,845
2022	1,785,000	533,609	2,318,609
2023	1,820,000	480,523	2,300,523
2024	1,875,000	426,387	2,301,387
2025	1,920,000	370,519	2,290,519
2026	1,670,000	312,319	1,982,319
2027	1,700,000	246,144	1,946,144
2028	1,775,000	178,894	1,953,894
2029	1,775,000	108,644	1,883,644
2030	80,000	38,319	118,319
2031	80,000	35,919	115,919
2032	85,000	33,444	118,444
2033	85,000	30,894	115,894
2034	90,000	28,269	118,269
2035	95,000	25,494	120,494
2036	95,000	22,644	117,644
2037	100,000	19,594	119,594
2038	100,000	16,344	116,344
2039	105,000	13,013	118,013
2040	110,000	9,450	119,450
2041	110,000	5,738	115,738
2042	115,000	1,941	116,941
	<u>\$ 20,565,000</u>	<u>4,842,970</u>	<u>25,407,970</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

Bonds Payable (Continued)

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

The Board of Education agreed to pay \$1,800,000 to the Town for the renovation of Greeneville Middle School. The Board of Education funds the annual payment from the Basic Education Program (BEP) non-classroom funds. The principal and interest are paid in annual installments, and the last payment is due June 2025. The interest rate is 6.0%. The amount paid to the Town for June 30, 2018 was \$144,600. The principal balance the Board of Education owes the Town for Greeneville Middle School at June 30, 2018 was \$820,000.

To assist the Town for the construction of Greeneville High School, the Board of Education agreed to pay to the Town, on an annual basis, the quarter cent sales tax money the Board of Education receives. The amount paid to the Town for June 30, 2018 was \$190,497. This payment will be made annually through the fiscal year ended 2025.

Premiums on Long-Term Debt

At June 30, 2018, the governmental activities’ premiums on long-term debt, related to the Town’s Board of Education and the Town on behalf of the Greeneville-Greene County Airport Authority, were as follows:

Unamortized Premium on Notes Payable Related to:	
G.O. Refunding Bonds, Series 2010	\$ 332,727
General Obligation Bonds - Airport, Series 2016A	25,394
G.O. Refunding Bonds, Series 2017	<u>480,131</u>
Total Premiums	<u><u>\$ 838,252</u></u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities

Accrued Compensated Absences, by Function:

Light and Power System	\$ 1,013,474
Water and Light Commission	277,539
Total Accrued Compensated Absences	1,291,013
Amounts Due for Easements Purchased	38,375
TVA - Previous Years' Unbilled Power	975,639
Advances under the TVA Home Insulation Program	1,494,840
Total Business-Type Activities Long-Term Liabilities	3,799,867
Less: Amounts Due Within One Year	(397,539)
Noncurrent	\$ 3,402,328

In October 2015, the Light and Power System learned that Tennessee Valley Authority had not billed them for certain power costs for various months during the period of 2009 through 2014. The total previously unbilled costs amounted to \$1,305,639. The Light and Power System pays TVA these costs beginning in October 2015 in 71 interest-free monthly installments of \$10,000, with a balloon payment for the remaining balance due in fiscal year 2021. Future maturities of amounts due to the TVA for unpaid power at June 30, 2018 are as follows:

Fiscal Year Ending June 30	TVA - Unbilled Power	
	Principal	Interest
2019	\$ 120,000	-
2020	120,000	-
2021	735,639	-
Total	\$ 975,639	0

Also, the Light and Power System had certain advances under the TVA home insulation program providing for interest-free or low-interest loans to customers, which is repayable to a financial institution from customer repayments to the Light and Power System, as discussed in Note 20.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 - CAPITAL LEASES

In fiscal year 2017, the Town entered into a \$1,572,027 capital lease agreement for safety equipment. The lease includes three annual installments of \$549,326 beginning January 1, 2018. According to the agreement, there is no interest charged and the agreement's calculated imputed interest rate is 2.39%. The equipment was capitalized as assets when available, with a cost of \$823,900 and total accumulated depreciation of \$247,170 for net equipment under capital leases of \$576,730 at June 30, 2018. The equipment is amortized in accordance with the Town's policy, and amortization of leased equipment under capital assets is included with depreciation expense.

In fiscal year 2018, the Town entered into a \$54,215 lease agreement for safety equipment, recording initial proceeds from the lease in the governmental funds and recording debt of the governmental activities in the government-wide financial statements. The lease includes five annual installments beginning in fiscal year 2018 of approximately \$12,105, including interest at a rate of 3.78%. Management determined the equipment was individually under the Town's capitalization threshold.

The remaining minimum lease obligation payments at June 30, 2018 were as follows:

Fiscal Year	Total
2019	\$ 561,431
2020	561,432
2021	12,105
2022	12,102
Total Requirements	1,147,070
Less: Interest	(42,529)
Total Principal	\$ 1,104,541

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 - FUND BALANCES

As of June 30, 2018, fund balances are composed of the following:

	General Fund	General Purpose School Fund	Nonmajor Governmental Funds	Total
Fund Balances:				
Nonspendable:				
School Nutrition Food Inventory	\$ -	-	57,233	57,233
Prepaid Insurance	580,920	-	-	580,920
Total Nonspendable	<u>580,920</u>	<u>0</u>	<u>57,233</u>	<u>638,153</u>
Restricted for:				
School Nutrition	-	-	350,657	350,657
Police SOF	5,453	-	-	5,453
Special Events	8,757	-	-	8,757
State Street Aid	-	-	1,333,531	1,333,531
Other	26,242	-	-	26,242
Total Restricted	<u>40,452</u>	<u>0</u>	<u>1,684,188</u>	<u>1,724,640</u>
Committed to:				
Litigation Fees	118,298	-	-	118,298
Driving School Fees	20,136	-	-	20,136
Sidewalks	38,203	-	-	38,203
Total Committed	<u>176,637</u>	<u>0</u>	<u>0</u>	<u>176,637</u>
Assigned to:				
Extended School Program	-	-	5,665	5,665
Capital Projects	-	149,860	-	149,860
Education	-	84,256	-	84,256
Community Development	-	-	166,890	166,890
Municipal Solid Waste	-	-	659,271	659,271
Parking Fund	-	-	37,088	37,088
Self-Insurance Fund	2,384,710	-	-	2,384,710
Board of Education - Other	-	2,096	-	2,096
Total Assigned	<u>2,384,710</u>	<u>236,212</u>	<u>868,914</u>	<u>3,489,836</u>
Unassigned	<u>9,199,656</u>	<u>3,225,992</u>	<u>-</u>	<u>12,425,648</u>
Total Fund Balances	<u>\$ 12,382,375</u>	<u>3,462,204</u>	<u>2,610,335</u>	<u>18,454,914</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 11 - DUE TO/FROM OTHER GOVERNMENTAL UNITS

Amounts due to other governmental units consisted of \$35,791 in the General Fund at June 30, 2018.

Amounts due from other governmental units, including certain funds with separate reports, are as follows at June 30, 2018:

	Governmental Activities	Business-Type Activities <u>Water and Light</u>
Due from Other Governments		
State and Local Sales Tax	\$ 1,471,155	-
Mixed Drink Tax	12,135	-
Greeneville Light and Power In Lieu of Taxes	159,068	-
TVA In Lieu of Tax	42,753	-
State Income Tax	103,270	-
State Revenues - Other	5,021	-
State Street Aid	88,715	-
Business Tax	91,152	-
Board of Education Grants and Other	1,766,378	-
State and Federal Grant Programs	60,544	196,248
Greene County EMS, EMA, and Animal Control	175,243	-
TDOT Maintenance Contract	82,281	-
WSCC Projects	69,447	-
Other	6,798	-
Airport Authority Notes Receivable	2,015,000	-
	<u>\$ 6,148,960</u>	<u>196,248</u>
Total Due from Other Governments		

NOTE 12 - INTERFUND RECEIVABLES, INTERFUND PAYABLES AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. At fiscal year ended June 30, 2018, there were no interfund receivables or payables reported.

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

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

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

Transfers for the fiscal year ended June 30, 2018 are as follows:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Light and Power System	\$ 1,422,419	In lieu of taxes
General Fund	General Purpose School Fund	335,097	Debt service payments
General Purpose School Fund	General Fund	5,693,256	Operations and school bus
General Purpose School Fund	General Fund	782,244	GHS parking lot surface
Municipal Solid Waste Fund	General Fund	850,405	Operations
Parking Fund	General Fund	12,000	Operations

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS

Governmental Activities

Board of Education - Special Termination Benefits

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

1. An employee who chooses to participate in the Early Retirement Incentive Program in the first year of eligibility shall receive an annual amount equal to 20% of his/her annual base salary.
2. Benefits shall begin in July following retirement and shall be paid annually or biannually at the election of the recipient for three (3) years from the date of retirement.
3. Any applicant with thirty (30) years or more of credited service, as defined by TCRS, or any applicant who has less than thirty (30) years of credited service, as defined by TCRS, but who has attained age sixty (60) by the end of the fiscal school year (June 30) and who fails to make timely application for the total benefits provided by the program, shall be deemed to have waived the right to claim total benefits. Benefits in the program will then be determined in the following manner:
 - (a) Second year eligibility participation: 15% of the most recent annual contractual salary (to be paid in two (2) years);
 - (b) Third year eligibility participation: 10% of the most recent annual contractual salary (to be paid in one (1) year).
4. Benefits provided by the Program may not be assigned or transferred in any manner. Program benefits shall automatically cease at the death of the participant and shall not pass on to the estate or beneficiary of the participant.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Special Termination Benefits (Continued)

The benefits expensed during the year were \$112,754. At June 30, 2018, the Board of Education had a liability of \$116,592 for future benefits of current participants, assuming all participants live until eligibility expires.

Board of Education - Closed Teacher Group Insurance Plan

General Information about the OPEB Plan

Plan Description

Employees of the Town's Board of Education (Greeneville City Schools) who were hired prior to July 1, 2015 are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide post-employment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The Greeneville City Schools offer the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of the local education agencies. Insurance coverage is the only post-employment benefit provided to retirees under this plan. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), no partnership promise PPO, standard PPO, limited PPO or the wellness health savings consumer driven health plan (CDHP) for healthcare benefits. Retired plan members of the TGOP receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The State, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retiree's premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Closed Teacher Group Insurance Plan (Continued)

General Information about the OPEB Plan

Employees Covered by Benefit Terms and Funding Policy

At July 1, 2017, the following employees of the Greeneville City Schools were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefit payments	55
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	327
	382

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute toward employee costs based on their own developed policies. During the current reporting period, the Greeneville City Schools paid \$468,971 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial Assumptions

The collective total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare cost trend rates	7.5% for 2018, decreasing annually to an ultimate rate of 3.71% for 2050 and later years.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For purposes of this valuation, a weighted average has been used with weights derived from the current distribution of members among plans offered.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Closed Teacher Group Insurance Plan (Continued)

Total OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017 valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled postretirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Closed Teacher Group Insurance Plan (Continued)

Changes in Collective Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 8,754,071
Changes for the year:	
Service cost	395,721
Interest	258,825
Changes of benefit terms	-
Differences between expected and actual experience	-
Change in assumptions	(388,118)
Benefit payments	(571,884)
Net changes	(305,456)
Balance at June 30, 2017	8,448,615
Nonemployer contributing entities proportionate share of the collective total OPEB liability	2,510,439
Employer's proportionate share of the collective total OPEB liability	\$ 5,938,176
Employer's proportion of the collective total OPEB liability	70.29%

The Greeneville City Schools has a special funding situation related to the benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Greeneville City School's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The Greeneville City Schools' proportion did not change from the prior measurement date. Greeneville City Schools recognized \$181,957 in revenue for support provided by nonemployer contributing entities for benefits paid to the TGOP for Greeneville City Schools' retired employees.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Closed Teacher Group Insurance Plan (Continued)

Changes in Collective Total OPEB Liability (Continued)

Changes in Assumptions

The discount rate was changed from 2.9% as of the beginning of the measurement period to 3.56% as of June 30, 2017. This change in assumption decreased the total OPEB liability.

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate.

	1.0% Decrease (2.56%)	Current Discount Rate (3.56%)	1.0% Increase (4.56%)
Proportionate Share of the Collective Total OPEB Liability	\$ 6,368,626	5,938,176	5,531,750

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.50% decreasing to 2.71%) or 1-percentage-point higher (8.50% decreasing to 4.71%) than the current healthcare cost trend rate.

	1% Decrease (6.50% decreasing to 2.71%)	Current Discount Rate (7.50% decreasing to 3.71%)	1% Increase (8.50% decreasing to 4.71%)
Proportionate Share of the Collective Total OPEB Liability	\$ 5,304,977	5,938,176	6,687,456

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Closed Teacher Group Insurance Plan (Continued)

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

OPEB Expense

For the fiscal year ended June 30, 2018, Greeneville City Schools recognized OPEB expenses of \$612,359.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2018, Greeneville City Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	-
Changes of Assumptions	-	243,140
Employer Payments Subsequent to Measurement Date	468,971	-
	\$ 468,971	243,140

The amounts shown above for "Employer payments subsequent to the measurement date" will be recognized as a reduction to the Greeneville City Schools' proportionate share of the collective total OPEB liability in the following measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:	
2019	\$ (29,651)
2020	(29,651)
2021	(29,651)
2022	(29,651)
2023	(29,651)
Thereafter	(94,885)

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Closed Tennessee Plan

General Information about the OPEB Plan

Plan Description

Employees of the Town's Board of Education (Greeneville City Schools) who were hired prior to July 1, 2015 are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide post-employment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the State, certain component units of the State, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The State offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of the local education agencies. Insurance coverage is the only post-employment benefit provided to retirees under this plan. The TNP does not include pharmacy coverage. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCAs 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the State, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible, and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The State, as a governmental non-employer contributing entity, provides a direct subsidy for the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 or more years of service will receive \$50 per month; 20 but less than 30 years, \$37.50; and less than 20 years, \$25. The TPN is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Closed Tennessee Plan (Continued)

General Information about the OPEB Plan

Employees Covered by Benefit Terms and Funding Policy

At July 1, 2017, the following employees of the Greeneville City Schools were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	92
Inactive employees entitled to but not yet receiving benefit payments	52
Active employees	327
	471

In accordance with TCA 8-27-209, the State insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the TNP plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute toward employee costs based on their own developed policies. During the current reporting period, the Greeneville City Schools paid \$47,833 to the TNP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial Assumptions

The collective total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Closed Tennessee Plan (Continued)

Total OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017 valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled postretirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Closed Tennessee Plan (Continued)

Changes in Collective Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 2,493,563
Changes for the year:	
Service cost	46,430
Interest	72,782
Changes of benefit terms	-
Differences between expected and actual experience	-
Change in assumptions	(209,512)
Benefit payments	(94,905)
Net changes	(185,205)
Balance at June 30, 2017	2,308,358
Nonemployer contributing entities proportionate share of the collective total OPEB liability	1,151,876
Employer's proportionate share of the collective total OPEB liability	\$ 1,156,482
Employer's proportion of the collective total OPEB liability	50.10%

The Greeneville City Schools has a special funding situation related to the benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. Greeneville City School's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The Greeneville City Schools' proportion did not change from the prior measurement date. Greeneville City Schools recognized \$46,891 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for Greeneville City Schools' retired employees.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Closed Tennessee Plan (Continued)

Changes in Collective Total OPEB Liability (Continued)

Changes in Assumptions

The discount rate was changed from 2.92% as of the beginning of the measurement period to 3.56% as of June 30, 2017. This change in assumption decreased the total OPEB liability.

