

CITY OF BROWNSVILLE, TENNESSEE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**CITY OF BROWNSVILLE, TENNESSEE
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INTRODUCTORY SECTION

CITY OF BROWNSVILLE, TENNESSEE
DIRECTORY
June 30, 2022

ELECTED OFFICIALS

William "Bill" Rawls, Jr., Mayor
Carolyn Flagg, Vice-Mayor
Travis Pugh, Alderman
Antwan Taylor, Alderman
James Bishop, Alderman

HIRED OFFICIALS

Sherry Batchelor, City Recorder & CMFO
David Smith, Fire Chief
Barry Diebold, Police Chief
Jerry McClinton, Public Works Director
Caleb Potter, Codes Enforcement Officer
Reggie Castellaw, Utilities General Manager
James Haywood, Judge

COUNSEL

Michael Banks
Brownsville, Tennessee

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ATA CPAs + Advisors PLLC
Jackson, Tennessee

FINANCIAL SECTION



Independent Auditor's Report

Honorable William "Bill" Rawls, Jr., Mayor
Members of the Board of Aldermen
City of Brownsville, Tennessee

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Brownsville, Tennessee, as of June 30, 2022, and the respective changes in financial position thereof and the respective budgetary comparison for the major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan, schedule of contributions based on participation in the public employee pension plan, schedule of changes in net pension liability (asset) and related ratios based on participation in the Brownsville supplemental pension plan, schedule of contributions based on participation in the Brownsville supplemental pension plan, schedule of investment returns based on participation in the Brownsville supplemental pension plan, schedule of changes in net OPEB liability and related ratios, and the notes to OPEB required supplementary 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 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 section as listed in the table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal regulations Part 200, Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information section as listed in the table of contents 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 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 July 10, 2023 on our consideration of the City of Brownsville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Brownsville's internal control over financial reporting and compliance.

ATA CPAs + Advisors PLLC

Jackson, Tennessee
July 10, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Brownsville, we offer readers of the City of Brownsville's financial statements this narrative overview and analysis of the financial activities of the City of Brownsville for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Brownsville exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22.29 million (*net position*). Of this amount, \$2.49 million (*unrestricted net position*) may be used to meet the City of Brownsville's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2.66 million during 2022, compared to increasing by \$1.51 million in 2021.
- As of the close of the current fiscal year, the City of Brownsville's general fund reported an ending fund balance of \$5.38 million, an increase of \$154 thousand, in comparison with the prior year. 89.93% of the ending fund balance is available for spending at the City of Brownsville's discretion (*unassigned fund balance*).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Brownsville's basic financial statements. The City's basic financial statements are comprised of the following components:

1. Government-wide financial statements
2. Fund financial statements and
3. Notes to the financial statements.
4. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Brownsville's finances, in a manner similar to a private-sector business.

- The Statement of Net Position presents information on all of the City of Brownsville's assets, deferred outflows/inflows of resources, and liabilities, with the difference 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 of Brownsville is improving or deteriorating.
- The Statement of Activities presents information showing how the City of Brownsville's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, compensated absences, etc.).

The governmental activities of the City of Brownsville include general government, public safety, public works, health, culture, welfare, and recreation, and community development. The government-wide financial statements can be found on pages 11 to 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Brownsville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal

requirements. All of the funds of the City of Brownsville can be divided into two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of 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 City of Brownsville's near-term financing decisions. Both the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 15 to 19 of this report.

The City maintains six governmental funds. Information is presented separately in the Balance Sheet - Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for the general fund, community development fund, solid waste fund, and ARPA Grant fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation for these statements and is also presented separately in a Combining Balance Sheet - Other Governmental Funds and a Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Other Governmental Funds.

The City adopts an annual appropriated budget for each governmental fund. Budgetary comparison statements have been provided on pages 22 to 35 and pages 69 to 70.

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

The City maintains one type of fiduciary fund. The Supplemental Pension trust funds are used to report resources held in trust for retirees and beneficiaries covered by the Supplemental Pension Plan. The custodial fund reports resources held by the City in trust to cover the benefits of the Supplemental Pension Plan.

The fiduciary fund financial statements can be found on pages 20 to 21 of this report.

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. The notes to the financial statements can be found on pages 36 to 59 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's respective pension plans.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Brownsville, assets and deferred outflows of

resources exceeded liabilities and deferred inflows of resources by \$22.29 million at the close of the most recent fiscal year. The largest portion of the City's net position (70.92%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure). The City of Brownsville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional amount of net position (23.23%) represent amounts that are restricted for certain uses. The balance of net position representing unrestricted net position (5.85%) may be used to meet the City of Brownsville's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Brownsville is able to report positive balances in all categories of net position, both for the City of Brownsville as a whole, as well as for its total governmental activities.

Comparisons with the prior year data are presented below.

	Governmental Activities	
	2022	2021
Current and other assets	\$ 15,378,515	\$ 13,082,281
Capital assets	15,873,308	13,648,787
Total assets	<u>31,251,823</u>	<u>26,731,068</u>
Deferred outflows of resources	2,313,000	1,181,055
Long-term liabilities	2,115,959	2,742,219
Other liabilities	1,003,570	435,907
Total liabilities	<u>3,119,529</u>	<u>3,178,126</u>
Deferred inflows of resources	8,156,924	5,106,252
Net position:		
Net investment		
in capital assets	15,806,546	13,648,787
Restricted	5,177,216	2,370,449
Unrestricted	1,304,608	3,608,509
Total net position	<u>\$ 22,288,370</u>	<u>\$ 19,627,745</u>

During the current fiscal year, the City's unrestricted current and other asset increased by \$2.30 million. This change was mainly related to the City making significant efforts to reduce expenditures in the current year and the ARPA grant funding.

Statement of Activities - Expenses in governmental activities exceeded program revenues by \$6.01 million. General government revenues of \$8.67 million left a net increase of \$2.66 million.

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 3,497,690	\$ 3,358,709
Operating grants and contributions	1,024,187	1,264,255
Capital grants and contributions	1,398,459	130,314
General revenues:		
Property taxes	4,478,055	4,554,229
Other taxes	4,066,216	3,699,902
Other sources	122,654	246,633
Total revenues	<u>14,587,261</u>	<u>13,254,042</u>
Expenses:		
General government	1,235,101	1,833,640
Public safety	6,536,428	5,557,005
Public works	3,357,303	3,042,862
Health, culture, welfare, and recreation	627,721	746,908
Community development	170,083	562,277
Total expenses	<u>11,926,636</u>	<u>11,742,692</u>
Increase in net position	2,660,625	1,511,350
Net position - beginning	19,627,745	18,116,395
Net position - ending	<u>\$ 22,288,370</u>	<u>\$ 19,627,745</u>

There was an increase in capital grants and contributions of \$1.27 million in the current year due mainly to the ARPA grant revenue in the current year. Overall, there was not a significant change in expenses in the current year. Community development expenditures decreased by approximately \$392 thousand due to the majority of the community development grants being completed in the prior year. Public safety expenditures increased by \$979 thousand due to several different areas including payroll, overtime, and other maintenance-related expenditures increasing from the prior year.

COMMENTS ON FUND FINANCIAL STATEMENTS

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 Government'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.

The general fund accounts for 72.07% of governmental fund revenues excluding other financing sources. Accordingly this discussion will focus on the general fund. General fund balance was \$5.38 million at the end of the current fiscal year. 89.93% of the balance is available to meet the day-to-day needs of the City. 9.10% of the balance is restricted for various purposes. The remaining 0.98% is in non-spendable form.

The Solid Waste fund's ending fund balance was \$1.17 million which is a \$182 thousand increase from the prior year which is mainly due to \$2.00 million of sanitation collections.

The Community Development fund's ending fund balance was \$1.41 million which is a \$253 thousand decrease from the prior year. This decrease is mainly due to the construction work on the new City Hall building.

The ARPA Grant fund's ending fund balance was \$12 thousand which is a \$12 thousand increase from the prior year. This fund will zero out over the next two years.

In the other governmental funds, the state street aid fund's ending fund balance was \$167 thousand which was a \$289 thousand decrease from the prior year's fund balance. This decrease was related to an increased amount of work on roads and streets in the current year. The drug fund's ending fund balance was \$13 thousand, which is a \$4 thousand decrease from the prior year, with fines and forfeitures only being \$9 thousand in the current year.

A budget comparison statement has been provided to demonstrate compliance with the budget. The appropriated expenditures in the general fund were amended in the current year by \$832 thousand or 7.49%. The community development department's appropriations increased by \$351 thousand due to grants that were not budgeted for originally, but were amended during the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final Budgeted and Actual Amounts

Actual revenues and other financing sources exceeded the budget by \$734 thousand. Significant variances are as follows:

- Local sales tax revenues exceeded the budget by \$296 thousand due to increased local spending.
- 2019 STP grant revenues were under budget by \$462 thousand due to planned timing of the grant.
- TDOT multi-modal grant revenues were under budget by \$975 thousand due to no grant activity in the current year because of completion right at the end of the prior year.

Expenditures and other financing uses were under budget by \$1.51 million in the current year. Significant variances are as follows:

- 2015 Multimodal grant expenditures were under budget by \$126 thousand due to planned timing of the grant.
- Resurfacing grant expenditures were under budget by \$357 thousand due to planned timing of the grant.
- Safe Routes to School grant expenditures were under budget by \$351 thousand due to planned timing of the grant.

CAPITAL ASSET ADMINISTRATION

Capital Assets - At the end of Fiscal Year 2022, the City had invested \$15.87 million, net of accumulated depreciation, in a variety of capital assets and infrastructure. Infrastructure (streets, sidewalks, bridges etc.) was valued at \$9.16 million net of accumulated depreciation. Most of the ongoing grant projects were completed in the current year or are nearing completion.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The unemployment rate for June 30, 2022 for Haywood County, where Brownsville is located, was 5.4% down from 7.4% as of June 30, 2021, compared to the State of Tennessee's rate of 3.2% and a

national average of 3.6%. All of the rates are from labor statistics released in July 2022 and July 2021, respectively. All of these factors were considered in preparing the City of Brownsville's budget for the 2022-2023 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Brownsville's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the City of Brownsville's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, City of Brownsville, 111 North Washington Street, Brownsville, TN 38012.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
Assets	
Cash on hand	\$ 927
Cash and cash equivalents	7,656,849
Receivables:	
Taxes (net of allowances)	4,139,966
Accounts - other (net of allowances)	547,853
Accounts - court fines (net of allowances)	94,701
Penalty and interest receivable - taxes	76,897
Intergovernmental - nongrant	212,274
Intergovernmental - grants	25,182
Inventories	52,532
Due from other governments	171,466
Restricted cash and cash equivalents	489,540
Net pension asset - TCRS	1,910,328
Capital assets (not being depreciated):	
Land	2,043,280
Construction in progress	1,749,870
Capital assets (net of accumulated depreciation):	
Buildings and improvements	828,677
Infrastructure	9,157,071
Other capital assets	2,094,410
Total assets	31,251,823
 Deferred outflows of resources	
Pension related - TCRS	1,489,229
Pension related - SPP	593,389
OPEB related	230,382
	<u>2,313,000</u>
 Total deferred outflows of resources	\$ 2,313,000

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

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

	Governmental Activities
Liabilities	
Accounts payable	\$ 515,229
Payroll related payables	393,275
Unearned grant revenue-ARPA	28,304
Retainage payable	66,762
Noncurrent liabilities:	
Net pension liability - Supplemental pension plan	568,133
OPEB liability	1,245,257
Compensated absences	302,569
Total liabilities	3,119,529
 Deferred inflows of resources	
Unavailable property tax revenues	3,708,690
Pension - related - SPP	479,076
Pension - related - TCRS	3,018,888
OPEB - related	950,270
Total deferred inflows of resources	8,156,924
 Net Position	
Net investment in capital assets	15,806,546
Restricted for Sex Offender Registration	1,269
Restricted for Medical plan	12,558
Restricted for Highway 76-I40 project	191,693
Restricted for Robert Allison Scholarship	5,418
Restricted for Solid Waste	1,171,736
Restricted for ARPA grant	12,000
Restricted for State Street Aid	166,518
Restricted for Drug fund	12,837
Restricted for community development	1,414,257
Restricted for retainage	278,602
Net pension asset - TCRS	1,910,328
Unrestricted	1,304,608
Total net position	\$ 22,288,370

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

**CITY OF BROWNSVILLE, TENNESSEE
STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government:					
Judicial	\$ 361,512	\$ 165,558	-	\$ -	(195,954)
General government	873,589	-	-	-	(873,589)
Public safety:					
Police	3,475,531	-	135,573	-	(3,339,958)
Central Dispatch	720,614	431,972	-	-	(288,642)
Fire	1,839,881	309,871	12,800	-	(1,517,210)
Public safety services	46,623	-	-	-	(46,623)
Building/Codes	237,201	65,234	-	-	(171,967)
Animal Control	216,578	115,462	-	-	(101,116)
Public works:					
Public works	1,942,939	362,712	-	-	(1,580,227)
Sanitation collection	1,414,364	1,997,255	-	-	582,891
Health, culture, welfare, and recreation:					
Cemetery	69,468	-	-	-	(69,468)
Recreation	221,112	-	-	-	(221,112)
Delta Heritage Center	302,003	43,376	-	-	(258,627)
City Beautiful	35,138	-	-	-	(35,138)
Community development:					
Community development	96,298	6,250	388,460	18,517	316,929
Downtown enhancement grant	-	-	-	8,500	8,500
ARPA grant	73,785	-	-	1,371,442	1,297,657
STP - ADA Transition Plan	-	-	2,147	-	2,147
Family Justice Center grant	-	-	69,141	-	69,141
Information technology	-	-	63,964	-	63,964
Site development grant	-	-	174,308	-	174,308
Farmer's market	-	-	47,984	-	47,984
State grants - Southwest Members Care	-	-	5,277	-	5,277
Other federal grants	-	-	124,533	-	124,533
Total governmental activities	<u>11,926,636</u>	<u>3,497,690</u>	<u>1,024,187</u>	<u>1,398,459</u>	<u>(6,006,300)</u>

