

# OFFICIAL STATEMENT

**NEW ISSUE**  
**BOOK-ENTRY-ONLY**

Rating: S&P: "AA-"  
(See "MISCELLANEOUS-Rating")

*In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Town, interest on the Bonds will be excluded from gross income for federal income tax purposes. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations. 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 "LEGAL MATTERS - 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 "LEGAL MATTERS - Tax Matters" herein).*

## **\$1,995,000** **TOWN OF ROGERSVILLE, TENNESSEE** **General Obligation Bonds, Series 2018**

Dated: October 25, 2018

Due: June 1 (as indicated below)

The \$1,995,000 General Obligation Bonds, Series 2018 (the "Bonds") shall be issued by the Town of Rogersville, Tennessee (the "Town") as book-entry-only Bonds in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") except as otherwise described herein. DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on June 1, 2019 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Town. The Bonds shall be additionally payable from but not secured by a pledge of the revenues to be derived from the operation of the Town's water and sewer system. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Town have been irrevocably pledged.

Bonds maturing June 1, 2025 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2024.

Due					Due				
(June 1)	Amount	Rate	Yield	CUSIPs**	(June 1)	Amount	Rate	Yield	CUSIPs**
2021	\$ 75,000	3.00%	2.25%	775337 JM1	2026	\$ 85,000	3.00%	2.75% c	775337 JS8
2022	75,000	3.00	2.35	775337 JN9	2027	90,000	3.00	2.85 c	775337 JT6
2023	80,000	3.00	2.45	775337 JP4	2028	90,000	3.00	3.00	775337 JU3
2024	80,000	3.00	2.55	775337 JQ2	2029	95,000	3.00	3.05	775337 JV1
2025	85,000	3.00	2.65 c	775337 JR0	2030	95,000	3.125	3.15	775337 JW9

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate (as defined herein), and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer or the Underwriter. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

\*\* These CUSIP numbers have been assigned by S&P CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc., and are included solely for the convenience of the Bond holders. The Town is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated herein.

# TOWN OF ROGERSVILLE, TENNESSEE

## OFFICIALS

Honorable Jim Sells	<i>Mayor</i>
Glenn D. Hutchens, Jr.	<i>Town Recorder</i>
William E. Phillips	<i>Town Attorney</i>

## BOARD OF ALDERMAN

Jim Bible  
Mark DeWitte  
Eloise Edwards  
Brian Hartness  
Bill Henderson  
Craig Kirkpatrick

## UNDERWRITER

Robert W. Baird & Co., Incorporated  
Milwaukee, Wisconsin

## BOND REGISTRAR AND PAYING AGENT

Regions Bank  
Nashville, Tennessee

## BOND COUNSEL

Stites & Harbison PLLC  
Nashville, Tennessee

## FINANCIAL ADVISOR

Cumberland Securities Company, Inc.  
Knoxville, Tennessee



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## SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Official Statement*. This Summary Statement shall not be reproduced, distributed or otherwise used except in conjunction with the remainder of this *Official Statement*.

Issuer .....	Town of Rogersville, Tennessee (the “Town”, “Municipality” or “Issuer”). See APPENDIX B contained herein.
The Bonds.....	\$1,995,000 General Obligation Bonds, Series 2018 (the “Bonds”).
Security .....	The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Town. The Bonds shall be additionally payable from but not secured by a pledge of the revenues to be derived from the operation of the Town’s water and sewer system. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Town have been irrevocably pledged.
Purpose .....	The Bonds are being issued for the purpose of providing funds for (i) construction of extensions and improvements to the water and sewer system (the “System”) of the Town, including, but not limited to, improvements to its sewer treatment plant; (ii) acquisition of all property, real and personal, appurtenant thereto or connected with such public works project (the, “Project”); (iii) payment of legal, fiscal, administrative, architectural and engineering costs incident thereto; (iv) reimbursement to the Town for funds previously expended for any of the foregoing; and (v) payment of costs incident to the issuance and sale of such bonds.
Optional Redemption .....	The Bonds are subject to optional redemption prior to maturity on or after June 1, 2024, at the redemption price of par plus accrued interest. See section entitled “SECURITIES OFFERED - Optional Redemption”.
Tax Matters.....	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Town, 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. Interest on the Bonds will be exempt from certain taxation in Tennessee, all as more fully described in the section entitled “LEGAL MATTERS-Tax Matters” and APPENDIX A (form of opinion) included herein.
Bank Qualification .....	The Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled “LEGAL MATTERS - Tax Matters” for additional information.
Rating.....	S&P: “AA-”. See the section entitled “MISCELLANEOUS - Rating” for more information.
Registration and Paying Agent .....	Regions Bank, Nashville, Tennessee (the “Registration Agent”).
Bond Counsel .....	Stites & Harbison PLLC, Nashville, Tennessee.
Financial Advisor .....	Cumberland Securities Company, Inc., Knoxville, Tennessee. See the section entitled “MISCELLANEOUS - Financial Advisor; Related Parities; Others”, herein.
Underwriter.....	Robert W. Baird & Co., Incorporated, Milwaukee, Wisconsin.
Book-Entry-Only.....	The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled “BASIC DOCUMENTATION – Book–Entry-Only System”.

General .....	The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, <i>Tennessee Code Annotated</i> , as supplemented and revised. See the section entitled SECURITIES OFFERED herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of the Depository Trust Company, New York, New York.
Disclosure .....	In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the Town will provide the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State Information Depository ("SID") established in Tennessee, if any, annual financial statements and other pertinent credit information, including the Comprehensive Annual Financial Reports. For additional information, see the section entitled "MISCELLANEOUS - Continuing Disclosure" for additional information.
Other Information.....	The information in the <i>Official Statement</i> is deemed "final" within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof. For more information concerning the Town, or the OFFICIAL STATEMENT, contact The Honorable Jim Sells, Mayor, 106 East Kyle Street, Rogersville, Tennessee 37857, Telephone: (423) 272-7497; or the Town's Financial Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663.

**GENERAL FUND BALANCES**  
**Summary of Changes In Fund Balances**  
(In Thousands)  
For the Fiscal Year Ended June 30

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Beginning Fund Balance	\$2,048,511	\$2,464,704	\$3,004,067	\$6,421,691	\$3,345,156
Revenues	5,292,150	5,543,607	5,803,570	5,606,446	5,725,753
Expenditures	5,084,105	4,664,615	4,696,317	4,989,399	5,134,656
Excess of Revenues Over (under) Expenditures	208,045	878,992	1,107,253	617,047	591,097
Other Financing Sources:					
Transfers In	28,704	43,056	43,056	43,103	39,468
Transfers Out	(732,685)	(732,685)	(732,685)	(736,685)	(1,053,685)
Issuance of Debt	912,129	-	-	-	-
Net Changes in Fund Balances	416,193	539,363	417,624	(76,535)	(423,120)
<b>Ending Fund Balance</b>	<b><u>\$2,464,704</u></b>	<b><u>\$3,004,067</u></b>	<b><u>\$3,421,691</u></b>	<b><u>\$3,345,156</u></b>	<b><u>\$2,922,036</u></b>

Source: Comprehensive Annual Financial Reports of the Town of Rogersville, Tennessee.



**\$1,995,000**  
**TOWN OF ROGERSVILLE, TENNESSEE**  
**General Obligation Bonds, Series 2018**

**SECURITIES OFFERED**

**AUTHORITY AND PURPOSE**

This OFFICIAL STATEMENT which includes the Summary Statement hereof and appendices hereto is furnished in connection with the offering by the Town of Rogersville, Tennessee (the “Town”, “Municipality” or “Issuer”) of its \$1,995,000 General Obligation Bonds, Series 2018 (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, and other applicable provisions of the law and pursuant to resolutions (the “Resolution”) adopted by the Board of Aldermen of the Town (the “Board”) on July 24, 2018.

The Bonds are being issued for the purpose of providing funds for (i) construction of extensions and improvements to the water and sewer system (the “System”) of the Town, including, but not limited to, improvements to its sewer treatment plant; (ii) acquisition of all property, real and personal, appurtenant thereto or connected with such public works project (the, “Project”); (iii) payment of legal, fiscal, administrative, architectural and engineering costs incident thereto; (iv) reimbursement to the Town for funds previously expended for any of the foregoing; and (v) payment of costs incident to the issuance and sale of such bonds.

**DESCRIPTION OF THE BONDS**

The Bonds will be dated and bear interest from the date of issuance October 25, 2018. Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing June 1, 2019. The Bonds are issuable in registered book-entry form only and in \$5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the Mayor and shall be attested by the Town Recorder. No Bond shall be valid until it has been authenticated by the manual signature of an authorized representative of the Registration Agent and the date of authentication noted thereon.

**SECURITY**

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Town. The Bonds shall be additionally payable from but not secured by a pledge of the revenues to be derived from the operation of the Town’s water and sewer system. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Town have been irrevocably pledged.

The Town through its governing body, shall annually levy and collect a tax on all taxable property within the Town, in addition to all other taxes authorized by law, sufficient to pay the principal of and

interest on the Bonds when due. Principal and interest on the Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the Town and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected. The tax required to be levied as described above may be reduced to the extent of any direct appropriations from other funds, taxes and revenues of the Municipality to the payment of debt service on the Bonds, including revenues of the System.

The Bonds will not be obligations of the State of Tennessee.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

Under the Internal Revenue Code of 1986, as amended (the "Code"), in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations," as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the Town as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

## **OPTIONAL REDEMPTION**

Bonds maturing June 1, 2025, and thereafter, shall be subject to optional redemption prior to maturity at the option of the Town on June 1, 2024 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of Aldermen of the Town, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

## **MANDATORY REDEMPTION**

Subject to the credit hereinafter provided, the Town shall redeem Bonds maturing June 1, 2032, June 1, 2034, June 1, 2036, June 1, 2038 and June 1, 2040 on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed shall be selected in the manner described above as the Bonds within a maturity to be so redeemed shall be selected in the same manner as is described above relating to optional redemption..

The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
June 1, 2032	June 1, 2031	\$100,000
	June 1, 2032*	\$100,000
June 1, 2034	June 1, 2033	\$105,000
	June 1, 2034*	\$110,000
June 1, 2036	June 1, 2035	\$110,000
	June 1, 2036*	\$115,000
June 1, 2038	June 1, 2037	\$120,000
	June 1, 2038*	\$125,000
June 1, 2040	June 1, 2039	\$130,000
	June 1, 2040*	\$130,000

\*Final Maturity

At its option, to be exercised on or before the forty-fifth (45) day next preceding any such redemption date, the Town may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this section) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Town on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation shall be accordingly reduced. The Town shall on or before the forty-fifth (45) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

## **NOTICE OF REDEMPTION**

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the Town not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor

Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Town nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Town pursuant to written instructions from an authorized representative of the Town (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the Town to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

*(The remainder of this page left blank intentionally.)*

## BASIC DOCUMENTATION

### REGISTRATION AGENT

The Registration Agent, Regions Bank, Nashville, Tennessee, its successor or the Town will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as described below.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

### BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner 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 owner at its address shown on said Bond 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 Issuer in respect of such Bonds to the extent of the payments so made, except as described above. 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.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book entry system maintained by DTC (the “Book Entry Only System”). One fully registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

*DTC and its Participants.* DTC, the world’s largest securities 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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 a S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the U.S. Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

*Purchase of Ownership Interests.* Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

*Payments of Principal and Interest.* Principal and interest payments on the Bonds 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 the Registration Agent on the payable date in accordance with their respective holdings shown on DTC’s records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with municipal 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, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

*Notices.* 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE FINANCIAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

*Transfers of Bonds.* To facilitate subsequent transfers, all Bonds 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 the Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

None of the Issuer, the Bond Counsel, the Registration Agent, the Financial Advisor or the Underwriter will have any responsibility or obligation, legal or otherwise, to any party other than to the registered owners of any Bond on the registration books of the Registration Agent.

## **DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM**

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the Town determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the Town will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to beneficial owners.

*No Assurance Regarding DTC Practices.* The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town, the Bond Counsel, the Registration Agent, the Financial Advisor and the Underwriter do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the Town, the Bond Counsel, the Registration Agent, the Financial Advisor or the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect

Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

## **DISPOSITION OF BOND PROCEEDS**

The proceeds of the sale of the Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in special funds known as the 2018 Water and Sewer System Construction Funds (the "2018 Construction Fund"), or such other designation as shall be determined by the Mayor to be kept separate and apart from all other funds of the Town. The Town shall disburse funds in the Construction Fund to pay costs of issuance including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Project. Money in the Construction Funds shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Funds shall be expended only for the purposes authorized by the Resolution. Moneys in the Construction Fund shall be invested at the direction of the Town in such investments as shall be permitted by applicable law to the extent permitted by applicable law. Earnings from such investments shall be deposited in the Town's water and sewer debt service fund. After completion of the Project monies from the Construction Fund including earnings from such investments, shall be deposited to the Town's water and sewer debt service fund.

## **DISCHARGE AND SATISFACTION OF BONDS**

If the Town shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;
2. 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); or
3. By delivering such Bonds to the Registration Agent for cancellation by it;



and if the Town shall also pay or cause to be paid all other sums payable hereunder by the Town with respect to such Bonds, 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 and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Town to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void; and if the Town shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations (defined herein) deposited as aforesaid.

Except as otherwise provided in this section, neither Defeasance Obligations nor moneys deposited with the Registration Agent nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Town as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Town, as received by the Registration Agent. For the purposes hereof, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described herein, 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 Town, including, but not limited to, the right to require the Town 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 Town 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.

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## LEGAL MATTERS

### LITIGATION

There are no claims against the Town, including claims in litigation, which, in the opinion of the Town, would have a material adverse effect on the Town's financial position. There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the Town to sell or issue the Bonds.

### TAX MATTERS

#### Federal

*General.* Stites & Harbison PLLC, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the Town and assuming compliance by the Town 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")
- is not a preference item for a bondholder under the federal alternative minimum tax.

The Code imposes requirements on the Bonds that the Town must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the Town 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 Town 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 the section below "CHANGES IN FEDERAL AND STATE LAW".

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

*Qualified Tax-Exempt Obligations.* Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations", as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the Town as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

*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, Town 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 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. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued 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 thereby. 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.

## **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Stites & Harbison PLLC, Nashville, Tennessee, bond counsel. Bond counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, bond counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled “LEGAL MATTERS - Tax Matters.” The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A. For additional information, see the section entitled MISCELLANEOUS – “Competitive Public Sale”, “Additional Information” and “Continuing Disclosure.”

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## MISCELLANEOUS

### RATING

S&P Global Ratings (“S&P”) has given the Bonds the rating of “AA-”.

There is no assurance that such rating will continue for any given period of time or that the ratings may not be suspended, lowered or withdrawn entirely by S&P, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy of the United States of America, including, without limitation, matters such as the future political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Bonds. Any such downward change in or withdrawal of the ratings may have an adverse effect on the secondary market price of the Bonds.

The rating reflects only the views of S&P and any explanation of the significance of such rating should be obtained from S&P.

### COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on October 3, 2018. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated September 20, 2018.

The successful bidder for the Bonds was an account led by Robert W. Baird & Co., Incorporated, Milwaukee, Wisconsin (the “Underwriters”) who contracted with the Town, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of \$1,966,456.95 (consisting of the par amount of the Bonds, plus net original issue premium of \$590.20 less an underwriter’s discount of \$29,133.25) or 98.569% of par.

### FINANCIAL ADVISOR; RELATED PARTIES; OTHER

*Financial Advisor.* Cumberland Securities Company, Inc., Knoxville, Tennessee, has served as financial advisor (the “Financial Advisor”) to the Town for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Financial Advisor has not been engaged by the Town to compile, create, or interpret any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT relating to the Town, including without limitation any of the Town’s financial and operating data, whether historical or projected. Any information contained in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT concerning the Town, any of its affiliated or contractors and any outside parties has not been independently verified by the Financial Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Financial Advisor as to its accuracy or completeness or otherwise. The Financial Advisor is not a public accounting firm and has not been engaged by the Town to review or audit any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT in accordance with accounting standards.

*Regions Bank.* Regions Bank (the “Bank”) is a wholly-owned subsidiary of Regions Financial Corporation. The Bank provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the Town in other normal commercial banking capacities, it will be compensated separately for such services.

*Official Statements.* Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Financial Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the *Preliminary Official Statement*, in final form, and the *Official Statement*, in final form on behalf of the Town and will be compensated and/or reimbursed for such distribution and other such services.

*Bond Counsel.* From time to time, Stites & Harbison PLLC has represented the Bank on legal matters unrelated to the Town and may do so again in the future.

*Other.* Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company’s role as serving as the Town’s Dissemination Agent. If the Town chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

## **DEBT RECORD**

There is no record of default on principal or interest payments of the Issuer. Additionally, no agreements or legal proceedings of the Issuer relating to securities have been declared invalid or unenforceable.

## **ADDITIONAL DEBT**

The Town has not authorized any additional debt. However, the Town has ongoing capital needs, that may or may not require the issuance of additional debt. The Town may also authorize the issuance of additional refundings of outstanding debt as savings opportunities arise.

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## CONTINUING DISCLOSURE

The Town 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 to provide certain financial information and operating data relating to the Town by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2018 (the "Annual Reports"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the Town. The issuer will provide notice in a timely manner to the MSRB of a failure by the Town to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Reports (and audited financial statements if filed separately) and notices described above will be filed by the Town with the Municipal Securities Rulemaking Board ("MSRB") at [www.emma.msrb.org](http://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 Reports or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

*Five-Year Filing History.* The Town has not been in compliance with the undertakings required under the Rule for the last five years because the outstanding 2005 Continuing Disclosure Agreement required the annual disclosure to be filed by December 31 of each year. In hindsight, the Town should have used a longer time period since the Town's financials have never been available by December 31 of each year. The Town's obligation under the 2005 Continuing Disclosure Agreement ended on July 1, 2015 with the retirement of the General Obligation School Bonds, Series 2005, dated July 1, 2005. The Town has filed its annual disclosures on the following dates:

<u>Year</u>	<u>Audit</u>	<u>Other Required Information</u>	<u>Type of Issuer</u>
FY 2012	August 22, 2013	August 23, 2013	Full
FY 2013	August 15, 2014	September 3, 2014	Full
FY 2014	April 1, 2015	April 10, 2015	Full
FY 2015	September 8, 2016	Not Required	Small
FY 2016	October 25, 2017	Not Required	Small
FY 2017	September 7, 2018	Not Required	Small

The delays noted above have been caused by the audit not being completed by the deadline. However, once completed the audit was posted within days of being made available.

As of July 1, 2015, the Town is only be required to final its annual audited financials within one (1) year of its fiscal year end which is June 30 of each year. Additionally, the Town has retained Cumberland Securities Company, Inc. to act as its Dissemination Agent for future filings.

While it is believed that all appropriate filings were made with respect to the ratings of the Town's outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all such rating changes of the bonds or various insurance companies which insured some transaction were made or made in a timely manner as required by Rule 15c2-12.

*Content of Annual Report.* The Town's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the Town for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the Town'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 may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the Town or related public entities, which have been submitted to each of the Repositories or the U.S. 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 Town shall clearly identify each such other document so incorporated by reference.

*Reporting of Significant Events.* The Town will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the Town 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.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the Town 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 of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect securities 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 obligated person, any of which reflect financial difficulties.

*Termination of Reporting Obligation.* The Town'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 Town 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 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 Town 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 Town. 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 Town 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 Town 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 Town to comply with the Disclosure Certificate shall be an action to compel performance.

## **ADDITIONAL INFORMATION**

Use of the words "shall," "must," or "will" in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT involving estimates or matters of opinion, 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 or matters of opinion will be realized. Neither the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the Town and the purchasers of any of the Bonds. Any statements or information printed in this PRELIMINARY OFFICIAL STATEMENT or the OFFICIAL STATEMENT, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The Town has deemed this OFFICIAL STATEMENT as "final" as of its date within the meaning of Rule 15c2-12.

*(The remainder of this page left blank intentionally.)*

## **CERTIFICATION OF ISSUER**

On behalf of the Town, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/ Jim Sells  
Mayor

ATTEST:

/s/ Glenn D. Hutchens Jr.  
Town Recorder



## **APPENDIX A**

### **FORM OF LEGAL OPINION**



October 25, 2018

Town of Rogersville  
City Hall  
Rogersville, Tennessee 37857

***RE: \$1,995,000 Town of Rogersville, Tennessee General Obligation Bonds, Series 2018***

Ladies and Gentlemen:

We have acted as bond counsel in connection with, and have examined a certified copy of the Resolution adopted July 24, 2018 by the Board of Mayor and Aldermen (the “Board”) of the Town of Rogersville, Tennessee (the “Municipality”) and other proofs to us submitted relating to the authorization, issuance and sale by the Municipality of its \$1,995,000 General Obligation Bonds, Series 2018 (the “Bonds”). The Bonds are issued under and pursuant to that certain Resolution adopted by the Board on July 24, 2018 (the “Resolution”). We have examined the Resolution, the form of the Bonds, a Bond Issuance Certificate and an Arbitrage Certificate executed and delivered by the Municipality in connection with the issuance of the Bonds, together with such other certificates and documents we have deemed necessary to render this opinion.

The original principal amount of the Bonds is \$1,995,000, and the Bonds are to be issued to finance some or all of the cost of: (a) construction of extensions and improvements to the Municipality’s water and sewer system, including engineering and other costs incident thereto, and (b) the issuance of the Bonds (as defined herein), pursuant to provisions of Title 9, Chapter 21 of the Tennessee Code Annotated, as supplemented and amended, for the benefit of the citizens of the Municipality. The Bonds are to mature on the first day of June of the following years in aggregate principal amounts as follows:

<u>Maturity</u>		
<u>June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$ 75,000.00	3.000%
2022	\$ 75,000.00	3.000%
2023	\$ 80,000.00	3.000%
2024	\$ 80,000.00	3.000%
2025	\$ 85,000.00	3.000%
2026	\$ 85,000.00	3.000%
2027	\$ 90,000.00	3.000%
2028	\$ 90,000.00	3.000%
2029	\$ 95,000.00	3.000%
2030	\$ 95,000.00	3.125%
2032	\$ 200,000.00	3.250%

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2034	\$ 215,000.00	3.250%
2036	\$ 225,000.00	3.500%
2038	\$ 245,000.00	3.500%
2040	\$ 260,000.00	3.625%

The Bonds are redeemable by the Municipality prior to maturity at the times, in the manner and upon the terms provided in the Bonds. Interest on the Bonds is payable semi-annually on each December 1 and June 1, commencing June 1, 2019. Interest on each Bond is payable to the person in whose name such Bond is registered at the close of business on the fifteenth day of the calendar month next preceding the interest payment date. The principal and premium, if any, is payable at the principal office of the Bond Registrar.

