

CITY OF MILLINGTON, TENNESSEE

FINANCIAL STATEMENTS

June 30, 2024



CITY OF MILLINGTON, TENNESSEE
TABLE OF CONTENTS (CONTINUED)

	Page
<u>INTRODUCTORY SECTION</u>	
Roster of Elected and Appointed Officials	4
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR'S REPORT	5
MANAGEMENT'S DISCUSSION AND ANALYSIS	8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	18
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
– General Fund	22
– School General Purpose Fund	26
Proprietary Fund Financial Statements	
Statement of Net Position	31
Statement of Revenues, Expenses, and Changes in Net Position	32
Statement of Cash Flows	33
Notes to Financial Statements	34
REQUIRED SUPPLEMENTARY INFORMATION	
City of Millington Public Employee Pension Plan of TCRS	
– Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	64
– Schedule of Contributions	65
MMS Teacher Legacy Pension Plan of TCRS	
– Schedule of Proportionate Share of the Net Pension Liability (Asset)	66
– Schedule of Contributions	67
MMS Teacher Retirement Pension Plan of TCRS	
– Schedule of Proportionate Share of the Net Pension Liability (Asset)	68
– Schedule of Contributions	69
MMS Political Subdivision Pension Plan of TCRS	
– Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	70
– Schedule of Contributions	71

CITY OF MILLINGTON, TENNESSEE
TABLE OF CONTENTS

	Page
City of Millington OPEB Plan	
– Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios	72
MMS Teacher Group OPEB Plan	
– Schedule of Changes in Proportionate Share of Collective OPEB Liability and Related Ratios	73
MMS Tennessee Plan OPEB Plan	
– Schedule of Changes in Proportionate Share of Collective OPEB Liability and Related Ratios	74
SUPPLEMENTARY INFORMATION	
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Nonmajor Governmental Fund Combining Financial Statements	
Combining Balance Sheet	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	76
Governmental Individual Fund Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
<u>Special Revenue Funds</u>	
– State Street Aid Fund	77
– Sanitation Fund	78
– Drug Fund	79
– DEA Drug Fund	80
– Storm Water Fund	81
– School Federal Projects Fund	82
– School Cafeteria Fund	85
<u>Capital Projects Funds</u>	
– Capital Projects Fund	86
– School Capital Projects Fund	87
SUPPORTING SCHEDULES	
Schedule of Transfers	88
Schedule of Interfund Receivables and Payables	89
Schedule of Long-term Debt, Principal, and Interest Requirements	
– Governmental Activities	90
– Business-type Activities	91
Schedule of Changes in Long-Term Debt by Individual Issue	92
Schedule of Changes in Lease Obligations	93
Schedules of Property Taxes	94
Schedule of Utility Rate Structure and Number of Customers	95
Schedule of Fidelity Bonds of Principal Officials	96

CITY OF MILLINGTON, TENNESSEE
TABLE OF CONTENTS

GOVERNMENT AUDITING STANDARDS SECTION

Schedule of Expenditures of Federal Awards and State Financial Assistance	97
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	98
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>	99
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	101
Schedule of Findings	104
Schedule of Prior Year Audit Findings	105

CITY OF MILLINGTON, TENNESSEE
ROSTER OF ELECTED AND APPOINTED OFFICIALS
June 30, 2024

CITY OF MILLINGTON BOARD OF MAYOR AND ALDERMEN

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

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

Ed Haley
Karen Findley
Marc Pendley, CPA*
Wayne Cole
Nathaniel McHaffie
Chris Stokes
Gary Graves

MILLINGTON MUNICIPAL SCHOOLS BOARD OF EDUCATION

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

Brian McGovern
Theresa Cook
Debra Clifton

MILLINGTON MUNICIPAL SCHOOLS OFFICIALS

Director of Schools
Deputy Director of Schools
Chief Financial Officer
Director of Human Resources
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*
Patricia Speight
Ryan Lancaster
Philip Leblanc
Audrey Poston
Christina Wilkerson
Melinda Godwin
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, 2024, 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, 2024, 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 41.7 percent, 52.5 percent, and 64.0 percent, respectively, of the assets, net position, and revenues of the governmental activities as of June 30, 2024, 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.

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 December 23, 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.

A handwritten signature in black ink that reads "Watkins Wilhite, PLLC". The signature is fluid and cursive, with "Watkins" on the first line and "Wilhite, PLLC" on the second line.

Memphis, Tennessee
December 23, 2024

CITY OF MILLINGTON, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

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, 2024. We encourage readers to consider the information presented here in conjunction with the financial statements including the notes to the financial statements.

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

Financial Highlights

- Total government-wide net position increased \$10.1 million as a result of activity for the fiscal year, with an increase of \$5.3 million from governmental activities and an increase of \$4.8 million from business-type activities. After these positive results for the year, the City's net position on June 30, 2024 was \$186.2 million. Of this amount, \$31.6 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 \$21.6 million. This included a commitment of \$5.7 million for financial stabilization, \$1 million for emergencies and \$.9 million for library construction. The unassigned fund balance of \$13.7 million represents 67% of total General Fund budgeted expenditures and transfers for FY24.
- The fund balance of the School General Purpose Fund increased by \$3.7 million to \$18.7 million as of June 30, 2024. This represents 58% of budgeted expenditures and transfers for FY24.

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, 2024

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, 2024. 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 thirteen 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 and School General Purpose School 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, 2024

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, 2024). This statement shows the financial position of the City at specific points in time – in this case as of June 30, 2024, and as of June 30, 2023.

Condensed Statement of Net Position
(dollars expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 86,834	\$ 59,135	\$ 12,887	\$ 7,563	\$ 99,721	\$ 66,698
Capital assets	116,077	114,166	29,750	26,092	145,827	140,258
Total assets	202,911	173,301	42,637	33,655	245,548	206,956
Deferred outflows of resources	8,480	8,576	328	416	8,808	8,992
Noncurrent liabilities	50,584	21,094	6,285	2,618	56,869	23,712
Other liabilities	2,637	7,345	844	442	3,481	7,787
Total liabilities	53,221	28,439	7,129	3,060	60,350	31,499
Deferred inflows of resources	7,615	8,177	232	226	7,847	8,403
Net position:						
Invested in capital assets,						
net of related debt	102,274	102,405	24,727	24,274	127,001	126,679
Restricted	27,499	23,968	40	62	27,539	24,030
Unrestricted	20,782	18,888	10,837	6,449	31,619	25,337
Total net position	\$ 150,555	\$ 145,261	\$ 35,604	\$ 30,785	\$ 186,159	\$ 176,046

"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 \$151 million at June 30, 2024.

By far the largest portion of the City's net position (68%) 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, 2024

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 (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$31.6 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 \$5.3 million which is \$3.2 million less than that of FY23. The decrease from prior year is primarily attributable to an increase in expenditures for storm damage operations from a wind storm that occurred in June of 2023. Other revenues and expenditures were comparable to FY23.

Business-type Activities. Business-type activities increased the City's net position by \$4.8 million. Charges for services and expenditures remained comparable to FY23 for normal operations. There was a \$3.2 million recognition of an AARP grant used for construction of an elevated water tank.

CITY OF MILLINGTON, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2024

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, 2024). This statement shows the results of operations for the City as of for the fiscal years ending June 30, 2024, and June 30, 2023.

	Condensed Statement of Activities (dollars expressed in thousands)						Total 2024	Total 2023		
	Governmental Activities			Business-type Activities						
	2024	2023	2024	2023						
Revenues :										
Program Revenues :										
Charges for services	\$ 3,141	\$ 2,602	\$ 5,007	\$ 4,713	\$ 8,148	\$ 7,315				
Operating grants and contributions	38,396	36,462	-	-	38,396	36,462				
Capital grants and contributions	4,493	5,001	3,157	-	7,650	5,001				
General Revenues :										
Local taxes	12,637	11,530	-	-	12,637	11,530				
Intergovernmental revenues	2,540	2,463	-	-	2,540	2,463				
Other revenue	171	339	-	-	171	339				
Interest on Investments	468	58	161	32	629	90				
Gain on sale of assets	53	10	3	-	56	10				
Insurance recovery	193	-	-	-	193	-				
Total Revenues	62,092	58,465	8,328	4,745	70,420	63,210				
Expenses :										
General government	5,407	2,573	-	-	5,407	2,573				
Public safety	7,138	6,637	-	-	7,138	6,637				
Transportation and environment	3,687	912	-	-	3,687	912				
Parks and recreation	1,243	5,015	-	-	1,243	5,015				
Education	38,644	34,393	-	-	38,644	34,393				
Interest on long-term debt	679	360	-	-	679	360				
Water	-	-	1,483	1,528	1,483	1,528				
Sewer	-	-	2,026	1,953	2,026	1,953				
Total Expenses	56,798	49,890	3,509	3,481	60,307	53,371				
Increase/(Decrease) in Net Position	5,294	8,575	4,819	1,264	10,113	9,839				
Net Position - Beginning	145,261	136,686	30,785	29,521	176,046	166,207				
Net Position - Ending	\$ 150,555	\$ 145,261	\$ 35,604	\$ 30,785	\$ 186,159	\$ 176,046				

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, 2024

As of June 30, 2024, the City's governmental funds reported a combined ending fund balances of \$75 million. There was \$33.6 million net increase in fund balances of governmental funds. This is attributed to increases of \$1.6 million, \$3.7 million, and \$0.3 million in the General Fund, School General Purpose Fund and Special Revenue Funds, respectively. The Capital Projects Funds had an increase of \$3.2 million while the School Capital Projects Fund decreased \$0.8 million. Each of these changes is discussed below:

	<u>2024</u>	<u>2023</u>
General Fund	\$ 21,674	\$ 20,074
General Purpose School Fund	18,741	14,999
Special Revenue Funds	4,250	3,927
Debt Service Fund	25,492	-
Total, except capital projects funds	<u>70,157</u>	<u>39,000</u>
Capital Projects Fund	3,663	407
School Capital Projects Fund	1,229	2,021
Total capital projects funds	<u>4,892</u>	<u>2,428</u>
Total governmental funds	<u><u>\$ 75,049</u></u>	<u><u>\$ 41,428</u></u>

The General Fund is the chief operating fund of the City and operated with a net increase in fund balance of \$1.6 million as compared to a \$2.3 million increase in the prior year. General Fund revenue increased by \$1.2 million compared to the prior year, while expenditures increased by a net of \$2.7 million. The increase in expenditures is primarily due to storm damage operations from a storm in June 2023. All other expenditures remained relatively consistent between FY24 and FY23.

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 78% of total General Fund revenue. Management has established a goal of maintaining a minimum fund balance of 26% of General Fund revenues.

The increase in the fund balance for the School General Purpose Fund is \$3.7 million. Revenues exceeded expenditures by \$3.2 million in comparison to excess revenues over expenditures of \$1.4 million in FY23. Net other financing sources (uses) were \$.6 million compared to \$1.3 million in FY2023.

The Debt Service Fund is a new fund to FY2024. It was established to account for the proceeds and debt service related to the \$26 million interim financing to build the new Millington High School.

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 and is consistent with FY2023. Operating expenses were \$1.5 million, a 4.4% decrease from FY2023. Total net position increased by \$4 million to \$14.9 million. The increase in net position was predominantly due to a \$3.2 million recognition of an AARP grant used for construction of an elevated water tank.

The Sewer Fund operates on user fees collected from residents and businesses served by the city's sewer collection and treatment systems. Current year operating revenue was \$2.6 million and operating expenses were \$2 million which is consistent with FY2023. Total fund balance increased by \$784 thousand to \$20.6 million. The increase in fund balance can be attributed to an increase in Sewer rates, additional costumers and an increase in interest revenue in FY24.

CITY OF MILLINGTON, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2024

General Fund Budgetary Highlights

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

- The General Fund revenues were higher than budgeted by \$1.1 million. This increase was attributable to significant increases in sales tax, building and related permits, recreation fees for services, fines and interest on investments.
- There was an approximate \$4.2 million increase between original and final budgeted expenditures for FY24 primarily related to a \$4.1 million increase in budgeted expenditures for special projects to clean up major storm damage from a storm in June 2023.
- Actual total expenditures were \$2.9 million lower than the amended budget which was driven primarily by over \$1 million less being spent on the storm damage clean up than budgeted and a reduction in payroll and operational expenses predominately in the Finance & Administration, Police and Parks 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, 2024, amounts to \$145 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than building, infrastructure, machinery, equipment, and construction in progress. Additions for the year were \$7.9 million and depreciation was \$4.8 million. Construction in progress as of the end of the current fiscal year was \$8.7 million and relate primarily to road improvements funded by federal grants.

Condensed Statement of Capital Assets
(dollars expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2024</u>		<u>2023</u>		<u>2024</u>	
	\$		\$		\$	
Land	\$ 7,421	\$ 6,668	\$ 982	\$ 982	\$ 8,403	\$ 7,650
Construction in process	8,742	5,401	4,086	4,059	12,828	9,460
Buildings and improvements	76,387	77,611	40,765	36,275	117,152	113,886
Furnishing and equipment	3,537	3,005	2,828	2,690	6,365	5,695
Vehicles	5,071	4,899	676	586	5,747	5,485
Infrastructure	48,062	46,843	742	742	48,804	47,585
Leased equipment	-	460	-	-	-	460
Subscription assets	114	114	-	-	114	114
	149,334	145,001	50,079	45,334	199,413	190,335
Less accumulated depreciation	(33,257)	(30,835)	(20,329)	(19,242)	(53,586)	(50,077)
Total capital assets	<u>\$ 116,077</u>	<u>\$ 114,166</u>	<u>\$ 29,750</u>	<u>\$ 26,092</u>	<u>\$ 145,827</u>	<u>\$ 140,258</u>

Additional information on capital assets can be found in the Notes to Financial Statements of this report.

Long Term Debt. On June 30, 2024, the City had total debt and leases of \$46.2 million. Of this amount \$40.7 million comprises debt for governmental activities and \$5.5 million represents debt for business-type activities. Total debt increased by \$29 million primarily due to the issuance of \$26 million in interim financing to build the new Millington High School.

CITY OF MILLINGTON, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2024

	Condensed Statement of Outstanding Debt (dollars expressed in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation notes payable	\$ 40,759	\$ 11,607	\$ -	\$ -	\$ 40,759	\$ 11,607
Notes payable - construction	-	-	5,536	1,819	5,536	1,819
Lease obligations	-	153	-	-	-	153
Total long-term liabilities	<u>\$ 40,759</u>	<u>\$ 11,760</u>	<u>\$ 5,536</u>	<u>\$ 1,819</u>	<u>\$ 46,295</u>	<u>\$ 13,579</u>

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.

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the City's Budget for the 2025 fiscal year are more fully discussed in the Budget document and include:

- The Board of Mayor and Aldermen approved a tax rate to fund FY25 expenditures of \$1.40 per \$100 of assessed value. This is the same rate approved for FY24.
- The City of Millington service rate for water is \$19.00 per 2,000 gallons base. The rate for sewer is \$11.19 per 2,000 base.
- Budgeted and anticipated increases in revenues (especially sales tax revenue and interest revenue) for the City of Millington were used as a basis for intentional salary increases to promote employee quality and retention, especially in public safety departments.
- The City is coordinating with the Industrial Development Board of the City of Millington to promote economic development in the historic core of the City.
- The City budgeted debt service for a \$26 million USDA bond issue to fund major upgrades to the Millington Middle School.
- The City will continue to re-engineer systems and processes in the delivery of its services and thereby control operating expenses and at the same time provide exceptional service to its citizens.