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

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

		Net (Expenses) Revenue and Changes in Net Position
		Primary Government
		Governmental Activities
General revenues:		
Property taxes - levied for general government	\$	3,621,656
Property taxes - in lieu of taxes		856,399
Sales taxes		3,412,896
Income taxes		2,542
Beer and liquor taxes		486,801
Business taxes		163,977
Franchise fees		65,143
Removal or sale of property		26,037
Other sources		25,354
Unrestricted interest income		6,120
Total general revenues		8,666,925
Changes in net position		2,660,625
Net position - beginning		19,627,745
Net position - ending	\$	22,288,370

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

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

	General Fund	Solid Waste Fund	Community Development Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash on hand	\$ 927	\$ -	\$ -	\$ -	\$ -	\$ 927
Cash and cash equivalents	4,729,099	1,277,875	1,214,383	134,268	301,224	7,656,849
Receivables:						
Taxes (net of allowance for uncollectibles of \$155,271)	4,139,966	-	-	-	-	4,139,966
Accounts - other	479,511	9,035	-	-	59,307	547,853
Accounts - court fines (net of allowance for uncollectibles of \$215,349)	94,701	-	-	-	-	94,701
Penalty and interest receivable - taxes (net of allowance for uncollectibles of \$307,592)	76,897	-	-	-	-	76,897
Intergovernmental	212,274	-	-	-	-	212,274
Grants	25,182	-	-	-	-	25,182
Inventories	52,532	-	-	-	-	52,532
Due from other governments	171,466	-	-	-	-	171,466
Restricted cash	489,540	-	-	-	-	489,540
Due from other funds	-	-	199,874	11,924	-	211,798
Total assets	10,472,095	1,286,910	1,414,257	146,192	360,531	13,679,985
Liabilities, deferred inflows of resources, and fund balances						
Liabilities						
Accounts payable	137,181	90,984	-	105,888	181,176	515,229
Unearned revenue-ARPA	-	-	-	28,304	-	28,304
Retainage payable	66,762	-	-	-	-	66,762
Due to other funds	211,798	-	-	-	-	211,798
Payroll related payables	369,085	24,190	-	-	-	393,275
Total liabilities	784,826	115,174	-	134,192	181,176	1,215,368
Deferred inflows of resources						
Unavailable property tax revenues	4,135,275	-	-	-	-	4,135,275
Unavailable court fines	94,701	-	-	-	-	94,701
Unavailable penalty and interest - taxes	76,898	-	-	-	-	76,898
Total deferred inflows of resources	4,306,874	-	-	-	-	4,306,874
Fund balances						
Nonspendable - Inventory	52,532	-	-	-	-	52,532
Restricted for:						
Sex Offender Registration	1,269	-	-	-	-	1,269
Medical plan	12,558	-	-	-	-	12,558
Highway 76-I40 project	191,693	-	-	-	-	191,693
Robert Allison Scholarship	5,418	-	-	-	-	5,418
Drug fund	-	-	-	-	12,837	12,837
ARPA grant	-	-	-	12,000	-	12,000
Solid Waste	-	1,171,736	-	-	-	1,171,736
State Street Aid	-	-	-	-	166,518	166,518
Retainage	278,602	-	-	-	-	278,602
Community Development	-	-	1,414,257	-	-	1,414,257
Unassigned	4,838,323	-	-	-	-	4,838,323
Total fund balances	5,380,395	1,171,736	1,414,257	12,000	179,355	8,157,743
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,472,095	\$ 1,286,910	\$ 1,414,257	\$ 146,192	\$ 360,531	\$ 13,679,985

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

CITY OF BROWNSVILLE , TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022

Amounts reported for the governmental activities in the statement of net position (Page 11 and 12) are different because:

Fund balance - total governmental funds (Page 15)	\$	8,157,743
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds		15,873,308
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds		598,184
Deferred outflows of resources - pensions and OPEB are not available to pay current expenditures and, therefore, are unavailable in the funds.		2,313,000
Deferred inflows of resources - pensions and OPEB are not due in the current period and, therefore, are not reported in the funds.		(4,448,234)
Net pension asset is not a financial resource in the current period and, therefore, is not reported as an asset in the government fund.		1,910,328
Long-term liabilities, including net pension liability and OPEB liability are not due in the current period and, therefore, are not reported in the funds.		
Net pension liability - supplemental pension plan		(568,133)
OPEB liability		(1,245,257)
Long-term liabilities, such as capital lease payable and compensated absences, are not due in the current period and, therefore, are not reported in the funds		<u>(302,569)</u>
Net position of governmental activities (Page 12)	\$	<u><u>22,288,370</u></u>

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

CITY OF BROWNSVILLE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2022

	General Fund	Solid Waste Fund	Community Development Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 6,949,389	\$ -	\$ -	\$ -	\$ -	\$ 6,949,389
Licenses and permits	65,234	-	-	-	-	65,234
Intergovernmental	3,184,288	-	-	1,371,442	344,878	4,900,608
Charges for services	77,987	1,997,796	6,200	-	-	2,081,983
Fines	85,965	-	-	-	9,243	95,208
Other	227,745	-	375,050	76	-	602,871
Total revenues	<u>10,590,608</u>	<u>1,997,796</u>	<u>381,250</u>	<u>1,371,518</u>	<u>354,121</u>	<u>14,695,293</u>
Expenditures						
Current:						
General government:						
Judicial	361,512	-	-	-	-	361,512
General government	1,444,521	-	-	-	-	1,444,521
Total general government	<u>1,806,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,806,033</u>
Public safety:						
Police	3,317,207	-	-	-	13,006	3,330,213
Central Dispatch	720,271	-	-	-	-	720,271
Fire	1,851,717	-	-	-	-	1,851,717
Public safety services	63,974	-	-	-	-	63,974
Building/Codes	237,201	-	-	-	-	237,201
Animal Control	251,586	-	-	-	-	251,586
Total public safety	<u>6,441,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,006</u>	<u>6,454,962</u>
Public works:						
Public works	1,467,881	1,816,200	-	-	633,568	3,917,649
Total public works	<u>1,467,881</u>	<u>1,816,200</u>	<u>-</u>	<u>-</u>	<u>633,568</u>	<u>3,917,649</u>
Health, culture, welfare, and recreation:						
Cemetery	50,330	-	-	-	-	50,330
Recreation	221,112	-	-	-	-	221,112
Delta Heritage Center	301,895	-	-	-	-	301,895
City Beautiful	35,138	-	-	-	-	35,138
Total health, culture, welfare, and recreation	<u>608,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>608,475</u>
Community development:						
Community development	112,047	-	634,514	1,359,518	-	2,106,079
Total community development	<u>\$ 112,047</u>	<u>\$ -</u>	<u>\$ 634,514</u>	<u>\$ 1,359,518</u>	<u>\$ -</u>	<u>\$ 2,106,079</u>

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

CITY OF BROWNSVILLE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2022

	<u>General Fund</u>	<u>Solid Waste Fund</u>	<u>Community Development Fund</u>	<u>ARPA Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Total expenditures	\$ 10,436,392	\$ 1,816,200	\$ 634,514	\$ 1,359,518	\$ 646,574	\$ 14,893,198
Net changes in fund balance	154,216	181,596	(253,264)	12,000	(292,453)	(197,905)
Fund balance - beginning	5,226,179	990,140	1,667,521	-	471,808	8,355,648
Fund balance - ending	\$ 5,380,395	\$ 1,171,736	\$ 1,414,257	\$ 12,000	\$ 179,355	\$ 8,157,743

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

CITY OF BROWNSVILLE, TENNESSEE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

Amounts reported for the governmental activities in the statement of activities (Page 13 and 14) are different because:

Net change in fund balance - total governmental funds (Page 18)	\$	(197,905)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which depreciation exceeded capital outlays in the current period. It also includes the book value of disposals in the current year.</p>		
		2,224,521
<p>Employer contributions to the pension plan in the current fiscal year, which was after the valuation period of the plans, are treated as a reduction of pension expense and are deferred in the statement of net position</p>		
TCRS pension plan		360,815
Supplemental pension plan		158,727
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(81,778)
<p>Somes expenses reported in the statement of activities, such as accrued leave, pension expense and OPEB expense, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Pension expense - Supplemental Pension Plan		(111,056)
Pension expense - TCRS		363,074
Compensated absences		(3,727)
OPEB expense		<u>(52,046)</u>
Change in net position of governmental activities (Page 14)	\$	<u>2,660,625</u>

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

CITY OF BROWNSVILLE, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
SUPPLEMENTAL PENSION PLAN
FOR THE CITY OF BROWNSVILLE
For the Fiscal Year Ended June 30, 2022

Assets	<u>SERP Plan</u>
Cash and cash equivalents	\$ 57,213
Due to Plan	1,149
Investments	<u>1,727,098</u>
Total assets	<u><u>1,785,460</u></u>
Net position restricted for pensions	<u>\$ 1,785,460</u>

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

CITY OF BROWNSVILLE, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SUPPLEMENTAL PENSION PLAN
FOR THE CITY OF BROWNSVILLE
For the Fiscal Year Ended June 30, 2022

Additions	
Contributions	SERP Plan
Employer	\$ 158,727
Investment income	
Net appreciation (depreciation) in fair value of investments	(344,056)
Total investment income	(344,056)
Total additions	(185,329)
Deductions	
Benefit payments	104,482
Total deductions	104,482
Net increase in fiduciary net position	(289,811)
Net position restricted for pensions	
Beginning of year	2,075,271
End of year	\$ 1,785,460

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

CITY OF BROWNSVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

Revenues	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Taxes:				
Property tax current	\$ 3,314,925	\$ 3,314,925	\$ 3,447,993	\$ 133,068
Property taxes delinquent	281,878	281,878	162,481	(119,397)
Property tax penalty and interest	80,000	80,000	82,504	2,504
Local sales tax	1,925,000	1,925,000	2,220,869	295,869
Business tax	221,289	221,289	163,977	(57,312)
Motel tax	38,000	38,000	51,814	13,814
Liquour franchise fee	300	300	300	-
In lieu of tax - public utilities	771,500	771,500	754,608	(16,892)
Cable TV franchise fee	67,000	67,000	64,843	(2,157)
	<u>6,699,892</u>	<u>6,699,892</u>	<u>6,949,389</u>	<u>249,497</u>
Licenses and permits:				
Automobile registration	37,977	37,977	40,500	2,523
Beer application fees	1,000	1,000	1,250	250
Beer licenses	2,100	2,100	1,700	(400)
Beer violations	4,000	4,000	5,000	1,000
Alcohol training	480	480	-	(480)
Gas permit	840	840	920	80
Peddler permit	200	200	151	(49)
Yard sale permit	500	500	293	(207)
Building permits	11,300	11,300	15,420	4,120
	<u>58,397</u>	<u>58,397</u>	<u>65,234</u>	<u>6,837</u>
Intergovernmental:				
State - TVA in lieu of tax	126,000	126,000	101,791	(24,209)
State - telecommunications sales tax	6,700	6,700	8,695	1,995
Police inservice support	26,400	26,400	21,600	(4,800)
Fire salary support	17,600	17,600	12,800	(4,800)
State - sales tax	900,000	900,000	1,121,675	221,675
State - income tax	20,000	20,000	2,542	(17,458)
State - beer tax	6,000	6,000	4,471	(1,529)
State - sportsbetting tax	6,200	6,200	9,843	3,643
Local beer tax	297,000	297,000	320,701	23,701
Local liquor tax	103,000	103,000	158,509	55,509
State - mixed drink tax	550	550	3,120	2,570
State - street aid - petroleum special	20,459	20,459	18,150	(2,309)
Animal control	90,755	90,755	113,147	22,392
County - central dispatch	271,418	271,418	244,492	(26,926)
County - E911	150,624	186,280	186,280	-
EMA maintenance	-	-	1,200	1,200
County - fire	271,842	271,842	309,871	38,029
Corporate excise tax	10,000	10,000	13,264	3,264
Bulletproof vest grant	-	-	4,306	4,306
Other federal grants - COVID-19	-	63,974	63,974	-
Local grants	-	5,500	8,500	3,000
Network grant 2020	-	-	18,517	18,517

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

**CITY OF BROWNSVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues (Cont):				
Intergovernmental (Cont.):				
2019 STP grant	-	464,407	2,147	(462,260)
Information technology	65,114	65,114	63,964	(1,150)
Local government grant	-	-	118,227	118,227
2020 Stop Law grant	-	-	47,984	47,984
Site Development grant	-	-	56,081	56,081
Southwest members care 54	-	-	5,277	5,277
Tourism grants	-	5,000	13,460	8,460
Family Justice Center grant	-	-	69,141	69,141
Other federal grants	188,100	188,100	60,559	(127,541)
	<u>\$ 2,577,762</u>	<u>\$ 3,152,299</u>	<u>\$ 3,184,288</u>	<u>\$ 31,989</u>
Charges for services:				
Fire reports	55	55	20	(35)
Fire calls	200	200	-	(200)
Accident reports	430	430	850	420
Special police services	-	-	76,267	76,267
Mowing service	500	500	-	(500)
Dog pound fines	250	250	850	600
	<u>1,435</u>	<u>1,435</u>	<u>77,987</u>	<u>76,552</u>
Fines:				
Court fines and cost	84,000	84,000	85,965	1,965
Wrecker charges / towing	500	500	-	(500)
	<u>84,500</u>	<u>84,500</u>	<u>85,965</u>	<u>1,465</u>
Other:				
Interest	6,459	6,459	5,219	(1,240)
Donations	2,000	9,175	13,300	4,125
Rent	1,775	1,775	-	(1,775)
Sale of cemetery lots	600	600	1,200	600
Sale of used vehicles	3,000	3,000	24,837	21,837
Sale of seized vehicles	2,000	2,000	-	(2,000)

