

CITY OF MILLINGTON, TENNESSEE

FINANCIAL STATEMENTS

June 30, 2021



CITY OF MILLINGTON, TENNESSEE
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INTRODUCTORY SECTION

CITY OF MILLINGTON, TENNESSEE
ROSTER OF ELECTED AND APPOINTED OFFICIALS
June 30, 2021

CITY OF MILLINGTON BOARD OF MAYOR AND ALDERMEN

Terry Jones, Mayor
Bethany Huffman, Vice Mayor
Al Bell, Alderman
Jon Crisp, Alderman

Larry Dagen, Alderman
Thomas McGhee, Alderman
Don Lowry, Alderman
Mike Caruthers, Alderman

CITY OF MILLINGTON OFFICIALS

City Manager
City Clerk
Finance and Administration
Judge
Public Works
Planning and Economic Development
Police
Public Safety

Ed Haley
Karen Findley
Randy Hendon, CPA*
Wilson Wages
Jimmy Black
Jason Dixon
Mark Dunbar
Gary Graves

MILLINGTON MUNICIPAL SCHOOLS BOARD OF EDUCATION

Christopher Denson (Chairperson)
Barbara Halliburton (Vice Chairperson)
Cody Childress
Larry Jackson

Greg Ritter
Marlon Evans
Cecilia Haley

MILLINGTON MUNICIPAL SCHOOLS OFFICIALS

Director of Schools
Chief Financial Officer
Supervisor of Human Resources
Supervisor of Instructional Technology
Supervisor of Operations and Transportation
Supervisor of Instruction, Curriculum, PreK-5 & Federal Projects
Supervisor of Special Education and Student Services
Supervisor of School Nutrition

James Griffin
Kristen Turner*
Lindsey Osborne
Jeremy Gilbrech
Phil Leblanc
Zach Ferguson
Jill Church
Vicki Chen

* Employee designated with financial oversight responsibility to meet the requirements of *Tennessee Code Annotated* Section 6-56-401 et seq.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen of the
City of Millington, Tennessee:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Millington Municipal Schools (the "School"), which includes the general-purpose school fund, each major fund, and the fiduciary fund of the School. The School funds are presented as special revenue funds in the financial statements of the City and represent 47.4 percent, 52.8 percent, and 58.3 percent, respectively, of the assets, net position, and revenues of the governmental activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School, is based on the report of the other auditors. 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, based on our audit and the report of other auditors, 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, the statements of budgetary comparison for the general fund and general purpose school fund, the fiduciary fund, and the aggregate remaining fund information of the City of Millington, Tennessee, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Millington's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and supporting schedules, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards and state financial assistance, as presented in the government auditing standards section, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory section 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of the City of Millington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Millington's internal control over financial reporting and compliance.



Memphis, Tennessee
June 30, 2022

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

Management's Discussion and Analysis

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

Accounting principles generally accepted in the United States of America for governmental entities are established by the Governmental Accounting Standards Board (GASB). This annual financial report uses the standards established by the GASB for State and Local Governments. Millington follows all GASB standards, as well as other authoritative literature, known collectively within the accounting profession as "generally accepted accounting principles."

Financial Highlights

- Total government-wide net position increased \$10.6 million as a result of activity for the fiscal year, with an increase of \$9 million from governmental activities and an increase of \$1.6 million from business-type activities. After the positive results for the year the City's net position on June 30, 2021, was \$147.6 million. Of this amount, \$22.2 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, fund balance of the General Fund was \$13.5 million. This included a commitment of \$4 million for financial stabilization, \$1 million for emergencies and \$.5 million for library construction. The unassigned fund balance of \$7.6 million represents 41% of total General Fund budgeted expenditures and transfers for FY21.
- The fund balance of the General-Purpose School Fund increased by \$1.8 million to \$8.0 million as of June 30, 2021. This represents 32% of budgeted expenditures and transfers for FY21.
- During the fiscal year, the City refunded two debt obligations and issued three new debt obligations. The City retired and refunded \$6,427 of principal in general obligation notes payable and debt from settlement with Shelby County Board of Education.

Overview of the Financial Statements

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

Differences between government-wide and fund financial statements. The government-wide financial statements are much more aggregated and summarized than the fund financial statements. The government-wide Statement of Net Position includes capital assets and long-term debt, whereas the fund Balance Sheet includes neither. The government-wide Statement of Activities does not report the issuance or repayment of long-term debt during the year and reports depreciation expense but not amounts expended for capital assets during the year. The fund Statement of Revenues, Expenditures and Changes in Fund Balances includes as other financing sources the amount of long-term debt incurred during the year and as expenditures the amount of principal repaid. This statement also includes amounts expended for capital assets but not depreciation. These are some of the most common, significant differences but there are others. Following the fund Balance Sheet and the Fund Statement of Revenues, Expenditures and Changes in Fund Balances is a reconciliation of those statements to the government-wide Statement of Net Position and the Statement of Activities.

Government-wide Financial Statements. The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, in a manner similar to a private-sector business. The two government-wide financial statements present highly summarized information for all of City government.

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

The Statement of Net Position presents information on all the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the year ended June 30, 2021. All changes in net position are reported as soon as the underlying economic event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community services, transportation and environment, education, and interest on debt. The business-type activities of the City include treatment and distribution of potable water and collection and treatment of wastewater (sewer).

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual 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 General Fund, General Purpose School Fund, Capital Improvements Fund and the School Capital Projects Fund, which are considered to be major funds. Data from the other seven governmental funds are 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.

Budgetary Comparison. Budgetary comparison for the General Fund and the General-Purpose School Fund is included in the Governmental Fund Financial Statements to demonstrate compliance with their budget. Other budgetary comparison schedules not fitting the criteria defined for this section are presented under Combining and Individual Fund Financial Statements and Schedules.

Proprietary Funds. The City maintains one type of proprietary fund – an enterprise fund. Such funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Funds operations. The Water Fund accounts for treatment and distribution of potable water and the Sewer Fund accounts for collection and treatment of wastewater.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Funds, both of which are considered to be major funds of the City.

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. "Notes" is the traditional term applied to this information; however, the term is misleading in that the Notes can vary in length from one paragraph to several pages.

Required Supplementary Information. This section contains other information that financial reporting standards specify should be included under this caption. Supplementary information is presented for the various plans of the Tennessee Consolidated Retirement System (TCRS) covering city and school system employees, the City's OPEB plan and the School's OPEB plan and Trust.

Combining and Individual Fund Financial Statements and Schedules. Combining fund statements for the non-major governmental funds is included in this section of the report. Supplemental schedules include budgetary comparisons, schedules of debt-by-debt issue, water and sewer rate structures, property tax trends, and a Schedule of Unaccounted for Water.

Government-wide Financial Analysis (Reporting the City as a Whole)

Financial Position. The Table below shows a condensed version of the Statement of Net Position (see the government-wide financial statements for the full version as of June 30, 2021). This statement shows the financial position of the City at specific points in time – in this case as of June 30, 2021, and as of June 30, 2020.

Condensed Statement of Net Position
(dollars expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 45,205	\$ 36,164	\$ 9,648	\$ 13,692	\$ 54,853	\$ 49,856
Capital assets	104,095	100,993	21,824	15,659	125,919	116,652
Total assets	149,300	137,157	31,472	29,351	180,772	166,508
Deferred outflows of resources	3,411	3,764	394	450	3,805	4,214
Noncurrent liabilities	22,051	18,035	3,056	3,062	25,107	21,097
Other liabilities	4,149	4,563	878	388	5,027	4,951
Total liabilities	26,200	22,598	3,934	3,450	30,134	26,048
Deferred inflows of resources	6,685	7,937	109	132	6,794	8,069
Net position:						
Invested in capital assets, net of related debt	90,697	88,779	19,785	13,327	110,482	102,106
Restricted	14,833	6,820	67	186	14,900	7,006
Unrestricted	14,296	14,787	7,971	12,706	22,267	27,493
Total net position	\$ 119,826	\$ 110,386	\$ 27,823	\$ 26,219	\$ 147,649	\$ 136,605

"Net Position" is the difference between assets plus deferred outflows and liabilities plus deferred inflows and, in a general sense, may be considered the recorded financial "net worth" of the City. In the City's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$147 million at June 30, 2021.

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

By far the largest portion of the City's net position (75%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$21 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in both categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The positive unrestricted net assets for governmental activities are reflective of the City's practice of maintaining adequate reserves for payment of debt service and capital projects, while funding current operations with current revenue sources.

The City's total net position for governmental activities improved by \$9 million for the year. The significant reasons for these changes can be generally understood from information in the sections below about "Changes in Net Position" and the "Financial Analysis of the Government's Funds." Changes in net position are discussed below.

Changes in Net Position – Revenues, Expenses and Transfers. The Statement of Activities is the name of the financial statement at the government wide level that shows this information. While government-wide statements are designed to report governmental financial information in a manner similar to a private-sector business, the format of this statement does not exist in the private sector.

Governmental Activities. Governmental activities increased the City's net position by \$9 million. The most significant items causing this improvement were an increase in capital grants and contributions of \$4.1 million and improvements in local taxes of \$1 million coupled with expenditures not increasing as rapidly as revenues.

Business-type Activities. Business-type activities increased the City's net position by \$1.6 million. The Water Fund increased by \$.5 million in net position. The Sewer Fund increased by \$1.1 million. Charges for services increased by \$.4 million and there were no new capital grants and contributions. The increase in charges for services is primarily the result of a rate increase designed to increase equity and cash for future construction needs of both water and sewer infrastructure.

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

The Table below shows a condensed version of the Statement of Activities (see the government-wide financial statements for the full version as of June 30, 2021). This statement shows the results of operations for the City as a whole over a period of time, - in this case for the fiscal years ending June 30, 2021, and June 30, 2020.

Condensed Statement of Activities (dollars expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues :						
Program Revenues :						
Charges for services	\$ 2,478	\$ 2,415	\$ 4,725	\$ 4,314	\$ 7,203	\$ 6,729
Operating grants and contributions	31,989	28,102	-	-	31,989	28,102
Capital grants and contributions	5,502	5,127	-	-	5,502	5,127
General Revenues :						
Local taxes	11,048	10,092	-	-	11,048	10,092
Intergovernmental revenues	2,267	2,121	-	-	2,267	2,121
Interest on Investments	24	41	16	27	40	68
Gain on sale of assets	560	10	-	-	560	10
Other revenue	142	447	5	-	147	447
Total Revenues	<u>54,010</u>	<u>48,355</u>	<u>4,746</u>	<u>4,341</u>	<u>58,756</u>	<u>52,696</u>
Expenses :						
General government	2,555	2,108	-	-	2,555	2,108
Public safety	6,593	6,888	-	-	6,593	6,888
Community services	5,479	3,782	-	-	5,479	3,782
Transportation and environment	536	1,412	-	-	536	1,412
Education	29,398	28,255	-	-	29,398	28,255
Interest on long-term debt	425	393	-	-	425	393
Water	-	-	1,568	1,171	1,568	1,171
Sewer	-	-	1,574	1,582	1,574	1,582
Total Expenses	<u>44,986</u>	<u>42,838</u>	<u>3,142</u>	<u>2,753</u>	<u>48,128</u>	<u>45,591</u>
Increase/(Decrease) in Net Position	<u>9,024</u>	<u>5,517</u>	<u>1,604</u>	<u>1,588</u>	<u>10,628</u>	<u>7,105</u>
Net Position - Beginning, originally	110,386	104,869	26,219	24,631	136,605	129,500
Change in accounting principle	416	-	-	-	416	-
Net Position - Beginning, restated	<u>110,802</u>	<u>104,869</u>	<u>26,219</u>	<u>24,631</u>	<u>137,021</u>	<u>129,500</u>
Net Position - Ending	<u>\$ 119,826</u>	<u>\$ 110,386</u>	<u>\$ 27,823</u>	<u>\$ 26,219</u>	<u>\$ 147,649</u>	<u>\$ 136,605</u>

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Governmental accounting standards prescribe fund balance categories in a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The categories, in order of the constraints, are nonspendable, restricted, committed, assigned and unassigned. More details on these classifications are presented in the Notes to Financial Statements under "Fund Balance by Purpose."

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

There was \$5.4 million net increase in fund balance. This is attributed to increases of \$2.1 million, \$1.8 million, and \$.4 million in the General Fund, General Purpose School Fund and Special Revenue Funds, respectively. The Capital Projects Funds had an increase of \$1 million while the School Capital Projects Fund remained flat. Each of these changes is discussed below.

As of June 30, 2021, the City's governmental funds reported a combined ending fund balances of \$28.7 million. The components of the balances are:

	(expressed in thousands)	
	2021	2020
General Fund	\$ 13,505	\$ 11,368
General Purpose School Fund	8,022	6,204
Special Revenue Funds	2,623	2,195
Total, except capital projects funds	24,150	19,767
Capital Improvements Fund	726	(328)
School Capital Projects Fund	3,850	3,864
Total capital projects funds	4,576	3,536
Total governmental funds	<u>\$ 28,726</u>	<u>\$ 23,303</u>

The General Fund is the chief operating fund of the City and operated with a net increase in fund balance of \$2.1 million, an increase of \$.3 million in comparison with the prior year. General Fund revenue increased by \$2 million, as compared to the prior year, while expenditures increased by a net of \$5.8 million. Local sales taxes increased \$.9 million (13.9%) while all other revenues combined increased by \$1 million. Total expenditures in FY2021 exceed revenues by \$.5 million compared to revenues over expenditures of \$3.3 million in FY2020. General Fund other financing sources (uses) increased \$4.1 million. Approximately 56% (\$7.6 million) of the total fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is made up of non-spendable of \$.3 million and committed of \$5.6 million.

As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund revenue. Unassigned fund balance represents 49% of total General Fund revenue. Management has established a goal of maintaining a minimum fund balance of 25% of General Fund revenues.

The increase in the fund balance for the General-Purpose School Fund is \$1.8 million. Revenues exceeded expenditures by \$1 million and net other financing sources (uses) were \$.7 million which are consistent with FY2020.

All the Nonmajor Governmental Funds are special revenue funds. All these special revenue fund balances are used for the specific purposes designated by the provider of the funds or the legislation establishing the fees and charges that generate the revenue. These funds in total had a net increase of \$12 thousand in fund balances during the year.

Proprietary funds. The City's proprietary funds report financial information on the same basis as the government-wide financial statements (full accrual accounting based on the economic substance of transactions), but in more detail. These funds account for business type activities meaning that they must be self-supporting.

The Water Fund operates on user fees collected from residents and businesses served by the city's two water plants (approximately 80% of the water users within the city limits). Current year operating revenue was \$2.1 million, a 18.8% increase over FY2020. Operating expenses were \$1.6 million, a 35% increase over FY2020. Total equity increased by \$.5 million to \$9.3 million.

The Sewer Fund operates on user fees collected from residents and businesses served by the city's sewer collection and treatment systems. Current year operating revenue was \$2.6 million and operating expenses were \$1.5 million which is consistent with FY2019. Total equity increased by \$1.1 million to \$18.4 million.

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

Fiduciary funds. Millington reports two fiduciary funds. The Millington Municipal Schools OPEB Fund as established to accumulate and pay other post-employment benefits to terminated school employees. On June 30, 2021, the fund had net position held for OPEB benefits of \$389,855, a net increase of \$86 thousand for the year.

General Fund Budgetary Highlights

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

- The total revenue budget increased by \$.6 million from original to amended due to an increase in federal grant COVID-19 funding received.
- The original expenditure budget was increased by \$3.7 million due to a current refunding of debt in FY2021.
- The General Fund revenues were higher than budgeted by \$3.3 million or 27.9%. The significant differences are summarized in these categories:
 - Property Taxes were over budget by \$383 thousand.
 - Local Taxes were over budget by \$2.1 million.
 - Intergovernmental Revenues were over budget by \$383 thousand.
 - Other revenues were \$431 thousand over budget.
- Actual total expenditures were \$637 thousand more than the amended budget. This overage was due to refunded debt that is paid for by the General-Purpose School Fund but was required to be refunded by the City.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$126 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than building, infrastructure, machinery, equipment, and construction in progress. Additions for the year were \$7.2 million and depreciation was \$2.9 million. Construction in progress as of the end of the current fiscal year was \$12.9 million. Additional information on capital assets can be found in the Notes to Financial Statements of this report. The City's total investment in capital assets for the current fiscal year increased \$9.4 million. Governmental activities increased \$3.2 million and business activities increased \$6.1 million.

Noncurrent Liabilities. On June 30, 2021, the City had total noncurrent liabilities of \$25.1 million. Of this amount \$14.8 million comprises debt for governmental activities and \$2.1 million represents debt for business-type activities. More details on debt are presented in the Notes to Financial Statements.

Although the City is not subject to any state debt limits, the City has developed a debt policy that limits the amount and type of debt it may issue. The ad valorem tax levy is also without legal limit. The City's full faith, credit and taxing power are pledged to the repayment of all general obligation principal and interest. Additional information on the City's long-term debt can be found in the Notes to Financial Statements.

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

Economic Factors and Next Year's Budgets and Rates

The outbreak of the coronavirus disease (COVID-19), referred to herein as "COVID-19," has been declared a pandemic by the World Health Organization. The Governor declared a state of emergency in the State on March 7, 2020. Conditions have varied since that time with significant impact on business and employees. Unemployment applications throughout the State increased substantially to previously unseen levels. The sudden cessation of business activity, travel and tourism resulting from the pandemic, and the government's response to it, had a devastating impact on the retail, cultural, hospitality and the entertainment sectors. The Naval Support Activity Mid-South has begun to return to normal operations.

The COVID-19 pandemic and economic disruption resulting from measures to contain it have resulted in significant delays in collections as well as reductions in the City's fiscal year 2021 and projected revenues for fiscal 2022. However, the ultimate impact of the COVID-19 pandemic on the amount and timing of collections of City revenues cannot be determined at this time. No assurance can be provided that the COVID-19 pandemic and resulting economic disruption will not result in revenues to the City that are lower than projected.

Factors considered in preparing the City's Budget for the 2022 fiscal year are more fully discussed in the Budget document and include

- The Board of Mayor and Aldermen approved a tax rate to fund FY22 expenditures of \$1.40 per \$100 of assessed value. This is the same rate approved for FY21.
- City service rates for water is \$16.13 per 2,000 gallons base. Sewer rate is \$8.50 per 2,000 gallons base.
- The City will continue to re-engineer the systems and processes in the delivery of its services and thereby
- control operating expenses.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Director of Finance and Administration, City of Millington, 7930 Nelson Road, Millington, Tennessee 38053. The Annual Comprehensive Financial Report as of June 30, 2020, the Fiscal Year 2020 Approved Budget Document and other information about the City may be found on the City's website, www.millingtontn.gov.

