

City of Millersville, Tennessee

Annual Financial Report
For the Year Ended June 30, 2023

City of Millersville, Tennessee
Annual Financial Report
For the Year Ended June 30, 2023

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Introductory Section

City of Millersville, Tennessee
Roster of City Officials (Unaudited)
June 30, 2023

Position	Official	Period of Service
Mayor	Tommy Long	7/1/22 - 6/30/23
Vice Mayor	Milton Dorris	11/28/22 - 6/30/23
Commissioner	Keith Bell	7/1/22 - 6/30/23
Commissioner	David Gregory	7/1/22 - 6/30/23
Commissioner	Christina Templet	7/1/22 - 6/30/23
Commissioner	James L Atwood	7/1/22 - 11/5/22
City Manager	Scott Avery	9/6/22 - 6/30/23
Interim City Manager	Holly Murphy	7/1/22 - 9/6/22
City Recorder	Holly Murphy, CMFO	7/1/22 - 6/30/23
Public Works Director	Jerry Schrader	7/1/22 - 6/30/23
Chief of Police	Melvin Brown	12/13/22 - 6/30/23
Chief of Police	John D Carr	7/1/22 - 12/12/22
Fire Chief	Brandon Head	7/1/22 - 6/30/23
City Judge	William McCaw Johnson	7/1/22 - 6/30/23
City Attorney	Jack Freedle	7/1/22 - 6/30/23

* Salary information has been omitted.

*All employees of the City of Millersville, Tennessee are covered under the Property and Crime policy with the Tennessee Municipal League (TML) Risk Management Pool, with up to \$150,000 of crime coverage.

Financial Section



Independent Auditor's Report

Members of the City Commission
City of Millersville, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Millersville, Tennessee (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, solid waste fund, and state street aid fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 and the schedule of changes in net pension liability (asset) and related ratios and schedule of contributions on pages 44-45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining and individual fund financial statements and schedules on pages 46-49 and other schedules on pages 50-53 (including the schedule of expenditures of federal awards and state financial assistance as required by the State of Tennessee, on page 50) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules on pages 46-49, and other schedules on pages 50-53 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other schedules on pages 54-55, but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2024 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *with Government Auditing Standards* in considering City’s internal control over financial reporting and compliance.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
April 29, 2024

City of Millersville, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

The City of Millersville, Tennessee provides this Management Discussion and Analysis as prescribed by the Government Accounting Standards Board. This discussion and analysis is intended to serve as an introduction to the City of Millersville's basic financial statements for the fiscal year ending June 30, 2023.

The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between the two reported as net position. Comparing the year-to-year increases or decreases in net position may be used as an 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 fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences). These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, public works, parks and recreation, and the solid waste and storm water operations. The business-type activities of the City include the sewer operation. The government-wide financial statements can be found on pages 9 – 10 of this report.

Fund Financial Statements

The fund financial statements include statements for two categories of activities – governmental and proprietary funds. 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.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financing requirements. Since the focus of governmental funds is narrower than that of the government-wide financial statements, a comparison of the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements may offer readers a better understanding of the long-term effect of near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between funds and activities.

City of Millersville, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

The City maintains five governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the major funds, which include the General Fund, Solid Waste Fund, and State Steet Aid Fund. Data from the remaining funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary (Enterprise) Funds

The City maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements in connection with the non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 46 – 49 of this report.

Condensed Comparative Data

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 8,595,641	\$9,148,470	\$ 3,004,523	\$ 2,577,684	\$11,600,164	\$11,726,154
Capital assets	<u>10,038,344</u>	<u>9,410,448</u>	<u>4,966,512</u>	<u>4,944,545</u>	<u>15,004,856</u>	<u>14,354,993</u>
Total assets	18,633,985	18,558,918	7,971,035	7,522,229	26,605,020	26,081,147
Deferred outflows of resources						
	479,954	295,615	43,757	26,887	523,711	322,502
Liabilities						
Other liabilities	1,353,799	1,010,789	74,584	45,237	1,428,383	1,056,026
Long-term liabilities	<u>5,836,143</u>	<u>5,815,976</u>	<u>395,098</u>	<u>395,948</u>	<u>6,231,241</u>	<u>6,211,924</u>
Total liabilities	7,189,942	6,826,765	469,682	441,185	7,659,624	7,267,950
Deferred inflows of resources						
	1,472,488	1,690,981	10,971	44,258	1,483,459	1,735,239
Net position						
Net investment in capital assets	4,549,464	6,403,649	4,598,029	4,554,822	9,147,493	10,958,471
Restricted	4,190,169	4,289,436	-	58,958	4,190,169	4,348,394
Unrestricted	<u>1,711,876</u>	<u>(356,298)</u>	<u>2,936,110</u>	<u>2,449,893</u>	<u>4,647,986</u>	<u>2,093,595</u>
Total net position	\$10,451,509	\$10,336,787	\$ 7,534,139	\$ 7,063,673	\$ 17,985,648	\$ 17,400,460

