

CITY OF SNEEDVILLE, TENNESSEE
Financial Statements
June 30, 2022

CITY OF SNEEDVILLE, TENNESSEE
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2022

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**CITY OF SNEEDVILLE, TENNESSEE
ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2022**

CITY OFFICIALS:

ELECTED OFFICIALS

Wayland Dean Rhea
Steven J Harrison
Becky M Collins
Janet Collins
Michael S Gibson
Kenny L Reed

Mayor
Vice Mayor
Alderwoman
Alderwoman
Alderman
Alderman

APPOINTED OFFICIALS

Gail Collins, CMFO
Floyd Rhea
Patricia Johnson

City Recorder
City Attorney
City Judge

DAVID M. ELLIS
Certified Public Accountant

*Member, American Institute of
Certified Public Accountants*

*Member, Tennessee Society of
Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

To the Board of Mayor and Aldermen
City of Sneedville
Sneedville, Tennessee

Report on the Audit of the Financial Statements

Opinions

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

In my 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 City of Sneedville, 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, Sanitation Fund and State Street Aid Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Sneedville, 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sneedville, Tennessee's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 on pages 4-9 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sneedville, Tennessee's basic financial statements. The supplementary information on pages 36-41 including 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 my opinion, the supplementary information is 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 elected and appointed officials on page i and the other information section on pages 42-45 but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my 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, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 26, 2023, on my consideration of the City of Sneedville, Tennessee's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sneedville, 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 City of Sneedville, Tennessee's internal control over financial reporting and compliance.



David M. Ellis, CPA
Greeneville, Tennessee
October 26, 2023

**CITY OF SNEEDVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

As management of the City of Sneedville (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Financial Highlights:

- The assets of the City of Sneedville exceeded its liabilities at the close of the most recent year by \$6,842,645. Of this amount, \$536,427 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, unassigned fund balance for the General Fund was \$324,427, which is the amount available for spending at the City's discretion.
- As of the close of the current fiscal year, net position for the Proprietary Fund was \$5,073,148
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$462,961.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City of Sneedville's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City of Sneedville include general government, public safety, public works, and culture and recreation.

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

CITY OF SNEEDVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

finance-related legal requirements. All of the funds of the City can be classified as governmental funds and proprietary funds.

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may be better able to understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for both funds.

The City adopts an annual appropriated budget for each of its governmental funds. The City's Charter necessitates re-appropriations of the budget only when the entire fund expenditures are expected to exceed budgeted amounts. A budgetary comparison statement has been provided for the General Fund and State Street Aid Fund to demonstrate compliance with the appropriation.

Proprietary Funds – are of two types: *Enterprise funds* and *Internal Service funds*. The City maintains only one type of proprietary fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for sewer services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for sewer services which considered a major fund of the City.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Overall Financial Analysis

The largest portion of the City's net position (90%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Sneedville, Tennessee's net position (2%) represents the resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF SNEEDVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

At the end of the current fiscal year, the City of Sneedville, Tennessee is able to report positive balances in all categories of net position.

SUMMARIZED FINANCIAL INFORMATION

City of Sneedville, Tennessee Net Position

	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
Current assets	\$ 656,597	\$ 477,090	\$ 270,078	\$ 382,628
Capital assets, net	1,424,534	1,494,551	5,459,162	4,874,514
Total Assets	2,081,131	1,971,641	5,729,240	5,257,142
Current liabilities	242,820	30,881	84,910	149,763
Long-term liabilities	68,814	166,474	571,207	449,457
Total Liabilities	311,634	197,355	656,117	599,220
Net investment in capital assets	1,306,536	1,328,077	4,815,629	4,364,491
Restricted	138,534	127,515	45,519	53,927
Unrestricted	324,427	318,695	212,000	239,504
Total Net Position	\$ 1,769,497	\$ 1,774,287	\$ 5,073,148	\$ 4,657,922

Significant variances in Governmental Activities revenues and expenses from that of the prior year were as follows:

- Total revenues increased by approximately \$82,734, mostly due to grant revenues.
- Overall expenses increased by approximately \$70,712, mostly due to public housing.

Significant variances in Business-Type Activities revenues and expenses from that of the prior year were as follows:

- Total revenues increased by approximately \$65,513, mostly due to grant revenues.
- Overall expenses increased by approximately \$34,962, mostly due to operations.

Changes in net position. Governmental activities decreased the City's net position by \$4,790. Business-Type Activities increased net position by \$618,546 mostly due to capital grants.

**CITY OF SNEEDVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

City of Sneedville, Tennessee Condensed Statement Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues				
Charges for services	\$ 73,608	72,297	\$ 296,582	\$ 277,577
Operating grants	72,147	58,123	-	-
Capital grants and contributions	245,445	41,245	662,131	615,404
Other intergovernmental revenue	179,779	289,668	-	-
Local taxes	205,729	235,187	-	-
Other taxes	33,495	39,991	-	-
Other revenues	15,736	6,694	86	305
Total Revenues	<u>825,939</u>	<u>743,205</u>	<u>958,799</u>	<u>893,286</u>
Expenses				
General government	226,820	209,363	-	-
Public safety	35,485	40,245	-	-
Public works	48,620	45,082	-	-
Highways & streets	106,815	282,608	-	-
Recreation	55,337	35,797	-	-
Senior citizens	25,204	24,662	-	-
Public housing	152,694	41,245	-	-
Sanitation	72,002	72,642	-	-
Sewer operations/Debt service	107,753	8,374	340,253	305,291
Total Expenses	<u>830,730</u>	<u>760,018</u>	<u>340,253</u>	<u>305,291</u>
Change in net position	(4,791)	(16,813)	618,546	587,995
Net position, beginning	1,774,288	1,791,101	4,657,922	4,069,927
Prior period adjustment	-	-	(203,320)	-
Net position, beginning, as restated	1,774,288	1,791,101	4,454,602	4,069,927
Net position, ending	<u>\$ 1,769,497</u>	<u>\$ 1,774,288</u>	<u>\$ 5,073,148</u>	<u>\$ 4,657,922</u>

Financial Analysis of the Governmental Funds

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

**CITY OF SNEEDVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,769,497, a decrease of \$4,791 in comparison with the prior year. Approximately \$324,427 (18%) of this balance is unassigned which is the amount available for spending at the government's discretion. The remainder of the fund balance is nonspendable, committed or assigned for specific purposes.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net Assets at the end of the year for the Sewer Board was \$212,000.

Capital Assets

The City of Sneedville's investment in capital assets from its governmental activities and business-type activities at June 30, 2022, was \$6,122,165 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvement, machinery and equipment, park facilities, roads, highways, and bridges and construction in progress.

City of Sneedville, Tennessee Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2021
Land	\$ 262,501	\$ 262,501	\$ 27,637	\$ 27,637	\$ 290,138	\$ 290,138
Construction in progress	-	-	1,358,889	654,965	1,358,889	654,965
Buildings and improvements	658,079	658,079	6,885,662	6,885,662	7,543,741	7,543,741
Infrastructure	1,145,251	1,145,251	-	-	1,145,251	1,145,251
Machinery & equipment	622,594	622,594	211,727	187,637	834,321	810,231
Accumulated Depreciation	<u>(1,263,890)</u>	<u>(1,193,874)</u>	<u>(3,024,754)</u>	<u>(2,881,387)</u>	<u>(4,288,644)</u>	<u>(4,075,261)</u>
Total Capital Assets	<u>\$ 1,424,535</u>	<u>\$ 1,494,551</u>	<u>\$ 5,459,161</u>	<u>\$ 4,874,514</u>	<u>\$ 6,885,718</u>	<u>\$ 6,371,086</u>

Additional information on the City of Sneedville's capital assets can be found in the notes to the financial statements section of this report.