BASIC FINANCIAL STATEMENTS

CITY OF MILLINGTON, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 23,192,305	\$ 9,119,628	\$ 32,311,933
Short-term investments	4,093,174	-	4,093,174
Receivables			
Taxes	3,917,239	-	3,917,239
Fines and fees	1,781,724	581,806	2,363,530
Other	2,770	4,525	7,295
Less allowance for doubtful accounts	(1,686,770)	(234,355)	(1,921,125)
Due from other governments	9,293,046	145,235	9,438,281
Internal balances	186,634	(186,634)	-
Inventories	85,990	-	85,990
Restricted cash	22,956	-	22,956
Prepaid items	323,350	58,520	381,870
Capital assets, not being depreciated	12,023,902	8,347,623	20,371,525
Capital assets, being depreciated, net	92,071,120	13,476,492	105,547,612
Net pension asset	3,786,724	158,956	3,945,680
Restricted investments	205,426	-	205,426
Total assets	149,299,590	31,471,796	180,771,386
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	3,312,485	120,324	3,432,809
Related to OPEB	98,475	274,020	372,495
Total deferred outflows of resources	3,410,960	394,344	3,805,304
LIABILITIES			
Accounts payable and accrued liabilities	4,054,078	742,141	4,796,219
Accrued interest payable	73,161	-	73,161
Customer deposits	-	136,145	136,145
Unearned revenue	21,142	-	21,142
Noncurrent liabilities:			
Due within one year	1,028,949	134,436	1,163,385
Due in more than one year			
Other liabilities	13,865,016	1,965,175	15,830,191
Net OPEB liability	7,157,017	955,810	8,112,827
Total liabilities	26,199,363	3,933,707	30,133,070
DEFERRED INFLOWS OF RESOURCES			
Current property taxes assessed for subsequent period	3,607,126	-	3,607,126
Unavailable revenue - grants	-	-	-
Related to pension	1,894,481	92,059	1,986,540
Related to OPEB	1,183,128	16,958	1,200,086
Total deferred inflows of resources	6,684,735	109,017	6,793,752
NET POSITION			
Net investment in capital assets	90,697,493	19,785,185	110,482,678
Restricted for:			
Net pension asset	3,041,882	66,897	3,108,779
Stabilization reserve trust	205,426	-	205,426
Transportation and environment	1,297,615	-	1,297,615
Public safety programs	226,717	-	226,717
Education	10,061,268	-	10,061,268
Unrestricted	14,296,051	7,971,334	22,267,385
Total net position	\$ 119,826,452	\$ 27,823,416	\$ 147,649,868

The accompanying notes are an integral part of the financial statements

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 2,555,363	\$ 309,122	\$ 589,657	\$ -	\$ (1,656,584)	\$ -	\$ (1,656,584)
Public safety	6,592,950	634,095	34,135	50,000	(5,874,720)	-	(5,874,720)
Transportation and environment	5,478,432	1,493,868	694,387	4,624,308	1,334,131	-	1,334,131
Community services	535,879	27,240	-	88,433	(420,206)	-	(420,206)
Education	29,397,835	13,823	30,670,809	740,091	2,026,888	-	2,026,888
Interest on long-term debt	425,076	-	-	-	(425,076)	-	(425,076)
Total governmental activities	44,985,535	2,478,148	31,988,988	5,502,832	(5,015,567)	-	(5,015,567)
Business-type Activities:							
Water	1,568,323	2,070,547	-	-	-	502,224	502,224
Sewer	1,573,878	2,653,987	-	-	-	1,080,109	1,080,109
Total business-type activities	3,142,201	4,724,534	-	-	-	1,582,333	1,582,333
Total primary government	\$ 48,127,736	\$ 7,202,682	\$ 31,988,988	\$ 5,502,832	(5,015,567)	1,582,333	(3,433,234)
General revenues:							
Property taxes					3,286,995	-	3,286,995
Local option sales tax					6,734,467	-	6,734,467
Other taxes							
Wholesale liquor and beer taxes					375,332	-	375,332
Business and hotel-motel taxes					650,271	-	650,271
Intergovernmental revenues:							
State sales tax					1,185,546	-	1,185,546
State income tax					207,325	-	207,325
Other state revenue					873,271	-	873,271
Other revenue					142,086	5,000	147,086
Interest on investments					24,079	16,278	40,357
Gain on sale of capital assets					560,481	-	560,481
Transfers					-	-	-
Total general revenues and transfers					14,039,853	21,278	14,061,131
Change in net position					9,024,286	1,603,611	10,627,897
Net position - beginning, as originally reported					110,385,906	26,219,805	136,605,711
Change in accounting principle					416,260	-	416,260
Net position - beginning, restated					110,802,166	26,219,805	137,021,971
Net position - ending					\$ 119,826,452	\$ 27,823,416	\$ 147,649,868

The accompanying notes are an integral part of the financial statements

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

	General Fund	General Purpose School Fund	Capital Improvements Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 13,010,101	\$ 3,352,726	\$ 712,345	\$ 3,884,666	\$ 2,232,467	\$ 23,192,305
Short-term investments	-	4,093,174	-	-	-	4,093,174
Receivables						
Property taxes	3,917,239	-	-	-	-	3,917,239
Fines and fees	1,525,496	-	-	-	256,228	1,781,724
Other	468	2,302	-	-	-	2,770
Less allowance for doubtful accounts	(1,571,248)	-	-	-	(115,522)	(1,686,770)
Due from other governments	1,544,561	1,711,828	4,792,645	15,712	1,228,300	9,293,046
Due from other funds	5,173	510,075	679,549	-	185,330	1,380,127
Inventory	63,690	-	-	-	22,300	85,990
Restricted cash	22,956	-	-	-	-	22,956
Prepaid Items	245,444	56,057	-	-	21,849	323,350
Restricted investments	-	205,426	-	-	-	205,426
Total assets	<u>\$ 18,763,880</u>	<u>\$ 9,931,588</u>	<u>\$ 6,184,539</u>	<u>\$ 3,900,378</u>	<u>\$ 3,830,952</u>	<u>\$ 42,611,337</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 854,843	\$ 1,433,422	\$ 911,853	\$ 50,447	\$ 691,028	\$ 3,941,593
Due to other funds	679,549	-	-	-	513,944	1,193,493
Unearned revenue	18,211	-	-	-	-	18,211
Total liabilities	<u>1,552,603</u>	<u>1,433,422</u>	<u>911,853</u>	<u>50,447</u>	<u>1,204,972</u>	<u>5,153,297</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue						
Property taxes	3,706,375	-	-	-	-	3,706,375
Grants	-	476,182	4,445,045	-	2,931	4,924,158
Total deferred inflows of resources	<u>3,706,375</u>	<u>476,182</u>	<u>4,445,045</u>	<u>-</u>	<u>2,931</u>	<u>8,630,533</u>
FUND BALANCES						
Nonspendable	309,134	56,057	-	-	44,149	409,340
Restricted	-	206,301	-	-	2,578,900	2,785,201
Committed	5,580,168	-	-	-	-	5,580,168
Assigned	-	7,759,626	827,641	3,849,931	-	12,437,198
Unassigned	7,615,600	-	-	-	-	7,615,600
Total fund balances	<u>13,504,902</u>	<u>8,021,984</u>	<u>827,641</u>	<u>3,849,931</u>	<u>2,623,049</u>	<u>28,827,507</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,763,880</u>	<u>\$ 9,931,588</u>	<u>\$ 6,184,539</u>	<u>\$ 3,900,378</u>	<u>\$ 3,830,952</u>	<u>\$ 42,611,337</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
NET POSITION
June 30, 2021

Total fund balances, governmental funds		\$ 28,827,507
Amounts reported for governmental activities in the statement of net position are different because:		
(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Add: governmental funds capital assets	\$ 127,763,652	
Less: accumulated depreciation	<u>(23,668,630)</u>	104,095,022
(2) Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned or unavailable in the funds.		5,020,476
(3) Long-term debt is not due and payable in the current period and, therefore is not reported in the funds.		
Less: bonds payable	(13,349,039)	
Less: settlement obligation, net of unamortized discount	<u>(1,065,258)</u>	(14,414,297)
(4) Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Less: accrued interest payable	(73,161)	
Less: compensated absences payable	<u>(567,908)</u>	(641,069)
(5) Pension assets (liabilities) and other postemployment benefit (OPEB) liabilities result from the excess (deficiency) of trust assets over (under) total pension and OPEB liabilities. The amounts are not available for use in the current period; therefore, are not reported in the funds.		
Add: net pension asset	3,786,724	
Less: net OPEB liability	<u>(7,157,017)</u>	(3,370,293)
(6) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	3,288,240	
Add: deferred outflows of resources related to OPEB	98,475	
Less: deferred inflows of resources related to pensions	(1,894,481)	
Less: deferred inflows of resources related to OPEB	<u>(1,183,128)</u>	309,106
Net position of governmental activities		<u>\$ 119,826,452</u>

The accompanying notes are an integral part of the financial statements

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

	General Fund	General Purpose School Fund	Capital Improvements Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 3,402,029	\$ 6,748,221	\$ -	\$ -	\$ -	\$ 10,150,250
Local sales taxes	7,760,070	4,139,633	-	-	-	11,899,703
Intergovernmental	2,266,142	14,011,610	-	730,092	-	17,007,844
Intergovernmental gas tax	-	-	-	-	424,960	424,960
Licenses and permits	522,786	-	-	-	-	522,786
Charges for services	39,952	-	-	-	1,282,315	1,322,267
Fines, forfeitures, and penalties	630,789	-	-	-	2,306	633,095
Federal, state, and other grants	608,210	586,845	1,901,475	-	4,544,362	7,640,892
Interest on investments	23,011	-	165	-	903	24,079
Other	142,086	329,983	-	9,556	321,465	803,090
Total revenues	15,395,075	25,816,292	1,901,640	739,648	6,576,311	50,428,966
EXPENDITURES						
Current						
General government	2,315,144	-	-	-	-	2,315,144
Public safety	6,180,085	-	-	-	187,649	6,367,734
Transportation and environment	755,855	-	-	-	1,562,522	2,318,377
Community services	427,023	-	-	-	-	427,023
Education	-	24,371,611	-	-	4,814,266	29,185,877
Debt Service						
Principal	5,965,500	299,219	-	-	-	6,264,719
Interest and fiscal charges	275,367	63,723	-	-	-	339,090
Bond issuance costs	10,470	-	36,000	-	-	46,470
Capital outlays	-	-	7,628,805	1,210,968	-	8,839,773
Total expenditures	15,929,444	24,734,553	7,664,805	1,210,968	6,564,437	56,104,207
Excess (deficiency) of revenues over (under) expenditures	(534,369)	1,081,739	(5,763,165)	(471,320)	11,874	(5,675,241)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	(24,245)	-	3,275,038	463,022	-	3,713,815
Issuance of refunding debt	5,389,715	-	-	-	-	5,389,715
Sale of capital assets	91,536	-	1,589,109	-	-	1,680,645
Transfers in	-	735,858	2,055,100	-	-	2,790,958
Transfers out	(2,785,319)	-	-	(5,639)	-	(2,790,958)
Total other financing sources and uses	2,671,687	735,858	6,919,247	457,383	-	10,784,175
Net change in fund balances	2,137,318	1,817,597	1,156,082	(13,937)	11,874	5,108,934
Fund balances - beginning, as originally reported	11,367,584	6,204,387	(328,441)	3,863,868	2,194,915	23,302,313
Change in accounting principle	-	-	-	-	416,260	416,260
Fund balances - beginning, as restated	11,367,584	6,204,387	(328,441)	3,863,868	2,611,175	23,718,573
Fund balances - ending	<u>\$ 13,504,902</u>	<u>\$ 8,021,984</u>	<u>\$ 827,641</u>	<u>\$ 3,849,931</u>	<u>\$ 2,623,049</u>	<u>\$ 28,827,507</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2021

Net change in fund balance - total governmental funds		\$ 5,108,934
Amounts reported for governmental activities in the statement of activities are different because:		
(1) Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Add: capital outlays capitalized	\$ 7,118,020	
Less: depreciation expense	<u>(2,895,970)</u>	4,222,050
(2) Gain (losses) from the disposition of capital assets are reported net of any remaining net book value in the statement of activities.		(1,120,164)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(115,034)	
Sales and income taxes	4,272	
Grant revenue	<u>3,130,693</u>	3,019,931
(4) The issuance of long-term debt (e.g. bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Add: principal payments on long-term debt	6,231,275	
Less: proceeds from debt issuance	<u>(9,103,530)</u>	(2,872,255)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest payable	(5,629)	
Change in compensated absences	<u>26,492</u>	20,863
(6) Payments of contributions to the pension plans and OPEB plan are recorded as expenditures in the governmental funds. Pension expense and OPEB expense are recorded on an actuarially determined basis in the statement of activities.		
Difference between actual contributions and pension expense	875,914	
Difference between actual contributions and OPEB expense	<u>(230,987)</u>	644,927
Change in net position of governmental activities		<u>\$ 9,024,286</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Increase (Decrease)
	Original	Final	Actual Amounts	
REVENUES				
PROPERTY TAXES				
Property taxes	\$ 2,730,000	\$ 2,730,000	\$ 3,070,089	\$ 340,089
Payments in lieu of taxes	277,000	277,000	288,764	11,764
Property tax interest and penalties	12,000	12,000	43,176	31,176
Total property taxes	3,019,000	3,019,000	3,402,029	383,029
LOCAL TAXES				
Local sales tax	4,737,608	4,737,608	6,734,467	1,996,859
Wholesale beer and liquor tax	428,009	428,009	375,332	(52,677)
CATV franchise fees	2,000	2,000	22,183	20,183
Business tax	363,189	363,189	454,319	91,130
Hotel/motel tax	67,933	67,933	167,323	99,390
Sports betting tax	-	-	6,446	6,446
Total local taxes	5,598,739	5,598,739	7,760,070	2,161,331
INTERGOVERNMENTAL				
State of Tennessee shared revenues				
Sales tax	837,881	837,881	1,185,546	347,665
Income tax	-	-	10,928	10,928
Beer tax	5,000	5,000	5,270	270
Liquor tax	25,000	25,000	41,601	16,601
Bank excise tax	16,000	16,000	19,521	3,521
Receipts in lieu of tax - TVA	133,000	133,000	130,005	(2,995)
Public safety pay supplements	-	40,800	40,800	-
Receipts in lieu of tax	152,700	152,700	150,612	(2,088)
Fire and ambulance fees	672,928	672,928	681,859	8,931
Total state shared taxes	1,842,509	1,883,309	2,266,142	382,833
LICENSES AND PERMITS				
Building and related permits	7,500	7,500	95,889	88,389
Beer and liquor licenses	86,000	86,000	195,096	109,096
Automobile registrations	245,000	245,000	225,376	(19,624)
Other permits	-	-	6,425	6,425
Total licenses and permits	338,500	338,500	522,786	184,286
CHARGES FOR SERVICES				
Library fees	6,600	6,600	11,712	5,112
Public safety fees	-	-	1,000	1,000
Recreation fees for services	31,000	31,000	17,631	(13,369)
Recreation rental income	47,000	47,000	5,005	(41,995)
Lot mowing fees	-	-	4,604	4,604
Total charge for services	84,600	84,600	39,952	(44,648)

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The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
FINES, FORFEITURES, AND PENALTIES	\$ 371,096	\$ 371,096	\$ 630,789	\$ 259,693
FEDERAL, STATE, AND OTHER GRANTS	5,000	587,607	608,210	20,603
INTEREST ON INVESTMENTS	40,000	40,000	23,011	(16,989)
OTHER	114,137	114,137	142,086	27,949
Total Revenues	11,413,581	12,036,988	15,395,075	3,358,087
EXPENDITURES				
GENERAL GOVERNMENT				
Finance and Administration				
Salaries	740,293	740,293	601,157	139,136
Benefits	166,531	167,135	129,123	38,012
Operations	476,300	457,227	358,454	98,773
Capital outlay	20,000	-	-	-
Expense reimbursement	(168,200)	(168,200)	(168,200)	-
	1,234,924	1,196,455	920,534	275,921
General Government				
Benefits	298,600	207,453	207,260	193
Operations	228,200	340,891	281,429	59,462
	526,800	548,344	488,689	59,655
Courts				
Salaries	190,716	197,090	197,082	8
Benefits	42,971	39,097	38,441	656
Operations	61,200	58,700	32,991	25,709
	294,887	294,887	268,514	26,373
Planning and Economic Development				
Salaries	183,881	69,511	61,164	8,347
Benefits	39,332	39,332	17,537	21,795
Operations	160,850	274,899	253,935	20,964
Capital outlay	4,500	4,500	-	4,500
Expense reimbursement	(72,500)	(72,500)	(72,500)	-
	388,563	388,242	332,636	55,606
Personnel				
Operations	6,600	6,600	1,056	5,544
	6,600	6,600	1,056	5,544
Library				
Operations	376,700	385,854	376,215	9,639
	376,700	385,854	376,215	9,639
Total general government	2,755,974	2,747,882	2,315,144	432,738

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The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Increase (Decrease)
	Original	Final	Actual Amounts	
PUBLIC SAFETY				
Police Department				
Salaries	\$ 2,164,841	\$ 2,194,920	\$ 2,176,146	\$ 18,774
Benefits	531,128	559,644	532,337	27,307
Operations	513,400	465,580	359,625	105,955
Capital outlay	-	20,825	20,825	-
	3,209,369	3,240,969	3,088,933	152,036
Fire Department				
Salaries	1,560,085	1,647,266	1,642,262	5,004
Benefits	420,226	415,575	415,562	13
Operations	1,012,643	1,012,732	1,009,443	3,289
Capital outlay	6,000	23,885	23,885	-
	2,998,954	3,099,458	3,091,152	8,306
Total public safety	6,208,323	6,340,427	6,180,085	160,342
TRANSPORTATION AND ENVIRONMENT				
Public Works				
Salaries	699,703	710,584	688,358	22,226
Benefits	199,807	197,702	175,281	22,421
Operations	157,130	142,370	69,404	72,966
Capital outlay	5,000	10,564	10,564	-
Expense reimbursement	(187,752)	(187,752)	(187,752)	-
Total transportation and environment	873,888	873,468	755,855	117,613
ARTS AND RECREATION				
Administration and Programs				
Salaries	372,579	372,579	224,718	147,861
Benefits	89,036	89,124	57,494	31,630
Operations	82,650	94,650	58,875	35,775
	544,265	556,353	341,087	215,266
Youth Programs				
Salaries	13,000	13,000	3,972	9,028
Benefits	995	995	301	694
Operations	12,750	12,750	8,079	4,671
	26,745	26,745	12,352	14,393
Adult Programs				
Salaries	12,000	12,000	-	12,000
Benefits	918	918	-	918
Operations	3,000	3,000	294	2,706
	15,918	15,918	294	15,624

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The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
Parks and Sports Fields				
Salaries	\$ 26,000	\$ 16,000	\$ -	\$ 16,000
Benefits	1,989	1,989	-	1,989
Operations	49,000	59,000	44,280	14,720
	<u>76,989</u>	<u>76,989</u>	<u>44,280</u>	<u>32,709</u>
Baker Community Center				
Operations	74,000	74,000	27,892	46,108
	<u>74,000</u>	<u>74,000</u>	<u>27,892</u>	<u>46,108</u>
Farmer's Market				
Operations	2,500	3,000	1,118	1,882
	<u>2,500</u>	<u>3,000</u>	<u>1,118</u>	<u>1,882</u>
USA Stadium				
Salaries	-	60,000	-	60,000
Benefits	-	2,525	-	2,525
Operations	20,500	72,240	-	72,240
	<u>20,500</u>	<u>134,765</u>	<u>-</u>	<u>134,765</u>
Total arts and recreation	760,917	887,770	427,023	460,747
DEBT SERVICE				
Principal	610,500	4,100,500	5,965,500	(1,865,000)
Interest and fiscal charges	331,832	331,832	275,367	56,465
Issuance costs	-	10,470	10,470	-
Total debt service	<u>942,332</u>	<u>4,442,802</u>	<u>6,251,337</u>	<u>(1,808,535)</u>
Total Expenditures	11,541,434	15,292,349	15,929,444	(637,095)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(127,853)	(3,255,361)	(534,369)	2,720,992
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	25,000	25,000	91,536	66,536
Planned use of fund balance	1,423,075	2,423,075	-	(2,423,075)
Issuance of refunding debt	-	3,500,470	5,365,470	1,865,000
Transfers out	<u>(1,320,222)</u>	<u>(2,875,322)</u>	<u>(2,785,319)</u>	<u>90,003</u>
Total Other Financing Sources (Uses)	127,853	3,073,223	2,671,687	(401,536)
Net change in fund balances	<u>\$ -</u>	<u>\$ (182,138)</u>	<u>2,137,318</u>	<u>\$ 2,319,456</u>
Fund balances - beginning			<u>11,367,584</u>	
Fund balances - ending			<u>\$ 13,504,902</u>	