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

CITY OF BROWNSVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues (Cont):				
Other(Cont):				
Animal shelter donations	1,547	1,547	2,315	768
Delta Heritage Center	29,144	29,144	42,926	13,782
Awards/donations - police	1,500	1,500	720	(780)
Blues Fest	8,000	8,000	450	(7,550)
Adoption fees	4,983	4,983	3,380	(1,603)
School SRO	270,813	270,813	109,667	(161,146)
Sexual registry fee	3,600	3,600	2,100	(1,500)
Evidence money	500	500	-	(500)
TDOT Multimodal	975,380	975,380	-	(975,380)
Rebates	-	-	688	688
Miscellaneous	10,000	10,000	20,943	10,943
	<u>1,321,301</u>	<u>1,328,476</u>	<u>227,745</u>	<u>(1,100,731)</u>
Total revenues	\$ 10,743,287	\$ 11,324,999	\$ 10,590,608	\$ (734,391)
Expenditures				
General government:				
Judicial:				
OHSA - Training and preventive measures	176	176	-	(176)
Employment security	1,226	6,226	3,374	(2,852)
Publication	5,000	9,100	7,753	(1,347)
TML	4,080	4,162	4,162	-
Insurance	380,000	313,928	300,129	(13,799)
Public relations	25,000	45,000	44,875	(125)
Contingency	6,000	5,943	1,219	(4,724)
	<u>421,482</u>	<u>384,535</u>	<u>361,512</u>	<u>(23,023)</u>
Office of Mayor				
Salary	85,000	85,000	93,741	8,741
OASI	6,502	6,512	6,503	(9)
Retirement	9,426	9,436	9,427	(9)
Health insurnace	13,096	15,596	9,154	(6,442)
Supplies	1,000	980	199	(781)
Travel	4,000	16,000	14,833	(1,167)
Dues	2,000	3,200	2,662	(538)
Other expenses	3,700	7,200	7,413	213
	<u>124,724</u>	<u>143,924</u>	<u>143,932</u>	<u>8</u>

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

**CITY OF BROWNSVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>		<u>Over</u> <u>(Under)</u>
Expenditures (cont)				
General government: (cont)				
City Judge				
Salary	\$ 14,481	\$ 14,486	\$ 14,481	\$ (5)
OASI	1,106	1,116	1,108	(8)
	<u>15,587</u>	<u>15,602</u>	<u>15,589</u>	<u>(13)</u>
City Attorney and Legal:				
Salary	12,000	12,000	12,000	-
OASI	918	918	918	-
Retirement	38	38	-	(38)
Legal services	20,000	20,000	18,057	(1,943)
	<u>32,956</u>	<u>32,956</u>	<u>30,975</u>	<u>(1,981)</u>
Board of Alderman:				
Salaries	25,500	25,850	25,800	(50)
OASI	1,950	1,995	1,974	(21)
Retirement	1,413	303	173	(130)
Training	2,000	-	-	-
Travel	4,500	500	-	(500)
Other operating expenses	1,500	1,500	912	(588)
	<u>36,863</u>	<u>30,148</u>	<u>28,859</u>	<u>(1,289)</u>
Planning department:				
Contracted services	500	500	-	(500)
Advisory and planning	15,500	15,500	15,000	(500)
Supplies	100	100	17	(83)
Training	200	200	-	(200)
Travel	200	200	-	(200)
	<u>16,500</u>	<u>16,500</u>	<u>15,017</u>	<u>(1,483)</u>
Tax Administration:				
Contracted services	3,500	3,500	3,210	(290)
Assesment program	17,000	17,000	15,549	(1,451)
State litigation tax	8,500	8,500	5,389	(3,111)
Seatbelt & child restraint tax	3,500	3,500	-	(3,500)
	<u>32,500</u>	<u>32,500</u>	<u>24,148</u>	<u>(8,352)</u>
City Clerk:				
Salary	210,429	199,229	210,379	11,150
OASI	16,094	16,094	15,423	(671)
Retirement	23,332	23,332	20,470	(2,862)
Health insurance	43,806	43,406	25,396	(18,010)
Public relations	10,000	14,700	11,991	(2,709)
Auditing services	38,000	40,600	44,250	3,650

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

CITY OF BROWNSVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
City Clerk: (cont)				
Training	\$ 900	\$ 900	\$ 633	\$ (267)
Travel	2,200	2,200	578	(1,622)
Office expenses	21,640	25,640	26,818	1,178
Contracts	8,000	13,000	13,027	27
Computer maintenance	41,000	38,800	38,717	(83)
Other operating expenses	9,485	9,485	8,847	(638)
Capital outlay	-	-	9,500	9,500
	<u>424,886</u>	<u>427,386</u>	<u>426,029</u>	<u>(10,857)</u>
City Hall:				
Salaries	35,025	32,525	37,360	4,835
OASI	2,676	2,676	2,459	(217)
Retirement	3,882	3,882	3,564	(318)
Health insurance	14,247	10,847	6,018	(4,829)
Repairs and maintenance	10,000	8,000	5,082	(2,918)
Utility expense	150,000	150,000	145,066	(4,934)
Capital outlay	25,000	5,900	-	(5,900)
	<u>240,830</u>	<u>213,830</u>	<u>199,549</u>	<u>(14,281)</u>
Industrial Park:				
Other	1,000	-	-	-
Railroad	20,000	21,400	21,356	(44)
Recruitment	50,000	50,000	50,000	-
	<u>71,000</u>	<u>71,400</u>	<u>71,356</u>	<u>(44)</u>
Election:				
Election commission	8,500	8,500	6,905	(1,595)
	<u>8,500</u>	<u>8,500</u>	<u>6,905</u>	<u>(1,595)</u>
Technology Services:				
Salaries	93,271	93,272	98,602	5,330
OASI	5,782	5,783	5,882	99
Medicare	1,352	1,353	1,376	23
Retirement	10,341	10,345	10,521	176
Health Insurance	29,310	29,303	16,654	(12,649)
Telephone and internet	-	280	280	-
Travel	2,300	2,300	2,422	122
Contracts	8,650	8,650	-	(8,650)
Training	800	-	79	79
Supplies	1,800	4,200	3,455	(745)
Computer Maintenance	3,500	2,670	1,444	(1,226)
Clothing	-	550	347	(203)
	<u>157,106</u>	<u>158,706</u>	<u>141,062</u>	<u>(17,644)</u>

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

CITY OF BROWNSVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Special Projects:				
American Red Cross	2,500	2,500	2,500	-
Library	78,349	78,349	78,349	-
Chamber of commerce	60,000	60,000	115,990	55,990
Carl Perkins child abuse center	7,500	7,500	7,500	-
Farmers market	5,000	4,050	932	(3,118)
Haywood crusaders	5,400	5,400	5,400	-
Emergency management	22,403	22,403	9,430	(12,973)
Tourism	10,000	10,000	7,450	(2,550)
Neighborhood watch	5,000	-	-	-
COVID grant	-	950	3,950	3,000
Vision Haywood County	10,000	10,000	10,000	-
Southwest development	2,162	2,162	2,161	(1)
Golden age	7,500	7,500	7,500	-
Key Corner park maintenance	4,000	9,000	11,066	2,066
One Safe Place	-	-	7,216	7,216
Rescue squad	8,870	8,870	5,456	(3,414)
Redi scholarship / Weststar Leadership	1,500	1,500	500	(1,000)
Crime stoppers	4,000	4,000	700	(3,300)
Fall fest	1,500	1,500	-	(1,500)
Habitat for humanity	15,000	15,000	15,000	-
Main Street Brownsville	30,000	30,000	30,000	-
Boys & Girls Club	10,000	10,000	10,000	-
Big brother and sisters	10,000	10,000	10,000	-
	<u>300,684</u>	<u>300,684</u>	<u>341,100</u>	<u>40,416</u>
Total general government	<u>1,883,618</u>	<u>1,836,671</u>	<u>1,806,033</u>	<u>(40,138)</u>
Public safety:				
Police:				
Salaries	1,398,609	1,499,809	1,592,030	92,221
Salaries - Clerical	136,122	136,122	166,126	30,004
Jail Officer	100,000	100,000	83,009	(16,991)
Overtime	68,000	44,500	39,516	(4,984)
SRO Salary	261,800	198,086	206,298	8,212
SRO Overtime	14,000	26,250	23,394	(2,856)
OASI	145,698	145,698	155,036	9,338
Retirement	216,810	216,860	201,677	(15,183)
Health insurance	453,734	441,534	281,951	(159,583)
Repairs and supplies	65,000	65,000	60,033	(4,967)
Vehicle lease rental	71,843	71,843	71,843	-
Training	45,200	45,200	35,740	(9,460)
Travel	8,500	8,500	3,317	(5,183)
Supplies	45,738	45,738	39,174	(6,564)
Small equipment	2,000	2,000	-	(2,000)
Telephone & Internet	4,000	4,000	9,040	5,040
Police academy / New hire	12,000	18,900	23,363	4,463
Alcohol youth program	5,000	4,710	493	(4,217)
Prisoner expense	1,000	1,200	1,093	(107)
Contracts	-	-	18,589	18,589
Wrecker service	3,500	3,500	1,720	(1,780)

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

CITY OF BROWNSVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>		<u>Over</u> <u>(Under)</u>
Police: (cont)				
Awards	\$ 200	\$ 200	\$ -	\$ (200)
Clothing and uniforms	14,000	14,000	8,744	(5,256)
Fire arm / taser supplies	9,793	9,794	9,759	(35)
Car seats, booster seats	500	500	1,000	500
Sexual offender registry	1,400	1,400	30	(1,370)
Gas, oil, diesel fuel and grease	56,100	56,100	81,794	25,694
Inservice supplement	26,400	26,400	21,600	(4,800)
Bulletproof vests	7,000	7,000	5,970	(1,030)
Alcohol Training - State	337	337	-	(337)
Stop Law Enforcement Grant - salaries	50,643	50,768	51,541	773
Stop Law Enforcement Grant - operating expenses	27,965	27,840	4,488	(23,352)
Computer equipment	3,000	2,999	3,464	465
Capital outlay	3,000	2,999	-	(2,999)
108/118 Lafayette Repair	<u>220,000</u>	<u>222,000</u>	<u>115,375</u>	<u>(106,625)</u>
	<u>3,478,892</u>	<u>3,501,787</u>	<u>3,317,207</u>	<u>(184,580)</u>
Central Dispatch:				
Salaries	424,383	418,754	431,180	12,426
Overtime	7,500	35,825	34,560	(1,265)
Performance incentive	-	23,200	30,833	7,633
OASI	33,792	33,792	36,624	2,832
Retirement	46,610	46,610	45,309	(1,301)
Health insurance	88,300	91,300	90,536	(764)
Supplies	5,000	4,602	4,031	(571)
Contracts	29,202	19,202	20,765	1,563
Rent	6,000	6,000	4,500	(1,500)
Phone & Internet	6,000	6,960	6,856	(104)
Insurance	14,349	14,747	14,387	(360)
Repairs and Maintenance	7,000	3,080	330	(2,750)
Other operating	<u>-</u>	<u>-</u>	<u>360</u>	<u>360</u>
	<u>668,136</u>	<u>704,072</u>	<u>720,271</u>	<u>16,199</u>
Fire protection and control:				
Salary	993,418	983,518	1,048,177	64,659
Overtime	82,400	76,400	77,518	1,118
OASI	83,143	83,143	83,569	426
Retirement	117,464	117,464	113,162	(4,302)

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

CITY OF BROWNSVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>		<u>Over</u>
				<u>(Under)</u>
Fire protection and control: (cont)				
Health Insurance	\$ 333,172	\$ 353,492	\$ 350,365	\$ (3,127)
Repairs and supplies	20,300	19,698	18,052	(1,646)
Training	3,000	3,000	1,861	(1,139)
Travel	1,000	-	-	-
Clothing and uniforms	16,000	16,000	76,510	60,510
Gas, oil, diesel fuel, and grease	5,000	5,000	5,976	976
Inservice supplement	17,600	17,600	12,800	(4,800)
Contracts	9,800	11,800	12,773	973
Capital outlay	45,278	51,365	50,954	(411)
	<u>1,727,575</u>	<u>1,738,480</u>	<u>1,851,717</u>	<u>113,237</u>
Public Safety services:				
Supplies	-	46,524	46,524	-
Capital outlay	-	17,450	17,450	-
	<u>-</u>	<u>63,974</u>	<u>63,974</u>	<u>-</u>
Building and Codes:				
Salary	151,299	131,799	130,670	(1,129)
Bonus	-	-	2,533	2,533
OASI	11,570	11,570	10,145	(1,425)
Retirement	16,777	16,777	11,549	(5,228)
Health insurance	44,631	53,131	21,777	(31,354)
Telephone	1,000	1,000	640	(360)
Flood Plain Management	1,000	-	-	-
Repairs and supplies	25,000	25,000	16,464	(8,536)
Training	2,000	2,000	1,538	(462)
Travel	2,000	2,000	2,000	-
Mowing services	10,000	10,000	7,977	(2,023)
Uniforms, signs, etc.	600	600	49	(551)
Clothing	1,000	3,000	2,872	(128)
Gas, oil, diesel and grease	7,000	12,000	16,505	4,505
Machinery & Equipment	-	-	12,482	12,482
	<u>273,877</u>	<u>268,877</u>	<u>237,201</u>	<u>(31,676)</u>
Animal Control:				
Salary	112,432	123,532	131,904	8,372
Overtime	5,000	5,000	4,605	(395)
OASI	8,980	8,980	10,089	1,109
Retirement	12,250	12,250	13,295	1,045
Health insurance	35,194	41,444	24,786	(16,658)
Materials and supplies	21,500	19,690	11,604	(8,086)
Contracts	1,540	1,540	750	(790)
Gas, oil, diesel fuel, and grease	10,000	10,000	3,484	(6,516)
Telephone & Internet	3,440	2,440	1,560	(880)
Utilities	7,000	7,000	5,546	(1,454)
Vet fees	-	-	7,735	7,735
Equipment	-	-	36,228	36,228
	<u>217,336</u>	<u>231,876</u>	<u>251,586</u>	<u>19,710</u>
Total public safety	<u>6,365,816</u>	<u>6,509,066</u>	<u>6,441,956</u>	<u>(67,110)</u>

