

CITY OF MILLINGTON, TENNESSEE
FINANCIAL STATEMENTS

June 30, 2022

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CITY OF MILLINGTON, TENNESSEE
ROSTER OF ELECTED AND APPOINTED OFFICIALS
June 30, 2022

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
Public Works
Planning and Economic Development
Police
Public Safety

Ed Haley
Karen Findley
Randy Hendon, CPA*
Jimmy Black
Jason Dixon
Chris Stokes
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/Federal Programs
Supervisor of Instructional Technology
Supervisor of Operations and Transportation
Supervisor of Instruction, Curriculum, PreK-5
Supervisor of Special Education and Student Services
Supervisor of School Nutrition

James Griffin
Kristen Turner
Lindsey Osborne
Ryan Lancaster
Phil Leblanc
Audrey Poston
Leonora Morris
Vicki Chen

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit and the report of the 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, and the aggregate remaining fund information of the City of Millington, Tennessee as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the statements of budgetary comparison for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Millington Municipal Schools (the "School"), which represent 50.88 percent, 54.06 percent, and 64.8 percent, respectively, of the assets, net position, and revenues of the governmental activities as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for School is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended June 30, 2022, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain pension and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules, supporting schedules, and schedule of expenditures and federal awards and state financial assistance, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual nonmajor fund financial statements and schedules, supporting schedules, and the schedule of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

CITY OF MILLINGTON, TENNESSEE
ROSTER OF ELECTED AND APPOINTED OFFICIALS
June 30, 2022

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2023, 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.

Watkins Wilcox, PLLC

Memphis, Tennessee
April 14, 2023

CITY OF MILLINGTON, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

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, 2022. 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 \$19.8 million as a result of activity for the fiscal year, with an increase of \$18.1 million from governmental activities and an increase of \$1.7 million from business-type activities. After the positive results for the year the City's net position on June 30, 2022, was \$167.4 million. Of this amount, \$18.7 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 \$17.8 million. This included a commitment of \$4.4 million for financial stabilization, \$1 million for emergencies and \$.7 million for library construction. The unassigned fund balance of \$11.3 million represents 85% of total General Fund budgeted expenditures and transfers for FY22.
- The fund balance of the General-Purpose School Fund increased by \$3.9 million to \$11.9 million as of June 30, 2021. This represents 48% of budgeted expenditures and transfers for FY22.

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, 2022

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, 2022. 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, School General Purpose Fund, School Federal Projects Fund and the 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 comparisons for the General Fund, School General-Purpose School Fund, and School Federal Projects Fund are 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, 2022

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 fund 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, 2022). This statement shows the financial position of the City at specific points in time – in this case as of June 30, 2022, and as of June 30, 2021.

Condensed Statement of Net Position
(dollars expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 65,988	\$ 45,205	\$ 9,263	\$ 9,648	\$ 75,251	\$ 54,853
Capital assets	109,758	104,095	23,661	21,824	133,419	125,919
Total assets	175,746	149,300	32,924	31,472	208,670	180,772
Deferred outflows of resources	7,451	3,411	487	394	7,938	3,805
Noncurrent liabilities	19,181	22,051	2,672	3,056	21,853	25,107
Other liabilities	4,207	4,149	496	878	4,703	5,027
Total liabilities	23,388	26,200	3,168	3,934	26,556	30,134
Deferred inflows of resources	21,906	6,685	722	109	22,628	6,794
Net position:						
Invested in capital assets,						
net of related debt	97,095	90,697	21,756	19,785	118,851	110,482
Restricted	22,123	14,833	4	67	22,127	14,900
Unrestricted	18,685	14,296	7,761	7,971	26,446	22,267
Total net position	\$ 137,903	\$ 119,826	\$ 29,521	\$ 27,823	\$ 167,424	\$ 147,649

"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 \$167 million at June 30, 2022.

CITY OF MILLINGTON, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2022

By far the largest portion of the City's net position (71%) 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 (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$26 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.

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 \$18.1 million. The most significant items causing this improvement were an increase in capital grants and contributions of \$3.7 million and improvements in local taxes of \$1.2 million coupled with a \$4.3 million decrease in expenditures as a result of nonrecurring COVID-19 expenditures in FY21.

Business-type Activities. Business-type activities increased the City's net position by \$1.7 million. Charges for services and expenditures remained comparable to FY21 as there were no major changes to operations.

CITY OF MILLINGTON, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2022

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	
	2022	2021	2022	2021	2022	2021
Revenues :						
Program Revenues :						
Charges for services	\$ 2,519	\$ 2,478	\$ 4,813	\$ 4,725	\$ 7,332	\$ 7,203
Operating grants and contributions	37,278	31,989			37,278	31,989
Capital grants and contributions	3,921	5,502			3,921	5,502
General Revenues :						
Local taxes	12,252	11,048			12,252	11,048
Intergovernmental revenues	2,436	2,267			2,436	2,267
Interest on Investments	16	24	8	16	24	40
Gain on sale of assets	-	560	-	-	-	560
Other revenue	292	142	-	5	292	147
Total Revenues	58,714	54,010	4,821	4,746	63,535	58,756
Expenses :						
General government	2,356	2,555	-	-	2,356	2,555
Public safety	5,819	6,593	-	-	5,819	6,593
Community services	516	5,479	-	-	516	5,479
Transportation and environment	4,233	536	-	-	4,233	536
Education	27,358	29,398	-	-	27,358	29,398
Interest on long-term debt	355	425			355	425
Water	-	-	1,307	1,568	1,307	1,568
Sewer	-	-	1,816	1,574	1,816	1,574
Total Expenses	40,637	44,986	3,123	3,142	43,760	48,128
Increase/(Decrease) in Net Position	18,077	9,024	1,698	1,604	19,775	10,628
Net Position - Beginning, originally	119,826	110,386	27,823	26,219	147,649	136,605
Change in accounting principle	-	416	-	-	-	416
Net Position - Beginning, restated	119,826	110,802	27,823	26,219	147,649	137,021
Net Position - Ending	\$ 137,903	\$ 119,826	\$ 29,521	\$ 27,823	\$ 167,424	\$ 147,649

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, 2022

As of June 30, 2021, the City's governmental funds reported a combined ending fund balances of \$28.7 million. There was \$10.7 million net increase in fund balance. This is attributed to increases of \$4. million, \$3.9 million, and \$.8 million in the General Fund, General Purpose School Fund and Special Revenue Funds, respectively. The Capital Projects Funds had an increase of \$2.4 million while the School Capital Projects Fund decreased \$.6 million. Each of these changes is discussed below:

	(expressed in thousands)	
	<u>2022</u>	<u>2021</u>
General Fund	\$ 17,779	\$ 13,505
General Purpose School Fund	11,907	8,022
Special Revenue Funds	3,417	2,623
Total, except capital projects funds	<u>33,103</u>	<u>24,150</u>
Capital Improvements Fund	3,090	726
School Capital Projects Fund	3,217	3,850
Total capital projects funds	<u>6,307</u>	<u>4,576</u>
Total governmental funds	<u><u>\$ 39,410</u></u>	<u><u>\$ 28,726</u></u>

The General Fund is the chief operating fund of the City and operated with a net increase in fund balance of \$4.3 million, an increase of \$2.2 million in comparison with the prior year. General Fund revenue increased slightly by \$400 thousand, as compared to the prior year, while expenditures decreased by a net of \$5.2 million. The decrease in expenditures is due to refunding of \$5.9 million in debt in FY21. All other expenditures remained relatively consistent between FY22 and FY21.

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 72% 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 \$3.9 million. Revenues exceeded expenditures by \$2.9 million in comparison to excess revenues over expenditures of \$1.1 million in FY21. This overall increase is due to additional one-time expenditures related to COVID-19 in FY21. Net other financing sources (uses) were \$1 million which are consistent with FY2021.

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 \$2.3 million, a 10% increase over FY2021. Operating expenses were \$1.3 million, a 16.6% decrease from FY2021. Total equity increased by \$1 million to \$10.3 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 \$2.5 million and operating expenses were \$1.8 million which is consistent with FY2021. Total equity increased by \$700 thousand to \$19.2 million.

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, 2022, the fund had net position held for OPEB benefits of \$334 thousand, a net decrease of \$50 thousand due to market fluctuations on investments.

CITY OF MILLINGTON, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2022

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:

- There was little change between budgeted revenues and expenses in the original and amended budgets for FY22.
- The General Fund revenues were higher than budgeted by \$2.4 million. The significant differences are summarized in these categories:
 - Property Taxes were over budget by \$ 360 thousand.
 - Local Taxes were over budget by \$1.3 million.
 - Intergovernmental Revenues were over budget by \$316 thousand.
- Actual total expenditures were \$1.2 million lower than the amended budget which was driven primarily by a reduction in payroll expenses across departments.

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, 2022, amounts to \$133 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 \$9.1 million and depreciation was \$3.2 million. Construction in progress as of the end of the current fiscal year was \$800 thousand. 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 \$8.3 million. Governmental activities increased \$6.4 million and business activities increased \$1.9 million.

Noncurrent Liabilities. On June 30, 2022, the City had total noncurrent liabilities of \$21.8 million. Of this amount \$19.1 million comprises debt for governmental activities and \$2.7 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, 2022

Economic Factors and Next Year's Budgets and Rates

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 FY23 expenditures of \$1.40 per \$100 of assessed value. This is the same rate approved for FY22.
- City service rates for water is \$16.13 per 2,000 gallons base. Sewer rate is \$8.50 per 2,000 gallons base. These are the same rates approved for FY23.
- 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.

CITY OF MILLINGTON, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 24,684,228	\$ 8,055,929	\$ 32,740,157
Short-term investments	9,353,448	-	9,353,448
Receivables			
Taxes	3,601,942	-	3,601,942
Accounts	1,672,894	510,492	2,183,386
Other	6,595	(334)	6,261
Less allowance for doubtful accounts	(1,599,715)	(157,277)	(1,756,992)
Due from other governments	8,136,607	60,038	8,196,645
Internal balances	(244,888)	244,888	-
Inventories	90,988	-	90,988
Restricted cash	1,576,480	-	1,576,480
Prepaid items	506,592	72,741	579,333
Capital assets, not being depreciated	7,415,120	10,392,548	17,807,668
Capital assets, being depreciated, net	102,343,009	13,268,433	115,611,442
Right-of-use assets, net of amortization	292,911	-	292,911
Net pension asset	17,650,894	476,775	18,127,669
Restricted investments	258,846	-	258,846
Total assets	175,745,951	32,924,233	208,670,184
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	7,321,672	262,144	7,583,816
Related to OPEB	104,927	224,467	329,394
Deferred loss on refinancing	24,245	-	24,245
Total deferred outflows of resources	7,450,844	486,611	7,937,455
LIABILITIES			
Accounts payable and accrued liabilities	2,461,641	484,370	2,946,011
Accrued interest payable	69,870	-	69,870
Customer deposits	-	10,789	10,789
Unearned revenue	1,675,287	-	1,675,287
Noncurrent liabilities:			
Due within one year	1,595,803	136,344	1,732,147
Due in more than one year			
Other liabilities	12,612,110	1,820,924	14,433,034
Net OPEB liability	4,973,216	715,228	5,688,444
Total liabilities	23,387,927	3,167,655	26,555,582
DEFERRED INFLOWS OF RESOURCES			
Current property taxes assessed for subsequent period	2,831,027	-	2,831,027
Related to pension	15,980,651	472,895	16,453,546
Related to OPEB	3,094,376	249,010	3,343,386
Total deferred inflows of resources	21,906,054	721,905	22,627,959
NET POSITION			
Net investment in capital assets	97,095,424	21,756,487	118,851,911
Restricted for:			
Net pension asset	1,670,243	3,880	1,674,123
Stabilization reserve trust	258,846	-	258,846
Transportation and environment	1,508,454	-	1,508,454
Public safety programs	173,222	-	173,222
Education	18,511,634	-	18,511,634
Unrestricted	18,684,991	7,760,917	26,445,908
Total net position	\$ 137,902,814	\$ 29,521,284	\$ 167,424,098

The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

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	\$ 2,356,347	\$ 306,599	\$ 1,399	\$ -	\$ (2,048,349)	\$ -	\$ -	\$ (2,048,349)	
Public safety	5,818,612	578,320	34,938	-	(5,205,354)	-	-	(5,205,354)	
Transportation and environment	4,233,545	1,487,973	-	2,834,025	88,453	-	-	88,453	
Community services	516,426	59,186	-	376,269	(80,971)	-	-	(80,971)	
Education	27,358,278	86,660	37,241,632	710,491	10,680,505	-	-	10,680,505	
Interest on long-term debt	354,860	-	-	-	(354,860)	-	-	(354,860)	
Total governmental activities	<u>40,638,068</u>	<u>2,518,738</u>	<u>37,277,969</u>	<u>3,920,785</u>	<u>3,079,424</u>	<u>-</u>	<u>-</u>	<u>3,079,424</u>	
Business-type Activities:									
Water	1,307,372	2,281,698	-	-	-	974,326	-	974,326	
Sewer	1,815,841	2,530,817	-	-	-	714,976	-	714,976	
Total business-type activities	<u>3,123,213</u>	<u>4,812,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,689,302</u>	<u>-</u>	<u>1,689,302</u>	
Total primary government	<u>\$ 43,761,281</u>	<u>\$ 7,331,253</u>	<u>\$ 37,277,969</u>	<u>\$ 3,920,785</u>	<u>3,079,424</u>	<u>1,689,302</u>	<u>-</u>	<u>4,768,726</u>	
General revenues:									
Property taxes					3,849,467	-	-	3,849,467	
Local option sales tax					7,272,442	-	-	7,272,442	
Other taxes									
Wholesale liquor and beer taxes					401,019	-	-	401,019	
Business and hotel-motel taxes					730,261	-	-	730,261	
Intergovernmental revenues:									
State sales tax					1,217,052	-	-	1,217,052	
State income tax					207,469	-	-	207,469	
Other state revenue					1,011,988	-	-	1,011,988	
Other revenue					291,288	-	-	291,288	
Interest on investments					15,952	8,566	-	24,518	
Total general revenues and transfers					<u>14,996,938</u>	<u>8,566</u>	<u>-</u>	<u>15,005,504</u>	
Change in net position					<u>18,076,362</u>	<u>1,697,868</u>	<u>-</u>	<u>19,774,230</u>	
Net position - beginning					<u>119,826,452</u>	<u>27,823,416</u>	<u>-</u>	<u>147,649,868</u>	
Net position - ending					<u><u>\$ 137,902,814</u></u>	<u><u>\$ 29,521,284</u></u>	<u><u>-</u></u>	<u><u>\$ 167,424,098</u></u>	

The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	General Purpose School Fund	Capital Improvements Fund	School Federal Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 12,687,438	\$ 5,563,652	\$ 93,640	\$ -	\$ 6,339,498	\$ 24,684,228
Short-term investments	5,183,877	4,106,495	-	-	63,076	9,353,448
Receivables						
Property taxes	3,601,942	-	-	-	-	3,601,942
Accounts	1,382,164	8,764	-	-	281,966	1,672,894
Other	6,595	-	-	-	-	6,595
Less allowance for doubtful accounts	(1,440,608)	-	-	-	(159,107)	(1,599,715)
Due from other governments	1,522,386	2,255,033	2,314,098	1,875,277	169,813	8,136,607
Due from other funds	599,766	1,557,585	1,328,155	-	401,536	3,887,042
Inventory	65,196	-	-	-	25,792	90,988
Restricted cash	1,576,480	-	-	-	-	1,576,480
Prepaid Items	274,981	-	-	-	231,611	506,592
Restricted investments	-	258,846	-	-	-	258,846
Total assets	<u>\$ 25,460,217</u>	<u>\$ 13,750,375</u>	<u>\$ 3,735,893</u>	<u>\$ 1,875,277</u>	<u>\$ 7,354,185</u>	<u>\$ 52,175,947</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 780,779	\$ 1,187,251	\$ 76,991	\$ 317,692	\$ 98,928	\$ 2,461,641
Due to other funds	1,956,460	-	-	1,557,585	617,885	4,131,930
Unearned revenue	1,613,215	-	58,500	-	-	1,671,715
Total liabilities	<u>4,350,454</u>	<u>1,187,251</u>	<u>135,491</u>	<u>1,875,277</u>	<u>716,813</u>	<u>8,265,286</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue						
Property taxes	3,330,720	-	-	-	-	3,330,720
Grants	-	655,974	510,796	-	3,572	1,170,342
Total deferred inflows of resources	<u>3,330,720</u>	<u>655,974</u>	<u>510,796</u>	<u>-</u>	<u>3,572</u>	<u>4,501,062</u>
FUND BALANCES						
Nonspendable	340,177	-	-	-	257,403	597,580
Restricted	-	11,907,150	-	-	6,376,397	18,283,547
Committed	6,151,263	-	-	-	-	6,151,263
Assigned	-	-	3,089,606	-	-	3,089,606
Unassigned	11,287,603	-	-	-	-	11,287,603
Total fund balances	<u>17,779,043</u>	<u>11,907,150</u>	<u>3,089,606</u>	<u>-</u>	<u>6,633,800</u>	<u>39,409,599</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,460,217</u>	<u>\$ 13,750,375</u>	<u>\$ 3,735,893</u>	<u>\$ 1,875,277</u>	<u>\$ 7,354,185</u>	<u>\$ 52,175,947</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, 2022

