

**TOWN OF SELMER,  
TENNESSEE  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2022**

**TOWN OF SELMER, TENNESSEE**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2022**

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**TOWN OF SELMER, TENNESSEE  
ROSTER OF PUBLICLY ELECTED AND MANAGEMENT OFFICIALS  
JUNE 30, 2022**

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**Elected Officials**

Sherry Inman	Mayor
John Finlayson	Vice-Mayor
Johnny Norris	Treasurer
John Austin	Alderman
J. T. Hawkins	Alderman
Willie Sain	Alderman

**Management Officials**

Anji Deaton	CMFO
Ann Henderson	City Recorder
Anthony Carr	Fire Chief
Kim Holley	Police Chief
Chris Grissom	Public Works Director
Raymond Ouellette	Street and Sanitation Director
Jim Replogle	Building Inspector
Sybil Dancer	Parks and Recreation Director

**Counsel**

Terry Abernathy	Selmer, Tennessee
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## **Independent Auditor's Report**

To the Mayor and Board of Aldermen  
Town of Selmer, Tennessee

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Selmer, Tennessee, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Selmer, Tennessee, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Sanitation Fund 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 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 Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Selmer, Tennessee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Selmer, Tennessee's ability to continue as a going concern for twelve months beyond the financial 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 Town of Selmer, Tennessee'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 Town of Selmer, Tennessee's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS, schedule of contributions based on participation in the public employee pension plan of TCRS, and notes to required supplementary information on pages 5 through 9 and 46 through 48 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 Town of Selmer, Tennessee's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, other supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial

statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards 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 December 23, 2022, on our consideration of the Town of Selmer, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Selmer, Tennessee'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 Town of Selmer, Tennessee's internal control over financial reporting and compliance.

*Godwin & Associates, PLLC*

December 23, 2022

**TOWN OF SELMER, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

Our discussion and analysis of the Town of Selmer, Tennessee, will offer readers of the Town's financial statements a narrative overview and review of the financial activities of the Town for the fiscal year ended June 30, 2022. Readers are encouraged to consider the information presented here in conjunction with the Town's financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

**Reporting the Town as a Whole**

**The Statement of Net Position and the Statement of Activities**

Our analysis of the Town as a whole begins on page 10. The following is one of the most important questions asked about the Town's finances, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the Town's assets, liabilities, deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town'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 for some items that will only result in cash flows of future fiscal periods.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

- Governmental activities – Most of the Town's basic services are reported here, including the general government; public safety; public works; health, welfare, and recreation; industrial development; capital projects; and debt service. Property taxes, local sales taxes, and state shared revenue finance most of these activities.
- Business-type activities – The Town charges a fee to customers to help cover all or most of the cost of certain services it provides. The Town's gas, water, and sewer operations are reported here.

## Reporting the Town's Most Significant Funds

The fund financial statements begin on page 12 and provide detailed information about the most significant funds (not the Town as a whole). Some funds are required to be established by State law. The Town's two kinds of funds – governmental and proprietary – use different accounting approaches.

- *Governmental Funds* – Most of the Town's basic services are reported in governmental funds, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds* – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

**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 26 - 45.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found starting on page 46 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 49 - 52 of this report.

**TOWN OF SELMER'S NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 6,904,849	\$ 5,368,465	\$ 10,409,598	\$ 9,283,142	\$ 17,314,447	\$ 14,651,607
Capital assets	4,266,979	3,369,916	24,949,462	23,786,568	29,216,441	27,156,484
Total Assets	<u>11,171,828</u>	<u>8,738,381</u>	<u>35,359,060</u>	<u>33,069,710</u>	<u>46,530,888</u>	<u>41,808,091</u>
Total deferred outflows of resources	<u>1,010,156</u>	<u>513,125</u>	<u>654,730</u>	<u>356,808</u>	<u>1,664,886</u>	<u>869,933</u>
Long term liabilities	4,610,642	4,493,240	9,258,788	8,347,757	13,869,430	12,840,997
Other liabilities	282,346	114,769	352,277	389,181	634,623	503,950
Total liabilities	<u>4,892,988</u>	<u>4,608,009</u>	<u>9,611,065</u>	<u>8,736,938</u>	<u>14,504,053</u>	<u>13,344,947</u>
Total deferred inflows of resources	<u>2,398,681</u>	<u>909,945</u>	<u>1,001,972</u>	<u>124,635</u>	<u>3,400,653</u>	<u>1,034,580</u>
Net Position						
Net investments in capital assets	1,666,337	1,141,376	15,749,022	15,438,811	17,415,359	16,580,187
Restricted	2,894,130	1,353,852	1,264,252	439,772	4,158,382	1,793,624
Unrestricted	329,848	1,238,324	8,387,479	8,686,362	8,717,327	9,924,686
Total Net Position	<u>\$ 4,890,315</u>	<u>\$ 3,733,552</u>	<u>\$ 25,400,753</u>	<u>\$ 24,564,945</u>	<u>\$ 30,291,068</u>	<u>\$ 28,298,497</u>

During the current fiscal year, the Town's total net position increased by \$1,992,571, compared to the prior year increase of \$863,583.

**Governmental Activities**

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

**Business-type Activities**

The changes in business-type activities net position are described below:

- The Town's Gas Fund had an increase in net position of \$119,155 compared to an increase in the prior year of \$245,561.
- The Town's Water and Sewer Fund operated at an increase in net position of \$716,653 compared to an increase in the prior year of \$364,924.

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program Revenues:						
Fees, fines and charges for services	\$ 1,222,405	\$ 1,155,798	\$ 5,341,230	\$ 5,202,368	\$ 6,563,635	\$ 6,358,166
Operating grants and contributions	899,120	701,997	-	-	899,120	701,997
Capital grants and contributions	745,236	134,674	436,561	113,290	1,181,797	247,964
General Revenues:						
Property taxes	876,385	914,514	-	-	876,385	914,514
Sales taxes	2,413,549	2,244,533	-	-	2,413,549	2,244,533
Public service taxes	38,271	38,239	-	-	38,271	38,239
Investment earnings	15,171	36,074	21,807	34,273	36,978	70,347
Rent	34,174	37,824	-	-	34,174	37,824
Insurance recoveries	74,717	261,487	9,366	5,375	84,083	266,862
Contributions	-	-	-	-	-	-
Gain (loss) on sale of assets	(87,949)	(76,981)	(16,336)	(40,448)	(104,285)	(117,429)
Accretion on debt premiums	-	-	40,928	40,928	40,928	40,928
Miscellaneous	50,364	99,369	-	-	50,364	99,369
Transfers	104,301	100,295	-	-	104,301	100,295
<b>Total Revenues</b>	<b>6,385,744</b>	<b>5,647,823</b>	<b>5,833,556</b>	<b>5,355,786</b>	<b>12,219,300</b>	<b>11,003,609</b>
<b>Expenses:</b>						
General government	943,435	1,031,350	-	-	943,435	1,031,350
Public safety	2,361,624	2,487,692	-	-	2,361,624	2,487,692
Public works	1,267,686	1,177,449	-	-	1,267,686	1,177,449
Health, welfare and recreation	524,778	557,876	-	-	524,778	557,876
Bond issued costs	-	-	-	-	-	-
Interest on long-term debt	131,458	140,358	-	-	131,458	140,358
Water and Sewer	-	-	3,004,335	3,076,536	3,004,335	3,076,536
Natural Gas	-	-	1,889,112	1,568,470	1,889,112	1,568,470
Transfers out	-	-	104,301	100,295	104,301	100,295
<b>Total Expenses</b>	<b>5,228,981</b>	<b>5,394,725</b>	<b>4,997,748</b>	<b>4,745,301</b>	<b>10,226,729</b>	<b>10,140,026</b>
Increase (decrease) in net position	1,156,763	253,098	835,808	610,485	1,992,571	863,583
Net position-beginning	3,733,552	3,480,454	24,564,945	23,954,460	28,298,497	27,434,914
<b>Net position-end of year</b>	<b>\$ 4,890,315</b>	<b>\$ 3,733,552</b>	<b>\$ 25,400,753</b>	<b>\$ 24,564,945</b>	<b>\$ 30,291,068</b>	<b>\$ 28,298,497</b>

## THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$3,227,324, which is 14.94% decrease from last year's total of \$3,794,256. The decrease from prior year to current year appears reasonable.

The following schedule presents a summary of general and, special revenue funds' revenues and expenditures for the fiscal year ended June 30, 2022, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	June 30, 2022	Percent of Total	Increase (Decrease)
			from June 30, 2021
Taxes	\$ 2,685,242	45.99%	\$ (47,264)
Intergovernmental	1,756,901	30.09%	384,201
Licenses and permits	3,379	0.06%	(941)
Charges for services	734,382	12.58%	65,615
Fines and forfeitures	484,644	8.30%	1,933
Other revenues	174,426	2.99%	(282,443)
<b>Total Revenues</b>	<b>\$ 5,838,974</b>	<b>100.00%</b>	<b>\$ 121,101</b>

<b>Expenditures</b>	<b>June 30, 2022</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from June 30, 2021</b>
General government	\$ 952,739	13.66%	\$ (22,584)
Public Safety	2,219,513	31.83%	109,370
Public Works	1,242,163	17.81%	164,023
Health, welfare, and recreation	459,724	6.59%	(2,519)
Capital outlay	1,692,310	24.27%	1,041,714
Debt Service	407,608	5.84%	4,746
<b>Total Expenditures</b>	<b>\$ 6,974,057</b>	<b>100.00%</b>	<b>\$ 1,294,750</b>

### General Fund Budgetary Highlights

The Town had various budget amendments during in the fiscal year.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of June 30, 2022 the Town had invested \$29,216,441 net of accumulated depreciation in a broad range of capital assets, including police and fire equipment; buildings; parks facilities; water and sewer lines; natural gas lines; and equipment. This amount represents a net increase (including additions and deductions) of \$2,060,257, or 7.59% above the prior year. Additional information on capital assets is in Note III.A.

#### Debt

At year-end, the Town had \$13,869,430 in outstanding long-term liabilities compared to \$11,961,871 last year. Of the total outstanding debt, 33.24% belongs to the Governmental funds, 0.2% belongs to the Gas Fund, and 66.56% to the Water and Sewer Fund. Additional information on debt is in Note III.B.

### ECONOMIC FACTORS AND SUBSEQUENT EVENTS

The Town expects higher revenues and operating costs in 2022-2023 as compared to 2021-2022. The Town settled a dispute with TDOT on October 27, 2022 and agreed to pay TDOT \$364,180 as follows: 2023- \$121,394, 2024 - \$121,393, and 2025 - \$121,393. This is not recorded as a liability in the current year since it was agreed upon after year-end. It will be recorded as a long-term liability in the fiscal year 2022-2023.

### CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Town Recorder at Town of Selmer, 144 North Second Street, Selmer, Tennessee 38375.

**TOWN OF SELMER, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,048,858	\$ 8,277,592	\$ 11,326,450
Receivables:			
Property taxes	912,416	-	912,416
Accounts receivable	44,002	390,206	434,208
Grant receivable	530,565	41,864	572,429
Due from other governments	275,844	-	275,844
Inventories	-	467,519	467,519
Prepaid items	43,287	24,096	67,383
Internal balances	55,931	(55,931)	-
Net pension assets	1,993,946	1,264,252	3,258,198
Capital assets (net of accumulated depreciation):			
Nondepreciable	1,465,966	3,223,669	4,689,635
Depreciable	2,801,013	21,725,793	24,526,806
<b>TOTAL ASSETS</b>	<b>11,171,828</b>	<b>35,359,060</b>	<b>46,530,888</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	1,010,156	654,730	1,664,886
<b>LIABILITIES</b>			
Accounts payable	100,936	182,323	283,259
Grant payable	121,073	-	121,073
Accrued expenses	58,923	58,674	117,597
Unearned revenues	1,414	-	1,414
Customer deposits	-	111,280	111,280
Debt:			
Due within one year	306,162	623,613	929,775
Due in more than one year (net of unamortized premiums)	4,304,480	8,635,175	12,939,655
<b>TOTAL LIABILITIES</b>	<b>4,892,988</b>	<b>9,611,065</b>	<b>14,504,053</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	807,482	-	807,482
Pensions	1,591,199	1,001,972	2,593,171
	2,398,681	1,001,972	3,400,653
<b>NET POSITION</b>			
Net investment in capital assets	1,666,337	15,749,022	17,415,359
Restricted for:			
State Street Aid Fund	425,311	-	425,311
Drug Fund	84,892	-	84,892
Sanitation	389,981	-	389,981
Restricted for other purposes	1,993,946	1,264,252	3,258,198
Unrestricted	329,848	8,387,479	8,717,327
<b>TOTAL NET POSITION</b>	<b>\$ 4,890,315</b>	<b>\$ 25,400,753</b>	<b>\$ 30,291,068</b>

