

**CITY OF HUMBOLDT, TENNESSEE**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**CITY OF HUMBOLDT, TENNESSEE  
TABLE OF CONTENTS**

**Introductory Section**

Directory..... i

**Financial Section**

Independent Auditor’s Report ..... 1  
 Management’s Discussion and Analysis..... 4  
 Basic Financial Statements:  
     Government-wide Financial Statements:  
         Statement of Net Position ..... 11  
         Statement of Activities..... 13  
     Fund Financial Statements:  
         Balance Sheet - Governmental Funds ..... 14  
         Reconciliation of the Balance Sheet of Governmental Funds to the Statement of  
             Net Position ..... 15  
         Statement of Revenues, Expenditures, and Changes in Fund Balances –  
             Governmental Funds ..... 16  
         Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund  
             Balances of Governmental Funds to the Statement of Activities ..... 17  
         Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and  
             Actual - General Fund ..... 18  
         Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and  
             Actual - General Purpose School Fund..... 30  
         Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and  
             Actual - Federal Projects Fund ..... 31  
         Statement of Net Position - Proprietary Funds..... 32  
         Statement of Revenues, Expenses, and Changes in Net Position –  
             Proprietary Funds..... 34  
         Statement of Cash Flows - Proprietary Funds ..... 35  
     Notes to the Financial Statements ..... 37  
 Required Supplementary Information:  
     Schedule of the School System’s Proportionate Share of the Net Pension Asset –  
         Teacher Legacy Pension Plan of TCRS..... 87  
     Schedule of the School System’s Contributions –  
         Teacher Legacy Pension Plan of TCRS..... 88  
     Schedule of the School System’s Proportionate Share of the Net Pension Asset –  
         Teacher Retirement Plan of TCRS..... 89  
     Schedule of the School System’s Contributions –  
         Teacher Retirement Plan of TCRS..... 90  
     Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on  
         Participation in the Public Employee Pension Plan of TCRS ..... 91  
     Schedule of Contributions Based on Participation in the Public Employee  
         Pension Plan of TCRS ..... 92  
     Schedule of Changes in the School System’s Proportionate Share of Collective OPEB  
         Liability and Ratios – Teacher Group Insurance Plan ..... 93  
     Schedule of Changes in the School System’s Proportionate Share of Collective OPEB  
         Liability and Ratios – Tennessee Plan ..... 94  
     Notes to Schedule of Changes in the School System’s Proportionate Share of  
         Collective OPEB Liability and Ratios..... 95

**CITY OF HUMBOLDT, TENNESSEE  
TABLE OF CONTENTS**

Schedule of Changes in Total OPEB Liability - Utility .....	96
Notes to Required Supplementary Information – Other Post-Retirement Benefits - Utility.....	97
Schedule of Changes in Total OPEB Liability and Related Ratios .....	98
Schedule of Changes in Total OPEB Liability – Tennessee Plan .....	99
Notes to Required Supplementary Information – Other Post-Retirement Benefits .....	100
<b>Supplementary Information:</b>	
<b>Combining and Individual Fund Statements and Schedules:</b>	
Combining Balance Sheet - Other Governmental Funds .....	101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Governmental Funds.....	102
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Drug Fund .....	103
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - State Street Aid Fund.....	104
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Centralized Cafeteria Fund .....	105
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Solid Waste Fund.....	106
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Component Unit - Humboldt Senior Citizens Fund .....	107
<b>Supplementary Schedules:</b>	
Schedule of Changes in Property Taxes Receivable.....	108
Schedule of Electric Rates in Force .....	109
Schedule of Water and Sewer Rates in Force .....	110
Schedule of Gas Rates in Force .....	111
Schedule of Principal and Interest Requirements - General Obligation Debt - City.....	112
Schedule of Long-term Debt - Proprietary Funds .....	113
Schedule of Changes in Long-Term Debt by Individual Issue .....	114
Schedule of Transfers.....	115
Schedule of Expenditures of Federal Awards.....	116
Schedule of State Financial Assistance .....	118
 <b>Internal Control and Compliance Section</b>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	119
Independent Auditors’ Report on Compliance for Each Major Program and Report on Internal Control Over Compliance as Required by the Uniform Guidance.....	121
Schedule of Findings and Questioned Costs.....	124
Schedule of Prior Year Findings and Questioned Costs.....	127
 Management’s Corrective Action Plan.....	 128

## **INTRODUCTORY SECTION**

**CITY OF HUMBOLDT, TENNESSEE**  
**DIRECTORY**  
June 30, 2023

**BOARD MEMBERS**

Julie Jones-Coleman  
Monte Johnson  
Leon McNeal  
Shane Lynch  
Tammie Porter

**MANAGEMENT TEAM**

Marvin Sikes, Mayor  
Howard K. Hadley, City Treasurer, Certified Municipal Finance Officer

**COUNSEL**

Randy Camp

## **FINANCIAL SECTION**



## Independent Auditor's Report

Honorable Marvin Sikes, Mayor  
Members of the Board of Aldermen  
City of Humboldt, Tennessee

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and discretely presented component unit of the City of Humboldt, Tennessee (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, 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 and discretely presented component unit of the City of Humboldt, Tennessee (the City), as of June 30, 2023 and the changes in financial position and, where applicable, cash flows and the respective budgetary comparisons for the general and general purpose school funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 purposes of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information related to pensions and other post-employment benefits as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the

information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The financial information listed as supplementary information in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, including the Schedule of Expenditures of Federal Awards, 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 introductory section but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2024 on our consideration of the City of Humboldt’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’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 Humboldt’s internal control over financial reporting and compliance.

*ATA, PLLC*

Jackson, Tennessee  
May 15, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Humboldt, Tennessee, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Readers are encouraged to consider the information presented here in conjunction with the Letter of Transmittal, which can be found on page i of this report.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$83.16 million (net position). Of this amount \$16.43 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$6.45 million during 2023, compared to increasing by \$7.76 million before a prior period adjustment of (\$403) thousand during 2022 with the major differences between the two years being the School funds obtaining \$7.10 million of operating grants/contributions in 2023 compared to \$6.09 million of the same in 2022.
- As of the close of the fiscal year, the City's governmental funds reported ending fund balances of \$7.31 million. This was an increase of \$369 thousand compared to a decrease of \$319 thousand in the prior year. 28.75% of the ending fund balances were unassigned and available for current use by the City.
- The City's total debt obligations decreased by \$1.56 million during the current fiscal year due to principal payments.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City'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, liabilities, deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Deferred outflows of resources as of June 30, 2023 consisted of pension and other post-employment benefits items related to adoption of GASB Statements No. 68 and 75. Deferred inflows of resources as of June 30, 2023 included unavailable revenue related to property taxes, unearned grant revenue, and pension and other post-employment benefits items related to adoption of GASB Statements No. 68 and 75.
- The Statement of Activities presents information showing how the City'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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, compensated absences, etc.).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government; public safety; public works; health, culture, welfare, and recreation; industrial development; and education. The business-type activities of the City are made up of electric, water and sewer, and gas funds at the Board of Public Utilities. The government-wide financial statements can be found on pages 11 to 13 of this report.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 14 to 17 of this report.

The City maintains eight governmental funds. Information is presented separately in the Balance Sheet - Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for the General Fund, General Purpose School Fund, and the Federal Projects Fund, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for all governmental funds, but the internal school funds. Budgetary comparison statements and schedules have been provided on pages 18 to 31 and pages 103 to 106 of this report.

**Proprietary funds** - There are two different types of proprietary funds.

- *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 the Board of Public Utilities Electric, Water and Sewer, and Gas Funds.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City currently has no internal service funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Board of Public Utilities Electric, Water and Sewer, and Gas Funds which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 31 to 35 of this report.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 to 86 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the City's ability to meet its projected budget and the City's, Schools and Utility's schedules of OPEB and pension related schedules.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Statement of Net Position** - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$83.16 million at the close of the most recent fiscal year. The largest portion of the City's net position (75.66%) reflects its net investment in capital assets (e.g., land, buildings, machinery, 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's net position (4.58%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position representing unrestricted net position (19.76%) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the City as a whole, as well as for its total business-type activities.

Comparisons with the prior year data are presented below.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 16,958,093	\$ 21,328,157	\$ 17,661,595	\$ 15,589,264	\$ 34,619,688	\$ 36,917,421
Capital assets	27,795,940	26,563,883	60,179,369	61,219,971	87,975,309	87,783,854
Total assets	<u>\$ 44,754,033</u>	<u>\$ 47,892,040</u>	<u>\$ 77,840,964</u>	<u>\$ 76,809,235</u>	<u>\$ 122,594,997</u>	<u>\$ 124,701,275</u>
Deferred outflows of resources	<u>\$ 4,550,419</u>	<u>\$ 4,991,190</u>	<u>\$ 985,815</u>	<u>\$ 1,113,696</u>	<u>\$ 5,536,234</u>	<u>\$ 6,104,886</u>
Long-term liabilities	\$ 6,709,713	\$ 6,263,039	\$ 23,656,863	\$ 24,734,422	\$ 30,366,576	\$ 30,997,461
Other liabilities	1,500,163	1,089,617	5,160,071	6,282,776	6,660,234	7,372,393
Total liabilities	<u>\$ 8,209,876</u>	<u>\$ 7,352,656</u>	<u>\$ 28,816,934</u>	<u>\$ 31,017,198</u>	<u>\$ 37,026,810</u>	<u>\$ 38,369,854</u>
Deferred inflows of resources	<u>\$ 7,629,852</u>	<u>\$ 14,225,905</u>	<u>\$ 313,897</u>	<u>\$ 1,495,936</u>	<u>\$ 7,943,749</u>	<u>\$ 15,721,841</u>
Net position:						
Net investment in capital assets	\$ 25,198,940	\$ 23,784,883	\$ 37,720,423	\$ 37,384,473	\$ 62,919,363	\$ 61,169,356
Restricted	3,809,492	8,928,594	-	802,895	3,809,492	9,731,489
Unrestricted	4,456,292	(1,408,808)	11,975,525	7,222,429	16,431,817	5,813,621
<b>Total net position</b>	<u><b>\$ 33,464,724</b></u>	<u><b>\$ 31,304,669</b></u>	<u><b>\$ 49,695,948</b></u>	<u><b>\$ 45,409,797</b></u>	<u><b>\$ 83,160,672</b></u>	<u><b>\$ 76,714,466</b></u>

During the current fiscal year, the City's net position increased by \$6.45 million. There was an increase in net position for the year of \$2.16 million in the governmental activities. There was an increase in net position of \$4.29 million in the business type activities. The only significant change were increases in intergovernmental revenue and Education-related grants. Also, there was a \$7.78 million decrease in deferred inflows of resources due to poor investment activity related to the TCRS pension plan in the current measurement period.

**Statement of Activities** - Expenses in the governmental activities exceeded revenues by \$16.20 million. In the business-type activities revenues exceeded expenses by \$4.49 million. General government revenues and transfers of \$18.36 million offset the governmental activities deficit and other business-type revenues of \$300 thousand and transfers out of \$503 thousand decreased income leaving a net change of \$6.45 million. As stated previously, the most significant changes from last year are related to increases in intergovernmental revenues.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 1,435,773	\$ 1,527,380	\$ 32,017,506	\$ 28,790,516	\$ 33,453,279	\$ 30,317,896
Operating grants and contributions	8,822,284	6,088,461	-	-	8,822,284	6,088,461
Capital grants and contributions	347,526	304,764	169,147	3,213,278	516,673	3,518,042
General revenues:						
Property taxes	5,915,803	5,367,664	-	-	5,915,803	5,367,664
Other taxes	4,131,513	4,328,486	-	-	4,131,513	4,328,486
Other sources	7,811,899	7,509,557	300,019	361,686	8,111,918	7,871,243
Total revenues	<u>28,464,798</u>	<u>25,126,312</u>	<u>32,486,672</u>	<u>32,365,480</u>	<u>60,951,470</u>	<u>57,491,792</u>
Expenses:						
General government	\$ 3,212,849	\$ 2,103,536	\$ -	\$ -	\$ 3,212,849	\$ 2,103,536
Public safety	3,306,797	3,941,288	-	-	3,306,797	3,941,288
Public works	1,869,124	2,016,106	-	-	1,869,124	2,016,106
Health, culture, welfare, and recreation	1,080,854	996,199	-	-	1,080,854	996,199
Industrial development	1,712,986	286,998	-	-	1,712,986	286,998
Education	15,625,224	14,631,279	-	-	15,625,224	14,631,279
Interest on debt	-	1,177	-	-	-	1,177
Electric	-	-	18,437,790	16,314,094	18,437,790	16,314,094
Water and Sewer	-	-	5,147,839	3,638,810	5,147,839	3,638,810
Gas	-	-	4,111,801	5,803,988	4,111,801	5,803,988
Total expenses	<u>26,807,834</u>	<u>23,976,583</u>	<u>27,697,430</u>	<u>25,756,892</u>	<u>54,505,264</u>	<u>49,733,475</u>
Increase (decrease) in net position						
before transfers	1,656,964	1,149,729	4,789,242	6,608,588	6,446,206	7,758,317
In lieu of taxes in (out)	503,091	485,110	(503,091)	(485,110)	-	-
<b>Increase (decrease) in net position</b>	<b><u>2,160,055</u></b>	<b><u>1,634,839</u></b>	<b><u>4,286,151</u></b>	<b><u>6,123,478</u></b>	<b><u>6,446,206</u></b>	<b><u>7,758,317</u></b>
Net position - beginning	31,304,669	29,669,830	45,409,797	39,689,474	76,714,466	69,359,304
Prior period adjustment	-	-	-	(403,155)	-	(403,155)
Net position - beginning - adjusted	<u>31,304,669</u>	<u>29,669,830</u>	<u>45,409,797</u>	<u>39,286,319</u>	<u>76,714,466</u>	<u>68,956,149</u>
Net position - ending	<u>\$ 33,464,724</u>	<u>\$ 31,304,669</u>	<u>\$ 49,695,948</u>	<u>\$ 45,409,797</u>	<u>\$ 83,160,672</u>	<u>\$ 76,714,466</u>

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

**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. Based on the statements and discussion, the overall financial position of the City has improved during the period.

The general fund and general purpose school fund account for more than 40.05% and 35.06% respectively, of governmental fund revenues. Accordingly this discussion will focus on the general fund and general purpose school fund. General fund balance was \$2.10 million at the end of the current fiscal year. The entirety of that balance is available to meet the day-to-day needs of the City. This was a decrease of \$30 thousand from the prior year. The general purpose school fund balance was \$3.14 million at the end of the current fiscal year. This was an increase of \$328 thousand from the prior year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues in the general fund increased from last year by approximately \$1.48 million. Intergovernmental revenue increased by \$1.24 million due mainly to more grant revenues in the current year as well as increases in local sales tax revenue.

Revenues in the general purpose school fund increased from last year by approximately \$258 thousand. This was mainly due to an increase of other revenues by \$220 thousand.

All other revenues were within reasonable variances from last year. A budget comparison statement for these funds has been provided in the basic financial statements to demonstrate compliance with the budgets.

The nonmajor governmental funds include the following:

- The drug fund has an ending fund balance of \$70 thousand which is a \$1 thousand decrease from the prior year. This was largely related to capital outlay expenditures of \$22 thousand.
- The school-related funds' changes are noted as follows: 1) the federal projects fund balance is \$7 thousand with an increase of \$7 thousand from the prior year, 2) the Centralized Cafeteria fund has an ending fund balance of \$1.41 million with a \$99 thousand increase from the prior year mainly due to the \$1.37 million in grant revenue, and 3) the Internal School Funds has an ending fund balance of \$170 thousand with a \$15 thousand decrease from the prior year.
- The state street aid fund has an ending fund balance of \$225 thousand which is a \$57 thousand decrease from the prior year. There were no significant variances from the prior year or differences from the budgeted amounts.
- The solid waste services fund has an ending fund balance of \$189 thousand which is a \$38 thousand increase from the prior year. There were no significant variances from the prior year.

**Proprietary funds** - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the proprietary funds were \$49.70 million with unrestricted net position making up \$11.98 million of that total. There was an overall increase in net position for proprietary funds of \$4.29 million during the current year.

**Budgetary highlights** – The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in a 0.00% increase in budgeted expenditures from the original budget in the general fund and a 16.49% increase in the general purpose school fund. The primary area affected by the amendments was non-instructional services in the general purpose school fund.

Actual revenues and other financing sources were \$37 thousand over budgeted amounts in the general fund. Significant variances are as follows:

- ARPA grant revenue was budgeted for \$600 thousand in the current year, however the City received and expended \$1.12 million in the current fiscal year.
- The Gibson County SIA Project Donation was not budgeted for but \$326 thousand was received in the current year.
- LPRF grant revenues were exceeded by the budget by \$372 thousand due to the grant having no activity in the current year.

Actual revenues and other financing sources were \$246 thousand over budgeted amounts in the general purpose school fund. The most significant variance is the sales tax revenues were over the budgeted amounts by \$253 thousand.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenditures were \$735 thousand under budgeted amounts in the general purpose school fund. The most significant variance was instruction being under budgeted amounts by \$420 thousand.

There were no other significant variances in revenues, expenditures, and other financing sources and uses other than the ones that have been detailed above.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** - At the end of fiscal year 2023, the City had invested \$87.98 million net of accumulated depreciation in a variety of capital assets and infrastructure. Additional information on the City's capital assets can be found in Note 4.C. beginning on page 46 of this report. There were no significant capital expenditure commitments noted for the coming year as most of the grant projects are nearing completion.

**Long-term debt** - At the end of the current fiscal year, the City had total long-term debt outstanding of \$25.06 million. Besides the \$1.53 million revenue bond in the business-type activities, the entire amount is comprised of debt backed by the full faith and credit of the City. Information on the City's long-term debt can be found in Note 4.E. beginning on page 49 of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The inflation rate at June 30, 2023 is 3.0%, down from 9.10% at June 30, 2022.
- The state's average unemployment rate is currently 3.10% down from 3.30% in 2022. The national average unemployment rate is currently 3.60%. All of the rates are from labor statistics released in June 2023, respectively.

All of these factors were considered in preparing the City's budget for the 2024 fiscal year. There are a few capital projects planned for fiscal year 2024, but the City has no plans to incur any new debt.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Humboldt's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, City of Humboldt, 1201 Main St., Humboldt, TN 38343.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF HUMBOLDT, TENNESSEE**  
**STATEMENT OF NET POSITION**

June 30, 2023

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Other Component Unit</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 7,072,393	\$ 12,836,029	\$ 19,908,422	\$ 4,617
Receivables				
Interest	492,947	-	492,947	-
Taxes (net of allowance)	4,859,140	-	4,859,140	-
Accounts (net of allowance)	160,402	1,794,409	1,954,811	-
Court fines (net of allowance)	4,516	-	4,516	-
Grant	1,301,464	-	1,301,464	-
Intergovernmental	1,283,360	-	1,283,360	-
Other	-	119,401	119,401	-
Stabilization reserve trust - restricted	238,751	-	238,751	-
Materials and supplies	28,127	482,724	510,851	-
Prepayments and other current assets	20,257	212,626	232,883	-
Other charges	-	152,038	152,038	-
Investment in associated companies	-	1,010,939	1,010,939	-
Net pension asset	1,496,736	-	1,496,736	-
Advances from customers-				
home insulation program	-	53,429	53,429	-
Capital assets, not being depreciated				
Land	531,169	377,223	908,392	-
Construction in progress	1,064,263	788,973	1,853,236	-
Capital assets, net of accumulated depreciation				
Buildings	17,256,934	-	17,256,934	-
Library books	134,954	-	134,954	-
Vehicles	978,394	-	978,394	-
Equipment	1,113,090	-	1,113,090	-
Infrastructure	6,717,136	-	6,717,136	-
General plant	-	2,223,925	2,223,925	-
Transmission and treatment plant	-	5,916,046	5,916,046	-
Distribution plant	-	50,873,202	50,873,202	-
<b>Total assets</b>	<b>\$ 44,754,033</b>	<b>\$ 77,840,964</b>	<b>\$ 122,594,997</b>	<b>\$ 4,617</b>
<b>Deferred outflows of resources</b>				
Related to pensions	3,535,803	910,990	4,446,793	-
Related to OPEB	1,014,616	74,825	1,089,441	-
<b>Total deferred outflows of resources</b>	<b>\$ 4,550,419</b>	<b>\$ 985,815</b>	<b>\$ 5,536,234</b>	<b>\$ -</b>