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

CITY OF BROWNSVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Public works:				
Highway and Street:				
Salary	358,237	432,237	455,532	23,295
Overtime	3,000	9,000	6,469	(2,531)
OASI	33,314	33,314	39,564	6,250
Retirement	44,942	44,942	51,924	6,982
Helath insurance	122,421	130,721	83,065	(47,656)
Repairs and supplies	65,000	82,670	98,833	16,163
Special projects	5,000	5,000	285	(4,715)
Inservice support	1,500	-	-	-
Training	2,000	2,000	2,088	88
Telephone	960	960	400	(560)
Contracts	56,000	56,000	48,355	(7,645)
Clothing and uniforms	6,000	7,500	8,489	989
Gas, oil, diesel fuel, and grease	40,000	51,000	69,041	18,041
Storm water maintenance - salaries	74,448	71,448	73,587	2,139
Storm water mainenance - fees	-	1,000	1,484	484
Capital outlay	60,000	289,710	289,710	-
Engineering service	12,000	12,000	33,200	21,200
	<u>884,822</u>	<u>1,229,502</u>	<u>1,262,026</u>	<u>32,524</u>
City Shop:				
Salary	148,360	87,710	93,207	5,497
Overtime	500	1,150	1,193	43
Bonus	-	-	1,600	1,600
OASI	11,383	8,383	6,879	(1,504)
Retirement	16,505	16,505	9,971	(6,534)
Health insurance	31,037	20,937	20,110	(827)
Repairs and maintenace	26,000	21,000	37,217	16,217
Telephone and internet	960	960	520	(440)
Tanks - maintenance	5,000	3,300	1,685	(1,615)
Supplies	3,000	7,900	8,028	128
Capital outlay	32,200	32,200	25,445	(6,755)
	<u>274,945</u>	<u>200,045</u>	<u>205,855</u>	<u>5,810</u>
Total public works	<u>1,159,767</u>	<u>1,429,547</u>	<u>1,467,881</u>	<u>38,334</u>
Health, Culture, Recreation and Welfare:				
Cemetary:				
Salary	\$ 29,120	\$ 29,320	\$ 31,375	\$ 2,055
Overtime	1,200	1,000	349	(651)
OASI	2,318	2,318	2,332	14

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

CITY OF BROWNSVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Cemetary: (cont)				
Retirement	3,362	3,362	3,380	18
Health insurance	7,758	9,358	5,520	(3,838)
Insurance	4,000	4,000	425	(3,575)
Supplies	-	1,690	-	(1,690)
Capital outlay	-	6,950	6,949	(1)
	<u>47,758</u>	<u>57,998</u>	<u>50,330</u>	<u>(7,668)</u>
City/County Recreation:				
Recreation	<u>380,000</u>	<u>380,000</u>	<u>221,112</u>	<u>(158,888)</u>
City Beautiful:				
Materials and supplies	<u>45,000</u>	<u>45,000</u>	<u>35,138</u>	<u>(9,862)</u>
Delta Heritage Center:				
Salary	172,484	143,784	149,465	5,681
Overtime	1,250	250	626	376
OASI	13,286	13,286	11,059	(2,227)
Health insurance	45,005	49,505	29,118	(20,387)
Retirement	9,693	9,693	9,079	(614)
Supplement	5,133	5,133	4,799	(334)
Supplies	13,000	13,000	7,134	(5,866)
Gift shop inventory	12,000	12,000	11,019	(981)
Consignment sales	2,500	8,200	7,847	(353)
Contracts	6,480	6,480	5,196	(1,284)
Travel	900	2,900	1,436	(1,464)
Bank charges	5,250	5,250	1,931	(3,319)
Utilities	13,500	13,500	11,310	(2,190)
Telephone & Internet	14,980	14,980	8,458	(6,522)
Advertising	28,000	26,000	21,582	(4,418)
Sales tax	3,500	3,500	3,976	476
Dues and subscriptions	2,200	2,200	1,660	(540)
Capital outlay	16,430	16,582	16,200	(382)
	<u>365,591</u>	<u>346,243</u>	<u>301,895</u>	<u>(44,348)</u>
Total Health, Culture, Recreation and Welfare:	<u>838,349</u>	<u>829,241</u>	<u>608,475</u>	<u>(220,766)</u>
Community development:				
STBG grant Main Street	319,397	319,397	705	(318,692)
One safe place	-	5,500	6,011	511
Resurfacing grant	356,690	356,690	-	(356,690)
Professional	-	17,907	8,500	(9,407)
Architect	-	35,150	27,200	(7,950)
Engineering service	-	11,780	9,800	(1,980)
Contingency	-	35,150	-	(35,150)
Community development:	-	12,920	13,033	113
Tourism grant	-	5,000	8,650	3,650
Safe routes to school grant	-	351,500	500	(351,000)
DRA Creative	4,000	4,000	-	(4,000)
2015 Multimodal Grant	126,025	126,025	-	(126,025)
Mayors special reeconomic fund	50,000	50,000	33,443	(16,557)
Book panels	-	-	4,205	4,205

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

CITY OF BROWNSVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Community development: (cont)				
Other expenses	178	-	-	-
Total community development	<u>856,290</u>	<u>1,331,019</u>	<u>112,047</u>	<u>(1,218,972)</u>
Total expenditures	\$ 11,103,840	\$ 11,935,544	\$ 10,436,392	\$ (1,508,652)
Net changes in fund balance	<u>\$ (360,553)</u>	<u>\$ (610,545)</u>	<u>154,216</u>	<u>\$ 774,261</u>
Fund balance - beginning			<u>5,226,179</u>	
Fund balance - ending			<u>\$ 5,380,395</u>	

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

CITY OF BROWNSVILLE, TENNESSEE
SOLID WASTE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Revenues				
Charges for services:				
Sanitation collections	\$ 2,038,337	\$ 2,038,337	\$ 1,997,255	\$ (41,082)
	<u>2,038,337</u>	<u>2,038,337</u>	<u>1,997,255</u>	<u>(41,082)</u>
Other:				
Interest income	900	900	508	(392)
Miscellaneous	-	-	33	33
	<u>-</u>	<u>-</u>	<u>33</u>	<u>33</u>
Total revenues	<u>2,039,237</u>	<u>2,039,237</u>	<u>1,997,796</u>	<u>(41,441)</u>
Expenditures				
Current:				
Public works:				
Sanitation:				
Salary	595,794	569,794	601,716	31,922
Overtime	15,000	8,400	5,228	(3,172)
OASI	37,857	37,857	36,059	(1,798)
Medicare	8,844	8,844	8,433	(411)
Retirement	44,276	39,276	36,430	(2,846)
Supplemental Retirement	23,446	23,446	22,331	(1,115)
Health Insurance	165,817	164,817	164,222	(595)
Repairs and supplies	76,000	91,000	81,219	(9,781)
Bad debt expense	35,000	20,000	226	(19,774)
Clothing and uniforms	15,000	15,500	17,927	2,427
Fuel, oil, and grease	35,000	66,000	77,110	11,110
Vehicle lease rental	56,400	105,900	84,314	(21,586)
Utility building	39,000	34,000	-	(34,000)
Other operating expenses	900	1,500	633	(867)
Capital outlay	360,000	350,000	346,088	(3,912)
	<u>1,508,334</u>	<u>1,536,334</u>	<u>1,481,936</u>	<u>(54,398)</u>
Landfill:				
Tipping fee	446,000	471,000	333,384	(137,616)
Recycle center	5,250	5,250	880	(4,370)
	<u>451,250</u>	<u>476,250</u>	<u>334,264</u>	<u>(141,986)</u>
Total expenditures	<u>1,959,584</u>	<u>2,012,584</u>	<u>1,816,200</u>	<u>(196,384)</u>
Net changes in fund balance	<u>\$ 79,653</u>	<u>\$ 26,653</u>	<u>181,596</u>	<u>\$ 154,943</u>
Fund balance - beginning			990,140	
Fund balance - ending			<u>\$ 1,171,736</u>	

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

**CITY OF BROWNSVILLE, TENNESSEE
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services:				
Rent/lease payment received	\$ 6,600	\$ 6,600	\$ 6,200	\$ (400)
	<u>6,600</u>	<u>6,600</u>	<u>6,200</u>	<u>(400)</u>
Other:				
Lowe's contribution	-	-	375,000	375,000
Interest	100	100	50	(50)
	<u>100</u>	<u>100</u>	<u>375,050</u>	<u>374,950</u>
Total revenues	<u>6,700</u>	<u>6,700</u>	<u>381,250</u>	<u>374,550</u>
Expenditures				
Current:				
Consultants - miscellaneous	1,500	2,000	2,034	34
Building Lowe's	375,000	375,000	299,477	(75,523)
Capital outlay	60,436	410,436	333,003	(77,433)
Total expenditures	<u>436,936</u>	<u>787,436</u>	<u>634,514</u>	<u>(152,922)</u>
Net changes in fund balance	<u>\$ (430,236)</u>	<u>\$ (780,736)</u>	(253,264)	<u>\$ 527,472</u>
Fund balance - beginning			<u>1,667,521</u>	
Fund balance - ending			<u>\$ 1,414,257</u>	

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

CITY OF BROWNSVILLE, TENNESSEE
ARPA GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>		<u>Over</u>
Revenues				<u>(Under)</u>
Intergovernmental:				
American Rescue Plan grant	-	1,399,746	1,371,442	(28,304)
	-	1,399,746	1,371,442	(28,304)
Other:				
Interest	-	-	76	76
	-	-	76	76
Total revenues	-	1,399,746	1,371,518	(28,228)
Expenditures				
Current:				
Capital outlay	-	1,399,746	1,359,518	(40,228)
Total expenditures	-	1,399,746	1,359,518	(40,228)
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	12,000	<u>\$ 12,000</u>
Fund balance - beginning			-	
Fund balance - ending			<u>\$ 12,000</u>	

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Brownsville, Tennessee (the City) operates under a Mayor-Alderman form of government and provides the following services as authorized by its charter: public safety (police, fire, and inspection and planning), street maintenance, sanitation, health, culture, welfare and recreation, water and sewerage, community development, solid waste disposal, and general administrative services. As required by generally accepted accounting principles, these financial statements present all funds, which comprise the City.

A. Reporting Entity

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the 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.

Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor combining statements and individual statements are presented in the other supplementary section.

C. Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The government-wide financial statements and the fiduciary fund are reported using the economic resources measurement focus and the accrual basis of accounting. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the

CITY OF BROWNSVILLE, TENNESSEE
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current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. 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.

Property taxes, gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The solid waste fund includes the accounting for all sanitation collection revenues and expenditures. The community development fund includes the accounting for rent/lease payments and expenses on lower income housing for the citizens. The ARPA grant fund accounts for all the activity of the ARPA grant's revenue and allowed expenditures during the year.

Additionally, the City reports a pension trust fund that account for the activities of the Supplemental Pension Plan, which accumulates the resources for pension benefit payments to qualified employees. The pension trust funds report on a June 30 year end.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, and Net Position or Fund Balance

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit and other time deposits with a term of less than three months.

State statutes authorize the City to invest in certificates of deposit, obligations of the U. S. Treasury, agencies and instrumentalities, obligations guaranteed by the U. S. Government or its agencies, repurchase agreements, and the state's investment pool.

Investments for the City are reported at fair value.

Investments in Pension Plan (Supplemental Pension Plan)

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Directors by a majority vote of its members. It is the policy of the Board of Directors to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

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Receivables and payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Property tax receivables are shown net of an allowance for uncollectibles. The allowance is recorded based on the past history of collections. Court fines receivable are also shown net of an allowance for uncollectibles. The allowance is recorded based on management's estimate of what portion of the outstanding receivable will be collected in the future.

Property taxes are levied annually on October 1st. The taxes are mailed on October 1st and are considered to be due and payable from the following October 1st through February 28th in the year succeeding the tax levy. An unperfected lien attaches by statute to property on January 1st for unpaid taxes from the prior year's levy. Taxes become delinquent as of March 1st of the year after levied. Taxes uncollected by April 1st of the second year they are due are submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment.

Inventories and prepaid items

Inventories are valued at lower of average cost or market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

The City elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

Restricted assets consist of cash accounts that are restricted for various purposes. The most significant account is related to the interstate construction project.

Capital assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 for land, \$5,000 for buildings and infrastructure, improvements other than buildings, and equipment and an estimated useful life in excess of three years. All land, construction in progress, and works of art will be included. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the City are depreciated using the straight-line method over the following useful lives:

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Buildings	40-50 years
Improvements other than buildings	10-20 years
Machinery and equipment	5-20 years
Furniture and fixtures	8-15 years
Infrastructure	10-50 years

Unavailable/Unearned Revenue

Amounts that were receivable and measurable as of June 30, 2022, but were not available to finance expenditures for the year ended June 30, 2022 are considered to be unavailable revenues in the governmental funds. Revenue recognition is also postponed in connection with resources that have been received, but not yet earned (unearned revenue).