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, 2024, the Fiscal Year 2025 Approved Budget Document and other information about the City may be found on the City's website, www.millingtontn.gov.

CITY OF MILLINGTON, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2024

	Primary Government		
	Governmental Activities		Business-type Activities
ASSETS			
Cash and cash equivalents	\$ 35,329,196	\$ 8,495,386	\$ 43,824,582
Short-term investments	9,831,714	3,299,117	13,130,831
Receivables			
Taxes	3,907,633	-	3,907,633
Accounts	1,388,214	673,455	2,061,669
Other	18,190	1,016	19,206
Less allowance for doubtful accounts	(1,334,424)	(223,466)	(1,557,890)
Due from other governments	5,370,637	663,352	6,033,989
Internal balances	141,636	(141,636)	-
Inventories	71,045	-	71,045
Restricted cash	26,048,203	-	26,048,203
Prepaid items	622,187	80,746	702,933
Net pension asset	4,073,063	39,805	4,112,868
Restricted investments	816,368	-	816,368
Other Asset	550,000	-	550,000
Capital assets, not being depreciated	16,162,780	5,068,187	21,230,967
Capital assets, being depreciated, net	99,914,088	24,681,492	124,595,580
Total assets	202,910,530	42,637,454	245,547,984
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	5,738,224	202,677	5,940,901
Related to OPEB	2,741,662	125,365	2,867,027
Total deferred outflows of resources	8,479,886	328,042	8,807,928
LIABILITIES			
Accounts payable and accrued liabilities	2,424,618	587,533	3,012,151
Accrued interest payable	102,151	16,145	118,296
Customer deposits	-	241,174	241,174
Unearned revenue	110,110	-	110,110
Noncurrent liabilities:			
Due within one year	1,181,252	603,439	1,784,691
Due in more than one year			
Other liabilities	40,040,445	4,982,829	45,023,274
Net OPEB liability	9,362,355	698,274	10,060,629
Total liabilities	53,220,931	7,129,394	60,350,325
DEFERRED INFLOWS OF RESOURCES			
Current property taxes assessed for subsequent period	3,493,944	-	3,493,944
Related to pension	354,752	-	354,752
Related to OPEB	3,765,968	231,733	3,997,701
Total deferred inflows of resources	7,614,664	231,733	7,846,397
NET POSITION			
Net investment in capital assets	102,273,799	24,727,452	127,001,251
Restricted for:			
Net pension asset	3,718,311	39,805	3,758,116
Trust investments	816,368	-	816,368
Transportation and environment	1,765,398	-	1,765,398
Public safety programs	216,809	-	216,809
Education	20,981,886	-	20,981,886
Unrestricted	20,782,250	10,837,112	31,619,362
Total net position	\$ 150,554,821	\$ 35,604,369	\$ 186,159,190

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

CITY OF MILLINGTON, TENNESSEE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		Total	
Primary government:									
Governmental Activities:									
General government	\$ 5,406,575	\$ 429,878	\$ 3,800	\$ -	\$ (4,972,897)	\$ -	\$ -	\$ (4,972,897)	
Public safety	7,138,344	482,301	108,624	-	(6,547,419)	-	-	(6,547,419)	
Transportation and environment	3,686,720	1,606,318	-	2,748,957	668,555	-	-	668,555	
Parks and recreation	1,243,155	520,975	-	361,530	(360,650)	-	-	(360,650)	
Education	38,644,163	101,479	38,283,615	1,382,775	1,123,706	-	-	1,123,706	
Interest on long-term debt	679,456	-	-	-	(679,456)	-	-	(679,456)	
Total governmental activities	<u>56,798,413</u>	<u>3,140,951</u>	<u>38,396,039</u>	<u>4,493,262</u>	<u>(10,768,161)</u>	<u>-</u>	<u>-</u>	<u>(10,768,161)</u>	
Business-type Activities:									
Water	1,483,314	2,359,116	-	3,157,328	-	4,033,130		4,033,130	
Sewer	2,025,794	2,647,751	-	-	-	621,957		621,957	
Total business-type activities	<u>3,509,108</u>	<u>5,006,867</u>	<u>-</u>	<u>3,157,328</u>	<u>-</u>	<u>4,655,087</u>		<u>4,655,087</u>	
Total primary government	\$ 60,307,521	\$ 8,147,818	\$ 38,396,039	\$ 7,650,590	(10,768,161)	4,655,087		(6,113,074)	
General revenues:									
Property taxes					3,874,908	-	-	3,874,908	
Local option sales tax					7,613,018	-	-	7,613,018	
Other taxes									
Wholesale liquor and beer taxes					342,664	-	-	342,664	
Business and hotel-motel taxes					806,806	-	-	806,806	
Intergovernmental revenues:									
State sales tax					1,303,449	-	-	1,303,449	
State income tax					226,985	-	-	226,985	
Other state revenue					1,009,967	-	-	1,009,967	
Other revenue					171,113	-	-	171,113	
Interest on investments					467,635	160,721		628,356	
Gain on sale of capital assets					52,957	3,650		56,607	
Insurance recoveries					192,970	-	-	192,970	
Total general revenues and transfers					<u>16,062,472</u>	<u>164,371</u>		<u>16,226,843</u>	
Change in net position					<u>5,294,311</u>	<u>4,819,458</u>		<u>10,113,769</u>	
Net position - beginning					<u>145,260,510</u>	<u>30,784,911</u>		<u>176,045,421</u>	
Net position - ending					\$ 150,554,821	\$ 35,604,369		\$ 186,159,190	

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

CITY OF MILLINGTON, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2024

	General Fund	School General Purpose Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 14,582,221	12,547,566	\$ -	\$ 8,199,409	\$ 35,329,196
Short-term investments	5,498,528	4,266,274	-	66,912	9,831,714
Receivables					
Property taxes	3,907,633	-	-	-	3,907,633
Accounts	1,085,810	11,680	-	290,724	1,388,214
Other	18,190	-	-	-	18,190
Less allowance for doubtful accounts	(1,175,301)	-	-	(159,123)	(1,334,424)
Due from other governments	1,657,869	2,655,365	-	1,057,403	5,370,637
Due from other funds	274,071	498,484	-	243,386	1,015,941
Inventory	49,280	-	-	21,765	71,045
Restricted cash	2,822	-	25,531,746	513,635	26,048,203
Prepaid Items	292,113	13,534	-	316,540	622,187
Restricted investments	-	816,368	-	-	816,368
 Total assets	 <u>\$ 26,193,236</u>	 <u>\$ 20,809,271</u>	 <u>\$ 25,531,746</u>	 <u>\$ 10,550,651</u>	 <u>\$ 83,084,904</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 655,110	1,322,124	\$ -	\$ 447,384	\$ 2,424,618
Due to other funds	198,854	-	39,976	635,475	874,305
Unearned revenue	48,228	-	-	58,500	106,728
Total liabilities	902,192	1,322,124	39,976	1,141,359	3,405,651
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
Property taxes	3,617,057	-	-	-	3,617,057
Grants	-	745,722	-	266,999	1,012,721
Total deferred inflows of resources	<u>3,617,057</u>	<u>745,722</u>	<u>-</u>	<u>266,999</u>	<u>4,629,778</u>
FUND BALANCES					
Nonspendable	341,393	13,534	-	338,058	692,985
Restricted	-	18,727,891	25,491,770	5,141,096	49,360,757
Committed	7,626,349	-	-	3,663,139	11,289,488
Unassigned	13,706,245	-	-	-	13,706,245
Total fund balances	<u>21,673,987</u>	<u>18,741,425</u>	<u>25,491,770</u>	<u>9,142,293</u>	<u>75,049,475</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 26,193,236</u>	 <u>\$ 20,809,271</u>	 <u>\$ 25,531,746</u>	 <u>\$ 10,550,651</u>	 <u>\$ 83,084,904</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, 2024

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, 2024

	General Fund	School General Purpose Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 3,744,532	\$ 6,968,378	\$ -	\$ -	\$ 10,712,910
Local sales taxes	8,762,488	4,886,024	-	-	13,648,512
Intergovernmental	2,540,401	16,900,271	-	1,075,290	20,515,962
Intergovernmental gas tax	-	-	-	389,450	389,450
Licenses and permits	654,647	-	-	400	655,047
Charges for services	533,714	21,250	-	1,470,939	2,025,903
Fines, forfeitures, and penalties	479,300	-	-	1,951	481,251
Federal, state, and other grants	89,497	2,881,114	-	9,687,758	12,658,369
Interest on investments	265,572	-	197,319	4,744	467,635
Other	171,113	826,222	-	672,348	1,669,683
Total revenues	17,241,264	32,483,259	197,319	13,302,880	63,224,722
EXPENDITURES					
Current					
General government	5,500,039	-	-	-	5,500,039
Public safety	6,631,902	-	-	47,734	6,679,636
Transportation and environment	832,126	-	-	1,689,529	2,521,655
Parks and recreation	1,061,549	-	-	-	1,061,549
Education	-	28,651,304	-	5,891,988	34,543,292
Debt Service					
Principal	961,000	659,128	-	-	1,620,128
Interest and fiscal charges	296,571	43,689	172,756	-	513,016
Bond issuance costs	-		126,066	-	126,066
Capital outlays	-	-	-	8,207,759	8,207,759
Total expenditures	15,283,187	29,354,121	298,822	15,837,010	60,773,140
Excess (deficiency) of revenues over (under) expenditures	1,958,077	3,129,138	(101,503)	(2,534,130)	2,451,582
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	26,000,000	4,222,053	30,222,053
Sale of capital assets	48,957	-	-	634,000	682,957
Insurance recoveries	192,970	71,600	-	-	264,570
Transfers in	-	541,515	-	856,727	1,398,242
Transfers out	(600,000)	-	(406,727)	(391,515)	(1,398,242)
Total other financing sources and uses	(358,073)	613,115	25,593,273	5,321,265	31,169,580
Net change in fund balances	1,600,004	3,742,253	25,491,770	2,787,135	33,621,162
Fund balances - beginning	20,073,983	14,999,172	-	6,355,158	41,428,313
Fund balances - ending	\$ 21,673,987	\$ 18,741,425	\$ 25,491,770	\$ 9,142,293	\$ 75,049,475

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, 2024

Net change in fund balance - total governmental funds		\$ 33,621,162
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	7,939,862	
Less: depreciation and amortization expense	(3,754,523)	4,185,339
(2) Gain (losses) from the disposition of capital assets are reported net of any remaining net book value in the statement of activities.		
		(2,274,418)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	130,376	
Sales and income taxes	586,856	
Grant revenue	<u>(1,616,757)</u>	<u>(899,525)</u>
(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	1,202,026	
Less: proceeds from debt issuance	<u>(30,222,053)</u>	<u>(29,020,027)</u>
(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	(36,495)	
Change in compensated absences	<u>(15,887)</u>	<u>(52,382)</u>
(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	(462,424)	
Difference between actual contributions and OPEB expense	<u>196,586</u>	<u>(265,838)</u>
Change in net position of governmental activities		<u>\$ 5,294,311</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, 2024

	Budgeted Amounts		Variance with Final Budget - Increase (Decrease)	
	Original	Final	Actual Amounts	
REVENUES				
PROPERTY TAXES				
Property taxes	\$ 3,745,000	\$ 3,745,000	\$ 3,378,445	\$ (366,555)
Payments in lieu of taxes	314,000	314,000	345,317	31,317
Property tax interest and penalties	24,000	24,000	20,770	(3,230)
Total property taxes	4,083,000	4,083,000	3,744,532	(338,468)
LOCAL TAXES				
Local sales tax	7,400,000	7,400,000	7,613,018	213,018
Wholesale beer and liquor tax	400,000	400,000	342,664	(57,336)
CATV franchise fees	22,000	22,000	16,960	(5,040)
Business tax	380,800	380,800	506,890	126,090
Hotel/motel tax	225,000	225,000	262,843	37,843
Sports betting tax	10,000	10,000	20,113	10,113
Total local taxes	8,437,800	8,437,800	8,762,488	324,688
INTERGOVERNMENTAL				
State of Tennessee shared revenues				
Sales tax	1,204,000	1,204,000	1,303,449	99,449
Beer tax	5,000	5,000	4,651	(349)
Liquor tax	40,000	40,000	66,294	26,294
Bank excise tax	49,000	49,000	26,357	(22,643)
Receipts in lieu of tax - TVA	75,000	75,000	129,683	54,683
Public safety pay supplements	-	-	32,000	32,000
Receipts in lieu of tax	172,000	172,000	128,311	(43,689)
Fire and ambulance fees	805,000	805,000	849,656	44,656
Total intergovernmental	2,350,000	2,350,000	2,540,401	190,401
LICENSES AND PERMITS				
Building and related permits	46,500	46,500	177,519	131,019
Beer and liquor licenses	154,900	154,900	232,445	77,545
Automobile registrations	205,000	205,000	236,458	31,458
Other permits	8,500	8,500	8,225	(275)
Total licenses and permits	414,900	414,900	654,647	239,747
CHARGES FOR SERVICES				
Library fees	11,500	11,500	11,689	189
Public safety fees	-	-	1,050	1,050
Recreation fees for services	43,600	348,600	485,614	137,014
Recreation rental income	14,900	12,900	35,361	22,461
Total charge for services	70,000	373,000	533,714	160,714

(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, 2024

	Budgeted Amounts		Variance with Final Budget - Increase (Decrease)	
	Original	Final	Actual Amounts	
FINES, FORFEITURES, AND PENALTIES	\$ 337,000	\$ 337,000	\$ 479,300	\$ 142,300
FEDERAL, STATE, AND OTHER GRANTS	-	-	89,497	89,497
INTEREST ON INVESTMENTS	60,000	60,000	265,572	205,572
OTHER	47,000	47,000	171,113	124,113
Total Revenues	15,799,700	16,102,700	17,241,264	1,138,564
 EXPENDITURES				
GENERAL GOVERNMENT				
Finance and Administration				
Salaries	898,114	898,114	720,665	177,449
Benefits	196,465	196,465	157,568	38,897
Operations	532,400	532,400	449,330	83,070
	1,626,979	1,626,979	1,327,563	299,416
General Government				
Benefits	80,000	255,000	199,749	55,251
Operations	155,765	155,765	151,800	3,965
	235,765	410,765	351,549	59,216
Courts				
Salaries	138,500	138,500	132,378	6,122
Benefits	30,000	30,000	28,257	1,743
Operations	56,200	56,200	33,845	22,355
	224,700	224,700	194,480	30,220
Planning and Economic Development				
Salaries	59,483	62,283	62,615	(332)
Benefits	15,969	17,819	24,675	(6,856)
Operations	162,200	157,550	148,042	9,508
	237,652	237,652	235,332	2,320
Personnel				
Operations	10,000	10,000	7,044	2,956
Library				
Operations	390,500	390,500	391,212	(712)
Special Projects - Storm Damage				
Operations	-	4,100,000	2,992,859	1,107,141
Total general government	2,725,596	7,000,596	5,500,039	1,500,557