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

**CITY OF HUMBOLDT, TENNESSEE**  
**STATEMENT OF NET POSITION**

June 30, 2023

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Other Component Unit</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,025,908	\$ 4,362,759	\$ 5,388,667	\$ -
Tennergy payable - contributed capital	-	150	150	-
Accrued expenses	474,255	20,393	494,648	-
Customer deposits	-	657,397	657,397	-
Other deferred credits	-	119,372	119,372	-
Long-term liabilities				
Net pension liability	805,722	393,966	1,199,688	-
Due within one year	228,519	1,344,965	1,573,484	-
Due in excess of one year:				
OPEB liability	3,016,565	453,416	3,469,981	-
Landfill postclosure	59,511	-	59,511	-
Compensated absences	187,396	268,168	455,564	-
Advances from Tennessee Valley Authority - Home Insulation Program	-	52,570	52,570	-
Long-term debt	2,412,000	21,143,778	23,555,778	-
<b>Total liabilities</b>	<b>8,209,876</b>	<b>28,816,934</b>	<b>37,026,810</b>	<b>-</b>
<b>Deferred inflows of resources</b>				
Related to pensions	513,728	66,451	580,179	-
Related to OPEB	1,488,557	247,446	1,736,003	-
Unearned grant revenue	1,299,223	-	1,299,223	-
Deferred revenue - property tax	4,328,344	-	4,328,344	-
<b>Total deferred inflows of resources</b>	<b>7,629,852</b>	<b>313,897</b>	<b>7,943,749</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	25,198,940	37,720,423	62,919,363	-
Restricted for				
Net pension asset	1,496,736	-	1,496,736	-
Stabilization reserve trust	238,751	-	238,751	-
Solid waste services	188,637	-	188,637	-
Scholarship - journalism	10,500	-	10,500	-
Operating of non-instructional services	1,411,081	-	1,411,081	-
Internal School funds	168,721	-	168,721	-
Drug enforcement	70,489	-	70,489	-
State Street Aid expenses	224,577	-	224,577	-
Unrestricted	4,456,292	11,975,525	16,431,817	4,617
<b>Total net position</b>	<b>\$ 33,464,724</b>	<b>\$ 49,695,948</b>	<b>\$ 83,160,672</b>	<b>\$ 4,617</b>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Other Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental activities								
General government	\$ 3,212,849	\$ 322,236	\$ 1,123,288	\$ 326,100	\$ (1,441,225)	\$ -	\$ (1,441,225)	\$ -
Public safety	3,306,797	158,827	-	-	(3,147,970)	-	(3,147,970)	-
Public works	1,869,124	863,852	287,964	-	(717,308)	-	(717,308)	-
Health, culture, welfare, and recreation	1,080,854	36,552	306,607	21,426	(716,269)	-	(716,269)	-
Industrial development	1,712,986	-	-	-	(1,712,986)	-	(1,712,986)	-
Education	15,625,224	54,306	7,104,425	-	(8,466,493)	-	(8,466,493)	-
Interest on debt	-	-	-	-	-	-	-	-
Total governmental activities	<u>26,807,834</u>	<u>1,435,773</u>	<u>8,822,284</u>	<u>347,526</u>	<u>(16,202,251)</u>	<u>-</u>	<u>(16,202,251)</u>	<u>-</u>
Business-type activities								
Electric	18,437,790	19,273,329	-	-	-	835,539	835,539	-
Water & Sewer	5,147,839	7,799,312	-	161,327	-	2,812,800	2,812,800	-
Gas	<u>4,111,801</u>	<u>4,944,865</u>	<u>-</u>	<u>7,820</u>	<u>-</u>	<u>840,884</u>	<u>840,884</u>	<u>-</u>
Total business-type activities	<u>27,697,430</u>	<u>32,017,506</u>	<u>-</u>	<u>169,147</u>	<u>-</u>	<u>4,489,223</u>	<u>4,489,223</u>	<u>-</u>
Total primary government	<u>\$ 54,505,264</u>	<u>\$ 33,453,279</u>	<u>\$ 8,822,284</u>	<u>\$ 516,673</u>				
<b>Component Unit</b>								
Senior Citizens Center	<u>\$ 11,833</u>	<u>\$ 13,344</u>	<u>\$ 420</u>	<u>\$ -</u>				<u>1,931</u>
General revenues								
Property taxes - levied for general government					5,617,204	-	5,617,204	-
In lieu of taxes - other governments					298,599	-	298,599	-
Grants/contributions not restricted to specific programs - Education					7,351,832	-	7,351,832	-
Sales taxes					3,390,484	-	3,390,484	-
Franchise taxes					36,062	-	36,062	-
Alcoholic beverage taxes					459,631	-	459,631	-
Business taxes					200,979	-	200,979	-
Income taxes					41,001	-	41,001	-
Litigation taxes					3,356	-	3,356	-
Other sources					358,152	73,797	431,949	-
Unrestricted interest income					101,915	226,222	328,137	5
Total general revenues					<u>17,859,215</u>	<u>300,019</u>	<u>18,159,234</u>	<u>5</u>
Transfers								
In lieu of taxes in (out)					503,091	(503,091)	-	-
Total general revenues and transfers					<u>18,362,306</u>	<u>(203,072)</u>	<u>18,159,234</u>	<u>5</u>
<b>Changes in net position</b>					<u><b>2,160,055</b></u>	<u><b>4,286,151</b></u>	<u><b>6,446,206</b></u>	<u><b>1,936</b></u>
Net position - beginning					31,304,669	45,409,797	76,714,466	2,681
<b>Net position - ending</b>					<u>\$ 33,464,724</u>	<u>\$ 49,695,948</u>	<u>\$ 83,160,672</u>	<u>\$ 4,617</u>

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

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

	<u>General</u>	<u>General Purpose School</u>	<u>Federal Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 2,630,535	\$ 2,595,038	\$ 5,528	\$ 1,841,292	\$ 7,072,393
Receivables					
Interest	492,947	-	-	-	492,947
Taxes (net of allowance)	4,859,140	-	-	-	4,859,140
Accounts (net of allowance)	160,402	-	-	-	160,402
Court fines (net of allowance)	4,516	-	-	-	4,516
Grants	283,724	378,832	638,908	-	1,301,464
Intergovernmental	607,328	505,689	-	170,343	1,283,360
Due from other funds	-	317,101	-	68,369	385,470
Stabilization reserve trust - restricted	-	238,751	-	-	238,751
Prepays	-	20,257	-	-	20,257
Inventories	-	-	-	28,127	28,127
<b>Total assets</b>	<b>9,038,592</b>	<b>4,055,668</b>	<b>644,436</b>	<b>2,108,131</b>	<b>15,846,827</b>
<b>Liabilities Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	142,319	518,558	364,570	461	1,025,908
Accrued expenses	72,992	401,263	-	-	474,255
Due to other funds	68,369	-	272,936	44,165	385,470
<b>Total liabilities</b>	<b>283,680</b>	<b>919,821</b>	<b>637,506</b>	<b>44,626</b>	<b>1,885,633</b>
<b>Deferred inflows of resources</b>					
Unearned revenue - ARPA grant	1,299,223	-	-	-	1,299,223
Unavailable revenue - property taxes	5,350,882	-	-	-	5,350,882
Unavailable revenue - court fines	4,516	-	-	-	4,516
<b>Total</b>	<b>6,654,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,654,621</b>
<b>Fund balances</b>					
Nonspendable					
Inventory	-	-	-	28,127	28,127
Restricted					
Education	-	2,706,596	-	-	2,706,596
Stabilization reserve trust	-	238,751	-	-	238,751
Scholarship - journalism	-	10,500	-	-	10,500
Internal School funds	-	-	-	168,721	168,721
Solid waste services	-	-	-	188,637	188,637
Food service - schools	-	-	-	1,382,954	1,382,954
Drug enforcement	-	-	-	70,489	70,489
State Street Aid expenditures	-	-	-	224,577	224,577
Federal Funds	-	-	6,930	-	6,930
Assigned					
Capital outlay	-	180,000	-	-	180,000
Unassigned	2,100,291	-	-	-	2,100,291
<b>Total fund balances</b>	<b>2,100,291</b>	<b>3,135,847</b>	<b>6,930</b>	<b>2,063,505</b>	<b>7,306,573</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,038,592</b>	<b>\$ 4,055,668</b>	<b>\$ 644,436</b>	<b>\$ 2,108,131</b>	<b>\$ 15,846,827</b>

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

**CITY OF HUMBOLDT, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2023

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

<b>Fund balance - total governmental funds (Page 14)</b>	<b>\$</b>	<b>7,306,573</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.		27,795,940
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds.		1,027,054
Net pension asset is not a financial resource in the current period and, therefore, is not reported in the funds.		1,496,736
Deferred outflows of resources - pensions and OPEB are not available to pay current expenditures and, therefore, are unavailable in the funds.		4,550,419
Deferred inflows of resources - pensions and OPEB are not due in the current period and, therefore, are unavailable in the funds.		(2,002,285)
Long-term liabilities, including notes, bonds, other long term liabilities, compensated absences, OPEB liability and landfill postclosure are not due in the current period and, therefore, are not reported in the funds.		<u>(6,709,713)</u>
<b>Net position - governmental activities (Page 12)</b>	<b>\$</b>	<b><u>33,464,724</u></b>

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

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

For the Fiscal Year Ended June 30, 2023

	<u>General</u>	<u>General Purpose School</u>	<u>Federal Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes	\$ 7,675,598	\$ 1,153,253	\$ -	\$ -	\$ 8,828,851
Licenses and permits	98,130	542	-	-	98,672
Intergovernmental	3,145,929	8,537,962	\$ 4,158,416	1,970,929	17,813,236
Charges for services	28,600	-	-	918,159	946,759
Fines	44,622	-	-	29,833	74,455
Other	405,954	288,008	-	6,140	700,102
Total revenues	<u>11,398,833</u>	<u>9,979,765</u>	<u>4,158,416</u>	<u>2,925,061</u>	<u>28,462,075</u>
<b>Expenditures</b>					
Current					
General government	3,233,152	-	-	-	3,233,152
Public safety	3,181,746	-	-	8,753	3,190,499
Public works	583,000	-	-	1,108,128	1,691,128
Health, culture, welfare and recreation	1,034,151	-	-	-	1,034,151
Industrial development	1,712,986	-	-	-	1,712,986
Education	-	11,658,476	4,151,486	1,675,852	17,485,814
Capital outlay	179,307	-	-	72,355	251,662
Total expenditures	<u>9,924,342</u>	<u>11,658,476</u>	<u>4,151,486</u>	<u>2,865,088</u>	<u>28,599,392</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,474,491</u>	<u>(1,678,711)</u>	<u>6,930</u>	<u>59,973</u>	<u>(137,317)</u>
<b>Other financing sources (uses)</b>					
City Appropriations	-	2,007,113	-	-	2,007,113
Transfers in - in lieu of taxes	503,091	-	-	-	503,091
Transfers out	<u>(2,007,113)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,007,113)</u>
Total other financing sources (uses)	<u>(1,504,022)</u>	<u>2,007,113</u>	<u>-</u>	<u>-</u>	<u>503,091</u>
<b>Net changes in fund balances</b>	<u>(29,531)</u>	<u>328,402</u>	<u>6,930</u>	<u>59,973</u>	<u>365,774</u>
Fund balances - beginning	2,129,822	2,807,445	-	1,999,888	6,937,155
Increase (decrease) in inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,644</u>	<u>3,644</u>
Fund balances - ending	<u>\$ 2,100,291</u>	<u>\$ 3,135,847</u>	<u>\$ 6,930</u>	<u>\$ 2,063,505</u>	<u>\$ 7,306,573</u>

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



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

<b>Revenues:</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Over</b>
				<b>(Under)</b>
<b>Taxes:</b>				
Property tax current	\$ 3,837,641	\$ 3,837,641	\$ 3,863,642	\$ 26,001
Property taxes delinquent	442,690	442,690	517,163	74,473
Property tax penalty and interest	99,040	99,040	167,734	68,694
Local sales tax- Gibson county	2,547,000	2,547,000	2,426,963	(120,037)
Local sales tax- Madison county	18,525	18,525	15,200	(3,325)
Local beer tax	262,200	262,200	269,772	7,572
Local liquor tax	152,200	152,200	174,727	22,527
Litigation tax	4,620	4,620	3,356	(1,264)
Business tax recording fees	800	800	445	(355)
Gross receipts tax	264,300	264,300	200,534	(63,766)
Cable TV franchise fee	61,000	61,000	36,062	(24,938)
	<u>7,690,016</u>	<u>7,690,016</u>	<u>7,675,598</u>	<u>(14,418)</u>
<b>Licenses and permits:</b>				
City stickers	61,000	61,000	54,227	(6,773)
Motorcycle licenses	1,000	1,000	825	(175)
Yard sale licenses	500	500	280	(220)
Liquor licenses	2,000	2,000	2,000	-
Beer licenses	4,600	4,600	5,750	1,150
Building permits	54,000	54,000	10,232	(43,768)
Electrical permits	23,500	23,500	13,295	(10,205)
Plumbing permits	4,500	4,500	2,060	(2,440)
Natural gas permits	1,750	1,750	1,361	(389)
Zoning	2,500	2,500	1,200	(1,300)
Heating and air permits	1,500	1,500	760	(740)
Sign permits	1,000	1,000	1,130	130
Solicitation permits	1,500	1,500	880	(620)
Transient permits	1,500	1,500	1,060	(440)
Other permits	5,000	5,000	3,070	(1,930)
	<u>165,850</u>	<u>165,850</u>	<u>98,130</u>	<u>(67,720)</u>

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

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

<b>Revenues:</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>(Under)</b>
<b>Intergovernmental:</b>				
In lieu of tax - Tyson	\$ 240,000	\$ 240,000	\$ 203,924	\$ (36,076)
In lieu of tax - Housing	34,000	34,000	-	(34,000)
State - sales tax	874,000	874,000	936,790	62,790
Telecom Interstate Tax	12,250	12,250	11,531	(719)
State - income tax	18,575	18,575	1,338	(17,237)
State - beer tax	3,700	3,700	3,595	(105)
State - mixed drink tax	13,100	13,100	11,537	(1,563)
State - street and transportation				
- petroleum special	14,400	14,400	14,425	25
State - TVA in lieu of tax	82,677	82,677	94,675	11,998
State - excise tax	47,000	47,000	39,663	(7,337)
County library revenue	10,000	10,000	10,000	-
E-rate	-	-	1,187	1,187
Enhancement grant	11,800	11,800	15,971	4,171
Gibson Co SIA Project Donation	-	-	326,100	326,100
STP project	496,400	496,400	287,970	(208,430)
LPRF grant revenue	372,195	372,195	-	(372,195)
ARPA grant revenue	600,000	600,000	1,119,288	519,288
Airport Cares Act grant	20,000	20,000	-	(20,000)
Airport grant	15,000	15,000	-	(15,000)
WM Community Grant	-	-	4,000	4,000
LSTA grant	5,400	5,400	5,455	55
City schools donation	31,500	31,500	31,540	40
Police training revenue	21,500	21,500	18,685	(2,815)
County fire revenue	1,000	1,000	805	(195)
Senior citizens revenue	8,900	8,900	7,450	(1,450)
	<u>2,933,397</u>	<u>2,933,397</u>	<u>3,145,929</u>	<u>212,532</u>
<b>Charges for services:</b>				
Cemetery open/closing fees	32,600	32,600	24,550	(8,050)
Stamp and copy fees	200	200	6	(194)
Stamp and copy fees - police	650	650	657	7
Dog pound revenues	200	200	30	(170)
Other library revenues	3,600	3,600	3,357	(243)
	<u>37,250</u>	<u>37,250</u>	<u>28,600</u>	<u>(8,650)</u>

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

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

<b>Revenues:</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>(Under)</b>
Fines and forfeitures:				
Fines - city court	\$ 40,000	\$ 40,000	\$ 28,423	\$ (11,577)
Drug fines	6,100	6,100	8,699	2,599
Drivers education fees	6,000	6,000	7,500	1,500
	<u>52,100</u>	<u>52,100</u>	<u>44,622</u>	<u>(7,478)</u>
Other:				
Sale of cemetery lots	32,000	32,000	21,600	(10,400)
Sale of assets	75,000	75,000	-	(75,000)
Miscellaneous	17,950	17,950	23,547	5,597
Miscellaneous - fire	14,400	14,400	10,600	(3,800)
Airport land lease	4,000	4,000	3,600	(400)
Sex offender register	3,000	3,000	3,300	300
Clerk/Masters rental	12,900	12,900	12,900	-
Bailey park rental	8,160	8,160	9,565	1,405
Spangler park rental	500	500	-	(500)
Senior citizens rental	1,400	1,400	2,000	600
Airport fuel revenue	250,000	250,000	207,362	(42,638)
Hanger rental	32,530	32,530	28,315	(4,215)
Insurance recoveries	10,000	10,000	27,849	17,849
Interest	12,942	12,942	10,889	(2,053)
Judges rental	4,800	4,800	5,200	400
Board of education reimbursements	35,000	35,000	39,227	4,227
	<u>514,582</u>	<u>514,582</u>	<u>405,954</u>	<u>(108,628)</u>
<b>Total revenues</b>	<b><u>\$ 11,393,195</u></b>	<b><u>\$ 11,393,195</u></b>	<b><u>\$ 11,398,833</u></b>	<b><u>\$ 5,638</u></b>

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

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

Expenditures:	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Current:				
General government:				
Legislative:				
Salary-Mayor	\$ 60,000	\$ 60,000	\$ 62,458	\$ 2,458
Salaries - Alderman	18,350	18,350	18,350	-
Salaries - City attorney	7,200	7,200	7,800	600
OASI	298,750	298,750	313,241	14,491
Health and hospital insurance	792,200	792,200	788,802	(3,398)
Retirement	242,350	242,350	283,393	41,043
Unemployment	4,000	4,000	2,116	(1,884)
Publicity, subscriptions and dues	3,300	3,300	1,761	(1,539)
City attorney fees	15,500	15,500	13,199	(2,301)
Donations	16,100	16,100	15,180	(920)
Travel	1,500	1,500	2,349	849
Auto allowance-Mayor	24,000	24,000	24,000	-
State planning assistance	10,000	10,000	10,000	-
South Gibson SIA Donation Expense	-	-	326,100	326,100
Other insurance	435,300	435,300	654,541	219,241
	1,928,550	1,928,550	2,523,290	594,740
Judicial:				
Salary	7,200	7,200	7,200	-
Mayor's office:				
Salaries	235,706	235,706	256,457	20,751
Salaries - overtime	6,000	6,000	10,048	4,048
Subscriptions and dues	1,000	1,000	754	(246)
Utilities/telephone	18,500	18,500	18,436	(64)
Maintenance - Computer system	25,000	25,000	32,729	7,729
Maintenance - other	3,000	3,000	2,763	(237)
Travel	3,000	3,000	1,495	(1,505)
Training	1,500	1,500	575	(925)
Supplies	10,600	10,600	15,604	5,004
Miscellaneous	4,000	4,000	4,744	744
Cash over/short	-	-	(36)	(36)
	308,306	308,306	343,569	35,263

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

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

<b>Expenditures:</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Current:				
General government:				
Financial administration:				
Salaries	\$ 35,350	\$ 35,350	\$ 30,217	\$ (5,133)
Fines and costs	1,300	1,300	684	(616)
Strawberry festival	5,500	5,500	7,821	2,321
Printing/advertising	8,000	8,000	8,163	163
Auditing fees	32,585	32,585	42,935	10,350
Tax assessor	3,500	3,500	3,520	20
Maintenance	16,968	16,968	14,297	(2,671)
Commissions	1,500	1,500	(19)	(1,519)
Ambulance service	2,000	2,000	1,771	(229)
Supplies	6,800	6,800	6,258	(542)
Christmas decorations	2,500	2,500	2,555	55
Litigation tax	4,300	4,300	2,673	(1,627)
Fuel	750	750	716	(34)
	121,053	121,053	121,591	538
Senior citizens:				
Salary	169,437	169,437	151,657	(17,780)
Utilities	25,800	25,800	19,159	(6,641)
Internet	800	800	779	(21)
Vehicle repair and maintenance	2,200	2,200	1,064	(1,136)
Maintenance	8,800	8,800	15,725	6,925
Travel	1,500	1,500	-	(1,500)
Miscellaneous	2,000	2,000	2,006	6
Supplies	4,000	4,000	1,371	(2,629)
Fuel	5,000	5,000	4,337	(663)
Home - delivered meals	4,500	4,500	4,000	(500)

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

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

<b>Expenditures:</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>(Under)</b>
Current:				
General government:				
Senior citizens:				
Home promotions	\$ 1,600	\$ 1,600	\$ 800	\$ (800)
Rental	700	700	1,000	300
Administrative fees	1,500	1,500	-	(1,500)
	<u>227,837</u>	<u>227,837</u>	<u>201,898</u>	<u>(25,939)</u>
Inter-governmental:				
Tax equivalent to county	35,000	35,000	35,604	604
Total general government	<u>2,627,946</u>	<u>2,627,946</u>	<u>3,233,152</u>	<u>605,206</u>
Public safety:				
Police:				
Salary	1,599,891	1,599,891	1,499,413	(100,478)
Overtime	50,000	50,000	270,178	220,178
Detectives	2,000	2,000	1,708	(292)
Radio communication	39,057	39,057	2,903	(36,154)
Utilities/telephone	92,500	92,500	107,118	14,618
Employee physicals	2,000	2,000	4,439	2,439
Maintenance - auto/equipment	35,000	35,000	43,835	8,835
Maintenance - building	34,665	34,665	21,471	(13,194)
Travel	8,778	8,778	9,718	940
Training	28,280	28,280	6,816	(21,464)
Prisoners	1,500	1,500	612	(888)
Miscellaneous	10,500	10,500	1,357	(9,143)
Supplies	41,000	41,000	25,929	(15,071)
Computers	12,749	12,749	22,443	9,694
Uniforms	24,000	24,000	21,729	(2,271)
Fuel	70,725	70,725	64,554	(6,171)
Tire replacement	7,500	7,500	7,900	400
Wrecker - seized vehicles	1,000	1,000	1,125	125
Rent/lease	8,000	8,000	3,083	(4,917)
Capital outlay	100,011	100,011	125,737	25,726
	<u>2,169,156</u>	<u>2,169,156</u>	<u>2,242,068</u>	<u>72,912</u>

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

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

<b>Expenditures:</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>(Under)</b>
Current:				
Public safety:				
Fire protection and control:				
Salary	656,850	656,850	609,645	(47,205)
Salary overtime	45,000	45,000	163,783	118,783
Radio communication	6,500	6,500	2,454	(4,046)
Subscriptions and dues	3,500	3,500	325	(3,175)
Utilities/telephone	50,600	50,600	56,190	5,590
Employee physicals	10,000	10,000	3,571	(6,429)
Maintenance - auto/equipment	35,000	35,000	21,629	(13,371)
Maintenance - building	20,000	20,000	19,813	(187)
Training	35,000	35,000	15,455	(19,545)
Fire hoses	3,000	3,000	-	(3,000)
Chemicals	2,000	2,000	2,150	150
Miscellaneous fire equipment	8,000	8,000	3,191	(4,809)
Extinguisher refill	1,200	1,200	47	(1,153)
Oil absorbant	500	500	-	(500)
Breathing air system	3,000	3,000	962	(2,038)
Supplies	5,000	5,000	5,473	473
Uniforms	8,000	8,000	7,915	(85)
Fuel	10,000	10,000	11,215	1,215
Tire repair/replacement	6,000	6,000	3,918	(2,082)
Furniture	4,000	4,000	1,698	(2,302)
911 service	10,500	10,500	10,475	(25)
Capital outlay	126,300	126,300	96,303	(29,997)
	<u>1,049,950</u>	<u>1,049,950</u>	<u>1,036,212</u>	<u>(13,738)</u>
Building inspection:				
Salary	53,470	53,470	55,742	2,272
Inspection	20,500	20,500	13,900	(6,600)
Subscriptions and dues	400	400	-	(400)
Utilities/telephone	3,000	3,000	2,954	(46)
Maintenance	10,000	10,000	1,707	(8,293)
Travel	3,000	3,000	-	(3,000)
Training	7,500	7,500	1,590	(5,910)
Miscellaneous	3,000	3,000	2,545	(455)
Supplies	4,500	4,500	2,542	(1,958)
Fuel	2,000	2,000	1,793	(207)
	<u>107,370</u>	<u>107,370</u>	<u>82,773</u>	<u>(24,597)</u>
Total public safety	<u>3,326,476</u>	<u>3,326,476</u>	<u>3,361,053</u>	<u>34,577</u>