The Bonds will be issued as fully registered Bonds without coupons, initially in one denomination of \$1,995,000, and dated as of October 25, 2018.

As to questions of fact material to our opinion, we have relied upon representations of the Municipality contained in the Resolution, and in the certified proceedings, and other certifications of public officials furnished to us, including an Arbitrage Certificate and Bond Issuance Certificate, without undertaking to verify the same by independent investigation.

Based upon such examination and such other documents, showings, and related matters of law as we deem necessary to render this opinion, and in reliance upon the matters herein referred to, we are of the opinion that:

(1) The Bonds are valid and legally binding general obligations entitled to the full faith and credit of the Municipality, enforceable in accordance with their terms (except as provided below).

(2) All taxable property in the Municipality is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The legislative body of the Municipality is required by law to levy annually a tax on all of the taxable property in the Municipality for the purpose of paying interest on and providing for the payment of the principal and other amounts due, if any, on the Bonds at maturity to the extent other funds are not available therefor.

(3) The Resolution has been duly authorized pursuant to law and constitutes a valid and legally binding obligation of the Municipality (except as provided below) for the protection of the rights of the holder or owner of the Bonds and contains terms, covenants and conditions, in accordance with law, for such purposes.

(4) The interest on the Bonds is excluded from gross income for federal income tax purposes. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference



in computing the federal alternative minimum tax imposed on individuals and corporations. The opinions set forth in this Paragraph 4 are subject to the condition that the Municipality complies with all applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code") 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. The Municipality has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

(5) Under existing regulations, court decisions and interpretations, and assuming the accuracy of the Municipality's Arbitrage Certificate, the Bonds are not "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(6) Under the existing laws of the State of Tennessee, 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 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 tax 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.

(7) In reliance upon the accuracy of the statements set forth in the Resolution and a certificate of the Municipality, the Bonds are "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code.

Except as expressly stated above, we express no opinion as to any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. The owner of the Bonds should consult its tax advisors as to the applicability of any collateral tax consequences of ownership of the Bonds, which may include purchase at a market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

The enforceability of the Bonds and the Resolution and the rights of the holders of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights to the extent constitutionally applicable, and such rights and enforceability also may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

In rendering the above opinion, we have relied upon the opinion of even date herewith of the Attorney for the Municipality, with respect to: (1) the due organization and existence of the Municipality as a valid political subdivision of the State of Tennessee; (2) the right, title, and

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interest of the present officials of the Municipality to their respective positions; and (3) matters which might be disclosed by an examination of agreements or instruments to which the Municipality is a party or by which it or any of its assets are bound.

Very truly yours,

STITES & HARBISON, PLLC

**SUPPLEMENTAL INFORMATION STATEMENT**



## GENERAL INFORMATION

### LOCATION

The Town of Rogersville (the “Town”) is the county seat of Hawkins County (the “County”). The Town is situated in North East Tennessee. The County is bordered by Sullivan, Washington, Green, Hamblen, Grainger and Hancock counties. Other incorporated towns within the County are Bulls Gap, Church Hill, Kingsport (a portion is also located in Sullivan County) Mount Carmel, and Surgoinsville.

### GENERAL

The land area of the County is approximately 480 square miles. The County is the site of numerous recreational facilities: The Ebbing and Flowing Springs, which is one of only two springs in the world that exhibits tidal characteristics. There are three parks, several historic districts and museums, and three golf courses. Hawkins County is also the home of the oldest Masonic Lodge in the State of Tennessee.

Kingsport is part of the Kingsport-Bristol Metropolitan Statistical Area (the “MSA”). According to the 2010 Census, the MSA has a population of 308,662. The cities in the MSA include Kingsport, Bristol, Tennessee and Bristol, Virginia. The Counties include Hawkins and Sullivan Counties in Tennessee. In 2004 the Tri-Cities MSA that included Johnson City was split into two MSAs, the Johnson City MSA and the Kingsport-Bristol MSA.

The City is also part of the Tri-Cities Combined Statistical Area (the “CSA”) of Northeast Tennessee and Southwest Virginia. According to the 2010 Census, the CSA has a population of 509,669. The CSA is unusual in that there is no dominant central city, but Johnson City is the lead city. Other major cities in the CSA include Johnson City, Elizabethton, Jonesborough and Bristol, Tennessee and Bristol, Virginia. According to the 2010 US Census the County had a population of 56,833 and Rogersville had a population of 4,240.

### TRANSPORTATION

The County is served by the Norfolk/Southern and CSX Railroads. Highway transportation is provided by State highways 66 and 70 and Federal highway 11W. Interstate 181 is within ten miles of the County, Interstate 81 is fifteen miles from the County, and Interstate 40 is thirty-five miles from the County. There are forty-five motor freight companies with one terminal facility. The nearest navigable waterway, the Tennessee River in Knoxville, is sixty miles away.

### EDUCATION

*Hawkins County School System* has seventeen schools with a fall 2016 enrollment of 6,880 and 508 teachers. The System consists of twelve elementary schools, three middle schools, two high schools with one adult education facility and an early childhood learning center. *Rogersville City School* was first built in 1923 and now serves grades 1-8 with a fall 2016 enrollment of 679 and 45 teachers.

*Kingsport City Schools* serves the residents of Kingsport including areas of Sullivan and Hawkins County. The City has thirteen school facilities: eight elementary schools, two middle schools and one high school, an alternative education facility and an early childhood learning center. The fall 2016 enrollment was 7,622 with 525 teachers.

*Source:* Tennessee Department of Education, Hawkins County Schools, Rogersville City School and Kingsport City Schools.

*East Tennessee State University* was founded in 1910 in the northeast corner of Tennessee. The 366-acre campus is located in southwest Johnson City, adjacent to the Veterans Administration and the Johnson City Medical Center Hospital. The university offers 74 majors of study in its undergraduate program, 30 degree fields in its master's programs and doctorates in education, education administration, and biomedical sciences. Fall 2017 full-time enrollment was 10,950 students. Extended regional campuses are in Kingsport, Bristol, Elizabethton and Greeneville. In addition, the Quillen College of Medicine offers eight Doctor of Medicine degrees.

*Source:* East Tennessee State University and TN Higher Education Commission.

*The Tennessee Technology Center at Elizabethton Kingsport Site.* The Tennessee Technology Center at Elizabethton is part of a statewide system of 26 vocational-technical schools. The Tennessee Technology Center meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The Technology Center at Elizabethton serves the northeast region of the state including Carter, Hawkins, Johnson, Sullivan, Unicoi and Washington Counties. The Technology Center at Elizabethton began operations in 1963, and the main campus is located in Carter County. In October of 1999, the school opened an instructional site in Mountain City, offering Business Systems Technology, and later in Kingsport, offering classes in Practical Nursing. The fall 2015 enrollment was 819 students.

*Source:* Tennessee Technology Center at Elizabethton/Carter County and TN Higher Education Commission.

*Northeast State Technical Community College* was founded in 1966 as the Tri-Cities State Area Vocational-Technical. Northeast State is located at Blountville in Sullivan County, Tennessee, and had a fall 2017 full-time enrollment of 4,244 students. The College is a comprehensive two-year community college under the governance of the Tennessee Board of Regents of the State University and Community College System of Tennessee. As a comprehensive community college, Northeast State provides university parallel programs designed for students desiring to transfer to another college or university. It also has career programs for students planning to enter the workforce immediately upon graduation and continuing education and community service programs for professional growth and personal enrichment. The College serves the citizens of Carter, Johnson, Sullivan, Unicoi, and Washington Counties and has educational sites located at Elizabethton, Mountain City, Gray, and Kingsport.

*Source:* Northeast State Technical Community College and TN Higher Education Commission.

*Walters State Community College*, a public two-year higher education institution founded in 1970, is located in Morristown, Tennessee. The college offers programs of study that lead to the Associate of Science, Associate of Arts, and Associate of Applied Science degrees. Fall 2016 enrollment was 6,004 students, with about 1,100 of those students enrolled at the Greene County Center. There are four principal campuses in Hamblen, Sevier, Greene, and Claiborne counties. A \$6 million renovation and expansion to the main campus was completed in late 2008. Please see “RECENT DEVELOPMENTS” for further details.

Walters State serves ten predominantly rural East Tennessee counties in the mountains and foothills of the Great Smokies and Clinch Mountains. The primary service area includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Sevier, and Union.

*Source:* Walter State Community College and TN Higher Education Commission.

## HEALTHCARE

The Tri-Cities area has ten acute-care hospitals and many other healthcare facilities. In early 2018 the complex merger of Mountain States Health Alliance and Wellmont Health System was complete to form the new Ballad Health System. With the merger, all ten hospitals of the two systems located in the Tri-Cities area (there are 22 hospitals total) will remain open. The new Ballad Health System has seven hospitals in Johnson City, three facilities in Kingsport, and four hospitals in Bristol. Please see “RECENT DEVELOPMENTS” for more information.

There is also a hospital for veterans in Johnson City, the James H. Quillen VA Medical Center at Mountain Home. The national healthcare system Health South has the facility HealthSouth Rehabilitation Hospital in Kingsport. In addition, the East Tennessee State University located in Johnson City has the James H. Quillen College of Medicine that brings specialties to the area normally not available in a community of this size.

*Ballad Health System. (formerly Mountain States Health Alliance and Wellmont Health System).* Mountain States Health Alliance (founded in 1998) was based in Johnson City, and Wellmont Health System (founded in 1996) was based in Kingsport. The new healthcare system is solely comprised of the existing 22 facilities of both systems. Ballad Health System is now a premier healthcare provider in the Tri-State region, with hospitals and healthcare facilities in Northeast Tennessee, Southwest Virginia, Southeast Kentucky and North Carolina. Ballad is one of the region’s largest employers.

*Indian Path Medical Center.* Located in Kingsport, Indian Path Medical Center has 239 licensed beds and a full range of inpatient and outpatient services. Services include an emergency department, a family-centered birthing center and a full range of behavioral and addiction services, plus geriatric psychiatric services, through Indian Path Pavilion. Admissions for 2017 were 6,061 with an average daily census of 67. Indian Path is affiliated with Ballad Health System.

*Source:* Mountain States Health Alliance and the Business Journal.

*Indian Path Pavilion.* Indian Path Pavilion is a 48-bed provider of inpatient and outpatient mental health and chemical dependency services for individuals 18 and older. It is located in Kingsport and is a part of the Ballad Health System. Options provided for treatment

include individual, family and group therapy. At Indian Path Pavilion, a team of professionals that includes clinicians, dietitians, psychiatric nurses, recreational therapists and other healthcare professionals under the leadership of a psychiatrist will assist the individual with finding the most beneficial level and intensity of treatment. The Pavilion offers a special Chemical Dependency Program by the region's only Addictionologist. Indian Path Pavilion emphasizes the practice of abstinence and the 12-step model for treating individuals who have significant problems with alcohol, drugs or other addictive behavior. All of the services provided at Indian Path Pavilion offer continued care with outpatient services.

*Source:* Mountain States Health Alliance.

*Hawkins County Memorial Hospital.* Hawkins County Memorial Hospital is located in Rogersville and is part of the Ballad Health System. The hospital opened in 1958 and has 50 licenses beds with about 50 physicians and 160 nurses, technicians and support staff. The services provided include emergency care, physical and occupational therapies, surgery, intensive care, outpatient specialty clinics (including neurology services) and diagnostic imaging (including CT and nuclear medicine). Admissions for 2017 were 965 with an average daily census of 8.

*Source:* Wellmont Health System and the Business Journal.

*Holston Valley Medical Center.* Located in Kingsport, the Holston Valley Medical Centre has one of Tennessee's only six Level I trauma center that is equipped to care for the most critically injured patients. The 505-bed facility also has a Level III neonatal intensive care unit to care for the sickest babies. It is part of the regional Ballad Health System. The facility has more than 450 board-certified or board-eligible physicians. In 2005 a \$113 million renovation, called the Project Platinum, began. The construction provided a new intensive care unit, new operating suites, expanded emergency and radiology departments, additional parking areas and a new grand entrance drive and bridge to provide improved hospital access. Admissions for 2017 were 18,032 with an average daily census of 215.

*Source:* Wellmont Health System and the Business Journal.

*Wellmont Madison House.* Wellmont Madison House, located in Kingsport, provides assisted living and a therapeutic day program for frail elderly persons and mid-life adults with a chronic illness. Medical care in the home is provided 24 hours a day, seven days a week, through Wellmont Home Care. It is part of the regional Ballad Health System.

*Source:* Wellmont Health System.

*HealthSouth Rehabilitation Hospital.* HealthSouth Rehabilitation Hospital of Kingsport is an acute inpatient rehabilitation hospital with 50 licensed beds. The hospital treats patients annually from Southwest Virginia, Northeast Tennessee, Southeastern Kentucky and Northwestern North Carolina. Admissions for 2015 were 767 with an average daily census of 31. The hospital offers care by physician specialists in physical medicine and rehabilitation, pulmonology, neurology, gastroenterology, ENT, internal medicine and family practice. HealthSouth is focused on helping patients achieve the best possible quality of life and strives for community reintegration of all patients. Inpatient treatment focuses on daily living activities so patients can return home with greater function and independence. Approximately 80 percent of patients return home. HealthSouth is one of the nation's largest healthcare services providers.

*Source:* Health South and the Business Journal.



## POWER PRODUCTION

*John Sevier Fossil Plant.* Tennessee Valley Authority's ("TVA") John Sevier Fossil Plant is on the Holston River near Rogersville in Hawkins County. Construction began in 1952 and was completed in 1957. John Sevier has four coal-fired generating units. The winter net dependable generating capacity is 712 megawatts. The plant consumes about 5,700 tons of coal a day.

Electricity is produced at John Sevier's four coal-fired units by the process of heating water in a boiler to produce steam. Under extremely high pressure, the steam flows into a turbine that spins a generator to make electricity. John Sevier generates five billion kilowatt-hours of electricity a year, enough to supply 350,000 homes. One of John Sevier's generating units set a continuous-run record in 2004, operating without any interruptions for repairs or maintenance for longer than ever before.

To reduce sulfur dioxide (SO<sub>2</sub>) emissions from the plant, all four units use a blend of low-sulfur coal. To reduce nitrogen oxide (NO<sub>x</sub>) emissions, all units have low-NO<sub>x</sub> burners installed. By 2010, TVA will have spent about \$6 billion on emissions controls at its fossil-fuel plants to ensure that the power supply is generated as cleanly as possible, consistent with efficiency.

TVA will build a \$820 million natural gas power plant near the site of the John Sevier coal plant. North Carolina has sued TVA for coal emissions from the John Sevier plant, which TVA is currently appealing. The John Sevier plant is in danger of being closed in the future, so TVA has planned the new construction.

*Source:* Tennessee Valley Authority and Knoxville News Sentinel.

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## MANUFACTURING AND COMMERCE

There are two industrial districts in the County; Phipps Bend Industrial District and Rogersville Industrial District. The following includes the largest employers in the county, their product, and the approximate level of employment:

### Major Employers in Hawkins County and Kingsport<sup>1</sup>

<u>Company</u>	<u>Location</u>	<u>Product</u>	<u>Employees</u>
Wellmont Health Systems <sup>1</sup>	Kingsport	Healthcare	7,342
Eastman Chemical Company	Kingsport	Chemicals, Fibers, Plastics	6,500
Kingsport City Schools	Kingsport	Education	1,261
Hawkins County Schools	Rogersville	Education	1,107
Pals Sudden Service	Kingsport	Restaurant	1,162
Holston Medical Group	Kingsport	Healthcare	788
City of Kingsport <sup>2</sup>	Kingsport	Government	739
Wal-Mart	Kingsport	Retail	725
BAE Systems	Kingsport	Chemicals & Explosives	700
Jacobs Engineering	Kingsport	Engineering	650
Barrette Outdoor Living	Bulls Gap	Wood & Vinyl Fencing	650
Mountain States Health <sup>1</sup>	Kingsport	Healthcare	630
TEC (Tennessee Electric Co.)	Kingsport	Maintenance Construction	515
Copper Standard Automotive	Surgoinsville	Automotive Tubing	477
Eastman Credit Union	Kingsport	Banking	468
TRW Automotive	Rogersville	Steering Components	431
Domtar	Kingsport	Paper	330
Bank of Tennessee	Kingsport	Bank	251
Baldor Dodge Reliance	Rogersville	Ball Bearings	240
Silgan Plastic Closure Solutions	Kingsport	Plastic Closures	200
Sam Dong, Inc.	Rogersville	Wire Magnetic Products	200
Kingsport Times-News	Kingsport	Newspaper	165
Holston LLC	Church Hill	Hard Cloth	150
Walker Forge	Surgoinsville	Engines Components	150
Regions Financial Corp.	Kingsport	Bank	149
Ware Manufacturing	Surgoinsville	Wire Cages	100

<sup>1</sup> Both health systems have merged to form Ballad Health. Includes employees from multiple areas in the Tri-Cities area.

<sup>2</sup> Includes employment figures in the City of Kingsport, which is located in both Sullivan and Hawkins Counties.

Source: Business Journal of the Tri-Cities, Comprehensive Annual Financial Reports of the City of Kingsport, Tennessee, Johnson City / Washington County Economic Development Board – 2017

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The following is a list of the major sources of employment in Tri-Cities area (*Carter County*: Johnson City; *Hawkins County*: Kingsport, Rogersville, Bulls Gap, Surgionsville and Church Hill; *Greene County*: Greeneville; *Sullivan County*: Bristol, Kingsport, Johnson City and Piney Flats; *Washington County*: Johnson City, Jonesborough, Gray, Telford and Midway; and in nearby Bristol, Virginia):

### **Major Employers in the Tri-Cities Area**

<b><u>Company</u></b>	<b><u>Location</u></b>	<b><u>Product</u></b>	<b><u>Employees</u></b>
Mountain States Health Alliance*	Johnson City	Healthcare	9,760
Wellmont Health Systems*	Kingsport	Healthcare	7,342
Eastman Chemical Company	Kingsport	Chemicals, Fibers, Plastics	6,500
East Tennessee State University	Johnson City	Education	2,430
Veterans Administration Hospital	Johnson City	Healthcare	2,250
Citigroup	Gray	Credit Card Programs	1,988
Washington County School System	Johnson City	Education	1,506
Sullivan County Schools	Blountville	Education	1,444
Advance Call Center Tech	Johnson City	Communications	1,300
Kingsport City Schools	Kingsport	Education	1,261
Johnson City School System	Johnson City	Education	1,237
Pinnacle Retail Center (collectively)	Bristol, TN	Retail	1,200
Pals Sudden Service	Kingsport	Restaurant	1,162
Hawkins County Schools	Rogersville	Education	1,107
AO Smith (American Water Heater Group)	Johnson City	Water Heaters	1,024
Frontier Health <sup>2</sup>	Gray	Rehabilitative Healthcare	1,018
City of Johnson City	Johnson City	Government	878
Holston Medical Group	Kingsport	Healthcare	788
SumiRiko	Midway	Manufacturing	777
CenturyLink	Bristol, TN	Telecommunications	770
Nuclear Fuel Services	Erwin	Nuclear Fuel	750
City of Kingsport	Kingsport	Government	739
BAE Systems	Kingsport	Chemicals & Explosives	700
Barrette Outdoor Living	Bulls Gap	Wood & Vinyl Fencing	650
State of Franklin Healthcare	Johnson City	Healthcare	627
Federal Pacific Transformer Co	Bristol, VA	Transformers	600
Line Power Federal Pacific	Bristol, VA	Manufacturing	600
Universal Fibers	Bristol, VA	Manufacturing	530
Bristol School System	Bristol, TN	Education	529
HSN	Piney Flats	Distribution	518
Northeast Correctional Complex	Mountain City	Corrections	512
Bristol Compressors	Bristol, VA	Manufacturing	500
TPI Corporation	Gray	Electric Heating Equip	500
Copper Standard Automotive	Surgionsville	Automotive Tubing	477
American Greetings	Afton	Manufacturing	461
John Deere Power Products Inc	Greeneville	Agricultural Equipment	431

<b><u>Company</u></b>	<b><u>Location</u></b>	<b><u>Product</u></b>	<b><u>Employees</u></b>
TRW Automotive	Rogersville	Steering Components	431
Huff North America	Greeneville	Automotive Locks	400
Parkdale Mills	Mountain City	Textiles	400
Parker Hannifin Corp	Greeneville	Hydraulic	400
Robinette Company	Bristol, TN	Printed Roll Stock	400
Shearer Foods	Bristol, VA	Food Manufacturing	400
Worthington Industries	Greeneville	Manufactured Cabs	400
City of Bristol	Bristol, TN	Government	332
Domtar	Kingsport	Paper	330
Bristol Metals	Bristol, TN	Metal Fabricating	310
Bell Helicopter	Piney Flats	Aircraft Outfitting	300
Jarden Zinc Products	Greeneville	Zinc Products for coinage	270
Kennametal, Inc.	Johnson City	Carbide Alloys	250
Mullican Flooring	Johnson City	Flooring	250
Strongwell Corporation	Bristol, VA	Manufacturing	250
TI Group Automotive Systems LLC	Greeneville	Automotive	249
Baldor Dodge Reliance	Rogersville	Ball Bearings	240
Specialty Tires of America	Unicoi	Tires	233
Ball Metal Beverages Packaging	Bristol, VA	Can ends	230
Tsubaki Nakashima	Erwin	Rollers and Bearings	229
Crown Tonka Walk-Ins	Greeneville	Walk-In Coolers	220
Modern Forge	Piney Flats	Manufacturing	210
Dentsply Tulsa Dental Products	Johnson City	Manufacturing	202
Manitowoc Walk-Ins (Kysor)	Piney Flats	Walk-In Coolers	200
NCI Building Systems	Elizabethton	Commercial Structures	200
Sam Dong, Inc.	Rogersville	Wire Magnetic Products	200

\* Both health systems have merged to form Ballad Health. Includes employees from multiple areas in the Tri-Cities area.