(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, 2024

	Budgeted Amounts		Variance with Final Budget - Increase (Decrease)	
	Original	Final	Actual Amounts	
PUBLIC SAFETY				
Police Department				
Salaries	\$ 2,445,199	\$ 2,445,199	\$ 2,199,785	\$ 245,414
Benefits	616,645	616,645	579,861	36,784
Operations	490,416	490,416	424,437	65,979
Capital outlay	15,000	15,000	-	15,000
	3,567,260	3,567,260	3,204,083	363,177
Fire Department				
Salaries	2,001,140	2,001,140	1,841,939	159,201
Benefits	503,801	503,801	486,036	17,765
Operations	1,107,946	1,107,936	1,093,834	14,102
Capital outlay	6,000	6,010	6,010	-
	3,618,887	3,618,887	3,427,819	191,068
Total public safety	7,186,147	7,186,147	6,631,902	554,245
TRANSPORTATION AND ENVIRONMENT				
Public Works				
Salaries	768,850	768,850	655,705	113,145
Benefits	219,435	219,435	199,784	19,651
Operations	45,506	60,506	(23,363)	83,869
Capital outlay	7,000	7,000	-	7,000
Total transportation and environment	1,040,791	1,055,791	832,126	223,665
PARKS AND RECREATION				
Administration and Programs				
Salaries	427,000	424,200	269,835	154,365
Benefits	88,666	91,466	83,148	8,318
Operations	131,150	129,150	76,504	52,646
	646,816	644,816	429,487	215,329
Youth Programs				
Salaries	29,070	29,070	12,503	16,567
Benefits	2,050	2,050	953	1,097
Operations	16,500	16,500	9,929	6,571
	47,620	47,620	23,385	24,235
Parks and Sports Fields				
Salaries	16,000	16,000	-	16,000
Benefits	1,224	1,224	-	1,224
Operations	59,500	59,500	41,189	18,311
	76,724	76,724	41,189	35,535

(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, 2024

	Budgeted Amounts		Variance with Final Budget - Increase (Decrease)	
	Original	Final	Actual Amounts	
Baker Community Center Operations	68,500	68,500	46,495	22,005
	68,500	68,500	46,495	22,005
Farmer's Market Operations	12,500	12,500	11,297	1,203
	12,500	12,500	11,297	1,203
Orgill Park Salaries	332,750	332,750	246,529	86,221
Benefits	32,525	32,525	23,857	8,668
Operations	273,800	273,800	239,310	34,490
	639,075	639,075	509,696	129,379
Total arts and recreation	1,491,235	1,489,235	1,061,549	427,686
DEBT SERVICE				
Principal	1,042,000	1,042,000	961,000	81,000
Interest and fiscal charges	397,372	397,372	296,571	100,801
Total debt service	1,439,372	1,439,372	1,257,571	181,801
Total Expenditures	13,883,141	18,171,141	15,283,187	2,887,954
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,916,559	(2,068,441)	1,958,077	4,026,518
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	48,957	48,957
Insurance recoveries	35,000	35,000	192,970	157,970
Transfers out	(2,267,056)	(2,267,056)	(600,000)	1,667,056
Total Other Financing Sources (Uses)	(2,232,056)	(2,232,056)	(358,073)	1,873,983
Net change in fund balances	\$ (315,497)	\$ (4,300,497)	1,600,004	\$ 5,900,501
Fund balances - beginning			20,073,983	
Fund balances - ending			\$ 21,673,987	

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, 2024

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts	
REVENUES				
PROPERTY TAXES				
Property tax	\$ 6,502,000	\$ 6,502,000	\$ 6,789,012	\$ 287,012
Property tax - prior years	143,489	143,489	103,342	(40,147)
Payments in lieu of taxes	110,000	110,000	76,024	(33,976)
	<u>6,755,489</u>	<u>6,755,489</u>	<u>6,968,378</u>	<u>212,889</u>
LOCAL TAXES				
Local option sales tax	3,550,000	3,550,000	4,241,315	691,315
Wheel tax	615,490	615,490	579,684	(35,806)
Mixed drink tax	50,140	50,140	65,025	14,885
	<u>4,215,630</u>	<u>4,215,630</u>	<u>4,886,024</u>	<u>670,394</u>
INTERGOVERNMENTAL				
Regular education funds				
TN Investment in student achievement	15,667,966	16,875,611	16,871,243	(4,368)
Career ladder program	40,000	40,000	29,028	(10,972)
	<u>15,707,966</u>	<u>16,915,611</u>	<u>16,900,271</u>	<u>(15,340)</u>
FEDERAL, STATE, AND OTHER GRANTS				
Special education - grants to states	810,320	3,384,618	2,881,114	(503,504)
CHARGES FOR SERVICES				
Tuition	-	16,500	21,250	4,750
OTHER				
Investment income	4,200	4,200	230,333	226,133
Lease/rentals	14,000	14,000	50,216	36,216
E-rate funding	507,000	507,000	518,369	11,369
Damages recovered from individuals	3,000	3,000	2,070	(930)
Contributions and gifts	-	5,000	7,650	2,650
Miscellaneous Refund	-	17,468	17,584	116
	<u>528,200</u>	<u>550,668</u>	<u>826,222</u>	<u>275,554</u>
Total Revenues	28,017,605	31,838,516	32,483,259	644,743
EXPENDITURES				
EDUCATION				
Instruction - Regular				
Personnel	11,501,246	11,190,005	11,130,838	59,167
Contractual	385,336	1,654,601	111,898	1,542,703
Supplies	169,449	250,045	227,897	22,148
Other charges	36,219	125,868	59,496	66,372
	<u>12,092,250</u>	<u>13,220,519</u>	<u>11,530,129</u>	<u>1,690,390</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 BALANCE - BUDGET AND ACTUAL
SCHOOL GENERAL PURPOSE FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Instruction - Alternative Personnel	\$ 225,644	\$ 92,089	\$ 87,460	\$ 4,629
Instruction - Special Education Personnel	1,500,565	1,494,016	1,491,011	3,005
Contractual	208,963	375,373	375,282	91
Supplies	5,764	5,750	5,733	17
Other charges	5,000	2,325	615	1,710
	1,720,292	1,877,464	1,872,641	4,823
Instruction - Vocational Personnel	957,424	1,162,839	1,096,499	66,340
Contractual	-	35,500	19,986	15,514
Supplies	33,500	91,644	65,232	26,412
Operations	5,000	431,749	5,599	426,150
	995,924	1,721,732	1,187,316	534,416
Instruction - Technology Personnel	426,515	556,315	555,044	1,271
Contractual	622,000	596,718	596,638	80
Supplies	413,500	456,397	447,819	8,578
	1,462,015	1,609,430	1,599,501	9,929
General Administration				
Attendance Personnel	-	14,005	13,736	269
Health Services Personnel	164,656	197,554	179,172	18,382
Contractual	1,800	-	-	-
Other charges	8,075	4,339	3,365	974
	174,531	201,893	182,537	19,356
Total general administration:	174,531	215,898	196,273	19,625
Support Services				
Support - Other Student Support Personnel	635,560	1,000,496	968,606	31,890
Contractual	49,000	450,204	387,956	62,248
Supplies	1,000	1,000	640	360
Other charges	5,250	10,250	5,617	4,633
	690,810	1,461,950	1,362,819	99,131
Support - Regular Instruction Personnel	394,924	339,996	336,598	3,398
Contractual	58,000	60,638	60,605	33
Supplies	18,276	18,280	17,764	516
Other charges	53,000	12,698	10,879	1,819
	524,200	431,612	425,846	5,766

(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 BALANCE - BUDGET AND ACTUAL
SCHOOL GENERAL PURPOSE FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Support - Vocational				
Personnel	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Contractual	- -	12,000	4,380	7,620
	5,000	17,000	4,380	12,620
Support - Special Education				
Personnel	304,828	347,647	345,967	1,680
Contractual	89,737	66,246	65,985	261
Supplies	2,382	1,384	334	1,050
Other charges	13,245	22,844	20,505	2,339
	410,192	438,121	432,791	5,330
Total support services	1,630,202	2,348,683	2,225,836	122,847
School Administration				
Board of Education				
Personnel	41,169	43,549	41,953	1,596
Contractual	132,361	118,088	102,179	15,909
Supplies	500	500	330	170
Other charges	112,408	115,166	86,067	29,099
	286,438	277,303	230,529	46,774
Office of the Superintendent				
Personnel	520,750	516,989	516,651	338
Contractual	10,000	13,763	13,900	(137)
Supplies	6,000	6,000	5,841	159
Other charges	19,595	15,892	12,766	3,126
	556,345	552,644	549,158	3,486
Office of the Principal				
Personnel	1,901,216	1,857,278	1,856,152	1,126
Contractual	4,425	6,009	4,972	1,037
Supplies	19,216	17,658	17,514	144
Other charges	11,204	11,293	4,470	6,823
	1,936,061	1,892,238	1,883,108	9,130
Total school administration	2,778,844	2,722,185	2,662,795	59,390
Business Administration				
Fiscal Services				
Personnel	465,759	491,039	489,040	1,999
Contractual	29,703	5,753	5,753	-
Supplies	4,500	32,203	26,512	5,691
Other charges	9,000	5,246	2,452	2,794
	508,962	534,241	523,757	10,484

(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 BALANCE - BUDGET AND ACTUAL
SCHOOL GENERAL PURPOSE FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Human Resources				
Personnel	\$ 270,974	\$ 305,927	\$ 251,683	\$ 54,244
Contractual	52,669	50,688	16,721	33,967
Supplies	1,386	2,602	2,465	137
Other charges	12,541	12,881	6,888	5,993
	<u>337,570</u>	<u>372,098</u>	<u>277,757</u>	<u>94,341</u>
Total business administration	846,532	906,339	801,514	104,825
Operation and Maintenance				
Operation of Plant				
Personnel	432,724	505,320	502,299	3,021
Contractual	706,638	677,388	662,582	14,806
Supplies	759,803	796,003	734,488	61,515
Other charges	152,000	153,979	148,694	5,285
	<u>2,051,165</u>	<u>2,132,690</u>	<u>2,048,063</u>	<u>84,627</u>
Maintenance of Plant				
Personnel	66,775	65,847	52,806	13,041
Contractual	443,530	456,954	440,255	16,699
Supplies	37,872	47,872	38,672	9,200
Other charges	11,325	11,325	10,666	659
	<u>559,502</u>	<u>581,998</u>	<u>542,399</u>	<u>39,599</u>
Total operation and maintenance	2,610,667	2,714,688	2,590,462	124,226
Student Transportation				
Contractual	1,545,548	1,672,644	1,669,763	2,881
Supplies	220,200	130,550	130,371	179
Other charges	2,000	-	-	-
	<u>1,767,748</u>	<u>1,803,194</u>	<u>1,800,134</u>	<u>3,060</u>
Central and Other				
Personnel	1,797	2,337	2,292	45
Contractual	90,000	89,459	86,127	3,332
Other charges	1,000	11,000	6,400	4,600
	<u>92,797</u>	<u>102,796</u>	<u>94,819</u>	<u>7,977</u>
Food Service				
Supplies	-	2,500	2,429	71

(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 BALANCE - BUDGET AND ACTUAL
SCHOOL GENERAL PURPOSE FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts	
Early Childhood				
Personnel	\$ 680,001	\$ 755,369	\$ 730,181	\$ 25,188
Supplies	31,000	69,774	69,093	681
Other charges	-	3,879	3,634	245
	<u>711,001</u>	<u>829,022</u>	<u>802,908</u>	<u>26,114</u>
Total education	27,108,447	30,166,539	27,454,217	2,712,322
DEBT SERVICE				
Principal	109,128	109,128	109,128	-
Interest	43,689	43,690	43,689	1
Other debt service	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>	<u>-</u>
	<u>702,817</u>	<u>702,818</u>	<u>702,817</u>	<u>1</u>
CAPITAL OUTLAY	633,368	1,367,467	1,197,087	170,380
Total expenditures	28,444,632	32,236,824	29,354,121	2,882,703
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(427,027)	(398,308)	3,129,138	3,527,446
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	398,308	541,515	143,207
Insurance Recovery	-	-	71,600	71,600
	<u>500,000</u>	<u>398,308</u>	<u>613,115</u>	<u>214,807</u>
Net change in fund balances	<u>\$ 72,973</u>	<u>\$ -</u>	<u>3,742,253</u>	<u>\$ 3,742,253</u>
Fund balances - beginning, as restated			<u>14,999,172</u>	
Fund balances - ending			<u>\$ 18,741,425</u>	

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

CITY OF MILLINGTON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2024

	Business-type Activities:		Total Proprietary Funds	
	Enterprise Funds			
	Water Fund	Sewer Fund		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,221,601	\$ 3,273,785	\$ 8,495,386	
Investments	-	3,299,117	3,299,117	
Receivables				
Customers	408,382	265,073	673,455	
Other	1,016	-	1,016	
Less allowance for doubtful accounts	(136,641)	(86,825)	(223,466)	
Due from other governments	513,635	149,717	663,352	
Due from other funds	-	13,518	13,518	
Prepaid expenses	34,166	46,580	80,746	
Total current assets	6,042,159	6,960,965	13,003,124	
Noncurrent assets:				
Net pension asset	16,668	23,137	39,805	
Capital assets, not being depreciated	4,270,379	797,808	5,068,187	
Capital assets, being depreciated, net	9,661,403	15,020,089	24,681,492	
Total capital assets, net	13,931,782	15,817,897	29,749,679	
Total noncurrent assets	13,948,450	15,841,034	29,789,484	
Total assets	19,990,609	22,801,999	42,792,608	
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	87,731	114,946	202,677	
Related to OPEB	76,553	48,812	125,365	
Total deferred outflows of resources	164,284	163,758	328,042	
LIABILITIES				
Current liabilities:				
Accounts payable	477,893	72,275	550,168	
Accrued payroll and benefits	12,538	24,827	37,365	
Accrued interest payable	16,145	-	16,145	
Due to other funds	68,171	86,983	155,154	
Customer deposits	241,174	-	241,174	
Accrued compensated absences	4,655	2,540	7,195	
Current portion of bonds and notes payable	456,000	140,244	596,244	
Total current liabilities	1,276,576	326,869	1,603,445	
Noncurrent liabilities:				
Bonds and notes payable, net of current portion, discounts, and premiums	3,450,000	1,489,618	4,939,618	
Accrued compensated absences	26,876	16,335	43,211	
Net OPEB liability	381,638	316,636	698,274	
Total noncurrent liabilities	3,858,514	1,822,589	5,681,103	
Total liabilities	5,135,090	2,149,458	7,284,548	
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	80,652	151,081	231,733	
Total deferred outflows of resources	80,652	151,081	231,733	
NET POSITION				
Net investment in capital assets	10,539,417	14,188,035	24,727,452	
Unrestricted	4,383,066	6,454,046	10,837,112	
Total net position	\$ 14,939,151	\$ 20,665,218	\$ 35,604,369	

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, 2024

	Business-type Activities:		Total Proprietary Funds
	Enterprise Funds	Water Fund	Sewer Fund
Operating Revenues:			
Metered water sales	\$ 2,073,550	\$ -	\$ 2,073,550
Sewer service fee	-	2,438,921	2,438,921
Service connections fees	245,038	184,870	429,908
Forfeited discounts	37,446	23,960	61,406
Other	3,082	-	3,082
Total operating revenues	2,359,116	2,647,751	5,006,867
Operating Expenses:			
Salaries	328,740	398,890	727,630
Benefits	160,776	144,778	305,554
Materials and supplies	267,037	354,421	621,458
Pumping and filtering	136,202	216,951	353,153
Professional services	63,000	106,850	169,850
Other services and charges	118,264	74,315	192,579
Depreciation	382,999	704,185	1,087,184
Total operating expenses	1,457,018	2,000,390	3,457,408
Operating income	902,098	647,361	1,549,459
Nonoperating Revenues (Expenses):			
Interest	2,201	158,520	160,721
Bond interest and fiscal charges	(26,296)	(25,404)	(51,700)
Federal grants	3,157,328	-	3,157,328
Gain (loss) on sale of capital assets	-	3,650	3,650
Total nonoperating revenues	3,133,233	136,766	3,269,999
Change in net position	4,035,331	784,127	4,819,458
Total net position - beginning	10,903,820	19,881,091	30,784,911
Total net position - ending	\$ 14,939,151	\$ 20,665,218	\$ 35,604,369