Compensated absences

The City's policy permits employees to accumulate earned but unused annual (vacation) leave and sick days. The governmental funds' employees accumulate vacation days and in the event of termination employees are reimbursed for accumulated vacation up to a maximum for 20 days.

City employees' sick leave accumulation is unlimited. However, accumulated leave is not accrued as the City employees have no vested rights to the leave on termination.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities' statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City presently has no items that qualify for reporting in this category in the governmental fund statements. However, for the governmental activities, the City reports the following items as deferred outflows for pensions and OPEB: contributions paid subsequent to the measurement date, the difference between expected and actual experience, changes in assumptions, and the difference between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has various items that qualify for reporting in this category. Property taxes reported as receivable before the period for which they are levied are deferred and recognized as an inflow of resources in the period the amounts become available. This item is reported as unavailable revenue in both the governmental fund balance sheet and the statement of net position. Property taxes reported as receivable that were presently due, but not received within 60 days of the fiscal period are reported as unavailable property taxes in the governmental fund balance sheet. Court fines receivable that were not received within 60 days of the year end are also deferred in the governmental funds balance sheet and reported as court fines unavailable. In addition the statement of net position, statements report the following items related to pensions and OPEB: the difference between expected and actual experience, and the net difference between projected and actual earnings on pension plan investment.

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Impact of Recently Issued Accounting Pronouncements

In June of 2017, the GASB issued Statement No. 87. Leases improves accounting and financial reporting by state and local governments for leases and is effective for fiscal years beginning after June 15, 2021. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for lease that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities This implementation resulted in no impact on the current year financial statements.

Net Position Flow Assumption

Sometimes the City will fund capital outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position for the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Brownsville's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS) and the Supplemental Pension Plan, and additions to/deductions from Brownsville's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan and Supplemental Pension Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS and the Supplemental Pension Plan. Investments are reported at fair value.

Fiduciary Net Position – Supplemental Pension Plan

Investments: Investments are stated at fair market value. The Plan's investments consist of a money market account and mutual funds. Dividend income is accrued on the ex-dividend date. Purchases and sales of securities are recorded on the trade-date basis. Realized gains and losses from security transactions are reported on the average cost method.

Payment of Benefits: Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At June 30, 2022, no benefits were payable that had not been paid.

Administrative and Other Expenses: Qualified Plan administrative expenses are paid by the Plan. During the year ended June 30, 2022, there were no administrative expenses paid out of the plan. The plan sponsor pays other significant plan administration fees, including actuarial costs and audit fees, out of the plan sponsor's general fund.

Fund Equity

As prescribed by GASB Statement No.54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific

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purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable fund balance

This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to maintain intact. The “not in spendable form” criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted fund balance

This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

Committed fund balance

This classification includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the Board of Alderman of the City of Brownsville, Tennessee. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally, an ordinance of the City.

Assigned fund balance

This classification includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The Board and its designee, the Recorder, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned fund balance

This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The reconciliation of the balance sheet of governmental funds to the statement of net position includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that there are “receivables not available to pay for current expenditures and, therefore, are deferred in the funds.” The details of this \$598,184 are as follows:

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Unavailable property taxes	\$ 426,585
Unavailable court fines	94,701
Unavailable penalty and interest - taxes	<u>76,898</u>
Net adjustment to reduce fund balances - total governmental funds to arrive at net position of governmental activities	<u>\$ 598,184</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period." The details of this \$2,224,521 difference are as follows:

Capital outlay meeting threshold criteria	\$ 2,941,749
Book value of disposals	(26,253)
Depreciation expense	<u>(690,975)</u>
Net adjustment to reduce net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 2,224,521</u>

Another element of that reconciliation states that "revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this (\$81,778) difference are as follows:

Change in unavailable property taxes	\$ (69,245)
Change in unavailable penalty and interest - taxes	(2,077)
Change in unavailable court fines	<u>(10,456)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (81,778)</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. These include the general fund and the special revenue funds. The Board of Aldermen approves and appropriates the budgets for these funds annually. All annual appropriations lapse at fiscal year-end.

The City's policy is to not allow expenditures to exceed budgetary amounts at the total fund expenditure level without obtaining additional appropriation approval from the City Council. This policy reflects the legal level of control at which expenditures may not exceed appropriations.

As an extension of the budgetary process, the City Aldermen may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. These amendments are

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made in the form of legally adopted Board approvals. The City had budget amendments during the year.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Interest rate risk

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting its investments to certificates of deposit with local financial institutions.

Custodial credit risk

The City's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2022, all bank deposits were fully collateralized or insured.

Pension Plan Investments (Supplemental Pension Plan)

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Directors by a majority vote of its members. It is the policy of the Board of Directors to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following is the asset allocation as of June 30, 2022:

	Market Value	Percentage of Total
Equities	\$ 609,782	35.31%
Fixed income investments	838,101	48.53%
International investments	<u>279,215</u>	<u>16.17%</u>
Total	<u>\$ 1,727,098</u>	<u>100.00%</u>

The following investments represent more than 5% of the fiduciary net position and are not issued or explicitly guaranteed by the U.S. government at June 30, 2022:

Vanguard 500 index admiral fund	\$	228,355
Fidelity invest grade BD portfolio		295,503
Baird aggregate bond fund		295,188
Diamond Hill Large Cap Fund		112,575
Loomis Sayles Growth Fund		97,289
DoubleLine Total Return Bond Fund		128,594

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For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -16.53 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fair Value Measurements (Supplemental Pension Plan)

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2022:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level			
Debt securities			
Mutual funds - fixed	838,101	838,101	-
Mutual funds - international	-	-	-
Total debt securities	<u>838,101</u>	<u>838,101</u>	<u>-</u>
Equity securities			
Mutual funds	609,782	609,782	-
Mutual funds - international	279,215	279,215	-
Total equity securities	<u>888,997</u>	<u>888,997</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 1,727,098</u>	<u>\$ 1,727,098</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

B. Receivables

Receivables as of the year end for the governmental funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

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	<u>General Fund</u>	<u>Solid Waste Fund</u>	<u>State Street Aid Fund</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 4,295,237	\$ -	\$ -	\$4,295,237
Accounts	479,511	9,035	59,307	547,853
Court fines	310,050	-	-	310,050
Intergovernmental	212,274	-	-	212,274
Pen. & Int. - Taxes	384,489	-	-	384,489
Grants	25,182	-	-	25,182
Gross receivables	<u>5,706,743</u>	<u>9,035</u>	<u>59,307</u>	<u>5,775,085</u>
Less: Allowance for uncollectible	(678,212)	-	-	(678,212)
Net total receivables	<u>\$ 5,028,531</u>	<u>\$ 9,035</u>	<u>\$ 59,307</u>	<u>\$5,096,873</u>

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. At the end of the current fiscal year, various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Delinquent property taxes receivable	\$ 426,585	\$ -	\$ 426,585
Penalty and interest - taxes	76,898	-	76,898
2022 property tax assessment	-	3,708,690	3,708,690
Court fines receivable	94,701	-	94,701
Total deferred revenue for governmental funds	<u>\$ 598,184</u>	<u>\$ 3,708,690</u>	<u>\$4,306,874</u>

C. Capital Assets

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

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	Beginning Balance	Additions	Disposals	Reclass	Ending Balance
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 2,033,780	\$ 9,500	\$ -	\$ -	\$ 2,043,280
Construction in progress	<u>1,075,166</u>	<u>1,503,823</u>	<u>-</u>	<u>(829,119)</u>	<u>1,749,870</u>
Total capital assets, not being depreciated	<u>3,108,946</u>	<u>1,513,323</u>	<u>-</u>	<u>(829,119)</u>	<u>3,793,150</u>
Capital assets, being depreciated					
Buildings and improvements	4,547,598	-	-	-	4,547,598
Infrastructure	15,006,378	-	-	829,119	15,835,497
Machinery and equipment	2,460,936	1,252,661	76,045	-	3,637,552
Vehicles	<u>4,103,615</u>	<u>175,765</u>	<u>-</u>	<u>-</u>	<u>4,279,380</u>
Total capital assets, being depreciated	<u>26,118,527</u>	<u>1,428,426</u>	<u>76,045</u>	<u>829,119</u>	<u>28,300,027</u>
Less accumulated depreciation for:					
Buildings and improvements	3,655,293	63,628	-	-	3,718,921
Infrastructure	6,392,929	285,497	-	-	6,678,426
Machinery and equipment	2,162,499	117,729	49,792	-	2,230,436
Vehicles	<u>3,367,965</u>	<u>224,121</u>	<u>-</u>	<u>-</u>	<u>3,592,086</u>
Total accumulated depreciation	<u>15,578,686</u>	<u>690,975</u>	<u>49,792</u>	<u>-</u>	<u>16,219,869</u>
Total capital assets, being depreciated, net	<u>10,539,841</u>	<u>737,451</u>	<u>26,253</u>	<u>829,119</u>	<u>12,080,158</u>
Total governmental capital assets, net	<u>\$ 13,648,787</u>	<u>\$ 2,250,774</u>	<u>\$ 26,253</u>	<u>\$ -</u>	<u>\$ 15,873,308</u>

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

Governmental activities:	
General government	\$ 157,730
Community development	10,126
Public safety	143,887
Public works	353,168
Health, culture, recreation, and welfare	<u>26,064</u>
Total depreciation expense - governmental activities	<u>690,975</u>

D. Inter-fund Receivables and Payables and Transfers

The composition of inter-fund balances as of June 30, 2022, is as follows:

Receivable Fund	Payable Fund	Amount
Community Development	General	\$ 199,874
ARPA	General	<u>11,924</u>
Governmental activities eliminated		<u>(211,798)</u>
Total		<u>\$ -</u>

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The interfund balances were both due to the fact that retainage calculations on the City Hall project were overpaid to the general fund from both the Community Development and ARPA funds. This balance simply reflects the overpayment and is expected to be repaid within one year.

E. Long-term Debt

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Governmental activities					
Compensated absences	298,842	3,727	-	302,569	-
	<u>\$ 298,842</u>	<u>\$ 3,727</u>	<u>\$ -</u>	<u>\$ 302,569</u>	<u>\$ -</u>

For governmental activities, compensated absences are liquidated by the general fund.

NOTE 5 - OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, auto liability, errors and omissions and auto physical damage coverage. The City joined the Tennessee Municipal League Risk Pool (Pool), which is a public entity risk pool established in 1979 by the Tennessee Municipal League. The pool is a cooperative risk sharing arrangement that works in many ways like a traditional insurer. The City pays annual premiums to the Pool for its general liability, auto liability, real and personal property damage, workman’s compensation and errors and omissions policies. The Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The City’s premiums are calculated based on its prior claims history. Settled claims have not exceeded the coverage provided by the Pool in any of the past three years and there has been no significant reduction in insurance coverage during the year.

B. Contingent Liabilities and Losses

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. 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 grantors cannot be determined at this time although the City’s management expects such amounts, if any, to be immaterial.

C. Employee Retirement Systems and Pension Plans

Plan Description

Employees of the City of Brownsville are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial

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report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided

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

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.

Employees Covered By Benefit Terms

At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	58
Inactive employees entitled to but not yet receiving benefits	95
Active employees	<u>110</u>
	<u><u>263</u></u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Brownsville makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, employer contributions for Brownsville were \$360,815 based on a rate of 7.25 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Brownsville's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Brownsville's net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

CITY OF BROWNSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Actuarial Assumptions

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

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

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

The actuarial assumptions used in the June 30, 2021 actuarial valuation were 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 more closely reflect actual and expected future experience.

Changes of Assumptions

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 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 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	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%	<u>1%</u>
		100%

CITY OF BROWNSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Brownsville will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balance at 6/30/20	\$ 15,242,207	\$ 15,262,411	\$ (20,204)
Changes for the year:			
Service cost	432,921	-	432,921
Interest	1,105,840	-	1,105,840
Differences between expected and actual experience	(130,314)	-	(130,314)
Changes in assumptions	1,162,661	-	1,162,661
Contributions- employer	-	337,823	(337,823)
Contributions- employees	-	232,981	(232,981)
Net investment income	-	3,900,631	(3,900,631)
Benefit payments, including refunds of employee contributions	(844,328)	(844,328)	-
Administrative expense	-	(10,203)	10,203
Net changes	<u>1,726,780</u>	<u>3,616,904</u>	<u>(1,890,124)</u>
Balance at 6/30/21	<u>\$ 16,968,987</u>	<u>\$ 18,879,315</u>	<u>\$ (1,910,328)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of Brownsville calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated

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

using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Brownsville's net pension liability (asset)	\$ 507,628	\$ (1,910,328)	\$ (3,894,426)

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

Pension Expense

For the year ended June 30, 2022, Brownsville recognized negative pension expense of (\$365,177).

Deferred Outflows of Resources and Deferred Inflows of Resources.

For the year ended June 30, 2022, Brownsville reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,756	\$ 938,847
Net difference between projected and actual earnings on pension plan investments	-	2,080,041
Changes in assumptions	1,064,658	-
Contributions subsequent to the measurement date of June 30, 2021	360,815	-
Total	\$ 1,489,229	\$ 3,018,888

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2021," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

<u>Year Ended June 30:</u>	
2023	\$ (562,990)
2024	(516,411)
2025	(513,435)
2026	(469,704)
2027	172,066
Thereafter	-

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

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

Payable to the Pension Plan

At June 30, 2022, Brownsville reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2022.

Supplemental Pension Plan

Plan Description

The Supplemental Pension Plan for the City of Brownsville, Tennessee (the Plan) is a single-employer defined retirement plan administered by Regions Bank and Trust Company for the employees of the City of Brownsville. The Plan was established by statute. Required contributions and benefit provisions are established and amended by the Board of Directors.

Effective July 1, 2009, entry into the plan occurred with entry into TCRS. Eligibility to receive benefits is based on service and age qualifications. For public service employees' retirement at age 60 with 25 years of credited service. For non-public service employees' retirement at age 60 with 30 years of credited service or age 65 with 25 years of credited service.

