



March 1, 2021

To the Mayor and Board of Commissioners
City of Millersville, Tennessee

This letter is to inform the Mayor and Board of Commissioners of the City of Millersville, Tennessee (the City) about significant matters related to the conduct of our audit as of and for the year ended June 30, 2020, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated September 17, 2020. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

In our arrangement letter dated September 17, 2020, we communicated the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the pension liabilities and deferrals are based on actuarial valuations. We evaluated the key factors and assumptions used to develop the actuarial

valuation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on historical sewer, sanitation, and storm water activities revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that they are reasonable in relation to the financial statements taken as a whole.

Significant Accounting Practices, Including Policies, Estimates and Disclosures, Continued

Management's estimate of unearned revenue related to sanitation activities is based on billing dates subsequent to year-end and an estimation of usage is accrued based on billing data. We evaluated the key factors and assumptions used to develop the unearned revenue in determining that they are reasonable in relation to the financial statements taken as a whole.

We evaluated the key factors and assumptions used to develop the estimates described above and determined that the balances recorded for these estimates are reasonable in relation the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of long-term debt in the financial statements is significant in materiality and in potential credit risk.

The disclosure of pension obligations in the financial statements are significant due to reliance on third party actuarial valuations.

The financial statement disclosures are neutral, consistent, and clear.

Uncorrected Misstatements

We identified the following uncorrected misstatements that management has concluded are not, individually or in the aggregate, material to the financial statements. We agree with management's conclusion in that regard.

Description - Solid Waste Fund	Assets	Liabilities	Net Assets	Revenue	Expend
Overstatement of Accounts Receivable and Understatement of Bad Debt	\$ (1,872)	\$ -	\$ -	\$ (1,872)	\$ -
Total Effect				\$ (1,872)	\$ -
Statement of Financial Position Effect	\$ (1,872)	\$ -	\$ -		

Description - Non-major Governmental Funds	Assets	Liabilities	Net Assets	Revenue	Expend
Overstatement of Storm Water Accounts Receivable and Understatement of Bad Debt	\$ (1,580)	\$ -	\$ -	\$ (1,580)	\$ -
Total Effect				\$ (1,580)	\$ -
Statement of Financial Position Effect	\$ (1,580)	\$ -	\$ -		

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audits.

Consultation With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Difficulties Encountered in Performing the Audit

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis (MD&A) and Required Supplementary Information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods or 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 basis financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information listed in the table of contents for the audit report, which accompany the financial statements but are not RSI. With respect to this supplementary

Mayor and Board of Commissioners
City of Millersville, Tennessee
March 1, 2021
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information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory, statistical sections, and other supplemental information listed in the table of contents of the audit report, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Management Representations

Attached is a copy of the management representation letter.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to City of Millersville.

This report is intended solely for the information and use of the Board of Commissioners and management of the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee

City of Millersville

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Millersville, TN 37072-3613

Phone (615) 859-0880

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March 1, 2021

Blankenship CPA Group, PLLC
917 Conference Drive
Goodlettsville, TN 37072

This representation letter is provided in connection with your audit of the basic financial statements of the City of Millersville, Tennessee (the City) as of and for the year ended June 30, 2020 for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of March 1, 2021:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated September 17, 2020 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with other organizations for which the nature and significance of their relationship with the City of Millersville, Tennessee are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
10. We have disclosed all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements whose effects should be considered by management when preparing the financial statements. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
11. As of and for the year ended June 30, 2020, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the opinion units of the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Description - Solid Waste Fund	Assets	Liabilities	Net Assets	Revenue	Expend
Overstatement of Accounts Receivable and Understatement of Bad Debt	\$ (1,872)	\$ -	\$ -	\$ (1,872)	\$ -
Total Effect				\$ (1,872)	\$ -
Statement of Financial Position Effect	\$ (1,872)	\$ -	\$ -		

Description - Non-major Governmental Funds	Effect — Increase (Decrease)				
	Assets	Liabilities	Net Assets	Revenue	Expend
Overstatement of Storm Water Accounts Receivable and Understatement of Bad Debt	\$ (1,580)	\$ -	\$ -	\$ (1,580)	\$ -
Total Effect				\$ (1,580)	\$ -
Statement of Financial Position Effect	\$ (1,580)	\$ -	\$ -		

Information Provided

12. We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
- b. Additional information that you have requested from us for the purpose of the audit.
- c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
- 15. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on financial statements.
- 16. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
- 17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
- 18. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. We have not consulted legal counsel concerning litigation or claims.
- 19. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
- 20. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize and report financial data.
- 21. We have informed you of all communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 22. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
- 23. The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 24. The following have been properly recorded or disclosed in the financial statements:

- a. Guarantees, whether written or oral, under which the City is contingently liable, if any, including guarantee contracts and indemnification agreements.
25. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that *near term* means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the City vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
26. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
27. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
28. Provisions for uncollectible receivables have been properly identified and recorded.
29. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
30. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
31. In regards to the City's pension plan, we have provided you with:
- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the Plan from whom you determined it necessary to obtain audit evidence;
 - d. All Plan financial records and related data. In that regard, the payroll information we provided you covered all employees that were eligible to participate in the Plan; and
 - e. Actuarial valuation reports and other reports prepared by the actuary for the Plan and the Plan Sponsor.
32. With respect to the actuarial liabilities reflected in the financial statements:
- a. The information provided to the Plan's actuary to perform the valuation is accurate and there have been no omissions from the participants' data provided to the Plan's actuary for the purpose of determining the actuarial present value of accumulated Plan benefits and other actuarially determined amounts in the financial statements;

- b. There have been no changes in the actuarial methods or assumptions used in calculating amounts recorded or disclosed in the financial statements other than those disclosed in the actuary's report and financial statements; and
 - c. There have been no changes in Plan provisions between the actuarial valuation date and the date of this letter.
33. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.
34. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
35. With respect to bookkeeping in the course of the audit:
- a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.

Supplementary Information

36. With respect to supplementary information presented in relation to the financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
37. With respect to Required Supplementary Information presented as required by GASB to supplement the financial statements:

- a. We acknowledge our responsibility for the presentation of such required supplementary information.
- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm: that management:

- 38. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- 39. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
- 40. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 41. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
- 42. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of waste or abuse that could be quantitatively or qualitatively material to the financial statements.
- 43. Is responsible 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.
- 44. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
- 45. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
- 46. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill,

knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

City of Millersville, Tennessee



Holly Murphy,
City Manager and City Recorder

CITY OF MILLERSVILLE, TENNESSEE
Annual Financial Report
For the Fiscal Year Ended June 30, 2020

CITY OF MILLERSVILLE, TENNESSEE
Annual Financial Report
For the Fiscal Year Ended June 30, 2020

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Introductory Section

City of Millersville, Tennessee
Roster of City Officials
June 30, 2020

Position	Official	Period of Service
Mayor	Tim Lassiter	7/1/19-6/30/20
Vice Mayor	E. Keith Bell	7/1/19-6/30/20
Commissioners	Larry Petty (appointed)	7/1/19-6/30/20
	Milton Dorris	7/1/19-6/30/20
	David Gregory	7/1/19-6/30/20
City Manager	Holly Murphy	7/1/19-6/30/20
City Recorder	Holly Murphy, CMFO	7/1/19-6/30/20
Chief of Police	Mark Palmer	7/1/19-6/30/20
Public Works Director	Jerry Schrader	7/1/19-6/30/20
Parks & Rec Coordinator	Bethany Hess	7/1/19-7/12/19
Fire Chief	Brandon Head	7/1/19-6/30/20
Development Director	A. Michael Barr	7/1/19-9/16/19
City Judge	William McCaw Johnson	7/1/19-6/30/20
City Attorney	Robert Wheeler	7/1/19-8/31/19
	Bruce Oldham	12/17/19-6/30/20
Interim City Attorney	Bruce Oldham	9/19/19-12/16/19

* Salary information has been omitted.

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

Financial Section



Independent Auditor's Report

Members of the City Commission
City of Millersville, Tennessee

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and solid waste fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 7, the schedule of changes in net pension liability (asset) and related ratios and schedule of contributions based on participation in the public employee pension plan of the TCRS on pages 33 - 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules on pages 35 - 37, schedule of expenditures of federal awards and state financial assistance, schedule of changes in long-term debt by individual issue, schedule of long-term debt, principal, and interest requirements, schedule of changes in property taxes receivable, schedule of property tax rates and assessments, and schedule of utility rate structure and number of customers, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, schedule of expenditures of federal awards and state financial assistance, schedule of changes in long-term debt by individual issue, schedule of long-term debt, principal, and interest requirements, and schedule of changes in property taxes receivable are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, schedule of property tax rates and assessments, and schedule of utility rate structure and number of customers have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2021, 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 the City's internal control over financial reporting and compliance.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
March 1, 2021

CITY OF MILLERSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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, 2020.