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, 2024

	Business-type Activities: Enterprise Funds		Total Proprietary Funds
	Water Fund	Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,978,883	\$ 2,573,377	\$ 4,552,260
Payments to suppliers	(390,744)	(690,984)	(1,081,728)
Payments to employees	(445,723)	(522,081)	(967,804)
Net cash provided by operating activities	<u>1,142,416</u>	<u>1,360,312</u>	<u>2,502,728</u>
CASH FLOW FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES			
Payment (to) from other fund	(1,101)	42,520	41,419
CASH FLOW FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions from government agencies	3,157,328	-	3,157,328
Purchases of capital assets	(3,885,290)	(858,827)	(4,744,117)
Proceeds from sale of capital assets	-	3,650	3,650
Proceeds from capital debt	4,300,000	-	4,300,000
Principal paid on capital debt	(445,000)	(138,288)	(583,288)
Interest paid on capital debt	(10,151)	(25,404)	(35,555)
Net cash from (used for) capital and related financing activities	<u>3,116,887</u>	<u>(1,018,869)</u>	<u>2,098,018</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(157,675)	(157,675)
Interest income	2,201	158,520	160,721
Net cash from investing activities	<u>2,201</u>	<u>845</u>	<u>3,046</u>
Net increase (decrease) in cash and cash equivalents	4,260,403	384,808	4,645,211
Cash and cash equivalents - beginning of the year	<u>961,198</u>	<u>2,888,977</u>	<u>3,850,175</u>
Cash and cash equivalents - end of the year	<u>\$ 5,221,601</u>	<u>\$ 3,273,785</u>	<u>\$ 8,495,386</u>
Reconciliation of operating income to net cash from operating activities:			
Operating income	\$ 902,098	\$ 647,361	\$ 1,549,459
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	382,999	704,185	1,087,184
Bad debt expense	3,053	2,849	5,902
Pension expense in excess of employer contributions	15,587	28,473	44,060
OPEB expense in excess of employer contributions	29,250	(2,317)	26,933
Change in assets and liabilities			
Receivables	(512,427)	(77,223)	(589,650)
Prepaid expenses	(7,630)	4,495	(3,135)
Accounts payable	201,389	57,058	258,447
Accrued compensated absences	(1,044)	(4,569)	(5,613)
Customer deposits	129,141	-	129,141
Net cash provided by operating activities	<u>\$ 1,142,416</u>	<u>\$ 1,360,312</u>	<u>\$ 2,502,728</u>

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

CITY OF MILLINGTON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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)

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, Debt Service 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. **Debt Service Fund** – The fund accounts for the resources accumulated and payments made for principal and interest on the General Obligation Bond Anticipation Note, Series, 2024.
- d. **Capital Projects Funds** – These funds account for all the financing of major governmental fund capital asset purchases and capital improvement projects. The City and School each utilize a project fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Proprietary Fund Financial Statements

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows individually for all major enterprise funds and in the aggregate for the remaining nonmajor enterprise funds. 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and unspent bond proceeds restricted for specific capital projects.

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

Property taxes receivable are recognized as of the date the City has an enforceable legal claim. Property taxes are reflected as revenues in the fiscal period for which they are levied, which is the subsequent fiscal year for the current fiscal year's assessment, provided they are received and collected within the current period or within 60 days following the fiscal year end (August 30th). Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30th. Delinquent taxes estimated to be collected subsequent to August 30th 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, 2024. 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)

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 \$1.60 for both the county schools and the municipal schools of Shelby County. Distribution of the \$1.60 to the county schools and the municipal school districts is based on the average daily attendance of each system. Approximately 76.3% and 23.6% 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)

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
Furnishings and equipment	7-20 years
Vehicles	5 years
Infrastructure	50 years
Right-of-use lease equipment and subscriptions	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. As of June 30, 2024, no SBITA liability was recorded.

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)

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.

When an expense is incurred for purposes for which both restricted and unrestricted amounts are available, it is the City's policy to reduce restricted amounts first.

In the fund financial statements, governmental funds report fund balances in classifications that comprise 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

resources; however, they cannot be used for any other purpose unless the Board removes or changes the commitment by taking the same action it employed to impose the commitment.

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

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

When an expenditure is incurred for purposes for which restricted, and committed, assigned, or unassigned amounts are available, it is the policy of the City to expend any available restricted, committed, or assigned resources, in that order, prior to expending unassigned resources.

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)

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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The Board of Mayor and Aldermen annually approves the operating budgets for all governmental funds. Budgets for the capital 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, 2024, no fund's expenditures exceeded appropriations and no fund had a deficit balance.

NOTE 3 – DEPOSITS

Legal Provisions – Deposits must be collateralized by federal depository insurance, the Tennessee Bank Collateral Pool, collateral held by the City's agent in the City's name, collateral held by the Federal Reserve Banks acting as third-party agents, or a combination of these methods. State statute requires that all uninsured deposits with financial institutions must be collateralized by securities whose fair value is equal to 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, 2024, all bank deposits were entirely insured by federal depository insurance and collateralized by the Bank Collateral Pool of the State of Tennessee.

NOTE 4 – INVESTMENTS

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

A. Restricted Investments – TCRS Stabilization Reserve Trust

The School is a member 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>.

NOTE 4 – INVESTMENTS (CONTINUED)

The following table summarizes fair value disclosures and measurements for Millington Municipal School's investments held by the TRGT on its behalf June 30, 2024:

Investments at Fair Value	Total	Level 1	Level 2	Level 3
Domestic equities	\$ 124,479	\$ 124,479	\$ -	\$ -
Developed market international equity	56,217	56,217	-	-
Emerging market international equity	16,062	16,062	-	-
Domestic fixed income	80,309	-	80,309	-
Real estate	40,155	-	-	40,155
Short-term securities	4,015	-	4,015	-
	<u>\$ 321,237</u>	<u>\$ 196,758</u>	<u>\$ 84,324</u>	<u>\$ 40,155</u>
 <u>Investments at amortized cost using NAV</u>				
Private equity and strategic lending	80,310			
Total pension trust investments	<u>\$ 401,547</u>			

B. Restricted Investments – Tennessee School Board Association OPEB Trust

The School is a member of the Tennessee School Board Association (TSBA) 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.

The following table summarizes fair value disclosures and measurements for Millington Municipal School's investments held by the TSBA on its behalf June 30, 2024:

Investments at Fair Value	Total	Level 1	Level 2	Level 3
Fixed income mutual funds	\$ 176,027	\$ 176,027	\$ -	\$ -
Domestic equities mutual funds	158,064	158,064	-	-
International equities mutual funds	49,794	49,794	-	-
Structured investments	27,170	-	-	27,170
	<u>\$ 411,055</u>	<u>\$ 383,885</u>	<u>\$ -</u>	<u>\$ 27,170</u>
Cash and cash equivalents	3,766			
Total OPEB trust investments	<u>\$ 414,821</u>			

NOTE 4 – INVESTMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024:

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

Risks and Uncertainties – The TRGT's and TSBA'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 TSBA 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 TSBA.

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 TSBA 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 TSBA, are for the benefit of the School to pay the postemployment benefits of their respective employees.

NOTE 5 – INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2024, is as follows:

Receivable From	Payable To				Aggregate Nonmajor Governmental	Total
	General	School General Purpose	Sewer	General		
General	\$ -	\$ -	\$ -	\$ 198,854	\$ 198,854	
Debt Service	-	-	-	39,976	39,976	
Water	67,221	-	950	-	68,171	
Sewer	86,983	-	-	-	86,983	
Aggregate Nonmajor Governmental	119,867	498,484	12,568	4,556	635,475	
Total	\$ 274,071	\$ 498,484	\$13,518	\$ 243,386	\$ 1,029,459	

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, 2024, is as follows:

Transfers Out	Transfer In			Total
	School General Purpose	Nonmajor Governmental	General	
General	\$ 500,000	\$ 100,000	\$ 600,000	
Debt Service	-	406,727	406,727	
Aggregate Nonmajor Governmental	41,515	350,000	391,515	
Total	\$ 541,515	\$ 856,727	\$ 1,398,242	

Transfers from the City to the School represent payments to be used for general operations and payments to fund capital improvements.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 6,667,565	\$ 832,572	\$ (79,200)	\$ -	\$ 7,420,937
Construction in progress	5,400,716	5,403,995	-	(2,062,868)	8,741,843
Total capital assets, not being depreciated	12,068,281	6,236,567	(79,200)	(2,062,868)	16,162,780
Capital assets, being depreciated:					
Buildings and improvements	77,611,226	1,308,865	(2,613,608)	80,831	76,387,314
Furnishings and equipment	3,004,582	108,430	(153,744)	577,339	3,536,607
Vehicles	4,899,444	214,001	(300,261)	257,500	5,070,684
Infrastructure	46,843,056	72,000	-	1,147,198	48,062,254
Leased equipment	460,289	-	(460,289)	-	-
Subscription assets	113,982	-	-	-	113,982
Total capital assets, being depreciated	132,932,579	1,703,296	(3,527,902)	2,062,868	133,170,841
Less accumulated depreciation for:					
Buildings and improvements	(16,895,230)	(1,963,785)	531,342	-	(18,327,673)
Furnishings and equipment	(1,551,657)	(207,927)	41,793	-	(1,717,791)
Vehicles	(4,414,371)	(170,484)	299,261	-	(4,285,594)
Infrastructure	(7,619,902)	(1,248,802)	-	-	(8,868,704)
Leased assets	(334,756)	(125,533)	460,289	-	-
Subscription assets	(18,997)	(37,994)	-	-	(56,991)
Total accumulated depreciation	(30,834,913)	(3,754,525)	1,332,685	-	(33,256,753)
Total capital assets, being depreciated, net	102,097,666	(2,051,229)	(2,195,217)	2,062,868	99,914,088
Governmental activities capital assets, net	\$ 114,165,947	\$ 4,185,338	\$ (2,274,417)	\$ -	\$ 116,076,868
 Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 982,462	\$ -	\$ -	\$ -	\$ 982,462
Construction in progress	4,058,968	4,516,135	-	(4,489,378)	4,085,725
Total capital assets, not being depreciated	5,041,430	4,516,135	-	(4,489,378)	5,068,187
Capital assets, being depreciated:					
Buildings and improvements	36,275,105	-	-	4,489,378	40,764,483
Furnishings and equipment	2,689,678	138,793	-	-	2,828,471
Vehicles	586,391	89,189	-	-	675,580
Infrastructure	742,405	-	-	-	742,405
Total capital assets, being depreciated	40,293,579	227,982	-	4,489,378	45,010,939
Less accumulated depreciation for:					
Buildings and improvements	(17,014,928)	(945,786)	-	-	(17,960,714)
Furnishings and equipment	(1,598,479)	(103,677)	-	-	(1,702,156)
Vehicles	(584,527)	(13,208)	-	-	(597,735)
Infrastructure	(44,329)	(24,513)	-	-	(68,842)
Total accumulated depreciation	(19,242,263)	(1,087,184)	-	-	(20,329,447)
Total capital assets, being depreciated, net	21,051,316	(859,202)	-	4,489,378	24,681,492
Business-type activities capital assets, net	\$ 26,092,746	\$ 3,656,933	\$ -	\$ -	\$ 29,749,679

NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:		
General government	\$ 77,633	
Public safety	251,358	
Transportation and environment	1,370,742	
Community services	137,873	
Education	1,916,919	
Total depreciation expense - governmental activities	<u>\$ 3,754,525</u>	
Business-type Activities:		
Water	\$ 382,999	
Sewer	704,185	
Total depreciation expense - business-type activities	<u>\$ 1,087,184</u>	

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following is a detail of reported accounts payable and accrued liabilities at June 30, 2024:

	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 2,017,737	\$ 360,601	\$ 2,378,338
Retainage payable	-	175,744	175,744
Accrued other	96,192	12,480	108,672
Accrued payroll and benefits	309,060	37,365	346,425
TCRS payable	1,629	1,343	2,972
	<u>\$ 2,424,618</u>	<u>\$ 587,533</u>	<u>\$ 3,012,151</u>

NOTE 8 – LONG-TERM LIABILITIES

1. Long-Term Debt

Notes payable

The City periodically issues debt for the acquisition, construction, and improvement of major capital facilities and infrastructure. 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, 2024, the loan has not been fully drawn; however, payments have commenced and the outstanding balance is \$3,906,000.

On May 9, 2024, the City entered into a Bond Anticipation Note, Series 2024 with the Rural Water Financing Agency. Under the interim financing agreement, the \$26,000,000 note will be drawn during the construction phase to build the new Millington High School. The note bears interest at 4.60% and incurs monthly interest only payments funded by the loan proceeds until the interim financing matures on April 1, 2026.

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

Debt outstanding as of June 30, 2024 consisted of the following:

	Original Issue	Interest Rates	Maturity Date	Balance at Year End
Governmental activities:				
<i>Notes Payable:</i>				
<u>Payable through General Fund</u>				
TN Municipal League Note, Series 2013	\$ 1,150,000	2.90%	5/1/1933	\$ 594,000
TN Municipal League Note, Series 2015	6,000,000	3.02%	9/1/2035	3,746,600
TN Municipal League Note, Series 2021	6,000,000	2.45%	5/1/2041	5,490,000
TN Municipal League Refunding Note, Series 2021	3,500,470	2.46%	6/1/2036	2,890,000
	16,650,470			12,720,600
<u>Payable through Debt Service Fund</u>				
General Obligation Bond Anticipation Note, Series 2024	26,000,000	4.60%	4/1/2026	26,000,000
<u>Payable through General Purpose School Fund</u>				
TN Municipal League Refunding Note, Series 2020	1,889,245	2.46%	11/1/2038	1,655,000
Energy Efficient Schools Council Loan	463,022	0.50%	11/1/2038	383,700
	2,352,267			2,038,700
	\$ 45,002,737			\$ 40,759,300
Business-type activities:				
<i>Notes Payable:</i>				
<u>Payable through Sewer Fund</u>				
TN Municipal League Note, Series 2021	\$ 14,000,000	2.48%	5/1/2046	\$ 3,906,000
<u>Payable through Sewer Fund</u>				
State Revolving Loan Fund	2,827,400	1.41%	4/1/2035	1,629,862
	\$ 16,827,400			\$ 5,535,862

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
2025	\$ 1,103,072	\$ 1,566,576	\$ 596,240	\$ 118,949
2026	27,131,904	1,237,993	609,236	105,648
2027	1,015,548	312,800	723,252	92,050
2028	1,020,692	286,393	636,304	75,639
2029	1,026,836	259,910	650,380	61,411
2030 - 2034	5,158,419	899,430	2,186,084	103,951
2035 - 2039	3,533,829	303,018	134,366	1,308
2040	769,000	28,372	-	-
	\$ 40,759,300	\$ 4,894,492	\$ 5,535,862	\$ 558,956

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

2. Changes in long-term liabilities

A summary of long-term liability activity, including debt, for the year ended June 30, 2024 is as follows. Additional detailed information is available following the summary:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	\$ 11,607,375	\$ 30,222,053	\$ (1,070,128)	\$ 40,759,300	\$ 1,103,072
Lease obligation	153,398	-	(153,398)	-	-
Total long-term debt	11,760,773	30,222,053	(1,223,526)	40,759,300	1,103,072
Compensated absences	446,510	94,067	(78,180)	462,397	78,180
	\$ 12,207,283	\$ 30,316,120	\$ (1,301,706)	\$ 41,221,697	\$ 1,181,252
Business-type activities:					
Note payable - water	\$ 51,000	\$ 4,300,000	\$ (445,000)	\$ 3,906,000	\$ 456,000
Note payable - sewer	1,768,150	-	(138,288)	1,629,862	140,244
Total long-term debt	1,819,150	4,300,000	(583,288)	5,535,862	596,244
Compensated absences	56,019	7,828	(13,441)	50,406	7,195
	\$ 1,875,169	\$ 4,307,828	\$ (596,729)	\$ 5,586,268	\$ 603,439

