

**CITY OF MILLINGTON, TENNESSEE**

**FINANCIAL STATEMENTS**

June 30, 2023



**CITY OF MILLINGTON, TENNESSEE**  
**TABLE OF CONTENTS (CONTINUED)**

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	Page
<b><u>INTRODUCTORY SECTION</u></b>	
Roster of Elected and Appointed Officials	3
<b><u>FINANCIAL SECTION</u></b>	
<b>INDEPENDENT AUDITOR'S REPORT</b>	4
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	7
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position	15
Statement of Activities	16
<b>Fund Financial Statements:</b>	
<b>Governmental Fund Financial Statements:</b>	
Balance Sheet	17
Reconciliation of the Balance Sheet – Governmental Funds to the	
Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund	
Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
– General Fund	21
– School General Purpose Fund	25
– School Federal Projects Fund	29
<b>Proprietary Fund Financial Statements</b>	
Statement of Net Position	33
Statement of Revenues, Expenses, and Changes in Net Position	34
Statement of Cash Flows	35
<b>Notes to Financial Statements</b>	36
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
City of Millington Public Employee Pension Plan of TCRS	
– Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	66
– Schedule of Contributions	67
MMS Teacher Legacy Pension Plan of TCRS	
– Schedule of Proportionate Share of the Net Pension Liability (Asset)	68
– Schedule of Contributions	69
MMS Teacher Retirement Pension Plan of TCRS	
– Schedule of Proportionate Share of the Net Pension Liability (Asset)	70
– Schedule of Contributions	71
MMS Political Subdivision Pension Plan of TCRS	
– Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	72
– Schedule of Contributions	73

# CITY OF MILLINGTON, TENNESSEE

## TABLE OF CONTENTS

---

	Page
City of Millington OPEB Plan	
– Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios	74
MMS Teacher Group OPEB Plan	
– Schedule of Changes in Proportionate Share of Collective OPEB Liability and Related Ratios	75
MMS Tennessee Plan OPEB Plan	
– Schedule of Changes in Proportionate Share of Collective OPEB Liability and Related Ratios	76
<b>SUPPLEMENTARY INFORMATION</b>	
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
<b>Nonmajor Governmental Fund Combining Financial Statements</b>	
Combining Balance Sheet	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	78
<b>Governmental Individual Fund Schedules:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
<u>Special Revenue Funds</u>	
– State Street Aid Fund	79
– Sanitation Fund	80
– Drug Fund	81
– DEA Drug Fund	82
– Storm Water Fund	83
– School Cafeteria Fund	84
<u>Capital Projects Funds</u>	
– Capital Projects Fund	85
– School Capital Projects Fund	86
<b>SUPPORTING SCHEDULES</b>	
Schedule of Transfers	87
Schedule of Interfund Receivables and Payables	88
Schedule of Long-term Debt, Principal, and Interest Requirements	
– Governmental Activities	89
– Business-type Activities	90
Schedule of Changes in Long-Term Debt and Leases by Individual Issue	91
Schedules of Property Taxes	92
Schedule of Utility Rate Structure and Number of Customers	93
Schedule of Fidelity Bonds of Principal Officials	94
<b><u>GOVERNMENT AUDITING STANDARDS SECTION</u></b>	
Schedule of Expenditures of Federal Awards and State Financial Assistance	95
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	96
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 <i>Government Auditing Standards</i>	97
Independent Auditor's Report on Compliance with Each Major Program and on Internal	
Control over Compliance with Each Major Program Required by the Uniform Guidance	99
Schedule of Findings	102
Schedule of Prior Year Audit Findings	106
Management's Corrective Action Plan	108

**CITY OF MILLINGTON, TENNESSEE**  
**ROSTER OF ELECTED AND APPOINTED OFFICIALS**  
June 30, 2023

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**CITY OF MILLINGTON BOARD OF MAYOR AND ALDERMEN**

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Terry Jones, Mayor  
Bethany Huffman, Vice Mayor  
Al Bell, Alderman  
Chris Ford, Alderman

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

**CITY OF MILLINGTON OFFICIALS**

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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**

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Barbara Halliburton, Chairperson  
Christopher Denson, Vice Chairperson  
Cody Childress  
Amanda Compton

Brian McGovern  
Marlon Evans  
Debra Clifton

**MILLINGTON MUNICIPAL SCHOOLS OFFICIALS**

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Director of Schools  
Deputy Director of Schools  
Chief Financial Officer  
Chief of Human Resources/Federal Projects  
Supervisor of Instructional Technology  
Supervisor of Operations and Transportation  
Director of Title Programs  
Supervisor of Pre-K through 6 Advisor  
Director of Exceptional Children  
Supervisor of School Nutrition

James Griffin  
Mark Neal  
Taurus Currie\*  
Lindsey Osborne  
Ryan Lancaster  
Phil Leblanc  
Audrey Poston  
Christina Wilkerson  
Lenora 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, 2023, 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, 2023, 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 47.95 percent, 52.81 percent, and 63.2 percent, respectively, of the assets, net position, and revenues of the governmental activities as of June 30, 2023, 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.

#### Emphasis of Matters

##### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, during the year ended June 30, 2023, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription Based IT Arrangements*.

### **Restatement of Previously Issued Financial Statements**

The City restated the July 1, 2022, net position balance and capital projects fund balance for the correction of an error as further discussed in Note 1. In addition, the School restated the July 1, 2022, net position balance and school general purpose fund balance for the correction of an error as further discussed in Note 1.

Our opinions are not modified with respect to these matters.

### **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 supplementary information, as listed in the table of contents, and the schedule of expenditures and federal awards and state financial assistance and related notes, 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 relate 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 supplementary information, as listed in the table of contents, and the schedule of federal awards and state financial assistance and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024, 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 the City of Millington's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Millington's internal control over financial reporting and compliance.



Memphis, Tennessee  
February 15, 2024

**CITY OF MILLINGTON, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2023

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### **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, 2023. 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 \$9.8 million as a result of activity for the fiscal year, with an increase of \$8.6 million from governmental activities and an increase of \$1.2 million from business-type activities. After the positive results for the year the City's net position on June 30, 2023, was \$176.0 million. Of this amount, \$25.3 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 \$20.1 million. This included a commitment of \$6.1 million for financial stabilization, \$1 million for emergencies and \$.9 million for library construction. The unassigned fund balance of \$11.8 million represents 74% of total General Fund budgeted expenditures and transfers for FY23.
- The fund balance of the School General Purpose Fund increased by \$2.8 million to \$3.9 million as of June 30, 2022. This represents 56% of budgeted expenditures and transfers for FY23.

### **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, 2023

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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, 2023. 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 two categories: governmental funds and proprietary 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, 2023

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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.

**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 two OPEB plans.

**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 and schedules required by the State of Tennessee.

**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, 2023). This statement shows the financial position of the City at specific points in time – in this case as of June 30, 2023, and as of June 30, 2022.

**Condensed Statement of Net Position**  
(dollars expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 59,135	\$ 65,695	\$ 7,563	\$ 9,263	\$ 66,698	\$ 74,958
Capital assets	114,166	110,051	26,092	23,661	140,258	133,712
Total assets	173,301	175,746	33,655	32,924	206,956	208,670
Deferred outflows of resources	8,576	7,451	416	487	8,992	7,938
Noncurrent liabilities	21,094	19,181	2,618	2,672	23,712	21,853
Other liabilities	7,345	4,207	442	496	7,787	4,703
Total liabilities	28,439	23,388	3,060	3,168	31,499	26,556
Deferred inflows of resources	8,177	21,906	226	722	8,403	22,628
Net position:						
Invested in capital assets,						
net of related debt	102,405	97,095	24,274	21,756	126,679	118,851
Restricted	23,968	22,123	62	4	24,030	22,127
Unrestricted	18,888	18,685	6,449	7,761	25,337	26,446
Total net position	\$ 145,261	\$ 137,903	\$ 30,785	\$ 29,521	\$ 176,046	\$ 167,424

"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 \$145 million at June 30, 2023.

By far the largest portion of the City's net position (72%) 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

**CITY OF MILLINGTON, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2023

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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 (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$25 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 \$8.5 million which is \$9.5 million less than that of FY22. This decrease from prior year is primarily attributable to increases of expenses within the Millington School System of \$7 million: \$3.7 million of the increase is related to changes in the School pension and OPEB valuations and \$1.1 million in additional capital outlays.

**Business-type Activities.** Business-type activities increased the City's net position by \$1.3 million. Charges for services and expenditures remained comparable to FY22 as there were no major changes to operations.

**CITY OF MILLINGTON, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2023

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, 2023). 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, 2023, and June 30, 2022.

**Condensed Statement of Activities**  
(dollars expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues :</b>						
Program Revenues :						
Charges for services	\$ 2,602	\$ 2,519	\$ 4,713	\$ 4,813	\$ 7,315	\$ 7,332
Operating grants and contributions	36,462	37,278			36,462	37,278
Capital grants and contributions	5,001	3,921			5,001	3,921
General Revenues :						
Local taxes	11,530	12,252			11,530	12,252
Intergovernmental revenues	2,463	2,436			2,463	2,436
Interest on Investments	58	16	32	8	90	24
Gain on sale of assets	10	-	-	-	10	-
Other revenue	339	292	-	-	339	292
Total Revenues	58,465	58,714	4,745	4,821	63,210	63,535
<b>Expenses :</b>						
General government	2,573	2,356	-	-	2,573	2,356
Public safety	6,637	5,819	-	-	6,637	5,819
Community services	5,015	516	-	-	5,015	516
Transportation and environment	912	4,233	-	-	912	4,233
Education	34,393	27,358	-	-	34,393	27,358
Interest on long-term debt	360	355			360	355
Water	-	-	1,528	1,307	1,528	1,307
Sewer	-	-	1,953	1,816	1,953	1,816
Total Expenses	49,890	40,637	3,481	3,123	53,371	43,760
Increase/(Decrease) in Net Position	8,575	18,077	1,264	1,698	9,839	19,775
Net Position - Beginning, originally	137,903	119,826	29,521	27,823	167,424	147,649
Restatement	(1,217)	-	-	-	(1,217)	-
Net Position - Beginning, restated	136,686	119,826	29,521	27,823	166,207	147,649
Net Position - Ending	<u>\$ 145,261</u>	<u>\$ 137,903</u>	<u>\$ 30,785</u>	<u>\$ 29,521</u>	<u>\$ 176,046</u>	<u>\$ 167,424</u>

**Financial Analysis of the Government's Funds**

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

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

**CITY OF MILLINGTON, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2023

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As of June 30, 2023, the City's governmental funds reported a combined ending fund balances of \$41.4 million. There was \$2 million net increase in fund balance. This is attributed to increases of \$2.3 million, \$3 million, and \$.5 million in the General Fund, School General Purpose Fund and Special Revenue Funds, respectively. The Capital Projects Funds had a decrease of \$2.6 million while the School Capital Projects Fund decreased \$1.2 million. Each of these changes is discussed below:

	(expressed in thousands)	
	2023	2022
General Fund	\$ 20,074	\$ 17,779
General Purpose School Fund	14,999	11,907
Special Revenue Funds	3,927	3,417
Total, except capital projects funds	<u>39,000</u>	<u>33,103</u>
Capital Projects Fund	407	3,090
School Capital Projects Fund	<u>2,021</u>	<u>3,217</u>
Total capital projects funds	<u>2,428</u>	<u>6,307</u>
Total governmental funds	<u><u>\$ 41,428</u></u>	<u><u>\$ 39,410</u></u>

The General Fund is the chief operating fund of the City and operated with a net increase in fund balance of \$2.3 million as compared to a \$4.3 million increase in the prior year. General Fund revenue increased slightly by \$300 thousand compared to the prior year, while expenditures increased by a net of \$1.4 million. The increase in expenditures is primarily due to capital improvements in the general government and transfers to other funds for FY23 operations. All other expenditures remained relatively consistent between FY23 and FY22.

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 73% 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 School General Purpose Fund is \$2.8 million. Revenues exceeded expenditures by \$1.4 million in comparison to excess revenues over expenditures of \$2.9 million in FY22. Net other financing sources (uses) were \$1.3 million which is consistent with FY2022.

**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.

**CITY OF MILLINGTON, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
For the Year Ended June 30, 2023

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**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 an approximate \$1 million increase between budgeted and actual expenses for FY23. The majority of this was necessary budgeting for capital improvements in the general government.
- The General Fund revenues were higher than budgeted by \$1.3 million. The majority of this was an increase in sales tax.
- Actual total expenditures were \$2.0 million lower than the amended budget which was driven primarily by a reduction in payroll and operational expenses predominantly in the general government and police 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, 2023, amounts to \$140 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 \$11.0 million and depreciation was \$4.8 million. Construction in progress as of the end of the current fiscal year was \$9.5 million. Additional information on capital assets can be found in the Notes to Financial Statements of this report. The City's total investment in capital assets for the current fiscal year increased \$6.5 million. Governmental activities increased \$4.1 million and business activities increased \$2.4 million.

**Noncurrent Liabilities.** On June 30, 2023, the City had total noncurrent liabilities of \$23.7 million. Of this amount \$21.1 million comprises debt for governmental activities and \$2.6 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, 2023

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

Factors considered in preparing the City's Budget for the 2023 fiscal year are more fully discussed in the Budget document and include

- The Board of Mayor and Aldermen approved a tax rate to fund FY24 expenditures of \$1.40 per \$100 of assessed value. This is the same rate approved for FY23.
- City service rates for water is \$17.26 per 2,000 gallons base. Sewer rate is \$9.1 per 2,000 gallons base. These rates will increase by 6.50% for FY24.
- 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 audited financial statements as of June 30, 2023, the Fiscal Year 2023 Approved Budget Document and other information about the City may be found on the City's website, [www.millingtontn.gov](http://www.millingtontn.gov).

**CITY OF MILLINGTON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 27,214,531	\$ 6,991,617	\$ 34,206,148
Short-term investments	9,424,976	-	9,424,976
Receivables			
Taxes	3,728,531	-	3,728,531
Accounts	1,588,579	658,968	2,247,547
Other	2,938	332	3,270
Less allowance for doubtful accounts	(1,483,384)	(217,564)	(1,700,948)
Due from other governments	9,600,161	88,873	9,689,034
Internal balances	100,217	(100,217)	-
Inventories	97,380	-	97,380
Restricted cash	3,162,979	-	3,162,979
Prepaid items	636,458	77,611	714,069
Net pension asset	4,369,415	62,225	4,431,640
Restricted investments	692,012	-	692,012
Capital assets, not being depreciated	12,068,281	5,041,430	17,109,711
Capital assets, being depreciated, net	102,097,666	21,051,316	123,148,982
Total assets	173,300,740	33,654,591	206,955,331
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pension	6,512,894	241,166	6,754,060
Related to OPEB	2,042,097	174,916	2,217,013
Deferred loss on refinancing	21,500	-	21,500
Total deferred outflows of resources	8,576,491	416,082	8,992,573
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	3,981,753	329,086	4,310,839
Accrued interest payable	65,656	-	65,656
Customer deposits	-	112,033	112,033
Unearned revenue	3,298,129	-	3,298,129
Noncurrent liabilities:			
Due within one year	1,287,051	197,325	1,484,376
Due in more than one year			
Other liabilities	10,920,232	1,677,844	12,598,076
Net OPEB liability	8,886,932	743,373	9,630,305
Total liabilities	28,439,753	3,059,661	31,499,414
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Current property taxes assessed for subsequent period	3,475,206	-	3,475,206
Related to pension	963,350	16,849	980,199
Related to OPEB	3,738,412	209,252	3,947,664
Total deferred inflows of resources	8,176,968	226,101	8,403,069
<b>NET POSITION</b>			
Net investment in capital assets	102,405,174	24,273,596	126,678,770
Restricted for:			
Net pension asset	4,369,415	62,225	4,431,640
Stabilization reserve trust	692,012	-	692,012
Transportation and environment	1,595,093	-	1,595,093
Public safety programs	236,414	-	236,414
Education	17,074,241	-	17,074,241
Unrestricted	18,888,161	6,449,090	25,337,251
Total net position	\$ 145,260,510	\$ 30,784,911	\$ 176,045,421