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 8 – 9 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 - CONTINUED
June 30, 2020

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 and Solid Waste 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 35 – 37 of this report.

	Condensed Comparative Data					
	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and Other Assets	\$ 5,871,709	\$ 4,557,819	\$ 1,854,398	\$ 1,169,509	\$ 7,726,107	\$ 5,727,328
Capital Assets	7,103,317	5,297,116	5,250,081	5,406,915	12,353,398	10,704,031
Total Assets	12,975,026	9,854,935	7,104,479	6,576,424	20,079,505	16,431,359
DEFERRED OUTFLOWS OF RESOURCES	139,798	62,657	12,036	2,526	151,834	65,183
LIABILITIES						
Other Liabilities	527,759	430,587	94,291	68,032	622,050	498,619
Long-Term Liabilities	3,570,515	793,694	432,023	155,173	4,002,538	948,867
Total Liabilities	4,098,274	1,224,281	526,314	223,205	4,624,588	1,447,486
DEFERRED INFLOWS OF RESOURCES	1,288,975	1,311,694	11,278	14,693	1,300,253	1,326,387
NET POSITION						
Invested in Capital Assets,						
Net of Related Debt	3,591,258	4,562,892	4,818,058	5,247,050	8,409,316	9,809,942
Restricted	2,402,244	1,202,702	31,571	43,149	2,433,815	1,245,851
Unrestricted	1,734,073	1,616,023	1,729,294	1,050,853	3,463,367	2,666,876
Total Net Position	\$ 7,727,575	\$ 7,381,617	\$ 6,578,923	\$ 6,341,052	\$ 14,306,498	\$ 13,722,669

CITY OF MILLERSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
June 30, 2020

Condensed Comparative Data – Continued

<u>Functions/Programs:</u>	Change in Net Assets					
	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2020	2019	2020	2019	2020	2019
Program Revenues						
Charges for Services	\$ 1,062,926	\$ 1,099,745	\$ 1,245,877	\$ 1,175,411	\$ 2,308,803	\$ 2,275,156
Operating Grants and Contributions	243,751	240,114	-	-	243,751	240,114
Capital Grants and Contributions	9,751	16,768	58,872	16,775	68,623	33,543
General Revenues	<u>2,719,830</u>	<u>2,342,338</u>	<u>3,567</u>	<u>3,201</u>	<u>2,723,397</u>	<u>2,345,539</u>
Total Revenues	<u>4,036,258</u>	<u>3,698,965</u>	<u>1,308,316</u>	<u>1,195,387</u>	<u>5,344,574</u>	<u>4,894,352</u>
Expenses						
General Government	1,188,023	1,085,411	-	-	1,188,023	1,085,411
Public Safety	1,469,751	1,332,214	-	-	1,469,751	1,332,214
Public Works	252,786	239,917	-	-	252,786	239,917
Parks and Recreation	107,144	127,617	-	-	107,144	127,617
Solid Waste	498,177	503,253	-	-	498,177	503,253
Storm Water	152,131	78,674	-	-	152,131	78,674
Interest	51,488	22,382	-	-	51,488	22,382
Sewer	-	-	1,041,245	1,102,700	1,041,245	1,102,700
Total Expenses	<u>3,719,500</u>	<u>3,389,468</u>	<u>1,041,245</u>	<u>1,102,700</u>	<u>4,760,745</u>	<u>4,492,168</u>
Change in Net Position Before Transfers	316,758	309,497	267,071	92,687	583,829	402,184
Transfers	<u>29,200</u>	<u>29,200</u>	<u>(29,200)</u>	<u>(29,200)</u>	<u>-</u>	<u>-</u>
Change in Net Position	345,958	338,697	237,871	63,487	583,829	402,184
Net Position - Beginning	<u>7,381,617</u>	<u>7,042,920</u>	<u>6,341,052</u>	<u>6,277,565</u>	<u>13,722,669</u>	<u>13,320,485</u>
Net Position - Ending	<u>\$ 7,727,575</u>	<u>\$ 7,381,617</u>	<u>\$ 6,578,923</u>	<u>\$ 6,341,052</u>	<u>\$ 14,306,498</u>	<u>\$ 13,722,669</u>

Overall Analysis

The overall financial condition of the City on June 30, 2020 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 \$2,590,440 to \$3,895,920 and the governmental activities net position increased by \$345,958. The business-type activities had an increase in net position of \$237,871.

Fund Analysis

General Fund. The general fund balance increased by \$1,238,593. The City received proceeds from a Bond Issue to renovate City Hall, which contributed to the majority of the increase in the fund balance. The Renovation is still in progress and expected to be completed next fiscal year. All departments within the general fund operated below budgeted expense projections.

Sewer Fund. The sewer fund experienced a gain from operations of \$205,223 and an increase in net position of \$237,871. Expenses in several line items were below budgeted projections which contributed to the increase, including salary and benefits for a vacant position that the department never filled, and debt service principal payments that were budgeted for the fiscal year but didn't start until June, 2020. The cash balance increased from \$1,033,483 to \$1,668,495 at the close of the fiscal year, an increase of \$635,012. 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 \$78,187. The city postponed paving this fiscal year which contributed to the increase.

Solid Waste Fund. The solid waste fund balance increased by \$13,435. Total expenses were below budgeted projections due to the postponement of an equipment purchase.

CITY OF MILLERSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
June 30, 2020

Drug Fund. The drug fund balance increased by \$11,117. Revenue was higher than anticipated due to the receipt of USUB Tax from the State and expenses were lower than budgeted projections.

Stormwater Fund. The stormwater fund balance decreased by \$35,762. The decrease was anticipated due to the purchase of equipment. Development of a drainage improvement plan continues.

Budget Variances in the General Fund

The most significant budget variance resulted from lower than projected court fine revenue and lower than projected capital outlay. 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. Other capital projects included the City Hall Expansion, a traffic light at the intersection of Highway 31W and Bethel Road, and the NEPA and Design Phase of the Streetscape/Sidewalk Project. Long-term Debt Activity included a \$326,805 draw of loan proceeds from the loan agreement with the State Revolving Loan Fund to finance Phase I of a sewer rehab program which began in 2018.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 823,801	\$ 823,801	\$ 47,268	\$ 47,268	\$ 871,069	\$ 871,069
Construction in Progress	2,430,851	357,812	-	463,577	2,430,851	821,389
Buildings and Improvements	4,493,211	4,472,222	134,212	134,212	4,627,423	4,606,434
Equipment and Furniture	1,435,835	1,314,450	264,286	264,286	1,700,121	1,578,736
Vehicles	2,227,376	2,232,541	232,596	239,896	2,459,972	2,472,437
Sewer Collections	-	-	9,384,123	8,813,196	9,384,123	8,813,196
Less: Accumulated Depreciation	(4,307,757)	(3,903,710)	(4,812,404)	(4,555,520)	(9,120,161)	(8,459,230)
Total Capital Assets	<u>\$ 7,103,317</u>	<u>\$ 5,297,116</u>	<u>\$ 5,250,081</u>	<u>\$ 5,406,915</u>	<u>\$ 12,353,398</u>	<u>\$ 10,704,031</u>

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Compensated Absences	\$ 58,456	\$ 59,470	\$ 4,337	\$ 4,692	\$ 62,793	\$ 64,162
Notes Payable	279,616	734,224	432,023	155,173	711,639	889,397
Bonds Payable	3,232,443	-	-	-	3,232,443	-
Total Long-Term Liabilities	<u>\$ 3,570,515</u>	<u>\$ 793,694</u>	<u>\$ 436,360</u>	<u>\$ 159,865</u>	<u>\$ 4,006,875</u>	<u>\$ 953,559</u>

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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 2,766,359	\$ 1,668,495	\$ 4,434,854
Receivables, Net	1,455,117	204,435	1,659,552
Internal Balances, Net	83,767	(83,767)	-
Inventories	7,103	31,836	38,939
Prepaid Items	-	1,828	1,828
Restricted Cash	1,282,372	-	1,282,372
Subtotal	5,594,718	1,822,827	7,417,545
Capital Assets			
Non Depreciable Capital Assets	3,254,652	47,268	3,301,920
Depreciable Capital Assets, Net	3,848,665	5,202,813	9,051,478
Total Capital Assets, Net	7,103,317	5,250,081	12,353,398
Other Assets			
Net Pension Asset	276,991	31,571	308,562
Total Assets	12,975,026	7,104,479	20,079,505
Deferred Outflows of Resources			
Deferred Pensions	139,798	12,036	151,834
Liabilities			
Accounts Payable and Other Current Liabilities	487,628	89,954	577,582
Unearned Revenue	40,131	-	40,131
Long-term Liabilities:			
Compensated Absences	58,456	4,337	62,793
Current Portion of Long-term Debt	279,616	21,120	300,736
Long-term Debt	3,232,443	410,903	3,643,346
Total Liabilities	4,098,274	526,314	4,624,588
Deferred Inflows of Resources			
Deferred Property Tax Revenue	1,171,039	-	1,171,039
Deferred Pensions	117,936	11,278	129,214
Total Deferred Inflows of Resources	1,288,975	11,278	1,300,253
Net Position			
Net Investment in Capital Assets	3,591,258	4,818,058	8,409,316
Restricted for:			
Capital Improvements	1,226,330	-	1,226,330
Solid Waste	361,583	-	361,583
State Street Aid	378,618	-	378,618
Storm Water	141,986	-	141,986
Drug Education and Investigations	16,736	-	16,736
Other Purposes - Net Pension Asset	276,991	31,571	308,562
Unrestricted	1,734,073	1,729,294	3,463,367
Total Net Position	\$ 7,727,575	\$ 6,578,923	\$ 14,306,498

See notes to financial statements.