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

**TOWN OF SELMER, TENNESSEE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities</b>							
General Government	\$ 943,435	\$ 26,939	\$ 71,097	\$ 161,337	\$ (684,062)	\$ -	\$ (684,062)
Public Safety	2,361,624	495,515	210,865	3,899	(1,651,345)	-	(1,651,345)
Public Works	1,267,686	612,469	283,271	-	(371,946)	-	(371,946)
Health, Welfare and Recreation	524,778	87,482	333,887	580,000	476,591	-	476,591
Interest on long-term debt	131,458	-	-	-	(131,458)	-	(131,458)
<b>Total governmental activities</b>	<b>5,228,981</b>	<b>1,222,405</b>	<b>899,120</b>	<b>745,236</b>	<b>(2,362,220)</b>	<b>-</b>	<b>(2,362,220)</b>
<b>Business-type activities</b>							
Water and Sewer	3,004,335	3,339,107	-	408,085	-	742,857	742,857
Natural Gas	1,889,112	2,002,123	-	28,476	-	141,487	141,487
<b>Total business-type activities</b>	<b>4,893,447</b>	<b>5,341,230</b>	<b>-</b>	<b>436,561</b>	<b>-</b>	<b>884,344</b>	<b>884,344</b>
<b>Total Government</b>	<b>\$10,122,428</b>	<b>\$ 6,563,635</b>	<b>\$ 899,120</b>	<b>\$ 1,181,797</b>	<b>(2,362,220)</b>	<b>884,344</b>	
<b>General Revenues:</b>							
Taxes:							
Property					876,385	-	876,385
Sales					2,413,549	-	2,413,549
Public service taxes					38,271	-	38,271
Investment earnings					15,171	21,807	36,978
Rent					34,174	-	34,174
Insurance recoveries					74,717	9,366	84,083
Gain (loss) on sale of capital assets					(87,949)	(16,336)	(104,285)
Accretion on debt premiums					-	40,928	40,928
Miscellaneous					50,364	-	50,364
<b>Transfers</b>					<b>104,301</b>	<b>(104,301)</b>	<b>-</b>
Total general revenues and transfers					<b>3,518,983</b>	<b>(48,536)</b>	<b>3,470,447</b>
Change in net position					<b>1,156,763</b>	<b>835,808</b>	<b>1,992,571</b>
Net position at beginning of year -					<b>3,733,552</b>	<b>24,564,945</b>	<b>28,298,497</b>
Net position at end of year					<b>\$ 4,890,315</b>	<b>\$ 25,400,753</b>	<b>\$ 30,291,068</b>

**TOWN OF SELMER, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<u>General</u>	<u>Sanitation</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,220,694	\$ 341,228	\$ 486,936	\$ 3,048,858
Taxes receivable	912,416	-	-	912,416
Accounts receivable	44,002	-	-	44,002
Grant receivable	30,565	-	-	30,565
LPRF grant receivable	500,000	-	-	500,000
Due from other funds	-	67,931	-	67,931
Receivables from other governments	244,440	-	31,404	275,844
Prepaid expenses	43,287	-	-	43,287
<b>Total assets</b>	<b><u>\$ 3,995,404</u></b>	<b><u>\$ 409,159</u></b>	<b><u>\$ 518,340</u></b>	<b><u>\$ 4,922,903</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 75,035	\$ 19,178	\$ 6,723	\$ 100,936
Due to other funds	12,000	-	-	12,000
LPRF grant payable	121,073	-	-	121,073
Accrued expenses	47,740	-	-	47,740
Unearned revenues - other	-	-	1,414	1,414
<b>Total liabilities</b>	<b><u>255,848</u></b>	<b><u>19,178</u></b>	<b><u>8,137</u></b>	<b><u>283,163</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred grant funds	500,000	-	-	500,000
Unavailable revenues - property taxes	912,416	-	-	912,416
<b>Total deferred inflows of resources</b>	<b><u>1,412,416</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,412,416</u></b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	43,287	-	-	43,287
Restricted				
State street aid	-	-	425,311	425,311
Drug	-	-	84,892	84,892
Sanitation	-	389,981	-	389,981
Unassigned				
General fund	2,283,853	-	-	2,283,853
<b>Total fund balances</b>	<b><u>2,327,140</u></b>	<b><u>389,981</u></b>	<b><u>510,203</u></b>	<b><u>3,227,324</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 3,995,404</u></b>	<b><u>\$ 409,159</u></b>	<b><u>\$ 518,340</u></b>	<b><u>\$ 4,922,903</u></b>

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

**TOWN OF SELMER, TENNESSEE**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

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Total fund balance - total governmental funds	\$	3,227,324
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		4,266,979
Net pension asset is not recorded on governmental fund balance sheet but is recorded for government-wide purposes.		1,993,946
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		(581,043)
Compensated absences are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		(172,999)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Due within one year	\$ 306,162	
Due in more than one year	3,928,015	
		(4,234,177)
Bond premiums are not reported in the governmental funds but are recorded for government-wide purposes.		(203,466)
Accrued interest is not reported in the governmental funds balance sheet but is recorded for government-wide purposes.		(11,183)
Deferred grant revenue is recognized at the fund level but not for government-wide purposes		500,000
Some property tax will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues in the governmental funds.		104,934
Net position of governmental activities	\$	<u><u>4,890,315</u></u>

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

**TOWN OF SELMER, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	General	Sanitation	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 2,685,242	\$ -	\$ -	\$ 2,685,242
Intergovernmental revenues	1,601,290	-	155,611	1,756,901
Licenses and permits	3,379	-	-	3,379
Charges for services	121,913	612,469	-	734,382
Fines, forfeits, and penalties	439,533	-	45,111	484,644
Other revenues	174,105	-	321	174,426
<b>Total Revenues</b>	<b>5,025,462</b>	<b>612,469</b>	<b>201,043</b>	<b>5,838,974</b>
<b>Expenditures</b>				
Current				
General government	952,739	-	-	952,739
Public safety	2,187,025	-	32,488	2,219,513
Public works	724,244	446,965	70,954	1,242,163
Health, welfare, and recreation	459,724	-	-	459,724
Capital outlay	1,280,178	412,132	-	1,692,310
Debt service	362,032	45,576	-	407,608
<b>Total Expenditures</b>	<b>5,965,942</b>	<b>904,673</b>	<b>103,442</b>	<b>6,974,057</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(940,480)</b>	<b>(292,204)</b>	<b>97,601</b>	<b>(1,135,083)</b>
<b>Other financing sources (uses)</b>				
Transfers in (out)	168,419	-	(64,118)	104,301
Note proceeds	-	412,132	-	412,132
Sale of capital assets	26,574	-	25,144	51,718
<b>Total other financing sources (uses)</b>	<b>194,993</b>	<b>412,132</b>	<b>(38,974)</b>	<b>568,151</b>
<b>Net change in fund balances</b>	<b>(745,487)</b>	<b>119,928</b>	<b>58,627</b>	<b>(566,932)</b>
<b>FUND BALANCES - beginning of year</b>	<b>3,072,627</b>	<b>270,053</b>	<b>451,576</b>	<b>3,794,256</b>
<b>FUND BALANCES - end of year</b>	<b>\$ 2,327,140</b>	<b>\$ 389,981</b>	<b>\$ 510,203</b>	<b>\$ 3,227,324</b>

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

**TOWN OF SELMER, TENNESSEE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

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Net change in fund balances - total governmental funds	\$ (566,932)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount recorded in the current period.	1,692,310
Depreciation expense on capital assets is reported in the government-wide statement of activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(655,280)
Gain on disposal sale of capital assets	(139,667)
Principal paid on debt	274,856
Bond amortization expense reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in the government funds	19,874
Effect of GASB 68 on retirement expense	412,022
Deferred grant revenue not reported on governmental fund	500,000
Note proceeds not reported on government-wide	(412,132)
Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in the government funds	1,294
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>30,418</u>
Change in net position of governmental activities	<u><u>\$ 1,156,763</u></u>

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

**TOWN OF SELMER, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
<b>Taxes</b>				
Property taxes - current	\$ 770,000	\$ 770,000	\$ 764,421	\$ (5,579)
Property taxes - delinquent	20,000	20,000	35,379	15,379
Local option sales tax	1,300,000	1,300,000	1,384,768	84,768
Wholesale beer tax	183,000	183,000	188,852	5,852
Wholesale wine/liquor taxes	80,000	115,000	118,921	3,921
Business taxes	90,000	90,000	128,897	38,897
Cable TV franchise tax	32,000	38,000	38,271	271
Hotel/Motel tax	20,000	32,000	25,733	(6,267)
<b>Total taxes</b>	<b>2,495,000</b>	<b>2,548,000</b>	<b>2,685,242</b>	<b>137,242</b>
<b>Intergovernmental</b>				
State of Tennessee				
- TVA Payments in Lieu of Taxes	46,000	46,000	46,167	167
- State Sales Tax	350,000	450,000	506,890	56,890
- Out of State Sales Tax	-	13,000	12,639	(361)
- State Income Tax	29,500	29,500	1,816	(27,684)
- State Beer Tax	2,000	2,000	2,031	31
- Mixed drink taxes	3,000	9,000	10,670	1,670
- State - City Streets and Transportation	8,000	8,000	8,198	198
- STG Telecommunication Sales	1,800	3,800	4,447	647
- Corporate Excise Tax - per year	10,000	22,000	22,493	493
- Sportsbetting Payment	2,400	2,400	5,392	2,992
ARPA Funds	-	269,501	563,696	294,195
Commercial Façade Program	-	38,654	38,640	(14)
Federal fire dept grants	58,181	83,181	91,475	8,294
LESO Gov Surplus Grant	100,000	3,900	3,899	(1)
FEMA Reimburse/COVID/Tornado	225,000	225,000	-	(225,000)
Law enforcement	32,600	32,600	33,047	447
State LPRF grant	500,000	500,000	-	(500,000)
State DOT Hwy Maint Co	85,000	85,000	85,014	14
State Grant/COVID-19	61,900	61,900	61,947	47
State Health Dept Grant	100,000	100,000	80,000	(20,000)
FBI OT Reimbursement	54,000	54,000	22,829	(31,171)
<b>Total intergovernmental revenues</b>	<b>1,669,381</b>	<b>2,039,436</b>	<b>1,601,290</b>	<b>(438,146)</b>
<b>Licenses and permits</b>				
Beer Licenses/Alcohol CDs	1,800	1,800	1,842	42
Building permits	1,400	1,400	1,537	137
<b>Total licenses and permits</b>	<b>3,200</b>	<b>3,200</b>	<b>3,379</b>	<b>179</b>
<b>Charges for services</b>				
Special Fire Protection Fees	9,350	9,350	10,871	1,521
Swimming pool charges	3,000	3,000	3,888	888
Park & Rec Charges	40,000	40,000	83,194	43,194
Rec Sponsorships/Donations	-	-	400	400
Community center fees	29,000	29,000	23,560	(5,440)
<b>Total charges for services</b>	<b>81,350</b>	<b>81,350</b>	<b>121,913</b>	<b>40,563</b>
<b>Fines, forfeits, and penalties</b>				
City Court Fines & Costs	200,000	204,000	245,974	41,974
Fines, Fees and Penalties	175,000	175,000	154,626	(20,374)
Court Fines and Costs from County	25,000	35,000	38,933	3,933
<b>Total fines, forfeits, and penalties</b>	<b>400,000</b>	<b>414,000</b>	<b>439,533</b>	<b>25,533</b>

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

**TOWN OF SELMER, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL (continued)**  
**YEAR ENDED JUNE 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues (continued)</b>				
<b>Other revenues</b>				
Civic Center Grant from United Way	2,000	2,000	-	(2,000)
Rent - UTM Anticipated	28,000	34,100	34,174	74
Insurance recoveries	5,000	66,000	74,717	8,717
Contributions	500	-	-	-
Interest and Penalties	10,000	17,000	14,850	(2,150)
Miscellaneous	1,100	12,600	50,364	37,764
<b>Total other revenues</b>	<b>46,600</b>	<b>131,700</b>	<b>174,105</b>	<b>42,405</b>
<b>Total revenues</b>	<b>4,695,531</b>	<b>5,217,686</b>	<b>5,025,462</b>	<b>(192,224)</b>
<b>Expenditures</b>				
<b>General government</b>				
<b>Legislative</b>				
Mayor	47,000	47,000	47,428	(428)
Mayor - Bonus Pay ARPA	-	2,000	2,000	-
Reimbursement for mayor	(28,000)	(28,000)	(28,000)	-
Board and committee members	9,000	9,000	9,178	(178)
Board members - Bonus Pay ARPA	-	2,500	2,500	-
OASDI	4,284	4,284	4,284	-
OASDI - ARPA	-	344	344	-
Retirement Current	5,170	5,170	5,390	(220)
Election - Election Officials, Clerks	7,500	7,822	7,821	1
Memberships, Registration Fees	4,000	4,000	3,016	984
Advertising	3,500	3,500	2,115	1,385
Planning Services	7,500	7,500	1,562	5,938
Travel	2,000	2,000	63	1,937
Mayor expense	12,000	12,000	8,083	3,917
Prizes and awards	2,200	2,200	1,975	225
Judicial - Salaries	6,000	6,000	6,055	(55)
OASDI	459	459	459	-
<b>Total legislative</b>	<b>82,613</b>	<b>87,779</b>	<b>74,273</b>	<b>13,506</b>
<b>General government buildings</b>				
Utility services	2,000	2,000	3,100	(1,100)
Electric	5,500	5,500	5,999	(499)
Repairs and maintenance	5,000	5,000	8,725	(3,725)
Household and Janitorial Supplies	1,400	3,000	4,383	(1,383)
Capital Outlay - ARPA	10,000	10,000	36,200	(26,200)
<b>Total general government buildings</b>	<b>23,900</b>	<b>25,500</b>	<b>58,407</b>	<b>(32,907)</b>

