

**PRELIMINARY OFFICIAL STATEMENT**

**\$3,050,000\***

**CITY OF CELINA, TENNESSEE**  
**General Obligation Bonds, Series 2016**

OFFERED FOR SALE NOT SOONER THAN

Thursday, July 14, 2016 at 10:15 A.M. E.D.T.  
Through the Facilities of **PARITY**<sup>®</sup>  
and at the offices of  
Cumberland Securities Company, Inc.  
Knoxville, Tennessee

**Cumberland Securities Company, Inc.**  
Financial Advisor

July 5, 2016

\*Preliminary, subject to change.



# PRELIMINARY OFFICIAL STATEMENT DATED JULY 5, 2016

## NEW ISSUE

BOOK-ENTRY-ONLY

Rating: Standard & Poor's: "A"  
(See "MISCELLANEOUS-Rating")

*In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS - Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and Tennessee franchise and excise taxes. (See "LEGAL MATTERS - Tax Matters" herein).*

## **\$3,050,000\***

### **CITY OF CELINA, TENNESSEE General Obligation Bonds, Series 2016**

Dated: Date of Delivery (assume August 11, 2016)

Due: June 1 (as indicated below)

The \$3,050,000\* General Obligation Bonds, Series 2016 (the "Bonds") shall be issued by the City of Celina, Tennessee (the "City") as book-entry-only Bonds in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") except as otherwise described herein. DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on December 1, 2016 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City have been irrevocably pledged.

Bonds maturing June 1, 2022 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2021.

<u>Maturity (June 1)</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIPS **</u>	<u>Maturity (June 1)</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIPS **</u>
2017	\$ 205,000				2025	\$ 195,000			
2018	205,000				2026	200,000			
2019	210,000				2027	190,000			
2020	205,000				2028	195,000			
2021	195,000				2029	205,000			
2022	205,000				2030	205,000			
2023	185,000				2031	145,000			
2024	190,000				2032	115,000			

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire PRELIMINARY OFFICIAL STATEMENT to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued by the City, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Nashville, Tennessee, bond counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon from the James D. White, Jr., counsel to the City. It is expected that the Bonds will be available for delivery through the facilities of DTC, New York, New York, on or about August \_\_, 2016.

**Cumberland Securities Company, Inc.**  
*Financial Advisor*

July \_\_, 2016

\*Preliminary, subject to change.

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

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

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

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

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

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

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

# CITY OF CELINA, TENNESSEE

## **OFFICIALS**

Honorable Willie Kerr  
Shannon Boles  
James D. White, Jr.

*Mayor*  
*City Recorder*  
*City Attorney*

## **COUNCIL MEMBERS**

Charlie Goad, Vice Mayor  
Buddy Thompson  
Donald Haston

## **REGISTRATION AND PAYING AGENT**

Regions Bank  
Nashville, Tennessee

## **BOND COUNSEL**

Bass, Berry & Sims PLC  
Nashville, Tennessee

## **FINANCIAL ADVISOR**

Cumberland Securities Company, Inc.  
Knoxville, Tennessee



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## SUMMARY STATEMENT

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

Issuer .....	City of Celina, Tennessee (the “City”, “Municipality” or “Issuer”). See APPENDIX B contained herein.
The Bonds.....	\$3,050,000* General Obligation Bonds, Series 2016 (the “Bonds”).
Security .....	The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City have been irrevocably pledged. To the extent the Bonds are attributable to the financing or the refinancing of debt issued to improve the City’s water and sewer system, the Bonds are additionally payable from, but not secured by, the income and revenues to be derived from the operation of the City's water and sewer system.
Purpose .....	The Bonds are being issued for the purpose of refinancing, in whole or in part, (i) \$485,000 Water and Sewer Revenue and Tax Bond, Series 1982 (97-03); (ii) \$525,000 Water and Sewer Revenue Bond, Series 1982A (91-04); (iii) \$200,000 Water and Sewer Revenue Bond, Series 1985 (91-05); (iv) \$292,000 Water and Sewer Revenue and Tax Bond, Series 1989 (92-09); (v) \$200,000 Water and Sewer Revenue and Tax Bond, Series 1989 (92-08); (vi) \$74,000 Water and Sewer Revenue Bond, Series 1995 (91-12); (vii) \$440,000 Water and Sewer Revenue Bond, Series 2000 (91-14); (viii) \$38,000 Water and Sewer Revenue Bond, Series 2002 (91-17); (ix) \$500,000 Water and Sewer Revenue and Tax Bond, Series 2005 (97-19); (x) \$110,000 Water and Sewer Revenue and Tax Bond, Series 2010 (91-21); (xi) Sewer System Revenue and Tax Capital Outlay Note, Series 2014 dated June 18, 2014; (xii) Water System Revenue and Tax Capital Outlay Note, Series 2015 dated February 12, 2015; (xiii) TMBF Loan Agreement, Series 2007, dated April 3, 2007 (collectively, the “Outstanding Indebtedness”); (xiv) to finance improvements and extensions to the water and sewer systems; and (xv) the payment of legal, fiscal, administrative costs incident to the indebtedness described herein.
Optional Redemption .....	The Bonds are subject to optional redemption prior to maturity on or after June 1, 2021, at the redemption price of par plus accrued interest. See section entitled “SECURITIES OFFERED - Optional Redemption”.
Tax Matters.....	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. Interest on the Bonds will be exempt from certain taxation in Tennessee, all as more fully described in the section entitled “LEGAL MATTERS- Tax Matters” and APPENDIX A (form of opinion) included herein.
Bank Qualification .....	The Bonds have been designated or deemed designated as “qualified tax-exempt obligations” within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled “LEGAL MATTERS - Tax Matters” for additional information.

\*Preliminary, subject to change.

Rating.....Standard & Poor's: "A". See the section entitled "MISCELLANEOUS - Rating" for more information.

Registration and Paying Agent .....Regions Bank, Nashville, Tennessee (the "Registration Agent").

Bond Counsel .....Bass, Berry & Sims PLC, Nashville, Tennessee.

Financial Advisor .....Cumberland Securities Company, Inc., Knoxville, Tennessee. See the section entitled "MISCELLANEOUS - Financial Advisor; Related Parities; Others", herein.

Underwriter.....\_\_\_\_\_.

Book-Entry-Only.....The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION – Book-Entry-Only System".

General .....The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See the section entitled SECURITIES OFFERED herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of the Depository Trust Company, New York, New York.

Disclosure .....In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, the City will provide the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State Information Depository ("SID"), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled "MISCELLANEOUS-Continuing Disclosure."

Other Information.....The information in the PRELIMINARY OFFICIAL STATEMENT is deemed "final" within the meaning of such Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omission of certain pricing and other information. For more information concerning the City, or the PRELIMINARY OFFICIAL STATEMENT, contact Mayor Willie Kerr, 330 Dow Avenue, Celina, Tennessee 38551, Telephone: (931) 243-2115; or the City's Financial Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663. Additional information regarding [BiDCOMPTM/PARITY®](#) may be obtained from [PARITY®](#), 1359 Broadway - 2<sup>nd</sup> Floor, New York, NY 10018, Telephone: (800) 850.7422.

**GENERAL FUND BALANCES**  
**Summary of Changes In Fund Balances**  
(In Thousands)

	<u>For the Fiscal Year Ended June 30</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Beginning Fund Balance	\$561,615	\$214,893	\$218,902	\$264,506	\$294,985
Revenues	1,614,931	2,178,917	1,837,035	1,989,260	2,160,322
Expenditures	1,877,624	2,751,816	1,844,081	1,884,837	2,143,265
Other Financing Sources:					
Transfers In	-	6,908	-	-	-
Transfers Out	(84,029)	-	-	(73,944)	-
Bond/Note/Lease Proceeds	-	-	-	-	-
Adjustments	-	-	52,650	-	-
<b>Ending Fund Balance</b>	<b><u>\$214,893</u></b>	<b><u>\$218,902</u></b>	<b><u>\$264,506</u></b>	<b><u>\$294,985</u></b>	<b><u>\$312,042</u></b>

Source: Comprehensive Annual Financial Reports of the City of Celina, Tennessee.

## SUMMARY NOTICE OF SALE

**\$3,050,000\***

### **CITY OF CELINA, TENNESSEE General Obligation Bonds, Series 2016**

NOTICE IS HEREBY GIVEN that the Mayor of the City of Celina, Tennessee (the “City”) will receive electronic or written bids until **10:15 a.m. E.D.T. on Thursday, July 14, 2016** for the purchase of all, but not less than all, of the City's \$3,050,000\* General Obligation Bonds, Series 2016 (the “Bonds”). Electronic bids must be submitted through **PARITY®** as described in the “Detailed Notice of Sale”. In case of written bids, bids will be received by the City’s Financial Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth in the Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the **PARITY®** System not later than 9:30 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours notice via Bloomberg News Service and/or the **PARITY®** System.

Electronic bids must be submitted through **PARITY®** via the BiDComp Competitive Bidding Service as described in the Detailed Notice of Sale and no other provider of electronic bidding services will be accepted. For the purposes of the bidding process, both written and electronic, the time maintained by **PARITY®** shall constitute the official time with respect to all bids. To the extent any instructions or directions set forth in **PARITY®** conflict with the terms of the Detailed Notice of Sale and this Summary Notice of Sale, the Detailed Notice of Sale and this Summary Notice of Sale shall prevail.

The Bonds will be issued in book-entry-only form (except as otherwise described in the Detailed Notice of Sale) and dated the date of issuance (assume August 11, 2016). The Bonds will mature on June 1 in the years 2017 through 2032, inclusive, with term bonds optional, with interest payable on June 1 and December 1 of each year, commencing December 1, 2016 and will be subject to optional redemption prior to maturity on or after June 1, 2021 at par plus accrued interest, if any. Bidders must bid not less than ninety-eight and one-half percent (98.50%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds. The approving opinion for the Bonds will be furnished at the expense of the City by Bass, Berry & Sims PLC, Bond Counsel, Nashville, Tennessee. No rate or rates bid for the Bonds shall exceed five percent (5.00%) per annum. Unless bids are rejected, the Bonds will be awarded by the Mayor of the City on the sale date to the bidder whose bid results in the lowest true interest rate on the Bonds.

Additional information, including the PRELIMINARY OFFICIAL STATEMENT in near final form and the Detailed Notice of Sale, may be obtained through [www.prospectushub.com](http://www.prospectushub.com) or from the City’s Financial Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663. Further information regarding **PARITY®** may be obtained from i-Deal LLC, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone: 212-849-5000.

CITY OF CELINA, TENNESSEE  
By: Willie Kerr, City Mayor

\*Preliminary, subject to change.

## DETAILED NOTICE OF SALE

**\$3,050,000\***

### **CITY OF CELINA, TENNESSEE**

#### **General Obligation Bonds, Series 2016**

NOTICE IS HEREBY GIVEN that the Mayor of the City of Celina, Tennessee (the “City”) will receive electronic or written bids until **10:15 a.m. E.D.T. on Thursday, July 14, 2016** for the purchase of all, but not less than all, of the City's \$3,050,000\* General Obligation Bonds, Series 2016 (the “Bonds”). Electronic bids must be submitted through **PARITY®** as described in this “Detailed Notice of Sale.” In case of written bids, bids will be received by the City’s Financial Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth herein, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the **PARITY®** System not later than 9:30 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours’ notice via Bloomberg News Service and/or the **PARITY®** System.

Description of the Bonds. The Bonds will be issued in fully registered book-entry-only form (except as otherwise described herein) without coupons, be dated the date of issuance, bear interest payable each June 1 and December 1, commencing December 1, 2016, be issued, or reissued upon transfer, in \$5,000 denominations or multiples thereof, as shall be requested by the purchaser or registered owner thereof, as applicable, and will mature (subject to the right of redemption as hereinafter set forth) and be payable as follows:

<b>YEAR</b> <b>(JUNE 1)</b>	<b>AMOUNT*</b>	<b>YEAR</b> <b>(JUNE 1)</b>	<b>AMOUNT*</b>
2017	\$ 205,000	2025	\$ 195,000
2018	205,000	2026	200,000
2019	210,000	2027	190,000
2020	205,000	2028	195,000
2021	195,000	2029	205,000
2022	205,000	2030	205,000
2023	185,000	2031	145,000
2024	190,000	2032	115,000

Bank Qualification. The Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended.

Registration and Depository Participation. The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully-registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC. The Book-Entry-Only System will evidence beneficial ownership interests of the Bonds in the principal amount of \$5,000 for the Bonds and any integral multiple of \$5,000, with transfers of beneficial ownership interest effected on the records of

DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. The Bonds will be payable, at maturity or upon earlier redemption to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments (as applicable) to beneficial owners of the Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The City will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Notwithstanding the foregoing, if the winning bidder certifies that it intends to hold the Bonds for its own account and has no present intent to re-offer the Bonds, the use the Book-entry system is not required.

In the event that the Book-Entry-Only System for the Bonds is discontinued and a successor securities depository is not appointed by the City, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of \$5,000 for the Bonds or integral multiples thereof. The ownership of Bonds so delivered shall be registered in registration books to be kept by the Registration Agent (named herein) at its principal corporate trust office, and the City and the Registration Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Resolution authorizing the Bonds.

Security Pledged. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City have been irrevocably pledged. To the extent the Bonds are attributable to the financing or the refinancing of debt issued to improve the City's water and sewer system, the Bonds are additionally payable from, but not secured by, the income and revenues to be derived from the operation of the City's water and sewer system.

Purpose. The Bonds are being issued for the purpose of refinancing, in whole or in part, (i) \$485,000 Water and Sewer Revenue and Tax Bond, Series 1982 (97-03); (ii) \$525,000 Water and Sewer Revenue Bond, Series 1982A (91-04); (iii) \$200,000 Water and Sewer Revenue Bond, Series 1985 (91-05); (iv) \$292,000 Water and Sewer Revenue and Tax Bond, Series 1989 (92-09); (v) \$200,000 Water and Sewer Revenue and Tax Bond, Series 1989 (92-08); (vi) \$74,000 Water and Sewer Revenue Bond, Series 1995 (91-12); (vii) \$440,000 Water and Sewer Revenue Bond, Series 2000 (91-14); (viii) \$38,000 Water and Sewer Revenue Bond, Series 2002 (91-17); (ix) \$500,000 Water and Sewer Revenue and Tax Bond, Series 2005 (97-19); (x) \$110,000 Water and Sewer Revenue and Tax Bond, Series 2010 (91-21); (xi) Sewer System Revenue and Tax Capital Outlay Note, Series 2014 dated June 18, 2014; (xii) Water System Revenue and Tax Capital Outlay Note, Series 2015 dated February 12, 2015; (xiii) TMBF Loan Agreement, Series 2007, dated April 3, 2007 (collectively, the "Outstanding Indebtedness"); (xiv) to finance improvements and extensions to the water and sewer systems; and (xv) the payment of legal, fiscal, administrative costs incident to the indebtedness described herein.

Optional Redemption. The Bonds maturing on June 1, 2022, and thereafter, will be subject to optional redemption prior to maturity at the option of the City on and after June 1, 2021 at the redemption price of par plus accrued interest as provided herein.

Term Bond Option; Mandatory Redemption. Bidders shall have the option to designate certain consecutive serial maturities of the Bonds as one or more term bonds ("Term Bonds") bearing a single interest rate. If the successful bidder for the Bonds designates certain consecutive serial maturities of such

Bonds to be combined as one or more Term Bonds as allowed herein, then each Term Bond shall be subject to mandatory sinking fund redemption by the City at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the proposal of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed herein for such principal payment date. Term Bonds to be redeemed within a single maturity shall be selected in the manner provided above for optional redemption of Bonds within a single maturity.

**Bidding Instructions.** The City will receive electronic or written bids for the purchase of all, but not less than all, of the Bonds. Bidders for the Bonds are requested to name the interest rate or rates the Bonds are to bear in multiples of one-eighth of one percent and/or one-hundredth of one percent (.01%) or one (1) basis point, but no rate specified shall be in excess of five percent (5.00%) per annum. There will be no limitation on the number of rates of interest that may be specified in a single bid for the Bonds but a single rate shall apply to each single maturity of the Bonds. Bidders must bid not less than ninety-eight and one-half percent (98.50%) of par or more than one hundred and twenty-five percent (125%) of par.

Electronic bids must be submitted through **PARITY**® via BiDCOMP Competitive Bidding System and no other provider of electronic bidding services will be accepted. Subscription to the i-Deal LLC Dalcomp Division's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will not confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. For the purposes of the bidding process, the time as maintained by **PARITY**® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in **PARITY**® conflict with the terms of the Detailed Notice of Sale, this Detailed Notice of Sale shall prevail. An electronic bid made through the facilities of **PARITY**® shall be deemed an offer to purchase in response to this Detailed Notice of Sale and shall be binding upon the bidder as if made by a signed, written bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by **PARITY**®. The use of **PARITY**® facilities are at the sole risk of the prospective bidders.

For further information regarding **PARITY**®, potential bidders may contact i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, NY 10018, Telephone: 212-849-5000.

In the event of a system malfunction in the electronic bidding process only, bidders may submit bid prior to the established date and time by FACSIMILE transmission sent to the City's Financial Advisor, Cumberland Securities Company, Inc. at 865-988-1863. Any facsimile submission is made at the sole risk of the prospective bidder. The City and the Financial Advisor shall not be responsible for confirming receipt of any facsimile bid or for any malfunction relating to the transmission and receipt of such bids.

Separate written bids should be submitted by facsimile to the City's Financial Advisor, at 865-988-1863. Written bids must be submitted on the Bid Forms included with the PRELIMINARY OFFICIAL STATEMENT

The City reserves the right to reject all bids for the Bonds and to waive any informalities in the bids accepted. Acceptance or rejection of "Bids for Bonds" for the Bonds will not obligate the City to accept or reject "Bids for Bonds".