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

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

Expenditures:	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over
				(Under)
Current:				
Public works:				
City streets:				
Salary	402,500	402,500	426,375	23,875
Overtime	15,000	15,000	13,762	(1,238)
Equipment repair	33,000	33,000	28,029	(4,971)
Sidewalk repairs	5,000	5,000	-	(5,000)
Miscellaneous	5,000	5,000	2,288	(2,712)
Demolitions	25,000	25,000	-	(25,000)
Supplies	4,000	4,000	5,110	1,110
Gas and oil	55,000	55,000	64,267	9,267
Chemicals	750	750	900	150
Uniforms	10,300	10,300	13,248	2,948
Capital expenditures	112,805	112,805	29,021	(83,784)
Total public works	669,055	669,055	583,000	(86,055)
Health, culture, recreation, and welfare:				
Rabies control:				
Salaries	27,850	27,850	13,594	(14,256)
Overtime	4,000	4,000	1,089	(2,911)
Maintenance	3,500	3,500	1,018	(2,482)
Supplies	3,000	3,000	11,758	8,758
	38,350	38,350	27,459	(10,891)
Airport:				
Administration fees	16,800	16,800	17,376	576
Utilities/telephone	19,000	19,000	24,117	5,117
Maintenance	35,750	35,750	12,606	(23,144)
Supplies	500	500	582	82
Fuel	160,000	160,000	196,155	36,155
	232,050	232,050	250,836	18,786

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

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

<b>Expenditures:</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Over</b>
				<b>(Under)</b>
Current:				
Health, culture, recreation, and welfare:				
Cemeteries:				
Salaries	79,440	79,440	98,562	19,122
Overtime	500	500	1,057	557
Utilities/telephone	1,400	1,400	1,324	(76)
Maintenance	3,000	3,000	1,248	(1,752)
Supplies	2,700	2,700	3,151	451
	87,040	87,040	105,342	18,302
City maintenance shop:				
Salaries	21,425	21,425	22,831	1,406
Overtime	100	100	135	35
Utilities/telephone	27,750	27,750	36,056	8,306
Maintenance	5,000	5,000	2,068	(2,932)
Miscellaneous	200	200	18	(182)
Supplies	7,500	7,500	9,959	2,459
Waste disposal	2,500	2,500	2,324	(176)
	64,475	64,475	73,391	8,916
Parks:				
Salary	207,870	207,870	175,029	(32,841)
Overtime	1,500	1,500	347	(1,153)
Telephone	750	750	745	(5)
Utilities - sports complex	13,000	13,000	9,457	(3,543)
Maintenance - downtown	10,000	10,000	1,396	(8,604)
Maintenance - equipment	6,000	6,000	6,886	886
Maintenance - sports complex	13,700	13,700	7,516	(6,184)
Travel and training	600	600	-	(600)
Miscellaneous - sports complex	5,600	5,600	2,561	(3,039)
Supplies	4,900	4,900	4,835	(65)
Fuel	14,000	14,000	13,969	(31)
Dixie youth	430	430	291	(139)
Campbell park	500	500	40	(460)
City league basketball	2,000	2,000	1,368	(632)
Bailey park	10,500	10,500	17,797	7,297
Spangler park	4,600	4,600	4,712	112
6th Street park	51,000	51,000	38,842	(12,158)

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

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

<b>Expenditures:</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Current:				
Health, culture, recreation, and welfare:				
Parks:				
Stigall gym	\$ 9,300	\$ 9,300	\$ 7,515	\$ (1,785)
Viking park	2,000	2,000	1,223	(777)
Downtown mini-park	1,000	1,000	508	(492)
Mary Carter park	1,000	1,000	389	(611)
Dues and subscriptions	400	400	170	(230)
Programs and activities	1,000	1,000	-	(1,000)
TRPA community garden grant funds	300	300	255	(45)
Capital outlay	-	-	11,084	11,084
	361,950	361,950	306,935	(55,015)
Libraries:				
Salary	149,960	149,960	143,517	(6,443)
Overtime	200	200	-	(200)
Periodicals	750	750	365	(385)
Book purchases	20,000	20,000	19,399	(601)
Audio/visual aids	5,750	5,750	5,342	(408)
Printing/binding	1,500	1,500	677	(823)
Subscriptions and dues	700	700	728	28
Utilities/telephone	11,725	11,725	9,945	(1,780)
Maintenance	6,545	6,545	4,836	(1,709)
Travel	1,600	1,600	952	(648)
Training	200	200	-	(200)
Supplies	5,500	5,500	5,291	(209)
County portion	10,000	10,000	7,619	(2,381)
E-Rate expenses	3,000	3,000	1,274	(1,726)
Grant match	10,550	10,550	11,143	593
Furniture	500	500	547	47
Technology	7,500	7,500	7,401	(99)
Miscellaneous	5,000	5,000	980	(4,020)
Capital expenditures	10,000	10,000	7,073	(2,927)
	250,980	250,980	227,089	(23,891)

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

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

<b>Expenditures:</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Current:				
Health, culture, recreation, and welfare:				
Strawberry and arts museum:				
Utilities/telephone	\$ 12,800	\$ 12,800	\$ 17,264	\$ 4,464
Miscellaneous	9,950	9,950	9,949	(1)
Maintenance	20,000	20,000	15,886	(4,114)
	42,750	42,750	43,099	349
Total health, culture, recreation, and welfare	1,077,595	1,077,595	1,034,151	(43,444)
Industrial development				
Professional service	37,000	37,000	37,000	-
Humboldt adult education center	20,000	20,000	42,906	22,906
Board of education	28,000	28,000	42,300	14,300
Miscellaneous	71,000	71,000	62,277	(8,723)
American Rescue Plan Act	600,000	600,000	1,119,288	519,288
TIP - Bongards Refund expense	160,000	160,000	123,727	(36,273)
LPRF grant	744,385	744,385	-	(744,385)
STP project	496,400	496,400	285,488	(210,912)
	2,156,785	2,156,785	1,712,986	(443,799)
Total industrial development	2,156,785	2,156,785	1,712,986	(443,799)
<b>Total expenditures</b>	<b>9,857,857</b>	<b>9,857,857</b>	<b>9,924,342</b>	<b>66,485</b>
Excess (deficiency) of revenues over (under) expenditures	1,535,338	1,535,338	1,474,491	(60,847)

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Other financing sources (uses):</b>				
In lieu of tax payments	471,775	471,775	503,091	31,316
Operating transfers out	<u>(2,007,113)</u>	<u>(2,007,113)</u>	<u>(2,007,113)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,535,338)</u>	<u>(1,535,338)</u>	<u>(1,504,022)</u>	<u>31,316</u>
<b>Net changes in fund balances</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>(29,531)</u></b>	<b><u>\$ (29,531)</u></b>
Fund balance - beginning			<u>2,129,822</u>	
Fund balance - ending			<u>\$ 2,100,291</u>	

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes				
Sales tax	\$ 900,150	\$ 900,150	\$ 1,153,253	\$ 253,103
Licenses and permits	300	300	542	242
Intergovernmental				
State education funds	7,416,716	8,338,516	8,180,254	(158,262)
Grant revenue	-	413,837	357,708	(56,129)
Other revenues	<u>6,000</u>	<u>81,275</u>	<u>288,008</u>	<u>206,733</u>
Total revenues	<u>8,323,166</u>	<u>9,734,078</u>	<u>9,979,765</u>	<u>245,687</u>
<b>Expenditures:</b>				
Current:				
Instruction	6,518,265	6,604,227	6,184,382	(419,845)
Support services	3,787,922	4,633,709	4,454,706	(179,003)
Non-instructional services	<u>333,061</u>	<u>1,155,739</u>	<u>1,019,388</u>	<u>(136,351)</u>
Total expenditures	<u>10,639,248</u>	<u>12,393,675</u>	<u>11,658,476</u>	<u>(735,199)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,316,082)</u>	<u>(2,659,597)</u>	<u>(1,678,711)</u>	<u>980,886</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	<u>2,007,113</u>	<u>2,007,113</u>	<u>2,007,113</u>	<u>-</u>
Total other financing sources (uses)	<u>2,007,113</u>	<u>2,007,113</u>	<u>2,007,113</u>	<u>-</u>
<b>Net changes in fund balances</b>	<b><u>\$ (308,969)</u></b>	<b><u>\$ (652,484)</u></b>	<b><u>328,402</u></b>	<b><u>\$ 980,886</u></b>
Fund balance - beginning			2,807,445	
Fund balance - ending			<u>\$ 3,135,847</u>	

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

**CITY OF HUMBOLDT, TENNESSEE**  
**FEDERAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2023

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		<b>(Under)</b>
<b>Revenues</b>				
Intergovernmental Grant revenue	<u>\$ 5,461,635</u>	<u>\$ 6,426,902</u>	<u>\$ 4,158,416</u>	<u>\$ (2,268,486)</u>
<b>Expenditures</b>				
Current				
Education				
Instruction	1,806,095	2,039,520	975,321	(1,064,199)
Support services	<u>3,655,540</u>	<u>4,387,382</u>	<u>3,176,165</u>	<u>(1,211,217)</u>
Total expenditures	<u>5,461,635</u>	<u>6,426,902</u>	<u>4,151,486</u>	<u>(2,275,416)</u>
<b>Net changes in fund balance</b>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<b>6,930</b>	<u><b>\$ 6,930</b></u>
Fund balance - beginning			-	
Fund balance - ending			<u>\$ 6,930</u>	

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

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

June 30, 2023

<b>Assets</b>	<b>Electric Fund</b>	<b>Water &amp; Sewer Fund</b>	<b>Gas Fund</b>	<b>Totals</b>
<b>Current assets</b>				
Cash on hand	\$ 1,300	\$ -	\$ -	\$ 1,300
Cash and cash equivalents - general	1,956,186	6,121,868	3,303,009	11,381,063
Investments	-	1,000,000	-	1,000,000
Accounts receivable - trade (net of allowance for uncollectibles)	1,794,409	-	-	1,794,409
Accounts receivable - CSA stockholder	81,032	-	-	81,032
Accounts receivable - other	36,915	466	988	38,369
Materials and supplies	310,656	119,754	52,314	482,724
Prepayments and other current assets	131,836	40,395	40,395	212,626
Total current assets	<u>4,312,334</u>	<u>7,282,483</u>	<u>3,396,706</u>	<u>14,991,523</u>
<b>Noncurrent assets</b>				
Restricted cash, cash equivalents, and investments:				
Restricted cash equivalents	1,453,575	91	-	1,453,666
Other assets				
Investment in associated companies	-	-	1,010,939	1,010,939
Other charges	147,994	-	4,044	152,038
Advance to customers - TVA Home Insulation Program	53,429	-	-	53,429
Total other assets	<u>1,654,998</u>	<u>91</u>	<u>1,014,983</u>	<u>2,670,072</u>
Capital assets, not being depreciated				
Land	255,221	88,106	33,896	377,223
Construction in progress	410,360	221,213	157,400	788,973
Capital assets, net of accumulated depreciation				
Transmission and treatment plant	1,130,226	4,785,820	-	5,916,046
Distribution plant	8,631,583	40,851,458	1,390,161	50,873,202
General plant	971,255	469,913	782,757	2,223,925
Total capital assets	<u>11,398,645</u>	<u>46,416,510</u>	<u>2,364,214</u>	<u>60,179,369</u>
Total noncurrent assets	<u>13,053,643</u>	<u>46,416,601</u>	<u>3,379,197</u>	<u>62,849,441</u>
<b>Total assets</b>	<b><u>\$ 17,365,977</u></b>	<b><u>\$ 53,699,084</u></b>	<b><u>\$ 6,775,903</u></b>	<b><u>\$ 77,840,964</u></b>
<b>Deferred outflows of resources</b>				
Related to OPEB	46,321	15,996	12,508	74,825
Related to pensions	565,325	194,022	151,643	910,990
Total deferred outflows of resources	<u>\$ 611,646</u>	<u>\$ 210,018</u>	<u>\$ 164,151</u>	<u>\$ 985,815</u>

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

**CITY OF HUMBOLDT, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS (Continued)**  
June 30, 2023

<b>Liabilities</b>	<b>Electric Fund</b>	<b>Water &amp; Sewer Fund</b>	<b>Gas Fund</b>	<b>Totals</b>
<b>Current liabilities</b>				
Accounts payable	\$ 2,965,752	\$ 1,276,147	\$ 120,860	\$ 4,362,759
Tennergy payable - contributed capital	-	-	150	150
Other accrued expense	20,393	-	-	20,393
Customers' deposits	657,397	-	-	657,397
Current maturities of compensated absences	20,504	5,222	4,071	29,797
Current maturities of long-term debt	176,127	1,139,041	-	1,315,168
Total current liabilities	<u>3,840,173</u>	<u>2,420,410</u>	<u>125,081</u>	<u>6,385,664</u>
<b>Noncurrent liabilities</b>				
Notes payable (less current maturities)	1,672,606	19,471,172	-	21,143,778
Net pension liability	243,889	84,222	65,855	393,966
Other post employment benefits	280,692	96,931	75,793	453,416
Compensated absence (less current maturities)	184,532	47,000	36,636	268,168
Other deferred credits	119,372	-	-	119,372
Advances from Tennessee Valley Authority - Home Insulation Program	52,570	-	-	52,570
Total noncurrent liabilities	<u>2,553,661</u>	<u>19,699,325</u>	<u>178,284</u>	<u>22,431,270</u>
Total liabilities	<u>6,393,834</u>	<u>22,119,735</u>	<u>303,365</u>	<u>28,816,934</u>
<b>Deferred inflows of resources</b>				
Related to OPEB	153,184	52,899	41,363	247,446
Related to pensions	41,137	14,206	11,108	66,451
Total deferred inflows of resources	<u>194,321</u>	<u>67,105</u>	<u>52,471</u>	<u>313,897</u>
<b>Net position</b>				
Net investment in capital assets	9,549,912	25,806,297	2,364,214	37,720,423
Unrestricted	1,839,556	5,915,965	4,220,004	11,975,525
Total net position	<u>\$ 11,389,468</u>	<u>\$ 31,722,262</u>	<u>\$ 6,584,218</u>	<u>\$ 49,695,948</u>

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

**CITY OF HUMBOLDT, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Water &amp; Sewer Fund</u>	<u>Gas Fund</u>	<u>Totals</u>
<b>Operating revenues</b>				
Charges for sales and service (net of uncollectible of \$515)	\$ 18,550,101	\$ 7,759,243	\$ 4,924,988	\$ 31,234,332
Other operating revenue	<u>723,228</u>	<u>40,069</u>	<u>19,877</u>	<u>783,174</u>
Total operating revenues	<u>19,273,329</u>	<u>7,799,312</u>	<u>4,944,865</u>	<u>32,017,506</u>
<b>Operating expenses</b>				
Cost of sales and services	15,412,772	-	3,141,810	18,554,582
Operating and maintenance	2,713,056	3,626,915	733,243	7,073,214
Provision for depreciation	<u>233,262</u>	<u>1,298,791</u>	<u>236,748</u>	<u>1,768,801</u>
Total operating expenses	<u>18,359,090</u>	<u>4,925,706</u>	<u>4,111,801</u>	<u>27,396,597</u>
Operating income (loss)	<u>914,239</u>	<u>2,873,606</u>	<u>833,064</u>	<u>4,620,909</u>
<b>Nonoperating revenues (expenses)</b>				
Interest and other income	35,728	63,537	126,957	226,222
Net increase (decrease) in the fair value of investments	-	-	67,509	67,509
Gain (loss) on sale of capital assets	5,647	-	641	6,288
Interest and other expense	<u>(78,700)</u>	<u>(222,133)</u>	<u>-</u>	<u>(300,833)</u>
Total nonoperating revenues (expenses)	<u>(37,325)</u>	<u>(158,596)</u>	<u>195,107</u>	<u>(814)</u>
Income (loss) before transfers and contributions	<u>876,914</u>	<u>2,715,010</u>	<u>1,028,171</u>	<u>4,620,095</u>
<b>Transfers and capital contributions</b>				
Transfers out - in lieu of taxes	(349,555)	(49,447)	(104,089)	(503,091)
Capital contributions	<u>-</u>	<u>161,327</u>	<u>7,820</u>	<u>169,147</u>
Total transfers and capital contributions	<u>(349,555)</u>	<u>111,880</u>	<u>(96,269)</u>	<u>(333,944)</u>
<b>Change in net position</b>	<b>527,359</b>	<b>2,826,890</b>	<b>931,902</b>	<b>4,286,151</b>
Total net position - beginning	<u>10,268,450</u>	<u>22,843,356</u>	<u>6,577,668</u>	<u>45,409,797</u>
Total net position - ending	<u>\$ 11,389,468</u>	<u>\$ 31,722,262</u>	<u>\$ 6,584,218</u>	<u>\$ 49,695,948</u>

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

**CITY OF HUMBOLDT, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Water &amp; Sewer Fund</u>	<u>Gas Fund</u>	<u>Totals</u>
<b>Cash flows from operating activities:</b>				
Cash received from consumers	\$ 19,717,720	\$ 8,210,074	\$ 4,944,803	\$ 32,872,597
Cash paid to suppliers of goods and services	(16,608,457)	(3,967,212)	(4,026,169)	(24,601,838)
Cash paid to employees for services	(887,488)	(750,934)	(590,068)	(2,228,490)
Customer deposits received	76,278	-	-	76,278
Net cash provided (used) by operating activities	<u>2,298,053</u>	<u>3,491,928</u>	<u>328,566</u>	<u>6,118,547</u>
<b>Cash flows from non-capital financing activities:</b>				
Payments in lieu of tax	(349,555)	(49,447)	(104,089)	(503,091)
Increase (decrease) in advances from TVA	(27,942)	-	-	(27,942)
Net cash provided (used) by non-capital financing activities	<u>(377,497)</u>	<u>(49,447)</u>	<u>(104,089)</u>	<u>(531,033)</u>
<b>Cash flows from capital and related financing activities:</b>				
Capital contributed by customers and grants	-	161,327	7,820	169,147
Principal paid on debt	(216,567)	(1,182,485)	-	(1,399,052)
Proceeds from issuance of debt	-	22,500	-	22,500
Interest paid on bonds, notes and leases	(78,700)	(222,133)	-	(300,833)
Construction and acquisition of plant	(164,439)	(507,824)	(45,418)	(717,681)
Cash received in advance for future income	(28,622)	-	-	(28,622)
Plant removal cost	(5,851)	-	-	(5,851)
Materials salvaged from retirements	1,621	-	-	1,621
Net cash provided (used) by capital and related financing activities	<u>(492,558)</u>	<u>(1,728,615)</u>	<u>(37,598)</u>	<u>(2,258,771)</u>
<b>Cash flows from investing activities:</b>				
Purchase of investment	-	(1,000,000)	-	(1,000,000)
Interest and unrealized change in investments	35,728	63,537	126,957	226,222
Conservation loans made	27,083	-	-	27,083
Net cash provided (used) by investing activities	<u>62,811</u>	<u>(936,463)</u>	<u>126,957</u>	<u>(746,695)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,490,809</b>	<b>777,403</b>	<b>313,836</b>	<b>2,582,048</b>
Cash and cash equivalents - beginning of year	<u>1,920,252</u>	<u>5,344,556</u>	<u>2,989,173</u>	<u>10,253,981</u>
Cash and cash equivalents - end of year	<u>\$ 3,411,061</u>	<u>\$ 6,121,959</u>	<u>\$ 3,303,009</u>	<u>\$ 12,836,029</u>
<b>Cash and cash equivalents</b>				
Unrestricted cash on hand	\$ 1,300	\$ -	\$ -	\$ 1,300
Restricted cash equivalents	1,453,575	91	-	1,453,666
Unrestricted cash and cash equivalents on deposit	1,956,186	6,121,868	3,303,009	11,381,063
<b>Total cash and cash equivalents</b>	<b>\$ 3,411,061</b>	<b>\$ 6,121,959</b>	<b>\$ 3,303,009</b>	<b>\$ 12,836,029</b>

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

**CITY OF HUMBOLDT, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Continued)**  
For the Fiscal Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Water &amp; Sewer Fund</u>	<u>Gas Fund</u>	<u>Totals</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 914,239	\$ 2,873,606	\$ 833,064	\$ 4,620,909
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	233,262	1,298,791	236,748	1,768,801
Bad debts	(4,474)	-	-	(4,474)
Pension and OPEB related	22,333	7,582	8,019	37,934
Changes in assets and liabilities:				
Accounts receivable	448,865	410,762	(62)	859,565
Materials and supplies	324	(8,417)	(2,910)	(11,003)
Prepayments and other current assets	15,334	26,910	8,910	51,154
Accounts payable and accrued expenses	591,892	(1,117,306)	(755,203)	(1,280,617)
Customer deposits	76,278	-	-	76,278
Net cash provided (used) by operating activities	<u>\$ 2,298,053</u>	<u>\$ 3,491,928</u>	<u>\$ 328,566</u>	<u>\$ 6,118,547</u>

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

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Humboldt, Tennessee (City), operates under a Mayor-Alderman form of government and provides the following services as authorized by its charter: public safety (police, fire and inspection), street maintenance, cemetery maintenance, sanitation collection and disposal, recreation, library, water and sewer, electricity, gas, education, and general administrative services. As required by generally accepted accounting principles, these financial statements present all funds, which comprise the City.

**Discretely presented component units.** The Humboldt Senior Citizens Center (Center) is responsible for providing services to enhance the quality of life for the community's senior citizens. The Center's operations that are presented discretely account for the program service activities related to its mission. However, the City is financially accountable for the Center because the City is responsible for appointing a number of board member representations, provides funding to cover salaries and other operating expenses as well as the facilities used by the Center. Financials for the component unit can be obtained by contacting the City Treasurer for the City of Humboldt, Tennessee.

**B. Government-wide and Fund Financial Statements**

The City's financial statements have been prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies.

