

City of Millersville, Tennessee

Annual Financial Report
For the Year Ended June 30, 2022

City of Millersville, Tennessee
Annual Financial Report
For the Year Ended June 30, 2022

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Introductory Section

City of Millersville, Tennessee
Roster of City Officials (Unaudited)
June 30, 2022

Position	Official	Period of Service
Mayor	David Gregory	7/1/21 - 6/30/22
Vice Mayor	Cristina Templet	7/1/21 - 6/30/22
Commissioner	Keith Bell	7/1/21 - 6/30/22
Commissioner	Tommy Long	6/6/22 - 6/30/22
Commissioner	Lincoln Atwood III	5/2/22 - 6/30/22
Commissioner	Tim Lassister	7/1/21 – 4/19/22
City Manager	Steve Collie	7/1/21 – 5/18/22
Interim City Manager	Holly Murphy	5/19/22 – 6/30/22
City Recorder	Holly Murphy, CMFO	7/1/21 - 6/30/22
Public Works Director	Jerry Schrader	7/1/21 - 6/30/22
Chief of Police	Mark Palmer	7/1/21 – 3/9/22
Chief of Police	Dustin Carr	3/10/22 - 6/30/22
Fire Chief	Brandon Head	7/1/21 - 6/30/22
City Judge	William McCaw Johnson	7/1/21 - 6/30/22
City Attorney	Jack Freedle	4/1/22 - 6/30/22

* Salary information has been omitted.

*All employees of the City of Millersville, Tennessee are covered under the Property and Crime policy with the Tennessee Municipal League (TML) Risk Management Pool, with up to \$150,000 of crime coverage.

Financial Section



Independent Auditor's Report

Members of the City Commission
City of Millersville, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Millersville, Tennessee (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, solid waste fund, state street aid fund, and stormwater fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 and the schedule of changes in net pension liability (asset) and related ratios and schedule of contributions on pages 44-45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules on pages 46-48, other schedules on pages 49-52 (including the schedule of expenditures of federal awards and state financial assistance as required by Title 2 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on page 49) are presented for purposes of additional analysis and are 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules on pages 46-48 and other schedules on pages 49-52 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the other schedules on pages 53-54, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
February 13, 2023

City of Millersville, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

The City of Millersville, Tennessee provides this Management Discussion and Analysis as prescribed by the Government Accounting Standards Board. This discussion and analysis is intended to serve as an introduction to the City of Millersville's basic financial statements for the fiscal year ending June 30, 2022.

The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between the two reported as net position. Comparing the year-to-year increases or decreases in net position may be used as an indicator of whether the financial position of the City is improving or deteriorating. The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences). These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, public works, parks and recreation, and the solid waste and storm water operations. The business-type activities of the City include the sewer operation. The government-wide financial statements can be found on pages 9 – 10 of this report.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financing requirements. Since the focus of governmental funds is narrower than that of the government-wide financial statements, a comparison of the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements may offer readers a better understanding of the long-term effect of near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between funds and activities.

City of Millersville, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

The City maintains five governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the major funds, which include the General Fund, Solid Waste Fund, State Street Aid Fund, and Stormwater Fund. Data from the remaining funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary (Enterprise) Funds

The City maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements in connection with the non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 46 – 48 of this report.

Condensed Comparative Data						
	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 9,148,470	\$5,578,490	\$ 2,577,684	\$ 2,153,425	\$11,726,154	\$ 7,731,915
Capital assets	<u>9,410,448</u>	<u>8,449,018</u>	<u>4,944,545</u>	<u>5,090,055</u>	<u>14,354,993</u>	<u>13,539,073</u>
Total assets	18,558,918	14,027,508	7,522,229	7,243,480	26,081,147	21,270,988
Deferred outflows of resources	295,615	126,625	26,887	10,770	322,502	137,395
Liabilities						
Other liabilities	1,010,789	673,444	45,237	55,266	1,056,026	728,710
Long-term liabilities	<u>5,815,976</u>	<u>3,281,947</u>	<u>395,948</u>	<u>415,672</u>	<u>6,211,924</u>	<u>3,697,619</u>
Total liabilities	6,826,765	3,955,391	441,185	470,938	7,267,950	4,426,329
Deferred inflows of resources	1,690,981	1,323,272	44,258	12,886	1,735,239	1,336,158
Net position						
Net investment in capital assets	6,403,649	5,226,381	4,554,822	4,679,128	10,958,471	9,905,509
Restricted	4,289,436	1,391,351	58,958	35,737	4,348,394	1,427,088
Unrestricted	<u>(356,298)</u>	<u>2,257,738</u>	<u>2,449,893</u>	<u>2,055,561</u>	<u>2,093,595</u>	<u>4,313,299</u>
Total net position	\$10,336,787	\$8,875,470	\$ 7,063,673	\$ 6,770,426	\$17,400,460	\$15,645,896

City of Millersville, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Condensed Comparative Data – Continued

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues						
Charges for services	\$ 1,158,002	\$ 1,021,241	\$ 1,428,923	\$ 1,256,314	\$ 2,586,925	\$ 2,277,555
Operating grants and contributions	1,299,847	538,139	-	-	1,299,847	538,139
Capital grants and contributions	9,528	25,920	48,550	21,313	58,078	47,233
General revenues	<u>3,340,636</u>	<u>2,988,380</u>	<u>1,613</u>	<u>2,547</u>	<u>3,342,249</u>	<u>3,000,927</u>
Total revenues	<u>5,808,013</u>	<u>4,583,680</u>	<u>1,479,086</u>	<u>1,280,174</u>	<u>7,287,099</u>	<u>5,863,854</u>
Expenses						
General government	1,772,449	1,205,453	-	-	1,772,449	1,205,453
Public safety	1,456,948	1,401,367	-	-	1,456,948	1,401,367
Public works	254,702	207,635	-	-	254,702	207,635
Parks and recreation	100,067	77,476	-	-	100,067	77,476
Solid waste	498,659	473,374	-	-	498,659	473,374
Storm water	99,289	113,834	-	-	99,289	113,834
Interest	164,582	83,714	-	-	164,582	83,714
Sewer	<u>-</u>	<u>-</u>	<u>1,185,839</u>	<u>1,088,671</u>	<u>1,185,839</u>	<u>1,088,671</u>
Total expenses	<u>4,346,696</u>	<u>3,562,853</u>	<u>1,185,839</u>	<u>1,088,671</u>	<u>5,532,535</u>	<u>4,651,524</u>
Change in net position before transfers	1,461,317	1,020,827	293,247	191,503	1,754,564	1,212,330
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	1,461,317	1,020,827	293,247	191,503	1,754,564	1,212,330
Net position, beginning	8,875,470	7,727,575	6,770,426	6,578,923	15,645,896	14,306,498
Prior period adjustment	<u>-</u>	<u>127,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,068</u>
Net position, ending	\$10,336,787	\$ 8,875,470	\$ 7,063,673	\$ 6,770,426	\$17,400,460	\$15,645,896

Overall Analysis

The overall financial condition of the City on June 30, 2022 is sound. All funds operated within the budgeted expense parameters and there were no major permanent changes in existing revenue sources. The governmental fund balances increased from \$3,396,103 to \$6,346,498 and the governmental activities net position increased by \$1,461,317. The business-type activities had an increase in net position of \$293,247.

Fund Analysis

General Fund. The general fund balance increased by \$80,353. A increase was anticipated due to planned capital projects/purchases that got delayed until next fiscal year which included the City Hall parking lot expansion, Fire Department remodel (old section of City Hall), and the lease purchase of police body cameras. The City Hall addition was completed this year, as well as the unfinished area upstairs (originally intended for future expansion), which was constructed into a police squad room and training room.

City of Millersville, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Revenue was higher than anticipated and all departments within the general fund operated below budgeted projections.

Sewer Fund. The sewer fund experienced a gain from operations of \$244,536 and an increase in net position of \$293,247. The cash balance increased from \$1,892,414 to \$2,292,595 at the close of the fiscal year, an increase of \$400,181. Agreements between Millersville and Metro Water Services (MWS) will continue to require capital investment to improve the efficiency of the sewer system through a reduction in inflow and infiltration (I&I).

State Street Aid Fund. The street fund balance increased by \$2,762,694. The increase was anticipated due to a large transfer from the general fund.

Solid Waste Fund. The solid waste fund balance decreased by \$6,504. The decrease was anticipated due to the planned purchase of equipment that was postponed last year due to production delays. Total expenses were below budgeted projections and revenue was higher than anticipated.

Drug Fund. The drug fund balance increased by \$5,425. Total expenses were lower than budgeted projections.

Stormwater Fund. The stormwater fund balance increased by \$108,427. Total expenses were below budgeted projections. Draining improvement planning continues.

Budget Variances in the General Fund

The most significant budget variance resulted from higher than anticipated State and Local Sales Tax Revenue, and lower than projected court fine revenue. Minor expense budget line-item variances fell within expected ranges.