Total fund balances, governmental funds		\$ 39,409,599
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	\$ 136,674,102	
Less: accumulated depreciation	(26,915,973)	
Add: governmental funds right-of-use assets	460,289	
Less: accumulated amortization	<u>(167,378)</u>	110,051,040
(2) Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned or unavailable in the funds.		
		1,666,463
(3) Long-term debt is not due and payable in the current period and, therefore is not reported in the funds.		
Less: notes payable	(12,604,114)	
Less: settlement obligation, net of unamortized discount	(863,269)	
Less: lease liability	<u>(303,012)</u>	(13,770,395)
(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	(69,870)	
Less: compensated absences payable	<u>(413,273)</u>	(483,143)
(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	17,650,894	
Less: net OPEB liability	<u>(4,973,216)</u>	12,677,678
(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	7,321,672	
Add: deferred outflows of resources related to OPEB	104,927	
Less: deferred inflows of resources related to pensions	(15,980,651)	
Less: deferred inflows of resources related to OPEB	<u>(3,094,376)</u>	<u>(11,648,428)</u>
Net position of governmental activities		<u>\$ 137,902,814</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, 2022

	General Fund	General Purpose School Fund	Capital Improvements Fund	School Federal Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 3,449,023	\$ 6,711,013	\$ -	\$ -	\$ -	\$ 10,160,036
Local sales taxes	8,403,722	4,311,566	-	-	-	12,715,288
Intergovernmental	2,436,509	14,309,204	-	-	-	16,745,713
Intergovernmental gas tax	-	-	-	-	392,151	392,151
Licenses and permits	510,725	-	-	-	10,550	521,275
Charges for services	73,616	-	-	-	1,346,547	1,420,163
Fines, forfeitures, and penalties	574,683	-	-	-	2,617	577,300
Federal, state, and other grants	28,040	745,598	6,752,392	7,729,478	2,809,219	18,064,727
Interest on investments	15,247	-	79	-	626	15,952
Other	264,215	436,775	27,073	-	727,775	1,455,838
Total revenues	<u>15,755,780</u>	<u>26,514,156</u>	<u>6,779,544</u>	<u>7,729,478</u>	<u>5,289,485</u>	<u>62,068,443</u>
EXPENDITURES						
Current						
General government	2,445,061	-	-	-	-	2,445,061
Public safety	6,095,883	-	-	-	64,599	6,160,482
Transportation and environment	837,025	-	-	-	1,443,504	2,280,529
Community services	466,716	-	-	-	-	466,716
Education	-	23,083,383	-	3,287,923	2,277,154	28,648,460
Debt Service						
Principal	646,470	457,741	-	-	-	1,104,211
Interest and fiscal charges	290,154	67,977	-	-	-	358,131
Capital outlays	-	-	4,551,119	4,191,663	1,343,408	10,086,190
Total expenditures	<u>10,781,309</u>	<u>23,609,101</u>	<u>4,551,119</u>	<u>7,479,586</u>	<u>5,128,665</u>	<u>51,549,780</u>
Excess (deficiency) of revenues over (under) expenditures	4,974,471	2,905,055	2,228,425	249,892	160,820	10,518,663
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	29,889	-	33,540	-	-	63,429
Transfers in	-	980,111	-	-	-	980,111
Transfers out	(730,219)	-	-	(249,892)	-	(980,111)
Total other financing sources and uses	<u>(700,330)</u>	<u>980,111</u>	<u>33,540</u>	<u>(249,892)</u>	<u>-</u>	<u>63,429</u>
Net change in fund balances	4,274,141	3,885,166	2,261,965	-	160,820	10,582,092
Fund balances - beginning	<u>13,504,902</u>	<u>8,021,984</u>	<u>827,641</u>	<u>-</u>	<u>6,472,980</u>	<u>28,827,507</u>
Fund balances - ending	<u>\$ 17,779,043</u>	<u>\$ 11,907,150</u>	<u>\$ 3,089,606</u>	<u>\$ -</u>	<u>\$ 6,633,800</u>	<u>\$ 39,409,599</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, 2022

Net change in fund balance - total governmental funds \$ 10,582,092

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	\$ 9,140,201
Less: depreciation expense	(3,278,955)
Amortization of right-to-use asset	(167,378) 5,693,868

(2) Gain (losses) from the disposition of capital assets are reported net of any remaining net book value in the statement of activities. (198,139)

(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	400,444
Sales and income taxes	179,792
Grant revenue	<u>(3,934,249)</u> (3,354,013)

(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	1,104,191
Less: proceeds from debt issuance	<u>-</u> 1,104,191

(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	3,291
Change in compensated absences	<u>154,635</u> 157,926

(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	3,811,432
Difference between actual contributions and OPEB expense	<u>279,005</u> 4,090,437

Change in net position of governmental activities \$ 18,076,362

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, 2022

	Budgeted Amounts		Variance with Final Budget - Increase (Decrease)	
	Original	Final	Actual Amounts	
REVENUES				
PROPERTY TAXES				
Property taxes	\$ 2,780,000	\$ 2,780,000	\$ 3,125,937	\$ 345,937
Payments in lieu of taxes	284,000	284,000	301,682	17,682
Property tax interest and penalties	20,000	20,000	21,404	1,404
Total property taxes	3,084,000	3,084,000	3,449,023	365,023
LOCAL TAXES				
Local sales tax	6,145,000	6,145,000	7,272,442	1,127,442
Wholesale beer and liquor tax	400,000	400,000	401,019	1,019
CATV franchise fees	10,000	10,000	21,414	11,414
Business tax	370,500	370,500	454,963	84,463
Hotel/motel tax	140,000	140,000	243,243	103,243
Sports betting tax	-	-	10,641	10,641
Total local taxes	7,065,500	7,065,500	8,403,722	1,338,222
INTERGOVERNMENTAL				
State of Tennessee shared revenues				
Sales tax	1,004,000	1,004,000	1,217,052	213,052
Income tax	-	-	1,393	1,393
Beer tax	5,000	5,000	4,834	(166)
Liquor tax	25,000	25,000	40,849	15,849
Bank excise tax	16,000	16,000	49,232	33,232
Receipts in lieu of tax - TVA	125,000	125,000	111,161	(13,839)
Public safety pay supplements	-	-	33,600	33,600
Receipts in lieu of tax	143,000	143,000	157,424	14,424
Fire and ambulance fees	802,928	802,928	820,964	18,036
Total state shared taxes	2,120,928	2,120,928	2,436,509	315,581
LICENSES AND PERMITS				
Building and related permits	24,000	24,000	108,912	84,912
Beer and liquor licenses	105,000	105,000	176,907	71,907
Automobile registrations	234,000	234,000	217,506	(16,494)
Other permits	3,000	3,000	7,400	4,400
Total licenses and permits	366,000	366,000	510,725	144,725
CHARGES FOR SERVICES				
Library fees	8,500	8,500	13,380	4,880
Public safety fees	-	-	1,050	1,050
Recreation fees for services	31,000	31,000	43,241	12,241
Recreation rental income	47,000	47,000	14,465	(32,535)
Lot mowing fees	-	-	1,480	1,480
Total charge for services	86,500	86,500	73,616	(12,884)

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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, 2022

	Budgeted Amounts			Variance with Final Budget - Increase (Decrease)
	Original	Final	Actual Amounts	
FINES, FORFEITURES, AND PENALTIES	\$ 436,000	\$ 436,000	\$ 574,683	\$ 138,683
FEDERAL, STATE, AND OTHER GRANTS	10,000	25,000	28,040	3,040
INTEREST ON INVESTMENTS	40,000	40,000	15,247	(24,753)
OTHER	<u>112,530</u>	<u>112,530</u>	<u>264,215</u>	<u>151,685</u>
Total Revenues	13,321,458	13,336,458	15,755,780	2,419,322
 EXPENDITURES				
GENERAL GOVERNMENT				
Finance and Administration				
Salaries	751,917	738,900	674,777	64,123
Benefits	150,355	163,372	134,675	28,697
Operations	470,500	470,500	408,594	61,906
Expense reimbursement	-	-	-	-
	<u>1,372,772</u>	<u>1,372,772</u>	<u>1,218,046</u>	<u>154,726</u>
General Government				
Benefits	255,000	255,000	178,689	76,311
Operations	123,200	123,200	94,417	28,783
	<u>378,200</u>	<u>378,200</u>	<u>273,106</u>	<u>105,094</u>
Courts				
Salaries	198,992	198,992	159,802	39,190
Benefits	44,537	44,537	27,321	17,216
Operations	56,200	56,200	33,802	22,398
	<u>299,729</u>	<u>299,729</u>	<u>220,925</u>	<u>78,804</u>
Planning and Economic Development				
Salaries	120,976	120,976	86,646	34,330
Benefits	27,081	27,081	20,474	6,607
Operations	162,091	162,091	246,673	(84,582)
	<u>310,148</u>	<u>310,148</u>	<u>353,793</u>	<u>(43,645)</u>
Personnel				
Operations	6,300	6,300	5,969	331
	<u>6,300</u>	<u>6,300</u>	<u>5,969</u>	<u>331</u>
Library				
Operations	385,500	385,500	373,222	12,278
	<u>385,500</u>	<u>385,500</u>	<u>373,222</u>	<u>12,278</u>
Total general government	2,752,649	2,752,649	2,445,061	307,588

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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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
PUBLIC SAFETY				
Police Department				
Salaries	\$ 2,278,959	\$ 2,271,959	\$ 1,965,888	\$ 306,071
Benefits	590,933	597,933	451,499	146,434
Operations	515,625	530,625	415,399	115,226
	<u>3,385,517</u>	<u>3,400,517</u>	<u>2,832,786</u>	<u>567,731</u>
Fire Department				
Salaries	1,629,987	1,629,987	1,713,733	(83,746)
Benefits	436,042	436,042	413,059	22,983
Operations	1,145,647	1,144,797	1,129,535	15,262
Capital outlay	6,000	6,850	6,770	80
	<u>3,217,676</u>	<u>3,217,676</u>	<u>3,263,097</u>	<u>(45,421)</u>
Total public safety	6,603,193	6,618,193	6,095,883	522,310
TRANSPORTATION AND ENVIRONMENT				
Public Works				
Salaries	707,368	707,368	685,119	22,249
Benefits	201,366	201,366	181,542	19,824
Operations	(14,134)	(14,134)	(29,636)	15,502
Total transportation and environment	894,600	894,600	837,025	57,575
ARTS AND RECREATION				
Administration and Programs				
Salaries	332,341	332,341	228,881	103,460
Benefits	73,001	73,001	56,322	16,679
Operations	103,150	83,150	87,726	(4,576)
	<u>508,492</u>	<u>488,492</u>	<u>372,929</u>	<u>115,563</u>
Youth Programs				
Salaries	13,000	13,000	7,353	5,647
Benefits	995	995	554	441
Operations	12,700	12,700	11,077	1,623
	<u>26,695</u>	<u>26,695</u>	<u>18,984</u>	<u>7,711</u>
Adult Programs				
Salaries	12,000	12,000	2,557	9,443
Benefits	918	918	-	918
Operations	3,000	3,000	214	2,786
	<u>15,918</u>	<u>15,918</u>	<u>2,771</u>	<u>13,147</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 BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
Parks and Sports Fields				
Salaries	\$ 16,000	\$ 16,000	\$ -	\$ 16,000
Benefits	1,224	1,224	-	1,224
Operations	59,000	59,000	25,556	33,444
	76,224	76,224	25,556	50,668
Baker Community Center				
Operations	74,000	74,000	45,260	28,740
	74,000	74,000	45,260	28,740
Farmer's Market				
Operations	2,500	2,500	1,216	1,284
	2,500	2,500	1,216	1,284
Total arts and recreation	703,829	683,829	466,716	217,113
DEBT SERVICE				
Principal	646,470	646,470	646,470	-
Interest and fiscal charges	400,128	400,128	290,154	109,974
Total debt service	1,046,598	1,046,598	936,624	109,974
Total Expenditures	12,000,869	11,995,869	10,781,309	1,214,560
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,320,589	1,340,589	4,974,471	3,633,882
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	25,000	25,000	29,889	4,889
Transfers out	(1,345,589)	(1,345,589)	(730,219)	615,370
Total Other Financing Sources (Uses)	(1,320,589)	(1,320,589)	(700,330)	620,259
Net change in fund balances	\$ -	\$ 20,000	4,274,141	\$ 4,254,141
Fund balances - beginning			13,504,902	
Fund balances - ending			\$ 17,779,043	

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
SCHOOL GENERAL PURPOSE FUND
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)		
	Original	Final				
REVENUES						
PROPERTY TAXES						
Current property tax	\$ 6,210,210	\$ 6,346,210	\$ 6,544,550	\$ 198,340		
Trustee's collection - prior yrs	219,184	219,184	50,980	(168,204)		
Circuit clerk collection prior yrs	73,061	73,061	752	(72,309)		
Payments in lieu of taxes	146,123	146,124	114,731	(31,393)		
	<u>6,648,578</u>	<u>6,784,579</u>	<u>6,711,013</u>	<u>(73,566)</u>		
LOCAL TAXES						
Local option sales tax	2,470,371	2,606,371	3,851,954	1,245,583		
Wheel tax	584,490	584,490	417,420	(167,070)		
Mixed drink tax	73,061	73,061	42,192	(30,869)		
Other county local option tax	-	-	-	-		
	<u>3,127,922</u>	<u>3,263,922</u>	<u>4,311,566</u>	<u>1,047,644</u>		
INTERGOVERNMENTAL						
Regular education funds						
Basic education program	13,101,258	13,023,504	13,679,000	655,496		
Early childhood education	214,203	285,261	285,035	(226)		
Other state education funds	-	336,711	239,527	(97,184)		
Coordinated school health	80,000	80,000	79,998	(2)		
Career ladder program	34,400	34,400	25,644	(8,756)		
	<u>13,429,861</u>	<u>13,759,876</u>	<u>14,309,204</u>	<u>549,328</u>		
FEDERAL, STATE, AND OTHER GRANTS						
E-rate funding	290,000	235,704	256,657	20,953		
ARP E-rate funding	-	-	138,800	138,800		
TANF	-	-	91,709	91,709		
Public Law 874 - Maintenance & Operation	62,000	62,000	97,104	35,104		
ROTC reimbursement	106,000	106,000	103,637	(2,363)		
Special education grant to state	7,500	7,500	6,251	(1,249)		
Safe school grant	51,680	51,440	51,440	-		
	<u>517,180</u>	<u>462,644</u>	<u>745,598</u>	<u>282,954</u>		
OTHER						
Recurring items:						
Investment income	2,200	2,200	7,085	4,885		
Lease/rentals	25,000	25,000	68,838	43,838		
Nonrecurring items:						
Damages recovered from individuals	-	-	5,902	5,902		
Contributions and gifts	-	-	2,400	2,400		
Other	5,000	105,000	109,159	4,159		
Other local revenue	184,509	245,500	243,391	(2,109)		
	<u>216,709</u>	<u>377,700</u>	<u>436,775</u>	<u>59,075</u>		
Total Revenues	23,940,250	24,648,721	26,514,156	1,865,435		

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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
SCHOOL GENERAL PURPOSE FUND
For the Year Ended June 30, 2022