Long-term Debt

At the end of the current year, the City of Sneedville had debt outstanding of \$761,530. This is an increase of \$145,599 from the prior year. Of this amount, \$121,509 is due in the next fiscal year.

**CITY OF SNEEDVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General Obligation Bonds	\$ 74,907	\$ 81,748	\$ -	\$ -
Capital Outlay Notes	43,091	84,726	32,837	64,564
Sewer Revenue & Tax Bonds	-		610,695	445,459
	<u>\$ 117,998</u>	<u>\$ 166,474</u>	<u>\$ 643,532</u>	<u>\$ 510,023</u>

Additional information on the City of Sneedville's debt can be found in the notes to the financial statements section of this report.

Budgets

There were no revisions from the original budget to the final budget for the year ending June 30, 2022.

Budget results for the major Governmental Funds were as follows:

	2022 Change in Fund Balance		
	<u>Budgeted</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
General Fund	\$ 130,545	\$ 5,732	\$ (124,813)
Sanitation	3,434	(8,208)	(11,642)
State Street	(18,396)	18,752	37,148

Allowance for Doubtful Accounts

For the Year ending June 30, 2022, Allowance for Doubtful Accounts were as follows:

Governmental	\$ 2,237
Business-Type	64,952

Requests for Information

This financial report is designed to provide a general overview of the City of Sneedville, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City Hall at 292 Jail Street, Sneedville, Tennessee 37326.

City of Sneedville, Tennessee
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 588,331	\$ 178,217	\$ 766,548
Investments	-	8,856	8,856
Receivables, net	34,686	37,486	72,172
Due from other governments	33,579	-	33,579
Restricted assets	-	45,519	45,519
Depreciable capital assets	2,425,924	7,097,389	9,523,313
Less: accumulated depreciation	(1,263,891)	(3,024,753)	(4,288,644)
Non-depreciable capital assets	262,501	1,386,526	1,649,027
Total assets	2,081,130	5,729,240	7,810,370
LIABILITIES			
Accounts payable	10,599	12,454	23,053
Accrued payroll and payroll liabilities	9,006	131	9,137
ARPA Funding	174,031	-	174,031
Noncurrent liabilities:			-
Due within one year	49,184	72,325	121,509
Due in more than one year	68,814	571,207	640,021
Total liabilities	311,634	656,117	967,751
NET POSITION			
Net investment in capital assets	1,306,536	4,815,629	6,122,165
Restricted for:			
State Street Aid	71,189		71,189
Senior Citizens	5,571		5,571
Drug enforcement	495	-	495
Sanitation	61,279	-	61,279
Debt service	-	45,519	45,519
Unrestricted	324,427	212,000	536,427
Total net position	\$ 1,769,497	\$ 5,073,148	\$ 6,842,645

See notes to the financial statements.

City of Sneedville, Tennessee
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Business-type	Total
					Activities	Activities	
Primary government:							
Governmental activities:							
General government	\$ 226,820	\$ 599	\$ -	\$ 245,445	\$ 19,224	\$ -	\$ 19,224
Public safety	35,485	810	-	-	(34,674)	-	(34,674)
Public works	48,620	-	-	-	(48,620)	-	(48,620)
Highways and streets	106,815	-	-	-	(106,815)	-	(106,815)
Recreation and pool	55,337	-	-	-	(55,337)	-	(55,337)
Sanitation	72,002	72,199	-	-	197	-	197
Public housing	152,694	-	-	-	(152,694)	-	(152,694)
Senior citizens	25,204	-	25,678	-	473	-	473
Interest and Depreciation	107,752	-	-	-	(107,752)	-	(107,752)
Total governmental activities	830,729	73,608	25,678	245,445	(485,998)	-	(485,998)
Business-type activities							
Sewer fund	340,253	296,582	-	662,131	-	618,460	618,460
Total business-type activities	340,253	296,582	-	662,131	-	618,460	618,460
Total Primary Government	\$ 1,163,857	\$ 370,190	\$ 269,656	\$ 907,576	(485,998)	618,460	132,462
General revenues:							
Local sales tax					205,729	-	205,729
Other taxes					33,495	-	33,495
Intergovernmental revenues					226,248	-	226,248
Investment income					117	86	203
Miscellaneous income					15,619	-	15,619
Total general revenues					481,208	86	481,294
Change in net position					(4,790)	618,546	613,756
Net position - beginning					1,774,287	4,657,922	6,432,209
Prior period adjustment					-	(203,320)	(203,320)
Net position - beginning, as restated					-	4,454,602	4,454,602
Net position - ending					\$ 1,769,497	\$ 5,073,148	\$ 6,842,645

See notes to the financial statements.

City of Sneedville, Tennessee
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>Sanitation</u>	<u>State Street Aid</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 470,381	\$ 59,297	\$ 54,126	\$ 4,526	\$ 588,330
Receivables, net	22,399	6,694	3,936	1,657	34,685
Due from other governments	33,579	-	-	-	33,579
Due from other funds	-	-	13,126	-	13,126
Total Assets	<u>\$ 526,359</u>	<u>\$ 65,991</u>	<u>\$ 71,188</u>	<u>\$ 6,183</u>	<u>\$ 669,720</u>
LIABILITIES					
Accounts payable	\$ 6,407	\$ 4,191	\$ -	\$ -	\$ 10,598
Accrued payroll and payroll liabilities	8,368	521	-	117	9,006
ARPA Funding	174,031	-	-	-	174,031
Due to other funds	13,126	-	-	-	13,126
Total Liabilities	<u>201,932</u>	<u>4,712</u>	<u>-</u>	<u>117</u>	<u>206,761</u>
FUND BALANCES					
Restricted:					
State Street Aid	-	-	71,188	-	71,188
Senior Citizens	-	-	-	5,571	5,571
Drug control	-	-	-	495	495
Sanitation	-	61,279	-	-	61,279
Unassigned	324,427	-	-	-	324,427
Total fund balances	<u>324,427</u>	<u>61,279</u>	<u>71,188</u>	<u>6,066</u>	<u>462,960</u>
Total liabilities and fund balances	<u>\$ 526,359</u>	<u>\$ 65,991</u>	<u>\$ 71,188</u>	<u>\$ 6,183</u>	<u>\$ 669,720</u>

See notes to the financial statements.

City of Sneedville, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2022

Total fund balances, governmental funds	\$ 462,961
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,424,534
Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(117,998)
Net position of governmental activities	<u>\$ 1,769,497</u>

See notes to the financial statements.