CITY OF MILLERSVILLE, TENNESSEE
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs: Primary government:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government	
						Business-type Activities	Total
Governmental Activities:							
General Government	\$ 1,188,023	\$ 57,906	\$ 12,785	\$ 3,703	\$ (1,113,629)	\$ -	\$ (1,113,629)
Public Safety	1,469,751	361,339	-	-	(1,108,412)	-	(1,108,412)
Public Works	252,786	-	230,966	6,048	(15,772)	-	(15,772)
Parks and Recreation	107,144	25,465	-	-	(81,679)	-	(81,679)
Solid Waste	498,177	461,657	-	-	(36,520)	-	(36,520)
Storm Water	152,131	156,559	-	-	4,428	-	4,428
Interest	51,488	-	-	-	(51,488)	-	(51,488)
Total Governmental Activities	3,719,500	1,062,926	243,751	9,751	(2,403,072)	-	(2,403,072)
Business-type Activities:							
Sewer	1,041,245	1,245,877	-	58,872	-	263,504	263,504
Total Primary Government	\$ 4,760,745	\$ 2,308,803	\$ 243,751	\$ 68,623	(2,403,072)	263,504	(2,139,568)
General Revenues:							
Property and Personalalty Taxes					1,179,125	-	1,179,125
Income Taxes					18,145	-	18,145
Sales Taxes					1,080,898	-	1,080,898
Hotel and Motel Taxes					2,968	-	2,968
Alcoholic Beverage Taxes					107,300	-	107,300
TVA - In Lieu of Taxes					91,866	-	91,866
Business Taxes					29,412	-	29,412
Miscellaneous Taxes					59,380	-	59,380
Investment Income					10,575	3,567	14,142
Miscellaneous					80,270	-	80,270
Gain on Disposal of Capital Assets, Net					7,975	-	7,975
Insurance Proceeds					51,916	-	51,916
Transfers, Net					29,200	(29,200)	-
Total General Revenues and Transfers					2,749,030	(25,633)	2,723,397
Change in Net Position					345,958	237,871	583,829
Net Position - June 30, 2019					7,381,617	6,341,052	13,722,669
Net Position - June 30, 2020					\$ 7,727,575	\$ 6,578,923	\$ 14,306,498

See notes to financial statements.

CITY OF MILLERSVILLE, TENNESSEE

Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Solid Waste Fund	Non-major Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 1,918,796	\$ 365,360	\$ 482,203	\$ 2,766,359
Receivables, Net	1,234,363	48,726	47,580	1,330,669
Intergovernmental Receivables, Net	124,448	-	-	124,448
Due From Other Funds	60,729	43,182	23,047	126,958
Inventory	-	4,473	2,630	7,103
Restricted Cash	1,226,330	-	56,042	1,282,372
Total Assets	<u>\$ 4,564,666</u>	<u>\$ 461,741</u>	<u>\$ 611,502</u>	<u>\$ 5,637,909</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	\$ 121,534	\$ 27,218	\$ 3,486	\$ 152,238
Due To Other Funds	9,335	23,453	10,403	43,191
Unearned Revenue	-	40,131	-	40,131
Other Current Liabilities	272,864	4,883	57,643	335,390
Total Liabilities	<u>403,733</u>	<u>95,685</u>	<u>71,532</u>	<u>570,950</u>
Deferred Inflows of Resources - Deferred Property Tax Revenue	<u>1,171,039</u>	-	-	<u>1,171,039</u>
Fund Balances:				
Nonspendable:				
Inventory	-	4,473	2,630	7,103
Restricted For:				
Capital Improvements	1,226,330	-	-	1,226,330
Solid Waste	-	361,583	-	361,583
State Street Aid	-	-	378,618	378,618
Drug Education and Investigations	-	-	16,736	16,736
Storm Water	-	-	141,986	141,986
Unassigned	1,763,564	-	-	1,763,564
Total Fund Balances	<u>2,989,894</u>	<u>366,056</u>	<u>539,970</u>	<u>3,895,920</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,564,666</u>	<u>\$ 461,741</u>	<u>\$ 611,502</u>	<u>\$ 5,637,909</u>

Reconciliation of Balance Sheet - Governmental Funds to Statement
of Net Position are different because:

Total Governmental Fund Balances	\$ 3,895,920
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	276,991
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,103,317
Deferred Outflows of Resources not reported in the funds.	139,798
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(3,570,515)
Deferred Inflows of Resources not reported in the funds.	(117,936)
Net Position of the Governmental Activities	<u>\$ 7,727,575</u>

See notes to financial statements.

CITY OF MILLERSVILLE, TENNESSEE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Solid Waste Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues				
Local Taxes	\$ 1,867,593	\$ -	\$ -	\$ 1,867,593
Licenses and Permits	57,906	-	700	58,606
Fines	330,625	-	300	330,925
Drug and Gambling Revenue	-	-	26,771	26,771
Intergovernmental Revenues	714,286	-	230,966	945,252
Charges for Services	29,108	461,657	155,859	646,624
Interest Income	9,197	603	775	10,575
Miscellaneous Revenues	69,361	625	8,938	78,924
Total Revenues	<u>3,078,076</u>	<u>462,885</u>	<u>424,309</u>	<u>3,965,270</u>
Expenditures				
Current:				
General Government	2,872,714	-	-	2,872,714
Public Safety	1,572,421	-	-	1,572,421
Parks and Recreation	123,387	-	-	123,387
Solid Waste	-	449,540	-	449,540
State Street Aid	-	-	159,403	159,403
Drug Fund	-	-	37,393	37,393
Storm Water	-	-	192,837	192,837
Debt Service:				
Principal	279,891	-	-	279,891
Interest	61,295	-	-	61,295
Bond Issuance Costs	71,132	-	-	71,132
Total Expenditures	<u>4,980,840</u>	<u>449,540</u>	<u>389,633</u>	<u>5,820,013</u>
Excess of Expenditures Over Revenues	<u>(1,902,764)</u>	<u>13,345</u>	<u>34,676</u>	<u>(1,854,743)</u>
Other Financing Sources				
Transfers In	29,200	-	-	29,200
Proceeds from Sale of Capital Assets	7,975	-	-	7,975
Insurance Proceeds	33,050	-	18,866	51,916
Bonds Issued	2,875,000	-	-	2,875,000
Bond Issue Premium	196,132	-	-	196,132
Total Other Financing Sources	<u>3,141,357</u>	<u>-</u>	<u>18,866</u>	<u>3,160,223</u>
Net Change in Fund Balances	<u>1,238,593</u>	<u>13,345</u>	<u>53,542</u>	<u>1,305,480</u>
Fund Balances - June 30, 2019	<u>1,751,301</u>	<u>352,711</u>	<u>486,428</u>	<u>2,590,440</u>
Fund Balances - June 30, 2020	<u>\$ 2,989,894</u>	<u>\$ 366,056</u>	<u>\$ 539,970</u>	<u>\$ 3,895,920</u>

See notes to financial statements.

CITY OF MILLERSVILLE, TENNESSEE
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different from the amounts reported for governmental funds in the statement of revenues, expenditures and changes in fund balances because:

Net change in fund balances - total governmental funds	\$ 1,305,480
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. 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.	1,806,201
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Governmental funds report retirement contributions as expenditures. These expenditures are reported as deferred outflows of resources and either 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.	11,098
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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 these 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 such as interest.	(2,777,835)
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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.	<div style="border-top: 1px solid black; display: inline-block; width: 100%;">1,014</div>
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Change in net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ 345,958</div>
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See notes to financial statements.