	Budgeted Amounts		Variance with Final Budget - Increase (Decrease)	
	Original	Final	Actual Amounts	
EXPENDITURES				
EDUCATION				
Instruction				
Regular instruction:				
Salaries	\$ 7,527,563	\$ 8,076,362	\$ 7,994,305	\$ 82,057
Benefits	2,368,001	2,432,734	2,156,335	276,399
Operations	781,546	802,799	605,403	197,396
	<u>10,677,110</u>	<u>11,311,895</u>	<u>10,756,043</u>	<u>555,852</u>
Alternative school:				
Salaries	66,036	67,802	66,988	814
Benefits	18,512	19,857	17,400	2,457
Operations	2,500	2,500	897	1,603
	<u>87,048</u>	<u>90,159</u>	<u>85,285</u>	<u>4,874</u>
Special education program:				
Salaries	969,519	1,026,945	1,017,124	9,821
Benefits	322,877	347,658	298,106	49,552
Operations	235,374	249,228	231,134	18,094
	<u>1,527,770</u>	<u>1,623,831</u>	<u>1,546,364</u>	<u>77,467</u>
Vocational education:				
Salaries	679,289	757,094	753,739	3,355
Benefits	169,798	187,665	167,004	20,661
Operations	45,500	77,944	61,570	16,374
	<u>894,587</u>	<u>1,022,703</u>	<u>982,313</u>	<u>40,390</u>
Total instructional:	13,186,515	14,048,588	13,370,005	678,583
Support services				
Attendance				
Salaries	-	12,000	12,000	-
Benefits	-	2,178	2,154	24
	<u>-</u>	<u>14,178</u>	<u>14,154</u>	<u>24</u>
Health services:				
Salaries	57,272	57,400	57,385	15
Benefits	10,394	9,640	9,640	-
Operations	112,500	43,621	25,026	18,595
	<u>180,166</u>	<u>124,839</u>	<u>106,205</u>	<u>18,634</u>
Other student support:				
Salaries	490,170	529,644	485,775	43,869
Benefits	129,880	142,223	120,788	21,435
Operations	59,090	59,236	53,326	5,910
	<u>679,140</u>	<u>731,103</u>	<u>659,889</u>	<u>71,214</u>
Regular instruction support:				
Salaries	486,421	343,088	296,142	46,946
Benefits	122,422	94,544	71,998	22,546
Operations	189,161	205,571	122,629	82,942
	<u>798,004</u>	<u>643,203</u>	<u>490,769</u>	<u>152,434</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
SCHOOL GENERAL PURPOSE FUND
For the Year Ended June 30, 2022

	Budgeted Amounts		Variance with Final Budget - Increase (Decrease)	
	Original	Final	Actual Amounts	
Alternative education support:				
Salaries	\$ 48,668	\$ 48,796	\$ 47,199	\$ 1,597
Benefits	16,315	13,332	11,562	1,770
	64,983	62,128	58,761	3,367
Special education support:				
Salaries	247,494	224,113	220,509	3,604
Benefits	88,123	67,103	55,576	11,527
Operations	126,634	135,434	101,128	34,306
	462,251	426,650	377,213	49,437
Vocational educational support:				
Salaries	80,450	41,163	41,163	-
Benefits	24,455	12,721	10,025	2,696
Operations	10,300	4,021	2,720	1,301
	115,205	57,905	53,908	3,997
Technology:				
Salaries	370,550	187,194	185,149	2,045
Benefits	113,403	64,637	60,174	4,463
Operations	655,834	645,912	558,553	87,359
	1,139,787	897,743	803,876	93,867
Board of education:				
Salaries	34,201	34,201	34,200	1
Benefits	16,635	10,736	8,954	1,782
Operations	235,807	235,117	160,940	74,177
	286,643	280,054	204,094	75,960
Office of the director of schools:				
Salaries	355,958	362,335	361,966	369
Benefits	87,367	129,682	118,699	10,983
Operations	28,100	28,100	26,524	1,576
	471,425	520,117	507,189	12,928
Office of principal:				
Salaries	1,388,590	1,373,771	1,323,813	49,958
Benefits	423,162	389,569	357,515	32,054
Operations	32,595	47,450	21,416	26,034
	1,844,347	1,810,790	1,702,744	108,046
Fiscal services:				
Salaries	309,108	294,465	289,958	4,507
Benefits	115,517	104,938	90,529	14,409
Operations	46,503	146,345	60,319	86,026
	471,128	545,748	440,806	104,942
Human services:				
Salaries	189,987	198,496	196,436	2,060
Benefits	80,318	51,467	46,148	5,319
Operations	19,400	24,499	21,869	2,630
	289,705	274,462	264,453	10,009

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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
SCHOOL GENERAL PURPOSE FUND
For the Year Ended June 30, 2022

	Budgeted Amounts		Variance with Final Budget - Increase (Decrease)	
	Original	Final	Actual Amounts	Final Budget - Increase (Decrease)
	Original	Final	Actual Amounts	Final Budget - Increase (Decrease)
Plant operations:				
Salaries	\$ 336,593	\$ 322,774	\$ 321,898	\$ 876
Benefits	91,849	91,652	79,828	11,824
Operations	<u>1,381,648</u>	<u>1,642,873</u>	<u>1,241,170</u>	<u>401,703</u>
	<u>1,810,090</u>	<u>2,057,299</u>	<u>1,642,896</u>	<u>414,403</u>
Plant maintenance:				
Salaries	75,000	79,726	79,393	333
Benefits	19,704	13,482	12,645	837
Operations	<u>410,312</u>	<u>381,510</u>	<u>326,039</u>	<u>55,471</u>
	<u>505,016</u>	<u>474,718</u>	<u>418,077</u>	<u>56,641</u>
Pupil transportation:				
Operations	<u>1,343,203</u>	<u>1,422,236</u>	<u>1,358,160</u>	<u>64,076</u>
	<u>1,343,203</u>	<u>1,422,236</u>	<u>1,358,160</u>	<u>64,076</u>
Central and other:				
Salaries	-	1,500	1,500	-
Benefits	-	265	248	17
Operations	<u>26,000</u>	<u>101,300</u>	<u>92,952</u>	<u>8,348</u>
	<u>26,000</u>	<u>103,065</u>	<u>94,700</u>	<u>8,365</u>
Total support services:	10,487,093	10,432,060	9,183,740	1,248,320
Non-instructional				
Early childhood education:				
Salaries	384,479	433,463	410,566	22,897
Benefits	184,522	123,125	112,409	10,716
Operations	<u>18,469</u>	<u>6,663</u>	<u>6,663</u>	<u>-</u>
	<u>587,470</u>	<u>563,251</u>	<u>529,638</u>	<u>33,613</u>
Total non-instructional:	587,470	563,251	529,638	33,613
DEBT SERVICE				
Principal	133,623	106,835	98,455	8,380
Interest	45,550	-	67,977	(67,977)
Other debt service	<u>230,218</u>	<u>427,263</u>	<u>359,286</u>	<u>67,977</u>
	<u>409,391</u>	<u>534,098</u>	<u>525,718</u>	<u>8,380</u>
Total Expenditures	24,670,469	25,577,997	23,609,101	1,968,896
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(730,219)	(929,276)	2,905,055	3,834,331
OTHER FINANCING SOURCES (USES)				
Transfers in	730,219	719,473	980,111	260,638
Planned use of fund balance	-	<u>209,803</u>	-	(209,803)
Total Other Financing Sources (Uses)	730,219	929,276	980,111	50,835
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>3,885,166</u>	<u>\$ 3,885,166</u>
Fund balances - beginning			<u>8,021,984</u>	
Fund balances - ending			<u>\$ 11,907,150</u>	

The accompanying notes are an integral part of the financial statements

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Federal, state and other grants	\$ 2,810,986	\$13,229,757	\$ 7,729,478	\$ (5,500,279)
EXPENDITURES				
EDUCATION				
Instruction				
Title I:				
Salaries	319,504	306,605	280,939	25,666
Benefits	83,643	84,090	66,830	17,260
Operations	131,867	168,486	117,918	50,568
Capital outlay	161,754	-	-	-
	696,768	559,181	465,687	93,494
Title III:				
Operations	9,285	8,157	8,017	140
Capital outlay	5,721	5,885	4,311	1,574
	15,006	14,042	12,328	1,714
Title IV:				
Salaries	-	10,185	353	9,832
Benefits	-	27	27	-
Operations	-	340	336	4
	-	10,552	716	9,836
ARP Homeless:				
Capital outlay	-	3,000	-	3,000
	-	3,000	-	3,000
CTE Perkins:				
Capital outlay	42,122	37,397	37,371	26
	42,122	37,397	37,371	26
ESSER 1:				
Salaries	40,067	36,376	36,376	-
Benefits	-	5,063	5,063	-
Operations	93,757	38,847	38,847	-
Capital outlay	160,934	152,662	152,662	-
	294,758	232,948	232,948	-
ESSER 2:				
Salaries	-	115,950	87,923	28,027
Benefits	-	39,665	31,979	7,686
Operations	-	234,913	168,028	66,885
Capital outlay	-	301,592	301,592	-
	-	692,120	589,522	102,598
IDEA special education:				
Salaries	398,200	409,559	391,467	18,092
Benefits	144,964	112,882	102,123	10,759
Operations	40,225	55,211	24,686	30,525
	583,389	577,652	518,276	59,376

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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, 2022

	Budgeted Amounts			Variance with Final Budget - Increase (Decrease)
	Original	Final	Actual Amounts	
ARP IDEA:				
Salaries	\$ -	\$ 21,680	\$ -	\$ 21,680
Benefits	-	4,492	-	4,492
Operations	-	115,724	58,251	57,473
	-	141,896	58,251	83,645
IDEA preschool:				
Salaries	-	10,800	-	10,800
Benefits	-	826	-	826
Operations	15,784	6,323	5,465	858
	15,784	17,949	5,465	12,484
ESSER 3:				
Salaries	-	1,044,550	58,228	986,322
Benefits	-	338,029	5,528	332,501
Operations	-	8,750	-	8,750
Capital outlay	-	32,807	-	32,807
	-	1,424,136	63,756	1,360,380
Teacher Literacy Stipend:				
Salaries	-	34,000	35,000	(1,000)
	-	34,000	35,000	(1,000)
Total instructional	1,647,827	3,744,873	2,019,320	1,725,553
Support services				
Title I:				
Salaries	369,795	298,312	292,921	5,391
Benefits	106,351	89,615	77,463	12,152
Operations	70,492	25,255	8,324	16,931
	546,638	413,182	378,708	34,474
Title II:				
Salaries	97,200	93,714	63,601	30,113
Benefits	19,783	10,899	3,417	7,482
Operations	61,609	36,383	2,071	34,312
	178,592	140,996	69,089	71,907
Title III:				
Operations	200	3,454	3,000	454
	200	3,454	3,000	454
Title IV:				
Operations	17,090	35,645	5,006	30,639
	17,090	35,645	5,006	30,639
ARP Homeless:				
Salaries	-	1,200	-	1,200
Benefits	-	199	-	199
Operations	-	17,355	933	16,422
	-	18,754	933	17,821

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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, 2022

	Budgeted Amounts			Variance with Final Budget - Increase (Decrease)
	Original	Final	Actual Amounts	
CTE Perkins:				
Operations	\$ 6,250	\$ 10,888	\$ 10,888	\$ -
	6,250	10,888	10,888	-
IDEA special education:				
Salaries	59,160	62,118	59,160	2,958
Benefits	15,943	16,526	13,143	3,383
Operations	29,640	35,229	11,943	23,286
	104,743	113,873	84,246	29,627
IDEA preschool:				
Salaries	2,000	-	-	-
Benefits	358	-	-	-
Operations	2,665	2,250	1,263	987
	5,023	2,250	1,263	987
Consolidated administration:				
Salaries	19,438	8,928	8,928	-
Benefits	282	131	129	2
	19,720	9,059	9,057	2
ESSER 1:				
Salaries	124,675	155,584	155,584	-
Benefits	15,958	35,173	35,084	89
Operations	93,888	-	-	-
	234,521	190,757	190,668	89
ESSER 2:				
Salaries	-	1,336	-	1,336
Benefits	-	239	-	239
Operations	-	4,000	4,000	-
	-	5,575	4,000	1,575
ESSER 3:				
Salaries	-	617,800	68,615	549,185
Benefits	-	86,391	9,981	76,410
	-	704,191	78,596	625,595
ELC Grant:				
Salaries	-	15,261	15,261	-
Benefits	-	7,420	7,420	-
Operations	-	299,180	299,174	6
	-	321,861	321,855	6
Early Literacy Network:				
Operations	-	80,000	39,467	40,533
	-	80,000	39,467	40,533
Total support services:	1,112,777	2,050,485	1,196,776	853,709

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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, 2022

	Budgeted Amounts		Variance with Final Budget - Increase (Decrease)	
	Original	Final	Actual Amounts	
ESSER 1:				
Salaries	\$ 11,000	\$ -	\$ -	\$ -
Benefits	1,973	-	-	-
Operations	37,409	-	-	-
	<u>50,382</u>	<u>-</u>	<u>-</u>	<u>-</u>
ARP Homeless:				
Operations	-	2,000	-	2,000
	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
IDEA special education:				
Operations	-	14,500	14,251	249
	<u>-</u>	<u>14,500</u>	<u>14,251</u>	<u>249</u>
ELC Grant:				
Capital outlay	-	368,038	366,623	1,415
	<u>-</u>	<u>368,038</u>	<u>366,623</u>	<u>1,415</u>
ESSER 2:				
Capital outlay	-	1,795,800	1,795,102	698
	<u>-</u>	<u>1,795,800</u>	<u>1,795,102</u>	<u>698</u>
ESSER 3:				
Salaries	-	104,000	45,000	59,000
Benefits	-	29,122	12,576	16,546
Operations	-	104,580	-	104,580
Capital outlay	-	4,361,612	2,029,938	2,331,674
	<u>-</u>	<u>4,599,314</u>	<u>2,087,514</u>	<u>2,511,800</u>
Total non-instructional:	<u>50,382</u>	<u>6,779,652</u>	<u>4,263,490</u>	<u>2,516,162</u>
Total expenditures:	<u>2,810,986</u>	<u>12,575,010</u>	<u>7,479,586</u>	<u>5,095,424</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	-	654,747	249,892	(404,855)
OTHER FINANCING USES				
Transfers out	-	(645,747)	(249,892)	(395,855)
Net change in fund balances	\$ -	\$ 9,000	-	\$ (800,710)
Fund balances - beginning				-
Fund balances - ending			\$ -	

CITY OF MILLINGTON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2022

	Business-type Activities:		Total Proprietary Funds	
	Enterprise Funds			
	Water Fund	Sewer Fund		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,225,048	\$ 3,830,881	\$ 8,055,929	
Receivables				
Customers	286,249	224,243	510,492	
Other	(334)	-	(334)	
Less allowance for doubtful accounts	(73,343)	(83,934)	(157,277)	
Due from other governments	-	60,038	60,038	
Due from other funds	-	1,210,372	1,210,372	
Prepaid expenses	26,930	45,811	72,741	
Total current assets	4,464,550	5,287,411	9,751,961	
Noncurrent assets:				
Capital assets, not being depreciated	1,492,798	8,899,750	10,392,548	
Capital assets, being depreciated, net	6,003,467	7,264,966	13,268,433	
Total capital assets, net	7,496,265	16,164,716	23,660,981	
Net pension asset	193,159	283,616	476,775	
Total noncurrent assets	7,689,424	16,448,332	24,137,756	
Total assets	12,153,974	21,735,743	33,889,717	
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	109,440	152,704	262,144	
Related to OPEB	137,069	87,398	224,467	
Total deferred outflows of resources	246,509	240,102	486,611	
LIABILITIES				
Current liabilities:				
Accounts payable	402,565	21,260	423,825	
Accrued payroll and benefits	26,405	34,140	60,545	
Due to other funds	965,484	-	965,484	
Customer deposits	10,789	-	10,789	
Current portion of bonds and notes payable	-	136,344	136,344	
Total current liabilities	1,405,243	191,744	1,596,987	
Noncurrent liabilities:				
Bonds and notes payable, net of				
current portion, discounts, and premiums	-	1,768,150	1,768,150	
Accrued compensated absences	28,178	24,596	52,774	
Net OPEB liability	386,321	328,907	715,228	
Total noncurrent liabilities	414,499	2,121,653	2,536,152	
Total liabilities	1,819,742	2,313,397	4,133,139	
DEFERRED INFLOWS OF RESOURCES				
Related to pension	191,587	281,308	472,895	
Related to OPEB	69,355	179,655	249,010	
Total deferred outflows of resources	260,942	460,963	721,905	
NET POSITION				
Net investment in capital assets	7,496,265	14,260,222	21,756,487	
Restricted - net pension asset	1,572	2,308	3,880	
Unrestricted	2,821,962	4,938,955	7,760,917	
Total net position	\$ 10,319,799	\$ 19,201,485	\$ 29,521,284	