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

**TOWN OF SELMER, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL (continued)**  
**YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (continued)</b>				
<b>General government (continued)</b>				
<b>Financial administration</b>				
Salaries	59,380	59,380	59,949	(569)
Salaries - permanent employees	45,860	45,860	45,121	739
Bonus Pay - ARPA	-	4,000	4,000	-
OASDI	7,480	7,480	6,899	581
OASDI - ARPA	-	306	306	-
Hospital and Health insurance	360,000	360,000	376,404	(16,404)
Retirement - Current	16,752	16,752	17,028	(276)
Workers compensation	106,000	106,000	88,497	17,503
Unemployment Insurance	3,500	3,500	1,488	2,012
Refunds or Deposit Return	200	200	-	200
Postage, Box Rental, Etc.	1,500	1,500	630	870
Telephone and Telegraph	8,500	8,500	8,459	41
Professional services	2,800	4,000	4,000	-
Legal Services	9,500	9,500	6,111	3,389
Accounting and Audit SVS	16,500	16,500	15,750	750
Computer Services	15,500	15,500	11,651	3,849
Other Professional Services	500	500	-	500
Miscellaneous	700	700	116	584
Office Supplies and Materials	2,900	4,900	5,078	(178)
Property tax roll	3,000	3,000	3,481	(481)
Computer supplies	1,300	1,300	-	1,300
Fax - Copier Supplies	3,000	3,000	688	2,312
Insurance on Vehicles and Equipment	130,000	155,000	149,970	5,030
Surety Bonds for Officials	1,000	1,000	675	325
Planning - Office Supplies and Materials	50	50	-	50
Awards for Special Services	1,500	1,500	2,100	(600)
<b>Total financial administration</b>	<u>797,422</u>	<u>829,928</u>	<u>808,401</u>	<u>21,527</u>
<b>Civic Center</b>				
Advertising	2,000	2,000	1,732	268
Utility service	9,000	9,000	10,639	(1,639)
Electricity	32,000	32,000	27,379	4,621
Repair and maintenance	1,000	1,000	1,326	(326)
Repair and maintenance Build	5,000	5,000	2,184	2,816
Household and Janitorial Supplies	5,000	5,000	4,498	502
Bonds	250	250	100	150
Capital Outlay Expenditure	21,000	50,041	50,041	-
<b>Total civic center</b>	<u>75,250</u>	<u>104,291</u>	<u>97,899</u>	<u>6,392</u>
<b>Debt service</b>				
Principal	223,778	223,778	233,777	(9,999)
Interest	125,840	125,840	128,255	(2,415)
<b>Total debt service</b>	<u>349,618</u>	<u>349,618</u>	<u>362,032</u>	<u>(12,414)</u>
<b>Total general government</b>	<u>1,328,803</u>	<u>1,397,116</u>	<u>1,401,012</u>	<u>(3,896)</u>

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

**TOWN OF SELMER, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL (continued)**  
**YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Expenditures (continued)</b>				
<b>Public safety</b>				
<b>Police department</b>				
Police - Salaries	131,490	131,490	114,710	16,780
Police - Bonus Pay ARPA	-	38,500	38,500	-
OASDI	66,500	66,500	63,318	3,182
OASDI - ARPA	-	2,946	2,946	-
Retirement - Current	93,308	93,308	93,175	133
Education/Training	17,000	22,000	22,008	(8)
Fine Error Refunds	300	300	120	180
Vehicle tow-in service	450	450	425	25
Telephone and Telegraph	2,800	2,800	2,363	437
Professional service	64,413	64,413	64,413	-
Computer Services	15,500	21,000	21,000	-
Repair and maintenance SVS	7,100	7,100	190	6,910
Repair and maintenance - Motor	20,000	35,000	47,482	(12,482)
Repair and maintenance - Radio	2,900	2,900	1,075	1,825
Travel	1,500	1,500	1,539	(39)
Ambulance, Clinic, and Hospital	900	900	763	137
City Court Costs & Other Fee	12,000	15,000	18,178	(3,178)
Miscellaneous Expense	600	600	1,439	(839)
Office Supplies & Materials	6,500	6,500	4,092	2,408
LESO Small Equipment	100,000	103,900	-	103,900
Operating supplies	15,000	17,800	19,830	(2,030)
Clothing and Uniforms	10,000	10,000	7,499	2,501
Gas, Oil, Diesel Fuel	34,000	55,000	61,582	(6,582)
Building and Office Rental	1,400	1,400	960	440
Patrol Overtime	51,000	51,000	46,114	4,886
Court Clerk - Salaries	38,588	38,588	35,573	3,015
Hourly wages	621,000	621,000	613,562	7,438
Overtime	150	150	-	150
Hourly wages	30,028	30,028	32,996	(2,968)
Capital Outlay Expenditure	41,000	41,000	37,557	3,443
Capital Outlay - ARPA	-	72,903	125,137	(52,234)
LESO Capital Outlay	-	-	3,899	(3,899)
<b>Total police department</b>	<b>1,385,427</b>	<b>1,555,976</b>	<b>1,482,445</b>	<b>73,531</b>
<b>Fire department</b>				
Fire - Salaries	285,030	285,030	280,200	4,830
Fire - Bonus Pay ARPA	-	18,500	18,500	-
Overtime	32,000	40,000	39,095	905
OASDI	28,735	28,735	29,427	(692)
OASDI - ARPA	-	1,415	1,415	-
Retirement - Current	30,500	30,500	30,600	(100)
Education/Training	49,200	49,200	24,709	24,491
Volunteer firemen	53,000	68,000	71,869	(3,869)
Publications, Reports, Etc.	3,000	3,000	2,895	105
Subscriptions to Newspapers	400	400	363	37
Public relations	3,500	3,500	3,499	1
Utility Services	27,500	28,500	31,585	(3,085)
Telephone and Telegraph	5,500	7,500	8,598	(1,098)
Repair and maintenance SVS	12,000	12,000	11,863	137
Repair and maintenance - Motor	55,400	70,354	68,342	2,012
Repair and maintenance - Build	5,000	21,900	19,969	1,931
Repair and maintenance - Radio	8,700	9,417	9,412	5
Travel	9,000	9,000	5,696	3,304
Ambulance, Clinic, and Hospital	3,000	3,400	2,982	418
Miscellaneous	1,000	1,000	921	79
Office Supplies and Materials	1,500	1,500	1,333	167
Equipment	71,000	95,000	94,901	99
Operating supplies	2,000	2,000	1,959	41
Clothing and Uniforms	6,150	6,150	5,628	522
Gas, Oil and Diesel Fuel	20,000	25,000	25,692	(692)
Capital Outlay Expenditure	90,000	90,000	90,000	-
<b>Total fire department</b>	<b>803,115</b>	<b>911,001</b>	<b>881,453</b>	<b>29,548</b>

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

**TOWN OF SELMER, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL (continued)**  
**YEAR ENDED JUNE 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Expenditures (continued)</b>				
<b>Public safety (continued)</b>				
<b>Building inspector</b>				
Building Inspection - Salaries	49,768	49,768	51,364	(1,596)
Building Inspection - Bonus Pay ARPA	-	2,000	2,000	-
OASDI	3,808	3,808	3,890	(82)
OASDI - ARPA	-	153	153	-
Retirement - Current	5,475	5,475	5,814	(339)
Employee Education	350	350	-	350
Telephone and Telegraph	600	600	572	28
Repair and maintenance - Motor	550	550	487	63
Property cleanup	2,500	8,750	11,769	(3,019)
Operating supplies	2,725	2,725	2,537	188
Gas, Oil and Diesel Fuel	1,500	1,500	1,134	366
<b>Total building inspector</b>	<b>67,276</b>	<b>75,679</b>	<b>79,720</b>	<b>(4,041)</b>
<b>Total public safety</b>	<b>2,255,818</b>	<b>2,542,656</b>	<b>2,443,618</b>	<b>99,038</b>
<b>Public works</b>				
<b>Streets and highways</b>				
Vehicles	10,000	-	-	-
Hwy and Streets - Salary	44,638	44,638	45,083	(445)
Bonus Pay ARPA	-	32,000	32,000	-
Overtime	4,000	4,000	2,176	1,824
Hourly wages	324,000	324,000	291,237	32,763
OASDI	28,500	28,500	23,667	4,833
OASDI - ARPA	-	2,448	2,448	-
Retirement - Current	40,600	40,600	37,518	3,082
Utility Services	1,800	2,500	2,338	162
Electric	2,250	2,250	1,654	596
Telephone and Telegraph	2,250	2,250	2,549	(299)
Repair and maintenance SVS	400	400	1,250	(850)
Repair and maintenance - Motor	18,000	18,000	21,679	(3,679)
Repair and maintenance - Build	5,000	5,000	5,416	(416)
Repair and maintenance - Machinery	4,600	6,000	7,554	(1,554)
Repair and maintenance - Radio	100	100	-	100
Repair and maintenance - Roads	35,000	35,000	29,742	5,258
Other contractual services	79,000	149,000	158,520	(9,520)
Ambulance, Clinic, and Hospital	300	300	1,036	(736)
Office Supplies and Materials	1,700	1,700	1,363	337
Operating supplies	15,000	15,000	9,090	5,910
Clothing and Uniforms	6,700	6,700	7,168	(468)
Gas, Oil and Diesel Fuel	20,000	30,000	34,488	(4,488)
Consumable tools	100	100	95	5
Sign Parts and Supplies	5,000	5,000	5,873	(873)
Capital Outlay	25,000	-	-	-
<b>Total streets and highways</b>	<b>673,938</b>	<b>755,486</b>	<b>723,944</b>	<b>31,542</b>
<b>Abused dogs</b>				
Operating supplies	300	300	300	-
<b>Total public works</b>	<b>674,238</b>	<b>755,786</b>	<b>724,244</b>	<b>31,542</b>
<b>Health, welfare, and recreation</b>				
<b>Grants and appropriations</b>				
Grant/donation - Senior Citizens	6,000	6,000	6,000	-
Grant/donation - Carl Perkins Center	1,000	1,000	1,000	-
Grant/donation - McNairy Co Alumni	-	-	-	-
Grant/donation - Jesus Cares/RSVP/Wrap	4,250	4,250	-	4,250
Grant/donation - Rockabilly Festival	1,000	1,000	1,000	-
Grant/donation -Wrap and RSVP	-	-	750	(750)
Grant/donation - McNairy Arts Association	3,500	3,500	3,500	-
Grant/donation - McNairy Co Imagination library	1,000	1,000	1,000	-
Grant/donation - Additional Donations Unplanned	500	500	1,250	(750)
<b>Total grants and appropriations</b>	<b>17,250</b>	<b>17,250</b>	<b>14,500</b>	<b>2,750</b>

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

**TOWN OF SELMER, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL (continued)**  
**YEAR ENDED JUNE 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Expenditures (continued)</b>				
<b>Health, welfare, and recreation (continued)</b>				
<b>Swimming pools</b>				
Swimming Pool - Hourly wages	8,000	8,000	4,633	3,367
OASDI	612	612	337	275
Utility Services	4,000	4,000	3,111	889
Telephone and Telegraph	1,500	1,500	1,527	(27)
Repairs and maintenance SVS	1,000	1,000	3,173	(2,173)
Chemicals	2,400	2,400	4,491	(2,091)
Other operating supplies	800	800	858	(58)
<b>Total swimming pools</b>	<b>18,312</b>	<b>18,312</b>	<b>18,130</b>	<b>182</b>
<b>Parks and recreation</b>				
Parks and Rec - Salaries	52,711	52,711	53,200	(489)
Parks and Rec - Bonus Pay ARPA	-	9,500	9,500	-
Overtime	1,500	1,500	2,183	(683)
Hourly wages	103,000	103,000	96,892	6,108
OASDI	11,950	11,950	11,006	944
OASDI - ARPA	-	727	727	-
Retirement - Current	13,825	13,825	14,760	(935)
Refunds or Deposit Returns	1,500	1,500	2,235	(735)
Utility Services	18,000	18,000	18,282	(282)
Telephone and Telegraph	4,000	4,000	4,674	(674)
Computer Services	300	300	-	300
Repair and maintenance SVS	23,800	28,800	49,755	(20,955)
Repair and maintenance - Motor	2,000	3,500	2,781	719
Office Supplies and Materials	3,300	3,300	2,839	461
Clothing and Uniforms	700	700	-	700
Other operating supplies	50,000	50,000	72,968	(22,968)
Gas, Oil and Diesel Fuel	5,100	5,100	5,694	(594)
Insurance Accident	3,000	3,000	2,458	542
Façade Grant	-	38,654	38,640	14
Capital Outlay Expenditure	850,000	850,000	937,344	(87,344)
<b>Total parks and recreation</b>	<b>1,144,686</b>	<b>1,200,067</b>	<b>1,325,938</b>	<b>(125,871)</b>
<b>Libraries</b>				
Libraries - Grant	13,500	13,500	13,500	-
<b>Economic Development</b>				
Economic Dev Grant	25,000	25,000	25,000	-
<b>Total economic development</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>
<b>Total health, welfare, and recreation</b>	<b>1,218,748</b>	<b>1,274,129</b>	<b>1,397,068</b>	<b>(122,939)</b>
<b>Total expenditures</b>	<b>5,477,607</b>	<b>5,969,687</b>	<b>5,965,942</b>	<b>3,745</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(782,076)</b>	<b>(752,001)</b>	<b>(940,480)</b>	<b>(188,479)</b>
<b>Other financing sources (uses)</b>				
Transfers in (out)	144,118	144,118	168,419	24,301
Sale of capital assets	4,000	-	26,574	26,574
<b>Total other financing sources (uses)</b>	<b>148,118</b>	<b>144,118</b>	<b>194,993</b>	<b>50,875</b>
<b>Net change in fund balance</b>	<b>(633,958)</b>	<b>(607,883)</b>	<b>(745,487)</b>	<b>(137,604)</b>
<b>Fund balance, beginning of year</b>	<b>3,072,627</b>	<b>3,072,627</b>	<b>3,072,627</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 2,438,669</b>	<b>\$ 2,464,744</b>	<b>\$ 2,327,140</b>	<b>\$ (137,604)</b>