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

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

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.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The general purpose school fund is the government's primary operating fund in the school system. It accounts for the state education funds, sales tax receipts, and other miscellaneous system revenues as well as the operating expenses for the schools that are used in the education of the community's children.

The federal projects fund is used to account for federal grant income and expenditures in the school system.

The City reports the following major proprietary funds:

The electric fund accounts for the activities of the government's electric distribution operations.

The water and sewer fund accounts for the activities associated with the water distribution system, the sewage treatment plant, sewage pumping stations and collection system.

The gas fund accounts for the activities of the government's gas distribution operations.

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's utility funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

**D. Impact of Recently Issued Pronouncements**

In May of 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96 related to Subscription-Based Information Technology Arrangements. This Statement improves accounting and financial reporting by state and local governments for SBITAs and is effective for fiscal years beginning after June 15, 2022. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain SBITA assets and liabilities for SBITA that previously were classified as operating leases and recognized as inflows of resources and outflows of resources based on the payment provisions of the contract. It establishes a single model for SBITA accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This implementation resulted in no impact on the current year financial statements.

**E. Assets, Liabilities, and Net Position or Equity**

**Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in certificates of deposit, obligations of the U.S. Treasury agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements, and the state's investment pool.

Investments for the City are reported at fair value. The State Local Government Investment Pool is operated in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables**

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

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

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

The allowances for uncollectible customer accounts recorded in the proprietary funds are based on past history of uncollectible accounts and management's analysis of current accounts.

Property taxes are levied annually and mailed on October 1. The taxes are due and payable from October through February of the next year. An unperfected lien attaches by statute to property on January 1 for unpaid taxes from the prior year's levy. Taxes uncollected by March 1, the year after due and considered delinquent and may be submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment.

**Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method for both the City and Utility. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. For the Cafeteria fund of the school system, inventory consists of food supplies which uses the purchases method and expenses inventory when purchased throughout the year. The Internal School fund maintains an inventory consisting of supplies. At year-end, the actual costs of the items in inventory is used to capitalize the inventory, with a corresponding entry to nonspendable fund balance in the Cafeteria fund.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

**Restricted Assets**

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

Restricted assets also consist of amounts held in a pensions stabilization trust by Tennessee Consolidated Retirement System (TCRS) for the benefit of The Humboldt City School's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCR pursuant to an irrevocable agreement and may only be used for the benefit of The Humboldt City Schools to fund retirement benefits upon approval of the TCRS Board of Directors. To date, The Humboldt City Schools has not withdrawn any funds from the trust to pay pensions costs. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

**Capital Assets**

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 for equipment and \$100,000 for land improvements, infrastructure, and buildings and an estimated useful life in excess of three years. All land, construction in progress, and works of art will be included. The electric, water and sewer, and gas funds use a threshold of \$2,500 and an estimated useful life in excess of five years. The School System uses a threshold of \$10,000 and an estimated useful life greater than 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement will be reported at acquisition value rather than fair value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Utility plant	5 - 50 years
Buildings and improvements	20 - 50 years
Machinery and equipment	5 - 20 years
Library books	5 years
Infrastructure	25 years

**Compensated Absences**

All funds, other than the Enterprise Funds, record as expenditures the vacation accrued during the year that would normally be liquidated with expendable available financial resources. The Governmental Funds' employees do not accumulate vacation days. Annual vacation must be taken annually or forfeited. Employees with greater than one year service are reimbursed for current accrued vacation up to a maximum of 20 days in the event of termination. All City employees' sick leave accumulation is limited to 240 days. However, accumulated leave is not accrued as the employees have no vested rights to the leave on termination.

The School System provides that all support personnel and certified employees earn one day of sick leave for each 20 days of employment. Any employee who "retires" within a minimum of five years of service will be paid for the accumulation of sick days based on the following chart.

1-100 days	\$5.00 per day
101-200 days	\$7.50 per day
201 days - up	\$10.00 per day

The School System allowed vacation to be accrued with an unlimited number of days until March 31, 2003. After March 31, 2003, the school system allows employees to accumulate a maximum of 30 days. Any employees with more than 30 days prior to March 31, 2003 were allowed to keep their accumulated days. All compensated absences are paid at the time of retirement.

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

The Utility Department grants annual leave and sick leave based on longevity of service. Up to 180 days of sick leave may be accumulated. However, annual leave does not accumulate beyond one year.

**On-Behalf Payments for Fringe Benefits**

The City receives on-behalf payments from the State of Tennessee to be used for Teacher Group Plan and Medicare Supplement Plan contributions. Such payments are recorded as revenues and expenditures in the government-wide and general fund financial statements.

**Long-term Obligations**

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the governmental activities bond issuance costs are expensed in the year 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.

**Pensions**

For purposes measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension income/expense, information about the fiduciary net position of the City's participation in the multi-employer defined benefit pension plans, and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the pension plan. Investments are reported at fair value.

**Other Post-Employment Benefits**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's participation in the multi-employer defined benefit OPEB plans (and the Utility's single-employer plan), and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the OPEB plan.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The items that qualify for reporting as deferred outflows of resources are disclosed on pages 11 and 31.

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The items that qualify for reporting as deferred inflows of resources are disclosed on pages 12, 14 and 32.

The City reports unearned ARPA grant revenue and unavailable property taxes and court fines as deferred inflows of resources in the governmental fund balance sheet. In the statement of net position, unearned ARPA grant revenue, unavailable property taxes related to the subsequent tax year, pension changes, and OPEB changes are reported.

**Net Position Flow Assumption**

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

**Fund Equity**

As prescribed by GASB Statement No.54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

***Nonspendable fund balance***

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

***Restricted fund balance***

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

***Committed fund balance***

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

***Assigned fund balance***

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

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

***Unassigned fund balance***

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

**Fund balance flow assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the 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.

**Net Position**

Restricted net position is net position less related liabilities reported in the government-wide statement of net position that have limitation imposed on their use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, contributors, legislation, or the other governments.

Net Investment of Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.

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

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this (\$6,709,713) difference are as follows:

Net pension liability	\$ (805,722)
Bond payable	(2,597,000)
Compensated absences payable	(230,915)
OPEB liability	(3,016,565)
Accrued postclosure care costs	<u>(59,511)</u>
<b>Net adjustment to reduce net changes in fund balance - total</b>	
<b>governmental funds to arrive at net position - governmental activities</b>	<b><u><u>\$ (6,709,713)</u></u></b>

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

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

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation states that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$79,949 difference are as follows:

Change in deferred property taxes	\$ (76,047)
Change in deferred court fines	<u>(3,902)</u>
<b>Net adjustment to reduce net changes in fund balance - total governmental funds to arrive at net position - governmental activities</b>	<b><u>\$ (79,949)</u></b>

**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

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

As an extension of the formal budgetary process, the Board of Aldermen may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. The City's policy is to not allow expenditures to exceed budgetary amounts at the total fund expenditure level without obtaining additional appropriation approval from the Board. Specific to the School System, their policy is not to allow expenditures to exceed budgetary amounts at the total function level without obtaining additional approval from the Board of Education.

The City's general fund expenditures was overbudget by \$66,485 in the current fiscal year.

**NOTE 4 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of June 30, 2023, Humboldt Utility had the following unrated stock investments with no maturity:

	Cost	Fair Value
The Tennergy Corporation	\$ 42,000	\$ 1,010,939
	<b><u>\$ 42,000</u></b>	<b><u>\$ 1,010,939</u></b>

**Credit Risk**

The investments in the above companies are authorized under TCA 7-39-101 et seq. The act authorizes a public corporation to own, finance and operate gas and electrical facilities for the

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

purchase, drilling, extraction, production, storage, transportation, distribution and transmission of natural gas or electrical energy, both inside and outside the State of Tennessee. The act also allows for the contracting of the purchase of supplies of electric power and natural gas. Tennergy Corporation was formed to acquire, sell, distribute, and otherwise deal in gas and electrical power and energy.

**Custodial Credit Risk**

The City's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, by the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2023, all bank deposits were fully collateralized or insured.

**Investment in Related Company**

As of June 30, 2023, Humboldt Utilities has included in investments an equity interest in the Tennergy Corporation. The Tennergy Corporation began operations on April 1, 1998 as a joint venture among the Board of Utility Commissioners of the City of Jackson, Tennessee, the Board of Public Utilities of Humboldt, Tennessee, and the City of Brownsville, Tennessee Utilities Board. The Tennergy Corporation is an energy acquisition company as provided by the laws of the State of Tennessee. The Corporation's purpose is to purchase and resell energy, including natural gas, electricity, and propane, and to provide consulting and management services to other utilities. As of June 30, 2023, the Utility's investment in the Tennergy Corporation amounted to \$1,010,939.

The Utility's share of the Tennergy Corporation's net income amounted to \$67,509 for the year ended June 30, 2023. The Utility's investment in the Tennergy Corporation represented an 11.97% interest as of June 30, 2023. The Corporation had total assets, total liabilities, deferred inflows of resources and net position of \$1,926,991,369, \$1,830,357,097, \$90,280,704, and \$6,353,568 respectively.

**B. Receivables**

Receivables as of the year end for the government's individual major funds and nonmajor in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

	General	General Purpose School	Federal Projects	Electric Fund	Water & Sewer Fund	Gas Fund	Nonmajor and Other Funds	Total
Receivables:								
Property taxes	\$ 5,151,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,151,460
Accounts	160,402	-	-	1,868,992	-	-	-	2,029,394
CSA stockholder	-	-	-	81,032	-	-	-	81,032
Court fines	81,402	-	-	-	-	-	-	81,402
Grants	283,724	378,832	638,908	-	-	-	-	1,301,464
Intergovernmental	607,328	505,689	-	-	-	-	170,343	1,283,360
Interest	492,947	-	-	-	-	-	-	492,947
Other	-	-	-	36,915	466	988	-	38,369
Gross receivables	6,777,263	884,521	638,908	1,986,939	466	988	170,343	10,459,428
Less: Allowance for uncollectibles	(369,206)	-	-	(74,583)	-	-	-	(443,789)
<b>Net total receivables</b>	<b><u>\$ 6,408,057</u></b>	<b><u>\$ 884,521</u></b>	<b><u>\$ 638,908</u></b>	<b><u>\$ 1,912,356</u></b>	<b><u>\$ 466</u></b>	<b><u>\$ 988</u></b>	<b><u>\$ 170,343</u></b>	<b><u>\$ 10,015,639</u></b>

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unavailable/ Unearned</u>
Delinquent property taxes receivable	\$ 530,796	\$ -
Property tax penalty and interest	491,742	-
2023 property tax assessment	-	4,328,344
ARPA Grant	-	1,299,223
Court fines	4,516	-
<b>Total deferred revenue for fund financial statements</b>	<b><u>\$ 1,027,054</u></b>	<b><u>\$ 5,627,567</u></b>

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 531,169	\$ -	\$ -	\$ -	\$ 531,169
Construction in progress	1,709,536	1,054,455	40,943	(1,658,785)	1,064,263
Total capital assets, not being depreciated	<u>2,240,705</u>	<u>1,054,455</u>	<u>40,943</u>	<u>(1,658,785)</u>	<u>1,595,432</u>
Capital assets being depreciated:					
Buildings and improvements	25,584,891	784,399	-	-	26,369,290
Library books	609,967	-	-	-	609,967
Vehicles	2,780,347	467,779	-	-	3,248,126
Equipment	2,817,962	19,046	-	488,282	3,325,290
Infrastructure	19,182,898	-	-	1,170,503	20,353,401
Total capital assets being depreciated	<u>50,976,065</u>	<u>1,271,224</u>	<u>-</u>	<u>1,658,785</u>	<u>53,906,074</u>
Less accumulated depreciation for:					
Buildings and improvements	8,665,037	447,318	-	1	9,112,356
Library books	461,203	13,810	-	-	475,013
Vehicles	2,139,806	129,926	-	-	2,269,732
Equipment	1,845,075	367,125	-	-	2,212,200
Infrastructure	13,541,766	94,499	-	-	13,636,265
Total accumulated depreciation	<u>26,652,887</u>	<u>1,052,678</u>	<u>-</u>	<u>1</u>	<u>27,705,566</u>
Total capital assets being depreciated, net	<u>24,323,178</u>	<u>218,546</u>	<u>-</u>	<u>1,658,784</u>	<u>26,200,508</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 26,563,883</u></b>	<b><u>\$ 1,273,001</u></b>	<b><u>\$ 40,943</u></b>	<b><u>\$ (1)</u></b>	<b><u>\$ 27,795,940</u></b>

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

	Beginning Balance	Additions	Disposals	Reclass	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
General plant - Land	\$ 159,825	\$ -	\$ -	\$ -	\$ 159,825
Transmission and treatment plant - Land	125,732	-	-	-	125,732
Distribution plant - Land	64,620	27,046	-	-	91,666
Construction in progress	30,780,913	3,546,722	33,538,662	-	788,973
Total capital assets, not being depreciated	<u>31,131,090</u>	<u>3,573,768</u>	<u>33,538,662</u>	<u>-</u>	<u>1,166,196</u>
Capital assets being depreciated:					
General plant	6,509,335	289,364	570,286	-	6,228,413
Transmission and treatment plant	13,945,151	2,088	-	-	13,947,239
Distribution plant	41,111,317	30,415,705	16,547	-	71,510,475
Total capital assets being depreciated	<u>61,565,803</u>	<u>30,707,157</u>	<u>586,833</u>	<u>-</u>	<u>91,686,127</u>
Less accumulated depreciation for:					
General plant	4,425,144	186,294	606,950	-	4,004,488
Transmission and treatment plant	7,713,299	324,925	7,031	-	8,031,193
Distribution plant	19,338,479	1,352,063	53,269	-	20,637,273
Total accumulated depreciation	<u>31,476,922</u>	<u>1,863,282</u>	<u>667,250</u>	<u>-</u>	<u>32,672,954</u>
Total capital assets being depreciated, net	<u>30,088,881</u>	<u>28,843,875</u>	<u>(80,417)</u>	<u>-</u>	<u>59,013,173</u>
Business-type activities capital assets, net	<u>\$61,219,971</u>	<u>\$32,417,643</u>	<u>\$33,458,245</u>	<u>\$ -</u>	<u>\$60,179,369</u>
<b>Total capital assets, net</b>	<b><u>\$87,783,854</u></b>	<b><u>\$33,690,644</u></b>	<b><u>\$33,499,188</u></b>	<b><u>\$ (1)</u></b>	<b><u>\$87,975,309</u></b>

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

Governmental activities:	
General government	\$ 47,303
Public safety	83,108
Public works	127,655
Health, culture, recreation, and welfare	46,703
Education	747,909
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 1,052,678</u></b>
Business-type activities:	
Electric	\$ 286,285
Water and sewer	1,333,711
Gas	243,286
Transportation clearing expense	(94,481)
<b>Total depreciation expense - business-type activities</b>	<b><u>\$ 1,768,801</u></b>

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**D. Interfund Receivables, Payables, and Transfers**

All interfund balances are expected to be repaid within the next fiscal year and are considered ordinary in nature. The composition of interfund balances as of June 30, 2023 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Purpose School	Federal Projects	\$ 272,936
General Purpose School	Centralized Cafeteria	44,165
Solid Waste Services	General	68,369
Total		385,470
Governmental fund activities eliminated		(385,470)
<b>Total government-wide</b>		<b>\$ -</b>

The purposes of the interfund liabilities are noted below:

- The interfund payable from the federal projects and centralized cafeteria funds to the general purpose school fund is for operating cost associated with payroll that is paid out of the general fund and reimbursed from the federal projects and centralized cafeteria fund. The balance payable from the general fund to the solid waste services fund is related to billing collections received in the general fund that is payable to the solid waste services fund.

The following is a summary of transfers during the year ended June 30, 2023:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General Fund	General Purpose School	\$ 2,007,113
Electric Fund	General Fund	349,555
Water and Sewer Fund	General Fund	49,447
Gas Fund	General Fund	104,089
Total		2,510,204
Governmental fund activities eliminated		(2,007,113)
<b>Total government-wide</b>		<b>\$ 503,091</b>

The purposes of the transfers are noted below:

- The transfers between the proprietary funds and the general fund are for the purpose of transferring in lieu of tax payments
- The transfers between the general fund and the general purpose school fund are to provide city funding to the school system in regards to the debt service requirements and to provide their annual appropriation to the school system.

**E. Long-term Debt**

General long-term debt at June 30, 2023, is comprised of the following:

**Bonds Payable:**

Variable Rate Local Government Loan Bond, Series 2016, due annually in installments through May 2036 at 3.00%.	<u>\$ 2,597,000</u>
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**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

The aforementioned bonds and notes are secured by the full faith and credit of the City. During 2023, debt service for the aforementioned debt was provided by the City General Fund and the General Purpose School Fund.

Long-term debt of the proprietary funds at June 30, 2023, is comprised of the following:

**Bonds Payable:**

Electric System Revenue Improvement Bond, Series 2018 payments due annually with interest at 3.75% through 2033.	<u>\$ 1,532,339</u>
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**Notes Payable:**

SRF loan payable with payments due annually through 2033 at an interest rate of 1.50%.	\$ 702,248
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SRF loan payable with payments due annually through 2023 at an interest rate of 0.29%.	18,075
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SRF DW6 19-213 loan payable with payments due annually for 20 years after construction period at an interest rate of 1.22%.	731,512
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SRF CW 19-433 loan payable with payments due annually for 20 years after construction period at an interest rate of 0.97%.	7,328,893
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SRF CW7 19-432 loan payable with payments due annually for 20 years after construction period at an interest rate of 0.97%.	2,535,831
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SRF DW7 19-214 loan payable with payments due annually for 20 years after construction period at an interest rate of 1.22%.	707,310
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SRF DWF 19-215 loan payable with payments due annually for 20 years after construction period at an interest rate of 1.22%.	3,536,509
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SRF CW 19-433-01 loan payable with payments due annually for 20 years after construction period at an interest rate of 0.48%.	4,400,583
--	-----------

SRF CW 19-215-01 loan payable with payments due annually for 20 years after construction period at an interest rate of 0.48%.	332,858
--	---------

Commercial Bank AMI payable with payments due annually through 2028 at an interest rate of 2.54%.	316,394
--	---------

Commercial Bank AMI payable with payments due annually through 2028 at an interest rate of 2.54%.	<u>316,394</u>
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\$ 20,926,607

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

The aforementioned notes are secured by the full faith and credit of the City. During 2023, debt service for the aforementioned debt was provided solely by the City's Proprietary Funds.

The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave at June 30, 2023, are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities				Total	
	Bonds Payable		Bonds Payable		Notes Payable from Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 185,000	\$ 77,910	\$ 112,793	\$ 69,450	\$ 1,202,375	\$ 205,910	\$ 1,500,168	\$ 353,270
2025	187,000	72,360	127,271	54,972	1,194,380	192,362	1,508,651	319,694
2026	189,000	66,750	132,200	50,043	1,204,616	178,692	1,525,816	295,485
2027	192,000	61,080	137,319	44,924	1,214,912	164,976	1,544,231	270,980
2028	194,000	55,320	142,637	39,606	1,224,812	151,090	1,561,449	246,016
2029-2033	1,011,000	187,590	800,443	110,772	5,645,516	575,936	7,456,959	874,298
2034-2038	639,000	38,520	79,676	3,085	5,488,874	306,483	6,207,550	348,088
2039-2043	-	-	-	-	3,751,122	58,019	3,751,122	58,019
	<u>\$ 2,597,000</u>	<u>\$ 559,530</u>	<u>\$ 1,532,339</u>	<u>\$ 372,852</u>	<u>\$ 20,926,607</u>	<u>\$ 1,833,468</u>	<u>\$ 25,055,946</u>	<u>\$ 2,765,850</u>

All significant debt covenants and restrictions as set forth in the bond agreements were complied with. There were no unused lines of credit in the current year. The outstanding notes from direct borrowings contain provisions that in the event of default, the lender can exercise one or more of the following options: (1) make all or any of the outstanding notes payable balances immediately due and accrued interest at highest post-maturity interest rate, (2) take possession of the collateralized properties, (3) gain access to other assets of the borrower to protect the lender's interest, and (4) use any remedy allowed by state or federal law.

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Loan program bond	\$ 2,779,000	\$ -	\$ 182,000	\$ 2,597,000	\$ 185,000
Compensated absences	275,145	28,776	73,006	230,915	43,519
Accrued postclosure care costs	59,511	-	-	59,511	-
	<u>\$ 3,113,656</u>	<u>\$ 28,776</u>	<u>\$ 255,006</u>	<u>\$ 2,887,426</u>	<u>\$ 228,519</u>
	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Revenue bond	\$ 1,685,572	\$ -	\$ 153,233	\$ 1,532,339	\$ 112,793
Notes payable	22,149,927	22,500	1,245,820	20,926,607	1,202,375
Compensated absences	260,227	37,738	-	297,965	29,797
	<u>\$ 24,095,726</u>	<u>\$ 60,238</u>	<u>\$ 1,399,053</u>	<u>\$ 22,756,911</u>	<u>\$ 1,344,965</u>

The general fund and general purpose school fund are used to liquidate compensated absences for the City of Humboldt.

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**F. TCRS Stabilization Trust**

**Legal Provisions**

The Humboldt City Schools is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The Humboldt City Schools has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School Department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Humboldt City Schools may not impose any restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

On June 30, 2023, the Humboldt City Schools had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in the General Purpose Fund.

<u>Investment</u>	Weighted Average <u>Maturity (days)</u>	<u>Maturities</u>	<u>Fair Value</u>
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 74,013
Developed Market International Equity	N/A	N/A	33,425
Emerging Market International Equity	N/A	N/A	9,550
U.S. Fixed Income	N/A	N/A	47,750
Real Estate	N/A	N/A	23,875
Short-term Securities	N/A	N/A	2,388
NAV-Private Equity and Strategic Lending	N/A	N/A	<u>47,750</u>
 Total			 <u><u>\$ 238,751</u></u>

For further information concerning the legal provisions, investment policies, investment types, and credit risks of the Humboldt City Schools' investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/aq19091.pdf>.