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

**CITY OF MILLINGTON, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2023

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	
<b>Primary government:</b>								
Governmental Activities:								
General government	\$ 2,572,675	\$ 286,484	\$ 2,782	\$ -	\$ (2,283,409)	\$ -	\$ (2,283,409)	
Public safety	6,637,373	413,359	167,476	-	(6,056,538)	-	(6,056,538)	
Transportation and environment	5,015,124	1,632,797	-	3,439,955	57,628	-	57,628	
Parks and recreation	912,103	172,472	-	1,028,447	288,816	-	288,816	
Education	34,392,757	97,271	36,291,829	532,323	2,528,666	-	2,528,666	
Interest on long-term debt	360,169	-	-	-	(360,169)	-	(360,169)	
Total governmental activities	<u>49,890,201</u>	<u>2,602,383</u>	<u>36,462,087</u>	<u>5,000,725</u>	<u>(5,825,006)</u>	<u>-</u>	<u>(5,825,006)</u>	
Business-type Activities:								
Water	1,527,613	2,110,849	-	-	-	583,236	583,236	
Sewer	1,953,550	2,601,605	-	-	-	648,055	648,055	
Total business-type activities	<u>3,481,163</u>	<u>4,712,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,231,291</u>	<u>1,231,291</u>	
<b>Total primary government</b>	<b>\$ 53,371,364</b>	<b>\$ 7,314,837</b>	<b>\$ 36,462,087</b>	<b>\$ 5,000,725</b>	<b>(5,825,006)</b>	<b>1,231,291</b>	<b>(4,593,715)</b>	
General revenues:								
Property taxes				3,241,170	-	3,241,170		
Local option sales tax				7,142,601	-	7,142,601		
Other taxes								
Wholesale liquor and beer taxes				380,063	-	380,063		
Business and hotel-motel taxes				765,758	-	765,758		
Intergovernmental revenues:								
State sales tax				1,262,893	-	1,262,893		
State income tax				224,968	-	224,968		
Other state revenue				975,155	-	975,155		
Other revenue				338,868	-	338,868		
Interest on investments				57,982	32,336	90,318		
Gain on sale of capital assets				10,468	-	10,468		
Total general revenues and transfers				<u>14,399,926</u>	<u>32,336</u>	<u>14,432,262</u>		
Change in net position				<u>8,574,920</u>	<u>1,263,627</u>	<u>9,838,547</u>		
Net position - beginning, as originally reported				<u>137,902,814</u>	<u>29,521,284</u>	<u>167,424,098</u>		
Restatement				<u>(1,217,224)</u>	<u>-</u>	<u>(1,217,224)</u>		
Net position - beginning, restated				<u>136,685,590</u>	<u>29,521,284</u>	<u>166,206,874</u>		
Net position - ending				<b>\$ 145,260,510</b>	<b>\$ 30,784,911</b>	<b>\$ 176,045,421</b>		

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

**CITY OF MILLINGTON, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2023

	<b>General Fund</b>	<b>School General Purpose Fund</b>	<b>Capital Projects Fund</b>	<b>School Federal Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 11,628,079	\$ 7,538,846	\$ 2,663,463	\$ -	\$ 5,384,143	\$ 27,214,531
Short-term investments	5,235,737	4,125,525	-	-	63,714	9,424,976
Receivables						
Property taxes	3,728,531	-	-	-	-	3,728,531
Accounts	1,298,152	4,990	-	-	285,437	1,588,579
Other	2,938	-	-	-	-	2,938
Less allowance for doubtful accounts	(1,327,859)	-	-	-	(155,525)	(1,483,384)
Due from other governments	1,537,224	2,448,407	2,525,001	2,914,589	174,940	9,600,161
Due from other funds	1,917,941	2,107,645	120	-	288	4,025,994
Inventory	67,214	-	-	-	30,166	97,380
Restricted cash	3,162,979	-	-	-	-	3,162,979
Prepaid Items	261,149	-	-	332,840	42,469	636,458
Restricted investments	-	692,012	-	-	-	692,012
Total assets	<u>\$ 27,512,085</u>	<u>\$ 16,917,425</u>	<u>\$ 5,188,584</u>	<u>\$ 3,247,429</u>	<u>\$ 5,825,632</u>	<u>\$ 58,691,155</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 766,315	\$ 1,209,387	\$ 1,116,641	\$ 806,944	\$ 82,466	\$ 3,981,753
Due to other funds	288	-	1,725,934	2,107,645	91,910	3,925,777
Unearned revenue	3,203,556	-	58,500	-	-	3,262,056
Total liabilities	<u>3,970,159</u>	<u>1,209,387</u>	<u>2,901,075</u>	<u>2,914,589</u>	<u>174,376</u>	<u>11,169,586</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue						
Property taxes	3,467,943	-	-	-	-	3,467,943
Grants	-	708,866	1,880,374	-	36,073	2,625,313
Total deferred inflows of resources	<u>3,467,943</u>	<u>708,866</u>	<u>1,880,374</u>	<u>-</u>	<u>36,073</u>	<u>6,093,256</u>
<b>FUND BALANCES</b>						
Nonspendable	328,363	-	-	332,840	72,635	733,838
Restricted	-	14,999,172	-	-	5,542,548	20,541,720
Committed	7,968,990	-	407,135	-	-	8,376,125
Assigned	-	-	-	-	-	-
Unassigned	11,776,630	-	-	-	-	11,776,630
Total fund balances	<u>20,073,983</u>	<u>14,999,172</u>	<u>407,135</u>	<u>332,840</u>	<u>5,615,183</u>	<u>41,428,313</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,512,085</u>	<u>\$ 16,917,425</u>	<u>\$ 5,188,584</u>	<u>\$ 3,247,429</u>	<u>\$ 5,825,632</u>	<u>\$ 58,691,155</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, 2023

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Total fund balances, governmental funds		\$ 41,428,313
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	\$ 145,000,860	
Less: accumulated depreciation	<u>(30,834,913)</u>	114,165,947
(2) Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned or unavailable in the funds.		2,581,977
(3) Long-term debt is not due and payable in the current period and, therefore is not reported in the funds.		
Less: notes payable	(11,585,875)	
Less: lease liability	<u>(153,398)</u>	(11,739,273)
(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	(65,656)	
Less: compensated absences payable	<u>(446,510)</u>	(512,166)
(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	4,369,415	
Less: net OPEB liability	<u>(8,886,932)</u>	(4,517,517)
(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	6,512,894	
Add: deferred outflows of resources related to OPEB	2,042,097	
Less: deferred inflows of resources related to pensions	(963,350)	
Less: deferred inflows of resources related to OPEB	<u>(3,738,412)</u>	3,853,229
Net position of governmental activities		<u>\$ 145,260,510</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, 2023

	General Fund	School General Purpose Fund	Capital Projects Fund	School Federal Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 3,748,126	\$ 6,947,995	\$ -	\$ -	\$ -	\$ 10,696,121
Local sales taxes	8,288,422	4,921,557	-	-	-	13,209,979
Intergovernmental	2,463,016	14,352,895	-	-	-	16,815,911
Intergovernmental gas tax	-	-	-	-	386,999	386,999
Licenses and permits	535,107	-	-	-	6,900	542,007
Charges for services	185,465	-	-	-	1,462,873	1,648,338
Fines, forfeitures, and penalties	412,038	-	-	-	-	412,038
Federal, state, and other grants	46,218	717,453	2,708,342	6,207,604	2,640,455	12,320,072
Interest on investments	55,881	-	932	-	1,169	57,982
Other	322,038	434,273	16,830	-	676,551	1,449,692
Total revenues	16,056,311	27,374,173	2,726,104	6,207,604	5,174,947	57,539,139
<b>EXPENDITURES</b>						
Current						
General government	3,445,444	-	-	-	-	3,445,444
Public safety	6,326,416	-	-	-	65,029	6,391,445
Transportation and environment	787,970	-	-	-	1,669,659	2,457,629
Parks and recreation	818,308	-	-	-	-	818,308
Education	-	24,871,819	-	3,373,293	2,730,180	30,975,292
Debt Service						
Principal	915,000	1,026,860	-	-	-	1,941,860
Interest and fiscal charges	288,044	45,789	-	-	-	333,833
Capital outlays	-	-	5,669,162	2,363,963	1,728,696	9,761,821
Total expenditures	12,581,182	25,944,468	5,669,162	5,737,256	6,193,564	56,125,632
Excess (deficiency) of revenues over (under) expenditures	3,475,129	1,429,705	(2,943,058)	470,348	(1,018,617)	1,413,507
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital assets	10,468	-	-	-	-	10,468
Transfers in	-	1,328,165	-	-	-	1,328,165
Transfers out	(1,190,657)	-	-	(137,508)	-	(1,328,165)
Total other financing sources and uses	(1,180,189)	1,328,165	-	(137,508)	-	10,468
Net change in fund balances	2,294,940	2,757,870	(2,943,058)	332,840	(1,018,617)	1,423,975
Fund balances - beginning, as originally reported	17,779,043	11,907,150	3,089,606	-	6,633,800	39,409,599
Restatement	-	334,152	260,587	-	-	594,739
Fund balances - beginning, as restated	17,779,043	12,241,302	3,350,193	-	6,633,800	40,004,338
Fund balances - ending	<u>\$ 20,073,983</u>	<u>\$ 14,999,172</u>	<u>\$ 407,135</u>	<u>\$ 332,840</u>	<u>\$ 5,615,183</u>	<u>\$ 41,428,313</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, 2023

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Net change in fund balance - total governmental funds		\$ 1,423,975
Amounts reported for governmental activities in the statement of activities are different because:		
(1) Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Add: capital outlays capitalized	\$ 7,896,822	
Less: depreciation expense	(3,781,915)	4,114,907
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(506,956)	
Sales and income taxes	52,892	
Grant revenue	<u>1,369,578</u>	915,514
(3) 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	1,881,508	
Add: principal payments on lease liability	<u>149,614</u>	2,031,122
(4) 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	4,214	
Change in compensated absences	<u>(33,237)</u>	(29,023)
(5) 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	927,044	
Difference between actual contributions and OPEB expense	<u>(808,619)</u>	118,425
Change in net position of governmental activities		<u>\$ 8,574,920</u>

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

**CITY OF MILLINGTON, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended June 30, 2023

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	<b>Budgeted Amounts</b>		<b>Variance with Final Budget - Increase (Decrease)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>REVENUES</b>				
<b>PROPERTY TAXES</b>				
Property taxes	\$ 3,492,222	\$ 3,492,222	\$ 3,404,319	\$ (87,903)
Payments in lieu of taxes	284,000	284,000	317,322	33,322
Property tax interest and penalties	20,000	20,000	26,485	6,485
Total property taxes	<u>3,796,222</u>	<u>3,796,222</u>	<u>3,748,126</u>	<u>(48,096)</u>
<b>LOCAL TAXES</b>				
Local sales tax	6,730,000	6,730,000	7,142,601	412,601
Wholesale beer and liquor tax	400,000	400,000	380,063	(19,937)
CATV franchise fees	22,000	22,000	19,552	(2,448)
Business tax	370,800	370,800	477,623	106,823
Hotel/motel tax	194,000	194,000	249,717	55,717
Sports betting tax	3,700	3,700	18,866	15,166
Total local taxes	<u>7,720,500</u>	<u>7,720,500</u>	<u>8,288,422</u>	<u>567,922</u>
<b>INTERGOVERNMENTAL</b>				
State of Tennessee shared revenues				
Sales tax	1,194,000	1,194,000	1,262,893	68,893
Beer tax	5,000	5,000	4,832	(168)
Liquor tax	40,000	40,000	56,361	16,361
Bank excise tax	16,000	16,000	36,545	20,545
Receipts in lieu of tax - TVA	75,000	75,000	127,230	52,230
Public safety pay supplements	-	-	30,400	30,400
Receipts in lieu of tax	172,000	172,000	158,063	(13,937)
Fire and ambulance fees	790,000	790,000	786,692	(3,308)
Total intergovernmental	<u>2,292,000</u>	<u>2,292,000</u>	<u>2,463,016</u>	<u>171,016</u>
<b>LICENSES AND PERMITS</b>				
Building and related permits	94,800	94,800	73,175	(21,625)
Beer and liquor licenses	136,700	136,700	193,242	56,542
Automobile registrations	205,000	205,000	260,265	55,265
Other permits	1,950	1,950	8,425	6,475
Total licenses and permits	<u>438,450</u>	<u>438,450</u>	<u>535,107</u>	<u>96,657</u>
<b>CHARGES FOR SERVICES</b>				
Library fees	9,500	9,500	11,642	2,142
Public safety fees	-	-	1,351	1,351
Recreation fees for services	34,900	34,900	153,921	119,021
Recreation rental income	3,500	3,500	18,551	15,051
Total charge for services	<u>47,900</u>	<u>47,900</u>	<u>185,465</u>	<u>137,565</u>

**(CONTINUED ON NEXT PAGE)**

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, 2023

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Increase (Decrease)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>FINES, FORFEITURES, AND PENALTIES</b>	\$ 332,000	\$ 332,000	\$ 412,038	\$ 80,038
<b>FEDERAL, STATE, AND OTHER GRANTS</b>	10,000	10,000	46,218	36,218
<b>INTEREST ON INVESTMENTS</b>	40,000	40,000	55,881	15,881
<b>OTHER</b>	<u>92,680</u>	<u>92,680</u>	<u>322,038</u>	<u>229,358</u>
<b>Total Revenues</b>	14,769,752	14,769,752	16,056,311	1,286,559
 <b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Finance and Administration				
Salaries	851,743	829,408	739,522	89,886
Benefits	162,234	184,569	178,009	6,560
Operations	<u>476,000</u>	<u>478,453</u>	<u>482,718</u>	<u>(4,265)</u>
	<u>1,489,977</u>	<u>1,492,430</u>	<u>1,400,249</u>	<u>92,181</u>
General Government				
Benefits	255,000	255,000	168,999	86,001
Operations	684,719	684,719	200,753	483,966
Capital outlay	-	900,000	883,747	16,253
	<u>939,719</u>	<u>1,839,719</u>	<u>1,253,499</u>	<u>586,220</u>
Courts				
Salaries	174,500	174,500	131,135	43,365
Benefits	45,000	45,000	29,207	15,793
Operations	<u>59,200</u>	<u>59,200</u>	<u>34,395</u>	<u>24,805</u>
	<u>278,700</u>	<u>278,700</u>	<u>194,737</u>	<u>83,963</u>
Planning and Economic Development				
Salaries	86,000	79,965	59,492	20,473
Benefits	15,979	15,979	21,909	(5,930)
Operations	<u>161,050</u>	<u>167,085</u>	<u>122,221</u>	<u>44,864</u>
	<u>263,029</u>	<u>263,029</u>	<u>203,622</u>	<u>59,407</u>
Personnel				
Operations	7,300	7,839	7,578	261
Library				
Operations	385,500	385,500	379,859	5,641
Special Projects - Storm Damage				
Operations	-	-	5,900	(5,900)
<b>Total general government</b>	3,364,225	4,267,217	3,445,444	821,773

**(CONTINUED ON NEXT PAGE)**

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**CITY OF MILLINGTON, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended June 30, 2023

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget - Increase (Decrease)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>PUBLIC SAFETY</b>				
Police Department				
Salaries	\$ 2,291,270	\$ 2,291,270	\$ 1,865,953	\$ 425,317
Benefits	585,317	585,317	525,858	59,459
Operations	522,625	522,625	410,108	112,517
Capital outlay	15,000	15,000	14,130	870
	<u>3,414,212</u>	<u>3,414,212</u>	<u>2,816,049</u>	<u>598,163</u>
Fire Department				
Salaries	1,790,802	1,790,802	1,863,759	(72,957)
Benefits	462,186	462,186	497,536	(35,350)
Operations	1,154,023	1,154,023	1,143,142	10,881
Capital outlay	6,000	6,000	5,930	70
	<u>3,413,011</u>	<u>3,413,011</u>	<u>3,510,367</u>	<u>(97,356)</u>
<b>Total public safety</b>	<b>6,827,223</b>	<b>6,827,223</b>	<b>6,326,416</b>	<b>500,807</b>
<b>TRANSPORTATION AND ENVIRONMENT</b>				
Public Works				
Salaries	792,737	792,737	660,381	132,356
Benefits	212,406	212,406	209,183	3,223
Operations	(9,434)	(9,434)	(81,594)	72,160
<b>Total transportation and environment</b>	<b>995,709</b>	<b>995,709</b>	<b>787,970</b>	<b>207,739</b>
<b>PARKS AND RECREATION</b>				
Administration and Programs				
Salaries	417,455	417,455	255,432	162,023
Benefits	94,269	94,269	73,384	20,885
Operations	105,650	105,650	52,788	52,862
	<u>617,374</u>	<u>617,374</u>	<u>381,604</u>	<u>235,770</u>
Youth Programs				
Salaries	14,500	14,500	8,430	6,070
Benefits	1,493	1,493	839	654
Operations	12,700	12,700	12,140	560
	<u>28,693</u>	<u>28,693</u>	<u>21,409</u>	<u>7,284</u>
Adult Programs				
Salaries	14,500	14,500	2,580	11,920
Benefits	1,836	1,836	-	1,836
Operations	3,000	3,000	2,980	20
	<u>19,336</u>	<u>19,336</u>	<u>5,560</u>	<u>13,776</u>