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

**TOWN OF SELMER, TENNESSEE  
SANITATION FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Garbage pickup	\$ 571,570	\$ 595,295	\$ 597,975	\$ 2,680
Uncollectible accounts	(4,500)	(4,500)	(2,986)	1,514
Recovery of uncollectible accounts	1,200	1,200	641	(559)
Miscellaneous Revenue	-	-	6,632	6,632
Penalty Revenue	3,800	9,900	10,207	307
<b>Total revenues</b>	<u>572,070</u>	<u>601,895</u>	<u>612,469</u>	<u>10,574</u>
<b>Expenditures:</b>				
Payroll	114,000	114,000	95,168	18,832
OASDI (Employer Share)	8,500	8,500	7,176	1,324
Hospital and Health Insurance	29,016	29,016	18,568	10,448
Retirement - Current	12,210	12,210	11,436	774
Refunds or deposit return	300	300	-	300
Utility Services	4,200	4,200	3,992	208
Telephone and Telegraph	2,000	2,000	2,453	(453)
Computer Services	15,600	15,600	15,600	-
Repairs and maintenance SVS	20,100	20,100	13,627	6,473
Other Contractual services	160,000	160,000	190,345	(30,345)
Ambulance, Clinic, and Hospital	75	75	286	(211)
Landfill services	48,000	48,000	51,948	(3,948)
Miscellaneous Expense	50	50	-	50
Office Supplies and Materials	400	400	-	400
Operating supplies	500	6,500	6,472	28
Clothing and Uniforms	3,400	3,400	1,562	1,838
Gas, Oil, and Diesel fuel	15,000	25,000	28,332	(3,332)
Other operating supplies	800	800	-	800
Consumable tools	200	200	-	200
Capital Outlay Expenditure	-	412,132	412,132	-
Debt payments				
Principal	46,921	58,846	41,079	17,767
Interest	6,383	8,283	4,497	3,786
<b>Total expenditures</b>	<u>487,655</u>	<u>929,612</u>	<u>904,673</u>	<u>24,939</u>
Excess (deficiency) of revenues over (under) expenditures	<u>84,415</u>	<u>(327,717)</u>	<u>(292,204)</u>	<u>35,513</u>
<b>Other financing sources (uses)</b>				
Note proceeds	-	412,132	412,132	-
Total other financing sources (uses)	<u>-</u>	<u>412,132</u>	<u>412,132</u>	<u>-</u>
<b>Net change in fund balance</b>	84,415	84,415	119,928	35,513
<b>Fund Balance, beginning of year</b>	<u>270,053</u>	<u>270,053</u>	<u>270,053</u>	<u>-</u>
<b>Fund Balance, end of the year</b>	<u>\$ 354,468</u>	<u>\$ 354,468</u>	<u>\$ 389,981</u>	<u>\$ 35,513</u>

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

**TOWN OF SELMER, TENNESSEE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2022**

	<u>Water and Sewer</u>	<u>Natural Gas</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 2,249,361	\$ 6,028,231	\$ 8,277,592
Accounts receivable, net of allowance	313,110	77,096	390,206
Due from other funds	23,454	-	23,454
Grant receivable	41,864	-	41,864
Inventory	248,407	219,112	467,519
Prepaid expenses	18,074	6,022	24,096
<b>TOTAL CURRENT ASSETS</b>	<u>2,894,270</u>	<u>6,330,461</u>	<u>9,224,731</u>
<b>NONCURRENT ASSETS</b>			
Net pension assets	702,313	561,939	1,264,252
Capital assets, net	22,373,068	2,576,394	24,949,462
	<u>23,075,381</u>	<u>3,138,333</u>	<u>26,213,714</u>
<b>TOTAL ASSETS</b>	<u>25,969,651</u>	<u>9,468,794</u>	<u>35,438,445</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	<u>377,092</u>	<u>277,638</u>	<u>654,730</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	63,301	119,022	182,323
Accrued expenses	31,594	10,395	41,989
Accrued interest	16,685	-	16,685
Customer deposits	83,680	27,600	111,280
Due to other funds	55,931	23,454	79,385
Current portion of long-term debt	623,613	-	623,613
<b>TOTAL CURRENT LIABILITIES</b>	<u>874,804</u>	<u>180,471</u>	<u>1,055,275</u>
<b>NONCURRENT LIABILITIES</b>			
Compensated absences	27,374	30,974	58,348
Notes payable (net of unamortized premium)	8,576,827	-	8,576,827
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>8,604,201</u>	<u>30,974</u>	<u>8,635,175</u>
<b>TOTAL LIABILITIES</b>	<u>9,479,005</u>	<u>211,445</u>	<u>9,690,450</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	<u>562,630</u>	<u>439,342</u>	<u>1,001,972</u>
<b>NET POSITION</b>			
Net investment in capital assets	13,172,628	2,576,394	15,749,022
Restricted for other purposes	702,313	561,939	1,264,252
Unrestricted	2,430,167	5,957,312	8,387,479
<b>TOTAL NET POSITIONS</b>	<u>\$ 16,305,108</u>	<u>\$ 9,095,645</u>	<u>\$ 25,400,753</u>

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

**TOWN OF SELMER, TENNESSEE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Water and Sewer</u>	<u>Natural Gas</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Utility sales and services	\$ 3,201,029	\$ 1,957,571	\$ 5,158,600
Recovery of uncollectible accounts	11,600	178	11,778
Uncollectible accounts	(28,851)	(2,013)	(30,864)
Service charges and fees	154,882	45,214	200,096
Other income	447	1,173	1,620
<b>TOTAL OPERATING REVENUES</b>	<u>3,339,107</u>	<u>2,002,123</u>	<u>5,341,230</u>
<b>OPERATING EXPENSES</b>			
Cost of natural gas sold	-	948,408	948,408
Personnel services	728,987	586,082	1,315,069
Personnel services - ARPA	40,907	25,836	66,743
Contractual services	963,862	105,846	1,069,708
Supplies	84,167	20,489	104,656
Insurance	94,412	32,969	127,381
Depreciation	874,085	169,482	1,043,567
<b>TOTAL OPERATING EXPENSES</b>	<u>2,786,420</u>	<u>1,889,112</u>	<u>4,675,532</u>
<b>OPERATING INCOME</b>	<u>552,687</u>	<u>113,011</u>	<u>665,698</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	4,740	17,067	21,807
Insurance recoveries	-	9,366	9,366
Gain (loss) on disposal of asset	(16,336)	-	(16,336)
Accretion on debt premiums	40,928	-	40,928
Interest expense	(217,915)	-	(217,915)
<b>NET NONOPERATING EXPENSES</b>	<u>(188,583)</u>	<u>26,433</u>	<u>(162,150)</u>
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>364,104</u>	<u>139,444</u>	<u>503,548</u>
Capital contributions	408,085	28,476	436,561
Transfers out	(55,536)	(48,765)	(104,301)
<b>TOTAL CONTRIBUTIONS AND TRANSFERS</b>	<u>352,549</u>	<u>(20,289)</u>	<u>332,260</u>
<b>CHANGE IN NET POSITION</b>	716,653	119,155	835,808
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>15,588,455</u>	<u>8,976,490</u>	<u>24,564,945</u>
<b>NET POSITION- END OF YEAR</b>	<u>\$ 16,305,108</u>	<u>\$ 9,095,645</u>	<u>\$ 25,400,753</u>

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

**TOWN OF SELMER, TENNESSEE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED JUNE 30, 2022**

	Water and Sewer	Natural Gas	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 3,360,988	\$ 1,998,600	\$ 5,359,588
Cash receipts from other funds for services	3,754	-	3,754
Cash payments to suppliers for goods and services	(1,318,846)	(1,128,951)	(2,447,797)
Cash payments to other funds for services	(15,872)	15,872	-
Cash payments for personnel services	(865,286)	(694,335)	(1,559,621)
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,164,738</u>	<u>191,186</u>	<u>1,355,924</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(55,536)	(48,765)	(104,301)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of fixed assets	(2,009,650)	(213,147)	(2,222,797)
Insurance recoveries	-	9,366	9,366
Capital Contributions from local government	371,740	28,476	400,216
Long-term note proceeds	2,413,203	-	2,413,203
Short-term note proceeds	1,476,242	-	1,476,242
Principal payments on long-term debt	(582,631)	-	(582,631)
Principal payments on short-term debt	(2,413,203)	-	(2,413,203)
Interest paid on long-term debt	(215,495)	-	(215,495)
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(959,794)</u>	<u>(175,305)</u>	<u>(1,135,099)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earned	4,740	17,067	21,807
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	154,148	(15,817)	138,331
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>2,095,213</u>	<u>6,044,048</u>	<u>8,139,261</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,249,361</u>	<u>\$ 6,028,231</u>	<u>\$ 8,277,592</u>
<b>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 552,687	\$ 113,011	\$ 665,698
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	874,085	169,482	1,043,567
GASB 68 adjustments related to pension	(133,324)	(111,741)	(245,065)
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	24,251	(2,828)	21,423
(Increase) decrease in due from other funds	(15,872)	-	(15,872)
(Increase) decrease in inventory	(71,898)	(79,304)	(151,202)
(Increase) decrease in prepaids	(958)	(317)	(1,275)
Increase (decrease) in accounts payable	(66,236)	82,115	15,879
Increase (decrease) in accrued liabilities	3,594	2,103	5,697
Increase (decrease) in due to other funds	3,754	15,872	19,626
Increase (decrease) in compensated absences	(2,975)	3,488	513
Increase (decrease) in customer deposits	(2,370)	(695)	(3,065)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 1,164,738</u>	<u>\$ 191,186</u>	<u>\$ 1,355,924</u>

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

**TOWN OF SELMER, TENNESSEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**A. REPORTING ENTITY**

The Town is a Tennessee municipal corporation with a six-member Town council comprised of the Mayor and five aldermen.

In determining the financial reporting entity, the Town complies with the provisions as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*.

*Blended Component Units*

Blended component units are separate legal entities that meet the component unit criteria described in the codification as listed above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. These component units' funds are blended into those of the Town's by appropriate activity type to compose the primary government presentation. Currently, the Town has no blended component units.

*Discretely Presented Component Units*

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Town has no discretely presented component units.

**B. BASIS OF PRESENTATION**

*Government-wide Financial Statements:*

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. 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 direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**TOWN OF SELMER, TENNESSEE**  
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As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

**Governmental Funds**

*General Fund*

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

*Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

**Proprietary Fund**

*Enterprise Funds*

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**TOWN OF SELMER, TENNESSEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**Major and Nonmajor Funds**

The funds are further classified as major or nonmajor as follows:

<b>Fund</b>	<b>Brief Description</b>
<b>Major:</b>	
General	See above for description.
 <u>Special Revenue Fund:</u>	
Sanitation Fund	Accounts for the solid waste revenue and expenditures related to disposal services.
 <u>Proprietary Funds:</u>	
Water and Sewer Fund	Accounts for the activities associated with the water distribution system and for the activities associated with the sewage treatment plant, sewage pumping stations and collection systems.
Natural Gas Fund	Accounts for activities associated with the gas distribution system.
 <b>Nonmajor:</b>	
<u>Special Revenue Funds:</u>	
State Street Aid	Accounts for the state gas tax revenue and the expenditures legally restricted to street maintenance.
Drug Fund	Accounts for revenues and expenditures on drug fines and enforcement costs.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates timing transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using *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.

The 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 thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. 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.

**TOWN OF SELMER, TENNESSEE**  
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General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met; including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when the cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The City does not allocate indirect costs.

#### **D. BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds.

The Town adopts its budget in accordance with the State's legal requirement which is the level of classification detail at which expenditures may not legally exceed appropriations.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles.
- b. Unused appropriations for each of the annually budgeted funds lapse at the end of the year.
- c. Revisions to the budget may be made throughout the year in accordance with governing statutes and consistent with generally accepted accounting principles.

#### **E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE**

##### **Cash and Cash Equivalents**

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

**TOWN OF SELMER, TENNESSEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, sales taxes, and grants. Business-type activities report utilities as their major receivables. Utility receivables are shown net of any allowance for uncollectible accounts. The allowance amounts are as follows: Water and Sewer - \$5,000; and Gas - \$5,000.

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note IV.B. for details of interfund transactions, including receivables and payables at year-end.

**Inventories and Prepaid Expenses**

Inventories consist primarily of supplies, valued at cost, which approximates market. Cost is determined using an average-cost method. All Town inventories are maintained on a consumption basis of accounting where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. Prepaid expenses are also maintained on the consumptive basis of accounting.

**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 or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for buildings and infrastructure; \$5,000 for improvements other than buildings; and \$2,500 for equipment. All land, construction in progress, and works of art will be included. The water and sewer and natural gas funds use a threshold of \$100 and an estimated life in excess of five years. 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 Town are depreciated using the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	30-40
Improvements other than buildings	30-40
Machinery & equipment	5-20
Furniture & fixtures	10
Infrastructure	25-50

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Distribution plant	20-50
General plant	20-50
Treatment plant	20-50

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position 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(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the proprietary Statement of Net Position. These items are for pension changes in experience, changes in pension proportionate share of contributions, as well as employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has items that qualify for reporting in this category. Accordingly, the items, are reported in the government-wide Statement of Net Position and the proprietary Statement of Net Position. These items are from the following sources: current and delinquent property taxes, pension changes in experience, and changes in pension investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Compensated absences**

The Town accrues accumulated unpaid vacation when earned by the employee. The portion for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

**Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, general obligation bonds, accrued compensated absences, and unamortized premiums and discounts.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Net Position Flow Assumption**

Sometimes the government will fund 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 in the government-wide and

**TOWN OF SELMER, TENNESSEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered applied. It is the government's policy to considered restricted – net position to have been depleted before unrestricted – net position is applied.