City of Sneedville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Sanitation Fund	State Street Aid	Nonmajor Funds	Total Governmental Funds
Revenues:					
Sales taxes	\$ 205,729	\$ -	\$ -	\$ -	\$ 205,729
Other taxes	33,495	-	-	-	33,495
Licenses and permits	599	-	-	-	599
Fines and forfeitures	810	-	-	0	810
Intergovernmental	177,539	-	46,469	16,427	240,435
Federal and state grants	245,445	-	-	2,869	248,314
Charges for services	-	72,199	-	-	72,199
Other revenues	2,240	-	-	6,382	8,622
Investment income	60	31	26	-	117
Miscellaneous and contribution income	15,619	-	-	-	15,619
Total revenues	681,536	72,230	46,495	25,678	825,939
Expenditures:					
Current:					
General government	226,820	-	-	-	226,820
Public safety	35,485	-	-	-	35,485
Public works	48,620	-	-	-	48,620
Highways and streets	79,072	-	27,743	-	106,815
Recreation and pool	55,337	-	-	-	55,337
Sanitation	-	72,002	-	-	72,002
Public housing	152,694	-	-	-	152,694
Senior citizens	-	-	-	25,205	25,205
Debt service	77,776	8,436	-	-	86,212
Total expenditures	675,804	80,438	27,743	25,205	809,190
Net change in fund balances	5,732	(8,208)	18,752	473	16,749
Fund Balances - Beginning	318,695	69,487	52,436	5,593	446,211
Fund Balances - Ending	\$ 324,427	\$ 61,279	\$ 71,188	\$ 6,066	\$ 462,960

See notes to the financial statements.

City of Sneedville, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2022

Net changes in fund balance - total governmental funds	\$	17,671
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(70,017)
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Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds.		47,556
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Change in net position of governmental activities		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">\$</td> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;">(4,790)</td> </tr> </table>	\$	(4,790)
\$	(4,790)			

City of Sneedville, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Positive (Negative) Variance With Final Budget
	Original	Final		
Revenues:				
Local taxes:				
Wholesale beer tax	\$ 30,000	\$ 30,000	\$ 30,656	\$ 656
Local sales tax	248,600	248,600	205,729	(42,871)
Franchise taxes	3,100	3,100	2,839	(261)
Licenses and permits:				
Building permits	1,000	1,000	399	(602)
Beer licenses	300	300	200	(100)
Court fines and costs	400	400	810	410
Intergovernmental revenues:				
Sales tax	153,500	153,500	160,753	7,253
Beer tax	650	650	586	(64)
Income tax	1,250	1,250	648	(602)
TVA in lieu of tax	16,700	16,700	13,311	(3,389)
State - city, streets and transportation	2,750	2,750	2,242	(508)
Other state revenues			-	-
Federal and state grants			245,445	245,445
Investment income	150	150	60	(90)
Rental income	1,700	1,700	2,240	540
Miscellaneous and contribution income	2,500	2,500	15,619	13,119
Total revenues	462,600	462,600	681,536	218,936
Expenditures:				
Current:				
General Government:				
Salaries	77,000	77,000	102,061	(25,061)
Payroll tax	6,120	6,120	7,840	(1,720)
Benefits	1,944	1,944	3,560	(1,616)
City court salaries	6,052	6,052	6,168	(116)
Election fees	-	7,000	-	7,000
Publicity, subscriptions, and dues	1,600	1,600	1,871	(271)
Professional fees	20,600	20,600	27,079	(6,479)
Supplies	6,250	6,250	6,996	(746)
Bonds and insurance	26,119	26,119	26,484	(365)
Telephone and utilities	8,170	8,170	9,253	(1,083)
Repairs and maintenance	2,250	2,250	730	1,520
Other grants, contributions	8,231	8,231	6,607	1,624
Community donations	5,700	5,700	5,100	600
Miscellaneous	18,168	4,500	23,071	(18,571)
	188,204	181,536	226,820	(45,284)
Public Safety- Fire Protection:				
Contract and professional	4,950	4,950	4,850	100
Supplies	24,643	800	30,481	(29,681)
Telephone and insurance	660	660	154	506
	30,253	6,410	35,485	(29,075)
Public Works:				
Salaries	45,042	40,081	45,188	(5,107)
Payroll tax	3,064	3,064	3,432	(368)
	48,106	43,145	48,620	(5,475)

City of Sneedville, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Positive (Negative) Variance With Final Budget-
	Original	Final		
Highways and Streets:				
Salaries	44,609	44,609	58,096	(13,487)
Payroll tax	3,622	3,622	4,476	(854)
Benefits	2,029	2,029	1,243	786
Supplies and tools	5,200	5,200	3,825	1,375
Repairs and maintenance	2,000	2,000	1,417	583
Road repairs	3,500	3,500	-	3,500
Fuel	6,100	6,100	10,015	(3,915)
Miscellaneous	7,768	-	-	-
	74,828	67,060	79,072	(12,012)
Recreation:				
Salaries	29,262	24,192	35,218	(11,026)
Payroll tax	1,878	1,878	2,635	(757)
Supplies and tools	1,040	1,040	1,532	(492)
Utilities	3,800	3,800	3,969	(169)
Repairs and maintenance	1,650	1,650	11,983	(10,333)
	37,630	32,560	55,337	(22,777)
Public Housing:				
THDA grant	-	-	152,694	(152,694)
	-	-	152,694	(152,694)
Debt service:				
Principal	1,008	1,275	77,762	(76,487)
Interest	-	69	14	55
	1,008	1,344	77,776	(76,432)
Total expenditures	380,029	332,055	675,804	(343,749)
Excess (deficiency) of revenues over (under) expenditures	82,571	130,545	5,732	(124,813)
Net change in fund balances	\$ -	\$ -	5,732	\$ 5,732
Fund balances - beginning			318,695	
Fund balances - ending			\$ 324,427	

City of Sneedville, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Sanitation Fund
For the Year Ended June 30, 2022

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 75,000	\$ 75,000	\$ 72,199	\$ (2,801)
Miscellaneous revenues	-	-	-	-
Investment earnings	200	200	31	(169)
Total revenues	<u>75,200</u>	<u>75,200</u>	<u>72,230</u>	<u>(2,970)</u>
Expenditures				
Salaries and benefits	42,602	42,602	30,192	12,410
Payroll tax	5,700	5,700	6,911	(1,211)
Repair and maintenance	3,500	3,500	5,893	(2,393)
Operating supplies	9,363	9,363	26,717	(17,354)
Insurance	765	765	805	(40)
Utilities	1,400	1,400	1,483	(83)
Debt service:				
Principal	5,710	5,710	6,139	(429)
Interest	2,726	2,726	2,297	429
Total expenditures	<u>71,766</u>	<u>71,766</u>	<u>80,438</u>	<u>(8,672)</u>
Net change in fund balances	<u>\$ 3,434</u>	<u>\$ 3,434</u>	(8,208)	<u>\$ (11,642)</u>
Fund balances - beginning			<u>69,487</u>	
Fund balances - ending			<u>\$ 61,279</u>	

City of Sneedville, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
State Street Aid Fund
For the Year Ended June 30, 2022

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 52,500	\$ 52,500	\$ 46,469	\$ (6,031)
Other revenues	-	-	-	-
Investment earnings	103	103	26	(77)
Total revenues	<u>52,603</u>	<u>52,603</u>	<u>46,495</u>	<u>(6,108)</u>
Expenditures				
Street improvements	9,300	9,300	16,381	(7,081)
Street lighting	17,100	17,100	11,362	5,738
Debt service	44,599	44,599	-	44,599
Total expenditures	<u>70,999</u>	<u>70,999</u>	<u>27,743</u>	<u>43,256</u>
Net change in fund balances	<u>\$ (18,396)</u>	<u>\$ (18,396)</u>	18,752	<u>\$ 37,148</u>
Fund balances - beginning			<u>52,437</u>	
Fund balances - ending			<u>\$ 71,189</u>	