City of Millersville, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

Condensed Comparative Data – Continued

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues						
Charges for services	\$ 1,213,775	\$ 1,158,002	\$ 1,463,574	\$ 1,428,923	\$ 2,677,349	\$ 2,586,925
Operating grants and contributions	773,527	1,299,847	-	-	773,527	1,299,847
Capital grants and contributions	7,717	9,528	37,400	48,550	45,117	58,078
General revenues	<u>3,255,389</u>	<u>3,340,636</u>	<u>1,832</u>	<u>1,613</u>	<u>3,257,221</u>	<u>3,342,249</u>
Total revenues	<u>5,250,408</u>	<u>5,808,013</u>	<u>1,502,806</u>	<u>1,479,086</u>	<u>6,753,214</u>	<u>7,287,099</u>
Expenses						
General government	1,729,330	1,772,449	-	-	1,729,330	1,772,449
Public safety	2,001,001	1,456,948	-	-	2,001,001	1,456,948
Public works	264,611	254,702	-	-	264,611	254,702
Parks and recreation	138,287	100,067	-	-	138,287	100,067
Solid waste	554,300	498,659	-	-	554,300	498,659
Storm water	151,764	99,289	-	-	151,764	99,289
Interest	135,940	164,582	-	-	135,940	164,582
Sewer	<u>-</u>	<u>-</u>	<u>1,192,793</u>	<u>1,185,839</u>	<u>1,192,793</u>	<u>1,185,839</u>
Total expenses	<u>4,975,233</u>	<u>4,346,696</u>	<u>1,192,793</u>	<u>1,185,839</u>	<u>6,168,026</u>	<u>5,532,535</u>
Change in net position						
before transfers	275,176	1,461,317	310,013	293,247	585,188	1,754,564
Transfers	<u>(160,453)</u>	<u>-</u>	<u>160,453</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	114,722	1,461,317	470,466	293,247	585,188	1,754,564
Net position, beginning	<u>10,336,787</u>	<u>8,875,470</u>	<u>7,063,673</u>	<u>6,770,426</u>	<u>17,400,460</u>	<u>15,645,896</u>
Net position, ending	\$ 10,451,509	\$ 10,336,787	\$ 7,534,139	\$ 7,063,673	\$ 17,985,648	\$ 17,400,460

Overall Analysis

The overall financial condition of the City on June 30, 2023 is sound. All funds operated within the budgeted expense parameters and there were no major permanent changes in existing revenue sources. The governmental fund balances decreased from \$6,346,498 to \$5,869,211 and the governmental activities net position increased by \$114,722. The business-type activities had an increase in net position of \$470,466.

Fund Analysis

General Fund. The general fund balance decreased by \$941,829. The decrease was anticipated due to planned capital projects including the remodel of an old section of City Hall for the Fire Department and the construction of an evidence room for the police department. Capital projects carried forward from the previous year included paving the community center walking trail and the expansion of the city hall parking lot. Capital purchases included three vehicles for the police department. Sales tax revenue was higher than anticipated and building permit revenue was less than projected due to the delay of the Reynolds Farm development.

City of Millersville, Tennessee
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

Sewer Fund. The sewer fund experienced a gain from operations of \$272,165 and an increase in net position of \$470,466. The cash balance increased from \$2,292,595 to \$2,735,332 at the close of the fiscal year, an increase of \$442,737. A shortage of personnel and transport and treatment costs contributed to the operating gain. A planned capital project using ARP funds to investigate Inflow and infiltration (I&I) was postponed and contributed to the increase in net position. Agreements between Millersville and Metro Water Services (MWS) will continue to require capital investment to improve the efficiency of the sewer system through a reduction in inflow and infiltration (I&I).

State Street Aid Fund. The street fund balance increased by \$223,881. The city anticipated a larger paving project but due to rising oil prices, the project was put on hold until next fiscal year.