Unless all bids for the Bonds are rejected, the Bonds will be awarded by the Mayor of the City to the bidder whose bid complies with this notice and results in the lowest true interest rate on the Bonds to be calculated as that rate that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the

purchase price of the Bonds exclusive of accrued interest. For purposes of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the Mayor shall determine in his sole discretion which of the bidders shall be awarded the Bonds.

After receipt of the bids, the City reserves the right to make adjustments and/or revisions to the Bonds, as described below.

Adjustment and/or Revision. While it is the City's intention to sell and issue the approximate par amounts of the Bonds as offered herein, there is no guarantee that adjustment and/or revision may not be necessary in order to properly size the Bonds. Accordingly, the Mayor reserves the right, in his sole discretion, to adjust down the original par amount of the Bonds by up to \$725,000. The primary factor in adjusting the par amount will be the amount of any premium that is bid. Among other factors the Mayor may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds is the size of individual maturities or sinking fund installments and/or other preferences of the City. Additionally, the Mayor reserves the right to change the dated date of the Bonds. The maximum adjustment will only be made if the maximum bid (including premium) is received.

In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid for the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

The successful bidder for the Bonds will be tentatively notified by not later than 5:00 p.m. (Eastern Standard Time), on the sale date of the exact revisions and/or adjustments required, if any.

Good Faith Deposit. No good faith check will be required to accompany any bid submitted. The successful bidder shall be required to deliver to the City's Financial Advisor (wire transfer or certified check) the amount of up to two percent (2%) of the aggregate principal amount of the Bonds offered for sale which will secure the faithful performance of the terms of the bid. A certified check or wire transfer must be received by the City's Financial Advisor no later than the close of business on the day following the competitive sale. A wire transfer may be sent to First Tennessee Bank, ABA Number: 084-000-026 First Tenn Mem, FAO Cumberland Securities Company, Inc., Account No. 183302631, for further credit to Good Faith Trust Account.

The good faith deposit shall be applied (without interest) to the purchase price of the Bonds. If the successful bidder should fail to accept or pay for the Bonds when tendered for delivery and payment, the good faith deposit will be retained by the City as liquidated damages.

In the event of the failure of the City to deliver the Bonds to the purchaser in accordance with the terms of this Notice within forty-five (45) days after the date of the sale, the good-faith deposit will be promptly returned to the purchaser unless the purchaser directs otherwise.

Reoffering Prices; Other Information. The successful bidder must furnish the following information to the City to complete the *Official Statement* in final form within two (2) hours after receipt and award of the bid for the Bonds:

1. The offering prices or yields for the Bonds (expressed as a price or yield per maturity, exclusive of any accrued interest, if applicable);

2. Selling compensation (aggregate total anticipated compensation to the underwriter expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields as provided above);
3. The identity of the underwriters if the successful bidder is part of a group or syndicate; and
4. Any other material information necessary to complete the *Official Statement* in final form but not known to the City.

In addition, within two hours of the award of the Bonds, the successful bidder shall furnish to the City a certificate acceptable to Bond Counsel stating: (i) the reoffering prices (as shown in the bidder's winning bid); (ii) that the successful bidder will make a bona fide public offering of the Bonds at such reoffering prices; and (iii) that the successful bidder reasonably expects that the Bonds (or at least 10% of each maturity of the Bonds) will be sold to the public (excluding bond houses, brokers and other intermediaries) at those reoffering prices.

As a condition to the delivery of the Bonds, the successful bidder will be required to deliver a certificate to the City confirming that nothing has come to the bidder's attention that would lead it to believe that its certification with respect to the reoffering prices of the Bonds given in connection with the award of the Bonds is inaccurate, and addressing such other matters as to the reoffering prices of the Bonds as bond counsel may request.

Legal Opinion. The approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel along with other certificates including, but not limited to, a tax certificate and a continuing disclosure certificate dated as of the date of delivery of the Bonds will be furnished to the purchaser at the expense of the City. As set forth in the *Preliminary Official Statement*, Bond Counsel's opinion with respect to the Bonds will state that interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal law alternative minimum tax imposed on individuals and corporations. As set forth in the *Preliminary Official Statement*, the owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds, reference is hereby made to the *Preliminary Official Statement* and the form of the opinion contained in Appendix A.

Continuing Disclosure. At the time the Bonds are delivered, the City will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after each of the City's fiscal years, (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system (the "EMMA") and any State Information Depository established in the State of Tennessee (the "SID"). If the City is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by the City either with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of events will be summarized in the City's *Official Statement* to be prepared and distributed in connection with the sale of the Bonds.

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days' notice will be given to the successful bidder. Delivery will be made in book-entry form through the facilities of DTC, New York, New York. Payment for the Bonds must be made in *Federal Funds* or other immediately available funds.



CUSIP Numbers. CUSIP numbers will be assigned to the Bonds at the expense of the City. The City will assume no obligation for assignment of such numbers or the correctness of such numbers and neither failure to record such numbers on Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and make payment for the Bonds.

Official Statements; Other. The City has deemed the PRELIMINARY OFFICIAL STATEMENT to be final as of its date within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission (the “SEC”) except for the omission of certain pricing and other information. The City will furnish the successful bidder at the expense of the City a reasonable number of copies of the *Official Statement* in final form, containing the pricing and other information to be supplied by the successful bidder and to be dated the date of the sale, to be delivered by the successful bidder to the persons to whom such bidder and members of its bidding group initially sell the Bonds. Acceptance of the bid will constitute a contract between the City and the successful bidder for the provision of such copies within seven business days of the sale date.

Further Information. Additional information, including the *Preliminary Official Statement*, this Detailed Notice of Sale and the Official Bid Form, may be obtained from the City’s Financial Advisor, Cumberland Securities Company, Inc., Telephone: 865-988-2663. Further information regarding **PARITY**® may be obtained from i-Deal LLC, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone: 212-849-5000.

CITY OF CELINA, TENNESSEE

By: Willie Kerr  
City Mayor

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# BID FORM

The Honorable Willie Kerr, Mayor  
330 Dow Avenue  
Celina, Tennessee 38551

July 14, 2016

Dear Mayor Kerr:

For your legally issued, properly executed \$3,050,000\* General Obligation Bonds, Series 2016 (the "Bonds") of City of Celina, Tennessee, in all respects as more fully outlined in your Notice of Sale, which by reference are made a part hereof, we will pay you a sum of \_\_\_\_\_ (\$\_\_\_\_\_).

The Bonds shall be dated the date of issuance (assume August 11, 2016) and shall be callable in accordance with the DETAILED NOTICE OF SALE. The Bonds shall mature on June 1 and bear interest at the following rates:

<u>YEAR</u> <u>(JUNE 1)</u>	<u>AMOUNT*</u>	<u>Rate</u>	<u>YEAR</u> <u>(JUNE 1)</u>	<u>AMOUNT*</u>	<u>Rate</u>
2017	\$ 205,000	_____	2025	\$ 195,000	_____
2018	205,000	_____	2026	200,000	_____
2019	210,000	_____	2027	190,000	_____
2020	205,000	_____	2028	195,000	_____
2021	195,000	_____	2029	205,000	_____
2022	205,000	_____	2030	205,000	_____
2023	185,000	_____	2031	145,000	_____
2024	190,000	_____	2032	115,000	_____

We have the option to designate two or more consecutive serial maturities as term bond maturities as indicated:

Term Bond 1: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_ %.  
Term Bond 2: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_ %.  
Term Bond 3: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_ %.  
Term Bond 4: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_ %.  
Term Bond 5: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_ %.  
Term Bond 6: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_ %.

It is our understanding that the Bonds are offered for sale as "qualified tax-exempt obligations" subject to the final approving opinion of Bass, Berry & Sims PLC, Bond Counsel, Nashville, Tennessee, whose opinion together with the executed Bonds, will be furnished by the City without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for 2% of the Bonds on which we have bid by the close of business on the date following the competitive public sale as outlined in the *Detailed Notice of Sale*. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Bonds on which we have bid.

Accepted for and on behalf of the  
City of Celina, Tennessee, this  
14<sup>th</sup> day of July, 2016.

Respectfully submitted,

Willie Kerr, Mayor

\_\_\_\_\_  
\_\_\_\_\_  
Total interest cost from  
August 11, 2016 to final maturity \$  
Less: Premium /plus discount, if any \$  
Net Interest Cost..... \$  
True Interest Rate..... %

*The computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.*

\*Preliminary, subject to change.



**\$3,050,000\***  
**CITY OF CELINA, TENNESSEE**  
**General Obligation Bonds, Series 2016**

**SECURITIES OFFERED**

**AUTHORITY AND PURPOSE**

This PRELIMINARY OFFICIAL STATEMENT which includes the Summary Statement hereof and appendices hereto is furnished in connection with the offering by the City of Celina, Tennessee (the “City”, “Municipality” or “Issuer”) of its \$3,050,000\* General Obligation Bonds, Series 2016 (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, and other applicable provisions of the law and pursuant to a resolutions (the “Resolution”) adopted by the City Council (the “Council”) on May 10, 2016 and June 14, 2016.

The Bonds are being issued for the purpose of refinancing, in whole or in part, (i) the City’s Outstanding Indebtedness, as described below, (ii) to finance improvements and extensions to the water and sewer systems; and (iii) the payment of legal, fiscal, administrative costs incident to the indebtedness described herein.

**REFUNDING PLAN**

The City is proposing to refinance: (i) \$485,000 Water and Sewer Revenue and Tax Bond, Series 1982 (97-03); (ii) \$525,000 Water and Sewer Revenue Bond, Series 1982A (91-04); (iii) \$200,000 Water and Sewer Revenue Bond, Series 1985 (91-05); (iv) \$292,000 Water and Sewer Revenue and Tax Bond, Series 1989 (92-09); (v) \$200,000 Water and Sewer Revenue and Tax Bond, Series 1989 (92-08); (vi) \$74,000 Water and Sewer Revenue Bond, Series 1995 (91-12); (vii) \$440,000 Water and Sewer Revenue Bond, Series 2000 (91-14); (viii) \$38,000 Water and Sewer Revenue Bond, Series 2002 (91-17); (ix) \$500,000 Water and Sewer Revenue and Tax Bond, Series 2005 (97-19); (x) \$110,000 Water and Sewer Revenue and Tax Bond, Series 2010 (91-21); (xi) Sewer System Revenue and Tax Capital Outlay Note, Series 2014 dated June 18, 2014; (xii) Water System Revenue and Tax Capital Outlay Note, Series 2015 dated February 12, 2015; and (xiii) TMBF Loan Agreement, Series 2007, dated April 3, 2007 (collectively, the “Outstanding Indebtedness”); and (xiv) the payment of legal, fiscal, administrative costs incident to the indebtedness described herein.

As required by Title 9, Chapter 21, Part 9 of *Tennessee Code Annotated* as supplemented and revised, a plan of refunding (the “Plan”) relating to the refunding of the Outstanding Indebtedness was submitted to the Director of the Office of State and Local Finance for review.

**DESCRIPTION OF THE BONDS**

The Bonds will be initially dated and bear interest from the date of issuance (assume August 11, 2016). Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing

December 1, 2016. The Bonds are issuable in registered book-entry form only and in \$5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

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

## **SECURITY**

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

The City through its governing body, shall annually levy and collect a tax on all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on the Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the City and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected. The tax required to be levied as described above may be reduced to the extent of any direct appropriations from other funds, taxes and revenues of the Municipality's Water and Wastewater System.

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

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

## **OPTIONAL REDEMPTION**

Bonds maturing June 1, 2022, and thereafter, shall be subject to optional redemption prior to maturity at the option of the City on June 1, 2021 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

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

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

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

## **MANDATORY REDEMPTION**

The bidders have the option of creating term bonds pursuant to the Detailed Notice of Sale. If term bonds are created, then the following provisions will apply. Subject to the credit hereinafter provided, the City shall redeem Bonds maturing June 1, 20\_\_, and June 1, 20\_\_ on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed within a maturity shall be selected in the same manner as is described above relating to optional redemption.

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

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
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\*Final Maturity

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

## **NOTICE OF REDEMPTION**

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed

for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository, if applicable, or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

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## BASIC DOCUMENTATION

### REGISTRATION AGENT

The Registration Agent, Regions Bank, Nashville, Tennessee, its successor or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as described below. However, if the winning bidder certifies to the City that it intends to hold the Bonds for its own account and has no present intent to reoffer the Bonds, then the use of the Book-Entry System is not required.

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

### BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the “Regular Record Date”) by check or draft mailed to such owner at its address shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

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

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

*DTC and its Participants.* DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical

movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the U.S. Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

*Payments of Principal and Interest.* Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC’s records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such Participant and not of DTC, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

*Notices.* Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may

wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

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

with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

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

## **DISPOSITION OF BOND PROCEEDS**

The proceeds of the sale of the Bonds shall be applied by the City as follows:

- (a) A portion of the proceeds from the sale of the Bonds, together with such other Municipality funds as may be identified by the Mayor and, if applicable, investment earnings on the foregoing, shall be applied to the refunding of the Outstanding Indebtedness.
- (b) The remainder of the proceeds of the sale of the Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund known as the Series 2016 Construction Fund (the “Construction Fund”), or such other designation as shall be determined by the Mayor to be kept separate and apart from all other funds of the City. The City shall disburse funds in the Construction Fund to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit or purchase price of the Bonds and paid to the Financial Advisor to be used to pay costs of issuance of the Bonds. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Projects and to reimburse the City for any funds previously expended for costs of the Projects. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be invested in such investments as shall be permitted by applicable law to the extent permitted by applicable law.

## **DISCHARGE AND SATISFACTION OF BONDS**

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

- 1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;
- 2. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar

federal agency and which has trust powers (“an Agent”; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or

3. By delivering such Bonds to the Registration Agent for cancellation by it;

and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such escrow agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void; and if the City shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations (defined herein) deposited as aforesaid.

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

## **REMEDIES OF BONDHOLDERS**

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

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

fees, rents, tolls, or other charges, and to require the City to carry out any other covenants and agreements, or

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

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## LEGAL MATTERS

### LITIGATION

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

### TAX MATTERS

#### Federal

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

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended, (the "Code")
- is not a preference item for a bondholder under the federal alternative minimum tax, and
- is included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

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

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

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

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

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

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

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

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

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

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

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



## **State Taxes**

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

## **CHANGES IN FEDERAL AND STATE TAX LAW**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

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

## **CLOSING CERTIFICATES**

Upon delivery of the Bonds, the City will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the Mayor acting in his official City to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the City since the date of the *Official Statement*, in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the Mayor acting in his official City, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed

by the Mayor and City Clerk acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the City concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

## **APPROVAL OF LEGAL PROCEEDINGS**

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

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## MISCELLANEOUS

### RATING

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

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

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

### COMPETITIVE PUBLIC SALE

The Bonds will be offered for sale at competitive public bidding on July 14, 2016. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated July 5, 2016.

The successful bidder for the Bonds was an account led by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the “Underwriters”) who contracted with the City, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of \$ \_\_\_\_\_ (consisting of the par amount of the Bonds, less an underwriter’s discount of \$ \_\_\_\_\_ and less an original issue discount of \$ \_\_\_\_\_) or \_\_\_\_\_% of par.

### FINANCIAL ADVISOR; RELATED PARTIES; OTHER

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

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

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

Cumberland Securities Company, Inc. distributed the PRELIMINARY OFFICIAL STATEMENT, in final form, and the OFFICIAL STATEMENT, in final form on behalf of the City and will be compensated and/or reimbursed for such distribution and other such services.

*Bond Counsel.* From time to time, Bass, Berry & Sims PLC has represented the Bank on legal matters unrelated to the City and may do so again in the future.

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

## **DEBT RECORD**

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

## **ADDITIONAL DEBT**

The City has not authorized any additional debt. However, the City has ongoing needs and may or may not issue additional debt in the future.

## **CONTINUING DISCLOSURE**

The City will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide

certain financial information and operating data relating to the City by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2015 (the "Annual Reports"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the City. The Annual Reports (and audited financial statements if filed separately) and notices described above will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at [www.emma.msrb.org](http://www.emma.msrb.org) and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Reports or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

*Five-Year History of Filing.* The City has never been required to comply with the Rule, therefore, has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide Annual Reports or notices of Material Events.

*Content of Annual Report.* The City's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the City for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the City's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available.

Any or all of the items listed above may be incorporated by reference from other documents, including OFFICIAL STATEMENTS in final form for debt issues of the City or related public entities, which have been submitted to each of the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is an OFFICIAL STATEMENT, in final form, it will be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

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

1. Upon the occurrence of a Listed Event (as defined in (3) below), the City shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the City shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
  - a. Principal and interest payment delinquencies;
  - b. Non-payment related defaults, if material;
  - c. Unscheduled draws on debt service reserves reflecting financial difficulties;

- d.     Unscheduled draws on credit enhancements reflecting financial difficulties;
- e.     Substitution of credit or liquidity providers, or their failure to perform;
- f.     Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- g.     Modifications to rights of Bondholders, if material;
- h.     Bond calls, if material, and tender offers;
- i.     Defeasances;
- j.     Release, substitution, or sale of property securing repayment of the securities, if material;
- k.     Rating changes;
- l.     Bankruptcy, insolvency, receivership or similar event of the obligated person;
- m.     The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- n.     Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

*Amendment; Waiver.* Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

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

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

## **ADDITIONAL INFORMATION**

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

Any statements made in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

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

The PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds. Any statements or information printed in this PRELIMINARY OFFICIAL STATEMENT or the OFFICIAL STATEMENT, in final form, involving

matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The City has deemed this PRELIMINARY OFFICIAL STATEMENT as “final” as of its date within the meaning of Rule 15c2-12 except for the omission of certain pricing information allowed to be omitted pursuant to Rule 15c2-12.