Capital Asset and Long-term Debt Activity

The Police Department continued its vehicle replacement program by purchasing and equipping two new vehicles. In addition to the City Hall Expansion, other capital projects included the NEPA and Design Phase of the Streetscape/Sidewalk Project, and two streambank stabilization stormwater projects. Long-term Debt Activity included a Bond Issue for city-wide street paving.

Following is a summary of the City's capital assets:

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 603,801	\$ 823,801	\$ 47,268	\$ 47,268	\$ 651,069	\$ 871,069
Construction in progress	344,588	160,385	-	-	344,588	160,385
Buildings & improvements	9,733,592	8,509,797	134,212	134,212	9,867,804	8,644,009
Equipment & furniture	1,593,220	1,440,923	264,286	264,286	1,857,506	1,705,209
Vehicles	2,187,010	2,067,279	194,922	194,922	2,381,932	2,262,201
Sewer collections	-	-	9,688,944	9,529,714	9,688,944	9,529,714
Less: accumulated depreciation	<u>(5,051,763)</u>	<u>(4,553,167)</u>	<u>(5,385,087)</u>	<u>(5,080,347)</u>	<u>(10,436,850)</u>	<u>(9,633,514)</u>
	\$ 9,410,448	\$ 8,449,018	\$ 4,944,545	\$ 5,090,055	\$14,354,993	\$13,539,073

City of Millersville, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Following is a summary of the City's long-term liabilities:

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Compensated absences	\$ 50,452	\$ 59,310	\$ 6,225	\$ 4,745	\$ 56,677	\$ 64,055
Notes payable	209,238	391,118	389,723	410,927	598,961	802,045
Bonds payable	<u>5,556,286</u>	<u>2,831,519</u>	<u>-</u>	<u>-</u>	<u>5,556,286</u>	<u>2,831,519</u>
	\$ 5,815,976	\$ 3,281,947	\$ 395,948	\$ 415,672	\$ 6,211,924	\$ 3,697,619

More detailed information can be found in the notes to financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for citizens, taxpayers, customers, investors, creditors, and all others with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be forwarded to the City Recorder at 615-859-0880.

City of Millersville, Tennessee

Statement of Net Position

June 30, 2022

	Governmental activities	Business-type activities	Total
Assets			
Current assets			
Cash	\$ 3,993,245	\$ 2,292,595	\$ 6,285,840
Receivables, net	1,763,674	232,841	1,996,515
Internal balances, net	40,777	(40,777)	-
Inventories	7,103	31,836	38,939
Prepaid items	-	2,231	2,231
Restricted cash	2,779,862	-	2,779,862
Total current assets	8,584,661	2,518,726	11,103,387
Capital assets			
Nondepreciable capital assets	948,389	47,268	995,657
Depreciable capital assets, net	8,462,059	4,897,277	13,359,336
Total capital assets, net	9,410,448	4,944,545	14,354,993
Net pension asset	563,809	58,958	622,767
Total assets	18,558,918	7,522,229	26,081,147
Deferred outflows of resources			
Deferred pensions	295,615	26,887	322,502
Liabilities			
Accounts payable and other current liabilities	921,840	45,237	967,077
Unearned revenues	88,949	-	88,949
Long-term debt, current portion	265,000	21,240	286,240
Long-term liabilities			
Compensated absences	50,452	6,225	56,677
Long-term debt, net of current portion	5,500,524	368,483	5,869,007
Total liabilities	6,826,765	441,185	7,267,950
Deferred inflows of resources			
Deferred property tax revenues	1,227,374	-	1,227,374
Deferred pensions	463,607	44,258	507,865
Total deferred inflows of resources	1,690,981	44,258	1,735,239
Net Position			
Net investment in capital assets	6,403,649	4,554,822	10,958,471
Restricted for			
Solid waste	418,701	-	418,701
State street aid	2,971,949	-	2,971,949
Storm water	302,552	-	302,552
Drug education and investigations	32,425	-	32,425
Pensions	563,809	58,958	622,767
Unrestricted	(356,298)	2,449,893	2,093,595
Total net position	\$ 10,336,787	\$ 7,063,673	\$ 17,400,460

City of Millersville, Tennessee
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Functions/Programs	Expenses						
Governmental Activities							
General government	\$ 1,772,449	\$ 128,880	\$ 1,071,279	\$ 9,528	\$ (562,762)	\$ -	\$ (562,762)
Public safety	1,456,948	312,056	-	-	(1,144,892)	-	(1,144,892)
Public works	254,702	-	228,568	-	(26,134)	-	(26,134)
Parks and recreation	100,067	41,940	-	-	(58,127)	-	(58,127)
Solid waste	498,659	509,782	-	-	11,123	-	11,123
Storm water	99,289	165,344	-	-	66,055	-	66,055
Interest	164,582	-	-	-	(164,582)	-	(164,582)
Total governmental activities	4,346,696	1,158,002	1,299,847	9,528	(1,879,319)	-	(1,879,319)
Business-type Activities							
Sewer	1,185,839	1,428,923	-	48,550	-	291,634	291,634
Total primary government	\$ 5,532,535	\$ 2,586,925	\$ 1,299,847	\$ 58,078	(1,879,319)	291,634	(1,587,685)
General Revenues							
Property and personalty taxes					1,213,880	-	1,213,880
Income taxes					1,961	-	1,961
Sales taxes					1,539,048	-	1,539,048
Hotel and motel taxes					13,778	-	13,778
Alcoholic beverage taxes					99,474	-	99,474
TVA, In lieu of taxes					68,546	-	68,546
Business taxes					41,602	-	41,602
Miscellaneous taxes					58,341	-	58,341
Investment income					3,103	1,613	4,716
Miscellaneous					163,370	-	163,370
Gain on disposal of capital assets, net					84,219	-	84,219
Insurance recoveries					53,314	-	53,314
Total general revenues					3,340,636	1,613	3,342,249
Change in net position					1,461,317	293,247	1,754,564
Net position, beginning of year					8,875,470	6,770,426	15,645,896
Net position, end of year					\$ 10,336,787	\$ 7,063,673	\$ 17,400,460

City of Millersville, Tennessee

Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Solid Waste Fund	State Street Aid Fund	Storm Water Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 2,504,387	\$ 446,144	\$ 382,483	\$ 627,806	\$ 32,425	\$ 3,993,245
Receivables, net						
Property taxes	1,278,688	-	-	-	-	1,278,688
Intergovernmental	322,880	-	-	-	-	322,880
Customers	-	56,493	37,692	32,393	-	126,578
Other	35,528	-	-	-	-	35,528
Due from other funds	81,753	180	2,775,669	33	-	2,857,635
Inventory	-	4,473	2,630	-	-	7,103
Restricted cash	2,758,725	-	-	-	21,137	2,779,862
Total assets	\$ 6,981,961	\$ 507,290	\$ 3,198,474	\$ 660,232	\$ 53,562	\$ 11,401,519
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 136,422	\$ 25,472	\$ 223,861	\$ 319,492	\$ -	\$ 705,247
Due to other funds	2,775,669	3,054	-	38,135	-	2,816,858
Unearned revenues	33,656	55,293	-	-	-	88,949
Other current liabilities	195,072	297	34	53	21,137	216,593
Total liabilities	3,140,819	84,116	223,895	357,680	21,137	3,827,647
Deferred inflows of resources						
Deferred property tax revenues	1,227,374	-	-	-	-	1,227,374
Fund balances						
Nonspendable						
Inventory	-	4,473	2,630	-	-	7,103
Restricted for						
Capital improvements	2,758,725	-	-	-	-	2,758,725
Solid waste	-	418,701	-	-	-	418,701
State street aid	-	-	2,971,949	-	-	2,971,949
Storm water	-	-	-	302,552	-	302,552
Drug education and investigations	-	-	-	-	32,425	32,425
Unassigned	(144,957)	-	-	-	-	(144,957)
Total fund balances	2,613,768	423,174	2,974,579	302,552	32,425	6,346,498
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,981,961	\$ 507,290	\$ 3,198,474	\$ 660,232	\$ 53,562	\$ 11,401,519

City of Millersville , Tennessee
Reconciliation of Balance Sheet - Governmental Funds to
Government-wide Statement of Net Position
June 30, 2022

Amounts reported for fund balances, total governmental funds	\$ 6,346,498
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Amounts reported for governmental activities in the statement of net position are different because:

Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	563,809
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Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds.	9,410,448
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Deferred outflows of resources are not reported in the funds.	295,615
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,815,976)
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Certain deferred inflows of resources are not reported in the funds.	<u>(463,607)</u>
Net position of governmental activities	\$ 10,336,787