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, 2022

	Business-type Activities: Enterprise Funds		Total Proprietary Funds
	Water Fund	Sewer Fund	
Operating Revenues:			
Metered water sales	\$ 1,949,449	\$ -	\$ 1,949,449
Sewer service fee	-	2,276,970	2,276,970
Service connections fees	300,067	235,042	535,109
Forfeited discounts	30,147	18,805	48,952
Other	2,035	-	2,035
Total operating revenues	2,281,698	2,530,817	4,812,515
Operating Expenses:			
Salaries	297,784	343,906	641,690
Benefits	97,377	77,427	174,804
Materials and supplies	274,165	425,803	699,968
Pumping and filtering	136,232	178,442	314,674
Professional services	47,205	107,435	154,640
Other services and charges	102,933	72,071	175,004
Depreciation	351,676	581,285	932,961
Total operating expenses	1,307,372	1,786,369	3,093,741
Operating income	974,326	744,448	1,718,774
Nonoperating Revenues (Expenses):			
Interest	1,781	6,785	8,566
Bond interest and fiscal charges	-	(29,472)	(29,472)
Total nonoperating revenues (expenses)	1,781	(22,687)	(20,906)
Change in net position	976,107	721,761	1,697,868
Total net position - beginning	9,343,692	18,479,724	27,823,416
Total net position - ending	\$ 10,319,799	\$ 19,201,485	\$ 29,521,284

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, 2022

	Business-type Activities:		Total Proprietary Funds	
	Enterprise Funds			
	Water Fund	Sewer Fund		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 2,157,128	\$ 2,614,323	\$ 4,771,451	
Payments to suppliers	(353,690)	(1,262,588)	(1,616,278)	
Payments to employees	(405,428)	(456,753)	(862,181)	
Net cash provided by operating activities	<u>1,398,010</u>	<u>894,982</u>	<u>2,292,992</u>	
CASH FLOW FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES				
Payment (to) from other fund	537,210	(968,732)	(431,522)	
CASH FLOW FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(1,020,104)	(1,749,723)	(2,769,827)	
Principal paid on capital debt	-	(134,436)	(134,436)	
Interest paid on capital debt	-	(29,472)	(29,472)	
Net cash from (used for) capital and related financing activities	<u>(1,020,104)</u>	<u>(1,913,631)</u>	<u>(2,933,735)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>1,781</u>	<u>6,785</u>	<u>8,566</u>	
Net increase in cash and cash equivalents	<u>916,897</u>	<u>(1,980,596)</u>	<u>(1,063,699)</u>	
Cash and cash equivalents - beginning of the year	<u>3,308,151</u>	<u>5,811,477</u>	<u>9,119,628</u>	
Cash and cash equivalents - end of the year	<u>\$ 4,225,048</u>	<u>\$ 3,830,881</u>	<u>\$ 8,055,929</u>	
Reconciliation of operating income to net cash from operating activities:				
Operating income	\$ 974,326	\$ 744,448	\$ 1,718,774	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	351,676	581,285	932,961	
Bad debt expense (recovery)	(68,803)	(8,275)	(77,078)	
Pension expense in excess of employer contributions	(35,161)	(43,642)	(78,803)	
OPEB expense in excess of employer contributions	31,964	9,059	41,023	
Receivables	69,589	91,781	161,370	
Prepaid expenses	(6,677)	(7,544)	(14,221)	
Accounts payable	213,522	(471,293)	(257,771)	
Accrued compensated absences	(7,070)	(837)	(7,907)	
Customer deposits	(125,356)	-	(125,356)	
Net cash provided by operating activities	<u>\$ 1,398,010</u>	<u>\$ 894,982</u>	<u>\$ 2,292,992</u>	

The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

	School OPEB Fund
ASSETS	
Cash and cash equivalents	\$ 15,146
Investments, at fair value:	
Fixed income	108,879
Domestic equities	142,044
International equities	52,315
Structured investments	15,768
Total investments	<u>319,006</u>
Total assets	334,152
NET POSITION	
Restricted for OPEB	334,152
Total net position	<u>\$ 334,152</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, 2022

	School OPEB Fund
ADDITIONS	
Employer contributions	\$ 96,807
Investment earnings (losses):	
Net appreciation in fair value of investments	(70,071)
Interest and dividends	15,988
Total investment earnings	<u>(54,083)</u>
Total additions	42,724
DEDUCTIONS	
Benefits	96,807
Administrative expense	1,620
Total deductions	<u>98,427</u>
Change in net position	(55,703)
Net position - beginning of the year	<u>389,855</u>
Net position - end of the year	<u>\$ 334,152</u>

The accompanying notes are an integral part of the financial statements

CITY OF MILLINGTON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 is governed by an elected mayor and a seven-member Board of Alderman and provides the following services as authorized by its charter: public health and safety, streets, sanitation, water and sewage, recreation, and general administrative services.

Millington Municipal Schools Board of Education (the "School" or "MMS") was created in 2014 and began operation in June 2014. The Board of Education operates under the City charter and is not a legally separate entity. 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 the long-term debt for its capital projects. The School's general-purpose fund, federal projects fund, cafeteria fund, student activity fund and capital projects fund are each reported as governmental funds of the City. The School also issues separate financial statements which can be obtained by contacting the Millington Municipal Schools Board of Education.

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 no blended or discretely presented component units.

Fiduciary Component Unit:

The School's other post-employment benefit trust funds "School OPEB" represents a fiduciary fund of the City. The trust fund is a legally separate entity, and the resources of each trust fund cannot be used to finance the School's operations. The School is committed to making contributions to the trust, and therefore assumes a financial burden for the trust fund and has financial accountability.

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 accounting entities. Each fund is accounted for by providing a set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City has presented all major funds that met the quantitative or qualitative 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, School General Purpose Fund, School Federal Projects Fund, Capital Improvements 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 obtained and used for delivery of those services provided by a municipal government which are not provided 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 Cafeteria Fund, and Student Activity Fund. The special revenue funds also include the School General-Purpose Fund which is considered a major fund and described in further detail below:

School General Purpose 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.

School Federal Projects Fund – The fund established to account for federal grants that must be spent for a specific purpose such as special education, educator professional development, and economically disadvantaged students.

- c. **Capital Projects Funds** – These funds account for all the financing of major governmental fund capital asset purchases and capital improvement projects. The City and School each utilize a project 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, 2022, 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.

- 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.

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.

Revenues in the fiduciary funds are those additions to the plan that are generated from contributions from the City or School and participants and investment related income. Expenses are those deductions to the assets of the plan that arise from the payment of benefits and administrative 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. Certificates of deposit with original maturities of greater than three months are considered short-term investments and are measured at amortized cost.

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.

The School's other postemployment benefit investments held in fiduciary funds, are reported at fair value except for investments measured using Net Asset Value ("NAV") per share which have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Receivables

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

Real and personal property taxes are levied by July 1 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.

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, 2022. 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.

The Board of Education recognizes its share of real and personal property taxes, sales taxes, and other local taxes as revenue in the fiscal year collected by the State of Tennessee, Shelby County, or the City, as applicable. The Board of Education does not have any taxing authority. Consequently, the Schools rely on a share of real and personal property taxes collected by the Shelby County. The Shelby County tax levy of \$3.45 per \$100 of assessed value includes \$1.64 for both the county schools and the municipal schools of Shelby County. Distribution of the \$1.64 to the county schools and the municipal school districts is based on the average daily attendance of each system. Approximately 76.5% and 23.5% was distributed to Shelby County Schools and the municipal school districts of Shelby County, respectively.

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.

Water and sewer revenue is recorded when earned. Customers are billed at various times throughout the month. The estimated value of services provided but unbilled at year end has been included in the accompanying financial statements as unbilled utility revenue.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Inventories and prepaid items

Inventories consist of expendable supplies held for consumption and are presented at the lower of cost or net realizable value. 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 using average cost.

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 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.

Land, easements, rights-of-way, and construction in progress are not depreciated. All other capital assets are 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
Right-of-use lease equipment	3-5 years

6. Right to use assets

The School has recorded right to use lease assets as a result of implementing Governmental Accounting Standards Board Statement No. 87, Leases. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus and lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

7. Deferred outflows of resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The City has qualifying items for reporting in this category including those related to pension and OPEB changes and employer contributions to the pension plan after the measurement date.

8. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

9. 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. Premiums and discounts are deferred and amortized over the life of the debt using the effective interest method and reported net of the applicable debt payable. Debt issuance costs are expensed when incurred.

In the governmental fund financial statements, debt 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.

10. Lease liabilities

Lease liabilities represent the obligation to make lease payments arising from noncancelable leasing arrangements. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term which may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a lease term of 12 months or less are recognized as expense as incurred.

11. Deferred inflows of resources

Deferred inflows of resources represent an acquisition of net assets 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 including those related to pension and other postemployment benefits. 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.

12. 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 and right-of-use lease assets, net of accumulated depreciation/amortization 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. Applicable deferred outflows of resources and deferred inflows of resources, if any, should be included in the component of net position.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

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.

13. 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 and the School.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

performed by employees of the City and are not reimbursed by the plans. Investments, other than contracts, are reported at fair value. Investment income is recognized as earned. Plan assets do not include any securities of the City nor have any of the plans made any loans to the City.

14. 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.

15. Estimates

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

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

Effective July 1, 2021, the City and School implemented accounting and financial reporting requirements of GASB 87. This statement establishes a single model for lease accounting based on the principle that a lease is a financing of the right to use the underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. At July 1, 2021, the School recognized a right-to-use asset of \$460,289 and lease liability of \$460,289. There was no effect to net position as a result of the adoption of this statement.

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 School's general-purpose, federal projects, cafeteria, and 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 School student activity fund is not required to have an approved budget.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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, 2022, 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 fair value is equal to 90% 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, 2022, 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. State also requires that securities underlying repurchase agreements must have a fair 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.

NOTE 4 – INVESTMENTS (CONTINUED)

A. 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/advance-search.html>.

The following table summarizes fair value disclosures and measurements for Millington Municipal School’s investments held by the TRGT on its behalf June 30, 2022:

<u>Investments at Fair Value</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Domestic equities	\$ 80,242	\$ 80,242	\$ -	\$ -
Developed market international equity	36,238	36,238	-	-
Emerging market international equity	10,354	10,354	-	-
Domestic fixed income	51,769	-	51,769	-
Short-term securities	2,588	-	2,588	-
Real estate	25,885	-	-	25,885
	<u>\$ 207,076</u>	<u>\$ 126,834</u>	<u>\$ 54,357</u>	<u>\$ 25,885</u>
<u>Investments at amortized cost using NAV</u>				
Private equity and strategic lending	51,770			
Total restricted investments	<u>\$ 258,846</u>			

B. 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, 2022:

<u>Investments at Fair Value</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income mutual funds	\$ 108,879	\$ 108,879	\$ -	\$ -
Domestic equities mutual funds	142,044	142,044	-	-
International equities mutual funds	52,315	52,315	-	-
Structured investments	15,768	-	-	15,768
Total fiduciary investments	<u>\$ 319,006</u>	<u>\$ 303,238</u>	<u>\$ -</u>	<u>\$ 15,768</u>

NOTE 4 – INVESTMENTS (CONTINUED)

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, 2022:

- *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.

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, 2022.

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, 2022, is as follows:

Receivable From	Payable To				Aggregate Nonmajor Governmental	Total
	General	Capital Projects	Sewer			
General	\$ -	\$ 1,328,155	\$ 628,305	\$ -	\$ -	\$ 1,956,460
Capital Projects	-	-	-	-	-	-
Water	106,809	-	504,406	354,269	965,484	
Sewer	-	-	-	-	-	-
Aggregate Nonmajor Governmental	492,957	-	77,661	47,267	617,885	
Total	<u>\$ 599,766</u>	<u>\$ 1,328,155</u>	<u>\$ 1,210,372</u>	<u>\$ 401,536</u>	<u>\$ 3,539,829</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.

During the year ended June 30, 2022, the City general fund transferred \$730,219 to the School general purpose fund to be used for general operations and payment of the settlement liability.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,577,565	\$ -	\$ -	\$ 6,577,565
Construction in progress	5,446,337	5,286,882	(9,895,667)	837,552
Total capital assets, not being depreciated	<u>12,023,902</u>	<u>5,286,882</u>	<u>(9,895,667)</u>	<u>7,415,117</u>
Capital assets, being depreciated:				
Buildings and improvements	69,124,940	6,342,748	(203,800)	75,263,888
Furnishings and equipment	2,116,045	216,908	-	2,332,953
Vehicles	4,878,512	77,236	(25,951)	4,929,797
Infrastructure	39,620,253	7,112,093	-	46,732,346
Total capital assets, being depreciated	<u>115,739,750</u>	<u>13,748,985</u>	<u>(229,751)</u>	<u>129,258,984</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,171,399)	(1,760,281)	5,661	(14,926,019)
Furnishings and equipment	(1,222,931)	(143,449)	-	(1,366,380)
Vehicles	(3,945,358)	(289,012)	25,951	(4,208,419)
Infrastructure	(5,328,942)	(1,086,213)	-	(6,415,155)
Total accumulated depreciation	<u>(23,668,630)</u>	<u>(3,278,955)</u>	<u>31,612</u>	<u>(26,915,973)</u>
Total capital assets, being depreciated, net	<u>92,071,120</u>	<u>10,470,030</u>	<u>(198,139)</u>	<u>102,343,011</u>
Governmental activities capital assets, net	<u>\$ 104,095,022</u>	<u>\$ 15,756,912</u>	<u>\$ (10,093,806)</u>	<u>\$ 109,758,128</u>

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 982,462	\$ -	\$ -	\$ 982,462
Construction in progress	7,365,161	2,769,827	(724,902)	9,410,086
Total capital assets, not being depreciated	<u>8,347,623</u>	<u>2,769,827</u>	<u>(724,902)</u>	<u>10,392,548</u>
Capital assets, being depreciated:				
Buildings and improvements	27,481,097	724,902	-	28,205,999
Furnishings and equipment	2,676,774	-	-	2,676,774
Vehicles	586,391	-	-	586,391
Total capital assets, being depreciated	<u>30,744,262</u>	<u>724,902</u>	<u>-</u>	<u>31,469,164</u>
Less accumulated depreciation for:				
Buildings and improvements	(15,347,819)	(794,161)	-	(16,141,980)
Furnishings and equipment	(1,395,975)	(101,289)	-	(1,497,264)
Vehicles	(523,976)	(37,511)	-	(561,487)
Total accumulated depreciation	<u>(17,267,770)</u>	<u>(932,961)</u>	<u>-</u>	<u>(18,200,731)</u>
Total capital assets, being depreciated, net	<u>13,476,492</u>	<u>(208,059)</u>	<u>-</u>	<u>13,268,433</u>
Business-type activities capital assets, net	<u>\$ 21,824,115</u>	<u>\$ 2,561,768</u>	<u>\$ (724,902)</u>	<u>\$ 23,660,981</u>

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

Governmental Activities:			
General government		\$ 61,802	
Public safety		314,478	
Transportation and environment		1,270,699	
Community services		70,226	
Education		1,561,750	
Total depreciation expense - governmental activities		<u>\$ 3,278,955</u>	
Business-type Activities:			
Water		\$ 351,676	
Sewer		581,285	
Total depreciation expense - business-type activities		<u>\$ 932,961</u>	

NOTE 7 – RIGHT TO USE ASSET

Millington Schools has recorded one right to use leased asset for leased computers. The right to use asset is amortized on a straight-line basis over the term of the related lease. The beginning balance, as restated on July 1, 2021, was \$460,289. Amortization during the year was \$167,378, resulting in an ending balance of \$292,911 as of June 30, 2022.

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following is a detail of reported accounts payable and accrued liabilities at June 30, 2022:

	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 2,057,102	\$ 375,172	\$ 2,432,274
Retainage payable	-	36,157	36,157
Accrued other	29,121	10,718	39,839
Accrued payroll and benefits	456,568	60,545	517,113
TCRS payable	29,442	1,778	31,220
	<u>\$ 2,572,233</u>	<u>\$ 484,370</u>	<u>\$ 3,056,603</u>

NOTE 9 – 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, 2022, 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 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, 2022, no amounts have been drawn on the loan.

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%.

Leases

The School leases computer laptops from external parties for various terms under long-term noncancelable lease agreements that expire at various dates through 2024. The lease liability is measured using a discount rate of 2.5%, which is the School's estimated incremental borrowing rate at the date of adoption. During the year ended June 30, 2022, the School recognized \$35,707 for operating and maintenance costs as incurred related to the leases.