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

NOTE 9 – NET POSITION AND FUND BALANCES BY PURPOSE

Following is more detailed calculation of the government-wide net investment in capital assets:

	Governmental Activities	Business-Type Activities	Total
Capital assets, net of accumulated depreciation	\$ 116,076,868	\$ 29,749,679	\$ 145,826,547
Total outstanding balance of capital debt	(40,759,300)	(5,535,862)	(46,295,162)
Unspent proceeds related to capital debt	27,231,746	513,635	27,745,381
Accounts payable for capital purposes	(275,515)	-	(275,515)
Net investment in capital assets	\$ 102,273,799	\$ 24,727,452	\$ 127,001,251

NOTE 9 – NET POSITION AND FUND BALANCES BY PURPOSE (CONTINUED)

Following is more detailed information on the governmental fund balances:

	General Fund	School General Purpose Fund	Debt Service Fund	Other Governmental Funds	Total
Nonspendable for:					
Inventory	\$ 49,280	\$ -	\$ -	\$ 21,518	\$ 70,798
Prepaid expenditures	292,113	13,534	-	316,540	622,187
Total nonspendable fund balance	<u>341,393</u>	<u>13,534</u>	<u>-</u>	<u>338,058</u>	<u>692,985</u>
Restricted for:					
Streets	-	-	-	65,783	65,783
Sanitation	-	-	-	913,364	913,364
Drug enforcement	-	-	-	90,530	90,530
DEA task force	-	-	-	126,279	126,279
Drainage control	-	-	-	786,251	786,251
Education	-	18,035,879	-	3,158,889	21,194,768
Trust investments	-	692,012	-	-	692,012
School capital projects	-	-	25,491,770	-	25,491,770
Total restricted fund balance	<u>-</u>	<u>18,727,891</u>	<u>25,491,770</u>	<u>5,141,096</u>	<u>49,360,757</u>
Committed for:					
Financial stabilization	5,743,270	-	-	-	5,743,270
Emergency	1,000,000	-	-	-	1,000,000
Library construction	883,079	-	-	-	883,079
Capital improvements	-	-	-	3,663,139	3,663,139
Total committed fund balance	<u>7,626,349</u>	<u>-</u>	<u>-</u>	<u>3,663,139</u>	<u>11,289,488</u>
Unassigned					
Total fund balances	<u>\$ 21,673,987</u>	<u>\$ 18,741,425</u>	<u>\$ 25,491,770</u>	<u>\$ 9,142,293</u>	<u>\$ 75,049,475</u>

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute.

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

	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Governmental Activities				
City Plan	\$ 330,906	\$ 1,701,142	\$ -	\$ 979,964
School BOE Plan	359,695	530,661	138,460	185,790
Teacher Legacy Plan	3,293,651	3,240,843	164,455	904,590
Teacher Retirement Plan	88,811	265,578	51,837	116,647
Total governmental activities	\$ 4,073,063	\$ 5,738,224	\$ 354,752	\$ 2,186,991
Business-type Activities				
City Plan	\$ 39,805	\$ 202,677	\$ -	\$ 56,404
	\$ 4,112,868	\$ 5,940,901	\$ 354,752	\$ 2,243,395

For governmental activities, pension liability is generally liquidated by the general and School general purpose funds.

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 10 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Employees Covered by Benefit Terms

At the measurement date of June 30, 2023, the following employees were covered by the benefit terms of the agent plans:

	City Plan	School BOE
Inactive employees or beneficiaries currently receiving benefits	121	18
Inactive employees entitled to but not yet receiving benefits	194	55
Active employees	131	84
	<hr/> 446	<hr/> 157
	<hr/> <hr/>	<hr/> <hr/>

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, 2024 were as follows:

	City Plan	School BOE	Teacher Legacy	Teacher Hybrid
Employer contributions	\$ 643,830	309,608	641,701	143,315
Covered-employee payroll	6,758,240	3,467,051	9,422,921	4,858,144
As a percentage of covered-employee payroll	9.53%	8.93%	6.81%	2.95%

B. Assumptions

The total pension liability as of June 30, 2023 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, 2023 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 10 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 10 – 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, 2023. 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	\$ 548,200	\$ 343,688		
Interest	2,224,513	236,914		
Differences between expected and actual experience	349,242	53,871		
Benefit payments, including refunds	(1,371,811)	(56,335)		
Net change in total pension liability	1,750,144	578,138		
Total pension liability - beginning	33,093,451	3,194,319		
Total pension liability - ending	34,843,595	3,772,457		
Plan Fiduciary Net Position				
Contributions - employer	675,102	274,502		
Contributions - employee	1,332	149,775		
Net investment income	2,240,355	248,873		
Benefit payments	(1,371,811)	(56,335)		
Administrative expense	(15,429)	(6,252)		
Net change in plan fiduciary net position	1,529,549	610,563		
Plan fiduciary net position - beginning	33,684,757	3,521,589		
Plan fiduciary net position - ending	35,214,306	4,132,152		
Net pension liability (asset)	\$ (370,711)	\$ (359,695)		
Proportionate share of net pension liability (asset)			(3,293,651)	(88,811)
Proportionate share at June 30, 2023 measurement date			0.279366%	0.209443%
Proportionate share at June 30, 2022 measurement date			0.281235%	0.211224%

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%	\$ 4,373,747	\$ (370,711)	\$ (4,278,655)
School BOE Plan	6.75%	269,839	(359,695)	(867,907)
Proportionate share of the net pension liability (asset)				
Teacher Legacy Plan	6.75%	7,173,801	(3,293,651)	(11,999,618)
Teacher Hybrid Plan	6.75%	408,527	(88,811)	(446,854)

NOTE 10 – 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, 2024, the City reported pension expense and deferred outflows of resources and deferred inflows of resources related to each plan from the following sources:

	<u>City Plan</u>	<u>School BOE</u>	<u>Teacher Legacy</u>	<u>Teacher Hybrid</u>
Pension Expense (Negative Pension Expense)	<u>\$ 1,036,368</u>	<u>\$ 185,790</u>	<u>\$ 904,590</u>	<u>\$ 116,647</u>
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 498,657	\$ 47,975	\$ 784,715	\$ 2,992
Net difference between projected and actual earnings on plan investments	252,942	46,245	571,465	22,580
Changes in assumptions	508,390	126,833	1,073,161	66,816
Change in proportion of net pension liability (asset)	-	-	169,801	29,875
Contributions subsequent to the measurement date of June 30, 2023	643,830	309,608	641,701	143,315
	<u>\$ 1,903,819</u>	<u>\$ 530,661</u>	<u>\$ 3,240,843</u>	<u>\$ 265,578</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ -	\$ 138,460	\$ 152,847	\$ 51,837
Change in proportion of net pension liability (asset)	-	-	11,608	-
	<u>\$ -</u>	<u>\$ 138,460</u>	<u>\$ 164,455</u>	<u>\$ 51,837</u>

The amounts shown above for “Contributions subsequent to the measurement date of June 30, 2023,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

<u>Years Ending June 30,</u>	<u>City Plan</u>	<u>School BOE</u>	<u>Teacher Legacy</u>	<u>Teacher Hybrid</u>
2025	\$ 574,215	\$ 1,153	\$ 847,788	\$ 3,835
2026	(154,555)	(11,291)	(376,099)	549
2027	838,458	78,991	1,958,522	35,381
2028	1,871	11,985	4,476	5,849
2029	-	1,755	-	5,987
Thereafter	-	-	-	18,825

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

E. Payable to the Pension Plans

	<u>City Plan</u>	<u>School BOE</u>	<u>Teacher Legacy</u>	<u>Teacher Hybrid</u>
Payable to the pension plan at June 30, 2024	<u>\$ 2,972</u>	<u>\$ 441</u>	<u>\$ 41,171</u>	<u>\$ 11,047</u>

NOTE 11 – 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, 2024, the School employer contributions to the Teacher Retirement Plan were \$245,173 of which \$18,413 was payable at year end.

City 457 Plan

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

NOTE 12 - 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 12 - 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. Members are eligible for benefits at the earlier of age 55 with 10 years of service credit, age 60 with 10 years of service credit, or 30 years of service credit regardless of age. Retirees hired after July 1, 1997 must have a minimum of 15 years of service at retirement to be eligible for the plan. The City pays 65% of the premium for healthcare and life insurance benefits for retirees and their dependents and benefits continue for as long as retiree or retiree beneficiary makes the required contribution. Medical benefits are provided through the Shelby County Government Medical Plan. A Medicare supplement plan is available for Medicare eligible retirees. Life insurance benefits are provided based on the amount of coverage at retirement.

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, receive 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.

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

Employees Covered by Benefit Terms

The City OPEB Plan has a measurement date of June 30, 2024 while each School OPEB plan has a measurement date of June 30, 2023. As of the respective plan measurement dates, the following employees were covered by the benefit terms of the plans:

	City OPEB Plan	School TGOP	School TNP
Inactive employees or beneficiaries currently receiving benefits	24	8	3
Inactive employees entitled to but not yet receiving benefits	-	9	15
Active employees	45	178	189
	69	195	207

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 made no payments to the TGOP for OPEB benefits and made payment of \$5,849 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	4.21% 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 S&P Municipal Bond 20 year High Grade Rate Index. The discount rate used to measure the total OPEB liability was 4.21%.

Changes of assumptions

For the year ended June 30, 2024, the discount rate was increased from 3.54% to 4.21%.

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

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, 2023, using the following assumptions and the entry age normal level percent of pay actuarial cost method:

Inflation rate	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Discount rate	3.65%
Healthcare cost trend rates (TGOP OPEB Plan)	10.3% for pre-65 in 2024, decreasing annually over a 11-year period to an ultimate rate of 4.50%. 12.4% for post-65 in 2024, decreasing annually over a 11-year period to an ultimate rate of 4.50%.
Healthcare cost trend rates (TNP OPEB Plan)	7.2% for pre-65 in 2024, 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 with MP-2021 from 2010. 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-2021.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2022 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 3.65 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.

Changes of assumptions

For the year ended June 30, 2024, the discount rate was increased from 3.54% to 3.65%, mortality table were updated from scale MP-2020 to scale MP-2021, and healthcare cost trend rates were updated.

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

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:

	City OPEB Plan	School TGOP	School TNP
Total OPEB Liability			
Service cost	\$ 163,985	\$ 183,941	\$ 130,233
Interest	157,087	147,180	104,542
Changes in benefit terms	-	(798,846)	-
Differences between expected and actual experience	(14,974)	(56,098)	461,855
Changes in assumptions	(414,767)	273,338	673,840
Benefit payments, including refunds	(162,367)	(122,904)	(9,511)
Net change in total OPEB liability	<u>(271,036)</u>	<u>(373,389)</u>	<u>1,360,959</u>
Total OPEB liability - beginning	4,354,676	4,034,601	2,827,633
Total OPEB liability - ending	<u><u>\$ 4,083,640</u></u>	<u><u>\$ 3,661,212</u></u>	<u><u>\$ 4,188,592</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability		<u><u>\$ 1,443,124</u></u>	<u><u>\$ 429,691</u></u>
Employer's proportionate share of the collective total OPEB liability		<u><u>\$ 2,218,088</u></u>	<u><u>\$ 3,758,901</u></u>
Change in proportionate share from prior measurement date		<u><u>8.12%</u></u>	<u><u>1.19%</u></u>

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 \$(125,961) and \$572, respectively, in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP and TNP for School retirees.

For governmental activities, OPEB liability is generally liquidated by the general and School general purpose funds.

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	4.21%	\$ 3,566,537	\$ 4,083,640	\$ 4,726,782
School Teacher Group OPEB Plan liability	3.65%	2,386,483	2,218,088	2,058,122
School Tennessee Plan OPEB liability	3.65%	4,687,798	3,758,901	3,040,367

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (CONTINUED)

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%	\$ 3,903,247	\$ 4,083,640	\$ 4,307,961
School Teacher Group OPEB Plan liability	see table	1,989,536	2,218,088	2,481,493
School Tennessee Plan OPEB liability	see table	3,089,559	3,758,901	4,672,493

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

For the year ended June 30, 2024, 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	\$ 11,065	\$ (251,957)	\$ 239,455	\$ (1,437)

Deferred Outflows of Resources

Differences between expected and actual experience	\$ -	\$ 95,563	\$ 442,826	\$ 538,389
Changes in assumptions	135,536	452,523	1,431,048	2,019,107
Changes of proportional share	-	110,208	193,474	303,682
Employer payments subsequent to the measurement date of June 30, 2023	-	-	5,849	5,849
	<u>\$ 135,536</u>	<u>\$ 658,294</u>	<u>\$ 2,073,197</u>	<u>\$ 2,867,027</u>

Deferred Inflows of Resources

Differences between expected and actual experience	\$ 721,103	\$ 29,851	\$ 128,977	\$ 879,931
Changes in assumptions	931,468	183,242	1,691,651	2,806,361
Changes of proportional share	-	285,747	25,662	311,409
	<u>\$ 1,652,571</u>	<u>\$ 498,840</u>	<u>\$ 1,846,290</u>	<u>\$ 3,997,701</u>

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

	City OPEB Plan	School TGOP	School TNP	Total
2025	\$ (310,006)	\$ 31,406	\$ 28,765	\$ (249,835)
2026	(310,006)	31,406	28,765	(249,835)
2027	(335,188)	31,406	28,765	(275,017)
2028	(356,540)	31,406	28,765	(296,369)
2029	(148,701)	31,406	28,973	(88,322)
Thereafter	(56,594)	2,424	77,025	22,855

NOTE 13 - 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. Collection fees paid to the Trustee totaled \$74,853 for the year ended June 30, 2024.

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 \$4.67 per thousand gallons.

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 by management.

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 sold E.A. Harold, a closed school building, to the Department of Veteran Affairs for \$629,000 in June 2024.

NOTE 14 - RISK MANAGEMENT

Insurance

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

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

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

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

CITY OF MILLINGTON PUBLIC EMPLOYEE PENSION PLAN OF TCRS

Last Ten Fiscal Years June 30*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 548,200	\$ 571,787	\$ 510,482	\$ 510,851	\$ 492,659	\$ 478,485	\$ 442,221	\$ 523,831	\$ 500,187	\$ 514,637
Interest	2,224,513	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	349,242	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	(1,371,811)	(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	1,750,144	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	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	20,545,779
Total pension liability - ending	34,843,595	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
Plan Fiduciary Net Position										
Contributions - employer	675,102	498,221	503,881	483,100	536,897	519,745	524,639	469,835	530,147	511,544
Contributions - employee	1,332	-	-	-	-	-	-	-	-	-
Net investment income	2,240,355	(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	(1,371,811)	(1,254,962)	(1,120,021)	(1,054,910)	(1,012,650)	(955,479)	(930,383)	(947,999)	(954,367)	(944,283)
Administrative expense	(15,429)	(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	1,529,549	(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	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	19,794,041
Plan fiduciary net position - ending	35,214,306	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
Net pension liability (asset)	\$ (370,711)	\$ (591,306)	\$ (4,435,002)	\$ (1,445,052)	\$ (1,402,018)	\$ (1,689,994)	\$ (720,125)	\$ (2,088)	\$ 90,531	\$ (665,066)
Plan fiduciary net position as a percentage of the total pension liability	101.06%	101.79%	114.14%	105.24%	105.23%	106.75%	102.95%	100.01%	99.61%	103.03%
Covered payroll	\$ 6,659,859	\$ 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
Net pension liability (asset) as a percentage of covered payroll	-5.57%	-9.52%	-70.59%	-23.81%	-23.32%	-29.04%	-12.77%	-0.04%	1.39%	-10.48%

Changes of assumptions.