The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
PROPERTY TAXES				
Current property tax	\$ 6,489,582	\$ 6,489,582	\$ 6,579,228	\$ 89,646
Trustee's collection - prior yrs	157,000	157,000	48,937	(108,063)
Circuit clerk collection prior yrs	5,000	5,000	52,250	47,250
Payments in lieu of taxes	88,313	88,313	67,806	(20,507)
	<u>6,739,895</u>	<u>6,739,895</u>	<u>6,748,221</u>	<u>8,326</u>
LOCAL TAXES				
Local option sales tax	2,744,857	2,744,857	3,501,485	756,628
Wheel tax	550,000	550,000	600,634	50,634
Mixed drink tax	35,000	35,000	37,514	2,514
	<u>3,329,857</u>	<u>3,329,857</u>	<u>4,139,633</u>	<u>809,776</u>
INTERGOVERNMENTAL				
Regular education funds				
Basic education program	13,258,427	13,366,427	13,433,000	66,573
Early childhood education	300,902	300,902	282,747	(18,155)
Other state education funds	-	29,612	-	(29,612)
State grants	-	341,073	182,218	(158,855)
Coordinated school health	80,000	80,000	78,262	(1,738)
Career ladder program	34,400	34,400	35,383	983
	<u>13,673,729</u>	<u>14,152,414</u>	<u>14,011,610</u>	<u>(140,804)</u>
FEDERAL, STATE, AND OTHER GRANTS				
E-rate funding	285,000	326,186	298,586	(27,600)
Public Law 874 - Maintenance & Operation	30,000	30,000	73,099	43,099
Rotc reimbursement	66,000	69,813	107,160	37,347
Special education grant to state	9,800	9,800	6,010	(3,790)
Safe school grant	51,680	51,680	51,680	-
Other state revenues	-	-	50,310	50,310
	<u>442,480</u>	<u>487,479</u>	<u>586,845</u>	<u>99,366</u>
OTHER				
Recurring items:				
Investment income	2,000	2,000	50,288	48,288
Lease/rentals	35,000	35,000	36,939	1,939
Nonrecurring items:				
Damages recovered from individuals	-	-	17,578	17,578
Contributions and gifts	-	3,350	3,350	-
Other - Donations	-	-	6,319	6,319
Other local revenue	371,265	234,000	215,509	(18,491)
	<u>408,265</u>	<u>274,350</u>	<u>329,983</u>	<u>7,345</u>
Total Revenues	24,594,226	24,983,995	25,816,292	832,297

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The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
EXPENDITURES				
EDUCATION				
Instruction				
Regular instruction:				
Salaries	\$ 7,314,030	\$ 7,884,261	\$ 7,652,011	\$ 232,250
Benefits	2,301,298	2,438,627	2,235,417	203,210
Operations	1,109,336	1,345,727	1,064,855	280,872
	<u>10,724,664</u>	<u>11,668,615</u>	<u>10,952,283</u>	<u>716,332</u>
Alternative school:				
Salaries	88,331	67,041	67,040	1
Benefits	26,402	21,813	18,392	3,421
Operations	2,500	2,500	760	1,740
	<u>117,233</u>	<u>91,354</u>	<u>86,192</u>	<u>5,162</u>
Special education program:				
Salaries	985,411	1,000,430	981,432	18,998
Benefits	324,802	348,803	327,421	21,382
Operations	172,491	238,884	228,492	10,392
	<u>1,482,704</u>	<u>1,588,117</u>	<u>1,537,345</u>	<u>50,772</u>
Vocational education:				
Salaries	771,299	831,621	762,289	69,332
Benefits	199,808	205,594	178,440	27,154
Operations	56,500	56,500	46,131	10,369
	<u>1,027,607</u>	<u>1,093,715</u>	<u>986,860</u>	<u>106,855</u>
Total instructional:	<u>13,352,208</u>	<u>14,441,801</u>	<u>13,562,680</u>	<u>879,121</u>
Support services				
Health services:				
Salaries	57,271	58,271	58,271	-
Benefits	10,850	9,859	9,774	85
Operations	141,300	187,460	178,830	8,630
	<u>209,421</u>	<u>255,590</u>	<u>246,875</u>	<u>8,715</u>
Other student support:				
Salaries	480,066	561,217	495,056	66,161
Benefits	145,606	184,906	135,247	49,659
Operations	59,174	58,053	52,806	5,247
	<u>684,846</u>	<u>804,176</u>	<u>683,109</u>	<u>121,067</u>
Regular instruction support:				
Salaries	478,753	509,024	496,065	12,959
Benefits	119,318	123,806	116,890	6,916
Operations	231,495	238,293	132,751	105,542
	<u>829,566</u>	<u>871,123</u>	<u>745,706</u>	<u>125,417</u>
Alternative education support:				
Salaries	48,450	49,450	49,450	-
Benefits	16,515	16,841	16,187	654
	<u>64,965</u>	<u>66,291</u>	<u>65,637</u>	<u>654</u>

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The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND**

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Increase (Decrease)
	Original	Final	Amounts	
Special education support:				
Salaries	\$ 246,406	\$ 254,778	\$ 250,110	\$ 4,668
Benefits	89,387	91,915	73,511	18,404
Operations	215,389	161,384	94,817	66,567
	<u>551,182</u>	<u>508,077</u>	<u>418,438</u>	<u>89,639</u>
Vocational educational support:				
Salaries	94,270	94,780	93,978	802
Benefits	11,088	11,287	11,050	237
Operations	11,200	11,200	-	11,200
	<u>116,558</u>	<u>117,267</u>	<u>105,028</u>	<u>12,239</u>
Technology:				
Salaries	384,740	402,534	371,417	31,117
Benefits	106,625	118,184	107,774	10,410
Operations	467,990	554,634	517,229	37,405
	<u>959,355</u>	<u>1,075,352</u>	<u>996,420</u>	<u>78,932</u>
Board of education:				
Salaries	34,200	35,200	34,200	1,000
Benefits	16,671	17,057	11,725	5,332
Operations	228,100	239,580	199,184	40,396
	<u>278,971</u>	<u>291,837</u>	<u>245,109</u>	<u>46,728</u>
Office of the director of schools:				
Salaries	237,669	245,000	243,863	1,137
Benefits	96,664	97,839	92,026	5,813
Operations	25,100	22,969	20,185	2,784
	<u>359,433</u>	<u>365,808</u>	<u>356,074</u>	<u>9,734</u>
Office of principal:				
Salaries	1,613,926	1,714,063	1,540,948	173,115
Benefits	482,100	499,186	439,007	60,179
Operations	34,224	33,483	13,244	20,239
	<u>2,130,250</u>	<u>2,246,732</u>	<u>1,993,199</u>	<u>253,533</u>
Fiscal services:				
Salaries	302,361	321,329	315,869	5,460
Benefits	115,878	120,037	112,016	8,021
Operations	44,700	54,700	43,449	11,251
	<u>462,939</u>	<u>496,066</u>	<u>471,334</u>	<u>24,732</u>
Human services:				
Salaries	185,062	192,554	175,153	17,401
Benefits	78,903	80,838	62,173	18,665
Operations	33,400	33,400	5,338	28,062
	<u>297,365</u>	<u>306,792</u>	<u>242,664</u>	<u>64,128</u>
Plant operations:				
Salaries	329,698	360,902	351,573	9,329
Benefits	616,427	672,245	591,917	80,328
Operations	973,857	940,764	761,897	178,867
	<u>1,919,982</u>	<u>1,973,911</u>	<u>1,705,387</u>	<u>268,524</u>

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The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
Plant maintenance:				
Salaries	\$ 75,000	\$ 85,924	\$ 85,924	\$ -
Benefits	16,289	17,509	17,281	228
Operations	422,393	509,655	416,554	93,101
	<u>513,682</u>	<u>613,088</u>	<u>519,759</u>	<u>93,329</u>
Pupil transportation:				
Operations	1,425,185	1,350,533	1,314,416	36,117
	<u>1,425,185</u>	<u>1,350,533</u>	<u>1,314,416</u>	<u>36,117</u>
Central and other:				
Salaries	2,000	2,000	2,000	-
Benefits	342	350	337	13
Operations	107,000	101,992	98,308	3,684
	<u>109,342</u>	<u>104,342</u>	<u>100,645</u>	<u>3,697</u>
Total support services:	<u>10,913,042</u>	<u>11,446,985</u>	<u>10,209,800</u>	<u>1,237,185</u>
Non-instructional				
Early childhood education:				
Salaries	413,378	415,316	414,194	1,122
Benefits	133,376	248,939	135,817	113,122
Operations	19,600	8,125	4,635	3,490
	<u>566,354</u>	<u>672,380</u>	<u>554,646</u>	<u>117,734</u>
Total non-instructional:	<u>566,354</u>	<u>672,380</u>	<u>554,646</u>	<u>117,734</u>
Capital Outlay	-	50,000	44,485	5,515
DEBT SERVICE				
Principal	69,000	69,000	69,000	-
Interest	79,019	79,019	63,723	15,296
Other debt service	230,219	230,219	230,219	-
	<u>378,238</u>	<u>378,238</u>	<u>362,942</u>	<u>15,296</u>
Total Expenditures	<u>25,209,842</u>	<u>26,989,404</u>	<u>24,734,553</u>	<u>2,254,851</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(615,616)	(2,005,409)	1,081,739	3,087,148
OTHER FINANCING SOURCES (USES)				
Transfers in	730,219	730,219	735,858	5,639
Transfers out	-	100,000	-	(100,000)
Planned use of fund balance	-	1,175,190	-	(1,175,190)
Total Other Financing Sources (Uses)	<u>730,219</u>	<u>2,005,409</u>	<u>735,858</u>	<u>(1,269,551)</u>
Net change in fund balances	<u>\$ 114,603</u>	<u>\$ -</u>	<u>1,817,597</u>	<u>\$ 1,817,597</u>
Fund balances - beginning			<u>6,204,387</u>	
Fund balances - ending			<u>\$ 8,021,984</u>	

The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-type Activities:		Total
	Enterprise Funds		Proprietary
	Water Fund	Sewer Fund	Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,308,151	\$ 5,811,477	\$ 9,119,628
Receivables			
Customers	350,979	230,827	581,806
Other	4,525	-	4,525
Less allowance for doubtful accounts	(142,146)	(92,209)	(234,355)
Due from other governments	-	145,235	145,235
Due from other funds	-	242,252	242,252
Prepaid expenses	20,253	38,267	58,520
Total current assets	3,541,762	6,375,849	9,917,611
Noncurrent assets:			
Capital assets, not being depreciated	1,197,596	7,150,027	8,347,623
Capital assets, being depreciated, net	5,630,241	7,846,251	13,476,492
Total capital assets, net	6,827,837	14,996,278	21,824,115
Net pension asset	63,583	95,373	158,956
Total noncurrent assets	6,891,420	15,091,651	21,983,071
Total assets	10,433,182	21,467,500	31,900,682
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	49,092	71,232	120,324
Related to OPEB	167,328	106,692	274,020
Total deferred outflows of resources	216,420	177,924	394,344
LIABILITIES			
Current liabilities:			
Accounts payable	215,448	526,693	742,141
Due to other funds	428,274	612	428,886
Customer deposits	136,145	-	136,145
Current portion of bonds and notes payable	-	134,436	134,436
Total current liabilities	779,867	661,741	1,441,608
Noncurrent liabilities:			
Bonds and notes payable, net of			
current portion, discounts, and premiums	-	1,904,494	1,904,494
Accrued compensated absences	35,248	25,433	60,681
Net OPEB liability	442,021	513,789	955,810
Total noncurrent liabilities	477,269	2,443,716	2,920,985
Total liabilities	1,257,136	3,105,457	4,362,593
DEFERRED INFLOWS OF RESOURCES			
Related to pension	36,824	55,235	92,059
Related to OPEB	11,950	5,008	16,958
Total deferred outflows of resources	48,774	60,243	109,017
NET POSITION			
Net investment in capital assets	6,827,837	12,957,348	19,785,185
Restricted - net pension asset	26,759	40,138	66,897
Unrestricted	2,489,096	5,482,238	7,971,334
Total net position	\$ 9,343,692	\$ 18,479,724	\$ 27,823,416

The accompanying notes are an integral part of the financial statements

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

	Business-type Activities: Enterprise Funds		Total Proprietary Funds
	Water Fund	Sewer Fund	
Operating Revenues:			
Metered water sales	\$ 1,833,222	\$ -	\$ 1,833,222
Sewer service fee	-	2,430,830	2,430,830
Service connections fees	203,480	201,282	404,762
Forfeited discounts	32,210	21,875	54,085
Other	6,635	-	6,635
Total operating revenues	<u>2,075,547</u>	<u>2,653,987</u>	<u>4,729,534</u>
Operating Expenses:			
Salaries	269,667	380,009	649,676
Benefits	104,821	135,448	240,269
Materials and supplies	353,263	103,086	456,349
Pumping and filtering	131,501	174,004	305,505
Professional services	288,461	93,265	381,726
Other services and charges	117,461	75,694	193,155
Depreciation	303,149	580,920	884,069
Total operating expenses	<u>1,568,323</u>	<u>1,542,426</u>	<u>3,110,749</u>
Operating income	507,224	1,111,561	1,618,785
Nonoperating Revenues (Expenses):			
Interest	1,599	14,679	16,278
Bond interest and fiscal charges	-	(31,452)	(31,452)
Total nonoperating revenues (expenses)	<u>1,599</u>	<u>(16,773)</u>	<u>(15,174)</u>
Change in net position	508,823	1,094,788	1,603,611
Total net position - beginning	<u>8,834,869</u>	<u>17,384,936</u>	<u>26,219,805</u>
Total net position - ending	<u>\$ 9,343,692</u>	<u>\$ 18,479,724</u>	<u>\$ 27,823,416</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	Business-type Activities: Enterprise Funds		Total Proprietary Funds
	Water Fund	Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,125,319	\$ 2,578,935	\$ 4,704,254
Payments to suppliers	(767,333)	(5,910)	(773,243)
Payments to employees	(356,544)	(512,097)	(868,641)
Other receipts	5,000	-	5,000
Net cash provided by operating activities	1,006,442	2,060,928	3,067,370
CASH FLOW FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES			
Payment (to) from other fund	407,038	(147,778)	259,260
CASH FLOW FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(1,190,634)	(5,285,145)	(6,475,779)
Principal paid on capital debt	-	(132,564)	(132,564)
Interest paid on capital debt	-	(31,452)	(31,452)
Net cash from (used for) capital and related financing activities	(1,190,634)	(5,449,161)	(6,639,795)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	1,599	14,679	16,278
Net increase in cash and cash equivalents	224,445	(3,521,332)	(3,296,887)
Cash and cash equivalents - beginning of the year	3,083,706	9,332,809	12,416,515
Cash and cash equivalents - end of the year	<u>\$ 3,308,151</u>	<u>\$ 5,811,477</u>	<u>\$ 9,119,628</u>
Reconciliation of operating income to net cash from operating activities:			
Operating income	\$ 507,224	\$ 1,111,561	\$ 1,618,785
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	303,149	580,920	884,069
Pension expense in excess of employer contributions	25,823	2,127	27,950
OPEB expense in excess of employer contributions	(8,842)	6,012	(2,830)
Receivables	(2,628)	(75,052)	(77,680)
Inventory	-	-	-
Prepaid expenses	(258)	(1,467)	(1,725)
Accounts payable	123,611	441,606	565,217
Accrued compensated absences	963	(4,779)	(3,816)
Customer deposits	57,400	-	57,400
Net cash provided by operating activities	<u>\$ 1,006,442</u>	<u>\$ 2,060,928</u>	<u>\$ 3,067,370</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

	School OPEB Fund
ASSETS	
Cash and cash equivalents	\$ 6,907
Investments, at fair value:	
Fixed income	116,030
Domestic equities	187,927
International equities	75,856
Structured investments	3,135
Total investments	<u>382,948</u>
Total assets	389,855
NET POSITION	
Restricted for OPEB	389,855
Total net position	<u><u>\$ 389,855</u></u>

The accompanying notes are an integral part of the financial statements

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

	School OPEB Fund
ADDITIONS	
Employer contributions	\$ 83,578
Investment earnings (losses):	
Net appreciation in fair value of investments	78,936
Interest and dividends	8,993
Total investment earnings	<u>87,929</u>
Total additions	171,507
DEDUCTIONS	
Benefits	83,578
Administrative expense	<u>1,417</u>
Total deductions	<u>84,995</u>
Change in net position	86,512
Net position - beginning of the year	<u>303,343</u>
Net position - end of the year	<u><u>\$ 389,855</u></u>

The accompanying notes are an integral part of the financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Millington, Tennessee (the "City") was incorporated in 1903 and operates under a City Charter enacted in 1903 with various amendments ending in 2016. The City operates under a Board of Mayor and Aldermen form of government and provides the following services as authorized by its charter: public health and safety, streets, sanitation, water and sewage, recreation, and general administrative services.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as codified by the Governmental Accounting Standards Board ("GASB"). The financial statements present the government and its component units, entities for which the government is financially accountable. The City has one blended component unit (see details below). The City has no discretely presented component units.

Blended Component Unit:

Millington Municipal Schools Board of Education (the "School" or "MMS") – Millington Municipal Schools is a legally separate organization that includes all the public schools of the City. The School has a separately elected governing board but is fiscally depending upon the City. The City provides funding, approves its operating budget, and issues debt for its capital projects. The School's general-purpose fund, federal projects fund, cafeteria fund, and student activity fund are each reported as special revenue funds of the City. The School's capital projects fund is a capital projects fund of the City. The School's OPEB fund is a fiduciary fund of the City. The School also issues separate financial statements which can be obtained by contacting the Millington Municipal Schools Board of Education.

B. Basis of Presentation

1. Government-Wide Financial Statements

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

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, with the differences presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund Financial Statements

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

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

Major Governmental Funds: General Fund, General Purpose School Fund, Capital Improvements Fund, School Capital Projects Fund.

Major Proprietary Funds: Water Fund and Sewer Fund

Detailed descriptions of these funds are presented below.

3. Governmental Fund Financial Statements

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

- a. **General Fund** – The primary operating fund of the City and accounts for all financial resources of the general government not specifically provided for in other funds. Most of the essential governmental services such as police and fire protection, community services, and general administration are reported in the general fund.
- b. **Special Revenue Funds** – These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or committed to expenditures for specific purposes. The special revenue funds include the State Street Aid Fund, Sanitation Fund, Drug Fund, DEA Drug Fund, Storm Water Fund, School Federal Projects Fund, School Cafeteria Fund, and Student Activity Fund. The special revenue funds also include the General-Purpose School Fund which is considered a major fund and described in further detail below:

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

- c. **Capital Projects Funds** – These funds account for all the financing of major governmental fund capital asset purchases. A separate fund is maintained for the City and the School capital improvement projects i.e., the Capital Improvements Fund and the School Capital Projects Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. *Proprietary Fund Financial Statements*

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows individually for all major enterprise funds and in the aggregate for the remaining nonmajor enterprise funds. For the year ended June 30, 2021, the City had no nonmajor enterprise funds or internal service funds that would be included in proprietary fund financial statements. The proprietary funds of the City are described below:

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

Water Fund – Accounts for water fees in connection with the operation of the City's production, storage, and transportation of potable water.

Sewer Fund – Accounts for the activities of the City's collection, transportation, treatment, and disposition of wastewater. The proceeds of loans that have been used specifically for the construction or acquisition of sewer systems and facilities are recorded in this fund. Since it is the intention of the City to repay these bonds and loans through sewer fund operations, the related obligations are reported in this fund.

5. *Fiduciary Fund Financial Statements*

Fiduciary fund financial statements include a statement of fiduciary net position and statement of changes in fiduciary net position. Agency funds are fiduciary funds used to account for assets held by the City (or School) in a purely custodial capacity. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

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

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

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

Measurement Focus

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

Proprietary funds and fiduciary funds are also accounted for using the "economic resources" measurement focus. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included in the statement of net position. The statement of revenues, expenses, and changes in net position presents revenues (additions) and expenses (deductions) in total net position. Agency funds do not use the economic resources measurement focus.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

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

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

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

1. Deposits and investments

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents held by the trustee of the School OPEB Fund are included in cash and cash equivalents. All certificates of deposit are considered to be cash and cash equivalents.

Certain cash and cash equivalents of the City are classified as restricted on the balance sheet and statement of net position because they are maintained in separate accounts and/or their use is limited by certain agreements, contracts with third parties, or State law. Restricted cash includes monies held in the Court bond account.

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

2. Receivables

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes receivable are recognized as of the date the City has an enforceable legal claim. Property taxes are reflected as revenues in the fiscal period for which they are levied, which is the subsequent fiscal year for the current fiscal year's assessment, provided they are received and collected within the current period or within 60 days following the fiscal year end (August 31st). Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30th. Delinquent taxes estimated to be collected subsequent to August 31st are included in the balance sheet as property taxes receivable and a deferred inflow of resources to reflect amounts that were not available as revenues at June 30, 2021. The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and City Charter, is set annually by the Board of Mayor and Aldermen and collected through the Shelby County Trustee.