NOTE 9 – LONG-TERM LIABILITIES (CONTINUED)

Debt outstanding as of June 30, 2022 consisted of the following:

	Original Issue	Interest Rates	Maturity Date	Balance Outstanding at Year End
Governmental activities:				
<i>Notes Payable:</i>				
<u>Payable through General Fund</u>				
TN Municipal League Note, Series 2013	\$ 1,150,000	2.90%	5/1/1933	\$ 708,000
TN Municipal League Note, Series 2015	6,000,000	3.02%	9/1/2035	4,588,600
TN Municipal League Note, Series 2021	6,000,000	2.45%	5/1/2041	1,777,946
TN Municipal League Refunding Note, Series 2021	3,500,470	2.46%	6/1/2036	3,300,000
	<u>16,650,470</u>			<u>10,374,546</u>
<u>Payable through General Purpose School Fund</u>				
TN Municipal League Refunding Note, Series 2020	1,889,245	2.46%	11/1/2038	1,811,246
Energy Efficient Schools Council Loan	463,022	0.50%	11/1/2038	439,812
Total notes payable	<u>19,002,737</u>			<u>12,625,604</u>
<i>Other Debt:</i>				
<u>Payable through General Purpose School Fund</u>				
Shelby County Settlement Liability	2,762,628	2.89%	11/1/2026	863,269
Lease obligation - 2022 computers	460,289	2.50%	2024	303,012
Total other debt	<u>3,222,917</u>			<u>1,166,281</u>
	<u>\$ 22,225,654</u>			<u>\$ 13,791,885</u>

Business-type activities:

Notes Payable:

Payable through Sewer Fund

State Revolving Loan Fund	<u>\$ 2,827,400</u>	1.41%	4/1/2035	<u>\$ 1,904,494</u>
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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
2023	\$ 1,020,984	\$ 320,480	\$ 136,344	\$ 25,980
2024	1,070,128	292,752	138,288	24,036
2025	1,103,072	263,902	140,244	22,080
2026	1,131,904	234,233	142,236	20,088
2027	1,015,560	205,954	144,252	18,072
2028 - 2032	4,127,909	674,450	752,568	59,052
2033 - 2037	2,872,895	200,775	450,562	9,756
2038 - 2040	<u>283,152</u>	<u>7,043</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,625,604</u>	<u>\$ 2,199,589</u>	<u>\$ 1,904,494</u>	<u>\$ 179,064</u>

NOTE 9 – LONG-TERM LIABILITIES (CONTINUED)

Future payments under the other debt are as follows:

Years Ending June 30	Settlement Liability Amount	Lease Obligation Amount
2023	\$ 230,219	\$ 157,277
2024	230,219	157,277
2025	230,219	-
2026	230,564	-
Total payments	\$ 921,221	\$ 314,554
Less amount representing interest	(57,952)	(11,542)
	<u>\$ 863,269</u>	<u>\$ 303,012</u>

2. Changes in long-term liabilities

A summary of long-term liability activity, including debt, for the year ended June 30, 2022 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	\$ 13,373,284	\$ -	\$ (744,925)	\$ 12,628,359	\$ 1,020,984
Settlement obligation	1,065,258	-	(201,989)	863,269	207,371
Lease obligation	460,289	-	(157,277)	303,012	149,614
Total long-term debt	<u>14,898,831</u>	<u>-</u>	<u>(1,104,191)</u>	<u>13,794,640</u>	<u>1,377,969</u>
Compensated absences	568,088	42,243	(197,058)	413,273	217,834
	<u>\$ 15,466,919</u>	<u>\$ 42,243</u>	<u>\$ (1,301,931)</u>	<u>\$ 14,207,913</u>	<u>\$ 1,595,803</u>
Business-type activities:					
Note payable - construction	\$ 2,038,930	\$ -	\$ (134,436)	\$ 1,904,494	\$ 136,344
Compensated absences	60,681	4,847	(12,754)	52,774	12,754
	<u>\$ 2,099,611</u>	<u>\$ 4,847</u>	<u>\$ (147,190)</u>	<u>\$ 1,957,268</u>	<u>\$ 149,098</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 10 – FUND BALANCES BY PURPOSE

Following is more detailed information on the governmental fund balances:

	General Fund	School General Purpose Fund	Capital Improvements Fund	School Federal Projects Fund	Other Governmental Funds	Total
Nonspendable for:						
Inventory	\$ 65,196	\$ -	\$ -	\$ -	\$ 25,792	\$ 90,988
Prepaid expenditures	274,981	56,057	-	-	231,611	562,649
Total nonspendable fund balance	340,177	56,057	-	-	257,403	653,637
Restricted for:						
Streets	-	-	-	-	147,138	147,138
Sanitation	-	-	-	-	847,520	847,520
Drug enforcement	-	-	-	-	89,743	89,743
DEA task force	-	-	-	-	83,479	83,479
Drainage control	-	-	-	-	513,796	513,796
Education	-	7,760,501	-	-	4,694,721	12,455,222
Stabilization reserve trust	-	205,426	-	-	-	205,426
Total restricted fund balance	-	7,965,927	-	-	6,376,397	14,342,324
Committed for:						
Financial stabilization	4,430,926	-	-	-	-	4,430,926
Emergency	1,000,000	-	-	-	-	1,000,000
Library construction	720,337	-	-	-	-	720,337
Capital improvements	-	-	3,089,606	-	-	3,089,606
Total committed fund balance	6,151,263	-	3,089,606	-	-	9,240,869
Unassigned						
Total fund balances	\$ 17,779,043	\$ 8,021,984	\$ 3,089,606	\$ -	\$ 6,633,800	\$ 35,524,433

NOTE 11 – DEFINED BENEFIT PENSION PLANS

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	\$ 3,958,227	\$ 2,229,725	\$ 3,926,017	\$ (288,192)
School BOE Plan	588,793	458,653	506,441	115,915
Teacher Legacy Plan	12,857,238	4,442,340	11,361,094	(1,966,181)
Teacher Retirement Plan	246,636	190,954	187,099	32,778
Total governmental activities	\$ 17,650,894	\$ 7,321,672	\$ 15,980,651	\$ (2,105,680)
Business-type Activities				
City Plan	\$ 476,775	\$ 262,144	\$ 472,895	\$ 472,895
	\$ 18,127,669	\$ 7,583,816	\$ 16,453,546	\$ (1,632,785)

NOTE 11 – DEFINED BENEFIT PENSION PLANS (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 for the TCRS plans 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, 2021, the following employees were covered by the benefit terms of the agent plans:

	<u>City Plan</u>	<u>School BOE</u>
Inactive employees or beneficiaries currently receiving benefits	106	11
Inactive employees entitled to but not yet receiving benefits	185	36
Active employees	128	82
	<u>419</u>	<u>129</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, 2022 were as follows:

	<u>City Plan</u>	<u>School BOE</u>	<u>Teacher Legacy</u>	<u>Teacher Hybrid</u>
Employer contributions	\$ 498,221	\$ 256,805	\$ 953,291	\$ 72,502
Covered-employee payroll	6,212,239	2,875,789	9,255,257	3,607,087
As a percentage of covered-employee payroll	8.02%	8.93%	10.30%	2.01%

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Assumptions

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

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of investment expense, including inflation
Cost-of-Living Adjustment	2.125%
Mortality rates	Actual experience including an adjustment for anticipated movement

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

Changes of assumptions

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

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

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the 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 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Net Pension Liability (Asset)

The net pension liability (asset) for each TCRS administered plan was measured as of June 30, 2021. 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	\$ 510,482	\$ 326,346		
Interest	1,996,251	179,963		
Differences between expected and actual experience	369,758	(141,024)		
Changes in assumptions	2,033,563	213,708		
Benefit payments, including refunds	(1,120,021)	(22,367)		
Net change in total pension liability	3,790,033	556,626		
Total pension liability - beginning	27,584,027	2,167,092		
Total pension liability - ending	\$ 31,374,060	\$ 2,723,718		
Plan Fiduciary Net Position				
Contributions - employer	\$ 503,881	\$ 248,753		
Contributions - employee	-	131,918		
Net investment income	7,407,642	643,314		
Benefit payments	(1,120,021)	(22,367)		
Administrative expense	(11,519)	(7,443)		
Net change in plan fiduciary net position	6,779,983	994,175		
Plan fiduciary net position - beginning	29,029,079	2,318,336		
Plan fiduciary net position - ending	\$ 35,809,062	\$ 3,312,511		
Net pension liability (asset)	\$ (4,435,002)	\$ (588,793)		
Proportionate share of net pension liability (asset)			\$ (12,857,238)	\$ (246,636)
Proportionate share at June 30, 2021 measurement date			0.298088%	0.227689%
Proportionate share at June 30, 2020 measurement date			0.291100%	0.227789%

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	6.75%	\$ (137,921)	\$ (4,435,002)	\$ (7,976,838)
School BOE Plan	6.75%	(103,538)	(588,793)	(977,844)
Proportionate share of the net pension liability (asset)				
Teacher Legacy Plan	6.75%	\$ (2,288,156)	\$ (12,857,238)	\$ (21,652,823)
Teacher Hybrid Plan	6.75%	84,787	(246,636)	(491,072)

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2022, the City reported pension expense and deferred outflows of resources and deferred inflows of resources related to each plan from the following sources:

	<u>City Plan</u>	<u>School BOE</u>	<u>Teacher Legacy</u>	<u>Teacher Hybrid</u>
Pension Expense (Negative Pension Expense)	<u>\$ (288,192)</u>	<u>\$ 115,915</u>	<u>\$ (1,966,181)</u>	<u>\$ 32,778</u>
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 468,476	\$ 9,241	\$ 43,207	\$ 4,291
Net difference between projected and actual earnings on plan investments	-	-	-	-
Changes in assumptions	1,525,172	192,607	3,435,239	88,959
Change in proportion of net pension liability (asset)	-	-	10,603	25,202
Contributions subsequent to the measurement date of June 30, 2020	498,221	256,805	953,291	72,502
	<u>\$ 2,491,869</u>	<u>\$ 458,653</u>	<u>\$ 4,442,340</u>	<u>\$ 190,954</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ 449,012	\$ 160,843	\$ 1,072,335	\$ 45,129
Net difference between projected and actual earnings on plan investments	3,949,900	345,598	10,253,360	141,970
Change in proportion of net pension liability (asset)	-	-	35,399	-
	<u>\$ 4,398,912</u>	<u>\$ 506,441</u>	<u>\$ 11,361,094</u>	<u>\$ 187,099</u>

The amounts shown above for “Contributions subsequent to the measurement date of June 30, 2021,” 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:

<u>Years Ending June 30,</u>	<u>City Plan</u>	<u>School BOE</u>	<u>Teacher Legacy</u>	<u>Teacher Hybrid</u>
2023	\$ (592,405)	\$ (79,461)	\$ (1,868,354)	\$ (28,356)
2024	(411,312)	(77,029)	(1,776,201)	(27,579)
2025	(336,387)	(74,501)	(1,460,402)	(27,358)
2026	(1,065,160)	(86,945)	(2,767,088)	(30,930)
2027	-	3,337	-	6,937
Thereafter	-	10,006	-	38,639

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

E. Payable to the Pension Plans

	<u>City Plan</u>	<u>School BOE</u>	<u>Teacher Legacy</u>	<u>Teacher Hybrid</u>
Payable to the pension plan at June 30, 2022	\$ 31,220	\$ 426	\$ 55,911	\$ 8,007

NOTE 12 – 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, 2022, the School employer contributions to the Teacher Retirement Plan were \$181,622 of which \$13,949 was payable at year end.

City 457 Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits deferral of a portion of salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Because the assets are held in a trustee capacity by the City, they are not included in the City's financial statements. No contributions are made to this plan by the City.

NOTE 13 - 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. To be eligible, employees must be enrolled in a School health insurance plan one year immediately before the retirement date, and they must be enrolled in the Tennessee Consolidated Retirement System prior to July 1, 2015.

Management of the School OPEB Plan is vested in the TSBA Board of Trustees. Benefits are administered through the State of Tennessee Teacher Group OPEB Plan (TGOP) and the Tennessee Plan (TNP).

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 13 - 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 health insurance coverage to eligible pre-65 retirees. Insurance coverage is the only postemployment benefit provided to retirees. 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, 2022, 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	24	9
Inactive employees entitled to but not yet receiving benefits	-	4
Active employees	78	195
	102	208

Contributions

For the year ended June 30, 2022, 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, 2022, the School contributed an amount equal to the benefits paid. No additional amounts were paid to the trust in fiscal year 2022.

B. Actuarial Assumptions

Actuarial valuations for the City and School OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of contributions, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Trust assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. 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, 2022, using the entry age normal level percent of pay actuarial cost method. Significant actuarial assumptions used in the valuation include:

Inflation rate	2.5%
Investment rate of return	n/a
Discount rate	3.54% including inflation
Healthcare cost trend rates	Level 4.50%
Mortality table	RP-2014 Total Table with Projection MP-2021

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

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 3.54%.

School Administered OPEB Plan

The OPEB liability for the current year was determined by an actuarial valuation as of June 30, 2022, using the following assumptions and the entry age normal level percent of pay actuarial cost method:

Inflation rate	3.0%
Investment rate of return	6.6%
Discount rate	6.6% including inflation
Healthcare cost trend rates	7.5% decreasing to an ultimate 4.5%, 7-year grading
Mortality table	Combination of SOA Pub-2010 Teacher, General, and Continues Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021

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, 2022 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, 2022 is summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large equity	45.50%	8.40%
International equity	16.20%	7.20%
Emerging market equity	3.30%	8.60%
Fixed income	35.00%	3.80%
	100.00%	6.60%

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -13.90%. 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 6.60% based on the assumption that the trust is eventually expected to be sufficient to finance all future benefit payments.

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

C. Net OPEB Liability

The components of each net OPEB liability at June 30, 2022, were as follows:

	City OPEB Plan	School OPEB Plan
Total OPEB Liability		
Service cost	\$ 257,663	\$ 115,044
Interest	137,022	154,324
Differences between expected and actual experience	(1,125,951)	(602,820)
Changes in assumptions	(979,079)	(70,919)
Changes in benefit terms	-	(157,446)
Benefit payments, including refunds	(111,117)	(96,807)
Net change in total OPEB liability	(1,821,462)	(658,624)
Total OPEB liability - beginning	<u>5,997,666</u>	<u>2,504,716</u>
Total OPEB liability - ending	<u>\$ 4,176,504</u>	<u>\$ 1,846,092</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ -	\$ 96,807
Net investment income	-	(54,083)
Benefit payments	-	(96,807)
Administrative expense	-	(1,620)
Net change in plan fiduciary net position	-	(55,703)
Plan fiduciary net position - beginning	<u>5,997,666</u>	<u>389,855</u>
Plan fiduciary net position - ending	<u>\$ 5,997,666</u>	<u>\$ 334,152</u>
Net OPEB liability	<u><u>\$ (1,821,162)</u></u>	<u><u>\$ 1,511,940</u></u>

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	3.54%	\$ 3,619,632	\$ 4,176,504	\$ 4,875,460
School Net OPEB liability	6.60%	1,683,465	1,511,940	1,362,097

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%	\$ 3,940,174	\$ 4,176,504	\$ 4,476,300
School Net OPEB liability	7.5% to 4.5%	\$ 1,418,370	\$ 1,511,940	\$ 1,616,391

NOTE 13 - 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, 2022, 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>\$ 146,870</u>	<u>\$ (176,930)</u>	<u>\$ (30,060)</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on plan investments	\$ -	\$ 25,721	\$ 25,721
Changes in assumptions	<u>242,678</u>	<u>60,996</u>	<u>303,674</u>
	<u><u>\$ 242,678</u></u>	<u><u>\$ 86,717</u></u>	<u><u>\$ 329,395</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 1,042,834	\$ 772,609	\$ 1,815,443
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in assumptions	<u>844,960</u>	<u>682,982</u>	<u>1,527,942</u>
	<u><u>\$ 1,887,794</u></u>	<u><u>\$ 1,455,591</u></u>	<u><u>\$ 3,343,385</u></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
2023	\$ (247,815)	\$ (266,441)	\$ (514,256)
2024	(247,815)	(267,513)	(515,328)
2025	(247,815)	(269,540)	(517,355)
2026	(247,815)	(252,193)	(500,008)
2027	(272,997)	(216,936)	(489,933)
Thereafter	(380,859)	(96,251)	(477,110)

NOTE 14 - 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 \$67,764 for the year ended June 30, 2022.

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.

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 15 - 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.