Benefits Provided

The Plan provides retirement and termination benefits to plan members for the remainder of their life with no survivor benefits.

The amount of retirement benefit to be provided for each Participant who retires on the Participant's Normal Retirement Date shall be equal to the Participant's Accrued Benefit (herein called the Participant's Normal Retirement Benefit). For eligible employees, a Participant's Accrued Benefit is based on a retirement benefit formula equal to 70% of such Participant's Average Annual Earnings for the final five years of salary prior to retirement, with a reduction of 1% per year (maximum of 5%) for each year of credited service less than 30, less the maximum amount of Tennessee Consolidated Retirement System (TCRS) benefits calculated for Participant. The normal retirement Pension shall not exceed 40% of compensation.

There are no early retirement benefits available. Both age and service qualifications are to be met prior to initiation of benefits. However, a participant may continue in employment beyond his Normal Retirement Date. In such, no retirement benefit will be paid to the Participant until he actually retires, subject to any required minimum distributions.

The amount of retirement benefit payable to the Participant at his Late Retirement Date is not adjusted, outside of the change in amount of the final five years of compensation. However, Participant must begin distributions from the City of Brownsville Supplemental Pension Plan at the same time that Participant initiates TCRS benefit distributions.

The retirement benefit payable to a Participant shall be paid in the Normal Form. The normal form is a life annuity that ceases at death of the Participant with no survivor benefits.

Contributions

Required contributions are determined as 3.5 percent of total payroll based on a funding policy adopted by the City of Brownsville, so long as the contribution exceeds the actuarially determined

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

contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

All previous contributions made by Participants shall be deemed to be made by the Employer as Pick-up Contributions. A Participant shall not be permitted to make any voluntary contributions to the Plan.

At July 1, 2022 membership consisted of:

Inactive employees or beneficiaries	2022
currently receiving benefits	12
Active employees	132
Total	144

The Plan's policy provides for actuarially determined periodic contributions. Contributions to the Plan for the year ended June 30, 2022 of \$158,727 were made in accordance with actuarially determined requirements computed through the actuarial valuation performed as of June 30, 2021.

As of June 30, 2022 the actuarial accrued liability for benefits was \$1,409,745 and the net pension liability(asset) was (\$375,715). Total covered payroll was \$4,537,339 and the ratio of net pension liability to covered payroll was -8.28%.

Net Pension Liability

The components of the net pension liability of the Supplemental Pension Plan for the City of Brownsville at June 30, 2022 and 2021 are detailed in the following tables. The first table shows the net pension liability as of June 30, 2022 is required to be disclosed due to the inclusion of the fiduciary fund statements in the City's financial statements. The second table is what is reported in the financial statements in accordance with GASB Statement No. 68. Total Pension Liability was rolled forward to June 30, 2022 in order to be in compliance with GASB Statement No. 67.

CITY OF BROWNSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

	Table 1A - Increase (Decrease)		
	Total pension liability (TPL)	Plan fiduciary net position	Net pension liability (NPL)
	(a)	(b)	(a)-(b)
Balances as 6/30/2021	\$ 2,643,404	2,075,271	568,133
Changes for the year:			
Service cost	77,400	-	77,400
Interest	190,666	-	190,666
Difference between actual and expected	289,550	-	289,550
Change of assumptions	-	-	-
Contributions - employer	-	158,727	(158,727)
Contributions - employee	-	-	-
Net investment income	-	(344,056)	344,056
Benefit payments	(104,482)	(104,482)	-
Other changes	(1,686,793)	-	(1,686,793)
Administrative expenses	-	-	-
Net changes	(1,233,659)	(289,811)	(943,848)
Balances as 6/30/2022	\$ 1,409,745	\$ 1,785,460	\$ (375,715)

	Table 1B - Increase (Decrease)		
	Total pension liability (TPL)	Plan fiduciary net position	Net pension liability (NPL)
	(a)	(b)	(a)-(b)
Balances as 6/30/2020	\$ 2,323,328	1,649,043	674,285
Changes for the year:			
Service cost	79,053	-	79,053
Interest	168,506	-	168,506
Difference between actual and expected	453,560	-	453,560
Change of assumptions	(303,567)	(21,223)	(282,344)
Contributions - employer	-	172,155	(172,155)
Contributions - employee	-	-	-
Net investment income	-	352,772	(352,772)
Benefit payments	(77,476)	(77,476)	-
Administrative expenses	-	-	-
Net changes	320,076	426,228	(106,152)
Balances as 6/30/2021	\$ 2,643,404	\$ 2,075,271	\$ 568,133

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

The following represents the net pension liability calculated using the discount of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate for the year ended June 30, 2022 and 2021:

CITY OF BROWNSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

	June 30, 2022		
	1% Decrease	Current Rate	1% Increase
Interest rate	6.25%	7.25%	8.25%
Total pension liability	\$ 1,553,026	\$ 1,409,745	\$ 1,287,228
Plan fiduciary net position	1,785,460	1,785,460	1,785,460
Net pension liability (asset)	\$ (232,434)	\$ (375,715)	\$ (498,232)

	June 30, 2021		
	1% Decrease	Current Rate	1% Increase
Interest rate	6.25%	7.25%	8.25%
Total pension liability	\$ 3,050,832	\$ 2,643,404	\$ 2,306,275
Plan fiduciary net position	2,075,271	2,075,271	2,075,271
Net pension liability (asset)	\$ 975,561	\$ 568,133	\$ 231,004

Net Pension Liability

The System's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry-age normal level percent of pay
Amortization method	Level Dollar, closed
Remaining amortization period	N/A
Asset valuation method	Market Value
Salary increases	3.50% per year including inflation
Investment rate of return	7.25%, net of plan investment expense, including inflation
Retirement assumption	Age 60 or the completion of 30 years of service if later
Mortality	Pub G-2010 for General Employees

The actuarial assumptions used in the September 17, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2021 through June 30, 2022.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employees do not contribute to the plan and that contributions from the employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

For the year ended June 30, 2021, the City recognized negative pension expense of (\$111,056). At June 30, 2022, the City is reporting the following deferred outflows and inflows of resources in relation to pensions.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 434,662	\$ -
Net difference between projected and actual earnings on pension investments	-	188,158
Changes in assumptions	-	290,918
Contributions subsequent to the measurement date of June 30, 2021	158,727	-
	\$ 593,389	\$ 479,076

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2021," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

<u>Year Ended June 30:</u>	
2023	\$ (41,625)
2024	(41,506)
2025	(40,016)
2026	(40,015)
2027	6,249
Thereafter	201,327

Payable to The Retirement Plan for employees of City of Brownsville

At June 30, 2022, the utility showed no amounts outstanding for contributions due to The Retirement Plan for employees of City of Brownsville.

The combined totals of the City's two pension plans are presented below:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Asset	Net Pension Liability	Pension Expense
TCRS Pension Plan	\$ 1,489,229	\$ 3,018,888	\$ 1,910,328	\$ -	\$ (365,177)
Supplemental Pension Plan	593,389	479,076	-	568,133	(111,056)
	\$ 2,082,618	\$ 3,497,964	\$ 1,910,328	\$ 568,133	\$ (476,233)

D. Other Post-Employment Benefits

Plan Description

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

The City sponsors a single-employer post-retirement plan. The plan provides health care benefits to eligible retirees. The Board of Aldermen determine any changes to the benefit terms or eligibility. The plan was established by the Board of Aldermen to address City retiree's health insurance needs pre-Medicare age. There are no assets accumulating in a trust related to other post-employment benefits.

Benefits Provided

Public safety employees at least age 60 who retire with 20 years of service and all other employees at least age 60 with 30 years of service are eligible for post-retirement benefits. Covered employees who retire and meet the eligibility requirements may remain covered under the plan. The retiree will be required to continue to pay the employee share of the cost of coverage and the City will continue to pay the same contributions as it does for active employees. Covered spouses/dependents may also remain in the plan. Coverage will terminate at the earliest of the end of the period for which the last contribution was paid; or the date the retiree attains age 65 or is eligible for Medicare/Medicaid.

Employees covered by benefit terms - At June 30, 2022, the following employees of the City were covered by the benefit terms of the plan:

Number of Participants	
Number of Actives with no covered spouse	88
Number of Actives with covered spouse	36
Number of Retirees with no covered spouse	2
Number of Retirees with covered spouse	1
Total Participants	127

Annual OPEB Expenses

Under GASB 75, the annual OPEB expense is intended to recognize certain changes in the Net OPEB Liability compared to the previous measurement date. Changes not recorded as an OPEB expense will be recorded and tracked separately as deferred inflows and outflows to be recognized in a future period's OPEB expense. Changes in the Total OPEB Liability due to differences between actual experience and assumptions are recognized over a closed period equal to the future remaining service of plan participants. Differences between actual and expected investment performance are recognized over a five year period. Any changes due to plan amendment or other benefit changes will be recognized in the year of adoption.

OPEB Expense	
Service Cost	\$ 122,072
Interest Cost	36,081
Recognized Liability Losses/(Gains)	(95,692)
Changes of Assumptions	21,271
Plan Change	-
Total OPEB Expense	\$ 83,732

Total OPEB Liability

Actuarial assumptions

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

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal						
Discount Rate	The discount rate used to measure the total OPEB liability was 3.54 percent. Because the plan is unfunded, the plan's projected benefits are discounted back using rates equivalent to AA 20-year municipal bonds. The GO Bond Buyer Index was used to approximate those yields as of June 30, 2022.						
Salary scale	3.5% per year based on input from the plan sponsor						
Retirement age	100% at Age 60 for Public Safety Employees 20% per year from ages 60-64 for all other employees						
Mortality	Based on experience of other similarly situated governmental entities and input from the plan sponsor. Public Safety: Pub-2010 Public Safety Headcount-weighted with generation projection using Scale MP-2021. All Others: Pub-2010 General Headcount-weighted with generation projection using Scale MP-2021. The tables are updated using the most recent mortality tables for governmental employees released by the Society of Actuaries.						
Turnover	Rates varying by age. T-5 sample rates: Age 20 Age 35 Age 50 7.94% 6.28% 2.56%						
Utilization	100% based on input from plan sponsor.						
Valuation of assets	N/A						
Per Capita claims	Claims were developed by adjusting the underlying medical premiums illustrated in the plan provisions section of the report for the ages of retirees compared to the underlying active populations. The adjustment was done using the morbidity adjustments in Chart 5 from the 2013 Society of Actuaries Study "Health Care Costs from Birth to "Death". Sample Pre-65 individual claims as follows: <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;">Age</td> <td style="text-align: center;">Annual Claims</td> </tr> <tr> <td style="text-align: center;">60</td> <td style="text-align: center;">\$10,441</td> </tr> <tr> <td style="text-align: center;">64</td> <td style="text-align: center;">\$12,395</td> </tr> </table> As of 1/1/19 a GAP insurance plan was added that covers the deductible. GAP costs are included in the sample claims above.	Age	Annual Claims	60	\$10,441	64	\$12,395
Age	Annual Claims						
60	\$10,441						
64	\$12,395						
Trend	Medical costs were assumed to increase by 7.5% per year decreasing linearly to an ultimate trend rate of 4.5% is reached.						
Changes since Prior Valuation	A) Discount rate changed from 2.16% to 3.54% B) Mortality table changed from Pub-2010 50% Public Safety/50% General Employee Headcount-weighted with fully generational scale MP-2020 to Pub-2010 50% Public Safety/50% General Employee Headcount-weighted with fully generational scale MP-2021. C) The Healthcare cost trend assumption was updated to 7.5% for 2022 decreasing by 0.25% per year until it reaches 4.5%.						

Changes in Net OPEB Liability

	Total OPEB Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net OPEB Liability
Total OPEB Liability (TOL) June 30, 2021	\$ 1,769,092	\$ -	\$ 1,769,092
Service Cost	122,072	-	122,072
Interest	36,081	-	36,081
Difference Between Expected and Actual Experience	(577,605)	-	(577,605)
Assumption Changes	(76,221)	-	(76,221)
Contributions - Employer	-	12,146	(12,146)
Contributions - Employee	-	-	-
Benefit Payments	(12,146)	(12,146)	-
Other Changes	(16,016)	-	(16,016)
Net Changes	(523,835)	-	(523,835)
Total OPEB Liability (TOL) June 30, 2022	\$ 1,245,257	\$ -	\$ 1,245,257

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

Sensitivity of total OPEB liability to changes in the healthcare trend rate - The following represents the net OPEB liability calculated using the stated healthcare trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the assumed trend rate:

	1% Decrease	Current	1% Increase
	(6.50% to 3.50%)	(7.50% to 4.50%)	(8.50% to 5.50%)
Total OPEB Liability	\$ 1,089,257	\$ 1,245,257	\$ 1,433,656

Sensitivity of total OPEB liability to changes in the discount rate - The following represents the net OPEB liability calculated using the stated 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 rate:

	1% Decrease	Current	1% increase
	2.54%	3.54%	4.54%
Total OPEB Liability	\$ 1,381,558	\$ 1,245,257	\$ 1,123,408

Deferred outflows of resources and deferred inflows of resources – For the fiscal year ended June 30, 2022, the City is reporting the following deferred outflows and inflows of resources related to OPEB benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 880,934
Change of assumptions	230,382	69,336
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	\$ 230,382	\$ 950,270