\*\* Based on estimates of full hiring capacity.

Source: Business Journal of the Tri-Cities, Comprehensive Annual Financial Reports of the City of Kingsport, Tennessee, Johnson City / Washington County Economic Development Board – 2017

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## EMPLOYMENT INFORMATION

As of July 2018, the unemployment rate of Kingsport stood at 4.1%, representing 22,220 persons employed out of a workforce of 23,190. As of July 2018, the unemployment rate in Hawkins County stood at 4.6%, representing 23,340 persons employed out of a workforce of 24,460.

The unemployment rate for July 2018 in the Kingsport-Bristol MSA stood at 4.1%, representing 135,090 persons employed out of a workforce of 140,810. The unemployment rate for July 2018 in the Tri-Cities CSA stood at 4.2%, representing 222,060 persons employed out of a workforce of 231,830.

	Unemployment				
	Annual Average	Annual Average	Annual Average	Annual Average	Annual Average
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
National	7.4%	6.2%	5.3%	4.9%	4.4%
Tennessee	7.8%	6.6%	5.6%	4.7%	3.7%
<b>Kingsport</b>	<b>8.0%</b>	<b>6.5%</b>	<b>6.0%</b>	<b>5.4%</b>	<b>4.2%</b>
Index vs. National	108	105	113	110	95
Index vs. State	103	98	107	115	114
<b>Hawkins County</b>	<b>8.8%</b>	<b>7.3%</b>	<b>6.4%</b>	<b>5.4%</b>	<b>4.2%</b>
Index vs. National	119	118	121	110	95
Index vs. State	113	111	114	115	114
<b>Kingsport-Bristol MSA</b>	<b>7.5%</b>	<b>6.5%</b>	<b>5.6%</b>	<b>5.1%</b>	<b>4.1%</b>
Index vs. National	101	105	106	104	93
Index vs. State	96	98	100	109	111
<b>Tri-Cities CSA</b>	<b>7.8%</b>	<b>6.7%</b>	<b>5.8%</b>	<b>5.2%</b>	<b>4.1%</b>
Index vs. National	105	108	109	106	93
Index vs. State	100	102	104	111	111

Source: Tennessee Department of Employment Security, CPS Labor Force Estimates Summary.

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## ECONOMIC DATA

### Per Capita Personal Income

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
National	\$44,282	\$44,493	\$46,494	\$48,451	\$49,246
Tennessee	\$38,778	\$38,814	\$40,128	\$42,128	\$43,326
<b>Hawkins County</b>	<b>\$30,184</b>	<b>\$29,660</b>	<b>\$30,327</b>	<b>\$31,498</b>	<b>\$32,030</b>
Index vs. National	68%	67%	65%	65%	65%
Index vs. State	78%	76%	76%	75%	74%
<b>Kingsport-Bristol MSA</b>	<b>\$37,991</b>	<b>\$37,756</b>	<b>\$39,115</b>	<b>\$40,921</b>	<b>\$42,102</b>
Index vs. National	86%	85%	84%	84%	85%
Index vs. State	98%	97%	97%	97%	97%
<b>Tri-Cities CSA</b>	<b>\$36,337</b>	<b>\$36,273</b>	<b>\$37,533</b>	<b>\$39,260</b>	<b>\$40,417</b>
Index vs. National	82%	82%	81%	81%	82%
Index vs. State	94%	93%	94%	93%	93%

Source: University of Tennessee, Center for Business and Economic Research.

### Social and Economic Characteristics

	<u>National</u>	<u>Tennessee</u>	<u>Hawkins County</u>	<u>Kingsport</u>
Median Value Owner Occupied Housing	\$184,700	\$146,000	\$111,000	\$134,800
% High School Graduates or Higher Persons 25 Years Old and Older	87.0%	86.0%	82.0%	87.8%
% Persons with Income Below Poverty Level	12.7%	15.8%	19.2%	19.4%
Median Household Income	\$55,322	\$46,574	\$37,883	\$39,463

Source: U.S. Census Bureau State & County QuickFacts - 2016.

## PARKS AND RECREATION

*Cherokee Dam and Reservoir.* Tennessee Valley Authority's ("TVA") Cherokee Dam is located on the Holston River in Jefferson City, 52 miles upstream from the point at which the Holston and French Broad Rivers converge to form the Tennessee. Cherokee Reservoir spans Jefferson, Grainger, Hamblen and Hawkins Counties. The Reservoir attracts millions of recreational visitors each year to its public access areas, fishing areas, camping sites, county and

municipal parks, commercial boat docks and resorts, a state park, and a state wildlife management area. Cherokee was built to generate hydroelectric power during the World War II emergency, but it also plays an important role as one of the chain of TVA reservoirs that over the years have prevented billions of dollars of flood damage in areas downstream. The deep waters of Cherokee Reservoir lose oxygen during the summer months, and the water that generates power is drawn out of these depths. In order to increase oxygen levels for aquatic life below the reservoir, TVA injects oxygen through miles of perforated hoses suspended above the reservoir bottom. TVA also uses huge, slow-turning fans just above the dam to push oxygenated surface water into the depths of the reservoir.

*Source: Tennessee Valley Authority.*

*Fort Patrick Henry Dam and Reservoir.* Tennessee Valley Authority's ("TVA") Fort Patrick Henry Dam is located in Kingsport on the South Fork Holston River. Fort Patrick Henry Reservoir extends 10 miles in Sullivan County upstream from the Dam to Boone Dam. Fort Patrick Henry Reservoir is a popular site for fishing, particularly rainbow trout, bluegill, bass, and crappie. Warrior's Path State Park is located on the reservoir.

*Source: Tennessee Valley Authority.*

*Warriors' Path State Park.* Warriors' Path State Park is located in Kingsport in Sullivan County. It was named for the park's proximity to the ancient war and trading path used by the Cherokee. The 950-acre area was acquired from the Tennessee Valley Authority in 1952, to serve the people who live in or visit this section of Northeast Tennessee. It is situated on the shores of TVA's Patrick Henry Reservoir on the Holston River. The park offers boating, fishing, many hiking trails, campsites, picnic facilities and a swimming pool.

*Source: Tennessee State Parks.*

## **RECENT DEVELOPMENTS**

*AGC Glass.* Weak demand for solar glass has caused AGC Glass North America to permanently close its Blue Ridge Plant in Kingsport in late 2012. The company's Corporate Services Center next to the plant will continue to operate with more than 125 workers.

*Anita's Snack Foods.* In 2018 California based Anita's Snack Foods began operations in the former Pure Foods building in the Gateway Commerce Park in Kingsport. The company acquired the 88,000-square-foot building and operation in May of 2018. Anita's Snack Foods have hired about 60 employees with plans to add more than 100 more.

*Eastman Chemical Company.* Eastman Chemical Company is located in Kingsport on the Sullivan County side. In 2013 the company began a \$1.6 billion expansion that will bring in 300 new jobs. The seven-year project is expected to be finished on the 100<sup>th</sup> anniversary of Eastman in 2020. The project will include safety and environmental projects, increased warehouse capacity, building renovations and expansion of its corporate campus. In 2011 the company purchased Sterling Chemicals Inc. for \$100 million in cash. The assets bought, a plasticizer and acetic acid manufacturing facility, are located in Texas. In 2009 the company slashed costs by more than \$200 million by cutting up to 300 jobs in response to the current economic turmoil. Eastman is the largest manufacturing employer in Tennessee.

*Healthcare Merger.* Mountain States Health Alliance and Wellmont Health System have started the process to merge and form Ballad Health. As many rural hospitals faced a declining patient population, the health care systems announced a merger proposal in April 2015. Seeking federal antitrust refuge through state approval, Mountain States and Wellmont submitted detailed applications to the Tennessee Department of Health and the Southwest Virginia Health Authority. As of January 2017, the merger has yet to be approved but is still in consideration.

*RMC Advanced Technologies.* RMC Advanced Technologies will locate its U.S. headquarters and establish a manufacturing facility in Surgoinsville beginning in 2018. The composite components manufacturer will invest \$7 million and create 54 new jobs in Hawkins County. RMC Advanced Technologies, a subsidiary of Sigma Industries Inc., produces and sells composite components. The company offers products for the heavy-duty truck, coach, transit and bus, machinery, agriculture and wind energy markets. Sigma Industries Inc. was founded in 2005 and is based in Canada.

*Walters State Community College.* WSCC completed a \$20 million expansion and renovation to its campus in Greeneville in 2015. Largely funded by a state grant, the project includes newly constructed and renovated buildings with new green spaces.

The new 104,000 square-foot building has enabled Walters State to add an occupational therapist assistant program and expand its physical therapist assistant program. The college also expanded its public safety programs at the campus, including the Walters State Law Enforcement Academy. The new building features four natural science labs; four allied health labs; seven general education classrooms; four collaborator rooms in support of the college's nationally recognized mobile-learning initiative; a large learning-support emporium; three computer labs; a learning resource center; a 234-seat lyceum; a cafeteria, and a residential police academy and public safety training labs and classrooms.

*Source:* Knoxville News Sentinel and Johnson City Press.

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**CITY OF ROGERSVILLE, TENNESSEE**  
**SUMMARY OF BONDED INDEBTEDNESS**

<b>AMOUNT ISSUED</b>	<b>PURPOSE</b>	<b>DUE DATE</b>	<b>INTEREST RATE(S)</b>	Estimated	
				(1) as of June 30, 2018	<b>OUTSTANDING</b>
\$ 301,000	Loan Agreement, Series 2012 (EESI)	2020	Fixed	\$	57,356
3,060,000	G.O. School Refunding Bonds, Series 2015	July 2015	Fixed		1,040,000
250,000	(2) Loan Agreement, Series 2001 (Rural Development)	2040	Fixed		186,772
825,000	(2) Capital Outlay Notes, Series 2007	2019	Fixed		85,000
2,500,000	(2) Loan Agreement, Series 2008 (SFR Loan)	2028	Fixed		1,345,531
2,520,000	(3) General Obligation Refunding Bonds, Series 2012	June 2022	Fixed		1,410,000
2,000,000	(4) General Obligation Bonds, Series 2015B	June 2022	Fixed		1,760,000
<b>\$ 11,456,000</b>	<b>EXISTING DEBT</b>			<b>\$</b>	<b>5,884,659</b>
\$ 1,995,000	(5) General Obligation Bonds, Series 2018	June 2040	Fixed	\$	1,995,000
(5,355,000)	Less: Revenue Supported Debt				(6,007,303)
<b>\$ 8,096,000</b>	<b>NET EXISTING DEBT</b>			<b>\$</b>	<b>1,872,356</b>

**NOTE:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein.

(2) Revenue Supported Debt.

(3) \$1,005,000 of the Series 2012 Bonds supported by Water and Sewer Revenue.

(4) \$1,390,000 of the Series 2015B Bonds supported by Water and Sewer Revenue.

(5) \$1,995,000 of the Series 2018 Bonds supported by Water and Sewer Revenue.

**CITY OF ROGERSVILLE, TENNESSEE**  
Indebtedness and Debt Ratios

**INTRODUCTION**

The information set forth in the following table is based upon information derived in part from the GENERAL PURPOSE FINANCIAL STATEMENTS which are attached herein and the table should be read in conjunction with those statements. The table does not include future funding plans whether disclosed or not in this document.

	For Fiscal Year Ended June 30				Unaudited 2018	After Issuance 2018
	2014	2015	2016	2017		
<b>INDEBTEDNESS</b>						
TAX SUPPORTED						
General Obligation Bonds & Notes	\$3,874,340	\$3,189,677	\$2,718,348	\$2,657,018	\$1,872,356	\$1,872,356
TOTAL TAX SUPPORTED	3,874,340	3,189,677	2,718,348	2,657,018	1,872,356	1,872,356
REVENUE SUPPORTED						
Water & Sewer Revenue Bonds & Notes	\$3,833,250	\$3,738,923	\$4,761,898	\$4,382,816	\$4,012,303	\$6,007,303
TOTAL REVENUE SUPPORTED	3,833,250	3,738,923	4,761,898	4,382,816	4,012,303	6,007,303
TOTAL DEBT	\$7,707,590	\$6,928,600	\$7,480,246	\$7,039,834	\$5,884,659	\$7,879,659
Less: Revenue Supported Debt	(\$3,833,250)	(\$3,738,923)	(\$4,761,898)	(\$4,382,816)	(\$4,012,303)	(\$6,007,303)
Less: Debt Service Fund	-	-	-	-	-	-
NET DIRECT DEBT	\$3,874,340	\$3,189,677	\$2,718,348	\$2,657,018	\$1,872,356	\$1,872,356
<b>PROPERTY TAX BASE</b>						
Estimated Actual Value	\$401,366,310	\$408,130,177	\$402,889,801	\$393,688,047	\$404,240,667	\$404,240,667
Appraised Value	401,366,310	408,130,177	402,889,801	390,066,117	404,240,667	404,240,667
Assessed Value	126,654,578	128,916,496	127,258,626	126,426,773	129,543,031	129,543,031

<b>DEBT RATIOS</b>	<b>For Fiscal Year Ended June 30</b>				<b>Unaudited</b>	<b>After Issuance</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
TOTAL DEBT to Estimated Actual Value	1.92%	1.70%	1.86%	1.79%	1.46%	1.95%
TOTAL DEBT to Appraised Value	1.92%	1.70%	1.86%	1.80%	1.46%	1.95%
TOTAL DEBT to Assessed Value	6.09%	5.37%	5.88%	5.57%	4.54%	6.08%
NET DIRECT DEBT to Estimated Actual Val	0.97%	0.78%	0.67%	0.67%	0.46%	0.46%
NET DIRECT DEBT to Appraised Value	0.97%	0.78%	0.67%	0.68%	0.46%	0.46%
NET DIRECT DEBT to Assessed Value	3.06%	2.47%	2.14%	2.10%	1.45%	1.45%
<b>PER CAPITA RATIOS</b>						
POPULATION (1)	4,390	4,379	4,375	4,375	4,375	4,375
PER CAPITA PERSONAL INCOME (2)	\$30,327	\$31,498	\$32,030	\$32,030	\$32,030	\$32,030
Estimated Actual Value to POPULATION	91,427	93,202	92,089	89,986	92,398	92,398
Assessed Value to POPULATION	28,851	29,440	29,088	28,898	29,610	29,610
Total Debt to POPULATION	1,756	1,582	1,710	1,609	1,345	1,801
Net Direct Debt to POPULATION	883	728	621	607	428	428
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	5.79%	5.02%	5.34%	5.02%	4.20%	5.62%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	2.91%	2.31%	1.94%	1.90%	1.34%	1.34%

(1) Per Capita computations are based upon POPULATION data according to the U.S. Census and the Government of the City.

(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the U. S. Department of Commerce.

**CITY OF ROGERSVILLE, TENNESSEE**  
**GENERAL OBLIGATION**  
**BONDED DEBT SERVICE REQUIREMENTS**

F.Y. Ended 6/30	<b>Total Bonded Debt Service Requirements (1)</b>			% All Principal Repaid
	<u>Principal</u>	<u>Interest</u>	<u>TOTAL</u>	
2019	\$ 682,996	\$ 29,320	\$ 712,316	36.48%
2020	664,360	19,020	683,380	
2021	125,000	12,583	137,583	
2022	110,000	10,083	120,083	
2023	20,000	7,658	27,658	85.58%
2024	20,000	7,258	27,258	
2025	20,000	6,848	26,848	
2026	20,000	6,438	26,438	
2027	20,000	5,988	25,988	
2028	20,000	5,538	25,538	90.92%
2029	20,000	5,038	25,038	
2030	25,000	4,538	29,538	
2031	25,000	3,863	28,863	
2032	25,000	3,188	28,188	
2033	25,000	2,438	27,438	97.33%
2034	25,000	1,688	26,688	
2035	25,000	844	25,844	100.00%
	<u>\$ 1,872,356</u>	<u>\$ 132,324</u>	<u>\$ 2,004,680</u>	

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.

**CITY OF ROGERSVILLE, TENNESSEE**  
**WATER AND SEWER SYSTEM SUPPORTED DEBT - GENERAL OBLIGATION BACKED**  
**BONDED DEBT SERVICE REQUIREMENTS**

F.Y. Ended 6/30	Existing Debt as of June 30, 2018 (1)			General Obligation Bonds, Series 2018			% 2018 Principal Repaid	Total Bonded Debt Service Requirements (1)			% All Principal Repaid
	Principal	Interest	TOTAL	Principal	Interest (2)	TOTAL		Principal	Interest	TOTAL	
2019	\$ 381,790	\$ 102,200	\$ 483,990	\$ -	\$ 38,989	\$ 38,989	0.00%	\$ 381,790	\$ 141,189	\$ 522,979	6.36%
2020	310,048	91,967	402,015	-	64,981	64,981		310,048	156,949	466,997	
2021	308,388	85,151	393,539	75,000	64,981	139,981		383,388	150,132	533,520	
2022	311,815	78,372	390,187	75,000	62,731	137,731		386,815	141,103	527,918	
2023	320,327	71,257	391,584	80,000	60,481	140,481	11.53%	400,327	131,739	532,066	31.00%
2024	323,930	63,848	387,778	80,000	58,081	138,081		403,930	121,929	525,859	
2025	332,624	56,274	388,898	85,000	55,681	140,681		417,624	111,955	529,579	
2026	336,414	48,272	384,686	85,000	53,131	138,131		421,414	101,403	522,817	
2027	340,300	40,015	380,315	90,000	50,581	140,581		430,300	90,597	520,897	
2028	287,040	31,550	318,590	90,000	47,881	137,881	33.08%	377,040	79,432	456,472	65.13%
2029	93,471	24,099	117,570	95,000	45,181	140,181		188,471	69,280	257,751	
2030	93,849	21,614	115,463	95,000	42,331	137,331		188,849	63,945	252,794	
2031	94,245	18,943	113,188	100,000	39,363	139,363		194,245	58,306	252,551	
2032	99,656	16,266	115,922	100,000	36,113	136,113		199,656	52,378	252,034	
2033	105,088	13,145	118,233	105,000	32,863	137,863	57.89%	210,088	46,007	256,095	81.47%
2034	110,538	9,866	120,404	110,000	29,450	139,450		220,538	39,316	259,854	
2035	111,008	6,043	117,051	110,000	25,875	135,875		221,008	31,918	252,926	
2036	11,500	2,206	13,706	115,000	22,025	137,025		126,500	24,231	150,731	
2037	12,013	1,712	13,725	120,000	18,000	138,000		132,013	19,712	151,725	
2038	12,550	1,201	13,751	125,000	13,800	138,800	86.97%	137,550	15,001	152,551	95.41%
2039	13,109	668	13,777	130,000	9,425	139,425		143,109	10,093	153,202	
2040	2,600	111	2,711	130,000	4,713	134,713	100.00%	132,600	4,823	137,423	100.00%
	<u>\$ 4,012,303</u>	<u>\$ 784,780</u>	<u>\$ 4,797,083</u>	<u>\$ 1,995,000</u>	<u>\$ 876,658</u>	<u>\$ 2,871,658</u>		<u>\$ 6,007,303</u>	<u>\$ 1,661,438</u>	<u>\$ 7,668,741</u>	

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.

(2) Average Coupon 3.3560126%.

## FINANCIAL OPERATIONS

### BASIS OF ACCOUNTING AND PRESENTATION

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The modified accrual basis of accounting is used to account for all governmental funds of the Town. Revenues for such funds are recognized when they become measurable and available as net current assets. Expenditures, other than interest or long-term debt, are recognized when incurred and measurable.

All proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred except for prepaid expenses, such as insurance, which are fully expended at the time of payment.

### FUND BALANCES AND RETAINED EARNINGS

The following table depicts audited fund balances and retained earnings for the last five fiscal years ending June 30:

<b><u>For the Fiscal Year Ended June 30</u></b>					
<b><u>Fund Type</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
<i>Governmental Funds:</i>					
General	\$2,464,704	\$3,004,067	\$3,421,691	\$3,345,156	\$2,922,036
Rogersville City School	2,046,329	2,107,222	2,155,897	2,193,649	2,422,229
Other Governmental	<u>1,833,186</u>	<u>1,526,338</u>	<u>931,959</u>	<u>931,959</u>	<u>935,499</u>
<b>Total</b>	<b><u>\$6,344,219</u></b>	<b><u>\$6,637,627</u></b>	<b><u>\$6,488,578</u></b>	<b><u>\$6,470,764</u></b>	<b><u>\$6,279,764</u></b>
<i>Proprietary Funds:</i>					
Water Commission	<u>\$9,398,331</u>	<u>\$9,270,836</u>	<u>\$9,274,346</u>	<u>\$9,698,946</u>	<u>\$9,497,379</u>

Source: Comprehensive Annual Financial Report and Auditor's Report, Town of Rogersville, Tennessee.