**(CONTINUED ON NEXT PAGE)**

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, 2023

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Increase (Decrease)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
Parks and Sports Fields				
Salaries	\$ 16,000	\$ 16,000	\$ -	\$ 16,000
Benefits	1,224	1,224	-	1,224
Operations	59,000	59,000	30,701	28,299
	76,224	76,224	30,701	45,523
Baker Community Center				
Operations	74,000	74,000	55,425	18,575
	74,000	74,000	55,425	18,575
Farmer's Market				
Operations	3,500	3,500	1,577	1,923
	3,500	3,500	1,577	1,923
Orgill Park				
Salaries	-	120,000	154,459	(34,459)
Benefits	-	-	11,248	(11,248)
Operations	-	171,000	156,325	14,675
	-	291,000	322,032	(31,032)
<b>Total arts and recreation</b>	<b>819,127</b>	<b>1,110,127</b>	<b>818,308</b>	<b>291,819</b>
<b>DEBT SERVICE</b>				
Principal	993,000	993,000	915,000	78,000
Interest and fiscal charges	424,883	424,883	288,044	136,839
Issuance costs	-	-	-	-
Total debt service	1,417,883	1,417,883	1,203,044	214,839
<b>Total Expenditures</b>	<b>13,424,167</b>	<b>14,618,159</b>	<b>12,581,182</b>	<b>2,036,977</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,345,585</b>	<b>151,593</b>	<b>3,475,129</b>	<b>3,323,536</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	10,468	10,468
Planned use of fund balance	-	-	-	-
Issuance of refunding debt	-	-	-	-
Transfers out	(1,345,589)	(1,345,589)	(1,190,657)	154,932
<b>Total Other Financing Sources (Uses)</b>	<b>(1,345,589)</b>	<b>(1,345,589)</b>	<b>(1,180,189)</b>	<b>165,400</b>
Net change in fund balances	\$ (4)	\$ (1,193,996)	2,294,940	\$ 3,488,936
Fund balances - beginning			17,779,043	
Fund balances - ending			\$ 20,073,983	

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, 2023

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget - Increase (Decrease)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>REVENUES</b>				
<b>PROPERTY TAXES</b>				
Current property tax	\$ 6,377,941	\$ 6,377,941	\$ 6,482,873	\$ 104,932
Trustee's collection - prior years	220,466	220,466	335,223	114,757
Circuit clerk collection prior years	73,489	73,489	814	(72,675)
Payments in lieu of taxes	146,977	146,977	129,085	(17,892)
	<u>6,818,873</u>	<u>6,818,873</u>	<u>6,947,995</u>	<u>129,122</u>
<b>LOCAL TAXES</b>				
Local option sales tax	2,881,950	2,881,950	4,237,735	1,355,785
Wheel tax	587,908	587,908	629,761	41,853
Mixed drink tax	73,489	73,489	54,061	(19,428)
	<u>3,543,347</u>	<u>3,543,347</u>	<u>4,921,557</u>	<u>1,378,210</u>
<b>INTERGOVERNMENTAL</b>				
Regular education funds				
Basic education program	13,679,000	13,391,000	13,572,834	181,834
Early childhood education	280,000	380,273	380,038	(235)
Other state education funds	29,000	338,607	301,519	(37,088)
Coordinated school health	80,000	80,000	79,998	(2)
Career ladder program	35,000	35,000	18,506	(16,494)
	<u>14,103,000</u>	<u>14,224,880</u>	<u>14,352,895</u>	<u>128,015</u>
<b>FEDERAL, STATE, AND OTHER GRANTS</b>				
E-rate funding	290,000	290,000	257,589	(32,411)
ARP E-rate funding	-	123,420	186,236	62,816
Public Law 874 - Maintenance & Operation	63,000	63,000	91,846	28,846
ROTC reimbursement	108,000	108,000	97,422	(10,578)
CTE equipment grant to state	-	500,000	35,520	(464,480)
Safe school grant	51,440	51,440	48,840	(2,600)
	<u>512,440</u>	<u>1,135,860</u>	<u>717,453</u>	<u>(418,407)</u>
<b>OTHER</b>				
Recurring items:				
Investment income	2,500	2,500	80,352	77,852
Lease/rentals	30,000	30,000	76,898	46,898
Nonrecurring items:				
Damages recovered from individuals	4,000	4,000	3,101	(899)
Contributions and gifts	2,000	1,388	2,400	1,012
Insurance Recovery	-	-	590	590
Sale of Equipment	-	9,998	9,998	-
USDA Other	-	-	3,134	3,134
Early childhood education - First 8 Memphis	240,000	256,000	256,000	-
Miscellaneous Refund	-	-	1,800	1,800
	<u>278,500</u>	<u>303,886</u>	<u>434,273</u>	<u>125,453</u>
<b>Total Revenues</b>	<b>25,256,160</b>	<b>26,026,846</b>	<b>27,374,173</b>	<b>1,347,327</b>

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**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, 2023

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget - Increase (Decrease)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>EXPENDITURES</b>				
<b>EDUCATION</b>				
Instruction				
Regular instruction:				
Salaries	\$ 8,253,828	\$ 8,288,839	\$ 8,190,028	\$ 98,811
Benefits	2,720,751	2,394,755	2,275,233	119,522
Operations	479,112	537,252	461,560	75,692
	<u>11,453,691</u>	<u>11,220,846</u>	<u>10,926,821</u>	<u>294,025</u>
Alternative school:				
Salaries	71,321	73,172	71,005	2,167
Benefits	20,567	20,637	18,131	2,506
Operations	95	95	65	30
	<u>91,983</u>	<u>93,904</u>	<u>89,201</u>	<u>4,703</u>
Special education program:				
Salaries	1,060,155	1,078,365	1,075,820	2,545
Benefits	359,210	329,566	313,307	16,259
Operations	219,626	240,889	237,283	3,606
	<u>1,638,991</u>	<u>1,648,820</u>	<u>1,626,410</u>	<u>22,410</u>
Vocational education:				
Salaries	717,499	763,345	715,356	47,989
Benefits	179,865	158,659	147,445	11,214
Operations	142,126	579,862	88,882	490,980
	<u>1,039,490</u>	<u>1,501,866</u>	<u>951,683</u>	<u>550,183</u>
<b>Total instructional:</b>	<b>14,224,155</b>	<b>14,465,436</b>	<b>13,594,115</b>	<b>871,321</b>
Support services				
Attendance				
Salaries	-	12,000	12,000	-
Benefits	-	2,300	1,961	339
	<u>-</u>	<u>14,300</u>	<u>13,961</u>	<u>339</u>
Health services:				
Salaries	58,633	68,916	67,076	1,840
Benefits	9,790	11,558	10,515	1,043
Operations	188,672	188,080	81,314	106,766
	<u>257,095</u>	<u>268,554</u>	<u>158,905</u>	<u>109,649</u>
Other student support:				
Salaries	508,170	521,517	519,692	1,825
Benefits	128,801	122,847	111,615	11,232
Operations	58,240	56,340	54,841	1,499
	<u>695,211</u>	<u>700,704</u>	<u>686,148</u>	<u>14,556</u>
Regular instruction support:				
Salaries	354,070	286,741	229,220	57,521
Benefits	90,854	91,794	50,988	40,806
Operations	133,277	133,078	101,971	31,107
	<u>578,201</u>	<u>511,613</u>	<u>382,179</u>	<u>129,434</u>

**(CONTINUED ON NEXT PAGE)**

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**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, 2023

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	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Increase (Decrease)</b>
	<b>Original</b>	<b>Final</b>		
Alternative education support:				
Salaries	\$ 50,000	\$ -	\$ -	\$ -
Benefits	13,567	-	-	-
	<u>63,567</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special education support:				
Salaries	225,218	296,828	255,883	40,945
Benefits	65,857	85,947	70,048	15,899
Operations	120,737	91,537	84,776	6,761
	<u>411,812</u>	<u>474,312</u>	<u>410,707</u>	<u>63,605</u>
Vocational educational support:				
Salaries	85,000	-	-	-
Benefits	9,771	9,771	-	9,771
Operations	1,300	1,300	-	1,300
	<u>96,071</u>	<u>11,071</u>	<u>-</u>	<u>11,071</u>
Technology:				
Salaries	315,916	400,945	400,871	74
Benefits	105,860	111,109	110,903	206
Operations	704,207	1,020,386	1,019,662	724
	<u>1,125,983</u>	<u>1,532,440</u>	<u>1,531,436</u>	<u>1,004</u>
Board of education:				
Salaries	34,884	34,884	34,200	684
Benefits	6,285	6,441	6,074	367
Operations	233,943	222,321	172,124	50,197
	<u>275,112</u>	<u>263,646</u>	<u>212,398</u>	<u>51,248</u>
Office of the director of schools:				
Salaries	368,073	382,033	381,560	473
Benefits	135,271	133,233	131,953	1,280
Operations	23,471	24,371	20,424	3,947
	<u>526,815</u>	<u>539,637</u>	<u>533,937</u>	<u>5,700</u>
Office of principal:				
Salaries	1,433,991	1,443,718	1,437,616	6,102
Benefits	407,226	412,341	400,347	11,994
Operations	17,553	36,415	33,823	2,592
	<u>1,858,770</u>	<u>1,892,474</u>	<u>1,871,786</u>	<u>20,688</u>
Fiscal services:				
Salaries	298,598	349,661	349,247	414
Benefits	106,160	111,702	108,067	3,635
Operations	45,292	41,187	37,170	4,017
	<u>450,050</u>	<u>502,550</u>	<u>494,484</u>	<u>8,066</u>
Human services:				
Salaries	201,229	214,434	213,979	455
Benefits	66,612	49,108	48,611	497
Operations	25,660	82,552	81,588	964
	<u>293,501</u>	<u>346,094</u>	<u>344,178</u>	<u>1,916</u>

**(CONTINUED ON NEXT PAGE)**

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**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, 2023

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget - Increase (Decrease)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b></b>
	<b></b>	<b></b>	<b></b>	<b></b>
Plant operations:				
Salaries	\$ 383,813	\$ 337,504	\$ 337,040	\$ 464
Benefits	89,587	111,763	111,160	603
Operations	1,529,543	1,517,757	1,500,789	16,968
	<u>2,002,943</u>	<u>1,967,024</u>	<u>1,948,989</u>	<u>18,035</u>
Plant maintenance:				
Salaries	103,020	46,710	22,535	24,175
Benefits	12,960	12,960	1,724	11,236
Operations	309,864	538,547	498,725	39,822
	<u>425,844</u>	<u>598,217</u>	<u>522,984</u>	<u>75,233</u>
Pupil transportation:				
Operations	1,622,393	1,478,404	1,433,093	45,311
Central and other:				
Salaries	1,530	1,530	1,500	30
Benefits	267	267	241	26
Operations	92,650	59,650	52,943	6,707
	<u>94,447</u>	<u>61,447</u>	<u>54,684</u>	<u>6,763</u>
<b>Total support services:</b>	<b>10,777,815</b>	<b>11,162,487</b>	<b>10,599,869</b>	<b>562,618</b>
Non-instructional				
Early childhood education:				
Salaries	436,909	533,565	503,018	30,547
Benefits	140,490	142,911	141,273	1,638
Operations	706	37,825	33,544	4,281
	<u>578,105</u>	<u>714,301</u>	<u>677,835</u>	<u>36,466</u>
<b>Total non-instructional:</b>	<b>578,105</b>	<b>714,301</b>	<b>677,835</b>	<b>36,466</b>
<b>DEBT SERVICE</b>				
Principal	128,296	128,296	105,984	22,312
Interest	47,789	47,789	45,789	2,000
Other debt service	230,219	230,219	920,876	(690,657)
	<u>406,304</u>	<u>406,304</u>	<u>1,072,649</u>	<u>(666,345)</u>
<b>Total Expenditures</b>	<b>25,986,379</b>	<b>26,748,528</b>	<b>25,944,468</b>	<b>804,060</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(730,219)</b>	<b>(721,682)</b>	<b>1,429,705</b>	<b>2,151,387</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	730,219	730,219	1,328,165	597,946
Transfers out	-	(8,537)	-	8,537
<b>Total Other Financing Sources (Uses)</b>	<b>730,219</b>	<b>721,682</b>	<b>1,328,165</b>	<b>606,483</b>
Net change in fund balances	\$ -	\$ -	2,757,870	\$ 2,757,870
Fund balances - beginning, as restated			<u>12,241,302</u>	
Fund balances - ending			<u>\$ 14,999,172</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, 2023

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Increase (Decrease)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>REVENUES</b>				
Federal, state and other grants	\$ 5,442,788	\$ 7,714,856	\$ 6,207,604	\$ (1,507,252)
<b>EXPENDITURES</b>				
<b>EDUCATION</b>				
<b>Instruction</b>				
Title I:				
Salaries	300,372	268,201	251,897	16,304
Benefits	127,360	68,952	61,828	7,124
Operations	160,985	141,832	94,751	47,081
Capital outlay	-	5,618	5,530	88
	588,717	484,603	414,006	70,597
Title II:				
Benefits	21,286	-	-	-
Operations	-	7,800	6,280	1,520
	21,286	7,800	6,280	1,520
Title III:				
Operations	14,042	26,114	24,062	2,052
Title IV:				
Salaries	12,000	3,000	-	3,000
Benefits	27	-	-	-
Operations	-	6,000	5,816	184
	12,027	9,000	5,816	3,184
CTE Perkins:				
Operations	19,482	21,592	17,439	4,153
Capital outlay	16,367	16,367	8,840	7,527
	35,849	37,959	26,279	11,680
IDEA special education:				
Salaries	392,066	360,451	357,207	3,244
Benefits	124,630	113,973	112,040	1,933
Operations	48,876	84,752	33,230	51,522
	565,572	559,176	502,477	56,699
ARP IDEA:				
Operations	-	45,645	28,860	16,785
IDEA preschool:				
Salaries	10,800	6,954	-	6,954
Benefits	827	827	-	827
Operations	6,373	8,831	3,654	5,177
	18,000	16,612	3,654	12,958
ARP IDEA Pre-K:				
Operations	-	7,730	-	7,730

**(CONTINUED ON NEXT PAGE)**

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, 2023

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Increase (Decrease)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>		
				<b>Original</b>	<b>Final</b>
<b>ESSER 3:</b>					
Salaries	\$ 821,543	\$ 700,360	\$ 195,908	\$ 504,452	
Benefits	52,349	314,199	47,822	266,377	
Operations	-	425,000	38,322	386,678	
Capital outlay	32,808	261,573	261,573	-	
	<u>906,700</u>	<u>1,701,132</u>	<u>543,625</u>	<u>1,157,507</u>	
<b>Teacher Literacy Stipend:</b>					
Salaries	-	31,000	31,000	-	
<b>Total instructional</b>	<b>2,162,193</b>	<b>2,926,771</b>	<b>1,586,059</b>	<b>1,340,712</b>	
<b>Support services</b>					
Consolidated Administration					
Salaries	8,300	39,525	36,789	2,736	
Benefits	<u>206</u>	<u>10,324</u>	<u>8,684</u>	<u>1,640</u>	
	<u>8,506</u>	<u>49,849</u>	<u>45,473</u>	<u>4,376</u>	
Residential School Communities					
Salaries	-	112,398	112,387	11	
Benefits	-	34,358	34,206	152	
	<u>-</u>	<u>146,756</u>	<u>146,593</u>	<u>163</u>	
<b>Title I:</b>					
Salaries	299,252	420,596	414,493	6,103	
Benefits	39,726	110,647	106,708	3,939	
Operations	<u>39,740</u>	<u>48,725</u>	<u>21,426</u>	<u>27,299</u>	
	<u>378,718</u>	<u>579,968</u>	<u>542,627</u>	<u>37,341</u>	
<b>Title II:</b>					
Salaries	108,875	-	-	-	
Operations	<u>2,839</u>	<u>7,800</u>	<u>3,052</u>	<u>4,748</u>	
	<u>111,714</u>	<u>7,800</u>	<u>3,052</u>	<u>4,748</u>	
<b>Title III:</b>					
Operations	3,454	5,321	4,746	575	
<b>Title IV:</b>					
Operations	36,300	49,959	21,636	28,323	
<b>Math Implementation Support:</b>					
Other Contracted Services	-	71,250	71,250	-	
<b>ARP IDEA:</b>					
Operations	-	38,000	18,547	19,453	
<b>ARP Homeless:</b>					
Salaries	-	1,100	1,000	100	
Operations	-	20,321	12,694	7,627	
	<u>-</u>	<u>21,421</u>	<u>13,694</u>	<u>7,727</u>	
<b>CTE Perkins:</b>					
Operations	11,622	15,387	6,625	8,762	

**(CONTINUED ON NEXT PAGE)**

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, 2023

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Increase (Decrease)</b>
	<b>Original</b>	<b>Final</b>		
IDEA special education:				
Salaries	\$ 61,548	\$ 69,382	\$ 69,382	\$ -
Benefits	17,625	16,355	16,337	18
Operations	28,255	71,908	2,642	69,266
	107,428	157,645	88,361	69,284
IDEA preschool:				
Operations	-	9,485	2,000	7,485
ARP Preschool:				
Operations	-	1,730	-	1,730
ESSER 3:				
Salaries	467,734	244,268	112,229	132,039
Benefits	188,315	43,234	24,250	18,984
	656,049	287,502	136,479	151,023
Epidemiology Grant:				
Operations	-	127,137	127,137	-
Early Literacy Network:				
Operations	-	40,526	39,682	844
<b>Total support services:</b>	<b>1,313,791</b>	<b>1,609,736</b>	<b>1,267,902</b>	<b>341,834</b>
<b>Non-instructional</b>				
ARP Homeless:				
Operations	-	1,400	620	780
IDEA special education:				
Operations	7,000	7,000	241	6,759
ESSER 2:				
Capital outlay	-	114,505	114,479	26
ESSER 3:				
Salaries	-	96,000	45,900	50,100
Benefits	-	29,124	13,939	15,185
Operations	302,766	97,500	97,158	342
Capital outlay	1,330,403	2,647,249	2,574,536	72,713
	1,633,169	2,869,873	2,731,533	138,340
Fiscal Pre Monitoring Grant				
Other Contracted Services	-	46,200	35,000	11,200
Epidemiology Grant				
Building Improvements	-	1,422	1,422	-
<b>Total non-instructional:</b>	<b>1,640,169</b>	<b>3,040,400</b>	<b>2,883,295</b>	<b>157,105</b>
<b>Total expenditures:</b>	<b>5,116,153</b>	<b>7,576,907</b>	<b>5,737,256</b>	<b>1,839,651</b>