Receivables due from other governments are primarily from the United States government, the State of Tennessee, and Shelby County, Tennessee. No allowance for uncollectible amounts has been recognized.

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

3. Interfund transactions

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

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

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

4. Inventories and prepaid items

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

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets for infrastructure are defined as those assets with an initial individual cost of more than \$100,000. Contributed capital assets are recorded at estimated acquisition value at the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Infrastructure assets purchased or received prior to July 1, 2003, have not been recorded.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Buildings and improvements	15-50 years
Machinery, equipment, and heavy vehicles	7-20 years
Automobiles	5 years
Infrastructure	50 years

6. *Deferred outflows of resources*

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

7. *Compensated absences*

Compensated absences for accumulated unpaid vacation are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Vacation days earned may be carried forward. Employees earn ten or more days of vacation each year depending on length of service. Vacation leave is to be taken following the period in which it is earned and up to two year's vacation may be carried forward into the next year. Hourly employees can choose to be paid the overtime worked or to accrue compensatory overtime. Employees earn 1.5 hours of compensatory time for every hour of overtime worked in excess of minimum hours worked requirement according to the Fair Labor Standards Act. Compensatory time must be used by the end of the year. Compensated absences are paid out of the general fund, sanitation fund, storm water fund, and the enterprise funds.

Employees may accumulate unused sick leave. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government, instead this time is credited toward service years in calculating pension benefits.

The School's personnel policies do not allow any vested accumulation of annual leave, except for certain administrative employees. Balances of accrued annual leave are not material at year end. Sick leave can be accumulated for an unlimited number of days; however, the employee retains no vested interest.

8. *Long-term obligations*

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. *Deferred inflows of resources*

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an increase to net position that applies to a future period and is not recognized as an inflow of resources (revenue) until that time. The City has qualifying items reporting in this category. Unavailable revenues from property taxes are amounts in the governmental funds that were receivable and measurable at year-end but were not available to finance expenditures for the current year. Deferred inflows of resources also include those related to pension and other postemployment benefits.

10. *Net position and fund balance*

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

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

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

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

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

Nonspendable – amounts that cannot be spent because they are either 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), or (b) legally or contractually required to be maintained intact (i.e., the principal of a permanent fund).

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Board of Mayor and Aldermen established a financial stabilization account, an emergency account, and a library construction account as committed parts of the fund balance for the General Fund. The financial stabilization account is established as 30% of the appropriations for the next fiscal year in order to have a method of dealing with revenue shortages or other unanticipated budgetary needs. The emergency account is established at \$1,000,000 for use in covering catastrophic losses, including natural and man-made disasters. The library construction account is established as 50% of collections from the red-light camera/speed van violations less capital expenditures for the library.

11. Pensions and Other Postemployment Benefits

The City maintains four defined benefit retirement plans sponsored by the Tennessee Consolidated Retirement System and two defined benefit other postemployment benefit plans ("OPEB") sponsored by the City.

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

12. Fair Value Measurements

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

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

13. Estimates

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E – New Governmental Accounting Standards Board (“GASB”) Pronouncements

The City implemented GASB Statement No. 84, *Fiduciary Activities*, required for fiscal periods ending June 30, 2021. The Statement was issued improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The implementation resulted in a reclassification to a special revenue fund for the Student Activity Fund which was previously classified as an agency fund. The implementation has been accounted for as a change in accounting principle with a prior year adjustment increasing beginning fund balance in the amount of \$416,260.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The Board of Mayor and Aldermen annually approves the operating budgets for all governmental funds. Budgets for the capital improvements fund are made on a project basis, spanning more than one fiscal year. The total budgets of these funds constitute legal spending limits, requiring ordinance amendment. The City Manager is required by charter to present to the Board of Mayor and Alderman a preliminary budget for the upcoming fiscal year by May 1st. The preliminary budget is compiled from revenue and expense projections as well as requests submitted by each department. The Board of Mayor and Aldermen must pass the preliminary budget on three readings before it is adopted and becomes the approved spending plan for the City. MMS annually approves the operating budgets of the general-purpose school, school federal projects, school cafeteria, and school capital projects funds. The Board of Mayor and Alderman then approves the MMS budget. Annual budgets are adopted on a basis consistent with the requirements of the *Tennessee Code Annotated*, which does not vary materially from the modified accrual basis of accounting for governmental funds.

The City Manager has the authority to transfer the unused portion of any item within the same fund. Any revisions that alter the total expenditures of any fund must be approved by the Board of Mayor and Aldermen. Expenditures may not exceed appropriations at the department level. Supplemental appropriations may be authorized by the Board of Mayor and Aldermen through the adoption of appropriate ordinances during the year.

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

B. Excess of expenditures over appropriations and deficit fund balance

For the year ended June 30, 2021, no fund's expenditures exceeded appropriations and no fund had a deficit balance.

NOTE 3 – DEPOSITS

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

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

NOTE 4 – INVESTMENTS

Legal Provisions – Investments are limited to those authorized by Tennessee State Law. State statutes authorize the City to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered bank and savings and loan associations; repurchase agreements; the Local Government Investment Pool (LGIP); bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and nonconvertible debt securities of certain federal government sponsored enterprises. Status also requires that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

The School is a member of the Tennessee Consolidated Retirement System ("TCRS") Stabilization Reserve Trust. The School has placed funds into the irrevocable trust as authorized by 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 trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School or City. The trust is authorized to make investments as directed by the TCRS Board of Trustees. The School may not impose restrictions on investments placed by the trust on their behalf.

In addition to the investments allowed by the City, the fiduciary fund's investment policy authorizes investment in mutual funds, common stocks, and other equities.

A. *Primary Government Investments*

The School may invest in certain risk-free, interest-bearing instruments. General purpose school fund investments of \$4,093,174 consist of certificates of deposit (at cost) as of June 30, 2021. Investments with a maturity date within three months of the date acquired, if any, are considered to be cash equivalents. Other than short-term investments of certificates of deposits which are considered as cash equivalents, the primary government held no investments.

B. *Restricted Investments – TCRS Stabilization Reserve Trust*

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

NOTE 4 – INVESTMENTS (CONTINUED)

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

Investments at Fair Value	Total	Level 1	Level 2	Level 3
Domestic equities	\$ 63,682	\$ 63,682	\$ -	\$ -
Developed market international equity	28,760	28,760	-	-
Emerging market international equity	8,217	8,217	-	-
Domestic fixed income	41,085	-	41,085	-
Short-term securities	2,054	-	2,054	-
Real estate	20,543	-	-	20,543
	<u>\$ 164,341</u>	<u>\$ 100,659</u>	<u>\$ 43,139</u>	<u>\$ 20,543</u>
Investments at amortized cost using NAV				
Private equity and strategic lending	41,085			
Total restricted investments	<u>\$ 205,426</u>			

C. Fiduciary Investments

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

Investments at Fair Value	Total	Level 1	Level 2	Level 3
Fixed income mutual funds	\$ 116,030	\$ 116,030	\$ -	\$ -
Domestic equities mutual funds	187,927	187,927	-	-
International equities mutual funds	75,856	75,856	-	-
Structured investments	3,135	-	-	3,135
Total fiduciary investments	<u>\$ 382,948</u>	<u>\$ 379,813</u>	<u>\$ -</u>	<u>\$ 3,135</u>

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

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

NOTE 4 – INVESTMENTS (CONTINUED)

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

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

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

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

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

NOTE 5 – INTERFUND TRANSACTIONS

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

Receivable From	Payable To				Total
	General	Capital Projects	Sewer	Aggregate Nonmajor Governmental	
General	\$ -	\$ 679,549	\$ -	\$ -	\$ 679,549
Water	692	-	242,252	185,330	428,274
Sewer	612	-	-	-	612
Aggregate Nonmajor Governmental	3,869	-	-	-	3,869
Total	<u>\$ 5,173</u>	<u>\$ 679,549</u>	<u>\$ 242,252</u>	<u>\$ 185,330</u>	<u>\$ 1,112,304</u>

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

NOTE 5 – INTERFUND TRANSACTIONS (CONTINUED)

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

Transfers Out	Transfer In		Total
	General Purpose School	Capital Projects	
General	<u>\$ 730,219</u>	<u>\$ 2,055,100</u>	<u>\$ 2,785,319</u>

There were no transfers in or out of proprietary funds during the fiscal year ended June 30, 2021. Transfers out of the general fund represent contributions and capital improvement project funding.

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,171,109	\$ -	\$ (593,544)	\$ 6,577,565
Construction in progress	6,558,082	6,702,513	(7,814,258)	5,446,337
Total capital assets, not being depreciated	13,729,191	6,702,513	(8,407,802)	12,023,902
Capital assets, being depreciated:				
Buildings and improvements	66,103,814	3,863,604	(842,478)	69,124,940
Furnishings and equipment	2,319,308	205,421	(408,684)	2,116,045
Vehicles	4,565,180	330,783	(17,451)	4,878,512
Infrastructure	35,790,296	3,829,957	-	39,620,253
Total capital assets, being depreciated	108,778,598	8,229,765	(1,268,613)	115,739,750
Less accumulated depreciation for:				
Buildings and improvements	(11,956,853)	(1,562,367)	347,821	(13,171,399)
Furnishings and equipment	(1,468,844)	(131,308)	377,221	(1,222,931)
Vehicles	(3,621,305)	(341,004)	16,951	(3,945,358)
Infrastructure	(4,467,651)	(861,291)	-	(5,328,942)
Total accumulated depreciation	(21,514,653)	(2,895,970)	741,993	(23,668,630)
Total capital assets, being depreciated, net	87,263,945	5,333,795	(526,620)	92,071,120
Governmental activities capital assets, net	<u>\$ 100,993,136</u>	<u>\$ 12,036,308</u>	<u>\$ (8,934,422)</u>	<u>\$ 104,095,022</u>

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 726,949	\$ 255,513	\$ -	\$ 982,462
Construction in progress	2,051,624	6,220,266	(906,729)	7,365,161
Total capital assets, not being depreciated	2,778,573	6,475,779	(906,729)	8,347,623
Capital assets, being depreciated:				
Buildings and improvements	29,005,201	508,423	(2,032,527)	27,481,097
Furnishings and equipment	4,085,000	971,303	(2,379,529)	2,676,774
Vehicles	789,630	-	(203,239)	586,391
Total capital assets, being depreciated	33,879,831	1,479,726	(4,615,295)	30,744,262
Less accumulated depreciation for:				
Buildings and improvements	(16,612,511)	(767,834)	2,032,526	(15,347,819)
Furnishings and equipment	(3,706,331)	(69,173)	2,379,529	(1,395,975)
Vehicles	(680,154)	(47,062)	203,240	(523,976)
Total accumulated depreciation	(20,998,996)	(884,069)	4,615,295	(17,267,770)
Total capital assets, being depreciated, net	12,880,835	595,657	-	13,476,492
Business-type activities capital assets, net	<u>\$ 15,659,408</u>	<u>\$ 7,071,436</u>	<u>\$ (906,729)</u>	<u>\$ 21,824,115</u>

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

Governmental Activities:	
General government	\$ 84,830
Public safety	317,093
Transportation and environment	1,064,927
Community services	48,391
Education	1,380,729
Total depreciation expense - governmental activities	<u>\$ 2,895,970</u>
Business-type Activities:	
Water	\$ 303,149
Sewer	580,920
Total depreciation expense - business-type activities	<u>\$ 884,069</u>

NOTE 7 – LONG-TERM LIABILITIES

1. Long-Term Debt

Notes payable

The City periodically issues debt for the acquisition, construction, and improvement of major capital facilities and infrastructure. At June 30, 2021, the City had outstanding a general obligation capital outlay note, loans issued through the Local Government Loan Program and administered through the Tennessee Municipal Bond Fund, and a loan issued through the State Revolving Loan Fund. The debt is generally issued as 10 to 25-year amortizing loans with varying interest rates. The City is not subject to any state or other law that limits the amount of net bonded debt a City may have outstanding; therefore, there is no legal debt margin or computation thereof. The City's full faith, credit and unlimited taxing power are pledged to the repayment of all general obligation and construction loan principal and interest.

On November 1, 2020, the City issued \$1,889,245 in General Obligation Refunding Bonds, Series 2020 maturing on November 1, 2018, with a true interest cost of 2.31%. The proceeds were used to refund \$1,865,000 in General Obligation Capital Outlay Notes, Series 2018. These notes were retired within 90 days of refunding. By refunding the notes the City received an economic gain of \$248,847. The refunding reduced the City's annual debt service payments on the Series 2018 debt by \$308,913.

On June 1, 2021, the City issued \$3,500,470 in General Obligation Refunding Bonds, Series 2021 maturing on June 1, 2036, with a true interest cost of 2.46%. The proceeds were used to refund \$3,490,000 in General Obligation Capital Outlay Notes, Series 2011. These notes were retired within 90 days of refunding. By refunding the notes the City received an economic gain of \$206,409. The refunding reduced the City's annual debt service payments on the Series 2011 debt by \$251,157.

On June 1, 2021, the City entered into a loan agreement with the Energy Efficient Schools Council on behalf of the Millington Municipal School to provide for the financing of qualifying capital outlays within the purpose of the program. The \$463,022 sixteen-year note bears an interest rate of .50% and matures on July 1, 2037.

On June 8, 2021, the City a \$14,000,000 loan through the Public Building Authority of the City of Clarksville, Tennessee ("PBA") Local Government Bond Program, Series 2021. The loan bears interest at 2.48% based on a 25-year term and matures on May 1, 2046. Proceeds from the note will be used to finance modification and expansion to the south water treatment plant, other water plant projects, and to pay costs incident to the issuance of the loan proceeds to the City. At June 30, 2021, no amounts have been drawn on the loan.

On June 30, 2021, the City a \$6,000,000 loan through the Public Building Authority of the City of Clarksville, Tennessee ("PBA") Local Government Bond Program, Series 2021. The loan bears interest at 2.45% based on a 20-year term and matures on May 1, 2041. Proceeds from the note will be used to finance certain projects for municipal buildings, acquisition of real and personal property, and to pay costs incident to the issuance of the loan proceeds to the City.

Shelby County Settlement Liability

In January 2014, the City and the School entered into a settlement agreement with the Board of Commissioners of Shelby County, Shelby County, Tennessee, and the Shelby County Board of Education. The School agreed to pay the Shelby County Board of Education twelve annual installments of \$230,219 for a total of \$2,762,628. The School elected to establish the liability incurred through the settlement agreement at its present value with a discount rate of 2.89%.

NOTE 7 – LONG-TERM LIABILITIES

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

	Original Issue	Interest Rates	Maturity Date	Balance Outstanding at Year End
<u>Governmental activities:</u>				
<u>Notes Payable:</u>				
<u>Payable through General Fund</u>				
Capital Outlay Note, Series 2010	\$ 1,000,000	3.78%	10/1/2020	\$ -
TN Municipal League Note, Series 2011	5,000,000	3.29%	6/1/2036	-
TN Municipal League Note, Series 2013	1,150,000	2.90%	5/1/1933	763,000
TN Municipal League Note, Series 2015	6,000,000	3.02%	9/1/2035	4,979,600
TN Municipal League Note, Series 2021	6,000,000	2.45%	5/1/2041	1,777,947
TN Municipal League Refunding Note, Series 2021	3,500,470	2.46%	6/1/2036	3,500,470
	<u>22,650,470</u>			<u>11,021,017</u>
<u>Payable through General Purpose School Fund</u>				
TN Municipal League Refunding Note, Series 2020	1,889,245	2.46%	11/1/2038	1,889,245
Energy Efficient Schools Council Loan	463,022	0.50%	7/1/2037	463,022
Total notes payable	<u>25,002,737</u>			<u>13,373,284</u>
<u>Other Debt:</u>				
<u>Payable through General Purpose School Fund</u>				
Shelby County Settlement Liability	2,762,628	2.89%	11/1/2026	1,065,258
	<u>\$ 27,765,365</u>			<u>\$ 14,438,542</u>
<u>Business-type activities:</u>				
<u>Notes Payable:</u>				
<u>Payable through Sewer Fund</u>				
State Revolving Loan Fund	<u>\$ 2,827,400</u>	1.41%	4/1/2035	<u>2,038,930</u>

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

Years Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 744,925	\$ 335,548	\$ 134,436	\$ 27,888
2023	1,020,984	312,302	136,344	25,980
2024	1,070,128	289,624	138,288	24,036
2025	1,103,072	265,850	140,244	22,080
2026	1,131,904	240,856	142,236	20,088
2027 - 2031	4,410,186	841,911	742,032	69,588
2032 - 2036	3,444,191	365,910	605,350	17,292
2037 - 2039	447,894	55,559	-	-
	<u>\$ 13,373,284</u>	<u>\$ 2,707,560</u>	<u>\$ 2,038,930</u>	<u>\$ 206,952</u>

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Future payments under the settlement liability are as follows:

Years Ending June 30	Amount
2022	\$ 230,219
2023	230,219
2024	230,219
2025	230,219
2026	230,219
Total payments	\$ 1,151,095
Less amount representing interest	(85,837)
	<u>\$ 1,065,258</u>

2. Changes in long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	\$ 10,280,009	\$ 9,127,775	\$ (6,034,500)	\$ 13,373,284	\$ 715,470
Settlement obligation	1,262,033	-	(196,775)	1,065,258	230,219
Total long-term debt	11,542,042	9,127,775	(6,231,275)	14,438,542	945,689
Compensated absences	445,035	64,193	(53,805)	455,423	53,805
	<u>\$ 11,987,077</u>	<u>\$ 9,191,968</u>	<u>\$ (6,285,080)</u>	<u>\$ 14,893,965</u>	<u>\$ 999,494</u>
Business-type activities:					
Note payable - construction	\$ 2,171,494	\$ -	\$ (132,564)	\$ 2,038,930	\$ 134,436
Compensated absences	64,497	5,692	(9,508)	60,681	-
	<u>\$ 2,235,991</u>	<u>\$ 5,692</u>	<u>\$ (142,072)</u>	<u>\$ 2,099,611</u>	<u>\$ 134,436</u>

For governmental activities, the net pension liability, net OPEB liability, and compensated absences are generally liquidated by the general fund and general-purpose school fund.

NOTE 8 – FUND BALANCES BY PURPOSE

Following is more detailed information on the governmental fund balances:

	General Fund	General Purpose School Fund	Capital Improvements Fund	School Capital Projects Fund	Other Governmental Funds	Total
Nonspendable for:						
Inventory	\$ 63,690	\$ -	\$ -	\$ -	\$ 22,300	\$ 85,990
Prepaid expenditures	245,444	56,057	-	-	21,849	323,350
Total nonspendable fund balance	309,134	56,057	-	-	44,149	409,340
Restricted for:						
Streets	-	-	-	-	133,631	133,631
Sanitation	-	-	-	-	728,934	728,934
Drug enforcement	-	-	-	-	91,859	91,859
DEA task force	-	-	-	-	134,858	134,858
Drainage control	-	-	-	-	435,050	435,050
Education	-	875	-	-	1,054,568	1,055,443
Stabilization reserve trust	-	205,426	-	-	-	205,426
Total restricted fund balance	-	206,301	-	-	2,578,900	2,785,201
Committed for:						
Financial stabilization	4,003,937	-	-	-	-	4,003,937
Emergency	1,000,000	-	-	-	-	1,000,000
Library construction	576,231	-	-	-	-	576,231
Total committed fund balance	5,580,168	-	-	-	-	5,580,168
Assigned to:						
Capital improvements	-	-	827,641	-	-	827,641
School Capital improvements	-	-	-	3,849,931	-	3,849,931
Education	-	7,759,626	-	-	-	7,759,626
Total assigned fund balance	-	7,759,626	827,641	3,849,931	-	12,437,198
Unassigned	7,615,600	-	-	-	-	7,615,600
Total fund balances	<u>\$ 13,504,902</u>	<u>\$ 8,021,984</u>	<u>\$ 827,641</u>	<u>\$ 3,849,931</u>	<u>\$ 2,623,049</u>	<u>\$ 28,827,507</u>

NOTE 9 – PENSIONS

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

- I. **City of Millington Public Employee Pension Plan (“City Plan”)** – Employees of the City of Millington are included in this plan. This is an agent multiple-employer pension plan.
- II. **Political Subdivision Pension Plan (“School BOE”)** – Certain administrative employees of the Millington Municipal Schools are included in this plan. This is an agent multiple-employer pension plan.
- III. **Teacher Legacy Pension Plan (“Teacher Legacy”)** – Teachers of Millington Municipal Schools with membership in TCRS prior to July 1, 2014, are included in this plan. The plan was closed to new membership on June 30, 2014, but continues to provide benefits to existing members. The plan is a cost sharing multiple-employer pension plan.
- IV. **Teacher Retirement Plan (“Teacher Hybrid”)** – Teachers of Millington Municipal Schools with membership in TCRS beginning July 1, 2014, are included in this plan. The plan is a hybrid plan which features both a defined contribution element and a pension plan element. The plan is a cost sharing multiple-employer pension plan.