City of Millersville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

		Solid Waste	State Street	Storm Water	Nonmajor	Total
Revenues	General Fund	Fund	Aid Fund	Fund	Governmental Funds	Governmental Funds
Local taxes	\$ 2,235,890	\$ -	\$ 228,568	\$ -	\$ -	\$ 2,464,458
Licenses and permits	128,880	-	200	10,550	-	139,630
Fines	285,920	-	-	-	-	285,920
Drug and gambling revenues	-	-	-	-	25,866	25,866
Intergovernmental revenues	812,390	-	-	-	-	812,390
Charges for services	42,010	509,782	-	154,794	-	706,586
Interest income	2,733	192	96	68	14	3,103
Contributions and grants	1,059,629	-	-	-	-	1,059,629
Miscellaneous revenues	90,090	3,578	205	-	-	93,873
Total revenues	4,657,542	513,552	229,069	165,412	25,880	5,591,455
Expenditures						
Current						
General government	1,499,728	-	-	-	-	1,499,728
Public safety	1,723,892	-	-	-	-	1,723,892
Parks and recreation	101,859	-	-	-	-	101,859
Solid waste	-	520,056	-	-	-	520,056
State street aid	-	-	664,043	-	-	664,043
Drug fund	-	-	-	-	20,455	20,455
Storm water	-	-	-	972,212	-	972,212
Debt service						
Principal	292,947	-	-	-	-	292,947
Interest	87,090	-	-	-	-	87,090
Issuance costs	87,298	-	-	-	-	87,298
Total expenditures	3,792,814	520,056	664,043	972,212	20,455	5,969,580
Excess (deficiency) of revenues over expenditures	864,728	(6,504)	(434,974)	(806,800)	5,425	(378,125)
Other Financing Sources						
Transfers in	-	-	3,197,586	915,227	-	4,112,813
Transfers out	(4,112,813)	-	-	-	-	(4,112,813)
Recoveries from sale of capital assets	329,566	-	-	-	-	329,566
Insurance proceeds	153,232	-	82	-	-	153,314
Bonds issued	2,715,000	-	-	-	-	2,715,000
Premium on bonds issued	130,640	-	-	-	-	130,640
Total other financing sources	(784,375)	-	3,197,668	915,227	-	3,328,520
Net change in fund balances	80,353	(6,504)	2,762,694	108,427	5,425	2,950,395
Fund balance, beginning of year	2,533,415	429,678	211,885	194,125	27,000	3,396,103
Fund balance, end of year	\$ 2,613,768	\$ 423,174	\$ 2,974,579	\$ 302,552	\$ 32,425	\$ 6,346,498

See notes to financial statements

City of Millersville, Tennessee

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022**

Amounts reported for net change in fund balances, total governmental funds	\$ 2,950,395
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures and accumulated depreciation on disposals exceeded depreciation expense and proceeds from disposals in the current period.	961,430
Governmental funds report retirement contributions as expenditures. These expenditures are reported as deferred outflows of resources and pension income or expense in the government-wide financial statements. This is the amount by which pension income exceeds pension expenditures in the current period.	83,522
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,542,887)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	8,857
Change in net position of governmental activities	<u>\$ 1,461,317</u>

City of Millersville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local taxes				
Property and personalty taxes	\$ 1,208,817	\$ 1,208,817	\$ 1,213,880	\$ 5,063
Sales taxes	535,000	535,000	818,916	283,916
Alcoholic beverage taxes	104,000	104,000	96,469	(7,531)
Cable taxes	54,000	54,000	51,245	(2,755)
Business taxes	40,000	40,000	41,602	1,602
Hotel and motel taxes	3,500	3,500	13,778	10,278
Total local taxes	1,945,317	1,945,317	2,235,890	290,573
Licenses and permits	115,500	115,500	128,880	13,380
Fines	345,000	345,000	285,920	(59,080)
Intergovernmental revenues				
Sales taxes	650,000	650,000	720,132	70,132
Petroleum special taxes	12,785	12,785	11,650	(1,135)
Income taxes	5,500	5,500	1,961	(3,539)
Alcoholic beverage taxes	3,050	3,050	3,005	(45)
Telecommunications taxes	1,100	1,100	1,381	281
Corporate excise taxes	4,000	4,000	5,715	1,715
TVA, in lieu of taxes	76,000	76,000	68,546	(7,454)
Total intergovernmental revenues	752,435	752,435	812,390	59,955
Charges for services	33,525	33,525	42,010	8,485
Interest income	4,500	4,500	2,733	(1,767)
Contributions and grants	89,058	1,093,284	1,059,629	(33,655)
Miscellaneous revenues	83,567	83,567	90,090	6,523
Total revenues	3,368,902	4,373,128	4,657,542	284,414
Expenditures				
Current				
General government				
Salaries and benefits	467,107	753,421	704,349	49,072
General and administrative	210,705	210,705	209,465	1,240
Contractual services	457,581	457,581	460,863	(3,282)
Supplies and miscellaneous	23,700	23,700	35,407	(11,707)
Repairs and maintenance	7,500	7,500	7,486	14
Capital outlay	86,500	136,500	82,158	54,342
Total general government	1,253,093	1,589,407	1,499,728	89,679
Public safety, police				
Salaries and benefits	1,066,155	1,066,155	1,025,591	40,564
General and administrative	60,661	60,661	49,519	11,142
Contractual services	21,252	21,252	16,988	4,264
Supplies and miscellaneous	112,700	112,700	135,526	(22,826)
Repairs and maintenance	26,000	26,000	25,495	505
Capital outlay	93,000	93,000	91,477	1,523
Total public safety, police	1,379,768	1,379,768	1,344,596	35,172

Continued

City of Millersville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures				
Current				
Public safety, fire				
Salaries and benefits	162,985	162,985	155,185	7,800
General and administrative	27,640	27,640	18,302	9,338
Contractual services	17,500	17,500	16,586	914
Supplies and miscellaneous	44,000	44,000	34,043	9,957
Repairs and maintenance	23,000	23,000	17,880	5,120
Capital outlay	72,000	142,050	137,300	4,750
Total public safety, fire	<u>347,125</u>	<u>417,175</u>	<u>379,296</u>	<u>37,879</u>
Parks and recreation				
Salaries and benefits	67,247	67,247	42,162	25,085
General and administrative	30,970	30,970	29,661	1,309
Contractual services	6,535	6,535	15,622	(9,087)
Supplies and miscellaneous	4,300	4,300	5,794	(1,494)
Repairs and maintenance	<u>29,000</u>	<u>29,000</u>	<u>8,620</u>	<u>20,380</u>
Total parks and recreation	<u>138,052</u>	<u>138,052</u>	<u>101,859</u>	<u>36,193</u>
Debt service				
Principal	293,867	293,867	292,947	920
Interest	80,416	80,416	87,090	(6,674)
Issuance costs	-	87,298	87,298	-
Total debt service	<u>374,283</u>	<u>461,581</u>	<u>467,335</u>	<u>(5,754)</u>
Total expenditures	<u>3,492,321</u>	<u>3,985,983</u>	<u>3,792,814</u>	<u>193,169</u>
Excess of revenues over (under) expenditures	(123,419)	387,145	864,728	477,583
Transfers out	(200,000)	(4,173,568)	(4,112,813)	60,755
Recoveries from sale of capital assets	-	-	329,566	329,566
Insurance proceeds	-	-	153,232	153,232
Bonds issued	-	2,715,000	2,715,000	-
Premium on bonds issued	-	130,640	130,640	-
Total other financing sources (uses)	<u>(200,000)</u>	<u>(1,327,928)</u>	<u>(784,375)</u>	<u>543,553</u>
Net change in fund balance	(323,419)	(940,783)	80,353	1,021,136
Fund balance, beginning of year	<u>2,533,415</u>	<u>2,533,415</u>	<u>2,533,415</u>	<u>-</u>
Fund balance, end of year	\$ 2,209,996	\$ 1,592,632	\$ 2,613,768	\$ 1,021,136

City of Millersville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Solid Waste Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 486,000	\$ 486,000	\$ 509,782	\$ 23,782
Interest income	500	500	192	(308)
Miscellaneous revenues	3,000	3,000	3,578	578
Total revenues	<u>489,500</u>	<u>489,500</u>	<u>513,552</u>	<u>24,052</u>
Expenditures				
Current				
Salaries and benefits	134,798	134,798	125,244	9,554
General and administrative	17,319	17,319	12,550	4,769
Disposal fees	10,000	10,000	13,692	(3,692)
Contractual services	292,100	292,100	296,959	(4,859)
Supplies and miscellaneous	7,600	7,600	9,875	(2,275)
Repairs and maintenance	7,000	7,000	3,268	3,732
Capital outlay	<u>58,500</u>	<u>58,500</u>	<u>58,468</u>	<u>32</u>
Total expenditures	<u>527,317</u>	<u>527,317</u>	<u>520,056</u>	<u>7,261</u>
Excess of revenues over (under) expenditures	(37,817)	(37,817)	(6,504)	31,313
Fund balance, beginning of year	<u>429,678</u>	<u>429,678</u>	<u>429,678</u>	<u>-</u>
Fund balance, end of year	\$ 391,861	\$ 391,861	\$ 423,174	\$ 31,313