City of Sneedville, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2022

	Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 178,217
Investments	8,856
Receivables, customers, net	37,486
Due from other governments	-
Restricted assets:	
Cash and cash equivalents	45,519
Total current assets	270,078
 Noncurrent assets:	
Capital assets not being depreciated	1,386,526
Capital assets being depreciated	7,097,388
Less: accumulated depreciation	(3,024,753)
Total noncurrent assets	5,459,161
Total assets	5,729,239
LIABILITIES	
Current liabilities:	
Accounts payable	12,454
Accrued liabilities	105
Bonds payable, current	72,325
Total current liabilities	84,884
 Noncurrent liabilities:	
Revenue bonds payable, net of current portion	571,207
Total noncurrent liabilities	571,207
Total liabilities	656,091
NET POSITION	
Net investment in capital assets	4,815,629
Restricted for debt service	45,519
Unrestricted	212,000
Total net position	\$ 5,073,148

See notes to the financial statements.

City of Sneedville, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Fund
For the Year Ended June 30, 2022

	Sewer Fund
Operating Revenues	
Charges for services	\$ 296,582
Other operating revenues	-
Total operating revenues	296,582
Operating Expenses	
Repairs and maintenance	38,289
Contractual services	55,336
Office expense	2,599
Supplies	14,945
Insurance	7,535
Utilities	57,729
Depreciation	143,367
Total operating expenses	319,800
Operating income (loss)	(23,218)
Nonoperating Revenues (Expenses)	
Interest income	86
Bond interest	(20,453)
Total nonoperating revenues (expenses)	(20,367)
Income (loss) before capital contributions	(43,585)
Capital grant	662,131
Change in net position	618,546
Net Position - Beginning	4,657,922
Prior Period Adjustments	(203,320)
Net Position - Beginning, as restated	4,454,602
Net Position - Ending	\$ 5,073,148

See notes to the financial statements.

City of Sneedville, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022

Cash Flows from Operating Activities	<u>Sewer Fund</u>
Cash received from customers	\$ 324,073
Cash paid to suppliers of goods and services	(134,420)
Net cash provided by operating activities	<u>189,653</u>
Cash Flows from Capital and Related Financing Activities	
Acquisitions of capital assets	(728,014)
Proceeds from capital grants	662,130
Interest paid on capital debt	(23,042)
Principal paid on capital debt	(67,247)
Net cash used by capital and related financing activities	<u>(156,173)</u>
Cash Flows from Investing Activities	
Interest received	86
Net cash provided by investing activities	<u>86</u>
Net increase (decrease) in cash	33,566
Cash, beginning of year	<u>199,026</u>
Cash, end of year	<u><u>\$ 232,592</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operations	
Operating Income (loss)	\$ (23,218)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	143,367
(Increase) decrease in accounts receivable	27,491
(Increase) decrease in due from other govts	118,625
Increase (decrease) in accounts payable & accrued liabilities	(76,612)
Net cash provided by operating activities	<u><u>\$ 189,653</u></u>

See notes to the financial statements.

CITY OF SNEEDVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The City of Sneedville, Tennessee (the City) was originally incorporated in 1850, with its charter renewed to reflect legislation passed in the 2022 session of the Tennessee General Assembly. The City operates under a Mayor-Councilman form of government and provides the following services as authorized by its charter: general administrative services, public safety, highways and streets, sanitation, recreation, and sewer services. As required by generally accepted accounting principles, these financial statements present all funds which comprise the City.

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

Reporting Entity

The basic criteria for determining whether another governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes (1) the appointment of a voting majority of the organization's governing body, (2) the ability of the primary government to impose its will on the organization, or (3) if there is a financial benefit/burden relationship. In addition, an organization that is fiscally dependent on the primary government should be included in its reporting entity.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported in separate columns in the fund financial statements; nonmajor funds are combined in a single column.

CITY OF SNEEDVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Accordingly, all long-term assets, receivables, long-term debt, and other obligations are recognized in the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions, and (3) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

Expenses are allocated among various City functions including administrative overhead charges allocated by the general fund to various City functions. As a rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Budget and Budgetary Accounting

The City's fiscal operating year begins July 1st. An annual operating budget is adopted by the Board of Mayor and Aldermen prior to the commencement of the fiscal year. The budget is legally enacted through the passage of an ordinance which also sets the tax rate. Any revision that alters the total appropriations of any fund requires approval by the Board. The budgetary basis is consistent with GAAP.

Expenditures may not legally exceed appropriations at or above the fund level. All budgeted amounts shown in the financial statements and the accompanying supplementary information reflect the original budget and the amended budget (which may have been adjusted for legally authorized revisions to the annual budgets during the year).

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental Fund Financials

Governmental fund financial statements are reported using the current financial focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of

CITY OF SNEEDVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

the end of the current fiscal period. Expenditures are recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements are recorded only when payment is due.

Intergovernmental revenues, 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 using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City has presented all major funds that met the quantitative or qualitative requirements to be reported as a major fund as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund is considered a major fund for reporting purposes.

Sanitation Fund – This fund is used to account for the revenues and expenditures for solid waste services to its citizens.

State Street Aid – This fund is used to account for the maintenance and safety of all non-state streets in the City. Revenues are provided from a portion of the State of Tennessee gasoline and motor fuel tax.

Since the government funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided that explains the transition from one basis of accounting to another.

Proprietary Fund Financial Statements

The focus of the proprietary fund measurement is upon determination of operating income, changes in net position and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the sewer fund are charges to customers for services. Operating expenses for the enterprise fund includes the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary fund:

Sewer Fund – accounts for wastewater services provided to customers of the system.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts

CITY OF SNEEDVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost and consist primarily of cash on hand, demand deposits, savings accounts, and certificates of deposit having an original maturity of three months or less. For purposes of the statement of cash flows, the City considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments consist of certificates of deposit, which are valued at cost and have an original maturity of greater than three months. State statutes authorize the City to invest in certificates of deposits, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements and the state's investment pool.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets used in governmental fund operations are accounted for as capital outlay expenditures. Capital assets are defined by the City as assets with an initial, individual cost of \$2,500 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20-50 years
Infrastructure	15-20 years
Machinery, Equipment, & Vehicles	5-15 years

Interfund Receivables, Payables, and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e. the current portion of inter-fund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

CITY OF SNEEDVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Compensated Absences

Full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Unused vacation leave is reported as an accrual in the government-wide and proprietary financial statements.

Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized straight-line over the life of the bonds that are reported net with bonds payable. Bond issue costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is 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.

Net Position and Fund Balance – In the government-wide financial statements, equity is classified as net position and displayed in three components:

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 improvement of those assets.

Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislations.

Unrestricted net position – all other net position that does not meet the definition of restricted or net investment in capital assets.

Net Position Flow Assumptions

If the City decides to fund outlays from both restricted and unrestricted resources, the City's policy is to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Governmental funds report fund balances in classifications that consist of a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications consist of the following five components, as applicable:

CITY OF SNEEDVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Nonspendable - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted - represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

Committed – represents amounts that the Council has the authority to commit for a specific purpose. Any funds set aside as committed fund balance requires, at a minimum, the passage of a resolution by a simple majority vote. An ordinance may also be used.