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*

Plan 80330

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 510,482	\$ 510,851	\$ 492,659	\$ 478,485	\$ 442,221	\$ 523,831	\$ 500,187	514,637
Interest	1,996,251	1,943,605	1,815,264	1,769,298	1,720,301	1,724,244	1,646,311	1,544,121
Differences between expected and actual experience	369,758	(640,473)	477,893	(643,875)	(494,980)	(1,279,849)	(179,845)	267,551
Changes of assumptions	2,033,563	-	-	-	705,882	-	-	-
Benefit payments	(1,120,021)	(1,054,910)	(1,012,650)	(955,479)	(930,383)	(947,999)	(954,367)	(944,283)
Net change in total pension liability	3,790,033	759,073	1,773,166	648,429	1,443,041	20,227	1,012,286	1,382,026
Total pension liability - beginning	27,584,027	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	31,374,060	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	503,881	483,100	536,897	519,745	524,639	469,835	530,147	511,544
Net investment income	7,407,642	1,385,610	1,973,023	2,066,784	2,578,365	599,629	689,233	3,238,712
Benefit payments	(1,120,021)	(1,054,910)	(1,012,650)	(955,479)	(930,383)	(947,999)	(954,367)	(944,283)
Administrative expense	(11,519)	(11,693)	(12,080)	(12,752)	(11,543)	(10,396)	(8,324)	(7,143)
Other	-	-	-	-	1,777	-	-	-
Net change in plan fiduciary net position	6,779,983	802,107	1,485,190	1,618,298	2,161,078	112,846	256,689	2,798,830
Plan fiduciary net position - beginning	29,029,079	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	\$ 35,809,062	\$ 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)	\$ (4,435,002)	\$ (1,445,052)	\$ (1,402,018)	\$ (1,689,994)	\$ (720,125)	\$ (2,088)	\$ 90,531	\$ (665,066)
Plan fiduciary net position as a percentage of the total pension liability								
	114.14%	105.24%	105.23%	106.75%	102.95%	100.01%	99.61%	103.03%
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
Net pension liability (asset) as a percentage of covered payroll	-70.59%	-23.81%	-23.32%	-29.04%	-12.77%	-0.04%	1.39%	-10.48%

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the discount rate, inflation rate, investment rate of return, cost-of-living adjustment, Social Security Wage Base, assumed turnover and retirement rates, salary growth and mortality improvements. 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*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 498,221	\$ 503,881	\$ 483,100	\$ 536,897	\$ 519,745	\$ 503,733	\$ 469,835	\$ 530,147	\$ 511,544
Contributions	<u>498,221</u>	<u>503,881</u>	<u>483,100</u>	<u>536,897</u>	<u>519,745</u>	<u>524,639</u>	<u>469,835</u>	<u>530,147</u>	<u>511,544</u>
Contribution deficiency (surplus)	<u>\$ -</u>	<u>\$ (20,906)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Covered payroll	\$ 6,212,239	\$ 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%	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 2022 were calculated based on the June 30, 2020 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*

	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension (asset) liability	0.298088%	0.291100%	0.295019%	0.293214%	0.28614%	0.279607%	0.244172%	0.000664%
Proportionate share of the net pension (asset) liability	\$ (12,857,238)	\$ (2,219,854)	\$ (3,033,321)	\$ (1,031,795)	\$ (93,621)	\$ 1,747,388	\$ 100,021	\$ (108)
Covered payroll	\$ 9,783,734	\$ 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 payroll	-131.41%	-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	116.13%	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*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required	\$ 953,291	\$ 1,004,791	\$ 1,029,895	\$ 1,034,744	\$ 936,967	\$ 914,386	\$ 912,429	\$ 826,309	\$ 2,314
Contribution in relation to the contractually required contribution	<u>953,291</u>	<u>1,004,791</u>	<u>1,029,895</u>	<u>1,034,744</u>	<u>936,967</u>	<u>914,386</u>	<u>912,429</u>	<u>826,309</u>	<u>2,314</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,255,257	\$ 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 payroll	10.30%	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 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3% 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*

	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension (asset) liability	0.227689%	0.227789%	0.249914%	0.254385%	0.301476%	0.356813%	0.479760%
Proportionate share of the net pension (asset) liability	\$ (246,636)	\$ (129,530)	\$ (141,073)	\$ (115,371)	\$ (79,541)	\$ (37,145)	\$ (19,301)
Covered payroll	\$ 3,286,020	\$ 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 payroll	-7.51%	-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	121.53%	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 the implementation date.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
MMS TEACHER RETIREMENT PLAN OF TCRS

Last Ten Fiscal Years June 30*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required	\$ 72,502	\$ 66,378	\$ 58,353	\$ 51,305	\$ 36,252	\$ 79,148	\$ 62,800	\$ 24,920
Contribution in relation to the contractually required contribution	72,502	66,378	58,353	51,305	88,921	79,148	62,800	39,872
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (52,669)	\$ -	\$ -	\$ -
Covered payroll	\$ 3,607,087	\$ 3,286,020	\$ 2,874,501	\$ 2,644,660	\$ 2,171,160	\$ 2,030,527	\$ 1,569,972	\$ 996,818
Contributions as a percentage of covered payroll	2.01%	2.02%	2.03%	1.94%	4.00%	4.00%	4.00%	4.00%
Contributions as a percentage of covered payroll placed into Pension Stabilization Reserve Trust	1.99%	1.98%	1.97%	2.06%	0.00%	0.00%	0.00%	0.00%

Beginning in fiscal year 2019, contributions in excess of amounts required by TCRS to be placed towards the pension were placed in a Pension Stabilization Reserve Trust.

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3% 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*

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 326,346	\$ 315,138	\$ 317,537	\$ 325,810	\$ 288,750	\$ 261,184	\$ 272,709
Interest	179,963	147,645	120,557	93,828	66,546	40,083	20,415
Differences between expected and actual experience	(141,024)	(2,954)	(32,402)	(23,654)	(1,225)	27,715	(17,138)
Changes of assumptions	213,708	-			21,214		
Benefit payments	(22,367)	(28,160)	(31,169)	(6,903)	(3,992)	(3,437)	(1,005)
Net change in total pension liability	556,626	431,669	374,523	389,081	371,293	325,545	274,981
Total pension liability - beginning	2,167,092	1,735,423	1,360,900	971,819	600,526	274,981	-
Total pension liability - ending	2,723,718	2,167,092	1,735,423	1,360,900	971,819	600,526	274,981
Plan Fiduciary Net Position							
Contributions - employer	248,753	249,422	242,442	245,496	230,248	196,318	182,233
Contributions - employee	131,918	130,432	122,462	118,524	110,269	101,788	90,476
Net investment income	643,314	101,432	118,495	96,097	83,446	11,056	4,119
Benefit payments	(22,367)	(28,160)	(31,169)	(6,903)	(3,992)	(3,437)	(1,005)
Administrative expense	(7,443)	(7,730)	(7,656)	(8,022)	(7,519)	(6,604)	(4,222)
Net change in plan fiduciary net position	994,175	445,396	444,574	445,192	412,452	299,121	271,601
Plan fiduciary net position - beginning	2,318,336	1,872,940	1,428,366	983,174	570,722	271,601	-
Plan fiduciary net position - ending	3,312,511	2,318,336	1,872,940	1,428,366	983,174	570,722	271,601
Net pension liability (asset)	\$ (588,793)	\$ (151,244)	\$ (137,517)	\$ (67,466)	\$ (11,355)	\$ 29,804	\$ 3,380
Plan fiduciary net position as a percentage of the total pension liability	121.62%	106.98%	107.92%	104.96%	101.17%	95.04%	98.77%
Covered payroll	\$ 2,785,593	\$ 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 payroll	-21.14%	-5.41%	-5.07%	-2.45%	-0.44%	1.24%	0.15%

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. 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*

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 256,805	\$ 212,819	\$ 222,888	\$ 218,007	\$ 225,977	\$ 204,941	\$ 196,318	\$ 182,233
Contributions	256,805	248,753	249,422	242,442	245,496	230,248	196,318	182,233
Contribution deficiency (excess)	\$ -	\$ (35,934)	\$ (26,534)	\$ (24,435)	\$ (19,519)	\$ (25,307)	\$ -	\$ -
Covered payroll	\$ 2,875,789	\$ 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 payroll	8.93%	8.93%	8.93%	8.93%	8.93%	8.92%	8.14%	8.14%

NOTE 1 - VALUATION DATE

Actuarially determined contribution rates for 2022 were calculated based on the June 30, 2020 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, averaging 4%
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*

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	\$ 257,663	\$ 253,556	\$ 151,349	\$ 151,349	\$ 145,696
Interest	137,022	132,997	204,407	194,938	185,472
Differences between actual and expected experience	(1,125,951)	(97,178)	-	-	-
Changes of assumptions	(979,079)	-	403,393	-	-
Benefit payments	(111,117)	(111,621)	(111,621)	(92,861)	(92,861)
Net change in total OPEB liability (asset)	(1,821,462)	177,754	647,528	253,426	238,307
Total OPEB liability-beginning	5,997,966	5,820,212	5,172,684	4,919,258	4,680,951
Total OPEB liability-ending	4,176,504	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	\$ 4,176,504	\$ 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%	0.00%
Covered payroll	\$ 5,300,820	\$ 5,644,448	\$ 5,644,448	\$ 5,066,363	\$ 5,066,363
Net OPEB liability as a percentage of covered payroll	78.79%	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*

	2022	2021	2020	2019	2018	2017
Total OPEB liability:						
Service cost	\$ 115,044	\$ 115,872	\$ 159,307	\$ 150,484	\$ 249,605	\$ 265,891
Interest	154,324	150,004	111,848	115,539	123,180	113,972
Changes in benefit terms	(157,446)	-	19,898	-	(1,147,418)	-
Differences between actual and expected experience	(602,820)	(102,962)	(87,551)	(118,355)	(154,038)	-
Changes of assumptions	(70,919)	-	(760,303)	121,992	(306,633)	-
Benefit payments	(96,807)	(83,578)	(89,404)	(65,591)	(62,072)	(10,042)
Net change in total OPEB liability (asset)	(658,624)	79,336	(646,205)	204,069	(1,297,376)	369,821
Total OPEB liability-beginning	2,504,716	2,425,380	3,071,585	2,867,516	4,164,892	3,795,071
Total OPEB liability-ending	1,846,092	2,504,716	2,425,380	3,071,585	2,867,516	4,164,892
Plan fiduciary net position:						
Contributions-employer	96,807	83,578	89,404	65,591	62,072	209,913
Net investment income	(54,083)	87,929	10,576	15,581	22,817	10,242
Benefit payments	(96,807)	(83,578)	(89,404)	(65,591)	(62,072)	(10,042)
Administrative expense	(1,620)	(1,417)	(1,241)	(1,198)	(3,305)	-
Net change in plan fiduciary net position	(55,703)	86,512	9,335	14,383	19,512	210,113
Plan fiduciary net position-beginning	389,855	303,343	294,008	279,625	260,113	50,000
Plan fiduciary net position-ending	334,152	389,855	303,343	294,008	279,625	260,113
Net OPEB liability-ending	\$ 1,511,940	\$ 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	18.10%	15.56%	12.51%	9.57%	9.75%	6.25%
Covered payroll	\$ 6,451,035	\$ 9,949,267	\$ 10,608,849	\$ 12,169,851	\$ 11,815,389	\$ 9,530,500
Net OPEB liability as a percentage of covered payroll	23.44%	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*

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 275,589	\$ 276,988	\$ 239,821	\$ 231,182	\$ 598,948	\$ 374,078
Contributions in relation to the actuarially determined contribution	96,807	83,578	89,404	65,591	62,072	209,913
Contribution deficiency (excess)	<u>\$ 178,782</u>	<u>\$ 193,410</u>	<u>\$ 150,417</u>	<u>\$ 165,591</u>	<u>\$ 536,876</u>	<u>\$ 164,165</u>
Covered payroll	\$ 6,451,035	\$ 9,949,267	\$ 10,608,849	\$ 12,169,851	\$ 11,815,389	\$ 9,530,500
Contributions as a percentage of covered payroll	1.50%	0.84%	0.84%	0.54%	0.53%	2.20%

NOTE 1 - VALUATION DATE

Actuarially determined contribution rates for 2022 were calculated based on the June 30, 2022 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%
Healthcare cost trend rates	7.5% decreasing .5% in the next year to an ultimate 4.5%
Salary increases	Salary increases determined by 2021 TCRS Teacher Salary Growth Table
Investment rate of return	6.60%
Discount rate	6.60%
Retirement age	Pattern of retirement determined by experience study
Mortality	SOA Pub 2010 Teachers, General, & Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021

Change in assumptions : In 2022, the following assumptions were changed: Increased discount rate and rate of return from 6.0% to 6.60%; salary increased determined by 2021 TCRS table; mortality based on Scale MP-2021. In 2021, the following assumptions were changed: decreased healthcare cost trend rates from 8.00 percent to 7.50 percent. In 2020, the following assumptions were changed: decreased healthcare cost trend rates from 8.00 percent to 7.50 percent; decreased the investment rate of return from 7.50 percent to 6.00 percent; increased in discount rate from 3.51 percent to 6.00 percent; and changed salary increase from a 3% annually to a tiered system starting at 7.5% 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*

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	-13.90%	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.

CITY OF MILLINGTON, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Special Revenue Funds								Total Nonmajor Governmental Funds
	State Street Aid Fund	Sanitation Fund	Drug Fund	DEA Drug Fund	Storm Water Fund	School Cafeteria Fund	Student Activity Fund	School Capital Projects	
ASSETS									
Cash and cash equivalents	\$ 161,867	\$ 858,658	\$ 41,885	\$ 90,225	\$ 561,386	\$ 1,140,109	\$ 456,754	\$ 3,028,614	\$ 6,339,498
Short-term investments	-	-	63,076	-	-	-	-	-	63,076
Receivables									
Accounts	-	203,363	-	-	78,603	-	-	-	281,966
Less allowance for doubtful accounts	-	(119,696)	-	-	(39,411)	-	-	-	(159,107)
Due from other governments	67,351	11,962	-	-	3,956	85,497	-	1,047	169,813
Due from other funds	-	256,666	-	-	144,870	-	-	-	401,536
Inventory	-	-	-	-	-	25,311	481	-	25,792
Prepaid Items	-	28,690	-	-	1,840	-	-	201,081	231,611
Total assets	\$ 229,218	\$ 1,239,643	\$ 104,961	\$ 90,225	\$ 751,244	\$ 1,250,917	\$ 457,235	\$ 3,230,742	\$ 7,354,185
LIABILITIES									
Accounts payable and accrued liabilities	\$ 30,643	\$ 40,922	\$ 12,835	\$ -	\$ 800	\$ -	\$ -	\$ 13,728	\$ 98,928
Due to other funds	51,437	322,511	2,383	6,746	234,808	-	-	-	617,885
Total liabilities	82,080	363,433	15,218	6,746	235,608	-	-	13,728	716,813
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue									
Other	-	-	-	-	-	3,572	-	-	3,572
Total deferred inflows of resources	-	-	-	-	-	3,572	-	-	3,572
FUND BALANCES									
Nonspendable	-	28,690	-	-	1,840	25,311	481	201,081	257,403
Restricted	147,138	847,520	89,743	83,479	513,796	1,222,034	456,754	3,015,933	6,376,397
Total fund balances	147,138	876,210	89,743	83,479	515,636	1,247,345	457,235	3,217,014	6,633,800
Total liabilities, deferred inflows of resources and fund balances	\$ 229,218	\$ 1,239,643	\$ 104,961	\$ 90,225	\$ 751,244	\$ 1,250,917	\$ 457,235	\$ 3,230,742	\$ 7,354,185

CITY OF MILLINGTON, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	Special Revenue Funds							School Capital Projects	Total Nonmajor Governmental Funds
	State Street Aid Fund	Sanitation Fund	Drug Fund	DEA Drug Fund	Storm Water Fund	School Cafeteria Fund	Student Activity Fund		
REVENUES									
Intergovernmental									
Gas taxes	\$ 392,151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 392,151
Charges for services	-	876,806	-	-	383,081	86,660	-	-	1,346,547
License and permits	-	-	-	-	10,550	-	-	-	10,550
Fines, forfeitures, and penalties	-	-	2,617	-	-	-	-	-	2,617
Federal, state and other grants	-	-	-	8,297	-	2,228,506	-	572,416	2,809,219
Interest on investments	47	233	139	51	156	-	-	-	626
Other	-	-	-	-	-	2,330	587,370	138,075	727,775
Total revenues	<u>392,198</u>	<u>877,039</u>	<u>2,756</u>	<u>8,348</u>	<u>393,787</u>	<u>2,317,496</u>	<u>587,370</u>	<u>710,491</u>	<u>5,289,485</u>
EXPENDITURES									
Current									
Public safety	-	-	4,872	59,727	-	-	-	-	64,599
Transportation and environment	378,691	749,608	-	-	315,205	-	-	-	1,443,504
Education	-	-	-	-	-	1,715,623	561,531	-	2,277,154
Capital outlays	-	-	-	-	-	-	-	1,343,408	1,343,408
Total expenditures	<u>378,691</u>	<u>749,608</u>	<u>4,872</u>	<u>59,727</u>	<u>315,205</u>	<u>1,715,623</u>	<u>561,531</u>	<u>1,343,408</u>	<u>5,128,665</u>
Net change in fund balances	13,507	127,431	(2,116)	(51,379)	78,582	601,873	25,839	(632,917)	160,820
Fund balances - beginning	<u>133,631</u>	<u>748,779</u>	<u>91,859</u>	<u>134,858</u>	<u>437,054</u>	<u>645,472</u>	<u>431,396</u>	<u>3,849,931</u>	<u>6,472,980</u>
Fund balances - ending	<u>\$ 147,138</u>	<u>\$ 876,210</u>	<u>\$ 89,743</u>	<u>\$ 83,479</u>	<u>\$ 515,636</u>	<u>\$ 1,247,345</u>	<u>\$ 457,235</u>	<u>\$ 3,217,014</u>	<u>\$ 6,633,800</u>