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**CERTIFICATION OF ISSUER**

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

/s/  
City Mayor

ATTEST:

/s/  
City Recorder



## **APPENDIX A**

### **FORM OF LEGAL OPINION**



(Proposed Form of Opinion of Bond Counsel)

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

(Dated Closing Date)

We have acted as bond counsel to the City of Celina, Tennessee (the "Issuer") in connection with the issuance of \$\_\_\_\_\_ General Obligation Bonds, Series 2016, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

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

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

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

4. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of alternative minimum tax on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4 and Paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

6. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

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

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

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

Yours truly,

**SUPPLEMENTAL INFORMATION STATEMENT**





## GENERAL INFORMATION

### LOCATION

The City of Celina (the “City”) is located on the Cumberland Plateau in the northeastern part of Tennessee and is the county seat of Clay County (the “County”). The County is bordered on the west by Macon County, on the south by Jackson and Overton Counties, to the east by Pickett County and on the north by the Kentucky state line. It is approximately 35 miles north of Cookeville, and 100 miles from Nashville, Tennessee. According to the 2010 Census, Clay County had a population of 7,861 and Celina had a population of 1,495. Other un-incorporated communities in Clay County include Baptist Ridge, Free Hill, Midway and Moss.

### GENERAL

Clay County is a mountainous county and not well suited to agriculture on a large scale. Approximate land area is 233 square miles. The leading crops are tobacco, hay and corn.

The City is governed by a three member Board of Alderman elected by direct vote of district residents and a popularly elected Mayor who serves as the ceremonial head and chief executive and fiscal officer of the City.

### TRANSPORTATION

The County is served by State highways 52 and 53. The nearest Interstate is I-40 located about 38 miles south in Putnam County. The community air service is provided by Livingston Municipal Airport located about 17 miles away in Overton County. The airport has a 5,000 feet asphalt runway. Commercial air service is provided by the Nashville International Airport in Nashville about 90 miles east. The nearest port is located in Nashville, about 53 miles to the south on the Cumberland River.

### EDUCATION

The *Clay County School System* has two elementary schools and one high school in the system. The schools had a fall 2014 enrollment of 1,104 with 74 teachers.

*Source:* Tennessee Department of Education.

*Volunteer State Community College* is a public two-year community college in Gallatin, Tennessee, serving a twelve-county region including the counties of Clay, Jackson, Macon, Overton, Pickett, Putnam, Robertson, Smith, Sumner, Trousdale and Wilson. Fall 2014 enrollment was 7,677.

Off-Campus operations include two Degree-Granting Centers, five major teaching sites, high-school dual enrollment sites and various allied health and business sites in Davidson, Macon, Robertson, Overton and Wilson Counties.

*Source:* Volunteer State Community College.

*The Tennessee Technology Center at Livingston.* The Tennessee Technology Center at Livingston is part of a statewide system of 26 vocational-technical schools. The Tennessee Technology Center meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The Technology Center at Livingston serves the north central region of the state including Overton, Clay, Fentress, Pickett, Putnam, and Jackson Counties. The Technology Center at Livingston began operations in 1967, and the main campus is located in Overton County. Fall 2013 enrollment was 1,696 students.

*Source:* Tennessee Technology Center at Livingston.

## **HEALTHCARE**

*Cumberland River Hospital.* Located in Celina, the Cumberland River Hospital has 30 beds and is an acute care hospital. It opened in 1965. The facility offers emergency care, geriatric psychiatric care and home healthcare. Currently, the facility is owned by Restoration Healthcare of Celina. The group is composed of physicians and business men specializing in taking at-risk small facilities and owns two other rural hospitals.

*Source:* Cumberland River Hospital.

## **POWER PRODUCTION**

*Dale Hollow Dam.* Dale Hollow Dam is located in Clay County approximately three miles east of Celina, Tennessee on the Obey River, near its juncture with the Cumberland River. Dale Hollow Dam and Lake was completed for flood control in 1943. Power generating units were added in 1948, 1949 and 1953. The concrete dam is 200 feet high and 1,717 feet long. The project was designed by the U.S. Army Corps of Engineers, and the dam, powerplant and reservoir are operated by the Nashville District of the Corps of Engineers. Power produced at Dale Hollow is sufficient to supply the needs of an average city of 45,000 people, or about 127,000,000 kilowatt-hours average per year.

*Source:* US Army Corps of Engineers.

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## MANUFACTURING AND COMMERCE

### Major Industrial Employers located in Clay County, Tennessee

<u>Company</u>	<u>Product</u>	<u>Employees</u>
Honest Abe & Company	Log Homes / Sawmill	180
Active Outdoors	Automatic Licensing Service	68
Raycoe, Inc.	Camouflage Apparel	49
V&F Transformer	Electric Transformer	40
Dutch Craft Mattress Co.	Mattress Manufacturer	31
Dura Plastic Products	Injection Molding	29
Punisher Lures & Dale Hollow	Mfg. Lures & Retail	28
Cumberland Bio Science	Medical Research	18
Trim-Tek	Automotive Sun Visors	16

Source: Middle Tennessee Industrial Development Association - 2016.

## EMPLOYMENT INFORMATION

The unemployment rate for the County as of February 2016 was 7.0% representing 2,740 persons employed with a labor force of 2,940. The following chart shows unemployment trends for the County, State and Country for years 2011 through 2015.

### Unemployment

	Annual Average	Annual Average	Annual Average	Annual Average	Annual Average
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
National	8.9%	8.1%	7.4%	6.2%	5.3%
Tennessee	9.2%	8.0%	8.2%	6.7%	5.8%
<b>Clay County</b>	<b>10.9%</b>	<b>9.9%</b>	<b>10.7%</b>	<b>9.0%</b>	<b>9.0%</b>
Index vs. National	122	122	145	145	170
Index vs. State	118	124	130	134	155

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

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## ECONOMIC DATA

### Per Capita Personal Income

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
National	\$40,277	\$42,453	\$44,266	\$44,438	\$46,049
Tennessee	\$35,601	\$37,323	\$39,137	\$39,312	\$40,457
<b>Clay County</b>	<b>\$28,991</b>	<b>\$31,856</b>	<b>\$32,412</b>	<b>\$32,742</b>	<b>\$34,471</b>
Index vs. National	72	75	73	74	75
Index vs. State	81	85	83	83	85

Source: Bureau of Economic Analysis.

### Social and Economic Characteristics

	<u>National</u>	<u>Tennessee</u>	<u>Clay County</u>
Median Value Owner Occupied Housing	\$175,700	\$139,900	\$94,800
% High School Graduates or Higher Persons 25 Years Old and Older	86.30%	84.90%	74.5%
% Persons with Income Below Poverty Level	14.80%	18.30%	24.0%
Median Household Income	\$53,482	\$44,621	\$29,812

Source: U.S. Census Bureau State & County QuickFacts - 2014.

## RECREATION

*Cordell Hull Lock, Dam and Lake.* Cordell Hull Dam is located about 5 miles upstream of Carthage, Tennessee on the Cumberland River. Rising 87 feet above the streambed, the combination earth fill and concrete-gravity dam is 1,306 feet long with a hydroelectric power generating plant. It takes approximately 30 minutes to lock a boat through the 84 foot wide by 400 foot long lock which contains approximately 17 million gallons of water. The project was designed by the U.S. Army Corps of Engineers, and the lock, dam, power plant and reservoir are operated by the Nashville District of the Corps of Engineers. Power produced at Cordell Hull is about 350,000,000 kilowatt-hours average per year.

Cordell Hull Lake is located on the Cumberland River in Smith, Jackson, and Clay Counties of Tennessee. The 72-mile long lake has 381 miles of shoreline and contains 11,960 surface areas of water. Total storage capacity at maximum pool is 13,920 acres. Cordell Hull Lake has a total of 38,633 acres of land and water. Picnicking, camping, boating, and fishing are all popular activities on the Lake.

Source: US Army Corps of Engineers

*Dale Hollow Lake.* Dale Hollow Lake covers portions of Clay, Pickett, Overton and Fentress Counties in Tennessee and Clinton and Cumberland Counties in Kentucky. The project consists of 27,700 surface acres of water and 24,842 acres of surrounding land. Picnicking, camping, boating, and fishing are all popular activities on the Lake.

*Source:* US Army Corps of Engineers.

*Dale Hollow National Fish Hatchery.* Established in 1965, the Dale Hollow NFH has more than 50,000 visitors yearly and is located in Clay County. The facility has an aquarium and visitor center, paved walking road, a public fishing area and a nature viewing area. Dale Hollow NFH provides rainbow, brown, lake, and brook trout for mitigation stocking in Tennessee, Georgia, and Alabama. Operated by the U.S. Fish and Wildlife Service, Department of the Interior, this (NFH) is one of many serving a vital role in the management of our country's fishery resources. Dale Hollow NFH was established to mitigate for fishery resources which were lost due to the construction of federal water development projects in the Southeast. This is accomplished by stocking rainbow, brown, lake, and brook trout in waters impacted by federal dams. Stocking trout in public waters supports a significant recreational fishery which generates a substantial amount of economic activity for local and regional economies. This facility is also involved in the conservation of imperiled, freshwater, non-game fishes.

*Source:* U.S. Fish & Wildlife Service.

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

AMOUNT ISSUED	PURPOSE	DUE DATE	INTEREST RATE(S)	Estimated as of June 30, 2016	
				AMOUNT (1)	OUTSTANDING
\$ 500,000	Loan Agreement, Series 2007 (TMBF) - City Portion	2031	Variable	\$	310,000
180,000	General Obligation Bond, Series 2011	2043	Fixed		166,497
1,500,000	(2) Loan Agreement, Series 2007 (TMBF) - W&S Portion	2031	Variable		775,554
485,000	(2) Water and Sewer Revenue and Tax Bonds, Series 1982 (97-03)	2022	Fixed		137,473
525,000	(2) Water and Sewer Revenue and Tax Bonds, Series 1982A (91-04)	2022	Fixed		148,811
200,000	(2) Water and Sewer Revenue and Tax Bonds, Series 1985 (91-05)	2025	Fixed		95,590
200,000	(2) Water and Sewer Revenue and Tax Bonds, Series 1989 (92-08)	2020	Fixed		40,388
292,000	(2) Water and Sewer Revenue and Tax Bonds, Series 1989 (92-09)	2028	Fixed		152,420
74,000	(2) Water and Sewer Revenue and Tax Bonds, Series 1995 (91-12)	2034	Fixed		50,317
440,000	(2) Water and Sewer Revenue and Tax Bonds, Series 2000 (94-14)	2039	Fixed		342,603
38,000	(2) Water and Sewer Revenue and Tax Bonds, Series 2002 (91-17)	2041	Fixed		31,149
500,000	(2) Water and Sewer Revenue and Tax Bonds, Series 2005 (91-19)	2044	Fixed		433,010
110,000	(2) Water and Sewer Revenue and Tax Bonds, Series 2010 (91-21)	2049	Fixed		101,600
125,000	(2) Capital Outlay Note, Series 2014	2026	Fixed		108,000
67,000	(2) Capital Outlay Note, Series 2015	2020	Fixed		54,700
500,000	(2) Water and Sewer Revenue and Tax Bond, Series 2013 (91-25)	2053	Fixed		473,959
<b>\$ 5,736,000</b>	<b>TOTAL BONDED DEBT</b>			<b>\$</b>	<b>3,422,071</b>
\$ 2,905,000	(3) General Obligation Refunding Bonds, Series 2016	June 2032	Fixed	\$	2,905,000
(5,056,000)	Less: Refunded Debt				(2,781,615)
(3,081,000)	Less: Self Supporting Debt				(3,054,959)
<b>\$ 504,000</b>	<b>NET BONDED DEBT</b>			<b>\$</b>	<b>490,497</b>

**NOTES:**

- (1) The above figures do not include short-term notes outstanding, if any. For more information, see the Financial Statements in the Official Statement included herein.
- (2) Self-supporting from water and sewer revenues.

**CITY OF CELINA, TENNESSEE**  
**INDEBTEDNESS AND DEBT RATIOS**

**INTRODUCTION**

The information set forth in the following table is based upon information derived in part from the CAFR, and the table should be read in conjunction with those statements. The table does not include future funding plans whether disclosed or not in this document.

	For the Fiscal Year Ended June 30				Unaudited 2106	After Issuance 2106
	2012	2013	2014	2015		
<b>INDEBTEDNESS</b>						
TAX SUPPORTED						
G.O. Bonds <sup>(1)</sup>	\$ 558,480	\$ 546,147	\$ 523,924	\$ 500,270	\$ 476,497	\$ 490,497
Revenue Supported	2,853,165	2,695,541	3,163,171	3,085,986	2,945,574	3,054,959
TOTAL TAX SUPPORTED	\$ 3,411,645	\$ 3,241,688	\$ 3,687,095	\$ 3,586,256	\$ 3,422,071	\$ 3,545,456
TOTAL DEBT						
Less: Revenue Supported Debt	\$ 3,411,645	\$ 3,241,688	\$ 3,687,095	\$ 3,586,256	\$ 3,422,071	\$ 3,545,456
Less: D.S. Fund	(2,853,165)	(2,695,541)	(3,163,171)	(3,085,986)	(2,945,574)	(3,054,959)
	-	-	-	-	-	-
NET DIRECT DEBT	\$ 558,480	\$ 546,147	\$ 523,924	\$ 500,270	\$ 476,497	\$ 490,497
<b>PROPERTY TAX BASE</b>						
Estimated Actual Value	\$ 67,355,071	\$ 64,495,137	\$ 63,138,868	\$ 66,422,923	\$ 65,707,515	\$ 65,707,515
Estimated Appraised Value	\$ 59,844,981	\$ 64,495,137	\$ 63,138,868	\$ 63,101,777	\$ 62,422,139	\$ 62,422,139
Estimated Assessed Value	\$ 18,885,702	\$ 20,340,638	\$ 19,857,764	\$ 19,843,155	\$ 19,708,093	\$ 19,708,093

(1) Does not include all short-term notes or capitalized leases.



<b>DEBT RATIOS</b>	<b>For the Fiscal Year Ended June 30</b>					<b>Unaudited 2106</b>	<b>After Issuance 2106</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>			
TOTAL DEBT to Estimated Actual Value	5.07%	5.03%	5.84%	5.40%		5.21%	5.40%
TOTAL DEBT to Appraised Value	5.70%	5.03%	5.84%	5.68%		5.48%	5.68%
TOTAL DEBT to Assessed Value	18.06%	15.94%	18.57%	18.07%		17.36%	17.99%
NET DIRECT DEBT to Estimated Actual Value	0.83%	0.85%	0.83%	0.75%		0.73%	0.75%
NET DIRECT DEBT to Appraised Value	0.93%	0.85%	0.83%	0.79%		0.76%	0.79%
NET DIRECT DEBT to Assessed Value	2.96%	2.69%	2.64%	2.52%		2.42%	2.49%
<b>PER CAPITA RATIOS</b>							
POPULATION (1)	1,493	1,489	1,485	1,485		1,485	1,485
PER CAPITA PERSONAL INCOME (2)	\$32,412	\$32,742	\$34,471	\$34,471		\$34,471	\$34,471
Estimated Actual Value to POPULATION	45,114	43,314	42,518	44,729		44,247	44,247
Assessed Value to POPULATION	12,649	13,661	13,372	13,362		13,271	13,271
TOTAL DEBT to POPULATION	2,285	2,177	2,483	2,415		2,304	2,388
NET DIRECT DEBT to POPULATION	374	367	353	337		321	330
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	7.05%	6.65%	7.20%	7.01%		6.69%	6.93%
NET DIRECT DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	1.15%	1.12%	1.02%	0.98%		0.93%	0.96%

(1) Computations are based upon estimates extracted from Tennessee Association of Business publications, the County and Bureau of Census Information.

