

CITY OF
LAKE LAND
TENNESSEE



**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**

**PREPARED BY
THE CITY OF LAKE LAND
FINANCE DEPARTMENT**

CITY OF LAKELAND TENNESSEE

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2021

Prepared by the City of Lakeland Finance Department

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INTRODUCTORY SECTION (UNAUDITED)



10001 US Highway 70 • Lakeland, TN 38002
Phone: (901) 867-2717 | Fax: (901) 867-2063

October 12, 2021

To the Honorable Mayor, Members of the Board of Commissioners, and Citizens of the City of Lakeland:

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Watkins Uiberall, PLLC, Certified Public Accountants, have issued an unmodified (clean) opinion on the City of Lakeland's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City of Lakeland (the City), incorporated in 1977, is located in the western part of the state, which is considered to be one of the most highly populated areas of the State of Tennessee. The City currently occupies approximately 24 square miles and serves an estimated population of 13,904 (per the 2020 Census). The City is empowered to levy a property tax on real property located within its boundaries.

The City has operated by charter under the city manager-commission form of government since 1977. Policy-making and legislative authority are vested in the Board of Commissioners (the Board), consisting of the mayor and four other members, all of whom are elected at large. Commissioners serve four-year terms, with two members elected every two years. The Mayor is elected for a four-year term. The Board appoints the City Manager, who in turn appoints the City's department heads.

The City provides a full range of services, including refuse collection, leaf removal, building inspections, licenses and permits, vital statistics, the construction and maintenance of roads and other infrastructure, recreational and park activities, and wastewater treatment. Water distribution services are provided through a separate governmental entity, Memphis Light Gas & Water.

The Board of Commissioners is required to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function (e.g., community services), and department (e.g., engineering). The City Manager and Finance and Human Resources Director may transfer resources within a fund as they see fit, subject to reporting of such transfers at the next Board of Commissioners meeting. Budget amendments to increase the total appropriation of a fund require approval by Ordinance of the Board of Commissioners passed upon two readings and a public hearing.

Local Economy

The City of Lakeland is a suburb in a metropolitan area and functions as a major commuter hub and suburban residential center. The City is home of many affluent residential developments. Major industries located within the City's boundaries or in close proximity include retail trade, professional services, and wholesale distributors. The Lakeland School System and City also have a significant economic presence, employing in total more than 250 teachers, professionals, and support staff. Despite its location in a region with a varied economic base, unemployment had been low until the effect of the global COVID-19 pandemic and subsequent recession felt during the calendar year 2020. While unemployment rates had been less than 5% during fiscal years 2017 to 2019, the high of 11.6% experienced in fiscal year 2020 has dropped to 7.6% in fiscal year 2021 as the economy has begun to recover. The City has historically experienced unemployment rates consistent with national averages; however, the City's unemployment rate as of June 2021 was slightly elevated at 7.6% compared to 5.9% nationally. The decreases in unemployment rates during the current year as compared to fiscal year 2020 reflect the current economic recovery nationwide. The national unemployment rate has dropped to 4.8% in September 2021 and a further decline in unemployment rates for Lakeland is anticipated in the coming year.

Per capita personal incomes within the City are significantly higher than for the county or the state as a whole. According to the calendar year 2019 U.S. Bureau of Labor Statistics data, the City's per capita personal income was \$52,634; the county's was \$31,515, while the state's was \$48,684. The City's population has increased significantly as a result of the 2020 U.S. Census, growing from an estimated 12,642 in calendar year 2019 to an actual 13,904, reflecting growth of 7%. Housing prices in the vicinity of the City of Lakeland continue to remain strong. At the end of the second quarter of 2021, the median price of a single-family home in the City was \$364,000. Due to its strong and healthy local tax base, the City has maintained a credit rating of Aa3 from Moody's Investor Service since 2012.

Over the past ten plus years, the City has experienced a period of significant economic growth and investment. Two large-scale new mixed-use, and multiple single-family residential developments have been completed or are in various stages of construction in the City. These developments, combined with an easy commute to the nearby metropolitan center, an award-winning school system, and the presence of recreational and natural amenities has further strengthened the City's economic base. Thanks to the strength of the housing market and the City's reliance upon property taxes as a large portion of its revenue base, the City has remained financially healthy in spite of the national economic downturn.

During the past ten years, the City's expenditures related to education have increased the total expenditures in governmental funds (currently 28.0%). Additionally, the school system's capital projects fund expenditures currently represent another 30.4% of governmental fund expenditures. These increases are due to the creation within this decade of the Lakeland School System, and reflects the move in Shelby County, Tennessee of many municipalities that formed their own school districts beginning with the fiscal year ended June 30, 2015.

During this same ten-year period, a property tax was established in the City of Lakeland in 2012 to fund education in the fiscal year ended June 30, 2013. This currently represents a significant portion of governmental funds revenues (currently 28.1%).

Long-term Financial Planning and Major Initiatives

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 103.5% of total general fund revenues. Unassigned fund balance was 72.0% of total general fund revenues, which is significantly higher than the policy guidelines set by the Board of Commissioners for budgetary and planning purposes (20% of general fund revenues, plus \$1.1 million).

As part of its strategic plan, the Board envisions the completion of New Canada Road. Federal funding covering 80% of planned expenditures has been secured, and loan funds from the U.S. Department of Agriculture (USDA) have been obligated for the City's remaining 20% match.

The City has also secured loan funds through the USDA for the construction of a new high school facility. The combined approved \$63 million of funding began in fiscal year 2020 with the issuance of \$43.5 million of bond anticipation funds through interim financing and continued with the current refunding of the 2015 Capital Outlay Note in fiscal year 2021.

As mentioned earlier, the City has undergone a recent period of growth and expansion. New residential development has been extremely strong, with nearly 2,700 housing units being constructed and/or approved in the past ten years.

The City maintains a five-year Capital Improvement Program, which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. This process gives the City the ability to plan for its capital needs and allocate short- and long-term resources appropriately. As part of this process, the City identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. The fiscal year 2021-2022 Capital Improvement Program anticipates \$74.4 million in capital projects. Included in this \$74.4 million is \$35.5 million for construction of a new high school and related facilities and \$30.0 million for the construction of New Canada Road. The remainder of the program will finance improvements to the City's parks and public works functions.

Relevant Financial Policies

The City of Lakeland has adopted a comprehensive set of financial policies. During the current year, one of these policies was particularly relevant. The City has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues and other financing sources equal to or in excess of expenditures and other financing uses). Due to factors including planned capital projects and debt service however, estimated revenues and other financing sources in the general fund were less than appropriations (\$11,552,561 v. \$13,364,908). In such cases, the policy allows for the appropriation of fund balance to close the gap. The amount necessary for this purpose in the general fund original budget was \$1,812,347, which increased to \$4,011,975 in the final amended budget. However, thanks to measures taken during the year to control expenditures and the timing of capital projects, the City ultimately did not utilize fund balance to this extent, only decreasing fund balance in the general fund by \$612,203.

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakeland for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Subsequent to June 30, 2021, the GFOA awarded a Distinguished Budget Presentation Award for its fiscal year 2022 annual budget document dated June 10, 2021. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. This marks the second consecutive time the City has received this recognition.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Departments of both the City of Lakeland and Lakeland School Systems. We wish to thank all City of Lakeland departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Lakeland's finances.

Respectfully submitted,



Michael L. Walker, CPA
Finance and Human Resources Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lakeland
Tennessee**

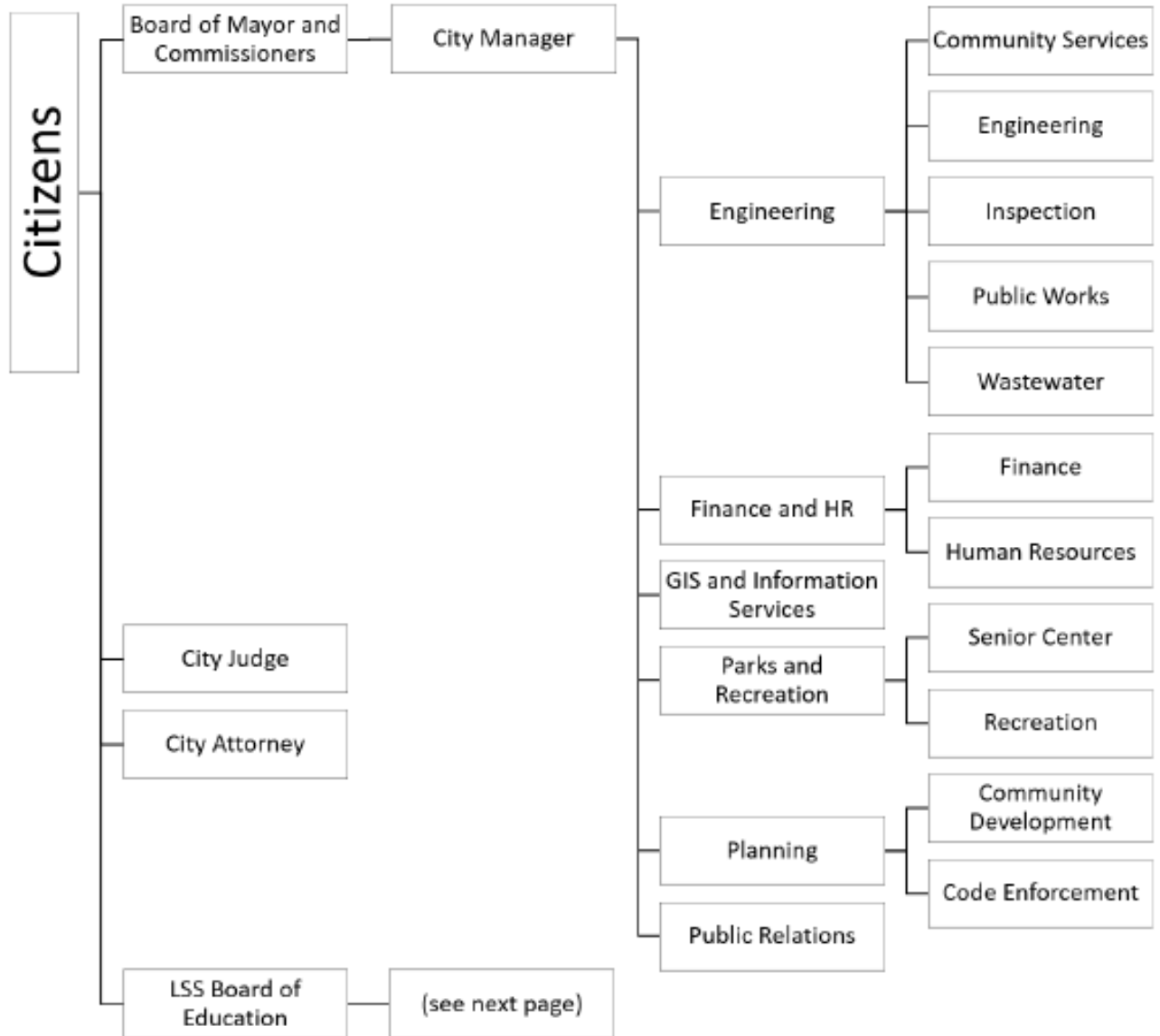
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

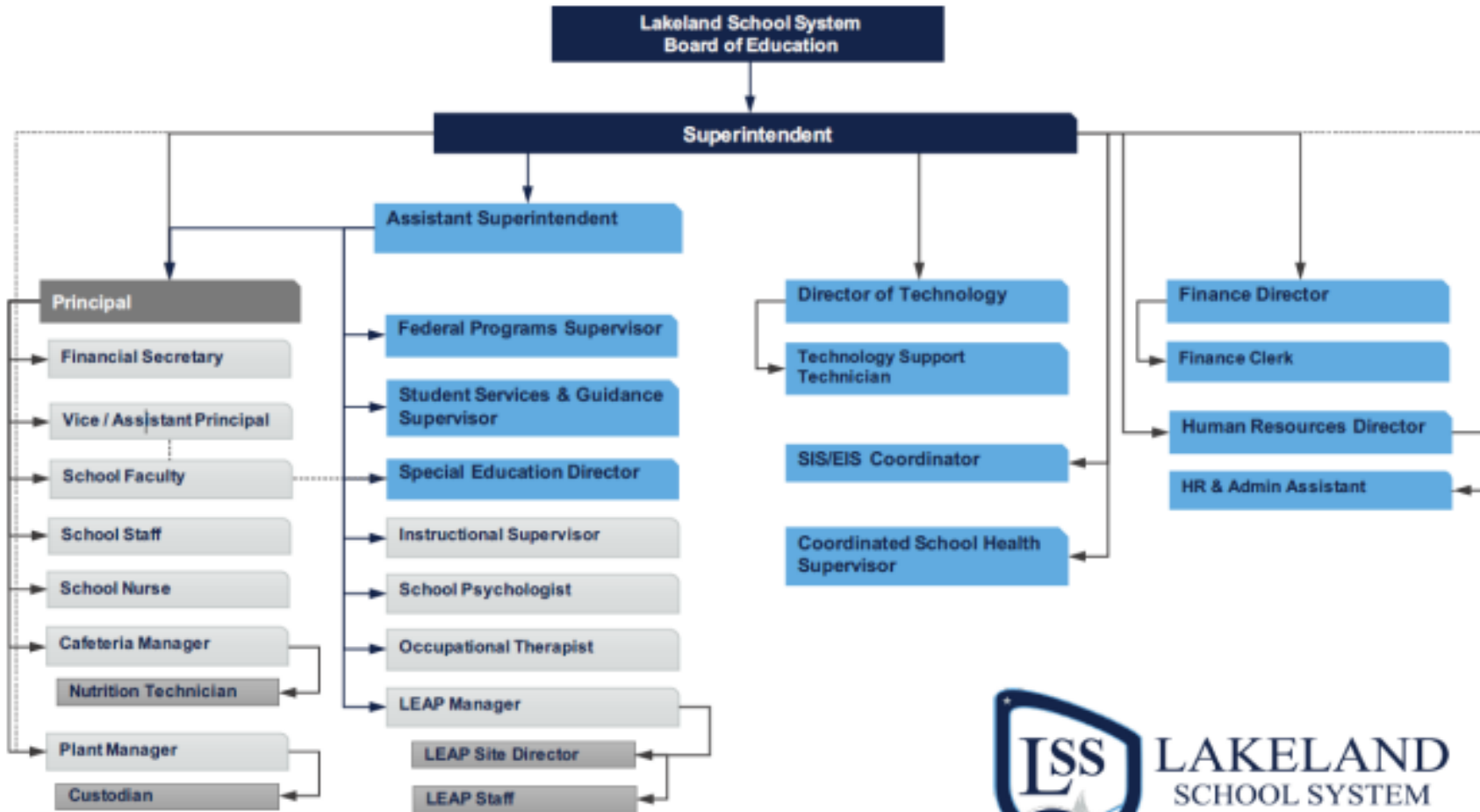
Christopher P. Morill

Executive Director/CEO

CITY OF LAKELAND, TENNESSEE
CITY OF LAKELAND ORGANIZATION CHART
 June 30, 2021



CITY OF LAKELAND, TENNESSEE
 LAKELAND SCHOOL SYSTEM ORGANIZATION CHART
 June 30, 2021



MAYOR

Mike Cunningham (2022*)

COMMISSIONERS

Michele Dial, Vice Mayor (2022*)
Jim Atkinson, Commissioner (2024*)
Richard Gonzales, Jr., Commissioner (2022*)
Wesley Wright, Commissioner (2024*)

CITY OFFICIALS

City Manager..... Shane Horn
City Attorney Wiseman Bray, PLLC
Finance and Human Resources Director..... Michael Walker, CPA**

BOARD OF EDUCATION OFFICIALS

Kevin Floyd, Chairman (2022*)
Laura Harrison, Vice Chair (2022*)
Jeremy Burnett, Board Member (2024*)
Michelle Childs, Board Member (2024*)
Deborah Thomas, Board Member (2022*)

Superintendent..... William E. Horrell, III
School System Attorney Burch, Porter & Johnson, PLLC
Finance Director..... Jessie Rosales**

* Date elected term expires

** Designated CMFO and employee with financial oversight responsibility

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Commissioners of the
City of Lakeland, Tennessee:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, the statements of budgetary comparison for the general fund and general purpose school fund, the fiduciary fund, and the aggregate remaining fund information of the City of Lakeland, Tennessee, (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, the statements of budgetary comparison for the general fund and general purpose school fund, the fiduciary fund, and the aggregate remaining fund information of the City of Lakeland, Tennessee, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lakeland's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supporting schedules, other schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance, as presented in the government auditing standards section, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") 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 fund financial statements and schedules, supporting schedules, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, supporting schedules, and the schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021, on our consideration of the City of Lakeland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lakeland's internal control over financial reporting and compliance.



Memphis, Tennessee
October 12, 2021

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

As management of the City of Lakeland, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the notes to the financial statements.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$88,395,812 (net position). The net position of the City of Lakeland consists of \$65,542,255 in net investment in capital assets, \$3,103,811 in restricted, and \$19,749,746 in unrestricted. The unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Lakeland's change in net position was \$6,159,583 for the year ended June 30, 2021, an increase of \$308,409 over the prior fiscal year primarily due to an increase in grant revenues and state financial assistance in response to the COVID-19 pandemic.
- As of June 30, 2021, the City of Lakeland's governmental funds reported combined ending fund balances of \$45,449,195, a decrease of \$18,968,942 in comparison with the prior year due to the use of fund balance for capital outlays related to construction of a new high school facility.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,731,486 or 68.5% of total general fund balance.
- The City of Lakeland's total debt decreased \$4,829,727 during the current fiscal year. As noted above, this is primarily due to the issuance of the refunded bonds which resulted in early amortization of premiums totaling \$1,510,404.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lakeland's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information 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 City's finances in a manner like a private-sector business.

The government-wide financial statements are:

- **Statement of Net Position** – presents information on all the City's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial net position of the City is improving or deteriorating.
- **Statement of Activities** – presents information showing how the City's net position changed during the most recent fiscal year. All current year revenues and expenses are considered regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, community development, public works, parks and recreation, and education. The business-type activities of the City include the operations of the sewer facilities.

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2021

The government-wide financial statements also include the operations of the Lakeland School System, the City's only blended component unit.

The government-wide financial statements can be found on pages 27-28 of this report.

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

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

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

The City of Lakeland maintains five individual governmental funds and Lakeland School System maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the general purpose school fund, the school capital projects fund, and the debt service fund.

The City of Lakeland adopts an annual appropriated budget for all funds, including the funds of the Lakeland School System. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 29-40 of this report.

Proprietary funds – The City of Lakeland maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Lakeland uses an enterprise fund to account for its Sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the sewer activities of the City of Lakeland, which is a major fund.

The basic proprietary fund financial statements can be found on pages 41-43 of this report.

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

The basic fiduciary fund financial statements can be found on pages 44-45 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 46-73 of this report.

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2021

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's and the Lakeland School System's pension plans and other postemployment benefit plan, in Exhibits A-1 through A-9.

Combining and Individual Fund Statements and Schedules – The combining and individual fund statements and schedules related to nonmajor governmental funds and budgetary comparison schedules for major funds, other than major special revenue funds, are presented immediately following the required supplementary information. These statements and schedules are presented as Exhibits B-1 through B-11.

Supporting Schedules, and Other Schedules – Supporting schedules and other schedules are included as prescribed by the State of Tennessee. These statements and schedules are presented as Exhibits C-1 through C-8.

Statistical Information – Supporting schedules and other schedules are included as prescribed by the State of Tennessee. These statements and schedules are presented as Exhibits D-1 through D-24.

Government-Wide Financial Analysis

Net Position – Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$88,395,812 at the close of the most recent fiscal year, an increase of \$6,159,583 or 7.5%, from last year.

The largest portion of the City's net position (74.1%) reflects its net investment in capital assets (e.g., land, buildings, equipment, and infrastructure). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The following provides a summary of the City's net position for the fiscal years ended June 30, 2021 and 2020:

	Condensed Statement of Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 59,333,309	\$ 72,857,285	\$ 2,013,844	\$ 2,443,911	\$ 61,347,153	\$ 75,301,196
Capital assets	91,434,682	70,457,631	14,416,421	13,842,763	105,851,103	84,300,394
Total Assets	150,767,991	143,314,916	16,430,265	16,286,674	167,198,256	159,601,590
Deferred Outflows of Resources	2,919,787	3,226,541	18,704	20,527	2,938,491	3,247,068
Long-term liabilities outstanding	64,086,796	68,557,350	3,316,576	2,195,130	67,403,372	70,752,480
Other liabilities	6,539,301	1,781,359	285,429	1,781,359	6,824,730	3,562,718
Total Liabilities	70,626,097	70,338,709	3,602,005	3,976,489	74,228,102	74,315,198
Deferred Inflows of Resources	7,504,603	6,685,511	8,230	14,098	7,512,833	6,699,609
Net Asset						
Invested in capital assets	54,438,834	49,245,341	11,103,421	9,941,763	65,542,255	59,187,104
Restricted	3,103,811	3,441,131	-	2,817	3,103,811	3,443,948
Unrestricted	18,014,433	16,830,765	1,735,313	2,372,034	19,749,746	19,202,799
Total Net Position	\$ 75,557,078	\$ 69,517,237	\$ 12,838,734	\$ 12,316,614	\$ 88,395,812	\$ 81,833,851

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2021

An additional portion of the City's net position of \$3,103,811 (3.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$19,749,746 (22.4%) may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in Net Position: Governmental activities increased the City's net position by \$5,637,463 while business-type activities increased the City's net position by \$522,120 resulting in a net increase of \$6,159,583. Key elements of this increase are discussed below.

The following provides a summary of activities for the City for the years ended June 30, 2021 and 2020:

	Condensed Statement of Activities					
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 2,300,518	\$ 2,660,439	\$ 1,906,847	\$ 2,296,427	\$ 4,207,365	\$ 4,956,866
Operating grants and contributions	14,131,983	11,177,075	-	-	14,131,983	11,177,075
Capital grants and contributions	1,601,883	2,522,360	-	41,709	1,601,883	2,564,069
General Revenues:						
Property taxes	9,562,609	9,028,947	-	-	9,562,609	9,028,947
Local taxes	4,719,241	3,881,526	-	-	4,719,241	3,881,526
Intergovernmental	1,854,201	1,573,782	-	-	1,854,201	1,573,782
Interest on investments	71,153	285,656	3,271	14,189	74,424	299,845
Other revenue	324,248	113,589	-	-	324,248	113,589
Gain on disposal of capital assets	-	171	-	-	-	171
Total Revenues	34,565,836	31,243,545	1,910,118	2,352,325	36,475,954	33,595,870
Expenses:						
General government	2,073,494	1,615,102	-	-	2,073,494	1,615,102
Community development	562,646	1,036,685	-	-	562,646	1,036,685
Public works	4,719,674	4,063,106	-	-	4,719,674	4,063,106
Parks and recreation	513,748	505,085	-	-	513,748	505,085
Education	19,838,831	17,971,699	-	-	19,838,831	17,971,699
Interest and fiscal charges	1,185,980	986,825	-	-	1,185,980	986,825
Debt Issuance costs	34,000	154,367	-	-	34,000	154,367
Water and sewer	-	-	1,387,998	1,411,827	1,387,998	1,411,827
Total Expenses	28,928,373	26,332,869	1,387,998	1,411,827	30,316,371	27,744,696
Increase/(Decrease) in net position	5,637,463	4,910,676	522,120	940,498	6,159,583	5,851,174
Net position, beginning, as originally reported	69,517,237	64,606,561	12,316,614	11,376,116	81,833,851	75,982,677
Restatement	402,378	-	-	-	402,378	-
Net position, beginning, as restated	69,919,615	64,606,561	12,316,614	11,376,116	82,236,229	75,982,677
Net position, ending	\$ 75,557,078	\$ 69,517,237	\$ 12,838,734	\$ 12,316,614	\$ 88,395,812	\$ 81,833,851

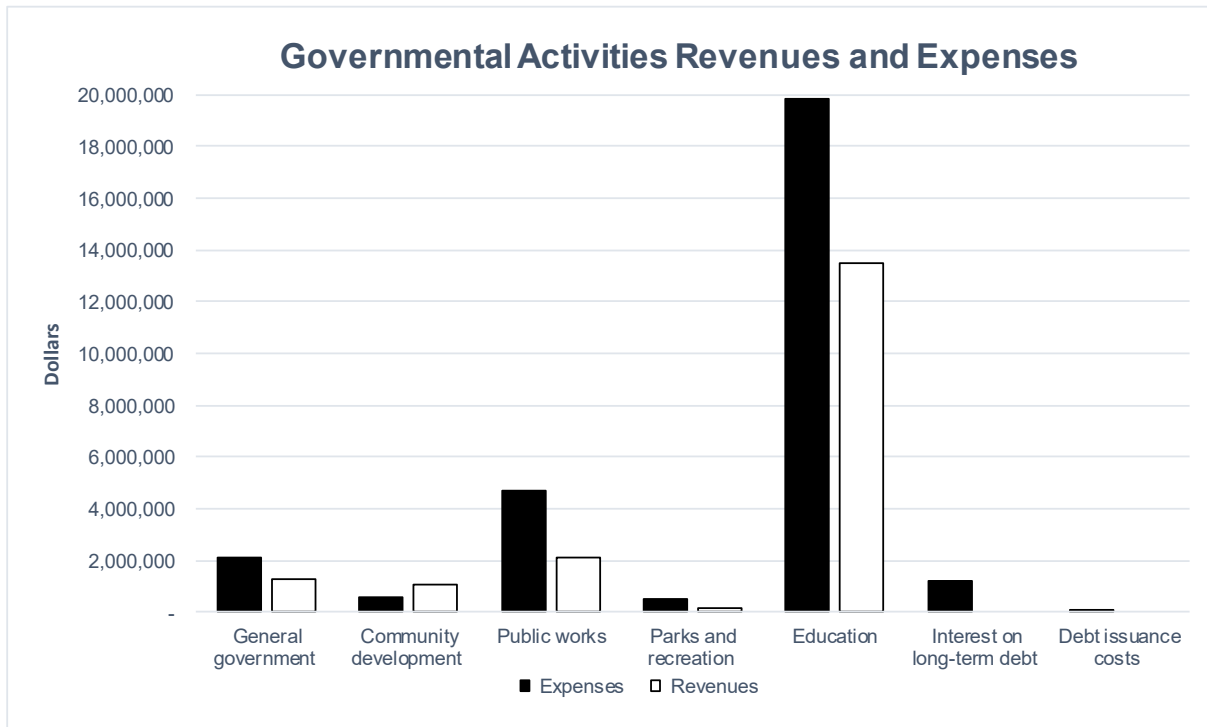
Governmental Activities: Current fiscal year revenues for the City's governmental activities were \$34,565,836 compared to \$31,243,545 last year. Expenses for the same period were \$28,928,373 compared to \$26,332,869 last year.

General and program revenue increased for the year; the most notable of which are discussed below.

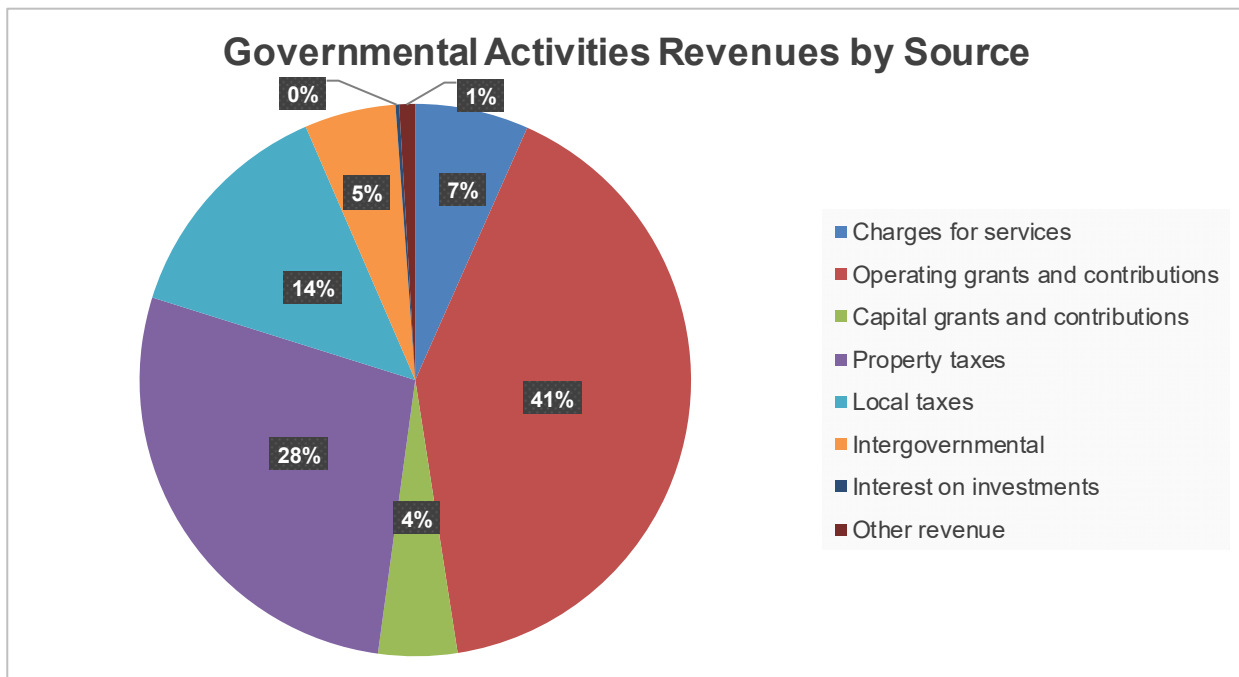
- Operating grants and contributions increased from \$11,177,075 to \$14,131,983 primarily related to additional COVID-related funding received.
- Property taxes increased from \$9,028,947 to \$9,562,609 primarily related to the continued addition of residential developments and properties within the City.

