

*Financial Statements*

CITY OF MAYNARDVILLE, TENNESSEE

Year Ended June 30, 2023

## TABLE OF CONTENTS

	<u>Page Nos.</u>
INDEPENDENT ACCOUNTANTS' AUDIT REPORT	1-4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5-11
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	12-13
Statement of Activities	14-17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	20-21
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenue, Expenditures and Changes in Fund Balance - Actual and Budget - General Fund	23-28
Statement of Revenue, Expenditures and Changes in Fund Balance - Actual and Budget - State Street Aid Fund	29
Statement of Revenue, Expenditures and Changes in Fund Balance - Actual and Budget - Drug Fund	30
Statement of Net Position - Water and Sewer Fund	31-32
Statement of Revenue, Expenses and Change in Net Position - Water and Sewer Fund	33
Statement of Cash Flows - Water and Sewer Fund	34-35

TABLE OF CONTENTS  
(continued)

	<u>Page Nos.</u>
Notes to the Financial Statements	36-57
REQUIRED SUPPLEMENTARY INFORMATION	
Changes in Net Pension Liability(Asset)	58-61
Pension Contributions	62-64
SUPPLEMENTARY INFORMATION	
Investments	65
Long-Term Debt Requirements	66-72
Changes in Long-Term Debt by Individual Issue	73-74
Expenditures of Federal Awards and State Financial Assistance	75-76
OTHER INFORMATION	
Utility Rates and Metered Customers - Water and Sewer Fund	77
Principal Officials	78
INTERNAL CONTROL AND COMPLIANCE	
Independent Accountants' 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	79-80
Summary Schedule of Prior Year Findings	81

INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Mayor and Board of Commissioners  
City of Maynardville, Tennessee  
Maynardville, 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 and each major fund of City of Maynardville, Tennessee as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Maynardville, Tennessee'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 and each major fund of City of Maynardville, Tennessee as of June 30, 2023, the respective changes in its financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons of the general fund, state street aid fund and drug fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 City of Maynardville, Tennessee's ability to continue as a going concern within twelve months after the date that the financial statements, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Maynardville, Tennessee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Maynardville, Tennessee's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information/Management's Discussion and Analysis***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 to 11, the schedule of changes in net pension liability(asset) on pages 58 to 61 and the schedule of pension contributions on pages 62 to 64 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other information we obtained during our audit of the 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 an opinion on the financial statements that collectively comprise City of Maynardville, Tennessee's financial statements. The accompanying information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedules of investments, long-term debt requirements, changes in long-term debt by individual issue and expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the financial statements. The other information comprises the schedules of utility rates and metered customers – water and sewer fund and principal officials but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we 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 January 30, 2024 on our consideration of City of Maynardville, Tennessee'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 City of Maynardville, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Maynardville, Tennessee's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mitchell Emert + Hill". The signature is written in a cursive, flowing style.

January 30, 2024

City of  
**Maynardville**

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Maynardville, Tennessee 37807 – 0217

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**Management's Discussion and Analysis  
For the Year Ended June 30, 2023**

The management of City of Maynardville, Tennessee (the City) presents this management's discussion and analysis (MD&A) of the City's financial condition and results of operations for the fiscal year ended June 30, 2023. This information should be read in conjunction with the accompanying financial statements.

This MD&A also presents an overview of the City, including the water and sewer fund, known as the primary government. The government-wide financial statements include only the primary government which is the total reporting entity.

**Financial Highlights**

The following are key financial highlights:

- The assets of the City were more than its liabilities at June 30, 2023 by \$18,659,669 (\$17,487,078 in 2022).
- The City's net position increased by \$1,172,591 (\$1,567,133 in 2022) or 6.3 percent during the year ended June 30, 2023 (9.1 percent during 2022).
- At June 30, 2023, the City's governmental funds reported combined ending fund balances of \$2,353,565 , an increase of \$387,237 for the year ended June 30, 2023. At June 30, 2022, the City's governmental funds reported combined ending fund balances of \$1,966,328, an increase of \$321,582 for the year ended June 30, 2022. Of the total fund balances, \$2,131,340 (\$1,696,832 in 2022) is unassigned and available for ongoing operations.
- At June 30, 2023 the unassigned general fund balance was \$2,131,340 (\$1,696,832 in 2022) or 193 percent (148 percent in 2022) of general fund expenditures. This demonstrates the City's fiscal discipline and will help meet unexpected emergencies and other uncertainties the City may face during the course of everyday operations.

## Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the 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*. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (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 the following:

- General government
- Public safety
- Public welfare
- Streets and highways

The business-type of activities of the City include water and sewer services provided by the water and sewer fund. The government-wide financial statements can be found on pages 12 to 17 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, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

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

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for the general fund, state street aid fund and drug fund, all of which are considered to be major funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for all major funds and are presented on pages 23 to 30.

*Proprietary Funds* - Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains one type of proprietary fund-enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has one enterprise fund to account for water distribution and sewer collections.

The City's enterprise fund, the water and sewer fund, is a major fund and is reported separately in the government-wide and fund financial statements. The proprietary fund financial statements are presented on pages 31 to 35 in the basic financial statements.

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

Internal Control and Compliance Section - This includes the auditors' report on the City's internal controls and compliance.

## **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2023 the City's assets exceeded its liabilities by \$18,659,669 (\$17,487,078 in 2022).

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, water and sewer facilities, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services; consequently, these assets are *not* available for future spending. Although the investment in 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 long-term debt. At June 30 the City's statement of net position consisted of the following:

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets	\$ 6,324,334	\$ 5,260,035
Other asset	37,348	208,021
Capital assets, net of accumulated depreciation	<u>16,723,963</u>	<u>16,814,487</u>
<b>Total Assets</b>	23,085,645	22,282,543
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pension	<u>155,667</u>	<u>160,851</u>
	<u>\$ 23,241,312</u>	<u>\$ 22,443,394</u>
<b>LIABILITIES</b>		
Current liabilities	\$ 423,005	\$ 625,039
Noncurrent liabilities	<u>3,388,616</u>	<u>3,668,974</u>
<b>Total Liabilities</b>	3,811,621	4,294,013
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pension	40,497	232,841
Unearned contribution and grants	<u>729,525</u>	<u>429,462</u>
	770,022	662,303
<b>NET POSITION</b>		
Net investment in capital assets	13,054,488	12,851,335
Restricted	233,893	455,073
Unrestricted	<u>5,371,289</u>	<u>4,180,670</u>
<b>Total Net Position</b>	<u>18,659,669</u>	<u>17,487,078</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 23,241,312</u>	<u>\$ 22,443,394</u>

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position may be used to meet the obligations to employees and creditors and to help fund next year's budget.

Following is a summary of financial activities for the City during the fiscal year ended June 30:

	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>		
Program Revenue:		
Fees, fines and charges for services	\$ 3,030,740	\$ 2,873,558
Operating grants and contributions	98,920	98,811
Capital grants and contributions	766,562	726,490
General Revenue:		
Local taxes	1,057,572	984,357
Intergovernmental	332,617	360,193
Investment income	28,460	3,415
Miscellaneous	<u>1,670</u>	<u>7,635</u>
	5,316,541	5,054,459
 <b>EXPENSES</b>		
General government	527,300	484,801
Public safety	491,808	430,004
Streets and highways	299,263	91,665
Other expenses	40,155	42,392
Water and sewer	<u>2,785,426</u>	<u>2,438,466</u>
	<u>4,143,950</u>	<u>3,487,326</u>
<b>Increase in net position</b>	1,172,591	1,567,133
 <b>Net position at the beginning of the year</b>	<u>17,487,078</u>	<u>15,919,946</u>
<b>Net position at the end of the year</b>	<u>\$ 18,659,669</u>	<u>\$ 17,487,078</u>

Governmental Activities - During the year ended June 30, 2023, governmental activities increased the City's net position by \$277,383 (\$489,845 in 2022), due to increased state and local taxes. State and local taxes increased due to improvements in the economy. Street and highway expense increased due to increased repair and maintenance expense.

The City's main sources of revenue are from local option sales tax and local and state-shared taxes which consist of tax revenue shared by the State of Tennessee.

Business Type Activities - For the year ended June 30, 2023, business-type activities increased the City's net position by \$895,208 (\$1,077,288 in 2022) due to increases in water rates.

## Capital Assets

The City's net investment in capital assets as of June 30, 2023 was \$ 16,723,963(\$16,814,487 in 2022).