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

**CITY OF CELINA, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS - General Obligation**

F.Y. Ended	Estimated as of June 30, 2016			General Obligation Refunding Bonds, Series 2016			% 2016 Principal Repaid	Less: Refunded Debt			Total Bonded Debt Service Requirements (1)			% All Principal Repaid
	Principal	Interest	TOTAL	Principal	Interest (2)	TOTAL		Principal	Interest	TOTAL	Principal	Interest	TOTAL	
6/30														
2017	\$ 23,895	\$ 14,114	\$ 38,009	\$ 20,000	\$ 6,299	\$ 26,299	6.17%	\$ (20,000)	\$ (8,783)	\$ (28,783)	\$ 23,895	\$ 11,630	\$ 35,525	4.87%
2018	24,022	13,904	37,926	19,000	6,354	25,354		(20,000)	(8,700)	(28,700)	23,022	11,557	34,579	
2019	24,152	13,174	37,326	20,000	6,135	26,135		(20,000)	(8,100)	(28,100)	24,152	11,209	35,361	
2020	24,287	12,439	36,726	20,000	5,885	25,885		(20,000)	(7,500)	(27,500)	24,287	10,824	35,111	
2021	24,427	11,699	36,126	20,000	5,605	25,605	30.56%	(20,000)	(6,900)	(26,900)	24,427	10,404	34,831	24.42%
2022	24,571	10,955	35,526	20,000	5,285	25,285		(20,000)	(6,300)	(26,300)	24,571	9,940	34,511	
2023	24,719	10,206	34,925	21,000	4,935	25,935		(20,000)	(5,700)	(25,700)	25,719	9,441	35,160	
2024	24,873	9,452	34,325	21,000	4,536	25,536		(20,000)	(5,100)	(25,100)	25,873	8,888	34,761	
2025	25,031	8,694	33,725	22,000	4,116	26,116		(20,000)	(4,500)	(24,500)	27,031	8,310	35,341	
2026	25,194	7,931	33,125	22,000	3,643	25,643	63.27%	(20,000)	(3,900)	(23,900)	27,194	7,674	34,868	51.00%
2027	25,363	7,162	32,525	23,000	3,148	26,148		(20,000)	(3,300)	(23,300)	28,363	7,010	35,373	
2028	25,538	6,387	31,925	23,000	2,596	25,596		(20,000)	(2,700)	(22,700)	28,538	6,283	34,821	
2029	25,717	5,608	31,325	24,000	2,021	26,021		(20,000)	(2,100)	(22,100)	29,717	5,529	35,246	
2030	25,903	4,822	30,725	24,000	1,385	25,385		(20,000)	(1,500)	(21,500)	29,903	4,707	34,610	
2031	36,095	4,030	40,125	25,000	725	25,725	100.00%	(30,000)	(900)	(30,900)	31,095	3,855	34,950	81.10%
2032	6,293	2,932	9,225	-	-	-		-	-	-	6,293	2,932	9,225	
2033	6,498	2,726	9,224	-	-	-		-	-	-	6,498	2,726	9,224	
2034	6,709	2,515	9,224	-	-	-		-	-	-	6,709	2,515	9,224	
2035	6,927	2,297	9,224	-	-	-		-	-	-	6,927	2,297	9,224	
2036	7,152	2,072	9,224	-	-	-		-	-	-	7,152	2,072	9,224	87.94%
2037	7,385	1,839	9,224	-	-	-		-	-	-	7,385	1,839	9,224	
2038	7,625	1,599	9,224	-	-	-		-	-	-	7,625	1,599	9,224	
2039	7,872	1,352	9,224	-	-	-		-	-	-	7,872	1,352	9,224	
2040	8,128	1,096	9,224	-	-	-		-	-	-	8,128	1,096	9,224	
2041	8,392	831	9,223	-	-	-		-	-	-	8,392	831	9,223	95.98%
2042	8,665	557	9,222	-	-	-		-	-	-	8,665	557	9,222	
2043	11,064	210	11,274	-	-	-		-	-	-	11,064	210	11,274	100.00%
	<u>\$ 476,497</u>	<u>\$ 160,603</u>	<u>\$ 637,100</u>	<u>\$ 324,000</u>	<u>\$ 62,667</u>	<u>\$ 386,667</u>		<u>\$ (310,000)</u>	<u>\$ (75,983)</u>	<u>\$ (385,983)</u>	<u>\$ 490,497</u>	<u>\$ 147,287</u>	<u>\$ 637,784</u>	

**NOTES:**

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

(2) Estimated Interest Rates. Estimated Average Coupon of 2.33%

**CITY OF CELINA, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS - Revenue Supported Debt - Water and Sewer and Gas**

F.Y. Ended	Estimated Existing Debt - As of 6-30-2016 Water and Sewer System				General Obligation Refunding Bonds, Series 2016				% Principal Repaid 2016 Bonds	Less: Refunded Debt				Total Bonded Debt Service Requirements (1)				% Principal Repaid All Debt					
	Revenue Supported & Tax (1)		TOTAL		Principal		Interest (2)			Principal		Interest		Principal		Interest							
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		Principal	Interest	Principal	Interest	Principal	Interest								
6/30																							
2017	\$	167,580	\$	90,667	\$	258,247	\$	180,000	\$	49,097	\$	229,097	\$	(159,544)	\$	(78,903)	\$	188,036	\$	60,861	\$	248,897	6.16%
2018		177,073		105,287		282,360		181,000		49,284		230,284		(168,836)		(93,724)		189,237		60,847		250,084	
2019		186,049		97,663		283,712		185,000		47,203		232,203		(177,606)		(86,306)		193,443		58,560		252,003	
2020		186,797		89,732		276,529		175,000		44,890		219,890		(178,143)		(78,586)		183,654		56,036		239,690	
2021		175,388		81,924		257,311		175,000		42,440		212,440		(166,518)		(70,994)		178,870		53,370		232,240	30.55%
2022		152,970		74,331		227,301		170,000		39,720		209,720		(143,878)		(63,623)		179,092		50,428		229,520	
2023		128,570		68,660		197,230		159,000		36,745		195,745		(119,251)		(58,179)		168,319		47,226		215,545	
2024		134,683		63,507		198,190		159,000		33,724		192,724		(125,131)		(53,259)		168,552		43,972		212,524	
2025		132,321		58,197		190,518		163,000		30,544		193,544		(122,530)		(48,188)		172,791		40,553		213,344	
2026		130,310		53,476		183,786		168,000		27,040		195,040		(120,274)		(43,712)		178,036		36,804		214,840	58.92%
2027		121,784		48,700		170,485		157,000		23,260		180,260		(111,498)		(39,186)		167,286		32,774		200,060	
2028		123,503		44,283		167,786		162,000		19,492		181,492		(112,959)		(35,027)		172,544		28,748		201,292	
2029		113,350		40,224		153,575		166,000		15,442		181,442		(102,543)		(31,231)		176,807		24,435		201,242	
2030		117,270		36,350		153,620		171,000		11,042		182,042		(106,193)		(27,627)		182,077		19,765		201,842	
2031		56,826		31,527		88,353		110,000		6,340		116,340		(45,472)		(23,081)		121,354		14,786		136,140	85.77%
2032		53,359		29,204		82,563		105,000		3,150		108,150		(41,721)		(21,042)		116,638		11,312		127,950	
2033		55,535		27,028		82,563		-		-		-		(43,606)		(19,157)		11,929		7,871		19,800	
2034		54,044		24,830		78,874		-		-		-		(41,817)		(17,257)		12,227		7,573		19,800	
2035		55,442		22,694		78,137		-		-		-		(42,909)		(15,427)		12,533		7,267		19,800	
2036		57,662		20,475		78,137		-		-		-		(44,816)		(13,521)		12,846		6,954		19,800	91.20%
2037		59,976		18,161		78,137		-		-		-		(46,808)		(11,529)		13,168		6,632		19,800	
2038		62,386		15,751		78,137		-		-		-		(48,889)		(9,448)		13,497		6,303		19,800	
2039		54,742		13,316		68,058		-		-		-		(40,908)		(7,350)		13,834		5,966		19,800	
2040		42,354		11,594		53,948		-		-		-		(28,174)		(5,974)		14,180		5,620		19,800	
2041		43,400		10,025		53,425		-		-		-		(28,866)		(4,759)		14,534		5,266		19,800	93.47%
2042		43,401		8,457		51,859		-		-		-		(28,503)		(3,555)		14,898		4,902		19,800	
2043		45,000		6,859		51,859		-		-		-		(29,730)		(2,329)		15,270		4,530		19,800	
2044		37,607		5,247		42,854		-		-		-		(21,955)		(1,099)		15,652		4,148		19,800	
2045		20,420		4,425		24,845		-		-		-		(4,377)		(668)		16,043		3,757		19,800	96.03%
2046		20,965		3,879		24,845		-		-		-		(4,521)		(523)		16,444		3,356		19,800	
2047		21,527		3,318		24,845		-		-		-		(4,671)		(374)		16,856		2,944		19,800	
2048		22,102		2,743		24,845		-		-		-		(4,825)		(220)		17,277		2,523		19,800	
2049		21,851		2,153		24,004		-		-		-		(4,142)		(62)		17,709		2,091		19,800	
2050		18,152		1,648		19,800		-		-		-		-		-		18,152		1,648		19,800	98.93%
2051		18,605		1,195		19,800		-		-		-		-		-		18,605		1,195		19,800	99.56%
2052		19,071		729		19,800		-		-		-		-		-		19,071		729		19,800	100.00%
2053		13,498		303		13,801		-		-		-		-		-		13,498		303		13,801	
		2,945,574		1,218,562		4,164,136		2,581,000		479,411		3,060,411		(2,471,615)		(965,920)		3,054,959		732,053		3,787,012	

**NOTES:**

- (1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.  
(2) Estimated Interest Rates. Estimated Average Coupon of 2.33%

## FINANCIAL INFORMATION

### BASIS OF ACCOUNTING AND PRESENTATION

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

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

### FUND BALANCES AND RETAINED EARNINGS

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

	<b><u>For the Fiscal Year Ended June 30</u></b>				
<b><u>Fund Type</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
<i>Governmental Funds:</i>					
General Fund	\$214,893	\$271,552	\$264,506	\$294,985	\$312,042
Sanitation Fund	6,908	0	-	-	-
Drug Fund	<u>10,927</u>	<u>7,174</u>	<u>16,476</u>	<u>12,715</u>	<u>10,547</u>
<b>Total</b>	<b>\$232,728</b>	<b>\$278,726</b>	<b>\$280,982</b>	<b>\$307,700</b>	<b>\$322,589</b>
Enterprise Funds	\$9,317,694	\$9,684,598	\$10,253,172	\$10,253,255	\$10,389,264

*Source:* Comprehensive Annual Financial Report and Auditor's Report, City of Celina, Tennessee

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues:</b>					
Taxes	\$ 600,752	\$ 587,589	\$ 593,480	\$ 577,019	\$ 603,592
Intergovernmental	206,135	654,241	406,259	607,352	713,302
Licenses and Permits	1,320	940	1,510	930	800
Fines and Fees	775,440	850,507	801,695	799,748	840,603
Miscellaneous	31,284	85,640	34,091	4,211	2,025
<b>Total Revenues</b>	<u>\$ 1,614,931</u>	<u>\$ 2,178,917</u>	<u>\$ 1,837,035</u>	<u>\$ 1,989,260</u>	<u>\$ 2,160,322</u>
<b>Expenditures:</b>					
General Government	\$ 190,111	\$ 492,524	\$ 398,995	\$ 565,049	\$ 180,241
Police Department	312,838	343,638	344,938	318,941	314,995
Fire Department	56,919	38,163	34,456	40,621	23,502
Ambulance Department	727,589	728,968	714,983	703,835	723,682
Sanitation	-	133,475	126,921	-	123,975
Highway and Streets	163,194	156,420	142,948	151,172	140,312
Maintenance Department	-	-	33,591	33,787	34,655
Capital Outlay	426,973	839,592	25,772	41,804	572,275
Debt Service	-	19,036	21,477	29,628	29,628
<b>Total Expenditures</b>	<u>\$ 1,877,624</u>	<u>\$ 2,751,816</u>	<u>\$ 1,844,081</u>	<u>\$ 1,884,837</u>	<u>\$ 2,143,265</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	\$ (262,693)	\$ (572,899)	\$ (7,046)	\$ 104,423	\$ 17,057
<b>Other Sources &amp; Uses:</b>					
Operating Transfers - In	\$ -	\$ 6,908	\$ -	\$ -	\$ -
Operating Transfers - Out	(84,029)	-	-	(73,944)	-
Debt Proceeds	-	570,000	-	-	-
<b>Total Sources &amp; Uses</b>	<u>\$ (84,029)</u>	<u>\$ 576,908</u>	<u>\$ -</u>	<u>\$ (73,944)</u>	<u>\$ -</u>
Net Changes in Fund Balances	\$ (346,722)	\$ 4,009	\$ (7,046)	\$ 30,479	\$ 17,057
<b>Fund Balance July 1</b>	561,615	214,893	218,902	264,506	294,985
Prior period adjustment	-	-	52,650	-	-
<b>Fund Balance June 30</b>	<u><u>\$ 214,893</u></u>	<u><u>\$ 218,902</u></u>	<u><u>\$ 264,506</u></u>	<u><u>\$ 294,985</u></u>	<u><u>\$ 312,042</u></u>

Source: Comprehensive Annual Financial Reports of the City of Celina, Tennessee.

## **INVESTMENT AND CASH MANAGEMENT PRACTICES**

Investment of idle City operating funds is controlled by State statute and local policies. Generally, such policies limit investment instruments to direct U.S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. The City is not authorized to invest in reverse repurchase agreements or derivative products. No investment may be made for a period greater than two years without written permission of the State Director of Local Finance.

As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds for trust upon residential property in the state equal to at least 150 percent of the amount of uninsured deposits. All collateral must be held in a third party escrow account for the benefit of the City. For reporting purposes, all investments are stated at cost, which approximates market value.

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

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

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

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

- (a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;
- (b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;
- (c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and

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

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

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

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

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

### ***City Taxation of Property***

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

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

## ***Assessment of Property***

*City Assessments; City Board of Equalization.* The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each City is required to (a) make an assessment of all property in the City and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

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

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

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

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

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



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

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

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

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

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

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

## ***Certified Tax Rate***

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

that jurisdiction as was levied during the previous year. The governing body of a City or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

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

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

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

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

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

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

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

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*Assessed Valuations.* According to the Tax Aggregate Report, property in the City reflected a ratio of appraised value to true market value of 0.95%. The following table shows pertinent data for tax year 2015<sup>1</sup>.

<u>Class</u>	<u>Estimated Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Value</u>
Public Utilities	\$ 1,324,008	55%	\$ 3,033,237
Commercial and Industrial	8,897,640	40%	23,414,845
Personal Tangible Property	964,395	30%	3,377,109
Residential and Farm	<u>8,522,050</u>	25%	<u>35,882,324</u>
<b>Total</b>	<b><u>\$19,708,093</u></b>		<b><u>\$65,707,515</u></b>

Source: The 2015 Tax Aggregate Report of Tennessee.

The estimated assessed value of property in the City for the fiscal year ending June 30, 2016 (tax year 2015) is \$19,708,093 compared to \$19,843,155 for the fiscal year ending June 30, 2015 (tax year 2014). The estimated actual value of all taxable property for tax year 2015 is \$65,707,515 compared to \$66,422,923 for tax year 2014.

*Property Tax Rates and Collections.* The following table shows the property tax rates and collections of the City for tax years 2011 through 2015 as well as the aggregate uncollected balances for each fiscal year ending June 30.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr Collections		Aggregate Uncollected Balance	
Tax Year <sup>1</sup>	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	As of June 30, 2015 Amount	Pct
2011	\$18,885,702	\$ 0.92	\$173,745	\$160,824	92.6%	\$ 2,990	1.7%
2012	20,340,638	0.8732	177,558	168,003	94.6%	3,549	2.0%
2013	19,857,764	0.8732	173,419	158,489	91.4%	7,579	4.4%
2014	19,843,155	0.8732	173,289	162,803	93.9%	10,486	6.1%
2015	19,708,093	0.8732	173,000	IN PROCESS			

<sup>1</sup> The tax year coincides with the calendar year, therefore tax year 2015 is actually fiscal year 2015-2016.

*Largest Taxpayers.* For the fiscal year ending June 30, 2015 (tax year 2014), the largest taxpayers in the City were as follows:

<u><b>Taxpayer</b></u>	<u><b>Business Type</b></u>	<u><b>Taxes Levied</b></u>
1. Southern Oaks Apartments	Apartments	\$ 5,853
2. Tri County	Electric Company	5,523
3. Twin Lakes Coop	Telephone Company	4,833
4. Jessie L. Copeland Med Services	Medical Clinic	2,906
5. Buford Bait	Bait Company	2,748
6. Celina Save-a-Lot	Grocery	2,165
7. Bank of Celina	Bank	2,131
8. Pasi co Rite Aid Corp	Retail	2,110
9. CAIC	Invest Group	<u>1,927</u>
<b>TOTAL</b>		<b><u>\$30,196</u></b>

*Source:* The City.

*[balance of page left blank]*

**APPENDIX C**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**THE CITY OF CELINA, TENNESSEE**



**TOWN OF CELINA, TENNESSEE**

Annual Financial Report

For the Year Ended June 30, 2015

# TOWN OF CELINA, TENNESSEE

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# INTRODUCTORY SECTION

# **TOWN OF CELINA, TENNESSEE**

Officials of the Town of Celina, Tennessee

June 30, 2015

Name

Title

Elected Officials:

Willie Kerr

Mayor

Charlie Goad, Jr.

Vice Mayor

Donald Haston

Alderman

Buddy Thompson

Alderman

# FINANCIAL SECTION

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

---

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

**Independent Auditor's Report**

Mayor and Board of Aldermen of the  
Town of Celina, Tennessee  
Celina, Tennessee

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of the Town of Celina, Tennessee as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business - type activities, and each major fund of the Town of Celina, Tennessee as of June 30, 2015, and the respective changes in financial position and, where applicable, the cash flows thereof and the respective budgetary comparison for the General Fund and the Police Drug Fund 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 Required Supplementary Information which includes the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge we obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### **Other Matters -Other Information**

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Introductory Section and the Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Introductory Section and the Supplementary Information (except for the Schedule of Unaccounted for Water) have 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 Introductory Section and the Supplementary Information (except for the Schedule of Unaccounted for Water), is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Unaccounted for Water has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated July 31, 2015 on the consideration of the Town of Celina's internal control over financial reporting and the tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 entity's internal control over financial reporting and compliance.

*Jale R Poole, CPA*

July 31, 2015

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## **TOWN OF CELINA, TENNESSEE**

### **Management's Discussion and Analysis**

As management of the Town of Celina, Tennessee (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Town. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

#### **Financial Highlights:**

The assets of the Town of Celina exceeded its liabilities at the close of the most recent fiscal year by \$12,070,807. Of this amount, \$475,840 (unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total Net Position increased by \$632,263 during the current year due to higher capital contributions in both the governmental activity and Utility funds. Overall expenses were lower than in the prior year as the Town had decreased Home grant expenses. The Utility fund had an increase in user charges revenues during the current year.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$322,589, an increase of \$14,889 in comparison to the prior year. Revenues were higher in the current year due to increasing capital grants.

The Town's total debt decreased by \$100,839 during the current fiscal year. The Town's loans are being paid as scheduled.

#### **Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the Town of Celina's basic financial statements. The Town's basic financial statements comprise 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.