**NOTE 5 - OTHER INFORMATION**

**A. Risk Management**

**City of Humboldt:**

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for certain general liability, auto liability, errors and omissions, workers' compensation,

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

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 Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The City's premiums are calculated based on its prior claim history. It is the policy of the City to purchase commercial insurance for the risk of employee dishonesty and law enforcement professional liability. Settled claims have not exceeded the commercial coverage or the coverage provided by the Pool in any of the past three years.

**Humboldt School System:**

The System is exposed to various risks related to workers' compensation, general liability, automobile liability, and property. The System felt it was more economically feasible to join public entity risk pools as opposed to purchasing commercial insurance for these areas. The System is a member of the Tennessee Municipal League Risk Management Trust (TNRMT), which is a public entity risk pool. The System pays an annual premium to this pool for coverage under the above areas. The Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The System's premiums are calculated based on its claims history. The System continues to carry commercial insurance for all other risks of loss, including public officials' bond. Settled claims from these losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Humboldt Utilities:**

Humboldt Utilities is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2023, the Utility purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in the amount of coverage.

**B. Contingent Liabilities and Losses**

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

The City is a defendant in various lawsuits; however, the outcome of these lawsuits is not presently determinable, although, legal counsel does not expect any possible liability to exceed the City's limits of insurance.

**C. Power Contract**

The Utility has a power contract with the Tennessee Valley Authority (TVA); whereby, the electric system purchases all its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishings, advancing, lending, pledging, or otherwise diverting System funds, revenues, or property to other operations of the county and the purchase or payment of or providing security for indebtedness on other obligations applicable to such other operations.

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**D. Closure and Post-closure Liability**

State and federal laws and regulations require the City to place a final cover on its Humboldt landfill site when it stopped accepting waste in 1994 and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs are paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The closure of the landfill was approved by the State of Tennessee in the year ended June 30, 1998.

The postclosure care liability of \$59,511 at June 30, 2023 represents the future expected maintenance and monitoring costs. This amount is based on what it would cost to perform all postclosure care in 2023. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

**E. Employee Retirement Systems and Pension Plans**

**Aggregate of Pension Plans**

The following table shows the aggregate amounts for the City when all three pension plans are considered together:

	TCRS agent multi-employer pension plan	Teacher Legacy Plan (multi- employer)	Defined Benefit - Hybrid Plan	Aggregate
Net Pension Asset	-	1,449,166	47,570	1,496,736
Net Pension Liability	1,199,688	-	-	1,199,688
Deferred Outflows of Resources	2,779,629	1,479,437	187,727	4,446,793
Deferred Inflows of Resources	202,353	332,379	45,447	580,179
Pension expense/(income)	668,877	(21,456)	68,388	715,809

**City of Humboldt (Including Humboldt Utilities and a portion of Humboldt City Schools)**

**Plan Description**

Employees of Humboldt are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

**Benefits Provided**

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**Employees Covered by Benefit Terms**

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

Inactive employees or beneficiaries currently receiving benefits	152
Inactive employees entitled to but not yet receiving benefits	216
Active employees	180
	548

**Contributions**

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Humboldt makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, the employer contributions for Humboldt was \$652,557 based on a rate of 8.13 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Humboldt’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Humboldt’s net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The total pension liability as of June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

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

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**Discount Rate**

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

**Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability (Asset) <u>(a) - (b)</u>
<b>Balance at 6/30/21</b>	\$ 32,978,854	\$ 35,451,264	\$ (2,472,410)
<b>Changes for the year:</b>			
Service cost	701,397	-	701,397
Interest	2,217,191	-	2,217,191
Differences between expected and actual experience	222,320	-	222,320
Changes in Assumptions	-	-	-
Contributions - employer	-	439,781	(439,781)
Contributions - employees	-	385,783	(385,783)
Net investment income	-	(1,339,832)	1,339,832
Benefit payments, including refunds of employee contributions	(1,665,952)	(1,665,952)	-
Administrative expense	-	(16,922)	16,922
<b>Net changes</b>	<u>1,474,956</u>	<u>(2,197,142)</u>	<u>3,672,098</u>
<b>Balance at 6/30/22</b>	<u>\$ 34,453,810</u>	<u>\$ 33,254,122</u>	<u>\$ 1,199,688</u>

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

The following presents the net pension liability (asset) of Humboldt calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Humboldt's net pension liability (asset)	\$ 5,669,547	\$ 1,199,688	\$ (2,511,902)

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

**Pension Expense (Negative Pension Expense)**

For the year ended June 30, 2023, Humboldt recognized pension expense of \$668,877 related to this plan.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2023, Humboldt reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 353,864	\$ 202,353
Net difference between projected and actual earnings on pension plan investments	43,629	-
Changes in Assumptions	1,729,579	-
Contributions subsequent to the measurement date of June 30, 2022	652,557	-
Total	\$ 2,779,629	\$ 202,353

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

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

<b><u>Year Ended June 30:</u></b>	
2024	\$ 350,290
2025	501,743
2026	287,457
2027	785,229
2028	-
Thereafter	-

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

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

**Payable to the Pension Plan**

At June 30, 2023, the City of Humboldt reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

**Humboldt Board of Education (Teacher Legacy Pension Plan of Tennessee Consolidated Retirement System):**

**Plan Description**

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by Humboldt City Schools with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees.

Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

**Benefit Provided**

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**Contributions**

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Humboldt City Schools for the year ended June 30, 2023 to the Teacher Legacy Pension Plan were \$306,148 which is 8.69 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Pension Liability (Asset)**

At June 30, 2023, the Humboldt City Schools reported an asset of \$1,449,166 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Humboldt City Schools' proportion of the net pension asset was based on Humboldt City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, Humboldt City Schools' proportion was 0.118164 percent. The proportion measured as of June 30, 2021 was 0.112325 percent.

**Pension Expense**

For the year ended June 30, 2023, Humboldt City Schools recognized pension expense (negative pension expense) of (\$21,456).

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2023, Humboldt City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 238,382	\$ 244,865
Changes in assumptions	907,832	-
Net difference between projected and actual earnings on pension plan investments	24,780	-
Changes in proportion of Net Pension Liability (Asset)	2,295	87,514
Contributions subsequent to the measurement date of June 30, 2022	<u>306,148</u>	<u>-</u>
Total	<u>\$ 1,479,437</u>	<u>\$ 332,379</u>

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

Humboldt City Schools employer contributions of \$306,148, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a addition of the net pension liability (asset) in the subsequent fiscal year rather than the current fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2024	\$ 114,292
2025	238,844
2026	(277,093)
2027	764,868
2028	-
Thereafter	-

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

**Actuarial Assumptions**

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

**Discount Rate**

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

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

The following presents Humboldt City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Humboldt City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Humboldt City Schools' proportionate share of the net pension liability (asset)	\$ 2,870,297	\$ (1,449,166)	\$ (5,046,991)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**Payable to the Pension Plan**

At June 30, 2023, Humboldt City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

***Teacher Retirement Plan of Tennessee Consolidated Retirement System***

**Plan Description**

The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by Humboldt City Schools with memberships in TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Teacher Retirement Plan is also known as the Hybrid Retirement Plan for State Employees and Teachers, or the "Hybrid Plan". There are two components to the Hybrid Plan, a defined benefit component and a defined contribution component. Details of each component are described below:

***a. Defined Benefit Component of the Hybrid Plan***

**Benefits Provided**

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

**Contributions**

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Humboldt City Schools for the year ended June 30, 2023, to the Teacher Retirement Plan were \$85,118 which is 2.87 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Pension liabilities (assets)**

At June 30, 2023, Humboldt City Schools reported an asset of \$47,570 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Humboldt City Schools' proportion of the net pension asset was based on Humboldt City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, Humboldt City Schools' proportion was 0.157034 percent. The proportion measured as of June 30, 2021 was 0.193454 percent.

**Pension expense**

For the year ended June 30, 2023, Humboldt City Schools recognized pension expense of \$68,388.

**Deferred outflows of resources and deferred inflows of resources**

For the year ended June 30, 2023, Humboldt City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,601	\$ 28,902
Net difference between projected and actual earnings on pension plan investments	14,994	-
Changes in assumptions	55,725	-
Changes in proportion of Net Pension Liability (Asset)	29,289	16,545
Contributions subsequent to the measurement date of June 30, 2022	85,118	-
Total	\$ 187,727	\$ 45,447

Humboldt City Schools' employer contributions of \$85,118, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year rather than the current fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2024	\$ 2,251
2025	2,404
2026	(60)
2027	26,056
2028	3,914
Thereafter	22,599

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

**Actuarial assumptions**

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

**Discount rate**

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

**Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate**

The following presents Humboldt City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Humboldt City Schools'

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<b>1% Decrease</b> <b>(5.75%)</b>	<b>Discount Rate</b> <b>(6.75%)</b>	<b>1% Increase</b> <b>(7.75%)</b>
Humboldt City Schools' proportionate share of the net pension liability (asset)	\$ 249,713	\$ (47,570)	\$ (264,677)

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**Payable to the Pension Plan**

At June 30, 2023, Humboldt City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

**b. Defined Contribution Component of the Hybrid Plan**

Upon first becoming a public school teacher in the Hybrid Plan, 2% of the employee's compensation will be deferred automatically into the defined contribution component of the Hybrid Plan unless the employee makes an affirmative election not to contribute. The System will make a contribution to the defined contribution component of the plan on behalf of each member which equals to 5% of the member's compensation, regardless of whether the member makes any employee contribution. The 5% employer contribution rate is established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees immediately vest in the employee and employer contributions to the defined contribution portion of the Hybrid Plan.

During the fiscal year 2023, the System contributed a total of \$152,143 in the defined contribution portion of the Hybrid Plan. There were no forfeitures during the year ended June 30, 2023.

**F. Postemployment Healthcare Plans**

**Aggregate of OPEB Plans**

The following table shows the aggregate amounts for the City when all five pension plans are considered together:

	Closed Teacher Group OPEB Plan (Schools)	Closed Tennessee Plan (Schools)	Humboldt Utilities OPEB Plan (Utility)	City of Humboldt, TN OPEB Plan	Tennessee Plan (City)	Aggregate
Net OPEB Liability	\$ 1,736,486	\$ 68,917	\$ 453,416	\$ 998,774	\$ 212,388	\$ 3,469,981
Deferred Outflows of Resources	706,455	37,834	74,825	218,452	51,875	1,089,441
Deferred Inflows of Resources	716,100	193,790	247,446	453,891	124,776	1,736,003
OPEB expense/(negative expense)	222,409	(29,207)	47,030	44,393	(8,629)	275,996

***I. Closed Teacher Group OPEB Plan (Schools)***

***Plan Description***

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

Employees of City of Humboldt, Tennessee School System who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

**Benefits Provided**

The City of Humboldt, Tennessee School System offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), no partnership promise PPO, standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums City of Humboldt, Tennessee School System offers a percentage, ranging from 25% to 100%, of direct subsidy policy for pre-65 retiree insurance coverage, based on the length of service of eligible retirees. The state, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees' premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

**Employees Covered by Benefit Terms**

At July 1, 2022, the following employees of City of Humboldt, Tennessee School System was covered by the benefit terms of the TGOP:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	-
Active employees	111
	<u>123</u>

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the City of Humboldt, Tennessee School System paid \$128,113 to the TGOP for OPEB benefits as they came due.

**Total OPEB Liability**

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**Actuarial assumptions**

The collective total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent
Healthcare cost trend rate	8.37% for pre-65 in 2022, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022, decreasing annually over an 8 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

**Discount Rate**

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

**Changes in Collective Total OPEB Liability**

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

	<b>Total OPEB liability</b>
<b>Balance at June 30, 2021</b>	\$ <u>2,238,217</u>
Changes for the year	
Service cost	175,933
Interest	50,738
Changes of benefit terms	26,957
Differences between expected and actual experience	164,623
Changes of assumptions	(229,568)
Benefit payments	<u>(131,065)</u>
Net change	57,618
<b>Balance at June 30, 2022</b>	\$ <u><u>2,295,835</u></u>
<b>Nonemployer contributing entities proportionate share of the collective total OPEB liability</b>	\$ 559,349
<b>Employer's proportionate share of the collective total OPEB liability</b>	\$ 1,736,486
<b>Employer's proportion of the collective total OPEB liability</b>	75.64%

The City of Humboldt, Tennessee School System has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. The System's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed (0.74%) from the prior measurement date. The System recognized \$46,893 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for the System's retirees.

**Changes in Assumptions**

The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption decreased the total OPEB liability.

**Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate**

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Proportionate share of collective total OPEB liability	\$ 1,871,077	\$ 1,736,486	\$ 1,609,710

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<b>1% Decrease (7.37%/7.99% decreasing to 3.50%)</b>	<b>Healthcare Cost Trend Rates (8.37%/8.99% decreasing to 4.50%)</b>	<b>1% Increase (9.37%/9.99% decreasing to 5.50%)</b>
Proportionate share of collective total OPEB liability	\$ 1,539,510	\$ 1,736,486	\$ 1,970,469

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

**OPEB expense**

For the fiscal year ended June 30, 2023, City of Humboldt, Tennessee School System recognized OPEB expense of \$222,409.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the fiscal year ended June 30, 2023, City of Humboldt, Tennessee School System reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 299,627	\$ 360,013
Changes in assumptions	145,689	262,276
Changes in proportions	133,026	93,811
Employer payments subsequent to the measurement date	128,113	-
Total	\$ 706,455	\$ 716,100

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

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

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

<u>Year Ended June 30:</u>	
2024	\$ (16,318)
2025	(16,318)
2026	(16,318)
2027	(16,318)
2028	(8,851)
Thereafter	(63,640)

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

***II. Closed Tennessee Plan (Schools)***

**Plan Description**

Employees of City of Humboldt, Tennessee School System who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

**Benefits Provided**

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

**Employees Covered by Benefit Terms**

At June 30, 2022, the following employees of City of Humboldt, Tennessee School System was covered by the benefit terms of the TNP:

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

Inactive employees or beneficiaries currently receiving benefits	49
Inactive employs entitled to but not yet receiving benefits	17
Active employees	120
	186

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the City of Humboldt, Tennessee School System paid \$4,051 to the TNP for OPEB benefits.

**Total OPEB Liability**

**Actuarial assumptions**

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

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent
Healthcare cost trend rate	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2020. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2020.

**Discount Rate**

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

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**Changes in Collective Total OPEB Liability**

	<b>Total OPEB liability</b>
<b>Balance at June 30, 2021</b>	\$ <u>542,000</u>
Changes for the year	
Service cost	11,163
Interest	11,654
Changes of benefit terms	-
Differences between expected and actual experience	5,943
Changes of assumptions	(80,413)
Benefit payments	<u>(27,441)</u>
Net change	(79,094)
<b>Balance at June 30, 2022</b>	\$ <u><u>462,906</u></u>
<b>Nonemployer contributing entities proportionate share of the collective total OPEB liability</b>	\$ 393,989
<b>Employer's proportionate share of the collective total OPEB</b>	\$ 68,917
<b>Employer's proportion of the collective total OPEB liability</b>	14.89%

The City of Humboldt, Tennessee School System has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. City of Humboldt, Tennessee School System's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed 1.43% from the prior measurement date. City of Humboldt, Tennessee School System recognized a revenue of \$47,907 for support provided by nonemployer contributing entities for benefits paid to the TNP for City of Humboldt, Tennessee School System retired employees.

**Changes in Assumptions**

The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption increased the total OPEB liability.

**Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate**

The following presents the proportionate share of the collective total OPEB liability related to the TNP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Proportionate share of collective total OPEB liability	\$ 77,280	\$ 68,917	\$ 61,919

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the proportionate share of the collective total OPEB liability related to the TNP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<b>1% Decrease (7.99% decreasing to 3.50%)</b>	<b>Healthcare Cost Trend Rates (8.99% decreasing to 4.50%)</b>	<b>1% Increase (9.99% decreasing to 5.50%)</b>
Proportionate share of collective total OPEB liability	\$ 68,915	\$ 68,917	\$ 68,915

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

**OPEB expense**

For the fiscal year ended June 30, 2023, the City of Humboldt, Tennessee School System has recorded a negative OPEB expense of \$29,207.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the fiscal year ended June 30, 2023, City of Humboldt, Tennessee School System reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TNP from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 764	\$ 15,566
Changes in assumptions and other inputs	9,916	156,734
Changes in proportion	23,103	21,490
Employer payments subsequent to the measurement date	4,051	-
Total	<u>\$ 37,834</u>	<u>\$ 193,790</u>

The amounts shown above for “Employer payments subsequent to the measurement date” will be included as a reduction to total OPEB liability in the following measurement period.

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

<b><u>Year Ended June 30:</u></b>	
2024	\$ (68,373)
2025	(68,001)
2026	(16,959)
2027	(2,346)
2028	547
Thereafter	(4,875)

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

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

**III. Humboldt Utilities OPEB Plan (Utility)**

**Plan Description**

Humboldt Utilities sponsors a single-employer post-retirement plan. The plan provides medical, prescription and death benefits to eligible retirees and their spouses. The Board of the Utility has the authority under which benefit terms and contribution rates can be established and amended for the Humboldt Utilities Other Post-Employment Benefits Plan.

**Benefits provided**

Any employee retiring after age 62 with at least 20 years of service or after 30 years of service Humboldt Utilities, currently has the option to maintain health insurance after they retire (including subsidized beneficial coverage). The utility pays 100% of individual cost but no additional costs towards the family coverage. All benefits cease at age 65. The Utility provides no post-retirement death benefits.

Employees covered by benefit terms - At July 1, 2023, the following employees of the Utility were covered by the benefit terms of the plan:

Number of Actives		41
Retirees with life only		2
Total		43

**Total OPEB Liability**

**Actuarial assumptions**

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

Measurement date	June 30, 2023
Actuarial valuation date	June 30, 2023
Cost Method	Entry age normal
Discount rate	The discount rate used to measure the total OPEB liability was 4.13 percent. Because the plan is unfunded, the plan's projected benefits are discounted back using rates equivalent to AA 20-year municipal bonds. The S&P Municipal Bond 20 Year Rate Index was used to approximate those yields. The GO Bond Buyer Index was used to approximate those yields as of June 30, 2023.
Mortality	Pub-2010 General Employee Headcount-weighted with fully generational scale MP-2021. This table was chosen as it represents the most recent mortality study for governmental employees completed by the Society of Actuaries.
Turnover	T-3 Standard Table. Absent enough population to develop a sponsor-specific assumption, a standard table was selected based on the signing actuary's professional judgment.
Payroll growth	3% Based on input from the plan sponsor.
Core inflation assumption	2.5%
Retirement age	Absent sufficiently credible data to develop specific retirement assumptions, the plan's normal retirement age of 62 with 20 years of service is used based on the actuary's professional judgment.
Utilization	90%, 25% spousal participation, Based on input from the plan sponsor.
Marriage assumption	80% married with husbands assumed to be 3 years older than wives. For current retirees actual spousal information and coverage was used.
Trend rates	Claims are then projected to increase at an initial rate of 7.5% in FY 2023 with annual declines of 0.50% until an ultimate rate of 4.5% is achieved. Dental premiums were assumed to increase at a constant 2% annually. The rates were taken from analysis of historical trends of various medical plans and a composite of the expected future increases reported in a number of national trend surveys.
Per capita claims	Medical premium equivalent rates illustrated below were age-adjusted based on actual ages of the enrolled participants and the aging factors.

Discount rate - The discount rate used to measure the total OPEB liability was 4.13 percent.

**Changes in the Total OPEB Liability**

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

	Total OPEB Liability	
	(a)	
Balances at June 30, 2022	\$	558,185
Changes for the year:		
Service cost		37,468
Interest		19,535
Changes of benefit terms		-
Differences between expected and actual experience		(159,406)
Employer contributions		-
Change in assumptions		10,423
Benefit payments		(12,789)
Net changes		(104,769)
Balances at June 30, 2023	\$	453,416

Sensitivity of total OPEB liability to changes in the discount rate - The following presents the total OPEB liability related to the plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB liability	\$ 503,432	\$ 453,416	\$ 408,460

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	1% Decrease (6.5% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.5% decreasing to 4.5%)	1% Increase (8.5% decreasing to 5.5%)
Total OPEB liability	\$ 393,298	\$ 453,416	\$ 526,548

**OPEB expense**

For the fiscal year ended June 30, 2023, the Utility has recorded OPEB expense of \$47,030.

Deferred outflows of resources and deferred inflows of resources - For the fiscal year ended June, 30, 2023, the Utility reported the following deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the plan:

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	\$ 34,002	\$ 178,949
Changes of assumptions	40,823	68,497
Employer payments subsequent to the measurement date	-	-
Total	\$ 74,825	\$ 247,446

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows (expressed in thousands):

For the year ended June 30:	
2024	\$ (9,973)
2025	(9,973)
2026	(9,973)
2027	(9,973)
2028	(9,973)
Thereafter	(122,756)

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

Payable to the *OPEB Plan*: At June 30, 2023, Humboldt did report a payable for the outstanding amount of contributions to the OPEB plan required in the amount of \$0.

**IV. City of Humboldt, TN OPEB Plan**

**Plan Description**

Employees of the City of Humboldt are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP.

**Benefits provided**

The City offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness healthsavings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

Employees covered by benefit terms - At July 1, 2022, the following employees of the City were covered by the benefit terms of the plan:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employs entitled to but not yet receiving benefits	-
Active employees	80
	87

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2023, the City paid \$87,700 to the LGOP for OPEB benefits as they came due.

**Total OPEB Liability**

**Actuarial assumptions**

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

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent
Healthcare cost trend rate	8.37% for pre-65 in 2022, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022, decreasing annually over an 8 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

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

**Changes in the Total OPEB Liability**

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

	<b>Total OPEB liability</b>
<b>Balance at June 30, 2021</b>	<u>\$1,118,800</u>
Changes for the year	
Service cost	70,567
Interest	24,940
Changes of benefit terms	-
Differences between expected and actual experience	(34,400)
Changes of assumptions	(111,312)
Benefit payments	<u>(69,821)</u>
Net change	(120,026)
<b>Balance at June 30, 2022</b>	<u>\$ 998,774</u>

Changes of assumptions – The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

Sensitivity of total OPEB liability to changes in the discount rate - The following presents the total OPEB liability related to the plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate.

	<b>1% Decrease (2.54%)</b>	<b>Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Total OPEB liability	\$ 1,055,207	\$ 998,774	\$ 945,528

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	<b>1% Decrease</b>	<b>Trend Rate</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 925,232	\$ 998,774	\$ 1,084,760

OPEB expense – For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$44,393.