CITY OF MILLERSVILLE, TENNESSEE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Major Governmental Funds
For the Year Ended June 30, 2020

	General Fund				Solid Waste Fund			
	Budgeted Amounts		Actual	Variance Positive (Negative)	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final			Original	Final		
Revenues								
Local Taxes:								
Property and Personalty Taxes	\$ 945,089	\$ 945,089	\$ 1,179,125	\$ 234,036	\$ -	\$ -	\$ -	\$ -
Sales Taxes	445,000	445,000	497,640	52,640	-	-	-	-
Alcoholic Beverage Taxes	118,700	118,700	104,283	(14,417)	-	-	-	-
Cable Taxes	54,000	54,000	54,165	165	-	-	-	-
Business Taxes	25,000	25,000	29,412	4,412	-	-	-	-
Hotel and Motel Taxes	4,500	4,500	2,968	(1,532)	-	-	-	-
Licenses and Permits	48,950	48,950	57,906	8,956	-	-	-	-
Fines	376,000	376,000	330,625	(45,375)	-	-	-	-
Intergovernmental Revenues:								
Sales Taxes	573,160	573,160	583,258	10,098	-	-	-	-
Petroleum Special Taxes	12,800	12,800	12,785	(15)	-	-	-	-
Income Taxes	4,500	4,500	18,145	13,645	-	-	-	-
Alcoholic Beverage Taxes	3,100	3,100	3,017	(83)	-	-	-	-
Telecommunications Taxes	1,000	1,000	1,220	220	-	-	-	-
Corporate Excise Taxes	3,000	3,000	3,995	995	-	-	-	-
TVA - In Lieu of Taxes	76,000	76,000	91,866	15,866	-	-	-	-
Charges for Services	35,050	35,050	29,108	(5,942)	464,000	464,000	461,657	(2,343)
Interest Income	5,000	5,000	9,197	4,197	500	500	603	103
Miscellaneous Revenues	71,618	71,618	69,361	(2,257)	3,000	3,000	625	(2,375)
Total Revenues	2,802,467	2,802,467	3,078,076	275,609	467,500	467,500	462,885	(4,615)
Expenditures								
Current:								
General Government:								
Salaries and Benefits	432,533	432,533	361,474	71,059	-	-	-	-
General and Administrative	170,660	178,260	178,676	(416)	-	-	-	-
Contractual Services	346,613	347,613	302,420	45,193	-	-	-	-
Supplies and Miscellaneous	17,325	17,325	19,261	(1,936)	-	-	-	-
Repairs and Maintenance	9,500	9,500	7,094	2,406	-	-	-	-
Capital Outlay	-	3,150,000	2,003,789	1,146,211	-	-	-	-
Public Safety - Police:								
Salaries and Benefits	973,077	991,342	964,885	26,457	-	-	-	-
General and Administrative	52,072	52,969	49,206	3,763	-	-	-	-
Contractual Services	15,300	15,300	16,522	(1,222)	-	-	-	-
Supplies and Miscellaneous	90,800	69,670	48,631	21,039	-	-	-	-
Repairs and Maintenance	29,000	29,000	41,699	(12,699)	-	-	-	-
Capital Outlay	77,000	108,817	102,192	6,625	-	-	-	-
Public Safety - Fire:								
Salaries and Benefits	163,651	163,651	142,876	20,775	-	-	-	-
General and Administrative	24,872	24,872	16,380	8,492	-	-	-	-
Contractual Services	18,632	18,632	12,769	5,863	-	-	-	-
Supplies and Miscellaneous	40,072	40,072	103,879	(63,807)	-	-	-	-
Repairs and Maintenance	22,000	37,311	27,982	9,329	-	-	-	-
Capital Outlay	73,910	173,910	45,400	128,510	-	-	-	-
Parks and Recreation:								
Salaries and Benefits	97,453	57,282	52,935	4,347	-	-	-	-
General and Administrative	73,091	13,091	19,974	(6,883)	-	-	-	-
Contractual Services	9,227	19,227	18,862	365	-	-	-	-
Supplies and Miscellaneous	4,700	4,700	6,440	(1,740)	-	-	-	-
Repairs and Maintenance	32,500	32,500	20,276	12,224	-	-	-	-
Capital Outlay	4,000	8,900	4,900	4,000	-	-	-	-
Solid Waste:								
Salaries and Benefits	-	-	-	-	138,170	138,170	140,190	(2,020)
General and Administrative	-	-	-	-	16,476	16,476	15,090	1,386
Disposal Fees	-	-	-	-	18,000	18,000	9,064	8,936
Contractual Services	-	-	-	-	278,667	278,667	277,588	1,079
Supplies and Miscellaneous	-	-	-	-	8,400	8,400	3,417	4,983
Repairs and Maintenance	-	-	-	-	-	-	4,191	(4,191)
Capital Outlay	-	-	-	-	60,000	60,000	-	60,000
State Street Aid:								
Salaries and Benefits	-	-	-	-	-	-	-	-
General and Administrative	-	-	-	-	-	-	-	-
Contractual Services	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-
Supplies and Miscellaneous	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service:								
Principal	253,600	293,600	279,891	13,709	-	-	-	-
Interest	72,500	56,735	61,295	(4,560)	-	-	-	-
Bond Issuance Costs	-	-	71,132	71,132	-	-	-	-
Total Expenditures	3,104,088	6,345,812	4,980,840	1,508,236	519,713	519,713	449,540	70,173
Excess of Revenues Over (Under) Expenditures	(301,621)	(3,544,345)	(1,902,764)	1,641,581	(52,213)	(52,213)	13,345	65,558
Other Financing Sources (Uses)								
Transfers In	29,200	29,200	29,200	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	7,975	7,975	-	-	-	-
Insurance Proceeds	-	15,911	33,050	17,139	-	-	-	-
Bonds Issued	-	3,100,000	3,071,132	(28,868)	-	-	-	-
Contributions and Grants	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	29,200	3,145,111	3,141,357	(3,754)	-	-	-	-
Net Change in Fund Balances	(272,421)	(399,234)	1,238,593	1,637,827	(52,213)	(52,213)	13,345	65,558
Fund Balances - June 30, 2019	1,751,301	1,751,301	1,751,301	-	352,711	352,711	352,711	-
Fund Balances - June 30, 2020	\$ 1,478,880	\$ 1,352,067	\$ 2,989,894	\$ 1,637,827	\$ 300,498	\$ 300,498	\$ 366,056	\$ 65,558

See notes to financial statements.

CITY OF MILLERSVILLE, TENNESSEE
Statement of Fund Net Position
Proprietary Fund
June 30, 2020

	<u>Enterprise Fund</u> <u>Sewer Fund</u>
Assets	
Current Assets	
Cash	\$ 1,668,495
Accounts Receivable, Net of Allowance of \$165,445	204,435
Due From Other Funds	518
Inventory	31,836
Prepaid Items	1,828
Total Current Assets	<u>1,907,112</u>
Capital Assets	
Property, Plant, and Equipment	10,062,485
Accumulated Depreciation	<u>(4,812,404)</u>
Total Capital Assets, Net	<u>5,250,081</u>
Other Assets	
Net Pension Asset	<u>31,571</u>
Total Assets	<u>7,188,764</u>
Deferred Outflows of Resources	
Deferred Pensions	<u>12,036</u>
Liabilities	
Current Liabilities	
Accounts Payable	85,845
Accrued Wages, Payroll Taxes, and Payroll Deductions	4,109
Due To Other Funds	84,285
Current Portion of Long-term Debt	21,120
Total Current Liabilities	<u>195,359</u>
Long Term Liabilities	
Accrued Compensated Absences	4,337
Long Term Debt	410,903
Total Long Term Liabilities	<u>415,240</u>
Total Liabilities	<u>610,599</u>
Deferred Inflows of Resources	
Deferred Pensions	<u>11,278</u>
Net Position	
Net Investment in Capital Assets	4,818,058
Restricted for Other Purposes	31,571
Unrestricted	1,729,294
Total Net Position	<u>\$ 6,578,923</u>

See notes to financial statements.

CITY OF MILLERSVILLE, TENNESSEE
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2020

	<u>Enterprise Fund</u> <u>Sewer Fund</u>
Operating Revenues	
Sewer Fees	\$ 1,196,699
Other Revenues	49,178
Total Operating Revenues	<u>1,245,877</u>
Operating Expenses	
Salaries and Taxes	96,726
Employee Benefits	13,037
Professional/Contractual Services	31,529
Repairs and Maintenance	18,821
Supplies	27,838
Sewer Pretreatment and Treatment	389,885
Meter Reading Fees	11,499
Sewer Transport	145,047
Utility Services	14,677
Depreciation	264,185
Miscellaneous	9,457
Other Operating Expenses	17,953
Total Operating Expenses	<u>1,040,654</u>
Income from Operations	<u>205,223</u>
Non-Operating Revenue (Expenses)	
Interest Revenue	3,567
Interest Expense	(591)
Total Non-Operating Revenue (Expenses)	<u>2,976</u>
Gain Before Contributions and Transfers	208,199
Capital Grants and Contributions	58,872
Transfers	<u>(29,200)</u>
Increase in Net Position	237,871
Net Position - June 30, 2019	<u>6,341,052</u>
Net Position - June 30, 2020	<u>\$ 6,578,923</u>

See notes to financial statements.