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the collective total OPEB liability related to the TNP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate.

	1.0% Decrease (2.56%)	Current Discount Rate (3.56%)	1.0% Increase (4.56%)
Proportionate Share of the Collective Total OPEB Liability	\$ 1,326,719	1,156,482	1,016,399

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

OPEB Expense

For the fiscal year ended June 30, 2018, Greeneville City Schools recognized OPEB expenses of \$93,970.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Closed Tennessee Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2018, Greeneville City Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TNP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	-
Changes of Assumptions	-	92,319
Employer Payments Subsequent to Measurement Date	47,833	-
	\$ 47,833	92,319

The amounts shown above for "Employer payments subsequent to the measurement date" will be recognized as a reduction to the Greeneville City Schools' proportionate share of the collective total OPEB liability in the following measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:		
2019	\$	(12,646)
2020		(12,646)
2021		(12,646)
2022		(12,646)
2023		(12,646)
Thereafter		(29,089)

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Local OPEB Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

Employees of the Town of Greeneville (excluding employees of the Board of Education and the proprietary funds), the Greeneville-Greene County Library (a discretely presented component unit of Greene County), and the Greeneville-Greene County Landfill are provided a plan that provides post-employment medical benefits for retirees, collectively the Town's Local OPEB Plan, a multiple-employer other post-employment benefits (OPEB) operating as a single-employer plan as administered through the Town of Greeneville. The Town of Greeneville employees comprised approximately 98.76%, the Library employees comprised approximately 0.36%, and the Landfill employees comprised approximately 0.88% of the plan based on actual projected future costs of participants. This plan is considered to be multiple-employer defined benefit plan that is used to provide OPEB. However, for accounting purposes, this plan will be treated as a single-employer plan.

The Town's Local OPEB Plan provides post-employment medical benefits for retirees. Upon retirement, eligible employees may continue to receive coverage under the employer provided group medical plan until becoming eligible for Medicare. The benefit applies to those full-time employees hired prior to October 1, 2010 retiring under TCRS guidelines and have 30 years continuous service with no minimum age being required or have 5 years of service and age 55. Employees pay \$1,200 per year under the plan. Spouses are permitted to remain on the plan until the employee or the spouse becomes eligible for Medicare. Spouses pay \$1,200 annually under the plan. This plan is closed to employees hired on or after October 1, 2010.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Local OPEB Plan (Continued)

General Information about the OPEB Plan (Continued)

Employees Covered by Benefit Terms and Funding Policy

At July 1, 2016, the following employees of the different reporting entities in the Town’s Local OPEB Plan were covered by the benefit terms of the closed plan:

Inactive employees currently receiving benefit payments	29
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	127
	156
	156

The contribution requirements of plan members are based on pay-as-you go financing requirements. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies.

During the current reporting period, the Town’s Local OPEB Plan paid OPEB benefits as they came due totaling \$346,510, with proportionate shares of \$335,023 for the primary government, \$11,487 for the Landfill, and \$0 for the Library.

Actuarial Assumptions

The collective total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation - payroll growth rate	2.50% annually
Participant salary increases	3.50% annually
Healthcare cost trend rates	The healthcare cost trend rate was reset at 9.00% for calendar year 2016, continuing the reset trend at 8.00% for calendar year 2017, grading down 1.00% per annum to an ultimate trend rate of 5.00% for calendar year 2020 and later.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Local OPEB Plan (Continued)

Total OPEB Liability

Actuarial Assumptions (Continued)

The plan's accumulated change in experience was primarily due to changes in health care costs for the valuation for the year June 30, 2018. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2000 Combined Fully Generational Mortality Table projected to all future years using Scale AA.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87% as of June 30, 2018. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer's 20-Year Municipal GO AA index.

Healthcare Cost Trend Rate

The healthcare cost trend rate used to measure the total OPEB liability was 8.00% as of June 30, 2018. It is assumed that health care costs will increase in accordance with the future trend rates as follows:

Valuation for Calendar Year	Valuation %
2018	7.00%
2019	6.00%
2020+	5.00%

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Local OPEB Plan (Continued)

Total OPEB Liability (Continued)

Changes in Assumptions

The discount rate was changed from 3.58% as of the beginning of the measurement period to 3.87% as of June 30, 2018. The healthcare cost trend rate was reset at 9.00% for calendar year 2016, continuing the reset trend at 8.00% for calendar year 2017 utilized in the current reporting period, grading down 1.00% per annum to an ultimate trend rate of 5.00% for calendar year 2020 and later. The net of these changes in assumptions, along with demographic and plan cost changes, increased the total OPEB liability at June 30, 2018.

Changes in the Total OPEB Liability

	Primary Government	Greeneville- Greene County Landfill	Greeneville- Greene County Library	Total OPEB Liability
Balances at June 30, 2017	\$ 6,345,546	64,896	21,647	6,432,089
Changes for the year:				
Service cost	245,113	1,091	800	247,004
Interest	230,003	2,158	804	232,965
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	-	-	-
Change in assumptions	(136,741)	(322)	(214)	(137,277)
Benefit payments	(335,023)	(11,487)	-	(346,510)
Net changes	3,352	(8,560)	1,390	(3,818)
Balances at June 30, 2018	\$ 6,348,898	56,336	23,037	6,428,271

Sensitivity of the Total OPEB Liability to Changes in Proportionate Share

Reporting of the total Local OPEB Plan liability may be impacted in future periods as it relates to the different reporting entities' proportionate share of the plan, and the beginning balances will be adjusted annually accordingly.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Local OPEB Plan (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity of Total OPEB Liability to Changes in the Discount Rate Assumptions

The following presents the total Local OPEB Plan liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate, as allocated to the different reporting entities.

	1.0% Decrease (2.87%)	Current Discount Rate (3.87%)	1.0% Increase (4.87%)
Primary Government	\$ 6,827,089	6,348,898	5,901,465
Greeneville-Greene County Landfill	60,579	56,336	52,366
Greeneville-Greene County Library	24,772	23,037	21,413
Total OPEB Liability	<u>\$ 6,912,440</u>	<u>6,428,271</u>	<u>5,975,244</u>

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumptions

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (7.00% decreasing until 4.00% is reached) or 1-percentage-point higher (9.00% decreasing until 6.00% is reached) than the current healthcare cost trend rate, as allocated to the different reporting entities.

	1% Decrease (7.00% decreasing to 4.00%)	Current Discount Rate (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Primary Government	\$ 5,611,932	6,348,898	7,204,401
Greeneville-Greene County Landfill	49,797	56,336	63,927
Greeneville-Greene County Library	20,363	23,037	26,141
Total OPEB Liability	<u>\$ 5,682,092</u>	<u>6,428,271</u>	<u>7,294,469</u>

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Local OPEB Plan (Continued)

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

OPEB Expense

For the fiscal year ended June 30, 2018, the Town’s Local OPEB Plan recognized OPEB expense of \$462,100, with proportionate shares of \$457,449 for the primary government, \$3,124 for the Landfill, and \$1,527 for the Library.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2018, the Town’s Local OPEB Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	-
Changes of Assumptions	-	119,408
Employer Payments Subsequent to Measurement Date	-	-
	\$ 0	119,408

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Local OPEB Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The Town's Local OPEB Plan's deferred outflows of resources and deferred inflows of resources was allocated to the different reporting entities as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ -	119,074
Greeneville-Greene County Landfill	-	197
Greeneville-Greene County Library	-	137
	\$ 0	119,408

The amounts shown above for "Employer payments subsequent to the measurement date" will be recognized as a reduction to total OPEB liability in the following measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources (detailed by reporting entity) will be recognized in OPEB expense as follows:

	Primary Government	Greeneville- Greene County Landfill	Greeneville- Greene County Library	Total OPEB Expense
Year Ended June 30:				
2019	\$ (17,667)	(125)	(77)	(17,869)
2020	(17,667)	(72)	(60)	(17,799)
2021	(17,667)	-	-	(17,667)
2022	(17,667)	-	-	(17,667)
2023	(17,667)	-	-	(17,667)
Thereafter	(30,739)	-	-	(30,739)

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Closed Tennessee Medicare Supplement OPEB Plan

General Information about the OPEB Plan

Plan Description

Employees of the Town of Greeneville, non-certified employees of the Greeneville Board of Education, employees of the Greeneville Water and Light Commission, employees of the Greeneville-Greene County Library, a discretely presented component unit of Greene County, and the Greeneville-Greene County Landfill are provided a plan that provides post-employment medical benefits for retirees, a multiple-employer other post-employment benefits (OPEB) operating as a single-employer plan as administered through the Town of Greeneville, collectively referred to as the Closed Tennessee Medicare Supplement OPEB Plan of the Town of Greeneville.

This plan includes employees of the Water and Light Commission (representing 14.20%), the Governmental Funds of the Town (other than the Board of Education) (representing 57.84%), the non-certified employees of the Board of Education (representing 26.89%), the separate entity Greeneville-Greene County Landfill (representing 0.27%), and the separate entity Greeneville-Greene County Library (representing 0.80%), based on TCRS census data and current year contributions of the Agent Plan for the Town of Greeneville (described in Note 15). Thus, total primary government (Board of Education, Water and Light Commission, and other Town Governmental funds) represent 98.93%, and the separate entities represent 1.07% collectively.

Employees who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide post-employment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retirees and disability participants of local governments, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and local education agencies. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retirees and disabled participants of local governments. Insurance coverage is the only post-employment benefit provided to retirees. The TNP does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Closed Tennessee Medicare Supplement OPEB Plan (Continued)

General Information about the OPEB Plan (Continued)

Benefits Provided (Continued)

Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Library does not directly subsidize pre-65 retiree insurance coverage and is only subject to the implicit coverage. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms and Funding Policy

At July 1, 2017, the following employees of the different reporting entities in the Closed Tennessee Medicare Supplement OPEB Plan of the Town of Greeneville were covered by the benefit terms of the closed TNP:

Inactive employees currently receiving benefit payments	21
Inactive employees entitled to but not yet receiving benefit payments	1
Active employees	471
	493
	493

In accordance with TCA 8-27-209, the state insurance committees, established by TCAs 8-27-201, 8-27-301 and 8-27-701, determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies.

During the current reporting period, the Closed Tennessee Medicare Supplement OPEB Plan of the Town of Greeneville paid to the TNP for OPEB benefits as they came due totaling \$12,263, with proportionate shares of \$12,132 for the primary government, and \$131 for the Landfill and the Library.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Closed Tennessee Medicare Supplement OPEB Plan (Continued)

Total OPEB Liability

Actuarial Assumptions

The collective total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Closed Tennessee Medicare Supplement OPEB Plan (Continued)

Changes in the Total OPEB Liability

	Primary Government	Greeneville- Greene County Landfill	Greeneville- Greene County Library	Total OPEB Liability
Balances at June 30, 2016	\$ 668,477	1,824	5,406	675,707
Changes for the year:				
Service cost	26,454	72	214	26,740
Interest	20,118	55	163	20,336
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	-	-	-
Change in assumptions	(71,113)	(194)	(576)	(71,883)
Benefit payments	(11,872)	(32)	(96)	(12,000)
Net changes	(36,413)	(99)	(295)	(36,807)
Balances at June 30, 2017	\$ 632,064	1,725	5,111	638,900

Changes in Assumptions

The discount rate was changed from 2.92% as of the beginning of the measurement period to 3.56% as of June 30, 2017. This change in assumption decreased the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in Proportionate Share

Reporting of the total Closed Tennessee Medicare Supplement OPEB Plan liability may be impacted in future periods as it relates to the different reporting entities' proportionate share of the plan, and the beginning balances will be adjusted annually accordingly.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Closed Tennessee Medicare Supplement OPEB Plan (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability related to the TNP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate, as allocated to the different reporting entities.

	1.0% Decrease (2.56%)	Current Discount Rate (3.56%)	1.0% Increase (4.56%)
Primary Government	\$ 747,570	632,064	537,662
Greeneville-Greene County Landfill	2,040	1,725	1,467
Greeneville-Greene County Library	6,045	5,111	4,348
Total OPEB Liability	<u>\$ 755,655</u>	<u>638,900</u>	<u>543,477</u>

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

OPEB Expense

For the fiscal year ended June 30, 2018, the Closed Tennessee Medicare Supplement OPEB Plan of the Town of Greeneville recognized OPEB expense of \$38,999, with proportionate shares of \$38,582 for the primary government, \$105 for the Landfill, and \$312 for the Library.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Closed Tennessee Medicare Supplement OPEB Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2018, the Closed Tennessee Medicare Supplement OPEB Plan of the Town of Greeneville reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	-
Changes of Assumptions	-	63,806
Employer Payments Subsequent to Measurement Date	12,263	-
	\$ 12,263	63,806

The Closed Tennessee Medicare Supplement OPEB Plan of the Town of Greeneville's deferred outflows of resources and deferred inflows of resources was allocated to the different reporting entities as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 12,132	63,123
Greeneville-Greene County Landfill	33	172
Greeneville-Greene County Library	98	511
	\$ 12,263	63,806

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Closed Tennessee Medicare Supplement OPEB Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The amounts shown above for "Employer payments subsequent to the measurement date" will be recognized as a reduction to total OPEB liability in the following measurement period. Amounts reported as deferred outflows of resources and deferred inflows of resources (detailed by reporting entity) will be recognized in OPEB expense as follows:

Year Ended June 30:	Primary Government	Greeneville- Greene County Landfill	Greeneville- Greene County Library	Total OPEB Expense
2019	\$ (7,990)	(22)	(65)	(8,077)
2020	(7,990)	(22)	(65)	(8,077)
2021	(7,990)	(22)	(65)	(8,077)
2022	(7,990)	(22)	(65)	(8,077)
2023	(7,990)	(22)	(65)	(8,077)
Thereafter	(23,173)	(62)	(186)	(23,421)

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

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

As detailed within the disclosure for the Closed Tennessee Medicare Supplement OPEB Plan of the Town of Greeneville above, the Town's Closed Tennessee Medicare Supplement OPEB Plan includes employees of the Water and Light Commission and non-certified employees of the Board of Education, who are provided other post-employment benefits through the multiple-employer closed Tennessee Plan (TNP) administered by the State of Tennessee.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Business-Type Activities

Light and Power System

General Information about the OPEB Plan

Plan Description and Funding Policy

Greeneville Light and Power System's Post Retirement Welfare Benefit Plan (the Plan) provides OPEB for all employees hired prior to January 1, 2009 who retire after age 60 with 5 years of service or 30 years of service. The Plan is closed to employees hired after January 1, 2009. The Plan is a single-employer defined benefit OPEB plan administered by the System. No assets are accumulated in a trust that meet the criteria in paragraph 4 of Statement 75. Benefits are paid as they become due on a pay-as-you-go basis.