**(CONTINUED ON NEXT PAGE)**

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, 2023

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Increase (Decrease)</b>
	<b>Original</b>	<b>Final</b>		
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ 326,635	\$ 137,949	\$ 470,348	\$ 332,399
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(326,635)</u>	<u>(137,949)</u>	<u>(137,508)</u>	<u>441</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>332,840</u>	<u>\$ 332,840</u>
Fund balances - beginning				-
Fund balances - ending			<u>\$ 332,840</u>	

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

**CITY OF MILLINGTON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

June 30, 2023

	<b>Business-type Activities:</b>		<b>Total Proprietary Funds</b>	
	<b>Enterprise Funds</b>			
	<b>Water Fund</b>	<b>Sewer Fund</b>		
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 961,198	\$ 6,030,419	\$ 6,991,617	
Receivables				
Customers	410,274	248,694	658,968	
Other	332	-	332	
Less allowance for doubtful accounts	(133,588)	(83,976)	(217,564)	
Due from other governments	-	88,873	88,873	
Due from other funds	-	9,100	9,100	
Prepaid expenses	26,536	51,075	77,611	
Total current assets	1,264,752	6,344,185	7,608,937	
Noncurrent assets:				
Net pension asset	25,966	36,259	62,225	
Capital assets, not being depreciated	4,222,973	818,457	5,041,430	
Capital assets, being depreciated, net	6,206,518	14,844,798	21,051,316	
Total capital assets, net	10,429,491	15,663,255	26,092,746	
Total noncurrent assets	10,455,457	15,699,514	26,154,971	
Total assets	11,720,209	22,043,699	33,763,908	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension	101,051	140,115	241,166	
Related to OPEB	106,811	68,105	174,916	
Total deferred outflows of resources	207,862	208,220	416,082	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	274,306	18,782	293,088	
Accrued payroll and benefits	14,736	21,262	35,998	
Due to other funds	69,272	40,045	109,317	
Customer deposits	112,033	-	112,033	
Accrued compensated absences	4,812	3,225	8,037	
Current portion of bonds and notes payable	51,000	138,288	189,288	
Total current liabilities	526,159	221,602	747,761	
Noncurrent liabilities:				
Bonds and notes payable, net of				
current portion, discounts, and premiums	-	1,629,862	1,629,862	
Accrued compensated absences	27,763	20,219	47,982	
Net OPEB liability	405,021	338,352	743,373	
Total noncurrent liabilities	432,784	1,988,433	2,421,217	
Total liabilities	958,943	2,210,035	3,168,978	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pension	7,031	9,818	16,849	
Related to OPEB	58,277	150,975	209,252	
Total deferred outflows of resources	65,308	160,793	226,101	
<b>NET POSITION</b>				
Net investment in capital assets	10,378,491	13,895,105	24,273,596	
Restricted - net pension asset	25,966	36,259	62,225	
Unrestricted	499,363	5,949,727	6,449,090	
Total net position	\$ 10,903,820	\$ 19,881,091	\$ 30,784,911	

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, 2023

	<b>Business-type Activities:</b>		<b>Total Proprietary Funds</b>	
	<b>Enterprise Funds</b>			
	<b>Water Fund</b>	<b>Sewer Fund</b>		
<b>Operating Revenues:</b>				
Metered water sales	\$ 1,955,799	\$ -	\$ 1,955,799	
Sewer service fee	-	2,511,151	2,511,151	
Service connections fees	117,436	66,803	184,239	
Forfeited discounts	35,823	23,651	59,474	
Other	1,791	-	1,791	
Total operating revenues	2,110,849	2,601,605	4,712,454	
<b>Operating Expenses:</b>				
Salaries	323,610	426,380	749,990	
Benefits	140,673	120,682	261,355	
Materials and supplies	283,595	320,726	604,321	
Pumping and filtering	144,089	184,207	328,296	
Professional services	58,790	118,199	176,989	
Other services and charges	213,600	74,711	288,311	
Depreciation	360,344	681,189	1,041,533	
Total operating expenses	1,524,701	1,926,094	3,450,795	
Operating income	586,148	675,511	1,261,659	
<b>Nonoperating Revenues (Expenses):</b>				
Interest	785	31,551	32,336	
Bond interest and fiscal charges	(2,912)	(27,456)	(30,368)	
Total nonoperating revenues (expenses)	(2,127)	4,095	1,968	
Change in net position	584,021	679,606	1,263,627	
Total net position - beginning	10,319,799	19,201,485	29,521,284	
Total net position - ending	\$ 10,903,820	\$ 19,881,091	\$ 30,784,911	

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, 2023

	<b>Business-type Activities:</b>		<b>Total Proprietary Funds</b>	
	<b>Enterprise Funds</b>			
	<b>Water Fund</b>	<b>Sewer Fund</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 2,147,647	\$ 2,548,361	\$ 4,696,008	
Payments to suppliers	(839,608)	(718,463)	(1,558,071)	
Payments to employees	(430,980)	(559,700)	(990,680)	
Net cash provided by operating activities	<u>877,059</u>	<u>1,270,198</u>	<u>2,147,257</u>	
<b>CASH FLOW FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>				
Payment (to) from other fund	(896,212)	1,241,317	345,105	
<b>CASH FLOW FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(3,293,570)	(179,728)	(3,473,298)	
Proceeds from capital debt	485,000	-	485,000	
Principal paid on capital debt	(434,000)	(136,344)	(570,344)	
Interest paid on capital debt	(2,912)	(27,456)	(30,368)	
Net cash from (used for) capital and related financing activities	<u>(3,245,482)</u>	<u>(343,528)</u>	<u>(3,589,010)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	<u>785</u>	<u>31,551</u>	<u>32,336</u>	
Net increase (decrease) in cash and cash equivalents	<u>(3,263,850)</u>	<u>2,199,538</u>	<u>(1,064,312)</u>	
Cash and cash equivalents - beginning of the year	<u>4,225,048</u>	<u>3,830,881</u>	<u>8,055,929</u>	
Cash and cash equivalents - end of the year	<u>\$ 961,198</u>	<u>\$ 6,030,419</u>	<u>\$ 6,991,617</u>	
<b>Reconciliation of operating income to net cash from operating activities:</b>				
Operating income	\$ 586,148	\$ 675,511	\$ 1,261,659	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	360,344	681,189	1,041,533	
Pension expense in excess of employer contributions	(8,974)	(11,544)	(20,518)	
OPEB expense in excess of employer contributions	37,880	58	37,938	
Change in assets and liabilities				
Receivables	(64,446)	(53,244)	(117,690)	
Prepaid expenses	394	(5,264)	(4,870)	
Accounts payable	(139,928)	(15,356)	(155,284)	
Accrued compensated absences	4,397	(1,152)	3,245	
Customer deposits	101,244	-	101,244	
Net cash provided by operating activities	<u>\$ 877,059</u>	<u>\$ 1,270,198</u>	<u>\$ 2,147,257</u>	

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

**CITY OF MILLINGTON, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

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**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") 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.

**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)**

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### *2. Fund Financial Statements*

Separate financial statements are provided for governmental funds and proprietary funds. 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 Projects Fund

**Major Proprietary Funds:** Water Fund and Sewer Fund

Detailed descriptions of these funds are presented below.

### *3. Governmental Fund Financial Statements*

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

- a. **General Fund** – The primary operating fund of the City and accounts for all financial resources 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 and School Federal Projects Fund which are considered major funds 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 through this 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)**

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### *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, 2023, 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.

## **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 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.

### *Basis of Accounting*

The government-wide financial statements are presented using the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

Restricted investments consist of assets held by a third-party in an irrevocable trust for future TCRS pension and OPEB benefits. Investments are reported at fair value.

#### *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 1<sup>st</sup>. The City has an enforceable legal claim as of January 1 (the assessment date). Property taxes are due on October 1<sup>st</sup> and are considered delinquent after February 28<sup>th</sup>, 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 31<sup>st</sup>). 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 30<sup>th</sup>. Delinquent taxes estimated to be collected subsequent to August 31<sup>st</sup> 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, 2023. 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.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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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 \$3.39 per \$100 of assessed value includes \$1.587 for both the county schools and the municipal schools of Shelby County. Distribution of the \$1.587 to the county schools and the municipal school districts is based on the average daily attendance of each system. Approximately 75.8% and 24.2% 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.

### *4. Inventories and prepaid items*

Inventories consist of food and other supplies and is 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. Infrastructure assets purchased or received prior to July 1, 2003, have not been recorded.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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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-of-use assets and related liabilities*

Right-of-use lease assets are recorded at an amount equal to the initial measurement of the related lease liability plus lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. Right-of-use subscription-based IT arrangements (SBITA) are recorded at an amount equal to the initial measurement of the related SBITA liability, plus payments made prior to the SBITA term, and plus capitalizable implementation costs. The right-of-use assets are amortized on a straight-line basis over the life of the related lease term or SBITA term.

Lease and SBITA liabilities are initially measured at the present value of payments expected to be made during the term of the related agreements. Subsequently, the liabilities are reduced by the principal portion of the payments made. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by lessor is not determinable, the City uses its estimated incremental borrowing rate as the discount rate for the liabilities. The lease or SBITA term includes the noncancellable period of the lease including renewal periods reasonably certain to be exercised and termination options reasonably certain not to be exercised.

### *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.

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.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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### *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 and 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. 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.

### *11. Net position and fund balance*

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

**Net investment in capital assets** – consists of capital assets, including right-of-use 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.

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.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**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.

### *12. Pensions and Other Postemployment Benefits*

The City maintains one defined benefit retirement plan sponsored by the Tennessee Consolidated Retirement System (TCRS) and the School maintains three defined benefit retirement plans sponsored by TCRS. The City sponsors one defined benefit other postemployment benefit plan (OPEB) and the School maintains two OPEB plans sponsored by the Tennessee Department of Finance and Administration.

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

### *13. 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.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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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.

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

### **14. 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, 2022, the City implemented accounting and financial reporting requirements of GASB No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). Under this statement, the City is required to recognize a SBITA liability and an intangible right-to-use SBITA asset. At July 1, 2022, no SBITA asset or liability was recorded.

### **F – Prior Period Restatement**

Subsequent to the issuance of the June 30, 2022 financial statements, the City determined that grants receivable and unavailable revenue was overstated for amounts that been received before year end, but for which collections were reflected after year end in the amount of \$260,587 in the Capital Projects Fund.

Subsequent to the issuance of the June 30, 2022 financial statements, the School determined that their liability for post-employment healthcare benefits (OPEB) should be reported as gross and not netted against the assets held in trust by the Tennessee School Board Association (TSBA OPEB Trust). Since the payment of postemployment benefits has not been administered through this trust, the trust does not meet the criteria provided for an OPEB trust in paragraph 4 of Governmental Accounting Standards Board Statement No. 75. In previous years, the School reported the TSBA OPEB Trust as a fiduciary fund, and the net position of this fund was netted against the OPEB liability in the Statement of Net Position – Governmental Activities.

The Statement of Net Position - Governmental Activities has been restated to reflect the corrected grants receivable and OPEB balances, the Capital Projects Fund has been restated to reflect the understatement of prior year revenue and the School General Purpose Fund total fund balance has been restated to reflect the assets of the TSBA OPEB trust, as of July 1, 2022, as presented below. The School no longer reports these activities as a fiduciary fund.

	<u>(As Reported)</u> June 30, 2022	<u>Adjustments</u>	<u>(As Restated)</u> June 30, 2022
<b>Statement of Net Position Governmental Activities</b>			
Total net position	<u>\$ 137,902,814</u>	<u>\$ (1,217,224)</u>	<u>\$ 136,685,590</u>
<b>Balance Sheet - Governmental Funds</b>			
General Purpose Fund - total fund balance	<u>\$ 11,907,150</u>	<u>\$ 334,152</u>	<u>\$ 12,241,302</u>
Capital Projects Fund - total fund balance	<u>\$ 3,089,606</u>	<u>\$ 260,587</u>	<u>\$ 3,350,193</u>
<b>Fiduciary Fund</b>			
total net position restricted for OPEB	<u>\$ 334,152</u>	<u>\$ (334,152)</u>	<u>\$ -</u>

## **NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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### **A. Budgetary information**

The Board of Mayor and Aldermen annually approves the operating budgets for all governmental funds. Budgets for the capital projects 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.

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, 2023, no fund's expenditures exceeded appropriations and no fund had a deficit balance.

## **NOTE 3 – DEPOSITS**

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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 105% of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for custodial risk is to follow state guidelines. As of June 30, 2023, 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**

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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.

## **NOTE 4 – INVESTMENTS (CONTINUED)**

### ***A. Restricted Investments – TCRS Stabilization Reserve Trust***

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.

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, 2023:

<u>Investments at Fair Value</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Domestic equities	\$ 99,351	\$ 99,351	\$ -	\$ -
Developed market international equity	44,868	44,868	-	-
Emerging market international equity	12,820	12,820	-	-
Domestic fixed income	64,097	-	64,097	-
Real estate	32,049	-	-	32,049
Short-term securities	3,205	-	3,205	-
	<u>\$ 256,390</u>	<u>\$ 157,039</u>	<u>\$ 67,302</u>	<u>\$ 32,049</u>
<u>Investments at amortized cost using NAV</u>				
Private equity and strategic lending		64,097		
Total pension trust investments	<u>\$ 320,487</u>			

### ***B. Restricted Investments – Tennessee School Board OPEB Trust***

The School is a member of the Tennessee School Board (TSB) OPEB Trust. The School has placed funds into the irrevocable trust as authorized by the Other Postemployment Benefit Trust Act of 2006, section 8-50-1201, et. seq., *Tennessee Code Annotated*. 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 postemployment benefits of that member's employees. Trust documents provide that the funds are not subject to the claims of general creditors of the school department. The trust is authorized to make investments in securities as authorized by each member's investment committee. The School has not imposed any restrictions on investments placed by the trust on their behalf.

For further information concerning the school department's investments with the TSBA, audited financial statements of the TSBA OPEB Trust may be obtained from the TSBA administrative office at 525 Brick Church Park Drive, Nashville, TN 37207.

#### **NOTE 4 – INVESTMENTS (CONTINUED)**

The following table summarizes fair value disclosures and measurements for Millington Municipal School's investments held by the TSB on its behalf June 30, 2023:

Investments at Fair Value	Total	Level 1	Level 2	Level 3
Fixed income mutual funds	\$ 140,683	\$ 140,683	\$ -	\$ -
Domestic equities mutual funds	147,785	147,785	-	-
International equities mutual funds	50,418	50,418	-	-
Structured investments	28,035	-	-	28,035
	<u>\$ 366,921</u>	<u>\$ 338,886</u>	<u>\$ -</u>	<u>\$ 28,035</u>
 Cash and cash equivalents	 4,604			
Total OPEB trust investments	<u><u>\$ 371,525</u></u>			

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023:

- *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.
- *Structured 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 TRGT's and TSB'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 or TSB investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**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 TRGT or TSB.

#### **NOTE 4 – INVESTMENTS (CONTINUED)**

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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 or TSB may invest in one issuer.

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. Pursuant to the trust agreements, investments held in the TRGT and TSB, are for the benefit of the School to pay the postemployment benefits of their respective employees.

#### **NOTE 5 – INTERFUND TRANSACTIONS**

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The composition of interfund balances as of June 30, 2023, is as follows:

Receivable From	Payable To					Aggregate Nonmajor Governmental	Total
	General	School General Purpose	Capital Projects	Sewer			
General	\$ -	\$ -	\$ -	\$ -	\$ 288	\$ 288	
School Federal Projects	-	2,107,645	-	-	-	-	2,107,645
Capital Projects	1,725,934	-	-	-	-	-	1,725,934
Water	60,172	-	-	9,100	-	-	69,272
Sewer	40,045	-	-	-	-	-	40,045
Aggregate Nonmajor Governmental	-	-	-	-	-	-	91,910
Total	<u>\$ 1,917,941</u>	<u>\$ 2,107,645</u>	<u>\$ 120</u>	<u>\$ 9,100</u>	<u>\$ 288</u>	<u>\$ 288</u>	<u>\$ 4,035,094</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.