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

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 643,830	\$ 675,102	\$ 498,221	\$ 503,881	\$ 483,100	\$ 536,897	\$ 519,745	\$ 503,733	\$ 469,835	\$ 530,147
Contributions	643,830	675,102	498,221	503,881	483,100	536,897	519,745	524,639	469,835	530,147
Contribution deficiency (surplus)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,906)	\$ -	\$ -
Covered payroll	\$ 6,758,240	\$ 6,659,859	\$ 6,212,239	\$ 6,282,806	\$ 6,069,088	\$ 6,012,280	\$ 5,820,211	\$ 5,640,909	\$ 5,771,931	\$ 6,512,864
Contributions as a percentage of covered payroll	9.53%	10.14%	8.02%	8.02%	7.96%	8.93%	8.93%	9.30%	8.14%	8.14%

NOTE 1 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial valuation date	Actuarially determined contribution rates for fiscal year 2024 were calculated based on the June 30, 2022 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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension (asset) liability	0.279366%	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	\$ (3,293,651)	\$ (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	\$ 9,065,571	\$ 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
Proportionate share of the net pension (asset) liability as a percentage of its covered payroll	-36.33%	-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	104.11%	104.42%	116.13%	103.09%	104.28%	101.49%	100.14%	97.14%	99.80%	100.08%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required	\$ 641,701	\$ 787,798	\$ 953,291	\$ 1,004,791	\$ 1,029,895	\$ 1,034,744	\$ 932,280	\$ 914,386	\$ 912,429	\$ 826,309
Contribution in relation to the contractually required contribution	641,701	787,798	953,291	1,004,791	1,029,895	1,034,744	932,280	914,386	912,429	826,309
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,422,921	\$ 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
Contributions as a percentage of covered payroll	6.81%	8.69%	10.30%	10.27%	10.63%	10.46%	9.03%	9.12%	9.04%	9.04%

Changes of assumptions

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension (asset) liability	0.209443%	0.211224%	0.227689%	0.227789%	0.249914%	0.254385%	0.301476%	0.356813%	0.479760%
Proportionate share of the net pension (asset) liability	\$ (88,811)	\$ (63,985)	\$ (246,636)	\$ (129,530)	\$ (141,073)	\$ (115,371)	\$ (79,541)	\$ (37,145)	\$ (19,301)
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
Proportionate share of the net pension (asset) liability as a percentage of its covered payroll	-2.14%	-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	104.97%	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*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required	\$ 143,315	\$ 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	143,315	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	\$ 4,858,144	\$ 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	2.95%	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	1.05%	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.

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*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 343,688	\$ 357,850	\$ 326,346	\$ 315,138	\$ 317,537	\$ 325,810	\$ 288,750	\$ 261,184	\$ 272,709
Interest	236,914	206,545	179,963	147,645	120,557	93,828	66,546	40,083	20,415
Differences between expected and actual experience	53,871	(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	(56,335)	(43,275)	(22,367)	(28,160)	(31,169)	(6,903)	(3,992)	(3,437)	(1,005)
Net change in total pension liability	578,138	470,601	556,626	431,669	374,523	389,081	371,293	325,545	274,981
Total pension liability - beginning	3,194,319	2,723,718	2,167,092	1,735,423	1,360,900	971,819	600,526	274,981	-
Total pension liability - ending	3,772,457	3,194,319	2,723,718	2,167,092	1,735,423	1,360,900	971,819	600,526	274,981
Plan Fiduciary Net Position									
Contributions - employer	274,502	256,806	248,753	249,422	242,442	245,496	230,248	196,318	182,233
Contributions - employee	149,775	136,951	131,918	130,432	122,462	118,524	110,269	101,788	90,476
Net investment income	248,873	(133,273)	643,314	101,432	118,495	96,097	83,446	11,056	4,119
Benefit payments	(56,335)	(43,275)	(22,367)	(28,160)	(31,169)	(6,903)	(3,992)	(3,437)	(1,005)
Administrative expense	(6,252)	(8,131)	(7,443)	(7,730)	(7,656)	(8,022)	(7,519)	(6,604)	(4,222)
Net change in plan fiduciary net position	610,563	209,078	994,175	445,396	444,574	445,192	412,452	299,121	271,601
Plan fiduciary net position - beginning	3,521,589	3,312,511	2,318,336	1,872,940	1,428,366	983,174	570,722	271,601	-
Plan fiduciary net position - ending	4,132,152	3,521,589	3,312,511	2,318,336	1,872,940	1,428,366	983,174	570,722	271,601
Net pension liability (asset)	<u>\$ (359,695)</u>	<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>
Plan fiduciary net position as a percentage of the total pension liability	109.53%	110.25%	121.62%	106.98%	107.92%	104.96%	101.17%	95.04%	98.77%
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
School's net pension liability as a percentage of covered payroll	-11.69%	-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*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 309,608	\$ 250,525	\$ 204,754	\$ 212,819	\$ 222,888	\$ 218,007	\$ 225,977	\$ 204,941	\$ 196,318	\$ 182,233
Contributions	309,608	274,502	256,806	248,753	249,422	242,442	245,496	230,248	196,318	182,233
Contribution deficiency (excess)	\$ -	\$ (23,977)	\$ (52,052)	\$ (35,934)	\$ (26,534)	\$ (24,435)	\$ (19,519)	\$ (25,307)	\$ -	\$ -
Covered payroll	\$ 3,467,051	\$ 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%	8.92%	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 2024 were calculated based on the June 30, 2022 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.

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
CITY OPEB
Last Ten Fiscal Years June 30*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:							
Service cost	\$ 163,985	\$ 163,985	\$ 257,663	\$ 253,556	\$ 151,349	\$ 151,349	\$ 145,696
Interest	157,087	151,228	137,022	132,997	204,407	194,938	185,472
Differences between actual and expected experience	(14,974)	-	(1,125,951)	(97,178)	-	-	-
Changes of assumptions	(414,767)	-	(979,079)	-	403,393	-	-
Benefit payments	(162,367)	(137,041)	(111,117)	(111,621)	(111,621)	(92,861)	(92,861)
Net change in total OPEB liability (asset)	(271,036)	178,172	(1,821,462)	177,754	647,528	253,426	238,307
Total OPEB liability-beginning	4,354,676	4,176,504	5,997,966	5,820,212	5,172,684	4,919,258	4,680,951
Total OPEB liability-ending	<u>4,083,640</u>	<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>
Covered payroll	\$ 5,857,828	\$ 5,300,820	\$ 5,300,820	\$ 5,644,448	\$ 5,644,448	\$ 5,066,363	\$ 5,066,363
Net OPEB liability as a percentage of covered payroll	69.71%	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*

	2024	2023	2022	2021	2020
Total OPEB liability:					
Service cost	\$ 183,941	\$ 204,935	\$ 157,151	\$ 123,446	\$ -
Interest	147,180	74,176	58,144	75,350	-
Changes in benefit terms	(798,846)	859,469	-	5,072	2,049,897
Differences between actual and expected experience	(56,098)	89,747	107,316	26,861	-
Changes of assumptions	273,338	(391,685)	501,920	284,761	-
Benefit payments	(122,904)	(62,017)	(76,251)	(53,691)	-
Net change in total OPEB liability (asset)	(373,389)	774,625	748,280	461,799	2,049,897
Total OPEB liability-beginning	4,034,601	3,259,976	2,511,696	2,049,897	-
Total OPEB liability-ending	<u>\$ 3,661,212</u>	<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	\$ 1,443,124	\$ 1,262,737	\$ 1,151,831	\$ 818,617	\$ 734,156
Employer's proportionate share of the collective total OPEB liability	\$ 2,218,088	\$ 2,771,864	\$ 2,108,145	\$ 1,693,079	\$ 1,315,741
Covered payroll	\$ 11,823,127	\$ 6,644,566	**	**	**
Net OPEB liability as a percentage of covered payroll	18.76%	41.72%			

**Covered payroll information was unavailable prior to 2023.

Note 1 - There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits of the plan.

Changes of assumptions

In 2024, the following assumptions were changed: increase in the discount rate from 3.54% to 3.65%; mortality improvement scale was updated from MP2020 to MP2021; the medical and drug trend rate assumptions were updated to reflect more recent experience and a change in expected per capita health claims to reflect more recent information as of the measurement date; and coverage acceptance rates for certain employers were updated to reflect more recent subsidy amounts and plan experience.

* 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*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:							
Service cost	\$ 130,233	\$ 215,712	\$ 304,727	\$ 15,459	\$ 11,055	\$ 9,845	\$ 12,046
Interest	104,542	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	461,855	(156,308)	73,392	(34,039)	37,152	27,460	-
Changes of assumptions	673,840	(1,042,417)	(1,501,359)	1,580,215	2,695	(2,758)	(27,091)
Benefit payments	(9,511)	(4,402)	(4,656)	(715)	(112)	(139)	-
Net change in total OPEB liability (asset)	1,360,959	(902,238)	(1,016,322)	4,439,455	60,116	42,039	(8,472)
Total OPEB liability-beginning	2,827,633	3,729,871	4,746,193	306,738	246,622	204,583	213,055
Total OPEB liability-ending	<u>\$ 4,188,592</u>	<u>\$ 2,827,633</u>	<u>\$ 3,729,871</u>	<u>\$ 4,746,193</u>	<u>\$ 306,738</u>	<u>\$ 246,622</u>	<u>\$ 204,583</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 429,691	\$ 323,868	\$ 311,780	\$ 496,227	\$ 306,738	\$ 246,622	\$ 204,583
Employer's proportionate share of the collective total OPEB liability	\$ 3,758,901	\$ 2,503,765	\$ 3,418,091	\$ 4,249,966	\$ -	\$ -	\$ -
Covered payroll	\$ 11,823,127	\$ 6,644,566	**	**	**	**	**
Net OPEB liability as a percentage of covered payroll	31.79%	37.68%					

**Covered payroll information was unavailable prior to 2023.

Note 1 - There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits of the plan.

Changes of assumptions

In 2024, the following assumptions were changed: increase in the discount rate from 3.54% to 3.65%; mortality improvement scale was updated from MP2020 to MP2021; the medical and drug trend rate assumptions were updated to reflect more recent experience and a change in expected per capita health claims to reflect more recent information as of the measurement date; and coverage acceptance rates for certain employers were updated to reflect more recent subsidy amounts and plan experience.

* 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, 2024

	Special Revenue Funds									Total Nonmajor Governmental Funds	
	State Street Aid Fund	Sanitation Fund	Drug Fund	DEA Drug Fund	Storm Water Fund	School Federal Projects	School Cafeteria Fund	Student Activity Fund	Capital Projects		
ASSETS											
Cash and cash equivalents	\$ 12,429	\$ 949,362	\$ 37,208	\$ 138,113	\$ 771,206	\$ -	\$ 1,418,648	\$ 490,937	\$ 3,214,690	\$ 1,166,816	\$ 8,199,409
Short-term investments	-	-	66,912	-	-	-	-	-	-	-	66,912
Receivables											
Accounts	-	211,720	-	-	79,004	-	-	-	-	-	290,724
Less allowance for doubtful accounts	-	(121,855)	-	-	(37,268)	-	-	-	-	-	(159,123)
Due from other governments	67,910	-	-	-	-	595,631	23,696	-	293,436	76,730	1,057,403
Due from other funds	-	-	-	-	4,556	-	-	-	198,854	39,976	243,386
Inventory	-	-	-	-	-	-	21,518	247	-	-	21,765
Restricted cash	-	-	-	-	-	-	-	-	513,635	-	513,635
Prepaid Items	-	36,384	-	-	2,790	277,366	-	-	-	-	316,540
Total assets	<u>\$ 80,339</u>	<u>\$ 1,075,611</u>	<u>\$ 104,120</u>	<u>\$ 138,113</u>	<u>\$ 820,288</u>	<u>\$ 872,997</u>	<u>\$ 1,463,862</u>	<u>\$ 491,184</u>	<u>\$ 4,220,615</u>	<u>\$ 1,283,522</u>	<u>\$ 10,550,651</u>
LIABILITIES											
Accounts payable and accrued liabilities	\$ 5,042	\$ 29,232	\$ 13,590	\$ 11,121	\$ 1,114	\$ 97,145	\$ -	\$ -	\$ 235,359	\$ 54,781	\$ 447,384
Due to other funds	9,514	96,631	-	713	30,133	498,484	-	-	-	-	635,475
Unearned revenue	-	-	-	-	-	-	-	-	58,500	-	58,500
Total liabilities	<u>14,556</u>	<u>125,863</u>	<u>13,590</u>	<u>11,834</u>	<u>31,247</u>	<u>595,629</u>	<u>-</u>	<u>-</u>	<u>293,859</u>	<u>54,781</u>	<u>1,141,359</u>
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue											
Grants	-	-	-	-	-	-	3,382	-	263,617	-	266,999
FUND BALANCES											
Nonspendable	-	36,384	-	-	2,790	277,366	21,518	-	-	-	338,058
Restricted	65,783	913,364	90,530	126,279	786,251	2	1,438,962	491,184	-	1,228,741	5,141,096
Committed	-	-	-	-	-	-	-	-	3,663,139	-	3,663,139
Total fund balances	<u>65,783</u>	<u>949,748</u>	<u>90,530</u>	<u>126,279</u>	<u>789,041</u>	<u>277,368</u>	<u>1,460,480</u>	<u>491,184</u>	<u>3,663,139</u>	<u>1,228,741</u>	<u>9,142,293</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 80,339</u>	<u>\$ 1,075,611</u>	<u>\$ 104,120</u>	<u>\$ 138,113</u>	<u>\$ 820,288</u>	<u>\$ 872,997</u>	<u>\$ 1,463,862</u>	<u>\$ 491,184</u>	<u>\$ 4,220,615</u>	<u>\$ 1,283,522</u>	<u>\$ 10,550,651</u>