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**CITY OF ROGERSVILLE, TENNESSEE**  
Five Year Summary of Revenues, Expenditures and  
Changes In Fund Balances - General Fund  
For the Fiscal Year Ended June 30

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues:</b>					
Local taxes	\$ 4,709,500	\$ 4,953,102	\$ 5,181,083	\$ 4,937,693	\$ 5,091,472
Intergovernmental Revenue	428,963	463,980	475,870	516,410	493,929
Charges/Rent for services	63,265	54,325	61,843	76,524	55,229
Fines and fees	19,485	26,976	31,018	35,010	23,080
Licenses and Permits	21,985	8,647	12,300	12,420	11,391
Interest Income	1,712	1,404	1,280	1,355	1,169
Other Income	47,240	35,173	40,176	27,034	49,483
<b>Total Revenues</b>	<b>\$ 5,292,150</b>	<b>\$ 5,543,607</b>	<b>\$ 5,803,570</b>	<b>\$ 5,606,446</b>	<b>\$ 5,725,753</b>
<b>Expenditures:</b>					
Mayor & Aldermen	\$ 31,857	\$ 35,149	\$ 33,238	\$ 35,984	\$ 35,783
Financial & Administration	532,282	587,067	627,588	646,395	655,196
Public Buildings & Grounds	91,335	79,562	69,414	81,097	72,703
Other General Government	322,753	378,190	403,367	433,114	542,365
Public Safety	1,118,472	1,321,320	1,319,135	1,301,206	1,364,271
Highways and Streets	426,484	478,517	507,780	595,234	729,099
Inspection	20,752	21,634	22,361	22,745	24,415
Sanitation	277,764	416,322	307,776	281,874	308,027
Parks and Recreation	416,570	473,649	462,190	524,167	559,770
Appropriations	112,000	116,000	112,000	112,000	116,480
Capital Outlay	-	-	-	-	-
Debt Service	1,733,836	757,205	831,468	955,583	726,547
Other	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 5,084,105</b>	<b>\$ 4,664,615</b>	<b>\$ 4,696,317</b>	<b>\$ 4,989,399</b>	<b>\$ 5,134,656</b>
Excess of Revenues & Over (under) Expenditures	\$ 208,045	\$ 878,992	\$ 1,107,253	\$ 617,047	\$ 591,097
<b>Other Financing Sources (Uses):</b>					
Interfund Transfers - In	\$ 28,704	\$ 43,056	\$ 43,056	\$ 43,103	\$ 39,468
Interfund Transfers - Out	(732,685)	(732,685)	(732,685)	(736,685)	(1,053,685)
Issuance Of Notes/Bonds	940,007	350,000	-	-	-
Insurance Recoveries	-	-	-	-	-
Debt Issues	(27,878)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 208,148</b>	<b>\$ (339,629)</b>	<b>\$ (689,629)</b>	<b>\$ (693,582)</b>	<b>\$ (1,014,217)</b>
Excess of Revenue and Other Sources over (Under) Expenditures and Other Sources	416,193	539,363	417,624	(76,535)	(423,120)
<b>Fund Balance July 1</b>	<b>2,048,511</b>	<b>2,464,704</b>	<b>3,004,067</b>	<b>3,421,691</b>	<b>3,345,156</b>
Prior Period Adjustment	-	-	-	-	-
<b>Fund Balance June 30</b>	<b>\$ 2,464,704</b>	<b>\$ 3,004,067</b>	<b>\$ 3,421,691</b>	<b>\$ 3,345,156</b>	<b>\$ 2,922,036</b>

## **INVESTMENT AND CASH MANAGEMENT PRACTICES**

Investment of idle Town operating funds is controlled by state statute and local policies and administered by the City Recorder. Generally, such policies limit investment instruments to direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds for trust upon residential property in the state equal to at least 150 percent of the amount of uninsured deposits. All collateral must be held in a third party escrow account for the benefit of the Town. For reporting purposes, all investments are stated at cost which approximates market value. The City Recorder is responsible for all Town investments.

## **REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

### ***State Taxation of Property; Classifications of Taxable Property; Assessment Rates***

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 provided under Tennessee law.

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 sub classifications 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 sub classifications 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 sub classifications 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.

### ***County Taxation of Property***

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its value upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

### ***Assessment of Property***

*County Assessments; County Board of Equalization.* The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own

such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

*State Assessments of Public Utility Property; State Board of Equalization.* The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

*[balance of page left blank]*

### ***Periodic Reappraisal and Equalization***

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an on-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

### ***Valuation for Property Tax Purposes***

*County Valuation of Property.* The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State Board of Equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

*State Valuation of Public Utility Property.* The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole (*i.e.*, the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

### ***Certified Tax Rate***

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the "*Certified Tax Rate*") which will provide the same *ad valorem* revenue for that jurisdiction as was levied during the previous year.

The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

### ***Tax Freeze for the Elderly Homeowners***

The Tennessee Constitution was amended by the voters in November 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for "freezing" the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer's property tax bill is \$500 for the year in which he becomes eligible, his property taxes will remain at \$500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements.

### ***Tax Collection and Tax Lien***

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

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*Assessed Valuations.* According to the Tax Aggregate Report for Tennessee, property in the Town reflected a ratio of appraised value to true market value of 1.00. The following table shows pertinent data for tax year 2017<sup>1</sup>.

<u>Class</u>	<u>Estimated Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Value</u>
Public Utilities	\$ 6,978,034	55%	\$ 15,902,579
Commercial and Industrial	54,043,320	40%	135,108,300
Personal Tangible Property	31,285,277	30%	104,284,188
Residential and Farm	<u>37,236,400</u>	25%	<u>148,945,600</u>
<b>TOTAL</b>	<b><u>\$129,543,031</u></b>		<b><u>\$404,240,667</u></b>

Source: 2017 Tax Aggregate Report for Tennessee.

The estimated assessed value of property in the Town for the fiscal year ending June 30, 2018 (tax year 2017) is \$129,543,031 compared to \$126,426,773 for the fiscal year ending June 30, 2017 (tax year 2016). The estimated actual value of all taxable property for tax year 2017 is \$404,240,667 compared to \$393,688,047 for tax year 2016.

*Property Tax Rates and Collections.* The following table shows the property tax rates and collections of the Town for tax years 2013 through 2017 as well as the aggregate uncollected balances for each fiscal year ending June 30.

<b>PROPERTY TAX RATES AND COLLECTIONS</b>				<b>Fiscal Yr Collections</b>		<b>Aggregate Uncollected Balance</b>	
<b>Tax Year<sup>1</sup></b>	<b>Assessed Valuation</b>	<b>Tax Rates</b>	<b>Taxes Levied</b>	<b>Amount</b>	<b>Pct</b>	<b>As of June 30, 2017 Amount</b>	<b>Pct</b>
2013	\$126,654,578	\$1.67	\$2,115,125	\$1,965,598	92.9%	\$ 11,728	0.56%
2014	128,916,496	1.67	2,152,901	1,970,287	91.5%	13,938	0.65%
2015	127,258,626	1.67	2,125,227	2,017,225	94.9%	28,941	1.36%
2016	126,426,773	1.67	2,111,335	1,955,068	92.6%	117,080	5.54%
2017	129,543,031	1.67	2,162,812	<b>IN PROCESS</b>			

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<sup>1</sup> The tax year coincides with the calendar year, therefore tax year 2017 is actually fiscal year 2017-18.

*Ten Largest Taxpayers.* For the fiscal year ending June 30, 2017 (Tax Year 2016) taxpayers in the Town were as follows:

<b><u>Taxpayer</u></b>	<b><u>Business Type</u></b>	<b><u>Assessed Value</u></b>	<b><u>Taxes Paid</u></b>
1. TRW	Automotive	\$17,747,293	\$296,379
2. Baldor-Cre Rockwell	Automotive	8,318,165	138,914
3. Holston Electric	Utility	5,068,237	84,640
4. Wal-Wart	Retail	3,700,618	62,073
5. Sekisui TA	Industrial	3,379,991	56,527
6. Sam Dong	Industrial	1,055,107	46,946
7. HDK Industries	Industrial	3,995,831	38,820
8. Marathon Realty	Real Estate	1,954,840	32,646
9. Hawkins County Development	Real Estate	1,640,560	27,397
10. HCRI-Signature Health	Healthcare	<u>1,422,671</u>	<u>23,758</u>
<b>TOTAL</b>		<b><u>\$48,283,313</u></b>	<b><u>\$808,100</u></b>

*Source:* The Town.

*Ten Largest Taxpayers.* For the fiscal year ending June 30, 2016 (Tax Year 2015) taxpayers in the Town were as follows:

<b><u>Taxpayer</u></b>	<b><u>Business Type</u></b>	<b><u>Assessed Value</u></b>	<b><u>Taxes Paid</u></b>
1. TRW	Automotive	\$15,443,333	\$257,902
2. Baldor-Cre Rockwell	Automotive	7,864,816	131,343
3. Holston Electric	Utility	4,683,769	78,219
4. Wal-Mart	Retail	3,441,200	57,468
5. Sekisui TA	Industrial	3,272,332	54,648
6. Sam Dong	Industrial	868,673	41,436
7. HDK Industries	Industrial	2,408,778	40,226
8. Marathon Realty	Real Estate	1,954,840	32,646
9. Hawkins County Development	Real Estate	1,640,560	24,438
10. HCRI-Signature Health	Healthcare	<u>1,387,920</u>	<u>23,178</u>
<b>TOTAL</b>		<b><u>\$42,966,221</u></b>	<b><u>\$741,504</u></b>

*Source:* The Town.

*[balance of page left blank]*

## **PENSION PLANS**

The Town of Rogersville, Tennessee maintains a target benefit pension retirement plan covering all regular employees employed on or after July 1, 1973, who have completed 12 months of continuous employment and meet the minimum age requirement of twenty-one. The plan is a defined contribution plan with the cost paid currently by the Town of Rogersville except for two percent deducted from employees' compensation. The plan is with Symetra Life Insurance Company.

The Rogersville City School contributes to the State Employees, Teachers, and Higher Education Employees' Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one half percent. The annual COLA is capped at three percent.

For additional information of the funding status, trend information and actuarial status of the Town's retirement programs, please refer to the appropriate Notes to the Financial Statements located in the General Purpose Financial Statements of the Town found herein.

## **UNFUNDED ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

For more information, please refer to the Notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein.

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**APPENDIX C**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**THE TOWN OF ROGERSVILLE, TENNESSEE**



**TOWN OF ROGERSVILLE, TENNESSEE**  
**FINANCIAL STATEMENTS**  
**June 30, 2017**

**TOWN OF ROGERSVILLE, TENNESSEE**  
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**June 30, 2017**

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**TOWN OF ROGERSVILLE, TENNESSEE**  
**SCHEDULE OF PRINCIPAL OFFICIALS**  
**June 30, 2017**

**Town of Rogersville, Tennessee – Officials and Mayor**

Jim Sells	Mayor
Craig Kirkpatrick	Vice Mayor
William H. Lyons	City Recorder
Linda Winegar	Deputy Recorder/CMFO

**Town of Rogersville, Tennessee – Aldermen**

Jim Bible  
Brian Hartness  
Eloise Edwards  
Bill Henderson  
Mark DeWitte  
Craig Kirkpatrick

**Rogersville Water Commission – Officials**

Shawn Hatchett	Superintendent
Mary Rentschler	Accountant

**Rogersville Water Commission – Commissioners**

Edwin Pace	Chairman
Mark DeWitte	
Bill Pearson	
Craig Kirkpatrick	

**Board of Education – Officials**

Rebecca Isaacs	Director of Schools
Sherri Asaro	Federal Projects Director
Karen Willis	Finance Director

**Board of Education – Board Members**

Reed Matney	Chairman
Todd Biggs	Vice-Chairman
Barbara Combs	
Gerald Trent	
Scott Trent	

David M. Ellis

*Certified Public Accountant*  
*Member, American Institute*  
*of Certified Public Accountants*  
*Member, Tennessee Society of*  
*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Mayor and Aldermen  
Town of Rogersville, Tennessee

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rogersville, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rogersville, Tennessee, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Rogersville City School Operating Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As explained in Note 16, the annual report on the defined contribution target benefit pension retirement plan was unavailable, resulting in omission of certain disclosures required by GASB 68.

My 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 on pages 5-12, the schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS, schedule of contributions based on participation in the public employee pension plan of TCRS, schedule of proportionate share of the net pension liability (asset) of the teacher legacy pension plan of TCRS, schedule of contributions based on teacher legacy pension plan of TCRS, schedule of proportionate share of the net pension liability (asset) of the teacher retirement plan of TCRS, schedule of contributions based on participation in the teacher retirement plan of TCRS, and the schedule of funding progress of other post-employment benefits other than pensions on pages 71-77 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rogersville, Tennessee's basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information on pages 78-95 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements, the other supplementary information, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated August 31, 2018, on my consideration of the Town of Rogersville, Tennessee's internal control over financial reporting and on my 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 my 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 of Rogersville, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rogersville, Tennessee's internal control over financial reporting and compliance.



David M. Ellis, CPA  
Greeneville, Tennessee  
August 31, 2018



**TOWN OF ROGERSVILLE, TENNESSEE  
MANAGEMENT'S DISCUSSION & ANALYSIS  
(Unaudited-Required Supplementary Information)  
For the Year Ended June 30, 2017**

As management of the Town of Rogersville, Tennessee (i.e., the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2017.

**Financial Highlights**

Key financial highlights for the year ended June 30, 2017 are as follows:

- The assets and deferred outflow of resources of the Town of Rogersville exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,144,269 (net position). Of this amount, \$2,848,768 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Town of Rogersville's governmental funds reported combined ending fund balances of \$6,279,764 which was a decrease of \$191,000 over the previous fiscal year.
- At the end of the fiscal year, the Town's General Fund has an unassigned fund balance totaling \$2,838,182 in comparison to General Fund expenditures in the amount of \$5,134,656.
- The Town's Proprietary Fund (Rogersville Water Commission) net position decreased \$201,567 in the current year.
- In April 2018, the Tennessee Comptroller of the Treasury in conjunction with the Tennessee Bureau of Investigation and the Rogersville Police Department issued an investigative report on the Rogersville Water Department relating to investigative allegations of malfeasance after they were notified by Town officials when concern was raised over missing deposits. Based on the investigative report, these issues were referred to the local district attorney general, and on April 18, 2018, the Hawkins County Grand Jury indicted the former Water Superintendent on one count of theft of property over \$250,000, one count of theft of property over \$60,000, and one count of official misconduct. During the year ending June 30, 2017, the investigative report indicated a suspected theft loss of \$69,444 in cash deposits along with other issues relating to compensatory time paid to the former Water Superintendent in violation of Town personnel policies and the failure to notify Town officials of undisclosed outside employment by the former Water Superintendent.

**Overview of the Financial Statements**

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

## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private-sector business.

The Statement of Net Position presents information on all the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between these being 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.

The Statement of Activities presents information showing how the Town's net position changed during the year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 and administration, public safety – police and fire, public works (including streets and sanitation), culture & recreation, and an elementary school system. The business-type activities of the Town include water and sewer services.

## **Fund Financial Statements**

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

## **Governmental Funds**

Governmental funds are used to account for essentially the same functions as reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains nine governmental funds for financial reporting. With the implementation of GASB Statement no. 54, the operations for solid waste are now included within the General Fund. Supplemental information on solid waste activities has been included in this report. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is always considered to be a major fund. The Rogersville City Board of Education Fund is also a major fund in the current year. Individual fund data for the non-major governmental funds are provided in the form of combining statements elsewhere in this report. Data from the other remaining (non-major) funds are presented in a single presentation. The funds combined into a single presentation are as follows:

- State Street Aid Fund
- Community Center Fund
- Industrial Park Development Fund
- Drug Fund
- PL 89-10 Fund
- School Cafeteria Fund
- Capital Projects Fund

### **Proprietary Fund**

The Town maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for the Rogersville Water Commission which provides water and sewer services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Commission since this is considered to be a major fund of the Town.

### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Other Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplemental information which should be considered in the overall review of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Rogersville, overall assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,144,269 at the close of the fiscal year.

By far, the largest portion of the Town's net position (78%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, utility plant, and infrastructure) less any related debt used to acquire those assets that are still outstanding. The Town of Rogersville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related

debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A summary of the Town's Net Position is as follows:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2017	2016	2017	2016	2017	2016
<b>Assets &amp; Deferred Outflows of Resources</b>						
Current & Other Assets	\$ 8,840,949	\$ 9,067,371	\$ 564,302	\$ 1,335,397	\$ 9,405,251	\$ 10,402,768
Capital Assets (net)	13,150,774	13,044,450	13,769,778	13,729,587	26,920,552	26,774,037
Deferred Outflows of Resources	978,336	1,000,834	-	-	978,336	1,000,834
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>22,970,059</b>	<b>23,112,655</b>	<b>14,334,080</b>	<b>15,064,984</b>	<b>37,304,139</b>	<b>38,177,639</b>
<b>Liabilities &amp; Deferred Inflows of Resources</b>						
Long-Term Liabilities Outstanding	2,753,935	3,375,469	4,611,084	4,957,413	7,365,019	8,332,882
Other Liabilities	759,084	387,095	225,617	408,625	984,701	795,720
Deferred Inflows of Resources	2,810,150	3,394,069	-	-	2,810,150	3,394,069
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<b>6,323,169</b>	<b>7,156,633</b>	<b>4,836,701</b>	<b>5,366,038</b>	<b>11,159,870</b>	<b>12,522,671</b>
<b>Net Position</b>						
Net Investment In Capital Assets	11,095,939	10,309,021	9,348,803	8,935,508	20,444,742	19,244,529
Restricted	2,828,958	2,593,408	21,801	304,571	2,850,759	2,897,979
Unrestricted	2,721,993	3,053,593	126,775	458,867	2,848,768	3,512,460
<b>Total Net Position</b>	<b>\$ 16,646,890</b>	<b>\$ 15,956,022</b>	<b>\$ 9,497,379</b>	<b>\$ 9,698,946</b>	<b>\$ 26,144,269</b>	<b>\$ 25,654,968</b>

At the end of the current fiscal year, the Town is able to report positive balances in the categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Charges for Services	\$ 270,160	\$ 311,940	\$ 2,838,927	\$ 2,772,837	\$ 3,109,087	\$ 3,084,777
Operating Grants/Contributions	4,309,046	3,974,667	-	-	4,309,046	3,974,667
Capital Grants/Contributions	13,189	-	-	466,516	13,189	466,516
Taxes	6,222,259	5,961,696	-	-	6,222,259	5,961,696
Intergovernmental	493,929	516,410	-	-	493,929	516,410
Other	68,055	38,310	49	66	68,104	38,376
<b>Total Revenues</b>	<b>11,376,638</b>	<b>10,803,023</b>	<b>2,838,976</b>	<b>3,239,419</b>	<b>14,215,614</b>	<b>14,042,442</b>
<b>Expenses</b>						
Mayor & Aldermen	35,783	35,984	-	-	35,783	35,984
Financial & Administration	662,795	633,050	-	-	662,795	633,050
Public Buildings & Grounds	72,703	81,097	-	-	72,703	81,097
Other General Government	531,914	514,063	-	-	531,914	514,063
Police	1,004,035	956,225	-	-	1,004,035	956,225
Fire	385,323	346,495	-	-	385,323	346,495
Streets	802,670	789,282	-	-	802,670	789,282
Sanitation	323,487	298,001	-	-	323,487	298,001
Inspection	24,415	22,745	-	-	24,415	22,745
Parks & Recreation	535,524	516,585	-	-	535,524	516,585
Community Development	-	-	-	-	-	-
Appropriations to Others	116,480	112,000	-	-	116,480	112,000
Education	5,799,489	5,521,445	-	-	5,799,489	5,521,445
School Food Service	337,063	286,525	-	-	337,063	286,525
Interest & Debt Issue Expenses	54,089	75,989	-	-	54,089	75,989
Water & Sewer	-	-	3,040,543	2,814,819	3,040,543	2,814,819
<b>Total Expenses</b>	<b>10,685,770</b>	<b>10,189,486</b>	<b>3,040,543</b>	<b>2,814,819</b>	<b>13,726,313</b>	<b>13,004,305</b>
<b>Change in Net Position</b>	<b>690,868</b>	<b>613,537</b>	<b>(201,567)</b>	<b>424,600</b>	<b>489,301</b>	<b>1,038,137</b>
<b>Beginning Net Position</b>	<b>15,956,022</b>	<b>15,342,485</b>	<b>9,698,946</b>	<b>9,274,346</b>	<b>25,654,968</b>	<b>24,616,831</b>
<b>Ending Net Position</b>	<b>\$ 16,646,890</b>	<b>\$ 15,956,022</b>	<b>\$ 9,497,379</b>	<b>\$ 9,698,946</b>	<b>\$ 26,144,269</b>	<b>\$ 25,654,968</b>

## Governmental Activities

Governmental activities increased the Town's net position by \$690,868.

A comparative breakdown of revenues and expenses by percentages to respective total is presented as follows for governmental activities:

	2017		2016	
	Amounts	Percentage	Amounts	Percentage
<b>Revenue</b>				
Property Taxes/In Lieu of Tax	\$ 3,001,486	26.38%	\$ 2,836,045	26.25%
Sales Taxes	2,524,044	22.19%	2,440,224	22.59%
Lodging Taxes	77,502	0.68%	82,642	0.76%
Franchise Taxes	74,695	0.66%	73,968	0.68%
Beer/Liquor Taxes	347,762	3.06%	361,361	3.34%
Business Taxes	141,122	1.24%	139,442	1.29%
Other Taxes	55,648	0.49%	28,014	0.26%
Charges for Services	270,160	2.37%	311,940	2.89%
Grants/Contributions	4,322,235	37.99%	3,974,667	36.79%
Intergovernmental Revenue	493,929	4.34%	516,410	4.78%
Other	68,055	0.60%	38,310	0.35%
<b>Total Revenue/Other Sources</b>	<b>\$ 11,376,638</b>	<b>100.00%</b>	<b>\$ 10,803,023</b>	<b>100.00%</b>

	2017		2016	
	Amounts	Percentage	Amounts	Percentage
<b>Expenses</b>				
Mayor & Aldermen	\$ 35,783	0.33%	\$ 35,984	0.35%
Financial & Administration	662,795	6.20%	633,050	6.21%
Public Buildings & Grounds	72,703	0.68%	81,097	0.80%
Other General Government	531,914	4.98%	514,063	5.05%
Police	1,004,035	9.40%	956,225	9.38%
Fire	385,323	3.61%	346,495	3.40%
Streets	802,670	7.51%	789,282	7.75%
Sanitation	323,487	3.03%	298,001	2.92%
Inspection	24,415	0.23%	22,745	0.22%
Parks & Recreation	535,524	5.01%	516,585	5.07%
Community Development	-	0.00%	-	0.00%
Appropriations to Others	116,480	1.09%	112,000	1.10%
Education	5,799,489	54.27%	5,521,445	54.19%
School Food Service	337,063	3.15%	286,525	2.81%
Interest & Other Expenses	54,089	0.51%	75,989	0.75%
<b>Total Expenses</b>	<b>10,685,770</b>	<b>100.00%</b>	<b>10,189,486</b>	<b>100.00%</b>

Business-type activities representing water and sewer services had a \$201,567 decrease in its net position for the year.