Net position is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

#### **Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Aldermen is the government's highest level of decision-making authority for the government that can, be adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing board has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Nonspendable* fund balance is associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).

*Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

The Town has not yet adopted an order of fund balance spending policy. It considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**TOWN OF SELMER, TENNESSEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**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 the Town's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Town's net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement 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. Investments are reported at fair value.

**F. REVENUES, EXPENDITURES AND EXPENSES**

**Program Revenues**

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**Sales Tax**

The Town presently levies a two and three-quarters percent sales tax on taxable sales within the Town. The sales tax is collected by the Tennessee Department of Revenue and 0.875 percent is remitted to the Town in the month following receipt by the Department of Revenue. The remaining 1.875 percent goes to McNairy County for the school system. The Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded in the General Fund. Sales tax remitted to the Town in July and August has been accrued and is included under the caption "Due from other governments."

**Property Tax**

Property taxes are levied annually on the first of January. The taxes are due and payable from the following October through February in the year succeeding the tax levy. An unperfected lien attaches by statute to property on March 1 for unpaid taxes from the prior year's levy. Taxes uncollected for one year past the due date are submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

**Operating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from the daily operations are defined as non-operating.

**TOWN OF SELMER, TENNESSEE  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**Expenditures/ Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental funds – by Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund – By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**Interfund Transfers**

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

By its nature as a local government unit, the Town and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the Town’s compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

**A. FUND ACCOUNTING REQUIREMENTS**

<b>Fund</b>	<b>Required By</b>
Police Drug Fund	State Law

**B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Tennessee or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee.

**C. REVENUE RESTRICTIONS**

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<b>Revenue Source</b>	<b>Legal Restrictions of Use</b>
Gasoline Excise Tax	Street purposes
Grants	Grant program expenditures

**TOWN OF SELMER, TENNESSEE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**D. FUND EQUITY RESTRICTIONS**

**Deficit Prohibition**

Tennessee Statutes prohibits the creation of a deficit fund balance in any individual fund. The Town had no deficit fund balances at June 30, 2022.

**E. BUDGET APPROPRIATIONS**

The Town had one fund with expenditures exceeding appropriations: State Street Aid Fund.

**NOTE III. - DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS**

**A. ASSETS**

**Cash and Investments**

The Town maintains checking and collection accounts with local banks.

The Town's investment policies are governed by State statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts. Collateral is required for demand deposits, certificates of deposit, and repurchase agreements at 105% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its subdivisions. The Town has no policy that further limits allowable investments.

**Deposits**

Deposits are carried at cost plus accrued interest. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and cash equivalents" and "Investments".

The Town's deposits at year-end were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by the State's Bank Collateral Pool).

**Change in Capital Assets**

Depreciation was charged to various functions and activities as follows:

Governmental activities	
General government	\$ 43,816
Public safety	403,545
Public works	113,051
Health, welfare and recreation	94,868
Total governmental activities	<u>655,280</u>
Business-type activities	
Water and sewer	874,085
Natural gas	169,482
Total business-type	<u>\$ 1,043,567</u>

**TOWN OF SELMER, TENNESSEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

During the fiscal year ended June 30, 2022, the following changes in capital assets occurred:

	Balance 7/1/21	Additions/ Adjustments	Disposals/ Adjustments	Balance 6/30/22
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 241,892	\$ 36,962	\$ -	\$ 278,854
Construction in progress	-	937,344	(249,768)	1,187,112
Subtotal	<u>241,892</u>	<u>974,306</u>	<u>(249,768)</u>	<u>1,465,966</u>
Capital assets being depreciated				
Buildings and improvements	5,589,574	161,337	-	5,750,911
Infrastructure	1,093,883	-	249,768	844,115
Other fixed assets	5,756,491	556,667	383,577	5,929,581
Subtotal	<u>12,439,948</u>	<u>718,004</u>	<u>633,345</u>	<u>12,524,607</u>
Less accumulated depreciation for:				
Buildings and improvements	4,345,982	173,289	3,800	4,515,471
Infrastructure	331,045	49,087	240,110	140,022
Other fixed assets	4,635,197	432,904	-	5,068,101
Subtotal	<u>\$ 9,312,224</u>	<u>\$ 655,280</u>	<u>\$ 243,910</u>	<u>9,723,594</u>
Total capital assets, being depreciated, net				<u>2,801,013</u>
Governmental activities capital assets, net				<u>\$ 4,266,979</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 182,425	\$ -	\$ -	\$ 182,425
Construction in Progress	1,234,693	1,806,551	-	3,041,244
Subtotal	<u>1,417,118</u>	<u>1,806,551</u>	<u>-</u>	<u>3,223,669</u>
Capital assets being depreciated				
Equipment	2,011,679	217,321	19,793	2,209,207
Intangibles	939,889	-	-	939,889
Infrastructure	42,146,360	198,925	21,111	42,324,174
Subtotal	<u>45,097,928</u>	<u>416,246</u>	<u>40,904</u>	<u>45,473,270</u>
Less accumulated depreciation for:				
Equipment	1,419,990	113,725	19,793	1,513,922
Intangibles	761,738	7,732	-	769,470
Infrastructure	20,546,750	922,110	4,775	21,464,085
Total accumulated depreciation	<u>\$ 22,728,478</u>	<u>\$ 1,043,567</u>	<u>\$ 24,568</u>	<u>23,747,477</u>
Total capital assets, being depreciated, net				<u>21,725,793</u>
Business-type activities capital assets, net				<u>\$ 24,949,462</u>

## B. LIABILITIES

### Pension Plan Obligations

#### General Information about the Pension Plan

*Plan description.* Employees of Selmer 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 publically available financial 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.

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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	52
Inactive employees entitled to but not yet receiving benefits	57
Active employees	<u>82</u>
	<u><u>191</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. Selmer 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 Selmer were \$332,138 based on a rate of 11 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Selmer'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)**

Selmer'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.

**TOWN OF SELMER, TENNESSEE**  
**NOTES TO BASIC 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 2.2125 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:

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

**TOWN OF SELMER, TENNESSEE**  
**NOTES TO BASIC 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 Selmer 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)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at 6/30/20</b>	\$ 13,053,342	\$ 14,125,338	\$ (1,071,996)
<b>Changes for the year:</b>			
Service cost	202,201	-	202,201
Interest	942,526	-	942,526
Differences between expected and actual experience	(554,845)	-	(554,845)
Changes in assumption	1,152,148	-	1,152,148
Contributions - employer	-	317,286	(317,286)
Contributions - employee	-	-	-
Net investment income	-	3,618,073	(3,618,073)
Benefit payments, including refunds of employee contributions	(510,375)	(510,375)	-
Administrative expense	-	(7,128)	7,128
<b>Net changes</b>	<u>1,231,655</u>	<u>3,417,856</u>	<u>(2,186,201)</u>
<b>Balance at 6/30/21</b>	<u>\$ 14,284,997</u>	<u>\$ 17,543,194</u>	<u>\$ (3,258,197)</u>

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net position liability (asset) of Selmer calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated 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:

**TOWN OF SELMER, TENNESSEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Selmer's net pension liability (asset)	\$ (1,316,730)	\$ (3,258,197)	\$ (4,862,366)

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

*Pension expense (negative pension expense).* For the year ended June 30, 2022, Selmer recognized pension expense (negative pension expense) of (\$324,947).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 258,721	\$ 663,476
Net difference between projected and actual earnings on pension plan investments	-	1,929,695
Changes in Assumptions	1,074,028	-
Contributions subsequent to the measurement date of June 30, 2020	<u>332,138</u>	<u>n/a</u>
Total	<u>\$ 1,664,887</u>	<u>\$ 2,593,171</u>

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:

**Year Ended June 30:**

2023	(\$376,878)
2024	(\$324,765)
2025	(\$361,240)
2026	(\$370,923)
2027	\$88,067
Thereafter	\$85,329

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

**TOWN OF SELMER, TENNESSEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**Payable to the Pension Plan**

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

**Long-Term Obligations**

The Town's long-term debt is segregated between amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

General Obligation Bonds – The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of up to 19 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2022, will be retired from various funds as noted in the Schedule of Changes in Long-Term Debt by Individual Issue.

Direct Borrowing and Direct Placements – The Town issues other loans to provide funds for the acquisition and construction of major capital facilities. Loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. The loans outstanding were issued for original terms of up to 10 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All loans included in long-term debt as of June 30, 2022, will be retired from various funds as noted in the Schedule of Changes in Long-Term Debt by Individual Issue.

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. Debt premiums and discounts are deferred and amortized over the life of the debt instrument using the straight-line method. Debt issuance costs are expensed in the period incurred.

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

**TOWN OF SELMER, TENNESSEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**Governmental Activities**

As of June 30, 2022, the governmental long-term liabilities of the Town consisted of the following:

**General Long-Term Liabilities**

**General Obligation Bonds**

General Obligation Bonds Series 2020, dated 6/12/2020, Interest 2.00% - 5.00%, due semi-annually through 2035	\$ 2,010,000
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General Obligation Bonds Series 2019, dated 5/22/2019, Interest 3.125% - 4.00%, due semi-annually through 2041	1,545,000
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**Capital Outlay Notes**

Capital Outlay Note, dated 04/13/12, 3.25%, due in annual installments through 04/13/24	9,167
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Capital Outlay Note, dated 07/15/14, 2.98%, due in annual installments through 06/01/2026	134,000
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Capital Outlay Note, dated 11/30/2018, 3.59%, due in annual installments through 11/30/2024	74,698
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**Direct Borrowing and Direct Placements**

Bancorp South, dated 02/2022, 2.41%, due in monthly Installments of \$3,639 thru March of 2027 with a balloon payment of \$95,000 due at maturity	277,262
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Bancorp South, dated 03/2022, 2.41%, due in monthly Installments of \$2,759 thru April of 2027 with a balloon payment of \$40,000 due at maturity	184,050
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**Other liabilities**

Unamortized premium on debt	203,466
Compensated absences	172,999

<b>Total General Long-Term Liabilities</b>	<b><u>\$ 4,610,642</u></b>
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**Business-Type Activities**

**General Obligation Bonds**

General Obligation Bonds, Series 2019, dated 5/22/2019, Interest 4.00%, due semi-annually through 2025	\$ 460,000
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General Obligation Refunding Water and Sewer Bonds, Series 2020, interest 2.00% - 5.00%, payable semi-annually through June 2035	4,175,000
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**General Obligation Capital Outlay Bond**

General Obligation Capital Outlay Notes, Series 2012, dated 12/18/12, 2.0%, due semi-annually through 2024	280,000
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**TOWN OF SELMER, TENNESSEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Revenue and Tax Bonds**

Water, Sewer, and Gas Revenue & Tax Bonds, Series 2010  
 2.75%, payable monthly through June 2050 1,509,926

Water, Sewer, and Gas Revenue & Tax Bonds, Series 2018  
 1.25%, payable monthly through November 2061 2,386,001  
 1,509,926

**Other liabilities**

Unamortized premium on debt 389,513  
 Compensated absences 58,348

**Total Business-Type Activities** **\$ 9,258,788**

**Change in Long-term liabilities**

	Beginning Balance	Additions	Retirements	Ending Balance	Due within one year
<b>Governmental Type Activities</b>					
General Obligation Bonds	\$ 3,730,000	\$ -	\$ 175,000	\$ 3,555,000	\$ 180,000
Capital Outlay Notes	276,643	-	58,778	217,865	60,611
Direct Borrowing & Direct Placements	90,258	412,132	41,078	461,312	65,551
Unamortized debt premiums	223,340	-	19,874	203,466	-
Compensated absences	172,999	-	-	172,999	-
Total governmental activities	<u>4,493,240</u>	<u>412,132</u>	<u>294,730</u>	<u>4,610,642</u>	<u>306,162</u>
<b>Business Type Activities</b>					
General Obligation Bonds	5,020,000	-	385,000	4,635,000	400,000
General Obligation Capital Outlay Note:	415,000	-	135,000	280,000	140,000
Revenue and Tax Bonds	1,545,355	2,413,203	62,631	3,895,927	83,613
Unamortized debt premiums	430,441	-	40,928	389,513	-
Compensated absences	57,835	513	-	58,348	-
Total business type activities	<u>7,468,631</u>	<u>2,413,716</u>	<u>623,559</u>	<u>9,258,788</u>	<u>623,613</u>
Total government	<u>\$ 11,961,871</u>	<u>\$ 2,825,848</u>	<u>\$ 918,289</u>	<u>\$ 13,869,430</u>	<u>\$ 929,775</u>

**Other Long-term liabilities**

Governmental-type compensated absences have been paid in prior years by the General Fund.