Benefits Provided

The Plan provides health benefit for each eligible retiree and spouse. The benefit terms provide for payment of health insurance benefits with the retiree paying \$27 per month.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees and beneficiaries were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	38
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	58
	<u>96</u>
	<u>96</u>

Total OPEB Liability

The System's total OPEB liability of \$18,192,251 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Business-Type Activities (Continued)

Light and Power System (Continued)

Total OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Participant salary increases	3.50%, average, including inflation
Discount rate	3.87%
Healthcare cost trend rates	The healthcare cost trend rate was 9.00% for 2017, grading down 0.50% per annum to an ultimate trend rate of 5.00% for calendar year 2025 and later.
Retirees' share of benefit-related costs	Retirees pay \$27 per month

The discount rate was based on the Bond Buyers 20 Bond Index as of July 1, 2017.

Mortality rates were based on the RP-2000 Combined Fully Generational Mortality Table with projection scale AA.

The actuarial assumptions used in the June 30, 2017 valuation were based upon the results of an actuarial experience study for the period from July 1, 2015 through July 1, 2017.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Business-Type Activities (Continued)

Light and Power System (Continued)

Total OPEB Liability (Continued)

Healthcare Cost Trend Rate

The healthcare cost trend rate used to measure the total OPEB liability was 9.00% as of June 30, 2017. It is assumed that health care costs will increase in accordance with the future trend rates as follows:

Valuation for Calendar Year	Valuation %
2018	8.50%
2019	8.00%
2020	7.50%
2021	7.00%
2022	6.50%
2023	6.00%
2024	5.50%
2025+	5.00%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2016	\$ 18,413,356
Changes for the year:	
Service cost	415,990
Interest	666,804
Changes of benefit terms	-
Differences between expected and actual experience	-
Change in assumptions and other inputs	(893,205)
Benefit payments	(410,694)
Net changes	(221,105)
Balances at June 30, 2017	\$ 18,192,251

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Business-Type Activities (Continued)

Light and Power System (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the System, as well as what the System's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1.0% Decrease (2.87%)	Current Discount Rate (3.87%)	1.0% Increase (4.87%)
Total OPEB Liability	\$ 21,524,235	18,192,251	15,505,693

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumptions

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (8.00% decreasing until 4.00% is reached) or 1-percentage-point higher (10.00% decreasing until 6.00% is reached) than the current healthcare cost trend rate:

	1% Decrease (8.00% decreasing to 4.00%)	Current Discount Rate (9.00% decreasing to 5.00%)	1% Increase (10.00% decreasing to 6.00%)
Total OPEB Liability	\$ 15,020,050	18,192,251	22,337,507

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Business-Type Activities (Continued)

Light and Power System (Continued)

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

OPEB Expense

For the fiscal year ended June 30, 2018, the System recognized OPEB expense of \$558,605.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2018, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	-
Changes of Assumptions	-	779,710
Employer Payments Subsequent to Measurement Date	429,104	-
	\$ 429,104	779,710

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS AND OTHER BENEFITS (CONTINUED)

Business-Type Activities (Continued)

Light and Power System (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The amounts shown above for "Employer payments subsequent to the measurement date" will be recognized as a reduction to total OPEB liability in the following measurement period. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:		
2019	\$	(113,495)
2020		(113,495)
2021		(113,495)
2022		(113,495)
2023		(113,495)
Thereafter		(212,235)

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

NOTE 14 - CONDUIT DEBT OBLIGATIONS

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS

Governmental Activities

Board of Education - Teacher Legacy Pension Plan

General Information about the Pension Plan

Plan Description

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

Other Entities within the Pension Plan

This plan also includes employees of the Greene Technology Center (representing 5.00% of the plan), which is a joint venture as described in Note 1; thus plan amounts for the Greene Technology Center are not included in the disclosures herein.

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.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Teacher Legacy Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

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 Legacy Pension Plan, benefit terms and conditions, including COLAs, 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. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Greeneville City Schools for the fiscal year ended June 30, 2018 to the Teacher Legacy Pension Plan were \$1,019,246 which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the fiscal year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets)

At June 30, 2018, the Greeneville City Schools reported a liability (asset) of (\$106,962) for its proportionate share of net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. Greeneville City Schools' proportion of the net pension liability (asset) was based on Greeneville City Schools' share of the contributions to the pension plan relative to the contributions of all LEAs. At the June 30, 2017 measurement date, Greeneville City Schools' proportion was 0.344128 percent. The proportion measured as of June 30, 2016 was 0.350024 percent.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Teacher Legacy Pension Plan (Continued)

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

Pension Expense

For the fiscal year ended June 30, 2018, Greeneville City Schools recognized pension expense of \$56,896.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2018, Greeneville City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences Between Expected and Actual Experience	\$ 64,485	2,208,292
Changes in assumption	905,918	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	16,236	-
Changes in Proportion of Net Pension Liability (Asset)	175,790	29,461
Contributions Subsequent to the Measurement Date of June 30, 2017	1,019,246	-
	<u>\$ 2,181,675</u>	<u>2,237,753</u>

Greeneville City Schools' employer contributions of \$1,019,246, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the fiscal year ended June 30, 2019. The "Net difference between projected and actual earnings on pension plan investments" is netted between deferred outflows of resources and deferred inflows of resources for the statement of net position.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Teacher Legacy Pension Plan (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

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

Year Ended June 30:	
2019	(709,717)
2020	384,538
2021	(219,999)
2022	(530,146)
2023	-
Thereafter	-

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

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	Graded salary ranges from 8.75 to 3.45 based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates are customized based on actual experience study including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Teacher Legacy Pension Plan (Continued)

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

Changes of Assumptions

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table.

Asset Class	Expected Real Rate of Return	Target Allocation
U.S. Equity	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Market International Equity	6.36%	4%
Private Equity Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	10%
Short-term Securities	0.00%	1%
		100.00%

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Teacher Legacy Pension Plan (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability (asset) was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from 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 (asset).

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents Greeneville City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Greeneville City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 9,597,666	(106,962)	(8,128,478)

Pension Plan Fiduciary Net Position.

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

Payable to the Pension Plan

At June 30, 2018, Greeneville City Schools reported a payable of \$204,920 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2018.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Teacher Retirement Plan

General Information about the Pension Plan

Plan Description

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

Other Entities within the Pension Plan

This plan also includes employees of the Greene Technology Center (representing 5.00% of the plan), which is a joint venture as described in Note 1, thus plan amounts are not included in the disclosures herein.

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 with an unreduced benefit 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. 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 60 and vested or pursuant to the rule of 80. 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 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 CPI during the prior calendar year, capped at 3 percent, and applied to the current benefit.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Teacher Retirement Plan (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

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 COLAs, 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 or by automatic cost controls set out in law. 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, as established 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 fiscal year ended June 30, 2018 to the Teacher Retirement Plan were \$143,222, 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 fiscal year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets)

At June 30, 2018, the Greeneville City Schools reported a liability (asset) of (\$52,342) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Greeneville City Schools' proportion of the net pension liability (asset) was based on Greeneville City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Teacher Retirement Plan (Continued)

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

Pension Liabilities (Assets) (Continued)

At the measurement date of June 30, 2017 Greenville City Schools' proportion was 0.208836 percent. The proportion measured as of June 30, 2016 was 0.118585 percent.

Pension Expense

Since the measurement date is June 30, 2018, Greenville City Schools recognize a pension expense of \$22,914.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2018, Greenville City Schools reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,833	3,936
Changes in assumptions	-	2,817
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,599	-
Changes in Proportion of Net Pension Liability (Asset)	-	10,307
Contributions Subsequent to the Measurement Date of June 30, 2017	143,222	-
	\$ 149,654	17,060

Greeneville City Schools' employer contributions of \$143,222 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the fiscal year ended June 30, 2019.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Teacher Retirement Plan (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

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

Year Ended June 30:	
2019	(1,079)
2020	(1,079)
2021	(1,241)
2022	(1,965)
2023	(637)
Thereafter	(4,627)

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

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	Graded salary ranges from 8.75 to 3.45 based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Teacher Retirement Plan (Continued)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes in Assumptions

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; and decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.50 percent.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Teacher Retirement Plan (Continued)

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

Changes in Assumptions (Continued)

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

Asset Class	Expected Real Rate of Return	Target Allocation
U.S. Equity	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Market International Equity	6.36%	4%
Private Equity Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	10%
Short-term Securities	0.00%	1%
		100.00%

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

Discount Rate

The discount rate used to measure the total pension liability (asset) was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from 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 (asset).

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Board of Education - Teacher Retirement Plan (Continued)

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents Greeneville City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Greeneville City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 10,443	(52,342)	(98,398)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2018, Greeneville City Schools reported a payable of \$28,529 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2018.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Agent Plan

General Information about the Pension Plan

Plan Description

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

Employees of the Town of Greeneville, non-certified employees of the Greeneville Board of Education, employees of the Greeneville Water and Light Commission, employees of the Greeneville-Greene County Library, a discretely presented component unit of Greene County, and the Greeneville-Greene County Landfill are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS, collectively referred to as the Agent Plan of the Town of Greeneville. This plan includes employees of the Water and Light Commission (representing 14.20%), the Governmental Funds of the Town (other than the Board of Education) (representing 57.84%), the non-certified employees of the Board of Education (representing 26.89%), the separate entity Greeneville-Greene County Landfill (representing 0.27%), and the separate entity Greeneville-Greene County Library (representing 0.80%), allocated based upon census data and current year TCRS contributions. Thus, total primary government (Board of Education, Water and Light Commission, and other Town Governmental funds) represent 98.93%, and the separate entities represent 1.07% collectively.

Benefits Provided

Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Agent Plan (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

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

Employees Covered by Benefit Terms

Employees covered by benefit terms include employees of the Town of Greeneville (including employees of the Water and Light Commission and non-certified employees of the Board of Education) as well as employees of the Greeneville-Greene County Library and the Greeneville-Greene County Landfill, entities described in Note 1. At the measurement date of June 30, 2017, the following employees were covered by the benefit terms of the Agent Plan:

Town of Greeneville	
Inactive employees or beneficiaries currently receiving benefits	365
Inactive employees entitled to but not yet receiving benefits	238
Active employees	344
	<u>947</u>

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Agent Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees of the plan are non-contributory. The Town makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the fiscal year ended June 30, 2018, employer contributions totaled \$2,222,616, which included \$2,198,771 by the primary government, \$6,074 by the Landfill, and \$17,771 by the Library, based on a rate of 15.00 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Town's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

The Town of Greeneville's net pension liability was measured as a June 30, 2017, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Agent Plan (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of Assumptions

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Agent Plan (Continued)

Net Pension Liability (Continued)

Changes of Assumptions (Continued)

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Market International Equity	6.36%	4%
Private Equity Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	10%
Short-term Securities	0.00%	1%
		<u>100%</u>

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Town 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.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Agent Plan (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 6/30/2016	\$ 69,028,099	63,628,948	5,399,151
Changes for the year:			
Service cost	1,064,805	-	1,064,805
Interest	5,117,074	-	5,117,074
Change in benefit terms	3,156,706	-	3,156,706
Difference between expected and actual experience	(735,156)	-	(735,156)
Changes in assumptions	1,782,512	-	1,782,512
Contributions-employer	-	2,127,171	(2,127,171)
Contributions-employee	-	11	(11)
Net investment income	-	7,117,645	(7,117,645)
Benefit payments, including refunds of employee contributions	(3,730,508)	(3,730,508)	-
Administrative expense	-	(29,307)	29,307
Other changes	-	36	(36)
Net changes	<u>6,655,433</u>	<u>5,485,048</u>	<u>1,170,385</u>
Balance at 6/30/2017	<u>\$ 75,683,532</u>	<u>69,113,996</u>	<u>6,569,536</u>

As previously discussed, the Agent Plan of the Town of Greeneville includes employees of the Water and Light Commission, certain employees of the Board of Education, and employees of the Landfill and Library. The Agent Plan of the Town of Greeneville's Changes in Net Pension Liability were allocated to the different entities as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Primary Government	\$ 74,873,718	68,374,476	6,499,242
Greeneville-Greene County Landfill	204,346	186,608	17,738
Greeneville-Greene County Library	605,468	552,912	52,556
	<u>\$ 75,683,532</u>	<u>69,113,996</u>	<u>6,569,536</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Agent Plan (Continued)

Changes in Net Pension Liability (Continued)

Change in Benefit Terms

In the June 30, 2017 actuarial valuation, benefit terms were changed to authorize the establishment of a mandatory retirement at age 60 for all public safety officers. This benefit option allows unreduced retirement benefits (service retirement) upon attainment of age 55 with 25 years of public safety officer service. It allows a supplemental bridge benefit that will begin at age 55 and continue through age 62.

Sensitivity of the Net Pension Liability to Changes in Proportionate Share

Reporting of the net pension liability may be impacted in future periods as it relates to the Town's primary government proportionate share of the plan, and the beginning balances will be adjusted annually accordingly.

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

The following presents the Agent Plan of the Town of Greeneville using the discount rate of 7.25 percent, as well as what each of the plan's entities' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage point higher (8.25 percent) than the current rate, as allocated to the different reporting entities:

	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
Primary Government	\$ 15,691,114	6,499,242	(1,196,616)
Greeneville-Greene County Landfill	42,824	17,738	(3,266)
Greeneville-Greene County Library	126,887	52,556	(9,676)
Net Pension Liability (Asset)	<u>\$ 15,860,825</u>	<u>6,569,536</u>	<u>(1,209,558)</u>

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

Pension Expense

For the fiscal year ended June 30, 2018, the Agent Plan of the Town of Greeneville recognized pension expense of \$4,366,371, with proportionate shares of \$4,319,651 for the primary government, and \$46,720 for the Landfill and the Library.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Agent Plan (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2018, the Agent Plan of the Town of Greeneville reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences Between Expected and Actual Experience	\$ 54,416	990,182
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	10,129	-
Changes in Assumptions	1,426,010	-
Contributions Subsequent to the Measurement Date of June 30, 2017	2,222,616	-
	<u>\$ 3,713,171</u>	<u>990,182</u>

The Agent Plan of the Town of Greeneville's deferred outflows of resources and deferred inflows of resources was allocated to the different reporting entities as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Primary Government	\$ 3,673,367	979,588
Greeneville-Greene County Landfill	10,101	2,673
Greeneville-Greene County Library	29,703	7,921
	<u>\$ 3,713,171</u>	<u>990,182</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Governmental Activities (Continued)

Town of Greeneville - Agent Plan (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2017," will be recognized as a reduction (increase) to net pension liability in the following measurement period. Amounts reported by the Agent Plan of the Town of Greeneville (detailed by reporting entity) as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Primary Government	Greeneville- Greene County Library	Greeneville- Greene County Landfill	Total Agent Plan
2019	\$ (287,417)	(2,324)	(784.00)	(290,525)
2020	700,068	5,661	1,911.00	707,640
2021	351,326	2,841	959.00	355,126
2022	(268,969)	(2,167)	(732.00)	(271,868)
2023	-	-	-	-
Thereafter	-	-	-	-

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

Payable to the Pension Plan

At June 30, 2018, Board of Education, a component of the Agent Plan of the Town of Greeneville, reported a payable of \$114,464 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2018.