City of Millersville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
State Street Aid Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Gaseoline and motor fuel taxes	\$ 245,000	\$ 245,000	\$ 228,568	\$ (16,432)
Interest income	500	500	96	(404)
Miscellaneous revenues	-	-	405	405
Total revenues	<u>245,500</u>	<u>245,500</u>	<u>229,069</u>	<u>(16,431)</u>
Expenditures				
Current				
Salaries and benefits	-	-	475	(475)
General and administrative	5,770	5,770	3,774	1,996
Contractual services	-	-	3,785	(3,785)
Supplies and miscellaneous	13,500	13,500	11,045	2,455
Street lighting	44,000	44,000	45,283	(1,283)
Repairs and maintenance	13,500	13,500	26,518	(13,018)
Capital outlay	<u>390,000</u>	<u>690,000</u>	<u>573,163</u>	<u>116,837</u>
Total expenditures	<u>466,770</u>	<u>766,770</u>	<u>664,043</u>	<u>102,727</u>
Excess of revenues over (under) expenditures	(221,270)	(521,270)	(434,974)	86,296
Other Financing Sources (Uses)				
Transfers in	200,000	3,258,342	3,197,586	(60,756)
Insurance proceeds	-	-	82	82
Total other financing sources (uses)	<u>200,000</u>	<u>3,258,342</u>	<u>3,197,668</u>	<u>(60,674)</u>
Net change in fund balance	(21,270)	2,737,072	2,762,694	25,622
Fund balance, beginning of year	<u>211,885</u>	<u>211,885</u>	<u>211,885</u>	<u>-</u>
Fund balance, end of year	\$ 190,615	\$ 2,948,957	\$ 2,974,579	\$ 25,622

City of Millersville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Storm Water Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 155,000	\$ 155,000	\$ 154,794	\$ (206)
Interest income	130	130	68	(62)
Licenses and permits	4,000	4,000	10,550	6,550
Miscellaneous revenues	2,500	2,500	-	(2,500)
Total revenues	161,630	161,630	165,412	3,782
Expenditures				
Current				
Salaries and benefits	64,514	64,514	37,831	26,683
General and administrative	11,084	11,084	8,761	2,323
Contractual services	48,000	48,000	45,460	2,540
Supplies and miscellaneous	2,700	2,700	727	1,973
Repairs and maintenance	500	500	9	491
Capital outlay	95,000	904,254	879,424	24,830
Total expenditures	221,798	1,031,052	972,212	58,840
Excess of revenues over (under) expenditures	(60,168)	(869,422)	(806,800)	62,622
Other Financing Sources (Uses)				
Transfers in	-	915,227	915,227	-
Total other financing sources (uses)	-	915,227	915,227	-
Net change in fund balance	(60,168)	45,805	108,427	62,622
Fund balance, beginning of year	194,125	194,125	194,125	-
Fund balance, end of year	\$ 133,957	\$ 239,930	\$ 302,552	\$ 62,622

City of Millersville, Tennessee
Statement of Fund Net Position
Proprietary Fund
June 30, 2022

	<u>Enterprise Fund</u> <u>Sewer Fund</u>
Assets	
Current assets	
Cash	\$ 2,292,595
Accounts receivable, net of allowance of \$165,445	232,841
Inventory	31,836
Prepaid items	<u>2,231</u>
Total current assets	2,559,503
Capital assets	
Property, plant, and equipment	10,329,632
Less: accumulated depreciation	<u>(5,385,087)</u>
Total capital assets, net	4,944,545
Net pension asset	<u>58,958</u>
Total assets	7,563,006
Deferred Outflows of Resources	
Deferred pensions	26,887
Liabilities	
Current liabilities	
Accounts payable	44,600
Accrued wages, payroll taxes, and payroll deductions	637
Due to other funds	40,777
Current portion of long-term debt	<u>21,240</u>
Total current liabilities	107,254
Long-term liabilities	
Accrued compensated absences	6,225
Long-term debt, net of current portion	<u>368,483</u>
Total long-term liabilities	<u>374,708</u>
Total liabilities	481,962
Deferred Inflows of Resources	
Deferred pensions	44,258
Net Position	
Net investment in capital assets	4,554,822
Restricted for pensions	58,958
Unrestricted	<u>2,449,893</u>
Total net position	\$ 7,063,673

City of Millersville, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2022

	<u>Enterprise Fund</u> <u>Sewer Fund</u>
Operating Revenues	
Sewer fees	\$ 1,382,307
Other revenues	46,616
Total operating revenues	<u>1,428,923</u>
Operating Expenses	
Salaries and taxes	145,937
Employee benefits	17,109
Professional/contractual services	33,121
Repairs and maintenance	31,339
Supplies	59,277
Sewer pretreatment and treatment	392,394
Meter reading fees	11,736
Sewer transport	137,293
Utility services	15,427
Depreciation	304,740
Miscellaneous	14,423
Other operating expenses	21,591
Total operating expenses	<u>1,184,387</u>
Income from operations	244,536
Nonoperating Revenues (Expenses)	
Interest income	1,613
Interest expense	(1,452)
Total non-operating revenues (expenses)	<u>161</u>
Gain before contributions and transfers	244,697
Capital grants and contributions	48,550
Change in net position	<u>293,247</u>
Net position, beginning of year	<u>6,770,426</u>
Net position, end of year	\$ 7,063,673

City of Millersville, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022

	<u>Enterprise Fund</u> <u>Sewer Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 1,428,467
Cash payments to suppliers for goods and services	(755,810)
Cash payments to employees for services	(140,753)
Net cash provided (used) by operating activities	<u>531,904</u>
Cash flows from capital and related financing activities	
Principal paid on notes and bonds	(21,204)
Cash received from tap fees and connection fees	48,550
Acquisition of capital assets	(159,230)
Net cash provided (used) by capital and related financing activities	<u>(131,884)</u>
Cash flows from investing activities	
Interest received	1,613
Interest paid	(1,452)
Net cash provided (used) by investing activities	<u>161</u>
Net change in cash	400,181
Cash, beginning of year	1,892,414
Cash, end of year	\$ 2,292,595
Reconciliation of operating income to net cash provided (used) by operating activities	
Income from operations	\$ 244,536
Adjustments to reconcile income from operations to net cash provided (used) by operating activities	
Depreciation	304,740
Change in:	
Accounts receivable	(39,257)
Prepaid items	(401)
Net pension asset	(23,221)
Deferred outflows, pensions	(16,117)
Accounts payable	(4,590)
Accrued wages, payroll taxes, and payroll deductions	(5,439)
Accrued compensated absences	1,480
Due to/from other funds	38,801
Deferred inflows, pensions	31,372
Net cash provided (used) by operating activities	\$ 531,904

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

The City of Millersville, Tennessee (the City) was incorporated on May 28, 1981 under the provisions of *Tennessee Code Annotated*, Section 6-18-101, and held its first organizational meeting on July 7, 1981. The City operates under a City Manager/Commissioner form of government and provides the following services, as authorized by its charter: public safety (fire and police), roads and streets, public improvements, planning and zoning, and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies.

Reporting Entity

The City is a municipality governed by an elected five-member commission, including a mayor and vice-mayor. These financial statements present the financial position and activities of the City government only. The City has no component units; thus, no blended or discretely presented component units are included in these financial statements.

Government-wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all activities of the City. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu-of taxes and other charges between the government's 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements

The City uses "funds" to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The City has its funds classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types."

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Fund Financial Statements

Governmental funds are used to account for all or most of a government's general activities including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of general fixed assets (capital projects funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The following is a list of the City's funds:

Governmental Fund Types

General Fund – Primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income.

Special Revenue Funds – Account for revenues derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions or committed or assigned to finance specific activities. The City's Special Revenue Funds consist of the following:

Solid Waste Fund – Accounts for revenues and expenditures for solid waste collection. This fund is considered a major fund for reporting purposes.

State Street Aid Fund – Accounts for revenues and expenditures of the City's share of state gasoline taxes. State law requires that gasoline taxes be used to maintain streets. This fund is considered a major fund for reporting purposes.

Drug Fund – Accounts for revenues from drug fines and forfeited goods received. State law requires the use of these monies to further drug education and investigations. This fund is not considered a major fund for reporting purposes.

Storm Water Fund – Accounts for revenues and expenditures for storm water system planning and management. This fund is considered a major fund for reporting purposes.

Proprietary Fund Types

Enterprise Fund – The Sewer Fund is used to account for the revenues generated from the charges for sanitary sewer services provided to the residential and commercial users of the City.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

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 assessed. Grants and similar items are recognized as revenue, as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest income, and charges for services. Fines and permits are not susceptible to accrual because, generally, they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the necessary costs to provide the services, including the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

The City uses the modified accrual basis for budgetary accounting in government funds and the full accrual basis for budgetary accounting in proprietary funds, and has established procedures with regard to the budgetary data reflected in the financial statements. Prior to June 30 each year, the proposed operating budgets are presented to the commission for their approval. The budget is legally enacted through the passage of an ordinance which also sets the tax rate. The City Manager is authorized to transfer budget amounts between line items within the various categories in the individual funds; however, any revisions that alter the total appropriations of any fund require commission action.