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

The Statement of Net Position presents information on all the Town's assets and liabilities, 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 position of the Town is improving or deteriorating. The Statement of Activities presents information showing how the government's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement



for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Celina include general government, ambulance services, personnel, finance, parks, codes, planning, police, fire, disposal service, program service, streets and public works. The business-type activities of the Town include water and sewer operations. The government-wide financial statements can be found on pages 11-12 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 from specific activities or objectives. The Town of Celina, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental Funds are funds 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, government 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 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 Town maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Drug Fund, all of which are considered to be major funds. The Town of Celina adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 14-17 and 21-25 of this report. The Town of Celina maintains only one type of proprietary fund. It uses an enterprise fund to report the same functions presented in the business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 18-20 of this report.

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 27-39 of this report.

### **Financial Analysis of the Financial Statements -- Government-wide Financial Analysis**

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Celina, assets exceeded liabilities by \$12,070,807 at the close of the most recent fiscal year.

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

### **Town of Celina's Net Position- 2014**

	Governmental Activities	Business-type Activities
Current and other assets	\$ 574,152	\$ 445,786
Capital assets	<u>1,398,404</u>	<u>13,232,106</u>
Total assets	1,972,556	13,677,892
Long-term liabilities outstanding	523,924	3,163,171
Other liabilities	<u>263,343</u>	<u>261,466</u>
Total liabilities	787,267	3,424,637
Net Position:		
Net investment in capital assets	874,480	10,068,935
Restricted	12,715	155,871
Unrestricted	<u>298,094</u>	<u>28,449</u>
Total Net Position	\$ 1,185,289	\$10,253,255

# **Town of Celina's Net Position- 2015**

	Governmental Activities	Business-type Activities
Current and other assets	\$ 565,515	\$ 429,604
Capital assets	<u>1,865,470</u>	<u>13,180,618</u>
Total assets	2,430,985	13,610,222
Long-term liabilities outstanding	500,270	3,085,986
Other liabilities	<u>76,172</u>	<u>134,972</u>
Total liabilities	576,442	3,220,958
Deferred liabilities – Property tax	<u>173,000</u>	<u>0</u>
Net Position:		
Net investment in capital assets	1,365,200	10,094,632
Restricted	10,547	124,588
Unrestricted	<u>305,796</u>	<u>170,044</u>
Total Net Position	\$ 1,681,543	\$ 10,389,264

At the end to the current fiscal year, the Town is able to report positive balances in all three categories of Net Position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

**Comparison between revenues and expenses between years.**

	2015 Governmental Activities	2014 Governmental Activities	Change Between Years	2015 Business-Type Activities	2014 Business-Type Activities	Change Between Years
Revenues:						
Charges for services	846,203	855,867	(9,664)	1,202,310	1,155,484	46,826
Operating grants and contributions	46,499	49,726	(3,227)	0	0	0
Capital grants and contributions	523,850	422,565	101,285	454,910	271,128	183,782
Property taxes	207,834	185,182	22,652	0	0	0
Sales taxes	383,031	380,674	2,357	0	0	0
Locally assessed taxes	139,670	134,619	5,051	0	0	0
Other state shared revenues	12,869	11,605	1,264	0	0	0
Other revenues	5,166	4,211	955	420	442	(22)
Total Revenues	<u>\$2,165,122</u>	<u>\$2,044,449</u>	<u>\$120,673</u>	<u>\$1,657,640</u>	<u>\$1,427,054</u>	<u>\$230,586</u>
Expenses:						
Current:						
General government	242,824	597,016	(354,192)	0	0	0
Police department	330,188	336,086	(5,898)	0	0	0
Fire department	41,116	58,235	(17,119)	0	0	0
Ambulance	755,398	716,476	38,922	0	0	0
Highways and streets	140,712	157,545	(16,833)	0	0	0
Maintenance	34,655	33,787	868	0	0	0
Sanitation	123,975	123,974	1	0	0	0
Water and Sewer	0	0	0	1,521,631	1,417,171	104,460
Total Expenses:	<u>\$1,668,868</u>	<u>\$2,023,119</u>	<u>(\$354,251)</u>	<u>\$1,521,631</u>	<u>\$1,417,171</u>	<u>\$104,460</u>
Increases in Net Position	<u>496,254</u>	<u>21,330</u>	<u>474,924</u>	<u>136,009</u>	<u>9,883</u>	<u>126,126</u>

## General Fund Budgetary Highlights

The Town amended several of its departmental budgets during the year. Costs related to the grant programs, street improvements and construction of a new city hall were the primary reason for the budget variances. See pages 21-25 for further analysis.

## Capital Asset and Debt Administration

### Capital Assets

The Town of Celina's investment in capital assets from its governmental and business-type activities at June 30, 2015, amounts to \$15,046,088 (net of accumulated depreciation). This investment in capital assets is in land, buildings, improvements, utility system machinery and equipment, park facilities, roads, highways and bridges.

### Town of Celina's Capital Assets -2014

		Governmental <u>Activities</u>	Business-type <u>Activities</u>
Land	\$	5,000	\$ 378,670
Buildings and Improvements		2,048,297	20,144,475
Machinery and Equipment		<u>544,501</u>	<u>212,067</u>
Less accumulated depreciation		(1,199,394)	(7,503,106)
Net Capital Assets	\$	<u>1,398,404</u>	<u>\$ 13,232,106</u>

### Town of Celina's Capital Assets -2015

		Governmental <u>Activities</u>	Business-type <u>Activities</u>
Land	\$	5,000	\$ 378,670
Buildings and Improvements		2,620,572	20,566,823
Machinery and Equipment		<u>544,501</u>	<u>212,067</u>
Less accumulated depreciation		(1,304,603)	(7,976,942)
Net Capital Assets	\$	<u>1,865,470</u>	<u>\$ 13,180,618</u>

Additional information on the Town of Celina's capital assets can be found in the notes to the financial statements section of this report.

**Long-Term Debt**

At the end of the current year, the Town of Celina had utility system debt outstanding of \$3,085,986 and general obligation debt of \$500,270. The general obligation debt was used for the construction of City Hall and paving of streets. The utility debt was used to finance the construction of the Town's utility system. The Town's total debt decreased by \$100,839 during the current fiscal year. Additional information on the Town of Celina's debt can be found in the notes to the financial statements section of this report.

**Economic Factors and Next Year's Budget and Rates**

In the 2015-2016 budget, General fund revenues are budgeted to increase from the 2014-2015 budget year primarily due to increases in overall prices. The Town's budget should benefit by an expanding commercial and retail base producing increased local sales tax receipts.

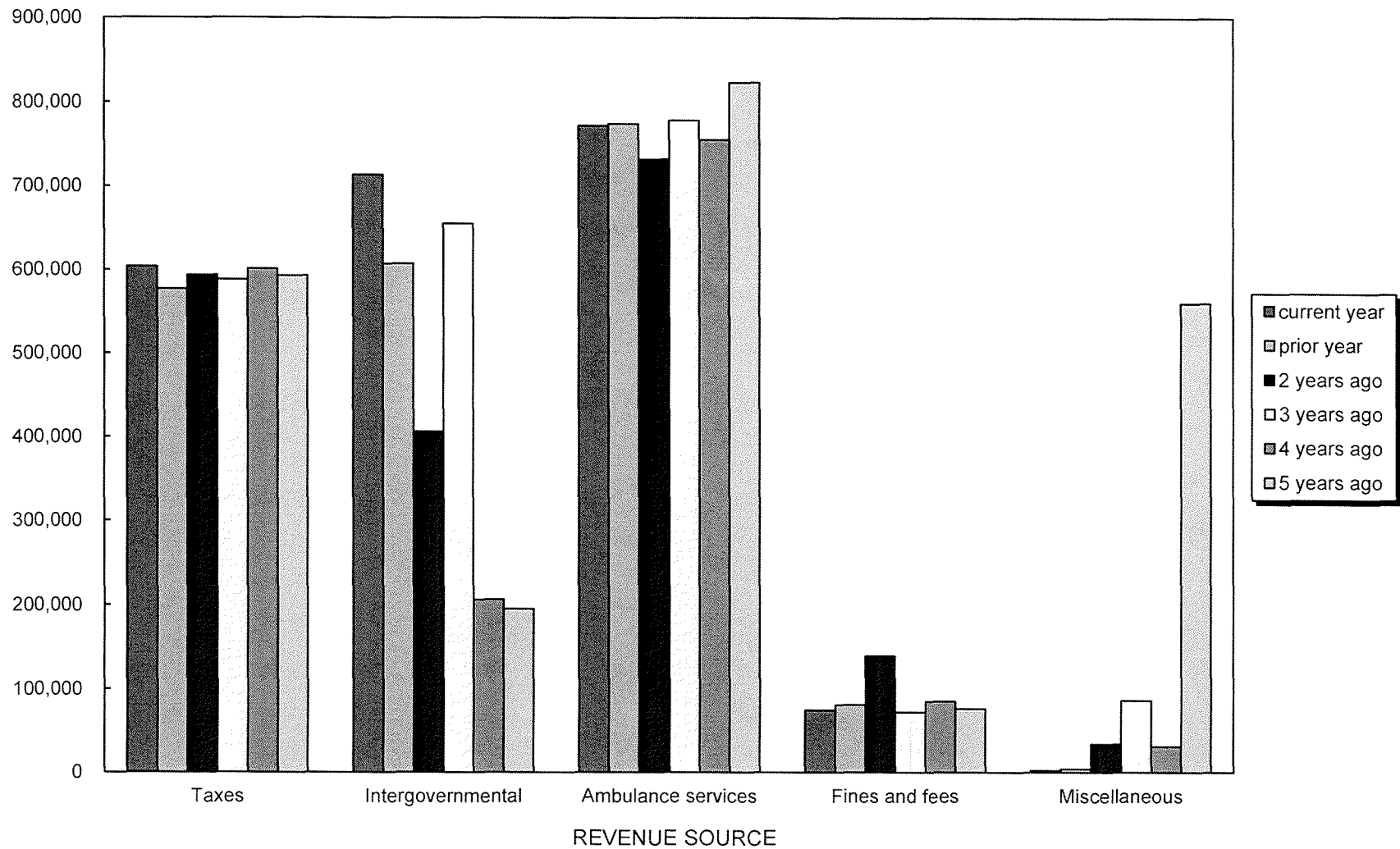
**Requests for Information**

This financial report is designed to provide a general overview of the Town of Celina, Tennessee'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:

Town of Celina

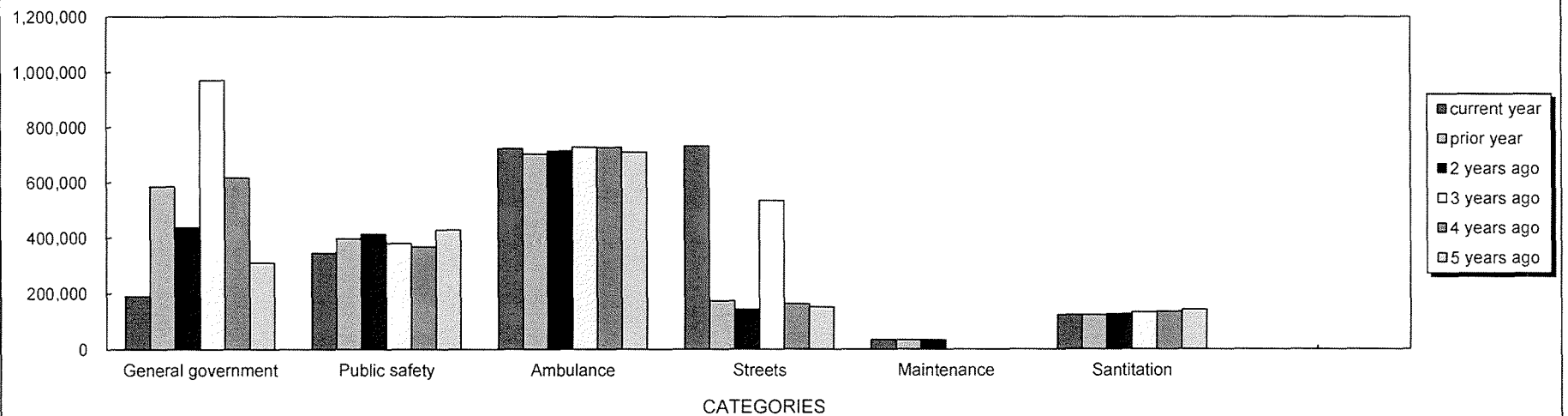
# TOWN OF CELINA, TENNESSEE

## GOVERNMENTAL FUND REVENUES



# TOWN OF CELINA, TENNESSEE

## GOVERNMENTAL FUND EXPENDITURES





# BASIC FINANCIAL STATEMENTS

**TOWN OF CELINA, TENNESSEE**

**Statement of Net Position**

**June 30, 2015**

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Cash and cash equivalents	232,587	199,637	432,224
Cash and cash equivalents - restricted	0	124,588	124,588
Receivables	301,441	97,685	399,126
Prepaid expenses	27,084	12,097	39,181
Internal balances	4,403	(4,403)	0
Capital assets not being depreciated	5,000	541,384	546,384
Capital assets, net of accumulated depreciation	1,860,470	12,639,234	14,499,704
<b>Total Assets</b>	<u><b>2,430,985</b></u>	<u><b>13,610,222</b></u>	<u><b>16,041,207</b></u>
<u><b>Liabilities, Deferred Inflows, and Net Position</b></u>			
Liabilities:			
Accounts payable	35,627	34,641	70,268
Accrued expenses	40,545	100,331	140,876
Long-term liabilities:			
Due within one year	23,773	165,332	189,105
Due in more than one year	476,497	2,920,654	3,397,151
<b>Total Liabilities</b>	<u><b>576,442</b></u>	<u><b>3,220,958</b></u>	<u><b>3,797,400</b></u>
Deferred inflow of resources - property taxes current year	<u>173,000</u>	<u>0</u>	<u>173,000</u>
Net Position:			
Net Investment in Capital Assets	1,365,200	10,094,632	11,459,832
Restricted - Drug fund	10,547	0	10,547
Restricted - Debt service	0	124,588	124,588
Unrestricted	305,796	170,044	475,840
<b>Total Net Position</b>	<u><b>1,681,543</b></u>	<u><b>10,389,264</b></u>	<u><b>12,070,807</b></u>

See accompanying notes to financial statements.

**TOWN OF CELINA, TENNESSEE**

**Statement of Activities**

**For the Year Ended June 30, 2015**

Function/Programs	Program revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
						Total
Government Activities:						
General government	242,824	5,410	0	523,850	286,436	0
Police department	330,188	20,164	4,200	0	(305,824)	0
Fire department	41,116	0	0	0	(41,116)	0
Ambulance	755,398	771,609	0	0	16,211	0
Sanitation	123,975	49,020	0	0	(74,955)	0
Maintenance department	34,655	0	0	0	(34,655)	0
Highways and streets	140,712	0	42,299	0	(98,413)	0
Total Governmental Activities	<u>1,668,868</u>	<u>846,203</u>	<u>46,499</u>	<u>523,850</u>	<u>(252,316)</u>	<u>0</u>
Business - type Activities:						
Water and Sewer	1,521,631	1,202,310	0	454,910	0	135,589
Total Business Type Activities	<u>1,521,631</u>	<u>1,202,310</u>	<u>0</u>	<u>454,910</u>	<u>0</u>	<u>135,589</u>
Total	<u>3,190,499</u>	<u>2,048,513</u>	<u>46,499</u>	<u>978,760</u>	<u>(252,316)</u>	<u>135,589</u>
General Revenues:						
Property taxes				190,507	0	190,507
Public utility tax				17,327	0	17,327
Sales taxes				383,031	0	383,031
Beer and liquor taxes				139,670	0	139,670
State income and excise tax				12,869	0	12,869
Interest income				213	420	633
Other				4,953	0	4,953
Total general revenues				<u>748,570</u>	<u>420</u>	<u>748,990</u>
Changes in Net Position				<u>496,254</u>	<u>136,009</u>	<u>632,263</u>
Net Position - beginning of year				1,185,289	10,253,255	11,438,544
Net Position - ending of year				<u>1,681,543</u>	<u>10,389,264</u>	<u>12,070,807</u>

See accompanying notes to financial statements.

# FUND FINANCIAL STATEMENTS

**TOWN OF CELINA, TENNESSEE**

**Balance Sheet**

**Governmental Funds**

**June 30, 2015**

<u>Assets</u>	<u>General Fund</u>	<u>Drug Fund</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$222,040	\$10,547	\$232,587
Property tax receivable	203,819	0	203,819
Accounts receivable	97,622	0	97,622
Prepaid expenses	27,084	0	27,084
Due from other funds	4,403	0	4,403
 Total Assets	 \$554,968	 \$10,547	 \$565,515
<u>Liabilities, Deferred Inflows and Fund Balance</u>			
Liabilities:			
Accounts payable	\$35,627	\$0	\$35,627
 Total Liabilities	 35,627	 0	 35,627
Deferred Inflow of Resources:			
Deferred current property taxes	173,000	0	173,000
Deferred delinquent property taxes	21,819	0	21,819
Other deferred/unavailable- other governments	12,480	0	12,480
Total Deferred Inflow of Resources	207,299	0	207,299
Fund balance:			
Restricted - Drug fund	0	10,547	10,547
Restricted - sanitation	0	0	0
Restricted - State street aid	0	0	0
Non-spendable	27,084	0	27,084
Unassigned	284,958	0	284,958
Total Fund Balance	312,042	10,547	322,589
 Total Liabilities, Deferred Inflows and Fund Balance	 \$554,968	 \$10,547	 \$565,515

The notes accompanying the financial statements are an integral part of these financial statements.