CITY OF LAKELAND, TENNESSEE
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
 For the Year Ended June 30, 2021

- Local taxes increased from \$3,881,526 to \$4,719,241 primarily due to increased state, county, and local spending on sales-taxable items following infusions of economic resources in the local economy from federal programs responding to the COVID-19 pandemic.



Note: The chart above does not include governmental general revenues.



CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2021

Business-type activities: Business-type activities increased the City's net position by \$522,120. The largest factors contributing to this increase were 1) connection charges for three large residential developments and 2) greatly reduced interest expenses on variable-rate debt due to historically low rates nationally.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to help control and manage money for particular purposes or to ensure and demonstrate compliance with finance-related legal requirements. The following provides a more detailed analysis of the City's funds.

Governmental funds: Governmental funds focus on providing information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$45,449,195, an decrease of \$18,968,942 over the prior year. The decrease was primarily due to capital outlay expenditures of approximately \$20,630,000 used towards the construction of a high school facility funded by debt issued in the prior year. Approximately 17.0% of this total amount (\$7,731,486) constitutes unassigned fund balance, which is available for spending at the government's discretion. All the governmental funds reported a positive ending fund balance.

General Fund: The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,731,486, while total fund balance reached \$11,287,831. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 146% of total General Fund expenditures, while total fund balance represents 213% of that same amount.

The fund balance of the City's General Fund decreased \$612,203 during the fiscal year ended June 30, 2021. The primary factor related to this decrease was the Board of Commissioners' decision in the fiscal year to repay early and in full the Series 2008 Tennessee Municipal League notes payable in the amount of \$2,738,000, with original final maturity in fiscal year 2030, thereby reducing future interest rate risk and fiscal charges. This repayment was in the form of transfers out to the debt service fund, from which the principal and interest charges were expended.

General Purpose School Fund: The general purpose school fund is the chief operating fund of Lakeland School System and focuses on providing educational instruction for students enrolled in the City's municipal school system. At June 30, 2021, the fund had a fund balance of \$8,864,038 of which \$8,723,848 is assigned for educational expenditures.

The fund balance of the General Purpose School Fund increased \$1,806,963 during fiscal year ended June 30, 2021. Key factors are as follows:

- Property tax revenue increased from \$4.6 million to \$4.9 million. This revenue is allocated to Lakeland School System and other Shelby County School districts based upon their percentage of the weighted full-time equivalency of average daily attendance, which has likewise increased.
- Intergovernmental revenue, which represents primarily State of Tennessee educational funding, increased from \$9.9 million to \$10.5 million. The two factors primarily related to this increase were 1) enrichments to the basic education program funding formula by the State of Tennessee and 2) increased enrollment at Lakeland School System.

School Capital Projects Fund: The school capital projects fund accounts for Lakeland School System's expenditures for various capital projects, including in the fiscal year ended June 30, 2021 expenditures for the

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2021

construction in progress of a new high school facility. At June 30, 2021, fund balance of \$23,376,222 was restricted for use in completing the high school project.

Fund balance in the school capital projects fund decreased \$20,018,209 during the fiscal year ended June 30, 2021 due to the expenditure of restricted bond anticipation note proceeds received in the prior fiscal year, which were utilized for capital costs of the new high school facility.

Debt Service Fund: The debt service fund is the governmental fund through which governmental debt service is paid. Fund balance of \$42 as of June 30, 2021 is committed toward debt service.

Due to the nature of the debt service fund, there was no increase or decrease in fund balance for the fiscal year ended June 30, 2021, as the expenditures for debt service are covered through transfers in from the general fund. However, the activity in the debt service fund during the fiscal year ended June 30, 2021 included the current refunding of the 2015 capital outlay notes using proceeds from refunding bonds, as well as the early repayment of the Series 2008 Tennessee Municipal League notes payable mentioned in the general fund section above.

Proprietary funds: The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position for the Sewer fund decreased during the year by \$996,721 to \$1,735,313 at the end of the year. This decrease in unrestricted net position is primarily related to the utility's investments in equipment upgrades at the wastewater facility and construction in progress on two interceptor projects.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget in the General Fund can be briefly summarized as follows:

- The original budget for revenues increased from \$10,846,311 to \$12,433,120 in the final budget. The increased revenues budget was due to budget amendments passed via Ordinance for:
 - the carryforward of grant revenues on projects with costs deferred from the prior fiscal year to the current fiscal year; and,
 - to budget for additional CARES Act grant revenues awarded.
- The original budget for expenditures increased from \$8,234,616 to \$9,866,319 in the final budget. The increased expenditures budget was due to budget amounts encumbered in the prior fiscal year and carried forward to the current fiscal year and budget amendments passed via Ordinance for:
 - increased expenditures in response to the COVID-19 pandemic;
 - increased costs related to capital projects in progress; and,
 - increased unanticipated expenditures to address citizen concerns with a water retention basin.
- The General Fund revenues were \$1,699,233 less than budgeted. The variance was due primarily to \$2,194,517 in lower than expected grant revenue related to the timing of associated grant expenditures, but revenue was more than anticipated in local taxes and intergovernmental revenue due to improvements in the underlying economic factors driving those revenue sources, specifically related to sales tax revenues and the factors discussed previously.
- General Fund expenditures were less than budgeted by \$4,569,537. Of this, \$3,980,963 is related to lower than expected expenditures for capital outlays as noted previously. The remaining difference is attributed to conservative spending.

The variations noted above between budgeted and actual results are not expected to have a significant impact on the General Fund's future liquidity or service levels; however, the delay in capital projects will require future budget amendments and revisions during fiscal year 2022.

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2021

Capital Asset and Debt Administration

Capital assets: The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$105,851,103 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure including streets. The total increase in City's investment in capital assets for the current fiscal year was \$21,550,709. Depreciation expense for the year was \$3,298,026 mostly from depreciation of infrastructure and buildings.

	Condensed Statement of Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 8,290,943	\$ 8,290,943	\$ 331,741	\$ 75,360	\$ 8,622,684	\$ 8,366,303
Buildings and improvements	32,280,810	33,295,446	6,784,560	7,040,765	39,065,370	40,336,211
Improvements other than buildings	1,853,986	1,050,425	5,629,967	5,831,257	7,483,953	6,881,682
Machinery and equipment	2,472,009	2,415,579	711,760	358,971	3,183,769	2,774,550
Vehicles	178,572	208,319	-	-	178,572	208,319
Infrastructure	13,926,409	15,073,105	-	-	13,926,409	15,073,105
Construction in progress	32,431,953	10,123,814	958,393	536,410	33,390,346	10,660,224
Total capital assets, net	\$ 91,434,682	\$ 70,457,631	\$ 14,416,421	\$ 13,842,763	\$ 105,851,103	\$ 84,300,394

Governmental activities saw an increase of \$20,977,051 in capital assets primarily related to the construction in progress of Lakeland High School. Additional information can be found in Note 6 of this report.

Long-term debt: At the end of the current fiscal year, the City had total debt outstanding of \$63,685,070, all of which is debt backed by the full faith and credit of the government, although \$3,313,000 of this amount represents notes secured primarily by a specified revenue source with a full faith and credit pledge.

	Condensed Statement of Outstanding Debt					
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Notes payable	\$ 43,929,095	\$ 62,742,499	\$ 3,313,000	\$ 3,901,000	\$ 47,242,095	\$ 66,643,499
Settlement liability	277,771	332,443	-	-	277,771	332,443
Construction loan	1,370,704	1,433,692	-	-	1,370,704	1,433,692
General obligation bonds	14,794,500	-	-	-	14,794,500	-
Capital leases	-	105,163	-	-	-	105,163
Total debt	\$ 60,372,070	\$ 64,613,797	\$ 3,313,000	\$ 3,901,000	\$ 63,685,070	\$ 68,514,797

The City's total debt decreased \$4,829,727 during the current fiscal year. In addition to scheduled debt principal repayments, this reduction in debt is primarily due to two factors:

1. The issuance of refunding bonds which amortized premiums of \$1,510,404 creating a gain on refunding deferred inflow of resources.
2. The early repayment of the Series 2008 Tennessee Municipal League notes payable of \$2,738,000, as noted previously.

Additional information on the City's long-term debt can be found Note 7 of this report.

CITY OF LAKELAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2021

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the City's budget for the 2021-2022 fiscal year are discussed fully in the budget document and include:

- The City uses conservative revenue forecasts for budgeting purposes while also considering recent economic factors known at the time as impacted or potentially impacted by the continued COVID-19 pandemic. The primary source of funds remains property taxes.
- Property tax revenues will be used to operate the City of Lakeland and fund capital projects which include street and road repair and construction, and park acquisition and construction. The property tax rate for fiscal year 2021-2022 is \$1.04 per \$100 of assessed value, which is a decrease from the prior rate of \$1.24 per \$100 of assessed value. The approved rate is the equalized certified rate based on the 2021 reappraisal of property values.
- Sales tax and other state shared revenue are projected to increase as economic growth improves and due to the initial phased opening of large mixed-use development projects.
- The City fee structure is based on the concept that development pays for itself (so existing residents and businesses do not subsidize new development). The City budgets conservatively, and even one medium-size development would have significant effect on revenues.
- The City of Lakeland has approved a total budget of \$88,574,744 (net of interfund transfers) in governmental funds expenditures and \$1,424,010 in proprietary funds operating expenses for the 2021-2022 fiscal year. For governmental funds the capital budget accounts for \$52,855,054 leaving \$35,719,690 for governmental operations. The budget for Lakeland School System general purpose school fund is \$18,548,081 for the 2021-2022 fiscal year, which represents 51% of the City's total governmental operations budget amount noted above.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lakeland, Finance and Human Resources Director, 10001 U.S. Highway 70, Lakeland, Tennessee 38002.

BASIC FINANCIAL STATEMENTS

CITY OF LAKE LAND, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activity	Total
ASSETS			
Cash and cash equivalents	\$ 23,238,952	\$ 1,876,620	\$ 25,115,572
Receivables			
Property taxes	4,793,188	-	4,793,188
Grants	997,506	-	997,506
Other	282,580	1,721	284,301
Less allowance for doubtful accounts	(50,458)	-	(50,458)
Due from other governments	1,922,778	135,503	2,058,281
Restricted cash	26,380,872	-	26,380,872
Inventory	13,011	-	13,011
Prepaid items	3,531	-	3,531
Capital assets, not being depreciated	40,722,896	1,290,134	42,013,030
Capital assets, being depreciated, net	50,711,786	13,126,287	63,838,073
Net pension asset	1,613,016	-	1,613,016
Restricted investments	138,333	-	138,333
Total assets	<u>150,767,991</u>	<u>16,430,265</u>	<u>167,198,256</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	1,615,766	18,704	1,634,470
Related to OPEB	1,304,021	-	1,304,021
Total deferred outflows of resources	<u>2,919,787</u>	<u>18,704</u>	<u>2,938,491</u>
LIABILITIES			
Accounts payable and accrued liabilities	5,211,188	265,591	5,476,779
Accrued interest payable	200,593	-	200,593
Accrued payroll	964,658	19,838	984,496
Customer deposits	123,950	-	123,950
Unearned revenue	38,912	-	38,912
Noncurrent liabilities:			
Due within one year	656,717	612,000	1,268,717
Due in more than one year			
Other liabilities	59,819,980	2,701,000	62,520,980
Net pension liability	40,647	3,576	44,223
Net other postemployment benefits liability	3,569,452	-	3,569,452
Total liabilities	<u>70,626,097</u>	<u>3,602,005</u>	<u>74,228,102</u>
DEFERRED INFLOWS OF RESOURCES			
Current property taxes assessed for subsequent period	4,674,713	-	4,674,713
Related to pension	922,806	8,230	931,036
Related to other postemployment benefits	605,012	-	605,012
Gain on refunding	1,302,072	-	1,302,072
Total deferred inflows of resources	<u>7,504,603</u>	<u>8,230</u>	<u>7,512,833</u>
NET POSITION			
Net investment in capital assets	54,438,834	11,103,421	65,542,255
Restricted for:			
Net pension asset	1,613,016	-	1,613,016
Stabilization reserve trust	138,333	-	138,333
Storm water	266,466	-	266,466
Solid waste	281,885	-	281,885
School activities	804,111	-	804,111
Unrestricted	18,014,433	1,735,313	19,749,746
Total net position	<u>\$ 75,557,078</u>	<u>\$ 12,838,734</u>	<u>\$ 88,395,812</u>

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 2,073,494	\$ 3,606	\$ 1,234,300	\$ -	\$ (835,588)	\$ -	\$ (835,588)
Community development	562,646	397,838	-	656,355	491,547	-	491,547
Public works	4,719,674	1,508,963	138,760	457,642	(2,614,309)	-	(2,614,309)
Parks and recreation	513,748	155,651	-	-	(358,097)	-	(358,097)
Education	19,838,831	234,460	12,758,923	487,886	(6,357,562)	-	(6,357,562)
Interest on long-term debt	1,185,980	-	-	-	(1,185,980)	-	(1,185,980)
Debt issuance costs	34,000	-	-	-	(34,000)	-	(34,000)
Total governmental activities	28,928,373	2,300,518	14,131,983	1,601,883	(10,893,989)	-	(10,893,989)
Business-type activity:							
Sewer	1,387,998	1,906,847	-	-	-	518,849	518,849
Total business-type activities	1,387,998	1,906,847	-	-	-	518,849	518,849
Total primary government	\$ 30,316,371	\$ 4,207,365	\$ 14,131,983	\$ 1,601,883	(10,893,989)	518,849	(10,375,140)
General revenues:							
Property taxes					9,562,609	-	9,562,609
Local option sales tax					4,259,744	-	4,259,744
Other taxes							
Wholesale liquor and beer taxes					117,939	-	117,939
Business, cable tv, and hotel-motel taxes					341,558	-	341,558
Intergovernmental revenues:							
State sales tax					1,493,542	-	1,493,542
State income tax					62,071	-	62,071
Other state revenue					298,588	-	298,588
Other revenue					324,248	-	324,248
Interest on investments					71,153	3,271	74,424
Total general revenues and transfers					16,531,452	3,271	16,534,723
Change in net position					5,637,463	522,120	6,159,583
Net position - beginning, as originally reported					69,517,237	12,316,614	81,833,851
Effect of change in accounting principle					402,378	-	402,378
Net position - beginning, as restated					69,919,615	12,316,614	82,236,229
Net position - ending					\$ 75,557,078	\$ 12,838,734	\$ 88,395,812

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	General Purpose School Fund	School Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 11,057,685	\$ 8,883,166	\$ 911,592	\$ 42	\$ 2,386,467	\$ 23,238,952
Receivables						
Property taxes	4,793,188	-	-	-	-	4,793,188
Grants	687,804	147,525	-	-	162,177	997,506
Other	277,248	5,249	-	-	83	282,580
Less allowance for doubtful accounts	(50,458)	-	-	-	-	(50,458)
Due from other governments	683,418	1,024,164	9,697	-	205,499	1,922,778
Due from other funds	-	160,383	-	-	245,000	405,383
Inventory	1,660	-	-	-	11,351	13,011
Prepaid Items	-	1,857	-	-	1,674	3,531
Restricted cash	172,546	-	26,208,326	-	-	26,380,872
Restricted investments	-	138,333	-	-	-	138,333
Total assets	<u>\$ 17,623,091</u>	<u>\$ 10,360,677</u>	<u>\$ 27,129,615</u>	<u>\$ 42</u>	<u>\$ 3,012,251</u>	<u>\$ 58,125,676</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 507,154	\$ 125,626	\$ 3,753,393	\$ -	\$ 825,015	\$ 5,211,188
Accrued payroll	42,066	877,405	-	-	45,187	964,658
Customer deposits	123,950	-	-	-	-	123,950
Due to other funds	245,383	-	-	-	160,000	405,383
Unearned revenue	-	-	-	-	38,912	38,912
Total liabilities	<u>918,553</u>	<u>1,003,031</u>	<u>3,753,393</u>	<u>-</u>	<u>1,069,114</u>	<u>6,744,091</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue						
Property taxes	4,734,124	-	-	-	-	4,734,124
Other taxes	-	346,083	-	-	-	346,083
Grants	537,745	147,525	-	-	22,075	707,345
Other	144,838	-	-	-	-	144,838
Total deferred inflows of resources	<u>5,416,707</u>	<u>493,608</u>	<u>-</u>	<u>-</u>	<u>22,075</u>	<u>5,932,390</u>
FUND BALANCES						
Nonspendable	1,660	1,857	-	-	13,025	16,542
Restricted	172,546	138,333	23,376,222	-	1,352,462	25,039,563
Committed	1,612,139	-	-	42	555,575	2,167,756
Assigned	1,770,000	8,723,848	-	-	-	10,493,848
Unassigned	7,731,486	-	-	-	-	7,731,486
Total fund balances	<u>11,287,831</u>	<u>8,864,038</u>	<u>23,376,222</u>	<u>42</u>	<u>1,921,062</u>	<u>45,449,195</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,623,091</u>	<u>\$ 10,360,677</u>	<u>\$ 27,129,615</u>	<u>\$ 42</u>	<u>\$ 3,012,251</u>	<u>\$ 58,125,676</u>

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
NET POSITION

June 30, 2021

Total fund balances, governmental funds		\$ 45,449,195
Amounts reported for governmental activities in the statement of net position are different because:		
(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		91,434,682
(2) Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned or unavailable in the funds.		1,257,677
(3) Long-term debt is not due and payable in the current period and, therefore is not reported in the funds.		
Less: notes payable	(43,929,095)	
Less: general obligation bonds	(14,794,500)	
Less: settlement obligation	(277,771)	
Less: construction loan	<u>(1,370,704)</u>	(60,372,070)
(4) Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Less: accrued interest payable	(200,593)	
Less: compensated absences payable	<u>(104,627)</u>	(305,220)
(5) Net pension assets are not a financial resource in the current period, and net pension liabilities and net other postemployment liabilities are not payable with current financial resources and, therefore, are not reported in the funds.		
Add: net pension asset	1,613,016	
Less: net pension liability	(40,647)	
Less: net other postemployment liability	<u>(3,569,452)</u>	(1,997,083)
(6) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	1,615,766	
Add: deferred outflows of resources related to OPEB	1,304,021	
Less: deferred inflows of resources related to pensions	(922,806)	
Less: deferred inflows of resources related to OPEB	<u>(605,012)</u>	1,391,969
(7) The gain recognized on refunding debt is not a financial resource and will be amortized in future years.		<u>(1,302,072)</u>
Net position of governmental activities		<u><u>\$ 75,557,078</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General Fund	General Purpose School Fund	School Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 4,648,727	\$ 4,913,882	\$ -	\$ -	\$ -	\$ 9,562,609
Local taxes	2,200,349	2,552,449	-	-	-	4,752,798
Intergovernmental						
State sales, income and other tax	1,679,438	-	-	-	-	1,679,438
State gas tax	-	-	-	-	457,642	457,642
State grant revenue	-	10,549,886	-	-	-	10,549,886
Licenses and permits	353,234	-	-	-	-	353,234
Charges for services	203,861	34,577	-	-	1,708,846	1,947,284
Federal, state, and local grants	1,632,730	-	-	-	2,233,342	3,866,072
Contributions	-	-	487,886	-	-	487,886
Interest on investments	9,734	5,168	56,251	-	-	71,153
Other	5,814	33,004	-	-	288,930	327,748
Total revenues	<u>10,733,887</u>	<u>18,088,966</u>	<u>544,137</u>	<u>-</u>	<u>4,688,760</u>	<u>34,055,750</u>
EXPENDITURES						
Current						
General government	1,794,134	-	-	-	-	1,794,134
Community development	558,326	-	-	-	-	558,326
Public works	438,558	-	-	-	2,948,273	3,386,831
Parks and recreation	436,158	-	-	-	-	436,158
Education	-	16,257,621	-	-	2,738,663	18,996,284
Capital outlay	2,069,606	73,557	20,629,396	-	892,391	23,664,950
Debt Service						
Principal	-	105,163	-	17,420,660	-	17,525,823
Interest and fiscal charges	-	3,460	-	1,419,226	-	1,422,686
Bond issuance costs	-	-	-	34,000	-	34,000
Total expenditures	<u>5,296,782</u>	<u>16,439,801</u>	<u>20,629,396</u>	<u>18,873,886</u>	<u>6,579,327</u>	<u>67,819,192</u>
Excess (deficiency) of revenues over (under) expenditures	5,437,105	1,649,165	(20,085,259)	(18,873,886)	(1,890,567)	(33,763,442)
OTHER FINANCING SOURCES (USES)						
Issuance of refunding bonds	14,794,500	-	-	-	-	14,794,500
Transfers in	700,000	857,798	67,050	18,873,886	1,819,617	22,318,351
Transfers out	(21,543,808)	(700,000)	-	-	(74,543)	(22,318,351)
Total other financing sources (uses)	<u>(6,049,308)</u>	<u>157,798</u>	<u>67,050</u>	<u>18,873,886</u>	<u>1,745,074</u>	<u>14,794,500</u>
Net change in fund balances	(612,203)	1,806,963	(20,018,209)	-	(145,493)	(18,968,942)
Fund balances - beginning, as originally reported	11,900,034	7,057,075	43,394,431	42	1,664,177	64,015,759
Effect of change in accounting principle	-	-	-	-	402,378	402,378
Fund balances - beginning, as restated	<u>11,900,034</u>	<u>7,057,075</u>	<u>43,394,431</u>	<u>42</u>	<u>2,066,555</u>	<u>64,418,137</u>
Fund balances - ending	<u>\$ 11,287,831</u>	<u>\$ 8,864,038</u>	<u>\$ 23,376,222</u>	<u>\$ 42</u>	<u>\$ 1,921,062</u>	<u>\$ 45,449,195</u>

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Net change in fund balance - total governmental funds \$ (18,968,942)

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

<p>(1) Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p> <p style="padding-left: 20px;">Add: capital outlays capitalized 23,762,051</p> <p style="padding-left: 20px;">Less: depreciation expense <u>(2,785,000)</u></p>		20,977,051
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net difference between the amounts deferred in the current and prior years.</p>		(820,468)
<p>(3) The issuance of long-term debt (e.g. bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p> <p style="padding-left: 20px;">Add: principal payments on long-term debt 17,525,823</p> <p style="padding-left: 20px;">Add: amortization of premiums and discounts 1,510,404</p> <p style="padding-left: 20px;">Less: proceeds from current refunding <u>(14,794,500)</u></p>		4,241,727
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p> <p style="padding-left: 20px;">Change in accrued interest payable 28,374</p> <p style="padding-left: 20px;">Change in compensated absences <u>(8,686)</u></p>		19,688
<p>(5) Payments of contributions to the pension plans and OPEB plan are recorded as expenditures in the governmental funds. Pension expense and OPEB expense are recorded on an actuarially determined basis in the statement of activities.</p> <p style="padding-left: 20px;">Difference between actual contributions and pension expense 479,579</p> <p style="padding-left: 20px;">Difference between actual contributions and OPEB expense <u>(291,172)</u></p>		<u>188,407</u>
<p>Change in net position of governmental activities</p>		<u><u>\$ 5,637,463</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
PROPERTY TAXES				
Property taxes	\$ 4,551,565	\$ 4,551,565	\$ 4,635,269	\$ 83,704
Property tax interest and penalties	10,910	10,910	13,458	2,548
Total property taxes	4,562,475	4,562,475	4,648,727	86,252
LOCAL TAXES				
Local sales tax	1,466,478	1,466,478	1,740,852	274,374
Wholesale beer and liquor tax	92,821	92,821	117,939	25,118
Business tax	92,000	92,000	113,536	21,536
Hotel/motel tax	79,000	79,000	74,369	(4,631)
CATV franchise tax	150,400	150,400	141,043	(9,357)
Other revenue	4,700	4,700	12,610	7,910
Total local taxes	1,885,399	1,885,399	2,200,349	314,950
INTERGOVERNMENTAL				
State of Tennessee shared revenues				
Sales tax	1,160,000	1,160,000	1,318,779	158,779
Income tax	35,000	35,000	62,071	27,071
Beer and liquor tax	5,600	5,600	6,268	668
City streets and transportation funding	24,500	24,500	24,677	177
Receipts in lieu of tax - TVA	305,500	305,500	267,643	(37,857)
Total intergovernmental	1,530,600	1,530,600	1,679,438	148,838
LICENSES AND PERMITS				
Other general government	2,000	2,000	3,296	1,296
Parks improvement fees	9,500	9,500	6,637	(2,863)
Building and related permits	85,000	85,000	173,090	88,090
Other permits	39,650	39,650	58,048	18,398
Engineering fees	57,500	57,500	61,651	4,151
Administrative fees for developments	65,169	65,169	50,512	(14,657)
Total licenses and permits	258,819	258,819	353,234	94,415
CHARGES FOR SERVICES				
General government	-	-	310	310
Recreation fees for services	237,000	237,000	86,908	(150,092)
Parks development fees	57,580	57,580	46,528	(11,052)
Rental income	32,000	32,000	15,578	(16,422)
Other	-	-	54,537	54,537
Total charge for services	326,580	326,580	203,861	(122,719)
FEDERAL, STATE AND LOCAL GRANTS	2,240,438	3,827,247	1,632,730	(2,194,517)
INTEREST ON INVESTMENTS	27,000	27,000	9,734	(17,266)

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The accompanying notes are an integral part of the financial statements

CITY OF LAKE LAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER	\$ 15,000	\$ 15,000	\$ 5,814	\$ (9,186)
Total revenues	10,846,311	12,433,120	10,733,887	(1,699,233)
EXPENDITURES				
GENERAL GOVERNMENT				
General Government				
Salaries	198,361	223,461	215,523	7,938
Benefits	53,264	64,829	57,193	7,636
Contractual services	644,000	672,010	705,429	(33,419)
Materials and supplies	75,600	61,468	33,982	27,486
Insurance	59,500	54,900	50,102	4,798
Other charges	94,500	101,910	68,469	33,441
	<u>1,125,225</u>	<u>1,178,578</u>	<u>1,130,698</u>	<u>47,880</u>
Municipal Court				
Salaries	6,741	8,741	8,008	733
Benefits	3,981	3,881	3,253	628
Contractual services	200	1,200	1,111	89
	<u>10,922</u>	<u>13,822</u>	<u>12,372</u>	<u>1,450</u>
Board and Commissions				
Salaries	25,200	25,200	25,200	-
Benefits	2,968	2,967	2,157	810
Other charges	-	41,139	38,075	3,064
	<u>28,168</u>	<u>69,306</u>	<u>65,432</u>	<u>3,874</u>
Financial Administration				
Salaries	209,713	214,713	211,644	3,069
Benefits	96,761	90,961	87,326	3,635
Contractual services	1,000	900	805	95
Materials and supplies	-	-	-	-
Other charges	1,320	4,410	4,280	130
	<u>308,794</u>	<u>310,984</u>	<u>304,055</u>	<u>6,929</u>
GIS				
Salaries	110,000	115,000	111,670	3,330
Benefits	29,008	32,908	29,306	3,602
Contractual services	88,000	116,111	109,240	6,871
Materials and supplies	450	700	479	221
Other charges	13,350	35,042	30,882	4,160
	<u>240,808</u>	<u>299,761</u>	<u>281,577</u>	<u>18,184</u>
Total general government	1,713,917	1,872,451	1,794,134	78,317

(CONTINUED ON NEXT PAGE)