	<u>2023</u>	<u>2022</u>
Land	\$ 311,194	\$ 311,194
Buildings	295,084	295,084
Infrastructure	1,030,286	513,097
Water treatment plant	22,655,088	21,728,796
Furniture and fixtures	16,348	16,348
Vehicles and equipment	2,336,375	2,225,388
Construction in progress	1,663,094	2,540,564
Accumulated depreciation	<u>(11,583,504)</u>	<u>(10,815,983)</u>
	<u>\$ 16,723,963</u>	<u>\$ 16,814,487</u>

The major capital asset additions during the year ended June 30, 2023 were:

Infrastructure	\$ 517,189
Water treatment plant	926,292

## Debt Administration

At June 30, 2023 the proprietary fund had outstanding debt of \$3,521,893 (\$3,793,698 in 2022) consisting of the following:

	<u>2023</u>	<u>2022</u>
Water and sewer revenue bonds	\$ 2,455,554	\$ 2,597,399
State of Tennessee revolving fund loan	<u>1,066,339</u>	<u>1,196,299</u>
Total debt - principal	3,521,893	3,793,698
Less: current portion due	<u>(280,953)</u>	<u>(272,400)</u>
Total long-term debt - principal	<u>\$ 3,240,940</u>	<u>\$ 3,521,298</u>

During the year ended June 30, 2023, the City retired \$271,805 (\$263,411 in 2022) on its proprietary fund debt. No new proprietary debt was issued during the years ended June 30, 2023 and 2022.

During the year ended June 30, 2023, the City retired \$21,871 (\$21,093 in 2022) of its governmental fund debt. No new governmental funds debt was issued during the year ended June 30, 2023.

Additional information on debt can be found in Note H to the financial statements.

## **Financial Analysis of the City's Funds**

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

Governmental Funds - The focus of the City's governmental funds financial statements 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund's fund balance increased by \$439,197 during the year ended June 30, 2023 (\$227,383 in 2022).

Proprietary Fund - The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position for the water and sewer fund was \$3,069,077 during the year ended June 30, 2023 and \$2,377,517 during the year ended June 30, 2022.

## **Budgetary Highlights**

During the year ended June 30, 2023, final amended budget revenues did not change from original budgeted revenues in the general fund increases in expected state and local taxes. The original budgeted expenditures of the general fund increased by approximately \$128,000 due to operating and maintenance expenses. During the year ended June 30, 2023, final amended budgeted revenue and expenditures of the state street aid fund and drug fund did not vary significantly from the original budgeted revenue and expenditures.

## **Economic Factors and Next Year's Budgets and Rates**

The Board of Commissioners approved the budget for the year ending June 30, 2024. The estimated revenue and appropriations did not vary significantly from the budget for the year ended June 30, 2023.

## **Requests for Information**

This MD&A and accompanying financial statements and notes are designed to provide our citizens, employees, creditors and regulatory agencies with an overview of the City's finances. If you have any questions or need additional information, you may contact:

Gina Singletary, City Recorder  
City of Maynardville, Tennessee  
P.O. Box 217  
Maynardville, TN 37807  
Telephone (865) 992-3821

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF NET POSITION**

June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash	\$ 2,021,665	\$ 3,196,920	\$ 5,218,585
Certificates of deposit	189,328	322,702	512,030
Accounts receivable, net of allowance for uncollectible accounts	0	196,511	196,511
Taxes receivable	69,223	0	69,223
Grant receivable	0	83,361	83,361
Due from other governments	171,910	0	171,910
Internal balances	(9,687)	9,687	0
Prepaid expenses	32,749	39,964	72,714
Capital assets not being depreciated	97,162	1,877,126	1,974,288
Capital assets being depreciated, net of accumulated depreciation	1,370,246	13,379,431	14,749,675
Net pension asset	22,940	14,408	37,348
	<u>3,965,536</u>	<u>19,120,109</u>	<u>23,085,645</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	<u>55,003</u>	<u>100,665</u>	<u>155,667</u>
	<u>\$ 4,020,539</u>	<u>\$ 19,220,774</u>	<u>\$ 23,241,312</u>

See the accompanying notes to the financial statements.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 10,134	\$ 50,210	\$ 60,344
Customer deposits	0	81,801	81,801
Current portion of long-term debt	22,473	280,953	303,426
Long-term debt, net of current portion	<u>125,110</u>	<u>3,240,940</u>	<u>3,366,050</u>
	157,718	3,653,903	3,811,621
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	21,299	19,198	40,497
Unearned contributions and grants	<u>0</u>	<u>729,525</u>	<u>729,525</u>
	21,299	748,723	770,022
<b>NET POSITION</b>			
Net investment in capital assets	1,319,825	11,734,663	13,054,488
Restricted:			
Drug investigation	38,517	0	38,517
Street improvements	158,028	0	158,028
Pension	22,940	14,408	37,348
Unrestricted	<u>2,302,212</u>	<u>3,069,077</u>	<u>5,371,289</u>
	<u>3,841,522</u>	<u>14,818,148</u>	<u>18,659,669</u>
	<u>\$ 4,020,539</u>	<u>\$ 19,220,774</u>	<u>\$ 23,241,312</u>

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
General government	\$ 527,300	\$ 5,502	\$ 0	\$ 52,604
Public safety	491,808	77,290	13,600	0
Streets and highways	299,263	0	85,320	0
Public welfare	<u>40,155</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total governmental activities	1,358,525	82,792	98,920	52,604
<b>Business-Type Activities:</b>				
Water and sewer	<u>2,785,426</u>	<u>2,947,948</u>	<u>0</u>	<u>713,958</u>
	<u>\$ 4,143,950</u>	<u>\$ 3,030,740</u>	<u>\$ 98,920</u>	<u>\$ 766,562</u>

See the accompanying notes to the financial statements.

Net (Expense)Revenue and  
Changes In Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (469,194)	\$ 0	\$ (469,194)
(400,918)	0	(400,918)
(213,943)	0	(213,943)
(40,155)	0	(40,155)
(1,124,209)	0	(1,124,210)
0	876,481	876,481
\$ (1,124,209)	\$ 876,481	\$ (247,728)

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF ACTIVITIES**

(continued)

Year Ended June 30, 2023

**NET (EXPENSE)REVENUE FROM PROGRAM ACTIVITIES**

**General Revenue:**

Taxes:

Local sales tax

Wholesale beer tax

Cable TV franchise tax

Intergovernmental

Interest earnings

Miscellaneous

Total general revenue

**CHANGES IN NET POSITION**

**NET POSITION AT THE BEGINNING OF THE YEAR**

**NET POSITION AT THE END OF THE YEAR**

Net (Expense)Revenue and  
Changes In Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (1,124,209)	\$ 876,481	\$ (247,728)
879,741	0	879,741
159,164	0	159,164
18,667	0	18,667
332,617	0	332,617
9,733	18,727	28,460
1,670	0	1,670
1,401,592	18,727	1,420,319
277,383	895,208	1,172,591
3,564,139	13,922,939	17,487,078
\$ 3,841,522	\$ 14,818,148	\$ 18,659,669

CITY OF MAYNARDVILLE, TENNESSEE

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

June 30, 2023

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash	\$ 1,836,723	\$ 143,440	\$ 41,502	\$ 2,021,665
Certificates of deposit	189,328	0	0	189,328
Taxes receivable	54,635	14,588	0	69,223
Due from other governments	171,910	0	0	171,910
Prepaid expenses	<u>32,749</u>	<u>0</u>	<u>0</u>	<u>32,749</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,285,345</u></b>	<b><u>\$ 158,028</u></b>	<b><u>\$ 41,502</u></b>	<b><u>\$ 2,484,875</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,151	\$ 0	\$ 2,984	\$ 10,134
Due to other funds	<u>9,687</u>	<u>0</u>	<u>0</u>	<u>9,687</u>
<b>TOTAL LIABILITIES</b>	16,837	0	2,984	19,821
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred tax revenue	104,419	7,070	0	111,489
<b>FUND BALANCES</b>				
Nonspendable	32,749	0	0	32,749
Restricted	0	150,958	38,519	189,475
Unassigned	<u>2,131,340</u>	<u>0</u>	<u>0</u>	<u>2,131,340</u>
<b>TOTAL FUND BALANCES</b>	<b><u>2,164,089</u></b>	<b><u>150,958</u></b>	<b><u>38,519</u></b>	<b><u>2,353,565</u></b>
	<b><u>\$ 2,285,345</u></b>	<b><u>\$ 158,028</u></b>	<b><u>\$ 41,502</u></b>	<b><u>\$ 2,484,875</u></b>