**TOWN OF CELINA, TENNESSEE**

**Reconciliation of the Balance Sheet to the Statement of Net Position  
of Governmental Activities**

**June 30, 2015**

Amounts reported for fund balance - total governmental funds	\$ 322,589
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	1,865,470
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds	34,299
Long-term liabilities, including bonds payable and accrued vacation are not due and payable in the current period and therefore are not recorded in the funds	
Long-term debt	(500,270)
Accrued vacation time	(40,545)
Net Position of governmental activities	\$ <u>1,681,543</u>

See accompanying notes to the financial statements.

**TOWN OF CELINA, TENNESSEE**

**Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances**

**For the Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Drug Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	603,592	0	603,592
Intergovernmental	713,302	0	713,302
Licenses and permits	800	0	800
Fines and fees	840,603	4,800	845,403
Miscellaneous	2,025	0	2,025
Total Revenues	<u>\$2,160,322</u>	<u>\$4,800</u>	<u>\$2,165,122</u>
Expenditures:			
Current:			
General government	180,241	0	180,241
Police department	314,995	6,968	321,963
Fire department	23,502	0	23,502
Ambulance department	723,682	0	723,682
Sanitation	123,975	0	123,975
Highway and streets	140,312	0	140,312
Maintenance department	34,655	0	34,655
Capital outlay:			
Highway and streets	572,275	0	572,275
Debt service			
Principal	23,654	0	23,654
Interest	5,974	0	5,974
Total Expenditures	<u>\$2,143,265</u>	<u>\$6,968</u>	<u>\$2,150,233</u>
Excess (deficiency) of revenues over expenditures	<u>17,057</u>	<u>(2,168)</u>	<u>14,889</u>
Fund Balance, Beginning of year	294,985	12,715	307,700
Fund Balance, End of Year	<u>\$312,042</u>	<u>\$10,547</u>	<u>\$322,589</u>

See accompanying notes to financial statements.

**TOWN OF CELINA, TENNESSEE**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities**

**For the Year Ended June 30, 2015**

Net change in fund balances - total governmental funds:	\$ 14,889
Amounts reported for governmental activities in the statement of net position are different because:	
Expenses reported in the governmental funds that reduce long-term debt in the statement of Net Position	
Principal payments	23,654
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(8,373)
Expenses reported in the statement of activities that affect accrued liabilities that are not reported as expenditures in the governmental funds	
Change in employee vacation accrual	(982)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Acquisition of capital assets	572,275
Depreciation expense	<u>(105,209)</u>
Change in Net Position of governmental activities	\$ <u><u>496,254</u></u>

See accompanying notes to the financial statements.



**TOWN OF CELINA, TENNESSEE**

**Statement of Net Position**

**Enterprise Fund**

**June 30, 2015**

Assets

Current Assets:

Cash and cash equivalents	\$199,637
Cash and cash equivalents - restricted	124,588
Customer accounts receivable, net of allowance of \$29,905	97,685
Prepaid insurance	12,097
Total Current Assets	<u>434,007</u>

Capital Assets:

Utility plant in service	21,157,560
Less accumulated depreciation	(7,976,942)
Total Capital Assets, Net	<u>13,180,618</u>

Total Assets	<u><u>\$13,614,625</u></u>
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Liabilities and Net Position

Current Liabilities (payable from current assets):

Accounts payable	\$34,641
Accrued expenses	100,331
Due to General Fund	4,403
Current maturities - long-term debt	165,332
Total Current Liabilities (payable from current assets)	<u>304,707</u>

Long-Term Debt	<u>2,920,654</u>
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Total Liabilities	<u><u>\$3,225,361</u></u>
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Net Position:

Net Investment in Capital Assets	10,094,632
Restricted	124,588
Unrestricted	<u>170,044</u>

Total Net Position	<u><u>\$10,389,264</u></u>
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The notes accompanying the financial statements are an integral part of these financial statements.

**TOWN OF CELINA, TENNESSEE**

**Statement of Revenues, Expenses  
and Changes in Net Position**

**Enterprise Fund**

**For the Year Ended June 30, 2015**

Operating Revenues:	
Metered sales	\$1,172,646
Installation and tap fees	29,664
Total Operating Revenues	<u>1,202,310</u>
Operating Expenses:	
Wages	412,695
Employee benefits	91,800
Office expense	12,413
Contract services	10,118
Repair and maintenance	110,985
Dues	7,845
Supplies	80,803
Vehicle expense	27,635
Utilities	134,587
Professional services	1,524
Insurance	42,611
Depreciation	473,836
Miscellaneous	2,806
Total Operating Expenses	<u>1,409,658</u>
Operating income (loss)	<u>(207,348)</u>
Nonoperating Revenues (Expenses):	
Interest income	420
Interest expense	<u>(111,973)</u>
Total Nonoperating Revenues (Expenses)	<u>(111,553)</u>
Contributed capital	<u>454,910</u>
Net Change in Net Position	136,009
Net Position, July 1, 2014	<u>10,253,255</u>
Net Position, June 30, 2015	<u><u>\$10,389,264</u></u>

The notes accompanying the financial statements are an integral part of these financial statements.

**TOWN OF CELINA, TENNESSEE**

**Statement of Cash Flows**

**Proprietary Fund Type**

**Water and Sewer**

**For the Year Ended June 30, 2015**

Cash Flows from Operating Activities:

Cash received from customers	1,209,226
Cash paid to suppliers	(524,613)
Cash paid to employees	(504,495)
Net Cash Provided (Used) by Operating Activities	<u>180,118</u>

Cash Flows from Capital and Related Financing Activities:

Purchase of capital assets	(422,348)
Interest paid	(111,973)
Loan proceeds	67,000
Contributed capital	454,910
Repayment of debt	(144,185)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(156,596)</u>

Cash Flows from Investing Activities:

Interest received	<u>420</u>
Net Cash Flows Provided (Used) from Investing Activities:	<u>420</u>

Net Change in Cash	23,942
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Cash and Cash Equivalents, July 1, 2014	<u>300,283</u>
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Cash and Cash Equivalents, June 30, 2015	<u>324,225</u>
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Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities

Operating income (loss)	(207,348)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	473,836
Change in assets (increase) decrease:	
Accounts receivable	36,580
Prepaid insurance	(6,456)
Change in liabilities increase (decrease):	
Due to other funds	10,000
Accounts payable and accrued expenses	<u>(126,494)</u>
Net Cash Provided (Used) by Operating Activities	<u>180,118</u>

See accompanying notes to financial statements.

**TOWN OF CELINA, TENNESSEE**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

**General Fund**

**For the Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Taxes:				
Property taxes	\$156,423	\$156,423	\$175,444	19,021
Public utility tax	11,077	11,077	11,077	-
Penalty and interest	2,700	2,700	3,986	1,286
Local sales tax	273,000	273,000	270,989	(2,011)
Local beer tax	81,000	81,000	88,573	7,573
Local liquor tax	51,000	51,000	50,382	(618)
Cable franchise tax	6,500	6,500	3,141	(3,359)
Total Taxes	<u>581,700</u>	<u>581,700</u>	<u>603,592</u>	<u>21,892</u>
Intergovernmental:				
TVA in lieu	16,500	16,500	17,327	827
State excise tax	9,700	9,700	7,170	(2,530)
State supplement	3,000	3,000	4,200	1,200
Grants	629,378	629,378	523,850	(105,528)
State sales tax	106,650	106,650	112,042	5,392
State income tax	1,900	1,900	5,699	3,799
State beer tax	4,500	4,500	715	(3,785)
State special petroleum tax	3,100	3,100	3,051	(49)
Gasoline .03 tax	8,000	8,000	8,059	59
Gasoline 1989 tax	5,000	5,000	5,134	134
Gasoline and motor fuel	26,000	26,000	26,055	55
Total Intergovernmental Revenue	<u>813,728</u>	<u>813,728</u>	<u>713,302</u>	<u>(100,426)</u>
Licenses	<u>1,000</u>	<u>1,000</u>	<u>800</u>	<u>(200)</u>
Fines and fees	<u>22,500</u>	<u>22,500</u>	<u>14,564</u>	<u>(7,936)</u>
Ambulance fees	<u>774,500</u>	<u>774,500</u>	<u>771,609</u>	<u>(2,891)</u>
Park patrol	<u>4,600</u>	<u>4,600</u>	<u>5,410</u>	<u>810</u>
Sanitation fees	<u>50,000</u>	<u>50,000</u>	<u>49,020</u>	<u>(980)</u>
Miscellaneous:				
Interest income	904	904	213	(691)
Miscellaneous	3,500	3,500	1,812	(1,688)
Total Miscellaneous	<u>4,404</u>	<u>4,404</u>	<u>2,025</u>	<u>(2,379)</u>
Total Revenues	<u>2,252,432</u>	<u>2,252,432</u>	<u>2,160,322</u>	<u>(92,110)</u>

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF CELINA, TENNESSEE

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Expenditures:				
General Government:				
Current:				
Personnel costs	\$98,821	\$98,821	\$97,644	(1,177)
Employee benefits	21,526	21,526	30,374	8,848
Board and committee members	1,800	1,800	1,413	(387)
Advertising	1,500	1,500	1,808	308
Supplies	10,285	10,285	10,339	54
Utilities	10,000	10,000	9,290	(710)
Repair and maintenance	200	200	416	216
Professional services	25,000	25,000	22,072	(2,928)
Donations	1,000	1,000	1,500	500
Insurance	6,400	6,400	3,261	(3,139)
Miscellaneous	1,500	1,500	2,124	624
	<u>178,032</u>	<u>178,032</u>	<u>180,241</u>	<u>2,209</u>
Capital outlay	3,000	3,000	0	(3,000)
Debt service	9,228	9,228	9,228	0
Total General Government	<u>190,260</u>	<u>190,260</u>	<u>189,469</u>	<u>(791)</u>
Street department:				
Personnel costs	46,050	46,050	45,301	(749)
Employee benefits	7,322	7,322	7,306	(16)
Supplies	4,500	4,500	10,116	5,616
Street lights	38,500	38,500	41,334	2,834
Maintenance and repair	6,500	6,500	7,839	1,339
Vehicle expenses	17,500	17,500	17,435	(65)
Insurance	10,500	10,500	10,105	(395)
Miscellaneous	600	600	876	276
	<u>131,472</u>	<u>131,472</u>	<u>140,312</u>	<u>8,840</u>
Capital outlay	621,379	621,379	572,275	(49,104)
Debt service	20,400	20,400	20,400	0
Total Street department	<u>773,251</u>	<u>773,251</u>	<u>732,987</u>	<u>(40,264)</u>
Ambulance department:				
Personnel costs	\$521,700	\$521,700	\$526,050	4,350
Employee benefits	45,500	45,500	52,900	7,400
Ambulance contract	27,000	27,000	28,151	1,151
Dues	2,300	2,300	1,980	(320)
Utilities	14,000	14,000	15,207	1,207
Supplies	25,000	25,000	24,202	(798)
Professional services	119	119	559	440
Maintenance and repair	8,000	8,000	15,472	7,472
Vehicle expenses	20,000	20,000	18,154	(1,846)
Insurance	40,100	40,100	39,799	(301)
Miscellaneous	1,000	1,000	1,208	208
	<u>704,719</u>	<u>704,719</u>	<u>723,682</u>	<u>18,963</u>
Capital outlay	0	0	0	0
Total Ambulance department	<u>704,719</u>	<u>704,719</u>	<u>723,682</u>	<u>18,963</u>

The notes accompanying the financial statements are an integral part of these financial statements.

**TOWN OF CELINA, TENNESSEE**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

**General Fund**

**For the Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Expenditures:				
Police department:				
Personnel costs	\$223,603	\$223,603	\$220,981	(2,622)
Employee benefits	41,200	41,200	28,555	(12,645)
Training and travel	1,500	1,500	4,395	2,895
Supplies	2,300	2,300	2,801	501
Professional services	9,000	9,000	8,862	(138)
Telephone	3,100	3,100	3,157	57
Maintenance and repair	4,800	4,800	6,059	1,259
Vehicle expenses	21,000	21,000	12,936	(8,064)
Grant expenses	5,000	5,000	5,060	60
Dog control	5,000	5,000	0	(5,000)
Insurance	24,700	24,700	21,690	(3,010)
Miscellaneous	1,200	1,200	499	(701)
	<u>342,403</u>	<u>342,403</u>	<u>314,995</u>	<u>(27,408)</u>
Capital outlay	0	0	0	0
Total Police department	<u>342,403</u>	<u>342,403</u>	<u>314,995</u>	<u>(27,408)</u>
Fire department:				
Personnel costs	5,000	5,000	4,920	(80)
Supplies	250	250	78	(172)
Maintenance and repair	2,000	2,000	107	(1,893)
Vehicle expenses	2,000	2,000	343	(1,657)
Insurance	20,000	20,000	17,501	(2,499)
Miscellaneous	150	150	553	403
	<u>29,400</u>	<u>29,400</u>	<u>23,502</u>	<u>(5,898)</u>
Capital outlay	0	0	0	0
Total Fire department	<u>29,400</u>	<u>29,400</u>	<u>23,502</u>	<u>(5,898)</u>
Maintenance department				
Salaries	25,880	25,880	25,906	26
Employee benefits	4,286	4,286	6,201	1,915
Supplies	2,640	2,640	1,897	(743)
Maintenance and repair	500	500	651	151
Miscellaneous	0	0	0	0
	<u>33,306</u>	<u>33,306</u>	<u>34,655</u>	<u>1,349</u>
Capital outlay	0	0	0	0
Total Maintenance department	<u>33,306</u>	<u>33,306</u>	<u>34,655</u>	<u>1,349</u>

The notes accompanying the financial statements are an integral part of these financial statements.

**TOWN OF CELINA, TENNESSEE**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

**General Fund**

**For the Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Sanitation department:				
Salaries	75,600	75,600	73,059	(2,541)
Employee benefits	15,325	15,325	14,220	(1,105)
Supplies	1,950	1,950	2,515	565
Vehicle expenses	6,500	6,500	7,120	620
Landfill	20,000	20,000	18,146	(1,854)
Insurance	9,000	9,000	8,640	(360)
Miscellaneous	500	500	275	(225)
	<u>128,875</u>	<u>128,875</u>	<u>123,975</u>	<u>(4,900)</u>
Capital outlay	0	0	0	0
Total Sanitation	<u>128,875</u>	<u>128,875</u>	<u>123,975</u>	<u>(4,900)</u>
 Total Expenditures	 <u>2,202,214</u>	 <u>2,202,214</u>	 <u>2,143,265</u>	 <u>(54,049)</u>
 Excess (deficiency) of Revenues over Expenditures	 50,218	 50,218	 17,057	 (38,061)
 Fund Balance, July 1, 2014	 294,985	 294,985	 294,985	 0
 Fund Balance, June 30, 2015	 <u>345,203</u>	 <u>345,203</u>	 <u>312,042</u>	 <u>(33,161)</u>

The notes accompanying the financial statements are an integral part of these financial statements.

**TOWN OF CELINA, TENNESSEE**

**Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual**

**Police Drug Fund**

**For the Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Fines and fees	\$6,000	\$6,000	4,800	(1,200)
Miscellaneous:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>4,800</u>	<u>(1,200)</u>
Expenditures:				
Public safety:				
Supplies	8,900	8,900	6,968	(1,932)
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>8,900</u>	<u>8,900</u>	<u>6,968</u>	<u>(1,932)</u>
Excess (deficiency) of revenues over expenditures	(2,900)	(2,900)	(2,168)	732
Fund Balance, July 1, 2014	<u>12,715</u>	<u>12,715</u>	<u>12,715</u>	<u>-</u>
Fund Balance, June 30, 2015	<u><u>\$9,815</u></u>	<u><u>\$9,815</u></u>	<u><u>10,547</u></u>	<u><u>(732)</u></u>

The notes accompanying the financial statements are an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## **TOWN OF CELINA, TENNESSEE**

### **Notes to Financial Statements**

June 30, 2015

#### **(1) Summary of Significant Accounting Policies**

The Town of Celina, Tennessee, was incorporated under the Private Act of the Tennessee General Assembly. The Town provides the following services, as authorized by its charter and duly passed ordinances: public safety (police, fire and ambulance), water and sewer, streets, recreations, public improvements, and general administrative services. The accounting policies of the Town of Celina, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

##### Reporting Entity:

In evaluating the Town as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has no component units at yearend.

##### Accounting Pronouncements:

Effective July 1, 2003 the Town adopted GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34, Statement No. 38, Certain Financial Statement Note Disclosures and Interpretation No. 6, Recognition and measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements. The requirements of these statements represent a significant change in the financial reporting model used by the Town. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column. Other significant changes include the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, and the inclusion of management's discussion and analysis.

##### Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net Position and the statement of changes in Net Position, report information on all of the nonfiduciary activities of the primary government. For the most part the effect of the interfund activity has been removed from these statements. Government 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.

# **TOWN OF CELINA, TENNESSEE**

## **Notes to Financial Statements**

June 30, 2015

### **(1) Summary of Significant Accounting Policies, Continued**

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 (i) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) 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 as general revenues.

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

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if received within 60 days of years end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

## **TOWN OF CELINA, TENNESSEE**

### **Notes to Financial Statements**

June 30, 2015

#### **(1) Summary of Significant Accounting Policies, Continued**

The government reports the following major funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

Police Drug Fund - To account for the receipt and usage of the Town's share of Drug fines and seizure of assets.

The government reports the following major proprietary funds:

The Utility Fund is used to account for water and sewer operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

Amounts reported as program revenues include (i) charges to customers or applicants for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

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 proprietary funds principal ongoing operations. The principal operating revenues of the various utility funds are charges to customers for sales and services. The Utility Fund also recognize 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the Town uses committed, assigned then unassigned funds.