The composition of interfund balances as of June 30, 2023, is as follows:

Transfers Out	Transfer In	
	School General Purpose	
General	\$ 1,190,657	
School Federal Projects	137,508	
Total	<u>\$ 1,328,165</u>	

Transfers from the City to the School represent payments 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, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 6,577,565	\$ 90,000	\$ -	\$ -	\$ 6,667,565
Construction in progress	837,555	5,911,229	-	(1,348,068)	5,400,716
Total capital assets, not being depreciated	<u>7,415,120</u>	<u>6,001,229</u>	<u>-</u>	<u>(1,348,068)</u>	<u>12,068,281</u>
Capital assets, being depreciated:					
Buildings and improvements	75,263,886	1,364,927	-	982,413	77,611,226
Furnishings and equipment	2,332,953	416,684	-	254,945	3,004,582
Vehicles	4,929,797	-	(30,353)	-	4,899,444
Infrastructure	46,732,346	-	-	110,710	46,843,056
Leased equipment	460,289	-	-	-	460,289
Subscription assets	-	113,982	-	-	113,982
Total capital assets, being depreciated	<u>129,719,271</u>	<u>1,895,593</u>	<u>(30,353)</u>	<u>1,348,068</u>	<u>132,932,579</u>
Less accumulated depreciation for:					
Buildings and improvements	(14,926,019)	(1,969,211)	-	-	(16,895,230)
Furnishings and equipment	(1,366,380)	(185,277)	-	-	(1,551,657)
Vehicles	(4,208,419)	(236,305)	-	-	(4,444,724)
Infrastructure	(6,415,155)	(1,204,747)	30,353	-	(7,589,549)
Leased assets	(167,378)	(167,378)	-	-	(334,756)
Subscription assets	-	(18,997)	-	-	(18,997)
Total accumulated depreciation	<u>(27,083,351)</u>	<u>(3,781,915)</u>	<u>30,353</u>	<u>-</u>	<u>(30,834,913)</u>
Total capital assets, being depreciated, net	<u>102,635,920</u>	<u>(1,886,322)</u>	<u>-</u>	<u>1,348,068</u>	<u>102,097,666</u>
Governmental activities capital assets, net	<u>\$ 110,051,040</u>	<u>\$ 4,114,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,165,947</u>
 <b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 982,462	\$ -	\$ -	\$ -	\$ 982,462
Construction in progress	9,410,086	3,460,393	-	(8,811,511)	4,058,968
Total capital assets, not being depreciated	<u>10,392,548</u>	<u>3,460,393</u>	<u>-</u>	<u>(8,811,511)</u>	<u>5,041,430</u>
Capital assets, being depreciated:					
Buildings and improvements	27,481,097	-	-	8,794,008	36,275,105
Furnishings and equipment	2,676,774	12,904	-	-	2,689,678
Vehicles	586,391	-	-	-	586,391
Infrastructure	724,902	-	-	17,503	742,405
Total capital assets, being depreciated	<u>31,469,164</u>	<u>12,904</u>	<u>-</u>	<u>8,811,511</u>	<u>40,293,579</u>
Less accumulated depreciation for:					
Buildings and improvements	(16,121,843)	(893,085)	-	-	(17,014,928)
Furnishings and equipment	(1,497,264)	(101,215)	-	-	(1,598,479)
Vehicles	(561,487)	(23,040)	-	-	(584,527)
Infrastructure	(20,137)	(24,192)	-	-	(44,329)
Total accumulated depreciation	<u>(18,200,731)</u>	<u>(1,041,532)</u>	<u>-</u>	<u>-</u>	<u>(19,242,263)</u>
Total capital assets, being depreciated, net	<u>13,268,433</u>	<u>(1,028,628)</u>	<u>-</u>	<u>8,811,511</u>	<u>21,051,316</u>
Business-type activities capital assets, net	<u>\$ 23,660,981</u>	<u>\$ 2,431,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,092,746</u>

## **NOTE 6 – CAPITAL ASSETS (CONTINUED)**

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

Governmental Activities:		
General government	\$ 70,495	
Public safety	286,290	
Transportation and environment	91,232	
Community services	1,380,103	
Education	1,953,795	
Total depreciation expense - governmental activities	<u>\$ 3,781,915</u>	
Business-type Activities:		
Water	\$ 360,344	
Sewer	681,188	
Total depreciation expense - business-type activities	<u>\$ 1,041,532</u>	

## **NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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The following is a detail of reported accounts payable and accrued liabilities at June 30, 2023:

	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 3,510,397	\$ 98,414	\$ 3,608,811
Retainage payable	53,588	181,211	234,799
Accrued other	85,061	12,121	97,182
Accrued payroll and benefits	301,918	35,998	337,916
TCRS payable	30,789	1,342	32,131
	<u>\$ 3,981,753</u>	<u>\$ 329,086</u>	<u>\$ 4,310,839</u>

## **NOTE 9 – LONG-TERM LIABILITIES**

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### *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, 2023, 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 issued 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, 2023, the loan has not been fully drawn.

## **NOTE 9 – LONG-TERM LIABILITIES (CONTINUED)**

### 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%.

The settlement agreement contained certain restricted covenants related to the sale or transfer of property. In conjunction with the sale of E.A. Harold, the School agreed to accelerate payments and extinguished this liability. In January 2023, the School paid the remaining balance of \$690,657.

### 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, 2023, the School incurred and recognized \$35,707 for operating and maintenance costs payments related to the leases.

Future payments under the other debt are as follows:

Years Ending June 30	Principal	Interest
2024	\$ 153,398	\$ 3,879

Debt outstanding as of June 30, 2023 consisted of the following:

	Original Issue	Interest Rates	Maturity Date	Balance at Year End
<u>Governmental activities:</u>				
<u>Notes Payable:</u>				
<u>Payable through General Fund</u>				
TN Municipal League Note, Series 2013	\$ 1,150,000	2.90%	5/1/1933	\$ 652,000
TN Municipal League Note, Series 2015	6,000,000	3.02%	9/1/2035	4,186,600
TN Municipal League Note, Series 2021	6,000,000	2.45%	5/1/2041	1,525,947
TN Municipal League Refunding Note, Series 2021	3,500,470	2.46%	6/1/2036	3,095,000
	16,650,470			9,459,547
<u>Payable through General Purpose School Fund</u>				
TN Municipal League Refunding Note, Series 2020	1,889,245	2.46%	11/1/2038	1,736,000
Energy Efficient Schools Council Loan	463,022	0.50%	11/1/2038	411,828
Total notes payable	19,002,737			11,607,375
<u>Other Debt:</u>				
<u>Payable through General Purpose School Fund</u>				
Lease obligation - 2022 computers	460,289	2.50%	2024	153,398
	\$ 19,463,026			\$ 11,760,773
<u>Business-type activities:</u>				
<u>Notes Payable:</u>				
<u>Payable through Sewer Fund</u>				
TN Municipal League Note, Series 2021	\$ 14,000,000	2.48%	5/1/2046	\$ 51,000
<u>Payable through Sewer Fund</u>				
State Revolving Loan Fund	2,827,400	1.41%	4/1/2035	\$ 1,768,150
	\$ 16,827,400			\$ 1,819,150

## NOTE 9 – LONG-TERM LIABILITIES (CONTINUED)

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
2024	\$ 1,070,128	\$ 286,358	\$ 189,288	\$ 24,036
2025	1,103,072	257,348	140,244	22,080
2026	1,131,904	227,520	142,236	20,088
2027	1,015,560	199,082	144,252	18,072
2028	1,020,703	173,877	146,304	16,020
2029 - 2033	3,840,636	567,953	763,248	48,372
2034 - 2038	2,282,372	130,986	293,578	4,416
2039	<u>143,000</u>	<u>1,759</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 11,607,375</u></u>	<u><u>\$ 1,844,883</u></u>	<u><u>\$ 1,819,150</u></u>	<u><u>\$ 153,084</u></u>

### 2. Subscription-based IT arrangement (SBITA) obligations

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based IT arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset. For the year ending June 30, 2023, the School prepaid the full amount of the arrangement, and therefore, no related liability balance is recorded.

### 3. Changes in long-term liabilities

A summary of long-term liability activity, including debt, for the year ended June 30, 2023 is as follows. Additional detailed information is available following the summary:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Notes payable	\$ 12,628,359	\$ -	\$ (1,020,984)	\$ 11,607,375	\$ 1,067,128
Settlement obligation	863,269	-	(863,269)	-	-
Lease obligation	303,012	-	(149,614)	153,398	153,398
Total long-term debt	<u>13,794,640</u>	<u>-</u>	<u>(2,033,867)</u>	<u>11,760,773</u>	<u>1,220,526</u>
Compensated absences	413,273	38,186	(4,949)	446,510	66,525
	<u><u>\$ 14,207,913</u></u>	<u><u>\$ 38,186</u></u>	<u><u>\$ (2,038,816)</u></u>	<u><u>\$ 12,207,283</u></u>	<u><u>\$ 1,287,051</u></u>
<b>Business-type activities:</b>					
Note payable - water	\$ -	\$ 485,000	\$ (434,000)	\$ 51,000	\$ 51,000
Note payable - sewer	1,904,494	-	(136,344)	1,768,150	138,288
Total long-term debt	<u>1,904,494</u>	<u>485,000</u>	<u>(570,344)</u>	<u>1,819,150</u>	<u>189,288</u>
Compensated absences	52,774	11,561	(8,316)	56,019	8,037
	<u><u>\$ 1,957,268</u></u>	<u><u>\$ 496,561</u></u>	<u><u>\$ (578,660)</u></u>	<u><u>\$ 1,875,169</u></u>	<u><u>\$ 197,325</u></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

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Following is more detailed information on the governmental fund balances:

	General Fund	School General Purpose Fund	Capital Projects Fund	School Federal Projects Fund	Other Governmental Funds	Total
<b>Nonspendable for:</b>						
Inventory	\$ 67,214	\$ -	\$ -	\$ 332,840	\$ 30,166	\$ 430,220
Prepaid expenditures	261,149	-	-	-	42,469	303,618
Total nonspendable fund balance	<u>328,363</u>	<u>-</u>	<u>-</u>	<u>332,840</u>	<u>72,635</u>	<u>733,838</u>
<b>Restricted for:</b>						
Streets	-	-	-	-	89,606	89,606
Sanitation	-	-	-	-	881,762	881,762
Drug enforcement	-	-	-	-	86,943	86,943
DEA task force	-	-	-	-	149,471	149,471
Drainage control	-	-	-	-	623,725	623,725
Education	-	14,307,160	-	-	3,711,041	18,018,201
Stabilization reserve trust	-	<u>692,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>692,012</u>
Total restricted fund balance	<u>-</u>	<u>14,999,172</u>	<u>-</u>	<u>-</u>	<u>5,542,548</u>	<u>20,541,720</u>
<b>Committed for:</b>						
Financial stabilization	6,132,059	-	-	-	-	6,132,059
Emergency	1,000,000	-	-	-	-	1,000,000
Library construction	836,931	-	-	-	-	836,931
Capital improvements	-	-	407,135	-	-	407,135
Total committed fund balance	<u>7,968,990</u>	<u>-</u>	<u>407,135</u>	<u>-</u>	<u>-</u>	<u>8,376,125</u>
Unassigned	<u>11,776,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,776,630</u>
<b>Total fund balances</b>	<b><u>\$ 20,073,983</u></b>	<b><u>\$ 14,999,172</u></b>	<b><u>\$ 407,135</u></b>	<b><u>\$ 332,840</u></b>	<b><u>\$ 5,615,183</u></b>	<b><u>\$ 41,428,313</u></b>

## NOTE 11 – DEFINED BENEFIT PENSION PLANS

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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](http://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.

## **NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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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:

	<u>Net Pension Asset</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
<b>Governmental Activities</b>				
City Plan	\$ 529,081	\$ 1,996,258	\$ 143,269	\$ 479,587
School BOE Plan	327,270	476,062	174,912	187,430
Teacher Legacy Plan	3,449,079	3,790,144	606,293	93,354
Teacher Retirement Plan	63,985	250,430	38,875	94,169
<b>Total governmental activities</b>	<b>\$ 4,369,415</b>	<b>\$ 6,512,894</b>	<b>\$ 963,349</b>	<b>\$ 854,540</b>
<b>Business-type Activities</b>				
City Plan	\$ 62,225	\$ 241,166	\$ 16,849	\$ 56,404
	<b>\$ 4,431,640</b>	<b>\$ 6,754,060</b>	<b>\$ 980,198</b>	<b>\$ 910,944</b>

### **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.

## **NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

### Employees Covered by Benefit Terms

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms of the agent plans:

	City Plan	School BOE
Inactive employees or beneficiaries currently receiving benefits	118	16
Inactive employees entitled to but not yet receiving benefits	190	42
Active employees	126	78
	<u>434</u>	<u>136</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, 2023 were as follows:

	City Plan	School BOE	Teacher Legacy	Teacher Hybrid
Employer contributions	\$ 676,646	274,844	787,798	119,219
Covered-employee payroll	6,659,760	3,077,764	9,065,571	4,153,973
As a percentage of covered-employee payroll	10.16%	8.93%	8.69%	2.87%

### **B. Assumptions**

The total pension liability as of June 30, 2022 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, 2022 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.

### 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%.

## **NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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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%
		<u>100%</u>

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, 2022. 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	\$ 571,787	357,850		
Interest	2,113,990	206,545		
Differences between expected and actual experience	288,576	(50,519)		
Changes in assumptions	-	-		
Benefit payments, including refunds	(1,254,962)	(43,275)		
Net change in total pension liability	1,719,391	470,601		
Total pension liability - beginning	31,374,060	2,723,718		
Total pension liability - ending	\$ 33,093,451	\$ 3,194,319		
Plan Fiduciary Net Position				
Contributions - employer	\$ 498,221	256,806		
Contributions - employee	-	136,951		
Net investment income	(1,355,207)	(133,273)		
Benefit payments	(1,254,962)	(43,275)		
Administrative expense	(12,357)	(8,131)		
Net change in plan fiduciary net position	(2,124,305)	209,078		
Plan fiduciary net position - beginning	35,809,062	3,312,511		
Plan fiduciary net position - ending	\$ 33,684,757	\$ 3,521,589		
Net pension liability (asset)	\$ (591,306)	\$ (327,270)		
Proportionate share of net pension liability (asset)			<u>(3,449,079)</u>	<u>(63,985)</u>
Proportionate share at June 30, 2022 measurement date			0.281235%	0.2112236%
Proportionate share at June 30, 2021 measurement date			0.298088%	0.227689%

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%	\$ 3,903,637	\$ (591,306)	\$ (4,292,225)
School BOE Plan	6.75%	228,605	(327,270)	(773,262)
Proportionate share of the net pension liability (asset)				
Teacher Legacy Plan	6.75%	6,831,437	(3,449,079)	(12,012,065)
Teacher Hybrid Plan	6.75%	335,884	(63,985)	(356,012)

## 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, 2023, the City reported pension expense and deferred outflows of resources and deferred inflows of resources related to each plan from the following sources:

	City Plan	School BOE	Teacher Legacy	Teacher Hybrid
Pension Expense (Negative Pension Expense)	\$ 535,991	\$ 187,430	\$ 93,354	\$ 94,169
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 496,887	\$ 6,162	\$ 567,361	\$ 3,499
Net difference between projected and actual earnings on plan investments	47,110	35,336	58,978	20,168
Changes in assumptions	1,016,781	159,720	2,160,682	74,955
Change in proportion of net pension liability (asset)	-	-	215,325	32,589
Contributions subsequent to the measurement date of June 30, 2022	676,646	274,844	787,798	119,219
	<u>\$ 2,237,424</u>	<u>\$ 476,062</u>	<u>\$ 3,790,144</u>	<u>\$ 250,430</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ 160,118	\$ 174,912	\$ 582,790	\$ 38,875
Change in proportion of net pension liability (asset)	-	-	23,503	-
	<u>\$ 160,118</u>	<u>\$ 174,912</u>	<u>\$ 606,293</u>	<u>\$ 38,875</u>

The amounts shown above for “Contributions subsequent to the measurement date of June 30, 2022,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Years Ending June 30,	City Plan	School BOE	Teacher Legacy	Teacher Hybrid
2024	\$ 410,104	\$ (10,562)	\$ 404,063	\$ 5,211
2025	485,029	(8,034)	701,860	5,416
2026	(243,741)	(20,478)	(530,292)	2,102
2027	749,268	69,804	1,820,422	37,230
2028	-	2,798	-	7,448
Thereafter	-	(7,222)	-	34,929

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

### E. Payable to the Pension Plans

	City Plan	School BOE	Teacher Legacy	Teacher Hybrid
Payable to the pension plan at June 30, 2023	\$ 32,131	\$ 434	\$ 42,112	\$ 9,096

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## **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, 2023, the School employer contributions to the Teacher Retirement Plan were \$207,699 of which \$15,417 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.

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## **NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)**

The City 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. **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. Benefits provided including coverage, eligibility, and contribution requirements of the City OPEB Plan are established and may be amended only by the Board of Mayor and Aldermen. There are no trusted assets related to the City OPEB plan.

Millington Municipal Schools participates in the following defined benefit Other Postemployment Benefit Plans administered by the Tennessee Department of Finance and Administration.