Assigned - represents amounts the Council has the authority to set aside for the intended use of a specific purpose. Any funds set aside as assigned fund balance requires a simple majority vote and must be recorded in the minutes.

Unassigned - represents amounts that are not classified as nonspendable, restricted, committed, or assigned.

Fund Balance Flow Assumptions

If the City decides to fund outlays from both restricted and unrestricted resources, the City's policy is to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. When components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Appropriations in Individual Funds

For the year ended June 30, 2022, the City had an excess of expenditures over appropriations in the following funds:

Sanitation Fund	\$11,642
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NOTE 3 – CASH AND CASH INVESTMENTS

The City has no formal deposit and investment policies other than those prescribed by State of Tennessee statute and explained below.

Policies: Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by Federal Deposit Insurance Corporation Insurance (FDIC). Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

CITY OF SNEEDVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Deposits: As of June 30, 2022, all of the City’s deposits were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks in the bank collateral pool determine the aggregate balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Collected securities required to be pledged by the participant banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under the additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk disclosure.

Investments: As of June 30, 2022, the City also held certificates of deposit with initial maturities of greater than three months which have been classified as investments. The certificates of deposit are invested with banks participating in the state bank collateral pool.

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2022 is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 13,126
State Street Aid Fund	13,126	-
	\$ 13,126	\$ 13,126

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances will be repaid within one year.

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets as presented in the governmental and business-type activities for the year ended June 30, 2022, is as follows:

CITY OF SNEEDVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land	\$ 262,501	\$ -	\$ -	\$ 262,501
Total Not Being Depreciated	262,501	-	-	262,501
<u>Capital assets being depreciated:</u>				
Buildings	298,561	-	-	298,561
Improvements	359,518	-	-	359,518
Machinery and equipment	622,594	-	-	622,594
Infrastructure	1,145,251	-	-	1,145,251
Total Being Depreciated	2,425,924	-	-	2,425,924
<u>Less: Accumulated Depreciation</u>	(1,193,874)	(70,016)	-	(1,263,890)
Net Capital Assets Being Depreciated	1,232,050	(70,016)	-	1,162,034
Net Capital Assets	\$ 1,494,551	\$ (70,016)	\$ -	\$ 1,424,535

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land	\$ 27,637	\$ -	\$ -	\$ 27,637
Construction in progress	654,965	703,924	-	1,358,889
Total Not Being Depreciated	682,602	703,924	-	1,386,526
<u>Capital assets being depreciated:</u>				
Utility plant and lines	6,885,662	-	-	6,885,662
Machinery, equipment & vehicles	187,637	24,090	-	211,727
Total Being Depreciated	7,073,299	24,090	-	7,097,389
<u>Less: Accumulated Depreciation</u>	(2,881,387)	(143,367)	-	(3,024,754)
Net Capital Assets Being Depreciated	4,191,912	(119,277)	-	4,072,635
Net Capital Assets	\$ 4,874,514	\$ 584,647	\$ -	\$ 5,459,161

CITY OF SNEEDVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Depreciation was charged to functions/programs as follows:

Governmental activities:

General government	\$	37,208
Public safety		4,554
Public works		220
Highways and streets		13,736
Recreation		4,591
Senior citizens		731
Sanitation		8,976
Total depreciation expense, governmental activities	\$	70,016

Business-type activities:

Sewer system total depreciation expense	\$	143,367
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NOTE 6 - LONG-TERM OBLIGATIONS

Long-Term Debt

Capital Outlay Notes and Revenue Bonds

The City issues capital outlay notes to provide funds for the acquisition of equipment and construction of major capital facilities for the primary government.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. All current capital outlay notes are from direct borrowings through the informal bid process as approved by the Tennessee Comptroller of the Treasury. All capital outlay notes included in long-term debt as of June 30, 2022, will be retired from the General Fund.

Sewer revenue & tax bonds are issued pledging the revenue of the Sneedville Sewer system and the full faith and credit of the government. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt.

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

CITY OF SNEEDVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

<u>Governmental Activities</u>	<u>Principal Balance</u>
General Obligation Bonds, Series 2007, Rural Development, original amount \$150,000 at 4.125% maturing 2022	\$ -
General Obligation Bonds, Series 2017, Rural Development, original amount \$100,000 at 3.25% maturing 2033	74,851
Capital Outlay Note Payable, Series 2020, original amount \$125,000 at 3.45% maturing 2023	43,147
Total governmental activities long-term debt	<u>\$ 117,998</u>
<u>Business-Type Activities</u>	
Sewer Revenue & Tax Bonds, Series 1985, Rural Development, original amount \$424,500 at 5.0% maturing 2023	\$ 22,108
Sewer Revenue & Tax Bonds, Series 1991, Rural Development, original amount \$150,000 at 5.0% maturing 2030	52,458
Sewer Revenue & Tax Bonds, Series 2015, original amount \$375,000 at 2.75% maturing 2054	332,775
Sewer Revenue & Tax Bonds, Series 2020, original amount \$209,000 at 1.125% maturing 2060	203,354
Capital Outlay Note Payable, Series 2020, original amount \$95,000 at 3.45% maturing 2023	32,837
Total business-type activities long-term debt	<u>\$ 643,532</u>

CITY OF SNEEDVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Governmental fund debt service requirements for long-term debt are as follows:

Years Ending		
June 30	Principal	Interest
2023	49,184	2,343
2024	6,293	2,143
2025	6,501	1,935
2026	6,715	1,721
2027-2031	37,046	5,134
2032-2033	12,259	395
Total	\$ 117,998	\$ 13,671

Business-Type Activities debt service requirements to maturity for revenue bonds payable are as follows:

Years Ending		
June 30	Principal	Interest
2023	72,325	15,913
2024	17,931	13,353
2025	18,517	12,767
2026	19,121	12,163
2027	19,748	11,536
2028-2032	82,465	48,823
2033-2037	72,094	40,106
2038-2042	80,519	31,681
2043-2047	90,057	22,143
2048-2052	100,861	11,339
2053-2057	48,052	2,333
2058-2060	21,842	352
Total	\$ 643,532	\$ 222,509

CITY OF SNEEDVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

A summary of long-term liability activity, including debt, for the year ended June 30, 2022, is as follows:

	Balance July 1 2020	Increases	Decreases	Balance June 30 2021	Amounts Due Within One Year
Governmental Activities					
<i>Notes from Direct Borrowings</i>					
General Obligation Bonds payable	\$ 81,748	\$ -	\$ (6,841)	\$ 74,907	\$ 6,093
Capital outlay note payable	84,726	-	(41,635)	43,091	43,091
<i>Total notes from direct borrowings</i>	<u>166,474</u>	<u>-</u>	<u>(48,476)</u>	<u>117,998</u>	<u>49,184</u>
Compensated absences	-	3,395	-	3,395	-
Total long-term obligations	<u>166,474</u>	<u>3,395</u>	<u>(48,476)</u>	<u>121,393</u>	<u>49,184</u>
Business-type Activities					
Sewer Revenue & Tax bonds	646,215	-	(35,520)	610,695	39,488
Capital outlay note payable	64,564	-	(31,727)	32,837	32,837
Total long-term debt	<u>\$ 710,779</u>	<u>\$ -</u>	<u>\$ (67,247)</u>	<u>\$ 643,532</u>	<u>\$ 72,325</u>

NOTE 7 - RISK MANAGEMENT

The City is exposed to various risks of losses related to worker's compensation claims; limited torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, auto liability, errors and omissions, worker's compensation, and physical damage coverage. The City joined the Tennessee Municipal League Risk Pool (Pool), which is a public entity risk pool established in 1979 by the Tennessee Municipal League. The City pays annual premiums to the Pool for its general, auto, and errors and omissions policies. The City's premiums are calculated based on its prior claim history. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded the coverage provided by the Pool in any of the past three years.