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

As detailed within the disclosure for the Agent Plan of the Town of Greeneville above, the Town's pension plan includes employees of the Water and Light Commission and non-certified employees of the Board of Education, who are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Business-Type Activities

Light and Power System

General Information about the Pension Plan

Plan Description

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

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of credit service. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and nonservice related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	54
Inactive employees entitled to but not yet receiving benefits	13
Active employees	84
	<u>151</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Business-Type Activities (Continued)

Light and Power System (Continued)

General Information about the Pension Plan (Continued)

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The System makes employer contributions at the rate set by the Board of Trustees as determined by actuarial valuation. For the fiscal year ended June 30, 2018, employer contributions for the System were \$1,051,597 based on a rate of 16.00 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the System's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) are expected to finance the benefits earned by members during the fiscal year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

The Light and Power System's net pension liability was measured as a June 30, 2017, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on actual experience including an adjustment for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Business-Type Activities (Continued)

Light and Power System (Continued)

Net Pension Liability (Continued)

Changes of Assumptions

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Market International Equity	6.36%	4%
Private Equity Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	10%
Short-term Securities	0.00%	1%
		<u>100%</u>

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Business-Type Activities (Continued)

Light and Power System (Continued)

Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Light and Power System will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 6/30/2016	\$ 21,390,528	17,617,106	3,773,422
Changes for the year:			
Service cost	363,727	-	363,727
Interest	1,590,776	-	1,590,776
Difference between expected and actual experience	927	-	927
Changes in assumptions	894,930	-	894,930
Contributions-employer	-	918,750	(918,750)
Net investment income	-	1,986,282	(1,986,282)
Benefit payments, including refunds of employee contributions	(1,087,815)	(1,087,815)	-
Administrative expense	-	(7,141)	7,141
Net changes	<u>1,762,545</u>	<u>1,810,076</u>	<u>(47,531)</u>
Balance at 6/30/2017	<u>\$ 23,153,073</u>	<u>19,427,182</u>	<u>3,725,891</u>

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Business-Type Activities (Continued)

Light and Power System (Continued)

Change in Net Pension Liability (Continued)

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

The following presents the System’s net pension liability calculated using the discount rate of 7.25 percent, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage point higher (8.25 percent) than the current rate:

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Net Pension Liability	\$ 6,677,363	3,725,891	1,237,190

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

Pension Expense

For the fiscal year ended June 30, 2018, the Light and Power System recognized pension expense of \$808,073.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Business-Type Activities (Continued)

Light and Power System (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2018, the Light and Power System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 521,548	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	690
Change in Assumptions	767,083	-
Contributions Subsequent to the Measurement Date of June 30, 2017	1,051,597	-
	\$ 2,340,228	690

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2017," will be recognized as a reduction (increase) to net pension liability in the following measurement period. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2019	161,104
2020	429,280
2021	278,592
2022	90,012
2023	200,977
Thereafter	127,976

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 - PENSION PLAN FUNDS (CONTINUED)

Business-Type Activities (Continued)

Light and Power System (Continued)

Payable to the Pension Plan

At June 30, 2018, the Light and Power System reported a payable of \$87,554 for the outstanding amount of contributions to the pension plan required at the fiscal year ended June 30, 2018.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Pending Litigation

The Town, including but not limited to the Board of Education, Light and Power System, and Water and Light Commission, is the defendant in lawsuits arising principally in the normal course of operations. In the opinion of management and attorneys consulted, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

The Water and Light Commission is involved in certain litigation, but does not believe there is risk of a significant impact on its financial position as a result of the litigation. No provision for loss has been included in the financial statements.

Other Commitments and Contingencies

The Town and Greene County operate the Greeneville-Greene County Landfill as a joint venture. The operations of the Landfill are accounted for in an enterprise fund and a separate report has been issued as of and for the fiscal year ended June 30, 2018. The Landfill's financial statements reflect a liability for future closure and postclosure care costs of \$1,304,275. The Town will be responsible for one half of any closure and postclosure costs for which the Landfill does not have adequate unrestricted funds.

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 16 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other Commitments and Contingencies (Continued)

The Light and Power System board has allocated \$870,000 of its reserves to advance as needed to the Industrial Park Agency (the Agency), the Town of Greeneville/Greene County Board which is developing Phase II of the Mt. Pleasant Industrial Park and Hardin Industrial Complex. The funds are to be repaid without interest to the Light and Power System as developed property is sold or as development expenses are recovered through grant proceeds received by the Agency. As of June 30, 2018, \$625,065 of the allocation had been expended but not reimbursed, and represents a receivable due from the Industrial Park Agency.

The Water and Light Commission continues to work on the updates at the raw water intake using the grant from the U.S. Department of Commerce's Economic Development Administration (EDA). The project was ongoing at June 30, 2018, with costs to date of \$6,211,625. The project was substantially complete as of August 2018, subsequent to fiscal year ending June 30, 2018, with total costs of the project of \$6,548,873 for both division 1 and 2, with division 2 being partially reimbursed by the grant of \$1,205,000 and the remainder paid by the Water and Light Commission. The Commission has utilized \$1,018,572 of the grant through June 30, 2018 and has recorded a receivable as of June 30, 2018 of \$186,428.

Also, the Town of Greeneville has committed funds for improvements to and/or construction of the Greeneville Middle School and the Greeneville High School, as discussed in Note 8.

NOTE 17 - RISK MANAGEMENT

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

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 17 - RISK MANAGEMENT (CONTINUED)

A reconciliation of claims for the fiscal years ended June 30, 2018 and 2017 are as follows:

	June 30, 2018	June 30, 2017
Claims Accrued, Beginning	\$ 136,326	\$ 108,785
Claims Incurred	407,145	376,070
Claims Paid	(417,429)	(348,529)
Claims Accrued, Ending	\$ 126,042	136,326

The total paid during the fiscal years included payments for claims incurred in previous years. The Town also has stop-loss insurance coverage for excess medical liabilities. For the fiscal year ended June 30, 2018, reimbursements received under the excess coverage were \$109,253. For the fiscal year ended June 30, 2017, reimbursements received under the excess coverage were \$46,746. For the fiscal year ended June 30, 2016, reimbursements received under the excess coverage were \$52,988.

NOTE 18 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Light and Power System to concentrations of credit risk consist primarily of customer accounts receivable and cash. Management of the Light and Power System and Water and Light Commission does not believe cash is subject to significant risk, as all deposits are guaranteed either by federal deposit insurance or through bank participation in the Tennessee Bank Collateral Pool. The Light and Power System requires a deposit if a customer is considered a credit risk and therefore, management does not believe significant credit risk for accounts receivable exists at June 30, 2018.

See Note 4 for concentration of credit risk of investments disclosure for governmental activities.

NOTE 19 - POWER CONTRACT

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 20 - TVA HOME INSULATION PROGRAM

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

NOTE 21 - RELATED PARTY TRANSACTIONS

The Town offers self-insurance coverage to certain related parties. Claims for the Greeneville-Greene County Library and the Greeneville-Greene County Landfill for the fiscal year ended June 30, 2018 are included in the Town's coverage.

During the fiscal year June 30, 2018, the Town appropriated the following amounts, in addition to any funding related to long-term debt, to the various joint ventures and jointly governed entities in which the Town jointly operates with Greene County:

Greeneville-Greene County Airport Authority	\$ 40,380
Greeneville-Greene County Library (Component Unit of Greene County)	93,500
Greene Technology Center	125,326

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

NOTE 22 - ECONOMIC DEPENDANCY

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

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 23 - PRIOR PERIOD RESTATEMENT

During the fiscal year ended June 30, 2018, the Town had a prior period restatement decreasing the government-wide net position by a net of \$13,212,611 for the governmental activities and \$10,299,769 for the business-type activities as a part of the change in accounting principles discussed in Note 1. In addition, certain capital assets and related accumulated depreciation were corrected for a net position increase of \$2,439. The total net position prior period adjustment related to OPEB and capital assets resulted in a net decrease of \$13,210,172.

NOTE 24 - SUBSEQUENT EVENTS

Joint Ventures, Jointly Governed Entities, and Other Related Entities

During the year ended June 30, 2018, the joint venture agreement with Greene County for the Kinser Park Commission was terminated and the Town's interest in the assets of the Kinser Park Commission was transferred to Greene County, thus dissolving the Town of further involvement or reporting.

During the year ended June 30, 2018, Greene County voted to terminate the joint venture agreement pertaining to the Greeneville-Greene County Airport Authority. Greene County reported that they intend to transfer Greene County's one-half interest in the Authority to the Town, conditioned on the Town satisfying any and all debts, obligations, and liabilities of the Authority and releasing Greene County from any obligations. The Town's acceptance, the Authority's transfer, and the creation of a municipal airport were finalized during the fiscal year ended June 30, 2019. This change in ownership structure did not affect the Town's amounts reported in Note 1 for the year ended June 30, 2018.

In addition, the Town budgeted approximately \$141,000 payments for principal and interest debt obligations, approximately \$400,000 of grant matching requirements, and certain other expenditures to pay on behalf of the Greeneville-Greene County Airport Authority during the fiscal year ended June 30, 2019, including an \$80,000 write-off of the Town's notes receivable previously deemed the fiscal year 2019 portion payable by the Authority.

Subsequent to year end, the Water and Light Commission bid improvements to the UV system at the Wastewater Treatment Plan estimated to cost \$1.3 million. The Water and Light Commission has been awarded a Community Development Block Grant of \$525,000 for partial reimbursement of this project. The Water and Light Commission has also bid the first phase of the Greeneville Sewer Rehab project that includes McKee Street and Tusculum Boulevard for an estimated cost of \$1.85 million.

Subsequent to year end, Greeneville Light and Power System along with the Town's Board of Mayor and Aldermen approved the releasing of the System to form a separate entity.

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

	2014	2015	2016	2017
TOTAL PENSION LIABILITY				
Service Cost	\$ 939,921	966,722	981,071	1,053,412
Interest	4,637,673	4,795,955	4,888,247	5,062,321
Changes in Benefit Terms	-	-	-	3,122,929
Differences Between Actual and Expected Experience	(8,958)	(992,024)	89,823	(727,290)
Change of Assumptions	-	-	-	1,763,440
Benefit Payments, Including Refunds of Employee Contributions	(3,283,197)	(3,465,995)	(3,578,534)	(3,690,592)
NET CHANGE IN TOTAL PENSION LIABILITY	2,285,439	1,304,658	2,380,607	6,584,220
TOTAL PENSION LIABILITY - BEGINNING*	62,537,315	64,652,958	65,958,172	68,289,498
TOTAL PENSION LIABILITY - ENDING (a)	\$ 64,822,754	65,957,616	68,338,779	74,873,718
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 1,893,614	1,888,313	1,948,359	2,104,411
Contributions - Employee	156	-	-	11
Net Investment Income	9,033,855	1,908,828	1,649,687	7,041,486
Benefit Payments, Including Refunds of Employee Contributions	(3,283,197)	(3,465,995)	(3,578,534)	(3,690,592)
Administrative Expense	(15,463)	(17,238)	(26,443)	(28,994)
Other	-	-	-	36
NET CHANGE IN TOTAL PENSION LIABILITY	7,628,965	313,908	(6,931)	5,426,358
PLAN FIDUCIARY NET POSITION - BEGINNING*	55,221,357	62,685,693	62,999,159	62,948,118
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 62,850,322	62,999,601	62,992,228	68,374,476
NET PENSION LIABILITY - ENDING (a) - (b)	\$ 1,972,432	2,958,015	5,346,551	6,499,242
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	96.96%	95.52%	92.18%	91.32%
COVERED PAYROLL	\$ 12,457,977	12,588,745	12,989,288	13,100,194
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	15.83%	23.50%	41.16%	49.61%

Changes in assumptions. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Note: Data presented includes the primary government and excludes the Greenville-Greene County Landfill (joint venture with Greene County) and Greenville-Greene County Library, a discretely presented component unit of Greene County.

*The beginning balances are adjusted annually based on the Town of Greenville's Proportion of the Net Pension Liability for the respective year.

See Independent Auditors' Report.

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

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 1,952,991	\$ 1,953,061	\$ 1,950,130	\$ 2,106,886	\$ 2,198,770
Contributions in Relation to the Actuarially Determined Contribution	1,952,991	1,953,061	1,950,130	2,106,886	2,198,770
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 12,457,977	\$ 12,588,745	\$ 12,989,288	\$ 13,100,194	\$ 13,380,527
Contributions as a Percentage of Covered Payroll	15.68%	15.51%	15.01%	16.08%	16.43%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Note: Data presented includes the primary government and excludes the Greeneville-Greene County Landfill (joint venture with Greene County) and Greeneville-Greene County Library, a discretely presented component unit of Greene County.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEE PENSION PLAN OF TCRS
PRIMARY GOVERNMENT
For the Fiscal Year Ended June 30, 2018

Valuation date: Actuarially determined contribution rates for 2018 were calculated based on the July 1, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Varies by year
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50%
Salary Increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25 percent

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET) OF THE
TEACHER LEGACY PENSION PLAN OF TCRS
GREENEVILLE BOARD OF EDUCATION
Fiscal Year Ended June 30**

	2014	2015	2016	2017
PROPORTION OF THE NET PENSION LIABILITY (ASSET)	0.326602%	0.341147%	0.350024%	0.350024%
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	\$ (50,417)	\$ 132,761	\$ 2,078,022	\$ (106,962)
COVERED PAYROLL	\$ 12,178,167	\$ 12,132,307	\$ 12,003,427	\$ 11,556,537
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	-0.41%	1.09%	17.31%	-0.93%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	100.08%	99.81%	97.14%	100.14%

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
TEACHER LEGACY PENSION PLAN OF TCRS
GREENEVILLE BOARD OF EDUCATION
Fiscal Year Ended June 30**

	2014	2015	2016	2017	2018
Contractually required	\$ 1,081,420	\$ 1,096,760	\$ 1,109,125	\$ 1,044,710	\$ 1,019,246
Contributions in Relation to the contractually required contribution	1,081,420	1,096,760	1,109,125	1,044,710	1,019,246
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$12,178,153	\$ 12,132,307	\$ 12,269,082	\$ 11,556,537	\$ 11,274,845
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.04%

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
TEACHER LEGACY PENSION PLAN OF TCRS
GREENEVILLE BOARD OF EDUCATION
For the Fiscal Year Ended June 30, 2018

Valuation date: Actuarially determined contribution rates for 2018 were calculated based on the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Varies by year
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50%
Salary Increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25 percent

See Independent Auditors' Report.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
PROPORTION OF THE NET PENSION LIABILITY (ASSET)	0.087070%	0.118585%	0.208836%
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	\$ (3,328)	\$ (11,728)	\$ (52,342)
COVERED PAYROLL	\$ 171,864	\$ 495,689	\$ 1,302,136
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	-1.94%	-2.37%	-4.02%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (ASSET)	127.46%	121.88%	126.81%

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

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

	2015	2016	2017	2018
Contractually required	\$ 4,297	\$ 12,408	\$ 52,086	\$ 143,222
Contributions in Relation to the Contractually Required Contribution	6,874	19,827	52,086	143,222
Contribution Deficiency (Excess)	\$ (2,577)	\$ (7,419)	\$ 0	\$ 0
Covered Payroll	\$ 171,864	\$ 495,689	\$ 1,302,136	\$ 3,580,550
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
TEACHER RETIREMENT PLAN OF TCRS
GREENEVILLE BOARD OF EDUCATION
For the Fiscal Year Ended June 30, 2018

Valuation date: Actuarially determined contribution rates for 2018 were calculated based on the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Varies by year
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.5%
Salary Increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25 percent

See Independent Auditors' Report.