Cash and Cash Equivalents

The City defines its cash and cash equivalents to include only cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including restricted cash. State statutes authorize the City to invest in obligations of the US Treasury, certificates of deposit, certain federal nonconvertible debt securities, repurchase agreements, and the State Treasurer's Local Government Investment Pool. Cash equivalents are stated at cost. Any unspent proceeds from debt are included in restricted cash.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust fund are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year-end.

Inventory and Prepaid Items

Inventory for both governmental and proprietary funds, consisting principally of materials and supplies held for consumption, are valued at cost, approximating market value, using the first-in, first-out method. The costs of governmental fund inventories are recorded as expenditures when consumed, rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. The inventory and prepaid items recorded in the governmental funds do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reported as nonspendable.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, and in the fund financial statements for proprietary funds. General infrastructure assets acquired prior to July 1, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair market value on the date donated. Repairs and maintenance are recorded as expense when incurred.

Capitalized assets, not including infrastructure assets, have an original cost of \$5,000 or more and a useful life of more than three years. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	40 years
Equipment and furniture	2 – 20 years
Vehicles	5 – 10 years
Sewer collections	50 years

Outlays for capital assets and improvements are capitalized as projects are constructed, in accordance with the City's capitalization policy. Interest and indirect costs incurred during the construction phase of capital assets of proprietary funds are reflected in the capitalized value of the asset constructed. Depreciation/amortization expense is allocated to functions/programs and included as a direct expense in the statement of activities. Capital assets that are under construction or development and have not been completed are recorded as "construction in progress" and are presented as a capital asset not being depreciated on the statement of net position.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The City has one item that qualifies for reporting in this category, which is deferred amounts related to pensions.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has two items that qualify for reporting in this category. Amounts reported as deferred include property tax revenues and pensions.

Leases

The City determines if an arrangement is or contains a lease at contract inception and recognizes an intangible right of use asset and a lease liability at the lease commencement date. Subsequently, the intangible right of use asset is amortized on a straight-line basis over its useful life. The City also enters into agreements, as lessor, to lease property, recognizing a lease receivable and a deferred inflow of resources. The lease term includes the noncancelable period of the lease plus an additional period covered by either an option to extend or not to terminate the lease that the lessee is reasonably certain to exercise, or an option to extend or not to terminate the lease controlled by the lessor. The City uses its estimated incremental borrowing rate as the discount rate for leases.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City monitors for events or changes in circumstances that require a reassessment of its leases. When a reassessment results in the remeasurement of a lease receivable or liability, a corresponding adjustment is made to the carrying amount of the deferred inflow or intangible right of use asset.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Individuals employed on or before November 17, 1998 may accrue up to three weeks of vacation time. Employees who began or renewed their employment after November 17, 1998 earn vacation time as follows:

Completed months of service	Weeks earned per year
12 – 24	1
25 – 96	2
97 – 180	3
Over 180	4

Sick leave accrues at the rate of eight hours per month, with a maximum accumulation of 180 days. Upon the termination of employment, an employee is paid his/her unused vacation time.

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Interfund Balances and Transfers

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

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Long-term Liabilities

Long-term liabilities consist of notes, bonds, and other indebtedness, including liabilities associated with compensated absences and postretirement benefits.

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.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Property Tax

Taxes are levied on October 1 each year and are due and payable on or before February 28 of the following year. All unpaid taxes become delinquent March 1 of the following year. The City bills and collects its own property taxes. City property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectability is improbable.

Under the GASB Codification of *Governmental Accounting and Financial Reporting Standards, Section N50, Nonexchange Transactions*, property taxes are imposed non-exchange revenue. Assets (accounts receivable) from imposed non-exchange transactions are recorded when the City has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. The assessment date has been designated in the enabling legislation as January 1. Therefore, the City has recorded the succeeding year's receivable and deferred inflow of resources for taxes assessed as of year-end that will not be received until after year-end.

Pensions

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

Fund Balances

The City classifies fund balances in accordance with the GASB *Codification of Governmental Accounting and Financial Reporting Standards, Section 1800.165, Fund Balance Reporting*. The following classifications describe the relative strength of the spending constraints as defined in the City's fund balance policy:

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Fund Balances

Nonspendable – Amounts that cannot be spent because they are either (a) in a nonspendable form, including items not expected to be converted to cash (i.e., inventory, prepaid amounts, the long-term portion of loans and notes receivable, and property acquired for resale), or (b) legally or contractually required to be maintained intact (i.e., principal of permanent funds).

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

Committed – Amounts constrained to be used for a specific purpose as per action by the City Commission (by ordinance). Amounts classified as committed are not subject to legal enforceability like restricted resources; however, they cannot be used for any other purpose unless the City Commission removes or changes the commitment by taking the same action it employed to impose the commitment originally.

Assigned – Amounts intended to be used by the City for a specific purpose, but which are neither restricted nor committed. The intent shall be expressed by the City Commission or a designee authorized by the City Commission for a specific purpose in accordance with policy established by the City Commission. The nature of the actions necessary to remove or modify an assignment is not as rigid as required under a committed fund balance classification. It does not require formal action. This classification includes the remaining positive fund balance for all governmental funds, except for the General Fund.

Unassigned – Amounts available for any purpose (amounts that are not nonspendable, restricted, committed, or assigned) in the General Fund. It represents the resources available for future spending. This classification includes negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting with assigned fund balance amounts. An appropriate level of unassigned fund balance should be maintained in the General Fund in order to cover unexpected expenditures and revenue shortfalls.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to use the restricted amounts first, as permitted under the law. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City to use the committed amounts first, followed by the assigned amounts, and then unassigned amounts.

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Government-wide and proprietary fund net position are divided into three components:

Net investment in capital assets – consists of the historical cost of capital assets, less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Net Position

Restricted – consists of assets that are restricted by the City's creditors (e.g., through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (including those who have donated to the City, less related liabilities and deferred inflows of resources).

Unrestricted – all other net position is reported in this category.

Contributions of Capital

Contributions of capital in the proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. These contributions are recognized as revenue.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

New Accounting Pronouncements

In June 2017, the GASB issued GASB Statement No. 87, *Leases* (Statement No. 87). This Statement requires recognition of certain assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources or an intangible right of use asset and a lease liability. Statement No. 87 is effective for fiscal years beginning after June 15, 2021. Adoption of this Statement is reflected on the City's financial statements. The City adopted the standard but the impact was immaterial to the financial statements.

Note 2. Cash and Investments

The City has no formal deposit and investment policies other than those prescribed by State of Tennessee statute and explained below.

Policies

Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by the Federal Deposit Insurance Corporation. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 2. Cash and Investments

Deposits

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

Note 3. Property Taxes Receivable

Property taxes receivable of \$1,278,688 (net of an allowance for doubtful accounts of \$43,535) are summarized, by year, on the schedule of changes in property taxes receivable on page 52 of this report.

Note 4. Interfund Balances and Transfers

The composition of interfund balances is as follows:

	Due From				Total
	General Fund	Solid Waste Fund	Storm Water Fund	Sewer Fund	
Due to					
General Fund	\$ -	\$ 3,054	\$ 38,135	\$ 40,564	\$ 81,753
Solid Waste Fund	-	-	-	180	180
State Street Aid Fund	2,775,669	-	-	-	2,775,669
Storm Water Fund	-	-	-	33	33
Total	<u>\$ 2,775,669</u>	<u>\$ 3,054</u>	<u>\$ 38,135</u>	<u>\$ 40,777</u>	<u>\$ 2,857,635</u>

All balances are scheduled to be collected in the subsequent year. All balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts do not represent loans.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 4. Interfund Balances and Transfers

Interfund transfers for the year ended June 30, 2022 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	Transfers in		Total
	Storm Water Fund	State Street Aid Fund	
Transfers out			
General	\$ 915,227	\$ 3,197,586	\$ 4,112,813

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and payable, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds, in accordance with budgetary authorizations.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 5. Capital Assets

The following is a summary of the changes in capital assets of governmental activities.

	Balance June 30, 2021	Additions	Disposals	Transfers	Balance June 30, 2022
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 823,801	\$ -	\$ (220,000)	\$ -	\$ 603,801
Construction in progress	160,385	184,203	-	-	344,588
Total capital assets not being depreciated	984,186	184,203	(220,000)	-	948,389
Capital assets being depreciated					
Buildings and improvements	8,509,797	1,335,545	(111,750)	-	9,733,592
Equipment and furniture	1,307,927	152,297	-	-	1,460,224
Vehicles	2,067,279	149,945	(30,214)	-	2,187,010
Other property	132,996	-	-	-	132,996
Total capital assets being depreciated	12,017,999	1,637,787	(141,964)	-	13,513,822
Less: accumulated depreciation					
Buildings and improvements	(2,138,587)	(309,112)	4,308	-	(2,443,391)
Equipment and furniture	(909,361)	(52,394)	-	-	(961,755)
Vehicles	(1,372,223)	(153,707)	12,309	-	(1,513,621)
Other property	(132,996)	-	-	-	(132,996)
Total accumulated depreciation	(4,553,167)	(515,213)	16,617	-	(5,051,763)
Total governmental activities, net	\$ 8,449,018	\$ 1,306,777	\$ (345,347)	\$ -	\$ 9,410,448

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 5. Capital Assets

The following is a summary of the changes in capital assets of business-type activities.