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

Year ending June 30,	Amortized
2023	\$ (74,421)
2024	(74,421)
2025	(74,421)
2026	(74,421)
2027	(74,421)
Thereafter	(347,783)
Total	\$ (719,888)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BROWNSVILLE, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED
RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ending June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability								
Service cost	\$ 432,921	\$ 487,437	\$ 503,620	\$ 503,369	\$ 465,417	\$ 410,088	\$ 358,248	\$ 327,802
Interest	1,105,840	1,086,564	1,077,656	1,002,548	973,285	928,975	846,006	809,282
Changes in benefit terms	-	-	-	-	-	-	-	-
Difference between actual & expected experience	(130,314)	(485,301)	(791,475)	148,764	(318,497)	(139,896)	458,857	(202,702)
Change of assumptions	1,162,661	-	-	-	335,209	-	-	-
Benefit payments, including refunds of employee contributions	<u>(844,328)</u>	<u>(692,299)</u>	<u>(609,193)</u>	<u>(628,712)</u>	<u>(655,808)</u>	<u>(671,584)</u>	<u>(545,814)</u>	<u>(404,535)</u>
Net change in total pension liability	1,726,780	396,401	180,608	1,025,969	799,606	527,583	1,117,297	529,847
Total pension liability - beginning	<u>15,242,207</u>	<u>14,845,806</u>	<u>14,665,198</u>	<u>13,639,229</u>	<u>12,839,623</u>	<u>12,312,040</u>	<u>11,194,743</u>	<u>10,664,896</u>
Total pension liability - ending (a)	<u>\$ 16,968,987</u>	<u>\$ 15,242,207</u>	<u>\$ 14,845,806</u>	<u>\$ 14,665,198</u>	<u>\$ 13,639,229</u>	<u>\$ 12,839,623</u>	<u>\$ 12,312,040</u>	<u>\$ 11,194,743</u>
Plan fiduciary net position								
Contributions - employer	\$ 337,823	\$ 325,659	\$ 356,368	\$ 370,909	\$ 352,299	\$ 263,189	\$ 264,869	\$ 243,179
Contributions - employee	232,981	224,409	239,667	248,933	236,442	219,325	217,826	203,849
Net investment income	3,900,631	724,873	1,018,906	1,050,568	1,293,393	298,500	340,232	1,575,174
Benefit payments, including refunds of employee contributions	(844,328)	(692,299)	(609,193)	(628,712)	(655,808)	(671,584)	(545,814)	(404,535)
Administrative expense	<u>(10,203)</u>	<u>(10,917)</u>	<u>(11,312)</u>	<u>(12,865)</u>	<u>(11,333)</u>	<u>(9,434)</u>	<u>(6,141)</u>	<u>(4,685)</u>
Net change in plan fiduciary net position	3,616,904	571,725	994,436	1,028,833	1,214,993	99,996	270,972	1,612,982
Plan fiduciary net position - beginning	<u>15,262,411</u>	<u>14,690,686</u>	<u>13,696,250</u>	<u>12,667,417</u>	<u>11,452,424</u>	<u>11,352,428</u>	<u>11,081,456</u>	<u>9,468,474</u>
Plan fiduciary net position - ending (b)	<u>\$ 18,879,315</u>	<u>\$ 15,262,411</u>	<u>\$ 14,690,686</u>	<u>\$ 13,696,250</u>	<u>\$ 12,667,417</u>	<u>\$ 11,452,424</u>	<u>\$ 11,352,428</u>	<u>\$ 11,081,456</u>
Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ (1,910,328)</u>	<u>\$ (20,204)</u>	<u>\$ 155,120</u>	<u>\$ 968,948</u>	<u>\$ 971,812</u>	<u>\$ 1,387,199</u>	<u>\$ 959,612</u>	<u>\$ 113,287</u>
Plan fiduciary net position as a percentage of total pension liability	111.26%	100.13%	98.96%	93.39%	92.87%	89.20%	92.21%	98.99%
Covered - employee payroll	\$4,659,108	\$4,724,519	\$4,783,463	\$4,978,646	\$4,723,133	\$4,386,484	\$4,414,488	\$4,066,527
Net pension liability (asset) as a percentage of covered-employee payroll	-41.00%	-0.43%	3.24%	19.46%	20.58%	31.62%	21.74%	2.79%

Changes in assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

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

CITY OF BROWNSVILLE, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE
PENSION PLAN OF TCRS
Last Fiscal Year Ending June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 360,815	\$ 337,823	\$ 316,917	\$ 356,368	\$ 370,909	\$ 352,299	\$ 263,189	\$ 264,869	\$ 243,179
Contributions in relation to the actuarially determined contributions	<u>360,815</u>	<u>337,823</u>	<u>325,659</u>	<u>356,368</u>	<u>370,909</u>	<u>352,299</u>	<u>263,189</u>	<u>264,869</u>	<u>243,179</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,742)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,977,834	\$ 4,659,108	\$ 4,724,519	\$ 4,783,463	\$ 4,978,646	\$ 4,723,133	\$ 4,386,484	\$ 4,414,488	\$ 4,066,527
Contributions as a percentage covered-employee payroll	7.25%	7.25%	6.89%	7.45%	7.45%	7.46%	6.00%	6.00%	5.98%

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

Notes to Schedule:

Valuation Date : Actuarially determined contribution rates for fiscal year 2022 were calculated based on the June 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.25 percent

Changes of assumptions: In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

CITY OF BROWNSVILLE, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED
RATIOS BASED ON PARTICIPATION IN THE CITY
OF BROWNSVILLE SUPPLEMENTAL PENSION PLAN

Last Fiscal Year Ending June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability						
Service cost	\$ 77,400	\$ 79,053	\$ 80,942	\$ 80,942	\$ 70,096	\$ 73,104
Interest	190,666	168,506	135,631	135,631	115,270	120,216
Changes in benefit terms	-	-	-	-	-	-
Difference between actual & expected experience	289,550	453,560	-	-	-	-
Change of assumptions	(1,686,793)	(303,567)	-	-	-	-
Benefit payments, including refunds of employee contributions	<u>(104,482)</u>	<u>(77,476)</u>	<u>(75,849)</u>	<u>(79,313)</u>	<u>(72,110)</u>	<u>(75,204)</u>
Net change in total pension liability	<u>(1,233,659)</u>	<u>320,076</u>	<u>140,724</u>	<u>137,260</u>	<u>113,256</u>	<u>118,116</u>
Total pension liability - beginning	<u>2,643,404</u>	<u>2,323,328</u>	<u>2,182,604</u>	<u>2,045,344</u>	<u>1,932,088</u>	<u>1,813,972</u>
Total pension liability - ending (a)	<u>\$ 1,409,745</u>	<u>\$ 2,643,404</u>	<u>\$ 2,323,328</u>	<u>\$ 2,182,604</u>	<u>\$ 2,045,344</u>	<u>\$ 1,932,088</u>
Plan fiduciary net position						
Contributions - employer	\$ 158,727	\$ 172,155	\$ 150,381	\$ 201,797	\$ 206,703	\$ 249,897
Contributions - employee	-	-	-	-	-	-
Net investment income	(344,056)	352,773	90,869	82,946	49,907	69,729
Benefit payments, including refunds of employee contributions	(104,482)	(77,476)	(75,849)	(79,313)	(79,313)	(75,205)
Administrative expense	<u>-</u>	<u>(21,224)</u>	<u>-</u>	<u>(312)</u>	<u>(1)</u>	<u>-</u>
Net change in plan fiduciary net position	<u>(289,811)</u>	<u>426,228</u>	<u>165,401</u>	<u>205,118</u>	<u>177,296</u>	<u>244,421</u>
Plan fiduciary net position - beginning	<u>2,075,271</u>	<u>1,649,043</u>	<u>1,483,642</u>	<u>1,278,524</u>	<u>1,101,228</u>	<u>856,807</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,785,460</u>	<u>\$ 2,075,271</u>	<u>\$ 1,649,043</u>	<u>\$ 1,483,642</u>	<u>\$ 1,278,524</u>	<u>\$ 1,101,228</u>
Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ (375,715)</u>	<u>\$ 568,133</u>	<u>\$ 674,285</u>	<u>\$ 698,962</u>	<u>\$ 766,820</u>	<u>\$ 830,860</u>
Plan fiduciary net position as a percentage of total pension liability	126.65%	78.51%	70.98%	67.98%	62.51%	57.00%
Covered - employee payroll	\$ 4,537,339	\$ 4,808,940	\$ 4,733,637	\$ 5,181,023	\$ 4,679,386	\$ 4,679,386
Net pension liability (asset) as a percentage of covered-employee payroll	-8.28%	11.81%	14.24%	13.49%	16.39%	17.76%

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

See independent auditor's report.

CITY OF BROWNSVILLE, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE CITY
OF BROWNSVILLE SUPPLEMENTAL PENSION PLAN

Last Fiscal Year Ending June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 139,015	\$ 120,460	\$ 97,513	\$ 97,513	\$ 97,513	\$ 97,513
Contributions in relation to the actuarially determined contributions	<u>158,727</u>	<u>172,155</u>	<u>150,381</u>	<u>201,797</u>	<u>206,703</u>	<u>97,513</u>
Contribution (deficiency) excess	<u>\$ 19,712</u>	<u>\$ 51,695</u>	<u>\$ 52,868</u>	<u>\$ 104,284</u>	<u>\$ 109,190</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,537,339	\$ 4,808,940	\$ 4,733,637	\$ 5,181,023	\$ 4,679,386	\$ 4,679,386
Contributions as a percentage covered-employee payroll	3.50%	3.58%	3.18%	3.89%	4.42%	2.08%

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.

Notes to Schedule:

Valuation Date: Actuarially determined contributions are calculated based on the July 1, twelve months prior to fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age Normal Cost Method
 Amortization method

Remaining amortization period Average remaining service of active employees and inactive participants. Investment gains/losses are amortized over five years.

Asset valuation Initial liability, subsequent plan amendments and assumption method changes are amortized over a five year period

Salary increases Market Value

Investment rate of return 3.5% including inflation

Retirement age 7.25 percent, net of investment expense, including inflation

Mortality Various

 Pub G-2010 for General Employees

CITY OF BROWNSVILLE, TENNESSEE
SCHEDULE OF INVESTMENT RETURNS BASED ON PARTICIPATION IN
THE CITY OF BROWNSVILLE SUPPLEMENTAL PENSION PLAN
 Last Fiscal Year Ending June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	<u>-16.53%</u>	<u>21.15%</u>	<u>6.92%</u>	<u>2.12%</u>	<u>5.43%</u>	<u>1.03%</u>

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

CITY OF BROWNSVILLE, TENNESSEE
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
For the Fiscal Year Ended June 30,

Total Net OPEB Liability	2022	2021	2020	2019	2018
Service cost	\$ 122,072	\$ 117,978	\$ 117,978	\$ 109,080	\$ 109,080
Interest	36,081	63,238	63,238	57,704	57,704
Differences between expected and actual experience	(577,605)	-	(486,049)	-	-
Assumption changes	(76,221)	-	310,632	-	-
Contributions - employer	(12,146)	-	-	(11,849)	(11,849)
Other changes	(16,016)	-	(224,722)	-	-
Net Change in Total Net OPEB Liability	(523,835)	181,216	(218,923)	154,935	154,935
Total Net OPEB Liability - beginning	1,769,092	1,587,876	1,806,799	1,651,864	1,496,929
Total Net OPEB Liability - ending (a)	\$ 1,245,257	\$ 1,769,092	\$ 1,587,876	\$ 1,806,799	\$ 1,651,864
 Covered Employee Payroll	 \$ 5,076,374	 \$ 4,722,821	 \$ 4,722,821	 \$ 4,386,727	 \$ 4,386,727
 Net OPEB Liability as a % of covered-employee payroll	 24.53%	 37.46%	 33.62%	 41.19%	 37.66%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which information is available.

There are no assets accumulating in a trust for other post-employment benefits.

See independent auditor's report.

CITY OF BROWNSVILLE, TENNESSEE
NOTES TO OPEB REQUIRED SUPPLEMENTARY
INFORMATION
For the Fiscal Year Ended June 30, 2022

Notes to OPEB Required Supplementary Information

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal						
Discount Rate	The discount rate used to measure the total OPEB liability was 3.54 percent. Because the plan is unfunded, the plan's projected benefits are discounted back using rates equivalent to AA 20-year municipal bonds. The GO Bond Buyer Index was used to approximate those yields as of June 30, 2022.						
Salary scale	3.5% per year based on input from the plan sponsor						
Retirement age	100% at Age 60 for Public Safety Employees 20% per year from ages 60-64 for all other employees						
Mortality	Based on experience of other similarly situated governmental entities and input from the plan sponsor. Public Safety: Pub-2010 Public Safety Headcount-weighted with generation projection using Scale MP-2021. All Others: Pub-2010 General Headcount-weighted with generation projection using Scale Mp-2019. The tables are updated using the most recent mortality tables for governmental employees released by the Society of Actuaries.						
Turnover	Rates varying by age. T-5 sample rates: <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Age 20</td> <td style="padding-right: 20px;">Age 35</td> <td>Age 50</td> </tr> <tr> <td style="padding-right: 20px;">7.94%</td> <td style="padding-right: 20px;">6.28%</td> <td>2.56%</td> </tr> </table>	Age 20	Age 35	Age 50	7.94%	6.28%	2.56%
Age 20	Age 35	Age 50					
7.94%	6.28%	2.56%					
Utilization	100% based on input from plan sponsor.						
Valuation of assets	N/A						
Per Capita claims	Claims were developed by adjusting the underlying medical premiums for the ages of retirees compared to the underlying active populations. The adjustment was done using the morbidity adjustments in Chart 5 for the 2013 Society of Actuaries Study "Health Care Costs from Birth to Death". Sample Pre-65 individual claims as follows: <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Age</td> <td>Annual Claims</td> </tr> <tr> <td style="padding-right: 20px;">60</td> <td>\$10,441</td> </tr> <tr> <td style="padding-right: 20px;">64</td> <td>\$12,395</td> </tr> </table> <p>As of 1/1/19 a GAP insurance plan was added that covers the deductible. GAP costs are included in the sample claims above.</p>	Age	Annual Claims	60	\$10,441	64	\$12,395
Age	Annual Claims						
60	\$10,441						
64	\$12,395						
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".						
Trend	Medical costs were assumed to increase by 7.5% per year decreasing linearly to an ultimate trend rate of 4.5% after 5 years.						