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute.

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

	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Governmental Activities				
City Plan	\$ 1,286,096	\$ 1,013,068	\$ 744,842	\$ 113,802
School BOE Plan	151,244	297,923	49,052	192,846
Teacher Legacy Plan	2,219,854	1,867,283	1,068,127	546,281
Teacher Retirement Plan	129,530	109,966	32,460	55,093
Total governmental activities	<u>\$3,786,724</u>	<u>\$ 3,288,240</u>	<u>\$ 1,894,481</u>	<u>\$ 908,022</u>
Business-type Activities				
City Plan	<u>\$ 158,956</u>	<u>\$ 120,324</u>	<u>\$ 92,059</u>	<u>\$ 92,059</u>
	<u><u>\$3,945,680</u></u>	<u><u>\$ 3,408,564</u></u>	<u><u>\$ 1,986,540</u></u>	<u><u>\$ 1,000,081</u></u>

NOTE 9 – PENSIONS (CONTINUED)

A. General Information about the Pension Plan

Benefits Provided

Under the City Plan, BOE Plan, and Teacher Legacy Plan, members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Under the Teacher Retirement Plan, members are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. All plan members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Plan and Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Employees Covered by Benefit Terms

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

	City Plan	School BOE
Inactive employees or beneficiaries currently receiving benefits	101	11
Inactive employees entitled to but not yet receiving benefits	186	25
Active employees	131	86
	<u>418</u>	<u>122</u>

Contributions

Contributions are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or, for the Teacher Retirement Plan, by automatic cost controls set by law. Employees contribute 5 percent of salary. The Board of Education makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions are required to be paid. The TCRS may intercept the Board of Education's state shared taxes if required employer contributions are not remitted. The employer rate 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. Per statutory provisions governing TCRS, the employer contribution rate for the Teacher Hybrid Plan cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees is reached.

Employer contributions to each plan for the year ended June 30, 2021 were as follows:

	City Plan	School BOE	Teacher Legacy	Teacher Hybrid
Employer contributions	\$ 503,881	\$ 248,753	\$ 1,004,789	\$ 62,648
Covered-employee payroll	6,282,806	2,785,593	9,783,734	3,101,373
As a percentage of covered-employee payroll	8.02%	8.93%	10.27%	2.02%

NOTE 9 – PENSIONS (CONTINUED)

B. Assumptions

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

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

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

Investment Policy

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

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
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% based on a blending of the three factors described above.

Discount Rate

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

NOTE 9 – PENSIONS (CONTINUED)

C. Net Pension Liability (Asset)

The net pension liability (asset) for each TCRS administered plan was measured as of June 30, 2020. The total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of the respective dates. The components of the net pension liability (asset) as of those dates are as follows:

	Agent Plans		Cost-Sharing Plans	
	City Plan	School BOE	Teacher Legacy	Teacher Hybrid
Total Pension Liability				
Service cost	\$ 510,851	\$ 315,138		
Interest	1,943,605	147,645		
Differences between expected and actual experience	(640,473)	(2,954)		
Benefit payments, including refunds	(1,054,910)	(28,160)		
Net change in total pension liability	759,073	431,669		
Total pension liability - beginning	26,824,954	1,735,423		
Total pension liability - ending	\$ 27,584,027	\$ 2,167,092		
Plan Fiduciary Net Position				
Contributions - employer	\$ 483,100	\$ 249,422		
Contributions - employee	-	130,432		
Net investment income	1,385,610	101,432		
Benefit payments	(1,054,910)	(28,160)		
Administrative expense	(11,693)	(7,730)		
Net change in plan fiduciary net position	802,107	445,396		
Plan fiduciary net position - beginning	28,226,972	1,872,940		
Plan fiduciary net position -ending	\$ 29,029,079	\$ 2,318,336		
Net pension liability (asset)	\$ (1,445,052)	\$ (151,244)		
Proportionate share of net pension liability (asset)			\$ (2,219,854)	\$ (129,530)
Proportionate share at June 30, 2020 measurement date			0.291100%	0.227789%
Proportionate share at June 30, 2019 measurement date			0.295019%	0.249914%

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Current Rate	1% Decrease	Current Rate	1% Increase
Net pension liability (asset)				
City Plan	7.25%	\$ 2,150,192	\$ (1,445,052)	\$ (4,433,309)
School BOE Plan	7.25%	234,531	(151,244)	(460,685)
Proportionate share of the net pension liability (asset)				
Teacher Legacy Plan	7.25%	\$ 6,903,697	\$ (2,219,854)	\$ (9,785,421)
Teacher Hybrid Plan	7.25%	100,753	(129,530)	(299,277)

NOTE 9 – PENSIONS (CONTINUED)**D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

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

	City Plan	School BOE	Teacher Legacy	Teacher Hybrid
Pension Expense (Negative Pension Expense)	<u>\$ 113,802</u>	<u>\$ 192,846</u>	<u>\$ 546,281</u>	<u>\$ 55,093</u>
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 286,735	\$ 12,320	\$ 84,389	\$ 4,812
Net difference between projected and actual earnings on plan investments	201,598	25,064	495,782	10,552
Changes in assumptions	141,178	11,786	201,663	4,061
Change in proportion of net pension liability (asset)	-	-	80,660	27,893
Contributions subsequent to the measurement date of June 30, 2020	503,881	248,753	1,004,789	62,648
	<u>\$ 1,133,392</u>	<u>\$ 297,923</u>	<u>\$ 1,867,283</u>	<u>\$ 109,966</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ 836,901	\$ 49,052	\$ 1,067,266	\$ 32,460
Net difference between projected and actual earnings on plan investments	-	-	-	-
Change in proportion of net pension liability (asset)	-	-	861	-
	<u>\$ 836,901</u>	<u>\$ 49,052</u>	<u>\$ 1,068,127</u>	<u>\$ 32,460</u>

The amounts shown above for "Contributions subsequent to the measurement date of June 30, 2020," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Years Ending June 30,	City Plan	School BOE	Teacher Legacy	Teacher Hybrid
2021	\$ (260,266)	\$ (3,003)	\$ (484,342)	\$ 1,657
2022	(128,079)	2,658	(69,795)	3,182
2023	53,014	5,090	20,084	3,960
2024	127,941	7,618	328,420	4,181
2025	-	(4,826)	-	607
Thereafter	-	(7,419)	-	1,271

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

E. Payable to the Pension Plans

At June 30, 2021, the School reports payables to the City Plan, School BOE Plan, Teacher Legacy Plan, and Teacher Retirement Plan of \$60,719, \$426, \$65,503, and \$4,822, respectively, for the outstanding amount of contributions to the pension plan for the year ended June 30, 2021.

NOTE 10 – DEFINED CONTRIBUTION EMPLOYEE BENEFIT PLAN

School 401(k) Plan

The Teacher Retirement Plan provides a combination of a defined benefit plan and a defined contribution plan. The defined benefit portion of the Teacher Retirement Plan is managed by TCRS. The defined contribution assets are deposited into the State's 401(k) plan where the employee manages the investments within the 401(k) plan. Public school teachers are automatically enrolled, with opt-out feature, to contribute 2% of their salaries and employers are required to contribute 5% of those salaries to the defined contribution (401(k)) portion of the Teacher Retirement Plan. Contributions are made on a tax-deferred basis. Employees are immediately vested in contributions. For the year ended June 30, 2021, the School employer contributions to the Teacher Retirement Plan were \$165,038 of which \$12,682 was payable at year end.

City 457 Plan

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is available to all City employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies. The plan must hold all assets for the benefit of participants and their beneficiaries. The plan assets remain the property of the City until paid, subject only to claims of the City's general creditors.

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

The City and School each administer a single employer defined benefit other postemployment ("OPEB") plan to provide health care benefits to certain employees and elected officials under the provisions of the Retirement System of the City of Millington i.e., City of Millington, Tennessee Other Postemployment Benefit Plan and Millington Municipal Schools Other Postemployment Benefit Plan.

- I. **City of Millington Other Postemployment Benefit Plan ("City OPEB Plan")** – Employees of the City of Millington who retire from the City under the provisions of TCRS are included in this plan.
- II. **Millington Municipal Schools Other Postemployment Benefit Plan ("School OPEB Plan")** – Employees who retire from the School and qualify for TCRS Service Retirement under the Tennessee Consolidated Retirement System may be eligible for post-retirement health benefits. Five (5) years of service must be with the School with allowances given to former employees Tennessee Public School Districts if employed by the School on August 8, 2014. New employees are not eligible for benefits if employed after January 1, 2017, unless they worked for another Tennessee public school district prior to January 1, 2017. The employee must be enrolled in a School health insurance plan for one (1) year immediately before the retirement date.

The School OPEB plan is considered part of the City's financial reporting entity and is included in the City's financial report as an OPEB trust fund. The City does not issue a stand-alone financial report for the School OPEB plan. Benefits provided including coverage, eligibility, and contribution requirements of the City OPEB plan and School OPEB plan are established and may be amended only by the Board of Mayor and Aldermen and Board of Education, respectively, at any time, for any reason.

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

A. General Information about the OPEB Plans

Benefits Provided

The City OPEB plan provides certain healthcare and life insurance coverage at nominal cost to retirees. The City pays 65% of the premium for healthcare and life insurance benefits for retirees and their dependents.

The School OPEB plan provides healthcare for retirees and their dependents. Benefits are provided through a third-party insurer, with 25% to 50% of benefits being covered by the plan up to age 65. A \$100 per month stipend is provided to the retiree only at post-65.

Employees Covered by Benefit Terms

Plan membership as of June 30, 2020, the date of the both the City OPEB valuation and the date of the School OPEB valuation, consisted of the following:

	City OPEB Plan	School OPEB Plan
Inactive employees or beneficiaries currently receiving benefits	22	4
Active employees	87	210
	<u>109</u>	<u>214</u>

Contributions

For the year ended June 30, 2021, the City contributed an amount equal to the benefits paid. There are no trusted assets related to the City OPEB plan.

The School establishes contributions based on an actuarially determined rate and available funds for the year. For the year ended June 30, 2021, the School contributed an amount equal to the benefits paid. No additional amounts were paid to the trust in fiscal year 2021.

B. Assumptions

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

City Administered OPEB Plan

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the entry age normal level percent of pay actuarial cost method. Significant actuarial assumptions used in the valuation include:

Inflation rate	3.0%
Investment rate of return	n/a
Discount rate	2.21% including inflation
Healthcare cost trend rates	Level 4.50%
Mortality table	RP-2014 Total Table with Projection MP-2019

Discount Rate

For unfunded OPEB plans, the discount rate must be calculated using a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate was selected by reviewing the recent published Bond Buyer GO-20 bond index. The discount rate used to measure the total OPEB liability was 2.21%.

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

School Administered OPEB Plan

The OPEB liability for the current year was determined by an actuarial valuation as of June 30, 2019, using the following assumptions and the entry age normal level percent of pay actuarial cost method:

Inflation rate	3.0%
Investment rate of return	6.0%
Discount rate	3.51% including inflation
Healthcare cost trend rates	7.5% decreasing to an ultimate 4.5%, 4-year grading
Mortality table	Combination of SOA Pub-2010 Teacher, General, and Continues Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019

School Investment Policy

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

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

The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 is summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large equity	45.50%	7.50%
International equity	16.20%	6.70%
Emerging market equity	3.30%	8.30%
Fixed income	35.00%	3.50%
	100.00%	6.00%

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 29.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Discount Rate

The School's funding policy is to pay for the pay-go cost out of the General-Purpose fund and partially fund the Actuarial Determined Contribution. The final equivalent discount rate based on the actuarial valuation is 6.00% based on the assumption that the trust is eventually expected to be sufficient to finance all future benefit payments.

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

C. Net OPEB Liability

The components of each net OPEB liability at June 30, 2021, were as follows:

	City OPEB Plan	School OPEB Plan
Total OPEB Liability		
Service cost	\$ 253,556	\$ 115,872
Interest	132,997	150,004
Differences between expected and actual experience	(97,178)	(102,962)
Changes in assumptions	-	-
Changes in benefit terms	-	-
Benefit payments, including refunds	(111,621)	(83,578)
Net change in total OPEB liability	177,754	79,336
Total OPEB liability - beginning	5,820,212	2,425,380
Total OPEB liability - ending	\$ 5,997,966	\$ 2,504,716
Plan Fiduciary Net Position		
Contributions - employer	\$ -	\$ 83,578
Net investment income	-	87,929
Benefit payments	-	(83,578)
Administrative expense	-	(1,417)
Net change in plan fiduciary net position	-	86,512
Plan fiduciary net position - beginning	-	303,343
Plan fiduciary net position - ending	\$ -	\$ 389,855
Net OPEB liability	\$ 5,997,966	\$ 2,114,861

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents each Plan's net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Current Rate	1% Decrease	Current Rate	1% Increase
City Net OPEB liability	2.21%	\$ 7,141,315	\$ 5,997,966	\$ 5,102,371
School Net OPEB liability	6.00%	2,377,481	2,114,861	1,886,992

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents each plan's net OPEB liability calculated using the current healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Current Rate	1% Decrease	Current Rate	1% Increase
City Net OPEB liability	4.50%	\$ 5,615,587	\$ 5,997,966	\$ 6,497,293
School Net OPEB liability	7.5% to 4.5%	\$ 1,942,098	\$ 2,114,861	\$ 2,313,074

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)**D. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

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

	City OPEB Plan	School OPEB Plan	Total
OPEB (negative) expense	<u>\$ 427,098</u>	<u>\$ 62,768</u>	<u>\$ 489,866</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on plan investments	\$ -	\$ -	\$ -
Changes in assumptions	296,250	76,245	372,495
	<u>\$ 296,250</u>	<u>\$ 76,245</u>	<u>\$ 372,495</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 84,151	\$ 313,468	\$ 397,619
Net difference between projected and actual earnings on plan investments	-	47,505	47,505
Changes in assumptions	-	754,962	754,962
	<u>\$ 84,151</u>	<u>\$ 1,115,935</u>	<u>\$ 1,200,086</u>

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

	City OPEB Plan	School OPEB Plan	Total
2022	\$ 40,545	\$ (186,366)	\$ (145,821)
2023	40,545	(185,678)	(145,133)
2024	40,545	(186,750)	(146,205)
2025	40,545	(188,777)	(148,232)
2026	40,545	(171,431)	(130,886)
Thereafter	9,374	(120,688)	(111,314)

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Contracts

The City has contracted with the Shelby County Trustee to collect real and personal property taxes on behalf of the City. A 2.5% commission is paid to the Trustee plus 90% of the salary, fringe benefits and authorized expenses of one full time employee of the Trustee. This employee works in City Hall and provides other receipting and administrative functions for the City. Collection fees paid to the Trustee totaled \$70,031 for the year ended June 30, 2021.

Under the terms of service agreements with the Naval Support Activity Mid-South and Shelby County, the City provides service from the sewer treatment plant at a cost of \$3.58 per thousand gallons.

The City is a common paymaster for the Millington Industrial Development Board. This arrangement allows their employees to participate in all City employee benefits such as retirement, health insurance, life insurance, and worker's compensation insurance. The City is reimbursed for all related employee benefits disbursements.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Operating Leases

The City has entered into lease agreements with various governmental units and organizations. The terms of these leases vary and require only nominal token payments, if any. Annual lease payments are not material.

Legal Contingencies

From time to time, several lawsuits against the City are ongoing. The ultimate outcome of the actions is not determinable; however, City officials believe that the outcome of these proceedings, either singularly or in the aggregate, will not have a materially adverse effect on the accompanying general purpose financial statements.

NOTE 13 - RISK MANAGEMENT

Insurance

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

In addition to the annual premiums for insurance coverage, the payment of the Pool deductible amounts for each loss occurrence is funded by the annual operating budgets for each department. And as a contingency for losses that may exceed the limits of coverage provided by conventional insurance, the City annually designates a portion of its General Fund balance as a reserve for emergencies.

There have been no reductions in insurance coverage, and the City has not incurred any losses in excess of commercial insurance coverage for the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
CITY OF MILLINGTON PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Ten Fiscal Years June 30*

SCHEDULE OF CHANGES IN NET PENSION OBLIGATION AND RELATED RATIOS - Employee Pension Plan

Plan 80330

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 510,851	\$ 492,659	\$ 478,485	\$ 442,221	\$ 523,831	\$ 500,187	\$ 514,637
Interest	1,943,605	1,815,264	1,769,298	1,720,301	1,724,244	1,646,311	1,544,121
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(640,473)	477,893	(643,875)	(494,980)	(1,279,849)	(179,845)	267,551
Changes of assumptions	-	-	-	705,882	-	-	-
Benefit payments	(1,054,910)	(1,012,650)	(955,479)	(930,383)	(947,999)	(954,367)	(944,283)
Net change in total pension liability	759,073	1,773,166	648,429	1,443,041	20,227	1,012,286	1,382,026
Total pension liability - beginning	26,824,954	25,051,788	24,403,359	22,960,318	22,940,091	21,927,805	20,545,779
Total pension liability - ending	27,584,027	26,824,954	25,051,788	24,403,359	22,960,318	22,940,091	21,927,805
Plan Fiduciary Net Position							
Contributions - employer	483,100	536,897	519,745	524,639	469,835	530,147	511,544
Net investment income	1,385,610	1,973,023	2,066,784	2,578,365	599,629	689,233	3,238,712
Benefit payments	(1,054,910)	(1,012,650)	(955,479)	(930,383)	(947,999)	(954,367)	(944,283)
Administrative expense	(11,693)	(12,080)	(12,752)	(11,543)	(10,396)	(8,324)	(7,143)
Other	-	-	-	-	1,777	-	-
Net change in plan fiduciary net position	802,107	1,485,190	1,618,298	2,161,078	112,846	256,689	2,798,830
Plan fiduciary net position - beginning	28,226,972	26,741,782	25,123,484	22,962,406	22,849,560	22,592,871	19,794,041
Plan fiduciary net position - ending	\$ 29,029,079	\$ 28,226,972	\$ 26,741,782	\$ 25,123,484	\$ 22,962,406	\$ 22,849,560	\$ 22,592,871
Net pension liability (asset)	<u>\$ (1,445,052)</u>	<u>\$ (1,402,018)</u>	<u>\$ (1,689,994)</u>	<u>\$ (720,125)</u>	<u>\$ (2,088)</u>	<u>\$ 90,531</u>	<u>\$ (665,066)</u>
Plan fiduciary net position as a percentage of the total pension liability	105.24%	105.23%	106.75%	102.95%	100.01%	99.61%	103.03%
Covered-employee payroll	\$ 6,069,088	\$ 6,012,280	\$ 5,820,211	\$ 5,640,909	\$ 5,771,931	\$ 6,512,864	\$ 6,346,701
Net pension liability (asset) as a percentage of covered-employee payroll	-23.81%	-23.32%	-29.04%	-12.77%	-0.04%	1.39%	-10.48%

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.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
CITY OF MILLINGTON PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Ten Fiscal Years June 30*

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 503,881	\$ 483,100	\$ 536,897	\$ 519,745	\$ 503,733	\$ 469,835	\$ 530,147	\$ 511,544
Contributions	503,881	483,100	536,897	519,745	524,639	469,835	530,147	511,544
Contribution deficiency (surplus)	\$ -	\$ -	\$ -	\$ -	\$ (20,906)	\$ -	\$ -	\$ -
Covered payroll	\$ 6,282,806	\$ 6,069,088	\$ 6,012,280	\$ 5,820,211	\$ 5,640,909	\$ 5,771,931	\$ 6,512,864	\$ 6,346,701
Contributions as a percentage of covered payroll	8.02%	7.96%	8.93%	8.93%	9.30%	8.14%	8.14%	8.06%

NOTE 1 - VALUATION DATE

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

NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation method	10 year smoothed with a 20% corridor to market value
Inflation	2.5%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4%
Investment rate of return	7.25%, net of investment expenses, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated movement
Cost of Living Adjustments	2.25%

Changes of assumptions: In 2017, the following assumptions were changed: decreased inflation rate from 3% to 2.5%; decreased the investment rate of return from 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4%; and modified mortality assumptions.