- II. **Millington Municipal Schools Teacher Group OPEB Plan (TGOP)** – Certain employees of Millington Municipal Schools are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP). This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan because there are no assets administered through a trust. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.
- I. **Millington Municipal Schools Tennessee Plan (TNP)** – Certain employees of Millington Municipal Schools are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP). This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan because there are no assets administered through a trust. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

## **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 offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The School provides a direct subsidy of up to 50% for classified participants and up to 5% for certified participants. The state, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the healthsavings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNP does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The School provides a monthly stipend up \$100 to retirees over the age of 65. Instructional staff with 30 plus years of service receive the difference between the full premium and the State Subsidy. Instructional staff with less than 30 years of service and support staff, regardless of service, receive a \$100 subsidy. The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

#### **Employees Covered by Benefit Terms**

The City OPEB Plan has a measurement date of June 30, 2023 while each School OPEB plan has a measurement date of June 30, 2022, As of the respective plan measurement dates, the following employees were covered by the benefit terms of the plans:

	<b>City OPEB Plan</b>	<b>School TGOP</b>	<b>School TNP</b>
Inactive employees or beneficiaries currently receiving benefits	24	9	5
Inactive employees entitled to but not yet receiving benefits	-	9	15
Active employees	78	184	194
	<b>102</b>	<b>202</b>	<b>214</b>

## Contributions

For the year ended June 30, 2023, the City contributed an amount equal to the benefits paid.

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School paid \$86,885 to the TGOP and \$8,422 to the TNP for OPEB benefits as they came due.

## **B. Actuarial Assumptions**

Actuarial valuations for the 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. 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

### **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%.

### **Tennessee Department of Finance and Administration Administered Plans (TDFA)**

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	2.25%
Investment rate of return	n/a
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Discount rate	3.54% including inflation
Healthcare cost trend rates	8.37% for pre-65 in 2022, decreasing annually over a 7-year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022, decreasing annually over a 6-year period to an ultimate rate of 4.50%.
Mortality table	Pre-retirement - PUB-2010 Headcount-weighted for Teacher Employees projected generationally from 2010 with MP-2020. Post-retirement – PUB-2010 Headcount-weighted Teacher Below Median Healthy Annuitant, adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2020.

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

### **Discount Rate**

The discount rate used to measure the total OPEB liability was 3.54 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

### **C. OPEB Liability**

The total OPEB liability for the City administered plan was measured as of June 30, 2023, and each TDFA administered plan was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as of the respective dates. The components of the total OPEB liability as of those dates are as follows:

	<b>City OPEB Plan</b>	<b>School TGOP</b>	<b>School TNP</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 163,985	\$ 204,935	\$ 215,712
Interest	151,228	74,176	85,177
Changes in benefit terms	-	859,469	-
Differences between expected and actual experience	-	89,747	(156,308)
Changes in assumptions	-	(391,685)	(1,042,417)
Benefit payments, including refunds	(137,041)	(62,017)	(4,402)
Net change in total OPEB liability	178,172	774,625	(902,238)
Total OPEB liability - beginning	4,176,504	3,259,976	3,729,871
<b>Total OPEB liability - ending</b>	<b>\$ 4,354,676</b>	<b>\$ 4,034,601</b>	<b>\$ 2,827,633</b>
Nonemployer contributing entities proportionate share of the collective total OPEB liability			
	<b>\$ 1,262,737</b>	<b>\$ 323,868</b>	
Employer's proportionate share of the collective total OPEB liability			
	<b>\$ 2,771,864</b>	<b>\$ 2,503,765</b>	
Change in proportionate share from prior measurement date			
	<b>4.03%</b>	<b>-0.41%</b>	

The School has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP and TNP. The School's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School recognized \$365,050 and \$1,420, respectively, in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP and TNP for School retirees.

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

### 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 OPEB liability	3.54%	\$ 3,619,632	\$ 4,354,676	\$ 4,875,460
School Teacher Group OPEB Plan liability	3.54%	2,983,145	2,771,864	2,572,090
School Tennessee Plan OPEB liability	3.54%	3,136,170	2,503,765	2,017,042

### 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 OPEB liability	4.50%	\$ 3,940,174	\$ 4,354,676	\$ 4,476,300
School Teacher Group OPEB Plan liability	8.37%	2,485,780	2,771,864	3,103,561
School Tennessee Plan OPEB liability	8.37%	2,051,004	2,503,765	3,127,945

## **D. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, 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 TGOP	School TNP	Total
OPEB (negative) expense	\$ 67,397	\$ 836,908	\$ 174,475	\$ 1,078,780
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$ -	\$ 125,230	\$ 86,448	\$ 211,678
Changes in assumptions	189,107	405,554	1,013,164	1,607,825
Changes of proportional share	-	127,577	174,626	302,203
Employer payments subsequent to the measurement date of June 30, 2022	-	86,885	8,422	95,307
	<u>\$ 189,107</u>	<u>\$ 745,246</u>	<u>\$ 1,282,660</u>	<u>\$ 2,217,013</u>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$ 875,566	\$ -	\$ 145,119	\$ 1,020,685
Changes in assumptions	710,842	238,448	1,902,921	2,852,211
Changes of proportional share	-	45,525	29,243	74,768
	<u>\$ 1,586,408</u>	<u>\$ 283,973</u>	<u>\$ 2,077,283</u>	<u>\$ 3,947,664</u>

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

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 TGOP	School TNP	Total
2024	\$ (247,815)	\$ 54,677	\$ (91,951)	\$ (285,089)
2025	(247,815)	54,677	(91,951)	(285,089)
2026	(247,815)	54,677	(91,951)	(285,089)
2027	(272,997)	54,677	(91,951)	(310,271)
2028	(294,349)	54,677	(91,951)	(331,623)
Thereafter	(86,510)	101,003	(343,290)	(328,797)

## **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 \$74,088 for the year ended June 30, 2023.

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.

In December 2022, the Board of Education of Millington Schools approved a proposed operating and transfer agreement between Millington Schools and Memphis Shelby County Schools regarding Lucy Elementary School. Under the terms of the agreement the School will purchase Lucy Elementary Schools for \$3.3 million, with payments made over a six year period beginning on July 1, 2023. The school building and operations are scheduled to transfer from Memphis Shelby County Schools on June 15, 2027. The Board of Education of Millington Schools also announced plans to sell E.A. Harold, a closed school building, to the Department of Veteran Affairs for \$925,000. The sale agreement is expected to close in June 2024.

## **NOTE 15 - RISK MANAGEMENT**

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### 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\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>									
Service cost	\$ 571,787	\$ 510,482	\$ 510,851	\$ 492,659	\$ 478,485	\$ 442,221	\$ 523,831	\$ 500,187	514,637
Interest	2,113,990	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	288,576	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	(1,254,962)	(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	1,719,391	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	31,374,060	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	33,093,451	31,374,060	27,584,027	26,824,954	25,051,788	24,403,359	22,960,318	22,940,091	21,927,805
<b>Plan Fiduciary Net Position</b>									
Contributions - employer	498,221	503,881	483,100	536,897	519,745	524,639	469,835	530,147	511,544
Net investment income	(1,355,207)	7,407,642	1,385,610	1,973,023	2,066,784	2,578,365	599,629	689,233	3,238,712
Benefit payments	(1,254,962)	(1,120,021)	(1,054,910)	(1,012,650)	(955,479)	(930,383)	(947,999)	(954,367)	(944,283)
Administrative expense	(12,357)	(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	(2,124,305)	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	35,809,062	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	\$ 33,684,757	\$ 35,809,062	\$ 29,029,079	\$ 28,226,972	\$ 26,741,782	\$ 25,123,484	\$ 22,962,406	\$ 22,849,560	\$ 22,592,871
<b>Net pension liability (asset)</b>	<b>\$ (591,306)</b>	<b>\$ (4,435,002)</b>	<b>\$ (1,445,052)</b>	<b>\$ (1,402,018)</b>	<b>\$ (1,689,994)</b>	<b>\$ (720,125)</b>	<b>\$ (2,088)</b>	<b>\$ 90,531</b>	<b>\$ (665,066)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>									
	101.79%	114.14%	105.24%	105.23%	106.75%	102.95%	100.01%	99.61%	103.03%
<b>Covered payroll</b>	<b>\$ 6,212,239</b>	<b>\$ 6,282,806</b>	<b>\$ 6,069,088</b>	<b>\$ 6,012,280</b>	<b>\$ 5,820,211</b>	<b>\$ 5,640,909</b>	<b>\$ 5,771,931</b>	<b>\$ 6,512,864</b>	<b>\$ 6,346,701</b>
<b>Net pension liability (asset) as a percentage of covered payroll</b>	<b>-9.52%</b>	<b>-70.59%</b>	<b>-23.81%</b>	<b>-23.32%</b>	<b>-29.04%</b>	<b>-12.77%</b>	<b>-0.04%</b>	<b>1.39%</b>	<b>-10.48%</b>

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\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 676,646	\$ 498,221	\$ 503,881	\$ 483,100	\$ 536,897	\$ 519,745	\$ 503,733	\$ 469,835	\$ 530,147	\$ 511,544
Contributions	676,646	498,221	503,881	483,100	536,897	519,745	524,639	469,835	530,147	511,544
Contribution deficiency (surplus)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,906)	\$ -	\$ -	\$ -
Covered payroll	\$ 6,659,760	\$ 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	10.16%	8.02%	8.02%	7.96%	8.93%	8.93%	9.30%	8.14%	8.14%	8.06%

**NOTE 1 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES**

Actuarial valuation date	Actuarially determined contribution rates for fiscal year 2023 were calculated based on the June 30, 2021 actuarial valuation.
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation method	10 year smoothed with a 20% corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4%
Investment rate of return	6.75%, 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	2.125%

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 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**MMS TEACHER LEGACY PENSION PLAN OF TCRS**  
Last Ten Fiscal Years June 30\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension (asset) liability	0.281235%	0.298088%	0.291100%	0.295019%	0.293214%	0.28614%	0.279607%	0.244172%	0.000664%
Proportionate share of the net pension (asset) liability	\$ (3,449,079)	\$ (12,857,238)	\$ (2,219,854)	\$ (3,033,321)	\$ (1,031,795)	\$ (93,621)	\$ 1,747,388	\$ 100,021	\$ (108)
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
Proportionate share of the net pension (asset) liability as a percentage of its covered payroll	-37.27%	-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	104.42%	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\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required	\$ 787,798	\$ 953,291	\$ 1,004,791	\$ 1,029,895	\$ 1,034,744	\$ 932,280	\$ 914,386	\$ 912,429	\$ 826,309	\$ 2,314
Contribution in relation to the contractually required contribution	787,798	953,291	1,004,791	1,029,895	1,034,744	932,280	914,386	912,429	826,309	2,314
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,065,571	\$ 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	8.69%	10.30%	10.27%	10.63%	10.46%	9.03%	9.12%	9.04%	9.04%	8.88%

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 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**MMS TEACHER RETIREMENT PLAN OF TCRS**  
Last Ten Fiscal Years June 30\*

	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension (asset) liability	0.211224%	0.227689%	0.227789%	0.249914%	0.254385%	0.301476%	0.356813%	0.479760%
Proportionate share of the net pension (asset) liability	\$ (63,985)	\$ (246,636)	\$ (129,530)	\$ (141,073)	\$ (115,371)	\$ (79,541)	\$ (37,145)	\$ (19,301)
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
Proportionate share of the net pension (asset) liability as a percentage of its covered payroll	-1.77%	-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	104.55%	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\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required	\$ 119,219	\$ 72,502	\$ 66,378	\$ 58,353	\$ 51,305	\$ 36,252	\$ 79,148	\$ 62,800	\$ 24,920
Contribution in relation to the contractually required contribution	119,219	72,502	66,378	58,353	51,305	88,921	79,148	62,800	39,872
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (52,669)	\$ -	\$ -	\$ (14,952)
Covered payroll	\$ 4,153,973	\$ 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	2.87%	2.01%	2.02%	2.03%	1.94%	4.10%	3.90%	4.00%	4.00%
Contributions as a percentage of covered payroll placed into Pension Stabilization Reserve Trust	1.13%	1.99%	1.98%	1.97%	2.06%	-0.10%	0.10%	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\*

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>								
Service cost	\$ 357,850	\$ 326,346	\$ 315,138	\$ 317,537	\$ 325,810	\$ 288,750	\$ 261,184	\$ 272,709
Interest	206,545	179,963	147,645	120,557	93,828	66,546	40,083	20,415
Differences between expected and actual experience	(50,519)	(141,024)	(2,954)	(32,402)	(23,654)	(1,225)	27,715	(17,138)
Changes of assumptions	-	213,708	-	-	-	21,214	-	-
Benefit payments	(43,275)	(22,367)	(28,160)	(31,169)	(6,903)	(3,992)	(3,437)	(1,005)
Net change in total pension liability	470,601	556,626	431,669	374,523	389,081	371,293	325,545	274,981
Total pension liability - beginning	2,723,718	2,167,092	1,735,423	1,360,900	971,819	600,526	274,981	0
Total pension liability - ending	3,194,319	2,723,718	2,167,092	1,735,423	1,360,900	971,819	600,526	274,981
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	256,806	248,753	249,422	242,442	245,496	230,248	196,318	182,233
Contributions - employee	136,951	131,918	130,432	122,462	118,524	110,269	101,788	90,476
Net investment income	(133,273)	643,314	101,432	118,495	96,097	83,446	11,056	4,119
Benefit payments	(43,275)	(22,367)	(28,160)	(31,169)	(6,903)	(3,992)	(3,437)	(1,005)
Administrative expense	(8,131)	(7,443)	(7,730)	(7,656)	(8,022)	(7,519)	(6,604)	(4,222)
Net change in plan fiduciary net position	209,078	994,175	445,396	444,574	445,192	412,452	299,121	271,601
Plan fiduciary net position - beginning	3,312,511	2,318,336	1,872,940	1,428,366	983,174	570,722	271,601	0
Plan fiduciary net position - ending	3,521,589	3,312,511	2,318,336	1,872,940	1,428,366	983,174	570,722	271,601
<b>Net pension liability (asset)</b>	<u>\$ (327,270)</u>	<u>\$ (588,793)</u>	<u>\$ (151,244)</u>	<u>\$ (137,517)</u>	<u>\$ (67,466)</u>	<u>\$ (11,355)</u>	<u>\$ 29,804</u>	<u>\$ 3,380</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	110.25%	121.62%	106.98%	107.92%	104.96%	101.17%	95.04%	98.77%
<b>Covered payroll</b>	\$ 2,875,759	\$ 2,785,593	\$ 2,793,083	\$ 2,714,914	\$ 2,749,113	\$ 2,581,127	\$ 2,411,773	\$ 2,238,733
<b>School's net pension liability as a percentage of covered payroll</b>	-11.38%	-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 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**  
**MMS POLITICAL SUBDIVISION PENSION PLAN OF TCRS**  
Last Ten Fiscal Years June 30\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 274,844	\$ 204,754	\$ 212,819	\$ 222,888	\$ 218,007	\$ 225,977	\$ 204,941	\$ 196,318	\$ 182,233
Contributions	274,844	256,805	248,753	249,422	242,442	245,496	230,248	196,318	182,233
Contribution deficiency (excess)	\$ -	\$ (52,051)	\$ (35,934)	\$ (26,534)	\$ (24,435)	\$ (19,519)	\$ (25,307)	\$ -	\$ -
Covered payroll	\$ 3,077,764	\$ 2,875,759	\$ 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%	8.93%	8.92%	8.14%	8.14%

**NOTE 1 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES**

Actuarial valuation date	Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2021 actuarial
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	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation
Investment rate of return	6.75%, 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	2.125%

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 OPEB LIABILITY (ASSET) AND RELATED RATIOS**  
**CITY OPEB**  
Last Ten Fiscal Years June 30\*

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability:</b>						
Service cost	\$ 163,985	\$ 257,663	\$ 253,556	\$ 151,349	\$ 151,349	\$ 145,696
Interest	151,228	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	(137,041)	(111,117)	(111,621)	(111,621)	(92,861)	(92,861)
Net change in total OPEB liability (asset)	178,172	(1,821,462)	177,754	647,528	253,426	238,307
Total OPEB liability-beginning	4,176,504	5,997,966	5,820,212	5,172,684	4,919,258	4,680,951
Total OPEB liability-ending	<u>4,354,676</u>	<u>4,176,504</u>	<u>5,997,966</u>	<u>5,820,212</u>	<u>5,172,684</u>	<u>4,919,258</u>
<b>Covered payroll</b>	\$ 5,300,820	\$ 5,300,820	\$ 5,644,448	\$ 5,644,448	\$ 5,066,363	\$ 5,066,363
<b>Net OPEB liability as a percentage of covered payroll</b>	82.15%	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 PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY AND RELATED RATIOS**  
**SCHOOL TEACHER GROUP OPEB PLAN**  
Last Ten Fiscal Years June 30\*

	2023	2022	2021	2020
<b>Total OPEB liability:</b>				
Service cost	\$ 204,935	\$ 157,151	\$ 123,446	\$ -
Interest	74,176	58,144	75,350	-
Changes in benefit terms	859,469	-	5,072	2,049,897
Differences between actual and expected experience	89,747	107,316	26,861	-
Changes of assumptions	(391,685)	501,920	284,761	-
Benefit payments	(62,017)	(76,251)	(53,691)	-
Net change in total OPEB liability (asset)	774,625	748,280	461,799	2,049,897
Total OPEB liability-beginning	3,259,976	2,511,696	2,049,897	-
Total OPEB liability-ending	<u>\$ 4,034,601</u>	<u>\$ 3,259,976</u>	<u>\$ 2,511,696</u>	<u>\$ 2,049,897</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,262,737	\$ 1,151,831	\$ 818,617	\$ 734,156
Employer's proportionate share of the collective total OPEB liability	\$ 2,771,864	\$ 2,108,145	\$ 1,693,079	\$ 1,315,741
<b>Covered payroll</b>	\$ 6,644,566	\$ 6,451,035	\$ 9,949,267	\$ 10,608,849
<b>Net OPEB liability as a percentage of covered payroll</b>	41.72%	32.68%	17.02%	12.40%