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

	2014	2015	2016	2017
TOTAL PENSION LIABILITY				
Service Cost	\$ 345,910	342,627	352,012	363,727
Interest	1,356,076	1,425,504	1,494,125	1,590,776
Changes in Benefit Terms	-	-	-	-
Differences Between Actual and Expected Experience	145,469	163,489	510,983	927
Change of Assumptions	-	-	-	894,930
Benefit Payments, Including Refunds of Employee Contributions	<u>(857,278)</u>	<u>(979,643)</u>	<u>(1,072,485)</u>	<u>(1,087,815)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	990,177	951,977	1,284,635	1,762,545
TOTAL PENSION LIABILITY - BEGINNING	<u>18,163,739</u>	<u>19,153,916</u>	<u>20,105,893</u>	<u>21,390,528</u>
TOTAL PENSION LIABILITY - ENDING (a)	<u>\$ 19,153,916</u>	<u>20,105,893</u>	<u>21,390,528</u>	<u>23,153,073</u>
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 741,815	755,061	780,260	918,750
Contributions - Employee	-	-	-	-
Net Investment Income	2,448,703	524,993	459,047	1,986,282
Benefit Payments, Including Refunds of Employee Contributions	(857,278)	(979,643)	(1,072,485)	(1,087,815)
Administrative Expense	<u>(3,754)</u>	<u>(4,070)</u>	<u>(6,128)</u>	<u>(7,141)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	2,329,486	296,341	160,694	1,810,076
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>14,830,585</u>	<u>17,160,071</u>	<u>17,456,412</u>	<u>17,617,106</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 17,160,071</u>	<u>17,456,412</u>	<u>17,617,106</u>	<u>19,427,182</u>
NET PENSION LIABILITY - ENDING (a) - (b)	<u>\$ 1,993,845</u>	<u>2,649,481</u>	<u>3,773,422</u>	<u>3,725,891</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	89.59%	86.82%	82.36%	83.91%
COVERED PAYROLL	\$ 5,470,613	5,572,406	5,758,372	6,124,999
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	36.45%	47.55%	65.53%	60.83%

Changes of assumptions: In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 741,815	755,061	780,260	829,937	985,873
Contributions in Relation to the Actuarially Determined Contribution	<u>741,815</u>	<u>755,061</u>	<u>780,260</u>	<u>918,750</u>	<u>1,051,597</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(88,813)</u>	<u>(65,724)</u>
Covered Payroll	\$ 5,470,613	5,572,406	5,758,372	6,124,999	6,572,485
Contributions as a Percentage of Covered Payroll	13.56%	13.55%	13.55%	15.00%	16.00%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEE PENSION PLAN OF TCRS
GREENEVILLE LIGHT AND POWER SYSTEM
For the Fiscal Year Ended June 30, 2018**

Valuation date: Actuarially determined contribution rates for 2018 were calculated based on the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Varies by year
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50%
Salary Increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - CLOSED TEACHER GROUP INSURANCE PLAN
GREENEVILLE BOARD OF EDUCATION
For the Fiscal Year Ending June 30, 2018**

TOTAL OPEB LIABILITY	
Service Cost	\$ 395,721
Interest	258,825
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(388,118)
Benefit Payments	<u>(571,884)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(305,456)
TOTAL OPEB LIABILITY - BEGINNING	<u>8,754,071</u>
TOTAL OPEB LIABILITY - ENDING	8,448,615
Nonemployer contributing entities proportionate share of the collective total OPEB liability	<u>2,510,439</u>
Employer's proportionate share of the collective total OPEB liability	<u><u>\$ 5,938,176</u></u>
COVERED PAYROLL	\$ 15,117,279
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	39.28%

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - CLOSED TEACHER GROUP INSURANCE PLAN
GREENEVILLE BOARD OF EDUCATION
For the Fiscal Year Ending June 30, 2018**

This schedule is intended to display 10 years of information. The information in this schedule is not required to be presented retroactively prior to the implementation date. Additional years will be displayed as they become available.

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

Methods and assumptions used to determine contribution rates:

Salary Increases	Salary increases rates used in the July 1, 2017 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS); 3.44%-8.72%, including inflation.
Healthcare Cost Trend Rates	7.5% for 2018, decreasing annually to an ultimate rate of 3.71% for 2050 and later years.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For purposes of this valuation, a weighted average has been used with weights derived from the current distribution of members among plans offered.
Inflation	2.25%
Discount Rate	3.56%

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - CLOSED TENNESSEE PLAN
GREENEVILLE BOARD OF EDUCATION
For the Fiscal Year Ending June 30, 2018**

TOTAL OPEB LIABILITY	
Service Cost	\$ 46,430
Interest	72,782
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(209,512)
Benefit Payments	(94,905)
NET CHANGE IN TOTAL OPEB LIABILITY	<u>(185,205)</u>
TOTAL OPEB LIABILITY - BEGINNING	<u>2,493,563</u>
TOTAL OPEB LIABILITY - ENDING	2,308,358
Nonemployer contributing entities proportionate share of the collective total OPEB liability	<u>1,151,876</u>
Employer's proportionate share of the collective total OPEB liability	<u>\$ 1,156,482</u>
COVERED PAYROLL	\$ 15,117,279
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	7.65%

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - CLOSED TENNESSEE PLAN
GREENEVILLE BOARD OF EDUCATION
For the Fiscal Year Ending June 30, 2018**

This schedule is intended to display 10 years of information. The information in this schedule is not required to be presented retroactively prior to the implementation date. Additional years will be displayed as they become available.

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

Methods and assumptions used to determine contribution rates:

Salary Increases	Salary increases rates used in the July 1, 2017 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS); 3.44%-8.72%, including inflation.
Healthcare Cost Trend Rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.
Inflation	2.25%
Discount Rate	3.56%

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - LOCAL OPEB PLAN
PRIMARY GOVERNMENT
For the Fiscal Year Ending June 30, 2018

TOTAL OPEB LIABILITY	
Service Cost	\$ 245,113
Interest	230,003
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(136,741)
Benefit Payments	<u>(335,023)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	3,352
TOTAL OPEB LIABILITY - BEGINNING	<u>6,345,546</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 6,348,898</u>
COVERED PAYROLL	\$ 7,556,532
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	84.02%

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - LOCAL OPEB PLAN
PRIMARY GOVERNMENT
For the Fiscal Year Ending June 30, 2018

This schedule is intended to display 10 years of information. The information in this schedule is not required to be presented retroactively prior to the implementation date. Additional years will be displayed as they become available.

Note: Data presented includes the primary government and excludes the Greeneville-Greene County Landfill (joint venture with Greene County) and Greeneville-Greene County Library, a discretely presented component unit of Greene County.

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Salary Increases	3.50% annually
Payroll Growth Rate	2.50% annually
Healthcare Cost Trend Rates	The healthcare cost trend rate was reset at 9.00% for calendar year 2016, continuing the reset trend at 8.00% for calendar year 2017, grading down 1.00% per annum to an ultimate trend rate of 5.00% for calendar year 2020 and later.
Discount Rate	3.87%

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - CLOSED TENNESSEE MEDICARE SUPPLEMENT PLAN
PRIMARY GOVERNMENT
For the Fiscal Year Ending June 30, 2018**

TOTAL OPEB LIABILITY	
Service Cost	\$ 26,454
Interest	20,118
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(71,113)
Benefit Payments	<u>(11,872)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(36,413)
TOTAL OPEB LIABILITY - BEGINNING	<u>668,477</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 632,064</u>
COVERED PAYROLL	\$ 13,220,024
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	4.78%

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - CLOSED TENNESSEE MEDICARE SUPPLEMENT PLAN
PRIMARY GOVERNMENT
For the Fiscal Year Ending June 30, 2018

This schedule is intended to display 10 years of information. The information in this schedule is not required to be presented retroactively prior to the implementation date. Additional years will be displayed as they become available.

Note: Data presented includes the primary government and excludes the Greeneville-Greene County Landfill (joint venture with Greene County) and Greeneville-Greene County Library, a discretely presented component unit of Greene County.

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Salary Increases	Salary increases rates used in the July 1, 2017 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS); 3.44%-8.72%, including inflation.
Healthcare Cost Trend Rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.
Inflation	2.25%
Discount Rate	3.56%

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - OPEB PLAN
GREENEVILLE LIGHT AND POWER SYSTEM
For the Fiscal Year Ending June 30, 2018**

TOTAL OPEB LIABILITY	
Service Cost	\$ 415,990
Interest	666,804
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions and Other Inputs	(893,205)
Benefit Payments, Including Refunds of Employee Contributions	<u>(410,694)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	<u>(221,105)</u>
TOTAL OPEB LIABILITY - BEGINNING	<u>18,413,356</u>
TOTAL OPEB LIABILITY - ENDING	<u><u>\$ 18,192,251</u></u>
COVERED PAYROLL	\$ 6,124,999
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	297.02%

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
NOTES TO THE SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - OPEB PLAN
GREENEVILLE LIGHT AND POWER SYSTEM
For the Fiscal Year Ending June 30, 2018

This schedule is intended to display 10 years of information. The information in this schedule is not required to be presented retroactively prior to the implementation date. Additional years will be displayed as they become available.

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

Methods and assumptions used to determine contribution rates:

Participant salary increases	3.50%, average, including inflation
Discount rate	3.87%
Healthcare Cost Trend Rates	The healthcare cost trend rate was 9.00% for 2017, grading down 0.50% per annum to an ultimate trend rate of 5.00% for calendar year 2025 and later.
Retirees' share of benefit-related costs	Retirees pay \$27 per month

See Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

TOWN OF GREENEVILLE, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Federal Projects Fund	School Nutrition Fund	Extended School Program	State Street Aid Fund	Community Development Fund	Municipal Solid Waste Fund	Parking Fund	
ASSETS								
Cash and Cash Equivalents	\$ -	330,161	626	1,170,604	167,890	606,828	38,006	2,314,115
Certificates of Deposit - Long-Term	-	-	-	199,643	-	-	-	199,643
Due from Other Governments	362,645	-	-	88,715	-	-	-	451,360
Accounts Receivable, Net of Allowance	-	20,871	5,431	-	-	97,001	-	123,303
Inventory	-	57,233	-	-	-	-	-	57,233
TOTAL ASSETS	\$ 362,645	408,265	6,057	1,458,962	167,890	703,829	38,006	3,145,654
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ -	375	392	125,431	1,000	23,082	448	150,728
Accrued Expenses	362,645	-	-	-	-	21,476	470	384,591
TOTAL LIABILITIES	362,645	375	392	125,431	1,000	44,558	918	535,319
FUND BALANCES								
Nonspendable	-	57,233	-	-	-	-	-	57,233
Restricted	-	350,657	-	1,333,531	-	-	-	1,684,188
Assigned	-	-	5,665	-	166,890	659,271	37,088	868,914
TOTAL FUND BALANCES	0	407,890	5,665	1,333,531	166,890	659,271	37,088	2,610,335
TOTAL LIABILITIES AND FUND BALANCES	\$ 362,645	408,265	6,057	1,458,962	167,890	703,829	38,006	3,145,654

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Federal Projects Fund	School Nutrition Fund	Extended School Program	State Street Aid Fund	Community Development Fund	Municipal Solid Waste Fund	Parking Fund	
REVENUES								
Intergovernmental	\$ 1,892,219	1,091,099	4,919	505,090	3,000	-	-	3,496,327
Charges for Services	-	508,604	75,845	-	-	1,122,651	52,879	1,759,979
Investment Income	-	-	-	1,668	-	-	-	1,668
Other Revenues	-	14,025	1,433	-	-	-	-	15,458
TOTAL REVENUES	1,892,219	1,613,728	82,197	506,758	3,000	1,122,651	52,879	5,273,432
EXPENDITURES								
Current								
Education	1,892,219	-	111,532	-	-	-	-	2,003,751
Public Works	-	-	-	478,545	-	1,944,774	71,240	2,494,559
School Nutrition	-	1,579,408	-	-	-	-	-	1,579,408
Community Development	-	-	-	-	3,000	-	-	3,000
Capital Outlay	-	-	-	516,960	-	286,845	-	803,805
TOTAL EXPENDITURES	1,892,219	1,579,408	111,532	995,505	3,000	2,231,619	71,240	6,884,523
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	34,320	(29,335)	(488,747)	-	(1,108,968)	(18,361)	(1,611,091)
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	850,405	12,000	862,405
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	34,320	(29,335)	(488,747)	-	(258,563)	(6,361)	(748,686)
FUND BALANCE - BEGINNING	0	373,570	35,000	1,822,278	166,890	917,834	43,449	3,359,021
FUND BALANCE - ENDING	\$ 0	407,890	5,665	1,333,531	166,890	659,271	37,088	2,610,335

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal Funds through State	\$ 1,911,358	2,382,330	1,892,219	(490,111)
TOTAL REVENUES	<u>1,911,358</u>	<u>2,382,330</u>	<u>1,892,219</u>	<u>(490,111)</u>
EXPENDITURES				
Current - Regular Instruction				
Salaries	1,319,422	1,497,561	1,330,210	167,351
Employee Benefits	326,884	378,108	311,572	66,536
Contracted Services	13,169	129,350	9,171	120,179
Materials and Supplies	122,790	146,785	90,195	56,590
Staff Development	47,893	63,666	33,372	30,294
Equipment	25,655	142,752	98,832	43,920
Other	55,545	24,108	18,867	5,241
TOTAL EXPENDITURES	<u>1,911,358</u>	<u>2,382,330</u>	<u>1,892,219</u>	<u>490,111</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHOOL NUTRITION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal Funds	\$ 1,110,004	1,110,004	1,073,665	(36,339)
State of Tennessee	13,256	13,256	17,434	4,178
Charges for Services	455,498	455,498	508,604	53,106
Other Revenue	43,590	43,590	14,025	(29,565)
TOTAL REVENUES	1,622,348	1,622,348	1,613,728	(8,620)
EXPENDITURES				
Current				
Salaries	602,131	602,131	562,714	39,417
Employee Benefits	246,552	246,552	234,505	12,047
Food Service	704,075	704,075	706,155	(2,080)
Contracted Services	10,652	10,652	6,596	4,056
Equipment	40,000	40,000	32,482	7,518
Supplies	4,886	4,886	20,481	(15,595)
Travel	3,300	3,300	3,324	(24)
Other	10,752	10,752	13,151	(2,399)
TOTAL EXPENDITURES	1,622,348	1,622,348	1,579,408	42,940
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	34,320	34,320
FUND BALANCE - BEGINNING	373,570	373,570	373,570	0
FUND BALANCE - ENDING	<u>\$ 373,570</u>	<u>373,570</u>	<u>407,890</u>	<u>34,320</u>