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
COMMUNITY DEVELOPMENT				
Engineering				
Salaries	\$ 64,061	\$ 69,061	\$ 62,801	\$ 6,260
Benefits	17,952	19,452	16,492	2,960
Contractual services	17,000	17,000	5,621	11,379
Materials and supplies	500	2,100	1,859	241
Other charges	7,940	7,580	2,556	5,024
	<u>107,453</u>	<u>115,193</u>	<u>89,329</u>	<u>25,864</u>
Construction Inspection				
Salaries	96,566	96,566	90,360	6,206
Benefits	33,482	42,032	36,689	5,343
Materials and supplies	5,400	6,250	5,899	351
Other charges	8,600	9,208	5,326	3,882
	<u>144,048</u>	<u>154,056</u>	<u>138,274</u>	<u>15,782</u>
Code Enforcement				
Salaries	37,348	40,848	38,494	2,354
Benefits	20,622	22,122	19,611	2,511
Contractual services	-	-	-	-
Materials and supplies	3,400	3,400	1,619	1,781
Other charges	920	1,420	633	787
	<u>62,290</u>	<u>67,790</u>	<u>60,357</u>	<u>7,433</u>
Planning and Economic Development				
Salaries	134,933	143,533	115,735	27,798
Benefits	51,709	51,209	37,686	13,523
Contractual services	116,000	110,500	89,711	20,789
Materials and supplies	500	500	-	500
Other charges	28,920	29,920	27,234	2,686
	<u>332,062</u>	<u>335,662</u>	<u>270,366</u>	<u>65,296</u>
Total community development	645,853	672,701	558,326	114,375
PUBLIC WORKS				
Salaries	330,612	338,104	271,993	66,111
Benefits	135,397	135,970	91,761	44,209
Contractual services	35,000	32,000	16,180	15,820
Materials and supplies	50,000	49,890	44,063	5,827
Other charges	20,500	25,108	14,561	10,547
Total public works	<u>571,509</u>	<u>581,072</u>	<u>438,558</u>	<u>142,514</u>

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The accompanying notes are an integral part of the financial statements

CITY OF LAKE LAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
PARKS AND RECREATION				
Senior Citizen				
Contractual services	\$ 3,500	\$ 3,500	\$ 1,440	\$ 2,060
Materials and supplies	22,750	22,750	1,201	21,549
Other charges	21,300	21,300	15,736	5,564
	<u>47,550</u>	<u>47,550</u>	<u>18,377</u>	<u>29,173</u>
IH Clubhouse				
Contractual services	3,000	3,000	2,768	232
Materials and supplies	32,000	36,234	11,905	24,329
Other charges	12,650	12,650	9,207	3,443
	<u>47,650</u>	<u>51,884</u>	<u>23,880</u>	<u>28,004</u>
Recreation				
Other charges	182,305	182,305	76,900	105,405
Park Administration				
Salaries	199,383	197,883	169,766	28,117
Benefits	85,084	85,084	70,084	15,000
Contractual services	39,500	39,500	14,156	25,344
Materials and supplies	18,800	20,800	30,805	(10,005)
Other charges	60,065	64,520	32,190	32,330
	<u>402,832</u>	<u>407,787</u>	<u>317,001</u>	<u>90,786</u>
Total parks and recreation	680,337	689,526	436,158	253,368
CAPITAL OUTLAY	<u>4,623,000</u>	<u>6,050,569</u>	<u>2,069,606</u>	<u>3,980,963</u>
Total expenditures	<u>8,234,616</u>	<u>9,866,319</u>	<u>5,296,782</u>	<u>4,569,537</u>
Excess of revenues over expenditures	2,611,695	2,566,801	5,437,105	2,870,304
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	14,794,500	14,794,500	-
Transfers in	706,250	706,250	700,000	(6,250)
Transfers out	(5,130,292)	(22,079,526)	(21,543,808)	535,718
Total other financing uses	<u>(4,424,042)</u>	<u>(6,578,776)</u>	<u>(6,049,308)</u>	<u>529,468</u>
Net change in fund balances	<u>\$ (1,812,347)</u>	<u>\$ (4,011,975)</u>	(612,203)	<u>\$ 3,399,772</u>
Fund balances - beginning			<u>11,900,034</u>	
Fund balances - ending			<u>\$ 11,287,831</u>	

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
PROPERTY TAXES	\$ 5,159,000	\$ 5,159,000	\$ 4,913,882	\$ (245,118)
LOCAL TAXES	1,400,000	1,700,000	2,552,449	852,449
INTERGOVERNMENTAL				
Basic Education Program	10,100,000	9,726,000	9,999,000	273,000
Career Ladder Program	20,000	20,000	18,456	(1,544)
Privilege tax	410,000	410,000	436,911	26,911
Other	2,000	2,000	95,519	93,519
Total intergovernmental	10,532,000	10,158,000	10,549,886	391,886
CHARGES FOR SERVICES	35,000	35,000	34,577	(423)
FEDERAL, STATE AND LOCAL GRANTS	-	310,768	-	(310,768)
INTEREST INCOME	4,000	4,000	5,168	1,168
OTHER	50,000	50,000	33,004	(16,996)
Total revenues	17,180,000	17,416,768	18,088,966	672,198
EXPENDITURES				
EDUCATION				
Board of education services				
Salaries	13,500	13,500	13,500	-
Benefits	264,488	257,618	255,753	1,865
Contractual services	80,000	78,569	59,202	19,367
Materials and supplies	5,000	3,110	892	2,218
Other charges	72,000	84,691	76,098	8,593
	434,988	437,488	405,445	32,043
Office of superintendent				
Salaries	159,181	160,181	160,181	-
Benefits	91,378	90,378	77,867	12,511
Contractual services	600	5,249	5,249	-
Materials and supplies	4,000	1,630	130	1,500
Other charges	14,100	14,321	11,958	2,363
	269,259	271,759	255,385	16,374
Office of principal				
Salaries	755,500	750,970	735,778	15,192
Benefits	214,956	214,956	195,009	19,947
Materials and supplies	12,361	13,091	13,091	-
Other charges	2,500	1,770	1,200	570
	985,317	980,787	945,078	35,709

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The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Regular instruction				
Salaries	\$ 7,243,364	\$ 7,313,854	\$ 6,983,100	\$ 330,754
Benefits	2,235,699	2,275,560	2,003,859	271,701
Contractual services	209,000	417,800	178,555	239,245
Materials and supplies	377,936	434,672	187,285	247,387
	<u>10,065,999</u>	<u>10,441,886</u>	<u>9,352,799</u>	<u>1,089,087</u>
Special education				
Salaries	1,006,000	978,079	971,498	6,581
Benefits	432,520	433,820	323,991	109,829
Contractual services	53,400	53,400	53,400	-
Materials and supplies	24,800	24,800	16,543	8,257
Other charges	1,100	1,100	-	1,100
	<u>1,517,820</u>	<u>1,491,199</u>	<u>1,365,432</u>	<u>125,767</u>
Other/Bonus Pay				
Salaries	110,000	354,900	137,851	217,049
Benefits	20,108	40,081	34,772	5,309
	<u>130,108</u>	<u>394,981</u>	<u>172,623</u>	<u>222,358</u>
Other student support				
Salaries	375,000	385,172	375,423	9,749
Benefits	122,598	125,816	103,135	22,681
Materials and supplies	8,000	8,000	713	7,287
Other charges	17,500	17,500	6,360	11,140
	<u>523,098</u>	<u>536,488</u>	<u>485,631</u>	<u>50,857</u>
Regular instruction support				
Salaries	346,000	346,000	336,692	9,308
Benefits	114,183	114,183	96,638	17,545
Materials and supplies	10,200	10,200	10,057	143
Other charges	7,000	7,000	2,237	4,763
	<u>477,383</u>	<u>477,383</u>	<u>445,624</u>	<u>31,759</u>
Special education support				
Salaries	255,062	246,744	245,387	1,357
Benefits	60,172	61,772	58,468	3,304
Contractual services	28,000	28,000	24,675	3,325
Materials and supplies	900	900	871	29
Other charges	4,000	2,400	614	1,786
	<u>348,134</u>	<u>339,816</u>	<u>330,015</u>	<u>9,801</u>

(CONTINUED ON NEXT PAGE)

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Technology				
Salaries	\$ 236,034	\$ 233,289	\$ 233,289	\$ -
Benefits	63,597	61,777	61,777	-
Contractual services	35,000	37,891	36,328	1,563
Materials and supplies	40,500	38,518	38,625	(107)
Other charges	109,500	112,052	111,947	105
	<u>484,631</u>	<u>483,527</u>	<u>481,966</u>	<u>1,561</u>
Fiscal services				
Salaries	129,000	129,000	123,612	5,388
Benefits	53,659	48,550	39,002	9,548
Contractual services	38,000	44,409	43,554	855
Materials and supplies	6,000	5,800	941	4,859
Other charges	4,000	2,480	270	2,210
	<u>230,659</u>	<u>230,239</u>	<u>207,379</u>	<u>22,860</u>
Human resources				
Salaries	123,000	123,000	117,320	5,680
Benefits	40,130	40,130	30,654	9,476
Contractual services	8,000	8,000	6,566	1,434
Materials and supplies	4,500	4,500	2,622	1,878
Other charges	4,200	4,200	300	3,900
	<u>179,830</u>	<u>179,830</u>	<u>157,462</u>	<u>22,368</u>
Health services				
Salaries	128,000	136,105	132,037	4,068
Benefits	40,528	42,097	33,976	8,121
Contractual services	6,000	6,000	2,833	3,167
Materials and supplies	2,000	4,210	1,902	2,308
Other charges	6,500	6,500	2,181	4,319
	<u>183,028</u>	<u>194,912</u>	<u>172,929</u>	<u>21,983</u>
Operation of plant				
Salaries	481,000	482,205	426,566	55,639
Benefits	111,677	102,559	78,395	24,164
Contractual services	40,000	71,611	68,045	3,566
Materials and supplies	30,750	45,645	38,099	7,546
Other charges	245,750	244,252	217,629	26,623
	<u>909,177</u>	<u>946,272</u>	<u>828,734</u>	<u>117,538</u>
Maintenance of plant				
Contractual services	30,000	33,452	31,796	1,656
Materials and supplies	40,000	46,547	44,810	1,737
	<u>70,000</u>	<u>79,999</u>	<u>76,606</u>	<u>3,393</u>
Transportation				
Contractual services	738,920	738,920	567,033	171,887

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The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cafeteria				
Salaries	\$ -	\$ 7,771	\$ 3,740	\$ 4,031
Benefits	-	1,246	368	878
Materials and supplies	-	18,900	3,372	15,528
	-	27,917	7,480	20,437
Total education	17,548,351	18,253,403	16,257,621	1,995,782
DEBT SERVICE				
Principal	105,163	105,163	105,163	-
Interest	4,591	4,591	3,460	1,131
Total debt service	109,754	109,754	108,623	1,131
CAPITAL OUTLAY	75,000	1,130,000	73,557	1,056,443
Total expenditures	17,733,105	19,493,157	16,439,801	3,053,356
Excess (deficiency) of revenues over (under) expenditures	(553,105)	(2,076,389)	1,649,165	(3,725,554)
OTHER FINANCING SOURCES (USES)				
Transfers in	559,355	783,255	857,798	74,543
Transfers out	(706,250)	(2,706,250)	(700,000)	2,006,250
Total other financing sources (uses)	(146,895)	(1,922,995)	157,798	2,080,793
Net change in fund balances	<u>\$ (700,000)</u>	<u>\$ (3,999,384)</u>	1,806,963	<u>\$ (1,644,761)</u>
Fund balances - beginning			7,057,075	
Fund balances - ending			<u>\$ 8,864,038</u>	

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2021

	Enterprise Fund Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,876,620
Receivables	
Other	1,721
Due from other governments	135,503
Total current assets	<u>2,013,844</u>
Noncurrent assets:	
Capital assets, not being depreciated	1,290,134
Capital assets, being depreciated, net	13,126,287
Total capital assets, net	<u>14,416,421</u>
Total assets	<u>16,430,265</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension	18,704
Total deferred outflows of resources	<u>18,704</u>
LIABILITIES	
Current liabilities:	
Accounts payable and other accruals	265,591
Accrued payroll	19,838
Current portion of notes payable	612,000
Total current liabilities	<u>897,429</u>
Noncurrent liabilities:	
Notes payable, net of current portion	2,701,000
Net pension liability	3,576
Total noncurrent liabilities	<u>2,704,576</u>
Total liabilities	<u>3,602,005</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pension	8,230
NET POSITION	
Net investment in capital assets	11,103,421
Unrestricted	1,735,313
Total net position	<u><u>\$ 12,838,734</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	Enterprise Fund Sewer Fund
Operating Revenues:	
Sewer service fee	\$ 1,540,097
Service connections fees	366,750
Total operating revenues	<u>1,906,847</u>
Operating Expenses:	
Salaries	244,411
Benefits	92,627
Materials and supplies	148,362
Utilities	154,280
Professional services	122,564
Other services and charges	46,927
MLGW collection fees	30,549
Depreciation	513,026
Total operating expenses	<u>1,352,746</u>
Operating income	554,101
Nonoperating Revenues (Expenses):	
Interest	3,271
Bond interest and fiscal charges	(32,504)
Loss on sale of capital assets	(2,748)
Total nonoperating expenses	<u>(31,981)</u>
Income (loss) before contributions and transfers	522,120
Change in net position	522,120
Total net position - beginning	<u>12,316,614</u>
Total net position - ending	<u>\$ 12,838,734</u>

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2021

	<u>Enterprise Fund Sewer Fund</u>
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,904,788
Payments to suppliers	(287,863)
Payments to employees	(339,569)
Other receipts	4,948
Net cash provided by operating activities	<u>1,282,304</u>
CASH FLOW FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,089,432)
Principal paid on capital debt	(588,000)
Interest paid on capital debt	(32,504)
Net cash used for capital and related financing activities	<u>(1,709,936)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>3,271</u>
Net decrease in cash and cash equivalents	(424,361)
Cash and cash equivalents - beginning of the year	<u>2,300,981</u>
Cash and cash equivalents - end of the year	<u>\$ 1,876,620</u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 554,101
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	513,026
Pension expense in excess of employer contributions	2,348
Change in assets and liabilities	
Receivables	2,889
Prepaid expenses	-
Accounts payable	214,819
Accrued payroll	(4,879)
Net cash provided by operating activities	<u>\$ 1,282,304</u>

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2021

	OPEB Trust Fund
ASSETS	
Cash and cash equivalents	\$ 40,404
Investments	
Exchange traded funds	520,708
Mutual funds	1,623,836
Structured investments	17,763
Total investments	<u>2,162,307</u>
Total assets	<u><u>\$ 2,202,711</u></u>
NET POSITION	
Restricted for OPEB	<u><u>\$ 2,202,711</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2021

	<u>OPEB Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 223,399
Plan members	46,423
Total contributions	<u>269,822</u>
Investment earnings (losses):	
Interest and dividends	48,619
Net appreciation in fair value of investments	420,028
Total investment earnings	<u>468,647</u>
Total additions	738,469
DEDUCTIONS	
Premiums	119,822
Administrative expense	7,653
Total deductions	<u>127,475</u>
Change in net position	610,994
Net position - beginning of the year	<u>1,591,717</u>
Net position - end of the year	<u><u>\$ 2,202,711</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF LAKELAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Lakeland, Tennessee (the City) was incorporated in 1977 and operates under a City Manager-Commissioners form of government.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is financially accountable. Blended component units, although legally separate entities, are in substance, part of a government's operations. The City has one blended component unit (see details below). The City has no discretely presented component units. The significant accounting policies followed by the component unit are generally the same as those followed by the primary government.

Blended Component Unit:

Lakeland School System (Board of Education or Schools) – Lakeland School System is a legally separate organization that includes all the public schools of the City. The Board of Education has a separately elected governing board but is fiscally dependent upon the City. The City provides funding, approves its operating budget, and issues debt for its capital projects. The Board of Education's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with the resources of the City. The Board of Education's General Purpose School Fund, School Federal Projects Fund, School Nutrition Fund, School Discretionary Grants Fund, Lakeland Extended Activities Program (LEAP) Fund and Internal School Fund are reported as special revenue funds of the City while the School Capital Projects Fund is reported as such for the City. The Board of Education's OPEB Trust Fund represents a fiduciary fund of the City. The Board of Education does not issue separate financial statements.

B. Basis of Presentation

1. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Certain eliminations have been made regarding interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and business type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, those transactions between governmental and business-type activities have not been eliminated.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the differences presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund Financial Statements

Separate financial statements are provided for governmental funds, the proprietary fund, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. The activities of the government are organized into funds, each of which are separate accounting entities. Each fund is accounted for by providing a set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City has presented all major funds that met the quantitative or qualitative criteria to be reported as a major fund as separate columns in the fund financial statements. The City's major funds are as follows:

Major Governmental Funds: General Fund, General Purpose School Fund, Education Capital Projects Fund, and Debt Service Fund.

Major Proprietary Funds: Sewer Fund

Detailed descriptions of these funds are presented below.

3. Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and statement of revenues, expenditures, and changes in fund balance individually for all major funds and in the aggregate for the remaining nonmajor funds. An accompanying schedule is presented to reconcile and explain the difference in fund balance and changes in fund balances as presented in these statements to net position and changes in net position presented in the government-wide financial statements. The governmental funds of the City are described below:

- a. **General Fund** – The primary operating fund of the City and accounts for all financial resources of the general government not specifically provided for in other funds. Most of the essential governmental services such as general administration, community services, and public works are reported in the general fund.
- b. **Special Revenue Funds** – These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or committed to expenditures for specific purposes. The special revenue funds include the State Street Aid Fund, Storm Water Fund, Solid Waste Control Fund, School Federal Projects Fund, School Nutrition Fund, Lakeland Extended Activities Program (LEAP) Fund, School Discretionary Grants Fund, and Internal School Fund. The special revenue funds also include the General Purpose School Fund which is described in further detail below:

General Purpose School Fund – The operating fund of the Lakeland School System and accounts for all general revenues and other receipts that are not allocated by law or contractual agreement to another Lakeland School System fund, such as property tax revenue from Shelby County, Tennessee, Basic Education Program (BEP) funds, sales tax, etc. General operating expenditures and capital improvement costs that are not paid through other School funds are paid from the General Purpose School Fund.

- c. **Education Capital Projects Fund** – This fund accounts for the School's financing of major capital improvement projects and capital asset purchases.
- d. **Debt Service Fund** – The fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. *Proprietary Fund Financial Statements*

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. The proprietary funds of the City are described below:

- a. **Enterprise Fund** – Accounts for business-like activities provided to the public. The activities are financed primarily by user charges and the measurement of the financial activity focuses on net income measurement like private sector businesses.

Sewer Fund – Accounts for sewer fees in connection with the operation of the City's sewer system. The proceeds of loans in this fund have been used specifically for the construction or acquisition of sewer systems and facilities. Since it is the intention of the City to repay these loans through sewer fund operations, these obligations are reported in this fund.

5. *Fiduciary Fund Financial Statements*

Fiduciary fund financial statements include a statement of fiduciary net position and statement of changes in fiduciary net position.

- a. **Other Postemployment Benefit Trust Fund** – This fund accounts for the activities and accumulation of resources that are required to be held in trust for the members and beneficiaries of other postemployment benefit plans. The School maintains the Other Postemployment Benefits Fund (School OPEB) to account for activity related to retiree group health and dental benefits.

C. **Measurement Focus and 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 statement of activities, both governmental and business-type activities are presented using the “economic resources” measurement focus. Accordingly, all the City's assets and liabilities, including capital assets and long-term liabilities, along with deferred inflows and outflows of resources, are included in the accompanying statement of net position. The statement of activities presents changes in net position.

Proprietary funds and fiduciary funds are also accounted for using the “economic resources” measurement focus. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included in the statement of net position. The statement of revenues, expenses, and changes in net position presents revenues (additions) and expenses (deductions) in total net position.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period. These funds use fund balance as their measure of available resources at the end of the period.

Basis of Accounting

The government-wide financial statements are presented using the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Unearned revenue arises when assets are recognized before revenue recognition

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

criteria have been satisfied. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer fund are charges to customers for sales and services. The sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available to finance expenditures of the current period. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, other local taxes, and intergovernmental revenues. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are measurable and available only when cash is received by the City. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The issuance of long-term debt is reported as other financing sources.

D - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

1. Deposits and investments

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents held by the trustee of the School OPEB Fund are included in cash and cash equivalents. Cash equivalents also include investments in the Local Government Investment Pool (LGIP) due to the short-term nature of their maturity.

Investments, including other postemployment benefit investments held in fiduciary funds, are reported at fair value except for those investments in the LGIP. The LGIP qualifies as a 2a7-like pool and is reported at amortized cost using a Stable Net Asset Value which approximates fair value.

Restricted investments consist of assets held in an irrevocable trust for future TCRS pension benefits.

2. Receivables

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts.

Real and personal property taxes are levied by June 1 for each fiscal year on values assessed as of the prior January 1. The City has an enforceable legal claim as of January 1 (the assessment date). Property taxes are due on October 1 and are considered delinquent after February 28, at which time penalties and interest are assessed and property is available for tax lien. All property taxes are billed and collected by the Shelby County Trustee.

Property taxes receivable are recognized as of the date the City has an enforceable legal claim. Property taxes are reflected as revenues in the fiscal period for which they are levied, which is the subsequent fiscal year for the current fiscal year's assessment, provided they are received and collected within the current period or within 60 days following the fiscal year end (August 31). Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30. Delinquent taxes estimated to be collected subsequent to August 31 are included in the balance sheet as property taxes receivable and a deferred inflow of resources to reflect amounts that were not

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

available as revenues at June 30, 2021. The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and City Charter, is set annually by the Board of Commissioners.

Receivables due from other governments are primarily from the United States government, the State of Tennessee, and Shelby County, Tennessee.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned as “unearned revenue.” At the end of the current fiscal year, unavailable revenue principally represents amounts relating to property taxes and grants.

3. Interfund transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

Permanent reallocations of resources between funds of the City are classified as interfund transfers. For the statement of activities, all transfers between individual governmental funds have been eliminated.

4. Inventories and prepaid items

Inventories consist of expendable supplies held for consumption and are valued at cost. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of inventory and prepaid items is recorded as expenditures/ expenses when consumed rather than when purchased.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets with an initial, individual cost of more than \$5,000 and an estimated useful life more than two years are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Land and construction in progress are not depreciated. Property, plant, equipment, and infrastructure of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	15-40 years
Other improvements	20 years
Machinery and equipment	5 years
Vehicles	5 years
Infrastructure	30 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Deferred outflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has qualifying items for reporting in this category. Deferred outflows of resources include those related to pension and other postemployment benefits.

7. Compensated absences

Compensated absences for accumulated unpaid vacation are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Vacation hours earned may be accrued depending on years of service and subject to maximums ranging from 160 – 200 hours. Compensated absences are paid out of the general fund, the general purpose school fund, LEAP fund, state street aid fund, solid waste fund, storm water fund, and the sewer fund. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Premiums and discounts are deferred and amortized over the life of the associated debt using the effective interest method. Debt is reported net of the applicable premium or discount. Debt issuance costs are expensed when incurred.

In the governmental fund financial statements, debt premiums and discounts, as well as issuance costs are recognized in the current period. The face amount of debt is reported as other financing sources in the period received. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether paid or withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an increase to net position that applies to a future period and is not recognized as an inflow of resources (revenue) until that time. The City has qualifying items for reporting in this category. Unavailable revenues from property taxes are amounts in the governmental funds that were receivable and measurable at year-end but were not available to finance expenditures for the current year. Deferred inflows of resources also include those related to pensions and other postemployment benefits. In addition, the unamortized gain on refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

10. Net position and fund balance

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

Net investment in capital assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted net position – all other net position that does not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, governmental funds report fund balances in classifications that compromise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications consist of the following five components, as applicable:

Nonspendable – amounts that cannot be spent because they are either (a) in a non-spendable form, including items not expected to be converted to cash (i.e. inventories, prepaid amounts, long-term portion of loans and notes receivable), or (b) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

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

Committed – amounts constrained to be used for specific purposes by formal action (ordinance) adopted by the Board of Commissioners and/or the Lakeland School System Board of Education. Amounts classified as committed are not subject to legal enforceability like restricted resources; however, they cannot be used for any other purpose unless the Board removes or changes the commitment by taking the same action it employed to impose the commitment.

Assigned – amounts intended to be used by the City for a specific purpose but are neither restricted nor committed. The intent shall be expressed by the Board of Commissioners or a designee authorized by the Board of Commissioners with authority to assign amounts. The nature of the actions necessary to remove or modify an assignment is not as rigid as required under a committed fund balance classification. The Mayor and City Manager have been authorized to assign amounts in the general fund for a specific purpose in accordance with fund balance policy established by the Board of Commissioners. The Lakeland School System Board of Education has the authority to assign the fund balance for the school funds. Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the general fund are reported as assigned fund balance.

Unassigned – represents the residual balance available for any purpose in the general fund. In other governmental funds, the classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

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

The City has determined that the unassigned general fund balance will remain at a level equal to 20-30 percent of general fund revenues, with a target of 25 percent, plus \$1,100,000 associated with cash flow management and protecting against exposure to variable rate debt. If fund balance is depleted below the level established by this policy, the City Manager, with consultation from the Finance Director, will develop a plan to replenish the fund balance. The plan will require the approval of the Board of Commissioners and will include recommendations for rate, fee, or revenue adjustments as well as expenditure reductions, as necessary. The plan will also be reviewed and modified on an annual basis until the fund balance policy level is achieved.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Pensions and Other Postemployment Benefits

The City maintains three defined benefit retirement plans sponsored by Tennessee Consolidated Retirement System and one defined benefit other postemployment benefit plan (OPEB) sponsored by the City.

For purposes of measuring the net pension and net OPEB assets or liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position, and additions to/deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the actuaries. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of each plan. Expenses of the plans, such as investment fees, trustee fees, and audit fees, are paid by the plans. However, certain administrative functions are performed by employees of the City and are not reimbursed by the plans. Investments, other than contracts, are reported at fair value. Investment income is recognized as earned. Plan assets do not include any securities of the City nor have any of the plans made any loans to the City.

12. Fair Value Measurements

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets and liabilities recorded at fair value in the statements of net position are categorized based on the level of judgment associated with the inputs used to measure their value. The three categories of level inputs are as follows: Level 1 inputs include unadjusted quoted prices in active markets for identical assets or liabilities accessible at the measurement date; Level 2 inputs include quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in inactive markets; or other inputs that can be corroborated by observable market data. Such inputs include market interest rates and volatilities, spreads and yield curves; Level 3 inputs are inputs which are unobservable for the asset or liability and rely on management's own assumptions that market participants would use in pricing the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining fair value, the City utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The methods used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at reporting date.

13. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E – New Governmental Accounting Standards Board (GASB) Pronouncements

The City implemented GASB Statement No. 84, *Fiduciary Activities*, required for fiscal periods ending June 30, 2021. The Statement was issued to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The implementation resulted in a reclassification to a special revenue fund for the Internal School Fund which was previously classified as an agency fund. The implementation has been accounted for as a change in accounting principle with a prior year adjustment increasing beginning fund balance in the amount of \$402,378.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 87, *Leases*, was issued to increase the usefulness of financial statements by requiring reporting of certain lease liabilities that currently are not reported, enhance comparability by requiring lessees and lessors to report leases under a single model, and enhance the usefulness of information by requiring notes to the financial statements regarding leasing arrangements. The requirements are effective for fiscal year 2022. The City is currently evaluating the impact that GASB Statement No. 87 may have on its financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The Mayor and Board of Commissioners annually approves the operating budgets of the general, special revenue, capital projects, debt service, and sewer funds of the City. Capital projects are approved as part of a five-year capital improvements plan (CIP). The total budgets of these funds constitute legal spending limits, requiring ordinance amendment. Transfers within the funds are authorized by the Board of Commissioners in the budget ordinance but must be presented to the Board of Commissioners at the next scheduled meeting. The Lakeland School Board of Education annually approves the operating budgets of the general purpose school fund, school federal projects, school nutrition, school discretionary grants, Lakeland Extended Activities Program, and school capital projects fund. The Board of Commissioners then approves the Lakeland School System budget. Annual budgets are adopted on a basis consistent with Tennessee Code Annotated, which is not materially different than the modified accrual basis of accounting for all governmental funds.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported in the fund balance categories of their related ultimate expenditure and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Excess of expenditures over appropriations

For the year ended June 30, 2021, no expenditures exceeded appropriations.

C. Deficit fund equity

As of June 30, 2021, none of the funds had a deficit fund balance.