**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.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
MMS TEACHER LEGACY PENSION PLAN OF TCRS
Last Ten Fiscal Years June 30*

	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension (asset) liability	0.291100%	0.295019%	0.293214%	0.28614%	0.279607%	0.244172%	0.000664%
Proportionate share of the net pension (asset) liability	\$ (2,219,854)	\$ (3,033,321)	\$ (1,031,795)	\$ (93,621)	\$ 1,747,388	\$ 100,021	\$ (108)
Covered-employee payroll	\$ 9,688,559	\$ 9,892,398	\$ 10,319,046	\$ 10,023,023	\$ 10,093,257	\$ 9,140,585	\$ 26,054
Proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	-22.91%	-30.66%	-10.00%	-0.93%	17.31%	1.09%	-0.41%
Plan fiduciary net position as a percentage of the total pension (asset) liability	103.09%	104.28%	101.49%	100.14%	97.14%	99.80%	100.08%

*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.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
MMS TEACHER LEGACY PENSION PLAN OF TCRS
Last Ten Fiscal Years June 30*

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required	\$ 1,004,789	\$ 1,029,895	\$ 1,034,744	\$ 936,967	\$ 914,386	\$ 912,429	\$ 826,309	\$ 2,314
Contribution in relation to the contractually required contribution	1,004,789	1,029,895	1,034,744	936,967	914,386	912,429	826,309	2,314
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 9,783,734	\$ 9,688,559	\$ 9,892,398	\$ 10,319,046	\$ 10,023,023	\$ 10,093,257	\$ 9,140,585	\$ 26,054
Contributions as a percentage of covered-employee payroll	10.27%	10.63%	10.46%	9.08%	9.12%	9.04%	9.04%	8.88%

*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.

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3% to 2.5%; decreased the investment rate of return 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4%; and modified mortality assumptions.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
MMS TEACHER RETIREMENT PLAN OF TCRS
Last Ten Fiscal Years June 30*

	2020	2019	2018	2017	2016	2015
Proportion of the net pension (asset) liability	0.227789%	0.249914%	0.254385%	0.301476%	0.356813%	0.479760%
Proportionate share of the net pension (asset) liability	\$ (129,530)	\$ (141,073)	\$ (115,371)	\$ (79,541)	\$ (37,145)	\$ (19,301)
Covered-employee payroll	\$ 2,874,501	\$ 2,644,660	\$ 2,171,160	\$ 2,030,527	\$ 1,569,972	\$ 996,818
Proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	-4.51%	-5.33%	-5.31%	-3.92%	-2.37%	-1.94%
Plan fiduciary net position as a percentage of the total pension (asset) liability	116.52%	123.07%	126.97%	126.81%	121.88%	127.46%

*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

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
MMS TEACHER RETIREMENT PLAN OF TCRS
Last Ten Fiscal Years June 30*

	2021	2020	2019	2018	2017	2016	2015
Contractually required	\$ 62,648	\$ 58,353	\$ 51,305	\$ 36,252	\$ 79,148	\$ 62,800	\$ 24,920
Contribution in relation to the contractually required contribution	<u>62,648</u>	<u>58,353</u>	<u>51,305</u>	<u>88,921</u>	<u>79,148</u>	<u>62,800</u>	<u>39,872</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,669)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,952)</u>
Covered-employee payroll	\$ 3,101,373	\$ 2,874,501	\$ 2,644,660	\$ 2,171,160	\$ 2,030,527	\$ 1,569,972	\$ 996,818
Contributions as a percentage of covered-employee payroll	2.02%	2.03%	1.94%	4.10%	3.90%	4.00%	4.00%

In 2020, the School placed the actuarially determined contribution rate (2.03%) of covered payroll into the pension plan and placed 1.97% of the covered payroll into the Pension Stabilization Reserve Trust. In 2019, the School placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed 2.06% of the covered payroll into the Pension Stabilization Reserve Trust.

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3% to 2.5%; decreased the investment rate of return 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4%; and modified mortality assumptions.

*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.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
MMS POLITICAL SUBDIVISION PENSION PLAN OF TCRS
Last Ten Fiscal Years June 30*

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 315,138	\$ 317,537	\$ 325,810	\$ 288,750	\$ 261,184	\$ 272,709
Interest	147,645	120,557	93,828	66,546	40,083	20,415
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(2,954)	(32,402)	(23,654)	(1,225)	27,715	(17,138)
Changes of assumptions	-	-	-	21,214	-	-
Benefit payments	(28,160)	(31,169)	(6,903)	(3,992)	(3,437)	(1,005)
Net change in total pension liability	431,669	374,523	389,081	371,293	325,545	274,981
Total pension liability - beginning	1,735,423	1,360,900	971,819	600,526	274,981	-
Total pension liability - ending	2,167,092	1,735,423	1,360,900	971,819	600,526	274,981
Plan Fiduciary Net Position						
Contributions - employer	249,422	242,442	245,496	230,248	196,318	182,233
Contributions - employee	130,432	122,462	118,524	110,269	101,788	90,476
Net investment income	101,432	118,495	96,097	83,446	11,056	4,119
Benefit payments	(28,160)	(31,169)	(6,903)	(3,992)	(3,437)	(1,005)
Administrative expense	(7,730)	(7,656)	(8,022)	(7,519)	(6,604)	(4,222)
Net change in plan fiduciary net position	445,396	444,574	445,192	412,452	299,121	271,601
Plan fiduciary net position - beginning	1,872,940	1,428,366	983,174	570,722	271,601	-
Plan fiduciary net position - ending	2,318,336	1,872,940	1,428,366	983,174	570,722	271,601
Net pension liability (asset)	\$ (151,244)	\$ (137,517)	\$ (67,466)	\$ (11,355)	\$ 29,804	\$ 3,380
Plan fiduciary net position as a percentage of the total pension liability	106.98%	107.92%	104.96%	101.17%	95.04%	98.77%
Covered-employee payroll	\$ 2,793,083	\$ 2,714,914	\$ 2,749,113	\$ 2,581,127	\$ 2,411,773	\$ 2,238,733
School's net pension liability as a percentage of covered-employee payroll	-5.41%	-5.07%	-2.45%	-0.44%	1.24%	0.15%

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

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

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
MMS POLITICAL SUBDIVISION PENSION PLAN OF TCRS
Last Ten Fiscal Years June 30*

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 248,753	\$ 222,888	\$ 218,007	\$ 225,977	\$ 204,941	\$ 196,318	\$ 182,233
Contributions	248,753	249,422	242,442	245,496	230,248	196,318	182,233
Contribution deficiency (excess)	\$ -	\$ (26,534)	\$ (24,435)	\$ (19,519)	\$ (25,307)	\$ -	\$ -
Covered-employee payroll	\$ 2,785,593	\$ 2,793,083	\$ 2,714,914	\$ 2,749,113	\$ 2,581,127	\$ 2,411,773	\$ 2,238,733
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%	8.92%	8.14%	8.14%

NOTE 1 - VALUATION DATE

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

NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation method	10 year smoothed with a 20% corridor to market value
Inflation	2.5%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation
Investment rate of return	7.25%, net of investment expenses, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated movement
Cost of Living Adjustments	2.25%

Change in assumptions: In 2017, the following assumptions were changed: decreased inflation rate from 3% percent to 2.5%; decreased the investment rate of return from 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4%; and modified mortality assumptions.

**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.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
CITY OPEB

Last Ten Fiscal Years June 30*

	2021	2020	2019	2018
Total OPEB liability:				
Service cost	\$ 253,556	\$ 151,349	\$ 151,349	\$ 145,696
Interest	132,997	204,407	194,938	185,472
Changes in benefit terms	-	-	-	-
Differences between actual and expected experience	(97,178)	-	-	-
Changes of assumptions	-	403,393	-	-
Benefit payments	(111,621)	(111,621)	(92,861)	(92,861)
Net change in total OPEB liability (asset)	177,754	647,528	253,426	238,307
Total OPEB liability-beginning	5,820,212	5,172,684	4,919,258	4,680,951
Total OPEB liability-ending	5,997,966	5,820,212	5,172,684	4,919,258
Plan fiduciary net position:				
Contributions-employer	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	-	-	-	-
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position-beginning	-	-	-	-
Plan fiduciary net position-ending	-	-	-	-
Net OPEB liability-ending	\$ 5,997,966	\$ 5,820,212	\$ 5,172,684	\$ 4,919,258
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 5,644,448	\$ 5,644,448	\$ 5,066,363	\$ 5,066,363
Net OPEB liability as a percentage of covered payroll	106.26%	103.11%	102.10%	97.10%

Note 1 - There are no assets accumulating in a trust.

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

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
MMS OPEB

Last Ten Fiscal Years June 30*

	2021	2020	2019	2018	2017
Total OPEB liability:					
Service cost	\$ 115,872	\$ 159,307	\$ 150,484	\$ 249,605	\$ 265,891
Interest	150,004	111,848	115,539	123,180	113,972
Changes in benefit terms	-	19,898	-	(1,147,418)	-
Differences between actual and expected experience	(102,962)	(87,551)	(118,355)	(154,038)	-
Changes of assumptions	-	(760,303)	121,992	(306,633)	-
Benefit payments	(83,578)	(89,404)	(65,591)	(62,072)	(10,042)
Net change in total OPEB liability (asset)	79,336	(646,205)	204,069	(1,297,376)	369,821
Total OPEB liability-beginning	2,425,380	3,071,585	2,867,516	4,164,892	3,795,071
Total OPEB liability-ending	2,504,716	2,425,380	3,071,585	2,867,516	4,164,892
Plan fiduciary net position:					
Contributions-employer	83,578	89,404	65,591	62,072	209,913
Net investment income	87,929	10,576	15,581	22,817	10,242
Benefit payments	(83,578)	(89,404)	(65,591)	(62,072)	(10,042)
Administrative expense	(1,417)	(1,241)	(1,198)	(3,305)	-
Net change in plan fiduciary net position	86,512	9,335	14,383	19,512	210,113
Plan fiduciary net position-beginning	303,343	294,008	279,625	260,113	50,000
Plan fiduciary net position-ending	389,855	303,343	294,008	279,625	260,113
Net OPEB liability-ending	\$ 2,114,861	\$ 2,122,037	\$ 2,777,577	\$ 2,587,891	\$ 3,904,779
Plan fiduciary net position as a percentage of the total OPEB liability	15.56%	12.51%	9.57%	9.75%	6.25%
Covered payroll	\$ 9,949,267	\$10,608,849	\$12,169,851	\$11,815,389	\$ 9,530,500
Net OPEB liability as a percentage of covered payroll	21.26%	20.00%	22.82%	21.90%	40.97%

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

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
MMS OPEB
Last Ten Fiscal Years June 30*

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 276,988	\$ 239,821	\$ 231,182	\$ 598,948	\$ 374,078
Contributions in relation to the actuarially determined contribution	83,578	89,404	65,591	62,072	209,913
Contribution deficiency (excess)	<u>\$ 193,410</u>	<u>\$ 150,417</u>	<u>\$ 165,591</u>	<u>\$ 536,876</u>	<u>\$ 164,165</u>
Covered payroll	\$ 9,949,267	\$ 10,608,849	\$ 12,169,851	\$ 11,815,389	\$ 9,530,500
Contributions as a percentage of covered payroll	0.84%	0.84%	0.54%	0.53%	2.20%

NOTE 1 - VALUATION DATE

Actuarially determined contribution rates for 2020 were calculated based on the July 1, 2019 actuarial valuation.

NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry age level of percentage of salary
Amortization method	Level Dollar
Amortization period	30 years
Asset valuation method	Market value
Inflation	3.0%
Healthcare cost trend rates	8% decreasing 1% in the next year to an ultimate 4.5%
Salary increases	Salary increases determined by 2019 TCRS Teacher Salary Growth Table
Investment rate of return	6.00%
Discount rate	6.00%
Retirement age	Pattern of retirement determined by experience study
Mortality	SOA Pub 2019 Teachers, General, & Continuing Survivor

Change in assumptions: In 2020, the following assumptions were changed: decreased healthcare cost trend rates from 8.00% to 7.50%; decreased the investment rate of return from 7.50% to 6.00%; increased the discount rate from 3.51% to 6.00%; and changed salary increase from a 3% annually to a tiered system starting at 7.50% and decrease to 3.7% based on age.

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

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF INVESTMENT RETURNS
MMS OPEB
 Last Ten Fiscal Years June 30*

	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	29.05%	3.61%	4.39%	5.22%	10.02%

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

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

	Special Revenue Funds							Total Nonmajor Governmental Funds	
	State Street Aid Fund	Sanitation Fund	Drug Fund	DEA Drug Fund	Storm Water Fund	School Federal Projects Fund	School Cafeteria Fund	Student Activity Fund	
ASSETS									
Cash and cash equivalents	\$ 128,502	\$ 516,748	\$ 103,112	\$ 135,039	\$ 341,262	\$ -	\$ 577,369	\$ 430,435	\$ 2,232,467
Receivables									
Fines and fees	-	191,428	-	-	64,800	-	-	-	256,228
Less allowance for doubtful accounts	-	(84,156)	-	-	(31,366)	-	-	-	(115,522)
Due from other governments	77,867	12,079	-	-	3,940	1,064,015	70,399	-	1,228,300
Due from other funds	-	124,877	-	-	60,453	-	-	-	185,330
Inventory	-	-	-	-	-	-	21,339	961	22,300
Prepaid Items	-	19,845	-	-	2,004	-	-	-	21,849
Total assets	<u>\$ 206,369</u>	<u>\$ 780,821</u>	<u>\$ 103,112</u>	<u>\$ 135,039</u>	<u>\$ 441,093</u>	<u>\$ 1,064,015</u>	<u>\$ 669,107</u>	<u>\$ 431,396</u>	<u>\$ 3,830,952</u>
LIABILITIES									
Accounts payable and accrued liabilities	\$ 70,828	\$ 30,264	\$ 11,253	\$ -	\$ 4,039	\$ 553,940	\$ 20,704	\$ -	\$ 691,028
Due to other funds	1,910	1,778	-	181	-	510,075	-	-	513,944
Total liabilities	<u>72,738</u>	<u>32,042</u>	<u>11,253</u>	<u>181</u>	<u>4,039</u>	<u>1,064,015</u>	<u>20,704</u>	<u>-</u>	<u>1,204,972</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue									
Other	-	-	-	-	-	-	2,931	-	2,931
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,931</u>	<u>-</u>	<u>2,931</u>
FUND BALANCES									
Nonspendable	-	19,845	-	-	2,004	-	21,339	961	44,149
Restricted	133,631	728,934	91,859	134,858	435,050	-	624,133	430,435	2,578,900
Total fund balances	<u>133,631</u>	<u>748,779</u>	<u>91,859</u>	<u>134,858</u>	<u>437,054</u>	<u>-</u>	<u>645,472</u>	<u>431,396</u>	<u>2,623,049</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 206,369</u>	<u>\$ 780,821</u>	<u>\$ 103,112</u>	<u>\$ 135,039</u>	<u>\$ 441,093</u>	<u>\$ 1,064,015</u>	<u>\$ 669,107</u>	<u>\$ 431,396</u>	<u>\$ 3,830,952</u>

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

	Special Revenue Funds								Total Nonmajor Governmental Funds
	State Street Aid Fund	Sanitation Fund	Drug Fund	DEA Drug Fund	Storm Water Fund	School Federal Projects Fund	School Cafeteria Fund	Student Activity Fund	
REVENUES									
Intergovernmental									
Gas taxes	\$ 424,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 424,960
Charges for services	-	868,926	-	-	399,566	-	13,823	-	1,282,315
Fines, forfeitures, and penalties	-	-	2,306	-	-	-	-	-	2,306
Federal, state and other grants	-	-	-	15,582	-	3,153,400	1,375,380	-	4,544,362
Interest on investments	44	321	261	120	157	-	-	-	903
Other	-	-	-	-	-	-	13,411	308,054	321,465
Total revenues	425,004	869,247	2,567	15,702	399,723	3,153,400	1,402,614	308,054	6,576,311
EXPENDITURES									
Current									
Public safety	-	-	4,782	182,867	-	-	-	-	187,649
Transportation and environment	400,385	887,891	-	-	274,246	-	-	-	1,562,522
Education	-	-	-	-	-	3,153,400	1,367,948	292,918	4,814,266
Debt Service									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-
Total expenditures	400,385	887,891	4,782	182,867	274,246	3,153,400	1,367,948	292,918	6,564,437
Excess (deficiency) of revenues over (under) expenditures	24,619	(18,644)	(2,215)	(167,165)	125,477	-	34,666	15,136	11,874
OTHER FINANCING SOURCES (USES)									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-	-
Net change in fund balances	24,619	(18,644)	(2,215)	(167,165)	125,477	-	34,666	15,136	11,874
Fund balances - beginning, as originally reported	109,012	767,423	94,074	302,023	311,577	-	610,806	-	2,194,915
Change in accounting principle	-	-	-	-	-	-	-	416,260	416,260
Fund balances - beginning, as adjusted	109,012	767,423	94,074	302,023	311,577	-	610,806	416,260	2,611,175
Fund balances - ending	\$ 133,631	\$ 748,779	\$ 91,859	\$ 134,858	\$ 437,054	\$ -	\$ 645,472	\$ 431,396	\$ 2,623,049

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE STREET AID FUND

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Intergovernmental - state gas tax				
Gas motor fuel	\$ 210,785	\$ 210,785	\$ 206,833	\$ (3,952)
Gas 1989	33,700	33,700	32,246	(1,454)
Gas 3 cent	62,300	62,300	59,749	(2,551)
Gas 2017	92,482	92,482	104,032	11,550
Petroleum special	22,100	22,100	22,100	-
Interest on investments	30	30	44	14
Total revenues	421,397	421,397	425,004	3,607
EXPENDITURES				
TRANSPORTATION AND ENVIRONMENT				
Public Works				
Operations	511,400	511,400	400,385	111,015
Capital outlay	-	38,000	-	38,000
Total expenditures	511,400	549,400	400,385	149,015
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(90,003)	(128,003)	24,619	152,622
OTHER FINANCING SOURCES				
Transfers in	90,003	90,003	-	(90,003)
Planned use of fund balance	-	31,787	-	(31,787)
Total Other Financing Sources (Uses)	90,003	121,790	-	(121,790)
Net change in fund balances	\$ -	\$ (6,213)	24,619	\$ 30,832
Fund balances - beginning			109,012	
Fund balances - ending			\$ 133,631	

CITY OF MILLINGTON, TENNESSEE

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

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Charges for Services				
Sanitation fees	\$ 860,000	\$ 860,000	\$ 868,926	\$ 8,926
Interest on investments	200	200	321	121
Total revenues	<u>860,200</u>	<u>860,200</u>	<u>869,247</u>	<u>9,047</u>
EXPENDITURES				
TRANSPORTATION AND ENVIRONMENT				
Public Works				
Salaries	433,834	424,880	366,859	58,021
Benefits	151,535	156,530	122,347	34,183
Operations	195,100	211,400	159,990	51,410
Capital outlay	330,000	320,000	238,695	81,305
Total expenditures	<u>1,110,469</u>	<u>1,112,810</u>	<u>887,891</u>	<u>224,919</u>
EXCESS OF REVENUES OVER EXPENDITURES	(250,269)	(252,610)	(18,644)	233,966
OTHER FINANCING SOURCES				
Planned use of fund balance	250,269	250,269	-	(250,269)
Total Other Financing Sources (Uses)	<u>250,269</u>	<u>250,269</u>	<u>-</u>	<u>(250,269)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (2,341)</u>	(18,644)	<u>\$ (16,303)</u>
Fund balances - beginning			<u>767,423</u>	
Fund balances - ending			<u>\$ 748,779</u>	