Solid Waste Fund. The solid waste fund balance increased by \$25,226. Total expenses were below budget projections and revenues were higher than anticipated.

Drug Fund. The drug fund balance decreased by \$11,287. The decrease was expected due to the capital purchase of eTicket devices/software for the police department. Total expenses were lower than budgeted projections.

Stormwater Fund. The stormwater fund balance increased by \$226,722. An increase was anticipated but a capital improvement project that wasn’t completed by the end of the fiscal year also contributed to the fund balance increase. Total expenses were below budgeted projections. Drainage improvement planning continues.

Budget Variances in the General Fund

The most significant budget variance resulted from higher than anticipated State and Local Sales Tax Revenue and lower than projected Building Permit Revenue. Minor expense budget line-item variances fell within expected ranges. The Parks Department/Community Center exceeded budgeted parameters due to the walking trail project but all other departments within the general fund operated below budgeted projections.

Capital Asset and Long-term Debt Activity

The Police Department continued its vehicle replacement program by purchasing and equipping three new vehicles. Other capital projects include the Streetscape/Sidewalk Project which is in the final Design Phase and early stages of the Right-Of-Way Acquisition Phase. There were no long-term debt additions this fiscal year.

Following is a summary of the City’s capital assets:

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 603,801	\$ 603,801	\$ 47,268	\$ 47,268	\$ 651,069	\$ 651,069
Construction in progress	359,666	344,588	-	-	359,666	344,588
Buildings & improvements	10,745,366	9,733,592	134,212	134,212	10,879,578	9,867,804
Equipment & furniture	1,645,492	1,593,220	264,286	264,286	1,909,778	1,857,506
Vehicles	2,296,550	2,187,010	368,033	194,922	2,664,583	2,381,932
Sewer collections	-	-	9,866,189	9,688,944	9,866,189	9,688,944
Less: accumulated depreciation	<u>(5,612,531)</u>	<u>(5,051,763)</u>	<u>(5,713,476)</u>	<u>(5,385,087)</u>	<u>(11,326,007)</u>	<u>(10,436,850)</u>
	\$ 10,038,344	\$ 9,410,448	\$ 4,966,512	\$ 4,944,545	\$ 15,004,856	\$ 14,354,993

City of Millersville, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

Following is a summary of the City's long-term liabilities:

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Compensated absences	\$ 46,648	\$ 50,452	\$ 6,467	\$ 6,225	\$ 53,115	\$ 56,677
Notes payable	209,238	209,238	368,483	389,723	577,721	598,961
Bonds payable	4,995,000	5,258,933	-	-	4,995,000	5,258,933
Bond premiums	284,642	297,353	-	-	284,642	297,353
Net pension liability	<u>300,615</u>	<u>-</u>	<u>20,148</u>	<u>-</u>	<u>320,763</u>	<u>-</u>
	\$ 5,836,143	\$ 5,815,976	\$ 395,098	\$ 395,948	\$ 6,231,241	\$ 6,211,924

More detailed information can be found in the notes to financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for citizens, taxpayers, customers, investors, creditors, and all others with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be forwarded to the City Recorder at 615-859-0880.

City of Millersville, Tennessee
Statement of Net Position
June 30, 2023

	Governmental activities	Business-type activities	Total
Assets			
Current assets			
Cash	\$ 4,123,394	\$ 2,735,332	\$ 6,858,726
Receivables, net	2,094,935	248,334	2,343,269
Internal balances, net	13,210	(13,210)	-
Inventories	7,103	31,836	38,939
Prepaid items	-	2,231	2,231
Restricted cash	2,356,999	-	2,356,999
Total current assets	<u>8,595,641</u>	<u>3,004,523</u>	<u>11,600,164</u>
Capital assets			
Nondepreciable capital assets	963,467	47,268	1,010,735
Depreciable capital assets, net	9,074,877	4,919,244	13,994,121
Total capital assets, net	<u>10,038,344</u>	<u>4,966,512</u>	<u>15,004,856</u>
Total assets	18,633,985	7,971,035	26,605,020
Deferred Outflows of Resources			
Deferred pensions	479,954	43,757	523,711
Liabilities			
Accounts payable and other current liabilities	586,602	74,584	661,186
Unearned revenues	767,197	-	767,197
Long-term debt, current portion	333,021	21,300	354,321
Long-term liabilities			
Compensated absences	46,648	6,467	53,115
Long-term debt, net of current portion	5,155,859	347,183	5,503,042
Net pension liability	300,615	20,148	320,763
Total liabilities	<u>7,189,942</u>	<u>469,682</u>	<u>7,659,624</u>
Deferred Inflows of Resources			
Deferred property tax revenues	1,372,631	-	1,372,631
Deferred pensions	99,857	10,971	110,828
Total deferred inflows of resources	<u>1,472,488</u>	<u>10,971</u>	<u>1,483,459</u>
Net Position			
Net investment in capital assets	4,549,464	4,598,029	9,147,493
Restricted for			
Capital improvements	2,334,907	-	2,334,907
Solid waste	443,927	-	443,927
State street aid	860,923	-	860,923
Storm water	529,274	-	529,274
Drug education and investigations	21,138	-	21,138
Unrestricted	1,711,876	2,936,110	4,647,986
Total net position	<u>\$ 10,451,509</u>	<u>\$ 7,534,139</u>	<u>\$ 17,985,648</u>