**Annual Requirements to Retire Debt Outstanding**

The annual aggregate maturities for each debt type for years subsequent to June 30, 2022, are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 60,611	\$ 6,973	\$ 140,000	\$ 5,600	\$ 213,184
2024	62,471	5,008	140,000	2,800	210,279
2025	59,783	2,982	-	-	62,765
2026	35,000	1,043	-	-	36,043
	<u>\$ 217,865</u>	<u>\$ 16,006</u>	<u>\$ 280,000</u>	<u>\$ 8,400</u>	<u>\$ 522,271</u>

**TOWN OF SELMER, TENNESSEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**General Obligation Bonds**

Year Ending June 30,	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 180,000	\$ 110,662	\$ 400,000	\$ 143,900	\$ 834,562
2024	195,000	102,112	420,000	125,350	842,462
2025	205,000	92,862	440,000	105,900	843,762
2026	215,000	83,112	295,000	85,500	678,612
2027	225,000	73,612	305,000	70,750	674,362
2028-2032	1,120,000	268,264	1,685,000	211,400	3,284,664
2033-2037	750,000	150,040	1,090,000	43,900	2,033,940
2038-2042	400,000	79,238	-	-	479,238
2043-2046	265,000	16,875	-	-	281,875
	<u>\$ 3,555,000</u>	<u>\$ 976,777</u>	<u>\$ 4,635,000</u>	<u>\$ 786,700</u>	<u>\$ 9,953,477</u>

**Revenue and Tax Bonds**

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2023	83,613	70,825
2024	85,015	69,218
2025	86,658	67,575
2026	88,339	65,894
2027	90,054	64,178
2028-2032	477,415	293,750
2033-2037	526,546	244,719
2038-2042	581,545	189,619
2043-2047	643,194	127,970
2048-2052	552,344	62,930
2053-2057	351,735	31,990
2058-2062	329,469	9,383
	<u>\$ 3,895,927</u>	<u>\$ 1,298,051</u>

**Direct Placement & Direct Borrowings**

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 65,551	\$ 10,255
2024	68,140	8,637
2025	69,802	6,798
2026	71,505	5,272
2027	186,314	2,631
2028-2032	-	-
2033-2037	-	-
2038-2042	-	-
2043-2047	-	-
2048-2052	-	-
2053-2057	-	-
2058-2062	-	-
	<u>\$ 461,312</u>	<u>\$ 33,593</u>

**SHORT-TERM DEBT**

In 2020, The Town funded the Sewer project with a short-term note with Regions Bank as a non-revolving line of credit in the amount of \$2,413,000 at an interest rate of 2.30%. The Town completed the draws on this LOC during the current fiscal year. The Town repaid these notes in the current fiscal year when it obtained permanent financing with the State Revolving Loan Program for a SRF Clean Water loan in the amount of \$1,445,000 and the remainder of the project financed with USDA.

The debt is secured by a pledge of and a perfected first lien upon all revenues from the Water and Sewer Fund.

The following is a summary of changes in short-term debt for the year ended:

	Balance 7/1/2021	Issues or Additions	Retirements/ Reclassifications	Balance 6/30/2022
Regions Bank Note Payable	\$ 936,961	\$ 1,476,242	\$ 2,413,203	\$ -
	<u>\$ 936,961</u>	<u>\$ 1,476,242</u>	<u>\$ 2,413,203</u>	<u>\$ -</u>

**TOWN OF SELMER, TENNESSEE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE IV – OTHER NOTES**

**A. INSURANCE**

The Town is exposed to various risks of loss related to torts; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is carried for employees bonds and certain property destruction and employee health and accident claims. The Town also participates in the Tennessee Municipal League Risk Management Pool, a public entity risk pool, for errors and omissions; automobile liability and physical damage; workers compensation; and employees' liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the three past fiscal years. The Tennessee Municipal League Risk Management Pool has been self-sustaining through member premiums. Members consist of local jurisdiction municipalities and utility districts in the State. Members are responsible for a pro-rata portion of claims that exceed the Pool's reserves. No additional assessments have ever been made by the Pool to its members as a result of losses experienced.

**B. INTERFUND TRANSACTIONS AND BALANCES**

<b>DUE TO:</b>	<u>Water</u>	<u>Sanitation</u>	<u>Total</u>
<b>DUE FROM:</b>			
General	\$ -	\$ 12,000	\$ 12,000
Gas	23,454	-	23,454
Water	-	55,931	55,931
	<u>\$ 23,454</u>	<u>\$ 67,931</u>	<u>\$ 91,385</u>

The outstanding balances between funds result from revenues that are collected by one fund for another fund. These balances are all expected to be repaid within one year. The Gas Fund made an operating transfer to the General Fund during the year in the amount of \$48,765 and the Water and Sewer Fund made one to the General Fund in the amount of \$55,536 for in-lieu-of tax payments. The State Street Aid Fund made an operating transfer to the General Fund during the year in the amount of \$64,118 for paving.

**C. COMMITMENTS AND CONTINGENCIES**

The Town is a defendant in a lawsuit brought against it. The Town cannot predict the outcome of this case and it is possible a loss could be incurred. The amount of such a possible loss cannot be determined.

Water and Sewer System

As of June 30, 2022, the System has incurred \$3,041,244 for the Sewer Treatment System Improvements. The initial contract sum is \$3,200,000 with an estimated completion date of August 2023. When completed, the Sewer Treatment System will be more efficient in meeting standards set by TDEC and EPA.

The Town settled a dispute with TDOT on October 27, 2022 and agreed to pay TDOT \$364,180 as follows: 2023- \$121,394, 2024 - \$121,393, and 2025 - \$121,393. This is not recorded as a liability in the current year since it was agreed upon after year-end. It will be recorded as a long-term liability in the fiscal year 2022-2023.

**TOWN OF SELMER**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
**FISCAL YEAR ENDING JUNE 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Total pension liability</b>								
Service Cost	\$ 172,869	\$ 169,386	\$ 177,309	\$ 179,219	\$ 191,162	\$ 197,564	\$ 195,005	\$ 202,201
Interest	693,733	714,016	739,296	777,984	813,577	828,889	898,999	942,526
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between actual and expected experience	(248,291)	(193,275)	(19,841)	(12,183)	(367,301)	428,810	19,164	(554,845)
Change of assumptions	-	-	-	302,648	-	-	-	1,152,148
Benefit payments, including refunds of employee contributions	(334,029)	(354,733)	(367,251)	(398,407)	(423,569)	(441,703)	(529,623)	(510,375)
<b>Net change in total pension liability</b>	<u>284,282</u>	<u>335,394</u>	<u>529,513</u>	<u>849,261</u>	<u>213,869</u>	<u>1,013,560</u>	<u>583,545</u>	<u>1,231,655</u>
<b>Total pension liability - beginning</b>	<u>9,243,918</u>	<u>9,528,200</u>	<u>9,863,594</u>	<u>10,393,107</u>	<u>11,242,368</u>	<u>11,456,237</u>	<u>12,469,797</u>	<u>13,053,342</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 9,528,200</u>	<u>\$ 9,863,594</u>	<u>\$ 10,393,107</u>	<u>\$ 11,242,368</u>	<u>\$ 11,456,237</u>	<u>\$ 12,469,797</u>	<u>\$ 13,053,342</u>	<u>\$ 14,284,997</u>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 379,922	\$ 409,986	\$ 417,666	\$ 305,882	\$ 296,130	\$ 304,439	\$ 298,027	\$ 317,286
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	1,446,425	314,958	280,874	1,228,723	992,364	953,735	673,155	3,618,073
Benefit payments, including refunds of employee contributions	(334,029)	(354,733)	(367,251)	(398,407)	(423,569)	(441,703)	(529,623)	(510,375)
Administrative expense	(3,078)	(3,767)	(5,561)	(6,369)	(6,832)	(6,381)	(6,881)	(7,128)
<b>Net change in plan fiduciary net position</b>	<u>1,489,240</u>	<u>366,444</u>	<u>325,728</u>	<u>1,129,829</u>	<u>858,093</u>	<u>810,090</u>	<u>434,678</u>	<u>3,417,856</u>
<b>Plan fiduciary net position - beginning</b>	<u>8,711,236</u>	<u>10,200,476</u>	<u>10,566,920</u>	<u>10,892,648</u>	<u>12,022,477</u>	<u>12,880,570</u>	<u>13,690,660</u>	<u>14,125,338</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 10,200,476</u>	<u>\$ 10,566,920</u>	<u>\$ 10,892,648</u>	<u>\$ 12,022,477</u>	<u>\$ 12,880,570</u>	<u>\$ 13,690,660</u>	<u>\$ 14,125,338</u>	<u>\$ 17,543,194</u>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<u>\$ (672,276)</u>	<u>\$ (703,326)</u>	<u>\$ (499,541)</u>	<u>\$ (780,109)</u>	<u>\$ (1,424,333)</u>	<u>\$ (1,220,863)</u>	<u>\$ (1,071,996)</u>	<u>\$ (3,258,197)</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	107.06%	107.13%	104.81%	106.94%	112.43%	109.79%	108.21%	122.81%
<b>Covered payroll</b>	\$ 2,285,934	\$ 2,386,414	\$ 2,431,112	\$ 2,549,016	\$ 2,472,654	\$ 2,536,994	\$ 2,709,335	\$ 2,884,415
<b>Net pension liability (asset) as a percentage of covered payroll</b>	-29.41%	-29.47%	-20.55%	-30.60%	-57.60%	-48.12%	-39.57%	-112.96%

**Notes to Schedule:**

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

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 years' data, if needed.

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

**TOWN OF SELMER**  
**SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
**FISCAL YEAR ENDING JUNE 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially determined contribution	\$ 379,922	\$ 409,986	\$ 417,666	\$ 203,411	\$ 195,092	\$ 200,169	\$ 180,442	\$ 193,833	\$ 202,906
Contributions in relation to the actuarially determined contribution	<u>379,922</u>	<u>409,986</u>	<u>417,666</u>	<u>305,882</u>	<u>296,130</u>	<u>304,439</u>	<u>298,027</u>	<u>317,286</u>	<u>332,138</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (102,471)</u>	<u>\$ (101,038)</u>	<u>\$ (104,270)</u>	<u>\$ (117,585)</u>	<u>\$ (123,453)</u>	<u>\$ (129,232)</u>
Covered payroll	\$ 2,285,934	\$ 2,386,414	\$ 2,431,112	\$ 2,549,016	\$ 2,472,654	\$ 2,536,994	\$ 2,709,335	\$ 2,884,418	\$ 3,019,438
Contributions as a percentage to covered payroll	16.62%	17.18%	17.18%	12.00%	11.98%	12.00%	11.00%	11.00%	11.00%

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 years' data, if needed.

**The accompanying notes are an integral part of these financial statements.**

**TOWN OF SELMER  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**Notes to Schedule**

*Valuation date:* Actuarially determined contribution rates for 2022 were calculated based on the July 1, 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.

**TOWN OF SELMER, TENNESSEE  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<u>SPECIAL REVENUE</u>		<b>Total Other Nonmajor Governmental Funds</b>
	<b>State Street Aid Fund</b>	<b>Drug Fund</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 403,754	\$ 83,182	\$ 486,936
Receivables from other governments	26,939	4,465	31,404
<b>Total Assets</b>	<b>\$ 430,693</b>	<b>\$ 87,647</b>	<b>\$ 518,340</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,382	\$ 1,341	\$ 6,723
Unearned revenues - other	-	1,414	1,414
<b>Total liabilities</b>	<b>5,382</b>	<b>2,755</b>	<b>8,137</b>
<b>FUND BALANCES</b>			
Restricted			
State street aid	425,311	-	425,311
Drug	-	84,892	84,892
<b>Total fund balances</b>	<b>425,311</b>	<b>84,892</b>	<b>510,203</b>
<b>Total liabilities and fund balances</b>	<b>\$ 430,693</b>	<b>\$ 87,647</b>	<b>\$ 518,340</b>

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

**TOWN OF SELMER, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	SPECIAL REVENUE		Total Other Nonmajor Governmental Funds
	State Street Aid Fund	Drug Fund	
<b>Revenues:</b>			
Intergovernmental revenues	\$ 155,611	\$ -	\$ 155,611
Fines and forfeitures	-	45,111	45,111
Donations	-	-	-
Interest income	284	37	321
Total revenues	<u>155,895</u>	<u>45,148</u>	<u>201,043</u>
<b>Expenditures:</b>			
Public works	70,954	-	70,954
Public safety	-	32,488	32,488
Total expenditures	<u>70,954</u>	<u>32,488</u>	<u>103,442</u>
Excess (deficiency) of revenues over expenditures	<u>84,941</u>	<u>12,660</u>	<u>97,601</u>
<b>Other financing sources (uses):</b>			
Transfer in (out)	(64,118)	-	(64,118)
Sale of Equipment	-	25,144	25,144
Total other financing sources (uses)	<u>(64,118)</u>	<u>25,144</u>	<u>(38,974)</u>
Net change in fund balances	20,823	37,804	58,627
Fund Balance, beginning of the year	<u>404,488</u>	<u>47,088</u>	<u>451,576</u>
Fund Balance, end of the year	<u>\$ 425,311</u>	<u>\$ 84,892</u>	<u>\$ 510,203</u>

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

**TOWN OF SELMER, TENNESSEE  
STATE STREET AID FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State Gas 1989 Tax	\$ 13,000	\$ 13,000	\$ 12,435	\$ (565)
State Gas 3 Cent Tax	24,000	24,000	23,034	(966)
State Gasoline and Motor Fuel	80,000	85,000	79,923	(5,077)
Gas Tax 17& 18 Improvements	35,000	35,000	40,219	5,219
Interest Earnings	200	200	284	84
Total revenues	<u>152,200</u>	<u>157,200</u>	<u>155,895</u>	<u>(1,305)</u>
<b>Expenditures</b>				
Street Lighting	50,000	50,000	55,779	(5,779)
Light Repairs	2,500	17,700	15,175	2,525
Total expenditures	<u>52,500</u>	<u>67,700</u>	<u>70,954</u>	<u>(3,254)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>99,700</u>	<u>89,500</u>	<u>84,941</u>	<u>(4,559)</u>
<b>Other financing sources (uses):</b>				
Transfer in (out)	<u>(64,118)</u>	<u>(64,118)</u>	<u>(64,118)</u>	<u>-</u>
Net change in fund balances	35,582	25,382	20,823	(4,559)
Fund Balance, beginning of the year	<u>404,488</u>	<u>404,488</u>	<u>404,488</u>	<u>-</u>
Fund Balance, end of the year	<u>\$ 440,070</u>	<u>\$ 429,870</u>	<u>\$ 425,311</u>	<u>\$ (4,559)</u>