Deferred outflows of resources and deferred inflows of resources - For the fiscal year ended June, 30, 2023, the City reported the following deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the plan:

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 68,470	\$ 108,846
Changes in assumptions	62,282	345,045
Contributions/benefits paid after the measurement date	87,700	-
Total	<b>\$ 218,452</b>	<b>\$ 453,891</b>

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the subsequent fiscal period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows (expressed in thousands):

<b><u>Year Ended June 30:</u></b>	
2024	\$ (51,114)
2025	(51,114)
2026	(49,691)
2027	(49,321)
2028	(56,839)
Thereafter	(65,060)

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

***V. Tennessee Plan (City)***

**Plan Description**

Employees of City of Humboldt, Tennessee who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retirees and disability participants of local governments, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and local education agencies.

**Benefits Provided**

The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 employees of local government entities. Insurance coverage is the only postemployment benefit provided to retirees. The TNP does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state,

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The TNP is funded as a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

**Employees Covered By Benefit Terms**

At July 1, 2022, the following employees of the City were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	13
Inactive employees entitled to but not yet receiving benefit payments	14
Active employees	84
	111
	111

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the City paid \$7,126 to the TNP for OPEB benefits as they came due.

**Total OPEB Liability**

**Actuarial assumptions**

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

Inflation	2.25 percent	
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent	
Healthcare cost trend rate	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.	

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022 valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to fall future years using Scale MP\_2020 from 2010. Post-retirement tables are Blue Collar and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

**Discount Rate**

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

**Changes in Collective Total OPEB Liability**

	<b>Total OPEB liability</b>
<b>Balance at June 30, 2022</b>	<u>\$ 241,367</u>
Changes for the year	
Service cost	6,205
Interest	5,280
Changes of benefit terms	-
Differences between expected and actual experience	5,281
Changes of assumptions	(39,425)
Benefit payments	<u>(6,320)</u>
Net change	(28,979)
<b>Balance at June 30, 2023</b>	<u><u>\$ 212,388</u></u>

**Changes in Assumptions**

The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption decreased the total OPEB liability.

Sensitivity of total OPEB liability to changes in the discount rate - The following presents the total OPEB liability related to the TNP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate.

	<b>1% Decrease (2.54%)</b>	<b>Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Total OPEB liability	\$ 240,023	\$ 212,388	\$ 189,000

OPEB expense – For the fiscal year ended June 30, 2022, the City recognized OPEB expense of (\$8,629).

Deferred outflows of resources and deferred inflows of resources - For the fiscal year ended June, 30, 2023, the City reported the following deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the plan:

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 16,444	\$ 41,339
Changes in assumptions	28,305	83,437
Contributions/benefits paid after the measurement date	7,126	-
Total	\$ 51,875	\$ 124,776

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the subsequent fiscal period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows (expressed in thousands):

<b><u>Year Ended June 30:</u></b>	
2024	\$ (20,114)
2025	(20,114)
2026	(16,113)
2027	(8,183)
2028	(9,277)
Thereafter	(6,226)

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

**G. On-Behalf Payments for Fringe Benefits and Salaries**

Humboldt City Schools recognizes as revenues and expenses contributions made by the State of Tennessee to the Teacher Group Plan and the Medicare Supplement Plan on behalf of the School System's employees. In fiscal year 2023, the State made contributions of \$62,488.

**H. Subsequent Events**

Management has evaluated subsequent events through May 15, 2024, the date in which the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF THE SCHOOL SYSTEM'S PROPORTIONATE SHARE OF THE NET PENSION ASSET**  
**TEACHER LEGACY PENSION PLAN OF TCRS**  
 Fiscal Year Ended June 30\*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Humboldt City Schools' proportion of the net pension asset	0.124299%	0.129680%	0.121501%	0.112254%	0.107469%	0.111439%	0.108327%	0.112325%	0.118164%
Humboldt City Schools' proportionate share of the net pension asset	\$ (20,198)	\$ 53,121	\$ 759,311	\$ (36,728)	\$ (378,174)	\$ (1,145,798)	\$ (826,074)	\$ (4,844,845)	\$ (1,449,166)
Humboldt City Schools' covered payroll	\$ 4,878,916	\$ 4,854,575	\$ 4,385,926	\$ 3,968,114	\$ 3,763,218	\$ 3,736,721	\$ 3,605,404	\$ 3,686,768	\$ 3,888,965
Humboldt City Schools' proportionate share of the net pension asset as a percentage of its covered payroll	-0.41%	1.09%	17.31%	-0.93%	-10.05%	-30.66%	-22.91%	-131.41%	-37.27%
Plan fiduciary net position as a percentage of the total pension asset	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

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

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF THE SCHOOL SYSTEM'S CONTRIBUTIONS**  
**TEACHER LEGACY PENSION PLAN OF TCRS**  
Fiscal Year Ending June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution (ADC)	\$ 433,231	\$ 438,853	\$ 396,487	\$ 358,717	\$ 341,700	\$ 390,861	\$ 383,255	\$ 378,624	\$ 400,535	\$ 306,148
Contributions in relation to the actuarially determined contributions	<u>433,231</u>	<u>438,853</u>	<u>396,487</u>	<u>358,717</u>	<u>341,700</u>	<u>390,861</u>	<u>383,255</u>	<u>378,624</u>	<u>400,535</u>	<u>306,148</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,878,916	\$ 4,854,575	\$ 4,385,926	\$ 3,968,114	\$ 3,763,218	\$ 3,736,721	\$ 3,605,404	\$ 3,686,768	\$ 3,888,695	\$ 3,522,989
Contributions as a percentage of covered payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%	8.69%

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

*Changes of assumptions.* In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF THE SCHOOL SYSTEM'S PROPORTIONATE SHARE OF THE NET PENSION ASSET**  
**TEACHER RETIREMENT PLAN OF TCRS**  
Fiscal Year Ended June 30\*

	<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>
Humboldt City Schools' proportion of the net pension asset	0.129515%		0.167801%		0.179718%		0.175995%		0.168955%		0.157798%		0.193454%		0.157034%
Humboldt City Schools' proportionate share of the net pension asset	\$ (5,320)	\$	(17,469)	\$	(47,415)	\$	(79,819)	\$	(95,373)	\$	(89,731)	\$	(209,552)	\$	(47,570)
Humboldt City Schools' covered payroll	\$ 274,765	\$	738,329	\$	1,179,557	\$	1,537,983	\$	1,787,872	\$	1,991,286	\$	2,791,964	\$	2,681,671
Humboldt City Schools' proportionate share of the net pension asset as a percentage of its covered payroll	-1.94%		-2.37%		-4.02%		-5.19%		-5.33%		-4.51%		-7.51%		-1.77%
Plan fiduciary net position as a percentage of the total pension asset	127.46%		121.88%		126.81%		126.97%		123.07%		116.52%		121.53%		104.55%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

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

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF THE SCHOOL SYSTEM'S CONTRIBUTIONS**  
**TEACHER RETIREMENT PLAN OF TCRS**  
Fiscal Year Ending June 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution (ADC)	\$ 6,869	\$ 18,482	\$ 47,182	\$ 25,081	\$ 34,685	\$ 40,423	\$ 56,398	\$ 53,902	\$ 85,118
Contributions in relation to the actuarially determined contributions	<u>10,991</u>	<u>29,533</u>	<u>47,182</u>	<u>61,520</u>	<u>34,685</u>	<u>40,423</u>	<u>56,398</u>	<u>53,902</u>	<u>85,118</u>
Contribution deficiency (excess)	<u>\$ (4,122)</u>	<u>\$ (11,051)</u>	<u>\$ -</u>	<u>\$ (36,439)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 274,765	\$ 738,329	\$ 1,179,557	\$ 1,537,983	\$ 1,787,872	\$ 1,991,286	\$ 2,791,964	\$ 2,681,671	\$ 2,965,785
Contributions as a percentage covered payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%	2.02%	2.01%	2.87%

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

*Changes of assumptions* . In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

Note: In FY 2019, the System placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the four percent contractually required contribution into the Pension Stabilization Reserve Trust (SRT).

2019: Pension - 1.94%, SRT - 2.02%

2020: Pension - 2.03%, SRT - 1.97%

2021: Pension - 2.02%, SRT - 1.98%

2022: Pension - 2.01%, SRT - 1.99%

2023: Pension - 2.87%, SRT - 1.13%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>									
Service cost	\$ 701,397	\$ 606,407	\$ 585,991	\$ 584,457	\$ 572,270	\$ 540,734	\$ 532,818	\$ 515,039	\$ 508,112
Interest	2,217,191	2,088,397	1,966,131	1,890,575	1,871,211	1,777,344	1,763,689	1,662,928	1,620,853
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Difference between actual & expected experience	222,320	(101,931)	440,017	(85,761)	(744,256)	413,876	(880,606)	410,332	(385,234)
Change of assumptions	-	2,882,633	-	-	-	695,412	-	-	-
Benefit payments, including refunds of employee contributions	(1,665,952)	(1,391,447)	(1,260,794)	(1,436,519)	(1,452,140)	(1,241,874)	(1,241,634)	(1,283,552)	(1,095,782)
<b>Net change in total pension liability</b>	1,474,956	4,084,059	1,731,345	952,752	247,085	2,185,492	174,267	1,304,747	647,949
<b>Total pension liability - beginning</b>	32,978,854	28,894,795	27,163,450	26,210,698	25,963,613	23,778,121	23,603,854	22,299,107	21,651,158
<b>Total pension liability - ending (a)</b>	\$ 34,453,810	\$ 32,978,854	\$ 28,894,795	\$ 27,163,450	\$ 26,210,698	\$ 25,963,613	\$ 23,778,121	\$ 23,603,854	\$ 22,299,107
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 439,781	\$ 441,790	\$ 427,407	\$ 478,623	\$ 470,324	\$ 461,438	\$ 453,929	\$ 428,052	\$ 427,231
Contributions - employee	385,783	384,966	373,178	351,869	369,132	338,795	333,667	307,913	318,886
Net investment income	(1,339,832)	7,329,494	1,367,680	1,948,945	2,054,141	2,574,280	598,272	689,249	3,246,986
Benefit payments, including refunds of employee contributions	(1,665,952)	(1,391,447)	(1,260,794)	(1,436,519)	(1,452,140)	(1,241,874)	(1,241,634)	(1,283,552)	(1,095,782)
Administrative expense	(16,922)	(16,400)	(16,817)	(16,496)	(17,885)	(16,153)	(14,859)	(9,805)	(8,020)
Other	-	-	-	-	-	-	88,095	-	-
<b>Net change in plan fiduciary net position</b>	(2,197,142)	6,748,403	890,654	1,326,422	1,423,572	2,116,486	217,470	131,857	2,889,301
<b>Plan fiduciary net position - beginning</b>	35,451,264	28,702,861	27,812,207	26,485,785	25,062,213	22,945,727	22,728,257	22,596,400	19,707,099
<b>Plan fiduciary net position - ending (b)</b>	\$ 33,254,122	\$ 35,451,264	\$ 28,702,861	\$ 27,812,207	\$ 26,485,785	\$ 25,062,213	\$ 22,945,727	\$ 22,728,257	\$ 22,596,400
<b>Net Pension Liability (Asset) - ending (a) - (b)</b>	\$ 1,199,688	\$ (2,472,410)	\$ 191,934	\$ (648,757)	\$ (275,087)	\$ 901,400	\$ 832,394	\$ 875,597	\$ (297,293)
<b>Plan fiduciary net position as a percentage of total pension liability</b>	96.52%	107.50%	99.34%	102.39%	101.05%	96.53%	96.50%	96.29%	101.33%
<b>Covered payroll</b>	\$ 7,661,689	\$ 7,696,694	\$ 7,446,112	\$ 7,028,226	\$ 6,906,378	\$ 6,775,887	\$ 6,665,610	\$ 6,285,632	\$ 6,357,094
<b>Net pension liability (asset) as a percentage of covered payroll</b>	15.66%	-32.12%	2.58%	-9.23%	-3.98%	13.30%	12.49%	13.93%	-4.68%

**Notes to Schedule:**

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

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

**CITY OF HUMBOLDT, TENNESSEE**  
**Schedule of Contributions Based on Participation in the Public Employee**  
**Pension Plan of TCRS**  
Last Fiscal Year Ending June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 652,557	\$ 439,781	\$ 441,790	\$ 427,407	\$ 478,623	\$ 470,324	\$ 461,438	\$ 453,929	\$ 428,052	\$ 427,231
Contributions in relation to the actuarially determined contributions	<u>652,557</u>	<u>439,781</u>	<u>441,790</u>	<u>427,407</u>	<u>478,623</u>	<u>470,324</u>	<u>461,438</u>	<u>453,929</u>	<u>428,052</u>	<u>427,231</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,029,191	\$ 7,661,689	\$ 7,696,694	\$ 7,446,112	\$ 7,028,226	\$ 6,906,378	\$ 6,775,887	\$ 6,665,610	\$ 6,285,632	\$ 6,357,094
Contributions as a percentage covered payroll	8.13%	5.74%	5.74%	5.74%	6.81%	6.81%	6.81%	6.81%	6.81%	6.72%

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

**Notes to Schedule:**

*Valuation Date* : Actuarially determined contribution rates for fiscal year 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.125 percent

*Changes of assumptions:* In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See independent auditor's report.

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF CHANGES IN THE SCHOOL SYSTEM'S PROPORTIONATE SHARE OF**  
**COLLECTIVE OPEB LIABILITY AND RATIOS**  
Fiscal Year Ended June 30,

**Teacher Group Insurance Plan**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total OPEB liability</b>						
Service cost	\$ 134,152	\$ 124,462	\$ 174,140	\$ 157,648	\$ 168,643	\$ 175,933
Interest	65,451	76,915	86,885	90,314	55,599	50,738
Changes of benefit terms	-	-	-	-	(4,890)	26,957
Differences between expected and actual experience	-	146,753	297,099	(380,650)	(270,722)	164,623
Changes of assumptions	(98,715)	25,250	(181,485)	234,550	21,365	(229,568)
Benefit payments	(167,511)	(176,777)	(191,820)	(182,498)	(157,013)	(131,065)
<b>Net change in total OPEB liability</b>	<b>(66,623)</b>	<b>196,603</b>	<b>184,819</b>	<b>(80,636)</b>	<b>(187,018)</b>	<b>57,618</b>
<b>Total OPEB liability - beginning</b>	<b>2,191,072</b>	<b>2,124,449</b>	<b>2,321,052</b>	<b>2,505,871</b>	<b>2,425,235</b>	<b>2,238,217</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 2,124,449</b>	<b>\$ 2,321,052</b>	<b>\$ 2,505,871</b>	<b>\$ 2,425,235</b>	<b>\$ 2,238,217</b>	<b>\$ 2,295,835</b>
<b>Nonemployer contributing entities proportionate share of the collective tot</b>	<b>642,444</b>	<b>434,837</b>	<b>556,997</b>	<b>565,611</b>	<b>538,620</b>	<b>559,349</b>
<b>Employer's proportionate share of the collective total OPEB liability</b>	<b>1,482,005</b>	<b>1,886,215</b>	<b>1,948,874</b>	<b>1,859,624</b>	<b>1,699,597</b>	<b>1,736,486</b>
<b>Covered-employee payroll</b>	<b>5,115,173</b>	<b>4,641,888</b>	<b>3,889,732</b>	<b>4,376,492</b>	<b>5,109,159</b>	<b>3,554,763</b>
<b>Employer's proportionate share of the collective total OPEB liability as a p</b>	<b>21.81%</b>	<b>40.63%</b>	<b>50.10%</b>	<b>42.49%</b>	<b>33.27%</b>	<b>48.85%</b>

**Note to Schedule:**

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

*See independent auditor's report.*

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF CHANGES IN THE SCHOOL SYSTEM'S PROPORTIONATE SHARE OF**  
**COLLECTIVE OPEB LIABILITY AND RATIOS**  
Fiscal Year Ended June 30,

**Tennessee Plan**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total OPEB liability</b>						
Service cost	\$ 17,992	\$ 14,690	\$ 10,170	\$ 8,859	\$ 13,637	\$ 11,163
Interest	38,936	43,496	20,802	19,945	14,772	11,654
Changes of benefit terms	-	(471,094)	-	-	-	-
Differences between expected and actual experience	-	(175,507)	(13,552)	(3,494)	(56,860)	5,943
Changes of assumptions	(97,115)	(3,854)	8,763	100,394	(68,949)	(80,413)
Benefit payments	<u>(67,800)</u>	<u>(68,468)</u>	<u>(32,592)</u>	<u>(29,903)</u>	<u>(30,609)</u>	<u>(27,441)</u>
<b>Net change in total OPEB liability</b>	(107,987)	(660,737)	(6,409)	95,801	(128,009)	(79,094)
<b>Total OPEB liability - beginning</b>	<u>1,349,341</u>	<u>1,241,354</u>	<u>580,617</u>	<u>574,208</u>	<u>670,009</u>	<u>542,000</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 1,241,354</u>	<u>\$ 580,617</u>	<u>\$ 574,208</u>	<u>\$ 670,009</u>	<u>\$ 542,000</u>	<u>\$ 462,906</u>
<b>Nonemployer contributing entities proportionate share of the collective total OPEB liability</b>	617,177	482,343	506,914	568,790	452,381	393,989
<b>Employer's proportionate share of the collective total OPEB liability</b>	624,177	98,274	67,294	101,219	89,619	68,917
<b>Covered-employee payroll</b>	5,115,173	4,641,888	3,889,732	4,376,492	5,109,159	3,554,763
<b>Employer's proportionate share of the collective total OPEB liability as a percentage of covered payroll</b>	12.20%	2.12%	1.73%	2.31%	1.75%	1.94%

**Note to Schedule:**

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO SCHEDULE OF CHANGES IN THE SCHOOL SYSTEM'S PROPORTIONATE**  
**SHARE OF COLLECTIVE OPEB LIABILITY AND RATIOS**  
For the Fiscal Year Ended June 30, 2023

Valuation Date: June 30, 2022  
Measurement Date: June 30, 2022

**Methods and Assumptions Used to Determine Total OPEB Liability**

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	3.54%
Salary Increases	Assumed salary increases are the same as used by TCRS: 8.72% at age 20 graded to 3.44% at age 70 (with 4.00% weighted average).
Retirement Age	Retirement rates used in the July 1, 2021 actuarial evaluation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS).
Demographic Assumptions	Demographic assumptions used in the July 1, 2021 actuarial evaluation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS).
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 7.32% for pre-65 retirees in the 2022 calendar year, and gradually decreasing over a 10 year period to an ultimate trend rate of 4.5 percent.

**Other Information:**

Notes See the Actuarial Valuation Report as of July 1, 2022.  
There were no benefit changes during the measurement period.  
There have been no method changes since the prior year.

**The Teacher Group Insurance Plan:**

The financial accounting valuation reflects the following assumption changes:  
- The discount rate decreased from 2.16% to 3.54%.  
- The medical and drug trend rate assumptions were updated to reflect more recent experience as of the Measurement Date.  
- A change in expected per capita health claims to reflect more recent information as of the Measurement Date.

**The Tennessee Plan:**

The financial accounting valuation reflects the following assumption changes:  
- The discount rate decreased from 2.16% to 3.54%.

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - UTILITY**  
For the Year Ended June 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>						
Service cost	\$ 37,468	\$ 48,530	\$ 38,095	\$ 36,881	\$ 23,246	\$ 22,139
Interest	19,535	12,611	12,772	18,290	15,330	14,475
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(159,406)	-	-	-	59,302	-
Employee contributions	(12,789)	(13,668)	(39,685)	(10,786)	(14,550)	(14,525)
Changes of assumptions	10,423	(79,941)	3,336	7,401	41,259	-
Benefit payments	-	-	(3,560)	-	-	-
<b>Net change in total OPEB liability</b>	<u>(104,769)</u>	<u>(32,468)</u>	<u>10,958</u>	<u>51,786</u>	<u>124,587</u>	<u>22,089</u>
<b>Total OPEB liability - beginning</b>	<u>558,185</u>	<u>590,653</u>	<u>579,695</u>	<u>527,909</u>	<u>403,322</u>	<u>381,233</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 453,416</u>	<u>\$ 558,185</u>	<u>\$ 590,653</u>	<u>\$ 579,695</u>	<u>\$ 527,909</u>	<u>\$ 403,322</u>
<b>Covered-employee payroll</b>	2,586,771	2,736,374	2,656,563	2,546,440	2,300,958	1,948,045
<b>Total OPEB liability as a percentage of covered payroll</b>	17.53%	20.40%	22.23%	22.76%	22.94%	20.70%

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POST-RETIREMENT BENEFITS - UTILITY**  
June 30, 2023

Measurement date	June 30, 2023
Actuarial valuation date	June 30, 2023
Cost Method	Entry age normal
Discount rate	The discount rate used to measure the total OPEB liability was 4.13 percent. Because the plan is unfunded, the plan's projected benefits are discounted back using rates equivalent to AA 20-year municipal bonds. The S & P Municipal Bond 20 Year Rate Index was used to approximate those yields as of June 30, 2023. The prior valuation used 3.54% from the GO Bond Buyer Index.
Mortality	Pub-2010 General Employee Headcount-weighted with fully generational scale MP-2021. This table was chosen as it represents the most recent mortality study for governmental employees completed by the Society of Actuaries.
Turn over	T3 Standard Table. Absent enough population to develop a sponsor-specific assumption, a standard table was selected based on the signing actuary's professional judgement.
Payroll Growth	3% Based on input from the plan sponsors.
Core inflation assumption	2.50%
Retirement age	Absent sufficiently credible data to develop specific retirement assumptions, the plan's normal retirement age of 62 with 20 years of service is used on the actuary's professional judgement.
Utilization	90%, 25% spousal participation, Based on input from the plan sponsor.
Marriage assumption	80% married with husbands assumed to be 3 years older than wives. For current retirees actual spousal information and coverage was used.
Trend	Claims are then projected to increase at an initial rate of 7.5% in FY23 with annual declines of 0.50% until an ultimate rate of 4.5% is achieved. Dental premiums were assumed to increase at a constant 2% annually. The rates were taken from analysis of historical trends of various medical plans and a composite of the expected future increases reported in a number of national trend surveys.
Per capita claims	Medical premium equivalent rates illustrated below were age-adjusted based on actual ages of the enrolled participants and the aging factors.
Change since prior valuation	Discount rate changed from 3.54% to 4.13% Mortality improvement scale changed from MP-2020 to MP-2021. The Healthcare cost trend assumption was updated to 7.50% for 2023 decreasing by .05% per year until it reaches 4.50%. The source for the discount rate was switched from the GO Bond Buyer Index to the S&P Municipal Bond 20 Year Rate Index.