CITY OF MILLERSVILLE, TENNESSEE
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020

	<u>Enterprise Fund</u> <u>Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,185,715
Cash Payments to Suppliers for Goods and Services	(643,129)
Cash Payments to Employees for Services	(109,721)
Net Cash Provided by Operating Activities	<u>432,865</u>
Cash Flows from Noncapital Financing Activities:	
Transfers to Other Funds	(29,200)
Net Cash Used by Noncapital Financing Activities	<u>(29,200)</u>
Cash Flows from Capital and Related Financing Activities:	
Principal Paid on Notes, Bonds and Capital Leases	(1,758)
Proceeds from Debt Issuance	326,805
Cash Received from Tap Fees and Connection Fees	10,675
Acquisition of Capital Assets	(107,351)
Net Cash Provided by Capital and Related Financing Activities	<u>228,371</u>
Cash Flows from Investing Activities:	
Interest Received	3,567
Interest Paid	(591)
Net Cash Provided by Investing Activities	<u>2,976</u>
Net Increase in Cash	635,012
Cash at Beginning of Year	<u>1,033,483</u>
Cash at End of Year	<u>\$ 1,668,495</u>
Supplemental Non-Cash	
Forgiveness of Debt	\$ 48,197
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:	
Income from Operations	\$ 205,223
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	264,185
(Increase) Decrease in:	
Accounts Receivable, Net	(27,867)
Net Pension Asset	11,578
Deferred Outflows - Pensions	(9,510)
Increase (Decrease) in:	
Accounts Payable	23,577
Accrued Wages, Payroll Taxes and Payroll Deductions	1,744
Accrued Compensated Absences	(355)
Due to Other Funds	(32,295)
Deferred Inflows - Pensions	(3,415)
Net Cash Provided by Operating Activities	<u>\$ 432,865</u>

See notes to financial statements.

CITY OF MILLERSVILLE, TENNESSEE
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies

The City of Millersville, Tennessee (the City) was incorporated May 28, 1981 under the provisions of *Tennessee Code Annotated*, Sections 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 City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City of Millersville are described below.

A. 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.

B. Government-wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the 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 program 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.

C. 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 – Continued
June 30, 2020

Note 1. Summary of Significant Accounting Policies – Continued

C. Fund Financial Statements – Continued

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 service, and interest income.

Special Revenue Funds – Accounts for revenue 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 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 – 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 not considered a major fund for reporting purposes.

Drug Fund – Accounts for revenues from drug fines and forfeited goods received. State law requires usage of those 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 not 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.

D. 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.

CITY OF MILLERSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2020

Note 1. Summary of Significant Accounting Policies – Continued

D. Measurement Focus and Basis of Accounting – Continued

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 revenue 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.

E. Budgets and Budgetary Accounting

The City uses the modified accrual basis for budgetary accounting in government funds and 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, 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.

F. 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 U.S. Treasury, certificates of deposit, certain federal nonconvertible debt securities, repurchase agreements and the State Treasurer's Investment Pool. Cash equivalents are stated at cost. Any unspent proceeds from debt is included in restricted cash.

G. Inventories 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 first-in, first-out (FIFO) method. The costs of governmental funds 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 inventories 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.

CITY OF MILLERSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2020

Note 1. Summary of Significant Accounting Policies – Continued

H. 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 is not available. Donated assets are valued at their estimated fair market value on the date donated. Repairs and maintenance are recorded as expenses.

Assets capitalized, 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:

	Estimated Useful Life (Years)
Buildings and Improvements	40
Equipment and Furniture	2 - 20
Vehicles	5 - 10
Sewer Collections	50

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 put into Construction in Progress and are presented as a capital asset not being depreciated on the Statement of Net Position. Property under capital leases is stated at the lower of present value of minimum lease payments or the fair market value at the inception of the lease. Once placed in service, such property is amortized using the straight-line method over the remaining lease term.

I. 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 8 hours per month with a maximum accumulation of 180 days. Upon the termination of employment, an employee is paid his/her unused vacation time.

CITY OF MILLERSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2020

Note 1. Summary of Significant Accounting Policies – Continued

I. Compensated Absences – Continued

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

J. 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.

K. 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 assets.

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.

L. 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 nonexchange revenue. Assets (accounts receivable) from imposed nonexchange 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 of 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.

CITY OF MILLERSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2020

Note 1. Summary of Significant Accounting Policies – Continued

M. 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.

N. Fund Balance

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:

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

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

Committed Fund Balance – 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.

Assigned Fund Balance – Amounts intended to be used by the City for a specific purpose, but are neither restricted nor committed. The intent shall be expressed by the 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 Fund Balance – 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 of 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.

CITY OF MILLERSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2020

Note 1. Summary of Significant Accounting Policies – Continued

N. Fund Balance – Continued

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, it shall be 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 shall be the policy of the City to use the committed amounts first, followed by the assigned amounts and then unassigned amounts.

O. 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 – consist 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.

Restricted Net Position – consist of assets that are restricted by the City's creditors (for example, through debt covenants), by the 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). Restrictions from enabling legislation include the State Street Aid Fund, Solid Waste Fund, Storm Water Fund and Drug Fund.

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

When an expense is incurred for the purpose for which both restricted and unrestricted net position are available, the City's policy is to first apply restricted resources.

P. 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.

Q. 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.

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 Federal Deposit Insurance Corporation insurance (FDIC). 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 – Continued
June 30, 2020

Note 2. Cash and Investments – Continued

Deposits: All of the City's deposits and investments were 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

Gross property taxes receivable of \$1,280,375 (allowance for doubtful accounts is \$37,964) are summarized, by year, on the Schedule of Changes in Property Taxes Receivable on page 41 of this report.

Note 4. Interfund Balances and Transfers

The composition of interfund balances is as follows:

Due To	Due From						Total
	General Fund	Solid Waste Fund	State Street Aid Fund	Drug Fund	Storm Water Fund	Sewer Fund	
General Fund	\$ -	\$ 23,453	\$ -	\$ 206	\$ 9,679	\$ 27,391	\$ 60,729
Solid Waste Fund	-	-	-	-	-	43,182	43,182
State Street Aid Fund	9,335	-	-	-	-	-	9,335
Storm Water Fund	-	-	-	-	-	13,712	13,712
Sewer Fund	-	-	518	-	-	-	518
Total	\$ 9,335	\$ 23,453	\$ 518	\$ 206	\$ 9,679	\$ 84,285	\$ 127,476

All balances are scheduled to be collected in the subsequent year. All balances resulted 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.

Interfund transfers during the year consist of \$29,200 transferred from the Sewer Fund to the General Fund.

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 (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 – Continued
June 30, 2020

Note 5. Capital Assets

The following is a summary of the changes in capital assets:

	Balance 6/30/2019	Additions	Disposals	Transfers	Balance 6/30/2020
Governmental Activities					
Capital Assets not being Depreciated					
Land	\$ 823,801	\$ -	\$ -	\$ -	\$ 823,801
Construction in Progress	357,812	2,073,039	-	-	2,430,851
Total Capital Assets not being Depreciated	1,181,613	2,073,039	-	-	3,254,652
Capital Assets being Depreciated					
Buildings and Improvements	4,472,222	20,989	-	-	4,493,211
Equipment and Furniture	1,243,523	62,789	-	-	1,306,312
Vehicles	2,170,472	137,092	83,661	-	2,223,903
Other Property	132,996	-	-	-	132,996
Total Capital Assets being Depreciated	8,019,213	220,870	83,661	-	8,156,422
Accumulated Depreciation					
Buildings and Improvements	1,683,773	227,212	-	-	1,910,985
Equipment and Furniture	853,860	68,606	83,661	-	838,805
Vehicles	1,286,280	165,291	-	-	1,451,571
Other Property	79,797	26,599	-	-	106,396
Total Accumulated Depreciation	3,903,710	487,708	83,661	-	4,307,757
Total Governmental Activities, Net	\$ 5,297,116	\$ 1,806,201	\$ -	\$ -	\$ 7,103,317
Business-type Activities					
Capital Assets not being Depreciated					
Land	\$ 47,268	\$ -	\$ -	\$ -	\$ 47,268
Construction in Progress	463,577	6,791	-	(470,368)	-
Total Capital Assets not being Depreciated	510,845	6,791	-	(470,368)	47,268
Capital Assets being Depreciated					
Buildings and Improvements	134,212	-	-	-	134,212
Equipment and Furniture	264,286	-	-	-	264,286
Vehicles	239,896	-	-	-	239,896
Sewer Collections	8,813,196	100,560	-	470,368	9,384,124
Total Capital Assets being Depreciated	9,451,590	100,560	-	470,368	10,022,518
Accumulated Depreciation					
Buildings and Improvements	63,388	6,352	-	-	69,740
Equipment and Furniture	162,646	14,729	-	-	177,375
Vehicles	215,104	7,083	-	-	222,187
Sewer Collections	4,114,382	236,021	-	-	4,350,403
Total Accumulated Depreciation	4,555,520	264,185	-	-	4,819,705
Total Business-type Activities, Net	\$ 5,406,915	\$ (156,834)	\$ -	\$ -	\$ 5,250,081