CITY OF MILLINGTON, TENNESSEE

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

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 2,306	\$ 2,306
Interest on investments	-	-	261	261
Total revenues	-	-	2,567	2,567
EXPENDITURES:				
Public Safety				
Operations	23,550	23,550	4,782	18,768
Total expenditures	23,550	23,550	4,782	18,768
EXCESS OF REVENUES OVER EXPENDITURES	(23,550)	(23,550)	(2,215)	21,335
OTHER FINANCING SOURCES				
Planned use of fund balance	23,550	23,550	-	(23,550)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(2,215)	<u>\$ (2,215)</u>
Fund balances - beginning			94,074	
Fund balances - ending			<u>\$ 91,859</u>	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEA DRUG FUND

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Federal, state and other grants	\$ 10,000	\$ 10,000	\$ 15,582	\$ 5,582
Interest on investments	50	50	120	70
Total revenues	<u>10,050</u>	<u>10,050</u>	<u>15,702</u>	<u>5,652</u>
EXPENDITURES:				
Public Safety				
Operations	191,200	214,700	182,867	31,833
Capital outlay	23,500	-	-	-
Total expenditures	<u>214,700</u>	<u>214,700</u>	<u>182,867</u>	<u>31,833</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(204,650)</u>	<u>(204,650)</u>	<u>(167,165)</u>	<u>37,485</u>
OTHER FINANCING SOURCES				
Planned use of fund balance	204,650	204,650	-	(204,650)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(167,165)</u>	<u>\$ (167,165)</u>
Fund balances - beginning			<u>302,023</u>	
Fund balances - ending			<u>\$ 134,858</u>	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STORM WATER FUND

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Charges for Services				
Storm water control fees	\$ 397,200	\$ 397,200	\$ 399,566	\$ 2,366
Interest on investments	50	50	157	107
Total revenues	<u>397,250</u>	<u>397,250</u>	<u>399,723</u>	<u>2,473</u>
EXPENDITURES				
TRANSPORTATION AND ENVIRONMENT				
Public Works				
Personnel costs	226,350	226,350	226,350	-
Operations	<u>170,900</u>	<u>170,900</u>	<u>47,896</u>	<u>123,004</u>
Total expenditures	<u>397,250</u>	<u>397,250</u>	<u>274,246</u>	<u>123,004</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	125,477	<u>\$ 125,477</u>
Fund balances - beginning			<u>311,577</u>	
Fund balances - ending			<u>\$ 437,054</u>	

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Federal, state and other grants	\$ 2,726,761	\$ 6,191,248	\$ 3,153,400	\$ (3,037,848)
EXPENDITURES				
EDUCATION				
Instruction				
Title I:				
Salaries	239,419	319,504	267,851	51,653
Benefits	45,314	85,369	74,122	11,247
Operations	114,400	131,867	123,499	8,368
Capital outlay	-	161,754	131,952	29,802
	399,133	698,494	597,424	101,070
Title III:				
Operations	-	9,285	9,126	159
Capital outlay	6,000	5,721	5,649	72
	6,000	15,006	14,775	231
Title IV:				
Operations	12,000	-	-	-
	12,000	-	-	-
ESSER 1:				
Operations	-	174,163	54,960	119,203
Capital outlay	-	178,562	23,334	155,228
	-	352,725	78,294	274,431
LEA reopening & program support:				
Operations	-	30,352	30,352	-
Capital outlay	-	29,648	23,461	6,187
	-	60,000	53,813	6,187
Remote technology				
Capital outlay	-	93,511	93,511	-
	-	93,511	93,511	-
ESSER 2:				
Salaries	-	115,950	-	115,950
Benefits	-	20,596	-	20,596
Operations	-	356,723	144,533	212,190
Capital outlay	-	350,000	-	350,000
	-	843,269	144,533	698,736
Summer Learning Loss:				
Salaries	-	175,840	87,410	88,430
Benefits	-	34,511	14,372	20,139
Operations	-	33,205	5,116	28,089
	-	243,556	106,898	136,658

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CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS FUND**

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Increase (Decrease)
IDEA special education:				
Salaries	\$ 395,818	\$ 392,332	\$ 374,275	\$ 18,057
Benefits	126,446	132,204	113,257	18,947
Operations	25,792	57,150	17,781	39,369
	<u>548,056</u>	<u>581,686</u>	<u>505,313</u>	<u>76,373</u>
IDEA preschool:				
Operations	5,053	15,783	12,281	3,502
	<u>5,053</u>	<u>15,783</u>	<u>12,281</u>	<u>3,502</u>
CTE Perkins Basic				
Operations	31,000	49,362	49,360	2
	<u>31,000</u>	<u>49,362</u>	<u>49,360</u>	<u>2</u>
Total instructional	<u>1,001,242</u>	<u>2,953,392</u>	<u>1,656,202</u>	<u>1,297,190</u>
Support services				
Title I:				
Salaries	385,015	369,795	359,490	10,305
Benefits	105,372	107,501	99,487	8,014
Operations	17,760	70,492	12,444	58,048
	<u>508,147</u>	<u>547,788</u>	<u>471,421</u>	<u>76,367</u>
Title II:				
Salaries	82,190	112,200	105,856	6,344
Benefits	15,312	12,883	10,444	2,439
Operations	49,000	46,608	20,944	25,664
	<u>146,502</u>	<u>171,691</u>	<u>137,244</u>	<u>34,447</u>
Title III:				
Benefits	3,980	-	-	-
Operations	1,000	200	200	-
	<u>4,980</u>	<u>200</u>	<u>200</u>	<u>-</u>
Title IV:				
Operations	24,000	17,090	6,246	10,844
	<u>24,000</u>	<u>17,090</u>	<u>6,246</u>	<u>10,844</u>
Summer Learning Loss:				
Salaries	-	18,000	9,000	9,000
Benefits	-	3,226	1,055	2,171
Operations	-	10,944	5,472	5,472
	<u>-</u>	<u>32,170</u>	<u>15,527</u>	<u>16,643</u>
IDEA special education:				
Salaries	-	59,160	59,160	-
Benefits	-	15,975	13,901	2,074
Operations	10,320	14,320	1,968	12,352
	<u>10,320</u>	<u>89,455</u>	<u>75,029</u>	<u>14,426</u>

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CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS FUND

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
Consolidated administration:				
Salaries	\$ 19,438	\$ 22,000	\$ 19,936	\$ 2,064
Benefits	282	319	289	30
	19,720	22,319	20,225	2,094
ESSER 1:				
Salaries	-	103,350	102,525	825
Benefits	-	18,521	16,941	1,580
Operations	-	151,888	87,600	64,288
	-	273,759	207,066	66,693
ESSER 2:				
Salaries	-	1,336	-	1,336
Benefits	-	239	-	239
Operations	-	5,650	750	4,900
	-	7,225	750	6,475
CTE Perkins Basic:				
Operations	19,000	2,235	2,235	-
	19,000	2,235	2,235	-
IDEA discretionary SWD:				
Salaries	59,160	59,160	-	59,160
Benefits	16,364	16,364	-	16,364
	75,524	75,524	-	75,524
Total support services:	808,193	1,239,456	935,943	303,513
Non-instructional				
IDEA pre-k:				
Salaries	-	3,465	-	3,465
Benefits	-	358	-	\$ 358
Operations	1,200	1,200	-	1,200
	1,200	5,023	-	5,023
CTE Perkins Basic:				
Operations	-	1,590	1,590	-
	-	1,590	1,590	-
Internet connectivity grant:				
Operations	-	58,500	36,035	22,465
	-	58,500	36,035	22,465
ESSER 1:				
Salaries	-	11,000	-	11,000
Benefits	-	1,972	-	1,972
Operations	-	60,708	60,683	25
	-	73,680	60,683	12,997
IDEA special education:				
Salaries	-	8,400	330	8,070
	-	8,400	330	8,070

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CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS FUND

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
Learning camps transportation				
Salaries	\$ -	\$ 16,337	\$ 6,934	\$ 9,403
	-	16,337	6,934	9,403
Nutrition				
Operations	-	7,000	6,907	93
	-	7,000	6,907	93
ESSER 2:				
Capital outlay	-	2,243,878	448,776	1,795,102
	-	2,243,878	448,776	1,795,102
Total non-instructional:	1,200	2,414,408	561,255	1,853,153
Total expenditures:	1,810,635	6,607,256	3,153,400	3,453,856
EXCESS OF REVENUES OVER EXPENDITURES	916,126	(416,008)	-	416,008
OTHER FINANCING USES				
Indirect cost title 1	47,903	-	-	-
Indirect cost CTE Perkins basi	-	2,425	-	2,425
Indirect cost ESSER 1	-	97,900	-	97,900
Indirect cost ESSER 2	-	81,158	-	81,158
Total Other Financing Sources (Uses)	47,903	181,483	-	181,483
Net change in fund balances	\$ 964,029	\$ (234,525)	-	\$ 597,491
Fund balances - beginning			-	
Fund balances - ending			\$ -	

CITY OF MILLINGTON, TENNESSEE**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL CAFETERIA FUND**

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Charges for services				
Cafeteria fees	\$ 81,200	\$ 81,200	\$ 13,823	\$ (67,377)
Federal, state and other grants	1,537,051	1,598,701	1,375,380	(223,321)
Other income	1,960	1,960	13,411	11,451
Total revenues	<u>1,620,211</u>	<u>1,681,861</u>	<u>1,402,614</u>	<u>(279,247)</u>
EXPENDITURES				
EDUCATION				
Cafeteria				
Salaries	540,885	584,073	533,186	50,887
Benefits	169,444	176,378	162,731	13,647
Operations	768,914	916,917	541,672	375,245
USDA commodities	124,151	124,151	130,359	(6,208)
Total expenditures	<u>1,603,394</u>	<u>1,801,519</u>	<u>1,367,948</u>	<u>433,571</u>
Net change in fund balances	<u>\$ 16,817</u>	<u>\$ (119,658)</u>	34,666	<u>\$ 154,324</u>
Fund balances - beginning			<u>610,806</u>	
Fund balances - ending			<u>\$ 645,472</u>	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Federal, state, and other grants	10,508,889	15,633,466	1,901,475	\$ (13,731,991)
Interest on investments	-	-	165	165
Total revenues	10,508,889	15,633,466	1,901,640	(13,731,826)
EXPENDITURES				
CAPITAL OUTLAY				
Architectural and engineering	1,051,832	5,258,045	84,786	5,173,259
Construction contracts	15,359,416	19,269,839	7,315,509	11,954,330
Equipment	268,300	428,262	228,510	199,752
Total expenditures	16,679,548	24,956,146	7,628,805	17,327,341
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(6,170,659)	(9,322,680)	(5,727,165)	3,595,515
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	1,589,109	1,589,109
Issuance of debt	5,670,659	6,461,091	3,239,038	(3,222,053)
Transfers in	500,000	2,055,100	2,055,100	-
Planned use of fund balance	-	1,422,009	-	(1,422,009)
Total Other Financing Sources	6,170,659	9,938,200	6,883,247	(3,054,953)
Net change in fund balances	\$ -	\$ 615,520	1,156,082	\$ 540,562
Fund balances - beginning			(328,441)	
Fund balances - ending			\$ 827,641	

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Increase
				(Decrease)
REVENUES				
Intergovernmental				
Shelby County Government	\$ 750,000	\$ 564,285	\$ 730,091	\$ 165,806
Donations	-	15,000	10,000	(5,000)
Total revenues	<u>750,000</u>	<u>579,285</u>	<u>740,091</u>	<u>160,806</u>
EXPENDITURES				
CAPITAL OUTLAY				
Building construction	-	110,792	-	110,792
Building improvements	570,000	263,302	104,704	158,598
Other capital outlay no location	180,000	1,497,117	1,106,264	390,853
Total expenditures	<u>750,000</u>	<u>1,871,211</u>	<u>1,210,968</u>	<u>660,243</u>
DEFICIENCY OF REVENUES				
 UNDER EXPENDITURES	-	(1,291,926)	(470,877)	821,049
OTHER FINANCING SOURCES				
Transfers in	-	-	(5,639)	(5,639)
Loan proceeds	-	470,000	462,579	(7,421)
Planned use of fund balance	-	821,926	-	(821,926)
Total Other Financing Sources	<u>-</u>	<u>1,291,926</u>	<u>456,940</u>	<u>(834,986)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(13,937)	<u>\$ (13,937)</u>
Fund balances - beginning			<u>3,863,868</u>	
Fund balances - ending			<u>\$ 3,849,931</u>	

SUPPORTING SCHEDULES

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

	<u>Transfers In:</u>	<u>Transfers Out:</u>
Major Funds		
General Fund		
Capital Projects Fund	\$ -	\$ 2,055,100
General Purpose School Fund	-	730,219
	<u>-</u>	<u>2,785,319</u>
General Purpose School Fund		
General Fund	730,219	-
Federal Projects Fund	5,639	-
	<u>735,858</u>	<u>-</u>
Capital Projects Fund		
General Fund	2,055,100	-
	<u>2,055,100</u>	<u>-</u>
Total major funds	2,790,958	2,785,319
Nonmajor Governmental Funds		
Federal Projects Fund		
General Purpose School Fund	-	5,639
	<u>-</u>	<u>5,639</u>
	<u>\$ 2,790,958</u>	<u>\$ 2,790,958</u>

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF INTERFUNDS RECEIVABLES AND PAYABLES
June 30, 2021

	Interfund Receivable	Interfund Payable
Major Funds		
General Fund		
Capital Projects Fund	-	679,549
Water Fund	692	-
Sewer Fund	612	-
State Street Aid Fund	1,910	-
Sanitation Fund	1,778	-
DEA Drug Fund	181	-
	<u>5,173</u>	<u>679,549</u>
Capital Projects Fund		
General Fund	679,549	-
General Purpose School Fund		
School Federal Projects Fund	510,075	-
Water Fund		
General Fund	-	692
Sewer Fund	-	242,252
Stormwater	-	60,453
Sanitation Fund	-	124,877
	<u>-</u>	<u>428,274</u>
Sewer Fund		
Water Fund	242,252	-
General Fund	-	612
	<u>242,252</u>	<u>612</u>
Total Major	<u>1,437,049</u>	<u>1,108,435</u>
Nonmajor Governmental Funds		
State Street Aid Fund		
General Fund	-	1,910
Sanitation Fund		
General Fund	-	1,778
Water Fund	124,877	-
	<u>124,877</u>	<u>1,778</u>
DEA Drug Fund		
General Fund	-	181
Stormwater Fund		
Water Fund	60,453	-
School Federal Projects Fund		
General Purpose School Fund	-	510,075
Total nonmajor governmental funds	<u>185,330</u>	<u>513,944</u>
Total all funds	<u><u>1,622,379</u></u>	<u><u>1,622,379</u></u>

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF LONG-TERM DEBT, PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL ACTIVITIES
June 30, 2021

Fiscal Year	TML Note Series 2013		TML Note Series 2015		TML Note Series 2021		TML Note Refunding, Series 2021		Shelby County, TN Settlement Liability		TML Note Refunding, Series 2020		TML Note Series 2020		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 55,000	\$ 22,127	\$ 391,000	\$144,480	\$ -	\$ 36,508	\$ 200,470	\$ 86,112	\$ 202,023	\$28,196	\$ 75,245	\$ 45,550	\$ 23,210	1,880	\$ 946,948	\$ 364,852
2023	56,000	20,532	402,000	132,506	252,000	43,560	205,000	81,180	207,371	22,848	78,000	43,665	27,984	2,124	1,228,355	346,415
2024	58,000	18,908	440,000	119,792	258,000	37,386	205,000	76,137	212,861	17,358	81,000	41,709	28,128	1,980	1,282,989	313,270
2025	59,000	17,226	457,800	106,235	264,000	31,065	210,000	71,094	218,497	11,722	84,000	39,680	28,272	1,836	1,321,569	278,858
2026	61,000	15,515	469,500	92,233	271,000	24,597	215,000	65,928	224,506	5,713	87,000	37,577	28,404	1,704	1,356,410	243,267
2027	62,000	13,746	336,000	80,070	277,000	17,957	221,000	60,639	-	-	91,000	35,387	28,560	1,548	1,015,560	209,347
2028	64,000	11,948	324,000	70,104	284,000	11,171	226,000	55,202	-	-	94,000	33,112	28,703	1,405	1,020,703	182,942
2029	66,000	10,092	312,000	60,500	171,947	4,213	231,000	49,643	-	-	98,000	30,750	28,847	1,261	907,794	156,459
2030	68,000	8,178	300,000	51,259	-	-	237,000	43,960	-	-	99,000	28,327	28,992	1,116	732,992	132,840
2031	70,000	6,206	288,000	42,380	-	-	243,000	38,130	-	-	103,000	25,842	29,137	971	733,137	113,529
2032	71,000	4,176	276,000	33,864	-	-	249,000	32,152	-	-	108,000	23,247	29,283	825	733,283	94,264
2033	73,000	2,117	264,000	25,710	-	-	255,000	26,027	-	-	112,000	20,541	29,430	678	733,430	75,073
2034	-	-	252,000	17,918	-	-	261,000	19,754	-	-	117,000	17,724	29,577	531	659,577	55,927
2035	-	-	240,000	10,489	-	-	268,000	13,333	-	-	122,000	14,785	29,726	382	659,726	38,989
2036	-	-	227,300	3,433	-	-	274,000	6,740	-	-	127,000	11,722	29,875	233	658,175	22,128
2037	-	-	-	-	-	-	-	-	-	-	132,000	8,536	29,987	121	161,987	8,657
2038	-	-	-	-	-	-	-	-	-	-	138,000	5,215	4,907	69	142,907	5,284
2039	-	-	-	-	-	-	-	-	-	-	143,000	1,759	-	-	143,000	1,759
	<u>\$763,000</u>	<u>\$150,771</u>	<u>\$ 4,979,600</u>	<u>\$990,973</u>	<u>\$ 1,777,947</u>	<u>\$206,457</u>	<u>\$ 3,500,470</u>	<u>\$726,031</u>	<u>\$ 1,065,258</u>	<u>\$85,837</u>	<u>\$ 1,889,245</u>	<u>\$465,128</u>	<u>\$463,022</u>	<u>\$18,664</u>	<u>\$ 14,438,542</u>	<u>\$ 2,643,861</u>

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF LONG-TERM DEBT, PRINCIPAL AND INTEREST REQUIREMENTS
BUSINESS-TYPE ACTIVITIES
June 30, 2021

Fiscal Year	State Revolving Loan Fund	
	Principal	Interest
2022	\$ 134,436	\$ 27,888
2023	136,344	25,980
2024	138,288	24,036
2025	140,244	22,080
2026	142,236	20,088
2027	144,252	18,072
2028	146,304	16,020
2029	148,380	13,944
2030	150,480	11,844
2031	152,616	9,708
2032	154,788	7,536
2033	156,984	5,340
2034	159,216	3,108
2035	120,906	1,116
2036	13,456	192
	<u>\$ 2,038,930</u>	<u>\$ 206,952</u>