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

June 30, 2023

<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 2,353,565</b>
Capital assets used in governmental activities are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	1,467,408
Net pension assets and liabilities, and the related deferred outflows and deferred inflows are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	
Net pension asset	22,940
Deferred outflows of resources	55,003
Deferred inflows of resources	(21,299)
Long-term liabilities are not due in the current period; therefore, they are not reported in the governmental fund balance sheet	(147,583)
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures; therefore, they are reported as deferred revenue in the governmental funds balance sheet.	<u>111,489</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 3,841,522</u></u></b>

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

Year Ended June 30, 2023

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
<b>REVENUE</b>				
Taxes:				
Local sales tax	\$ 874,460	\$ 0	\$ 0	\$ 874,460
Wholesale beer tax	159,164	0	0	159,164
Cable TV franchise tax	18,667	0	0	18,667
Intergovernmental	397,172	85,790	0	482,962
Licenses and permits	5,362	0	0	5,362
Charges for services	140	0	0	140
Fines and forfeitures	77,290	0	0	77,290
Investment earnings	8,815	919	0	9,733
Miscellaneous	1,670	0	0	1,670
<b>TOTAL REVENUE</b>	<b>1,542,740</b>	<b>86,709</b>	<b>0</b>	<b>1,629,449</b>
<b>EXPENDITURES</b>				
Current:				
General government	467,926	0	0	467,926
Public safety	418,352	0	0	418,352
Streets and highways	155,239	138,669	0	293,908
Public welfare	34,998	0	0	34,998
Debt service	27,027	0	0	27,027
<b>TOTAL EXPENDITURES</b>	<b>1,103,543</b>	<b>138,669</b>	<b>0</b>	<b>1,242,212</b>

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

(continued)

Year Ended June 30, 2023

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
<b>NET CHANGE IN FUND BALANCES</b>	439,197	(51,960)	0	387,237
<b>FUND BALANCES AT THE BEGINNING OF THE YEAR</b>	<u>1,724,892</u>	<u>202,918</u>	<u>38,519</u>	<u>1,966,328</u>
<b>FUND BALANCES AT THE END OF THE YEAR</b>	<u>\$ 2,164,089</u>	<u>\$ 150,958</u>	<u>\$ 38,519</u>	<u>\$ 2,353,565</u>

CITY OF MAYNARDVILLE, TENNESSEE

**RECONCILIATION OF THE STATEMENT OF REVENUE,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2023

<b>Net Change in Fund Balances</b>	<b>\$ 387,237</b>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Depreciation expense	(143,017)
Retirement contributions made after the actuarial measurement date are an expenditure in the governmental funds, but increase deferred outflows for governmental activities.	16,302
Revenue reported in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds financial statements:	
Deferred tax revenue - June 30, 2022	(105,030)
Deferred tax revenue - June 30, 2023	111,489
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Pension expense	(11,470)
Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.	<u>21,871</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 277,383</u></b>

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
GENERAL FUND**

Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Taxes:				
Local sales tax	\$ 750,000	\$ 750,000	\$ 874,460	\$ 124,460
Wholesale beer tax	140,000	140,000	159,164	19,164
Cable TV franchise tax	20,000	20,000	18,667	(1,333)
	<u>910,000</u>	<u>910,000</u>	<u>1,052,291</u>	<u>142,291</u>
Intergovernmental:				
TVA taxes	15,000	15,000	29,529	14,529
State income tax	1,000	1,000	337	(663)
State gas inspection	4,000	4,000	4,125	125
State beer tax	750	750	1,121	371
State mixed drink tax	45,000	45,000	918	(44,082)
State sales tax	215,000	215,000	291,536	76,536
Sports betting tax	2,500	2,500	3,403	903
Fire department grants	10,000	10,000	10,400	400
Park grant	0	0	52,604	52,604
State police supplement	2,900	2,900	3,200	300
	<u>296,150</u>	<u>296,150</u>	<u>397,172</u>	<u>101,022</u>
Licenses and permits:				
Beer licenses	1,000	1,000	1,640	640
Building permits	10,000	10,000	3,722	(6,278)
	<u>11,000</u>	<u>11,000</u>	<u>5,362</u>	<u>(5,638)</u>

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**GENERAL FUND**

(continued)

Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services:				
Accident reports	25	25	140	115
Fines and forfeitures	49,500	49,500	77,290	27,790
Other revenue:				
Interest	1,000	1,000	8,815	7,815
Miscellaneous revenue	<u>5,950</u>	<u>5,950</u>	<u>1,670</u>	<u>(4,280)</u>
	<u>6,950</u>	<u>6,950</u>	<u>10,485</u>	<u>3,535</u>
<b>TOTAL REVENUE</b>	1,273,625	1,273,625	1,542,740	269,115
<b>EXPENDITURES</b>				
Legislative:				
Salaries and wages	65,000	70,000	60,082	(9,918)
OASDI-Employer's share	7,500	7,500	4,505	(2,995)
Retirement	1,000	1,500	1,332	(168)
Operating supplies	4,000	4,000	170	(3,830)
Publicity, subscriptions and dues	1,500	1,500	575	(925)
Publications	250	250	28	(222)
Training	1,000	1,000	0	(1,000)
State planning fees	9,000	9,000	7,720	(1,280)
Travel	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>(1,000)</u>
	90,250	95,750	74,411	(21,339)
Financial administration:				
Salaries and wages	212,500	215,000	143,349	(71,651)
OASDI-Employer's share	20,000	15,750	10,127	(5,623)
Retirement	7,000	5,750	5,096	(654)
Education and training	2,500	1,000	224	(776)
Travel	3,500	0	0	0

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**GENERAL FUND**

(continued)

Year Ended June 30, 2023

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
Financial administration (continued):				
Insurance	65,250	89,500	56,538	(32,962)
Publicity, subscriptions and dues	2,500	2,500	1,029	(1,471)
Accounting and administration	30,000	30,000	22,500	(7,500)
Professional services	5,000	5,500	5,069	(431)
Telephone	5,500	5,500	4,021	(1,479)
Repairs and maintenance	5,250	5,250	1,268	(3,982)
Operating supplies	47,900	37,250	25,692	(11,558)
Equipment rental	550	550	386	(164)
Election expenses	9,000	14,000	10,785	(3,215)
Bank service charges	250	250	0	(250)
Legal services	16,500	16,500	16,250	(250)
	<u>433,200</u>	<u>444,300</u>	<u>302,331</u>	<u>(141,969)</u>
City Hall buildings and grounds:				
Contractual services	15,000	25,000	21,295	(3,705)
Utilities	15,250	15,250	6,804	(8,446)
Repairs and maintenance	75,000	75,000	58,063	(16,937)
Janitorial services	6,000	6,000	5,021	(979)
	<u>111,250</u>	<u>121,250</u>	<u>91,184</u>	<u>(30,066)</u>
Police department:				
Salaries and wages	220,000	220,000	196,035	(23,965)
OASDI-Employer's share	25,000	17,500	15,319	(2,181)
Health insurance	45,000	70,000	54,843	(15,157)
Retirement	9,000	12,500	11,423	(1,077)
Professional services	2,500	2,500	2,396	(104)
Employee training	7,000	2,500	650	(1,850)
Publicity, subscriptions and dues	750	750	652	(98)
Telephone and communications	9,000	7,500	7,217	(283)
Litigation tax	6,000	6,000	3,923	(2,077)

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
GENERAL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		Over (Under)
Police department (continued):				
Repairs and maintenance	17,600	19,500	13,967	(5,533)
Travel	2,000	2,000	378	(1,622)
Operating supplies	30,800	30,800	25,288	(5,512)
Equipment rental	1,000	1,000	318	(682)
Uniforms	7,500	7,500	6,578	(922)
Firearm supplies	7,000	7,000	1,310	(5,690)
Gas, oil and grease	20,000	20,000	20,000	0
	<u>410,150</u>	<u>427,050</u>	<u>360,296</u>	<u>(66,754)</u>
Fire department:				
Salaries and wages	2,400	2,400	1,600	(800)
Employee training	1,000	1,000	500	(500)
Telephone and communications	3,000	6,000	5,343	(657)
Publicity, dues and subscriptions	16,000	17,500	15,461	(2,039)
Utilities	5,600	12,900	9,580	(3,320)
Repairs and maintenance	24,500	21,000	17,830	(3,170)
Operating supplies	1,500	5,000	4,154	(846)
Gas, oil and grease	2,500	2,000	2,000	0
Fire hydrants	0	5,200	1,588	(3,612)
	<u>56,500</u>	<u>73,000</u>	<u>58,056</u>	<u>(14,944)</u>
Streets and highways:				
Salaries and wages	7,000	10,000	10,000	0
OASDI-Employer's share	1,000	1,000	771	(229)
Utilities	10,000	6,000	4,208	(1,792)
Operating supplies	2,000	1,000	0	(1,000)
Repairs and maintenance	100,000	148,500	140,057	(8,443)
Asphalt and filler	5,000	1,000	203	(797)
	<u>125,000</u>	<u>167,500</u>	<u>155,239</u>	<u>(12,261)</u>