NOTE 8 - COMMITMENTS, CONCENTRATIONS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time; although, the City's management expects such amounts, if any, to be immaterial.

The City is party to various legal proceedings, which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the effected funds of the City.

CITY OF SNEEDVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 9 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment to the proprietary fund and government-wide financial statements was required to restate the beginning revenue bonds payable liability due to bond payable not being recognized in the prior year. The effect of this prior period adjustment to net position is as follows:

	<u>Business-type Activities</u>
Restatement of Bond payable	<u>\$ 203,320</u>
Prior Period adjustment - decrease in beginning net position	<u>\$ 203,320</u>

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 26, 2023, which is the date the financial statements were available to be issued. The full impact of the COVID-19 outbreak continues to evolve as of October 26, 2023. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's governmental funds and business-type fund financial condition and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, there is no estimate as to the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year 2022.

**City of Sneedville, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022**

	Special Revenue Funds		
	Senior Citizens	Drug	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,031	\$ 495	\$ 4,526
Accounts receivable	1,657	-	1,657
Due from other funds	-	-	-
Total assets	<u>\$ 5,688</u>	<u>\$ 495</u>	<u>\$ 6,183</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll and payroll liabilities	117	-	117
Total liabilities	<u>117</u>	<u>-</u>	<u>117</u>
FUND BALANCES			
Restricted:			
State Street Aid	-	-	-
Senior citizens	5,571	-	5,571
Drug control	-	495	495
Total fund balances	<u>5,571</u>	<u>495</u>	<u>6,066</u>
Total liabilities and fund balances	<u>\$ 5,688</u>	<u>\$ 495</u>	<u>\$ 6,183</u>

City of Sneedville, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Senior Citizens	Drug	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$ 16,427	\$ -	\$ 16,427
Grant Income	2,869	-	2,869
Other revenues	6,382	-	6,382
Interest earnings	-	-	-
Total revenues	25,678	-	25,678
Expenditures			
Highways and Streets	-	-	-
Senior citizens	25,205	-	25,205
Total expenditures	25,205	-	25,205
Net change in fund balances	473	-	473
Fund balance - beginning	5,098	495	5,593
Fund balance - ending	\$ 5,571	\$ 495	\$ 6,066

City of Sneedville, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Senior Citizens Fund
For the Year Ended June 30, 2022

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 8,500	\$ 8,500	\$ 11,257	\$ 2,757
Local support	8,331	8,331	8,039	(292)
Donations/In-kind contributions	14,010	14,010	6,382	(7,628)
Total revenues	<u>30,841</u>	<u>30,841</u>	<u>25,678</u>	<u>(5,163)</u>
Expenditures				
Contractual services	5,210	5,210	3,085	2,125
Salaries and wages	8,916	8,916	10,993	(2,077)
Payroll taxes	831	831	971	(140)
Utilities	6,500	6,500	6,060	440
Insurance	950	950	896	54
Supplies and miscellaneous	3,113	3,113	3,201	(88)
In-kind rent	5,321	5,321	-	5,321
Total expenditures	<u>30,841</u>	<u>30,841</u>	<u>25,204</u>	<u>5,637</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	473	<u>\$ 473</u>
Fund balances - beginning			<u>5,098</u>	
Fund balances - ending			<u>\$ 5,571</u>	

City of Sneedville, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Drug Fund
For the Year Ended June 30, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Drug related fines	\$ -	\$ -	\$ -	-
Interest earned	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
<u>Drug Investigation and Control</u>				
Supplies	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	\$ -	\$ -	- \$	-
Fund balances - beginning			495	
Fund balances - ending			\$ 495	

**CITY OF SNEEDVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	CONTRACT NO.	EXPENDITURES
<u>STATE FINANCIAL ASSISTANCE</u>			
Tennessee Commission on Aging & Disability State Senior Center Operations	N/A	40-21	3,445
Tennessee Department of Finance and Administration 2022 Local Government Recovery and Rebuilding Direct Appropriation Grant	N/A	N/A	26,102
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 26,102

**CITY OF SNEEDVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	CONTRACT NO.	EXPENDITURES
<u>FEDERAL AWARDS</u>			
U.S. Department of Agriculture			
Water and Waste System Grant	10.760		\$ 632,557
Community Facilities Grant	10.766		12,166
Total U.S. Department of Agriculture			<u>644,723</u>
U.S. Department of Housing and Urban Development			
<u>Passed through TN Dept of Economic & Community Development:</u>			
CDBG 2018 Sewer System Improvements	14.228	33004-96718	29,574
<u>Passed through TN Housing Development Agency:</u>			
Home Investment Partnerships Program	14.239	N/A	152,694
Total U.S. Department of Housing and Urban Development			<u>182,268</u>
U.S. Department of Treasury			
<u>Passed through State Department of Finance and Administration:</u>			
COVID 19 - American Rescue Plan Act	21.019	N/A	29,759
U.S. Department of Health & Human Services			
<u>Passed through TN Commission on Aging & Disability</u>			
Title IIIB Older Americans Act	93.044	40-21	4,214
Title IIIB Older Americans Act	93.044	N/A	5,000
Total U.S. Department of Health & Human Services			<u>9,214</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 865,964</u>

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the City under programs of the federal government for the fiscal year ended June 30, 2022.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reporting on the accrual basis of accounting.

NOTE C: INDIRECT COST

The City has not elected to use the 10% de minimis indirect costs allocation option.

City of Sneedville, 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	Outstanding 6/30/2022
<u>Governmental Activities</u>								
<u>Bonds Payable</u>								
General Obligation Bonds, Series 2007	\$ 150,000	4.13%	2017	2022	\$ 945	-	\$ (945)	\$ -
General Obligation Bonds, Series 2017	\$ 100,000	3.25%	2017	2033	80,803	-	(5,662)	75,141
Total Bonds Payable					<u>81,748</u>	<u>-</u>	<u>(6,607)</u>	<u>75,141</u>
<u>Notes Payable</u>								
Capital Outlay Note Payable, Series 2020	\$ 125,000	3.45%	2020	2023	64,564	-	(31,727)	32,837
Total Governmental Activities					<u>\$ 146,312</u>	<u>\$ -</u>	<u>\$ (38,334)</u>	<u>\$ 107,978</u>
<u>Business Activities</u>								
<u>Bonds Payable</u>								
Sewer Revenue & Tax Bonds, Series 1985	\$ 424,500	5.00%	1985	2023	\$ 47,047	\$ -	\$ (24,939)	\$ 22,108
Sewer Revenue & Tax Bonds, Series 1991	\$ 150,000	5.00%	1991	2030	58,947	-	(6,489)	52,458
Sewer Revenue & Tax Bonds, Series 2015	\$ 375,000	2.75%	2015	2054	339,465	-	(6,690)	332,775
Sewer Revenue & Tax Bonds, Series 2020	\$ 209,000	1.125%	2021	2060	204,809	-	(1,455)	203,354
Total Bonds Payable					<u>650,268</u>	<u>-</u>	<u>(39,573)</u>	<u>610,695</u>
<u>Notes Payable</u>								
Capital Outlay Note Payable, Series 2020	\$ 95,000	3.45%	2020	2023	64,564	-	(31,727)	32,837
Total Business Activities					<u>\$ 714,832</u>	<u>\$ -</u>	<u>\$ (71,300)</u>	<u>\$ 643,532</u>