NOTE 3 – DEPOSITS

Legal Provisions

Deposits must be collateralized by federal depository insurance, the Tennessee Bank Collateral Pool, collateral held by the City's agent in the City's name, collateral held by the Federal Reserve Banks acting as third party agents, or a combination of these methods. State statute requires that all uninsured deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are insured for purposes of credit risk disclosure.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for custodial risk is to follow state guidelines. As of June 30, 2021, all bank deposits were entirely insured by federal depository insurance and collateralized by the Bank Collateral Pool of the State of Tennessee.

NOTE 3 – DEPOSITS

Restricted Cash and Cash Equivalents

Restricted cash in the City's general fund represents the difference between bond proceeds and de minimis interest income received in the general fund related to the Series 2019 Bond Anticipation Note issued for building of the new high school less the amount transferred to LSS for funding of this project and the cost of bond issuance. This amount is held in a segregated bank account and is restricted for uses related to this project. Restricted cash in the school capital projects fund represent deposits in the LGIP that are restricted for school capital projects.

NOTE 4 – INVESTMENTS

Legal Provisions

Investments are limited to those authorized by Tennessee State Law. State statutes authorize the City to make direct investments in in bonds, notes or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the Tennessee Local Government Investment Pool (LGIP); bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and nonconvertible debt securities of certain federal government sponsored enterprises. 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. State statutes limit maturities of the above investments to four years from the date of investment unless a greater maturity is approved by the State Director of Finance.

The School is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School has placed funds into the irrevocable trust as authorized by stature under *Tennessee Code Annotated*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School or City. The trust is authorized to make investments as directed by the TCRS Board of Trustees. The School may not impose restrictions on investments placed by the trust on their behalf.

In addition to investments allowed by the School, the fiduciary fund's investment policies authorize investments in mutual funds, common stocks, and other equities.

A. Primary Government Investments

The LGIP represents 100% of the primary government's investments at June 30, 2021. These investments are reported at amortized cost which approximates fair value and are included as cash equivalents.

B. Restricted Investments – TCRS Stabilization Reserve Trust

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares. For further information concerning the School's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the TCRS may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advancedsearch/disclaimer/2020/ag20045.pdf>.

NOTE 4 – INVESTMENTS (CONTINUED)

The following table summarizes fair value disclosures and measurements for the School's investments held by the TRGT on its behalf June 30, 2021:

Investments at Fair Value	Level 1	Level 2	Level 3	Total
U.S. equity	\$ 42,883	\$ -	\$ -	\$ 42,883
Developed market international equity	19,367	-	-	19,367
Emerging market international equity	5,533	-	-	5,533
U.S. fixed income	27,667	-	-	27,667
Short-term securities	1,383	-	-	1,383
Real estate	13,833	-	-	13,833
	110,666	-	-	110,666
Investments at amortized cost using NAV				
Private equity and strategic lending	-	-	-	27,667
Total restricted investments	\$ -	\$ -	\$ -	\$ 138,333

C. Fiduciary Investments

The School administers one fiduciary fund, the OPEB Trust Fund, whose investments are held by a third party trustee bank. Additionally, the School utilizes an advisor to select appropriate investment choices. The following table summarizes fair value disclosures and measurements for the fiduciary investments at June 30, 2021:

Investments at Fair Value	Level 1	Level 2	Level 3	Total
Fiduciary Activities:				
Equity exchange traded funds	\$ 485,580	\$ -	\$ -	\$ 485,580
Fixed income exchange traded funds	35,128	-	-	35,128
Equity mutual funds	1,000,934	-	-	1,000,934
Fixed income mutual funds	622,902	-	-	622,902
Structured Investments	-	-	17,763	17,763
	\$ 2,144,544	\$ -	\$ 17,763	\$ 2,162,307

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021:

- *Short-term securities:* generally, include investments in money market-type securities reported at cost plus accrued interest.
- *Equity and equity derivative securities:* Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Level 2 are securities whose values are derived daily from associated traded securities. Level 3 are valued with last trade data having limited trading volume.
- *US Treasury Bills, Bonds, Notes and Futures:* Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.
- *Real estate investments:* Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.
- *Private mutual funds, traditional private equity funds, strategic lending funds and real estate funds:* Those funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

NOTE 4 – INVESTMENTS (CONTINUED)

Risks and Uncertainties – The fiduciary fund trust's and TRGT's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School does not have the ability to limit TRGT investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City and School manages its exposure to declines in fair value by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City and School invests operating funds primarily in shorter-term securities or the LGIP and limits the average maturity of the portfolio to those established by TCA 6-5-106 for commercial paper and repurchase agreements and four years for investments in securities of the U.S. Treasury, Federal Government sponsored agencies, or certificates of deposit.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. The School places no limit on the amount the TRGT may invest in one issuer. The City and School have adopted the investment policy established by TCA 6-5-106 for investments other than those held for Pension and OPEB benefits. The School diversifies its fiduciary fund investment portfolios so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. The School had no investments that comprised more than 5% of its total investments at June 30, 2021.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments in the LGIP are held by the State Treasury, not in the name of the City. The third party bank is also a participant in the State collateral pool. Pursuant to the trust agreements, investments are held in the TRGT and each fiduciary trust are for the benefit of the School to pay retirement benefits of their respective employees.

Interest Rate Risk – The School manages its exposure to declines in fair value by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The School invests operating funds primarily in shorter-term securities or the LGIP and limits the average maturity of the portfolio to those established by TCA 6-5-106 for commercial paper and repurchase agreements and four years for investments in securities of the U.S. Treasury, Federal Government sponsored agencies, or certificates of deposit.

NOTE 5 – INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2021, is as follows:

	Due from Other Fund	Due to Other Funds
Major Funds		
General Fund		
General Purpose School Fund	\$ -	\$ 383
Storm Water Fund	-	245,000
	<u>-</u>	<u>245,383</u>
General Purpose School Fund		
General Fund	383	-
Federal Projects Fund	150,000	-
Discretionary Grants Fund	10,000	-
	<u>160,383</u>	<u>-</u>
Nonmajor Funds		
Storm Water Fund		
General Fund	245,000	-
Federal Projects Fund		
General Purpose School Fund	-	150,000
Discretionary Grants Fund		
General Purpose School Fund	-	10,000
	<u>245,000</u>	<u>160,000</u>
	<u>\$ 405,383</u>	<u>\$ 405,383</u>

These balances resulted from the time lag between the dates that the interfund goods and services are provided or reimbursable expenditures occur and when payments between funds are made.

The composition of interfund transfers for the year ended June 30, 2021 is as follows:

	Transfers In					
	Major Funds				Aggregate Nonmajor	
Transfers Out	General	General Purpose School	School Capital Projects	Debt Service	Governmental	
Major Funds						
General	\$ -	\$ 783,255	\$ 67,050	\$ 18,873,886	\$ 1,819,617	\$ 21,543,808
General Purpose School	700,000	-	-	-	-	700,000
Aggregate Nonmajor						
Governmental	-	74,543	-	-	-	74,543
Total	<u>\$ 700,000</u>	<u>\$ 857,798</u>	<u>\$ 67,050</u>	<u>\$ 18,873,886</u>	<u>\$ 1,819,617</u>	<u>\$ 22,318,351</u>

Transfers out of the major funds generally represent debt service, cost allocation, and capital project funding.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,290,943	\$ -	\$ -	\$ 8,290,943
Construction in progress	10,123,814	22,660,697	(352,558)	32,431,953
Total capital assets, not being depreciated	18,414,757	22,660,697	(352,558)	40,722,896
Capital assets, being depreciated:				
Buildings and improvements	37,970,247	27,175	-	37,997,422
Other improvements	5,049,338	1,044,667	-	6,094,005
Machinery and equipment	4,410,821	352,020	-	4,762,841
Vehicles	456,981	30,050	-	487,031
Infrastructure	68,314,665	-	-	68,314,665
Total capital assets, being depreciated	116,202,052	1,453,912	-	117,655,964
Less accumulated depreciation for:				
Buildings and improvements	(4,674,801)	(1,041,811)	-	(5,716,612)
Other improvements	(3,998,913)	(241,106)	-	(4,240,019)
Machinery and equipment	(1,995,242)	(295,590)	-	(2,290,832)
Vehicles	(248,662)	(59,797)	-	(308,459)
Infrastructure	(53,241,560)	(1,146,696)	-	(54,388,256)
Total accumulated depreciation	(64,159,178)	(2,785,000)	-	(66,944,178)
Total capital assets, being depreciated, net	52,042,874	(1,331,088)	-	50,711,786
Governmental activities capital assets, net	\$ 70,457,631	\$ 21,329,609	\$ (352,558)	\$ 91,434,682
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 75,360	\$ 256,381	\$ -	\$ 331,741
Construction in progress	536,410	438,393	(16,410)	958,393
Total capital assets, not being depreciated	611,770	694,774	(16,410)	1,290,134
Capital assets, being depreciated:				
Buildings and improvements	10,499,269	-	-	10,499,269
Other improvements	9,347,341	-	-	9,347,341
Machinery and equipment	679,822	411,070	(2,883)	1,088,009
Total capital assets, being depreciated	20,526,432	411,070	(2,883)	20,934,619
Less accumulated depreciation for:				
Buildings and improvements	(3,458,504)	(256,205)	-	(3,714,709)
Other improvements	(3,516,084)	(201,290)	-	(3,717,374)
Machinery and equipment	(320,851)	(55,531)	133	(376,249)
Total accumulated depreciation	(7,295,439)	(513,026)	133	(7,808,332)
Total capital assets, being depreciated, net	13,230,993	(101,956)	(2,750)	13,126,287
Business-type activities capital assets, net	\$ 13,842,763	\$ 592,818	\$ (19,160)	\$ 14,416,421

NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:		
General government	\$	228,535
Community development		4,320
Public works		1,329,308
Parks and recreation		74,967
Education		1,147,870
Total depreciation expense - governmental activities	\$	<u>2,785,000</u>
Business-Type Activities:		
Sewer	\$	<u>513,026</u>

Construction and other significant commitments

The government has active construction projects as of June 30, 2021. At year end the government's commitments with contractors are approximately as follows:

Project	Spent-to-Date	Remaining Commitment
City construction		
Canada Road	\$ 3,939,000	\$ -
Canada Road bike path	1,118,000	343,000
Public Works maintenance building	624,000	64,000
Athletic complex	270,000	-
Education construction		
Lakeland High School and Athletic Complex	26,481,000	22,746,000
	<u>\$ 32,432,000</u>	<u>\$ 23,153,000</u>

NOTE 7 – LONG-TERM LIABILITIES

1. Long-Term Debt

General obligation and revenue notes payable

The City periodically issues general obligation notes for the acquisition, construction, and improvement of major capital facilities and infrastructure. The City is not subject to any state or other law that limits the amount of debt a City may have outstanding; therefore, there is no legal debt margin or computation thereof. The City's full faith, credit and unlimited taxing power are pledged to the repayment of all general obligation notes payable and interest and the City is contingently liable for the repayment of revenue notes principal and interest. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Certain notes contain a provision in which amounts outstanding become immediately due on default.

On January 27, 2021, the City issued \$14,794,500 in General Obligation Refunding Bonds, Series 2021 maturing on January 27, 2061, with a true interest cost of 2.114%. The proceeds were used to refund \$14,350,000 in General Obligation Capital Outlay Notes, Series 2015. These notes were retired on January 27, 2021. By refunding the notes the City received an economic gain of \$1,396,649. The refunding reduced the City's annual debt service payments on the Series 2015 debt by \$1,676,155.

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Shelby County Settlement Obligation

In January 2014, the City and the School entered into a settlement agreement with the Board of Commissioners of Shelby County, Shelby County, Tennessee, and the Shelby County Board of Education. The City agreed to pay the Shelby County Board of Education twelve annual installments of \$56,337. The City elected to establish the liability incurred through the settlement agreement at its present value with a discount rate of .50%.

Debt outstanding as of June 30, 2021 consisted of the following:

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Outstanding at Year End</u>
Governmental activities:				
<u>Payable through Debt Service Fund</u>				
Notes from direct borrowings:				
TN Municipal League Note, Series 2001	.22%*	5/26/2023	\$ 3,500,000	\$ 429,095
Bond Anticipation Note, Series 2019	1.55%	12/12/2022	43,500,000	43,500,000
TLDA Construction Loan	1.89%	7/20/2039	1,725,000	1,370,704
General Obligation Refunding Bonds, Series 2021 R1	2.125%	1/27/2061	5,194,500	5,194,500
General Obligation Refunding Bonds, Series 2021 R2	2.125%	1/27/2061	9,600,000	9,600,000
			<u>63,519,500</u>	<u>60,094,299</u>
Other Debt:				
Shelby County Settlement Liability	.50%	11/1/2025	\$ 676,044	\$ 277,771
			<u>\$ 64,195,544</u>	<u>\$ 60,372,070</u>
Business-type activities:				
<u>Payable through Sewer Fund</u>				
Notes from direct borrowings:				
TN Municipal League Note, Series 2005	.22%*	5/25/2026	<u>\$ 11,000,000</u>	<u>\$ 3,313,000</u>

*Variable rate Tennessee Municipal Bond Fund loan rate for June 30, 2021 was .22%

Annual debt service requirements to maturity for bonds and notes payable are as follows:

Years Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	525,675	\$ 1,014,688	\$ 612,000	\$ 7,289
2023	44,015,062	637,088	636,000	5,942
2024	315,391	327,024	661,000	4,543
2025	321,949	320,466	688,000	3,089
2026	328,642	313,773	716,000	1,575
2027-2031	1,748,583	1,463,489	-	-
2032-2036	1,938,099	1,273,975	-	-
2037-2041	1,973,689	1,066,883	-	-
2042-2046	1,894,668	869,686	-	-
2047-2051	2,104,715	659,635	-	-
2052-2056	2,338,049	426,303	-	-
2056-2061	2,589,777	167,103	-	-
	<u>\$ 60,094,299</u>	<u>\$ 8,540,113</u>	<u>\$ 3,313,000</u>	<u>\$ 22,438</u>

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Future payments under the settlement liability are as follows:

Years Ending June 30	Settlement Liability
2022	\$ 56,337
2023	56,337
2024	56,337
2025	56,337
2026	56,337
Total payments	281,685
Less amount representing interest	(3,914)
Present value of minimum payments	<u>\$ 277,771</u>

2. Changes in long-term liabilities

A summary of long-term liability activity, including debt, for the year ended June 30, 2021 is as follows. Additional detailed information is available following the summary.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
TML notes payable	\$ 3,382,095	\$ -	\$ (2,953,000)	\$ 429,095	\$ 223,000
Capital outlay notes	14,350,000	-	(14,350,000)	-	-
Unamortized premiums	1,510,404	-	(1,510,404)	-	-
Total capital outlay notes	19,242,499	-	(18,813,404)	429,095	223,000
Bond anticipation note	43,500,000	-	-	43,500,000	-
Construction loan	1,433,692	-	(62,988)	1,370,704	64,188
General obligation bonds	-	14,794,500	-	14,794,500	238,487
Settlement Liability	332,443	-	(54,672)	277,771	54,946
Capital lease payable	105,163	-	(105,163)	-	-
Total long-term debt	64,613,797	14,794,500	(19,036,227)	60,372,070	580,621
Compensated absences	95,941	44,749	(36,063)	104,627	76,096
	<u>\$ 64,709,738</u>	<u>\$ 14,839,249</u>	<u>\$ (19,072,290)</u>	<u>\$ 60,476,697</u>	<u>\$ 656,717</u>
Business-type activities:					
Revenue notes payable	<u>\$ 3,901,000</u>	<u>\$ -</u>	<u>\$ (588,000)</u>	<u>\$ 3,313,000</u>	<u>\$ 612,000</u>

For governmental activities, compensated absences are generally liquidated by the general fund and general purpose school fund.

NOTE 8 – DEFERRED GAIN ON REFUNDING

The unamortized deferred gain on refunding relates to General Obligation Refunding Bonds for governmental activities. Deferred gain on refunding reported in the statement of net position at June 30, 2021 of \$1,302,072 related to the refunding of the Series 2015 Capital Outlay Notes.

NOTE 9 – FUND BALANCES BY PURPOSE

Following is more detailed information on the government-wide calculation of net investment in capital assets:

	Governmental Activities	Business-Type Activities	Total
Capital assets, net of accumulated depreciation	\$ 91,434,682	\$ 14,416,421	\$ 105,851,103
Total outstanding balance of capital debt	(60,372,070)	(3,313,000)	(63,685,070)
Unspent bond proceeds related to debt	23,376,222	-	23,376,222
Net investment in capital assets	<u>\$ 54,438,834</u>	<u>\$ 11,103,421</u>	<u>\$ 65,542,255</u>

Following is more detailed information on the governmental fund balances:

	General Fund	General Purpose School Fund	School Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
Nonspendable for:						
Inventory	\$ 1,660	\$ -	\$ -	\$ -	\$ 11,351	\$ 13,011
Prepaid expenditures	-	1,857	-	-	1,674	3,531
Total nonspendable fund balance	<u>1,660</u>	<u>1,857</u>	<u>-</u>	<u>-</u>	<u>13,025</u>	<u>16,542</u>
Restricted for:						
Education capital projects	-	-	23,376,222	-	-	23,376,222
Solid waste	-	-	-	-	281,885	281,885
Storm water	-	-	-	-	266,466	266,466
Education	172,546	-	-	-	804,111	976,657
Stabilization reserve trust	-	138,333	-	-	-	138,333
Total restricted fund balance	<u>172,546</u>	<u>138,333</u>	<u>23,376,222</u>	<u>-</u>	<u>1,352,462</u>	<u>25,039,563</u>
Committed for:						
Park acquisition	436,183	-	-	-	-	436,183
Education	910,103	-	-	-	-	910,103
Major roads	265,853	-	-	-	-	265,853
State street aid	-	-	-	-	555,575	555,575
Debt service	-	-	-	42	-	42
Total committed fund balance	<u>1,612,139</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>555,575</u>	<u>2,167,756</u>
Assigned to:						
Parks - Athletic Complex	1,770,000	-	-	-	-	1,770,000
Education	-	8,723,848	-	-	-	8,723,848
	<u>1,770,000</u>	<u>8,723,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,493,848</u>
Unassigned						
	7,731,486	-	-	-	-	7,731,486
Total fund balances	<u>\$ 11,287,831</u>	<u>\$ 8,864,038</u>	<u>\$ 23,376,222</u>	<u>\$ 42</u>	<u>\$ 1,921,062</u>	<u>\$ 45,449,195</u>

NOTE 10 – PENSIONS

The City of Lakeland and Lakeland School System participate in the following defined benefit multiple-employer Public Employee Retirement Plans administered by the Tennessee Consolidated Retirement System (TCRS):

- I. Public Employee Retirement Plan of TCRS (Classified Plan) – Certain employees of the City of Lakeland and certain classified employees of the Lakeland School System that were former Legacy Shelby County or Memphis City Schools Employees are included in this plan. The plan was closed to new membership on January 1, 2015 but continues to provide benefits to existing members. This is an agent multiple-employer pension plan.
- II. Teacher Legacy Pension Plan of TCRS (School Certified Plan) – Certain certified employees with membership in TCRS prior to July 1, 2014 are included in this plan. The plan was closed to new membership on June 30, 2014 but continues to provide benefits to existing members. The plan is a cost sharing multiple-employer pension plan.
- III. Teacher Retirement Plan of TCRS (School Hybrid Plan) – Certain staff with membership in TCRS beginning on or after July 1, 2014 are included in this plan. The plan is a hybrid plan which features both a defined contribution element and a pension plan element. The plan is a cost sharing multiple-employer pension 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 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 publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs. 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.

The net pension assets, deferred outflows of resources, net pension liabilities, and deferred inflows of resources related to pensions reported on the statement of net position are summarized as follows:

	Net Pension Asset	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
Governmental Activities					
Classified Plan	\$ -	\$ 221,009	\$ 40,647	\$ 93,544	\$ 42,435
School Certified Plan	1,522,758	1,319,703	-	779,362	209,498
School Hybrid Plan	90,258	75,054	-	49,900	34,411
Total governmental activities	<u>1,613,016</u>	<u>1,615,766</u>	<u>40,647</u>	<u>922,806</u>	<u>286,344</u>
Business-type Activities					
Classified Plan	-	18,704	3,576	8,230	5,741
Total	<u>\$ 1,613,016</u>	<u>\$ 1,634,470</u>	<u>\$ 44,223</u>	<u>\$ 931,036</u>	<u>\$ 292,085</u>

For governmental activities, pension liability is generally liquidated by the general and general purpose school funds.

NOTE 10 – PENSIONS (CONTINUED)

A. General Information about the Pension Plans

Benefits Provided

Under the Classified Plan and School Certified Plan, 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. A reduced early retirement benefit is available at age 55 and vested. Under the School Hybrid Plan, members 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. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80.

Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Additionally, under the School Certified Plan and School Hybrid 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.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2020, the following employees were covered by the terms of the agent plan:

	Classified Plan
Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	17
Active employees	20
	51

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or, for the School Hybrid Plan, by automatic cost controls set by law. Employees contribute 5 percent of salary. The City and School make employer contributions at the rate set by the Board of Commissioners as determined by an actuarial valuation. By law, employer contributions to each plan are required to be paid. TCRS may intercept the City’s state shared taxes if the required employer contributions are not remitted. 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. Per the statutory provisions governing TCRS, the employer contribution rate for the School Hybrid Plan cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees is reached. Employer contributions to each plan for the year ended June 30, 2021 were as follows:

	Classified Plan	School Certified Plan	School Hybrid Plan
Employer contributions	\$ 42,798	\$ 690,477	\$ 54,964
Covered payroll	995,302	6,723,240	2,713,911
As a percentage of covered payroll	4.30%	10.27%	2.03%

NOTE 10 – PENSIONS (CONTINUED)

B. Actuarial Assumptions for each TCRS Plan

The total pension liability as of June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	7.25%, net of investment expense, including inflation
Cost-of-Living Adjustment	2.25%
Mortality rates	Actual experience including an adjustment for anticipated movement

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to reflect more closely actual and expected future experience.

Investment Policy

The long-term expected rate of return on pension plan investments were established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projects and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Board of Education will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

NOTE 10 – PENSIONS (CONTINUED)

C. Net Pension Liability (Asset)

The net pension liability (asset) for each TCRS plan was measured as of June 30, 2020, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. The components of the net pension liability for the agent plans at June 30, 2021 are as follows:

	Agent Plans	Cost-Sharing Plans	
	Classified Plan	School Certified Plan	School Hybrid Plan
Total Pension Liability			
Service cost	\$ 52,918		
Interest	180,033		
Changes of benefit items	-		
Differences between expected and actual experience	46,728		
Changes in assumptions	-		
Benefit payments, including refunds	(110,012)		
Net change in total pension liability	169,667		
Total pension liability - beginning	2,485,305		
Total pension liability - ending	2,654,972		
Plan Fiduciary Net Position			
Contributions - employer	\$ 36,167		
Contributions - employee	42,055		
Net investment income	124,168		
Benefit payments	(110,012)		
Administrative expense	(1,772)		
Net change in plan fiduciary net position	90,606		
Plan fiduciary net position - beginning	2,520,143		
Plan fiduciary net position - ending	2,610,749		
Net pension liability (asset)	\$ 44,223		
Plan fiduciary net position as a percentage of the total pension liability	98.33%		
Proportionate share of net pension liability (asset)		\$ (1,522,758)	\$ (90,258)
Proportionate share at June 30, 2020 measurement date		0.199687%	0.158725%
Proportionate share at June 30, 2019 measurement date		0.183808%	0.144815%

The proportion of the net pension liability (asset) was based on the School's contributions to each cost-sharing plan relative to the contributions of all participating LEAs. Detailed information about each cost-sharing pension plan's fiduciary net position is available in a separately issued TCRS financial report.

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

The following presents the net pension liability (asset) or proportionate share of net pension liability (asset) of the City related to each TCRS plan calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) or proportionate share of net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage point higher (8.25 percent) than the current rate:

	1% Decrease	Current Rate	1% Increase
Net pension liability (asset)			
Classified Plan	\$ 414,770	\$ 44,223	\$ (250,792)
Proportionate share of the net pension liability (asset)			
School Certified Plan	\$ 4,735,745	\$ (1,522,758)	\$ (6,712,527)
School Hybrid Plan	25,900	(90,258)	(161,316)

NOTE 10 – PENSIONS (CONTINUED)

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

For the year ended June 30, 2021, the City reported pension expense, deferred outflows of resources, and deferred inflows of resources related to each plan from the following sources:

	Classified Plan	School Certified Plan	School Hybrid Plan
Pension Expense (Negative Pension Expense)	\$ 48,176	\$ 209,498	\$ 34,411
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 161,867	\$ 57,889	\$ 3,353
Net difference between projected and actual earnings on pension plan investments	19,813	340,093	7,353
Changes in Assumptions	15,235	138,336	2,830
Changes in proportion of net pension liability (asset)	-	92,908	6,554
Contributions subsequent to the measurement date of June 30, 2020	42,798	690,477	54,964
Total	<u>\$ 239,713</u>	<u>\$ 1,319,703</u>	<u>\$ 75,054</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 101,774	\$ 732,115	\$ 22,618
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in Assumptions	-	-	-
Changes in proportion of net pension liability (asset)	-	47,247	27,282
	<u>\$ 101,774</u>	<u>\$ 779,362</u>	<u>\$ 49,900</u>

The amounts shown above for “Contributions subsequent to the measurement date of June 30, 2020,” 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 for the years ending June 30:

	Classified Plan	School Certified Plan	School Hybrid Plan
2022	\$ 6,435	\$ (333,960)	\$ (2,824)
2023	20,724	(37,707)	(1,761)
2024	47,170	(3,757)	(1,219)
2025	20,812	225,288	(1,065)
2026	-	-	(3,555)
Thereafter	-	-	(19,386)

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

NOTE 11 – DEFINED CONTRIBUTION EMPLOYEE BENEFIT PLAN

School Hybrid Plan 401(k) Portion

The School Hybrid Plan provides a combination of a defined benefit plan and a defined contribution plan. The defined benefit portion of the Hybrid Plan is managed by TCRS. The defined contribution assets are deposited into the State’s 401(k) plan where the employee manages the investments within the 401(k) plan. Enrolled employees may, at their option, contribute 2% of their salaries and employers are required to contribute 5% of those salaries to the defined contribution (401(k)) portion of the Hybrid Plan. Contributions are made on a tax-deferred basis. Employees are immediately vested in contributions. During 2021, the School’s employer contribution to the Hybrid Plan was \$225,172.

City of Lakeland and Lakeland School System 401(k) Plan

The City is the administrator of the State of Tennessee Deferred Compensation Plan II defined contribution 401(k) plan. The plan is available to all full-time City of Lakeland employees and full-time classified Lakeland School System employees hired after January 1, 2015 who have attained the age of eighteen and who are not participating in the TCRS plans. The plan is managed by the City of Lakeland Board of Commissioners who has the authority for establishing and amending the plan’s provisions. Under the plan terms, the City will match participant contributions up to 5% of the participant’s salary. Participants are required to contribute 5% of their compensation. Participants are 100% vested in their contributions when they are made and are 100% vested in the employer contributions after 5 years of service. During 2021, the City and School contributed \$62,830 and \$207,427, respectively, to the plan.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)

The School administers a single-employer defined benefit other postemployment benefit plan to provide health care benefits to certain School employees who qualify under the provisions of the TCRS i.e. Lakeland School System Other Postemployment Benefit Plan (OPEB).

A. General Information about the OPEB Plan

Benefits Provided

Legacy employees that qualify for retirement benefits under the TCRS may be eligible for post-retirement health benefits for life. Eligible employees must complete 15 years of service with the Lakeland School System and meet the requirements under TCRS. Those who are former employees of Shelby County School District or Memphis City Schools must have 15 years of continuous service with Lakeland School System, Shelby County, and/or Memphis City Schools prior to retirement. Legacy employees are those employees who have attained at least three years of service as of July 1, 2016 from Lakeland School System, Shelby County School District or Memphis City Schools and were hired by Lakeland School System directly from any Shelby County school system prior to October 15, 2018. Non-Legacy employees are not eligible for any post-retirement health benefits. Surviving spouses of legacy retirees can stay on the plan at their own expense until eligible for Medicare. The premium charged to retirees is the portion of premiums not covered by the Lakeland School System explicit subsidy. The Board of Education has established benefit provisions and contribution obligations.