CITY OF MILLERSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2020

Note 5. Capital Assets - Continued

Depreciation Expense by Function

General Government	\$ 31,559
Public Safety	133,955
State Street Aid	173,150
Parks & Recreation	85,360
Solid Waste	56,874
Storm Water	6,810
	<u>\$ 487,708</u>
Sewer	<u>\$ 264,185</u>

Note 6. Pension Plan

A. General Information

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	63
Active employees	<u>30</u>
	<u>104</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The 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, 2020, the contributions for the City were \$0 based on a rate of 0.00% percent of covered payroll as defined pension plan was fully funded. 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, as well as an amortized portion of any unfunded liability.

CITY OF MILLERSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2020

Note 6. Pension Plan – Continued

B. Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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 pension plan investment, including inflation

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

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which best-estimate of expected future real rates of return (expected returns, net pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.50 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Market International Equity	6.36%	4%
Private Equity and Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	10%
Short-Term Securities	0.00%	1%
		<u>100%</u>

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

CITY OF MILLERSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2020

Note 6. Pension Plan – Continued

B. Net Pension Liability (Asset) – Continued

Discount Rate

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

C. Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2018	<u>\$ 1,993,680</u>	<u>\$ 2,407,495</u>	<u>\$ (413,815)</u>
Changes for the Year:			
Service Cost	77,107	-	77,107
Interest	147,766	-	147,766
Differences Between Expected and Actual Experience	132,841	-	132,841
Changes in Assumptions	-	-	-
Contributions - Employer	-	8,356	(8,356)
Contributions - Employee	-	67,385	(67,385)
Net Investment Income	-	179,545	(179,545)
Benefit Payments, Including Refunds of Employee Contributions	(65,275)	(65,275)	-
Administrative Expense	-	(2,825)	2,825
Net Changes	<u>292,439</u>	<u>187,186</u>	<u>105,253</u>
Balance at June 30, 2019	<u><u>\$ 2,286,119</u></u>	<u><u>\$ 2,594,681</u></u>	<u><u>\$ (308,562)</u></u>

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 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability (Asset)	\$ 13,612	\$ (308,562)	\$ (569,068)

CITY OF MILLERSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2020

Note 6. Pension Plan – Continued

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

Negative Pension Expense

For the year ended June 30, 2020, the City recognized negative pension expense of \$12,469.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, 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	\$ 117,884	\$ 99,353
Net Difference Between Projected and Actual Earnings of Pension Plan Investments	-	29,861
Changes in Assumptions	33,950	-
Contributions Subsequent to the Measurement Date of June 30, 2019	-	-
	<u>\$ 151,834</u>	<u>\$ 129,214</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2019," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:	Amount
2021	\$ (13,856)
2022	(10,451)
2023	10,064
2024	14,724
2025	22,139
Thereafter	-

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

E. Payable to the Pension Plan

At June 30, 2020, the City had no payable balances for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

CITY OF MILLERSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2020

Note 7. Long-Term Debt

A. Governmental Activities

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

	Balance 6/30/2019	Additions	Reductions	Balance 6/30/2020	Due Within 1 Year
Compensated Absences	\$ 59,470	\$ 58,456	\$ 59,470	\$ 58,456	\$ 58,456
Notes Payable	\$ 734,224	-	\$ 168,490	\$ 565,734	\$ 174,616
Bonds Payable	-	2,875,000	115,000	2,760,000	105,000
Bond Premium	-	196,132	9,807	186,325	9,807
Totals	<u>\$ 734,224</u>	<u>\$ 3,071,132</u>	<u>\$ 293,297</u>	<u>\$ 3,512,059</u>	<u>\$ 289,423</u>

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 year 2039 with semi-annual interest payments at an interest rate of 2.125-4.00%. \$ 2,760,000

Note Payable to a Bank for the Community Center, Original Amount of \$1.4 million, Bearing Interest at LIBOR plus 1.152% Per Annum, Payable in Monthly Installments of \$12,102, with the Final Payment Due March 2022.

244,492

Note Payable to a Bank for a Fire Engine, Original Amount of \$390,783, Bearing Interest at 2.88% Per Annum, Payable in Annual Installments Between \$34,277 and \$44,257, with the Final Payment Due July 2027. The Fire Engine is Under Construction at Year-end.

321,242

3,325,734

Add Premium on Bond
Less Current Portion

186,325

(279,616)

Total Governmental Activities Long-Term Debt

\$ 3,232,443

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, the lenders can exercise one or more of the following options: 1) make the outstanding bond and/or note payable with accrued interest due and payable, 2) use remedies allowed by state or federal law.

Below is a condensed government-wide schedule of maturities for notes and bonds payable. A detailed Schedule of Long-term Debt, Principal, and Interest Requirements are included on page 40 of this report.

	Total	
Year Ended June 30,	Principal	Interest
2021	\$ 279,616	\$ 98,017
2022	253,480	87,549
2023	153,399	80,350
2024	159,505	74,614
2025	160,643	68,644
2026-2030	819,091	251,814
2031-2035	790,000	142,674
2036-2039	710,000	44,997
Total	<u>\$ 3,325,734</u>	<u>\$ 848,659</u>

CITY OF MILLERSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2020

Note 7. Long-Term Debt – Continued

B. Business-type Activities

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

	Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020	Due Within 1 Year
Compensated Absences	\$ 4,692	\$ 4,337	\$ 4,692	\$ 4,337	\$ 4,337
State Revolving Loan	\$ 155,173	\$ 326,805	\$ 49,955	\$ 432,023	\$ 21,120

The above loan payable is 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, the lenders can exercise one or more of the following options: 1) make the outstanding bond and/or note payable with accrued interest due and payable, 2) use 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 are included on page 40 of this report.

Year Ended June 30,	Total Principal	Interest
2021	\$ 21,120	\$ 1,188
2022	21,180	1,128
2023	21,240	1,068
2024	21,300	1,008
2025	21,360	948
2026-2030	107,700	3,840
2031-2035	109,236	2,304
2036-2034	108,887	774
Total	<u>\$ 432,023</u>	<u>\$ 12,258</u>

CITY OF MILLERSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2020

Note 8. Deferred Compensation 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 does not match employee deferrals.

Note 9. Contracts

The City has contracts and/or agreements with the City of Goodlettsville, 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

A. 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 (TMLRMP), 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 TMLRMP for its insurance coverage. The TMLRMP 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.

B. Commitments

As of June 30, 2020, the City entered into a construction contract related to the City Hall construction project of approximately \$2,838,000 and has spent approximately \$1,778,000 of committed funds, with the remaining balance of approximately \$1,060,000 in outstanding commitments at June 30, 2020.