\* 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 PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY AND RELATED RATIOS**  
**SCHOOL TENNESSEE OPEB PLAN**

Last Ten Fiscal Years June 30\*

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability:</b>						
Service cost	\$ 215,712	\$ 304,727	\$ 15,459	\$ 11,055	\$ 9,845	\$ 12,046
Interest	85,177	111,574	11,297	9,326	7,631	6,573
Changes in benefit terms	-	-	2,867,238	-	-	-
Differences between actual and expected experience	(156,308)	73,392	(34,039)	37,152	27,460	-
Changes of assumptions	(1,042,417)	(1,501,359)	1,580,215	2,695	(2,758)	(27,091)
Benefit payments	(4,402)	(4,656)	(715)	(112)	(139)	-
Net change in total OPEB liability (asset)	(902,238)	(1,016,322)	4,439,455	60,116	42,039	(8,472)
Total OPEB liability-beginning	<u>3,729,871</u>	<u>4,746,193</u>	<u>306,738</u>	<u>246,622</u>	<u>204,583</u>	<u>213,055</u>
Total OPEB liability-ending	<u><u>\$ 2,827,633</u></u>	<u><u>\$ 3,729,871</u></u>	<u><u>\$ 4,746,193</u></u>	<u><u>\$ 306,738</u></u>	<u><u>\$ 246,622</u></u>	<u><u>\$ 204,583</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 323,868	\$ 311,780	\$ 496,227	\$ 306,738	\$ 246,622	\$ 204,583
Employer's proportionate share of the collective total OPEB liability	\$ 2,503,765	\$ 3,418,091	\$ 4,249,966	\$ -	\$ -	\$ -
<b>Covered payroll</b>	<b>\$ 6,644,566</b>	<b>\$ 6,451,035</b>	<b>\$ 9,949,267</b>	<b>\$ 10,608,849</b>	<b>\$ 12,169,851</b>	<b>\$ 11,815,389</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>37.68%</b>	<b>52.99%</b>	<b>42.72%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

\* 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, 2023

	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		
<b>ASSETS</b>									
Cash and cash equivalents	\$ 70,471	\$ 875,451	\$ 34,892	\$ 150,161	\$ 597,980	\$ 1,189,507	\$ 478,097	\$ 1,987,584	\$ 5,384,143
Short-term investments	-	-	63,714	-	-	-	-	-	63,714
Receivables									
Accounts	-	206,369	-	-	79,068	-	-	-	285,437
Less allowance for doubtful accounts	-	(120,222)	-	-	(35,303)	-	-	-	(155,525)
Due from other governments	66,085	12,540	-	-	4,389	25,804	-	66,122	174,940
Due from other funds	-	-	288	-	-	-	-	-	288
Inventory	-	-	-	-	-	29,919	247	-	30,166
Prepaid Items	-	32,085	-	-	2,119	8,265	-	-	42,469
Total assets	\$ 136,556	\$ 1,006,223	\$ 98,894	\$ 150,161	\$ 648,253	\$ 1,253,495	\$ 478,344	\$ 2,053,706	\$ 5,825,632
<b>LIABILITIES</b>									
Accounts payable and accrued liabilities	\$ 45,147	\$ 24,368	\$ 11,831	\$ 300	\$ 820	\$ -	\$ -	\$ -	\$ 82,466
Due to other funds	1,803	68,008	120	390	21,589	-	-	-	91,910
Total liabilities	46,950	92,376	11,951	690	22,409	-	-	-	174,376
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue									
Grants	-	-	-	-	-	3,008	-	33,065	36,073
<b>FUND BALANCES</b>									
Nonspendable	-	32,085	-	-	2,119	38,184	247	-	72,635
Restricted	89,606	881,762	86,943	149,471	623,725	1,212,303	478,097	2,020,641	5,542,548
Total fund balances	89,606	913,847	86,943	149,471	625,844	1,250,487	478,344	2,020,641	5,615,183
Total liabilities, deferred inflows of resources and fund balances	\$ 136,556	\$ 1,006,223	\$ 98,894	\$ 150,161	\$ 648,253	\$ 1,253,495	\$ 478,344	\$ 2,053,706	\$ 5,825,632

**CITY OF MILLINGTON, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2023

	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		
<b>REVENUES</b>									
Intergovernmental									
Gas taxes	\$ 386,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 386,999
Charges for services	-	954,177	-	-	411,425	97,271	-	-	1,462,873
License and permits	-	-	-	-	6,900	-	-	-	6,900
Federal, state and other grants	-	-	-	127,523	-	2,113,609	-	399,323	2,640,455
Interest on investments	39	263	650	48	169	-	-	-	1,169
Other	-	-	-	-	-	3,958	539,593	133,000	676,551
Total revenues	<u>387,038</u>	<u>954,440</u>	<u>650</u>	<u>127,571</u>	<u>418,494</u>	<u>2,214,838</u>	<u>539,593</u>	<u>532,323</u>	<u>5,174,947</u>
<b>EXPENDITURES</b>									
Current									
Public safety	-	-	3,450	61,579	-	-	-	-	65,029
Transportation and environment	444,570	916,803	-	-	308,286	-	-	-	1,669,659
Education	-	-	-	-	-	2,211,696	518,484	-	2,730,180
Capital outlays	-	-	-	-	-	-	-	1,728,696	1,728,696
Total expenditures	<u>444,570</u>	<u>916,803</u>	<u>3,450</u>	<u>61,579</u>	<u>308,286</u>	<u>2,211,696</u>	<u>518,484</u>	<u>1,728,696</u>	<u>6,193,564</u>
Net change in fund balances	<u>(57,532)</u>	<u>37,637</u>	<u>(2,800)</u>	<u>65,992</u>	<u>110,208</u>	<u>3,142</u>	<u>21,109</u>	<u>(1,196,373)</u>	<u>(1,018,617)</u>
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 89,606</u>	<u>\$ 913,847</u>	<u>\$ 86,943</u>	<u>\$ 149,471</u>	<u>\$ 625,844</u>	<u>\$ 1,250,487</u>	<u>\$ 478,344</u>	<u>\$ 2,020,641</u>	<u>\$ 5,615,183</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, 2023

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget - Increase (Decrease)</b>
	<b>Original</b>	<b>Final</b>	<b>Original</b>	<b>Final</b>	
<b>REVENUES</b>					
Intergovernmental - state gas tax					
Gas motor fuel	\$ 207,000	\$ 207,000	\$ 188,561	\$ (18,439)	
Gas 1989	32,500	32,500	29,510	(2,990)	
Gas 3 cent	60,000	60,000	54,489	(5,511)	
Gas 2017	107,000	107,000	95,053	(11,947)	
Petroleum special	22,100	22,100	19,386	(2,714)	
Interest on investments	30	30	39	9	
Total revenues	428,630	428,630	387,038	(41,592)	
<b>EXPENDITURES</b>					
<b>TRANSPORTATION AND ENVIRONMENT</b>					
Public Works					
Operations	192,100	192,147	119,702	72,445	
Paving	75,000	75,000	24,145	50,855	
Street lighting	285,856	285,809	300,723	(14,914)	
Total expenditures	552,956	552,956	444,570	108,386	
Net change in fund balances	\$ (124,326)	\$ (124,326)	(57,532)	\$ 66,794	
Fund balances - beginning				147,138	
Fund balances - ending				\$ 89,606	

**CITY OF MILLINGTON, TENNESSEE**

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

For the Year Ended June 30, 2023

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Increase (Decrease)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for Services				
Sanitation fees	\$ 893,388	\$ 893,388	\$ 954,177	\$ 60,789
Interest on investments	300	300	263	(37)
<b>Total revenues</b>	<b>893,688</b>	<b>893,688</b>	<b>954,440</b>	<b>60,752</b>
<b>EXPENDITURES</b>				
<b>TRANSPORTATION AND ENVIRONMENT</b>				
Public Works				
Salaries	372,381	370,701	342,200	28,501
Benefits	149,325	151,005	132,302	18,703
Operations	312,138	307,638	252,810	54,828
Capital outlay	185,000	218,316	189,491	28,825
<b>Total expenditures</b>	<b>1,018,844</b>	<b>1,047,660</b>	<b>916,803</b>	<b>130,857</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(125,156)</b>	<b>(153,972)</b>	<b>37,637</b>	<b>191,609</b>
<b>OTHER FINANCING SOURCES</b>				
Planned use of fund balance	125,156	96,340	-	(96,340)
Net change in fund balances	\$ -	\$ (57,632)	37,637	\$ 95,269
Fund balances - beginning			876,210	
Fund balances - ending			<b>\$ 913,847</b>	

**CITY OF MILLINGTON, TENNESSEE**

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

For the Year Ended June 30, 2023

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Increase (Decrease)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Fines, forfeitures, and penalties	\$ 7,000	\$ 7,000	\$ -	\$ (7,000)
Interest on investments	-	-	650	650
<b>Total revenues</b>	<b>7,000</b>	<b>7,000</b>	<b>650</b>	<b>(6,350)</b>
<b>EXPENDITURES:</b>				
Public Safety				
Operations	19,550	19,550	3,450	16,100
<b>Total expenditures</b>	<b>19,550</b>	<b>19,550</b>	<b>3,450</b>	<b>16,100</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>				
	(12,550)	(12,550)	(2,800)	9,750
<b>OTHER FINANCING SOURCES</b>				
Planned use of fund balance	12,550	12,550	-	(12,550)
Net change in fund balances	\$ -	\$ -	(2,800)	\$ (2,800)
Fund balances - beginning			89,743	
Fund balances - ending			<b>\$ 86,943</b>	

**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, 2023

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Increase (Decrease)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Federal, state and other grants	\$ 10,000	\$ 10,000	\$ 127,523	\$ 117,523
Interest on investments	-	-	48	48
<b>Total revenues</b>	<u>10,000</u>	<u>10,000</u>	<u>127,571</u>	<u>117,571</u>
<b>EXPENDITURES:</b>				
Public Safety				
Operations	82,400	82,400	51,105	31,295
Capital outlay	35,000	35,000	10,474	24,526
<b>Total expenditures</b>	<u>117,400</u>	<u>117,400</u>	<u>61,579</u>	<u>55,821</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(107,400)</u>	<u>(107,400)</u>	<u>65,992</u>	<u>173,392</u>
<b>OTHER FINANCING SOURCES</b>				
Planned use of fund balance	<u>107,400</u>	<u>107,400</u>	<u>-</u>	<u>(107,400)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>65,992</u>	<u>\$ 65,992</u>
Fund balances - beginning			<u>83,479</u>	
Fund balances - ending			<u>\$ 149,471</u>	

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

For the Year Ended June 30, 2023

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Increase (Decrease)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for Services				
Storm water control fees	\$ 416,000	\$ 416,000	\$ 411,425	\$ (4,575)
Permits	1,500	1,500	6,900	5,400
Interest on investments	150	150	169	19
Total revenues	<u>417,650</u>	<u>417,650</u>	<u>418,494</u>	<u>844</u>
<b>EXPENDITURES</b>				
<b>TRANSPORTATION AND ENVIRONMENT</b>				
Public Works				
Operations	417,650	417,500	308,138	109,362
Capital outlay	-	150	148	2
Total expenditures	<u>417,650</u>	<u>417,650</u>	<u>308,286</u>	<u>109,364</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>110,208</u>	<u>\$ 110,208</u>
Fund balances - beginning			<u>515,636</u>	
Fund balances - ending			<u>\$ 625,844</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, 2023

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget - Increase (Decrease)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>REVENUES</b>				
Charges for services				
Cafeteria fees	\$ 60,000	\$ 60,000	\$ 97,271	\$ 37,271
Federal, state and other grants	1,726,797	1,923,814	2,113,609	189,795
Other income	2,150	2,150	3,958	1,808
Total revenues	1,788,947	1,985,964	2,214,838	228,874
<b>EXPENDITURES</b>				
<b>EDUCATION</b>				
Cafeteria				
Salaries	592,198	597,488	654,016	(56,528)
Benefits	175,786	176,370	174,528	1,842
Operations	875,706	1,309,849	1,237,895	71,954
USDA commodities	145,257	145,257	145,257	-
Total expenditures	1,788,947	2,228,964	2,211,696	17,268
Net change in fund balances	\$ -	\$ (243,000)	3,142	\$ 246,142
Fund balances - beginning			1,247,345	
Fund balances - ending			\$ 1,250,487	

**CITY OF MILLINGTON, TENNESSEE**

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

For the Year Ended June 30, 2023

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Increase (Decrease)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Federal, state, and other grants	\$ 12,927,303	\$ 12,927,303	\$ 2,708,342	\$ (10,218,961)
Interest on investments	-	-	932	932
Other	-	-	16,830	16,830
<b>Total revenues</b>	<b>12,927,303</b>	<b>12,927,303</b>	<b>2,726,104</b>	<b>(10,201,199)</b>
<b>EXPENDITURES</b>				
<b>CAPITAL OUTLAY</b>				
Architectural and engineering	5,115,826	5,115,826	2,698,358	2,417,468
Construction contracts	7,993,087	7,993,087	1,575,494	6,417,593
Equipment	158,000	378,000	1,395,310	(1,017,310)
<b>Total expenditures</b>	<b>13,266,913</b>	<b>13,486,913</b>	<b>5,669,162</b>	<b>7,817,751</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>				
	(339,610)	(559,610)	(2,943,058)	(2,383,448)
<b>OTHER FINANCING SOURCES</b>				
Issuance of debt	3,222,053	3,222,053	-	(3,222,053)
Transfers in	1,000,000	1,000,000	-	(1,000,000)
<b>Total Other Financing Sources</b>	<b>4,222,053</b>	<b>4,222,053</b>	<b>-</b>	<b>(4,222,053)</b>
Net change in fund balances	<b>\$ 3,882,443</b>	<b>\$ 3,662,443</b>	<b>(2,943,058)</b>	<b>\$ (6,605,501)</b>
Fund balances - beginning			3,350,193	
Fund balances - ending			<b>\$ 407,135</b>	

**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, 2023

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Increase (Decrease)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental				
Shelby County Government	\$ 1,616,886	\$ 766,737	\$ 399,323	\$ (367,414)
Donations	100,000	133,000	133,000	-
Total revenues	<u>1,716,886</u>	<u>899,737</u>	<u>532,323</u>	<u>(367,414)</u>
<b>EXPENDITURES</b>				
<b>CAPITAL OUTLAY</b>				
Other capital outlay no location	<u>1,716,886</u>	<u>1,799,737</u>	<u>1,728,696</u>	<u>71,041</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>				
	-	(900,000)	(1,196,373)	(296,373)
<b>OTHER FINANCING SOURCES</b>				
Planned use of fund balance	-	1,200,000	-	(1,200,000)
<b>Total Other Financing Sources</b>	<u>-</u>	<u>1,200,000</u>	<u>-</u>	<u>(1,200,000)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 300,000</u>	<u>(1,196,373)</u>	<u>\$ (1,496,373)</u>
Fund balances - beginning			<u>3,217,014</u>	
Fund balances - ending			<u>\$ 2,020,641</u>	

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

For the Year Ended June 30, 2023

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	<u>Transfers In:</u>	<u>Transfers Out:</u>
<b>Major Funds</b>		
General Fund		
School General Purpose Fund	\$        -	\$ 1,190,657
School General Purpose Fund		
General Fund	1,190,657	-
Federal Projects Fund	137,508	-
	<hr/> 1,328,165	<hr/> -
Federal Projects Fund		
School General Purpose Fund	<hr/> -	137,508
Total major funds	<hr/> \$ 1,328,165	<hr/> \$ 1,328,165

**CITY OF MILLINGTON, TENNESSEE**  
**SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES**  
June 30, 2023

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<b>Major Funds</b>		
General Fund		
Capital Projects Fund	\$ 1,725,934	\$ -
Water Fund	60,172	-
Sewer Fund	40,045	-
State Street Aid Fund	1,803	-
Stormwater Fund	21,589	-
Sanitation Fund	68,008	-
DEA Drug Fund	390	-
Drug Fund	-	288
	<u>1,917,941</u>	<u>288</u>
School General Purpose Fund		
School Federal Projects Fund	2,107,645	-
School Federal Projects Fund		
School General Purpose Fund	-	2,107,645
Capital Projects Fund		
General Fund	-	1,725,934
Drug Fund	120	-
	<u>120</u>	<u>1,725,934</u>
Water Fund		
General Fund	-	60,172
Sewer Fund	-	9,100
	<u>-</u>	<u>69,272</u>
Sewer Fund		
Water Fund	9,100	-
General Fund	-	40,045
	<u>9,100</u>	<u>40,045</u>
Total major funds	<u>4,034,806</u>	<u>3,943,184</u>
<b>Nonmajor Governmental Funds</b>		
State Street Aid Fund		
General Fund	-	1,803
Sanitation Fund		
General Fund	-	68,008
Drug Fund		
General Fund	288	-
Capital Projects Fund	-	120
	<u>288</u>	<u>120</u>
DEA Drug Fund		
General Fund	-	390
Stormwater Fund		
General Fund	-	21,589
Total nonmajor governmental funds	<u>288</u>	<u>91,910</u>
Total all funds	<u>4,035,094</u>	<u>4,035,094</u>