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
EXTENDED SCHOOL PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal Funds	\$ 10,000	10,000	4,919	(5,081)
Charges for Services	118,202	118,202	75,845	(42,357)
Other Revenue	2,100	2,100	1,433	(667)
TOTAL REVENUES	<u>130,302</u>	<u>130,302</u>	<u>82,197</u>	<u>(48,105)</u>
EXPENDITURES				
Current				
Salaries	98,247	98,247	78,455	19,792
Employee Benefits	19,442	19,442	18,299	1,143
Food Service	6,000	6,000	5,374	626
Supplies	700	700	340	360
Equipment	-	-	1,731	(1,731)
Travel	2,000	2,000	1,391	609
Other	3,913	3,913	5,942	(2,029)
TOTAL EXPENDITURES	<u>130,302</u>	<u>130,302</u>	<u>111,532</u>	<u>18,770</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(29,335)</u>	<u>(29,335)</u>
FUND BALANCE - BEGINNING	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 35,000</u>	<u>35,000</u>	<u>5,665</u>	<u>(29,335)</u>

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 501,121	501,121	505,090	3,969
Investment Income	1,119	1,119	1,668	549
TOTAL REVENUES	<u>502,240</u>	<u>502,240</u>	<u>506,758</u>	<u>4,518</u>
EXPENDITURES				
Current				
Contracts	190,800	190,800	24,415	166,385
Materials	500,000	500,000	438,722	61,278
Equipment	-	-	15,408	(15,408)
Capital Outlay	884,500	884,500	516,960	367,540
TOTAL EXPENDITURES	<u>1,575,300</u>	<u>1,575,300</u>	<u>995,505</u>	<u>579,795</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,073,060)</u>	<u>(1,073,060)</u>	<u>(488,747)</u>	<u>584,313</u>
FUND BALANCE - BEGINNING	<u>1,341,377</u>	<u>1,341,377</u>	<u>1,822,278</u>	<u>480,901</u>
FUND BALANCE - ENDING	<u>\$ 268,317</u>	<u>268,317</u>	<u>1,333,531</u>	<u>1,065,214</u>

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
MUNICIPAL SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Garbage Fees	\$ 785,885	785,885	794,812	8,927
Pull/Rental Charges	316,393	316,393	308,926	(7,467)
Toter/Container Sales	14,080	14,080	16,850	2,770
Other Income	500	500	2,063	1,563
TOTAL REVENUES	<u>1,116,858</u>	<u>1,116,858</u>	<u>1,122,651</u>	<u>5,793</u>
EXPENDITURES				
Current				
Salaries	703,418	703,418	706,991	(3,573)
Fringe Benefits	440,832	440,832	417,349	23,483
Contracts	537,729	537,729	463,948	73,781
Operation of Motor Vehicles	215,000	215,000	181,753	33,247
Supplies and Other	170,284	170,284	174,733	(4,449)
Capital Outlay	410,000	410,000	286,845	123,155
TOTAL EXPENDITURES	<u>2,477,263</u>	<u>2,477,263</u>	<u>2,231,619</u>	<u>245,644</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,360,405)</u>	<u>(1,360,405)</u>	<u>(1,108,968)</u>	<u>251,437</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	850,405	850,405	850,405	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(510,000)	(510,000)	(258,563)	251,437
FUND BALANCE - BEGINNING	<u>917,834</u>	<u>917,834</u>	<u>917,834</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 407,834</u>	<u>407,834</u>	<u>659,271</u>	<u>251,437</u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Balance June 30, 2017	Cash Receipts	Expenditures	Balance June 30, 2018	Passed Through to Subrecipients
BOARD OF EDUCATION FUNDS							
U.S. Department of Health and Human Services Passed Through State of Tennessee Department of Education Head Start	93.600	[1]	\$ -	36,735	(36,735)	-	-
U.S. Department of Health and Human Services Passed Through Upper East Tennessee Human Development Agency Child Care Assistance	93.575	[1]	-	2,705	(2,705)	-	-
U.S. Department of Agriculture Food and Nutrition Service Child Nutrition Cluster School Breakfast Program	10.553	[1]	-	252,652	(252,652)	-	-
National School Lunch Program	10.555	[1]	-	702,263	(702,263)	-	-
Total Child Nutrition Cluster			-	954,915	(954,915)	-	-
WIC Grants to States - Child Care Food Program	10.558	[1]	-	120,697	(120,697)	-	-
Child Nutrition Discretionary Grants Limited Availability - Child Nutrition Equipment Grant	10.579	[1]	-	4,287	(4,287)	-	-
Total U.S. Department of Agriculture			0	1,079,899	(1,079,899)	0	0
U.S. Department of Education Passed Through State of Tennessee Department of Education Special Education Cluster Special Education - Grants to States (IDEA, Part B)	84.027	[1]	(148,299)	752,588	(712,179)	(107,890) *	-
IDEA Preschool	84.173	[1]	(692)	8,514	(7,822)	-	-
Total Special Education Cluster			(148,991)	761,102	(720,001)	(107,890)	0
NCLB, Title I	84.010	[1]	(68,114)	633,035	(623,220)	(58,299) *	-
Title I, Neglected	84.010	[1]	-	60,982	(100,872)	(39,890) *	56,939
Total Title I, Grants to Local Educational Agencies			(68,114)	694,017	(724,092)	(98,189)	56,939
Title VI, Part B - Rural Education Achievement Program	84.358	[1]	(7,332)	42,174	(39,088)	(4,246) *	-
Title III, Part A - English Language Acquisition	84.365	[1]	(18,963)	37,301	(40,467)	(22,129) *	34,099
Title II, Part A - Improving Teacher Quality	84.367	[1]	(6,759)	72,865	(72,299)	(6,193) *	-
Title IV, Student Support and Academic Enrichment Program	84.424	[1]	-	16,210	(19,062)	(2,852) *	-
21st Century Classroom - Community Learning Centers	84.287	[1]	(106,473)	325,525	(340,198)	(121,146) *	-
Passed Through State of Tennessee Department of Education and Greene County Board of Education Vocational Education - Perkins - Career Technical Education - Basic Grants to States	84.048	[1]	-	133,189	(133,189)	-	133,189
Total U.S. Department of Education			(356,632)	2,082,383	(2,088,396)	(362,645)	224,227

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Balance June 30, 2017	Cash Receipts	Expenditures	Balance June 30, 2018	Passed Through to Subrecipients
U.S. Department of Defense Junior ROTC - Language and Culture Training	12.357	[1]	-	53,497	(53,497)	-	-
Total Board of Education Funds			<u>(356,632)</u>	<u>3,255,219</u>	<u>(3,261,232)</u>	<u>(362,645)</u>	<u>224,227</u>
GENERAL FUND							
U.S. Department of Defense Passed Through State of Tennessee Department of General Services Section 1033 Excess Property Program - LESO	12.U01	N/A	-	151,811	(151,811)	-	-
U.S. Department of Justice Drug Enforcement Agency Organized Crime Drug Enforcement, SE-TNE-0240(H)	16.U01	N/A	-	6,079	(6,079)	-	-
U.S. Department of Transportation Highway Planning and Construction Cluster Passed Through State of Tennessee Department of Transportation Highway Planning and Construction (Federal-Aid Highway Program) Walters State Community College Pedestrian Facilities, Phase I PIN #119898.00, Fed Proj # TAP-9104(17)	20.205	30LPLM-F3-013	-	489	(3,180)	(2,691)	-
Historical Walkway, 30LPLM-F3-012, PIN #106933.03	20.205	STP-EN-9104(16)	(159,905)	159,905	-	-	*
Total Highway Planning and Construction Cluster			<u>(159,905)</u>	<u>160,394</u>	<u>(3,180)</u>	<u>(2,691)</u>	<u>-</u>
U.S. Department of Homeland Security Assistance to Firefighters Grant, EMW-2014-FO-6250	97.044	N/A	159	-	(159)	-	*

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Balance June 30, 2017	Cash Receipts	Expenditures	Balance June 30, 2018	Passed Through to Subrecipients
U.S. Department of Agriculture, Rural Development Rural Business Development Grant (RBDG)	10.351	N/A	<u>-</u>	<u>-</u>	<u>(27,000)</u>	<u>(27,000) *</u>	<u>-</u>
U.S. Department of Health and Human Services Passed Through State of Tennessee Commission on Aging Passed Through First Tennessee Development District Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers - Roby Center	93.044	[1]	<u>(3,977)</u>	<u>34,995</u>	<u>(32,372)</u>	<u>(1,354) *</u>	<u>-</u>
Total General Fund			<u>(163,723)</u>	<u>353,279</u>	<u>(220,601)</u>	<u>(31,045)</u>	<u>-</u>
NONMAJOR FUNDS							
U.S. Department of Housing and Urban Development Passed Through State of Tennessee Housing Development Agency Home Investment Partnerships Program (CDBG HOME Grant)	14.239	[1]	<u>-</u>	<u>3,000</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>
Total Nonmajor Funds			<u>0</u>	<u>3,000</u>	<u>(3,000)</u>	<u>0</u>	<u>0</u>
WATER AND LIGHT COMMISSION							
U.S. Department of Commerce, Economic Development Administration Economic Adjustment Assistance Program - River Intake	11.307	04-79-06777	<u>(277,846)</u>	<u>571,737</u>	<u>(480,319)</u>	<u>(186,428) *</u>	<u>-</u>
U.S. Department of Housing and Urban Development Passed Through State of Tennessee Department of Economic and Community Development Community Development Block Grant - Sewer Improvement	14.228	33004-56317	<u>-</u>	<u>-</u>	<u>(9,820)</u>	<u>(9,820) *</u>	<u>-</u>
Total Water and Light Commission			<u>(277,846)</u>	<u>571,737</u>	<u>(490,139)</u>	<u>(196,248)</u>	<u>0</u>
Total Primary Government			<u>\$ (798,201)</u>	<u>4,183,235</u>	<u>(3,974,972)</u>	<u>(589,938)</u>	<u>224,227</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Greeneville (primary government) under programs of the federal government for the fiscal year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the Town of Greeneville, it is not intended to and does not present the financial position, changes in net position, or cash flows (as applicable) of the Town of Greeneville.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND INDIRECT COST RATE

Expenditures reported on the schedule are reported on the modified accrual basis of accounting, except for the expenses of the Section 1033 Excess Property Program, the Light and Power System, as applicable, and the Water and Light Commission, which are reported on the accrual basis of accounting. Such expenditures/expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town elected not to use the 10% *de minimis* cost rate permitted under the Uniform Guidance, except for the Water and Light Commission and the Board of Education, which elected to use the permitted the 10% *de minimis* indirect cost rate.

NOTE 3 - FOOD DISTRIBUTION

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

NOTE 4 - DEPARTMENT OF DEFENSE CONTRIBUTIONS

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

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

NOTE 5 - DETAIL OF BOARD OF EDUCATION SUBRECIPIENTS

Subrecipient	Program Title	Amount
Greene Technology Center	Perkins	\$ 133,189
Holston Home	Title I, Neglected	56,939
Bristol City Schools	Title III	3,653
Cocke County Schools	Title III	2,808
Greene County Schools	Title III	8,373
Hawkins County Schools	Title III	2,593
Kingsport City Schools	Title III	6,822
Unicoi County Schools	Title III	6,564
Washington County Schools	Title III	3,286
		\$ 224,227

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

[1] = Information not available

* Receivable

** Unapplied Receipts

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2018

Grantor Agency/Program Name	State Grant Number	Balance June 30, 2017	Cash Receipts	Expenditures	Balance June 30, 2018
BOARD OF EDUCATION FUNDS					
Tennessee Department of Education					
Early Childhood	N/A	\$ (164,791)	481,661	(490,566)	(173,696) *
ConnectTN	N/A	-	7,277	(7,277)	-
School Safety	N/A	(9,210)	23,530	(14,320)	-
Coordinated School Health					
State Expansion	N/A	(25,094)	91,269	(95,000)	(28,825) *
Basic Education Program	N/A	-	13,133,421	(13,487,746)	(354,325) *
Career Ladder	N/A	-	68,850	(68,850)	-
Family Resource	N/A	(18,821)	61,971	(59,223)	(16,073) *
Child Nutrition	N/A	-	13,147	(13,147)	-
Total Tennessee Department of Education		<u>(217,916)</u>	<u>13,881,126</u>	<u>(14,236,129)</u>	<u>(572,919)</u>
Tennessee Department of Health					
Project Diabetes	N/A	<u>(58,420)</u>	<u>63,790</u>	<u>(75,800)</u>	<u>(70,430) *</u>
Total Board of Education Funds		<u>(276,336)</u>	<u>13,944,916</u>	<u>(14,311,929)</u>	<u>(643,349)</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2018

Grantor Agency/Program Name	State Grant Number	Balance June 30, 2017	Cash Receipts	Expenditures	Balance June 30, 2018
GENERAL FUND					
Tennessee Commission on Aging Passed through First Tennessee Development District State Senior Center	N/A	-	10,358	(11,298)	(940) *
Tennessee Department of Transportation Multimodal Access Project: Walters State	30LPM S3-016	-	-	(66,756)	(66,756) *
State Highway Maintenance Contract - FY18	30CMA1M3002	-	31,190	(113,471)	(82,281) *
		<u>-</u>	<u>31,190</u>	<u>(180,227)</u>	<u>(149,037)</u>
Tennessee Department of Environment and Conservation Local Parks and Recreation Fund (LPRF) - Eastview Splash Park	N/A	(125,000)	93,750	-	(31,250) *
Total General Fund		<u>(125,000)</u>	<u>135,298</u>	<u>(191,525)</u>	<u>(181,227)</u>
Total Primary Government		<u>\$ (401,336)</u>	<u>14,080,214</u>	<u>(14,503,454)</u>	<u>(824,576)</u>

* Receivable

** Unused Revenue

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF INTERFUND TRANSFERS
For the Fiscal Year Ended June 30, 2018**

<u>Transfer From</u>	<u>Transfer To</u>				<u>Total</u>
	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Municipal Solid Waste Fund</u>	<u>Parking Fund</u>	
Light and Power System	\$ 1,422,419	-	-	-	1,422,419
General Purpose School Fund	335,097	-	-	-	335,097
General Fund	-	6,475,500	-	-	6,475,500
General Fund	-	-	850,405	-	850,405
General Fund	-	-	-	12,000	12,000
	<u>\$ 1,757,516</u>	<u>6,475,500</u>	<u>850,405</u>	<u>12,000</u>	<u>9,095,421</u>

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

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF INCOME AND EXPENSE
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2018**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Operating Revenue	\$ 6,221,795	3,723,093	9,944,888
Operating Expenses Before Depreciation	<u>4,704,275</u>	<u>2,704,341</u>	<u>7,408,616</u>
Operating Income Before Depreciation	1,517,520	1,018,752	2,536,272
Depreciation	<u>882,013</u>	<u>687,772</u>	<u>1,569,785</u>
Operating Income	<u>635,507</u>	<u>330,980</u>	<u>966,487</u>
Non-Operating Income			
Interest Income	126	125	251
Gain (Loss) on Capital Asset Disposal	14,522	1,450	15,972
Grant Revenue	<u>480,319</u>	<u>9,820</u>	<u>490,139</u>
Non-Operating Income	<u>494,967</u>	<u>11,395</u>	<u>506,362</u>
Income	<u>\$ 1,130,474</u>	<u>342,375</u>	<u>1,472,849</u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF OPERATING REVENUES - WATER
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2018