### Financial Analysis of the Government's Funds

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

### Governmental Funds

The focus of the Town of Rogersville's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve

as a useful measure of a government's net resources available for spending at the end of the fiscal year.

For the year ending June 30, 2017, the Town of Rogersville's governmental funds reported combined ending fund balances of \$6,279,764 which is a \$191,000 decrease from the previous fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund had a decrease in its fund balance of \$423,120 resulting in an ending fund balance of \$2,922,036. Actual revenues totaled \$5,725,753 versus the final budgeted amount of \$5,736,454. Expenditures totaled \$5,134,656 versus the final budgeted expenditures amount of \$5,399,823. The primary sources of revenues to the General Fund were property and in-lieu of tax generating 41% of the total revenue, local sales tax representing 37%, and intergovernmental revenues totaling 9% of the revenue stream. With respect to expenditures by function, the two largest expenditures represented the street department at 14% and police functions at 20% of total expenditures.

The Rogersville City Board of Education's operating fund had an increase in its fund balance of \$228,580 in the current fiscal year. The ending fund balance was \$2,422,229.

## Capital Assets & Debt Administration

### Capital Assets

The Town of Rogersville's investment in capital assets for its governmental and business-type activities as of June 30, 2017 totaled \$26,920,552 (net of accumulated depreciation). A comparative recap of the capital assets before accumulated depreciation is shown as follows:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Capital Assets</b>						
Land/Land Improvements	\$ 786,782	\$ 712,384	\$ 463,309	\$ 463,309	\$ 1,250,091	\$ 1,175,693
Buildings/Improvements	14,666,307	14,336,307	466,631	466,631	15,132,938	14,802,938
Machinery/Equipment/Other	5,004,623	4,700,531	1,287,312	1,262,609	6,291,935	5,963,140
Infrastructure	3,080,360	3,080,360	-	-	3,080,360	3,080,360
Utility Plant & Lines	-	-	22,692,980	20,747,768	22,692,980	20,747,768
Construction in Progress	-	9,000	-	1,392,975	-	1,401,975
<b>Total Capital Assets</b>	<b>\$ 23,538,072</b>	<b>\$ 22,838,582</b>	<b>\$ 24,910,232</b>	<b>\$ 24,333,292</b>	<b>\$ 48,448,304</b>	<b>\$ 47,171,874</b>

Major capital asset additions or projects under construction during the current fiscal year included the following:

- A grapple truck for the street department totaled \$127,909.
- Land was acquired adjacent to the City Park for \$74,398.
- Installation of a new roof at the City School totaled \$330,000.
- Additions of new vehicles and trucks at the City for \$162,994.
- The Miex project at the Water treatment plant started in previous years and completed in the current year for a total cost of \$1,766,925.

Additional information on capital assets can be found in notes to the financial statements.

### Long-Term Debt Issues

At the end of the current fiscal year, the Town of Rogersville had total long-term debt issues outstanding of \$6,475,810. There were no new debt issues in the current year. A summary of the long-term debt is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Capital Outlay Notes	\$ -	\$ -	\$ 170,000	\$ 250,000	\$ 170,000	\$ 250,000
2012 GOB Refunding Bond	510,000	610,000	1,105,000	1,205,000	1,615,000	1,815,000
Water Works Revenue Bond	-	-	192,502	197,496	192,502	197,496
2015A GOB Refunding Bond	1,040,000	1,555,000	-	-	1,040,000	1,555,000
2015B GOB Bonds	390,000	410,000	1,455,000	1,520,000	1,845,000	1,930,000
Energy Efficient School Loan	100,352	143,348	-	-	100,352	143,348
Notes Payable	-	-	1,468,904	1,589,402	1,468,904	1,589,402
Discount/Premium, Net	14,483	17,081	29,569	32,181	44,052	49,262
<b>Total</b>	<b>\$ 2,054,835</b>	<b>\$ 2,735,429</b>	<b>\$ 4,420,975</b>	<b>\$ 4,794,079</b>	<b>\$ 6,475,810</b>	<b>\$ 7,529,508</b>

### Economic Factors & Next Year's Budgets & Rates

The Town in its budget process considers many factors when setting the fiscal year budget such as tax rates and fees that will be charged for business-type activities. For the 2017-2018 year, the Town's property tax rate will remain at \$1.67 per \$100 of assessed value.

### Other Matters

Subsequent to June 30, 2018, the Town of Rogersville's Board of Mayor & Aldermen voted to abolish the Rogersville Water Commission with the Town's Board of Mayor & Aldermen assuming the oversight responsibilities.

### Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town of Rogersville's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information may be addressed to the Town of Rogersville, Tennessee, Kyle Street, Rogersville, Tennessee 37857 (i.e. Attention of City Recorder).



**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**June 30, 2017**

	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>
<b>ASSETS</b>	<b>Activities</b>	<b>Activities</b>	
Cash & Cash Equivalents	\$ 5,490,981	\$ 121,064	\$ 5,612,045
Receivables (net)	3,341,119	255,585	3,596,704
Prepaid Insurance	-	11,985	11,985
Inventories	5,987	175,668	181,655
Other Assets	75	-	75
Net Pension Asset	2,787	-	2,787
Internal Balances	-	-	-
Capital Assets (net of depreciation)	13,150,774	13,769,778	26,920,552
<b>Total Assets</b>	<b>21,991,723</b>	<b>14,334,080</b>	<b>36,325,803</b>
 <b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflows Relating To Pension Plans	953,303	-	953,303
Deferred Charge on Refunding	25,033	-	25,033
<b>Total Deferred Outflows of Resources</b>	<b>978,336</b>	<b>-</b>	<b>978,336</b>
 <b>LIABILITIES</b>			
Accounts Payable & Other Accrued Liabilities	206,052	35,424	241,476
Customer Deposits	250	190,193	190,443
Net Pension Liability	552,782	-	552,782
Long-term Liabilities			
Due within one year	246,711	422,929	669,640
Due in more than one year	2,507,224	4,188,155	6,695,379
<b>Total Liabilities</b>	<b>3,513,019</b>	<b>4,836,701</b>	<b>8,349,720</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Relating To Pension Plans	646,772	-	646,772
Deferred Current Property Taxes	2,163,378	-	2,163,378
<b>Total Deferred Inflows of Resources</b>	<b>2,810,150</b>	<b>-</b>	<b>2,810,150</b>
 <b>NET POSITION</b>			
Net Investment in Capital Assets	11,095,939	9,348,803	20,444,742
Restricted			
Capital Projects (Note 15)	211,131	8,265	219,396
Other Purposes (Note 15)	2,617,827	13,536	2,631,363
Unrestricted	2,721,993	126,775	2,848,768
<b>Total Net Position</b>	<b>\$ 16,646,890</b>	<b>\$ 9,497,379</b>	<b>\$ 26,144,269</b>

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2017**

PROGRAM REVENUES						Governmental Activities	Business-Type Activities	Total
Functions/Programs	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Net (Expense) Revenue			
<b>Primary Government</b>								
Governmental Activities:								
Mayor & Aldermen	\$ 35,783	\$ -	\$ -	\$ -	\$ (35,783)			
Financial & Administration	662,795	-	-	-	(662,795)			
Public Buildings & Grounds	72,703	-	-	-	(72,703)			
Other General Government	531,914	6,886	-	-	(525,028)			
Police	1,004,035	23,359	-	-	(980,676)			
Fire	385,323	-	-	-	(385,323)			
Streets	802,670	-	122,338	-	(680,332)			
Sanitation	323,487	-	-	-	(323,487)			
Inspection	24,415	7,841	-	-	(16,574)			
Parks & Recreation	535,524	51,893	-	-	(483,631)			
Community Development	-	-	-	-	-			
Appropriations to Others	116,480	-	-	-	(116,480)			
Education	5,799,489	90,918	3,944,937	-	(1,763,634)			
School Food Service	337,063	89,263	241,771	13,189	7,160			
Interest on Long-Term Debt	51,418	-	-	-	(51,418)			
Paying Agent Fees	2,671	-	-	-	(2,671)			
Total Governmental Activities	10,685,770	270,160	4,309,046	13,189	<b>(6,093,375)</b>			
Business-Type Activities:								
Water & Sewer	3,040,543	2,838,927	-	-	(201,616)			
Total Business-Type Activities	3,040,543	2,838,927	-	-	<b>(201,616)</b>			
<b>Total Primary Government</b>	<b>\$13,726,313</b>	<b>\$ 3,109,087</b>	<b>\$ 4,309,046</b>	<b>\$ 13,189</b>	<b>\$ (6,294,991)</b>			
<b>Change in Net Position</b>						<b>(6,093,375)</b>	<b>(201,616)</b>	<b>(6,294,991)</b>
<b>General Revenues</b>								
Taxes - Property & In-Lieu						3,001,486	-	3,001,486
Local Sales Taxes						2,524,044	-	2,524,044
Lodging Taxes						77,502	-	77,502
Franchise Taxes						74,695	-	74,695
Beer & Liquor Taxes						347,762	-	347,762
Business Taxes						141,122	-	141,122
Other Taxes						55,648	-	55,648
Intergovernmental						493,929	-	493,929
Interest Income						6,911	49	6,960
Miscellaneous/Other						\$ 61,144	\$ -	\$ 61,144
<b>Total General Revenues</b>						6,784,243	49	6,784,292
<b>Increase (Decrease) in Net Position</b>						690,868	(201,567)	489,301
<b>Net Position - Beginning</b>						15,956,022	9,698,946	25,654,968
<b>Net Position- Ending</b>						<b>\$ 16,646,890</b>	<b>\$ 9,497,379</b>	<b>\$ 26,144,269</b>

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**BALANCE SHEET**  
**- GOVERNMENTAL FUNDS -**  
**June 30, 2017**

	<b>General Fund</b>	<b>Rogersville City School Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash & Cash Equivalents	\$ 2,401,240	\$ 2,248,270	\$ 841,471	\$ 5,490,981
Receivables (net)	2,940,066	286,856	114,197	3,341,119
Due from Other Governments	-	-	-	-
Due from Other Funds	21,267	-	11,734	33,001
Inventory	-	-	5,987	5,987
Deposits	75	-	-	75
<b>Total Assets</b>	<b>\$ 5,362,648</b>	<b>\$ 2,535,126</b>	<b>\$ 973,389</b>	<b>\$ 8,871,163</b>
<b>Deferred Outflows of Resources</b>	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	-	-	-	-
<b>Liabilities</b>				
Accounts Payable & Accrued Liabilities	70,282	101,163	16,623	188,068
Due to Other Funds	-	11,734	21,267	33,001
Accrued Salaries	16,320	-	-	16,320
Deposits	250	-	-	250
<b>Total Liabilities</b>	<b>86,852</b>	<b>112,897</b>	<b>37,890</b>	<b>237,639</b>
<b>Deferred Inflows of Resources</b>				
Deferred Property Taxes	2,353,760	-	-	2,353,760
<b>Total Deferred Inflows of Resources</b>	<b>2,353,760</b>	<b>-</b>	<b>-</b>	<b>2,353,760</b>
<b>Fund Balances</b>				
Nonspendable	-	-	5,987	5,987
Committed	-	-	-	-
Restricted	83,854	2,422,229	314,101	2,820,184
Assigned	-	-	615,411	615,411
Unassigned	2,838,182	-	-	2,838,182
<b>Total Fund Balance</b>	<b>2,922,036</b>	<b>2,422,229</b>	<b>935,499</b>	<b>6,279,764</b>
<b>Total Liabilities, Deferred Inflows of Resources, &amp; Fund Balances</b>	<b>\$ 5,362,648</b>	<b>\$ 2,535,126</b>	<b>\$ 973,389</b>	<b>\$ 8,871,163</b>

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**For the Year Ended June 30, 2017**

**Total Fund Balances - Governmental Funds** **\$ 6,279,764**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 13,150,774

Property tax revenues are recognized as earned; however, these revenues are deferred in the governmental funds balance sheet, as they do not meet the revenue recognition criteria. 190,382

Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds. (1,664)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. (2,412,924)

Deferred bond refunding charges are not reported in governmental funds. 25,033

Liability for other post-employment benefits are not reported in governmental funds. (341,011)

Net pension asset. 2,787

Net pension liability. (552,782)

Deferred outflows related to pensions. 953,303

Deferred inflows related to pensions. (646,772)

**Net Position of Governmental Activities** **\$ 16,646,890**

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES**  
**- GOVERNMENTAL FUNDS -**  
**For the Year Ended June 30, 2017**

	<b>General Fund</b>	<b>Rogersville City School Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes:				
Property	\$ 2,203,854	\$ 720,783	\$ -	\$ 2,924,637
In Lieu of Property Taxes	116,156	-	-	116,156
Cable TV Franchise Tax	74,695	-	-	74,695
Lodging Tax	77,502	-	-	77,502
Local Sales Tax	2,130,381	393,663	-	2,524,044
Business Tax	141,122	-	-	141,122
Liquor Tax	86,035	-	-	86,035
Wholesale Beer Tax	261,727	-	-	261,727
Other Taxes	-	55,648	-	55,648
Total Taxes	5,091,472	1,170,094	-	6,261,566
Intergovernmental Revenue	493,929	3,569,158	753,077	4,816,164
Charges for Services	55,229	90,918	89,542	235,689
Fines & Forfeitures	23,080	-	-	23,080
Licenses & Permits	11,391	-	-	11,391
Interest Income	1,169	4,370	1,372	6,911
Surplus Sales of Property	-	-	-	-
Other Income	49,483	6,656	5,005	61,144
<b>Total Revenues</b>	<b>5,725,753</b>	<b>4,841,196</b>	<b>848,996</b>	<b>11,415,945</b>

**EXPENDITURES**

General Government:

Mayor & Aldermen	35,783	-	-	35,783
Financial & Administration	655,196	-	-	655,196
Public Buildings & Grounds	72,703	-	-	72,703
Other General Government	542,365	-	2,000	544,365
Police	1,005,305	-	-	1,005,305
Fire	358,966	-	-	358,966
Streets	729,099	-	125,064	854,163
Inspection	24,415	-	-	24,415
Sanitation	308,027	-	-	308,027
Parks & Recreation	559,770	-	-	559,770
Appropriation to Others	116,480	-	-	116,480
Community Development	-	-	-	-
Education	-	5,615,099	381,083	5,996,182
School Food Service	-	-	349,043	349,043

Debt Service:

Principal	677,996	-	-	677,996
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The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES**  
**- GOVERNMENTAL FUNDS -**  
**For the Year Ended June 30, 2017**

	<b>General Fund</b>	<b>Rogersville City School Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Interest	\$ 45,880	\$ -	\$ -	\$ 45,880
Paying Agent Fees	2,671	-	-	2,671
<b>Total Expenditures</b>	<b>5,134,656</b>	<b>5,615,099</b>	<b>857,190</b>	<b>11,606,945</b>
 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	 <b>591,097</b>	 <b>(773,903)</b>	 <b>(8,194)</b>	 <b>(191,000)</b>
 Other Financing Sources (Uses)				
Transfers In	39,468	1,053,685	11,734	1,104,887
Transfers Out	(1,053,685)	(51,202)	-	(1,104,887)
<b>Net Change in Fund Balance</b>	<b>(423,120)</b>	<b>228,580</b>	<b>3,540</b>	<b>(191,000)</b>
 <b>Fund Balance - Beginning</b>	 <b>3,345,156</b>	 <b>2,193,649</b>	 <b>931,959</b>	 <b>6,470,764</b>
<b>Fund Balance - Ending</b>	<b>\$ 2,922,036</b>	<b>\$ 2,422,229</b>	<b>\$ 935,499</b>	<b>\$ 6,279,764</b>

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, & CHANGES IN FUND BALANCES OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2017**

**Net Change in Fund Balances - Total Governmental Funds** **\$ (191,000)**

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is capital outlays of \$699,490 minus depreciation of (\$593,166) in the current period. 106,324

The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Debt proceeds reported in governmental funds was \$0. Unamortized premium was \$2,598, and principal payments on debt totaled \$677,996. Amortization of the deferred amount on refunding bonds of (\$8,345). 672,249

Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. These include the increase in the compensated absence accrual of \$32,945, decrease in accrued interest of \$209, and increase in OPEB contributions of \$26,115. (58,851)

Property tax revenues recognized as current financial resources in the governmental funds are not reported as revenues in the Statement of Activities since previously recognized as earned. (39,307)

Net adjustment for net pension liability/asset and related entries are not due and payable in the current period and, therefore, are not reported in the governmental funds. 201,453

**Change in Net Position of Governmental Activities** **\$ 690,868**

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**- ROGERSVILLE WATER COMMISSION -**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**June 30, 2017**

	<b>Rogersville Water Commission</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash & Cash Equivalents	\$ 121,064
Accounts Receivable (net)	255,585
Prepaid Insurance	11,985
Inventory	175,668
<b>Noncurrent Assets</b>	
Capital Assets	
Construction In Progress	-
Intangibles/Land	463,309
Water/Sewer Plants & Extensions	22,692,980
Utility Plant - General	1,287,312
Buildings/Improvements	466,631
Less: Accumulated Depreciation	(11,140,454)
Capital Assets (Net)	<u>13,769,778</u>
<b>Total Assets</b>	<u><b>14,334,080</b></u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	12,506
Accounts Payable-Construction	-
Accrued Expenses	22,918
Accrued Compensated Absences - current	44,315
Customer Deposits	190,193
Bonds Payable - current	170,241
Notes Payable - current	208,373
<b>Noncurrent Liabilities</b>	
Notes Payable	1,430,531
Bonds Payable	2,582,261
Unamortized Bond Premium	29,569
Accrued Compensated Absences	<u>145,794</u>
<b>Total Liabilities</b>	<u><b>4,836,701</b></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	9,348,803
Restricted	21,801
Unrestricted	<u>126,775</u>
<b>Total Net Position</b>	<u><b>\$ 9,497,379</b></u>

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



**TOWN OF ROGERSVILLE, TENNESSEE**  
**- ROGERSVILLE WATER COMMISSION -**  
**STATEMENT OF REVENUES, EXPENSES, & CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2017**

	<b>Rogersville Water Commission</b>
<b>OPERATING REVENUE</b>	
Water Service & Sales	\$ 2,173,075
Sewer Service & Sales	511,268
Miscellaneous Revenue	154,584
<b>Total Operating Revenue</b>	<b>2,838,927</b>
<b>OPERATING EXPENSE</b>	
<b>Water</b>	
Salaries/Wages	203,487
Insurance	35,418
Chemicals	63,072
Utilities/Communications	119,173
Repairs/Maintenance	8,452
Supplies & Other	42,309
<b>Total Water</b>	<b>471,911</b>
<b>Sewer</b>	
Salaries/Wages	202,826
Insurance	37,220
Chemicals	28,788
Supplies & Other	39,101
Utilities/Communications	136,440
Repairs/Maintenance	12,121
<b>Total Sewer</b>	<b>456,496</b>
<b>Maintenance &amp; Collection (Water &amp; Sewer)</b>	
Salaries/Wages	415,811
Insurance	91,699
Utilities/Communications	25,449
Water & Sewer Line Repairs	22,391
Other Maintenance/Repairs	4,661
Vehicle Fuel/Maintenance	32,142
Supplies & Other	39,042
<b>Total Maintenance &amp; Collection</b>	<b>631,195</b>
<b>Administration &amp; General</b>	
Salaries/Wages	342,124
Utilities/Communications	9,641
Postage/Billing	39,541
Professional Fees	22,147
Office Expense/Supplies	17,180
Insurance	108,601

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**- ROGERSVILLE WATER COMMISSION -**  
**STATEMENT OF REVENUES, EXPENSES, & CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2017**

	<b>Rogersville Water Commission</b>
Travel/Schools	\$ 9,070
Payroll Taxes	89,837
Retirement	78,137
Safety Program	6,059
Other General Expenses	35,361
Total Administration & General	757,698
<b>Depreciation</b>	536,749
<b>Total Operating Expense</b>	2,854,049
 <b>Income (Loss) from Operations</b>	 (15,122)
 <b>NONOPERATING REVENUE (EXPENSE)</b>	
Interest Income	49
Suspected Theft Loss	(69,444)
Interest Expense	(117,050)
<b>Total Nonoperating Revenue (Expense)</b>	(186,445)
 <b>Income (Loss) Before Capital Grant</b>	 (201,567)
Capital Grant	-
<b>Change in Net Position</b>	(201,567)
 <b>NET POSITION - BEGINNING</b>	 9,698,946
<b>NET POSITION - ENDING</b>	<b>\$ 9,497,379</b>

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**- ROGERSVILLE WATER COMMISSION -**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2017**

	<b>Rogersville Water Commission</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 2,837,280
Cash Payments to Suppliers	(1,159,777)
Cash Payments to Employees	(1,137,473)
<b>Net Cash Provided by Operating Activities</b>	<b>540,030</b>
<b>Cash Flows from Capital &amp; Related Financing Activities</b>	
Purchases of Capital Assets	(576,940)
Capital Grants Received	50,083
Principal Paid on Debt Issues	(370,492)
Interest Paid on Capital Debt	(119,662)
Suspected Theft Loss	(69,444)
<b>Net Cash Provided by (Used for) Capital &amp; Related Financing Activities</b>	<b>(1,086,455)</b>
<b>Cash Flow from Investing Activities</b>	
Interest Income	49
<b>Total Cash Flow from Investing Activities</b>	<b>49</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(546,376)</b>
<b>Cash &amp; Cash Equivalents - Beginning</b>	<b>667,440</b>
<b>Cash &amp; Cash Equivalents - Ending</b>	<b>\$ 121,064</b>
<b>Reconciliation of Income from Operations to Net Cash Provided by (Used for) Operating Activities</b>	
Income from Operations	(15,122)
<b>Adjustments to Reconcile Income from Operations to Net Cash Provided by (Used for) Operating Activities</b>	
Depreciation	536,749
(Increase) Decrease in:	
Accounts Receivable-Customers	(1,647)
Prepaid Insurance	6,774
Inventory	47,382
Deposits	122,127
Increase (Decrease) in:	
Accounts Payable & Accrued Expenses	(162,901)
Other Liabilities	-
Customer Meter Deposits	6,668
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 540,030</b>