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**

**GENERAL FUND**

(continued)

Year Ended June 30, 2023

	<u>Budget</u>			Variance Over <u>(Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Splash pad:				
Salaries and wages	6,500	6,500	0	(6,500)
OASDI-Employer's share	750	750	0	(750)
Contract services	5,000	5,000	1,800	(3,200)
Repairs and maintenance	1,000	2,000	2,615	615
Utilities	12,500	12,500	3,945	(8,555)
Operating supplies	3,000	27,000	18,323	(8,677)
	<u>28,750</u>	<u>53,750</u>	<u>26,683</u>	<u>(27,067)</u>
Other expenditures:				
Operating supplies	6,000	6,000	515	(5,485)
Donations	10,750	10,750	5,900	(4,850)
Board and committee members	2,250	2,500	1,900	(600)
Bank service charges	250	250	1	(249)
	<u>19,250</u>	<u>19,500</u>	<u>8,316</u>	<u>(11,184)</u>
Debt service:				
Note principal	22,000	22,000	21,871	(129)
Interest expense on note	5,500	5,500	5,156	(344)
	<u>27,500</u>	<u>27,500</u>	<u>27,027</u>	<u>(473)</u>
<b>TOTAL EXPENDITURES</b>	<u>1,301,850</u>	<u>1,429,600</u>	<u>1,103,543</u>	<u>(326,057)</u>

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
GENERAL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance Over (Under)
	Original	Final		
<b>NET CHANGE IN FUND BALANCE</b>	(28,225)	(155,975)	439,197	595,172
<b>FUND BALANCE AT THE BEGINNING OF THE YEAR</b>	<u>28,225</u>	<u>155,975</u>	<u>1,724,892</u>	<u>1,568,917</u>
<b>FUND BALANCE AT THE END OF THE YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,164,089</u>	<u>\$ 2,164,089</u>

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
STATE STREET AID FUND**

Year Ended June 30, 2023

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
<b>REVENUE</b>				
State gasoline and motor fuel tax	\$ 85,000	\$ 85,000	\$ 85,790	\$ 790
Interest	<u>250</u>	<u>250</u>	<u>919</u>	<u>669</u>
<b>TOTAL REVENUE</b>	85,250	85,250	86,709	1,459
<b>EXPENDITURES</b>				
Utilities	60,000	60,000	38,726	(21,274)
Street improvements	<u>100,250</u>	<u>102,000</u>	<u>99,943</u>	<u>(2,057)</u>
<b>TOTAL EXPENDITURES</b>	<u>160,250</u>	<u>162,000</u>	<u>138,669</u>	<u>(23,331)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(75,000)	(76,750)	(51,960)	24,790
<b>FUND BALANCE AT THE BEGINNING OF THE YEAR</b>	<u>75,000</u>	<u>76,750</u>	<u>202,918</u>	<u>126,168</u>
<b>FUND BALANCE AT THE END OF THE YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 150,958</u>	<u>\$ 150,958</u>

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
DRUG FUND**

Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Drug related fines	\$ 10,000	\$ 10,000	\$ 0	\$ (10,000)
<b>EXPENDITURES</b>				
Drug enforcement expense	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	5,000	5,000	0	(5,000)
<b>FUND BALANCE AT THE BEGINNING OF THE YEAR</b>	<u>0</u>	<u>0</u>	<u>38,519</u>	<u>38,519</u>
<b>FUND BALANCE AT THE END OF THE YEAR</b>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 38,519</u>	<u>\$ 33,519</u>

See the accompanying notes to the financial statements.



CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF NET POSITION**  
**WATER AND SEWER FUND**

June 30, 2023

**CURRENT ASSETS**

Cash	\$	3,196,920
Certificates of deposit		322,702
Accounts receivable, net of allowance for uncollectible accounts of \$10,411		196,511
Grants receivable		83,361
Due from other funds		9,687
Prepaid insurance		<u>39,964</u>

**TOTAL CURRENT ASSETS** 3,849,145

**CAPITAL ASSETS**

Land	\$	214,032
Machinery and equipment		910,815
Water and sewer plant in operation		22,655,088
Construction in process		<u>1,663,094</u>
		25,443,029
Accumulated depreciation		<u>(10,186,473)</u>
		15,256,556

**OTHER ASSET**

Net pension asset		14,408
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to pension		<u>100,665</u>
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\$ 19,220,774

See the accompanying notes to the financial statements.

**CURRENT LIABILITIES**

Accounts payable		\$	50,210
Customer deposits			81,801
Current portion of long-term debt			<u>280,953</u>

**TOTAL CURRENT LIABILITIES** 412,963

**LONG-TERM DEBT,**  
net of current portion

3,240,940

**TOTAL LIABILITIES** 3,653,903

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to pension	\$	19,198	
Unearned contributions and grants		<u>729,525</u>	748,723

**NET POSITION**

Net investment in capital assets		11,734,663	
Restricted for pension		14,408	
Unrestricted		<u>3,069,077</u>	<u>14,818,148</u>

\$ 19,220,774

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**WATER AND SEWER FUND**

Year Ended June 30, 2023

**OPERATING REVENUE**

Sales		\$ 2,889,981
Other operating revenue		<u>57,966</u>
		2,947,948

**OPERATING EXPENSES**

Purchased water	\$ 78,192	
Power and pumping	167,936	
Purification	1,022,607	
Transmission and distribution	82,807	
Sewer treatment and disposal	446,384	
Customer accounting and collection	156,599	
Depreciation expense	624,505	
Other operating expenses	<u>86,056</u>	<u>2,665,086</u>

**INCOME FROM OPERATIONS** 282,861

**NONOPERATING REVENUE(EXPENSE)**

Interest income	18,727	
Interest expense	<u>(120,339)</u>	<u>(101,612)</u>

**INCOME BEFORE CAPITAL CONTRIBUTIONS** 181,250

Capital contributions 713,958

**CHANGE IN NET POSITION** 895,208

**NET POSITION AT THE BEGINNING OF THE YEAR** 13,922,939

**NET POSITION AT THE END OF THE YEAR** \$ 14,818,148

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF CASH FLOWS**  
**WATER AND SEWER FUND**

Year Ended June 30, 2023

**CASH PROVIDED(USED) BY  
OPERATING ACTIVITIES**

Cash received from customers	\$ 2,965,706
Cash paid to employees	(966,826)
Cash paid to suppliers	<u>(791,728)</u>

**NET CASH PROVIDED BY  
OPERATING ACTIVITIES**

1,207,152

**CASH PROVIDED(USED) BY CAPITAL AND  
RELATED FINANCING ACTIVITIES**

Acquisition of capital assets	\$ (854,782)
Capital contributions	739,273
Principal payments on long-term debt	(271,805)
Interest paid on debt	<u>(120,339)</u>

**NET CASH (USED) BY CAPITAL AND  
RELATED FINANCING ACTIVITIES**

(507,653)

**CASH PROVIDED(USED) BY INVESTING ACTIVITIES**

Interest received	18,727
Increase in certificate of deposit	<u>(1,787)</u>

**NET CASH PROVIDED BY INVESTING ACTIVITIES**

16,940

**NET INCREASE IN CASH**

716,439

**CASH AND CASH EQUIVALENTS AT THE  
BEGINNING OF THE YEAR**

2,480,480

**CASH AND CASH EQUIVALENTS  
AT THE END OF THE YEAR**

\$ 3,196,920

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF CASH FLOWS**  
**WATER AND SEWER FUND**

(continued)

Year Ended June 30, 2023

**RECONCILIATION OF INCOME FROM  
OPERATIONS TO NET CASH PROVIDED  
(USED) BY OPERATING ACTIVITIES**

Income from operations		\$ 282,861
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	\$ 624,505	
Retirement plan contributions	(39,320)	
Pension expense	27,665	
(Increase)decrease in:		
Accounts receivable	17,758	
Due from other funds	(6,191)	
Prepaid insurance	(6,375)	
Increase in:		
Accounts payable	6,186	
Deferred contributions and grants	<u>300,063</u>	<u>924,291</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b><u>\$ 1,207,152</u></b>

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2023

**NOTE A - DESCRIPTION OF ORGANIZATION**

City of Maynardville, Tennessee (the City) was incorporated, pursuant to a referendum held on May 6, 1958, under the Uniform City Manager – Commission Charter as set out in Chapters 18 through 29 of Title 6 in the Tennessee Code Annotated. Therefore, the City’s Charter, as extracted from the Tennessee Code Annotated is the Uniform City Manager – Commission Charter as amended.