Employees Covered by Benefit Terms

Plan membership as of the actuarial valuate date of June 30, 2020 consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	11
Active employees	77
	<hr/>
	88
	<hr/>

Contributions

Lakeland School System’s intent, at a minimum, is to partially fund the annual required contribution at \$200,000 per year and pay for the pay-as-you-go costs from the general purpose school fund until the Trust balance is sufficient to meet future benefit payments. Employer contributions are based on an actuarially determined rate. For the year ended June 30, 2021, employer contributions to the plan were \$223,399 which were less than the actuarially determined contribution for the plan of \$475,549 by \$351,709.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

B. Actuarial Assumptions

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. As such, the actuarial calculations of the OPEB plan reflect a long-term perspective. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the entry age normal level percent of pay, actuarial cost method with liabilities rolled forward to the June 30, 2021, measurement date on a “no loss / no gain” basis. Liabilities as of July 1, 2020, are based on an actuarial value date of July 1, 2020, with no adjustments. Significant actuarial assumptions used in the valuation include:

Inflation	3.0%
Salary increases	Graded salary ranges from 7.5% to 3.7% based on age
Investment rate of return	6.0%, net of investment expense, including inflation
Mortality table	SAO Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2019 for non-teachers SAO Pub-2010 Teacher Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2019 for teachers
Health care cost trend rate	7.5% initial, decreasing by 0.5% annually to an ultimate rate of 4.5% for FY2027

Investment Policy

Lakeland School System has placed funds with the Tennessee School Board Association OPEB Trust (“TSBA OPEB Trust”) to be used to pre-fund a portion of the OPEB liability. The assets of the TSBA OPEB Trust are commingled with other participant’s funds for investment purposes, but are held in an irrevocable trust for each plan participant and may be used only for the payment of benefits to the members of the plan in accordance with the terms of their plan. The TSBA OPEB Trust’s policy regarding allocation of invested assets is established and may be amended by the TSBA OPEB Trust Board of Trustees by a majority vote of its members. The TSBA OPEB Trust obtains an annual audit, which may be obtained from the TSBA at 525 Brick Church Park Drive, Nashville, TN 37207; however, the audit for the year ended June 30, 2021, was not available from other auditors as of the date of this report.

It is the policy of the TSBA OPEB Trust Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future rates of return are developed for each major asset class. These expected future rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage. The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 as summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
US equity	45.5%	7.5%
Developed market international equity	16.2%	6.7%
Emerging market international equity	3.3%	8.3%
Fixed income	35%	3.5%
	100%	6.0%

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments was 29.37 percent. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts invested.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Discount Rate Information

The discount rate used in valuing OPEB liabilities in funded plans as of the measurement date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that they are sufficient to pay for projected benefit payments and the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) must be used. The final equivalent single discount rate as of June 30, 2021 is 6.0% with the assumption that Lakeland School System will eventually pay the pay-go costs out of the OPEB Trust at the time the Trust is expected to be sufficient to finance all future benefit payments.

C. Net OPEB Liability

The components of the School's net OPEB liability based on a measurement date of June 30, 2021 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Beginning of year	\$ 5,439,329	\$ 1,591,717	\$ 3,847,612
Changes for the year:			
Service cost	253,347	-	253,347
Interest	336,860	-	336,860
Differences between expected and actual experience	(137,551)	-	(137,551)
Contributions - employer	-	223,399	(223,399)
Contributions - plan members	-	46,423	(46,423)
Net investment income	-	468,647	(468,647)
Benefit payments	(119,822)	(119,822)	-
Administrative expenses	-	(7,653)	7,653
Net changes	332,834	610,994	(278,160)
End of year	<u>\$ 5,772,163</u>	<u>\$ 2,202,711</u>	<u>\$ 3,569,452</u>
Plan fiduciary net position as a percentage of the total OPEB liability			<u>38.16%</u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the School's net OPEB liability (asset) calculated using the discount rate of 6.0 percent, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0 percent) or 1-percentagepoint higher (7.0 percent) than the current rate:

	1% Decrease	Current Rate	1% Increase
Net OPEB liability (asset)	\$ 4,414,211	\$ 3,569,452	\$ 2,846,303

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate

The following presents the School's net OPEB liability (asset) calculated using the healthcare cost trend initial rate of 7.5% decreasing by 0.5% annually to an ultimate rate of 4.5% as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower, 6.5% decreasing to 3.5%, or 1-percentage-point higher, 8.5% to 5.5%, than the current rate:

	1% Decrease	Current Rate	1% Increase
Net OPEB liability (asset)	\$ 2,773,975	\$ 3,569,452	\$ 4,525,914

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

D. OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

Other Postemployment Benefit Expense

For the year ended June 30, 2021, the School recognized OPEB expense of \$560,995.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 385,046	\$ 298,013
Changes in assumptions	918,975	56,850
Net difference between projected and actual earnings on OPEB plan investments	-	250,149
Total	<u>\$ 1,304,021</u>	<u>\$ 605,012</u>

Amounts recognized as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows for the year ending June 30:

2022	\$ 64,904
2023	62,470
2024	62,622
2025	48,331
2026	122,120
Thereafter	338,562

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

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Shelby County Trustee

The City has contracted with the Shelby County Trustee (the Trustee) to collect real and personal property taxes on behalf of the City. A 2.5% commission is paid to the Trustee. The collection fees paid to the Trustee are expensed in the general government function as contractual services.

Operating Leases

The City has entered various lease arrangements with governmental units and organizations. The terms of these leases are variable and require only normal token payments, if any. Annual lease payments are not material.

Legal Contingencies

Legal proceedings against the City, many of which normally recur in governmental operations, can arise periodically. City officials are not aware of any future legal contingencies to record on the financial statements as of June 30, 2020.

NOTE 14 - RISK MANAGEMENT

Insurance Other Than Health Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City considers it more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for certain general liability, workers' compensation, and property and casualty insurance. As such, the City participates in the Public Entity Partners Risk Management Pool (the Pool), which is a public entity risk pool consisting of member political subdivisions of the State of Tennessee that works in many ways like a traditional insurer. Members can obtain typical insurance coverage limits and deductible options at reasonable rates according to their risk tolerance while the Pool provides traditional underwriting, reinsurance, claims processing and loss control services. Unlike commercial insurance, the Pool offers the opportunity to earn a pro-rata refund of the surplus premiums according to the City's premium paid and its favorable loss experience in recent years. Each political subdivision that has participated in the pool is subject to assessment if the funds it paid as premiums are insufficient to meet the obligations of the pool. The pool may reinsure through the Local Government Reinsurance Fund of Tennessee or a commercial insurance company.

The School continues to carry commercial insurance through Public Risk Insurers for all purposes. The City continues to carry commercial insurance for all other risks of loss, including certain general liability and property and casualty insurance. The City has replacement cost insurance, including earthquake coverage, on all buildings and on mobile equipment and vehicles costing more than \$25,000 each. The City and School have not incurred any losses more than commercial insurance coverage for the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Health Insurance

The City and School participate in the Interlocal Health Benefits Plan Asset Trust to reduce costs of benefit plan administration and lower premium rates related to healthcare benefits. The Interlocal Health Plan is accounted for as a public entity risk pool but operates solely as a risk-sharing pool. Benefits and premium requirements are established and may be amended by an insurance committee. The plan is 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 a contribution policy in term of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The plan has a separately issued Comprehensive Annual Financial Report and can be found on the state's website at <http://www.comptroller.tn.gov/advance-search.html>.

The City and the School are only liable for their portion of plan premiums plus any outstanding capital requirements from the Interlocal Health Plan. The liability for any incurred-but-not-reported claims is borne by the Interlocal Health Plan and not by the individual members. During the year ended June 30, 2021, the City and the School contributed premiums of \$370,970 and \$1,517,576, respectively to the Interlocal Health Benefits Plan Asset Trust.

REQUIRED SUPPLEMENTARY INFORMATION

**LAKELAND SCHOOL SYSTEM BOARD OF EDUCATION AND CITY OF LAKELAND
PUBLIC EMPLOYEE RETIREMENT PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years Ended June 30**

Exhibit A-1

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 52,918	\$ 74,961	\$ 102,416	\$ 101,316	\$ 124,091	\$ 135,266	\$ 83,026
Interest	180,033	176,220	148,324	148,127	135,255	125,255	103,834
Changes of benefit items	-	-	-	-	-	-	-
Differences between expected and actual experience	46,728	(70,835)	248,675	(158,858)	7,978	(44,512)	95,059
Changes in assumptions	-	-	-	47,157	-	-	-
Benefit payments	(110,012)	(101,392)	(72,988)	(63,051)	(82,795)	(60,195)	(36,900)
Net change in total pension liability	169,667	78,954	426,427	74,691	184,529	155,814	245,019
Total pension liability - beginning	2,485,305	2,406,351	1,979,924	1,905,233	1,720,704	1,564,890	1,319,871
Total pension liability - ending	<u>2,654,972</u>	<u>2,485,305</u>	<u>2,406,351</u>	<u>1,979,924</u>	<u>1,905,233</u>	<u>1,720,704</u>	<u>1,564,890</u>
Plan Fiduciary Net Position							
Contributions - employer	36,167	56,433	87,400	85,193	93,608	101,218	94,211
Contributions - employee	42,055	42,327	49,878	49,531	54,424	58,405	54,773
Net investment income	124,168	174,799	177,719	211,247	46,404	49,863	216,838
Benefit payments	(110,012)	(101,392)	(72,988)	(63,051)	(82,795)	(60,195)	(36,900)
Administrative expense	(1,772)	(1,799)	(2,251)	(2,121)	(2,129)	(1,797)	(862)
Net change in plan fiduciary net position	90,606	170,368	239,758	280,799	109,512	147,494	328,060
Plan fiduciary net position - beginning	2,520,143	2,349,775	2,110,017	1,829,218	1,719,706	1,572,212	1,244,152
Plan fiduciary net position -ending	<u>2,610,749</u>	<u>2,520,143</u>	<u>2,349,775</u>	<u>2,110,017</u>	<u>1,829,218</u>	<u>1,719,706</u>	<u>1,572,212</u>
Net pension liability (asset)	<u>\$ 44,223</u>	<u>\$ (34,838)</u>	<u>\$ 56,576</u>	<u>\$ (130,093)</u>	<u>\$ 76,015</u>	<u>\$ 998</u>	<u>\$ (7,322)</u>
Plan fiduciary net position as a percentage of the total pension liability	98.33%	101.40%	97.65%	106.57%	96.01%	99.94%	100.47%
Covered payroll	\$ 841,088	\$ 846,528	\$ 997,556	\$ 990,620	\$ 1,088,473	\$ 1,176,953	\$ 1,095,479
Net pension liability (asset) as a percentage of covered payroll	5.26%	-4.12%	5.67%	-13.13%	6.98%	0.08%	-0.67%

NOTE 1 - CHANGES OF ASSUMPTIONS

In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

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

**LAKELAND SCHOOL SYSTEM BOARD OF EDUCATION AND CITY OF LAKELAND
PUBLIC EMPLOYEE RETIREMENT PLAN (TCRS AGENT PLAN)
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years Ended June 30**

Exhibit A-2

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 42,798	\$ 36,167	\$ 56,433	\$ 87,400	\$ 69,682	\$ 93,608	\$ 101,218	\$ 94,211
Contributions	42,798	36,167	56,433	87,400	85,193	93,608	101,218	94,211
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (15,511)	\$ -	\$ -	\$ -
Covered payroll	\$ 995,302	\$ 841,088	\$ 846,528	\$ 997,556	\$ 990,620	\$ 1,088,473	\$ 1,176,953	\$ 1,095,479
Contributions as a percentage of covered payroll	4.30%	4.30%	6.67%	8.76%	8.60%	8.60%	8.60%	8.60%

NOTE 1 - VALUATION DATE

Actuarially determined contributions for fiscal year 2021 were calculated based on the June 30, 2019 actuarial valuation.

NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation method	10 year smoothed with a 20% corridor to market value
Inflation	2.50%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	7.25%, net of investment expenses, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated movement
Cost of Living Adjustments	2.25%

NOTE 3 - CHANGES OF ASSUMPTIONS

In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

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

LAKELAND SCHOOL SYSTEM
TEACHER LEGACY PENSION PLAN (CERTIFIED TCRS PLAN)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last Ten Fiscal Years Ended June 30

Exhibit A-3

	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.199687%	0.183808%	0.158417%	0.112938%	0.100034%	0.908630%	0.217500%
Proportionate share of the net pension liability (asset)	\$ (1,522,758)	\$ (1,889,878)	\$ (557,457)	\$ (36,950)	\$ 625,158	\$ 37,221	\$ (353)
Covered payroll	\$ 6,646,084	\$ 6,163,343	\$ 5,547,257	\$ 3,904,255	\$ 3,611,030	\$ 3,401,445	\$ 85,374
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-22.91%	-30.66%	-10.05%	-0.95%	17.31%	1.09%	-0.41%
Plan fiduciary net position as a percentage of the total pension liability	103.09%	104.28%	101.49%	100.14%	97.14%	99.81%	100.08%

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

**LAKELAND SCHOOL SYSTEM
TEACHER LEGACY PENSION PLAN (CERTIFIED TCRS PLAN)
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years Ended June 30**

Exhibit A-4

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required	\$ 690,477	\$ 706,479	\$ 644,686	\$ 503,691	\$ 360,905	\$ 326,437	\$ 307,490	\$ 7,581
Contribution in relation to the contractually required contribution	690,477	706,479	644,686	503,691	360,905	326,437	307,490	7,581
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,723,240	\$ 6,646,084	\$ 6,163,343	\$ 5,547,257	\$ 3,904,255	\$ 3,611,030	\$ 3,401,445	\$ 85,374
Contributions as a percentage of covered payroll	10.27%	10.63%	10.46%	9.08%	9.24%	9.04%	9.04%	8.88%

NOTE 1 - CHANGES OF ASSUMPTIONS

In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

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

LAKELAND SCHOOL SYSTEM
TEACHER RETIREMENT PENSION PLAN (TCRS HYBRID PLAN)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last Ten Fiscal Years Ended June 30

Exhibit A-5

	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.158725%	0.144815%	0.158576%	0.055238%	0.069721%	0.057412%
Proportionate share of the net pension liability (asset)	\$ (90,258)	\$ (81,746)	\$ (71,918)	\$ (14,573)	\$ (7,258)	\$ (2,309)
Covered payroll	\$ 2,003,003	\$ 1,532,436	\$ 1,385,759	\$ 450,602	\$ 306,781	\$ 119,286
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-4.51%	-5.33%	-5.19%	-3.23%	-2.37%	-1.94%
Plan fiduciary net position as a percentage of the total pension liability	116.52%	123.07%	126.97%	126.81%	121.88%	127.46%

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

LAKELAND SCHOOL SYSTEM
TEACHER RETIREMENT PENSION PLAN (TCRS HYBRID PLAN)
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years Ended June 30

Exhibit A-6

	2021	2020	2019	2018	2017	2016	2015
Contractually required	\$ 54,964	\$ 40,661	\$ 29,729	\$ 22,598	\$ 14,502	\$ 7,679	\$ 2,982
Contribution in relation to the contractually required contribution	54,964	40,661	29,729	55,430	14,502	12,271	4,771
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (32,832)	\$ -	\$ (4,592)	\$ (1,789)
Covered payroll	\$ 2,713,911	\$ 2,003,003	\$ 1,532,436	\$ 1,385,759	\$ 450,602	\$ 306,781	\$ 119,286
Contributions as a percentage of covered payroll	2.03%	2.03%	1.94%	4.00%	3.22%	4.00%	4.00%

In FY 2021 and FY2020, the School placed the actuarially determined contribution rate (2.03%) of covered payroll into the pension plan and placed 1.97% of covered payroll into the Pension Stabilization Reserve Trust. In FY 2019, the School placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed 2.06% of covered payroll into the Pension Stabilization Reserve Trust.

NOTE 1 - CHANGES OF ASSUMPTIONS

In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

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

LAKELAND SCHOOL SYSTEM
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Exhibit A-7

Last Ten Fiscal Years Ended June 30

	2021	2020	2019	2018	2017	2016
Total OPEB Liability						
Service cost	\$ 253,347	\$ 182,651	\$ 189,121	\$ 112,708	\$ 104,359	\$ 12,471
Interest	336,860	279,878	263,050	204,813	183,967	45,368
Changes of benefit items	-	-	-	219,591	-	1,910,502
Differences between expected and actual experience	(137,551)	424,160	(170,827)	76,196	-	(99,959)
Changes in assumptions	-	1,019,657	-	172,083	-	(113,700)
Benefit payments	(119,822)	(50,186)	(32,183)	(22,656)	(32,649)	(12,134)
Net change in total OPEB liability	332,834	1,856,160	249,161	762,735	255,677	1,742,548
Total OPEB liability - beginning	5,439,329	3,583,169	3,334,008	2,571,273	2,315,596	573,048
Total OPEB liability - ending	5,772,163	5,439,329	3,583,169	3,334,008	2,571,273	2,315,596
Plan Fiduciary Net Position						
Contributions - employer	223,399	516,864	402,183	377,156	128,500	99,869
Contributions - employer pay-go	46,423	8,322	15,233	-	32,649	12,134
Net investment income	468,647	27,912	64,059	24,583	25,907	5,683
Benefit payments	(119,822)	(50,186)	(47,416)	(22,656)	(32,649)	(12,134)
Administrative expense	(7,653)	(5,594)	(3,658)	(1,391)	(653)	-
Net change in plan fiduciary net position	610,994	497,318	430,401	377,692	153,754	105,552
Plan fiduciary net position - beginning	1,591,717	1,094,399	663,998	286,306	132,552	27,000
Plan fiduciary net position -ending	2,202,711	1,591,717	1,094,399	663,998	286,306	132,552
Net OPEB liability (asset)	\$ 3,569,452	\$ 3,847,612	\$ 2,488,770	\$ 2,670,010	\$ 2,284,967	\$ 2,183,044
Plan fiduciary net position as a percentage of the total OPEB liability	38.16%	29.26%	30.54%	19.92%	11.13%	5.72%
Covered employee payroll	\$ 4,821,770	\$ 4,782,810	\$ 5,306,108	\$ 5,184,986	\$ 3,300,603	\$ 3,204,469
Net OPEB liability as a percentage of covered employee payroll	74.03%	80.45%	46.90%	51.50%	69.23%	68.12%

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

**LAKELAND SCHOOL SYSTEM
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF CONTRIBUTIONS**

Exhibit A-8

Last Ten Fiscal Years Ended June 30

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 475,549	\$ 351,709	\$ 366,572	\$ 257,746	\$ 240,597	\$ 67,209	\$ 74,970
Contributions	223,399	516,864	402,183	377,156	128,500	99,869	27,000
Contribution deficiency (excess)	<u>\$ 252,150</u>	<u>\$ (165,155)</u>	<u>\$ (35,611)</u>	<u>\$ (119,410)</u>	<u>\$ 112,097</u>	<u>\$ (32,660)</u>	<u>\$ 47,970</u>
Covered employee payroll	\$ 4,821,770	\$ 4,782,810	\$ 5,306,108	\$ 5,184,986	\$ 3,300,603	\$ 3,204,469	N/A
Contributions as a percentage of covered employee payroll	4.63%	10.81%	7.58%	7.27%	3.89%	3.12%	N/A

NOTE 1 - VALUATION DATE

Actuarial determined contribution rates for fiscal year 2021 were calculated based on the June 30, 2020 valuation.

NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market value
Inflation	3.0%
Healthcare cost trend rates	Pre-65 & Post-65 benefits - 7.5% initial, decreasing by 0.5% annually to an ultimate rate of 4.5% for
Salary increases	Graded salary ranges from 7.5% to 3.7% based on age, including inflation
Investment rate of return	6.0%, net of investment expenses, including inflation
Mortality	SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2019 for non-teachers SOA Pub-2010 Teacher Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2019 for teachers

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

LAKELAND SCHOOL SYSTEM
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN
Last Ten Fiscal Years Ended June 30

Exhibit A-9

	Annual Money-Weighted Rate of Return <u>Net of Investment Expenses</u>
2021	29.37%
2020	3.60%
2019	7.32%
2018	6.25%
2017	14.10%
2016	-2.12%

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

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF LAKELAND, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

Exhibit B-1

	Special Revenue Funds							Internal School Funds	Total Nonmajor Governmental Funds
	State Street Aid Fund	Storm Water Fund	Solid Waste Fund	School Federal Projects	School Nutrition Fund	School Discretionary Grants	LEAP Fund		
ASSETS									
Cash and cash equivalents	\$ 1,034,754	\$ 36,003	\$ 416,988	\$ 80,302	\$ 147,231	\$ 380	\$ 325,377	\$ 345,432	\$ 2,386,467
Receivables									
Grants	-	-	-	147,563	-	14,614	-	-	162,177
Other	-	-	-	-	83	-	-	-	83
Due from other governments	82,834	15,464	104,681	-	2,520	-	-	-	205,499
Due from other funds	-	245,000	-	-	-	-	-	-	245,000
Inventory	-	-	-	-	-	-	-	11,351	11,351
Prepaid Items	-	-	-	1,674	-	-	-	-	1,674
Total assets	\$ 1,117,588	\$ 296,467	\$ 521,669	\$ 229,539	\$ 149,834	\$ 14,994	\$ 325,377	\$ 356,783	\$ 3,012,251
LIABILITIES									
Accounts payable and accrued liabilities	\$ 559,656	\$ 28,915	\$ 236,306	\$ -	\$ 109	\$ -	\$ 29	\$ -	\$ 825,015
Accrued payroll	2,357	1,086	3,478	33,037	-	4,994	235	-	45,187
Due to other funds	-	-	-	150,000	-	10,000	-	-	160,000
Unearned revenue	-	-	-	-	36,312	-	2,600	-	38,912
Total liabilities	562,013	30,001	239,784	183,037	36,421	14,994	2,864	-	1,069,114
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue									
Grants	-	-	-	22,075	-	-	-	-	22,075
FUND BALANCES									
Nonspendable	-	-	-	1,674	-	-	-	11,351	13,025
Restricted	-	266,466	281,885	22,753	113,413	-	322,513	345,432	1,352,462
Committed	555,575	-	-	-	-	-	-	-	555,575
Total fund balances	555,575	266,466	281,885	24,427	113,413	-	322,513	356,783	1,921,062
Total liabilities, deferred inflows of resources and fund balances	\$ 1,117,588	\$ 296,467	\$ 521,669	\$ 229,539	\$ 149,834	\$ 14,994	\$ 325,377	\$ 356,783	\$ 3,012,251

CITY OF LAKELAND, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

Exhibit B-2

	Special Revenue Funds							Total Nonmajor Governmental Funds	
	State Street Aid Fund	Storm Water Fund	Solid Waste Fund	School Federal Projects	School Nutrition Fund	School Discretionary Grants	LEAP Fund		Internal School Funds
REVENUES									
Intergovernmental - state gas tax	\$ 457,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 457,642
Charges for services	-	216,557	1,292,406	-	10,330	-	189,553	-	1,708,846
Federal, state, and local grants	-	-	138,760	1,576,591	407,241	110,750	-	-	2,233,342
Other	-	-	9,871	-	-	-	-	279,059	288,930
Total revenues	457,642	216,557	1,441,037	1,576,591	417,571	110,750	189,553	279,059	4,688,760
EXPENDITURES									
Current									
Public works	1,468,826	81,685	1,397,762	-	-	-	-	-	2,948,273
Education	-	-	-	1,532,678	517,382	110,750	253,199	324,654	2,738,663
Capital outlay	302,180	281,800	308,411	-	-	-	-	-	892,391
Total expenditures	1,771,006	363,485	1,706,173	1,532,678	517,382	110,750	253,199	324,654	6,579,327
Excess (deficiency) of revenues over (under) expenditures	(1,313,364)	(146,928)	(265,136)	43,913	(99,811)	-	(63,646)	(45,595)	(1,890,567)
OTHER FINANCING SOURCES (USES)									
Transfers in	1,574,617	245,000	-	-	-	-	-	-	1,819,617
Transfers out	-	-	-	(74,543)	-	-	-	-	(74,543)
Total other financing sources and uses	1,574,617	245,000	-	(74,543)	-	-	-	-	1,745,074
Net change in fund balances	261,253	98,072	(265,136)	(30,630)	(99,811)	-	(63,646)	(45,595)	(145,493)
Fund balances - beginning, as originally reported	294,322	168,394	547,021	55,057	213,224	-	386,159	-	1,664,177
Effect of change in accounting principle	-	-	-	-	-	-	-	402,378	402,378
Fund balances - beginning, as restated	294,322	168,394	547,021	55,057	213,224	-	386,159	402,378	2,066,555
Fund balances - ending	\$ 555,575	\$ 266,466	\$ 281,885	\$ 24,427	\$ 113,413	\$ -	\$ 322,513	\$ 356,783	\$ 1,921,062

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE STREET AID FUND
For the Year Ended June 30, 2021

Exhibit B-3

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental - state gas tax				
Gas motor fuel	\$ 237,500	\$ 213,750	\$ 230,950	\$ 17,200
Gas 1989	69,500	62,550	66,716	4,166
Gas 3 cent	37,700	33,930	36,006	2,076
Gas 2017	120,000	108,000	116,163	8,163
Excise tax	-	-	7,807	7,807
Total revenues	<u>464,700</u>	<u>418,230</u>	<u>457,642</u>	<u>39,412</u>
EXPENDITURES				
PUBLIC WORKS				
Salaries	144,260	144,260	132,682	11,578
Benefits	70,948	70,448	59,240	11,208
Contractual services	6,000	1,000	194	806
Materials and supplies	926,500	1,912,850	1,258,893	653,957
Other charges	9,640	20,413	17,817	2,596
Total public works	<u>1,157,348</u>	<u>2,148,971</u>	<u>1,468,826</u>	<u>680,145</u>
CAPITAL OUTLAY	<u>307,825</u>	<u>382,618</u>	<u>302,180</u>	<u>80,438</u>
Total expenditures	<u>1,465,173</u>	<u>2,531,589</u>	<u>1,771,006</u>	<u>760,583</u>
Deficiency of revenues under expenditures	(1,000,473)	(2,113,359)	(1,313,364)	(721,171)
OTHER FINANCING SOURCES				
Transfers in	<u>986,604</u>	<u>2,099,490</u>	<u>1,574,617</u>	<u>(524,873)</u>
Net change in fund balances	<u>\$ (13,869)</u>	<u>\$ (13,869)</u>	261,253	<u>\$ (1,246,044)</u>
Fund balances - beginning			<u>294,322</u>	
Fund balances - ending			<u>\$ 555,575</u>	

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STORM WATER FUND
For the Year Ended June 30, 2021

Exhibit B-4

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 197,000	\$ 197,000	\$ 216,557	\$ 19,557
EXPENDITURES				
PUBLIC WORKS				
Salaries	32,190	32,190	30,119	2,071
Benefits	12,681	15,681	12,394	3,287
Contractual services	7,500	5,000	250	4,750
Materials and supplies	7,550	11,050	30,763	(19,713)
Other charges	12,460	12,460	8,159	4,301
Total public works	<u>72,381</u>	<u>76,381</u>	<u>81,685</u>	<u>(5,304)</u>
CAPITAL OUTLAY	<u>200,000</u>	<u>441,000</u>	<u>281,800</u>	<u>159,200</u>
Total expenditures	<u>272,381</u>	<u>517,381</u>	<u>363,485</u>	<u>153,896</u>
Deficiency of revenues under expenditures	(75,381)	(320,381)	(146,928)	(134,339)
OTHER FINANCING SOURCES				
Transfers in	-	245,000	245,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>245,000</u>	<u>245,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (75,381)</u>	<u>\$ (75,381)</u>	98,072	<u>\$ (134,339)</u>
Fund balances - beginning			<u>168,394</u>	
Fund balances - ending			<u>\$ 266,466</u>	

CITY OF LAKE LAND, TENNESSEE

Exhibit B-5

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SOLID WASTE FUND

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,311,954	\$ 1,311,954	\$ 1,292,406	\$ (19,548)
Federal, state, and local grants	-	171,572	138,760	(32,812)
Other income	-	-	9,871	9,871
Total revenues	<u>1,311,954</u>	<u>1,483,526</u>	<u>1,441,037</u>	<u>(42,489)</u>
EXPENDITURES:				
PUBLIC WORKS				
Salaries	150,079	176,579	101,361	75,218
Benefits	37,584	40,584	34,881	5,703
Contractual services	1,016,000	1,145,800	1,198,931	(53,131)
Materials and supplies	12,900	16,900	19,525	(2,625)
Other charges	59,050	61,198	43,064	18,134
Total public works	<u>1,275,613</u>	<u>1,441,061</u>	<u>1,397,762</u>	<u>43,299</u>
CAPITAL OUTLAY	<u>190,000</u>	<u>290,393</u>	<u>308,411</u>	<u>(18,018)</u>
Total expenditures	<u>1,465,613</u>	<u>1,731,454</u>	<u>1,706,173</u>	<u>25,281</u>
Net change in fund balances	<u>\$ (153,659)</u>	<u>\$ (247,928)</u>	(265,136)	<u>\$ (67,770)</u>
Fund balances - beginning			<u>547,021</u>	
Fund balances - ending			<u>\$ 281,885</u>	