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**- BUDGET & ACTUAL -**  
**GENERAL FUND**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUE</b>				
<b>Taxes</b>				
Property Taxes	\$ 2,190,375	\$ 2,210,100	\$ 2,203,854	\$ (6,246)
In Lieu of Taxes	100,000	116,155	116,156	1
Cable TV Franchise Tax	73,000	74,695	74,695	-
Lodging Tax	65,000	83,677	77,502	(6,175)
Local Sales Taxes	2,000,000	2,097,246	2,130,381	33,135
Business Tax	100,000	141,122	141,122	-
Liquor Tax	75,000	90,570	86,035	(4,535)
Wholesale Beer Tax	250,000	264,688	261,727	(2,961)
<b>Total Taxes</b>	<b>4,853,375</b>	<b>5,078,253</b>	<b>5,091,472</b>	<b>13,219</b>
<b>Intergovernmental</b>				
State Alcoholic Beverage	2,000	2,134	2,134	-
State Income Tax	40,000	50,725	29,258	(21,467)
Hale Springs State Sales Tax	26,000	21,144	17,154	(3,990)
State Sales Tax	325,000	364,491	366,321	1,830
Streets & Transportation	9,000	8,938	8,928	(10)
Tangible Personal Property	20,000	31,961	31,962	1
State Mixed Drink	6,000	6,043	5,710	(333)
Telecommunication Tax	400	403	447	44
Grants/Appropriations	-	-	-	-
State Maintenance/Supplemental	33,400	32,015	32,015	-
<b>Total Intergovernmental</b>	<b>461,800</b>	<b>517,854</b>	<b>493,929</b>	<b>(23,925)</b>
<b>Charges for Services</b>				
Swimming Pool & Concessions	25,500	25,443	25,442	(1)
Athletic Leagues	17,000	15,026	15,026	-
Other Park Services	10,000	11,424	11,425	1
Other Fees	1,950	2,366	2,366	-
Accident Fees	1,000	968	970	2
<b>Total Charges for Services</b>	<b>55,450</b>	<b>55,227</b>	<b>55,229</b>	<b>2</b>
<b>Fines &amp; Forfeitures</b>				
Police Fines	31,500	23,079	23,080	1
<b>Total Fines &amp; Forfeitures</b>	<b>31,500</b>	<b>23,079</b>	<b>23,080</b>	<b>1</b>
<b>Licenses &amp; Permits</b>				
Building/Other Permits	8,010	7,841	7,841	-
Beer Permits	3,750	3,550	3,550	-
<b>Total Licenses &amp; Permits</b>	<b>11,760</b>	<b>11,391</b>	<b>11,391</b>	<b>-</b>

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**- BUDGET & ACTUAL -**  
**GENERAL FUND**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Other Revenue</b>				
Interest Income	\$ 1,010	\$ 1,169	\$ 1,169	\$ -
Miscellaneous	7,100	49,481	49,483	2
<b>Total Other Revenue</b>	<b>8,110</b>	<b>50,650</b>	<b>50,652</b>	<b>2</b>
 <b>TOTAL REVENUES</b>	 <b>\$ 5,421,995</b>	 <b>\$ 5,736,454</b>	 <b>\$ 5,725,753</b>	 <b>\$ (10,701)</b>
 <b>EXPENDITURES</b>				
<b>Mayor &amp; Aldermen</b>				
Mayor Salary	6,000	6,000	6,000	-
Aldermen Salaries	21,600	21,600	21,600	-
Committee Salaries	5,000	4,600	4,600	-
Payroll Taxes	2,500	2,464	2,463	1
Travel	3,000	915	915	-
Insurance	300	205	205	-
<b>Total Mayor &amp; Aldermen</b>	<b>38,400</b>	<b>35,784</b>	<b>35,783</b>	<b>1</b>
<b>Financial &amp; Administration</b>				
City Recorder's Salary	65,000	47,078	47,077	1
Deputy Recorder's Salary	50,000	68,625	68,625	-
Salaries - Clerks	75,000	83,727	83,727	-
Christmas Bonuses	9,746	9,746	9,745	1
Payroll Taxes	15,200	15,257	15,306	(49)
TN Wage/Premium Taxes	3,500	2,400	1,952	448
City Judge Fees	-	5,548	5,548	-
Postage	2,000	1,696	1,696	-
Printing	3,000	447	401	46
Telephone	7,200	8,673	8,672	1
Professional Fees	32,085	29,985	29,985	-
Repairs	2,000	368	368	-
Travel	1,500	2,443	2,443	-
Office Supplies	5,000	4,000	3,739	261
Insurance w/ Comp.	1,200	583	582	1
Surety Bonds	3,000	2,362	2,362	-
Group Health Insurance	375,000	365,008	365,008	-
Capital Outlay	4,000	-	-	-
Miscellaneous	10,000	7,951	7,960	(9)
<b>Total Financial &amp; Administration</b>	<b>664,431</b>	<b>655,897</b>	<b>655,196</b>	<b>701</b>

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**- BUDGET & ACTUAL -**  
**GENERAL FUND**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Buildings &amp; Grounds</b>				
Salaries	\$ 21,000	\$ 11,600	\$ 11,600	\$ -
Payroll Taxes	1,683	950	892	58
Utilities	20,000	17,000	15,830	1,170
Repairs	30,000	32,500	32,517	(17)
Janitor Supplies	4,000	5,100	4,652	448
Insurance	1,500	1,487	1,486	1
Insurance w/ Comp.	2,000	718	717	1
Kenner House Maintenance	5,000	5,000	3,360	1,640
Capital Outlay	1,000	1,500	-	1,500
Miscellaneous	2,000	1,000	1,649	(649)
<b>Total Buildings &amp; Grounds</b>	<b>88,183</b>	<b>76,855</b>	<b>72,703</b>	<b>4,152</b>
<b>Other General Government</b>				
Salaries/Committees	17,200	16,747	16,751	(4)
Payroll Taxes	1,500	1,320	1,293	27
Post Office Box Rent	200	186	186	-
Printing	9,000	15,000	14,185	815
Dues/Subscriptions	3,500	3,185	3,184	1
Public Relations	9,000	8,000	7,775	225
Legal	25,000	25,000	25,536	(536)
Contract Services	20,000	20,000	18,942	1,058
Consultant Services	2,000	2,000	1,500	500
Repairs	50,000	60,000	57,929	2,071
Travel	1,000	1,200	1,130	70
Insurance	15,000	16,200	16,159	41
Election Expense	12,000	9,000	7,172	1,828
Christmas Decorations	4,000	4,200	4,134	66
Administrative Costs	2,500	3,200	3,142	58
Grants/Donations	63,510	63,510	63,510	-
Main Street Program	25,000	25,000	25,000	-
Tourism	43,000	55,785	55,785	-
Historical Zoning	500	40	36	4
Capital Outlay	500	75,000	74,398	602
Retirement/Other Benefits	110,000	134,631	134,726	(95)
Miscellaneous	1,000	10,000	9,892	108
<b>Total General Government</b>	<b>415,410</b>	<b>549,204</b>	<b>542,365</b>	<b>6,839</b>
<b>Police</b>				
Salaries	745,000	740,000	721,716	18,284

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**- BUDGET & ACTUAL -**  
**GENERAL FUND**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Payroll Taxes	\$ 58,000	\$ 58,000	\$ 56,174	\$ 1,826
Education/Training	4,000	5,225	5,225	-
Communication	1,000	1,010	1,010	-
Postage	600	600	600	-
Printing	1,500	1,000	837	163
Dues/Subscriptions	3,000	2,200	2,162	38
Telephone	18,000	19,000	18,631	369
Repairs - Vehicles	10,000	12,000	11,772	228
Repairs - Other	3,000	3,000	2,816	184
Travel	4,000	3,000	2,534	466
Hospital Services	500	-	-	-
Office Supplies	4,000	4,000	3,874	126
Uniforms	12,000	12,000	12,000	-
Ammunition	1,800	2,600	2,516	84
Other Operating Supplies	5,000	5,000	4,034	966
Gas/Oil/Grease	15,000	15,000	14,100	900
Tires/Tubes	2,000	2,400	2,757	(357)
Vehicle Insurance	20,000	20,000	19,800	200
Insurance w/ Comp.	50,000	34,000	33,386	614
Surety Bonds	400	340	340	-
Capital Outlay	80,000	81,000	80,163	837
Miscellaneous	9,000	9,000	8,858	142
<b>Total Police</b>	<b>1,047,800</b>	<b>1,030,375</b>	<b>1,005,305</b>	<b>25,070</b>
<b>Fire</b>				
Salaries	265,000	265,000	265,866	(866)
Payroll Taxes	20,800	20,800	20,811	(11)
Education/Training	2,000	1,000	505	495
Dues/Subscriptions	100	250	213	37
Utilities/Telephone	10,000	9,000	8,740	260
Repairs - Vehicles	4,000	5,000	3,733	1,267
Repairs - Other	5,000	12,000	11,793	207
Travel	3,500	3,000	2,906	94
Office Supplies	600	600	144	456
Operating Supplies	1,500	4,000	4,234	(234)
Uniforms	4,000	4,000	4,000	-
Gas/Oil/Grease	3,000	2,000	1,861	139
Insurance	20,500	14,500	13,744	756
Capital Outlay	16,500	20,000	19,023	977

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**- BUDGET & ACTUAL -**  
**GENERAL FUND**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Miscellaneous	\$ 3,000	\$ 1,500	\$ 1,393	\$ 107
<b>Total Fire</b>	359,500	362,650	358,966	3,684
<b>Protective Inspection</b>				
Salaries	14,420	14,420	14,415	5
Payroll Taxes	1,550	1,550	1,541	9
Education/Training	150	150	100	50
Printing	250	250	-	250
Dues/Subscriptions	300	1,600	1,534	66
Travel	1,000	850	822	28
Plumbing Inspector	5,201	5,201	5,163	38
Insurance w/ Comp.	1,500	850	840	10
Miscellaneous	100	100	-	100
<b>Total Protective Inspection</b>	24,471	24,971	24,415	556
<b>Streets</b>				
Salaries	370,000	372,000	370,904	1,096
Payroll Taxes	28,500	28,500	28,395	105
Utilities/Telephone	14,000	14,000	12,720	1,280
Repairs/Machinery	17,000	25,000	21,573	3,427
Repairs - Buildings	9,000	5,000	1,257	3,743
Repairs - Streets	10,000	18,000	17,116	884
Sidewalks	4,000	1,000	653	347
Animal Burials	100	-	-	-
Operating Supplies	7,000	8,000	7,638	362
Janitor Supplies	4,000	5,100	5,011	89
Uniforms	4,500	4,500	4,390	110
Gas/Oil/Grease	31,000	25,000	24,152	848
Tires/Tubes	3,500	3,000	2,695	305
Tools	150	150	14	136
Asphalt	5,000	6,000	5,621	379
Other Materials	34,000	25,000	18,588	6,412
Signs/Parts	3,000	3,000	2,708	292
Vehicle Insurance	8,000	11,500	11,005	495
Insurance w/ Comp.	40,000	30,000	28,878	1,122
Capital Outlay	170,000	187,000	164,171	22,829
Miscellaneous	1,500	1,500	1,610	(110)
<b>Total Streets</b>	764,250	773,250	729,099	44,151
<b>Solid Waste-Sanitation</b>				
Salaries & Wages	230,000	240,000	237,188	2,812

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



**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**- BUDGET & ACTUAL -**  
**GENERAL FUND**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Payroll Taxes	\$ 17,700	\$ 18,360	\$ 18,155	\$ 205
Repairs/Maintenance	10,000	15,000	13,771	1,229
Operating Supplies	1,200	2,000	1,954	46
Uniforms	4,000	3,500	3,574	(74)
Vehicle Expense	25,000	13,500	12,757	743
Insurance	21,500	19,300	19,143	157
Other	2,000	2,000	1,415	585
Capital Outlay	-	300	70	230
<b>Total Solid Waste-Sanitation</b>	<b>311,400</b>	<b>313,960</b>	<b>308,027</b>	<b>5,933</b>
<b>Parks &amp; Recreation</b>				
Salaries - Director	52,530	51,051	51,051	-
Salaries - Regular & Seasonal	245,000	231,000	221,466	9,534
Umpires	26,000	20,000	18,535	1,465
Payroll Taxes	22,000	22,000	20,861	1,139
Postage	350	350	350	-
Printing	500	500	324	176
Special Events	500	500	-	500
Utilities	60,000	61,000	62,347	(1,347)
Telephone	10,000	10,100	10,011	89
Contract Services	1,500	1,500	-	1,500
Repairs - Buildings	5,000	5,000	2,029	2,971
Repairs - Vehicles	10,000	5,000	2,206	2,794
Repairs - Park	17,500	17,500	9,706	7,794
Repairs - Pool	5,000	20,000	15,258	4,742
Travel	1,000	150	67	83
Office Supplies	1,500	2,100	1,898	202
Park Supplies	12,000	12,000	6,781	5,219
Pool Supplies	20,000	20,000	12,386	7,614
Janitor Supplies	2,000	2,500	2,245	255
Recreation Supplies	12,000	15,000	14,667	333
Uniforms	2,000	1,000	109	891
Gas/Oil/Grease	10,000	6,500	5,872	628
Tires/Tubes	2,000	1,000	673	327
Tools	2,000	1,000	179	821
Insurance - Buildings/Vehicles	17,000	16,000	15,696	304
Insurance w/ Comp.	12,000	7,800	7,764	36
Equipment Rental/Miscellaneous	6,800	8,300	7,777	523
Capital Outlay	60,000	75,000	69,512	5,488

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**- BUDGET & ACTUAL -**  
**GENERAL FUND**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Total Parks &amp; Recreation</b>	\$ 616,180	\$ 613,851	\$ 559,770	\$ 54,081
<b>Debt Service</b>				
Principal Retirement	794,663	794,663	677,996	116,667
Interest Expense	48,808	48,883	45,880	3,003
Other Service Fees	2,000	3,000	2,671	329
<b>Total Debt Service</b>	845,471	846,546	726,547	119,999
<b>Appropriations to Others</b>				
Library Appropriations	116,480	116,480	116,480	-
<b>Total Appropriations to Others</b>	116,480	116,480	116,480	-
<b>TOTAL EXPENDITURES</b>	<b>5,291,976</b>	<b>5,399,823</b>	<b>5,134,656</b>	<b>265,167</b>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	130,019	336,631	591,097	254,466
<b>Other Financing Sources (Uses)</b>				
Issuance of Debt	-	-	-	-
Transfers In	43,056	39,468	39,468	-
Transfers Out	(732,685)	(1,053,685)	(1,053,685)	-
<b>Net Change in Fund Balance</b>	(559,610)	(677,586)	(423,120)	254,466
<b>FUND BALANCE - BEGINNING</b>	\$ 3,345,156	\$ 3,345,156	\$ 3,345,156	\$ -
<b>FUND BALANCE - ENDING</b>	<b>\$ 2,785,546</b>	<b>\$ 2,667,570</b>	<b>\$ 2,922,036</b>	<b>\$ 254,466</b>

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**- BUDGET & ACTUAL -**  
**ROGERSVILLE CITY SCHOOL OPERATING FUND**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
<b>Taxes</b>				
Property Taxes	\$ 645,000	\$ 645,000	\$ 720,783	\$ 75,783
Local Option Sales Taxes	335,000	335,000	393,663	58,663
Other Taxes	48,800	48,950	55,648	6,698
<b>Total Taxes</b>	<b>1,028,800</b>	<b>1,028,950</b>	<b>1,170,094</b>	<b>141,144</b>
<b>Intergovernmental</b>				
Basic Education Plan	3,258,000	3,258,000	3,327,023	69,023
Career Ladder	23,338	23,338	20,421	(2,917)
Other State/Federal	229,331	229,331	221,714	(7,617)
<b>Total Intergovernmental</b>	<b>3,510,669</b>	<b>3,510,669</b>	<b>3,569,158</b>	<b>58,489</b>
<b>Charges for Services</b>				
Tuition	95,000	95,000	90,918	(4,082)
Other Charges	-	-	-	-
<b>Total Charges for Services</b>	<b>95,000</b>	<b>95,000</b>	<b>90,918</b>	<b>(4,082)</b>
<b>Other Revenue</b>				
Interest Income	3,000	3,000	4,370	1,370
Miscellaneous	7,000	7,100	6,656	(444)
<b>Total Other Revenue</b>	<b>10,000</b>	<b>10,100</b>	<b>11,026</b>	<b>926</b>
<b>TOTAL REVENUES</b>	<b>4,644,469</b>	<b>4,644,719</b>	<b>4,841,196</b>	<b>196,477</b>
<b>EXPENDITURES</b>				
<b>Regular Instruction</b>				
Teachers Salaries & Wages	1,933,573	1,945,573	1,919,906	25,667
Career Ladder	17,000	17,000	15,000	2,000
Homebound Teachers	2,000	2,000	-	2,000
Education Assistants	132,708	163,052	163,052	-
Other Salaries & Wages	39,500	27,500	-	27,500
Certified Substitute Teachers	3,000	7,000	5,791	1,209
Non-Certified Substitute Teachers	30,000	32,500	32,485	15
Payroll Taxes	168,171	168,671	154,662	14,009
Retirement	186,988	188,988	185,140	3,848
Medical Insurance	251,044	257,044	191,916	65,128
Other Fringe Benefits	42,066	43,266	37,147	6,119
Other Charges	7,350	10,750	6,242	4,508
Other Contracted Services	52,972	21,000	16,965	4,035
Instructional Supplies	44,956	49,314	42,520	6,794

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**- BUDGET & ACTUAL -**  
**ROGERSVILLE CITY SCHOOL OPERATING FUND**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Textbooks	\$ 34,688	\$ 34,688	\$ 11,104	\$ 23,584
Other Supplies & Materials	-	-	-	-
Instructional Equipment	25,000	115,000	113,308	1,692
<b>Total Regular Instruction</b>	<b>2,971,016</b>	<b>3,083,346</b>	<b>2,895,238</b>	<b>188,108</b>
<b>Special Education</b>				
Teachers & Career Ladder	120,780	122,780	121,984	796
Education Assistants	51,725	53,225	51,728	1,497
Payroll Taxes	13,596	13,316	12,071	1,245
Retirement	15,072	16,072	15,093	979
Medical Insurance	34,608	42,608	41,860	748
Other Fringe Benefits	4,558	5,158	4,745	413
Other Contracted Services	-	36,770	36,290	480
<b>Total Special Education</b>	<b>240,339</b>	<b>289,929</b>	<b>283,771</b>	<b>6,158</b>
<b>Health Services</b>				
Medical & Other Personnel	98,501	98,501	98,312	189
Payroll Taxes	7,531	7,219	7,100	119
Retirement	8,860	8,386	8,386	-
Medical Insurance	11,897	11,616	11,616	-
Other Fringe Benefits	2,098	2,106	2,101	5
Contracted Services	1,500	1,975	1,975	-
In-Service-Staff Development	5,200	1,374	1,369	5
Supplies	5,564	10,057	10,055	2
Other Charges	965	962	956	6
<b>Total Health Services</b>	<b>142,116</b>	<b>142,196</b>	<b>141,870</b>	<b>326</b>
<b>Other Student Support</b>				
Guidance Personnel	50,237	50,437	50,275	162
Payroll Taxes	3,903	3,903	3,671	232
Medical Insurance	-	7,500	7,191	309
Retirement	4,541	4,841	4,736	105
In-Service	5,150	2,592	2,372	220
Other Fringe Benefits	44	1,244	1,174	70
Travel & Other	500	(1,150)	(1,166)	16
<b>Total Other Student Support</b>	<b>64,375</b>	<b>69,367</b>	<b>68,253</b>	<b>1,114</b>
<b>Library</b>				
Salaries	83,966	83,966	83,015	951
Career Ladder	-	-	-	-
Payroll Taxes	6,504	6,504	6,020	484
Retirement	7,591	7,591	7,505	86

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**- BUDGET & ACTUAL -**  
**ROGERSVILLE CITY SCHOOL OPERATING FUND**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Medical Insurance	\$ 6,835	\$ 8,035	\$ 8,035	\$ -
Other Fringe Benefits	2,111	2,621	2,399	222
In-Service/Staff Development	7,000	6,000	3,245	2,755
Library Books	3,650	4,500	4,334	166
Other Charges	840	840	739	101
<b>Total Library</b>	<b>118,497</b>	<b>120,057</b>	<b>115,292</b>	<b>4,765</b>
<b>Other Special Education</b>				
Director	41,560	41,560	41,558	2
Career Ladder	-	-	-	-
Payroll Taxes	3,220	3,220	3,037	183
Retirement	3,757	3,757	3,757	-
Medical Insurance	4,697	4,997	4,775	222
Other Fringe Benefits	1,177	1,177	1,103	74
Contracted Services & Other	20,413	20,413	5,740	14,673
<b>Total Other Special Education</b>	<b>74,824</b>	<b>75,124</b>	<b>59,970</b>	<b>15,154</b>
<b>Board of Education</b>				
Salaries	21,300	21,300	18,900	2,400
Payroll Taxes	1,780	1,780	1,580	200
Retirement	-	65	40	25
Professional Fees	20,800	20,800	11,900	8,900
Dues	8,625	8,625	7,273	1,352
Other Services	-	-	-	-
Trustee's Commissions	20,000	20,000	21,842	(1,842)
Insurance	30,159	30,159	28,332	1,827
In-Service Development	10,500	10,500	6,937	3,563
Other Charges	8,100	15,600	15,523	77
Fees	-	-	-	-
<b>Total Board of Education</b>	<b>121,264</b>	<b>128,829</b>	<b>112,327</b>	<b>16,502</b>
<b>Director of Schools</b>				
Salaries	101,261	101,262	101,261	1
Career Ladder	1,000	1,000	1,000	-
Payroll Taxes	7,883	7,883	7,723	160
Retirement	9,154	9,254	9,244	10
Medical Insurance	2,500	2,500	2,453	47
Other Fringe Benefits	2,744	2,744	2,594	150
Communications & Postage	19,400	6,550	6,532	18
Other Services	500	3,500	2,150	1,350
Supplies	4,000	4,500	4,034	466