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

**TOWN OF SELMER, TENNESSEE  
DRUG FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
FBI Seizure Reimbursement	\$ 5,000	\$ 5,000	\$ 9,160	\$ 4,160
Drug Related Fines	20,000	20,000	24,085	4,085
Forfeits	2,000	2,000	11,866	9,866
Interest Earnings	200	200	37	(163)
Total revenues	<u>27,200</u>	<u>27,200</u>	<u>45,148</u>	<u>17,948</u>
<b>Expenditures:</b>				
Employee education	700	700	55	645
Vehicle Tow-in Services	1,750	1,750	75	1,675
Utility Services	5,000	5,000	4,979	21
Telephone and Telegraph	6,000	6,000	5,166	834
Repair and Maintenance SVS	1,100	1,100	-	1,100
Repair and Maintenance Motor	500	500	-	500
Miscellaneous Expense	275	275	385	(110)
Office Supplies and Materials	300	300	114	186
Operating supplies	1,500	13,000	13,179	(179)
Educational supplies	3,000	3,000	71	2,929
Gas, Oil, Diesel Fuel	11,000	11,000	3,504	7,496
Drug Control - Restricted	12,000	12,000	4,960	7,040
Total expenditures	<u>43,125</u>	<u>54,625</u>	<u>32,488</u>	<u>22,137</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,925)</u>	<u>(27,425)</u>	<u>12,660</u>	<u>40,085</u>
<b>Other financing sources (uses):</b>				
Transfer in	20,000	20,000	-	(20,000)
Sale of Equipment	-	11,500	25,144	13,644
Total other financing sources (uses)	<u>20,000</u>	<u>31,500</u>	<u>25,144</u>	<u>(6,356)</u>
Net change in fund balances	4,075	4,075	37,804	33,729
Fund Balance, beginning of the year	<u>47,088</u>	<u>47,088</u>	<u>47,088</u>	<u>-</u>
Fund Balance, end of the year	<u>\$ 51,163</u>	<u>\$ 51,163</u>	<u>\$ 84,892</u>	<u>\$ 33,729</u>

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

**TOWN OF SELMER, 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>	<u>Delinquent Taxes Filed in Chancery Court</u>
2022	0.624	\$ 807,482	\$ -	\$ 807,482	\$ -	\$ 807,482	\$ -
2021	0.818	765,478	765,478	72,958	763,849	74,587	-
2020	0.818	787,967	30,668	-	23,315	7,353	-
2019	0.818	773,151	9,000	-	3,667	5,333	5,333
2018	0.806	704,256	6,518	-	1,862	4,656	4,656
2017	0.806	815,491	4,466	-	1,010	3,456	3,456
2016	0.806	820,158	3,732	-	623	3,109	3,109
2015	0.806	722,685	5,025	-	671	4,354	4,354
2014	0.806	825,580	2,114	-	665	1,449	1,449
2013	0.806	811,556	1,174	-	537	637	637
2012	0.806	797,532	1,740	(1,129)	611	-	-
2011	0.806	771,160	3,809	(2,682)	1,127	-	-
2010	0.806	781,240	1,333	(1,333)	-	-	-
2009	0.880	751,336	920	(920)	-	-	-
2008	0.880	682,683	909	(909)	-	-	-
2007	0.880	696,681	2,563	(2,563)	-	-	-
2006	0.880	649,017	545	(545)	-	-	-
			<u>\$ 839,994</u>	<u>\$ 870,359</u>	<u>\$ 797,937</u>	<u>\$ 912,416</u>	<u>\$ 22,994</u>

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

TOWN OF SELMER  
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS  
GENERAL LONG TERM DEBT  
JUNE 30, 2022

Year Ending June 30,	General Obligation Bonds				Capital Outlay Notes						Direct Borrowing & Direct Placement				Totals	
	Series 2020		Series 2019		Series 2012		Series 2014		Series 2018		Bancorp South 2022		Bancorp South 2022		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest				
2023	\$ 135,000	\$ 63,300	\$ 45,000	\$ 47,362	\$ 4,584	\$ 298	\$ 32,000	\$ 3,993	\$ 24,027	\$ 2,682	\$ 36,882	\$ 6,197	\$ 28,669	\$ 4,058	\$ 306,162	\$ 127,890
2024	145,000	56,550	50,000	45,562	4,582	149	33,000	3,040	24,889	1,819	38,385	5,283	29,755	3,354	325,811	115,757
2025	155,000	49,300	50,000	43,562	-	-	34,000	2,056	25,783	926	39,320	4,348	30,482	2,450	334,585	102,642
2026	165,000	41,550	50,000	41,562	-	-	35,000	1,043	-	-	40,279	3,389	31,226	1,883	321,506	89,427
2027	170,000	33,300	55,000	40,312	-	-	-	-	-	-	122,396	1,716	63,918	915	411,314	75,243
2028	180,000	24,800	55,000	38,938	-	-	-	-	-	-	-	-	-	-	235,000	63,738
2029	180,000	21,200	55,000	37,562	-	-	-	-	-	-	-	-	-	-	235,000	58,762
2030	185,000	17,600	60,000	36,188	-	-	-	-	-	-	-	-	-	-	245,000	53,788
2031	140,000	13,900	60,000	34,388	-	-	-	-	-	-	-	-	-	-	200,000	48,288
2032	140,000	11,100	65,000	32,588	-	-	-	-	-	-	-	-	-	-	205,000	43,688
2033	140,000	8,300	65,000	30,638	-	-	-	-	-	-	-	-	-	-	205,000	38,938
2034	140,000	5,500	65,000	28,688	-	-	-	-	-	-	-	-	-	-	205,000	34,188
2035	135,000	2,700	65,000	26,738	-	-	-	-	-	-	-	-	-	-	200,000	29,438
2036	-	-	70,000	24,788	-	-	-	-	-	-	-	-	-	-	70,000	24,788
2037	-	-	70,000	22,688	-	-	-	-	-	-	-	-	-	-	70,000	22,688
2038	-	-	75,000	20,588	-	-	-	-	-	-	-	-	-	-	75,000	20,588
2039	-	-	80,000	18,338	-	-	-	-	-	-	-	-	-	-	80,000	18,338
2040	-	-	80,000	15,938	-	-	-	-	-	-	-	-	-	-	80,000	15,938
2041	-	-	80,000	13,438	-	-	-	-	-	-	-	-	-	-	80,000	13,438
2042	-	-	85,000	10,936	-	-	-	-	-	-	-	-	-	-	85,000	10,936
2043	-	-	85,000	8,282	-	-	-	-	-	-	-	-	-	-	85,000	8,282
2044	-	-	85,000	5,624	-	-	-	-	-	-	-	-	-	-	85,000	5,624
2045	-	-	95,000	2,969	-	-	-	-	-	-	-	-	-	-	95,000	2,969
	<u>\$ 2,010,000</u>	<u>\$ 349,100</u>	<u>\$ 1,545,000</u>	<u>\$ 627,677</u>	<u>\$ 9,166</u>	<u>\$ 447</u>	<u>\$ 134,000</u>	<u>\$ 10,132</u>	<u>\$ 74,699</u>	<u>\$ 5,427</u>	<u>\$ 277,262</u>	<u>\$ 20,933</u>	<u>\$ 184,050</u>	<u>\$ 12,660</u>	<u>\$ 4,234,177</u>	<u>\$ 1,026,376</u>

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

TOWN OF SELMER, TENNESSEE  
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS  
WATER/SEWER FUND  
FOR THE YEAR ENDED JUNE 30, 2022

Year Ending June 30,	General Obligation Bonds				General Obligation Capital Outlay Notes		Revenue and Tax Bonds				Totals	
	Series 2019		Series 2020		Series 2012		Series 2010		Series 2018		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2023	\$ 145,000	\$ 18,400	\$ 255,000	\$ 125,500	\$ 140,000	\$ 5,600	\$ 36,311	\$ 41,177	\$ 47,302	\$ 29,648	\$ 623,613	\$ 220,325
2024	155,000	12,600	265,000	112,750	140,000	2,800	37,324	40,164	47,691	29,054	645,015	197,368
2025	160,000	6,400	280,000	99,500	-	-	38,365	39,123	48,293	28,452	526,658	173,475
2026	-	-	295,000	85,500	-	-	39,437	38,051	48,902	27,843	383,339	151,394
2027	-	-	305,000	70,750	-	-	40,536	36,952	49,518	27,226	395,054	134,928
2028	-	-	325,000	55,500	-	-	41,668	35,820	50,143	26,602	416,811	117,922
2029	-	-	330,000	49,000	-	-	42,830	34,658	50,775	25,970	423,605	109,628
2030	-	-	335,000	42,400	-	-	44,026	33,462	51,416	25,329	430,442	101,191
2031	-	-	345,000	35,700	-	-	45,255	32,233	52,064	24,681	442,319	92,614
2032	-	-	350,000	28,800	-	-	46,517	30,971	52,721	24,024	449,238	83,795
2033	-	-	355,000	21,800	-	-	47,815	29,673	53,386	23,359	456,201	74,832
2034	-	-	365,000	14,700	-	-	49,150	28,338	54,059	22,686	468,209	65,724
2035	-	-	370,000	7,400	-	-	50,521	26,967	54,741	22,004	475,262	56,371
2036	-	-	-	-	-	-	51,931	25,557	55,431	21,314	482,319	47,057
2037	-	-	-	-	-	-	53,381	24,207	56,131	20,614	489,450	37,747
2038	-	-	-	-	-	-	54,869	22,619	56,838	19,906	496,581	28,437
2039	-	-	-	-	-	-	56,401	21,087	57,555	19,190	503,712	19,127
2040	-	-	-	-	-	-	57,976	19,512	58,281	18,464	510,843	9,817
2041	-	-	-	-	-	-	59,592	17,896	59,016	17,729	517,974	0
2042	-	-	-	-	-	-	61,256	16,232	59,761	16,984	525,105	0
2043	-	-	-	-	-	-	62,965	14,523	60,514	16,231	532,236	0
2044	-	-	-	-	-	-	64,722	12,766	61,278	15,467	539,367	0
2045	-	-	-	-	-	-	66,529	10,959	62,050	14,695	546,498	0
2046	-	-	-	-	-	-	68,384	9,104	62,833	13,912	553,629	0
2047	-	-	-	-	-	-	70,294	7,194	63,625	13,119	560,760	0
2048	-	-	-	-	-	-	72,254	5,234	64,428	12,317	567,891	0
2049	-	-	-	-	-	-	74,271	3,217	65,241	11,504	575,022	0
2050	-	-	-	-	-	-	75,346	1,123	66,063	10,682	582,153	0
2051	-	-	-	-	-	-	-	-	66,897	9,848	589,284	0
2052	-	-	-	-	-	-	-	-	67,740	9,005	596,415	0
2053	-	-	-	-	-	-	-	-	68,595	8,150	603,546	0
2054	-	-	-	-	-	-	-	-	69,460	7,285	610,677	0
2055	-	-	-	-	-	-	-	-	70,336	6,409	617,808	0
2056	-	-	-	-	-	-	-	-	71,223	5,522	624,939	0
2057	-	-	-	-	-	-	-	-	72,121	4,624	632,070	0
2058	-	-	-	-	-	-	-	-	73,031	3,714	639,201	0
2059	-	-	-	-	-	-	-	-	73,952	2,793	646,332	0
2060	-	-	-	-	-	-	-	-	74,885	1,860	653,463	0
2061	-	-	-	-	-	-	-	-	75,829	916	660,594	0
2062	-	-	-	-	-	-	-	-	31,876	100	667,725	0
	<u>\$ 460,000</u>	<u>\$ 37,400</u>	<u>\$ 4,175,000</u>	<u>\$ 749,300</u>	<u>\$ 280,000</u>	<u>\$ 8,400</u>	<u>\$ 1,509,926</u>	<u>\$ 658,819</u>	<u>\$ 2,386,001</u>	<u>\$ 639,232</u>	<u>\$ 8,810,927</u>	<u>\$ 2,093,151</u>

TOWN OF SELMER, TENNESSEE  
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE  
JUNE 30, 2022