CITY OF LAKE LAND, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS FUND
For the Year Ended June 30, 2021

Exhibit B-6

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal, state, and local grants	\$ 985,586	\$ 2,718,043	\$ 1,576,591	\$ (1,141,452)
EXPENDITURES:				
Education				
Regular Instruction				
Salaries	108,770	216,947	212,388	4,559
Benefits	40,800	61,632	53,674	7,958
Contractual services	900	900	700	200
Materials and supplies	228,622	487,249	242,840	244,409
	<u>379,092</u>	<u>766,728</u>	<u>509,602</u>	<u>257,126</u>
Special Education				
Salaries	98,580	102,785	102,785	-
Benefits	21,460	39,167	38,173	994
Materials and supplies	23,730	123,205	107,328	15,877
	<u>143,770</u>	<u>265,157</u>	<u>248,286</u>	<u>16,871</u>
Other Student Support				
Salaries	19,300	36,232	36,232	-
Benefits	1,606	10,697	4,701	5,996
Contractual services	33,426	38,970	27,191	11,779
Materials and supplies	42,675	30,491	19,220	11,271
Other charges	3,350	850	700	150
	<u>100,357</u>	<u>117,240</u>	<u>88,044</u>	<u>29,196</u>
Regular Instruction Support				
Salaries	70,359	481,777	481,777	-
Benefits	2,744	26,943	26,649	294
Materials and supplies	-	4,799	4,800	(1)
Other charges	121,559	67,446	42,150	25,296
	<u>194,662</u>	<u>580,965</u>	<u>555,376</u>	<u>25,589</u>
Special Education Support				
Salaries	10,000	16,075	12,997	3,078
Benefits	25,750	29,066	27,807	1,259
Contractual services	85,000	88,148	75,213	12,935
Materials and supplies	8,691	6,591	2,269	4,322
Other charges	35,764	7,218	1,974	5,244
	<u>165,205</u>	<u>147,098</u>	<u>120,260</u>	<u>26,838</u>
Technology				
Materials and supplies	-	3,200	3,200	-
Other charges	-	14,782	7,910	6,872
	<u>-</u>	<u>17,982</u>	<u>11,110</u>	<u>6,872</u>
Operation of Plant				
Materials and supplies	-	760,736	-	760,736

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS FUND
For the Year Ended June 30, 2021

Exhibit B-6

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Transportation				
Contractual services	\$ 2,500	\$ -	\$ -	\$ -
Total education	985,586	2,655,906	1,532,678	1,123,228
CAPITAL OUTLAY	-	2,854,317	-	2,854,317
Total expenditures	985,586	5,510,223	1,532,678	3,977,545
Excess (deficiency) of revenues over (under) expenditures	-	(2,792,180)	43,913	(5,118,997)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(74,543)	(74,543)
Total Other Financing Sources (Uses)	-	-	(74,543)	(74,543)
Net change in fund balances	<u>\$ -</u>	<u>\$ (2,792,180)</u>	(30,630)	<u>\$ (5,193,540)</u>
Fund balances - beginning			<u>55,057</u>	
Fund balances - ending			<u>\$ 24,427</u>	

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL NUTRITION FUND
For the Year Ended June 30, 2021

Exhibit B-7

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 275,000	\$ 275,000	\$ 10,330	\$ (264,670)
Federal, state, and local grants	154,630	154,630	407,241	252,611
Total revenues	<u>429,630</u>	<u>429,630</u>	<u>417,571</u>	<u>(12,059)</u>
EXPENDITURES:				
EDUCATION				
Cafeteria				
Salaries	182,500	179,216	176,720	2,496
Benefits	46,200	44,329	41,688	2,641
Contractual services	1,000	-	-	-
Materials and supplies	196,530	305,218	298,108	7,110
Other charges	3,400	867	866	1
Total expenditures	<u>429,630</u>	<u>529,630</u>	<u>517,382</u>	<u>12,248</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>(99,811)</u>	<u>\$ 189</u>
Fund balances - beginning			<u>213,224</u>	
Fund balances - ending			<u>\$ 113,413</u>	

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL DISCRETIONARY GRANTS FUND
For the Year Ended June 30, 2021

Exhibit B-8

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal, state, and local grants	\$ 83,000	\$ 110,750	\$ 110,750	\$ -
EXPENDITURES				
EDUCATION				
Regular Instruction Support				
Materials and supplies	-	1,558	1,558	-
Health Services				
Salaries	55,783	55,783	55,783	-
Benefits	7,227	7,227	7,227	-
Contractual Services	10,000	10,000	10,000	-
Materials and supplies	2,500	2,500	2,500	-
Other Charges	7,490	7,490	7,490	-
	<u>83,000</u>	<u>83,000</u>	<u>83,000</u>	<u>-</u>
Maintenance of Plant				
Materials and supplies	-	26,192	26,192	-
	<u>-</u>	<u>26,192</u>	<u>26,192</u>	<u>-</u>
Total education	83,000	110,750	110,750	-
CAPITAL OUTLAY	-	-	-	-
Total expenditures	<u>83,000</u>	<u>110,750</u>	<u>110,750</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning			<u>-</u>	
Fund balances - ending			<u>\$ -</u>	

CITY OF LAKELAND, TENNESSEE **Exhibit B-9**
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LAKELAND EXTENDED ACTIVITIES PROGRAM FUND
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 289,800	\$ 289,800	\$ 189,553	\$ (100,247)
EXPENDITURES:				
EDUCATION				
Student Services				
Salaries	215,000	215,000	146,437	68,563
Benefits	34,400	34,400	16,651	17,749
Contractual services	4,400	4,400	3,164	1,236
Materials and supplies	10,000	10,000	3,537	6,463
Other charges	1,000	1,000	-	1,000
	<u>264,800</u>	<u>264,800</u>	<u>169,789</u>	<u>95,011</u>
Maintenance of Plant				
Salaries	-	53,414	52,240	1,174
Benefits	-	7,934	6,672	1,262
Other charges	25,000	64,550	24,498	40,052
	<u>25,000</u>	<u>125,898</u>	<u>83,410</u>	<u>42,488</u>
Total expenditures	<u>289,800</u>	<u>390,698</u>	<u>253,199</u>	<u>137,499</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (100,898)</u>	<u>(63,646)</u>	<u>\$ (237,746)</u>
Fund balances - beginning			<u>386,159</u>	
Fund balances - ending			<u>\$ 322,513</u>	

CITY OF LAKE LAND, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended June 30, 2021

Exhibit B-10

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
DEBT SERVICE				
Principal	\$ 2,085,660	\$ 17,420,660	\$ 17,420,660	\$ -
Interest	1,466,973	1,398,371	1,396,767	1,604
Other fees	31,700	31,700	22,459	9,241
Bond issuance costs	-	34,000	34,000	-
Total expenditures	<u>3,584,333</u>	<u>18,884,731</u>	<u>18,873,886</u>	<u>10,845</u>
Deficiency of revenues under expenditures	(3,584,333)	(18,884,731)	(18,873,886)	10,845
OTHER FINANCING SOURCES (USES)				
Refunding bonds	-	-	-	-
Payments to escrow agent	-	-	-	-
Transfers in	3,584,333	18,884,731	18,873,886	(10,845)
Total Other Financing Sources	<u>3,584,333</u>	<u>18,884,731</u>	<u>18,873,886</u>	<u>(10,845)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning			<u>42</u>	
Fund balances - ending			<u>\$ 42</u>	

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL CAPITAL PROJECTS FUND
For the Year Ended June 30, 2021

Exhibit B-11

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Contributions - Shelby County	\$ 500,000	\$ 393,608	\$ 487,886	\$ 94,278
Interest income	100,000	100,000	56,251	(43,749)
Total revenues	<u>600,000</u>	<u>493,608</u>	<u>544,137</u>	<u>50,529</u>
EXPENDITURES:				
CAPITAL OUTLAY				
Architectural and engineering	133,344	180,244	131,393	48,851
Construction contracts	34,672,604	38,381,983	19,792,723	18,589,260
Equipment	4,812,151	5,521,709	705,280	4,816,429
Total expenditures	<u>39,618,099</u>	<u>44,083,936</u>	<u>20,629,396</u>	<u>23,454,540</u>
Deficiency of revenues under expenditures	<u>(39,018,099)</u>	<u>(43,590,328)</u>	<u>(20,085,259)</u>	<u>23,505,069</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,067,050	67,050	(2,000,000)
Net change in fund balances	<u>\$(39,018,099)</u>	<u>\$(41,523,278)</u>	<u>(20,018,209)</u>	<u>\$ 21,505,069</u>
Fund balances - beginning			<u>43,394,431</u>	
Fund balances - ending			<u>\$ 23,376,222</u>	

SUPPORTING SCHEDULES

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF TRANSFERS
For the Year Ended June 30, 2021

Exhibit C-1

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds		
General Fund		
General Purpose School Fund	\$ 700,000	\$ 783,255
School Capital Projects Fund	-	67,050
Debt Service Fund	-	18,873,886
State Street Aid Fund	-	1,574,617
Storm Water Fund	-	245,000
	<u>700,000</u>	<u>21,543,808</u>
 General Purpose School Fund		
General Fund	783,255	700,000
School Federal Projects Fund	74,543	-
	<u>857,798</u>	<u>700,000</u>
 School Capital Projects Fund		
General Fund	67,050	-
 Debt Service Fund		
General Fund	<u>18,873,886</u>	<u>-</u>
 Total major funds	20,498,734	22,243,808
 Nonmajor Funds		
State Street Aid Fund		
General Fund	1,574,617	-
Storm Water Fund		
General Fund	245,000	-
School Federal Projects Fund		
General Purpose School Fund	-	74,543
	<u>1,819,617</u>	<u>74,543</u>
 Total nonmajor funds	1,819,617	74,543
 Total transfers	<u>\$ 22,318,351</u>	<u>\$ 22,318,351</u>

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - GENERAL OBLIGATION BONDS AND NOTES PAYABLE
GOVERNMENTAL FUNDS
 June 30, 2021

Exhibit C-2

	Series 2001		2011 Note Payable		Series 2019		Series 2021		Series 2021		Total	
	Tennessee Municipal League		TLDA Loan		Bond Anticipation Note		General Obligation		General Obligation			
	Note Payable (1)						Refunding Bond 1		Refunding Bond 2		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 223,000	\$ 699	\$ 64,188	\$ 25,356	\$ -	\$ 674,250	\$ 83,735	\$ 110,383	\$ 154,752	\$ 204,000	\$ 525,675	\$ 1,014,688
2023	206,095	227	65,412	24,132	43,500,000	303,413	85,515	108,604	158,040	200,712	44,015,062	637,088
2024	-	-	66,660	22,884	-	-	87,332	106,787	161,399	197,353	315,391	327,024
2025	-	-	67,932	21,612	-	-	89,188	104,931	164,829	193,923	321,949	320,466
2026	-	-	69,228	20,316	-	-	91,083	103,036	168,331	190,421	328,642	313,773
2027	-	-	70,548	18,996	-	-	93,018	101,100	171,908	186,844	335,474	306,940
2028	-	-	71,892	17,652	-	-	94,995	99,123	175,561	183,191	342,448	299,966
2029	-	-	73,260	16,284	-	-	97,014	97,105	179,292	179,460	349,566	292,849
2030	-	-	74,664	14,880	-	-	99,075	95,043	183,102	175,650	356,841	285,573
2031	-	-	76,080	13,464	-	-	101,181	92,938	186,993	171,759	364,254	278,161
2032	-	-	77,532	12,012	-	-	103,331	90,788	190,966	167,786	371,829	270,586
2033	-	-	79,008	10,536	-	-	105,527	88,592	195,024	163,728	379,559	262,856
2034	-	-	80,520	9,024	-	-	107,769	86,350	199,169	159,583	387,458	254,957
2035	-	-	82,056	7,488	-	-	110,059	84,059	203,401	155,351	395,516	246,898
2036	-	-	83,616	5,928	-	-	112,398	81,721	207,723	151,029	403,737	238,678
2037	-	-	85,212	4,332	-	-	114,786	79,332	212,137	146,615	412,135	230,279
2038	-	-	86,832	2,712	-	-	117,225	76,893	216,645	142,107	420,702	221,712
2039	-	-	88,488	1,056	-	-	119,717	74,402	221,249	137,503	429,454	212,961
2040	-	-	7,576	12	-	-	122,260	71,858	225,951	132,801	355,787	204,671
2041	-	-	-	-	-	-	124,859	69,260	230,752	128,000	355,611	197,260
2042	-	-	-	-	-	-	127,512	66,607	235,656	123,096	363,168	189,703
2043	-	-	-	-	-	-	130,221	63,897	240,663	118,089	370,884	181,986
2044	-	-	-	-	-	-	132,989	61,130	245,777	112,975	378,766	174,105
2045	-	-	-	-	-	-	135,815	58,304	251,000	107,752	386,815	166,056
2046	-	-	-	-	-	-	138,701	55,418	256,334	102,418	395,035	157,836
2047	-	-	-	-	-	-	141,648	52,470	261,781	96,971	403,429	149,441
2048	-	-	-	-	-	-	144,658	49,460	267,344	91,408	412,002	140,868
2049	-	-	-	-	-	-	147,732	46,386	273,025	85,727	420,757	132,113
2050	-	-	-	-	-	-	150,871	43,247	278,827	79,925	429,698	123,172
2051	-	-	-	-	-	-	154,077	40,041	284,752	74,000	438,829	114,041
2052	-	-	-	-	-	-	157,352	36,767	290,803	67,949	448,155	104,716
2053	-	-	-	-	-	-	160,695	33,423	296,982	61,770	457,677	95,193
2054	-	-	-	-	-	-	164,110	30,008	303,293	55,459	467,403	85,467
2055	-	-	-	-	-	-	167,597	26,521	309,738	49,014	477,335	75,535
2056	-	-	-	-	-	-	171,159	22,960	316,320	42,432	487,479	65,392
2057	-	-	-	-	-	-	174,796	19,323	323,042	35,710	497,838	55,033
2058	-	-	-	-	-	-	178,510	15,608	329,906	28,846	508,416	44,454
2059	-	-	-	-	-	-	182,304	11,815	336,917	21,835	519,221	33,650
2060	-	-	-	-	-	-	186,178	7,941	344,076	14,676	530,254	22,617
2061	-	-	-	-	-	-	187,508	3,985	346,540	7,364	534,048	11,349
	<u>\$ 429,095</u>	<u>\$ 926</u>	<u>\$ 1,370,704</u>	<u>\$248,676</u>	<u>\$ 43,500,000</u>	<u>\$ 977,663</u>	<u>\$ 5,194,500</u>	<u>\$ 2,567,616</u>	<u>\$ 9,600,000</u>	<u>\$ 4,745,232</u>	<u>\$ 60,094,299</u>	<u>\$ 8,540,113</u>

⁽¹⁾ Interest rate as of June 30, 2021 was 0.22%.

CITY OF LAKELAND, TENNESSEE

Exhibit C-3

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - SETTLEMENT LIABILITY
GOVERNMENTAL FUNDS

June 30, 2021

	Shelby County Settlement	
	Principal	Interest
2022	\$ 54,946	\$ 1,391
2023	55,222	1,115
2024	55,498	839
2025	55,777	560
2026	56,328	9
	<u>\$ 277,771</u>	<u>\$ 3,914</u>

⁽¹⁾ Payable from General Purpose School Fund, but backed by full faith and credit of City.

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - REVENUE BONDS
SEWER FUND
 June 30, 2020

Exhibit C-4

Fiscal Year	Series 2005 Tennessee Municipal League Note Payable (1)	
<u> </u>	<u> </u>	<u> </u>
2022	\$ 612,000	\$ 7,289
2023	636,000	5,942
2024	661,000	4,543
2025	688,000	3,089
2026	716,000	1,575
	<u>\$ 3,313,000</u>	<u>\$ 22,438</u>

⁽¹⁾ Interest rate as of June 30, 2021 was .22%.

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
For the Year Ended June 30, 2021

Exhibit C-5

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding as of 6/30/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6/30/2020
GOVERNMENTAL ACTIVITIES									
Notes Payable									
<u>Payable through Debt Service Fund</u>									
TN Municipal League Note, Series 2001	\$ 3,500,000	0.22%*	7/26/2004	5/26/2023	\$ 644,095	\$ -	\$ 215,000	\$ -	\$ 429,095
TN Municipal League Note, Series 2008	\$ 4,500,000	0.22%*	12/22/2008	5/25/2030	2,738,000	-	2,738,000	-	-
Capital Outlay Note, Series 2015	\$ 20,000,000	2.00-5.00%	9/15/2015	3/1/2028	14,350,000	-	-	14,350,000	-
Bond Anticipation Note, Series 2019	\$ 43,500,000	1.55%	12/12/2019	12/12/2022	43,500,000	-	-	-	43,500,000
Total notes payable					<u>61,232,095</u>	<u>-</u>	<u>2,953,000</u>	<u>14,350,000</u>	<u>43,929,095</u>
Other Loans Payable									
<u>Payable through Debt Service Fund</u>									
TLDA Construction Loan	\$ 1,725,000	1.89%	11/10/2010	7/20/2039	1,433,692	-	62,988	-	1,370,704
Shelby County Settlement Liability	\$ 676,044	0.50%	5/31/2014	11/1/2025	332,443	-	54,672	-	277,771
Total other loans payable					<u>1,766,135</u>	<u>-</u>	<u>117,660</u>	<u>-</u>	<u>1,648,475</u>
General Obligation									
<u>Payable through Debt Service Fund</u>									
Series 2021 R1 General Obligation Refunding Bonds	\$ 5,194,500	2.125%	1/27/2021	1/27/2061	-	5,194,500	-	-	5,194,500
Series 2021 R2 General Obligation Refunding Bonds	\$ 9,600,000	2.125%	1/27/2021	1/27/2061	-	9,600,000	-	-	9,600,000
					<u>-</u>	<u>14,794,500</u>	<u>-</u>	<u>-</u>	<u>14,794,500</u>
Leases									
<u>Payable through General Purpose School Fund</u>									
2018 Capital Lease, ARS Education Finance	\$ 269,940	5.24%	6/16/2017	7/16/2020	70,462	-	70,462	-	-
2019 Capital Lease, Apple, Inc.	\$ 103,482	2.49%	6/21/2018	8/21/2020	34,701	-	34,701	-	-
Total leases payable					<u>105,163</u>	<u>-</u>	<u>105,163</u>	<u>-</u>	<u>-</u>
Total governmental activities					<u>\$ 63,103,393</u>	<u>\$ 14,794,500</u>	<u>\$ 3,175,823</u>	<u>\$ 14,350,000</u>	<u>\$ 60,372,070</u>
BUSINESS-TYPE ACTIVITIES									
Notes Payable									
<u>Payable through Sewer Fund</u>									
TN Municipal League Note, Series 2005	\$ 11,000,000	0.22%*	6/1/2006	5/25/2026	\$ 3,901,000	\$ -	\$ 588,000	\$ -	\$ 3,313,000
Total notes payable					<u>3,901,000</u>	<u>-</u>	<u>588,000</u>	<u>-</u>	<u>3,313,000</u>
Total business-type activities					<u>\$ 3,901,000</u>	<u>\$ -</u>	<u>\$ 588,000</u>	<u>\$ -</u>	<u>\$ 3,313,000</u>

* Variable rate Tennessee Municipal Bond Fund loan rate for June 30, 2021 was 0.22%.

CITY OF LAKELAND, TENNESSEE

Exhibit C-6

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - BY LEVY YEAR

For the Year Ended June 30, 2021

Year of Levy	Balance June 30, 2020	Assessment	Adjustments/ Abatements	Collections	Balance June 30, 2021
2021	\$ -	\$ 4,730,039	\$ -	\$ -	\$ 4,730,039
2020	4,577,590	-	33,710	(4,577,881)	33,419
2019	70,623	-	3,818	(57,732)	16,709
2018	7,316	-	41	(3,479)	3,878
2017	8,000	-	67	(3,589)	4,478
2016	3,308	-	-	(1,255)	2,053
2015	1,055	-	-	(231)	824
2014	707	-	-	(128)	579
2013	1,426	-	-	(217)	1,209
Total	4,670,025	<u>4,730,039</u>	<u>37,636</u>	<u>(4,644,512)</u>	4,793,188
Allowance for uncollectible property taxes	<u>(50,398)</u>				<u>(50,458)</u>
Net receivables	<u>\$ 4,619,627</u>				<u>\$ 4,742,730</u>

DELINQUENT PROPERTY TAXES

The City files delinquent property taxes with the Chancery Court on the first business day of April each year for property taxes receivable aged over two years.

OTHER SCHEDULES (UNAUDITED)

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF OFFICIAL BONDS AND PRINCIPAL OFFICIALS
For the Year Ended June 30, 2021

Exhibit C-7

	<u>Amount of Bond</u>
Mayor	\$ 10,000
Commissioners (each)	10,000
City Manager	10,000
Finance and Human Resources Director	10,000
City Recorder	10,000
Finance and Inventory Clerk	10,000
Community Services Representative	10,000
Senior Center Manager	10,000
Receptionist	10,000
Human Resources Generalist	10,000
Lakeland School System Superintendent	1,256,909

City employees are covered under the City's insurance policy for dishonesty, forgery, alterations, theft, disappearance or destruction, and computer fraud subject to a \$1,000 deductible. The City of Lakeland also maintains additional fidelity insurance against employee theft up to \$3,000,000 with a \$35,000 retention amount. Lakeland School System employees are covered by a blanket bond.

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS
 For the Year Ended June 30, 2021

Exhibit C-8

SEWER:

Number of Customers as of June 30, 2021: 2,939

Rates:

Gallons Used	Rate/ccf
Residential:	
Base - up to 5 ccf.	\$ 7.00
Additional - 6 - 20 ccf.	\$ 2.50
Additional - 21+ ccf.	\$ 0.50
City of Memphis Sewer System Users	
Monthly charge	\$ 17.25
Commercial:	
Base - up to 30 ccf.	\$ 60.35
Each additional ccf.	\$ 1.39

SANITATION:

Number of Customers as of June 30, 2021: 4,264

Rates:

Type	Monthly Charge
Residential	\$ 24.70

STORM WATER:

Number of Customers as of June 30, 2021: 4,627

Type	Monthly Charge
Residential	\$ 3.20

STATISTICAL SECTION (UNAUDITED)

CITY OF LAKE LAND, TENNESSEE
STATISTICAL SECTION - TABLE OF CONTENTS

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

Contents	Exhibit	Page
Financial Trends – These exhibits contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.		
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Fund Balances of Governmental Funds	D-3	113
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Revenue Capacity – These exhibits contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.		
Assessed Value and Estimated Actual Value of Taxable Property	D-7	117
Analysis of Value of Taxable Property – Current Fiscal Year	D-8	118
Direct and Overlapping Property Tax Rates	D-9	119
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Direct and Overlapping Sales Tax Rates	D-13	123
Taxable Sales by Category	D-14	124
Local Sales Tax Revenue by Industry	D-15	125
Debt Capacity – These exhibits present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.		
Ratios of Outstanding Debt by Type	D-16	126
Ratios of General Bonded Debt	D-17	127
Direct and Overlapping Debt – Governmental Activities	D-18	128
Direct and Overlapping Bonded Debt	D-19	129
Demographic and Economic Information – These exhibits offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place, as a means of comparisons over time and with other governments.		
Demographics and Economic Indicators	D-20	130
Principal Employers	D-21	131
Operating Information – These exhibits contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.		
Full-Time Equivalent Employees by Fund and Function	D-22	132
Operating Indicators by Function	D-23	133
Capital Assets Statistics by Function	D-24	134

Sources: Unless otherwise noted, the information in these exhibits is derived from the annual financial reports for the relevant year.

CITY OF LAKELAND, TENNESSEE
NET POSITION BY COMPONENT

Exhibit D-1

Last Ten Fiscal Years
 (Accrual basis of accounting)

	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015	As of June 30, 2014	As of June 30, 2013	As of June 30, 2012
Governmental Activities										
Net investment in capital assets	\$ 54,438,834	\$ 49,245,341	\$ 46,769,191	\$ 44,863,094	\$ 42,975,044	\$ 41,237,807	\$ 41,723,002	\$ 43,450,817	\$ 36,022,011	\$ 38,573,624
Restricted	3,103,811	3,441,131	3,408,097	8,135,361	8,288,185	1,708,500	-	-	66	49,628
Unrestricted	18,014,433	16,830,765	14,429,273	5,843,072	5,931,344	11,045,961	10,783,417	6,544,205	5,389,715	3,051,362
Total Governmental Activities	\$ 75,557,078	\$ 69,517,237	\$ 64,606,561	\$ 58,841,527	\$ 57,194,573	\$ 53,992,268	\$ 52,506,419	\$ 49,995,022	\$ 41,411,792	\$ 41,674,614
Business-Type Activities										
Net investment in capital assets	\$ 11,103,421	\$ 9,941,763	\$ 9,462,547	\$ 8,335,618	\$ 8,024,603	\$ 7,548,065	\$ 7,411,864	\$ 7,364,836	\$ 7,306,131	\$ 6,933,630
Restricted	-	2,817	-	16,320	-	-	-	-	-	-
Unrestricted	1,735,313	2,372,034	1,913,569	1,864,756	1,602,169	1,610,174	1,519,980	1,463,602	1,461,558	1,826,585
Total Business-Type Activities	\$ 12,838,734	\$ 12,316,614	\$ 11,376,116	\$ 10,216,694	\$ 9,626,772	\$ 9,158,239	\$ 8,931,844	\$ 8,828,438	\$ 8,767,689	\$ 8,760,215
Primary Government										
Net investment in capital assets	\$ 65,542,255	\$ 59,187,104	\$ 56,231,738	\$ 53,198,712	\$ 50,999,647	\$ 48,785,872	\$ 49,134,866	\$ 50,815,653	\$ 43,328,142	\$ 45,507,254
Restricted	3,103,811	3,443,948	3,408,097	8,151,681	8,288,185	1,708,500	-	-	66	49,628
Unrestricted	19,749,746	19,202,799	16,342,842	7,707,828	7,533,513	12,656,135	12,303,397	8,007,807	6,851,273	4,877,947
Total Primary Government	\$ 88,395,812	\$ 81,833,851	\$ 75,982,677	\$ 69,058,221	\$ 66,821,345	\$ 63,150,507	\$ 61,438,263	\$ 58,823,460	\$ 50,179,481	\$ 50,434,829

Source: Annual audited financial statements for each of the fiscal years presented above, as originally reported. Prior period adjustments, if any, are not reflected.