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**- BUDGET & ACTUAL -**  
**ROGERSVILLE CITY SCHOOL OPERATING FUND**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
In-Service Development	\$ 6,500	\$ 6,500	\$ 3,885	\$ 2,615
Other Charges	11,600	12,675	11,658	1,017
<b>Total Director of Schools</b>	166,542	158,368	152,534	5,834
<b>Principal</b>				
Salaries	238,350	249,550	247,103	2,447
Career Ladder	2,000	2,000	2,000	-
Payroll Taxes	18,987	19,987	18,015	1,972
Retirement	19,537	19,537	19,537	-
Medical Insurance	39,552	42,052	40,741	1,311
Other Fringe Benefits	5,215	5,790	5,539	251
Travel	-	-	-	-
Supplies & Other	8,800	8,800	5,461	3,339
In-Service Development	-	-	-	-
Communication	2,200	2,200	1,713	487
Contracted Services	26,000	36,000	34,553	1,447
<b>Total Principal</b>	360,641	385,916	374,662	11,254
<b>Fiscal</b>				
Salaries	89,406	89,408	89,406	2
Payroll Taxes	6,949	6,949	6,114	835
Retirement/Medical Insurance	32,060	32,062	31,964	98
Other Fringe Benefits	1,695	1,695	1,693	2
Data Processing	10,500	12,500	11,833	667
Dues	100	100	70	30
Travel	-	-	-	-
In-Service Development	4,000	1,996	298	1,698
<b>Total Fiscal</b>	144,710	144,710	141,378	3,332
<b>Operations &amp; Buildings</b>				
Salaries	22,800	22,800	22,800	-
Payroll Taxes	1,805	1,805	1,787	18
Retirement	1,831	1,831	1,831	-
Building & Contents Insurance	12,363	12,363	12,363	-
Other Fringe Benefits	44	44	43	1
Contracted Cleaning Services	94,061	94,061	94,025	36
Supplies	8,000	9,000	8,682	318
Utilities & Insurance	142,000	148,000	130,983	17,017
Capital Outlay-Bldg. Improvements	1,750	332,750	325,126	7,624
<b>Total Operations &amp; Buildings</b>	284,654	622,654	597,640	25,014

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**- BUDGET & ACTUAL -**  
**ROGERSVILLE CITY SCHOOL OPERATING FUND**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Maintenance</b>				
Salaries	\$ 43,672	\$ 43,677	\$ 43,672	\$ 5
Payroll Taxes	3,401	3,401	2,961	440
Retirement	3,507	3,507	3,507	-
Other Fringe Benefits & Med. Insur.	13,046	13,046	13,043	3
Maintenance & Repairs	60,000	60,000	50,902	9,098
In-Service Development	1,000	1,000	-	1,000
Capital Outlay-Equipment	3,600	3,600	3,600	-
Other Contracted Services/Supplies	33,195	33,195	29,033	4,162
<b>Total Maintenance</b>	<b>161,421</b>	<b>161,426</b>	<b>146,718</b>	<b>14,708</b>
<b>School Transportation</b>				
Contracted Services - Hawkins County	26,908	31,110	18,738	12,372
<b>Total School Transportation</b>	<b>26,908</b>	<b>31,110</b>	<b>18,738</b>	<b>12,372</b>
<b>Central Services</b>				
Salaries	112,220	138,825	130,199	8,626
Payroll Taxes	8,695	9,568	9,253	315
Retirement	9,012	11,012	10,723	289
Medical Insurance	24,102	24,102	23,148	954
Other Fringe Benefits	2,728	2,828	2,518	310
Communications	2,000	2,000	1,862	138
Maintenance & Repairs	9,150	9,150	3,699	5,451
In-Service Development	6,300	6,300	4,321	1,979
Contracted Services	137,106	147,606	118,318	29,288
Supplies & Other Charges	5,400	5,400	3,153	2,247
Capital Outlay	40,255	45,255	42,454	2,801
<b>Total Central Services</b>	<b>356,968</b>	<b>402,046</b>	<b>349,648</b>	<b>52,398</b>
<b>Early Childhood Education</b>				
Teachers	46,131	39,562	39,562	-
Education Assistants	24,205	24,530	24,530	-
Non-Certified Substitute Teachers	1,000	-	-	-
Payroll Taxes	5,617	4,860	4,860	-
Retirement	6,114	3,576	3,576	-
Medical Insurance	9,270	6,102	6,102	-
Other Fringe Benefits	1,019	1,230	1,230	-
Supplies & Other	5,361	18,857	18,857	-
In-Service Development	1,000	1,000	1,000	-
Capital Outlay - Equipment	-	-	-	-
<b>Total Early Childhood Education</b>	<b>99,717</b>	<b>99,717</b>	<b>99,717</b>	<b>-</b>

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

**TOWN OF ROGERSVILLE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**- BUDGET & ACTUAL -**  
**ROGERSVILLE CITY SCHOOL OPERATING FUND**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Technology</b>				
Internet Connectivity	\$ -	\$ 57,343	\$ 57,343	\$ -
<b>Total Technology</b>	-	57,343	57,343	-
<b>Debt Service</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total Debt Service</b>	-	-	-	-
 <b>TOTAL EXPENDITURES</b>	 <b>5,333,992</b>	 <b>5,972,138</b>	 <b>5,615,099</b>	 <b>357,039</b>
 <b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	 (689,523)	 (1,327,419)	 (773,903)	 553,516
 Other Financing Sources (Uses)				
Insurance Recovery	-	-	-	-
Transfers In	732,579	1,053,579	1,053,685	106
Transfers Out	(43,056)	(43,056)	(51,202)	8,146
<b>Net Change in Fund Balance</b>	-	(316,896)	228,580	561,768
 <b>FUND BALANCE - BEGINNING</b>	 2,193,649	 2,193,649	 2,193,649	 -
<b>FUND BALANCE - ENDING</b>	<b>\$ 2,193,649</b>	<b>\$ 1,876,753</b>	<b>\$ 2,422,229</b>	<b>\$ 561,768</b>

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



**TOWN OF ROGERSVILLE, TENNESSEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

The Town of Rogersville (i.e., The Town) was incorporated in 1911 under the laws of the State of Tennessee and operates under the Mayor-Aldermanic form of government. The services as authorized and established by its charter are as follows: Public Safety – Police and Fire, Streets, Sanitation, Culture-Recreation, Public Improvements, General and Administrative Services, Water and Sewer Services, and an Elementary School System. The Town is a charter city in which citizens elect the mayor and six aldermen at large.

The Town's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of these notes to the basic financial statements. In determining the financial reporting entity, the Town has no component units at June 30, 2017 over which the Town exercises significant influence.

**B. Basis of Presentation**

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on the reporting government as a whole. The statements distinguish between governmental and business-type activities. Governmental activities are activities which are normally supported by taxes and intergovernmental revenues. Business-type activities rely significantly on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect cost to 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. Tax and other items not properly included among program revenues are reported instead as general revenues.

### **Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

### **Governmental Funds**

General Fund – The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds – Special Revenue Funds are government funds that are used to account for the proceeds of specific revenue sources that are legally restricted, assigned, or committed to expenditures for certain purposes. A description of each special revenue fund is described under major and non-major funds.

### **Proprietary Fund**

Enterprise Fund – Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity. The reporting entity includes the Rogersville Water Commission, which is the only enterprise fund.

### **Major& Non-major Funds**

The funds are further classified as major or non-major as shown:

#### **Funds Major:**

General Fund – See above for description

Special Revenue Fund:

Rogersville City Board of Education Fund – Accounts for revenues and expenditures relating to general operations of the elementary school.

Proprietary Fund:

Rogersville Water Commission – Accounts for activities of the public trust in providing water and sewer services to the general public.

**Funds Non-major:**

Special Revenue Funds:

State Street Aid Fund – Accounts for state shared revenues and expenditures specifically restricted for street use.

Community Center Fund – Accounts for revenues and expenditures for a future community center.

Industrial Park Development Fund – Accounts for revenues and expenditures related to the industrial park and related economic development.

Drug Fund – Accounts for revenues and expenditures related to drug fund operations.

PL 89-10 Fund – Accounts for federal revenues related to federal project expenditures of the Rogersville City School.

School Cafeteria Fund – Accounts for revenues and expenses of the elementary school's single cafeteria system.

Capital Projects Fund – Accounts for revenues and expenditures relating to debt issues for major capital projects.

**C. Measurement Focus & Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the “economic resources” measurement focus as defined in item b. below.

In the fund financial statements, either the “current financial resources” measurement focus or the “economic resources” measurement focus is used, as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable

financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

### **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. As a result, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

## **D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

### **Cash & Cash Equivalents**

For the purpose of the Statement of Net Position, “cash and cash equivalents” consists of demand deposits, savings accounts, money market accounts, and certificates of deposit with original maturities of 90 days or less. In accordance with governmental accounting standards, certain restricted assets are considered cash equivalents for purposes of the statements of cash flows.

### **Receivables**

In the government-wide financial statements, receivables consist of all revenues earned and not yet received. Allowance for uncollectible accounts is based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, sales, taxes, intergovernmental revenues,

and grants. Business-type activities report utility customer billings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, sales taxes, grants, and intergovernmental revenues since they are both usually measurable and available. Non-exchange transactions that are collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables.

### **Inventories**

Inventories of proprietary fund materials on hand and cafeteria fund inventory at year end are stated at cost on the first in first out method.

### **Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide financial statements or fund financial statements.

### **Capitalized Interest**

The Town of Rogersville capitalized net interest costs and interest earned as part of the cost of constructing various capital assets when material. There was no capitalized interest for the year ended June 30, 2017.

### **Government-wide Financial Statements**

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of the donation. Estimated historical cost was used to value a majority of the governmental activity assets acquired prior to June 30, 2003. In the government-wide financial statements, capital assets are defined by the Town for governmental activities as assets with an initial individual cost greater than \$5,000. For business-type activities, capital assets are defined as assets with an estimated useful life greater than one year.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the

straight-line method of depreciation. The range of estimated useful lives by type of asset is as shown below:

Buildings & Improvements	10-50 years
Machinery/Equipment/Vehicles	5-20 years
Utility System	40-60 years
Infrastructure	25-50 years

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

**Restricted Assets**

Restricted assets at the government-wide level of financial reporting include cash, receivables, and inventories of the governmental and proprietary funds that are legally restricted as to their use.

**Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements. The long-term debt consists primarily of bonds payable, capitalized leases, and accrued compensated absences. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principle and interest are reported as expenditures. The accounting for the proprietary fund is the same in the funds statement as it is in the government-wide statements.

**Pensions**

Teacher Legacy Plan & Teacher Retirement Plan (#99137) –  
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources relating to pensions, and pensions expense, information about the fiduciary net position of the Teacher Legacy Pension Plan and the Teacher Retirement Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms of the Teacher Legacy Plan and the Teacher Retirement Plan. Investments are reported at fair value.

#### Public Employee Retirement Plan (TCRS) (#87610) –

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources relating to pensions, and pensions 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 TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and paid in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

#### **Compensated Absences**

The Town's policies regarding vacation time permit employees to accumulate earned but unused vacation leave based on prescribed formulas. Vacation time can be accumulated up to one year. Sick leave is earned based on prescribed formulas and the length of service. Sick leave can be carried over up to a maximum of sixty days and is paid upon termination or retirement. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. The proprietary fund reports the liability as it is incurred.

#### **Post-Employment**

The Town provides no post-employment healthcare benefits to employees who retire from service except for an employee who has fifteen years or more of service and retires at age 62. Beginning July 1, 1997, the Town will provide health insurance coverage for those qualifying until age 65. Also, the Town under the Consolidated Omnibus Budget Reconciliation Act (COBRA) makes available healthcare benefits available to eligible former employees and eligible dependents according to certain requirements outlined by the Federal government for this coverage. There is no cost associated to the Town under this program as the premiums are paid by the insured. At June 30, 2017 there were no participants in the COBRA program. With respect to the Rogersville City School, they do participate in the State Administered Group Insurance Plan. See Note 17 regarding the related disclosures.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element of deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items qualifying for reporting in this category. This relates to deferred costs from the refunding of debt (result of reacquisition price excess), which was previously deferred and amortized are now presented as deferred outflows of resources and deferred outflows of resources relating to pension plan reporting. See Note 16 for additional information on pension plan deferred outflows of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. The items qualifying in this area are current/delinquent property taxes and deferred inflows relating to pension plan reporting. See Note 16 for additional information on deferred inflows relating to pensions.

### **Net Position and Fund Balance**

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

- 1) Net Investment in Capital Assets – consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding borrowings attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted Net Position – consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation. The Town’s policy is generally to use restricted net assets first, as appropriate opportunities arise.
- 3) Unrestricted Net Position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Governmental Fund Equity is classified as fund balance. Fund balances are classified into the following categories:

- Nonspendable fund balances comprise those amounts that are legally or contractually required to remain intact.
- Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitution provisions, or enabling legislation.
- Committed fund balances comprise those amounts constrained by the government’s Board of Mayor and Aldermen through ordinance (its highest level of authority). A similar action is required to modify or rescind a constraint.
- Assigned fund balances are amounts intended to be used for a specific purpose by the Board of Mayor and Aldermen through action other than the highest level of authority.
- Unassigned fund balances are any amounts other than those described above and are available for any purpose.

### **Net Position and Fund Balance Flow Assumptions**

When outlays for a particular purpose are funded from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. This Town’s policy is that when both restricted and unrestricted resources are available for expenditure, restricted resources should be spent first unless



legal requirements disallow it. When outlays are incurred for purposes for which amounts in any unrestricted fund balance classification could be used, committed funds are to be spent first, assigned funds second, and unassigned funds last.

## **E. Revenues, Expenditures, & Expenses**

### **Property Tax & Other Revenue**

Under state law, property taxes become a lien on January 1 of each year. Property taxes are levied annually and are due and payable from October 1<sup>st</sup> through February 28<sup>th</sup> of the following calendar year. The 2016 property taxes which are due and payable in the current fiscal year are recorded as revenue in the fund financial statements to the extent they are collected within 60 days of year-end with the remainder being recorded as a receivable and as deferred revenue. The 2017 property taxes, which become a lien on January 1, 2017 and are not levied until October 1, 2017, are recorded as a receivable and as deferred inflows of resources in the fund financial statements. On the government-wide statements, property taxes are recorded as revenue in the year the tax becomes a lien with the exception of the 2017 property taxes which are recorded as a receivable and as a deferred inflow of resources with the revenue being recognized in the following fiscal year which it is intended to finance. Those revenues susceptible to accrual are property taxes, sales tax, beer taxes, gas taxes, income taxes, interest revenues, and charges for utility services. Permits, fines, penalties, and other revenues are not susceptible to accrual because they are not generally measurable until received in cash.

### **Operating Revenues & Expenses**

The enterprise fund distinguishes *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 entire enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for 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.

### **Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified by function and further classified by current, debt service, and capital outlay. The proprietary fund expenditures are classified by operating and non-operating expenses. In the fund financial statements, governmental funds report expenditures of financial resources while proprietary funds report expenses relating to use of economic resources.

**Interfund Transfers**

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**Debt Issue Costs**

Debt issue costs are accounted for as expenditures in both the governmental fund financial statements and government-wide financial statements when incurred.

**F. Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, & ACCOUNTABILITY****A. Fund Accounting Requirements**

The Town complies with the state and local laws and regulations requiring the use of separate funds. The related funds have been described in Note 1 to the financial statements.

**B. Deposits & Investment Laws & Regulations**

The Town has no formal deposit and investment policies; however, it is required to follow state statutes for municipalities with respect to deposits and investments. See Note 3 for related disclosures.

**C. Budgeting**

On an annual basis, the Town adopts and approves an annual budget for all of its General, Special Revenue, and Enterprise Funds consistent with accepted accounting principles as applied to local and state governments generally accepted in the United States of America. Any amendments to general and special revenue fund budgets are approved by the Board of Mayor and Aldermen, and all appropriations lapse at year end. The Rogersville City Board of Education and the Rogersville Water Commission approves any amendments to their original budgets.

**NOTE 3 – CASH & CASH EQUIVALENTS**

The Town of Rogersville has no formal policies with respect to deposits and investments; however, it is required to follow procedures allowed by applicable state laws. At June 30, 2017, the Town of Rogersville had funds invested in demand deposit, savings, certificate of deposits, or money market accounts with local financial institutions in the form of cash deposits. No funds were invested in bonds, notes, treasury bills, or any other agencies of the United States. The state regulations authorize the Town to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase

agreements utilizing obligations of the United States or its agencies, as the underlying securities, the state pooled investment fund, and money market funds. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. With respect to custodial credit risk, the Town follows the applicable state guidelines. Furthermore, the state requires that all deposits with financial institutions be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by federal depository insurance or the Tennessee Collateral Bank Pool, or by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents.

As of June 30, 2017, the carrying amount of the Town's cash and cash equivalents was \$5,611,145 (excluding cash on hand of \$900) and the respective bank balances totaled \$5,590,882. The difference between the two amounts represented deposits in transit, outstanding checks, or other reconcilable items. As of June 30, 2017, total bank balances of \$5,590,882 were covered by F.D.I.C. insurance and collateralization of securities held by the Town's agent in the Town's name.

#### **NOTE 4 – RECEIVABLES**

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are shown below:

<b>Receivables</b>	<b>Rogersville</b>				<b>Total</b>
	<b>General Fund</b>	<b>City Board of Education</b>	<b>Water Commission</b>	<b>Non-major Funds</b>	
Property Taxes	\$ 2,368,947	\$ -	\$ -	\$ -	\$ 2,368,947
Accounts	-	-	287,310	-	287,310
Intergovernmental	571,119	286,856	-	114,197	972,172
<b>Gross Receivables</b>	<b>2,940,066</b>	<b>286,856</b>	<b>287,310</b>	<b>114,197</b>	<b>3,628,429</b>
Less: Allowance for Uncollectibles	-	-	(31,725)	-	(31,725)
<b>Net Total Receivables</b>	<b>\$ 2,940,066</b>	<b>\$ 286,856</b>	<b>\$ 255,585</b>	<b>\$ 114,197</b>	<b>\$ 3,596,704</b>

#### **NOTE 5 – DUE TO & DUE FROM OTHER FUNDS**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between the funds. Those related to goods and services type are classified as "due to and due from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances are normally repaid within the upcoming year.

At the fund level of reporting, the Town of Rogersville had the following due to and due from accounts as of June 30, 2017:

General Fund - Due From State Street Aid	\$ 21,267
City School - Due to Cafeteria Fund	(11,734)
City School Cafeteria - Due From City School Fund	11,734
State Street Aid - Due to General Fund	(21,267)
<b>Net</b>	<b>\$ -</b>

Interfund Transactions Eliminated after June 30, 2017.

For government-wide reporting, the related due to and due from accounts are properly eliminated.

#### **NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b><u>Governmental Activities</u></b>				
Capital Assets Not Being Depreciated:				
Land/Land Improvements	\$ 712,384	\$ 74,398	\$ -	\$ 786,782
Construction in Progress	9,000	321,000	330,000	-
Total Capital Assets Not Being Depreciated	721,384	395,398	330,000	786,782
Capital Assets Being Depreciated:				
Buildings/Improvements	14,336,307	330,000	-	14,666,307
Machinery/Equipment/Other	4,700,531	304,092	-	5,004,623
Infrastructure	3,080,360	-	-	3,080,360
Total Capital Assets Being Depreciated	22,117,198	634,092	-	22,751,290
Less: Accumulated Depreciation for:				
Buildings/Improvements	(4,868,056)	(300,058)	-	(5,168,114)
Machinery/Equipment/Vehicles	(3,557,375)	(234,646)	-	(3,792,021)
Infrastructure	(1,368,701)	(58,462)	-	(1,427,163)
Total Accumulated Depreciation	(9,794,132)	(593,166)	-	(10,387,298)
Total Capital Assets Being Depreciated (net)	12,323,066	40,926	-	12,363,992
<b>Governmental Activities Capital Assets (net)</b>	<b>\$ 13,044,450</b>	<b>\$ 436,324</b>	<b>\$ 330,000</b>	<b>\$ 13,150,774</b>

<b><u>Business-Type Activities</u></b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets Not Being Depreciated:				
Land/Intangibles	\$ 463,309	\$ -	\$ -	\$ 463,309
Construction in Progress	1,392,975	373,950	1,766,925	-
Total Capital Assets Not Being Depreciated	1,856,284	373,950	1,766,925	463,309
Capital Assets Being Depreciated:				
Buildings/Improvements	466,631	-	-	466,631
Utility Plant & Lines	20,747,768	1,945,212	-	22,692,980
Machinery/Equipment/Vehicles	1,262,609	24,703	-	1,287,312
Total Capital Assets Being Depreciated	22,477,008	1,969,915	-	24,446,923
Less: Accumulated Depreciation for:				
Buildings/Improvements	(172,515)	(11,004)	-	(183,519)
Utility Plant & Lines	(9,232,473)	(498,929)	-	(9,731,402)
Machinery/Equipment/Vehicles	(1,198,717)	(26,816)	-	(1,225,533)
Total Accumulated Depreciation	(10,603,705)	(536,749)	-	(11,140,454)
Total Capital Assets Being Depreciated (net)	11,873,303	1,433,166	-	13,306,469
<b>Business-Type Activities Capital Assets (net)</b>	<b>\$ 13,729,587</b>	<b>\$ 1,807,116</b>	<b>\$ 1,766,925</b>	<b>\$ 13,769,778</b>

Depreciation expense was charged to functions and/or programs of the Town as follows:

<b><u>Governmental Activities</u></b>	
General Government	\$ 61,947
Police	55,209
Fire	24,204
Streets	96,780
Sanitation	13,748
Recreation	40,424
Education	299,645
School Food Service	1,209
Total Depreciation - Governmental Activities	593,166
<b><u>Business-Type Activities</u></b>	
Water & Sewer	536,749
Total Depreciation - Business-Type Activities	536,749
<b>TOTAL DEPRECIATION</b>	<b>\$ 1,129,915</b>

#### **NOTE 7 – CAPITAL LEASES**

In previous years, the Town had entered into certain leases for the purchase of equipment and vehicles, and these lease agreements qualified as capital leases. As of June 30, 2017, the Town had no capitalized leases in effect.