Description of Indebtedness	Original Amount Of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2021	Issued During Period	Paid and/or Matured During Period	Refinancing During Period	Outstanding 6/30/2022
<b>Governmental Activities</b>									
<b>NOTES PAYABLE</b>									
<b>Payable through Town of Selmer General Fund</b>									
Home Banking Capital Outlay Notes	\$ 55,000	3.25%	4/13/2012	4/13/2024	\$ 13,750	\$ -	\$ 4,583	\$ -	\$ 9,167
General Obligation Capital Outlay Notes, Series 2014A	360,000	2.98%	7/15/2014	6/1/2026	165,000	-	31,000	-	134,000
Regions 2018 Capital Outlay Notes	141,897	3.59%	11/30/2018	11/30/2024	97,893	-	23,195	-	74,698
Bancorp South - Knuckleboom	191,204	2.41%	2/1/2022	4/1/2027	-	191,204	7,154	-	184,050
Bancorp South - Garbage Truck	289,559	2.41%	3/1/2022	3/1/2027	-	220,928	12,297	(68,631)	277,262
Bancorp South - Garbage Truck	250,000	2.39%	11/28/2016	12/28/2021	90,258	-	21,627	68,631	-
<b>TOTAL NOTES PAYABLE - Payable through Town of Selmer General Fund</b>					<u>\$ 366,901</u>	<u>\$ 412,132</u>	<u>\$ 99,856</u>	<u>\$ -</u>	<u>\$ 679,177</u>
<b>BONDS PAYABLE</b>									
<b>Payable through Town of Selmer General Fund</b>									
General Obligation Bonds Series 2019 Park Grant	510,000	2.50% - 4.00%	5/22/2019	6/1/2045	485,000	-	15,000	-	470,000
General Obligation Bonds Series 2019 Paving	1,165,000	3.125% - 4.00%	5/22/2019	6/1/2045	1,105,000	-	30,000	-	1,075,000
General Obligation Bonds Series 2020	2,265,000	2.00% - 5.00%	6/12/2020	6/1/2035	2,140,000	-	130,000	-	2,010,000
<b>TOTAL BONDS PAYABLE - Payable through Town of Selmer General Fund</b>					<u>\$ 3,730,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ 3,555,000</u>
<b>Business-Type Activities</b>									
<b>NOTES PAYABLE</b>									
<b>Payable through Town of Selmer Water Fund</b>									
General Obligation Capital Outlay Notes, Series 2012	\$ 1,500,000	2.00%	12/18/2012	6/1/2024	\$ 415,000	\$ -	\$ 135,000	\$ -	\$ 280,000
<b>TOTAL NOTES PAYABLE - Payable through Town of Selmer Water Fund</b>					<u>\$ 415,000</u>	<u>\$ -</u>	<u>\$ 135,000</u>	<u>\$ -</u>	<u>\$ 280,000</u>
<b>BONDS PAYABLE</b>									
<b>Payable through Town of Selmer Water Fund</b>									
Water, Sewer, and Gas Revenue & Tax Bonds, Series 2010	\$ 1,824,000	2.75%	6/6/2012	6/6/2052	\$ 1,545,355	\$ -	\$ 35,429	\$ -	\$ 1,509,926
Water, Sewer, and Gas Revenue & Tax Bonds, Series 2018	\$ 2,413,203	1.25%	12/12/2021	11/1/2061	-	2,413,203	27,202	-	2,386,001
General Obligation Bonds, Series 2019 - Water and Sewer Portion	\$ 890,000	4.00%	5/22/2019	6/1/2025	605,000	-	145,000	-	460,000
General Obligation Bonds Series 2020	\$ 4,650,000	2.00% - 5.00%	6/12/2020	6/1/2035	4,415,000	-	240,000	-	4,175,000
<b>TOTAL BONDS PAYABLE - Payable through Town of Selmer Water Fund</b>					<u>\$ 6,565,355</u>	<u>\$ 2,413,203</u>	<u>\$ 447,631</u>	<u>\$ -</u>	<u>\$ 8,530,927</u>

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

**TOWN OF SELMER, TENNESSEE  
SCHEDULE OF UTILITY RATES IN FORCE  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>Water/Sewer</b> <u>Quantity</u>	<u>Inside City</u>		<u>Outside City</u>	
	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>
First 2,000 gallons (minimum)	6.90	13.58	12.72	20.41
Over 2,000 gallons (per 1,000 gallons)	0.00282328	0.00395728	0.00519895	0.00633513

<b>Natural Gas</b>	<u>Inside City</u>		<u>Outside City</u>	
	<u>Residential</u>	<u>Commercial</u>	<u>Residential</u>	<u>Commercial</u>
1-700 MCF	6.90	6.90	7.93	7.93
Over 700 MCF	0.1156207	0.1156207	0.1325944	0.1325944

Industrial	
All usage per MCF	0.09568

<b>Garbage Rates</b>	<u>Inside City</u> <u>Residential</u>	<u>Outside City</u> <u>Residential</u>
	12.76	16.41

\*\*Industry rates vary based on weight and frequency.

**Number of customers at June 30, 2022:**

Water	7,722
Sewer	2,004
Natural Gas	1,827
Garbage	2,120

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

TOWN OF SELMER, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Expenditures
<b><u>FEDERAL AWARDS</u></b>			
US Department of Transportation/State of Tennessee Department of Transportation Extrication Equipment - Golden Hour #2	20.600	Z22THS251	\$ 12,500
US Department of Transportation/State of Tennessee Department of Transportation High Visibility Enforcement of Tennessee Traffic Safety Laws	20.607	Z22THS252	13,278
US Department of Transportation/State of Tennessee Department of Transportation High Visibility Enforcement of Tennessee Traffic Safety Laws	20.607	Z21THS261	4,492
US Department of Homeland Security/FEMA Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2017-FH-00184	17,028
US Department of Homeland Security/FEMA Assistance to Firefighters Grant Program	97.044	EMW-2020-FG-05166	21,000
US Department of Agriculture Water and Waste Disposal Systems for Rural Communities	10.760	n/a	356,512
US Department of Treasury American Rescue Plan - Local Fiscal Recovery Fund	21.027	n/a	636,599
US Department of Defense Law Enforcement Support Office	12.005	n/a	3,898
US Department of Housing and Urban Development Community Development Block Grant - Sewer System Improvements	14.228	33004-21820	<u>7,146</u>
<b>TOTAL FEDERAL AWARDS</b>			<u><u>1,072,453</u></u>
<b><u>STATE FINANCIAL ASSISTANCE</u></b>			
State Law Enforcement Fire Supplement	n/a	n/a	12,800
State Law Enforcement Police Supplement	n/a	n/a	9,600
Healthy Built Environments	n/a	n/a	80,000
Volunteer Firefighter Equipment and Training Grant Program	n/a	n/a	21,160
Governor's Local Support Grant - COVID-19	n/a	n/a	61,947
Commercial Façade Program	n/a	n/a	38,640
Local Parks and Recreation Grant	n/a	n/a	<u>500,000</u>
<b>TOTAL STATE AWARDS</b>			<u><u>724,147</u></u>
<b>TOTAL FEDERAL AND STATE AWARDS</b>			<u><u>\$ 1,796,600</u></u>

**Basis of Presentation**

Note 1: The accompany schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of the Town under programs of the federal and state governments for the year ended June 30, 2022. The schedule is presented using the modified accrual basis of accounting.

Note 2 - The City elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

The accompanying notes are in integral part of these financial statements.



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

To the Mayor and Board of Aldermen  
Town of Selmer, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Selmer, Tennessee (the Town), as of and for the year ended June 30, 2022, and the relate notes to the financial statements, which collectively comprise the Town's basic financial statements, as listed in the table of contents, and have issued our report thereon dated December 23, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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, 2022 – 002, and 2022-003 to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2022-004 and 2022-005.

## **Town's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on The Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Malvin Associates, PLLC".

December 23, 2022



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

To the Mayor and City Aldermen  
Selmer, Tennessee

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

***Opinion on Each Major Federal Program***

We have audited Town of Selmer, Tennessee's 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 Town of Selmer, Tennessee's major federal programs for the year ended June 30, 2022. Town of Selmer, Tennessee'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, Town of Selmer, Tennessee complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our 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 Town of Selmer, Tennessee 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 Town of Selmer, Tennessee's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Selmer, Tennessee'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 Town of Selmer, Tennessee's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Selmer, Tennessee's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Selmer, Tennessee'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 Town of Selmer, Tennessee'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 Town of Selmer, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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



December 23, 2022

TOWN OF SELMER, TENNESSEE  
 SCHEDULE OF DISPOSITION OF PRIOR YEAR AUDIT FINDINGS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

*Financial Statement Findings*

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2021-001	Inadequate Segregation of Duties (original finding 2006 - 012)	Repeated/2022-001
2021-002	Purchase Orders (original finding 2015-007)	Repeated/2022-002

*Federal Award Findings and Questioned Costs*

There were no findings.

**TOWN OF SELMER, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

**SECTION I – Summary of Auditor’s Results**

**Financial Statements:**

1. Our report on the financial statements of Town of Selmer, Tennessee is unmodified.
2. Internal Control Financial Reporting:
  - Material weakness identified? Yes
  - Significant deficiency identified? No
3. Noncompliance material to the financial statements noted Yes

**Federal Awards:**

4. Internal Control Over Major Federal Programs:
  - Material weakness identified: No
  - Significant deficiency identified? None Reported
5. Type of report auditor issued on compliance for major programs: Unmodified
6. Any Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) No
7. Identification of Major Federal Programs:
  - CFDA 21.027 – American Rescue Plan – Local Fiscal Recovery Plan
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No

**SECTION II – Financial Statement Findings**

**2022 – 001 INADEQUATE SEGREGATION OF DUTIES (Original Finding 2006 – 012)**

**Condition:** Because the town recorder is in a position to handle assets such as cash, as well as to post the books of record, there is inadequate segregation of duties.

**Criteria:** Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal controls are effective.

**Cause:** Lack of accounting staff.

**Effect:** The risk of errors or irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.

**Recommendation:** Management should work to mitigate this risk by requiring preparation of monthly reports in key areas that are reviewed and maintained by the mayor and board. Additionally, adequate systems of internal control require segregation between individuals with access to assets from those who maintain accounting controls over the assets. The Board should review and document its review of each month's transactions and reconciliations.

**Management Response:** Efforts will be made to segregate access to both books and assets. Further training will take place.

**2022 – 002 PURCHASE ORDERS (Original finding 2015 – 007)**

**Condition:** Purchase orders were not issued properly. Some purchase orders had no dates while some others were issued after the purchase was made.

**Criteria:** Minimum internal controls over purchasing. The lack of a formal purchase order system increases the risks of unauthorized purchases.

**Cause:** Client was unaware of the necessity.

**Effect:** Lack of controls over purchasing.

**Recommendation:** Purchase orders should be issued in accordance with the Town's policy.

**Management's Response:** The Town's purchasing policy will be followed more accurately for all purchases.

**2022 – 003 FINANCIAL STATEMENTS MATERIALLY MISSTATED BEFORE AUDIT ADJUSTMENTS – GENERAL, STATE STREET AID, DRUG, AND SANITATION FUNDS (Original finding 2022-004)**

**Condition:** The financial statements were materially misstated before audit adjustments on the General, State Street Aid, Drug, and Sanitation Funds due to various adjustments not made prior to the audit.

**Criteria:** Generally accepted accounting principles require that accounting transactions be posted properly.

**Cause:** Oversight.

**Effect:** Material adjustments were required because the Town's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records.

**Recommendation:** We recommend that the financial statements be materially stated properly.

**Management Response:** The Town will record all financial information accurately and will strive to improve its accounting and financial reporting.

**2022 – 004 EXPENDITURES EXCEEDED BUDGET APPROPRIATIONS – STATE STREET AID FUND (Original Finding 2022 – 003)**

**Condition:** The expenditures exceeded the budget appropriations on the State Street Aid Fund.

**Criteria:** The Town is in violation of *Tennessee Code Annotated* (TCA) 6-56-203, which states that all funds expended should be within appropriations.

**Cause:** Oversight.

**Effect:** Noncompliance with State guidelines.

**Recommendation:** We recommend the Town monitor their spending and make amendments as necessary.

**Management Response:** The Town will spend within budget or amend the budget as necessary.

**2022 – 005 PROPER BID PROCEDURES WERE NOT FOLLOWED (Original Finding 2022 – 005)**

**Condition:** Proper bid procedures were not followed.

**Criteria:** The Town is in violation of its bid policy and *Tennessee Code Annotated* (TCA) 6-56-304, which states that all purchases over the specified bid limit must be entered into only after public advertisement and competitive bid.

**Cause:** Oversight.

**Effect:** Noncompliance with State guidelines.

**Recommendation:** We recommend that proper bid procedures be followed for all purchases over the specified bid limit.

**Management Response:** The Town will follow proper bid procedures for all purchases over the bid limit.

**SECTION III – Federal Award Findings and Questioned Costs**

NONE

# **Town of Selmer**

**Sherry Inman, Mayor**

## **MANAGEMENT'S CORRECTIVE ACTION PLAN JUNE 30, 2022**

### **2022 – 001 INADEQUATE SEGREGATION OF DUTIES**

Responsible party

Mayor Sherry Inman, Anji Deaton, Ann Henderson

Corrective action planned

Efforts will be made to segregate access to both books and assets. Further training will take place.

Anticipated completion date

June 30, 2023

### **2022 – 002 PURCHASE ORDERS**

Responsible party

Mayor Sherry Inman, Anji Denton, Ann Henderson, and all department heads

Corrective action planned

The Town's purchasing policy will be followed more accurately for all purchases.

Anticipated completion date

June 30, 2023

### **2022 – 003 FINANCIAL STATEMENTS MATERIALLY MISSTATED BEFORE AUDIT ADJUSTMENTS – GENERAL, STATE STREET AID, DRUG, AND SANITATION FUNDS**

Responsible party

Mayor Sherry Inman, Anji Denton, Ann Henderson

Corrective action planned

The Town will record all financial information accurately and will strive to improve their accounting and financial reporting.

Anticipated completion date

June 30, 2023

**2022 – 004 EXPENDITURES EXCEEDED BUDGET APPROPRIATIONS – STATE STREET AID FUND**

Responsible party

Mayor Sherry Inman, Anji Deaton, Ann Henderson

Corrective action planned

The Town will spend within budget or amend the budget as necessary.

Anticipated completion date

June 30, 2023

**2022 – 005 PROPER BID PROCEDURES WERE NOT FOLLOWED**

Responsible party

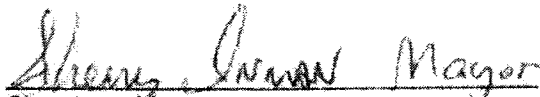
Mayor Sherry Inman, Anji Deaton, Ann Henderson

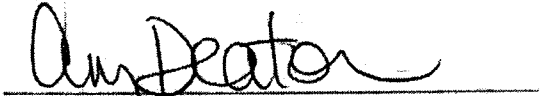
Corrective action planned

The Town will follow proper bid procedures for all purchases over the bid limit.

Anticipated completion date

June 30, 2023

  
\_\_\_\_\_  
Signature, Mayor

  
\_\_\_\_\_  
Signature, CMFO