Changes since Prior Valuation:

- 1 Discount Rate changed from 2.16% to 3.54%
- 2 Mortality table changed from Pub-2010 50% Public Safety/50% General Employee Headcount-weighted with fully generational scale MP-2020 to Pub-2010 50% Public Safety/50% General Employee Headcount-weighted with fully generational scale MP-2021.

SUPPLEMENTARY AND OTHER INFORMATION SECTION

CITY OF BROWNSVILLE, TENNESSEE
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2022

	<u>Special Revenue Funds</u>		<u>Total Other Governmental Funds</u>
	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	
Assets			
Cash and cash equivalents	\$ 287,817	\$ 13,407	\$ 301,224
Accounts receivable	59,307	-	59,307
Total assets	<u>\$ 347,124</u>	<u>\$ 13,407</u>	<u>\$ 360,531</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 180,606	\$ 570	\$ 181,176
Total liabilities	<u>180,606</u>	<u>570</u>	<u>181,176</u>
Fund balances			
Restricted	<u>166,518</u>	<u>12,837</u>	<u>179,355</u>
Total fund balances	<u>166,518</u>	<u>12,837</u>	<u>179,355</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 347,124</u>	<u>\$ 13,407</u>	<u>\$ 360,531</u>

See independent auditor's report.

**CITY OF BROWNSVILLE, TENNESSEE
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2022**

	<u>Special Revenue Funds</u>		Total Other Governmental Funds
	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	
Revenues:			
Fines and forfeitures	\$ -	\$ 9,243	\$ 9,243
Intergovernmental	344,878	-	344,878
Total revenues	<u>344,878</u>	<u>9,243</u>	<u>354,121</u>
Expenditures			
Current:			
Public safety:			
Operating supplies	-	13,006	13,006
	<u>-</u>	<u>13,006</u>	<u>13,006</u>
Public works:			
Roads, streets, and parking lots	633,568	-	633,568
Total expenditures	<u>633,568</u>	<u>13,006</u>	<u>646,574</u>
Net changes in fund balance	(288,690)	(3,763)	(292,453)
Fund balance - beginning	<u>455,208</u>	<u>16,600</u>	<u>471,808</u>
Fund balance - ending	<u>\$ 166,518</u>	<u>\$ 12,837</u>	<u>\$ 179,355</u>

See independent auditor's report.

CITY OF BROWNSVILLE, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Gasoline and motor fuel tax	\$ 375,000	\$ 375,000	\$ 172,418	\$ (202,582)
Gas 1989	-	-	28,304	28,304
Gas 2017	-	-	91,394	91,394
Gas 3 cent	-	-	52,446	52,446
Interest income	<u>1,193</u>	<u>1,193</u>	<u>316</u>	<u>(877)</u>
Total revenues	<u>376,193</u>	<u>376,193</u>	<u>344,878</u>	<u>(31,315)</u>
Expenditures				
Current:				
Public works:				
Salaries	103,938	104,188	104,128	(60)
Overtime	5,000	5,000	2,575	(2,425)
OASI	6,753	6,703	6,616	(87)
Employee benefits	9,474	9,374	9,283	(91)
Health insurance	23,238	31,338	31,082	(256)
Miscellaneous	480	630	543	(87)
Street lights	114,000	114,000	117,338	3,338
Maintenance	189,000	180,900	66,429	(114,471)
Supplies	43,990	43,740	29,165	(14,575)
Construction	<u>170,000</u>	<u>170,000</u>	<u>266,409</u>	<u>96,409</u>
Total expenditures	<u>665,873</u>	<u>665,873</u>	<u>633,568</u>	<u>(32,305)</u>
Net changes in fund balance	<u>\$ (289,680)</u>	<u>\$ (289,680)</u>	<u>(288,690)</u>	<u>\$ 990</u>
Fund balance - beginning			<u>455,208</u>	
Fund balance - ending			<u>\$ 166,518</u>	

See independent auditor's report.

CITY OF BROWNSVILLE, TENNESSEE
DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Drug related fines	\$ 15,000	\$ 19,139	\$ 9,243	\$ (9,896)
Total revenues	<u>15,000</u>	<u>19,139</u>	<u>9,243</u>	<u>(9,896)</u>
Expenditures				
Current:				
Public safety:				
Supplies	-	-	13,006	13,006
Informant	600	600	-	(600)
Miscellaneous	<u>14,400</u>	<u>18,539</u>	<u>-</u>	<u>(18,539)</u>
Total expenditures	<u>15,000</u>	<u>19,139</u>	<u>13,006</u>	<u>(6,133)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,763)</u>	<u>\$ (3,763)</u>
Fund balance - beginning			<u>16,600</u>	
Fund balance - ending			<u>\$ 12,837</u>	

See independent auditor's report.

CITY OF BROWNSVILLE, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2022

<u>Tax Levy for Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Beginning Outstanding Taxes</u>	<u>Additions and Adjustments</u>	<u>Collections</u>	<u>Ending Outstanding Taxes</u>
2021	\$ 1.97	\$ 3,612,587	\$ -	\$ 3,612,092	\$ 3,493,915	118,177
2020	1.97	3,590,560	157,249	-	99,136	58,113
2019	1.97	3,631,557	114,887	-	33,471	81,416
2018	1.80	3,381,201	91,578	-	24,575	67,003
2017	1.80	3,459,989	80,003	-	15,524	64,479
2016	1.80	3,441,203	75,195	-	12,989	62,206
2015	1.80	3,321,936	65,428	-	7,032	58,396
2014	1.80	3,289,290	40,658	-	4,825	35,833
2013	1.80	3,283,714	23,770	-	3,890	19,880
2012	1.80	3,219,327	25,091	-	4,047	21,044
2011	1.80	3,158,102	20,401	-	20,401	-
			<u>\$ 694,260</u>	<u>\$ 3,612,092</u>	<u>\$ 3,719,805</u>	<u>\$ 586,547</u>

Above balances represented as follows:

Considered current receivables	4,691
Allowance for uncollectible accounts	155,271
Unavailable revenue	<u>426,585</u>
	586,547
2022 tax levy not collectible until 10/1/2022	<u>3,708,690</u>
	4,295,237
Less allowance for uncollectibles	<u>(155,271)</u>
	<u>\$ 4,139,966</u>

See independent auditor's report.

CITY OF BROWNSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
Federal Awards			
U.S. Department of Treasury			
Passed through the State of Tennessee			
Coronavirus State and Local Fiscal Recovery Funds - ARPA	21.027*		<u>1,371,442</u>
U.S. Department of Justice			
Passed through the Tennessee Department of Finance and Administration			
Office of Criminal Justice Programs			
Stop Violence Against Women Grant Program	16.588	2016-WF-AX-0023	\$ 47,984
COVID-19- Emergency Supplemental Funding	16.034	2020-VD-BX-0393	63,974
Bullet Proof Vest Partnership Program	16.607	FY2022	4,306
VOCA, Family Justice Center	16.575		38,965
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>69,141</u>
			<u>224,370</u>
U.S. Department of Transportation			
Passed through the Tennessee Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	STP-M-54(45)	<u>2,147</u>
Highway Planning and Construction Cluster Subtotal			<u>2,147</u>
Highway Safety Cluster			
State and Community Highway Safety	20.600	Z19THS034	824
Network Coordinator Grant	20.600	Z22THS034	<u>17,693</u>
Highway Safety Cluster Subtotal			<u>18,517</u>
Alcohol Open Container Requirements	20.607	Z20THS028	3,315
Alcohol Open Container Requirements	20.607	Z22THS035	<u>18,279</u>
Subtotal			<u>21,594</u>
Total Department of Transportation			<u>42,258</u>
Total Federal Awards			<u>\$ 1,638,070</u>

* Denotes a major program

See independent auditor's report.

CITY OF BROWNSVILLE, TENNESSEE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Brownsville, Tennessee under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of *Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF BROWNSVILLE, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended June 30, 2022

<u>Grantor/Program Name</u>	<u>Contract Number</u>	<u>Expenditures</u>
State Awards		
Tennessee Department of Economic and Community Development FastTrack Infrastructure Development Program	33007-45321	\$ <u>56,081</u>
Tennessee Department of Finance and Administration Direct Appropriation Grant		<u>118,227</u>
Police Salary Supplement		<u>21,600</u>
Fire Salary Supplement		<u>12,800</u>
Total State Awards		<u>\$ 208,708</u>

Basis of Presentation: The accompanying Schedule of State Financial Assistance summarized the expenditures of the City of Brownsville, Tennessee under programs of the state government for the year ended June 30, 2022. The schedule is presented using the modified accrual basis of accounting.

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



**Independent Auditor’s Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Honorable William “Bill” Rawls, Mayor
Members of the Board of Alderman
City of Brownsville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Brownsville, Tennessee (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements as listed in the table of contents, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated July 10, 2023.

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 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 City’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

ATA CPAs + Advisors PLLC

Jackson, Tennessee
July 10, 2023



Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance

Honorable William "Bill" Rawls, Mayor
Members of the Board of Alderman
City of Brownsville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Brownsville, Tennessee's (City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 responsibilities 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 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 GAAS, *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 City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgement 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

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

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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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 in internal control over compliance may exist that were not 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.

ATA CPAs + Advisors PLLC

Jackson, Tennessee
July 10, 2023

CITY OF BROWNSVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022

SECTION 1 – Summary of Auditor’s Results

Section I - Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	<u> X </u> yes	<u> </u> no
Significant deficiencies identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major federal programs:		
Material weaknesses identified?	<u> </u> yes	<u> X </u> no
Significant deficiencies identified?	<u> </u> yes	<u> X </u> none reported

Type of auditor's report issued on compliance for major federal programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> X </u> yes	<u> </u> no
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Identification of major federal programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Fund - ARPA

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$750,000 </u>
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Auditee qualified as low-risk auditee?	<u> </u> yes	<u> X </u> no
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SECTION II - Financial Statement Findings

2022-001 – Unqualified Benefit Distributions (Material Weakness)

Condition: While auditing the City of Brownsville’s Supplemental Pension Plan, it was discovered that there were retirees receiving payments for which they are not qualified to receive. There were also retiree employment files and retirement documentation that was unable to be located.

Criteria: The Pension Trust Agreement and the Pension Plan document detail the necessary qualifications for retirees to receive benefits as well as the amount of benefits they receive.

Cause: There was an error in qualification related to employee’s years of service due to employees getting credit for years of governmental work that were not at the City.

Effect: Unqualified benefit distributions misuse the Trust funds and impede the ability of the City to properly state the Supplemental Pension Plan accurately.

CITY OF BROWNSVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022

Recommendation: We recommend that the City review their procedures related to retiree file documentation and that there is a more intensive review of retiree's qualifications before retirement distributions begin to be paid.

Response: The City is going to review and change the procedures surrounding when distributions begin to be made to ensure that unqualified benefit distributions are not made in the future.

SECTION III – Federal Award Findings

2022-002 – Data Collection Form Not Filed by Deadline (Noncompliance-Other)

Condition: The City did not meet the Data Collection Form Deadline of March 31st, which was nine months after the City's year-end.

Criteria: Per 2 CFR 200.512 related to report submission of the data collection form, "*The audit must be completed...and submitted within the earlier of 30 calendar days after receipt of the auditor's report, or nine months after the end of the audit period.*"

Cause: The City's audit report was not completed in time for the data collection form to be filed by March 31, 2023.

Effect: Untimely filing of the data collection firm can cause granting agencies to consider the City to be high-risk.

Recommendation: We recommend that the City make every effort to file the Data Collection Form under Uniform Guidance timely in the future.

Response: The City is going to work with the audit firm to ensure that the audit report and data collection form are filed timely in the future.

CITY OF BROWNSVILLE, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS
For the Fiscal Year Ended June 30, 2022

Financial Statement Findings

Finding Number	Finding Title	Status
2021-001	Unqualified Benefit Distributions (Material Weakness) (original finding #2017-009)	Repeated as 2022-001

Federal Award Findings and Questioned Costs

No Findings in the prior year.



WILLIAM RAWLS, JR. MAYOR
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MANAGEMENT'S CORRECTIVE ACTION PLAN

The City of Brownsville, Tennessee respectfully submits the following correction action plan for the year ended June 30, 2022.

Cognizant agency:
Department of Transportation

Name and address of independent public accounting firm:

ATA CPAs + Advisors, PLLC
227 Oil Well Road
Jackson, TN 38305

Audit period:

June 30, 2022

The findings from the June 30, 2022, schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT FINDINGS

2022-001 – Unqualified Benefit Distributions (Material Weakness)

Person Responsible for Implementing the Corrective Action: William “Bill” Rawls, Jr., Mayor

Anticipated Completion Date of Corrective Action: June 30, 2023

Repeat Finding: Yes

Reason Why Corrective Action Was Not Taken – PY: While the same finding, the issue has been addressed in different manners, but there are issues between the plan administrators and the City.

Planned Corrective Action: The Mayor and accounting staff are going to review the procedures related to retiree file documentation and review all retiree’s information as to determine eligibility for benefits.

FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2022-002 – Data Collection Form Not Filed by Deadline (Noncompliance-Other)

Person Responsible for Implementing the Correction Plan: Sherry Batchelor, City Recorder

Anticipated Completion Date: June 30, 2023

Repeat Finding: No

Planned Corrective Action: To ensure this does not happen in the future, the City has spoken with ATA regarding audit dates and ATA will perform the audit sooner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William D. Rawls Jr." with a stylized flourish at the end.

William "Bill" Rawls, Jr., Mayor