CITY OF LAKELAND, TENNESSEE
CHANGES IN NET POSITION
Last Ten Fiscal Years Ended June 30
(Accrual basis of accounting)

Exhibit D-2

	2021	2020	2019	2019	2018	2017	2016	2015	2014	2013
EXPENSES										
Governmental Activities										
General government	\$ 2,073,494	\$ 1,615,102	\$ 2,241,345	\$ 2,444,545	\$ 1,984,530	\$ 1,663,019	\$ 1,460,316	\$ 1,993,291	\$ 1,781,905	\$ 1,992,635
Community services	562,646	1,036,685	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	2,252	33,113	30,798	2,021
Public works	4,719,674	4,063,106	5,237,019	5,310,397	5,524,380	4,845,979	4,420,595	7,596,788	4,913,256	4,659,331
Parks and recreation	513,748	505,085	603,062	493,440	680,872	435,148	305,885	420,852	447,775	189,003
Natural resources	-	-	-	-	-	-	-	78,243	173,044	7,661
Education	19,838,831	17,971,699	15,648,246	15,526,261	8,866,714	9,452,381	6,980,701	1,071,120	168,798	-
Debt issuance costs	34,000	-	-	-	32,158	214,684	-	-	-	-
Interest on long-term debt	1,185,980	1,141,192	706,464	723,878	120,027	52,145	50,664	-	-	-
Total governmental activities	28,928,373	26,332,869	24,436,136	24,498,521	17,208,681	16,663,356	13,220,413	11,193,407	7,515,576	6,850,651
Business-Type Activity										
Sewer	1,387,998	1,411,827	1,280,582	1,287,702	1,171,287	1,046,611	1,097,001	1,090,116	1,084,347	1,136,873
Total business-type activity	1,387,998	1,411,827	1,280,582	1,287,702	1,171,287	1,046,611	1,097,001	1,090,116	1,084,347	1,136,873
Total primary government expenses	\$ 30,316,371	\$ 27,744,696	\$ 25,716,718	\$ 25,786,223	\$ 18,379,968	\$ 17,709,967	\$ 14,317,414	\$ 12,283,523	\$ 8,599,923	\$ 7,987,524
PROGRAM REVENUES										
Governmental Activities										
Charges for Services										
General government	\$ 3,606	\$ 5,328	\$ 182,005	\$ 289,925	\$ 254,125	\$ 115,735	\$ 95,372	\$ 95,115	\$ 88,173	\$ 89,083
Community development	397,838	467,443	-	-	-	-	-	-	-	-
Public works	1,508,963	1,465,274	1,450,391	1,438,322	1,450,836	1,411,948	1,397,795	1,403,605	1,339,006	1,269,291
Parks and recreation	155,651	244,630	246,530	254,488	153,810	116,720	55,500	-	-	81,000
Natural resources	-	-	-	-	-	-	-	50,736	43,824	-
Education	234,460	477,764	596,144	537,903	370,351	372,705	126,096	-	-	-
Operating grants and contributions	14,131,983	11,177,075	11,016,750	8,958,325	5,718,014	4,967,226	4,550,491	347,028	345,396	347,756
Capital grants and contributions	1,601,883	2,522,360	2,463,353	918,423	1,046,256	171,116	1,016,559	12,738,932	249,687	633,204
Total governmental activities	18,034,384	16,359,874	15,955,173	12,397,386	8,993,392	7,155,450	7,241,813	14,635,416	2,066,086	2,420,334
Business-Type Activity										
Charges for Services										
Sewer	1,906,847	2,296,427	1,497,126	1,481,646	1,502,522	1,268,923	1,188,359	1,145,414	1,084,785	1,065,452
Operating grants and contributions	-	-	-	-	-	-	5,270	-	-	-
Capital grants and contributions	-	41,709	930,093	390,600	133,300	-	-	-	-	-
Total business-type activity	1,906,847	2,338,136	2,427,219	1,872,246	1,635,822	1,268,923	1,193,629	1,145,414	1,084,785	1,065,452
Total primary government program revenues	\$ 19,941,231	\$ 18,698,010	\$ 18,382,392	\$ 14,269,632	\$ 10,629,214	\$ 8,424,373	\$ 8,435,442	\$ 15,780,830	\$ 3,150,871	\$ 3,485,786
Net (Expense)/Revenue										
Governmental activities	\$ (10,893,989)	\$ (9,972,995)	\$ (8,480,963)	\$ (12,101,135)	\$ (8,215,289)	\$ (9,507,906)	\$ (5,978,600)	\$ 3,442,009	\$ (5,449,490)	\$ (4,430,317)
Business-type activity	518,849	926,309	1,146,637	584,544	464,535	222,312	96,628	55,298	438	(71,421)
Total primary government	\$ (10,375,140)	\$ (9,046,686)	\$ (7,334,326)	\$ (11,516,591)	\$ (7,750,754)	\$ (9,285,594)	\$ (5,881,972)	\$ 3,497,307	\$ (5,449,052)	\$ (4,501,738)

(Continued on next page)

CITY OF LAKELAND, TENNESSEE
CHANGES IN NET POSITION
 Last Ten Fiscal Years Ended June 30
 (Accrual basis of accounting)

Exhibit D-2

	2021	2020	2019	2019	2018	2017	2016	2015	2014	2013
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental Activities										
Local taxes	\$ 14,281,850	\$ 12,910,473	\$ 12,422,859	\$ 12,054,385	\$ 9,720,013	\$ 8,451,536	\$ 6,639,974	\$ 3,398,058	\$ 3,496,184	\$ 909,919
Intergovernmental revenues	1,854,201	1,573,782	1,593,976	1,545,903	1,587,101	2,897,031	1,771,959	1,576,204	1,497,487	1,134,539
Other revenue	324,248	113,589	125,449	61,408	24,941	100,121	42,511	152,356	179,383	289,676
Gain on sale of capital assets	-	171	-	172	8,923	-	-	-	-	-
Interest on investments	71,153	285,656	103,713	86,221	76,616	43,145	11,947	14,603	13,614	21,883
Total governmental activities	16,531,452	14,883,671	14,245,997	13,748,089	11,417,594	11,491,833	8,466,391	5,141,221	5,186,668	2,356,017
Business-Type Activity										
Interest on investments	3,271	14,189	12,785	5,378	3,998	4,083	4,311	5,451	7,036	8,735
Other	-	-	-	-	-	-	-	-	-	4,600
Total business-type activity	3,271	14,189	12,785	5,378	3,998	4,083	4,311	5,451	7,036	13,335
Total primary government	\$ 16,534,723	\$ 14,897,860	\$ 14,258,782	\$ 13,753,467	\$ 11,421,592	\$ 11,495,916	\$ 8,470,702	\$ 5,146,672	\$ 5,193,704	\$ 2,369,352
CHANGE IN NET POSITION										
Governmental activities	\$ 5,637,463	\$ 4,910,676	\$ 5,765,034	\$ 1,646,954	\$ 3,202,305	\$ 1,983,927	\$ 2,487,791	\$ 8,583,230	\$ (262,822)	\$ (2,074,300)
Business-type activity	522,120	940,498	1,159,422	589,922	468,533	226,395	100,939	60,749	7,474	(58,086)
Total primary government	\$ 6,159,583	\$ 5,851,174	\$ 6,924,456	\$ 2,236,876	\$ 3,670,838	\$ 2,210,322	\$ 2,588,730	\$ 8,643,979	\$ (255,348)	\$ (2,132,386)

CITY OF LAKELAND, TENNESSEE
FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit D-3

Last Ten Fiscal Years
(modified accrual basis of accounting)

	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015	As of June 30, 2014	As of June 30, 2013	As of June 30, 2012
General Fund										
Nonspendable	\$ 1,660	\$ 320,000	\$ 69,998	\$ -	\$ 66	\$ -	\$ -	\$ 1,159	\$ -	\$ -
Restricted	172,546	172,419	-	-	-	-	-	-	-	-
Committed	1,612,139	1,478,919	1,087,610	523,435	430,078	408,718	395,769	-	-	-
Assigned	1,770,000	1,340,354	214,835	259,970	2,617,696	2,404,227	496,275	1,031,229	824,149	-
Unassigned	7,731,486	8,588,342	8,778,081	7,756,900	7,529,530	8,110,377	6,674,860	5,449,265	4,195,222	2,815,524
Total General Fund	\$ 11,287,831	\$ 11,900,034	\$ 10,150,524	\$ 8,540,305	\$ 10,577,370	\$ 10,923,322	\$ 7,566,904	\$ 6,481,653	\$ 5,019,371	\$ 2,815,524
General Purpose School Fund										
Nonspendable	\$ 1,857	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Restricted	138,333	67,631	30,024	-	-	-	-	-		
Assigned	8,723,848	6,989,444	6,136,225	4,326,764	2,795,478	1,865,633	721,394	-		
Total General Purpose School Fund	\$ 8,864,038	\$ 7,057,075	\$ 6,166,249	\$ 4,326,764	\$ 2,795,478	\$ 1,865,633	\$ 721,394	\$ -		
School Capital Projects Fund										
Restricted	\$ 23,376,222	\$ 43,394,431	\$ 996,109	\$ 6,399,351	\$ 6,602,136	\$ 20,601,660				
Total School Capital Projects Fund	\$ 23,376,222	\$ 43,394,431	\$ 996,109	\$ 6,399,351	\$ 6,602,136	\$ 20,601,660				
Debt Service Fund										
Committed	\$ 42	\$ 42								
Total Debt Service Fund	\$ 42	\$ 42								
Solid Waste Fund										
Restricted								\$ 152,645	\$ 120,539 *	\$ 112,623 *
Total Solid Waste Fund								\$ 152,645	\$ 120,539	\$ 112,623
Non-Major Governmental Funds										
Nonspendable	\$ 13,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,352,462	1,369,855	1,752,589	1,564,107	1,852,196	998,420 *	767,298 *	293,368 *	226,950 *	172,843 *
Committed	555,575	294,322	380,340	923,496	239,885	395,010 *	- *	-	-	-
Assigned	-	-	-	-	-	-	1,249,470	-	-	-
Unassigned	-	-	-	-	-	(2,346)	-	(33,545)	-	-
Total Non-Major Governmental Funds	\$ 1,921,062	\$ 1,664,177	\$ 2,132,929	\$ 2,487,603	\$ 2,092,081	\$ 1,391,084	\$ 2,016,768	\$ 259,823	\$ 226,950	\$ 172,843
All Governmental Funds (excluding General)										
Nonspendable	\$ 14,882	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	24,867,017	44,831,917	2,778,722	7,963,458	8,454,332	21,600,080 *	767,298 *	446,013 *	347,489 *	285,466 *
Committed	555,617	294,364	380,340	923,496	239,885	395,010 *	- *	-	-	-
Assigned	8,723,848	6,989,444	6,136,225	4,326,764	2,795,478	1,865,633	1,970,864	-	-	-
Unassigned	-	-	-	-	-	(2,346)	-	(33,545)	-	-
Total All Governmental Funds (excluding General)	\$ 34,161,364	\$ 52,115,725	\$ 9,295,287	\$ 13,213,718	\$ 11,489,695	\$ 23,858,377	\$ 2,738,162	\$ 412,468	\$ 347,489	\$ 285,466

Source: Annual audited financial statements for each of the fiscal years presented above, as originally reported. Prior period adjustments, if any, are not reflected.

Notes: Information is presented as of June 30th of each fiscal year ended.
Further information on increases and decreases in fund balance for each year may be found in the audited financial statements for the associated fiscal year end.
The General Fund is always a major fund. Other funds are only shown individually above in fiscal years in which they were classified as a major governmental fund.
* Reclassified from original reports to match correct presentation.

CITY OF LAKELAND, TENNESSEE
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Exhibit D-4

Last Ten Fiscal Years Ended June 30
(Modified accrual basis of accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES										
Property taxes	\$ 9,562,609	\$ 9,028,947	\$ 8,870,195	\$ 8,632,865	\$ 7,102,514	\$ 6,515,877	\$ 4,822,446	\$ 2,628,092	\$ 2,684,242	\$ 50,181
Local sales taxes	4,752,798	3,893,516	3,575,127	3,300,271	2,497,650	1,948,981	1,739,951	785,674	755,032	909,919
Intergovernmental	12,686,966	11,948,467	11,838,064	10,009,710	6,717,032	7,495,060	5,971,888	1,923,232	1,842,883	1,482,295
Licenses and permits	353,234	125,308	100,172	63,233	59,323	108,980	95,372	95,115	88,173	89,083
Charges for services	1,947,284	2,535,131	2,374,898	2,457,405	2,169,799	1,901,373	1,579,391	1,454,341	1,382,830	1,350,291
Federal, state, and local grants	3,866,072	1,636,354	1,378,668	1,736,605	1,208,351	556,439	1,472,901	154,899	403,926	806,360
Contributions	487,886	1,261,019	-	-	-	-	-	-	-	-
Interest on investments	71,153	285,656	103,713	86,221	76,616	43,145	11,947	14,603	13,614	21,883
Other	327,748	119,049	128,349	65,148	25,251	105,621	48,011	155,856	129,124	289,676
Total revenues	34,055,750	30,833,447	28,369,186	26,351,458	19,856,536	18,675,476	15,741,907	7,211,812	7,299,824	4,999,688
EXPENDITURES										
Current Expenditures										
General government	1,794,134	1,365,546	2,283,517	3,864,019	2,861,943	1,817,676	1,332,988	1,836,717	1,602,295	1,785,326
Community development	558,326	981,344	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	2,252	32,730	30,798	2,021
Public works	3,386,831	2,725,517	3,319,058	3,081,684	3,405,316	1,955,349	1,719,547	1,673,023	1,596,910	1,581,196
Parks and recreation	436,158	433,545	587,539	423,320	607,642	449,309	240,813	349,704	433,335	131,949
Natural resources	-	-	-	-	-	-	-	75,464	89,542	7,661
Education	18,996,284	17,147,617	15,371,530	14,108,658	8,476,688	7,440,841	7,248,913	414,681	168,798	-
Debt Service										
Principal	17,525,823	2,086,610	2,011,071	1,972,858	1,856,902	413,323	402,337	342,411	337,115	345,147
Interest and fiscal charges	1,422,686	1,373,774	925,531	921,197	922,883	653,755	49,295	37,681	43,632	42,137
Bond issuance costs	34,000	-	-	-	-	-	-	-	-	-
Capital outlays	23,664,950	3,649,717	6,647,031	3,738,806	14,636,872	3,968,571	1,426,460	3,640,967	993,678	1,527,626
Total expenditures	67,819,192	29,763,670	31,145,277	28,110,542	32,768,246	16,698,824	12,422,605	8,403,378	5,296,103	5,423,063
Excess (deficiency) of revenues over (under) expenditures	(33,763,442)	1,069,777	(2,776,091)	(1,759,084)	(12,911,710)	1,976,652	3,319,302	(1,191,566)	2,003,721	(423,375)
OTHER FINANCING SOURCES (USES)										
Issuance of debt	14,794,500	43,500,000	467,483	1,185,948	188,105	20,000,000	91,643	2,718,827	262,149	79,779
Premium on debt issuance	-	-	-	-	-	2,499,981	-	-	-	-
Sale of capital assets	-	171	396	260,142	8,923	-	-	-	-	-
Transfers in	22,318,351	48,284,992	4,268,340	7,181,395	4,461,554	24,335,102	1,994,722	414,681	-	-
Transfers out	(22,318,351)	(48,284,992)	(4,268,340)	(7,181,395)	(4,461,554)	(24,335,102)	(1,994,722)	(414,681)	-	-
Total other financing sources (uses)	14,794,500	43,500,171	467,879	1,446,090	197,028	22,499,981	91,643	2,718,827	262,149	79,779
Net change in fund balances	\$ (18,968,942)	\$ 44,569,948	\$ (2,308,212)	\$ (312,994)	\$ (12,714,682)	\$ 24,476,633	\$ 3,410,945	\$ 1,527,261	\$ 2,265,870	\$ (343,596)
Debt service as a percentage of noncapital expenditures	43.0%	13.3%	12.3%	12.6%	17.5%	9.0%	4.3%	4.9%	8.5%	9.8%

CITY OF LAKELAND, TENNESSEE
REVENUES BY FISCAL YEAR - GENERAL FUND

Exhibit D-5

Last Ten Fiscal Years Ended June 30
 (Modified accrual basis of accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES										
Property Taxes										
Property taxes	\$ 4,583,771	\$ 4,385,969	\$ 4,404,320	\$ 4,385,265	\$ 4,556,460	\$ 4,199,800	\$ 2,646,911	\$ 2,605,118	\$ 2,684,242	\$ 50,181
Personalty taxes	34,113	13,123	17,787	19,049	23,637	23,465	19,556	22,963	-	-
Interest and penalties	13,458	12,375	9,184	9,772	14,850	14,153	10,433	-	-	-
Utility tax	17,385	7,410	6,342	7,747	14,188	24,256	11,332	11	-	-
Local Sales Taxes										
Local sales tax	1,740,852	1,412,224	1,202,495	1,111,683	1,129,714	1,113,235	944,265	794,000	688,298	567,861
Wholesale beer and liquor tax	117,939	96,025	91,344	84,453	84,610	42,754	120,272	69,926	69,794	116,843
Business tax	113,536	87,299	89,615	98,175	83,758	76,994	73,140	47,452	47,936	61,387
Room occupancy tax	74,369	61,069	79,384	47,745	59,501	63,455	61,889	51,751	48,554	47,356
CATV franchise tax	141,043	145,020	146,755	148,500	149,472	148,102	146,346	116,007	121,805	116,472
Other revenue	12,610	-	-	-	-	-	-	-	-	-
Intergovernmental										
Sales tax	1,318,779	1,132,436	1,102,437	1,059,342	1,030,176	1,005,384	941,407	888,074	859,186	843,191
Income tax (Hall)	62,071	102,215	131,374	135,311	143,984	192,645	193,766	152,702	179,140	139,418
Beer and liquor tax	6,268	5,823	5,754	10,918	6,521	8,752	6,573	9,309	7,994	8,319
State road maintenance	24,677	24,677	24,681	25,009	25,106	25,288	25,357	25,438	25,469	25,512
Payments in lieu of tax - TVA	267,643	288,084	307,247	309,880	292,083	293,085	238,635	231,386	228,646	143,611
Other state revenue	-	4,899	4,636	5,443	926	1,056	1,217	1,271	1,166	-
Licenses and Permits										
Building permit fees	173,090	112,368	64,375	48,261	44,759	31,023	49,345	46,381	40,779	46,452
Engineering Fees	61,651	93,767 *	30,200 *	79,000 *	31,900 *	17,900 *	8,800 *	-	-	-
Administrative fees - developments	50,512	67,722 *	27,758 *	115,650 *	170,335 *	31,960 *	5,200 *	-	-	-
Other permits - general government	3,296	-	-	-	-	-	-	-	-	-
Other permits - parks and recreation	6,637	-	-	-	-	-	-	-	-	-
Other permits - community service	58,048	12,940	35,797	14,972	16,064	13,457	12,527	48,734	47,394	42,631
Charges for Services										
General government	310	5,328	-	-	-	-	-	-	-	-
Other fees	54,537	180,646	23,875	70,184	45,405	13,707	20,411	-	-	-
Recreation fees	86,908	121,246	196,354	106,941	103,437	57,124	14,152	12,327	10,546	52,371
Parks development fees	46,528	107,402	19,371	103,257	25,660	14,948	-	-	-	-
Rental income	15,578	15,982	30,805	44,290	24,698	48,781	40,437	38,409	33,278	28,629
Federal, State, and Local Grants										
Operating grants	976,375	319	-	320,494	13,500	36,500	-	-	-	-
Capital grants	656,355	458,456	197,711	500,605	248,996	155,201	1,122,339	154,899	403,926	806,360
Interest on investments	9,734	22,337	18,400	9,719	7,893	7,198	9,468	13,680	13,614	21,883
Other	5,814	53,030	77,924	19,165	39,963	38,661	26,974	153,856	129,124	289,676
Total general fund revenue	\$ 10,733,887	\$ 9,030,191	\$ 8,345,925	\$ 8,890,830	\$ 8,387,596	\$ 7,698,884	\$ 6,750,752	\$ 5,483,694	\$ 5,640,891	\$ 3,408,153

* Reclassified from original reports to match correct presentation.

CITY OF LAKELAND, TENNESSEE

Exhibit D-6

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND

Last Ten Fiscal Years Ended June 30

(Modified accrual basis of accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES										
Property taxes	\$ 4,648,727	\$ 4,418,877	\$ 4,437,633	\$ 4,421,833	\$ 4,609,135	\$ 4,261,674	\$ 2,688,232	\$ 2,628,092	\$ 2,684,242	\$ 50,181
Local sales taxes	2,200,349	1,801,637	1,609,593	1,490,556	1,507,055	1,444,540	1,345,912	1,079,136	976,387	909,919
Intergovernmental	1,679,438	1,558,134	1,576,129	1,545,903	1,498,796	1,526,210	1,406,955	1,309,359	1,300,435	1,160,051
Licenses and permits	353,234	125,308	100,172	63,233	60,823	44,480	61,872	55,150	53,188	89,083
Charges for services	203,861	592,093	328,363	519,322	401,435	184,420	89,000	90,373	76,355	81,000
Federal, state, and local grants	1,632,730	458,775	197,711	821,099	262,496	191,701	1,122,339	154,899	403,926	806,360
Interest on investments	9,734	22,337	18,400	9,719	7,893	7,198	9,468	13,680	13,614	21,883
Other	5,814	53,030	77,924	19,165	39,963	38,661	26,974	120,080	132,744	289,676
Total revenues	10,733,887	9,030,191	8,345,925	8,890,830	8,387,596	7,698,884	6,750,752	5,450,769	5,640,891	3,408,153
EXPENDITURES										
Current Expenditures										
General government	1,794,134	1,365,546	2,283,517	3,864,019	2,861,943	1,817,676	1,332,988	1,894,147	1,602,295	1,785,326
Community development	558,326	981,344	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	2,252	32,730	30,798	2,021
Public works	438,558	465,335	401,566	635,091	896,622	138,676	101,769	9,884	-	-
Parks and recreation	436,158	433,545	587,539	423,320	607,642	449,309	1,426,677	762,557	440,685	137,750
Natural resources	-	-	-	-	-	-	59,039	59,039	82,192	1,860
Education	-	-	-	-	-	-	69,574	-	168,798	-
Debt Service										
Principal	-	-	-	-	-	-	-	342,411	337,115	345,147
Interest and fiscal charges	-	-	-	-	-	101,684	49,295	37,681	43,632	42,137
Capital outlays	2,069,606	711,936	-	-	-	-	741,324	3,187,109	993,678	1,527,626
Total expenditures	5,296,782	3,957,706	3,272,622	4,922,430	4,366,207	2,507,345	3,782,918	6,325,558	3,699,193	3,841,867
Excess (deficiency) of revenues over (under) expenditures	5,437,105	5,072,485	5,073,303	3,968,400	4,021,389	5,191,539	2,967,834	(874,789)	1,941,698	(433,714)
OTHER FINANCING SOURCES (USES)										
Issuance of debt	14,794,500	43,500,000	364,001	916,008	94,165	20,000,000	91,643	2,718,827	262,149	79,779
Premium on debt issuance	-	-	-	-	-	2,499,981	-	-	-	-
Sale of capital assets	-	171	-	259,970	-	-	496	32,925	-	-
Transfers in	700,000	730,923	-	-	-	-	-	-	-	-
Transfers out	(21,543,808)	(47,554,069)	(3,827,085)	(7,181,395)	(4,461,554)	(24,335,102)	(1,974,722)	(414,681)	-	-
Total other financing sources (uses)	(6,049,308)	(3,322,975)	(3,463,084)	(6,005,417)	(4,367,389)	(1,835,121)	(1,882,583)	2,337,071	262,149	79,779
Net change in fund balances	\$ (612,203)	\$ 1,749,510	\$ 1,610,219	\$ (2,037,017)	\$ (346,000)	\$ 3,356,418	\$ 1,085,251	\$ 1,462,282	\$ 2,203,847	\$ (353,935)

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

Exhibit D-7

Year of Levy	Real Property					Total Taxable Assessed Value	Tax Rate per \$100	Tax Levy Before Adjustments	Estimated Actual Taxable Value	Taxable Assessed Value as a percentage of Actual Taxable Value	Estimated Actual Taxable Value per Capita
	Residential Property	Farm Property	Commercial Property	Public Utilities Property	Commercial Personal Property						
2021	\$ 384,174,675	\$ 9,806,025	\$ 54,440,800	\$ 1,831,746	\$ 4,558,150	\$ 454,811,396	\$ 1.04	\$ 4,730,039	\$ 1,731,134,147	26.27%	\$ 124,506
2020	309,278,975	7,708,075	46,245,595	1,677,253	4,244,080	369,153,978	1.24	4,577,510	1,401,359,851	26.34%	110,850
2019	301,905,350	7,310,325	46,808,075	1,806,390	4,193,830	362,023,970	1.24	4,489,097	1,380,492,645	26.22%	109,155
2018	296,229,400	7,603,225	45,233,465	1,721,120	4,366,990	355,154,200	1.25	4,439,428	1,346,705,509	26.37%	106,481
2017	293,221,300	7,422,225	45,633,520	2,499,805	4,366,440	353,143,290	1.25	4,414,291	1,336,869,300	26.42%	105,589
2016	267,822,525	6,665,875	37,425,900	2,045,929	4,085,420	318,045,649	1.40	4,452,639	1,209,946,971	26.29%	95,596
2015	265,348,125	6,871,825	35,791,180	1,905,617	3,531,410	313,448,157	1.40	4,388,274	1,194,704,758	26.24%	94,814
2014	261,632,000	7,026,950	34,140,110	1,888,500	3,611,880	308,299,440	0.85	2,620,545	1,176,577,136	26.20%	93,373
2013	259,254,250	7,406,925	36,734,250	1,901,200	3,866,980	309,163,605	0.85	2,627,891	1,175,949,127	26.29%	93,322
2012	280,604,100	7,104,375	37,716,820	-	3,650,760	329,076,055	0.85	2,797,146	1,258,399,500	26.15%	100,159

Source: Shelby County, Tennessee, Assessor's Office before adjustment from the County Board of Equalization.

Notes: The City of Lakeland, Tennessee, implemented a property tax beginning January 1, 2012. Property in Shelby County, Tennessee, is reassessed every four years. Residential and farm property is assessed at 25% of appraised/estimated actual taxable value. Commercial real property is assessed at 40% of appraised/estimated actual taxable value. Public utilities is assessed at 55% of appraised/estimated actual taxable value. Population estimated at 13,904 for 2020 per census.gov.

CITY OF LAKELAND, TENNESSEE
ANALYSIS OF VALUE OF TAXABLE PROPERTY - CURRENT FISCAL YEAR
For the Year Ended June 30, 2021

Exhibit D-8

Year of Levy: 2020	Appraised Value	Percent of Total	Assessment Value	Percent of Total
Market Real Estate				
Farm	\$ 23,787,800	1.38%	\$ 5,946,950	1.31%
Residential	1,525,272,900	88.28%	381,318,225	84.18%
Commercial	132,333,700	7.66%	52,933,480	11.69%
Industrial	1,408,700	0.08%	563,480	0.12%
Multiple	2,249,000	0.13%	688,700	0.15%
Subtotal	<u>1,685,052,100</u>		<u>441,450,835</u>	
Greenbelt Real Estate				
Farm	15,436,300	0.89%	3,859,075	0.85%
Residential	11,425,800	0.66%	2,856,450	0.63%
Commercial	23,100	0.00%	5,775	0.00%
Industrial	-	0.00%	-	0.00%
Multiple	674,600	0.04%	249,365	0.06%
Subtotal	<u>27,559,800</u>		<u>6,970,665</u>	
Personal Property				
Tangible	15,191,800	0.88%	4,558,150	1.01%
Intangible	-	0.00%	-	0.00%
Local utility	-	0.00%	-	0.00%
Subtotal	<u>15,191,800</u>		<u>4,558,150</u>	
Total as of April 2021	<u>\$ 1,727,803,700</u>		<u>\$ 452,979,650</u>	

CITY OF LAKELAND, TENNESSEE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years

Exhibit D-9

Property Tax Rates per \$100 of Assessed Valuation

Levy Year	Fiscal Year	City Direct Rate	County Rate	Total Direct & Overlapping Rates
2020	2021	\$ 1.24	\$ 4.05	\$ 5.29
2019	2020	1.24	4.05	5.29
2018	2019	1.25	4.05	5.30
2017	2018	1.25	4.11	5.36
2016	2017	1.40	4.37	5.77
2015	2016	1.40	4.37	5.77
2014	2015	0.85	4.37	5.22
2013	2014	0.85	4.38	5.23
2012	2013	0.85	4.02	4.87
2011	2012	-	4.02	4.02

Notes: Shelby County, Tennessee property tax rates obtained from County Comprehensive Annual Financial Report and website.
 Above are the tax rates for both the City of Lakeland and Shelby County.
 The City of Lakeland first implemented a property tax in Levy Year 2012.