	Balance June 30, 2021	Additions	Disposals	Transfers	Balance June 30, 2022
Business-type Activities					
Capital assets not being depreciated					
Land	\$ 47,268	\$ -	\$ -	\$ -	\$ 47,268
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	47,268	-	-	-	47,268
Capital assets being depreciated					
Buildings and improvements	134,212	-	-	-	134,212
Equipment and furniture	264,286	-	-	-	264,286
Vehicles	194,922	-	-	-	194,922
Sewer collections	9,529,714	159,230	-	-	9,688,944
Total capital assets being depreciated	10,123,134	159,230	-	-	10,282,364
Less: accumulated depreciation					
Buildings and improvements	(76,092)	(6,215)	-	-	(82,307)
Equipment and furniture	(192,104)	(13,433)	-	-	(205,537)
Vehicles	(184,295)	(7,083)	-	-	(191,378)
Sewer collections	(4,627,856)	(278,009)	-	-	(4,905,865)
Total accumulated depreciation	(5,080,347)	(304,740)	-	-	(5,385,087)
Total business-type activities, net	\$ 5,090,055	\$ (145,510)	\$ -	\$ -	\$ 4,944,545

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 5. Capital Assets

Depreciation expense by function consists of the following:

Governmental activities	
General government	\$ 102,797
Public safety	137,104
State street aid	163,840
Parks and recreation	64,627
Solid waste	38,193
Storm water	<u>8,657</u>
	\$ 515,213
Business-type activities	
Sewer	\$ 304,740

Note 6. Defined Benefit Pension Plan

General Information

Plan Description

Employees of the City of Millersville are provided a defined benefit pension plan through the Public Employee Retirement Plan (the Plan), an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated* Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Goverance/Reporting-and-Investment-Policies.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37, establishes the benefit terms of the Plan and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit, regardless of age. Benefits are determined by a formula, using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with 5 years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit, but are reduced by 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than .05%. A 1% COLA is granted if the CPI change is between .05% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 6. Defined Benefit Pension Plan

General Information

Employees Covered by Benefit Terms

At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	67
Active employees	<u>30</u>
	113

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, employer contributions for the City were \$4,928, based on a rate of 0.31% of covered payroll. Additionally, a lump-sum contribution of \$197,314 was made by the City in April 2022 in relation to the initial COLA. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, and an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44%, based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates were based on actual experience, including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 6. Defined Benefit Pension Plan

Net Pension Liability (Asset)

Changes of Assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return with the target asset allocation percentage and by adding expected inflation of 2.25%. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset class	Long-term expected real rate of return	Target allocation
US equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
US fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75%, based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the ADC rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments to current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 6. Defined Benefit Pension Plan

Changes in the Net Pension Liability (Asset)

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) – (b)
Balance, June 30, 2020	\$ 2,269,291	\$ 2,625,373	\$ (356,082)
Service cost	97,084	-	97,084
Interest	167,721	-	167,721
Difference between expected and actual experience	(43,322)	-	(43,322)
Changes in assumptions	273,210	-	273,210
Contributions, employer	-	4,083	(4,083)
Contributions, employees	-	85,185	(85,185)
Net investment income	-	674,768	(674,768)
Benefit payments, including refunds of employee contributions	(105,975)	(105,975)	-
Administrative expenses	<u>-</u>	<u>(2,658)</u>	<u>2,658</u>
Net change	<u>388,718</u>	<u>655,403</u>	<u>(266,685)</u>
Balance, June 30, 2021	\$ 2,658,009	\$ 3,280,776	\$ (622,767)

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

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1.00% lower (5.75%) or 1.00% higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$ (194,660)	\$ (622,767)	\$ (969,247)

Pension Expense (Negative Pension Expense) and Deferred Outflows/Inflows of Resources Related to Pensions

Negative Pension Expense

For the year ended June 30, 2022, the City recognized negative pension expense of \$86,562.

The City recognized \$197,314 of expenses related to the initial COLA payment, which is not included in the 2021 actuarial calculation.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 6. Defined Benefit Pension Plan

Pension Expense (Negative Pension Expense) and Deferred Outflows/Inflows of Resources Related to Pensions

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 66,421	\$ 148,207
Changes in assumptions	251,154	-
Net difference between projected and actual earnings on pension plan investments	-	359,658
Contributions subsequent to the measurement date of June 30, 2021	<u>4,927</u>	<u>-</u>
	\$ 322,502	\$ 507,865

The amounts shown above for "Contributions subsequent to the measurement date of June 30, 2021" will be recognized as a reduction (increase) to the net pension liability (asset) in the following measurement period.

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

Year ended June 30,	
2023	\$ (58,688)
2024	(54,028)
2025	(46,612)
2026	(80,416)
2027	16,610
Thereafter	32,844

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

Payable to the Pension Plan

At June 30, 2022, the City had no amounts payable for outstanding required contributions to the pension plan as of the year ended June 30, 2022.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 7. Long-term Debt

Governmental Activities

The following is a summary of changes to long-term liabilities in the governmental activities during the year:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due within one year
Compensated absences	\$ 59,310	\$ 50,452	\$ 59,310	\$ 50,452	\$ 50,452
Notes payable	391,118	-	181,880	209,238	-
Bonds payable	2,655,000	2,715,000	111,067	5,258,933	265,000
Bond premiums	176,519	130,640	9,806	297,353	12,910
Totals	\$ 3,222,637	\$ 2,845,640	\$ 302,753	\$ 5,765,524	\$ 277,910

Long-term debt and obligations payable are comprised of the following:

\$2,875,000 general obligation improvement bonds, Series 2019, due in annual installments between \$105,000 and \$185,000 through 2039, with semi-annual interest payments at a rate between 2.125% and 4.000%	\$ 2,543,933
\$2,715,000 general obligation bonds, Series 2022, due in annual installments between \$150,000 and \$615,000 through 2037, with semi-annual interest payments at a rate between 1.050% and 2.050%	2,715,000
Note payable to a bank for a fire engine, original amount of \$390,783, bearing interest at 2.88%, payable in annual installments between \$34,277 and \$44,257, with the final payment due July 2027	209,238
	5,468,171
Add: premium on bonds	297,353
Less: current portion	(265,000)
Total governmental activities long-term debt	\$ 5,500,524

The above bonds and notes payable are secured by a pledge of a portion of the City's net revenues. Additionally, the bonds and notes payable contain provisions that, in the event of default, allow lenders to exercise one or more of the following options: 1) make the outstanding bond and/or note due and payable with accrued interest immediately, or 2) utilize other remedies allowed by state or federal law.

New Debt

In the current fiscal year, the City issued \$2,715,000 general obligation bonds, series 2022, to finance the improvement of the City's roads and streets. The bonds are due in increasing annual installments from \$150,000 to \$215,000 through 2037, at varying rates of interest from 1.050% to 2.050%. Federal arbitrage regulations apply to this issue.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 7. Long-term Debt

Governmental Activities

Below is a condensed government-wide schedule of maturities for bonds and notes payable. A detailed schedule of long-term debt, principal, and interest requirements is included on page 51 of this report.

Year ended June 30,	Principal	Interest
2023	\$ 265,000	\$ 149,152
2024	314,505	143,176
2025	315,643	132,556
2026	326,814	121,901
2027	338,019	110,863
2028 – 2032	1,689,258	397,078
2033 – 2037	1,855,000	187,247
2038 – 2039	<u>363,932</u>	<u>13,746</u>
Totals	\$ 5,468,171	\$ 1,255,719

Business-type Activities

The following is a summary of changes to long-term debt in the business-type activities during the year:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due within one year
Compensated absences	\$ 4,745	\$ 6,225	\$ 4,745	\$ 6,225	\$ 6,225
State revolving loan	\$ 410,927	\$ -	\$ 21,204	\$ 389,723	\$ 21,240

The above loan payable is secured by a pledge of a portion of the City's net revenues. Additionally, the loan agreement contains provisions that, in the event of default, allow the lenders to exercise one or more of the following options: 1) make the outstanding loan amount due and payable with accrued interest immediately, or 2) utilize other remedies allowed by state or federal law.

Below is a condensed business-type activities schedule of maturities for the loan payable. A detailed schedule of long-term debt, principal, and interest requirements is included on page 51 of this report.

Year ended June 30,	Principal	Interest
2023	\$ 21,240	\$ 1,068
2024	21,300	1,008
2025	21,360	948
2026	21,420	888
2027	21,480	828
2028 – 2032	108,300	3,240
2033 – 2037	109,860	1,680
2038 – 2040	<u>64,763</u>	<u>282</u>
Totals	\$ 389,723	\$ 9,942

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 8. Deferred Contribution Pension Plan

The City offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The plan, available to all employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. The plan does allow loans. The plan's investments are held in trust by TCRS. The City has determined that its defined contribution plan is not a fiduciary component units or fiduciary activities of the government.