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

Reporting Entity

The City, for financial reporting purposes, includes all funds relevant to the operations of City of Maynardville, Tennessee. The financial statements presented herein do not include agencies that have been formed under applicable state laws, or separate and distinct units of government apart from the City. As of June 30, 2023 and for the year then ended, the City had no discretely presented component units which were required to be included in these financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements, which consist of the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 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 revenue are reported instead as general revenue. 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.

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Grants and similar items are recognized as revenue as soon as all eligible 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

The City reports the following major governmental funds:

The *general fund* is the City'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 *state street aid fund* is used to account for the City's share of motor vehicle fuel tax revenue that is legally restricted to the maintenance of streets within the City's boundaries.

The *drug fund* is used to account for costs associated with drug investigation and control and officers' training.

The City reports the following major proprietary fund:

The *water and sewer fund* accounts for the activities of the water and sewer departments, which operate and maintain a water distribution and sewer collection system for residents and businesses on a user charge basis. All activities necessary to provide these services are accounted for in such a manner as to show profit or loss similar to comparable private enterprises.

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

The City had no internal service funds or fiduciary funds as of or for the year ended June 30, 2023.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenue reported in the various functions concerned.

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting reporting purposes into the following three net position groups:

Net Investment in Capital Assets

This category includes capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

Net investment in capital assets at June 30, 2023 has been calculated as follows:

Governmental Activities:

Capital assets	\$ 2,864,439
Accumulated depreciation	(1,397,031)
Principal balance on long-term debt	<u>(147,583)</u>
	<u>\$ 1,319,825</u>

Business-Type Activities:

Capital assets	\$ 25,443,029
Accumulated depreciation	(10,186,473)
Principal balance on long-term debt	<u>(3,521,893)</u>
	<u>\$ 11,734,663</u>

Restricted

This category includes net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the City pursuant to those stipulations or that expire by the passage of time. Net position of the state street aid fund is classified as restricted net position because its use is limited to street improvements. Net position of the drug fund is classified as restricted net position because its use is limited to drug enforcement. Net position of the water and sewer fund is restricted for pension. Governmental funds also report restricted net position for pension. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted

This category includes net position that is not subject to externally imposed stipulations and that does not meet the definition of "Restricted" or "Net Investment in Capital Assets." Unrestricted net position may be designated for specific purposes by action of management or the Board of Commissioners or may otherwise be limited by contractual agreements with outside parties.

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

Fund Balances

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

Nonspendable Fund Balances

Fund balances reported as nonspendable in the accompanying financial statements represent amounts paid for prepaid expenses or inventory.

Restricted Fund Balances

Fund balances reported as restricted in the accompanying financial statements represent amounts restricted to specific purposes by externally imposed restrictions or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balances

Fund balances reported as committed in the accompanying financial statements represent amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The Mayor and Board of Commissioners commits resources for specific purposes by passing ordinances.

Assigned Fund Balances

Fund balances reported as assigned in the accompanying financial statements represent amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by the Mayor and Board of Commissioners.

Unassigned Fund Balance

In accordance with generally accepted accounting principles, the general fund is the only fund of the City that reports amounts for unassigned fund balance. This classification represents fund balance that is not nonspendable and has not been committed to specific purposes within the general fund.

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

The City would typically use restricted resources first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Materials and Supplies

Materials and supplies of the proprietary fund are valued at the lower of cost (determined on a first-in, first-out basis) or net realizable value. The cost of inventory items of the governmental fund types (primarily materials and supplies) are recorded as expenditures when purchased.

Prepaid Expenses

Payments made for expenses that will benefit periods beyond June 30 are recorded as prepaid expenses.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$10,000 or more. Such assets are recorded at historical cost or estimated cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 50 years.

Compensated Absences

City employees are granted vacation and sick leave in varying amounts and may accumulate a maximum of 90 sick leave days and 30 vacation leave days. The City's policies do not provide for an employee to be paid for any unused sick leave in the event of termination. Employees may receive payment for unused vacation days, up to the 30 day maximum, upon termination or resignation.

Accumulated vacation leave that is expected to be liquidated with available financial resources is reported as an expenditure and a liability of the governmental fund that will pay it. Accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to the employees. No liability is recorded for unused sick leave.

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts and taxes receivable is provided based upon historical trends. Allowance for uncollectible receivables of the water and sewer fund at June 30, 2023 was \$10,411.

Pensions

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

**NOTE C - CASH AND INVESTMENTS**

Investments that have maturities of three months or less at the date of purchase are classified as cash equivalents. Cash represents money on deposit in various banks. Cash and investments are stated at cost, which approximates market value. Carrying amounts at June 30, 2023 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Bank deposits (checking and savings accounts)	\$ 2,021,665	\$ 3,196,920	\$ 5,218,585
Certificates of deposit	<u>189,328</u>	<u>322,702</u>	<u>512,030</u>
Totals	<u>\$ 2,210,993</u>	<u>\$ 3,519,622</u>	<u>\$ 5,730,612</u>

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

State of Tennessee law authorizes the City to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the Tennessee Department of Treasury Local Government Investment Pool (LGIP). The LGIP contains investments in certificates of deposits, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee Bank Collateral Pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

All cash balances at June 30, 2023 were entirely insured through the FDIC, the State of Tennessee Bank Collateral Pool.

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

**NOTE D - CAPITAL ASSETS**

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

	<u>Balance</u> <u>7/1/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/23</u>
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated</u>				
Land	\$ 97,162	\$ 0	\$ 0	\$ 97,162
Construction in process	<u>517,189</u>	<u>0</u>	<u>(517,189)</u>	<u>0</u>
	614,352	0	(517,189)	97,162
<u>Capital assets being depreciated</u>				
Buildings	295,084	0	0	295,084
Infrastructure	513,097	517,189	0	1,030,286
Vehicles and equipment	1,349,636	0	0	1,349,636
Machinery and equipment	75,924	0	0	75,924
Furniture and fixtures	<u>16,348</u>	<u>0</u>	<u>0</u>	<u>16,348</u>
	2,250,089	517,189	0	2,767,277
<u>Accumulated depreciation</u>				
Buildings	(160,027)	(9,613)	0	(169,640)
Infrastructure	(171,601)	(44,583)	0	(216,184)
Vehicles and equipment	(851,408)	(83,974)	0	(935,382)
Machinery and equipment	(54,630)	(4,847)	0	(59,477)
Furniture and fixtures	<u>(16,348)</u>	<u>0</u>	<u>0</u>	<u>(16,348)</u>
	<u>(1,254,014)</u>	<u>(143,017)</u>	<u>0</u>	<u>(1,397,031)</u>
	<u>\$1,610,425</u>	<u>\$ 374,172</u>	<u>\$ (517,189)</u>	<u>\$ 1,467,408</u>

Depreciation expense is charged to the various governmental functions as follows:

General government	\$ 60,979
Public safety	76,684
Streets and highways	<u>5,355</u>
	<u>\$ 143,017</u>

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

	<u>Balance</u> <u>7/1/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/23</u>
<b>Business-Type Activities:</b>				
<u>Capital assets not</u>				
<u>being depreciated</u>				
Land and land rights	\$ 214,032	\$ 0	\$ 0	\$ 214,032
Construction in progress	<u>2,023,375</u>	<u>566,011</u>	<u>(926,292)</u>	<u>1,663,094</u>
	2,237,407	566,011	(926,292)	1,877,126
<u>Capital assets being</u>				
<u>depreciated</u>				
Water treatment plant	21,728,796	926,292	0	22,655,088
Machinery and equipment	<u>799,828</u>	<u>110,988</u>	<u>0</u>	<u>910,815</u>
	22,528,624	1,037,280	0	23,565,904
<u>Accumulated depreciation</u>				
Water treatment plant	(9,190,255)	(557,624)	0	(9,747,879)
Machinery and equipment	<u>(371,713)</u>	<u>(66,881)</u>	<u>0</u>	<u>(438,594)</u>
	<u>(9,561,968)</u>	<u>(624,505)</u>	<u>0</u>	<u>(10,186,473)</u>
	<u>\$ 15,204,062</u>	<u>\$ 978,786</u>	<u>\$ (926,292)</u>	<u>\$ 15,256,556</u>

**NOTE E - COMMITMENTS**

During the year ended June 30, 2023, the City entered into contracts totaling \$369,882 related to water and sewer improvement projects; \$171,329 has been expended as of June 30, 2023.