CITY OF LAKELAND, TENNESSEE
PRINCIPAL PROPERTY TAX PAYERS
 Current and Nine Years Ago

Exhibit D-10

Name of Taxpayer	Nature of Property	2021				2012			
		Tax Levied	Percentage of Total	Assessment	Rank	Tax Levied	Percentage of Total	Assessment	Rank
Lakeland Apartments TN Assoc LLC	Apartments	\$ 141,105	2.98%	\$ 13,567,800	1	<div style="border: 1px solid black; padding: 10px; text-align: center;"> There were no property taxes assessed to fund fiscal year 2012. The City of Lakeland had no property tax prior to January 1, 2012 tax levy date, which funded fiscal year 2013. </div>			
Lake District LLC	Developing commercial property	48,759	1.03%	4,688,400	2				
CB Associates LLC	Strip center	37,497	0.79%	3,605,440	3				
Lakeland 64 LLC	Fitness center	24,404	0.52%	2,346,560	4				
Music City Publishing LLC	Strip center	22,359	0.47%	2,149,920	5				
Countrybridge Partners LP	Strip center	16,207	0.34%	1,558,360	6				
Highway 64 Center LLC	Strip center	14,979	0.32%	1,440,240	7				
TFB LLC	Developing residential property	14,457	0.31%	1,390,050	8				
Orange Grove Utilities Inc (Walgreens)	Retail pharmacy	13,702	0.29%	1,317,520	9				
Collection at Lakeland LLC	Developing commercial property	11,981	0.25%	1,152,040	10				
Total for ten largest taxpayers		345,450	7.30%	33,216,330					
Total for all other taxpayers		<u>4,384,589</u>	<u>92.70%</u>	<u>421,595,066</u>					
Total		<u>\$ 4,730,039</u>	<u>100%</u>	<u>\$ 454,811,396</u>					

Source: Shelby County Tax Assessor

CITY OF LAKELAND, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Exhibit D-11

Levy Year	Fiscal Year	Original Tax Levy	Adjustments	Adjusted Tax Levy	Current Tax Collections	Percent of Levy Collected in Funded Fiscal Year	Collections in Subsequent Fiscal Years	Total Tax Collections	Percent of Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Tax Levy
2020	2021	\$ 4,577,510	\$ 33,791	\$ 4,611,301	\$ 4,577,881	99.3%	\$ -	\$ 4,577,881	99.3%	\$ 33,420	0.7%
2019	2020	4,489,097	11,135	4,500,232	4,425,791	98.3%	57,732	4,483,523	99.6%	16,709	0.4%
2018	2019	4,439,428	55,232	4,494,660	4,460,647	99.2%	30,135	4,490,782	99.9%	3,878	0.1%
2017	2018	4,414,291	147	4,414,438	4,382,555	99.3%	27,406	4,409,961	99.9%	4,477	0.1%
2016	2017	4,452,639	4,367	4,457,006	4,417,221	99.1%	37,732	4,454,953	100.0%	2,053	0.0%
2015	2016	4,388,274	413	4,388,687	4,330,322	98.7%	57,541	4,387,863	100.0%	824	0.0%
2014	2015	2,620,545	-	2,620,545	2,559,795	97.7%	60,171	2,619,966	100.0%	579	0.0%
2013	2014	2,627,891	(164)	2,627,727	2,575,135	98.0%	52,075	2,627,210	100.0%	517	0.0%
2012	2013	2,797,146	3,835	2,800,981	2,725,090	97.3%	75,200	2,800,290	100.0%	691	0.0%

Notes: This is a ten-year schedule; however, the City of Lakeland implemented a property tax beginning January 1, 2012 to fund the fiscal year ended June 30, 2013. Additional years will be added to this schedule until ten years of data is presented.

The Shelby County Assessor's office assesses the value of property within the City of Lakeland; the City of Lakeland levies the tax and is ultimately responsible for collection.

CITY OF LAKELAND, TENNESSEE
SALES TAX BY FISCAL YEAR

Exhibit D-12

Last Ten Fiscal Years Ended June 30
 (Modified accrual basis of accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
SALES TAX REVENUE										
Local sales tax	\$ 1,173,137	\$ 981,036	\$ 835,377	\$ 772,360	\$ 784,428	\$ 773,378	\$ 655,993	\$ 547,990	\$ 514,879	\$ 567,861
Local option sales tax	567,715	431,188	367,118	339,323	345,286	339,857	288,272	246,010	173,419	-
State-shared sales tax	1,318,779	1,132,436	1,102,437	1,059,342	1,030,176	1,005,384	941,407	888,074	859,186	843,191
Total sales tax revenue	<u>\$ 3,059,631</u>	<u>\$ 2,544,660</u>	<u>\$ 2,304,932</u>	<u>\$ 2,171,025</u>	<u>\$ 2,159,890</u>	<u>\$ 2,118,619</u>	<u>\$ 1,885,672</u>	<u>\$ 1,682,074</u>	<u>\$ 1,547,484</u>	<u>\$ 1,411,052</u>

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

Exhibit D-13

Sales Tax Rates

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Shelby County</u>	<u>State of Tennessee</u>	<u>Total Direct & Overlapping Rates</u>
2021	0.500%	2.250%	7.000%	9.750%
2020	0.500%	2.250%	7.000%	9.750%
2019	0.500%	2.250%	7.000%	9.750%
2018	0.500%	2.250%	7.000%	9.750%
2017	0.500%	2.250%	7.000%	9.750%
2016	0.500%	2.250%	7.000%	9.750%
2015	0.500%	2.250%	7.000%	9.750%
2014	0.500%	2.250%	7.000%	9.750%
2013	0.500%	2.250%	7.000%	9.750%
2012	0.000%	2.250%	7.000%	9.250%

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

CITY OF LAKELAND, TENNESSEE
TAXABLE SALES BY CATEGORY
 Last Three Calendar Years

Exhibit D-14

	2020	2019	2018
Sector			
Retail trade	\$ 41,207,557	\$ 44,147,662	\$ 43,369,724
Services	5,167,586	6,713,857	7,452,086
Wholesale trade	522,586	450,500	357,743
Other and/or unclassified*	5,841,857	4,217,441	4,970,228
Total	\$ 52,739,586	\$ 55,529,460	\$ 56,149,781

Source: Tennessee Department of Revenue, Research Division.

Notes: Figures subject to revision due to amended taxpayer returns.
 The schedule above is intended to be a ten-year schedule; years will be added to this schedule until ten years of data are presented, as available.

* This category includes agriculture, construction, finance, manufacturing, and transportation; however, as the number of filers in each category is small the information has been aggregated to prevent identification of individual filers.

CITY OF LAKELAND, TENNESSEE
LOCAL SALES TAX REVENUE BY INDUSTRY
 Current and Two Years Ago

Exhibit D-15

Sector	Calendar Year 2020				Calendar Year 2018			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail trade	69	41.57%	\$ 1,371,333	80.98%	63	37.95%	\$ 1,262,632	80.09%
Services	46	27.71%	142,111	8.39%	49	29.52%	204,937	13.00%
Wholesale trade	13	7.83%	14,372	0.85%	13	7.83%	9,833	0.62%
Other and/or unclassified*	38	22.89%	165,649	9.78%	29	17.47%	99,122	6.29%
Total	166	100.00%	\$ 1,693,465	100.00%	154	92.77%	\$ 1,576,524	100.00%

Source: Tennessee Department of Revenue, Research Division.

Notes: Figures subject to revision due to amended taxpayer returns.

Figures represent local sales tax collected by taxpayers during the calendar year, not disbursements from the Department of Revenue. Thus, amounts presented above do not match to amounts reflected within the financial report.

Does not include Lakeland's share of county clerk or out-of-state taxpayer amounts.

The schedule above is intended to present the most recent year, and nine years prior; as information becomes available this will be presented in subsequent reporting years.

Number of filers presents the number of returns filed for December of the reported calendar year.

* This category includes agriculture, construction, finance, manufacturing, and transportation; however, as the number of filers in each category is small the information has been aggregated to prevent identification of individual filers.

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

Exhibit D-16

Governmental Activities									
Fiscal Year	General Obligation Notes Payable	Other Loans Payable	Leases Payable	Business-Type Activities Notes Payable	Total Outstanding Debt	Total Personal Income	Ratio of Outstanding Debt to Personal Income	Population	Outstanding Debt per Capita
2021	\$ 58,723,595	\$ 1,648,475	\$ -	\$ 3,313,000	\$ 63,685,070	\$ 803,763,546	7.92%	13,904	\$ 4,580
2020	62,742,499	1,766,135	105,163	3,901,000	68,514,797	698,003,580	9.82%	12,642	5,420
2019	21,326,831	1,876,968	204,940	4,466,000	27,874,739	665,662,198	4.19%	12,647	2,204
2018	23,355,164	1,578,328	228,401	5,010,000	30,171,893	657,774,678	4.59%	12,617	2,391
2017	25,350,018	718,657	88,461	5,533,000	31,690,136	653,848,008	4.85%	12,606	2,514
2016	27,314,827	665,605	53,833	6,036,000	34,070,265	682,006,512	5.00%	12,612	2,701
2015	5,331,097	737,164	81,900	6,519,000	12,669,161	677,397,330	1.87%	12,618	1,004
2014	5,677,095	676,044	-	6,984,000	13,337,139	682,204,788	1.96%	12,618	1,057
2013	3,342,313	-	-	7,431,000	10,773,313	640,554,384	1.68%	12,624	853
2012	3,428,976	-	-	7,861,000	11,289,976	637,032,354	1.77%	12,621	895

Notes: Details regarding the City's outstanding debt are found in the notes to the financial statements for each respective audited fiscal year.
 Amounts are presented net of related premiums, discounts, and adjustments.
 Personal income and population data are found in the "Demographics and Economic Indicators" schedule.

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

Exhibit D-17

Fiscal Year	Governmental Activities			Business-Type Activities Notes Payable	Total General Bonded Debt	Estimated Actual Value of Taxable Property	Ratio of General Bonded Debt to Est Actual Value of Taxable Property	Population	General Bonded Debt per Capita
	General Obligation Notes Payable	Other Loans Payable	Leases Payable						
2021	\$ 58,723,595	\$ 1,648,475	\$ -	\$ 3,313,000	\$ 63,685,070	\$ 1,401,359,851	4.54%	13,904	\$ 4,580
2020	62,742,499	1,766,135	105,163	3,901,000	68,514,797	1,380,492,645	4.96%	12,642	5,420
2019	21,326,831	1,876,968	204,940	4,466,000	27,874,739	1,346,705,509	2.07%	12,647	2,204
2018	23,355,164	1,578,328	228,401	5,010,000	30,171,893	1,336,869,300	2.26%	12,617	2,391
2017	25,350,018	718,657	88,461	5,533,000	31,690,136	1,209,946,971	2.62%	12,606	2,514
2016	27,314,827	665,605	53,833	6,036,000	34,070,265	1,194,704,758	2.85%	12,612	2,701
2015	5,331,097	737,164	81,900	6,519,000	12,669,161	1,176,577,136	1.08%	12,618	1,004
2014	5,677,095	676,044	-	6,984,000	13,337,139	1,175,949,127	1.13%	12,618	1,057
2013	3,342,313	-	-	7,431,000	10,773,313	1,258,399,500	0.86%	12,624	853
2012	3,428,976	-	-	7,861,000	11,289,976	N/A	N/A	12,621	895

Notes: Details regarding the City's outstanding debt are found in the notes to the financial statements for each respective audited fiscal year.
 Estimated Actual Value of Taxable Property is found on the related statistical table, "Assessed Value and Estimated Actual Value of Taxable Property."
 Personal income and population data are found in the "Demographics and Economic Indicators" schedule.
 The City of Lakeland first assessed a property tax in 2012 to fund fiscal year 2013; therefore, the ratio of general bonded debt to estimated actual value of taxable property is not presented for fiscal year 2012 for which no property tax was assessed.

CITY OF LAKELAND, TENNESSEE
DIRECT AND OVERLAPPING DEBT - GOVERNMENTAL ACTIVITIES
As of June 30, 2021

Exhibit D-18

<u>Name of Government Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Lakeland (1)</u>	<u>Overlapping Debt (2)</u>
City of Lakeland	\$ 60,372,070	100.00%	\$ 60,372,070
Shelby County	<u>971,788,748</u>	1.77%	<u>17,200,661</u>
Totals - direct and overlapping debt	<u>\$ 1,032,160,818</u>		<u>\$ 77,572,731</u>

Notes: Shelby County general obligation debt obtained on an unaudited basis from the Shelby County Finance department.

Amount for the City of Lakeland above does not include business-type activities debt recorded in the Sewer Fund.

The City of Lakeland has no legal debt limit.

(1) Determined by the ratio of assessed valuation of property subject to taxation in the City of Lakeland to the value of property subject to taxation in Shelby County.

(2) Amount of debt outstanding multiplied by percentage applicable to Lakeland.

CITY OF LAKELAND, TENNESSEE
DIRECT AND OVERLAPPING BONDED DEBT
As of June 20, 2021

Exhibit D-19

General Obligation Bonded Debt:		
Existing G.O. bonds (1)	\$	429,095
Series 2019 bond anticipation note		43,500,000
Series 2021 USDA G.O. refunding bonds		<u>14,794,500</u>
Total public improvement bonded debt	\$	58,723,595
Existing sewer debt	\$	<u>3,313,000</u>
Total sewer bonded debt		<u>3,313,000</u>
Total bonded debt		62,036,595
Less: self-supporting debt		<u>(3,313,000)</u>
Net bonded debt	\$	<u>58,723,595</u>
Overlapping Shelby County bonded debt (2)	\$	17,241,126
Less: self-supporting bonded debt		<u>-</u>
Net overlapping Shelby County bonded debt	\$	<u>17,241,126</u>
Bonded debt outstanding including overlapping bonded debt	\$	79,277,721
Net bonded debt outstanding including net overlapping bonded debt	\$	75,964,721

	<u>City of Lakeland</u>	<u>City and Shelby County Overlapping</u>
Net direct debt per capita	\$ 4,224	\$ 5,464
Total debt per capita	\$ 4,462	\$ 5,702
Net debt / appraised value	4.25%	5.50%
Total debt / appraised value	4.49%	5.74%
Net debt / assessed value	16.22%	20.98%
Total debt / assessed value	17.14%	21.90%

	<u>City of Lakeland</u>	<u>Shelby County</u>
2020 assessed value (3)	\$ 362,023,970	\$ 20,405,327,240
2020 appraised value (3)	\$ 1,380,492,645	\$ 68,050,683,051
2020 estimated population (4)	13,904	929,744

Shelby County's net bonded debt as of June 30, 2021 (5) \$ 971,788,748

Lakeland's assessed value as a percentage of Shelby County's assessed value 1.77%

- (1) Does not include debt under Shelby County settlement agreement or capital leases.
- (2) Estimate of overlapping debt calculated from Shelby County's net bonded debt multiplied by Lakeland's assessed value as a percentage of Shelby County's assessed value.
- (3) As reported in City of Lakeland, Tennessee and Shelby County, Tennessee annual financial statements.
- (4) Source: census.gov
- (5) Information provided by Shelby County, Tennessee.

CITY OF LAKELAND, TENNESSEE
DEMOGRAPHIC AND ECONOMIC INDICATORS
 Last Ten Fiscal Years

Exhibit D-20

<u>Year</u>	<u>Population (a)</u>	<u>Total Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2021	13,904	\$ 803,763,546	\$ 57,808 (e)	7.6%
2020	12,642	698,003,580	55,213 (e)	11.6%
2019	12,647	665,662,198	52,634	4.6%
2018	12,617	657,774,678	52,134	4.9%
2017	12,606	653,848,008	51,868	4.7%
2016	12,612	682,006,512	54,076	5.9%
2015	12,618	677,397,330	53,685	7.0%
2014	12,618	682,204,788	54,066	8.0%
2013	12,624	640,554,384	50,741	9.6%
2012	12,621	637,032,354	50,474	9.4%

Sources:

- (a) Estimates of population obtained from census.gov for the calendar year falling within the fiscal year. Data for fiscal year 2021 is based on the 2020 Census results.
- (b) Calculated estimate of total personal income as population times per capita personal income.
- (c) Data obtained from data.census.gov (unless otherwise indicated) for the calendar year falling within the fiscal year and for the census tracts related to the City of Lakeland.
- (d) Data obtained from U.S. Bureau of Labor Statistics for Shelby County, as the most relevant measure to present given that the majority of Lakeland residents are employed not within the City of Lakeland, but in the greater Shelby County. Data is presented as of June of each fiscal year end.
- (e) Estimated based on State of Tennessee personal income growth of 4.7 percent and 4.9 percent for 2021 and 2020, respectively, as reported on bea.gov.

CITY OF LAKELAND, TENNESSEE
PRINCIPAL EMPLOYERS
 Current and Nine Years Ago

Exhibit D-21

Taxpayer	2021		2012	
	No. of Employees	Rank	No. of Employees	Rank
Lakeland School System	219	1	-	
A2H	90	2	65	2
Cracker Barrell	82	3	130	1
The Pet Hospitals	58	4	-	
City of Lakeland	40	5	30	3
Zaxby's	35	6	20	9
Renaissance Group, Inc.	30	7	30	4
Sonic Drive-In	27	8	20	7
Sprouts	25	9	-	
Gibson Paving	21	10	25	5
Learning Tree Day Care Center	-		22	6
Walgreens	-		20	8
Cannon Chiropractic, PLLC	-		20	10
Total for ten largest employers	<u>627</u>		<u>382</u>	

Source: Lakeland Chamber of Commerce and City staff survey of employers

CITY OF LAKELAND, TENNESSEE
FULL-TIME EQUIVALENT EMPLOYEES BY FUND AND FUNCTION
 Last Ten Fiscal Years

Exhibit D-22

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
CITY FUNDS										
General Fund										
General government	7.9	7.2	6.7	14.7	14.0	15.2	14.2	18.7	17.7	24.0
Community development	6.1	5.5	5.6	-	-	-	-	-	-	-
Natural resources	-	-	-	-	-	-	-	0.6	1.3	-
Public works	7.3	7.2	6.8	6.0	4.1	1.4	0.9	-	-	-
Public safety	-	-	-	-	-	-	-	0.5	0.3	-
Parks and recreation	3.1	2.8	3.2	2.8	4.4	3.3	2.9	4.1	4.7	-
Total General Fund	<u>24.4</u>	<u>22.7</u>	<u>22.3</u>	<u>23.5</u>	<u>22.5</u>	<u>19.9</u>	<u>18.0</u>	<u>23.9</u>	<u>24.0</u>	<u>24.0</u>
State Street Aid Fund										
Public works	3.6	4.0	4.7	4.0	4.0	3.0	3.5	2.8	-	-
Stormwater Fund										
Public works	0.7	0.5	0.5	0.5	0.5	1.8	1.8	2.0	-	-
Solid Waste Fund										
Public works	2.2	2.2	1.0	1.5	0.5	1.8	0.8	1.0	1.0	1.0
Sewer Fund										
Public works	5.0	4.6	3.3	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL CITY FUNDS	<u>35.9</u>	<u>34.0</u>	<u>31.8</u>	<u>33.5</u>	<u>31.5</u>	<u>30.5</u>	<u>28.1</u>	<u>33.7</u>	<u>29.0</u>	<u>29.0</u>
LSS FUNDS										
General Purpose School Fund										
Education	197.0	190.0	178.0	162.0	124.0	104.5	95.5	4.5	-	-
School Federal Projects Fund										
Education	6.0	5.0	4.0	3.0	2.0	2.0	1.5	-	-	-
School Nutrition Fund										
Education	9.0	7.0	7.0	7.0	3.5	3.5	3.5	-	-	-
School Discretionary Grants Fund										
Education	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
LEAP Fund										
Education	6.0	4.0	4.0	5.0	3.5	3.5	-	-	-	-
TOTAL LSS FUNDS	<u>219.0</u>	<u>207.0</u>	<u>194.0</u>	<u>178.0</u>	<u>134.0</u>	<u>114.5</u>	<u>101.5</u>	<u>4.5</u>	<u>-</u>	<u>-</u>
TOTAL FTE'S	<u>254.9</u>	<u>241.0</u>	<u>225.8</u>	<u>211.5</u>	<u>165.5</u>	<u>145.0</u>	<u>129.6</u>	<u>38.2</u>	<u>29.0</u>	<u>29.0</u>
SUMMARY BY FUNCTION, CITY-WIDE:										
General government	7.9	7.2	6.7	14.7	14.0	15.2	14.2	18.7	17.7	24.0
Community development	6.1	5.5	5.6	-	-	-	-	-	-	-
Natural resources	-	-	-	-	-	-	-	0.6	1.3	-
Public works	18.8	18.5	16.3	16.0	13.1	12.0	11.0	9.8	5.0	5.0
Public safety	-	-	-	-	-	-	-	0.5	0.3	-
Parks and recreation	3.1	2.8	3.2	2.8	4.4	3.3	2.9	4.1	4.7	-
Education	219.0	207.0	194.0	178.0	134.0	114.5	101.5	4.5	-	-
TOTAL FTE'S	<u>254.9</u>	<u>241.0</u>	<u>225.8</u>	<u>211.5</u>	<u>165.5</u>	<u>145.0</u>	<u>129.6</u>	<u>38.2</u>	<u>29.0</u>	<u>29.0</u>

Source: City of Lakeland and Lakeland School System personnel records.

Notes: Numbers presented above are full-time equivalent average number of employees for each fiscal year. A full-time equivalent ("FTE") is calculated based on 2,080 hours per year, including time off.

"LSS" is Lakeland School System.

For years in which FTE's were not tracked by function, the FTE's on the schedule above are allocated based upon the allocation of personnel costs.

CITY OF LAKELAND, TENNESSEE
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

Exhibit D-23

FUNCTION	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Community Development										
Residential building permits issued	153	87	86	23	27	38	45	50	57	80
Commercial building permits issued	7	2	1	1	4	2	1	2	1	2
Public Works										
Bulk waste collections	2,806	2,848	1,433	822 *	-	-	-	-	-	-
Parks and Recreation										
Youth recreation participants	556	350	986	867	645	538	447	390	355	342
Wastewater										
Sewer connections	2,939	2,920	2,847	2,900	2,900	2,991	2,855	2,855	2,898	2,826
Education										
Student enrollment	1,884	1,841	1,735	1,602	955	920	850	-	-	-

Source: City of Lakeland Functional Departments.

* Bulk waste collections program began in September 2017.

CITY OF LAKELAND, TENNESSEE
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Exhibit D-24

FUNCTION	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government										
City-owned buildings	5	5	5	5	5	5	5	5	5	5
Public Works										
Streets (miles)	81	81	81	79	79	79	78	78	78	78
Parks and Recreation										
Acreage	238	238	238	238	238	235	235	235	235	235
Number of parks	8	8	8	8	8	8	8	8	8	8
Tennis courts	2	2	2	2	2	2	2	2	2	2
Multi use practice fields	2	2	2	2	2	2	2	2	2	2
Playgrounds	4	3	3	3	3	3	3	3	3	3
Picnic Pavilion	4	5	5	5	5	5	5	5	5	5
Amphitheater	1	1	1	1	1	1	1	-	-	-
Walking trails (miles)	4	4	4	4	4	4	4	4	4	4
Wastewater										
Sanitary sewer (miles)	65	65	65	64	63	63	62	62	61	61
Sewer connections	2,939	2,920	2,847	2,900	2,900	2,991	2,855	2,855	2,898	2,826
Education										
School buildings	3	3	3	2	1	1	1	-	-	-

Source: City of Lakeland Functional Departments.

GOVERNMENT AUDITING STANDARDS SECTION

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program	Assistance Listing	Contract Number	Beginning Receivable	Cash Receipts	Expenditures	Ending Receivable
U.S. Department of Agriculture						
<u>Passed through TN Department of Education</u>						
<i>Child Nutrition Cluster</i>						
COVID-19 School Breakfast Program	10.553	N/A	\$ -	\$ 73,234	\$ 73,234	\$ -
COVID-19 National School Lunch Program - Cash Assistance	10.555	N/A	-	310,160	310,160	-
Subtotal - Child Nutrition Cluster			-	383,394	383,394	-
COVID-19 State Administrative Expenses for Child Nutrition	10.560	N/A	-	4,245	4,245	-
<i>Food Distribution Cluster</i>						
Commodity Supplemental Food Program	10.565	N/A	-	19,602	19,602	-
<u>Direct Award</u>						
<i>Community Facilities Loans and Grants Cluster</i>						
Community Facilities Loans and Grants	10.766	R-1	-	5,194,500	5,194,500	-
Community Facilities Loans and Grants	10.766	R-2	-	9,600,000	9,600,000	-
Subtotal - Community Facilities Loans and Grants Cluster			-	14,794,500	14,794,500	-
Total U.S. Department of Agriculture			-	15,201,741	15,201,741	-
U.S. Department of Transportation						
<u>Passed through TN Department of Transportation</u>						
<i>Highway Planning and Construction Cluster</i>						
Highway Planning and Construction	20.205	STP-M-9409(107)	97,982	53,423	321,341	365,900
Highway Planning and Construction	20.205	STP-M-7900(59)	224,822	563,346	585,497	246,973
Total U.S. Department of Transportation			322,804	616,769	906,838	612,873
U.S. Department of the Treasury						
<u>Passed through TN Department of Education</u>						
COVID-19 Coronavirus Relief Fund	21.019	SLT0039	54,628	739,601	684,973	-
U.S. Department of Education						
<u>Passed through TN Department of Education</u>						
Title I Grants to Local Education Agencies	84.010A	S010A200042	65,577	410,641	412,968	67,904
<i>Special Education Cluster (IDEA)</i>						
Special Education Grants to States	84.027A	H027A200052	46,412	342,726	335,499	39,185
Special Education Preschool Grants	84.173A	H173A200095	6,795	18,158	11,363	-
Subtotal - Special Education Cluster (IDEA)			53,207	360,884	346,862	39,185
Special Education - State Personnel Development Grant	84.323	N/A	-	47,892	69,967	22,075
English Language Acquisition State Grants	84.365	S365A200042	2,138	11,009	10,270	1,399
Improving Teacher Quality State Grants	84.367A	S367A200040	17,571	41,636	29,330	5,265
Student Support and Academic Enrichment, Title IV, Part A	84.424A	S424A200044	-	19,030	19,883	853

CITY OF LAKELAND, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program	Assistance Listing	Contract Number	Beginning Receivable	Cash Receipts	Expenditures	Ending Receivable
U.S. Department of Education (continued)						
<u>Passed through TN Department of Education</u>						
COVID-19 Education Stabilization Fund	84.425D	S425D200047	84,464	335,018	261,436	10,882
COVID-19 Education Stabilization Fund	84.425D	S425D210047	-	310,189	310,189	-
Subtotal - CFDA 84.425D			84,464	645,207	571,625	10,882
Impact Aid	84.041	N/A	-	32,000	32,000	-
Total U.S. Department of Education			<u>222,957</u>	<u>1,568,299</u>	<u>1,492,905</u>	<u>147,563</u>
U.S. Department of Health and Human Services						
<u>Passed through TN Department of Education</u>						
<i>477 Cluster</i>						
COVID-19 Temporary Assistance for Needy Families	93.558		-	-	10,327	10,327
Total Federal Awards			<u>600,389</u>	<u>18,126,410</u>	<u>18,296,784</u>	<u>770,763</u>
<u>State Financial Assistance</u>						
TN Department of Environment and Conservation						
Local Park and Recreation Fund Grant	N/A	32701-03968	\$ 67,490	\$ -	\$ 7,441	\$ 74,931
TN Department of Finance and Administration						
Governor's Appropriation Grants	N/A		-	308,438	308,438	-
TN Department of Education						
Safe Schools	N/A		25,730	63,480	37,750	-
Coordinated School Health	N/A		14,608	72,994	73,000	14,614
COVID-19 Summer Learning Camps	N/A		-	-	137,198	137,198
Total State Financial Assistance			<u>107,828</u>	<u>444,912</u>	<u>563,827</u>	<u>226,743</u>
Total Federal Awards and State Financial Assistance			<u>\$ 708,217</u>	<u>\$ 18,571,322</u>	<u>\$ 18,860,611</u>	<u>\$ 997,506</u>

CITY OF LAKELAND TENNESSEE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of the City of Lakeland, Tennessee (the City) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 2) Pass-through entity identifying numbers are presented where available.
- 3) There were no federal awards passed through to subrecipients.
- 4) The City has elected not to use the *de minimis* indirect cost rate as allowed under the Uniform Guidance.
- 5) Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.
- 6) The loan balance for the Community Facilities Loans and Grants Cluster totaled \$14,794,500.

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

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

Total grant revenue per governmental funds financial statements	\$ 3,866,072
Add: Increase in unavailable revenue at the fund level	372,380
Add: Loan program expenditures	14,794,500
Less: Non-federal and non-state grants	(172,341)
Total federal awards and state financial assistance	<u>\$ 18,860,611</u>

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

To the Mayor and Board of Commissioners of the
City of Lakeland, Tennessee:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, the statements of budgetary comparison for the general fund and general purpose school fund, the fiduciary fund, and the aggregate remaining fund information of the City of Lakeland, Tennessee (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 12, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

A schedule of cash shortages and thefts has been filed with the State of Tennessee Division of Local Government Audit.

Purpose of this Report

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

Watkins Nilusall, PLLC

Memphis, Tennessee
October 12, 2021

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Mayor and Board of Commissioners of the
City of Lakeland, Tennessee:

Report on Compliance for Each Major Federal Program

We have audited the City of Lakeland, Tennessee (the "City")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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



Memphis, Tennessee

October 12, 2021

CITY OF LAKE LAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION I – SUMMARY OF INDEPENDENT AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether financial statements audited were prepared in accordance with accounting principles generally accepted in the United State of America Unmodified

Internal control over financial reporting:
Material weakness(es) identified? ___ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? ___ Yes X None Reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major programs:
Material weakness(es) identified? ___ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? ___ Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ___ Yes X No

Identification of major programs:

Assistance Listing Number: 10.766 – Community Facilities Loans and Grants Cluster
Assistance Listing Number: 20.205 – Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Did auditee qualify as a low-risk auditee? X Yes ___ No

SECTION II – FINANCIAL STATEMENTS FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF LAKELAND, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2021

A. FINANCIAL STATEMENT FINDINGS

None reported.

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.