457 Plans

On July 1, 2015, the City began participation in the State of Tennessee Employees Deferred Compensation Plan and Trust - 457(b), created in accordance with IRC Section 457(b), which covers substantially all employees providing services to the City. Employees may defer a portion of their gross pay to a maximum amount allowable under current IRS regulations each year. The plan is administered by the State of Tennessee, Department of the Treasury. There were no plan forfeitures for the year ended June 30, 2022. The City does not make matching or non-matching contributions to the plan.

Note 9. Contracts

The City has contracts and/or agreements with the City of Goodlettsville, the Department of Water Services of Metropolitan Nashville, Nashville Electric Service, Cumberland Electric Membership Corporation, Piedmont Natural Gas, White House Utility District, and Waste Industries to provide utility and solid waste services in Sumner and Robertson counties. These providers, with the exception of Waste Industries, are sole-source suppliers for utility services. The City is a member of the Cumberland River Water Improvement Authority, a regional wastewater authority.

Note 10. Other Information

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Tennessee Municipal League Risk Management Pool (the Pool), a public entity risk pool currently operating as a common risk management and insurance program for municipalities. The City pays an annual premium to the Pool for its insurance coverage. The Pool is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event. Settled claims of the City have not exceeded coverage in any of the past three fiscal years.

Commitments

There were no outstanding construction commitments as of June 30, 2022. The City leases certain office equipment. No amounts for right-of-use assets or lease liabilities have been included in the financial statements as the amounts are immaterial.

Note 11. Subsequent Events

On November 1, 2022, the City, as a non-entitlement unit of local government, received \$1,004,226 passed through the State, from the US Treasury. This amount represents the second half of the City's total \$2,008,453 allocation from the Coronavirus State and Local Fiscal Recovery Funds, a part of the American Rescue Plan Act of 2021.

Required Supplementary Information

City of Millersville, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of the TCRS
Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 97,084	\$ 90,926	\$ 77,107	\$ 92,746	\$ 74,416	\$ 66,194	\$ 66,903	\$ 72,983
Interest	167,721	166,512	147,766	141,333	134,086	126,671	115,238	122,231
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between actual and expected experience	(43,322)	(113,616)	132,841	(61,254)	(33,252)	(31,787)	43,093	(202,428)
Changes in assumptions	273,210	-	-	-	59,414	-	-	-
Benefit payments, including refunds of employee contributions	(105,975)	(160,650)	(65,275)	(71,634)	(111,135)	(29,754)	(114,401)	(45,473)
Net change in total pension liability	388,718	(16,828)	292,439	101,191	123,529	131,324	110,833	(52,687)
Total pension liability, beginning of year	2,269,291	2,286,119	1,993,680	1,892,489	1,768,960	1,637,636	1,526,803	1,579,490
Total pension liability, end of year (a)	2,658,009	2,269,291	2,286,119	1,993,680	1,892,489	1,768,960	1,637,636	1,526,803
Plan Fiduciary Net Position								
Contributions, employer	4,083	-	8,356	24,106	55,521	54,230	50,556	60,091
Contributions, employee	85,185	67,719	67,385	61,811	62,524	61,071	56,933	59,145
Net investment income	674,768	126,326	179,545	184,081		50,162	55,381	251,222
Benefit payments, including refunds of employee contributions	(105,975)	(160,650)	(65,275)	(71,634)	(111,135)	(29,754)	(114,401)	(45,473)
Administrative expenses	(2,658)	(2,703)	(2,826)	(2,839)	(2,522)	(2,387)	(1,472)	(1,108)
Net change in plan fiduciary net position	655,403	30,692	187,185	195,525	4,388	133,322	46,997	323,877
Plan fiduciary net position, beginning of year	2,400,426	2,369,734	2,182,549	1,987,024	1,982,636	1,849,314	1,802,317	1,478,440
Plan fiduciary net position, end of year (b)	3,055,829	2,400,426	2,369,734	2,182,549	1,987,024	1,982,636	1,849,314	1,802,317
Net pension liability (asset), end of year (a) - (b)	\$ (397,820)	\$ (131,135)	\$ (83,615)	\$ (188,869)	\$ (94,535)	\$ (213,676)	\$ (211,678)	\$ (275,514)
Plan fiduciary net position as a percentage of total pension liability	114.97%	105.78%	103.66%	109.47%	105.00%	112.08%	112.93%	118.05%
Covered payroll	\$ 1,316,983	\$ 1,354,362	\$ 1,347,695	\$ 1,236,216	\$ 1,250,479	\$ 1,221,399	\$ 1,138,659	\$ 1,182,887
Net pension liability (asset) as a percentage of covered payroll	(30.21%)	(9.68%)	(6.20%)	(15.28%)	(7.56%)	(17.49%)	(18.59%)	(23.29%)

Notes to Schedules

Changes in Assumptions

In 2021, amounts reported as changes in assumptions resulted from changes to the: inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements. In 2017, amounts reported as changes in assumptions resulted from changes to the: inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68, but it is not required to be presented retroactively prior to the implementation date. Years will be added to this schedule until 10 years of information is available. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

City of Millersville, Tennessee
Schedule of Contributions
Based on Participation in the Public Employee Pension Plan of the TCRS
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 4,927	\$ 4,083	\$ -	\$ 8,356	\$ 24,106	\$ 55,521	\$ 54,230	\$ 50,556	\$ 60,091
Contributions in relation to									
actuarially determined contribution	4,927	4,083	-	8,356	24,106	55,521	54,230	50,556	60,091
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,589,785	\$ 1,316,983	\$ 1,354,362	\$ 1,347,695	\$ 1,236,216	\$ 1,250,479	\$ 1,221,399	\$ 1,138,659	\$ 1,182,887
Contributions as a percentage of covered payroll	0.31%	0.31%	0.00%	0.62%	1.95%	4.44%	4.44%	4.44%	5.08%

Notes to Schedule

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68, but it is not required to be presented retroactively prior to the implementation date. Years will be added to this schedule until 10 years of information is available. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Methods and Assumptions Used to Determine Contribution Rates

Valuation date	Actuarially determined contribution rates for the year ended June 30, 2022 were calculated based on the results of the June 30, 2020 actuarial valuation.
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed, within a 20% corridor to market value
Inflation	2.50%
Salary increases	Graded salary ranges from 8.72% to 3.44%, based on age, including inflation, averaging 4.00%
Investment rate of return	7.25%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience, including adjustment for some anticipated improvement
Cost-of-living adjustment	2.25%

Changes in Assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions.

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

Supplementary Information

City of Millersville, Tennessee
Combining Balance Sheet
Nonmajor Governmental Fund
June 30, 2022

Drug Fund

Assets

Cash	\$ 32,425
Restricted cash	<u>21,137</u>
Total assets	\$ 53,562

Liabilities and Fund Balances

Liabilities

Other current liabilities	\$ 21,137
Total liabilities	<u>21,137</u>

Fund balances

Restricted for

Drug education and investigations	<u>32,425</u>
Total fund balances	<u>32,425</u>

Total liabilities and fund balances	\$ 53,562
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City of Millersville, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Fund
For the Year Ended June 30, 2022

	Drug Fund
Revenues	
Drug and gambling revenues	\$ 25,866
Interest income	14
Total revenues	<u>25,880</u>
Expenditures	
Current	
Drug fund	<u>20,455</u>
Total expenditures	20,455
Excess (deficiency) of revenues over expenditures	<u>5,425</u>
Net change in fund balances	5,425
Fund balances, beginning of year	<u>27,000</u>
Fund balances, end of year	\$ 32,425

City of Millersville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Drug Fund
For the Year Ended June 30, 2022

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
Revenues				
Drug and gambling revenues	\$ 23,000	\$ 23,000	\$ 25,866	\$ 2,866
Charges for services	2,500	2,500	-	(2,500)
Interest income	20	20	14	(6)
Total revenues	25,520	25,520	25,880	360
Expenditures				
Current				
General and administrative	40	40	1,636	(1,596)
Supplies and miscellaneous	25,480	25,480	18,819	6,661
Total expenditures	25,520	25,520	20,455	5,065
Net change in fund balance	-	-	5,425	5,425
Fund balance, beginning of year	27,000	27,000	27,000	-
Fund balance, end of year	\$ 27,000	\$ 27,000	\$ 32,425	\$ 5,425

City of Millersville, Tennessee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2022

Grantor / Pass-through Grantor	Program name	Assistance listing	Contract number	Expenditures	Passed through to subrecipients
Federal Awards					
US Department of Transportation/ TN Department of Transportation	<u>Highway Planning and Construction Cluster</u> Highway Planning and Construction (Federal-Aid Highway Program)	20.205	PIN 125189.00 Contract 170093	\$ 199,056	\$ -
US Department of Transportation/ TN Department of Safety and Homeland Security	<u>Highway Safety Cluster</u> State and Community Highway Safety Grant	20.600	Z22THS195	9,527	-
US Department of the Treasury	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	970,570	-
Total federal awards				1,179,153	-
State Financial Assistance					
TN Department of Finance and Administration	Governor's Local Support Grant	N/A	N/A	89,058	-
Total state financial assistance				89,058	-
Total federal awards and state financial assistance				\$ 1,268,211	\$ -

Notes

Note 1. Basis of Presentation

This schedule of expenditures of federal awards and state financial assistance summarizes the expenditures of the City under programs of the federal and state governments for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, change in net position, or cash flows of the City. Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2. Loans Outstanding

At June 30, 2022, there was an outstanding balance of \$389,723 on a loan obtained through the State of Tennessee Revolving Loan Fund. There were payments of \$21,180 to the State Revolving Loan Fund during the year ended June 30, 2022.