*See independent auditor's report.*

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
For the Year Ended June 30, 2023

**Local Government OPEB Plan**

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 70,567	\$ 98,577	\$ 71,194	\$ 63,228	\$ 49,719	\$ 53,657
Interest	24,940	31,505	46,876	45,020	41,236	34,592
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(34,400)	(28,080)	(96,608)	39,873	109,351	-
Employee contributions	-	-	-	-	-	-
Changes in assumptions and other inputs	(111,312)	(280,183)	101,630	2,687	(58,099)	(41,354)
Benefit payments	(69,821)	(59,710)	(60,882)	(72,852)	(68,551)	(70,068)
<b>Net change in total OPEB liability</b>	(120,026)	(237,891)	62,210	77,956	73,656	(23,173)
<b>Total OPEB liability - beginning</b>	<u>1,118,800</u>	<u>1,356,691</u>	<u>1,294,481</u>	<u>1,216,525</u>	<u>1,142,869</u>	<u>1,166,042</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 998,774</u>	<u>\$ 1,118,800</u>	<u>\$ 1,356,691</u>	<u>\$ 1,294,481</u>	<u>\$ 1,216,525</u>	<u>\$ 1,142,869</u>
<b>Covered-employee payroll</b>	\$ 7,661,689	\$ 7,696,694	\$ 7,446,112	\$ 7,028,226	\$ 6,906,378	\$ 6,775,887
<b>Total OPEB liability as a percentage of covered payroll</b>	13.04%	14.54%	18.22%	18.42%	17.61%	16.87%

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This scheduled is intended to display ten years of information. Additional years will be displayed as they become available.

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
For the Year Ended June 30, 2023

Tennessee Plan	2023	2022	2021	2020	2019
<b>Total OPEB liability</b>					
Service cost	\$ 6,205	\$ 8,137	\$ 5,454	\$ 6,892	\$ 10,070
Interest	5,280	6,124	8,229	9,131	10,549
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	5,281	16,560	(12,338)	(32,144)	(54,654)
Employee contributions	-	-	-	-	-
Changes in assumptions and other inputs	(39,425)	(55,124)	44,547	4,827	(2,101)
Benefit payments	(6,320)	(6,539)	(5,309)	(4,800)	(4,763)
<b>Net change in total OPEB liability</b>	<b>(28,979)</b>	<b>(30,842)</b>	<b>40,583</b>	<b>(16,094)</b>	<b>(40,899)</b>
<b>Total OPEB liability - beginning</b>	<b>241,367</b>	<b>272,209</b>	<b>231,626</b>	<b>247,720</b>	<b>288,619</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 212,388</b>	<b>\$ 241,367</b>	<b>\$ 272,209</b>	<b>\$ 231,626</b>	<b>\$ 247,720</b>
<b>Covered employee payroll</b>	<b>\$ 7,661,689</b>	<b>\$ 7,696,694</b>	<b>\$ 7,446,112</b>	<b>\$ 7,028,226</b>	<b>\$ 6,906,378</b>
<b>Total OPEB liability as a percentage of covered employee payroll</b>	<b>2.77%</b>	<b>3.14%</b>	<b>3.66%</b>	<b>3.30%</b>	<b>3.59%</b>

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

Changes in assumptions - The discount rate increased from 2.16% to 3.54%. The medical and drug trend rate assumptions were updated to reflect more recent experience to reflect more recent information as of the Measurement Date. Given that most participating agencies receive a flat subsidy under the Medicare Supplement Plan, the impact of updated trend assumptions were minimal. Coverage acceptance rates for certain employers were updated to reflect more recent subsidy amounts and recent plan experience.

**CITY OF HUMBOLDT, TENNESSEE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POST-RETIREMENT BENEFITS**  
June 30, 2023

Valuation Date:	July 1, 2022
Measurement Date:	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	3.54%
Salary Increases	Assumed salary increases are the same as used by TCRS: 8.72% at age 20 graded to 3.44% at age 70 (with 4.00% weighted average).
Retirement Age	Retirement rates used in the July 1, 2022 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS).
Demographic Assumptions	Demographic assumptions used in the July 1, 2022 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS).
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 8.99 for pre-65 retirees in the 2020 calendar year, and gradually decreasing over a 10 year period to an ultimate trend rate of 4.5 percent.

**Other Information:**

Notes

See the Actuarial Valuation Report as of July 1, 2022  
There were no benefit changes during the measurement period.  
There have been no method changes since the prior year.

## **SUPPLEMENTARY INFORMATION SECTION**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS:**

Special Revenue Funds account for specific revenues that are legally restricted or committed to expenditure purposes. The Special Revenue Funds are:

Drug Fund - To account for the resources used for the operation of drug enforcement activities by the City.

State Street Aid Fund - To account for the resources used for the purposes of maintaining public streets and projects.

Solid Waste Fund – To account for the resources used in the operation of solid waste activities by the City.

Humboldt Board of Education:

Centralized Cafeteria Fund - To account for the resources used to operate cafeterias in the city's schools.

Internal School Fund - To account for the resources used to operate the internal school funds.

**CITY OF HUMBOLDT, TENNESSEE  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS**

June 30, 2023

<b>Assets</b>	<u>Drug</u>	<u>State Street Aid</u>	<u>Centralized Cafeteria</u>	<u>Internal School Funds</u>	<u>Solid Waste Services</u>	<u>Totals</u>
Cash and cash equivalents	\$ 70,489	\$ 177,807	\$ 1,370,746	\$ 168,721	\$ 53,529	\$ 1,841,292
Inventory	-	-	26,851	1,276	-	28,127
Intergovernmental receivables	-	46,770	56,834	-	66,739	170,343
Due from other funds	-	-	-	-	68,369	68,369
<b>Total assets</b>	<b><u>\$ 70,489</u></b>	<b><u>\$ 224,577</u></b>	<b><u>\$ 1,454,431</u></b>	<b><u>\$ 169,997</u></b>	<b><u>\$ 188,637</u></b>	<b><u>\$ 2,108,131</u></b>
 <b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 461	\$ -	\$ -	\$ 461
Due to other funds	-	-	44,165	-	-	44,165
Total liabilities	<u>-</u>	<u>-</u>	<u>44,626</u>	<u>-</u>	<u>-</u>	<u>44,626</u>
 <b>Fund balances</b>						
Nonspendable:						
Inventory	-	-	26,851	1,276	-	28,127
Restricted:						
Operation of Non-Instructional Services	-	-	1,382,954	-	-	1,382,954
Internal School Funds	-	-	-	168,721	-	168,721
Drug enforcement	70,489	-	-	-	-	70,489
Solid waste services	-	-	-	-	188,637	188,637
State street aid expenditures	-	224,577	-	-	-	224,577
Total fund balances	<u>70,489</u>	<u>224,577</u>	<u>1,409,805</u>	<u>169,997</u>	<u>188,637</u>	<u>2,063,505</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 70,489</u></b>	<b><u>\$ 224,577</u></b>	<b><u>\$ 1,454,431</u></b>	<b><u>\$ 169,997</u></b>	<b><u>\$ 188,637</u></b>	<b><u>\$ 2,108,131</u></b>

See independent auditor's report.

**CITY OF HUMBOLDT, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2023

	<u>Drug</u>	<u>State Street Aid</u>	<u>Centralized Cafeteria</u>	<u>Internal School Funds</u>	<u>Solid Waste Services</u>	<u>Totals</u>
<b>Revenues</b>						
Intergovernmental	\$ -	\$ 273,539	\$ 1,369,344	\$ 328,046	\$ -	\$ 1,970,929
Charges for services	-	-	54,307	-	863,852	918,159
Fines and forfeitures	29,833	-	-	-	-	29,833
Other	398	980	4,321	-	441	6,140
Total revenues	<u>30,231</u>	<u>274,519</u>	<u>1,427,972</u>	<u>328,046</u>	<u>864,293</u>	<u>2,925,061</u>
<b>Expenditures</b>						
Current						
Public safety	8,753	-	-	-	-	8,753
Public works	-	331,960	-	-	776,168	1,108,128
Education	-	-	1,332,611	343,241	-	1,675,852
Capital outlay	<u>22,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,341</u>	<u>72,355</u>
Total expenditures	<u>30,767</u>	<u>331,960</u>	<u>1,332,611</u>	<u>343,241</u>	<u>826,509</u>	<u>2,865,088</u>
<b>Net changes in fund balances</b>	<b><u>(536)</u></b>	<b><u>(57,441)</u></b>	<b><u>95,361</u></b>	<b><u>(15,195)</u></b>	<b><u>37,784</u></b>	<b><u>59,973</u></b>
Fund balance - beginning	71,025	282,018	1,310,800	185,192	150,853	1,999,888
Increase (decrease) in inventory	<u>-</u>	<u>-</u>	<u>3,644</u>	<u>-</u>	<u>-</u>	<u>3,644</u>
Fund balance - ending	<u>\$ 70,489</u>	<u>\$ 224,577</u>	<u>\$ 1,409,805</u>	<u>\$ 169,997</u>	<u>\$ 188,637</u>	<u>\$ 2,063,505</u>

See independent auditor's report.

**CITY OF HUMBOLDT, TENNESSEE**  
**DRUG FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>Over</b>
				<b>(Under)</b>
<b>Revenues</b>				
Fines and forfeitures	\$ 19,950	\$ 19,950	\$ 17,947	\$ (2,003)
Asset forfeitures	10,000	10,000	11,886	1,886
Interest	405	405	398	(7)
Total revenues	<u>30,355</u>	<u>30,355</u>	<u>30,231</u>	<u>(124)</u>
<b>Expenditures</b>				
Current				
Public Safety				
Police				
Supplies	4,000	4,000	824	(3,176)
Seized vehicle	1,000	1,000	-	(1,000)
Confidential funds	2,500	2,500	1,000	(1,500)
Maintenance	3,500	3,500	1,970	(1,530)
Capital outlay	46,192	46,192	22,014	(24,178)
Fingerprint imaging	4,900	4,900	4,783	(117)
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>176</u>	<u>(2,824)</u>
Total expenditures	<u>65,092</u>	<u>65,092</u>	<u>30,767</u>	<u>(34,325)</u>
<b>Net changes in fund balance</b>	<b><u>\$ (34,737)</u></b>	<b><u>\$ (34,737)</u></b>	<b><u>(536)</u></b>	<b><u>\$ 34,201</u></b>
Fund balance - beginning			<u>71,025</u>	
Fund balance - ending			<u><u>\$ 70,489</u></u>	

*See independent auditor's report.*

**CITY OF HUMBOLDT, TENNESSEE**  
**STATE STREET AID**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2023

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		<b>(Under)</b>
<b>Revenues</b>				
Intergovernmental				
Gasoline and motor fuel tax	\$ 169,900	\$ 169,900	\$ 139,871	\$ (30,029)
1989 increase - gas tax	30,500	30,500	22,040	(8,460)
Gas 3 cent	41,500	41,500	40,628	(872)
Gas 2017	72,000	72,000	71,000	(1,000)
Interest	1,500	1,500	980	(520)
Total revenues	315,400	315,400	274,519	(40,881)
<b>Expenditures</b>				
Current				
Public Works				
City Streets				
Street light	150,000	150,000	163,274	13,274
Traffic light	11,000	11,000	11,617	617
Street signs	2,500	2,500	2,963	463
Street improvements	85,400	85,400	79,513	(5,887)
Maintenance	40,000	40,000	49,320	9,320
Street patching	10,000	10,000	15,309	5,309
Sidewalk repairs	5,000	5,000	-	(5,000)
Tire repair/replacement	5,000	5,000	6,133	1,133
Street culverts	3,000	3,000	-	(3,000)
Sand/gravel/concrete	3,000	3,000	3,000	-
Miscellaneous	500	500	831	331
Total expenditures	315,400	315,400	331,960	16,560
<b>Net changes in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(57,441)</b>	<b>\$ (57,441)</b>
Fund balance - beginning			282,018	
Fund balance - ending			<b>\$ 224,577</b>	

*See independent auditor's report.*

**CITY OF HUMBOLDT, TENNESSEE  
CENTRALIZED CAFETERIA FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Over (Under)</b>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<b>Revenues:</b>				
Intergovernmental				
Grant revenue	\$ 1,318,300	\$ 1,338,300	\$ 1,359,974	\$ 21,674
State match revenue	12,185	12,185	9,370	(2,815)
Charges for services	40,312	40,312	54,307	13,995
Other revenues	3,000	3,000	4,321	1,321
Total revenues	<u>1,373,797</u>	<u>1,393,797</u>	<u>1,427,972</u>	<u>34,175</u>
<b>Expenditures:</b>				
Current:				
Non-instructional services:				
Food service	<u>1,373,797</u>	<u>1,393,797</u>	<u>1,332,611</u>	<u>(61,186)</u>
<b>Net changes in fund balance</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b>95,361</b>	<b><u>\$ 95,361</u></b>
Fund balance - beginning			1,310,800	
Increase (decrease) in inventory			<u>3,644</u>	
Fund balance - ending			<u>\$ 1,409,805</u>	

*See independent auditor's report.*

**CITY OF HUMBOLDT, TENNESSEE**  
**SOLID WASTE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>(Under)</b>
<b>Revenues</b>				
Charges for services	\$ 871,000	\$ 871,000	\$ 863,852	\$ (7,148)
Interest	<u>345</u>	<u>345</u>	<u>441</u>	<u>96</u>
Total revenues	<u>871,345</u>	<u>871,345</u>	<u>864,293</u>	<u>(7,052)</u>
<b>Expenditures</b>				
Current				
Public Works				
Sanitation				
Outside waste disposal	836,000	836,000	778,618	(57,382)
Commission	<u>25,000</u>	<u>25,000</u>	<u>43,025</u>	<u>18,025</u>
	<u>861,000</u>	<u>861,000</u>	<u>821,643</u>	<u>(39,357)</u>
Landfill				
Maintenance	<u>10,000</u>	<u>10,000</u>	<u>4,866</u>	<u>(5,134)</u>
Total expenditures	<u>871,000</u>	<u>871,000</u>	<u>826,509</u>	<u>(44,491)</u>
<b>Net changes in fund balance</b>	<b><u>\$ 345</u></b>	<b><u>\$ 345</u></b>	<b><u>37,784</u></b>	<b><u>\$ 37,439</u></b>
Fund balance - beginning			<u>150,853</u>	
Fund balance - ending			<u>\$ 188,637</u>	

See independent auditor's report.

**CITY OF HUMBOLDT, TENNESSEE  
HUMBOLDT SENIOR CITIZENS CENTER  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - COMPONENT UNIT  
For the Fiscal Year Ended June 30, 2023**

**Revenues:**

United Way	\$	420
Interest		5
Trip deposits		1,293
Donations and program fees		12,051
Total revenues		13,769

**Expenditures:**

Current:

Health, Culture, Recreation and Welfare:

Senior Citizens Programs:

Supplies		4,559
Utilities		238
Miscellaneous		3,789
Training		2,443
Advertising		109
Travel programs		695
Total expenditures		11,833

**Net changes in fund balances**

1,936

Fund balance - beginning

2,681

Fund balance - ending

\$ 4,617

*See independent auditor's report.*

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE**  
For the Fiscal Year Ended June 30, 2023

<u>Tax Levy for Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Beginning Outstanding Taxes</u>	<u>Additions and Adjustments</u>	<u>Collections</u>	<u>Ending Outstanding Taxes</u>	<u>Outstanding Taxes Being Collected by Chancery Court</u>
2022	2.73	\$ 4,175,656	\$ -	\$ 4,227,886	\$ 3,987,966	239,920	\$ -
2021	2.73	4,171,409	301,947	(453)	191,332	110,162	-
2020	2.73	4,196,604	246,976	3,926	104,185	146,717	146,717
2019	2.73	4,295,025	111,054	-	62,231	48,823	48,823
2018	3.04	4,063,267	70,631	-	32,829	37,802	37,802
2017	3.04	4,067,237	69,803	-	35,703	34,100	34,100
2016	3.04	4,180,355	42,396	-	10,452	31,944	31,944
2015	3.04	4,119,365	84,879	-	166	84,713	84,713
2014	3.04	4,050,072	74,986	-	151	74,835	74,835
2013	3.04	4,030,449	14,100	-	-	14,100	14,100
2012	3.04	3,760,175	10,449	(10,449)	-	-	-
			<u>\$ 1,027,221</u>	<u>\$ 4,220,910</u>	<u>\$ 4,425,015</u>	<u>\$ 823,116</u>	<u>\$ 473,034</u>

Above balances represented as follows:

Considered current revenue	-
Allowance for uncollectible accounts	292,320
Unavailable revenue	<u>530,796</u>
	823,116
2023 property tax assessment	<u>4,328,344</u>
<b>Total taxes receivable</b>	<b><u>\$ 5,151,460</u></b>

*See independent auditor's report.*

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF ELECTRIC RATES IN FORCE**

June 30, 2023

**Residential Rate Schedule:**

Customer charge - per delivery point per month	\$	11.00
Energy charge - cents per kWh		
First 2,000 kWh		0.1246
Additional kWh over 2,000 kWh		0.10836

**General Power Schedule:**

<b>GSA1 (Under 50 kW demand &amp; less than 15,000 kWh)</b>		
Customer charge - per delivery point per month	\$	20.00
Energy charge - cents per kWh		0.11828
<b>GSA2 (51-1000 kW demand or more than 15,000 kWh)</b>		
Customer charge - per delivery point per month	\$	40.00
Demand charges - per kW per month		
First 50 kW		No Charge
Excess over 50 kW		12.72
Energy charge - cents per kWh		
First 15,000 kWh per month		0.11254
Additional kWh per month		0.06976
<b>GSA3 (1000 - 5000 kW demand)</b>		
Customer charge - per delivery point per month	\$	100.00
Demand charges - per kW per month		
First 1000 kW		12.22
Excess over 1,000 kW		12.32
Energy charge - cents per kWh		0.07507
<b>GSB (5001 - 15,000 kW demand)</b>		
Customer charge - per delivery point per month	\$	1,500.00
Admin charge		350.00
Demand charges - per kW per month		
All kW - per kW per month - Onpeak		10.24
Maximum		1.65
Excess - Overcontract		10.24
Energy charge - cents per kWh		
Onpeak - use of metered demanded per month		0.08139
Offpeak - First 425 hours		0.05639
Offpeak - Next 195 hours		0.02670
Offpeak - Additional kWh		0.02415

**Number of customers:**

	2023	2022
Residential	3,533	3,511
Commercial and industrial	1,047	1,029
	4,580	4,540

*See independent auditor's report.*

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF WATER AND SEWER RATES IN FORCE**  
 June 30, 2023

**Water**

**Inside City Limits**

Residential	\$10.00 customer charge plus \$3.25 per 1,000 gallons
Commercial	\$20.00 customer charge plus \$3.25 per 1,000 gallons
Industrial	Customer charge                      \$ 250.00
	Usage charge                              \$ 3.25 per 1,000 gallons for first 100,000
	\$ 3.00 per 1,000 gallons for over 100,000

**Outside City Limits-No Fire Protection**

Residential	\$15.00 customer charge plus \$3.25 per 1,000 gallons
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**Sewer**

**Inside City Limits**

Residential	\$10.00 customer charge plus \$3.75 per 1,000 gallons (Maximum \$50.00)
Commercial & Industrial	Customer charge                      \$ 20.00
	\$ 3.75 per 1,000 gallons for first 100,000
	\$ 3.25 per 1,000 gallons for over 100,000
Industrial	Customer charge                      \$ 250.00
	\$ 3.75 per 1,000 gallons for first 100,000
	\$ 3.25 per 1,000 gallons for over 100,000

**Number of customers:**

	<u>2023</u>	<u>2022</u>
Water	<u>4,161</u>	<u>4,118</u>
Sewer	<u>3,967</u>	<u>3,921</u>

*See independent auditor's report.*

**CITY OF HUMBOLDT, TENNESSEE  
SCHEDULE OF GAS RATES IN FORCE**

June 30, 2023

<b>Class 22 - Residential - inside city</b>		
Customer charge	\$	5.00
Rate per MCF		9.50
<b>Class 16,35 - Commercial, inside city</b>		
Customer charge	\$	7.00
Rate per MCF		10.50
<b>Class 3 - Residential, outside city</b>		
Customer charge	\$	7.00
Rate per MCF		11.00
<b>Class 14 - Commercial, outside city</b>		
Customer charge	\$	9.00
Rate per MCF		11.15

**Industrial**

Note: The Humboldt Utilities industrial pool is comprised of several large industries grouped together to collectively purchase natural gas based on NYMEX market and/or contract pricing. Humboldt Utilities offers a discount on collective pricing through local bond purchases. Industrial industries can "lock in" firm contract prices to ensure the supply of natural gas at a fixed rate.