City of Sneedville, Tennessee
Schedule of Principal and Interest Requirements
Governmental Funds
June 30, 2022

Fiscal Year	General Obligation Bonds Series 2007		General Obligation Bonds Series 2017		Capital Outlay Note Series 2020		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	-	-	6,093	2,343	43,091	1,507	49,184	3,850
2024	-	-	6,293	2,143			6,293	2,143
2025	-	-	6,501	1,935			6,501	1,935
2026	-	-	6,715	1,721			6,715	1,721
2027	-	-	6,936	1,500			6,936	1,500
2028	-	-	7,166	1,270			7,166	1,270
2029	-	-	7,400	1,036			7,400	1,036
2030	-	-	7,646	790			7,646	790
2031	-	-	7,898	538			7,898	538
2032	-	-	8,158	278			8,158	278
2033	-	-	4,101	117			4,101	117
Totals	\$ -	\$ -	\$ 74,907	\$ 13,671	\$ 43,091	\$ 1,507	\$ 117,998	\$ 15,178

City of Sneedville, Tennessee
Schedule of Principal and Interest Requirements
Business-Type Activities
June 30, 2022

Fiscal Year	Sewer Revenue & Tax Bonds, Series 1985		Sewer Revenue & Tax Bonds, Series 1991		Sewer Revenue & Tax Bonds, Series 2015		Sewer Revenue & Tax Bonds, Series 2020		Capital Outlay Note, Series 2020		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	22,108	860	6,256	2,588	6,867	9,069	4,257	2,247	32,837	1,149	72,325	15,913
2024	-	-	6,575	2,269	7,057	8,879	4,299	2,205	-	-	17,931	13,353
2025	-	-	6,910	1,934	7,253	8,683	4,354	2,150	-	-	18,517	12,767
2026	-	-	7,263	1,581	7,455	8,481	4,403	2,101	-	-	19,121	12,163
2027	-	-	7,634	1,210	7,661	8,275	4,453	2,051	-	-	19,748	11,536
2028	-	-	8,023	821	7,875	8,061	4,498	2,006	-	-	20,396	10,888
2029	-	-	8,433	411	8,093	7,843	4,554	1,950	-	-	21,080	10,204
2030	-	-	1,364	36	8,318	7,618	4,606	1,898	-	-	14,288	9,552
2031	-	-	-	-	8,550	7,386	4,658	1,846	-	-	13,208	9,232
2032	-	-	-	-	8,787	7,149	4,706	1,798	-	-	13,493	8,947
2033	-	-	-	-	9,029	6,907	4,764	1,740	-	-	13,793	8,647
2034	-	-	-	-	9,282	6,654	4,818	1,686	-	-	14,100	8,340
2035	-	-	-	-	9,540	6,396	4,872	1,632	-	-	14,412	8,028
2036	-	-	-	-	9,805	6,131	4,923	1,581	-	-	14,728	7,712
2037	-	-	-	-	10,078	5,858	4,983	1,521	-	-	15,061	7,379
2038	-	-	-	-	10,358	5,578	5,039	1,465	-	-	15,397	7,043
2039	-	-	-	-	10,646	5,290	5,096	1,408	-	-	15,742	6,698
2040	-	-	-	-	10,942	4,994	5,150	1,354	-	-	16,092	6,348
2041	-	-	-	-	11,246	4,690	5,212	1,292	-	-	16,458	5,982
2042	-	-	-	-	11,559	4,377	5,271	1,233	-	-	16,830	5,610
2043	-	-	-	-	11,880	4,056	5,330	1,174	-	-	17,210	5,230
2044	-	-	-	-	12,211	3,725	5,388	1,116	-	-	17,599	4,841
2045	-	-	-	-	12,550	3,386	5,452	1,052	-	-	18,002	4,438
2046	-	-	-	-	12,899	3,037	5,513	991	-	-	18,412	4,028
2047	-	-	-	-	13,258	2,678	5,576	928	-	-	18,834	3,606
2048	-	-	-	-	13,626	2,310	5,636	868	-	-	19,262	3,178
2049	-	-	-	-	14,005	1,931	5,702	802	-	-	19,707	2,733
2050	-	-	-	-	14,395	1,541	5,767	737	-	-	20,162	2,278
2051	-	-	-	-	14,795	1,141	5,832	672	-	-	20,627	1,813
2052	-	-	-	-	15,207	729	5,896	608	-	-	21,103	1,337
2053	-	-	-	-	15,630	306	5,965	539	-	-	21,595	845
2054	-	-	-	-	1,918	11	6,032	472	-	-	7,950	483
2055	-	-	-	-	-	-	6,100	404	-	-	6,100	404
2056	-	-	-	-	-	-	6,168	336	-	-	6,168	336
2057	-	-	-	-	-	-	6,239	265	-	-	6,239	265
2058	-	-	-	-	-	-	6,310	194	-	-	6,310	194
2059	-	-	-	-	-	-	6,381	123	-	-	6,381	123
2060	-	-	-	-	-	-	9,151	35	-	-	9,151	35
Totals	22,108	860	52,458	10,850	332,775	163,170	203,354	46,480	32,837	1,149	643,532	222,509

City of Sneedville, Tennessee
Schedule of Utility Rate Structure and Number of Customers
June 30, 2022

SEWER CUSTOMER RATES

First 1,000 gallons			
Residential	\$	11.98	Minimum Bill
Commercial	\$	22.67	Minimum Bill
Industrial	\$	104.63	Minimum Bill
Next 1,000 gallons			
Residential	\$	10.23	per 1,000 gallons
Commercial	\$	10.16	per 1,000 gallons
Industrial	\$	11.49	per 1,000 gallons
Over 3,000 gallons			
Commercial	\$	7.95	per 1,000 gallons

NUMBER OF CUSTOMERS

Residential	327
Commercial	131
Industrial	15
	473

DAVID M. ELLIS

Certified Public Accountant

*Member, American Institute of
Certified Public Accountants*

*Member, Tennessee Society of
Certified Public Accountants*

**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 Board of Mayor and Aldermen
City of Sneedville
Sneedville, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sneedville, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Sneedville, Tennessee's basic financial statements, and have issued my report thereon dated October 26, 2023.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Sneedville, Tennessee'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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sneedville, Tennessee's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Sneedville, Tennessee'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.

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

Report on Compliance and Other Matters

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

effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, 2022-004 and 2022-005.

City of Sneedville, Tennessee's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Sneedville, Tennessee's response to the findings identified in my audit and described in the accompanying schedule of findings and questioned cost. City of Sneedville, Tennessee's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of my 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.