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, 2022

	Budgeted Amounts		Variance with Final Budget - Increase (Decrease)	
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental - state gas tax				
Gas motor fuel	\$ 207,000	\$ 207,000	\$ 191,321	\$ (15,679)
Gas 1989	32,500	32,500	29,776	(2,724)
Gas 3 cent	60,000	60,000	55,157	(4,843)
Gas 2017	107,000	107,000	96,274	(10,726)
Petroleum special	22,100	22,100	19,623	(2,477)
Interest on investments	30	30	47	17
Total revenues	<u>428,630</u>	<u>428,630</u>	<u>392,198</u>	<u>(36,432)</u>
EXPENDITURES				
TRANSPORTATION AND ENVIRONMENT				
Public Works				
Operations	179,000	179,000	89,578	89,422
Paving	75,000	75,000	25,981	49,019
Street lighting	280,000	280,000	263,132	16,868
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>544,000</u>	<u>544,000</u>	<u>378,691</u>	<u>165,309</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(115,370)	(115,370)	13,507	128,877
OTHER FINANCING SOURCES				
Transfers in	<u>115,370</u>	<u>115,370</u>	<u>-</u>	<u>(115,370)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>13,507</u>	<u>\$ 13,507</u>
Fund balances - beginning			<u>133,631</u>	
Fund balances - ending			<u>\$ 147,138</u>	

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

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Charges for Services				
Sanitation fees	\$ 863,000	\$ 863,000	\$ 876,806	\$ 13,806
Interest on investments	300	300	233	(67)
Total revenues	863,300	863,300	877,039	13,739
EXPENDITURES				
TRANSPORTATION AND ENVIRONMENT				
Public Works				
Salaries	372,381	372,381	337,420	34,961
Benefits	149,325	149,325	131,189	18,136
Operations	301,594	309,094	280,999	28,095
Capital outlay	40,000	32,500	-	32,500
Total expenditures	863,300	863,300	749,608	113,692
Net change in fund balances	\$ -	\$ -	127,431	\$ 127,431
Fund balances - beginning			748,779	
Fund balances - ending			\$ 876,210	

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

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 2,617	\$ 2,617
Interest on investments	-	-	139	139
Total revenues	-	-	2,756	2,756
EXPENDITURES:				
Public Safety				
Operations	23,550	23,550	4,872	18,678
Total expenditures	23,550	23,550	4,872	18,678
EXCESS OF REVENUES OVER EXPENDITURES	(23,550)	(23,550)	(2,116)	21,434
OTHER FINANCING SOURCES				
Planned use of fund balance	23,550	23,550	-	(23,550)
Net change in fund balances	\$ -	\$ -	(2,116)	\$ (2,116)
Fund balances - beginning			91,859	
Fund balances - ending			\$ 89,743	

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Federal, state and other grants	\$ -	\$ -	\$ 8,297	\$ 8,297
Interest on investments	10	10	51	41
Total revenues	10	10	8,348	8,338
EXPENDITURES:				
Public Safety				
Operations	86,200	86,200	37,933	48,267
Capital outlay	23,500	23,500	21,794	1,706
Total expenditures	109,700	109,700	59,727	49,973
EXCESS OF REVENUES OVER EXPENDITURES				
	(109,690)	(109,690)	(51,379)	58,311
OTHER FINANCING SOURCES				
Planned use of fund balance	109,690	109,690	-	(109,690)
Net change in fund balances	\$ -	\$ -	(51,379)	\$ (51,379)
Fund balances - beginning			134,858	
Fund balances - ending			\$ 83,479	

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Charges for Services				
Storm water control fees	\$ 405,000	\$ 405,000	\$ 383,081	\$ (21,919)
Permits	-	-	10,550	10,550
Interest on investments	100	100	156	56
Total revenues	<u>405,100</u>	<u>405,100</u>	<u>393,787</u>	<u>(11,313)</u>
EXPENDITURES				
TRANSPORTATION AND ENVIRONMENT				
Public Works				
Operations	363,050	363,050	315,205	47,845
Total expenditures	<u>363,050</u>	<u>363,050</u>	<u>315,205</u>	<u>47,845</u>
Net change in fund balances	<u>\$ 42,050</u>	<u>\$ 42,050</u>	<u>78,582</u>	<u>\$ 36,532</u>
Fund balances - beginning			<u>437,054</u>	
Fund balances - ending			<u>\$ 515,636</u>	

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, 2022

	Budgeted Amounts		Variance with Final Budget - Increase (Decrease)	
	Original	Final	Actual Amounts	
REVENUES				
Charges for services				
Cafeteria fees	\$ 62,000	\$ 62,000	\$ 86,660	\$ 24,660
Federal, state and other grants	1,520,137	1,759,613	2,228,506	468,893
Other income	2,020	2,020	2,330	310
Total revenues	1,584,157	1,823,633	2,317,496	493,863
EXPENDITURES				
EDUCATION				
Cafeteria				
Salaries	547,521	593,901	583,290	10,611
Benefits	191,186	178,082	155,349	22,733
Operations	707,642	1,064,902	839,176	225,726
USDA commodities	137,808	12,808	137,808	(125,000)
Total expenditures	1,584,157	1,849,693	1,715,623	134,070
Net change in fund balances	\$ -	\$ (26,060)	601,873	\$ 627,933
Fund balances - beginning			645,472	
Fund balances - ending			\$ 1,247,345	

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Federal, state, and other grants	\$ -	\$ -	\$ 6,752,392	\$ 6,752,392
Interest on investments	-	-	79	79
Other	-	-	27,073	27,073
Total revenues	-	-	6,779,544	6,779,544
EXPENDITURES				
CAPITAL OUTLAY				
Architectural and engineering	-	-	145,888	(145,888)
Construction contracts	1,125,000	1,125,000	4,185,611	(3,060,611)
Equipment	200,000	200,000	219,620	(19,620)
Total expenditures	1,325,000	1,325,000	4,551,119	(3,226,119)
DEFICIENCY OF REVENUES UNDER EXPENDITURES				
	(1,325,000)	(1,325,000)	2,228,425	3,553,425
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	33,540	33,540
Issuance of debt	765,000	765,000	-	(765,000)
Transfers in	500,000	500,000	-	(500,000)
Total Other Financing Sources	1,265,000	1,265,000	33,540	(1,231,460)
Net change in fund balances	\$ (60,000)	\$ (60,000)	2,261,965	\$ 2,321,965
Fund balances - beginning			827,641	
Fund balances - ending			\$ 3,089,606	

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Increase (Decrease)
	Original	Final		
REVENUES				
Intergovernmental				
Shelby County Government	\$ 450,000	\$ 450,000	\$ 572,416	\$ 122,416
Donations	-		138,075	138,075
Total revenues	450,000	450,000	710,491	260,491
EXPENDITURES				
CAPITAL OUTLAY				
Building construction	-	158,936	158,937	(1)
Building improvements	570,000	1,936,256	934,642	1,001,614
Vehicles	-	25,383	25,383	-
Other capital outlay no location	334,277	386,265	224,446	161,819
Total expenditures	904,277	2,506,840	1,343,408	1,163,432
DEFICIENCY OF REVENUES UNDER EXPENDITURES				
	(454,277)	(2,056,840)	(632,917)	1,423,923
OTHER FINANCING SOURCES				
Planned use of fund balance	456,840	2,056,840	-	(2,056,840)
Total Other Financing Sources	456,840	2,056,840	-	(2,056,840)
Net change in fund balances	\$ 2,563	\$ -	(632,917)	\$ (632,917)
Fund balances - beginning			3,849,931	
Fund balances - ending			\$ 3,217,014	

CITY OF MILLINGTON, TENNESSEE**SCHEDULE OF TRANSFERS**

For the Year Ended June 30, 2022

	<u>Transfers In:</u>	<u>Transfers Out:</u>
Major Funds		
General Fund		
School General Purpose Fund	\$ -	\$ 730,219
School General Purpose Fund		
General Fund	730,219	-
Federal Projects Fund	249,892	-
	<hr/> 980,111	<hr/> -
Federal Projects Fund		
School General Purpose Fund	<hr/> -	249,892
Total major funds	<hr/> \$ 980,111	<hr/> \$ 980,111

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES
June 30, 2022

	Interfund Receivable	Interfund Payable
Major Funds		
General Fund		
Capital Projects Fund	\$ -	\$ 1,328,155
Water Fund	106,809	-
Sewer Fund	-	628,305
State Street Aid Fund	51,437	-
Stormwater Fund	234,808	-
Sanitation Fund	197,583	-
DEA Drug Fund	6,746	-
Drug Fund	2,383	-
	<u>599,766</u>	<u>1,956,460</u>
School General Purpose Fund		
School Federal Projects Fund	1,557,585	-
School Federal Projects Fund		
School General Purpose Fund	-	1,557,585
Capital Projects Fund		
General Fund	1,328,155	-
Water Fund		
General Fund	-	106,809
Sewer Fund	-	504,406
Stormwater Fund	-	97,603
Sanitation Fund	-	256,666
	<u>-</u>	<u>965,484</u>
Sewer Fund		
Water Fund	504,406	-
Sanitation Fund	77,661	-
General Fund	628,305	-
	<u>1,210,372</u>	<u>-</u>
Total major funds	<u>4,695,878</u>	<u>4,479,529</u>
Nonmajor Governmental Funds		
State Street Aid Fund		
General Fund	-	51,437
Sanitation Fund		
General Fund	-	197,583
Water Fund	256,666	-
Sewer Fund	-	77,661
Stormwater Fund	-	47,267
	<u>256,666</u>	<u>322,511</u>
DEA Drug Fund		
General Fund	-	6,746
Drug Fund		
General Fund	-	2,383
Stormwater Fund		
General Fund	-	234,808
Water Fund	97,603	-
Sanitation Fund	47,267	-
	<u>144,870</u>	<u>234,808</u>
Total nonmajor governmental funds	<u>401,536</u>	<u>617,885</u>
Total all funds	<u>5,097,414</u>	<u>5,097,414</u>

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

June 30, 2022

Fiscal Year	TML Note Series 2013		TML Note Series 2015		TML Note Series 2021		TML Note Refunding, Series 2021		TML Note Refunding, Series 2020		TML Note Series 2020		Shelby County, TN Settlement Liability		Lease Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 56,000	\$ 20,532	\$ 402,000	\$ 132,506	\$ 252,000	\$ 40,473	\$ 205,000	\$ 81,180	\$ 78,000	\$ 43,665	\$ 2,124	\$ 207,371	\$ 22,848	\$ 149,614	\$ 7,663	\$ 1,377,969	\$ 350,991	
2024	58,000	18,908	440,000	119,792	258,000	34,225	205,000	76,137	81,000	41,710	28,128	1,980	212,861	17,358	153,398	3,879	1,436,387	313,989
2025	59,000	17,226	457,800	106,235	264,000	27,831	210,000	71,094	84,000	39,680	28,272	1,836	218,497	11,722	-	-	1,321,569	275,624
2026	61,000	15,515	469,500	92,233	271,000	21,277	215,000	65,928	87,000	37,576	28,404	1,704	224,540	6,024	-	-	1,356,444	240,257
2027	62,000	13,746	336,000	80,070	277,000	14,564	221,000	60,639	91,000	35,387	28,560	1,548	-	-	-	-	1,015,560	205,954
2028	64,000	11,948	324,000	70,104	284,000	7,692	226,000	55,202	94,000	33,112	28,703	1,405	-	-	-	-	1,020,703	179,463
2029	66,000	10,092	312,000	60,500	171,947	2,106	231,000	49,643	98,000	30,750	28,847	1,261	-	-	-	-	907,794	154,352
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	25,843	29,137	971	-	-	-	-	733,137	113,530
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	17,725	29,577	531	-	-	-	-	659,577	55,928
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
	\$708,000	\$128,644	\$4,588,600	\$846,493	\$1,777,947	\$148,168	\$3,300,000	\$639,920	\$1,814,000	\$419,580	\$439,812	\$16,784	\$ 863,269	\$57,952	\$303,012	\$11,542	\$13,794,640	\$2,269,083

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

June 30, 2022

Fiscal Year	State Revolving Loan Fund	
	Principal	Interest
2022	\$ 136,344	\$ 25,980
2023	138,288	24,036
2024	140,244	22,080
2025	142,236	20,088
2026	144,252	18,072
2027	146,304	16,020
2028	148,380	13,944
2029	150,480	11,844
2030	152,616	9,708
2031	154,788	7,536
2032	156,984	5,340
2033	159,216	3,108
2034	120,906	1,116
2035	13,456	192
	<u>\$ 1,904,494</u>	<u>\$ 179,064</u>

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF CHANGES IN LONG-TERM DEBT AND LEASE OBLIGATIONS BY INDIVIDUAL ISSUE

For the Year Ended June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding as of 6/30/2021	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6/30/2022
GOVERNMENTAL ACTIVITIES									
Notes Payable									
<u>Payable through General Fund</u>									
TN Municipal League Note, Series 2013	\$ 1,150,000	2.90%	5/29/2013	5/1/1933	\$ 763,000	\$ -	\$ (55,000)	\$ -	\$ 708,000
TN Municipal League Note, Series 2015	6,000,000	3.02%	9/29/2015	9/1/2035	4,979,600	-	(391,000)	-	4,588,600
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	-	(200,470)	-	3,300,000
					11,021,017	-	(646,470)	-	10,374,547
<u>Payable through General Purpose School Fund</u>									
TN Municipal League Note, Series 2020 Refunding	1,889,245	2.46%	10/29/2020	11/1/2038	1,889,245	-	(75,245)	-	1,814,000
State of Tennessee loan	463,022	0.50%	6/1/2021	7/1/2037	463,022	-	(23,210)	-	439,812
					2,352,267	-	(98,455)	-	2,253,812
Total notes payable					13,373,284	-	(744,925)	-	12,628,359
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	1,065,258	-	(201,989)	-	863,269
Lease obligation - 2022 computers	460,289	2.50%			460,289	-	(157,277)	-	303,012
Total governmental activities					\$ 14,898,831	\$ -	\$ (1,104,191)	\$ -	\$ 13,794,640
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	\$ 2,038,930	\$ -	\$ (134,436)	\$ -	\$ 1,904,494

CITY OF MILLINGTON, TENNESSEE
SCHEDULES OF PROPERTY TAXES
For the Year Ended June 30, 2022

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE -BY LEVY YEAR

Year of Levy	Balance June 30, 2021	Assessment	Adjustments/Abatements	Collections	June 30, 2022
2022	\$ -	\$ 3,429,134	\$ -	\$ -	\$ 3,429,134
2021	3,769,220	-	(235,989)	(3,411,732)	121,499
2020	92,758	-	5,614	(78,812)	19,560
2019	23,858	-	(295)	(14,478)	9,085
2018	7,258	-	(348)	(2,879)	4,031
2017	5,958	-	(324)	(1,456)	4,178
2016	3,959	-	(276)	(571)	3,112
2015	3,719	-	(263)	(566)	2,890
2014	3,921	-	(261)	(86)	3,574
2013	3,381	-	(472)	(141)	2,768
Prior Years	3,207	-	(875)	(221)	2,111
Total	3,917,239	\$ 3,429,134	\$ (233,489)	\$ (3,510,942)	3,601,942
Allowance for uncollectible property taxes	(162,094)				(222,452)
Net receivables	<u>\$ 3,755,145</u>				<u>\$ 3,379,490</u>

PROPERTY TAX RATES AND ASSESSMENTS -LAST 10 YEARS

Year of Levy	Realty and Personality	Public Utility	Total Assessed Valuation	Tax Rate per \$100	Levy
2022	\$ 234,688,870	\$ 10,249,245	\$ 244,938,115	\$ 1.40	\$ 3,429,134
2021	237,877,775	8,476,506	\$ 246,354,281	1.40	3,448,960
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

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, 2022, the City of Millington, Tennessee, served approximately 3,200 water, sewer, and sanitation customers and had the following rate structure in place:

Water Rates:

Cubic Feet Used	Rate
First 267 cubic feet	\$ 16.13
Each additional cubic foot	\$ 0.04043

Sewer Rates:

Based on Cubic Feet of Water Used	Rate
First 267 cubic feet	\$ 8.49
Each additional cubic foot	\$ 0.0307

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
Mayor	\$ 150,000
City Clerk	\$ 150,000
City Court Clerk	\$ 150,000
Police Chief	\$ 150,000
Fire Chief	\$ 150,000
Seven Alderman (each)	\$ 150,000

CITY OF MILLINGTON, TENNESSEE**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

For the Year Ended June 30, 2022

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>		
<i>CDBG Entitlement Grants Cluster</i>		
Community Development Block Grants/Entitlement Grants	14.218	\$ 368,422
U.S Department of Justice		
<i>Direct Award</i>		
Equitable Sharing Program	16.922	8,297
U.S. Department of Transportation		
<u>Tennessee Department of Transportation</u>		
<i>Highway Planning and Construction Cluster</i>		
Highway Planning and Construction	20.205	<u>2,339,838</u>
Total Federal Awards		<u>\$ 2,716,557</u>
State Financial Assistance		
COVID-19 - TN Direct Appropriation Grant	N/A	\$ 39,473
Tennessee Department of Transportation	N/A	<u>1,399</u>
Total State Financial Assistance		<u>\$ 40,872</u>
Total Federal Awards and State Financial Assistance		<u>\$ 2,757,429</u>

CITY OF MILLINGTON, TENNESSEE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2022

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, 2022. 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	\$ 18,064,727
Millington Municipal Schools federal awards	(10,239,716)
Millington Municipal Schools non-federal awards	(1,216,715)
City of Millington non-federal and non-state awards	(97,051)
Change in City of Millington unavailable revenue	(3,753,816)
Total federal awards and state financial assistance	<u>\$ 2,757,429</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 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 14, 2023. 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.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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.