CITY OF MILLERSVILLE, TENNESSEE
Required Supplementary Information*
Schedule of Changes in Net Pension Liability (Asset) and
Related Ratios Based on Participation in the
Public Employee Pension Plan of the TCRS
Last Fiscal Year ending June 30,

	2014	2015	2016	2017	2018	2019
Total Pension Liability (Asset)						
Service Cost	\$ 72,983	\$ 66,903	\$ 66,194	\$ 74,416	\$ 92,745	\$ 77,107
Interest	122,231	115,238	126,671	134,086	141,333	147,766
Changes in Benefit Terms						
Differences Between Actual & Expected Experience	(202,428)	43,093	(31,787)	(33,252)	(61,254)	132,841
Change of Assumptions	(45,473)	(114,401)	(29,754)	59,414		
Benefit Payments, Including Refunds of Employee Contributions	(52,687)	110,833	131,324	(111,135)	(71,634)	(65,275)
Net Change in Total Pension Liability	1,579,490	1,526,803	1,637,636	1,768,960	1,892,489	1,993,680
Total Pension Liability (Asset) - Beginning	1,526,803	1,637,636	1,768,960	1,892,489	1,993,680	2,286,119
Total Pension Liability (Asset) - Ending (a)						

Plan Fiduciary Net Position

Contributions - Employer	\$ 60,091	\$ 50,556	\$ 54,230	\$ 55,521	\$ 24,106	\$ 8,356
Contributions - Employee	59,145	56,933	61,071	62,524	61,811	67,385
Net Investment Income	251,222	55,381	50,162	224,947	184,081	179,545
Benefit Payments, Including Refunds of Employee Contributions	(45,473)	(114,401)	(29,754)	(111,135)	(71,634)	(65,275)
Administrative Expense	(1,108)	(1,472)	(2,387)	(2,522)	(2,839)	(2,825)
Net Change in Plan Fiduciary Net Position	323,877	46,997	133,322	229,335	195,525	187,186
Plan Fiduciary Net Position - Beginning	1,478,440	1,802,317	1,849,313	1,982,635	2,211,970	2,407,495
Plan Fiduciary Net Position - Ending (b)	1,802,317	1,849,313	1,982,635	2,211,970	2,407,495	2,594,681

Net Pension Liability (Asset) - Ending (a) - (b)

\$	(275,514)	\$ (211,677)	\$ (213,675)	\$ (319,481)	\$ (413,815)	\$ (308,562)
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Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)

	118.05%	112.93%	112.08%	116.88%	120.76%	113.50%
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Covered Payroll

\$	1,182,887	\$ 1,138,659	\$ 1,221,399	\$ 1,250,479	\$ 1,236,216	\$ 1,347,695
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Net Pension Liability (Asset) as a Percentage of Covered Payroll

	(23.29%)	(18.59%)	(17.49%)	(25.55%)	(33.47%)	(22.90%)
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Notes to Schedule:

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

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to the previously supplied data from the TCRS GASB website for prior years' data, if needed.

See independent auditor's report.

CITY OF MILLERSVILLE, TENNESSEE
Required Supplementary Information*
Schedule of Contributions
Based on Participation in the Public Employee Pension Plan of the TCRS
Last Fiscal Year ending June 30,

	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 60,091	\$ 50,556	\$ 54,230	\$ 55,521	\$ 24,106	\$ 8,356	\$ -
Contributions in Relation to the Actuarially Determined Contribution	60,091	50,556	54,230	55,521	24,106	8,356	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,182,887	\$ 1,138,659	\$ 1,221,399	\$ 1,250,479	\$ 1,236,216	\$ 1,347,695	\$ 1,354,362
Contributions as a Percentage of Covered Payroll	5.08%	4.44%	4.44%	4.44%	1.95%	0.62%	0.00%

Notes to Schedule

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Valuation Date: Actuarially determined contribution rates for the year ended June 30, 2020 were calculated based on the June 30, 2018 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	Not provided
Changes in assumptions:	In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See independent auditor's report.

CITY OF MILLERSVILLE, TENNESSEE
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2020

	Special Revenue Funds			Total Non-major Governmental Funds
	State Street Aid	Drug Fund	Storm Water Fund	
Assets				
Cash	\$ 355,590	\$ 16,942	\$ 109,671	\$ 482,203
Receivables, Net	17,697	-	29,883	47,580
Due From Other Funds	9,335	-	13,712	23,047
Inventory	2,630	-	-	2,630
Restricted Cash	-	56,042	-	56,042
Total Assets	\$ 385,252	\$ 72,984	\$ 153,266	\$ 611,502
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 3,486	\$ -	\$ -	\$ 3,486
Due To Other Funds	518	206	9,679	10,403
Other Current Liabilities	-	56,042	1,601	57,643
Total Liabilities	4,004	56,248	11,280	71,532
Fund Balances				
Nonspendable - Inventory	2,630	-	-	2,630
Restricted For:				
State Street Aid	378,619	-	-	378,619
Drug Education and Investigations	-	16,736	-	16,736
Storm Water	-	-	141,985	141,985
Total Fund Balances	381,249	16,736	141,985	539,970
Total Liabilities and Fund Balances	\$ 385,252	\$ 72,984	\$ 153,266	\$ 611,502

See independent auditor's report.

CITY OF MILLERSVILLE, TENNESSEE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			Total Non-major Governmental Funds
	State Street Aid	Drug Fund	Storm Water Fund	
Revenues				
Licenses and Permits	\$ -	\$ -	\$ 700	\$ 700
Fines	-	-	300	300
Drug and Gambling Revenue	-	26,771	-	26,771
Intergovernmental Revenues	230,966	-	-	230,966
Charges for Services	-	-	155,859	155,859
Interest Income	500	59	216	775
Miscellaneous Revenues	6,048	2,890	-	8,938
Total Revenues	237,514	29,720	157,075	424,309
Expenditures				
Current:				
State Street Aid	78,403	-	-	78,403
Drug Fund	-	37,393	-	37,393
Storm Water	-	-	136,209	136,209
Capital Outlay	81,000	-	56,628	137,628
Total Expenditures	159,403	37,393	192,837	389,633
Excess (Deficiency) of Revenues Over (Under) Expenditures	78,111	(7,673)	(35,762)	34,676
Other Financing Sources (Uses)				
Insurance Proceeds	76	18,790	-	18,866
Net Change in Fund Balances	78,187	11,117	(35,762)	53,542
Fund Balances - July 01, 2019	303,062	5,619	177,747	486,428
Fund Balances - June 30, 2020	\$ 381,249	\$ 16,736	\$ 141,985	\$ 539,970

See independent auditor's report.

CITY OF MILLERSVILLE TENNESSEE

	State Street Aid Fund				Drug Fund				Storm Water Fund					
	Original Budget	Final Budgeted	Actual	Variance Positive (Negative)	Original Budget	Final Budgeted	Actual	Variance Positive (Negative)	Original Budget	Final Budgeted	Actual	Variance Positive (Negative)		
Revenues														
Licenses and Permits	\$	-	\$	-	\$	-	\$	-	\$	2,500	\$	700	\$	(1,800)
Fines	-	-	-	-	-	-	-	-	-	-	-	300	300	
Drug and Gambling Revenue														
Inter-governmental Revenues	7,000	7,000	3,102	(3,898)	17,000	17,000	20,831	3,831	-	-	-	-	-	-
Gasoline Motor Fuel City Tax	247,940	247,940	117,229	(130,711)	-	-	-	-	-	-	-	-	-	-
Gas 1989 Tax	-	-	18,543	18,543	-	-	-	-	-	-	-	-	-	-
Gas 3 Cent Tax	-	-	34,360	34,360	-	-	-	-	-	-	-	-	-	-
Gas 2017 Tax	-	-	57,732	57,732	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	7,000	7,000	5,940	(1,060)	155,000	155,000	155,859	859		
Interest Income	450	450	500	50	80	80	59	(21)	180	180	216	36		
Miscellaneous Revenues	-	87,000	6,048	(80,952)	-	-	2,890	2,890	500	500	-	(500)		
Total Revenues	255,390	342,390	237,514	(104,876)	24,080	24,080	29,720	5,640	158,180	158,180	157,075	(1,105)		
Expenditures														
Current:														
Salaries and Benefits	-	-	467	(467)	-	-	-	-	83,705	44,612	44,833	(221)		
General and Administrative	5,470	5,470	3,800	1,670	2,040	2,040	3,493	(1,453)	4,300	4,300	4,350	(50)		
Contractual Services	24,100	24,100	25,760	(1,660)	-	-	-	-	24,200	99,400	84,587	14,813		
Supplies and Miscellaneous	48,700	48,700	44,778	3,922	22,040	40,230	33,900	6,330	3,500	3,500	2,299	1,201		
Repairs and Maintenance	10,000	10,000	3,598	6,402	-	-	-	-	1,000	1,000	140	860		
Capital Outlay	340,000	408,000	81,000	327,000	-	-	-	-	58,288	58,288	56,628	1,660		
Total Expenditures	428,270	496,270	159,403	336,867	24,080	42,270	37,393	4,877	174,993	211,100	192,837	18,263		
Excess (Deficiency) of Revenues Over (Under) Expenditures	(172,880)	(153,880)	78,111	231,991	-	(18,190)	(7,673)	10,517	(16,813)	(52,920)	(35,762)	17,158		
Other Financing Sources														
Insurance Proceeds	-	-	76	76	-	18,190	18,790	18,790	-	-	-	-		
Net Change in Fund Balances	(172,880)	(153,880)	78,187	232,067	-	-	11,117	29,307	(16,813)	(52,920)	(35,762)	17,158		
Fund Balances - July 01, 2019	303,062	303,062	303,062	-	5,619	5,619	5,619	-	177,747	177,747	177,747	-		
Fund Balances - June 30, 2020	\$ 130,182	\$ 149,182	\$ 381,249	\$ 232,067	\$ 5,619	\$ 5,619	\$ 16,736	\$ 29,307	\$ 160,934	\$ 124,827	\$ 141,985	\$ 17,158		

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CITY OF MILLERSVILLE, TENNESSEE
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2020

Grantor / Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Expenditures
Federal Awards				
Environmental Protection Agency, Office of Water	<u>Clean Water State Revolving Fund Cluster</u>			
Tennessee Department of Environment and Conservation	Capitalization Grants for Clean Water State Revolving Funds	66.458	CW6 2017-391	\$ 326,805
Department of Transportation	<u>Highway Planning and Construction Cluster</u>			
Tennessee Department of Transportation	Highway Planning and Construction	20.205	77229958	6,480
Tennessee Department of Safety and Homeland Security	<u>Highway Safety Cluster</u>			
Tennessee Highway Safety Office	State and Community Highway Safety	20.600	Z19TJS192	9,770
Total Federal Awards				<u>\$ 343,055</u>

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarized the expenditures of the City under programs of the federal and state governments for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net 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, 2020, there was an outstanding balance of \$432,023 on a loan obtained through the State of Tennessee Revolving Loan Fund. There were payments of \$1,758 and \$48,197 in principal forgiveness to the State Revolving Loan Fund during the current fiscal year.