CITY OF MILLINGTON, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	Special Revenue Funds								Capital Projects	School Capital Projects	Total Nonmajor Governmental Funds
	State Street Aid Fund	Sanitation Fund	Drug Fund	DEA Drug Fund	Storm Water Fund	School Federal Projects	School Cafeteria Fund	Student Activity Fund			
REVENUES											
Intergovernmental											
Gas taxes	\$ 389,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 389,450
Shelby County	-	-	-	-	-	-	-	-	-	1,075,290	1,075,290
Charges for services	-	965,232	-	-	404,228	-	101,479	-	-	-	1,470,939
License and permits	-	-	-	-	400	-	-	-	-	-	400
Fines, forfeitures, and penalties	-	-	1,951	-	-	-	-	-	-	-	1,951
Federal, state and other grants	-	-	-	22,927	-	3,086,321	2,240,716	-	4,337,794	-	9,687,758
Interest on investments	15	280	3,209	42	199	-	-	-	999	-	4,744
Other	-	-	-	-	-	-	21,977	650,371	-	-	672,348
Total revenues	<u>389,465</u>	<u>965,512</u>	<u>5,160</u>	<u>22,969</u>	<u>404,827</u>	<u>3,086,321</u>	<u>2,364,172</u>	<u>650,371</u>	<u>4,338,793</u>	<u>1,075,290</u>	<u>13,302,880</u>
EXPENDITURES											
Current											
Public safety	-	-	1,573	46,161	-	-	-	-	-	-	47,734
Transportation and environment	518,288	929,611	-	-	241,630	-	-	-	-	-	1,689,529
Education	-	-	-	-	-	3,100,278	2,154,179	637,531	-	-	5,891,988
Capital outlays	-	-	-	-	-	-	-	-	4,954,842	3,252,917	8,207,759
Total expenditures	<u>518,288</u>	<u>929,611</u>	<u>1,573</u>	<u>46,161</u>	<u>241,630</u>	<u>3,100,278</u>	<u>2,154,179</u>	<u>637,531</u>	<u>4,954,842</u>	<u>3,252,917</u>	<u>15,837,010</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(128,823)</u>	<u>35,901</u>	<u>3,587</u>	<u>(23,192)</u>	<u>163,197</u>	<u>(13,957)</u>	<u>209,993</u>	<u>12,840</u>	<u>(616,049)</u>	<u>(2,177,627)</u>	<u>(2,534,130)</u>
OTHER FINANCING SOURCES (USES)											
Issuance of debt	-	-	-	-	-	-	-	-	4,222,053	-	4,222,053
Sale of capital assets	5,000	-	-	-	-	-	-	-	-	629,000	634,000
Transfers in	100,000	-	-	-	-	-	-	-	-	756,727	856,727
Transfers out	-	-	-	-	-	(41,515)	-	-	(350,000)	-	(391,515)
Total other financing sources and uses	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,515)</u>	<u>-</u>	<u>-</u>	<u>3,872,053</u>	<u>1,385,727</u>	<u>5,321,265</u>
Net change in fund balances	<u>(23,823)</u>	<u>35,901</u>	<u>3,587</u>	<u>(23,192)</u>	<u>163,197</u>	<u>(55,472)</u>	<u>209,993</u>	<u>12,840</u>	<u>3,256,004</u>	<u>(791,900)</u>	<u>2,787,135</u>
Fund balances - beginning	<u>89,606</u>	<u>913,847</u>	<u>86,943</u>	<u>149,471</u>	<u>625,844</u>	<u>332,840</u>	<u>1,250,487</u>	<u>478,344</u>	<u>407,135</u>	<u>2,020,641</u>	<u>6,355,158</u>
Fund balances - ending	<u>\$ 65,783</u>	<u>\$ 949,748</u>	<u>\$ 90,530</u>	<u>\$ 126,279</u>	<u>\$ 789,041</u>	<u>\$ 277,368</u>	<u>\$ 1,460,480</u>	<u>\$ 491,184</u>	<u>\$ 3,663,139</u>	<u>\$ 1,228,741</u>	<u>\$ 9,142,293</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, 2024

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	Original	Final	
REVENUES					
Intergovernmental - state gas tax					
Gas motor fuel	\$ 185,000	\$ 185,000	\$ 189,865	\$ 4,865	
Gas 1989	29,000	29,000	29,683	683	
Gas 3 cent	52,000	52,000	54,810	2,810	
Gas 2017	93,000	93,000	95,723	2,723	
Petroleum special	18,900	18,900	19,369	469	
Interest on investments	44	44	15	(29)	
Total revenues	<u>377,944</u>	<u>377,944</u>	<u>389,465</u>	<u>11,521</u>	
EXPENDITURES					
TRANSPORTATION AND ENVIRONMENT					
Public Works					
Operations	217,000	191,000	102,548	88,452	
Paving	75,000	75,000	45,811	29,189	
Street lighting	285,000	285,000	282,093	2,907	
Capital outlay	18,000	94,000	87,836	6,164	
Total expenditures	<u>595,000</u>	<u>645,000</u>	<u>518,288</u>	<u>126,712</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(217,056)	(267,056)	(128,823)	138,233	
OTHER FINANCING SOURCES					
Sale of capital assets	-	-	5,000	5,000	
Transfers in	267,056	267,056	100,000	(167,056)	
Total Other Financing Sources (Uses)	<u>267,056</u>	<u>267,056</u>	<u>105,000</u>	<u>(162,056)</u>	
Net change in fund balances	\$ 50,000	\$ -	(23,823)	\$ (23,823)	
Fund balances - beginning			<u>89,606</u>		
Fund balances - ending			<u>\$ 65,783</u>		

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

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services				
Sanitation fees	\$ 952,000	\$ 952,000	\$ 965,232	\$ 13,232
Interest on investments	266	266	280	14
Total revenues	952,266	952,266	965,512	13,246
EXPENDITURES				
TRANSPORTATION AND ENVIRONMENT				
Public Works				
Salaries	401,383	401,383	343,000	58,383
Benefits	146,521	146,521	118,324	28,197
Operations	359,362	359,362	304,077	55,285
Capital outlay	45,000	175,000	164,210	10,790
Total expenditures	952,266	1,082,266	929,611	152,655
Net change in fund balances	\$ -	\$ (130,000)	35,901	\$ 165,901
Fund balances - beginning			913,847	
Fund balances - ending			\$ 949,748	

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

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines, forfeitures, and penalties	\$ 2,500	\$ 2,500	\$ 1,951	\$ (549)
Interest on investments	-	-	3,209	3,209
Total revenues	2,500	2,500	5,160	2,660
EXPENDITURES:				
Public Safety				
Operations	19,550	19,550	1,573	17,977
Total expenditures	19,550	19,550	1,573	17,977
EXCESS OF REVENUES OVER EXPENDITURES				
	(17,050)	(17,050)	3,587	20,637
OTHER FINANCING SOURCES				
Planned use of fund balance	17,050	17,050	-	(17,050)
Net change in fund balances	\$ -	\$ -	3,587	\$ 3,587
Fund balances - beginning			86,943	
Fund balances - ending			\$ 90,530	

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Federal, state and other grants	\$ 15,000	\$ 15,000	\$ 22,927	\$ 7,927
Interest on investments	-	-	42	42
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>22,969</u>	<u>7,969</u>
EXPENDITURES:				
Public Safety				
Operations	67,400	72,400	46,161	26,239
Capital outlay	35,000	30,000	-	30,000
Total expenditures	<u>102,400</u>	<u>102,400</u>	<u>46,161</u>	<u>56,239</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(87,400)</u>	<u>(87,400)</u>	<u>(23,192)</u>	<u>64,208</u>
OTHER FINANCING SOURCES				
Planned use of fund balance	<u>87,400</u>	<u>87,400</u>	<u>-</u>	<u>(87,400)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(23,192)</u>	<u>\$ (23,192)</u>
Fund balances - beginning			<u>149,471</u>	
Fund balances - ending			<u>\$ 126,279</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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services				
Storm water control fees	\$ 426,550	\$ 426,550	\$ 404,228	\$ (22,322)
Permits	3,000	3,000	400	(2,600)
Interest on investments	170	170	199	29
Total revenues	<u>429,720</u>	<u>429,720</u>	<u>404,827</u>	<u>(24,893)</u>
EXPENDITURES				
TRANSPORTATION AND ENVIRONMENT				
Public Works				
Personnel costs	80,645	80,645	37,695	42,950
Operations	348,905	344,905	203,935	140,970
Capital outlay	-	4,000	-	4,000
Total expenditures	<u>429,550</u>	<u>429,550</u>	<u>241,630</u>	<u>187,920</u>
Net change in fund balances	<u>\$ 170</u>	<u>\$ 170</u>	<u>163,197</u>	<u>\$ 163,027</u>
Fund balances - beginning			<u>625,844</u>	
Fund balances - ending			<u>\$ 789,041</u>	

CITY OF MILLINGTON, TENNESSEE

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

For the Year Ended June 30, 2024

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts	
REVENUES				
Federal, state and other grants	\$ 2,571,264	\$ 3,720,898	\$ 3,086,321	\$ (634,577)
EXPENDITURES				
EDUCATION				
Instruction				
Regular Education Title:				
Personnel	317,579	328,206	318,515	9,691
Contractual	122,235	12,120	10,880	1,240
Supplies	41,365	130,641	63,387	67,254
	481,179	470,967	392,782	78,185
Regular Education-ESSER 3.0:				
Personnel	-	307,650	296,063	11,587
Supplies	-	230,496	212,046	18,450
	-	538,146	508,109	30,037
Special Education-IDEA Part B				
Personnel	428,461	548,559	536,625	11,934
Contractual	17,915	56,952	56,452	500
Supplies	15,254	7,466	6,556	910
	461,630	612,977	599,633	13,344
Special Education-ARP IDEA Part B				
Contractual	-	12,198	12,198	-
Supplies	-	14,633	14,633	-
	-	26,831	26,831	-
Special Education- IDEA Preschool				
Personnel	7,781	17,151	16,834	317
Contractual	1,000	15,427	15,427	-
Supplies	1,000	1,447	502	945
	9,781	34,025	32,763	1,262
Special Education-ARP IDEA Preschool				
Contractual	-	2,056	2,056	-
Supplies	-	6,866	6,866	-
	-	8,922	8,922	-
Vocational Education-CTE Perkins				
Supplies	19,092	33,078	33,062	16
Total Instruction	971,682	1,724,946	1,602,102	122,844
Support Services				
Other Student Support-Title				
Supplies	7,996	9,421	8,199	1,222
Other Student Support-CTE Perkins				
Contractual	7,000	4,515	4,082	433
Other Charges	6,000	3,986	3,494	492
	13,000	8,501	7,576	925

(CONTINUED ON NEXT PAGE)

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, 2024

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts	
Full Service Community Schools				
Personnel	\$ 430,000	\$ -	\$ -	\$ -
Contractual	280,000	-	-	-
	<u>710,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Instruction Support-Title				
Personnel	429,189	633,794	612,693	21,101
Contractual	3,892	-	-	-
Other	147,053	25,650	22,797	2,853
	<u>580,134</u>	<u>659,444</u>	<u>635,490</u>	<u>23,954</u>
Instruction Support-Math Implementation				
Contractual	72,000	71,250	71,024	226
Instruction Support-ESSER 3				
Personnel	-	158,800	158,182	618
Other	-	704,735	300,000	404,735
	<u>-</u>	<u>863,535</u>	<u>458,182</u>	<u>405,353</u>
Instruction Support-ARP Homeless				
Personnel	-	1,283	1,272	11
Supplies	-	4,720	1,228	3,492
Other	-	1,000	934	66
	<u>-</u>	<u>7,003</u>	<u>3,434</u>	<u>3,569</u>
Special Education Support-IDEA Part B				
Personnel	78,647	153,772	142,823	10,949
Contractual	44,779	38,034	36,394	1,640
Supplies	1,700	1,000	-	1,000
Other Charges	3,201	800	800	-
	<u>128,327</u>	<u>193,606</u>	<u>180,017</u>	<u>13,589</u>
Special Education Support- ARP IDEA Part B				
Contractual	-	2,000	2,000	-
Other Charges	-	5,346	5,346	-
	<u>-</u>	<u>7,346</u>	<u>7,346</u>	<u>-</u>
Special Education Support- IDEA-Preschool				
Other Charges	750	-	-	-
Vocational Education Support-CTE-Perkins				
Other Charges	2,387	971	941	30
Total support services:	1,514,594	1,821,077	1,372,209	448,868

(CONTINUED ON NEXT PAGE)

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, 2024

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts	
Business Administration				
Fiscal Services-Fiscal Pre-Monitoring				
Contractual	-	11,200	9,000	2,200
Operation and Maintenance				
Maintenance of Plant- ESSER 3.0				
Personnel	-	62,187	61,856	331
Transportation				
Transportation-ARP Homeless				
Other charges	-	780	-	780
Transportation-IDEA Part B				
Contractual	7,000	1,000	-	1,000
Total Transportation	7,000	1,780	-	1,780
Technology				
Technology-Esser 3.0				
Supplies	-	26,800	26,800	-
Capital outlay	19,483	28,794	28,311	483
Total Expenditures	2,512,759	3,676,784	3,100,278	576,506
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	58,505	44,114	(13,957)	(58,071)
OTHER FINANCING USES				
Transfers out	58,505	44,114	41,515	(2,599)
Net change in fund balances	\$ -	\$ -	(55,472)	\$ (55,472)
Fund balances - beginning			332,840	
Fund balances - ending			\$ 277,368	

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services				
Cafeteria fees	\$ 78,000	\$ 78,000	\$ 101,479	\$ 23,479
Federal, state and other grants	2,048,309	2,259,074	2,240,716	(18,358)
Other income	2,350	2,350	21,977	19,627
Total revenues	2,128,659	2,339,424	2,364,172	24,748
EXPENDITURES				
EDUCATION				
Cafeteria				
Personnel	812,392	994,483	915,677	78,806
Contractual	34,500	30,199	16,709	13,490
Supplies	1,115,767	1,284,255	1,165,732	118,523
Other charges	41,000	45,302	36,958	8,344
Capital outlay	120,000	125,187	19,103	106,084
Total expenditures	2,123,659	2,479,426	2,154,179	325,247
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	5,000	(140,002)	209,993	349,995
OTHER FINANCING SOURCES (USES)				
Planned use of fund balance	-	140,002	-	(140,002)
Net change in fund balances	\$ 5,000	\$ -	209,993	\$ 209,993
Fund balances - beginning			1,250,487	
Fund balances - ending			\$ 1,460,480	

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Federal, state, and other grants	\$ 7,841,985	\$ 7,841,985	\$ 4,337,794	\$ (3,504,191)
Interest on investments	-	-	999	999
Total revenues	7,841,985	7,841,985	4,338,793	(3,503,192)
EXPENDITURES				
CAPITAL OUTLAY				
Architectural and engineering	6,022,200	6,022,200	3,834,952	2,187,248
Construction contracts	9,274,290	9,340,290	676,608	8,663,682
Equipment	1,020,000	1,067,000	443,282	623,718
Total expenditures	16,316,490	16,429,490	4,954,842	11,474,648
DEFICIENCY OF REVENUES UNDER EXPENDITURES				
	(8,474,505)	(8,587,505)	(616,049)	7,971,456
OTHER FINANCING SOURCES				
Issuance of debt	-	-	4,222,053	4,222,053
Transfers in	(1,500,000)	(1,500,000)	-	1,500,000
Transfers out	-	(350,000)	(350,000)	-
Planned use of fund balance	2,497,066	2,497,066	-	(2,497,066)
Total Other Financing Sources	997,066	647,066	3,872,053	3,224,987
Net change in fund balances	\$ (7,477,439)	\$ (7,940,439)	3,256,004	\$ 11,196,443
Fund balances - beginning			407,135	
Fund balances - ending			\$ 3,663,139	

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
Shelby County Government	\$ 466,737	\$ 1,083,305	\$ 1,075,290	\$ (8,015)
EXPENDITURES				
CAPITAL OUTLAY				
Contractual	-	252,973	413,484	(160,511)
Other capital outlay no location	466,737	3,076,564	2,839,433	237,131
Total expenditures	<u>466,737</u>	<u>3,329,537</u>	<u>3,252,917</u>	<u>76,620</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES				
	-	(2,246,232)	(2,177,627)	68,605
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	629,000	629,000
Transfers in	-	596,232	756,727	160,495
Total Other Financing Sources	<u>-</u>	<u>596,232</u>	<u>1,385,727</u>	<u>789,495</u>
Net change in fund balances	\$ -	\$ (1,650,000)	(791,900)	\$ 858,100
Fund balances - beginning			<u>2,020,641</u>	
Fund balances - ending			<u>\$ 1,228,741</u>	