OPERATING REVENUES

Water Revenues	
Water Sales	\$ 5,931,486
Miscellaneous Service Revenue	85,281
Penalties	52,913
Fire Protection	52,408
Service Charges and Miscellaneous Water	41,590
Water Tap Fees	37,280
Miscellaneous Revenues	20,837
Total Water Revenues	<u>6,221,795</u>
Wastewater Revenues	
Sewer Charges	3,608,955
Miscellaneous Revenue	95,163
Sewer Tap Fees	18,975
Total Wastewater Revenues	<u>3,723,093</u>
TOTAL OPERATING REVENUES	<u>\$ 9,944,888</u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF OPERATING EXPENSES - WATER
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2018

OPERATING EXPENSES - WATER

Source of Supply Expenses	
Operating Labor	\$ 26,730
Operating Supplies and Expense	699
Maintenance of Plant	45,348
Total Source of Supply Expenses	<u>72,777</u>
Power and Pumping Expenses	
Power Purchased	796,603
Maintenance of Power and Pumping Equipment	13,646
Total Power and Pumping Expenses	<u>810,249</u>
Purification Expenses	
Purification Labor	286,249
Purification Supplies and Expense	509,696
Maintenance of Plant	251,381
Total Purification Expenses	<u>1,047,326</u>
Transmission and Distribution Expenses	
Maintenance of Mains	332,956
Maintenance of Other Distribution Plant	300,991
Other Services	55,750
Water Tap Expense	32,964
Total Transmission and Distribution Expenses	<u>722,661</u>
Maintenance and Meter Shop Expenses	
Salaries and Wages	105,635
Materials and Supplies	44,487
Maintenance of Buildings and Equipment	22,805
Utilities and Communications	10,428
Total Maintenance and Meter Shop Expenses	<u>183,355</u>
Customer Billing and Accounting Expenses	
Customer Services	69,241
Meter Reading	54,591
Billing and Accounting	121,171
Total Customer Billing and Accounting Expenses	<u>245,003</u>

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF OPERATING EXPENSES - WATER
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2018

OPERATING EXPENSES - WATER (CONTINUED)

Administrative and General Expenses	
Employees' Welfare Expense and Pension	951,950
Salaries of General Office Employees	202,112
General Insurance	92,374
Payroll Taxes	91,356
Miscellaneous Expense	71,422
General Office Supplies and Expense	97,073
Special Services	37,953
Utilities and Communications	20,576
Maintenance of General Property	26,256
Uncollectible Accounts	29,538
Board of Commissioners	2,294
Total Administrative and General Expenses	<u>1,622,904</u>

TOTAL OPERATING EXPENSES - WATER \$ 4,704,275

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF OPERATING EXPENSES - WASTEWATER
WATER AND LIGHT COMMISSION
For the Fiscal Year Ended June 30, 2018

OPERATING EXPENSES - WASTEWATER

Wastewater Treatment Plant Expenses	
Plant Labor	\$ 425,247
Supplies and Other Expenses	132,002
Power Purchased for Plant and Pumping Stations	304,978
Maintenance of Plant, Plant Equipment, and General Property	213,620
Total Wastewater Treatment Plant Expenses	<u>1,075,847</u>
Sewer Main Expenses	
Maintenance of Mains	314,786
Other Services	34,569
Sewer Tap Expense	1,368
Total Sewer Main Expenses	<u>350,723</u>
Customer Billing and Accounting Expenses	
Billing and Accounting	<u>97,725</u>
Administrative and General Expenses	
Employees' Welfare Expense and Pension	778,703
Salaries General Office Employees	164,153
General Insurance	75,579
Payroll Taxes	69,451
Special Services	51,504
Miscellaneous Expense	14,857
Uncollectible Accounts	24,168
Board of Commissioners	1,631
Total Administrative and General Expenses	<u>1,180,046</u>
 TOTAL OPERATING EXPENSES - WASTEWATER	 <u><u>\$ 2,704,341</u></u>

See Independent Auditors' Report.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF BONDED DEBT
GOVERNMENTAL ACTIVITIES
June 30, 2018**

Fiscal Year Ending	General Obligation Refunding Series 2009		General Obligation Refunding Series 2010A		General Obligation Series 2016A		Airport Revenue and Tax Refunding Series 2016B		General Obligation Refunding Series 2017		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
6/30/2019	\$ 1,285,000	44,975	180,000	305,875	-	50,469	80,000	10,648	15,000	273,750	1,560,000	685,717
6/30/2020	-	-	185,000	301,825	-	50,469	80,000	8,712	1,430,000	273,300	1,695,000	634,306
6/30/2021	-	-	200,000	297,200	-	50,469	80,000	6,776	1,460,000	230,400	1,740,000	584,845
6/30/2022	-	-	200,000	291,700	-	50,469	80,000	4,840	1,505,000	186,600	1,785,000	533,609
6/30/2023	-	-	205,000	285,700	-	50,469	80,000	2,904	1,535,000	141,450	1,820,000	480,523
6/30/2024	-	-	225,000	279,550	-	50,469	80,000	968	1,570,000	95,400	1,875,000	426,387
6/30/2025	-	-	240,000	272,800	70,000	49,419	-	-	1,610,000	48,300	1,920,000	370,519
6/30/2026	-	-	1,600,000	265,000	70,000	47,319	-	-	-	-	1,670,000	312,319
6/30/2027	-	-	1,625,000	201,000	75,000	45,144	-	-	-	-	1,700,000	246,144
6/30/2028	-	-	1,700,000	136,000	75,000	42,894	-	-	-	-	1,775,000	178,894
6/30/2029	-	-	1,700,000	68,000	75,000	40,644	-	-	-	-	1,775,000	108,644
6/30/2030	-	-	-	-	80,000	38,319	-	-	-	-	80,000	38,319
6/30/2031	-	-	-	-	80,000	35,919	-	-	-	-	80,000	35,919
6/30/2032	-	-	-	-	85,000	33,444	-	-	-	-	85,000	33,444
6/30/2033	-	-	-	-	85,000	30,894	-	-	-	-	85,000	30,894
6/30/2034	-	-	-	-	90,000	28,269	-	-	-	-	90,000	28,269
6/30/2035	-	-	-	-	95,000	25,494	-	-	-	-	95,000	25,494
6/30/2036	-	-	-	-	95,000	22,644	-	-	-	-	95,000	22,644
6/30/2037	-	-	-	-	100,000	19,594	-	-	-	-	100,000	19,594
6/30/2038	-	-	-	-	100,000	16,344	-	-	-	-	100,000	16,344
6/30/2039	-	-	-	-	105,000	13,013	-	-	-	-	105,000	13,013
6/30/2040	-	-	-	-	110,000	9,450	-	-	-	-	110,000	9,450
6/30/2041	-	-	-	-	110,000	5,738	-	-	-	-	110,000	5,738
6/30/2042	-	-	-	-	115,000	1,941	-	-	-	-	115,000	1,941
	<u>\$ 1,285,000</u>	<u>44,975</u>	<u>8,060,000</u>	<u>2,704,650</u>	<u>1,615,000</u>	<u>809,297</u>	<u>480,000</u>	<u>34,848</u>	<u>9,125,000</u>	<u>1,249,200</u>	<u>20,565,000</u>	<u>4,842,970</u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF NOTES PAYABLE
BUSINESS-TYPE ACTIVITIES
June 30, 2018

Fiscal Year Ending	TVA	
	Unbilled Power	
	Principal	Interest
6/30/2019	\$ 120,000	-
6/30/2020	120,000	-
6/30/2021	735,639	-
	<u>\$ 975,639</u>	<u>0</u>

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CHANGES IN TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2018

Year of Levy	Assessment	Rate	Total Levy	Balance Unpaid 7/1/2017	Levy	Collections	Releases, Adjustments, Penalty/Interest & Abatements	Balance Unpaid 6/30/2018
2018	\$ 427,915,049	2.22	\$ 9,716,709	-	9,716,709	-	-	9,716,709
2017	427,915,049	2.22	9,501,967	9,501,967	-	(9,086,598)	(14,090)	401,279
2016	418,099,088	2.22	9,477,100	347,938	-	(291,996)	55,448	111,390
2015	418,074,744	2.05	9,262,148	97,649	-	(26,989)	-	70,660
2014	403,172,357	2.05	8,550,811	51,398	-	(8,311)	(21)	43,066
2013	398,484,563	1.86	8,452,722	36,389	-	(4,556)	-	31,833
2012	432,199,169	1.86	8,323,179	13,057	-	(1,532)	(11,525)	-
				<u>\$ 10,048,398</u>	<u>9,716,709</u>	<u>(9,419,982)</u>	<u>29,812</u>	10,374,937
						Less: Allowance for Uncollectible		<u>(81,682)</u>
								<u>\$ 10,293,255</u>

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

See Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION
(UNAUDITED)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CUSTOMER AND RATE DATA (UNAUDITED)
LIGHT AND POWER SYSTEM
June 30, 2018

	2018	2017	Increase
Number of Customers Served as of the Month of June	38,385	38,221	164

	Customer Charge	Energy Charge (per kWh)
Residential Rate -	\$ 18.24	\$ 0.09130

General Power Rate - Schedule GSA

Base Charges

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

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

Customer Charge: \$19.48 per delivery point per month
Energy Charge: \$0.10553 per kWh per month

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

Customer Charge: \$30.93 per delivery point per month
Demand Charge: First 50 kW of billing demand per month, no demand charge
Excess over 50 kW of billing demand per month, at \$13.36 per kW
Energy Charge: First 15,000 kWh per month at \$0.11013 per kWh
Additional kWh per month at \$0.06529 per kWh

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

Customer Charge: \$206.20 per delivery point per month
Demand Charge: First 1,000 kW of billing demand per month at \$12.40 per kW
Additional kW of billing demand per month at \$12.51 per kW
Energy Charge: \$0.06783 per kWh per month

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CUSTOMER AND RATE DATA (UNAUDITED)
LIGHT AND POWER SYSTEM
June 30, 2018

Base Charges (Continued)

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

Customer Charge:	\$335.07 per delivery point per month
Demand Charge:	First 1,000 kW of billing demand per month at \$12.40 per kW Additional kW of billing demand per month at \$12.51 per kW
Energy Charge:	\$0.06783 per kWh per month

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

Access Charge:	\$1,500 per delivery point per month
Administrative Charge:	\$350 per delivery point per month
Demand Charges:	
Onpeak Demand:	\$9.97 per kW of onpeak billing demand per month, plus
Maximum Demand:	\$2.18 per kW per month of maximum billing demand, plus
Excess Demand:	\$9.97 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher.
Energy Charges:	
Onpeak:	\$0.07372 per kWh per month for all metered onpeak kWh, plus
Offpeak:	
Block 1:	\$0.04938 per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 2:	\$0.02046 per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3:	\$0.01798 per kWh per month for hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy.

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CUSTOMER AND RATE DATA (UNAUDITED)
LIGHT AND POWER SYSTEM
June 30, 2018

Base Charges (Continued)

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

Access Charge:	\$1,500 per delivery point per month
Administrative Charge:	\$350 per delivery point per month
Demand Charges:	
Onpeak Demand:	\$9.97 per kW of onpeak billing demand per month, plus
Maximum Demand:	\$1.67 per kW per month of maximum billing demand, plus
Excess Demand:	\$9.97 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher.
Energy Charges:	
Onpeak:	\$0.07263 per kWh per month for all metered onpeak kWh, plus
Offpeak:	
Block 1:	\$0.04828 per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 2:	\$0.02184 per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3:	\$0.02184 per kWh per month for hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy.

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF CUSTOMER AND RATE DATA (UNAUDITED)
WATER AND LIGHT COMMISSION
June 30, 2018

	Customers	
	Water	Wastewater
June 30, 2018	10,030	6,985
June 30, 2017	9,996	6,933
	34	52

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

Metered Rates		
Service Fee Per Month	\$	8.50
First 1,000 cubic feet		1.30 per 100 cubic feet
Next 1,000 cubic feet		1.25 per 100 cubic feet
All over 2,000 cubic feet		1.20 per 100 cubic feet

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

Customers outside the city are charged an additional 100% of the basic water and sewer rates. These water and sewer rates went into effect July 1, 2015.

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

See Independent Auditors' Report.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER (UNAUDITED)
WATER AND LIGHT COMMISSION
June 30, 2018

AWWA Free Water Audit Software: Reporting Worksheet

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

Water Audit Report for: **Greenville Water Commission**
 Reporting Year: **43281** **7/2017 - 6/2018**

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

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

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

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

WATER SUPPLIED

Volume from own sources: <input type="text" value="10"/>	3,171,923	MG/Yr
Water imported: <input type="text" value="n/a"/>		MG/Yr
Water exported: <input type="text" value="n/a"/>		MG/Yr
WATER SUPPLIED:		3,171,923 MG/Yr

Master Meter and Supply Error Adjustments
 Enter negative % or value for under-registration
 Enter positive % or value for over-registration

Pct: <input type="text" value="8"/>	Value:	
<input type="radio"/>	<input type="radio"/>	MG/Yr
<input type="radio"/>	<input type="radio"/>	MG/Yr
<input type="radio"/>	<input type="radio"/>	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered: <input type="text" value="10"/>	2,436,523	MG/Yr
Billed unmetered: <input type="text" value=""/>		MG/Yr
Unbilled metered: <input type="text" value=""/>		MG/Yr
Unbilled unmetered: <input type="text" value=""/>	39,649	MG/Yr
Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed		
AUTHORIZED CONSUMPTION:		2,476,172 MG/Yr

Click here: for help using option buttons below

Use buttons to select percentage of water supplied OR value

Pct: <input type="text" value="1.25%"/>	Value:	
<input type="radio"/>	<input type="radio"/>	MG/Yr
<input type="radio"/>	<input type="radio"/>	MG/Yr
<input type="radio"/>	<input type="radio"/>	MG/Yr
<input type="radio"/>	<input type="radio"/>	MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

695,751 MG/Yr

Apparent Losses

Unauthorized consumption: <input type="text" value=""/>	7,930	MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed		
Customer metering inaccuracies: <input type="text" value="8"/>	128,238	MG/Yr
Systematic data handling errors: <input type="text" value=""/>	6,091	MG/Yr
Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed		
Apparent Losses:		142,259 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: <input type="text" value=""/>	553,492	MG/Yr
WATER LOSSES:		695,751 MG/Yr

NON-REVENUE WATER

735,400 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: <input type="text" value="1"/>	311.0	miles
Number of active AND inactive service connections: <input type="text" value="8"/>	12,270	
Service connection density: <input type="text" value=""/>	39	conn./mile main
Are customer meters typically located at the curbstops or property line? <input type="text" value="Yes"/>		
Average length of customer service line: <input type="text" value=""/> (length of service line, beyond the property boundary, that is the responsibility of the utility)		
Average length of customer service line has been set to zero and a data grading score of 10 has been applied		
Average operating pressure: <input type="text" value="10"/>	100.0	psi

COST DATA

Total annual cost of operating water system: <input type="text" value="10"/>	\$5,584,974	\$/Year
Customer retail unit cost (applied to Apparent Losses): <input type="text" value="10"/>	\$2.30	\$/1000 gallons (US)
Variable production cost (applied to Real Losses): <input type="text" value="10"/>	\$1.70	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 90 out of 100 ***

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

PRIORITY AREAS FOR ATTENTION:

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

- 1: Unauthorized consumption
- 2: Systematic data handling errors
- 3: Customer metering inaccuracies

(Continued)

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER (UNAUDITED)
WATER AND LIGHT COMMISSION
June 30, 2018

AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association Copyright © 2014. All Rights Reserved.
Water Audit Report for: Greenville Water Commission		
Reporting Year: 4/2017 - 6/2018		
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 90 out of 100 ***		
System Attributes:		
Apparent Losses:	142,259	MG/yr
+ Real Losses:	553,492	MG/yr
= Water Losses:	695,751	MG/yr
? Unavoidable Annual Real Losses (UARL):	128,59	MG/yr
Annual cost of Apparent Losses:	\$327,196	
Annual cost of Real Losses:	\$941	Valued at Variable Production Cost
Return to Reporting Worksheet to change this assumption		
Performance Indicators:		
Financial: {	Non-revenue water as percent by volume of Water Supplied:	23.2%
	Non-revenue water as percent by cost of operating system:	5.9% Real Losses valued at Variable Production Cost
Operational Efficiency: {	Apparent Losses per service connection per day:	31.76 gallons/connection/day
	Real Losses per service connection per day:	123.59 gallons/connection/day
	Real Losses per length of main per day*:	N/A
	Real Losses per service connection per day per psi pressure:	1.24 gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	553.49 million gallons/year
	? Infrastructure Leakage Index (ILI) [CARL/UARL]:	4.30
* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline		

See accompanying independent auditors' report.