#### **NOTE 8 – 2015B GENERAL OBLIGATION BONDS**

In the previous year, the Town issued \$2,000,000 in general obligation bonds at an effective rate of 2.731% to provide funds for capital asset additions and capital improvements for both governmental activities and business-type activities. As a result, \$425,000 of the bonds issued related to governmental activities and \$1,575,000 related to business-type activities with each activity servicing their portion of the debt issue.

#### **NOTE 9 – ROGERSVILLE WATER COMMISSION-STATE REVOLVING FUND LOAN**

In previous years, the Town of Rogersville was approved by the State of Tennessee for a \$2,500,000 loan with respect to the construction of water lines for the Stanley Valley Water Project. The loan carries an interest rate of 2.36% and is repayable over 20 years. In connection with the loan, the Rogersville Water Commission previously increased its outside water rates in order to fund the project and overall future debt service on this loan. Under the terms of the loan, the Town is required to make interest payments monthly upon the loan disbursements, and repayments as to principal will be required within ninety days after the project is completed or within 120 days after 90% of the project loan has been disbursed, whichever event occurs earlier. In previous years, the project was completed and all interest incurred is now expensed.

#### **NOTE 10 – 2012 GENERAL OBLIGATION REFUNDING BONDS**

In prior years, the Town of Rogersville issued \$2,520,000 in General Obligation Refunding Bonds to currently refund debt issues of the Town and the Rogersville Water Commission.

The total amount of the issue was \$2,520,000 with \$915,000 relating to the Town of Rogersville and its governmental activities and \$1,605,000 of the issue relating to business-type activities being the Rogersville Water Commission.

#### **NOTE 11 – 2015A GENERAL OBLIGATION REFUNDING SERIES**

In prior years, the Town of Rogersville issued series 2015A General Obligation Refunding Bonds to currently refund the outstanding balance of the 2005 General Obligation Refunding Series Issue. The refunding took place to take advantage of current market interest rates. The bond issue was for \$2,060,000, and \$30,000 of the amount was for bond issue expenses with the remaining amount utilized to refund the outstanding balance of the 2005 General Obligation Refunding Bonds.

#### **NOTE 12 – LONG-TERM LIABILITIES**

##### **General Obligation/Revenue Bonds/Capital Outlay Notes**

The government issues general obligation and revenue bonds to provide funds for the acquisition and construction of major capital facilities and street improvement projects. Bonds have been issued for both governmental and business-type activities. In addition, general obligation bonds have been issued to refund previous general obligation bond issues from both governmental

activities and business-type activities. These bonds are direct obligations and pledge the full faith and credit of the Town. A description of the long-term issues is shown below:

Item	Issue Date	Amount	Interest		Purpose
			Rate	Additional notes	
2015B General Obligation Bonds	September 1, 2015	\$2,000,00	2.731%	\$425,000 for governmental and \$1,575,000 for enterprise water improvements	to provide funds for water system improvements and for capital outlay purchases of governmental funds.
Energy Efficient School Loan Program	March 29, 2012	\$ 301,000	0.000%	Loan approved up to \$301,000, interest free-\$157,470 drawn at 6/30/2012 payable over 84 months	to fund energy efficient lighting project at Rogersville City School
State of TN Revolving Fund Loan				Loan approved up to \$2,500,000 at 2.36%, payable over 20 years.	approved for Rogersville Water Commission Construction Project, Stanley Valley Lines
2015A General Obligation Refunding Series	June 30, 2015	\$2,060,000	1.500%	scheduled principal installments of \$48,000 per year	to refund the 2005 GOB School Refunding Series
Capital Outlay Note - Enterprise Fund	2007	\$ 825,000	4.400%	12 years w/ principal and interest paid yearly	for construction of Stanley Valley water lines
2012 General Obligation Refunding Bonds	October 15, 2012	\$2,520,000	2.280%		To Refund the 2001 GOB refunding bond portion for the Town, certain capital outlay notes for the Town and Water Commission and the 2003 Public Works Revenue Bonds-Water Commission
Water Works Revenue Bonds-Assumed On Merger Of Striggersville Utility District Into Rogersville Water Commission	December 18, 2001	\$ 250,000		Balance assumed on merger \$214,060 with monthly amortized installments of \$1,128 per month (i.e., principal and interest)	Loan balance assumed on merger of Striggersville Utility District into the Rogersville Water Commission

### Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	Beginning			Ending	Due Within 1
	Balance	Additions	Reductions	Balance	Year
<b>Governmental Activities</b>					
2015B General Obligation Bonds (1)	\$ 410,000	\$ -	\$ 20,000	\$ 390,000	\$ 20,000
2015A GOB Refunding Series	1,555,000	-	515,000	1,040,000	-
Energy Efficient Schools Loan Program	143,348	-	42,996	100,352	42,996
2012 General Obligation Refunding Bonds	610,000	-	100,000	510,000	105,000
Less: Unamortized Discount	-	-	-	-	-
Add: Unamortized Premium	17,081	-	2,598	14,483	-
Total Bonds Payable	2,735,429	-	680,594	2,054,835	167,996
Compensated Absences-Gov. Activities	325,144	105,853	72,908	358,089	78,715
Net OPEB Obligation	314,896	26,115	-	341,011	-
<b>Governmental Activity Long-Term Liabilities</b>	<b>\$ 3,375,469</b>	<b>\$ 131,968</b>	<b>\$ 753,502</b>	<b>\$ 2,753,935</b>	<b>\$ 246,711</b>

	Beginning			Ending	Due Within 1
	Balance	Additions	Reductions	Balance	Year
<b>Business-Type Activities</b>					
Note Payable - TN Revolving Loan	\$ 1,589,402	\$ -	\$ 120,498	\$ 1,468,904	\$ 123,373
2012 General Obligation Refunding Bonds	1,205,000	-	100,000	1,105,000	100,000
2015B General Obligation Bonds (1)	1,520,000	-	65,000	1,455,000	65,000
Waterworks Revenues Bonds	197,496	-	4,994	192,502	5,241
Capital Outlay Note	250,000	-	80,000	170,000	85,000
Add: Unamortized Premium	32,181	-	2,612	29,569	-
Total Bonds Payable	4,794,079	-	373,104	4,420,975	378,614
Capital Leases	-	-	-	-	-
Compensated Absences	163,334	44,315	17,540	190,109	44,315
<b>Business-Type Activity Long-Term Liabilities</b>	<b>\$ 4,957,413</b>	<b>\$ 44,315</b>	<b>\$ 390,644</b>	<b>\$ 4,611,084</b>	<b>\$ 422,929</b>

(1) Joint issue with Town and Rogersville Water Commission.

The annual debt service requirements to maturity including principal and interest for general obligation, revenue bonds, and capital leases are presented as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 167,996	\$ 27,882	\$ 378,614	\$ 111,405
2019	682,996	29,319	381,790	101,190
2020	664,360	19,020	310,048	90,892
2021	125,000	12,583	308,388	84,051
2022	110,000	10,083	311,815	77,225
2023-2027	100,000	34,189	1,653,595	273,160
2028-2032	115,000	22,162	668,261	111,184
2033-2037	75,000	4,968	350,147	32,258
2038-2040	-	-	28,748	1,429
<b>Total</b>	<b>\$ 2,040,352</b>	<b>\$ 160,206</b>	<b>\$ 4,391,406</b>	<b>\$ 882,794</b>

#### NOTE 13 – DEFERRED INFLOWS & OUTFLOWS OF RESOURCES – NON-PENSION RELATED

As of June 30, 2017, the following amounts have been recognized as deferred inflows of resources for non-pension related items: (Refer to Note 16 for pension related items relating to deferred inflows and outflows of resources.)



<b><u>Government-Wide Level</u></b>	<b><u>Statement of Net Position</u></b>
Deferred Inflows of Resources:	
Property Tax Revenue	\$ 2,163,378
	<b><u>\$ 2,163,378</u></b>
<b><u>Fund Level</u></b>	
Deferred Inflows of Resources:	
Property Tax Revenue	\$ 2,353,760
	<b><u>\$ 2,353,760</u></b>

\*See Note 1

The difference between the government-wide level and fund level of reporting relates to the timing recognition of the accrual method verses the modified accrual method of reporting.

With respect to deferred outflows of resources, \$25,033 represents the deferred charge on bond refundings.

#### **NOTE 14 – OPERATING TRANSFERS - GOVERNMENTAL FUNDS**

<b><u>Governmental Funds</u></b>	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
General Fund	\$ 39,468	\$ 1,053,685
Rogersville City School	1,053,685	51,202
Non-major Governmental	11,734	-
<b>Total Transfers</b>	<b><u>\$ 1,104,887</u></b>	<b><u>\$ 1,104,887</u></b>

#### **NOTE 15 – NET POSITION AND/OR FUND EQUITY**

As presented in the government-wide level of reporting (i.e., Statement of Net Position), net position is reported in three separate components as described below:

<b>Net Position</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Net Investment in Capital Assets	\$ 11,095,939	\$ 9,348,803	\$ 20,444,742
Restricted for Capital Projects (1)	211,131	8,265	219,396
Restricted for Other Purposes: (2)			
State Street Aid	18,080	-	18,080
Drug Operations	8,648	-	8,648
Board of Education	2,422,229	-	2,422,229
Federal Projects - School	76,307	-	76,307
Debt Service	-	13,536	13,536
School Food Service	89,776	-	89,776
Net Pension Asset	2,787	-	2,787
Total Restricted for Other Purposes	2,617,827	13,536	2,631,363
Unrestricted Net Position	2,721,993	126,775	2,848,768
<b>Total</b>	<b>\$ 16,646,890</b>	<b>\$ 9,497,379</b>	<b>\$ 26,144,269</b>

(1) Restricted for capital projects based on bond issue purposes

(2) Restricted for other purposes as required by law or grant agreements

The Fund Balance Summary is as follows:

<b>Funds</b>	<b>General Fund</b>	<b>Rogersville City School Operating Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total</b>
<b>Restricted to:</b>				
Streets & Roads	\$ -	\$ -	\$ 18,080	\$ 18,080
Drug Enforcement	-	-	8,648	8,648
Home Program	-	-	-	-
Education	-	2,422,229	76,307	2,498,536
School Food Service	-	-	83,789	83,789
Capital Projects	83,854	-	127,277	211,131
<b>Nonspendable:</b>				
School Food Service	-	-	5,987	5,987
<b>Committed to:</b>	-	-	-	-
<b>Assigned to:</b>				
Community Center	-	-	16,884	16,884
Industrial Development	-	-	598,527	598,527
<b>Unassigned</b>	2,838,182	-	-	2,838,182
<b>Total Fund Balances</b>	<b>\$ 2,922,036</b>	<b>\$ 2,422,229</b>	<b>\$ 935,499</b>	<b>\$ 6,279,764</b>

## NOTE 16 – EMPLOYEE RETIREMENT PLANS

### Town of Rogersville Pension Plan

The Town of Rogersville, Tennessee maintains a target benefit pension retirement plan covering all regular employees employed on or after July 1, 1973, who have completed 12 months of continuous employment and meet the minimum age requirement of twenty-one. The plan is a

defined contribution plan with the cost paid currently by the Town of Rogersville except for two percent deducted from employees' compensation. The plan is with Symetra Life Insurance Company and Guardian. As of June 30, 2015 (i.e., latest report date from Actuarial Services & Support, LLC), the plan had net assets of \$4,224,184. Pension contributions for the year were \$132,672. At June 30, 2016 and as of June 30, 2017, since the latest plan year report has not been received as of the date the financial statements are available to be issued, the amount due or receivable for additional plan contributions is not determinable. Because a plan report for June 30, 2017 has not yet been released, certain disclosures regarding pension expense and forfeitures, number of employees covered, and information about crediting rates was unavailable for publication as required by GASB 68.

### **Rogersville City School Pension Plans**

As detailed within the disclosures which follow, the Rogersville City School Employees being certified and non-certified employees participate in pension plans administered by the Tennessee Consolidated Retirement System (TCRS). Non-certified employees of the Rogersville City School are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple employer pension plan administered by TCRS. In addition, certified employees of the Rogersville City School participate in pension plans through the TCRS being either the Teacher Legacy Pension Plan or the Teacher Retirement Plan based on the date of membership into the plans.

### **Rogersville City School Pension Plan – 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 the Rogersville City School 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](http://www.treasury.tn.gov/tcrs).

Benefits Provided- Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits

are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> 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 the 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 the Rogersville City School for the year ended June 30, 2017 to the Teacher Legacy Pension Plan were \$224,473 which is 9.04% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Legacy Pension Plan**

**Pension Liabilities (Assets)-** At June 30, 2017, the Rogersville City School reported a liability of \$433,722 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial value as of that date. The Rogersville City School's proportion of the net pension liability was based on the Rogersville City School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016 the Rogersville City School's proportion was 0.069402 percent. The proportion measured as of June 30, 2015 was 0.067474 percent.

**Pension Expense-** For the year ended June 30, 2017 the Rogersville City School recognized pension expense of \$55,747.

**Deferred Outflows of Resources and Deferred Inflows of Resources-** For the year ended June 30, 2017 the Rogersville City School reported deferred outflows of resources and deferred inflows of resources related to the Teacher Legacy Pension Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 18,253	\$ 525,094
Net difference between projected and actual earnings on pension plan investments	484,257	-
Changes in proportion of Net Pension Liability (Asset)	23,777	2,318
LEA's contributions subsequent to the measurement date of June 30, 2016	224,473	-
Total	<u>\$ 750,760</u>	<u>\$ 527,412</u>

The Rogersville City School's employer contributions of \$224,473, 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 year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30th:	
2018	\$ (76,523)
2019	(76,523)
2020	155,775
2021	27,439
2022	(31,294)
Thereafter	-

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

Actuarial Assumptions- The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustments for expected future improvement in life expectancy.

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, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Rogersville City School's proportionate share of the net pension liability (asset)	\$ 2,381,642	\$ 433,722	\$ (1,179,847)

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**

As of June 30, 2017, the Rogersville City School reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2017.

#### **Rogersville City School Pension Plan – Teacher Retirement Plan**

##### **General Information About the Pension Plan**

Plan Description- Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of the Rogersville City School 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](http://www.treasury.tn.gov/tcrs).

Benefits Provided- Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire 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 cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including 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 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 by the Rogersville City School for the year ended June 30, 2017 to the Teacher Retirement Plan were \$6,970, which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Retirement Plan**

**Pension Liabilities (Assets)-** At June 30, 2017, the Rogersville City School reported an asset of \$2,787 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension asset used to calculate the net pension asset was determined by an actuarial value as of that date. The Rogersville City School's proportion of the net pension asset was based on the School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the School's proportion was 0.026776 percent. The proportion measured as of June 30, 2015 was 0.033983 percent.

**Pension Expense-** For the year ended June 30, 2017 the Rogersville City School recognized pension expense of \$2,351.



Deferred Outflows of Resources and Deferred Inflows of Resources- For the year ended June 30, 2017, the Rogersville City School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 270	\$ 321
Net difference between projected and actual earnings on pension plan investments	456	-
Changes in proportion of Net Pension Liability (Asset)	202	-
LEA's contributions subsequent to the measurement date of June 30, 2016	6,970	-
Total	<u>\$ 7,898</u>	<u>\$ 321</u>

Rogersville City School's employer contributions of \$6,970 reported as pension related deferred outflows of resources subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30th:		
2018	\$	130
2019		130
2020		130
2021		108
2022		10
Thereafter		100

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

Actuarial Assumptions- The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

	<b>Current</b>		
	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(6.5%)</b>	<b>(7.5%)</b>	<b>(8.5%)</b>
Rogersville City School's proportionate share of the net pension liability (asset)	\$ 1,316	\$ (2,787)	\$ (5,811)

**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, 2017, the Rogersville City School reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2017.

#### **Rogersville City School Public Employee Retirement Plan**

##### **General Information About the Pension Plan**

**Plan Description-** Employees of the Rogersville City School 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](http://www.treasury.tn.gov/tcrs).

**Benefits Provided-** Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the members' highest five

consecutive year average compensation and the members' 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.

Members 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 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms- At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	24
Inactive employees entitled to but	
not yet receiving benefits	43
Active employees	28
	<u>95</u>

Contributions- Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The Rogersville City School makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2017, the employer contributions for Rogersville City School were \$65,508 based on a rate of 8.03% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Rogersville City School's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### **Net Pension Liability (Asset)**

The Rogersville City School's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions- The total pension liability as of June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

#### Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
<b>Balance at June 30, 2015</b>	<b>\$ 2,306,528</b>	<b>\$ 2,203,133</b>	<b>\$ 103,395</b>
Changes for the Year:			
Service Cost	69,444	-	69,444
Interest	174,070	-	174,070
Difference Between Expected & Actual Experience	(74,010)	-	(74,010)
Contributions-Employer	-	60,009	(60,009)
Contributions-Employees	-	37,365	(37,365)
Net Investment Income	-	58,650	(58,650)
Benefit Payments, Including Refunds of Employee Contributions	(110,088)	(110,088)	-
Administrative Expense	-	(2,185)	2,185
<b>Net Changes</b>	<b>59,416</b>	<b>43,751</b>	<b>15,665</b>
<b>Balance at June 30, 2016</b>	<b>\$ 2,365,944</b>	<b>\$ 2,246,884</b>	<b>\$ 119,060</b>

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

	Current		
	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Rogersville City School's net pension liability (asset)	\$ 423,114	\$ 119,060	\$ (135,249)

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

Pension Expense- For the year ended June 30, 2017, the Rogersville City School recognized pension expense of \$37,329.

Deferred Outflows of Resources and Deferred Inflows of Resources- For the year ended June 30, 2017, the Rogersville City School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 54,335	\$ 119,039
Net difference between projected and actual earnings on pension plan investments	74,802	-
Contributions subsequent to the measurement date of June 30, 2016	65,508	-
Total	<u>\$ 194,645</u>	<u>\$ 119,039</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2016,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30th:	
2018	\$ (6,329)
2019	(6,329)
2020	26,979
2021	8,113
2022	(12,335)
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, 2017, the Rogersville City School reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2017.

## NOTE 17 – POST-EMPLOYMENT HEALTH CARE PLAN

### Plan Description

The Rogersville, Tennessee City School participates in the state-administered Teacher Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Tennessee Annotated Code (TCA) 8-27-302 (teachers). Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://www.tn.gov/finance/act/cafr.shtml>.

### Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The school system pays 75% of the monthly premium for individual and family coverage for active employees only. Monthly premiums vary based upon the plan selected and for 2017 are as follows:

#### Monthly Premiums – Retiree:

PPO	\$297 (single coverage)
Standard	\$322 (single coverage)

#### Monthly Premiums – Active:

PPO	\$1,405(family coverage)
Standard	\$1,455 (family coverage)

<b>Annual OPEB Cost/Obligation</b>	<b>Local Education Group Plan</b>
Annual Required Contribution (ARC)	\$ 76,000
Interest on net OPEB Obligation	11,809
Adjustment to ARC	(11,856)
Annual OPEB Cost (Expense)	75,953
Contribution Made (assumed end of year)	49,838
Increase (Decrease) in OPEB Obligation (net)	26,115
OPEB Obligation (net) - Beginning	314,896
<b>OPEB Obligation (net) - Ending</b>	<b>\$ 341,011</b>



<b>Fiscal Year Ending</b>	<b>Plan</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation at Year End</b>
06/30/17	Rogersville City School	\$ 75,953	65.0%	\$ 341,011
06/30/16	Rogersville City School	\$ 72,957	52.6%	\$ 314,896
06/30/15	Rogersville City School	\$ 33,289	102.7%	\$ 280,279

### **Funded Status & Funding Progress**

The funded status of the plan as of July 1, 2015 was as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Plan Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
	<b>(a)</b>	<b>(b)</b>	<b>(b) - (a)</b>	<b>(a/b)</b>	<b>( c )</b>	<b>( (b-a) / c )</b>
07/01/15	\$ -	\$ 780,000	\$780,000	0.00%	\$3,391,000	23.00%

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

### **Actuarial Methods & Assumptions**

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

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

Total On-behalf payments were \$46,238.

#### **NOTE 18 – RISK ASSESSMENT**

The Town of Rogersville maintains commercial insurance coverage to insure itself against potential claims of losses. For the current year, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

#### **NOTE 19 – DEFEASED DEBT**

In prior years, the Town and its proprietary fund, the Rogersville Water Commission, advance refunded certain bonds and capital outlay notes by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. On June 30, 2017, there were \$0 bonds outstanding that are considered defeased.

#### **NOTE 20 – ROGERSVILLE WATER COMMISSION – TN COMPTROLLER OF THE TREASURY INVESTIGATIVE REPORT**

In April 2018, the Tennessee Comptroller of the Treasury in conjunction with the Tennessee Bureau of Investigation and the Rogersville Police Department issued an investigative report on the Rogersville Water Department relating to investigative allegations of malfeasance after they were notified by Town officials when concern was raised over missing deposits. Based on the investigative report, these issues were referred to the local district attorney general and on April 18, 2018, the Hawkins County Grand Jury indicted the former Water Superintendent on one count of theft of property over \$250,000, one count of theft of property over \$60,000 and one count of official misconduct. During the year ending June 30, 2017, the investigative report indicated a suspected theft loss of \$69,444 in cash deposits along with other issues relating to compensatory time paid to the former Water Superintendent in violation of Town personnel policies and the failure to notify Town officials of undisclosed outside employment by the former Water Superintendent.

#### **NOTE 21 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 31, 2018, which is the date the financial statements were available to be issued. In July 2018, the Town of Rogersville's Board of Mayor and Aldermen voted to abolish the Rogersville Water Commission with the Town's Board of Mayor and Aldermen assuming oversight responsibilities.

Copies of the complete financial statements of the City for the current Fiscal Year are available at [http://www.comptroller.tn.gov/RA\\_MA\\_Financial/Default.aspx](http://www.comptroller.tn.gov/RA_MA_Financial/Default.aspx)