Note 3. Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. TDOT Expenditures Incurred in Prior Year

The amounts reported for TDOT (20.205) include \$22,950 incurred in a prior year.

City of Millersville, Tennessee
Schedule of Changes in Long-term Debt by Individual Issue
For the Year Ended June 30, 2022

Description of Indebtedness	Original amount of issue	Interest rate	Date of issue	Final maturity date	Outstanding July 1, 2021	Issued during period	Paid and/or matured during period	Outstanding June 30, 2022
Governmental Activities								
<i>Direct placement notes</i>								
Payable through General Fund								
Regions Bank	\$ 1,400,000	3.77%	3/12/2010	3/12/2022	\$ 106,156	\$ -	\$ 106,156	\$ -
First Tennessee Bank	\$ 390,782	2.88%	6/15/2017	7/10/2027	284,962	-	75,724	209,238
Total notes payable					391,118	-	181,880	209,238
<i>General obligation bonds</i>								
Payable through General Fund								
GO bonds, Series 2022	\$ 2,715,000	1.050-2.050%	3/22/2022	3/1/2037	-	2,715,000	-	2,715,000
GO improvement bonds, Series 2019	\$ 2,875,000	2.125-4.000%	8/27/2019	6/30/2039	2,655,000	-	111,067	2,543,933
Total bonds payable					2,655,000	2,715,000	111,067	5,258,933
Total long-term debt of governmental activities					3,046,118	2,715,000	292,947	5,468,171
Business-type Activities								
<i>Direct placement loans</i>								
Payable through Sewer Fund								
State revolving loan 2017-391	\$ 518,000	0.28%	5/19/2017	6/1/2037	410,927	-	21,204	389,723
Total long-term debt					\$ 3,457,045	\$ 2,715,000	\$ 314,151	\$ 5,857,894

City of Millersville, Tennessee
Schedule of Long-term Debt, Principal, and Interest Requirements
by Fiscal Year
June 30, 2022

Fiscal year ended June 30,	Governmental Activities								Business-type Activities			
	First Tennessee note payable		GO improvement bonds		GO bonds		Total		State revolving loan		Total	
	fire engine		Series 2019		Series 2022				2017-391			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ -	\$ 6,026	\$ 115,000	\$ 74,324	150,000	68,801	\$ 265,000	\$ 149,151	\$ 21,240	\$ 1,068	\$ 286,240	\$ 150,219
2024	39,505	4,888	120,000	69,726	155,000	68,563	314,505	143,177	21,300	1,008	335,805	144,185
2025	40,643	3,718	120,000	64,926	155,000	63,913	315,643	132,557	21,360	948	337,003	133,505
2026	41,814	2,513	125,000	60,126	160,000	59,263	326,814	121,902	21,420	888	348,234	122,790
2027	43,019	1,275	130,000	55,124	165,000	54,463	338,019	110,862	21,480	828	359,499	111,690
2028	44,257	-	140,000	49,924	170,000	49,513	354,257	99,437	21,540	768	375,797	100,205
2029	-	-	145,000	44,326	175,000	44,413	320,000	88,739	21,600	708	341,600	89,447
2030	-	-	150,000	38,526	180,000	39,163	330,000	77,689	21,660	648	351,660	78,337
2031	-	-	150,000	35,338	190,000	33,763	340,000	69,101	21,720	588	361,720	69,689
2032	-	-	155,000	32,150	190,000	29,963	345,000	62,113	21,780	528	366,780	62,641
2033	-	-	160,000	28,662	195,000	26,163	355,000	54,825	21,852	456	376,852	55,281
2034	-	-	160,000	25,062	200,000	21,288	360,000	46,350	21,912	396	381,912	46,746
2035	-	-	165,000	21,462	205,000	16,288	370,000	37,750	21,972	336	391,972	38,086
2036	-	-	170,000	17,750	210,000	11,163	380,000	28,913	22,032	276	402,032	29,189
2037	-	-	175,000	13,500	215,000	5,906	390,000	19,406	22,092	216	412,092	19,622
2038	-	-	180,000	9,124	-	-	180,000	9,124	22,152	156	202,152	9,280
2039	-	-	183,933	4,623	-	-	183,933	4,623	22,212	96	206,145	4,719
2040	-	-	-	-	-	-	-	-	20,399	30	20,399	30
Total	\$ 209,238	\$ 18,420	\$ 2,543,933	\$ 644,673	\$ 2,715,000	\$ 592,626	\$ 5,468,171	\$ 1,255,719	\$ 389,723	\$ 9,942	\$ 5,857,894	\$ 1,265,661

City of Millersville, Tennessee
Schedule of Changes in Property Taxes Receivable
For the Year Ended June 30, 2022

Year of Levy	July 1, 2021	Property tax levied	Anticipated current year levy	Abatements and adjustments	Collections	Write-offs	June 30, 2022
2022	\$ -	\$ -	\$ 1,227,374	\$ -	\$ -	\$ -	\$ 1,227,374
2021	1,188,597 *	(4,383) *	-	-	1,141,399	-	42,815
2020	40,477	-	-	-	24,727	-	15,750
2019	13,803	-	-	-	6,405	-	7,398
2018	6,695	-	-	-	1,799	-	4,896
2017	7,028	-	-	-	750	-	6,278
2016	3,846	-	-	-	72	-	3,774
2015	3,923	-	-	-	43	-	3,880
2014	3,606	-	-	-	-	-	3,606
2013	3,112	-	-	-	195	-	2,917
2012	3,535	-	-	-	-	-	3,535
2011	2,893	-	-	-	-	2,893	-
	<u>\$ 1,277,515</u>	<u>\$ (4,383)</u>	<u>\$ 1,227,374</u>	<u>\$ -</u>	<u>\$ 1,175,390</u>	<u>\$ 2,893</u>	<u>\$ 1,322,223</u>
Allowance for uncollectibles							(43,535)
Property taxes receivable, net							<u>\$ 1,278,688</u>

Notes to Schedule

The City collects delinquent taxes in accordance with applicable laws

*Represents the anticipated levy in the prior year adjusted to the actual levy in the current year

**Other Supplementary Information
(Unaudited)**

City of Millersville, Tennessee
Schedule of Property Tax Rates and Assessments (Unaudited)
Last 10 Fiscal Years

Year of levy	Fiscal year	Tax rate per \$100 Sumner County	Tax rate per \$100 Robertson County	Tax assessment
2022	2023	1.0000	1.0000 *	\$ 1,227,374
2021	2022	1.0000	1.0000	\$ 1,188,597
2020	2021	1.0000	1.0000	\$ 1,186,505
2019	2020	1.0000	1.0000	\$ 1,166,126
2018	2019	1.0000	1.0000	\$ 936,612
2017	2018	1.0000	1.0000	\$ 853,455
2016	2017	0.8443	0.8443	\$ 715,586
2015	2016	0.8443	0.8443	\$ 712,874
2014	2015	0.8443	0.8443	\$ 711,850
2013	2014	0.8113	0.8113	\$ 707,765

*Anticipated levy as of June 30, 2022

City of Millersville, Tennessee
Schedule of Utility Rate Structure and Number of Customers (Unaudited)
Sewer Fund
For the Year Ended June 30, 2022

Number of customers	2,176
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At June 30, 2022, the rate structure for the City of Millersville's Sewer Fund was as follows:

Residential (per billing cycle)			
First 1,200 gallons	\$	19.76	minimum bill
Thereafter	\$	9.06	per 1,000 gallons
Household on well (flat rate)	\$	40.39	flat rate
Commercial			
First 1,000 gallons	\$	20.38	minimum bill
Thereafter	\$	9.68	per 1,000 gallons
Motels, hotels, and campgrounds	\$	13.65	per 1,000 gallons

Internal Control and Compliance Section



**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***

Members of the City Commission
City of Millersville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Millersville, Tennessee (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated February 13, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
February 13, 2023



**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Members of the City Commission
City of Millersville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Millersville, Tennessee's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
February 13, 2023

City of Millersville, Tennessee
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2022

Financial Statement Findings

Finding Number	Finding Title	Status
N/A	There were no prior findings reported.	N/A

Federal Award Findings and Questioned Costs

Finding Number	Finding Title	Status
N/A	There were no prior findings reported.	N/A

City of Millersville, Tennessee
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

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

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

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? _____ Yes X No

Section II. Financial Statement Findings

None

Section III. Summary of Prior Audit Findings

None