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 - 2021-006 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 2021-007 – 2021-012 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 2021-013 – 2021-017.

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 "Watkins Wilcox, PLLC". The signature is fluid and cursive, with "Watkins" and "Wilcox" being the most prominent parts.

Memphis, Tennessee
April 14, 2023

**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 the Major Federal Program

Opinion of the 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 the City's major federal program for the year ended June 30, 2022. The City's major federal program is 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 school general purpose fund, each major fund, and the fiduciary fund of the School. The School's expended \$10,239,719 in federal awards and \$14,377,613 in state awards which are not included in the City of Millington, Tennessee's schedule of expenditures of federal awards and state financial assistance during the year ended June 30, 2022. Our audit, described below, did not include the operations of the Schools because the Schools engaged other auditors to perform an audit of compliance.

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 program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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). Our responsibility under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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

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

Watkins Wilharm, PLLC
Memphis, Tennessee
April 14, 2023

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2022

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:

- 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? No

SECTION II – FINANCIAL STATEMENT FINDINGS

Material Weaknesses

2022-001 Accounts Payable and Retainage Payable Was Not Recorded in the Proprietary Funds

Condition: Expenses for invoices received after year-end related to long-term construction contracts were 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 over proper cutoff and review of year end accruals to identify expenses incurred before year end but received after year end and lack of skills, knowledge, and experience of the employees involved.

Effect: Capital assets and liabilities were materially understated.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2022

Recommendation: For all funds invoices should be reviewed after year end to determine if the related expenses were incurred before year end. For proprietary funds, retainage payable only long-term construction projects should be recorded for progress billings received from vendors. Further, retainage payable should be recorded for governmental 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.

2022-002 Property Taxes Receivable Assessment Was Not Calculated

Condition: The property taxes receivable related to the most recent assessment was not calculated.

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

Cause: The calculation was not performed.

Effect: Property taxes receivable and unavailable revenue were materially understated.

Recommendation: A reconciliation should be prepared to help identify potential errors in recoding property taxes receivable. As the Shelby County Trustee collects property taxes on behalf of the City of Millington, the calculation of the property tax should be reconciled to the July property tax statement received from the Shelby County Trustee.

Management Comments: See management's corrective action plan.

2022-003 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 and unavailable revenue.

Criteria: Accounts receivable and unavailable revenue should be reduced as payments are made against those accounts.

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

Effect: Accounts receivable, unavailable revenue, and revenue were materially misstated at year end.

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

Views of Responsible Officials: See corrective action plan.

2022-004 Accounts Payable and Retainage Payable Was Not Reduced For Expenditure Paid

Condition: Expenditures paid were recorded as cash and expenditures as opposed to reducing the existing liability accounts.

Criteria: Liability accounts should be reduced as payments are made against those liabilities.

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

Effect: Capital assets, liabilities and expenditures were overstated at year end.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2022

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.

2022-005 Accrued Payroll Was Not Properly

Condition: Accrued payroll was not properly calculated and recorded at year end across all funds.

Criteria: Expenses should be recorded as incurred in proprietary funds and when due and payable within governmental funds.

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

Effect: Understatement of payroll liabilities and expense at year end.

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

Views of Responsible Officials: See corrective action plan.

2022-006 Grant Revenue Improperly Recorded When Received But Unearned

Condition: Grant revenue was received during the year and recorded as revenue. However, the grant represented an advance of funds and no amounts had been applied to expenses as of year end.

Criteria: Revenue should be recorded when earned and available in the governmental funds.

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

Effect: Overstatement of revenue at year end.

Recommendation: As a part of year end close procedures, the financial statements should be reviewed for unusual transactions and analyzed as to the appropriate accounting. This grant revenue was misclassified as miscellaneous revenue. Had an overall review of the financial been performed, the obvious increase in miscellaneous revenue would have been noticed and a further analysis of the revenue source could have been performed to identify appropriate treatment.

Views of Responsible Officials: See corrective action plan.

Significant Deficiencies

2022-007 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.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2022

Effect: The SEFA was under reported.

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.

2022-008 Due To/Due From Accounts Were Not Properly Recorded

Condition: The due to and due from accounts were not properly recorded at year end including not relieving balances from prior year through payments and not properly allocating activity between the funds during the year.

Criteria: Interfund payable and receivable accounts represent short-term lending/borrowing arrangements outstanding at the end of the fiscal year. All outstanding balances and interfund transactions occurring during the year should be paid in a timely manner as each fund represents its own accounting entity.

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

Effect: Misstatements in amounts reported within the interfund receivable and payable accounts.

Recommendation: Interfund accounting should be reconciled monthly and amounts should be cleared on a regular basis to prevent "long-term" lending relationships.

Views of Responsible Officials: See corrective action plan.

2022-009 Completed Capital Asset Projects Not Capitalized

Condition: Construction projects that were completed during the year were not properly transferred to depreciable capital assets.

Criteria: Construction projects should be capitalized and depreciated once the projects are completed and in use.

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

Effect: Capital assets and depreciation were misstated.

Recommendation: All capital projects, both for proprietary funds and the general government, should be tracked monthly. The process should include a review of all additional costs added to the project, when the project is expected to be completed, and the amount encumbered towards the project at year end. The review of each project should be performed with knowledgeable parties outside of accounting to ensure a complete and accurate review of long-term capital projects. All completed projects should be capitalized with an appropriate in-service date and useful life.

Views of Responsible Officials: See corrective action plan.

2022-010 Allowance for Doubtful Accounts Receivable Not Reviewed

Condition: The allowance for doubtful utility accounts receivable was not reviewed at year end.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2022

Criteria: Accounts receivable should be reviewed each year for potential uncollectable amounts. In addition, a reasonable methodology for estimating the allowance for uncollectable accounts should be utilized.

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

Effect: Accounts receivable and related bad debt expense were misstated.

Recommendation: The City of Millington has an existing methodology for estimating the allowance for doubtful account receivable. We recommend that review of the allowance using the current methodology be included in the year end close procedures.

Views of Responsible Officials: See corrective action plan.

2022-011 Accrued Vacation Calculated Incorrectly

Condition: The incorrect pay rates were used to calculate accrued vacation at year end.

Criteria: Accrued vacation should be recorded based on amounts owed at year end.

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

Effect: Misstatement of liabilities and expenses at year end.

Recommendation: We recommend that pay rates in effect at year end be used to calculate accrued vacation.

Views of Responsible Officials: See corrective action plan.

2022-012 Cash Accounts Not Reconciled at Year End

Condition: During testing, we noted that several cash accounts were not properly reconciled at year end. Although overall cash was accurate, cash balances for individual accounts were not properly recorded.

Criteria: All cash accounts should be properly reconciled monthly.

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

Effect: Individual cash accounts, and some interfund accounts, were misstated at year end. Management uses the operating account to pay all bills but did not properly transfer funds from other accounts to replenish the operating account.

Recommendation: We recommend all cash account be reconciled and reviewed monthly.

Views of Responsible Officials: See corrective action plan.

State of Tennessee Compliance Findings

2022-013 Accounting Records Not Closed within Two Months of Fiscal Year End

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

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2022

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.

2022-014 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.

2022-015 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.

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.

Other Compliance Findings

2022-016 Single Audit Was Not Filed Within 9 Months of Year End

Condition: The Single Audit was not filed within 9 months of year end for both the fiscal years ended June 30, 2021, and June 30, 2022.

Criteria: In accordance with Uniform Guidance, the single audit should be filed within the sooner of 30 days after the audit report date or 9 months of year end.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2022

Cause: Due to delays in completing the audit of the financial statements and the single audit, the deadline was surpassed.

Effect: Under Uniform Guidance, the City of Millington will automatically be considered a "not low risk" auditee. This designation will require testing coverage under the Single Audit for the next two years to equal or exceed 40% of federal expenditures as opposed to 20% under a "low risk" designation.

Recommendation: Following the recommendations noted in other comments will aid in closing the financial records within an adequate time frame and completing the audit within the required time frame.

Management Comments: See management's corrective action plan.

2022-017 Inaccurate Census Data Reported To Actuaries

Condition: During census testing over the pension plan and the other postemployment benefit plan, we noted several errors in census data reported to actuaries.

Criteria: Actuarially liabilities are calculated, in part, based on the census data received.

Cause: Lack of adequate internal controls over review of census information.

Effect: Potential misstatement of pension and other postemployment benefits expense.

Recommendation: We recommend that census data be reviewed before submitting to the actuaries. The review may include testing a sample of census data against payroll records for propriety.

Views of Responsible Officials: See 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, 2022

A. FINANCIAL STATEMENT FINDINGS

Prior Year Finding Number	Finding Title	Status
2021-001	Prior Fiscal year Journal Entries Were Not Records (Original Finding #2021-001)	Resolved
2021-002	Accounts Receivable Were Not Recorded For Reimbursable But Unbilled Expenditures (Original Finding #2021-002)	Resolved
2021-003	Grant Receipt Was Not Recoded To Fund Balance (Original Finding #2021-003)	Resolved
2021-004	Grant Expenditures Were Not Accrued (Original Finding #2021-004)	Resolved
2021-005	Retainage Payable Was Not Recorded in the Proprietary Funds (Original Finding #2021-005)	Repeated/ 2022-001
2021-006	Property Taxes Receivable Assessment Was Not Correctly Calculated (Original Finding #2021-006)	Repeated/ 2022-002
2021-007	Schedule of Expenditures of Federal Awards Was Not Accurately Reported (Original Finding #2021-007)	Repeated/ 2022-007
2021-008	Journal Entries Were Not Properly Supported (Original Finding #2021-008)	Resolved
2021-009	Accounts Receivable and Unavailable Revenue Were Not Reduced for Funds Received (Original Finding #2021-009)	Repeated/ 2022-003
2021-010	Accounts Payable Was Not Reduced for Expenditures Paid (Original Finding #2021-010)	Repeated/ 2022-004
2021-011	Accounting Records Were Not Closed within Two Months of Fiscal Year End (Original Finding #2021-011)	Repeated/ 2022-013
2021-012	Audited Financials Were Not Filed by December 31 (Original Finding #2021-012)	Repeated/ 2022-014
2021-013	Federal Expenditures Were Not Billed for Reimbursement Timely (Original Finding #2021-013)	Repeated/ 2022-015

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2022

B. FEDERAL AWARD FINDINGS

None reported.



CITY OF MILLINGTON
FINANCE AND ADMINISTRATION

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MANAGEMENT'S CORRECTIVE ACTION PLAN

The City of Millington, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2022. The findings from the June 30, 2022 schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Material Weakness

2022-001: Accounts Payable and Retainage Payable Were Not Recorded in the Proprietary Funds

Corrective Action: Long-term contracts will be reviewed for applicable retainage and recorded. Our Accounts Payable process will be updated to post Retainage at the time of posting in Accounts Payable.

2022-002: Property Taxes Receivable Assessment Was Not Correctly Calculated

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

2022-003: Accounts Receivable and Unavailable Revenue Were Not Reduced for Funds Received

Corrective Action: Accounts receivable and unavailable revenue will be reviewed at year end to ensure all amounts that have been collected have been appropriately accounted for.

2022-004: Accounts Payable and Retainage Payable Were Not Reduced for Expenditures Paid

Corrective Action: Accounts payable and retainage payable will be reviewed at year end to ensure all amounts that have been paid have been appropriately accounted for.

2022-005: Accrued Payroll Was Not Properly Recorded

Corrective Action: Accrued payroll will be recorded at year end and reconciled to payroll reports.

2022-006: Grant Revenue Was Improperly Recorded When Received but Unearned

Corrective Action: Grant funding will be reviewed to ensure proper recognition occurs. This was due to the American Rescue Plan (ARP) Grant that should have been booked as a Liability – unearned revenue until it is used on a project and then recorded as Revenue.

Significant Deficiencies

2022-007: Schedule of Expenditures of Federal Awards (SEFA) Not Accurately Reported

Corrective Action: A roll forward of grants will be performed to ensure all balances associated with grants including accounts receivable, unavailable revenue, revenue, and finally expenditures are accurately captured and reported.

2022-008 Due To/Due From Accounts Were Not Properly Recorded

Corrective Action: Due to/ Due from accounts will be reviewed monthly in order to ensure that allocations have been made and that payments between funds are made. These were made subsequent to Year End for FY22. They will be made monthly going forward.

2022-009: Completed Capital Asset Projects Not Capitalized

Corrective Action: Capital projects will be reviewed with knowledgeable parties at year end to determine the status of the projects, that all applicable amounts have been accounted for, and that completed projects are identified and appropriately capitalized.

2022-010: Allowance for Doubtful Accounts Receivable Not Reviewed

Corrective Action: Accounts receivable will be reviewed at year end to identify specific customer accounts that may need to be reserved or written off as well as to estimate the overall reserve for uncollectable accounts based on the current reserve methodology or updated methodology as appropriate.

2022-011: Accrued Vacation Calculated Incorrectly

Corrective Action: The accrued vacation spreadsheet will be updated with pay rates from the payroll effective as of June 30 of each year.

2022-012: Accounts Payable Not Reconciled at Year End to Books

Corrective Action: All cash accounts are currently reconciled on a monthly basis. Amounts due between accounts will be booked and transferred on a monthly basis as well.

State of Tennessee Compliance Findings

2022-013: Accounting Records Not Closed within Two Months of Fiscal Year End

Corrective Action: Close procedures will be followed to ensure completion by August 31. (The books were closed by the August 31st deadline, however some adjustments had to be made after that date.)

2022-014: 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. (The late reporting by the Millington Municipal School system as a factor in the delay for the FY22 Single Audit deadline.)

2022-015: Federal Expenditures Were Not Billed for Reimbursement Timely

Corrective Action: Monthly close procedures will ensure that federal expenditures are billed on a timely basis. This was an on-going problem in FY21. New procedures have been adopted which ensure that reimbursement is occurring monthly. Because of these new procedures, many expenses from previous years were found and billed.

Other Compliance Findings

2022-016: Single Audit Was Not Filed Within 9 Months of Year End

Corrective Action: Monthly close procedures will be performed to ensure timely completion of the financial statement and Uniform Guidance audits.

2022-017: Inaccurate Census Data Reported to Actuaries

Corrective Action: To begin, all census information will be reviewed to correct existing errors. Going forward, census information will be reviewed on a test basis to ensure future errors due not occur.

Responsible for Corrective Action: Randy Hendon, Director of Finance

Anticipated Completion Date for Corrective Action: June 30, 2023

Signature: Randy Hendon
Randy Hendon, Director of Finance