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

**NOTE F - RISK MANAGEMENT**

The City 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. The City participates in the Tennessee Municipal League Risk Management Pool (the Pool) and pays an annual premium to the Pool for its general insurance coverage. The City carries commercial insurance for all other risks of loss, including destruction of property and employee dishonesty bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The pooling agreement allows the Pool to make additional assessments or refund surplus revenue to the City. It is not possible to estimate the amount of such additional assessments or refunds, if any.

**NOTE G - PENSION PLAN**

Plan Description

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

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

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%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than ½%. A 1% COLA is granted if the CPI change is between ½% and 1%. 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	12
Inactive employees entitled to but not yet receiving benefits	29
Active employees	<u>29</u>
	<u>70</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023 employer contributions for the City were \$55,662 based on a rate of 5.86% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City'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)

The City'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.

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

Actuarial Assumptions

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

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

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.

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

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%. 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%	31.00%
Developed market international equity	5.37	14.00
Emerging market international equity	6.09	4.00
Private equity and strategic lending	6.57	20.00
U.S. fixed income	1.20	20.00
Real estate	4.38	10.00
Short-term securities	0.00	<u>1.00</u>
		<u>100.00%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the future capital market projects, historical market returns and expected inflation rate, as described above.

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

Discount Rate

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

Changes in the Net Pension Liability(Asset)

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability(Asset) <u>(a) – (b)</u>
Changes for the year ended June 30, 2022:			
Increase(decrease):			
Service cost	\$ 90,486	\$ 0	\$ 90,486
Interest	120,760	0	120,760
Differences between expected and actual experience	(36,120)	0	(36,120)
Changes in assumptions	0	0	0
Contributions-employer	0	36,645	(36,645)
Contributions-employees	0	44,909	(44,909)
Net investment income	0	(74,449)	74,449
Benefit payments, including including refunds of employee contributions	(52,877)	(52,877)	0
Administrative expense	<u>0</u>	<u>(2,652)</u>	<u>2,652</u>
Net changes for the year ended June 30, 2022	122,249	(48,424)	170,673
Balances at June 30, 2021	<u>1,724,994</u>	<u>1,933,015</u>	<u>(208,021)</u>
Balances at June 30, 2022	<u>\$ 1,847,243</u>	<u>\$ 1,884,591</u>	<u>\$ (37,348)</u>

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

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

The following presents the net pension liability(asset) of the City calculated using the discount rate of 6.75%, 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%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease <u>5.75%</u>	Current Discount Rate <u>6.75%</u>	1% Increase <u>7.75%</u>
Net pension liability(asset)	\$ 235,154	\$ (37,348)	\$ (261,144)

Pension Expense

For the year ended June 30, 2023, the City recognized pension expense of \$38,839.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the City 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	\$ 26,983	\$ 40,497
Net difference between projected and actual earnings on pension plan investments	7,321	0
Changes in assumptions	65,741	0
Contributions subsequent to the measurement date of June 30, 2022	<u>55,622</u>	<u>not applicable</u>
Totals	<u>\$ 155,667</u>	<u>\$ 40,497</u>

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 following measurement period.

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

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 Ending</u> <u>June 30:</u>	
2024	\$ 2,313
2025	2,858
2026	(1,114)
2027	55,491
2028	0
Thereafter	0

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 reported a payable of \$6,399 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

**NOTE H - DEBT**

Long-term debt at June 30, 2023 consisted of the following:

Governmental Activities

Capital outlay note, payable in monthly installments of \$2,252, including interest at 3.20% through 2029	\$ 147,583
Less current maturities	<u>(22,473)</u>
	<u>\$ 125,110</u>

Business-Type Activities:

Water Revenue and Tax Bonds, Series 1995, payable in monthly installments of \$3,192, including interest at 5.00% through 2033	\$ 295,066
Water Revenue and Tax Bonds, Series 2001, payable in monthly installments of \$3,126, including interest at 4.50% through 2039	419,267
Water Revenue and Tax Bonds, Series 2003, payable in monthly installments of \$918, including interest at 4.50% through 2041	137,221
Water Revenue and Tax Bonds, Series 2009, payable in annual installments of varying amounts, including interest at a variable rate (3.12% at June 30, 2023) through 2035	1,604,000

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

Business-Type Activities (continued):

2006 State of Tennessee Revolving Fund loan, payable in annual installments of \$95,700, including interest at 0.79% through 2031	719,094
2009 State of Tennessee Revolving Fund loan, payable in annual installments of \$45,600, including interest at 1.44% through 2031	<u>347,245</u>
	3,521,893
Less current maturities	<u>(280,953)</u>
	<u>\$ 3,240,940</u>

Maturities of long-term debt as of June 30, 2023 are as follows:

Governmental Activities:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 22,473	\$ 4,439	\$ 26,912
2025	23,215	3,697	26,912
2026	23,968	2,943	26,911
2027	24,747	2,165	26,912
2028	25,547	1,365	26,912
2029	<u>27,634</u>	<u>532</u>	<u>28,165</u>
Totals	<u>\$ 147,583</u>	<u>\$ 15,141</u>	<u>\$ 162,724</u>

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

Business-Type Activities:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 280,953	\$ 100,201	\$ 381,154
2025	289,629	91,319	380,948
2026	298,432	85,784	384,216
2027	308,380	80,011	388,391
2028	317,466	74,022	391,488
2029	328,698	67,777	396,475
2030	339,081	61,288	400,369
2031	329,918	54,484	384,402
2032	220,262	48,268	268,530
2033	216,838	42,587	259,425
2034	202,122	38,112	240,234
2035	211,873	33,677	245,550
2036	41,704	6,824	48,528
2037	43,620	4,908	48,528
2038	45,624	2,904	48,528
2039	24,995	1,226	26,221
2040	10,300	716	11,016
2041	<u>11,998</u>	<u>241</u>	<u>12,239</u>
Totals	<u>\$ 3,521,893</u>	<u>\$ 794,348</u>	<u>\$ 4,316,241</u>

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

Changes in long-term debt for the year ended June 30, 2023 were as follows:

	<u>Balance</u> <u>7/1/22</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/23</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental</u>					
<u>Activities:</u>					
Capital Outlay Note	\$ 169,454	\$ 0	\$ 21,871	\$ 147,583	\$ 22,473
<u>Business-Type</u>					
<u>Activities:</u>					
Water Revenue and Tax					
Bonds, Series 1995	\$ 317,990	\$ 0	\$ 22,924	\$ 295,066	\$ 24,430
Water Revenue and Tax					
Bonds, Series 2001	437,464	0	18,197	419,267	19,307
Water Revenue and Tax					
Bonds, Series 2003	141,945	0	4,725	137,221	5,020
Water Revenue and Tax					
Bonds, Series 2009	1,700,000	0	96,000	1,604,000	101,000
State of Tennessee					
Revolving Fund loan	808,722	0	89,628	719,094	90,336
State of Tennessee					
Revolving Fund loan	<u>387,577</u>	<u>0</u>	<u>40,332</u>	<u>347,245</u>	<u>40,860</u>
	<u>\$ 3,793,698</u>	<u>\$ 0</u>	<u>\$ 271,805</u>	<u>\$ 3,521,893</u>	<u>\$ 280,953</u>

CITY OF MAYNARDVILLE, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2023

The taxing authority of the City and all user fees and charges are pledged for the repayment of the principal and interest maturities of long-term debt. If the City fails to make its payments timely and is unable to remedy, some of the debt agreements require that the debt will become immediately due and payable in full by declaration of the debt holders.