<b>Number of customers:</b>	<u>2023</u>	<u>2022</u>
	<u>3,627</u>	<u>3,610</u>

*See independent auditor's report.*

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION DEBT - CITY**  
June 30, 2023

Year Ended June 30,	Variable Rate Local Government Loan Program Bond, Series 2016		Total Requirements		
	Principal	Interest	Principal	Interest	Total
2024	\$ 185,000	\$ 77,910	\$ 185,000	\$ 77,910	\$ 262,910
2025	187,000	72,360	187,000	72,360	259,360
2026	189,000	66,750	189,000	66,750	255,750
2027	192,000	61,080	192,000	61,080	253,080
2028	194,000	55,320	194,000	55,320	249,320
2029	197,000	49,500	197,000	49,500	246,500
2030	200,000	43,590	200,000	43,590	243,590
2031	202,000	37,590	202,000	37,590	239,590
2032	205,000	31,530	205,000	31,530	236,530
2033	207,000	25,380	207,000	25,380	232,380
2034	210,000	19,170	210,000	19,170	229,170
2035	213,000	12,870	213,000	12,870	225,870
2036	216,000	6,480	216,000	6,480	222,480
	<u>\$ 2,597,000</u>	<u>\$ 559,530</u>	<u>\$ 2,597,000</u>	<u>\$ 559,530</u>	<u>\$ 3,156,530</u>

*See independent auditor's report.*

**CITY OF HUMBOLDT, TENNESSEE  
 PROPRIETARY FUNDS  
 SCHEDULE OF LONG-TERM DEBT**  
 June 30, 2023

Year Ended June 30,	Electric Division				Water & Sewer Division											
	AMI Note Payable		CB&T Bond Series 2018		Capitalization Grants SRF 11-277		Commercial Bank AMI Note Payable		Capitalization Grants SRF 18-411		Capitalization Grants SRF DW6 19-213		Capitalization Grants SRF CW 19-433			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2024	\$ 63,334	\$ 8,041	\$ 112,793	\$ 69,450	\$ 66,336	\$ 10,104	\$ 63,334	\$ 8,041	\$ 18,075	\$ 60	\$ 36,408	\$ 9,252	\$ 365,244	\$ 69,468		
2025	63,334	6,433	127,271	54,972	67,332	9,108	63,334	6,433	-	-	36,852	8,784	368,796	65,916		
2026	63,334	4,824	132,200	50,043	68,352	8,088	63,334	4,824	-	-	37,308	8,304	372,396	62,316		
2027	63,334	3,216	137,319	44,924	69,384	7,056	63,334	3,216	-	-	37,764	7,812	376,020	58,692		
2028	63,058	1,607	142,637	39,606	70,440	6,000	63,058	1,607	-	-	38,232	7,320	379,692	55,020		
2029	-	-	148,161	34,082	71,496	4,944	-	-	-	-	38,700	6,816	383,388	51,324		
2030	-	-	153,898	28,345	72,576	3,864	-	-	-	-	39,180	6,300	387,120	47,592		
2031	-	-	159,858	22,385	73,680	2,760	-	-	-	-	39,660	5,796	390,888	43,824		
2032	-	-	166,048	16,195	74,784	1,656	-	-	-	-	40,140	5,280	394,704	40,008		
2033	-	-	172,478	9,765	67,868	488	-	-	-	-	40,632	4,752	398,544	36,168		
2034	-	-	79,676	3,085	-	-	-	-	-	-	41,136	4,224	402,432	32,280		
2035	-	-	-	-	-	-	-	-	-	-	41,640	3,684	406,356	28,356		
2036	-	-	-	-	-	-	-	-	-	-	42,144	3,144	410,316	24,396		
2037	-	-	-	-	-	-	-	-	-	-	42,660	2,592	414,312	20,400		
2038	-	-	-	-	-	-	-	-	-	-	43,188	2,028	418,344	16,368		
2039	-	-	-	-	-	-	-	-	-	-	43,716	1,476	422,424	12,288		
2040	-	-	-	-	-	-	-	-	-	-	44,256	900	426,540	8,172		
2041	-	-	-	-	-	-	-	-	-	-	44,772	348	430,692	4,020		
2042	-	-	-	-	-	-	-	-	-	-	3,124	-	180,685	750		
	<b>\$ 316,394</b>	<b>\$ 24,121</b>	<b>\$ 1,532,339</b>	<b>\$ 372,852</b>	<b>\$ 702,248</b>	<b>\$ 54,068</b>	<b>\$ 316,394</b>	<b>\$ 24,121</b>	<b>\$ 18,075</b>	<b>\$ 60</b>	<b>\$ 731,512</b>	<b>\$ 88,812</b>	<b>\$ 7,328,893</b>	<b>\$ 677,358</b>		

Year Ended June 30,	Water & Sewer Division										Total Requirements		
	Capitalization Grants SRF CW7 19-432		Capitalization Grants SRF DW7 19-214		Capitalization Grants SRF DWF 19-215		Capitalization Grants SRF DWF 19-215-01		Capitalization Grants SRF CW 19-433-01		Principal	Interest	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest			
2024	\$ 124,524	\$ 20,408	\$ 36,672	\$ 8,976	\$ 183,372	\$ 44,880	\$ 24,348	\$ 2,400	\$ 220,728	\$ 20,640	\$ 1,315,168	\$ 275,360	\$ 1,590,528
2025	125,736	22,836	37,116	8,508	185,616	42,492	24,468	2,280	221,796	19,572	1,321,651	247,334	1,568,985
2026	126,972	21,600	37,572	8,016	187,896	40,056	24,588	2,160	222,864	18,504	1,336,816	228,735	1,565,551
2027	128,196	20,376	38,040	7,524	190,200	37,608	24,708	2,040	223,932	17,436	1,352,231	209,900	1,562,131
2028	129,456	19,116	38,508	7,020	192,540	35,112	24,828	1,920	225,000	16,368	1,367,449	190,696	1,558,145
2029	130,716	17,856	38,976	6,516	194,892	32,604	24,948	1,800	226,092	15,276	1,257,369	171,218	1,428,587
2030	131,988	16,584	39,456	6,012	197,292	30,048	25,068	1,680	227,172	14,196	1,273,750	154,621	1,428,371
2031	133,272	15,300	39,936	5,496	199,716	27,468	25,188	1,560	228,276	13,092	1,290,474	137,681	1,428,155
2032	134,568	14,004	40,428	4,980	202,164	24,864	25,308	1,440	229,368	12,000	1,307,512	120,427	1,427,939
2033	135,876	12,696	40,920	4,452	204,636	22,224	25,428	1,320	230,472	10,896	1,316,854	102,761	1,419,615
2034	137,208	11,364	41,424	3,912	207,144	19,548	25,548	1,200	231,576	9,792	1,166,144	85,405	1,251,549
2035	138,540	10,032	41,940	3,360	209,688	16,836	25,668	1,080	232,692	8,676	1,096,524	72,024	1,168,548
2036	139,896	8,676	42,444	2,820	212,268	14,088	25,800	948	233,820	7,548	1,106,688	61,620	1,168,308
2037	141,252	7,320	42,972	2,288	214,872	11,316	6,962	207	234,936	6,432	1,097,966	50,535	1,148,501
2038	142,632	5,940	43,500	1,824	217,500	8,520	-	-	236,064	5,304	1,101,228	39,984	1,141,212
2039	144,024	4,548	44,028	1,140	220,176	5,664	-	-	237,204	4,164	1,111,572	29,280	1,140,852
2040	145,428	3,144	44,568	564	222,876	2,784	-	-	238,344	3,024	1,122,012	18,588	1,140,600
2041	146,844	1,728	18,810	60	93,661	285	-	-	239,496	1,872	974,275	8,313	982,588
2042	98,703	360	-	-	-	-	-	-	240,648	720	523,160	1,830	524,990
2043	-	-	-	-	-	-	-	-	20,103	8	20,103	8	20,111
	<b>\$ 2,535,831</b>	<b>\$ 237,528</b>	<b>\$ 707,310</b>	<b>\$ 83,448</b>	<b>\$ 3,536,509</b>	<b>\$ 416,397</b>	<b>\$ 332,858</b>	<b>\$ 22,035</b>	<b>\$ 4,400,583</b>	<b>\$ 205,520</b>	<b>\$ 22,458,946</b>	<b>\$ 2,206,320</b>	<b>\$ 24,665,266</b>

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
June 30, 2023

Description of Indebtness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/1/2022	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding 6/30/2023
<b>Bonds Payable</b>									
Payable through School General Purpose Fund									
Loan Program Bond, Series 2016	\$ 3,825,000	3.00%	June 10, 2016	June 1, 2036	\$ 2,779,000	\$ -	\$ 182,000	\$ -	\$ 2,597,000
Payable through Electric System									
Electric Revenue Improvement Bond - Series 2018	<u>3,500,000</u>	3.75%	September 28, 2018	June 30, 2033	<u>1,685,572</u>	<u>-</u>	<u>153,233</u>	<u>-</u>	<u>1,532,339</u>
<b>Total Bonds Payable</b>	<b><u>\$ 7,325,000</u></b>				<b><u>\$ 4,464,572</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 335,233</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,129,339</u></b>
<b>Note Payable</b>									
Payable through Electric System									
AMI Note Payable	950,000	2.54%	July 23, 2013	June 30, 2028	\$ 379,729	\$ -	\$ 63,335	\$ -	\$ 316,394
Payable through Water and Sewer System									
AMI Note Payable	950,000	2.54%	July 23, 2013	June 30, 2028	379,727	-	63,333	-	316,394
SRF 11-277 Loan	1,320,000	1.50%	November 3, 2010	May 1, 2033	767,468	-	65,220	-	702,248
SRF 18-411 Loan	540,000	0.29%	October 25, 2017	June 1, 2023	126,639	-	108,564	-	18,075
SRF DW6 19-213	1,000,000	1.22%	February 8, 2019	June 1, 2038	767,440	-	35,928	-	731,512
SRF CW 19-433	7,900,000	0.97%	January 7, 2019	December 7, 2038	7,690,609	-	361,716	-	7,328,893
SRF CW7 19-432	3,000,000	0.97%	January 7, 2019	December 7, 2038	2,659,156	-	123,325	-	2,535,831
SRF DW7 19-214	1,000,000	1.22%	October 22, 2018	September 22, 2037	743,538	-	36,228	-	707,310
SRF DWF 19-215	4,000,000	1.22%	October 22, 2018	September 22, 2037	3,717,661	-	181,152	-	3,536,509
SRF DWF 19-215-01	510,000	0.48%	July 1, 2020	June 1, 2040	332,858	-	-	-	332,858
SRF CW 19-433-01	<u>4,800,000</u>	0.48%	December 16, 2019	November 16, 2038	<u>4,585,102</u>	<u>22,500</u>	<u>207,019</u>	<u>-</u>	<u>4,400,583</u>
<b>Total Notes Payable</b>	<b><u>\$ 25,970,000</u></b>				<b><u>\$ 22,149,927</u></b>	<b><u>\$ 22,500</u></b>	<b><u>\$ 1,245,820</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 20,926,607</u></b>

See independent auditor's report.

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF TRANSFERS**  
For the Fiscal Year Then Ended June 30, 2023

From Fund	To Fund	Pupose	Amount
General fund	General Purpose School Fund	City appropriations	\$ 2,007,113
Electric Fund	General Fund	In lieu of tax payments	349,555
Water and Sewer Fund	General Fund	In lieu of tax payments	49,447
Gas Fund	General Fund	In lieu of tax payments	104,089
Total			2,510,204
Governmental fund activities eliminated			(2,007,113)
<b>Total government-wide</b>			<b>\$ 503,091</b>

*See independent auditor's report.*

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2023

	<u>ALN Number</u>	<u>Pass Through Agency Grant Number</u>	<u>Expenditures/ Amount Earned/ Amount Issued</u>
<b>U.S. Department of Agriculture</b>			
Passed Through the Tennessee Department of Agriculture:			
Child Nutrition Cluster:			
School Breakfast Program	10.553*	N/A	\$ 457,390
National School Lunch Program - Commodities (noncash)	10.555*	N/A	41,437
National School Lunch Program	10.555*	N/A	757,120
National School Lunch Program - CNLOCF	10.555*	N/A	37,953
National School Lunch Program - Snack	10.555*	N/A	24,374
Fresh Fruit and Vegetable Program	10.582*	N/A	38,565
COVID-19 National School Lunch Program Emergency Cost	10.555*	N/A	<u>3,135</u>
Total U.S. Department of Agriculture			<u>1,359,974</u>
<b>U.S. Environmental Protection Agency</b>			
Capitalization Grants for Clean Water	66.458	2019-433-01	<u>22,500</u>
<b>U.S. Department of Safety and Homeland Security</b>			
Passed Through the Tennessee Department of Safety and Homeland Security:			
Public Safety Partnership and Community Policing Grants			
Safety and Security Grant	16.710	Unknown	<u>17,468</u>
<b>Institute of Museum and Library Services:</b>			
Passed through Tennessee Secretary of State:			
Grants to States - Archives Library Technology Assistance	45.310	N/A	<u>5,455</u>
<b>U.S. Department of the Treasury</b>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - ARPA	21.027*	N/A	<u>1,119,288</u>

*See independent auditor's report.*

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2023

	ALN Number	Pass Through Agency Grant Number	Expenditures/ Amount Earned/ Amount Issued
<b>U.S. Department of Education</b>			
<b>Pass-through the Tennessee Department of Education</b>			
Title I, Grants to Local Education Agencies	84.010	S010A220042	\$ 105,350
Title I, Grants to Local Education Agencies	84.010	S010A220042	<u>476,372</u>
			<u>581,722</u>
Career and Technical Education - Basic Grants to States	84.048	V048A220042	<u>30,399</u>
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Z 20-51120	<u>127,702</u>
Title IV, Part B, 21st Century Community Learning	84.287C	S287C220043	<u>230,006</u>
COVID-19 - Education Stabilization Fund - ESSER Grant	84.425D*	S425D210047	2,462
COVID-19 - Education Stabilization Fund - ESSER Grant 2	84.425D*	S425D210047	504,478
COVID-19 - Education Stabilization Fund - ARP - ESSER 3	84.425U*	S425D210047	1,957,378
COVID-19 - Education Stabilization Fund - ESSER Planning	84.425D*	S425U210047	44,445
COVID-19 - Education Stabilization Fund - Early Literacy Network	84.425C*	S425C210047	39,682
COVID-19 - Education Stabilization Fund - ESSER - HQIM - Math Implementation Grant	84.425D*	S425C210047	69,250
COVID-19 - Education Stabilization Fund - GEER - Literacy Training	84.425C*	S425D210047	<u>18,000</u>
			<u>2,635,695</u>
English Language Acquisition State Grant	84.365A	S365A200042	<u>4,621</u>
Title II, Part A - Supporting Effective Instruction State Grant	84.367	S367A200040	<u>107,004</u>
<b>Special Education Cluster</b>			
Special Education Grants to the States (IDEA, Part B)			
IDEA Program	84.027	H027A220052	423,209
COVID - IDEA - ARP	84.027	H027X220052	<u>19,236</u>
			<u>442,445</u>
Special Education - Preschool Grant	84.173	H173A200095	<u>20,780</u>
Total Special Education Cluster			<u>463,225</u>
Total U.S. Department of Education			<u>4,180,374</u>
<b>U.S. Department of Health</b>			
Passed through the Tennessee Department of Education			
Epidemiology and Laboratory Capacity for Infectious Disease Grant	93.323	HEALTHELCFUND	189,526
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response Resilient Communities Grant	93.354	PHEP_CRISISRESP	<u>146,756</u>
			<u>336,282</u>
<b>U.S. Department of Transportation</b>			
Passed through the Tennessee Department of Transportation:			
Highway Planning and Construction	20.205	STP-M-5(106)	<u>230,376</u>
Total Federal Awards			<u>\$ 7,271,717</u>

\* Major federal financial assistance program.

Note 1- Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Humboldt, Tennessee under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies: Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

See independent auditor's report.

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
For the Fiscal Year Ended June 30, 2023

	<u>State Grant Number</u>	<u>Expenditures/ Amount Earned/ Amount Issued</u>
<b>Tennessee Department of Transportation</b>		
Highway Planning and Construction	27LPLM-F3-033	\$ <u>57,594</u>
<b>Tennessee Department of Economic and Community Development</b>		
Site Development Grant Program	Edison ID 71287	<u>141,813</u>
<b>Tennessee Department of Education</b>		
Coordinated School Health	GZ8/AAX9	83,662
School Safety	N/A	15,775
Career Ladder Supplements	N/A	12,752
Family Resource Center	N/A	29,612
Innovative School Models	N/A	39,145
School Food Service State Matching	N/A	9,370
Learning Camp Transportation	N/A	23,281
Summer Learning Camp	N/A	122,046
Bridge Camp	N/A	4,878
Stream Camp	NA	4,198
Special Programs - Early Childhood	N/A	<u>409,756</u>
		<u>754,475</u>
Total State Awards		<u>\$ 953,882</u>

All expenditures reported are under the modified accrual basis of accounting whereby revenues are recorded when measurable and expenditures are recorded when the liability is incurred.

*See independent auditor's report.*

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



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

Honorable Marvin Sikes, Mayor  
Members of the Board of Aldermen  
City of Humboldt, Tennessee

We have audited, in accordance with the auditing standards general accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of the City of Humboldt, Tennessee (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated May 15, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be material weaknesses.

Honorable Marvin Sikes, Mayor  
Members of the Board of Aldermen  
City of Humboldt, Tennessee

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that are required to be reported under *Government Auditing Standards*.

**See City of Humboldt, Tennessee School System Internal School Funds Audit Report for respective Schedule of Findings and Recommendations and Summary of Prior Year Findings.**

We noted certain matters that we reported to the management of Humboldt City Schools in a letter dated January 8, 2024.

**City of Humboldt's Response to Findings**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*ATA, PLLC*

Jackson, Tennessee  
May 15, 2024



## **Independent Auditor’s Report on Compliance for Each Major Program and Report on Internal Control over Compliance As Required by the Uniform Guidance**

Honorable Marvin Sikes, Mayor  
Members of the Board of Alderman  
City of Humboldt, Tennessee

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

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

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

In our opinion, the City complied, in all material respects, with the type 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, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *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 Requirement for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their

assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*ATA, PLLC*

Jackson, Tennessee  
May 15, 2024

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 June 30, 2023

**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?	<u>    X    </u> yes	<u>          </u> no
Significant deficiency(ies) identified?	<u>          </u> yes	<u>    X    </u> none reported
Noncompliance material to financial statements noted?	<u>    X    </u> yes	<u>          </u> no

**Federal Awards**

Internal Control over major programs:		
Material weakness(es) identified?	<u>          </u> yes	<u>    X    </u> no
Significant deficiency(ies) identified?	<u>          </u> yes	<u>    X    </u> 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 2 CFR 200.516(a)?	<u>    X    </u> yes	<u>          </u> no

**Identification of major programs:**

CFDA Number	Name of Federal Program or Cluster
	U.S. Department of Education:
84.425	Education Stabilization Fund (ESF) - ESSER Grants
	U.S. Department of Agriculture:
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	School Lunch Program
10.582	Fresh Fruit and Vegetables Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds - ARPA

**Dollar threshold used to distinguish between type A and type B programs:**

\$           750,000

Auditee qualified as low-risk auditee?            yes     X     no

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2023

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2023-001 - Lack of Reconciliations of Capital Assets (Material Weakness and Noncompliance)**

Condition: We noted that capital assets were not properly reconciled by City personnel in the current year.

Cause: The City failed to reconcile governmental capital assets to the general ledger in a timely manner.

Criteria: Capital assets reconciliations should be performed to ensure that accounts are correctly stated on an annual basis.

Effect: Capital assets not being reconciled expose the City to a greater risk of fraud, loss, and other undetected errors.

Recommendation: We recommend that capital assets be reconciled annually.

Response: The City is working through all of the capital asset records and tracking capital outlay activity to ensure that capital assets are properly reconciled in future years.

**2023-002 – Expenditures in Excess of Appropriations in Governmental Funds (Noncompliance)**

Condition: Actual expenditures exceeded budgeted expenditures in the General Fund in the amount of \$66,485 in the General Fund.

Criteria: Tennessee Code Annotated (TCA) 6-56-203 states “notwithstanding any other provision or law, no municipality may expend any monies regardless of their source except in accordance with a budget ordinance adopted under this section.”

Cause: The City had some unexpected expenditures happen near year-end which caused the expenditures to be overbudget.

Effect: Expenditures could exceed approved budgeted amounts which causes the City to use cash for unplanned reasons.

Recommendation: If it appears during the fiscal year that actual expenditures exceed budgeted amounts, the Board of Aldermen should amend the original budget or provide supplemental appropriations.

Response: The City understands the requirements of TCA 6-56-203 and will make every effort to comply with these requirements.

**See City of Humboldt, Tennessee School System Internal School Funds Audit Report for respective Schedule of Findings and Recommendations and Summary of Prior Year Findings**

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2023

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

**2023-003 – Data Collection Form Not Filed by Deadline (Noncompliance-Other)**

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

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

Cause: The City's audit report was not completed in time for the data collection form to be filed by March 31, 2024.

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

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

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

**CITY OF HUMBOLDT, TENNESSEE**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
 June 30, 2023

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2022-001	Lack of Timely Reconciliations of Cash (School) (Material Weakness and Noncompliance) (Original Finding 2021-003)	Corrected
2022-002	Lack of Proper Internal Controls Resulting in Material Loss (School) (Material Weakness and Noncompliance) (Original Finding 2022-002)	Corrected

**See City of Humboldt, Tennessee School System Internal School Funds Audit Report for Respective Schedule of Findings and Recommendations and Summary of Prior Year Findings**

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

None reported.



# City of Humboldt

1201 Main Street • Humboldt, Tennessee 38343 • (731) 784-2511

## MANAGEMENT'S CORRECTIVE ACTION PLAN

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The City of Humboldt, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2023.

Cognizant agency:  
Department of Education

Name and address of independent public accounting firm:

ATA, PLLC  
227 Oil Well Road  
Jackson, TN 38305

Audit period:

June 30, 2023

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

### FINDINGS – FINANCIAL STATEMENT AUDIT

#### 2023-001 – Lack of Reconciliations of Capital Assets (Material Weakness and Noncompliance)

Person Responsible for Implementing the Correction Action: Alicia Pigue

Anticipated Completion Date of Corrective Action: June 30, 2024

Repeat Finding: No

Planned Corrective Action: The City's capital assets will be reconciled annually.

#### 2023-002 – Expenditures in Excess of Appropriations in Governmental Funds (Noncompliance)

Person Responsible for Implementing the Correction Action: Alicia Pigue

Anticipated Completion Date of Corrective Action: June 30, 2024

Repeat Finding: No

Planned Corrective Action: The City is going to pay close attention to all expenditures and make sure the proper appropriations have been made.

### FINDINGS – FEDERAL AWARDS AND QUESTIONED COSTS

#### 2023-003 – Data Collection Form Not Filed by Deadline (Noncompliance-Other)

Person Responsible for Implementing the Correction Plan: Alicia Pigue

Anticipated Completion Date: June 30, 2024

Repeat Finding: No

Planned Corrective Action: The City is going to work to ensure that the 2024 audit report is issued timely which will allow the Data Collection Form to be issued timely.

Name and Title (print) Alicia Pigue  
Signature Alicia Pigue