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding as of 6/30/2020	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6/30/2021
GOVERNMENTAL ACTIVITIES									
Notes Payable									
<u>Payable through General Fund</u>									
Capital Outlay Note, Series 2010	\$ 1,000,000	3.78%	10/20/2010	10/1/2020	\$ 118,000	\$ -	\$ (118,000)	\$ -	\$ -
TN Municipal League Note, Series 2011	5,000,000	3.29%	6/1/2011	6/1/2036	3,715,000	-	(225,000)	(3,490,000)	-
TN Municipal League Note, Series 2013	1,150,000	2.90%	5/29/2013	5/1/1933	816,000	-	(53,000)	-	763,000
TN Municipal League Note, Series 2015	6,000,000	3.02%	9/29/2015	9/1/2035	3,697,009	1,497,091	(214,500)	-	4,979,600
TN Municipal League Note, Series 2021	6,000,000	2.45%	5/6/2021	5/1/2041	-	1,777,947	-	-	1,777,947
TN Municipal League Note, Series 2021 Refunding	3,500,470	2.46%	6/1/2021	6/1/2036	-	3,500,470	-	-	3,500,470
					<u>8,346,009</u>	<u>6,775,508</u>	<u>(610,500)</u>	<u>(3,490,000)</u>	<u>11,021,017</u>
<u>Payable through General Purpose School Fund</u>									
TN Municipal League Note, Series 2018	2,000,000	4.16%	11/21/2018	9/1/2035	1,934,000	-	(69,000)	(1,865,000)	-
TN Municipal League Note, Series 2020 Refunding	1,889,245	2.46%	10/29/2020	11/1/2038	-	1,889,245	-	-	1,889,245
State of Tennessee loan	463,022	0.50%	6/1/2021	7/1/2037	-	463,022	-	-	463,022
					<u>1,934,000</u>	<u>2,352,267</u>	<u>(69,000)</u>	<u>(1,865,000)</u>	<u>2,352,267</u>
Total notes payable					<u>10,280,009</u>	<u>9,127,775</u>	<u>(679,500)</u>	<u>(5,355,000)</u>	<u>13,373,284</u>
Other debt									
<u>Payable through General Purpose School Fund</u>									
Shelby County Settlement Liability	\$ 2,762,628	2.89%	1/6/2014	11/1/2026	1,262,033	-	(196,775)	-	1,065,258
Total governmental activities					<u>\$ 11,542,042</u>	<u>\$ 9,127,775</u>	<u>\$ (876,275)</u>	<u>\$ (5,355,000)</u>	<u>\$ 14,438,542</u>
BUSINESS-TYPE ACTIVITIES									
Notes Payable									
<u>Payable through Sewer Fund</u>									
State Revolving Loan Fund	\$ 2,827,400	1.41%	8/1/2011	4/1/2035	\$ 2,171,494	\$ -	\$ (132,564)	\$ -	\$ 2,038,930

CITY OF MILLINGTON, TENNESSEE
SCHEDULES OF PROPERTY TAXES
For the Year Ended June 30, 2021

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE -BY LEVY YEAR

Year of Levy	Balance June 30, 2020	Assessment	Adjustments/ Abatements	Collections	June 30, 2021
2021	\$ -	\$ 3,769,220	\$ -	\$ -	\$ 3,769,220
2020	3,030,401	-	73,422	(3,011,065)	92,758
2019	168,330	-	(2,065)	(142,407)	23,858
2018	27,455	-	(3,813)	(16,384)	7,258
2017	15,742	-	(92)	(9,692)	5,958
2016	9,371	-	(1,034)	(4,378)	3,959
2015	7,270	-	(222)	(3,329)	3,719
2014	5,798	-	(206)	(1,671)	3,921
2013	3,968	-	(192)	(395)	3,381
2012	2,246	-	(142)	(310)	1,794
Prior Years	3,301	-	(1,285)	(603)	1,413
Total	3,273,882	<u>\$ 3,769,220</u>	<u>\$ 64,371</u>	<u>\$ (3,190,234)</u>	3,917,239
Allowance for uncollectible property taxes	<u>(139,460)</u>				<u>(162,094)</u>
Net receivables	<u>\$ 3,134,422</u>				<u>\$ 3,755,145</u>

PROPERTY TAX RATES AND ASSESSMENTS -LAST 10 YEARS

Year of Levy	Realty and Personalty	Public Utility	Total Assessed Valuation	Tax Rate per \$100	Levy
2021	\$ 237,877,775	\$ 8,476,506	\$ 246,354,281	\$ 1.53	\$ 3,769,220
2020	191,389,745	6,675,697	\$ 198,065,442	1.53	3,030,401
2019	194,819,615	6,565,114	\$ 201,384,729	1.53	3,081,186
2018	195,127,695	6,215,402	\$ 201,343,097	1.53	3,080,549
2017	188,394,465	9,365,292	\$ 197,759,757	1.53	3,025,724
2016	164,444,435	9,564,902	\$ 174,009,337	1.53	2,662,343
2015	169,360,610	10,470,983	\$ 179,831,593	1.53	2,751,423
2014	164,129,730	9,787,365	\$ 173,917,095	1.23	2,139,180
2013	168,185,180	9,682,797	\$ 177,867,977	1.23	2,187,776
2012	166,983,760	9,017,800	\$ 176,001,560	1.23	2,164,819

DELINQUENT PROPERTY TAXES

The Shelby County Trustee on behalf of the City of Millington files delinquent property taxes with the Chancery Court on the first business day of April each year once taxes become two years old.

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

As of June 30, 2021, the City of Millington, Tennessee, served approximately 3,000 water, sewer, and sanitation customers and had the following rate structure in place:

Water Rates:

Cubic Feet Used	Rate
First 267 cubic feet	\$ 15.91
Each additional cubic foot	\$ 0.03987

Sewer Rates:

Based on Cubic Feet of Water Used	Rate
First 267 cubic feet	\$ 8.37
Each additional cubic foot	\$ 0.0303

Sanitation Rates:

Type	Monthly Charge
Residential	\$ 23.00

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

Position	Amount of Bond	Surety
Mayor	\$ 150,000	Public Entity Partners
City Clerk	\$ 150,000	Public Entity Partners
City Court Clerk	\$ 150,000	Public Entity Partners
Police Chief	\$ 150,000	Public Entity Partners
Fire Chief	\$ 150,000	Public Entity Partners
Seven Alderman (each)	\$ 150,000	Public Entity Partners

GOVERNMENT AUDITING STANDARDS SECTION

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program	Assistance Listing Number	Expenditures
U.S. Department of Housing and Urban Development		
<u>Tennessee Department of Economic and Community Development</u>		
Community Development Block Grants/Entitlement Grants	14.218	\$ 88,433
U.S. Department of Justice		
<u>Direct Award</u>		
Equitable Sharing Program	16.922	15,582
U.S. Department of Transportation		
<u>Tennessee Department of Transportation</u>		
<i>Highway Planning and Construction Cluster</i>		
Highway Planning and Construction	20.205	4,047,976
U.S. Department of Treasury		
<u>Shelby County, Tennessee</u>		
COVID-19 Coronavirus Relief Fund	21.019	555,100
U.S. Department of Homeland Security		
<u>City of Memphis, Tennessee</u>		
National Urban Search and Rescue Response System	97.025	1,839
Total Federal Awards		<u>4,708,930</u>
State Financial Assistance		
COVID-19 - TN Direct Appropriation Grant	N/A	265,802
Tennessee Department of Transportation	N/A	12,540
Tennessee Grant Library Technology	N/A	6,963
COVID-19 - TN CARES Cleaning Grant	N/A	744
COVID-19 - TN OJP Grant China Virus	N/A	5,025
Total State Financial Assistance		<u>291,074</u>
Total Federal Awards and State Financial Assistance		<u>\$ 5,000,004</u>

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Pass-through entity identifying numbers are presented where available.
3. There were no federal awards passed through to subrecipients.
4. The City has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

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

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

Total grant revenue per governmental funds financial statements	\$ 7,583,202
Millington Municipal Schools federal awards	(4,692,516)
Millington Municipal Schools non-federal awards	(372,622)
City of Millington non-federal and non-state awards	(655,958)
Change in City of Millington unavailable revenue	3,137,896
Total federal awards and state financial assistance	<u>\$ 5,000,002</u>

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

To the Mayor and Board of Aldermen of the
City of Millington, 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, the statements of budgetary comparison for the general fund and general purpose school fund, the fiduciary funds and the aggregate remaining fund information of the City of Millington, Tennessee (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2022. Our report includes a reference to other auditors who audited the financial statements of Millington Municipal Schools, (the "School"), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 the 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.

Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings as items 2021-001 - 2021-007 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-008 – 2021-010 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-011 – 2021-013.

City of Millington, Tennessee's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Millington, Tennessee's response to the findings identified in our audit and described in the accompanying schedule of findings. City of Millington, Tennessee's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

A handwritten signature in black ink that reads "Wathins Wilmsall, PLLC". The signature is written in a cursive, flowing style.

Memphis, Tennessee
June 30, 2022

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

To the Mayor and Board of Aldermen of the
City of Millington, Tennessee:

Report on Compliance for Each Major Federal Program

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

The City of Millington, Tennessee's basic financial statements include the operations of Millington Municipal Schools (the "Schools"), which include the general purpose school fund, each major fund, and the fiduciary funds of the School. The School's expended \$4,692,516 in federal awards and \$14,136,133 in state awards which are not included in the City of Millington, Tennessee's schedule of expenditures of federal and state awards during the year ended June 30, 2021. Our audit, described below, did not include the operations of the Schools because the Schools engaged other auditors to perform an audit of compliance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Watkins Mikusall, PLLC". The signature is written in a cursive, flowing style.

Memphis, Tennessee
June 30, 2022

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	
<ul style="list-style-type: none">Assistance Listing Number: 20.205 Highway Planning and Construction	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Did auditee qualify as a low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

Material Weaknesses

2021-001 Prior Fiscal Year Journal Entries Were Not Recorded

Condition: Prior year adjusting journal entries were not recorded.

Criteria: In accordance with the June 30, 2021, Management Representation Letter, management agreed with all prior year journal entries and stated that the entries had been recorded to the internal records.

Cause: Year-end close procedures were not followed.

Effect: Fund balance did not roll by material amounts from the prior year for multiple funds.

Recommendation: As a part of closing the year end records and approving the audited financial statements, all audit entries should be recorded.

Management Comments: See management's corrective action plan.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2021

2021-002 Accounts Receivable Was Not Recorded For Reimbursable But Unbilled Expenditures

Condition: Accounts receivable not recorded for reimbursable federal expenditures.

Criteria: In accordance with generally accepted accounting principles, accounts receivable should be recorded when earned and considered collectable.

Cause: Lack of adequate internal controls related year end accruals, and lack of knowledge, skills, and experience of the employees involved.

Effect: Accounts receivable was understated by a material amount. Further, unavailable revenue was understated by a material amount at the modified accrual fund level, and revenue was understated by a material amount at that full accrual government-wide level.

Recommendation: As a part of monthly close procedures, all reimbursable federal expenditures should be recorded as accounts receivable regardless of the timing of the billing.

Management Comments: See management's corrective action plan.

2021-003 Grant Receipt Was Recorded To Fund Balance

Condition: Revenue received was recorded directly to fund balance.

Criteria: In accordance with generally accepted accounting principles, revenue should be recorded when earned.

Cause: Lack of adequate internal controls related posting top-level journal entries, and lack of knowledge, skills, and experience of the employees involved.

Effect: Fund balance was overstated and did not roll from the prior year. In addition, grant revenue was materially understated.

Recommendation: Journal entries should not be made to fund balance without a specific reasoning and should include a reconciliation of a fund balance roll forward to prevent erroneous entries.

Management Comments: See management's corrective action plan.

2021-004 Grant Expenditures Was Not Accrued

Condition: Invoices received after year end for grant expenditures incurred and payable as of year end were not accrued as liabilities at year end.

Criteria: Under the modified accrual basis of accounting, expenditures should be recorded when incurred and payable.

Cause: Lack of adequate internal controls related to reviewing year end accruals, and lack of knowledge, skills, and experience of the employees involved.

Effect: Expenditures and liabilities were materially understated at year end at the fund level. Further, amounts included as construction-in-process and amounts recoded on the schedule of expenditures of federal awards were understated.

Recommendation: As a part of year end close procedures, invoices should be reviewed for a minimum of 60 days after year end to determine if expenditures were incurred prior to year-end. The review should also

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2021

consider knowledge of invoices that have not been received during the 60-day period but related to expenditures incurred before year end.

Management Comments: See management's corrective action plan.

2021-005 Retainage Payable Was Not Recorded in the Proprietary Funds

Condition: Retainage payable related to long-term construction contracts was not recorded.

Criteria: Under the full accrual basis of accounting used by proprietary funds, expenditures should be recorded when incurred.

Cause: Lack of adequate internal controls related to reviewing year end accruals, and lack of knowledge, skills, and experience of the employees involved.

Effect: Capital assets and liabilities were materially understated.

Recommendation: For proprietary funds, retainage payable should be recorded for progress billings received from vendors. Further, retainage payable should be recorded for other funds under the modified accrual basis of accounting when the expenditures is both due and payable within 60 days of year end.

Management Comments: See management's corrective action plan.

2021-006 Property Taxes Receivable Assessment Was Not Correctly Calculated

Condition: Property taxes receivable related to the most recent assessment were calculated incorrectly.

Criteria: Property taxes receivable should be recorded at the assessed tax rate.

Cause: The calculation was prepared in error.

Effect: Property taxes receivable and unavailable revenue were materially understated at the fund level.

Recommendation: As there was an error in the calculation of property taxes, a reconciliation should be prepared to help identify potential errors in the calculation.

Management Comments: See management's corrective action plan.

2021-007 Schedule of Expenditures of Federal Awards (SEFA) Not Accurately Reported

Condition: Federal funding was not accurately reported on the Schedule of Expenditures of Federal Awards (SEFA). The expenditures only include those amounts that had been billed and collected.

Criteria: The SEFA should include all reimbursable federal expenditures incurred regardless of whether the expenditures have been billed for reimbursement.

Cause: Lack of adequate internal controls over the preparation and review process of the SEFA, along with the lack of knowledge, skills, and experience of the employees involved.

Effect: The SEFA was under reported by approximately \$4.4 million.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2021

Recommendation: To ensure completeness of the SEFA, all expenditures related to federal grants should first be reviewed for inclusion by reviewing the internal spreadsheets that track the projects. A reconciliation should be prepared to exclude any non-reimbursable expenditures.

Views of Responsible Officials: See corrective action plan.

Significant Deficiencies

2021-008 Journal Entries Were Not Properly Supported

Condition: During the review of top-level journal entries, the journal entries provided did not contain supporting documentation. Upon further inquiry, the accounting personnel noted that the journal entry was made without support based on the direction of the Finance Director.

Criteria: All journal entries should be supported by adequate documentation. Further accounting personnel should not record journal that are not fully understood.

Cause: Lack of adequate internal controls over the preparation of journal entries.

Effect: Significant time was spent to obtain support for respective journal entries and evaluate the purpose and propriety of the journal entries.

Recommendation: All journal entries should be supported by adequate documentation. Further, there should be initialed and dated sign-off of the employee preparing and making the journal entry as well as the employee responsible for reviewing and approving the journal entry

Views of Responsible Officials: See corrective action plan.

2021-009 Accounts Receivable and Unavailable Revenue Were Not Reduced for Funds Received

Condition: Federal grant reimbursements received were recorded as cash and revenue as opposed to reducing the existing grant receivable.

Criteria: Accounts receivable should be reduced as payments against those receivables are made.

Cause: Lack of adequate internal controls related to reviewing year end accruals, and lack of knowledge, skills, and experience of the employees involved.

Effect: Accounts receivable and unavailable revenue were overstated at year end.

Recommendation: As a part of year end close procedures, accounts receivable should be reviewed for collectability and reconciled for propriety.

Views of Responsible Officials: See corrective action plan.

2021-010 Accounts Payable Was Not Reduced For Expenditure Paid

Condition: Federal grant reimbursements paid were recorded as cash and expenditures as opposed to reducing the existing grants payable.

Criteria: Accounts payable should be reduced as payments against those payables are made.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2021

Cause: Lack of adequate internal controls related to reviewing year end accruals, and lack of knowledge, skills, and experience of the employees involved.

Effect: Accounts payable and expenditures were overstated at year end.

Recommendation: As a part of year end close procedures, accounts payable should be reviewed and reconciled for propriety.

Views of Responsible Officials: See corrective action plan.

State of Tennessee Compliance Findings

2021-011 Accounting Records Not Closed within Two Months of Fiscal Year End

Condition: The accounting records were not properly close within the designated time frame.

Criteria: In accordance with the State of Tennessee Audit Manual, Section 9-2-102, municipalities should close their records within two months after fiscal year end.

Cause: Lack of adequate internal controls related to reviewing year end accruals, and lack of knowledge, skills, and experience of the employees involved.

Effect: The delay in the accounting close resulted in a delay of a completed audit.

Recommendation: Management should develop a close schedule to mitigate a future delayed close.

Management Comments: See management's corrective action plan.

2021-012 Audited Financials Were Not Filed by December 31

Condition: The audited financial statements were not filed with the State of Tennessee by December 31.

Criteria: In accordance with the State of Tennessee Audit Manual, Section A, audited financial reports should be submitted no later than six months following the fiscal year end.

Cause: Lack of adequate internal controls related to reviewing year end accruals, and lack of knowledge, skills, and experience of the employees involved.

Effect: The audited financial statements were filed delinquent.

Recommendation: Management should ensure that the accounting records are closed timely to allow for adequate time to complete the audit and file the financials by the deadline.

Management Comments: See management's corrective action plan.

2021-013 Federal Expenditures Were Not Billed for Reimbursement Timely

Condition: Federal expenditures were not billed for reimbursement timely.

Criteria: In accordance with the State of Tennessee Department of Transportation, reimbursable grant expenditures should be billed on at least a quarterly basis, but preferably monthly.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2021

Cause: Lack of adequate internal controls related to reviewing year end accruals, and lack of knowledge, skills, and experience of the employees involved.

Effect: There were minimal federal expenditures billed for reimbursement during fiscal year 2021.

Recommendation: The monthly accounting close procedures should include a reconciliation of all federal expenditures incurred and include invoicing for those expenditures to ensure timely billing.

Management Comments: See management's corrective action plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

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

A. FINANCIAL STATEMENT FINDINGS

None reported.

B. FEDERAL AWARD FINDINGS

None reported.



CITY OF MILLINGTON
FINANCE AND ADMINISTRATION

7930 Nelson Road
Millington, Tennessee 38053

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Fax: 901.872.4113

www.millingtontn.gov

MANAGEMENT'S CORRECTIVE ACTION PLAN

The City of Millington, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2021. The findings from the June 30, 2021 schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Material Weakness

2020-001: Prior Fiscal Year Journal Entries Were Not Recorded

Corrective Action: Going forward, management will follow existing internal control procedures to record approved audit entries in order to tie out internal financial statements to audited statements.

2020-002: Accounts Receivable Were Not Recorded For Reimbursable But Unbilled Expenditures

Corrective Action: Federal expenditures will be reviewed as a part of monthly close procedures and all amounts considered reimbursable will be recorded as receivable.

2020-003: Grant Receipt Was Recorded To Fund Balance.

Corrective Action: Journal entries will not be recorded directly to fund balance without explanation.

2020-004: Grant Expenditures Were Not Accrued

Corrective Action: Monthly close procedures will include a review of invoices received after year end for potential accrual.

2020-005: Retainage Payable Was Not Recorded in the Proprietary Funds

Corrective Action: Long-term contracts will be reviewed for applicable retainage and recorded.

2020-006: Property Taxes Receivable Assessment Was Not Correctly Calculated

Corrective Action: A reconciliation will be performed on the calculation to assist in identifying errors.

2020-007: Schedule of Expenditures of Federal Awards (SEFA) Not Accurately Reported

Corrective Action: A reconciliation of all known expenditures will be prepared to assist in identifying all amounts to include on the SEFA.

Significant Deficiencies

2020-008: Journal Entries Were Not Properly Supported

Corrective Action: Adequate support will be attached to all manually prepared journal entries. Support will also include the initials and dates of the preparer and reviewer.

2020-009: Accounts Receivable and Unavailable Revenue Were Not Reduced for Funds Received

Corrective Action: Revenue received after year end will be reviewed to ensure that an existing receivable does not need to be reduced.

2020-010: Accounts Payable Was Not Reduced for Expenditure Paid

Corrective Action: Expenditures paid after year end will be reviewed to ensure than an existing payable does not need to be reduced.

State of Tennessee Compliance Findings

2020-011: Accounting Records Not Closed within Two Months of Fiscal Year End

Corrective Action: Close procedures will be followed to ensure completion by August 31.

2020-012: Audited Financials Were Not Filed by December 31

Corrective Action: Close procedures will be followed to ensure completion by August 31 which will assist in the audit completion by December 31.

2020-013: Federal Expenditures Were Not Billed for Reimbursement Timely

Corrective Action: Monthly close procedures will ensure that federal expenditures are billed on timely basis.

Responsible for Corrective Action: Randy Hendon, Director of Finance

Anticipated Completion Date for Corrective Action: August 31, 2022

Signature: 
Randy Hendon, Director of Finance