**NOTE I - INTERFUND BALANCES**

Amounts due from and due to other funds at June 30, 2023, resulting from short-term advances for shared costs, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General fund	Water and sewer fund	\$ 9,687

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MAYNARDVILLE, TENNESSEE

**CHANGES IN NET PENSION LIABILITY(ASSET)**

June 30, 2023

	Measurement Date at June 30,		
	2022	2021	2019
<u>Total pension liability</u>			
Service cost	\$ 90,486	\$ 69,580	\$ 58,821
Interest	120,760	109,637	93,556
Differences between actual and expected experience	(36,120)	30,712	(34,695)
Changes of assumptions	0	98,611	0
Benefit payments, including refunds of employee contributions	(52,877)	(52,401)	(46,570)
Net change in total pension liability	122,249	256,139	71,112
Total pension liability - beginning	1,724,994	1,468,855	1,254,893
Total pension liability - ending (a)	1,847,243	1,724,994	1,326,005
<u>Plan fiduciary net position</u>			
Contributions - employer	36,645	36,620	28,971
Contributions - employee	44,909	44,877	36,214
Net investment income	(74,449)	393,660	96,175
Benefit payments, including refunds of employee contributions	(52,877)	(52,401)	(46,570)
Administrative expense	(2,652)	(2,374)	(1,981)
Net change in plan fiduciary net position	(48,424)	420,382	112,809
Plan fiduciary net position - beginning	1,933,015	1,512,633	1,283,310
Plan fiduciary net position - ending (b)	1,884,591	1,933,015	1,396,119
Net pension liability(asset) - ending (a) - (b)	\$ (37,348)	\$ (208,021)	\$ (70,114)

See the accompanying independent accountants' audit report.

Measurement Date at June 30,					
2019	2018	2017	2016	2015	2014
\$ 58,821	\$ 55,195	\$ 43,900	\$ 46,027	\$ 45,518	\$ 36,919
93,556	86,030	80,523	74,061	63,204	56,551
(34,695)	(233)	(26,052)	(4,573)	54,242	7,365
0	0	38,262	0	0	0
(46,570)	(35,061)	(34,810)	(19,662)	(17,771)	(23,659)
71,112	105,931	101,823	95,853	145,193	77,176
1,254,893	1,148,962	1,047,139	951,286	806,093	728,917
1,326,005	1,254,893	1,148,962	1,047,139	951,286	806,093
28,971	6,665	1,891	1,804	1,691	28,416
36,214	33,323	31,510	30,066	28,186	27,271
96,175	98,246	120,505	27,381	30,512	137,315
(46,570)	(35,061)	(34,810)	(19,662)	(17,771)	(23,659)
(1,981)	(2,023)	(1,824)	(1,463)	(964)	(622)
112,809	101,150	117,272	38,126	41,654	168,721
1,283,310	1,182,160	1,064,888	1,026,762	985,108	816,387
1,396,119	1,283,310	1,182,160	1,064,888	1,026,762	985,108
<u>\$ (70,114)</u>	<u>\$ (28,417)</u>	<u>\$ (33,198)</u>	<u>\$ (17,749)</u>	<u>\$ (75,476)</u>	<u>\$ (179,015)</u>

CITY OF MAYNARDVILLE, TENNESSEE

**CHANGES IN NET PENSION LIABILITY(ASSET)**

(continued)

June 30, 2023

	Measurement Date at June 30,		
	<u>2022</u>	<u>2021</u>	<u>2019</u>
Plan fiduciary net position as a percentage of total net pension liability	102.02%	112.06%	105.29%
Covered employee payroll	\$ 898,163	\$ 897,550	\$ 724,274
Net pension liability(asset) as a percentage of covered employee payroll	(4.16)%	(23.18)%	(9.68)%

**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 the 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.

See the accompanying independent accountants' audit report.

	Measurement Date at June 30,					
	2019	2018	2017	2016	2015	2014
	105.29%	102.26%	102.89%	101.69%	107.93%	122.21%
\$	724,274	\$ 666,455	\$ 630,204	\$ 601,310	\$ 563,715	\$ 545,403
	(9.68)%	(4.26)%	5.27%	2.95%	13.39%	32.82%

CITY OF MAYNARDVILLE, TENNESSEE

**PENSION CONTRIBUTIONS**

June 30, 2023

	<u>2023</u>	<u>Year Ended June 30,</u>		<u>2020</u>
		<u>2022</u>	<u>2021</u>	
Actuarially determined contributions	\$ 55,662	\$ 36,645	\$ 36,620	\$ 34,405
Contributions in relation to the actuarially determined contributions	<u>(55,662)</u>	<u>(36,645)</u>	<u>(36,620)</u>	<u>(37,947)</u>
Contribution deficiency(excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,542)</u>
Covered payroll	\$ 948,776	\$ 898,163	\$ 897,550	\$ 843,266
Contributions as a percentage of covered payroll	5.86%	4.08%	4.08%	4.50%

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 the TCRS GASB website for prior years' data, if needed.

See the accompanying independent accountants' audit report.

Year Ended June 30,					
2019	2018	2017	2016	2015	2014
\$ 28,681	\$ 3,332	\$ 1,891	\$ 1,804	\$ 1,691	\$ 28,416
<u>(28,971)</u>	<u>(6,665)</u>	<u>(1,891)</u>	<u>(1,804)</u>	<u>(1,691)</u>	<u>(28,416)</u>
<u>\$ (290)</u>	<u>\$ (3,333)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 724,274	\$ 666,455	\$ 630,204	\$ 601,310	\$ 563,715	\$ 545,403
4.00%	1.00%	0.30%	0.30%	0.30%	5.21%

CITY OF MAYNARDVILLE, TENNESSEE

**PENSION CONTRIBUTIONS**

(continued)

June 30, 2023

**Notes to Pension Contributions**

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

Methods and assumptions used to determined 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% corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, 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%

**Changes of Assumptions**

In 2021, the following assumptions were changed: decreased inflation rate from 2.5% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3% to 2.5%; decreased the investment rate of return from 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4%; and modified mortality assumptions.

SUPPLEMENTARY INFORMATION

CITY OF MAYNARDVILLE, TENNESSEE

**INVESTMENTS**

June 30, 2023

	<u>Interest Rate</u>	<u>Amount</u>
<u>General Fund - Certificates of Deposit:</u>		
Commercial Bank #1026128907	0.30%	\$ 15,306
Commercial Bank #1027100526	4.20	<u>174,022</u>
		<u>\$ 189,328</u>
<u>Water and Sewer Fund - Certificates of Deposit:</u>		
Commercial Bank #1026617525	1.99%	\$ 74,214
Commercial Bank #1026128915	0.30	25,373
Commercial Bank #1026735269	1.25	25,852
Commercial Bank #1026288149	0.50	25,950
Commercial Bank #1050065766	4.20	24,833
Commercial Bank #1026086619	0.30	25,666
Commercial Bank #1025183602	0.15	25,691
Commercial Bank #1027331641	2.29	25,215
Commercial Bank #1027166802	2.98	<u>69,908</u>
		<u>\$ 322,702</u>

See the accompanying independent accountants' audit report.

CITY OF MAYNARDVILLE, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Governmental Activities</u>			
Capital Outlay Note			
<u>Year Ending June 30:</u>			
2024	\$ 22,473	\$ 4,439	\$ 26,912
2025	23,215	3,697	26,912
2026	23,968	2,943	26,911
2027	24,747	2,165	26,912
2028	25,547	1,365	26,912
2029	27,634	532	28,165
	<u>\$ 147,583</u>	<u>\$ 15,141</u>	<u>\$ 162,724</u>

See the accompanying independent accountants' audit report.

CITY OF MAYNARDVILLE, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Business-Type Activities:</u>			
2009 State of Tennessee Revolving Fund loan			
Year Ending <u>June 30:</u>			
2024	\$ 40,860	\$ 5,328	\$ 46,188
2025	41,448	4,152	45,600
2026	42,048	3,552	45,600
2027	42,660	2,940	45,600
2028	43,284	2,316	45,600
2029	43,908	1,692	45,600
2030	44,544	1,056	45,600
2031	48,493	384	48,877
	<u>\$ 347,245</u>	<u>\$ 21,420</u>	<u>\$ 368,665</u>

CITY OF MAYNARDVILLE, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Water Revenue and Tax Bonds, Series 1995			
Year Ending <u>June 30:</u>			
2024	\$ 24,430	\$ 15,063	\$ 39,493
2025	25,680	12,624	38,304
2026	26,994	11,310	38,304
2027	28,375	9,929	38,304
2028	29,827	8,477	38,304
2029	31,353	6,951	38,304
2030	32,957	5,347	38,304
2031	34,643	3,661	38,304
2032	36,416	1,888	38,304
2033	24,391	242	24,633
	<u>\$ 295,066</u>	<u>\$ 75,492</u>	<u>\$ 370,558</u>