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF TRANSFERS
For the Year Ended June 30, 2023

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds		
General Fund		
School General Purpose Fund	\$ -	\$ 500,000
State Street Aid Fund	<u>100,000</u>	
	<u>-</u>	<u>600,000</u>
School General Purpose Fund		
General Fund	500,000	-
Federal Projects Fund	<u>41,515</u>	<u>-</u>
	<u>541,515</u>	<u>-</u>
Debt Service Fund		
School General Purpose Fund	<u>-</u>	<u>406,727</u>
Total major funds	<u>\$ 541,515</u>	<u>\$ 1,006,727</u>
Nonmajor Governmental Funds		
State Street Aid Fund		
General Fund	100,000	-
Federal Projects Fund		
School General Purpose Fund	- 41,515	
Capital Projects Fund		
School General Purpose Fund	- 350,000	
School Capital Projects Fund		
Debt Service Fund	406,727	-
Capital Projects Fund	<u>350,000</u>	<u>-</u>
	<u>756,727</u>	<u>-</u>
Total major funds	<u>856,727</u>	<u>391,515</u>
Total all funds	<u>\$ 1,398,242</u>	<u>\$ 1,398,242</u>

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES
June 30, 2024

	Interfund Receivable	Interfund Payable
Major Funds		
General Fund		
Capital Projects Fund	\$ -	\$ 198,854
Water Fund	67,221	-
Sewer Fund	86,983	-
State Street Aid Fund	9,514	-
Stormwater Fund	30,133	-
Sanitation Fund	79,507	-
DEA Drug Fund	713	-
	<u>274,071</u>	<u>198,854</u>
School General Purpose Fund		
School Federal Projects Fund	498,484	-
School Federal Projects Fund		
School General Purpose Fund	-	498,484
Capital Projects Fund		
General Fund	198,854	-
Water Fund		
General Fund	-	67,221
Sewer Fund	-	950
	<u>-</u>	<u>68,171</u>
Sewer Fund		
Water Fund	950	-
Sanitation	12,568	
General Fund	-	86,983
	<u>13,518</u>	<u>86,983</u>
Total major funds	<u>984,927</u>	<u>852,492</u>
Nonmajor Governmental Funds		
State Street Aid Fund		
General Fund	-	9,514
Sanitation Fund		
General Fund	-	79,507
Sewer Fund	-	12,568
Stormwater Fund	-	4,556
	<u>-</u>	<u>96,631</u>
DEA Drug Fund		
General Fund	-	713
Stormwater Fund		
General Fund	-	30,133
Sanitation Fund	4,556	-
	<u>4,556</u>	<u>30,133</u>
Total nonmajor governmental funds	<u>4,556</u>	<u>136,991</u>
Total all funds	<u>\$ 989,483</u>	<u>\$ 989,483</u>

CITY OF MILLINGTON, TENNESSEE

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

GOVERNMENTAL ACTIVITIES

June 30, 2024

Fiscal Year	TML Note Series 2013		TML Note Series 2015		TML Note Series 2021		TML Refunding Note Series 2021		G.O. Bond Anticipation Note Series 2024		TML Refunding Note Series 2020		TML Note Series 2020		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 59,000	\$ 17,226	\$ 457,800	\$ 106,235	\$ 264,000	\$ 134,505	\$ 210,000	\$ 71,094	-	\$ 1,196,000	\$ 84,000	\$ 39,680	\$ 28,272	1,836	\$ 1,103,072	\$ 1,566,576
2026	61,000	15,515	469,500	92,233	271,000	128,037	215,000	65,928	\$ 26,000,000	897,000	87,000	37,576	28,404	1,704	27,131,904	1,237,993
2027	62,000	13,746	336,000	80,070	277,000	121,398	221,000	60,639	-	-	91,000	35,387	28,548	1,560	1,015,548	312,800
2028	64,000	11,948	324,000	70,104	284,000	114,611	226,000	55,202	-	-	94,000	33,112	28,692	1,416	1,020,692	286,393
2029	66,000	10,092	312,000	60,500	291,000	107,653	231,000	49,643	-	-	98,000	30,750	28,836	1,272	1,026,836	259,910
2030	68,000	8,178	300,000	51,259	298,000	100,524	237,000	43,960	-	-	99,000	28,327	28,992	1,116	1,030,992	233,364
2031	70,000	6,206	288,000	42,380	305,000	93,223	243,000	38,130	-	-	103,000	25,843	29,137	971	1,038,137	206,753
2032	71,000	4,176	276,000	33,864	313,000	85,750	249,000	32,152	-	-	108,000	23,247	29,283	825	1,046,283	180,014
2033	73,000	2,117	264,000	25,710	321,000	78,082	255,000	26,027	-	-	112,000	20,541	29,430	678	1,054,430	153,155
2034	-	-	252,000	17,918	329,000	70,217	261,000	19,754	-	-	117,000	17,725	29,577	531	988,577	126,145
2035	-	-	240,000	10,489	337,000	62,157	268,000	13,333	-	-	122,000	14,785	29,726	382	996,726	101,146
2036	-	-	227,300	3,433	345,000	53,900	274,000	6,740	-	-	127,000	11,722	29,875	233	1,003,175	76,028
2037	-	-	-	-	353,000	45,448	-	-	-	-	132,000	8,536	29,987	121	514,987	54,105
2038	-	-	-	-	362,000	36,799	-	-	-	-	138,000	5,215	4,941	35	504,941	42,049
2039	-	-	-	-	371,000	27,930	-	-	-	-	143,000	1,759	-	-	514,000	29,689
2040	-	-	-	-	380,000	18,841	-	-	-	-	-	-	-	-	380,000	18,841
2041	-	-	-	-	389,000	9,531	-	-	-	-	-	-	-	-	389,000	9,531
	\$594,000	\$ 89,204	\$3,746,600	\$594,195	\$5,490,000	\$1,288,606	\$2,890,000	\$482,602	\$26,000,000	\$ 2,093,000	\$1,655,000	\$334,205	\$ 383,700	\$12,680	\$40,759,300	\$4,894,492

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

June 30, 2024

Fiscal Year	Sewer Fund			Water Fund			Total	
	State Revolving Loan Fund		Interest	TML Note Series 2021		Interest	Principal	
	Principal	Interest		Principal	Interest		Principal	Interest
2025	\$ 140,240	\$ 22,080		\$ 456,000	\$ 96,869		\$ 596,240	\$ 118,949
2026	142,236	20,088		467,000	85,560		609,236	105,648
2027	144,252	18,072		579,000	73,978		723,252	92,050
2028	146,304	16,020		490,000	59,619		636,304	75,639
2029	148,380	13,944		502,000	47,467		650,380	61,411
2030	150,480	11,844		515,000	35,018		665,480	46,862
2031	152,616	9,708		528,000	22,246		680,616	31,954
2032	154,788	7,536		369,000	9,151		523,788	16,687
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	13,460	192		-	-		13,460	192
	<u>\$ 1,629,862</u>	<u>\$ 129,048</u>		<u>\$ 3,906,000</u>	<u>\$ 429,908</u>		<u>\$ 5,535,862</u>	<u>\$ 558,956</u>

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT OBLIGATIONS BY INDIVIDUAL ISSUE
For the Year Ended June 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding as of 6/30/2023	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6/30/2024
GOVERNMENTAL ACTIVITIES									
Notes Payable									
<u>Payable through General Fund</u>									
TN Municipal League Note, Series 2013	\$ 1,150,000	2.90%	5/29/2013	5/1/1933	\$ 652,000	\$ -	\$ (58,000)	\$ -	\$ 594,000
TN Municipal League Note, Series 2015	6,000,000	3.02%	9/29/2015	9/1/2035	4,186,600	-	(440,000)	-	3,746,600
TN Municipal League Note, Series 2021	6,000,000	2.45%	5/1/2041	5/1/2041	1,525,947	4,222,053	(258,000)	-	5,490,000
TN Municipal League Note, Series 2021 Refunding	3,500,470	2.46%	6/1/2021	6/1/2036	3,095,000	-	(205,000)	-	2,890,000
G.O. Bond Anticipation Note, Series 2024	26,000,000	4.60%	5/9/2024	4/1/2026	-	26,000,000	-	-	26,000,000
					9,459,547	30,222,053	(961,000)	-	38,720,600
<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	1,736,000	-	(81,000)	-	1,655,000
State of Tennessee loan	463,022	0.50%	6/1/2021	7/1/2037	411,828	-	(28,128)	-	383,700
					2,147,828	-	(109,128)	-	2,038,700
Total notes payable					11,607,375	30,222,053	(1,070,128)	-	40,759,300
Total governmental activities					\$ 11,607,375	\$ 30,222,053	\$ (1,070,128)	\$ -	\$ 40,759,300
BUSINESS-TYPE ACTIVITIES									
Notes Payable									
<u>Payable through Sewer Fund</u>									
TN Municipal League Note, Series 2021	\$ 14,000,000	2.48%	6/8/2021	5/1/2046	\$ 51,000	\$ 4,300,000	\$ (445,000)	\$ -	\$ 3,906,000
<u>Payable through Sewer Fund</u>									
State Revolving Loan Fund	\$ 2,827,400	1.41%	8/1/2011	4/1/2035	1,768,150	-	(138,288)	-	1,629,862
Total business-type activities					\$ 1,819,150	\$ 4,300,000	\$ (583,288)	\$ -	\$ 5,535,862

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
For the Year Ended June 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding as of 6/30/2023	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6/30/2024
GOVERNMENTAL ACTIVITIES									
<u>Payable through General Purpose School Fund</u>									
Lease obligation - 2022 computers	460,289	2.50%	Various	2024	153,398	-	(153,398)	-	-
Total governmental activities					\$ 153,398	\$ -	\$ (153,398)	\$ -	\$ -

CITY OF MILLINGTON, TENNESSEE
SCHEDULES OF PROPERTY TAXES
For the Year Ended June 30, 2024

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE -BY LEVY YEAR

Year of Levy	Balance June 30, 2023	Assessment	Adjustments/Abatements	Collections	June 30, 2024
2024	\$ -	\$ 3,733,871	\$ -	\$ -	\$ 3,733,871
2023	3,566,901	-	68,405	(3,532,363)	102,943
2022	107,475	-	280	(66,795)	40,960
2021	23,005	-	(625)	(12,326)	10,054
2020	10,936	-	(810)	(6,406)	3,720
2019	4,904	-	(188)	(2,533)	2,183
2018	1,757	-	395	(719)	1,433
2017	2,354	-	(238)	(42)	2,074
2016	1,989	-	(134)	(1)	1,854
Prior Years	9,210	-	(669)	-	8,541
Total	3,728,531	<u>\$ 3,733,871</u>	<u>\$ 66,416</u>	<u>\$ (3,621,185)</u>	3,907,633
Allowance for uncollectible property taxes		(228,918)			(239,927)
Net receivables		<u>\$ 3,499,613</u>			<u>\$ 3,667,706</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
2024	\$ 257,984,045	\$ 8,721,015	\$ 266,705,060	\$ 1.40	\$ 3,733,871
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	1.53	3,769,220
2020	191,389,745	6,675,697	198,065,442	1.53	3,030,401
2019	194,819,615	6,565,114	201,384,729	1.53	3,081,186
2018	195,127,695	6,215,402	201,343,097	1.53	3,080,549
2017	188,394,465	9,365,292	197,759,757	1.53	3,025,724
2016	164,444,435	9,564,902	174,009,337	1.53	2,662,343
2015	169,360,610	10,470,983	179,831,593	1.23	2,211,929

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, 2024

As of June 30, 2024, the City of Millington, Tennessee, served approximately 3,200 water, sewer, and sanitation customers and had the following rate structure in place:

Water Rates:

Meters Read in Gallons	Monthly Rate
Base Rate: First 2,000 gallons	\$ 18.38
Additional Usage: Each additional 1,000 gallons or part thereof	\$ 6.16
Meters Read in Cubic Feet	Monthly Rate
Base Rate: First 267 cubic feet	\$ 18.38
Additional Usage: Each additional cubic foot	\$ 0.0461

Sewer Rates:

Meters Read in Gallons	Monthly Rate
Base Rate: First 2,000 gallons	\$ 9.69
Additional Usage: Each additional 1,000 gallons or part thereof	\$ 4.68
Meters Read in Cubic Feet	Monthly Rate
Base Rate: First 267 cubic feet	\$ 9.67
Additional Usage: Each additional cubic foot	\$ 0.0349

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, 2024

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, 2024

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development		
Shelby County, Tennessee		
<i>CDBG Entitlement Grants Cluster</i>		
Community Development Block Grants	14.218	\$ 120,724
U.S Department of Justice		
<i>Direct Award</i>		
Equitable Sharing Program	16.922	22,927
U.S. Department of Transportation		
Tennessee Department of Transportation		
Highway Planning and Construction	20.205	2,447,931
U.S. Department of Treasury		
<i>Direct Award</i>		
Coronavirus State and Local Fiscal Recovery Funds	21.027	3,157,328
Total Federal Awards		<u>\$ 5,748,910</u>
State Financial Assistance		
Tennessee School Resource Officer Grant		\$ 60,212
Tennessee Governor Highway Safety Grant		16,977
Tennessee Department of Transportation		1,235
Total State Financial Assistance		<u>\$ 78,424</u>
Total Federal Awards and State Financial Assistance		<u>\$ 5,827,334</u>

CITY OF MILLINGTON, TENNESSEE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2024

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, 2024. 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	\$ 12,658,369
Proprietary fund grant revenue	3,157,328
Millington Municipal Schools federal awards	(5,668,276)
Millington Municipal Schools non-federal awards	(2,544,040)
City of Millington non-federal and non-state awards	(252,906)
Change in City of Millington unavailable revenue	(1,612,592)
Write-off of prior year uncollectable grant receivable	89,451
Total federal awards and state financial assistance	<u>\$ 5,827,334</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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 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.

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

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

Report on Compliance and Other Matters

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

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.

Watkins Uihusall, PLLC

Memphis, Tennessee
December 23, 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 the Major Federal Program

Opinion of the Major Federal Program

We have audited the City of Millington, Tennessee's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the of the City's major federal program for the year ended June 30, 2024. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of Millington, Tennessee's basic financial statements include the operations of Millington Municipal Schools (the "Schools"), which include the school general purpose fund and each major fund of the School. The School expended \$5,668,276 in federal awards and \$2,544,040 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, 2024. 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, 2024.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for 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 Wilharm, PLLC

Memphis, Tennessee
December 23, 2024

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type auditor's report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified? Significant deficiency(ies) identified?	No None Reported
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? Significant deficiency(ies) identified?	No None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs: <ul style="list-style-type: none">ALN: 21.027 Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Did auditee qualify as a low-risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – OTHER MATTERS

None reported.

CITY OF MILLINGTON, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2024

A. FINANCIAL STATEMENT FINDINGS

Prior Year Finding Number	Finding Title	Status
2023-001	Accounts Receivable and Unavailable Revenue Were Not Reduced for Funds Received (Original Finding #2021-009)	Resolved
2023-002	Schedule of Expenditures of Federal Awards Was Not Accurately Reported (Original Finding #2021-007)	Resolved
2023-003	Completed Capital Asset Projects Not Capitalized (Original Finding #2022-009)	Resolved

B. FEDERAL AWARD FINDINGS

None reported.

C. OTHER MATTERS

Prior Year Finding Number	Finding Title	Status
2023-004	Audited Financials Were Not Filed by December 31 (Original Finding #2021-012)	Resolved
2023-005	Federal Expenditures Were Not Billed for Reimbursement Timely (Original Finding #2021-013)	Resolved