## TOWN OF CELINA, TENNESSEE

### Notes to Financial Statements

June 30, 2015

#### (1) Summary of Significant Accounting Policies, Continued

##### Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit with original maturities three months or less.

##### Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans). 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 resources. All trade receivables are shown net of an allowance for uncollectible, if applicable.

##### Property Tax

The Town's property tax is levied each November 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the Town's legal boundaries. All Town taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made.

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public Utility Property	55%
Industrial and Commercial Property	
- Real	40%
- Personal	30%
Farm and Residential Property	25%

Taxes were levied at a rate of \$0.8732 per \$100 of assessed valuation for the fiscal year ended June 30, 2015.

Payments may be made during the period from November 1 through February 28. Current tax collections of \$162,803 for the fiscal year ended June 30, 2015 were approximately 96 percent of the tax levy.

##### Restricted Assets

Certain proceeds of the Enterprise Fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on their respective balance sheets because they are maintained in separate bank accounts and their use is either limited by applicable bond covenants or represent proceeds from bond issues that are restricted for use in construction.

# **TOWN OF CELINA, TENNESSEE**

## **Notes to Financial Statements**

June 30, 2015

### **(1) Summary of Significant Accounting Policies, Continued**

#### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for intergovernmental shared revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$5,000 and an estimated useful life in excess of three years. All fixed assets are valued at historical cost or estimated useful life in excess of three years. All fixed assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. 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. Depreciation is provided over the estimated useful lives using the straight line method.

The estimated useful lives are as follows:

Infrastructure	40-50 years
Buildings	10-50 years
Utility Plant in Service	10-50 years
Furniture and Equipment	5-10 years

#### Inventory

Inventory of the Utility Fund is valued at cost, using the first in first out method. Inventory of all the governmental funds consists of expendable supplies held for consumption and are recorded at cost under the consumption method.

## TOWN OF CELINA, TENNESSEE

### Notes to Financial Statements

June 30, 2015

#### (1) Summary of Significant Accounting Policies, Continued

##### Compensated Absences

The Town has accrued a liability for unused sick and vacation pay which is earned but not taken by Town employees.

##### Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by Council vote on an annual basis for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The Town Council approves, by ordinance, total budget appropriations by department only. The Mayor is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the Town Council.
- c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

During the year the Town exceeded the following departmental budgets:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Ambulance department	704,719	723,682	18,963
Maintenance department	33,306	34,655	1,349

##### Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds and are presented in the accompanying financial statements as other assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## TOWN OF CELINA, TENNESSEE

### Notes to Financial Statements

June 30, 2015

#### (1) Summary of Significant Accounting Policies, Continued

##### Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

##### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist principally of cash and accounts receivable. The Town places its cash with federally-insured financial institutions, institutions participating in the State collateral pool. With respect to accounts receivable, credit risk is dispersed across a large number of customers concentrated within one area of service.

##### Fund Balance

The Town implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable fund balances – amounts that are not in a spendable form, Restricted fund balance – amounts constrained to specific purposes by their providers, provisions, or by enabling legislation, Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint, Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority, Unassigned fund balance – amounts that are available for any purpose; these amounts are reported only in the general fund.

Only by Board approval (via ordinance) can fund balance amounts be classified as committed or assigned. Board approval (via ordinance) is required to establish, modify or rescind a fund balance requirement.



## TOWN OF CELINA, TENNESSEE

### Notes to Financial Statements, Continued

June 30, 2015

#### (2) Cash and Cash Equivalents

The Town is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. During the year, the Town invested funds that were not immediately needed in certificates of deposits and savings accounts. The Town has deposit policies to minimize custodial credit risks. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent 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 considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the town. The Town's deposits with financial institutions are fully insured or collateralized by securities held by the depository bank in the town's name.

#### (3) Accounts Receivable

Accounts receivable at June 30, 2015, consists of the following:

<u>Fund</u>	<u>Other Governments</u>	<u>Property Taxes</u>	<u>Customer Accounts</u>	<u>Total</u>
General Fund	97,622	203,819	-	301,441
Enterprise Fund	-	-	127,590	127,590
Less allowance for doubtful accounts	-	-	(29,905)	(29,905)
Total	<u>97,622</u>	<u>203,819</u>	<u>97,685</u>	<u>399,126</u>

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements, Continued

### (4) Capital Assets

A summary of changes in capital assets as presented in the governmental activities column of the government- wide financial statements is as follows:

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2015</u>
Assets not being depreciated				
Land and land rights	\$ 5,000	-	-	5,000
Assets being depreciated				
Infrastructure	379,222	572,275	-	951,497
Buildings and improvements	1,669,075	-	-	1,669,075
Equipment and vehicles	<u>544,501</u>	<u>-</u>	<u>-</u>	<u>544,501</u>
Total	2,597,798	<u>572,275</u>	<u>-</u>	3,170,073
Less Accumulated depreciation	<u>(1,199,394)</u>			<u>(1,304,603)</u>
Net capital assets in service	\$ <u>1,398,404</u>			<u>1,865,470</u>

All assets are being depreciated, except for \$ 5,000 in land and land rights

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

General Fund:

General government administration	\$ 47,654
Police department	8,225
Fire department	17,614
Ambulance department	<u>31,716</u>
Total	<u>105,209</u>

A summary of changes in Enterprise Fund capital assets and related accumulated depreciation follows:

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2015</u>
Utility plant	\$ 20,144,475	139,166	-	20,283,641
Equipment	212,067	-	-	212,067
CIP	-	283,182	-	283,182
Land and buildings	<u>378,670</u>	<u>-</u>	<u>-</u>	<u>378,670</u>
	20,735,212	<u>422,348</u>	<u>-</u>	21,157,560
Less accumulated depreciation	<u>(7,503,106)</u>			<u>(7,976,942)</u>
Net plant in service	\$ <u>13,232,106</u>			<u>13,180,618</u>

All assets are being depreciated, except for land of \$258,202 and CIP of \$283,182.

Depreciation expense was \$473,836 for the year ended June 30, 2015.

## TOWN OF CELINA, TENNESSEE

### Notes to Financial Statements, Continued

June 30, 2015

#### (5) Bonds and Notes Payable

The following schedule reflects the changes in general obligation long-term debt, during fiscal year 2015.

	Balance July 1, <u>2014</u>	Addi- tions	Retire- ments	Balance June 30, <u>2015</u>
Bonds and Notes Payable:				
Town Hall loan	\$ 173,924	-	3,654	170,270
Street loan	<u>350,000</u>	<u>-</u>	<u>20,000</u>	<u>330,000</u>
Total	<u>\$ 523,924</u>	<u>-</u>	<u>23,654</u>	<u>500,270</u>

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2015 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2016	23,773	12,108
2017	23,895	11,653
2018	24,022	11,210
2019	24,152	10,780
2020	24,287	10,360
2021-2025	123,621	45,811
2026-2030	127,715	36,446
2031-2035	62,522	16,700
2036-2040	38,162	7,978
2041-2043	<u>28,121</u>	<u>1,613</u>
Total	<u>500,270</u>	<u>164,659</u>

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements, Continued

June 30, 2015

### (5) Bonds and Notes Payable, Continued

The following schedule reflects the changes in long-term debt, as shown in the Enterprise Fund during fiscal year 2015.

	Balance July 1, <u>2014</u>	Addi- tions	Retire- ments	Balance June 30, <u>2015</u>
Bonds and Notes Payable:				
Bond - 97-03	\$ 177,449	-	20,312	157,137
Bond - 91-04	188,051	-	22,143	165,908
Bond - 91-05	105,699	-	7,939	97,760
Bond - 92-08	59,326	-	10,133	49,193
Bond - 92-09	169,290	-	8,944	160,346
Bond - 91-12	53,422	-	1,730	51,692
Bond - 91-14	357,553	-	10,604	346,949
TML	125,000	-	8,000	117,000
Bond - 91-21	104,912	-	1,637	103,275
TML	853,554	-	37,000	816,554
TML	-	67,000	-	67,000
Bond	32,197	-	652	31,545
Bond	447,271	-	7,442	439,829
Bond - 91-25	489,447	-	7,649	481,798
Total	<u>\$3,163,171</u>	<u>67,000</u>	<u>144,185</u>	<u>3,085,986</u>

The repayment of principal and interest on these bonds is secured by the revenue of the Water and Sewer fund, and in the event such revenue is insufficient therefore, the bonds shall be payable from ad valorem taxes to be levied on all taxable property within the corporate limit of the municipality without limitations as to time rate or amount. The Town ordinances provide that the revenue of the water and sewer system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue and tax bonds. Any remaining revenue from the sewer system may then be used for any lawful purpose.

## TOWN OF CELINA, TENNESSEE

### Notes to Financial Statements, Continued

June 30, 2015

#### (5) Bonds and Notes Payable, Continued

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2015 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2016	165,332	123,446
2017	173,026	116,626
2018	180,882	109,480
2019	190,010	102,071
2020	188,725	94,630
2021-2025	719,095	383,755
2026-2030	617,159	288,326
2031-2035	290,713	120,979
2036-2040	207,916	75,764
2041-2045	195,989	39,571
2046-2050	105,979	14,422
2051-2053	<u>51,160</u>	<u>2,226</u>
Total	<u>3,085,986</u>	<u>1,471,296</u>

#### (6) Accrued Time

The following schedule reflects the changes in governmental accrued time during fiscal year 2015.

	Balance July 1, <u>2014</u>	Addi- tions	Retire- ments	Balance June 30, <u>2015</u>
Governmental activities	39,563	982	-	40,545
Business-type activities	90,250	3,320	-	93,570

#### (7) Risk Management

The Town of Celina is exposed to various risks to general liability and property and casualty losses. The Town has decided to purchase commercial insurance for general liability and property and casualty coverage. Any risks not covered as shown in the schedule of insurance are uninsured and that risk of loss is retained by the Town. The Town has not had claims in excess of insurance coverage during the last three years.

## **TOWN OF CELINA, TENNESSEE**

### **Notes to Financial Statements, Continued**

June 30, 2015

#### **(8) Commitments and Contingencies**

##### Litigation:

There are no pending lawsuits in which the Town is involved which are material to the financial statements.

##### Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

#### **(9) Due To/From Other Funds**

As of June 30, 2015, the General Fund has a \$4,403 due from the Enterprise Fund. The Town expects to repay this amount in the next fiscal year.

# SUPPLEMENTAL INFORMATION

**TOWN OF CELINA, TENNESSEE**

**Capital Assets Used in the Operation of the Governmental Funds**

**Schedule of Changes in Capital Assets - By Type**

**June 30, 2015**

Capital Assets:	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Land	\$5,000	0	0	5,000
Infrastructure	\$379,222	572,275	0	951,497
Building	1,669,075	0	0	1,669,075
Equipment	<u>544,501</u>	<u>0</u>	<u>0</u>	<u>544,501</u>
Total capital assets	<u><u>\$2,597,798</u></u>	<u><u>572,275</u></u>	<u><u>0</u></u>	<u><u>3,170,073</u></u>



**TOWN OF CELINA, TENNESSEE**

**Capital Assets Used in the Operation of the Governmental Funds**

**Schedule of Capital Assets - By Function and Activity**

**June 30, 2015**

	<u>Land</u>	<u>Infrastructure</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
General government	\$5,000	0	1,669,075	59,468	1,733,543
Fire department	0	0	0	242,738	242,738
Police department	0	0	0	57,184	57,184
Street department	0	951,497	0	133,611	1,085,108
Ambulance	0	0	0	9,000	9,000
Sanitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,500</u>	<u>42,500</u>
Total capital assets	<u>\$5,000</u>	<u>951,497</u>	<u>1,669,075</u>	<u>544,501</u>	<u>3,170,073</u>

The notes accompanying the general purpose financial statements are an integral part of these financial statements.

**TOWN OF CELINA, TENNESSEE**  
**Schedule of Cash and Cash Equivalents**  
**All Funds**

**June 30, 2015**

	Carrying Value
General Fund:	
Demand deposits	222,040
Total General Fund	<u>222,040</u>
Drug Fund:	
Demand deposits	10,547
Total Drug Fund	<u>10,547</u>
Water and Sewer Fund:	
Demand deposits	<u>324,225</u>
Total Water and Sewer Fund	<u>324,225</u>
Total - All funds	<u><u>\$556,812</u></u>

# TOWN OF CELINA, TENNESSEE

## Schedule of Changes in Property Taxes Receivable

**For the Year Ended June 30, 2015**

<u>Tax Year</u>	Balance <u>July 1, 2014</u>	<u>Levy</u>	Collections and Changes <u>in Assessment</u>	Balance <u>June 30, 2015</u>
2015	\$ -	173,000	0	173,000
2014	177,510	(4,221)	162,803	10,486
2013	14,930	0	7,351	7,579
2012	4,408	0	859	3,549
2011	3,837	0	847	2,990
2010	3,922	0	802	3,120
2009	3,095	0	0	3,095
	<u>\$207,702</u>	<u>168,779</u>	<u>172,662</u>	<u>203,819</u>

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	Tax Adjustment and <u>Collections</u>	Outstanding Delinquent <u>Taxes</u>
2015	\$ 0.8732	173,000	0	\$ 173,000
2014	0.8732	173,289	162,803	10,486
2013	0.92	173,419	158,489	7,579
2012	0.92	177,558	174,009	3,549
2011	0.92	173,745	170,755	2,990
2010	0.92	175,731	172,611	3,120
2009	0.92	177,510	174,415	3,095
2008	0.92	174,196	174,196	0
2007	0.92	176,953	176,953	0
2006	0.92	156,100	156,100	0

# TOWN OF CELINA, TENNESSEE

## Schedule of Debt Service Requirements - General Obligation Long-Term Debt

June 30, 2015

Year	TENNESSEE MUNICIPAL LEAGUE LOAN		RURAL DEVELOPMENT		TOTALS	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	20,000	6,653	3,773	5,455	23,773	12,108
2017	20,000	6,320	3,895	5,333	23,895	11,653
2018	20,000	6,004	4,022	5,206	24,022	11,210
2019	20,000	5,704	4,152	5,076	24,152	10,780
2020	20,000	5,419	4,287	4,941	24,287	10,360
2021	20,000	5,148	4,427	4,801	24,427	9,949
2022	20,000	4,891	4,571	4,657	24,571	9,548
2023	20,000	4,646	4,719	4,509	24,719	9,155
2024	20,000	4,414	4,873	4,355	24,873	8,769
2025	20,000	4,193	5,031	4,197	25,031	8,390
2026	20,000	3,983	5,194	4,034	25,194	8,017
2027	20,000	3,784	5,363	3,865	25,363	7,649
2028	20,000	3,595	5,538	3,690	25,538	7,285
2029	20,000	3,415	5,717	3,511	25,717	6,926
2030	20,000	3,244	5,903	3,325	25,903	6,569
2031	30,000	3,082	6,095	3,133	36,095	6,215
2032			6,293	2,935	6,293	2,935
2033			6,498	2,730	6,498	2,730
2034			6,709	2,519	6,709	2,519
2035			6,927	2,301	6,927	2,301
2036			7,152	2,076	7,152	2,076
2037			7,385	1,843	7,385	1,843
2038			7,625	1,603	7,625	1,603
2039			7,872	1,356	7,872	1,356
2040			8,128	1,100	8,128	1,100
2041			8,392	836	8,392	836
2042			8,665	563	8,665	563
2043			11,064	214	11,064	214
	<u>\$ 330,000</u>	<u>74,495</u>	<u>170,270</u>	<u>90,164</u>	<u>500,270</u>	<u>164,659</u>

TOWN OF CELINA, TENNESSEE

Schedule of Debt Service Requirements - Enterprise Fund

June 30, 2015

Year	WATER AND SEWER REVENUE BOND - 2002		BOND ISSUE 92-09		BOND ISSUE 97-19		BOND ISSUE 91-12		BOND ISSUE 91-14		BOND ISSUE 97-03		TENNESSEE MUNICIPAL LOAN	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	682	1,418	9,402	7,806	7,767	19,293	1,819	2,621	11,040	13,200	21,351	7,293	12,300	2,371
2017	713	1,387	9,883	7,325	8,107	18,953	1,913	2,527	11,494	12,746	22,443	6,201	12,900	1,996
2018	746	1,354	10,389	6,819	8,461	18,599	2,012	2,428	11,966	12,274	23,592	5,052	13,400	1,526
2019	780	1,320	10,920	6,288	8,832	18,228	2,116	2,324	12,458	11,782	24,799	3,845	13,900	1,037
2020	816	1,284	11,479	5,729	9,218	17,842	2,226	2,214	12,970	11,270	26,067	2,577	14,500	529
2021	854	1,246	12,066	5,142	9,621	17,439	2,341	2,099	13,504	10,736	27,789	855	-	-
2022	893	1,207	12,683	4,525	10,042	17,018	2,462	1,978	14,059	10,181	11,096	505	-	-
2023	977	1,123	13,332	3,876	10,482	16,578	2,590	1,850	14,637	9,603	-	-	-	-
2024	1,022	1,078	14,014	3,194	10,940	16,120	2,724	1,716	15,238	9,002	-	-	-	-
2025	1,069	1,031	14,731	2,477	11,419	15,641	2,865	1,575	15,865	8,375	-	-	-	-
2026	1,118	982	15,485	1,723	11,919	15,141	3,014	1,426	16,517	7,723	-	-	-	-
2027	1,169	931	16,277	931	12,440	14,620	3,171	1,269	17,196	7,044	-	-	-	-
2028	1,223	877	9,685	246	12,984	14,076	3,336	1,104	17,902	6,338	-	-	-	-
2029	1,279	821	-	-	13,552	13,508	3,509	931	18,638	5,602	-	-	-	-
2030	1,338	762	-	-	14,145	12,915	3,690	750	19,404	4,836	-	-	-	-
2031	1,399	701	-	-	14,763	12,297	3,879	561	20,202	4,038	-	-	-	-
2032	1,463	637	-	-	15,410	11,650	4,076	364	21,032	3,208	-	-	-	-
2033	1,637	463	-	-	16,084	10,976	3,949	491	21,897	2,343	-	-	-	-
2034	1,713	387	-	-	16,788	10,272	-	-	22,797	1,443	-	-	-	-
2035	1,798	302	-	-	17,522	9,538	-	-	23,498	506	-	-	-	-
2036	1,888	212	-	-	18,289	8,771	-	-	14,635	132	-	-	-	-
2037	1,983	117	-	-	19,089	7,971	-	-	-	-	-	-	-	-
2038	2,082	62	-	-	19,924	7,136	-	-	-	-	-	-	-	-
2039	2,106	31	-	-	20,796	6,264	-	-	-	-	-	-	-	-
2040	797	15	-	-	21,706	5,354	-	-	-	-	-	-	-	-
2041	-	-	-	-	22,655	4,405	-	-	-	-	-	-	-	-
2042	-	-	-	-	23,646	3,414	-	-	-	-	-	-	-	-
2043	-	-	-	-	24,681	2,379	-	-	-	-	-	-	-	-
2044	-	-	-	-	25,761	1,299	-	-	-	-	-	-	-	-
2045	-	-	-	-	2,786	214	-	-	-	-	-	-	-	-
2046														
2047														
2048														
2049														
2050														
2051														
2052														
2053														
\$	31,545	19,748	160,346	56,081	439,829	347,911	51,692	28,228	346,949	152,382	157,137	26,328	67,000	7,459