A handwritten signature in black ink that reads "David M. Ellis". The signature is written in a cursive style with a large, prominent "D" and "E".

David M. Ellis, CPA
Greeneville, Tennessee
October 26, 2023

DAVID M. ELLIS

Certified Public Accountant

*Member, American Institute of
Certified Public Accountants*

*Member, Tennessee Society of
Certified Public Accountants*

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

To the Board of Mayor and Aldermen
City of Sneedville
Sneedville, Tennessee

Report on Compliance of Each Major Federal Program

Opinion on Each Major Federal Program

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

In my opinion, the City of Sneedville, 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

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the City of Sneedville, Tennessee and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the City of Sneedville, 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 the City of Sneedville, Tennessee's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

I am 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 I 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.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my 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.

A handwritten signature in black ink that reads "David M. Ellis". The signature is written in a cursive style with a large, prominent "D" and "E".

David M. Ellis, CPA
Greeneville, Tennessee
October 26, 2023

CITY OF SNEEDVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies) identified that are not
 Considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies) identified that are not
 Considered to be material weakness(es)? _____ Yes X None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in
 Accordance with Section 200.516 of the Uniform guidance? _____ Yes X No

Identification of major programs: Name of Federal Program or Cluster

Federal Assistance Listing Number 10.760 US Dept of Agriculture WWS

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____ Yes X No

Section II – Financial Statement Findings

Current Year Findings:

2022-001 Fund Budgeting

Condition: For the year ending June 30, 2022, because of the lack of control over accounting processes that code expenditures based on an approved budget, those from the General Fund and Sanitation exceeded final budgeted expenditures by \$343,749 in the General Fund and \$8,672 in the Sanitation Fund.

Criteria: Tennessee Code Annotated 6-56-203 states:

CITY OF SNEEDVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

“Therefore, notwithstanding any other provision of law, no municipality may expend any moneys regardless of their source, including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans, or special assessments, except in accordance with a budget ordinance adopted under this section or through a proprietary type fund or a fiduciary type fund properly excluded from the budget.”

Cause: Oversight/error

Recommendation: Expenditures should be coded individually in the general ledger accounts such that actual to budget expenditure comparisons can be made at each meeting, to identify which line items are likely to exceed approved amounts. Budget amendments should be timely made to authorize additional expenditures.

Response and Corrective Action Plan: The budget was amended, however the lack of appropriate coding in the process generated erroneous numbers. Steps will be taken to ensure compliance in the budgeting and reporting areas.

2022-002 Timely Submission of Budget

Condition: For the year ending June 30, 2022, budgets were not submitted timely to the Tennessee Comptroller of the Treasury.

Criteria: Tennessee Budget Manual for Local Governments states:

“Prior to the beginning of each fiscal year, a local government should adopt a budget that meets all legal and program requirements and email it, with the other required documents described below, to the Division of Local Government Finance at LGF@cot.tn.gov within 15 days after adoption.”

Cause: Oversight/error

Recommendation: The budget should be established prior to the beginning of the fiscal year and submitted to the Tennessee Comptroller of the Treasury on a timely basis.

Response and Corrective Action Plan: Management agrees with the finding.

2022-003 Late Audit

Condition: For the year ending June 30, 2022, the City failed to file audited financial statements with the Comptroller’s office in a timely manner.

Criteria: Tennessee Code Annotated 6-56-105 states:

“(e) All such audits must be completed as soon as practicable after the end the fiscal year of the municipality.”

Cause: Oversight/error

Recommendation: Future audited financial statements should be submitted to the Tennessee Comptroller of the Treasury on a timely basis.

CITY OF SNEEDVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

Response and Corrective Action Plan: Management agrees with the finding and steps will be taken to ensure compliance with State law.

2022-004 Inadequate oversight of payroll timecards

Condition: For the year ending June 30, 2022, there were instances in which management did not indicate their review of timecards by a signature.

Criteria: Payroll should be properly supported and authorized.

Cause: Lack of management review of timecards.

Recommendation: Timecards should be reviewed and approved by signature of department supervisors.

Response and Corrective Action Plan: Management agrees with the finding.

2022-005 Audit Adjustments Were Required for Proper Financial Statement Presentation

Condition: At June 30, 2022, certain general ledger accounts were materially incorrect, and significant audit adjustments were required for the financial statements to be free of misstatements at year-end.

Criteria: To generate financial statements that are presented in accordance with generally accepted accounting principles, the City must have adequate internal controls over the maintenance of its accounting records.

Cause: Revenue and expenditures were not properly recorded and accounted for to ensure accurate and reliable financial reports.

Effect: The City's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records.

Recommendation: The City should have appropriate processes in place to ensure that the general ledger and financial statements generated are accurate.

Response and Corrective Action Plan: Management concurs.

Section III – Federal Award Findings and Questioned Costs

None noted.

City of Sneedville, Tennessee

Schedule of Prior Year Findings and Questioned Costs

June 30, 2022

Prior Year Finding Number	Title of Finding	Status/Current Year Finding Number
2021-001	Fund Budgeting (original finding #2021-001)	Repeated 2022-001
2021-002	Timely Submission of Budget (original finding #2020-004)	Repeated 2022-002
2021-003	Late Audit (original finding #2020-005)	Repeated 2022-003

CITY OF SNEEDVILLE

P.O. Box 377/ 292 JAIL ST

Sneedville, TN 37869

ATTORNEY MAYOR COUNCILMAN COUNCILMAN COUNCILMAN COUNCILMAN COUNCILMAN
FLOYD RHEA STEVEN HARRISON KENNY REED MYSHONE COLLINS JANET COLLINS MIKE GIBSON WILLIAM RILEY

CITY HALL: 423-733-2254

FAX: 423-733-4112

GAIL COLLINS: CITYOFSNEEDVILLEOFFICE@YAHOO.COM

CITY OF SNEEDVILLE, TENNESSEE MANAGEMENT'S CORRECTIVE ACTION PLAN For the Year Ended June 30, 2022

City of Sneedville, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2022.

Name and address of independent public accounting firm:

David M. Ellis, CPA
132 W Depot St
Greeneville, TN 37743

Audit Period: June 30, 2022

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

Corrective Action:

Findings 2022-001:

Fund Budgeting

Name of contact person:

Gail Collins, City Recorder

Corrective action:

The City intends to amend the budget prior to Unauthorized expenditure

Anticipated Completion Date:

June 30, 2024

Findings 2022-002:

Timely Submission of Budget

Name of contact person:

Gail Collins, City Recorder

Corrective action:

The City intends to submit the required Documents within 15 days after adoption

Pursuant to Tennessee Budget Manual for
Local Government
June 30, 2024

Anticipated Completion Date:

Findings 2022-03:

Name of contact person:

Gail Collins, City Recorder

Corrective action:

The City intends to submit the audit within
Six months following the fiscal year end
Pursuant to Tennessee Comptroller of the
Treasury Audit Manual

Anticipated Completion Date:

June 30, 2024

Findings 2022-04:

Name of contact person:

Gail Collins, City Recorder

Corrective action:

The City Public Works supervisor will
Review and sign off on all time cards

Anticipated Completion Date:

June 30, 2024

Findings 2022-05:

Name of contact person:

Gail Collins, City Recorder

Corrective action:

The City will ensure that all expenditures
And revenues are coded to the correct
Account



Mayor