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See Independent Auditors' Report.

**INTERNAL CONTROL AND
COMPLIANCE SECTION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greeneville, Tennessee (the Town) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 26, 2019.

Our report includes a reference to other auditors who audited the financial statements of the Town of Greeneville Board of Education, Greeneville Light and Power System, and Greeneville Water and Light Commission, as described in our report on the Town of Greeneville, Tennessee's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2018-001.

The Town's Response to Finding

The Town's response to the finding identified in our audit, including the corrective action plan to address the finding, is described in the accompanying schedule of findings and questioned costs. The Town's response, including the corrective action plan to address the finding, was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Blackburn, Childers + Steagall, PLLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

March 26, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Greeneville, Tennessee's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the fiscal year ended June 30, 2018. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Town's basic financial statements include the operations of the Town of Greeneville Board of Education, Greeneville Light and Power System, and Greeneville Water and Light Commission, which received federal awards as included in the Town's schedule of expenditures of federal awards during the year ended June 30, 2018. Our audit, described below, did not include the operations of these operating units because the operating units engaged other auditors to perform an audit of compliance.

Our report includes a reference to other auditors who audited the financial statements of the Town of Greeneville Board of Education, Greeneville Light and Power System, and Greeneville Water and Light Commission, as described in our report on the Town of Greeneville, Tennessee's financial statements. This report includes our consideration of the results of the other auditors' testing of compliance for each major program and on internal control over compliance that are reported on separately by those auditors. However, this report insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Town of Greeneville, Tennessee
Independent Auditors' Report on
Compliance for Each Major Program

Those standards and the Uniform Guidance 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 Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, based on our audit and the report of the other auditors, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

Town of Greeneville, Tennessee
Independent Auditors' Report on
Compliance for Each Major Program

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blackburn, Childers + Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

March 26, 2019

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

Financial Statement Findings

None reported.

Federal Award Findings and Questioned Costs

None reported.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greeneville, Tennessee (the Town). We did not audit the financial statements of the Greeneville Board of Education, Greeneville Light and Power System, or Greeneville Water and Light Commission. The financial statements of the Greeneville Board of Education represent 18%, 21%, and 49%, respectively, of the assets, fund balances and revenues of the governmental funds. The Greeneville Light and Power System and the Greeneville Water and Light Commission represent 100% of the total business-type activities of the Town of Greeneville, Tennessee. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the governmental and business-type activities columns, is based on the reports of the other auditors.
2. There was one significant deficiency in internal control that was disclosed in the audit of the financial statements.
3. There was one instance of noncompliance material to the financial statements of the Town, which was required to be reported in accordance with *Government Auditing Standards* and disclosed during the audit.
4. No material weaknesses in internal control over major programs were disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for the Town expresses an unmodified opinion on all major federal programs.
6. There were no audit findings with a direct and material effect relative to the major federal award programs for the Town that are required to be disclosed in accordance with Title 2 U.S. *Code of Federal Regulations* section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs include the following, which includes the Board of Education programs tested by the other auditors:

<u>Program</u>	<u>CFDA Number</u>
Child Nutrition Cluster (School Breakfast Program and National School Lunch Program)	10.553 and 10.555
8. The threshold for distinguishing Types A and B Programs was \$750,000.
9. The Town of Greeneville was determined to be a low-risk auditee.

TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

Current Year Findings

2018-001: Significant Deficiency - General Ledger Maintenance

Condition and Context: During the audit, we became aware of certain general ledger accounts requiring adjustments to properly reflect the current fiscal year's activity. Prior to proposed audit adjustments, the general ledger reflected the following: property tax revenue was overstated by approximately \$164,000 due to a formula and posting error; grants/contract revenue was understated by approximately \$219,000 including TDOT, splash pad, and Walters State projects; notes receivable due from the Greeneville – Greene County Airport Authority was overstated by approximately \$80,000 due to ensuing year's partial forgiveness of debt; lease payments were misclassified for approximately \$550,000; lease deferred outflows was overstated and capital outlay expenditures were understated by approximately \$749,000; cash related to debt refinancing of approximately \$1.3 million was not restricted at fiscal year-end. In addition to these proposed audit entries, two closing journal entries tested were dated after the 60-day State-imposed general ledger closing requirement.

Criteria and Cause: Due to communication gaps, reconciliation differences, turnover, and other factors, certain activity was not properly recorded timely in the general ledger to meet the 60-day State-imposed closing deadline.

Effect: The net income impact of these adjustments, excluding the cash and expenditure reclassifications and the lease-related deferred outflows, was approximately \$25,000 overstatement of income, all of which have been subsequently adjusted by the Town as proposed audit adjustments.

Recommendation: We recommend for ensuing years that the general ledger accounts be properly analyzed, reconciled, reviewed, and timely adjusted to meet the State-imposed closing deadline.

Management's Response: The Town was unaware of a formula error utilized in the property taxes receivable (net year estimate) in the supporting schedules until after the year-end adjustment had been made. Going forward, the Town will ensure that the formula utilized is correct prior to an adjustment being made in the general ledger. Communication between the Town finance department and other Town departments pertaining to grant funded projects were delayed due to several personnel changes occurring at fiscal year-end. The Town finance office now assists in submitting grant-related expenses to the State for reimbursement, which has improved the timeliness of grant reimbursement request submissions and will work with other departmental parties involved in grant/contract reporting to ensure that adequate communication is shared between the department utilizing the grant/contract funds and the Recorder's Office. For the fiscal year ending June 30, 2018, the Airport Authority anticipated a decrease in revenue and an increase in expenses which was attributed to increases in construction costs and repair costs for the airport.

**TOWN OF GREENEVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Current Year Findings (Continued)

2018-001: Significant Deficiency - General Ledger Maintenance (Continued)

Management's Response (Continued): Because of this anticipated decrease in revenue and increase in expenditures, the Town chose to forgive the airport their debt payment of \$80,000 for fiscal year ending June 30, 2018 due to the limited funding available to the authority at the time. Going forward, the Town anticipates that the Greeneville Municipal Airport Authority will not receive any forgiveness of debt for the airport's principal bond payment or bond interest payment. The finance office did not recognize the lease payment for the Police Department's radio system had been misclassified as capital improvement rather than a lease payment and will ensure that lease payments are classified appropriately and correctly in the future. Due to a change of personnel in the Town finance department at year-end, a capital lease deferred outflow for the Police Department's and Fire Department's radio system that had been recorded as a year-end adjustment in fiscal year ending 2017, was not adjusted for fiscal year ending 2018 once the radios were received. The Town will ensure that any future lease deferred outflows and capital outlay expenditures are recorded correctly in the general ledger. The Town was aware of the restricted cash related to the debt refinancing during the fiscal year, however due to a personnel change in the finance department, the appropriate entry was not recorded to properly document the restricted funds at fiscal year-end. Personnel is now in place to ensure that the required year end entries are made as needed. Timely exchange of information between departments delayed the recording of two closing journal entries that were made for fiscal year ending 2018 after the state-imposed general ledger closing date. Personnel is now in place to ensure communication with other departmental parties will facilitate the timely entry of any necessary closing journal entries prior to the state-imposed general ledger closing date for fiscal year end.

Prior Year Findings Implemented

None Reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

MAYOR
W. T. Daniels

Administrator
Todd Smith



ALDERMEN
Buddy C. Hawk
Keith W. Paxton
Jeffrey D. Taylor
Sarah E. T. Webster

Town of Greeneville, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2018

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented below:

Corrective Action – Financial Statement Finding

TOWN OF GREENEVILLE

2018-001 **TAXES REVENUE WAS OVERSTATED BY APPROXIMATELY \$164,000 DUE TO A FORMULA AND POSTING ERROR**

Response and Corrective Action Plan Prepared by:	Carolyn Susong, Town Recorder Town of Greeneville, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	October 1, 2019
Repeat Finding:	No
Reason Why Corrective Action was Not Take – PY:	N/A

Planned Corrective Action:

The Town was unaware of a formula error utilized in the property taxes receivable (net year estimate) in the supporting schedules until after the year-end adjustment had been made. Going forward, the Town will ensure that the formula utilized is correct prior to an adjustment being made in the general ledger.

2018-001 **GRANTS/CONTRACT REVENUE WAS UNDERSTATED BY APPROXIMATELY \$219,000 INCLUDING TDOT, SPLASH PAD, AND WALTERS STATE PROJECTS**

Response and Corrective Action Plan Prepared by:	Carolyn Susong, Town Recorder Town of Greeneville, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	August 30, 2019
Repeat Finding:	No

Reason Why Corrective Action was Not Take – PY: N/A

Planned Corrective Action:

Communication between the Town finance department and other town departments pertaining to grant funded projects were delayed due to several personnel changes occurring at fiscal year-end. The Town finance office now assists in submitting grant-related expenses to the State for reimbursement, which has improved the timeliness of grant reimbursement request submissions and will work with other departmental parties involved in grant/contract reporting to ensure that adequate communication is shared between the department utilizing the grant/contract funds and the Recorder's Office.

2018-001 **NOTES RECEIVABLE DUE FROM THE GREENEVILLE-GREENE COUNTY AIRPORT AUTHORITY WAS OVERSTATED BY APPROXIMATELY \$80,000 DUE TO ENSUING YEAR'S PARTIAL FORGIVENESS OF DEBT**

Response and Corrective Action Plan Prepared by:	Carolyn Susong, Town Recorder Town of Greeneville, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	June 30, 2019
Repeat Finding:	No
Reason Why Corrective Action was Not Take – PY:	N/A

Planned Corrective Action:

For the fiscal year ending June 30, 2018, the Airport Authority anticipated a decrease in revenue and an increase in expenses which was attributed to increases in construction costs and repair costs for the airport. Because of this anticipated decrease in revenue and increase in expenditures, the Town chose to forgive the airport their debt payment of \$80,000 for fiscal year ending June 30, 2018 due to the limited funding available to the authority as the time. Going forward, the town anticipates that the Greeneville Municipal Airport Authority will not receive any forgiveness of debt for the airport's principal bond payment or bond interest payment.

2018-001 **LEASE PAYMENTS WERE MISCLASSIFIED FOR APPROXIMATELY \$550,000**

Response and Corrective Action Plan Prepared by:	Carolyn Susong, Town Recorder Town of Greeneville, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	June 30, 2019
Repeat Finding:	No
Reason Why Corrective Action was Not Take – PY:	N/A

Planned Corrective Action:

The finance office did not recognize the lease payment for the Police Department's radio system had been misclassified as capital improvement rather than a lease payment and will ensure that lease payments are classified appropriately and correctly in the future.

2018-001 LEASE DEFERRED OUTFLOWS WAS OVERSTATED AND CAPITAL OUTLAY EXPENDITURES WERE UNDERSTATED BY APPROXIMATELY \$749,000

Response and Corrective Action Plan Prepared by: Carolyn Susong, Town Recorder
Town of Greeneville, Tennessee
Person Responsible for Implementing the Corrective Action: Same
Anticipated Completion Date of Corrective Action: June 30, 2019
Repeat Finding: No
Reason Why Corrective Action was Not Take – PY: N/A

Planned Corrective Action:

Due to a change of personnel in the Town finance department at year-end, a capital lease deferred outflow for the Police Department's and Fire Department's radio system that had been recorded as a year-end adjustment in fiscal year ending 2017, was not adjusted for fiscal year ending 2018 once the radios were received. The town will ensure that any future lease deferred outflows and capital outlay expenditures are recorded correctly in the general ledger.

2018-001 CASH RELATED TO DEBT REFINANCING OF APPROXIMATELY \$1.3 MILLION WAS NOT RESTRICTED AT FISCAL YEAR-END

Response and Corrective Action Plan Prepared by: Carolyn Susong, Town Recorder
Town of Greeneville, Tennessee
Person Responsible for Implementing the Corrective Action: Same
Anticipated Completion Date of Corrective Action: June 30, 2019
Repeat Finding: No
Reason Why Corrective Action was Not Take – PY: N/A

Planned Corrective Action:

The Town was aware of the restricted cash related to the debt refinancing during the fiscal year, however due to a personnel change in the finance department, the appropriate entry was not recorded to properly document the restricted funds at fiscal year-end. Personnel is now in place to ensure that the required year end entries are made as needed.

2018-001 TWO CLOSING JOURNAL ENTRIES TESTED WERE DATED AFTER THE STATE-IMPOSED GENERAL LEDGER CLOSING REQUIREMENT

Response and Corrective Action Plan Prepared by: Carolyn Susong, Town Recorder
Town of Greeneville, Tennessee
Person Responsible for Implementing the Corrective Action: Same
Anticipated Completion Date of Corrective Action: August 30, 2019
Repeat Finding: No
Reason Why Corrective Action was Not Take – PY: N/A

Planned Corrective Action:

Timely exchange of information between departments delayed the recording of two closing journal entries that were made for fiscal year ending 2018 after the state-imposed general ledger closing date. Personnel is now in place to ensure communication with other

departmental parties will facilitate the timely entry of any necessary closing journal entries prior to the state-imposed general ledger closing date for fiscal year end.

A handwritten signature in cursive script, reading "Carolyn C. Susong", written in black ink. The signature is positioned above a horizontal line.

Carolyn C. Susong
Town Recorder
Town of Greeneville, Tennessee