TOWN OF CELINA, TENNESSEE

Schedule of Debt Service Requirements - Enterprise Fund

June 30, 2015

	BOND ISSUE 91-04		BOND ISSUE 91-05		BOND ISSUE 92-08		BOND ISSUE 91-25		HIGHWAY RELOCATION LOAN		TENNESSEE MUNICIPAL LOAN		TENNESSEE MUNICIPAL LOAN		Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	23,276	7,720	8,513	6,559	10,652	2,236	7,840	11,960	1,690	3,374	40,000	32,856	9,000	4,739	165,332	123,446
2017	24,466	6,530	9,129	5,943	11,197	1,691	8,036	11,764	1,745	3,319	42,000	31,870	9,000	4,374	173,026	116,626
2018	25,718	5,278	9,789	5,283	11,770	1,118	8,237	11,563	1,802	3,262	44,000	30,914	9,000	4,010	180,882	109,480
2019	27,034	3,962	10,496	4,576	12,372	516	8,443	11,357	1,860	3,204	46,000	29,987	10,000	3,645	190,010	102,071
2020	28,417	2,579	11,255	3,817	3,202	173	8,654	11,146	1,921	3,143	48,000	29,087	10,000	3,240	188,725	94,630
2021	29,870	1,126	12,069	3,003	-	-	8,870	10,930	1,983	3,081	50,000	28,214	11,000	2,835	179,967	86,706
2022	7,127	180	12,941	2,131	-	-	9,092	10,708	2,047	3,017	52,000	27,368	11,000	2,390	145,442	81,208
2023	-	-	13,877	1,195	-	-	9,319	10,481	2,114	2,950	54,000	26,547	11,000	1,944	132,328	76,147
2024	-	-	9,691	296	-	-	9,552	10,248	2,183	2,881	56,000	25,751	12,000	1,499	133,364	71,785
2025	-	-	-	-	-	-	9,791	10,009	2,254	2,810	58,000	24,978	12,000	1,013	127,994	67,909
2026	-	-	-	-	-	-	10,036	9,764	2,327	2,737	60,000	24,229	13,000	527	133,416	64,252
2027	-	-	-	-	-	-	10,287	9,513	2,402	2,662	62,000	23,502	-	-	124,942	60,472
2028	-	-	-	-	-	-	10,544	9,256	2,481	2,583	64,000	22,797	-	-	122,155	57,277
2029	-	-	-	-	-	-	10,808	8,992	2,561	2,503	66,000	22,113	-	-	116,347	54,470
2030	-	-	-	-	-	-	11,078	8,722	2,644	2,420	68,000	21,450	-	-	120,299	51,855
2031	-	-	-	-	-	-	11,355	8,445	2,730	2,334	6,554	734	-	-	60,882	29,110
2032	-	-	-	-	-	-	11,639	8,161	2,819	2,245	-	-	-	-	56,439	26,265
2033	-	-	-	-	-	-	11,929	7,871	2,911	2,153	-	-	-	-	58,407	24,297
2034	-	-	-	-	-	-	12,228	7,572	3,005	2,059	-	-	-	-	56,531	21,733
2035	-	-	-	-	-	-	12,533	7,267	3,103	1,961	-	-	-	-	58,454	19,574
2036	-	-	-	-	-	-	12,847	6,953	3,204	1,860	-	-	-	-	50,863	17,928
2037	-	-	-	-	-	-	13,168	6,632	3,308	1,756	-	-	-	-	37,548	16,476
2038	-	-	-	-	-	-	13,497	6,303	3,415	1,649	-	-	-	-	38,918	15,150
2039	-	-	-	-	-	-	13,835	5,965	3,526	1,538	-	-	-	-	40,263	13,798
2040	-	-	-	-	-	-	14,180	5,620	3,641	1,423	-	-	-	-	40,324	12,412
2041	-	-	-	-	-	-	14,535	5,265	3,759	1,305	-	-	-	-	40,949	10,975
2042	-	-	-	-	-	-	14,898	4,902	3,882	1,182	-	-	-	-	42,426	9,498
2043	-	-	-	-	-	-	15,271	4,529	4,008	1,056	-	-	-	-	43,960	7,964
2044	-	-	-	-	-	-	15,653	4,147	4,138	926	-	-	-	-	45,552	6,372
2045	-	-	-	-	-	-	16,044	3,756	4,272	792	-	-	-	-	23,102	4,762
2046	-	-	-	-	-	-	16,445	3,355	4,411	653	-	-	-	-	20,856	4,008
2047	-	-	-	-	-	-	16,856	2,944	4,555	509	-	-	-	-	21,411	3,453
2048	-	-	-	-	-	-	17,277	2,523	4,703	361	-	-	-	-	21,980	2,884
2049	-	-	-	-	-	-	17,709	2,091	4,856	208	-	-	-	-	22,565	2,299
2050	-	-	-	-	-	-	18,152	1,648	1,015	130	-	-	-	-	19,167	1,778
2051	-	-	-	-	-	-	18,606	1,194	-	-	-	-	-	-	18,606	1,194
2052	-	-	-	-	-	-	19,071	729	-	-	-	-	-	-	19,071	729
2053	-	-	-	-	-	-	13,483	303	-	-	-	-	-	-	13,483	303
	<u>165,908</u>	<u>27,375</u>	<u>97,760</u>	<u>32,803</u>	<u>49,193</u>	<u>5,734</u>	<u>481,798</u>	<u>264,588</u>	<u>103,275</u>	<u>70,046</u>	<u>816,554</u>	<u>402,397</u>	<u>117,000</u>	<u>30,216</u>	<u>3,085,986</u>	<u>1,471,296</u>

**TOWN OF CELINA, TENNESSEE**

**Schedule of Insurance Coverage**

**June 30, 2015**

<u>Type of Coverage</u>	<u>Detail Coverage</u>	
<u>Business Property</u>	Buildings	Various
	Contents	
	Police equipment	
<u>General liability</u>	Law enforcement	1,000,000
<u>Automobiles:</u>		
Bodily injury		1,000,000
Property damage		1,000,000
<u>Workers' compensation</u>		1,000,000
<u>Public Official Liability</u>		1,000,000
<u>Public Official Bond</u>		
	Mayor	100,000
	City Recorder	100,000

**TOWN OF CELINA, TENNESSEE**

**Schedule of Bonds - Principal Officials**

**June 30, 2015**

<u>Official</u>	<u>Title</u>	<u>Bond</u>
Willie Kerr	Mayor	\$100,000
Charlie Goad, Jr.	Vice Mayor	-
Donald Haston	Aldermen	-
Buddy Thompson	Aldermen	-



**TOWN OF CELINA, TENNESSEE**  
**Schedule of Utility Rates and Information**  
**June 30, 2015**

Water rates:

Minimum 1,500 gallons	15.00
Over 1,500 gallons	\$6.25 per thousand gallons

Sewer rates:

Flat rate	6.00
Per 1,000 gallons	\$4.10 per thousand gallons

At yearend the Town had approximately 1,945 water customers and 767 sewer customers.

**TOWN OF CELINA, TENNESSEE**  
**Schedule of Federal and State Financial Assistance**  
**For the Year Ended June 30, 2015**

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Receivable (Deferred) Balance June 30, 2014</u>	<u>Grant Receipts</u>	<u>Other Receipts</u>	<u>Grant Expenditures</u>	<u>Receivable (Deferred) Balance June 30, 2015</u>
<b>Federal Programs:</b>								
14.228	GG-11-34863-00	CDBG - Drainage Improvements Diaster recovery	HUD thru TN. Department of Economic and Community Development	<u>\$10,643</u>	<u>534,493</u>	<u>0</u>	<u>523,850</u>	<u>0</u>
14.228	7,775	CDBG - Water System Improvements	HUD thru TN. Department of Economic and Community Development	<u>\$0</u>	<u>243,463</u>	<u>0</u>	<u>243,463</u>	<u>0</u>
14.228	N/A	ARC/Sewer	Tennessee Valley Authority from the U. S. Department of Housing and Urban Development	<u>\$51,610</u>	<u>222,995</u>	<u>0</u>	<u>171,385</u>	<u>0</u>
		Subtotal for 14.228		<u>\$62,253</u>	<u>\$1,000,951</u>	<u>\$0</u>	<u>\$938,698</u>	<u>\$0</u>
10.766	N/A	Community Facility Grant	USDA thru Rural Development	<u>\$0</u>	<u>40,062</u>	<u>0</u>	<u>40,062</u>	<u>0</u>
		Total Federal Programs		<u>\$62,253</u>	<u>\$1,041,013</u>	<u>0</u>	<u>\$978,760</u>	<u>\$0</u>

This schedule was prepared on the accrual basis of accounting.



# AWWA Free Water Audit Software Reporting Worksheet

AWWA Free Water Audit Software  
Version 5.0.1 (2014-06-20)

Click to access definition  
 Click to add a comment

Water Audit Report for: **Celina Water System (TN0000099)**  
Reporting Year: **2014** **7/2014 - 6/2015**

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

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

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

## WATER SUPPLIED

Volume from own sources: 7 183.251 MG/Yr  
Water imported: n/a MG/Yr  
Water exported: n/a MG/Yr

## Master Meter and Supply Error Adjustments

Enter grading in column 'E' and 'J' ----->  
Pcmt: Value: MG/Yr  
 MG/Yr  
 MG/Yr

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

**WATER SUPPLIED:** 183.251 MG/Yr

## AUTHORIZED CONSUMPTION

Billed metered: 7 94.482 MG/Yr  
Billed unmetered: n/a MG/Yr  
Unbilled metered: 7 3.487 MG/Yr  
Unbilled unmetered: 5 1.025 MG/Yr

Click here for help using option buttons below

Pcmt: Value: MG/Yr  
 1.025 MG/Yr

Use buttons to select percentage of water supplied OR value

**AUTHORIZED CONSUMPTION:** 98.994 MG/Yr

## WATER LOSSES (Water Supplied - Authorized Consumption)

84.257 MG/Yr

### Apparent Losses

Unauthorized consumption: 0.458 MG/Yr

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

Customer metering inaccuracies: 7 4.082 MG/Yr  
Systematic data handling errors: 7 0.001 MG/Yr

**Apparent Losses:** 4.541 MG/Yr

Pcmt: Value: MG/Yr  
 0.25% MG/Yr

4.00% MG/Yr  
 0.001 MG/Yr

### Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 79.716 MG/Yr

**WATER LOSSES:** 84.257 MG/Yr

## NON-REVENUE WATER

**NON-REVENUE WATER:** 88.769 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

## SYSTEM DATA

Length of mains: 3 200.0 miles  
Number of active AND inactive service connections: 7 1,987  
Service connection density: 10 conn./mile main

Are customer meters typically located at the curbside or property line? Yes (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line: Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: 9 80.0 psi

## COST DATA

Total annual cost of operating water system: 9 \$1,119,178 \$/Year  
Customer retail unit cost (applied to Apparent Losses): 7 \$10.22 \$/1000 gallons (US)  
Variable production cost (applied to Real Losses): 9 \$1,185.73 \$/Million gallons ☐ Use Customer Retail Unit Cost to value real losses

## WATER AUDIT DATA VALIDITY SCORE:

\*\*\* YOUR SCORE IS: 72 out of 100 \*\*\*

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

### PRIORITY AREAS FOR ATTENTION:

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

1: Volume from own sources

2: Billed metered

3: Unauthorized consumption



# AWWA Free Water Audit Software System Attributes and Performance Indicators

WAS v5.0

American Water Works Association  
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Water Audit Report for: **Celina Water System (TN0000099)**  
Reporting Year: **2014** | **7/2014 - 6/2015**

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 72 out of 100 \*\*\*

## System Attributes:

Apparent Losses: **4.541** MG/yr  
+ Real Losses: **79.716** MG/yr  
= **Water Losses: 84.257** MG/yr

Unavoidable Annual Real Losses (UARL): **40.30** MG/yr

Annual cost of Apparent Losses: **\$46,411**

Annual cost of Real Losses: **\$94,521**

Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

## Performance Indicators:

Financial: { Non-revenue water as percent by volume of Water Supplied: **48.4%**  
Non-revenue water as percent by cost of operating system: **13.1%** Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: **6.26** gallons/connection/day  
Real Losses per service connection per day: **N/A** gallons/connection/day  
Real Losses per length of main per day\*: **1,092.00** gallons/mile/day  
Real Losses per service connection per day per psi pressure: **N/A** gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): **79.72** million gallons/year

Infrastructure Leakage Index (ILI) [CARL/UARL]: **1.98**

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

**TOWN OF CELINA, TENNESSEE**

**Schedule of Federal Expenditures**

**For the year ended June 30, 2015**

<u>Program Name</u>	<u>CFDA #</u>	<u>Amount</u>
CDBG Utility Improvements	14.228	938,698
Community Facilities	10.766	<u>40,062</u>
Total		<u>978,760</u>

# COMPLIANCE AND INTERNAL CONTROL

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

**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**

Mayor and Board of Aldermen  
Town of Celina, Tennessee  
Celina, Tennessee

I have audited 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, the financial statements of the governmental activities, the business type activities and each major fund as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Celina's basic financial statements, and have issued a report thereon dated July 31, 2015.

**Internal Control Over Financial Reporting**

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

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified a deficiency in internal control that I consider to be a material weakness (2001-001 Lack of segregation of Duties).

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 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. A material weakness is a deficiency, or 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. I consider the deficiency described below (2001-001) to be a material weakness.

The material weakness is as follows:

2001-001 Separation of Duties

Due to the limited number of personnel employed by the Town, several functions, which ideally should be performed by different individuals, are regularly performed by one or two persons. I recommend that the Town strengthen its internal control in cash receipts, cash disbursements, and reconciliation of cash.

Management Response:

Due to the size of the office, a complete separation of duties is not possible. However we are continuing to monitor office responsibilities and segregate duties as needed.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Celina's financial statements are free of material misstatement, I 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Response to Findings**

The Town of Celina's response to the finding identified in the audit is described above. The Town of Celina's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

I noted certain matters that I reported to management of the Town of Celina in a separate letter dated July 31, 2015.

**Purpose of This Report**

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

*John R. Poole, CPA*

July 31, 2015



**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

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134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Mayor and Board of Aldermen of the  
Town of Celina, Tennessee  
Celina, Tennessee

**Report on Compliance for Each Major Federal Program**

I have audited the Town of Celina's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal program for the year ended June 30, 2015. The Town's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on the compliance for each of the Town of Celina's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted the audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Towns*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, the audit does not provide a legal determination on the Town's compliance.

**Opinion on Each Major Federal Program**

In my opinion, Town of Celina 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, 2015.

**Other Matters**

The results of the auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

**Report on Internal Control Over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with the types of compliance requirements 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.

My consideration of the 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of the testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*John R. Poole, CPA*

July 31, 2015

# TOWN OF CELINA, TENNESSEE

## Schedule of Findings and Questioned Costs

June 30, 2015

### Section I - Summary of Auditor's Results

#### Financial Statements

The Auditor's Report on the Financial Statements was an unqualified opinion.

Internal control over financial reporting:

Material weakness identified ? Yes. (2001-001 Lack of Segregation of Duties)

Significant deficiencies identified ? None reported

Noncompliance material to financial statements noted ? No.

#### Federal Awards

Internal control over major programs:

Material weakness identified ? No.

Significant deficiencies identified ? None reported

The auditor's report on compliance for major programs was unqualified.

There were no audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133.

The Major Program was:

CDBG Utility Improvements, CFDA 14.228.

Type A programs have been distinguished as those programs with expenditures greater than \$300,000.

The CDBG Utility Improvement program met this threshold.

The Town of Celina was not considered to be a low risk auditee.

### Section II - Financial Statement Findings

There was one finding related to the financial statements which is required to be reported in accordance with Government Auditing Standards. (2001-001 Lack of Segregation of Duties)

### Section III - Federal Award Findings and Questioned Costs

There were no findings related to Federal Awards.

The accompanying notes are an integral part of these statements.

**TOWN OF CELINA, TENNESSEE**

Schedule of Disposition of Prior Year Comments

June 30, 2015

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2001-001	Separation of Duties	Continues