**CITY OF MILLINGTON, TENNESSEE**

**SCHEDULE OF LONG-TERM DEBT AND LEASE, PRINCIPAL AND INTEREST REQUIREMENTS**

**GOVERNMENTAL ACTIVITIES**

June 30, 2023

Fiscal Year	TML Note Series 2013		TML Note Series 2015		TML Note Series 2021		TML Refunding Note Series 2021		TML Refunding Note Series 2020		TML Note Series 2020		Lease Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 58,000	\$ 18,908	\$ 440,000	\$ 119,792	\$ 258,000	\$ 27,831	\$ 205,000	\$ 76,137	\$ 81,000	\$ 41,710	\$ 28,128	\$ 1,980	153,398	3,879	\$ 1,223,526	\$ 290,237
2025	59,000	17,226	457,800	106,235	264,000	21,277	210,000	71,094	84,000	39,680	28,272	1,836	-	-	1,103,072	257,348
2026	61,000	15,515	469,500	92,233	271,000	14,564	215,000	65,928	87,000	37,576	28,404	1,704	-	-	1,131,904	227,520
2027	62,000	13,746	336,000	80,070	277,000	7,692	221,000	60,639	91,000	35,387	28,560	1,548	-	-	1,015,560	199,082
2028	64,000	11,948	324,000	70,104	284,000	2,106	226,000	55,202	94,000	33,112	28,703	1,405	-	-	1,020,703	173,877
2029	66,000	10,092	312,000	60,500	171,947	-	231,000	49,643	98,000	30,750	28,847	1,261	-	-	907,794	152,246
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
	<u>\$652,000</u>	<u>\$108,112</u>	<u>\$4,186,600</u>	<u>\$713,987</u>	<u>\$1,525,947</u>	<u>\$73,470</u>	<u>\$3,095,000</u>	<u>\$558,740</u>	<u>\$1,736,000</u>	<u>\$375,915</u>	<u>\$411,828</u>	<u>\$14,660</u>	<u>\$153,398</u>	<u>\$3,879</u>	<u>\$11,760,773</u>	<u>\$1,848,763</u>

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

June 30, 2023

Fiscal Year	Sewer Fund			Water Fund			Total		
	State Revolving Loan Fund			TML Note Series 2021			Principal		Interest
	Principal	Interest		Principal	Interest				
2024	\$ 138,288	\$ 24,036		\$ 51,000	\$ -		\$ 189,288	\$ 24,036	
2025	140,244	22,080		-	-		140,244	22,080	
2026	142,236	20,088		-	-		142,236	20,088	
2027	144,252	18,072		-	-		144,252	18,072	
2028	146,304	16,020		-	-		146,304	16,020	
2029	148,380	13,944		-	-		148,380	13,944	
2030	150,480	11,844		-	-		150,480	11,844	
2031	152,616	9,708		-	-		152,616	9,708	
2032	154,788	7,536		-	-		154,788	7,536	
2033	156,984	5,340		-	-		156,984	5,340	
2034	159,216	3,108		-	-		159,216	3,108	
2035	120,906	1,116		-	-		120,906	1,116	
2036	13,456	192		-	-		13,456	192	
	<u>\$ 1,768,150</u>	<u>\$ 153,084</u>		<u>\$ 51,000</u>	<u>\$ -</u>		<u>\$ 1,819,150</u>	<u>\$ 153,084</u>	

**CITY OF MILLINGTON, TENNESSEE**

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

For the Year Ended June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding as of 6/30/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6/30/2023
<b>GOVERNMENTAL ACTIVITIES</b>									
<b>Notes Payable</b>									
<u>Payable through General Fund</u>									
TN Municipal League Note, Series 2013	\$ 1,150,000	2.90%	5/29/2013	5/1/1933	\$ 708,000	\$ (56,000)	\$ -	\$ 652,000	
TN Municipal League Note, Series 2015	6,000,000	3.02%	9/29/2015	9/1/2035	4,588,600	- (402,000)	-	- 4,186,600	
TN Municipal League Note, Series 2021	6,000,000	2.45%	5/6/2021	5/1/2041	1,777,947	- (252,000)	-	- 1,525,947	
TN Municipal League Note, Series 2021 Refunding	3,500,470	2.46%	6/1/2021	6/1/2036	3,300,000	- (205,000)	-	- 3,095,000	
					10,374,547	- (915,000)	-	-	9,459,547
<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	1,814,000	- (78,000)	-	- 1,736,000	
State of Tennessee loan	463,022	0.50%	6/1/2021	7/1/2037	439,812	- (27,984)	-	- 411,828	
					2,253,812	- (105,984)	-	-	2,147,828
<b>Total notes payable</b>					12,628,359	- (1,020,984)	-	-	11,607,375
<b>Other debt</b>									
<u>Payable through General Purpose School Fund</u>									
Shelby County Settlement Liability	\$ 2,762,628	2.89%	1/6/2014	11/1/2026	863,269	- (863,269)	-	-	
Lease obligation - 2022 computers	460,289	2.50%	Various	Various	303,012	- (149,614)	-	-	153,398
<b>Total governmental activities</b>					\$ 13,794,640	\$ (2,033,867)	\$ -	\$ -	\$ 11,760,773
<b>BUSINESS-TYPE ACTIVITIES</b>									
<b>Notes Payable</b>									
<u>Payable through Sewer Fund</u>									
TN Municipal League Note, Series 2021	\$ 14,000,000	2.48%	6/8/2021	5/1/2046	\$ 485,000	\$ (434,000)	\$ -	\$ 51,000	
<u>Payable through Sewer Fund</u>									
State Revolving Loan Fund	\$ 2,827,400	1.41%	8/1/2011	4/1/2035	1,904,494	- (136,344)	-	-	1,768,150
<b>Total business-type activities</b>					\$ 1,904,494	\$ 485,000	\$ (570,344)	\$ -	\$ 1,819,150

**CITY OF MILLINGTON, TENNESSEE**  
**SCHEDULES OF PROPERTY TAXES**  
For the Year Ended June 30, 2023

**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE -BY LEVY YEAR**

Year of Levy	Balance June 30, 2022	Assessment	Adjustments/Abatements	Collections	June 30, 2023
2023	\$ -	\$ 3,566,901	\$ -	\$ -	\$ 3,566,901
2022	3,429,134	-	114,568	(3,436,227)	107,475
2021	121,499	-	(25,838)	(72,656)	23,005
2020	19,560	-	(10)	(8,614)	10,936
2019	9,085	-	(56)	(4,125)	4,904
2018	4,031	-	(805)	(1,469)	1,757
2017	4,178	-	(774)	(1,050)	2,354
2016	3,112	-	(137)	(986)	1,989
2015	2,890	-	(137)	(809)	1,944
Prior Years	8,453	-	(920)	(267)	7,266
Total	3,601,942	<u>\$ 3,566,901</u>	<u>\$ 85,891</u>	<u>\$ (3,526,203)</u>	3,728,531
Allowance for uncollectible property taxes		(222,452)			(228,918)
Net receivables	<u>\$ 3,379,490</u>				<u>\$ 3,499,613</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
2023	\$ 244,116,575	\$ 10,662,061	\$ 254,778,636	\$ 1.40	\$ 3,566,901
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

**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, 2023

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As of June 30, 2023, 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, 2023

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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, 2023

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>		
<u>Shelby County, Tennessee</u>		
<i>CDBG Entitlement Grants Cluster</i>		
Community Development Block Grants	14.218	\$ 1,028,447
<b>U.S Department of Justice</b>		
<u>Direct Award</u>		
Equitable Sharing Program	16.922	127,523
<b>U.S. Department of Transportation</b>		
<u>Tennessee Department of Transportation</u>		
Highway Planning and Construction	20.205	<u>2,734,768</u>
<b>Total Federal Awards</b>		
		<u>\$ 3,890,738</u>
<b>State Financial Assistance</b>		
<u>Tennessee Emergency Management Act</u>		
	N/A	\$ 3,483
<u>Tennessee Governor Highway Safety Grant</u>		
		35,168
<u>Tennessee Department of Transportation</u>		
	N/A	<u>6,745</u>
<b>Total State Financial Assistance</b>		
		<u>\$ 45,396</u>
<b>Total Federal Awards and State Financial Assistance</b>		
		<u>\$ 3,936,134</u>

**CITY OF MILLINGTON, TENNESSEE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
For the Year Ended June 30, 2023

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**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, 2023. 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.
5. The grant revenue amounts received and expensed (eligible for reimbursement) are subject to audit adjustment. If any expenses are disallowed by the grantor as a result of such audit and claim for reimbursement to the grantor would become a liability of the City. In the opinion of management, all grant expenses (eligible for reimbursement) are in compliance with the terms of the grant agreement and applicable federal and state laws and regulations.

**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	\$ 12,320,072
Millington Municipal Schools federal awards	(8,489,916)
Millington Municipal Schools non-federal awards	(1,033,466)
City of Millington non-federal and non-state awards	(7,567)
Change in City of Millington unavailable revenue	1,454,971
Prior period restatement of revenue not recognized	260,587
Prior year federal expenditures billed in the current year	(568,547)
Total federal awards and state financial assistance	<u>\$ 3,936,134</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, and the aggregate remaining fund information of the City of Millington, Tennessee (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 15, 2024. 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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 2023-002 – 2023-003 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under the *State of Tennessee Department of Audit, Audit Manual*, and which are described in the accompanying schedule of findings as items 2023-004 – 2023-005.

### **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 and questioned costs. 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.



Memphis, Tennessee

February 15, 2024

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

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

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

**Opinion of Each Major Federal Program**

We have audited the City of Millington, Tennessee's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of Millington, Tennessee's basic financial statements include the operations of Millington Municipal Schools (the "Schools"), which include the school general purpose fund and each major fund of the School. The School expended \$8,489,916 in federal awards and \$1,033,466 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, 2023. 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 each of its major federal program for the year ended June 30, 2023.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 each 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies 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 Miller, PLLC*

Memphis, Tennessee  
February 15, 2024

**CITY OF MILLINGTON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2023

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**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: CDBG Entitlement Grants Cluster – 14.218 Community Development Block Grants Entitlement Grants
- 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

**CITY OF MILLINGTON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
For the Year Ended June 30, 2023

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## **SECTION II – FINANCIAL STATEMENT FINDINGS**

### **Material Weaknesses**

#### **2023-001 Accounts Receivable and Unavailable Revenue Were Not Reduced for Funds Received**

**Condition:** In the previous fiscal year, federal grant reimbursements collected within 60 days of year end were not recorded to revenue.

**Criteria:** 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).

**Cause:** Lack of adequate internal controls in the prior fiscal year related to reviewing year end accruals.

**Effect:** Prior year unavailable revenue was materially overstated, and prior year revenue was materially understated. As a result, a prior year restatement was made as to correctly present beginning fund balance and current year revenue.

**Recommendation:** As a part of year end close procedures, unavailable revenue should be reviewed for amounts collected within the 60-day availability period.

**Views of Responsible Officials:** See corrective action plan.

### **Significant Deficiencies**

#### **2023-002 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). In one instance, a material expenditure was not included as it had not been billed at the time of preparation of the SEFA. In a second instance, a pass-through grant received was not identified as a federal award and was not presented on the SEFA.

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

**Cause:** A thorough reconciliation of fiscal year expenses incurred to amounts reported on the SEFA was not performed. Although each majority of expenses were identified, those expense that were accrued at year end were not properly identified as SEFA expenditures due to the timing of the SEFA preparation. Further, a new grant was received during the year, and the source of funds was not properly identified.

**Effect:** Additional audit time was incurred to reconcile and appropriately report the SEFA.

**Recommendation:** To ensure completeness of the SEFA, all expenditures charged to federal grant projects in the general ledger should be reviewed for potential inclusion on the SEFA. These expenses should be reconciled to the internal spreadsheets that track the projects. In addition, all funding received should be evaluated to determine the source of the funds, and any funds identified as grants should be supported by grant agreements obtained.

**Views of Responsible Officials:** See corrective action plan.

**CITY OF MILLINGTON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
For the Year Ended June 30, 2023

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**2023-003 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:** Changes in accounting personnel resulted in an oversight of this process as the new personnel was unaware of the projects in process at the end of the fiscal year.

**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.

**State of Tennessee Compliance Findings**

**2023-004 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:** The City of Millington presents the financial information for itself as well as the Millington Municipal Schools which issues a separate audit report. Delays in receiving the audited financial information for the Millington Municipal Schools contributed to the delay in timely issuance of the City of Millington's financial statements.

**Effect:** The audited financial statements were filed delinquent.

**Recommendation:** Management should communicate this finding with the Millington Municipal Schools

**Management Comments:** See management's corrective action plan.

**CITY OF MILLINGTON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
For the Year Ended June 30, 2023

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**2023-005 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:** Each majority of the expenses identified in the finding were from previous fiscal years while the books were being maintained by different personnel. Current personnel have identified a considerable portion of unbilled but eligible expenditures for reimbursement under federal programs. In the current fiscal year, some expenditures, although billed within 4-6 months, were not billed within the quarterly time frame.

**Effect:** A material amounts of expenses reimbursable under federal awards were identified in the current fiscal year. In addition, some current year expenditures were not recorded as current year receivables and unavailable revenue as they were not identified at the time of preparation of the schedule of expenditures of federal awards.

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

**Management Comments:** See management's corrective action plan.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None Reported.

**CITY OF MILLINGTON, TENNESSEE**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the Year Ended June 30, 2023

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**A. FINANCIAL STATEMENT FINDINGS**

<b>Prior Year Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
2022-001	Retainage Payable Was Not Recorded in the Proprietary Funds (Original Finding #2021-005)	Resolved
2022-002	Property Taxes Receivable Assessment Was Not Correctly Calculated (Original Finding #2021-006)	Resolved
2022-003	Accounts Receivable and Unavailable Revenue Were Not Reduced for Funds Received (Original Finding #2021-009)	Repeated/ 2023-001
2022-004	Accounts Payable Was Not Reduced for Expenditures Paid (Original Finding #2021-010)	Resolved
2022-005	Accrued Payroll Was Not Properly Calculated (Original Finding #2022-005)	Resolved
2022-006	Grant Revenue Improperly Recorded When Received But Unearned (Original Finding #2022-006)	Resolved
2022-007	Schedule of Expenditures of Federal Awards Was Not Accurately Reported (Original Finding #2021-007)	Repeated/ 2023-002
2022-008	Journal Entries Were Not Properly Supported (Original Finding #2021-008)	Resolved
2022-009	Completed Capital Asset Projects Not Capitalized (Original Finding #2022-009)	Repeated/ 2023-003
2022-010	Allowance for Doubtful Accounts Receivable Not Reviewed (Original Finding #2022-010)	Resolved
2022-011	Accrued Vacation Calculated Incorrectly (Original Finding #2022-011)	Resolved
2022-012	Cash Accounts Not Reconciled at Year end (Original Finding #2022-012)	Resolved
2022-013	Accounting Records Were Not Closed within Two Months of Year End (Original Finding #2021-011)	Resolved
2022-014	Audited Financials Were Not Filed by December 31 (Original Finding #2021-012)	Repeated/ 2023-004

**CITY OF MILLINGTON, TENNESSEE**  
**SCHEDULE OF FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2023

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2022-015	Federal Expenditures Were Not Billed for Reimbursement Timely (Original Finding #2021-013)	Repeated/ 2023-005
2022-016	Single Audit Was Not Filed Within 9 Months of Year End (Original Finding #2022-016)	Resolved
2022-017	Inaccurate Census Data Reported to Actuaries (Original Finding # 2022-017)	Resolved

**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, 2023. The findings from the June 30, 2023 schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### Material Weakness

#### **2023-001: 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.

### Significant Deficiencies

#### **2023-002: 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.

#### **2023-003: 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.

### State of Tennessee Compliance Findings

#### **2023-004: Audited Financials Were Not Filed by December 31**

Corrective Action: Close procedures will be followed to ensure that year-end journal entries and associated year-end workpapers are prepared timely along with close coordination with Schools (who are part of the City's Financials) and auditors to assist in audit completion by December 31.

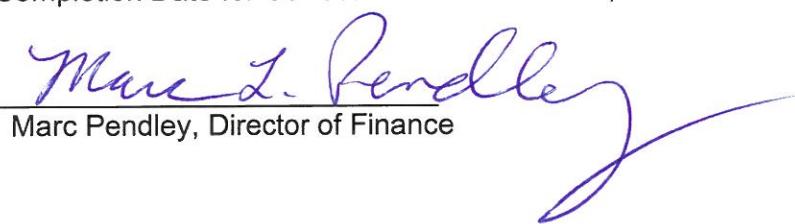
#### **2023-005: Federal Expenditures Were Not Billed for Reimbursement Timely**

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

Responsible for Corrective Action: Marc Pendley, Director of Finance

Anticipated Completion Date for Corrective Action: June 30, 2024

Signature:

  
\_\_\_\_\_  
Marc Pendley, Director of Finance