CITY OF MAYNARDVILLE, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2023

Water Revenue and Tax Bonds, Series 2001	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Year Ending <u>June 30:</u>			
2024	\$ 19,307	\$ 19,053	\$ 38,360
2025	20,194	17,318	37,512
2026	21,122	16,390	37,512
2027	22,093	15,419	37,512
2028	23,107	14,405	37,512
2029	24,169	13,343	37,512
2030	25,279	12,233	37,512
2031	26,441	11,071	37,512
2032	27,655	9,857	37,512
2033	28,926	8,586	37,512
2034	30,255	7,257	37,512
2035	31,645	5,867	37,512
2036	33,098	4,414	37,512
2037	34,619	2,893	37,512
2038	36,209	1,303	37,512
2039	15,148	57	15,205
	<u>\$ 419,267</u>	<u>\$ 159,466</u>	<u>\$ 578,734</u>

CITY OF MAYNARDVILLE, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Water Revenue and Tax Bonds, Series 2003			
Year Ending <u>June 30:</u>			
2024	\$ 5,020	\$ 6,216	\$ 11,236
2025	5,251	5,765	11,016
2026	5,492	5,524	11,016
2027	5,744	5,272	11,016
2028	6,008	5,008	11,016
2029	6,284	4,732	11,016
2030	6,573	4,443	11,016
2031	6,875	4,141	11,016
2032	7,191	3,825	11,016
2033	7,521	3,495	11,016
2034	7,867	3,149	11,016
2035	8,228	2,788	11,016
2036	8,606	2,410	11,016
2037	9,001	2,015	11,016
2038	9,415	1,601	11,016
2039	9,847	1,169	11,016
2040	10,300	716	11,016
2041	11,998	241	12,239
	<u>\$ 137,221</u>	<u>\$ 62,510</u>	<u>\$ 199,731</u>

CITY OF MAYNARDVILLE, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Water Revenue and Tax Bonds, Series 2009			
Year Ending <u>June 30:</u>			
2024	\$ 101,000	\$ 48,469	\$ 149,469
2025	106,000	46,816	152,816
2026	111,000	45,084	156,084
2027	117,000	43,259	160,259
2028	122,000	41,356	163,356
2029	129,000	39,343	168,343
2030	135,000	37,237	172,237
2031	142,000	35,022	177,022
2032	149,000	32,698	181,698
2033	156,000	30,264	186,264
2034	164,000	27,706	191,706
2035	172,000	25,022	197,022
	<u>\$ 1,604,000</u>	<u>\$ 452,275</u>	<u>\$ 2,056,276</u>

CITY OF MAYNARDVILLE, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006 State of Tennessee Revolving Fund loan			
Year Ending <u>June 30:</u>			
2024	\$ 90,336	\$ 6,072	\$ 96,408
2025	91,056	4,644	95,700
2026	91,776	3,924	95,700
2027	92,508	3,192	95,700
2028	93,240	2,460	95,700
2029	93,984	1,716	95,700
2030	94,728	972	95,700
2031	<u>71,466</u>	<u>205</u>	<u>71,671</u>
	<u>\$ 719,094</u>	<u>\$ 23,185</u>	<u>\$ 742,279</u>

CITY OF MAYNARDVILLE, TENNESSEE

**CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**

June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue
<u>Governmental Activities</u>			
Notes Payable:			
Capital Outlay Note	\$ 230,000	3.20 %	7/1/2019
<u>Business-Type Activities</u>			
Bonds Payable:			
Water Revenue and Tax Bonds, Series 2009	\$ 2,550,000	3.12 %	12/1/2009
Water Revenue and Tax Bonds, Series 2003	200,000	4.50	12/31/2003
Water Revenue and Tax Bonds, Series 1995	650,000	5.00	5/31/1995
Water Revenue and Tax Bonds, Series 2001	681,000	4.50	3/31/2001
Notes Payable:			
State of Tennessee Revolving Fund loan	1,770,000	0.79	4/30/2011
State of Tennessee Revolving Fund loan	792,000	1.30	8/31/2011

See the accompanying independent accountant's audit report.

<u>Last Maturity Date</u>	<u>Outstanding 7/1/2022</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding 6/30/2023</u>
7/1/2029	<u>\$ 169,454</u>	<u>\$ 0</u>	<u>\$ 21,871</u>	<u>\$ 0</u>	<u>\$ 147,583</u>
5/25/2035	\$ 1,700,000	\$ 0	\$ 96,000	\$ 0	\$ 1,604,000
12/31/2040	141,945	0	4,725	0	137,221
5/31/2033	317,990	0	22,924	0	295,066
3/31/2039	437,464	0	18,197	0	419,267
4/30/2031	808,722	0	89,628	0	719,094
8/31/2031	<u>387,577</u>	<u>0</u>	<u>40,332</u>	<u>0</u>	<u>347,245</u>
	<u>\$ 3,793,698</u>	<u>\$ 0</u>	<u>\$ 271,805</u>	<u>\$ 0</u>	<u>\$ 3,521,893</u>

CITY OF MAYNARDVILLE, TENNESSEE

**EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE**

Year Ended June 30, 2023

<u>Federal Grantor Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Program Name</u>	<u>Expenditures</u>
<u>Federal Awards</u>			
U.S. Department of Agriculture- Rural Utilities Service	10.763	Emergency Community Assistance Grants	\$ 173,341
Appalachian Regional Commission	23.002	Appalachian Area Development	<u>255,471</u>
Total Federal Awards			428,812
<u>State Financial Assistance</u>			
Tennessee Department of Environment and Conservation	N/A	Local Parks and Recreation Fund	<u>52,604</u>
Total Federal Awards and State Financial Assistance			<u>\$ 481,416</u>

See the accompanying independent accountants' audit report.

CITY OF MAYNARDVILLE, TENNESSEE

**EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**

(continued)

June 30, 2023

**BASIS OF PRESENTATION**

This schedule summarizes the expenditures of City of Maynardville, Tennessee under programs of the federal and state governments for the year ended June 30, 2023. The schedule is presented using the full accrual basis of accounting. Because this schedule presents only a selected portion of the operations of City of Maynardville, Tennessee, it is not intended and does not present the net position or changes in the net position of City of Maynardville, Tennessee.

**OUTSTANDING LOAN BALANCES**

City of Maynardville, Tennessee balances of federal loans outstanding at June 30, 2023 consisted of the following:

<u>Assistance Listing Number</u>	<u>Program Name</u>	<u>Balance at June 30, 2023</u>
66.458	Water and Waste Disposal Clean Water State Revolving Funds	\$ 1,066,339

**INDIRECT COST RATE**

City of Maynardville, Tennessee has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER INFORMATION

CITY OF MAYNARDVILLE, TENNESSEE

**UTILITY RATES AND METERED CUSTOMERS**  
**WATER AND SEWER FUND**

June 30, 2023

	<u>Water</u>	<u>Sewer</u>
Inside City limits:		
First 2,000 gallons (minimum billing)	\$ 22.58	\$ 24.80
Next 8,000 gallons (per thousand)	8.19	9.07
Next 10,000 gallons (per thousand)	7.32	8.10
Next 30,000 gallons (per thousand)	6.69	7.32
Over 50,000 gallons (per thousand)	6.21	6.82
Outside City limits:		
First 2,000 gallons (minimum billing)	\$ 33.79	\$ 37.11
Next 8,000 gallons (per thousand)	12.32	13.51
Next 10,000 gallons (per thousand)	10.96	12.08
Next 30,000 gallons (per thousand)	10.00	10.96
Over 50,000 gallons (per thousand)	9.39	10.25
Number of Metered Customers	2,713	1,187

See the accompanying independent accountants' audit report.

CITY OF MAYNARDVILLE, TENNESSEE

**PRINCIPAL OFFICIALS**

June 30, 2023

Ty Blakely, Mayor  
Len Padgett, Vice-Mayor  
Jennipher Ford, Commissioner  
Isaac Collins, Commissioner  
Tim Young, Commissioner  
Thomas McCormick, City Manager  
Gina Singletary, City Recorder, CMFO

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

INDEPENDENT ACCOUNTANTS' 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

Mayor and Board of Commissioners  
City of Maynardville, Tennessee  
Maynardville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Maynardville, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Maynardville, Tennessee's basic financial statements, and have issued our report thereon dated January 30, 2024.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **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 City of Maynardville, Tennessee's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Maynardville, Tennessee's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mitchell Emert & Hill". The signature is written in a cursive, flowing style.

January 30, 2024

CITY OF MAYNARDVILLE, TENNESSEE

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

Year Ended June 30, 2023

There were no findings reported in the prior year.