Note 3. Indirect Cost Rate

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

See independent auditor's report.

CITY OF MILLERSVILLE, TENNESSEE
Schedule of Changes in Long-Term Debt by Individual Issue
For the Year Ended June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2019	Issued During Period	Paid and/or Matured During Period	Forgiven During Period	Outstanding June 30, 2020
Governmental Activities									
Notes Payable									
Payable through General Fund									
Regions Bank	\$ 1,400,000	3.77%	3/12/2010	3/12/2022	\$ 377,718	\$ -	\$ 133,226	\$ -	\$ 244,492
First Tennessee Bank	390,782	2.88%	6/15/2017	7/10/2027	356,506	-	35,264	-	321,242
Bonds Payable									
Payable through General Fund									
GO Improvement Bonds, Series 2019	\$ 2,875,000	2.125-4.00%	8/27/2019	6/30/2039	-	2,875,000	115,000	-	2,760,000
Total Governmental Activities					\$ 734,224	\$ 2,875,000	\$ 283,490	\$ -	\$ 3,325,734
Business-Type Activities									
Loans Payable									
Payable through Sewer Fund									
State Revolving Loan 2017-391	\$ 518,000	0.28%	5/19/2017	6/1/2037	\$ 155,173	\$ 326,805	\$ 1,758	\$ 48,197	\$ 432,023
Total Business-Type Activities					\$ 155,173	\$ 326,805	\$ 1,758	\$ 48,197	\$ 432,023

See independent auditor's report.

CITY OF MILLERSVILLE, TENNESSEE
Schedule of Long-Term Debt, Principal, and Interest Requirements
By Fiscal Year
For the Year Ended June 30, 2020

Fiscal Year Ended June 30,	Governmental Activities							
	Regions Note Payable Community Center		First Tennessee Note Payable Fire Engine		GO Improvement Bonds, Series 2019		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 138,336	\$ 6,884	\$ 36,280	\$ 8,207	\$ 105,000	\$ 82,926	\$ 279,616	\$ 98,017
2022	106,156	1,691	37,324	7,132	110,000	78,726	253,480	87,549
2023	-	-	38,399	6,026	115,000	74,324	153,399	80,350
2024	-	-	39,505	4,888	120,000	69,726	159,505	74,614
2025	-	-	40,643	3,718	120,000	64,926	160,643	68,644
2026	-	-	41,814	2,513	125,000	60,126	166,814	62,639
2027	-	-	43,019	1,275	130,000	55,124	173,019	56,399
2028	-	-	44,258	-	140,000	49,924	184,258	49,924
2029	-	-	-	-	145,000	44,326	145,000	44,326
2030	-	-	-	-	150,000	38,526	150,000	38,526
2031	-	-	-	-	150,000	35,338	150,000	35,338
2032	-	-	-	-	155,000	32,150	155,000	32,150
2033	-	-	-	-	160,000	28,662	160,000	28,662
2034	-	-	-	-	160,000	25,062	160,000	25,062
2035	-	-	-	-	165,000	21,462	165,000	21,462
2036	-	-	-	-	170,000	17,750	170,000	17,750
2037	-	-	-	-	175,000	13,500	175,000	13,500
2038	-	-	-	-	180,000	9,124	180,000	9,124
2039	-	-	-	-	185,000	4,623	185,000	4,623
Total	\$ 244,492	\$ 8,575	\$ 321,242	\$ 33,759	\$ 2,760,000	\$ 806,325	\$ 3,325,734	\$ 848,659

Fiscal Year Ended June 30,	Business-Type Activities		
	State Revolving Loan 2017-391		Total
	Principal	Interest	
2021	\$ 21,120	\$ 1,188	\$ 22,308
2022	21,180	1,128	22,308
2023	21,240	1,068	22,308
2024	21,300	1,008	22,308
2025	21,360	948	22,308
2026	21,420	888	22,308
2027	21,480	828	22,308
2028	21,540	768	22,308
2029	21,600	708	22,308
2030	21,660	648	22,308
2031	21,720	588	22,308
2032	21,780	528	22,308
2033	21,852	456	22,308
2034	21,912	396	22,308
2035	21,972	336	22,308
2036	22,032	276	22,308
2037	22,092	216	22,308
2038	22,152	156	22,308
2039	22,212	96	22,308
2040	20,399	30	20,429
Total	\$ 432,023	\$ 12,258	\$ 444,281

See independent auditor's report.

CITY OF MILLERSVILLE, TENNESSEE
Schedule of Changes in Property Taxes Receivable
June 30, 2020

Year of Levy	Property Tax Receivable Balance 7/1/2019	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Write-Offs	Property Tax Receivable Balance 6/30/2020
2020	\$ -	\$ -	\$ 1,186,505	\$ -	\$ -	\$ -	\$ 1,186,505
2019	1,166,126 *	1,851 *	-	-	1,127,306	-	40,671
2018	34,325	-	-	-	21,791	-	12,534
2017	17,102	-	-	-	6,465	-	10,637
2016	7,302	-	-	-	1,175	-	6,127
2015	6,836	-	-	-	41	-	6,795
2014	6,856	-	-	-	2,190	-	4,666
2013	4,218	-	-	-	530	-	3,688
2012	4,408	-	-	-	540	-	3,868
2011	3,139	-	-	-	685	-	2,454
2010	2,695	-	-	-	265	-	2,430
2009	3,985	-	-	-	919	3,066	-
Totals	\$ 1,256,992	\$ 1,851	\$ 1,186,505	\$ -	\$ 1,161,907	\$ 3,066	\$ 1,280,375

*This represents the anticipated levy in the prior year adjusted to the actual levy in the current year.

See independent auditor's report.

CITY OF MILLERSVILLE, TENNESSEE
Schedule of Property Tax Rates and Assessments
Last Ten Fiscal Years

<u>Year of Levy</u>	<u>Fiscal Year</u>	<u>Tax Rate Per \$100</u> <u>Sumner County</u>	<u>Tax Rate Per \$100</u> <u>Robertson County</u>	<u>Tax Assessment</u>
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
2012	2013	0.7992	0.8248	\$ 709,237
2011	2012	0.7992	0.8248	\$ 705,002
2010	2011	0.7992	0.8248	\$ 706,015

* Anticipated Levy as of June 30, 2020

See independent auditor's report.

CITY OF MILLERSVILLE, TENNESSEE
Schedule of Utility Rate Structure and Number of Customers
For the Year Ended June 30, 2020

At June 30, 2020, the rate structure for the City of Millersville's Sewer Fund was as follows:

Residential (per billing cycle)

First 1,200 Gallons	\$16.30 (minimum bill)
All Over 1,200 Gallons	\$7.47 per 1,000 gallons
Household on Well	\$33.33 flat rate

Commercial (per billing cycle)

First 1,000 Gallons	\$16.81 (minimum bill)
All Over 1,000 Gallons	\$7.98 per 1,000 gallons

Motels, Hotels and Campgrounds	\$11.26 per 1,000 gallons
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At June 30, 2020, the sewer system had approximately 2,199 customers.

See independent auditor's report.

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, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 1, 2021.

Internal Control Over Financial Reporting

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

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

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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
March 1, 2021

CITY OF MILLERSVILLE, TENNESSEE
Schedule of Prior Year Findings
For the Year Ended June 30, 2020

Financial Statement Findings

Finding Number	Finding Title	Status
2019-001	Budget violation - State Street Aid Fund	Corrected

Federal Award Findings and Questioned Costs

Finding Number	Finding Title	Status
N/A	N/A	N/A