City of Millersville, Tennessee
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental Activities							
General government	\$ 1,729,330	\$ 108,919	\$ 554,704	\$ 7,717	\$ (1,057,990)	\$ -	\$ (1,057,990)
Public safety	2,001,001	360,712	-	-	(1,640,289)	-	(1,640,289)
Public works	264,611	-	218,823	-	(45,788)	-	(45,788)
Parks and recreation	138,287	50,600	-	-	(87,687)	-	(87,687)
Solid waste	554,300	531,057	-	-	(23,243)	-	(23,243)
Storm water	151,764	162,487	-	-	10,723	-	10,723
Interest	135,940	-	-	-	(135,940)	-	(135,940)
Total governmental activities	4,975,233	1,213,775	773,527	7,717	(2,980,214)	-	(2,980,214)
Business-type Activities							
Sewer	1,192,793	1,463,574	-	37,400	-	308,181	308,181
Total primary government	\$ 6,168,026	\$ 2,677,349	\$ 773,527	\$ 45,117	(2,980,214)	308,181	(2,672,033)
General Revenues							
Property and personalty taxes					1,251,646	-	1,251,646
Sales taxes					1,642,812	-	1,642,812
Hotel and motel taxes					9,615	-	9,615
Alcoholic beverage taxes					86,696	-	86,696
TVA, In lieu of taxes					75,735	-	75,735
Business taxes					46,520	-	46,520
Miscellaneous taxes					54,724	-	54,724
Investment income					3,997	1,832	5,829
Miscellaneous					44,576	-	44,576
Gain on disposal of capital assets, net					22,430	-	22,430
Insurance recoveries					16,638	-	16,638
Total general revenues					3,255,389	1,832	3,257,221
Transfers, net					(160,453)	160,453	-
Total general revenues and transfers					3,094,936	162,285	3,257,221
Change in net position					114,722	470,466	585,188
Net position, beginning of year					10,336,787	7,063,673	17,400,460
Net position, end of year					\$ 10,451,509	\$ 7,534,139	\$ 17,985,648

City of Millersville, Tennessee

Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Solid Waste Fund	State Street Aid Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 2,482,340	\$ 487,660	\$ 625,305	\$ 528,089	\$ 4,123,394
Receivables, net					
Property taxes	1,430,402	-	-	-	1,430,402
Intergovernmental	332,917	-	-	-	332,917
Customers	-	41,265	220,311	21,688	283,264
Other	48,352	-	-	-	48,352
Due from other funds	14,171	2,922	19,143	3,364	39,600
Inventory	-	4,473	2,630	-	7,103
Restricted cash	-	-	2,334,907	22,092	2,356,999
Total assets	<u>\$ 4,308,182</u>	<u>\$ 536,320</u>	<u>\$ 3,202,296</u>	<u>\$ 575,233</u>	<u>\$ 8,622,031</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 300,456	\$ 26,951	\$ 3,802	\$ -	\$ 331,209
Due to other funds	21,434	2,344	-	2,612	26,390
Unearned revenues	709,178	58,019	-	-	767,197
Other current liabilities	232,544	606	34	22,209	255,393
Total liabilities	<u>1,263,612</u>	<u>87,920</u>	<u>3,836</u>	<u>24,821</u>	<u>1,380,189</u>
Deferred inflows of resources					
Deferred property tax revenues	1,372,631	-	-	-	1,372,631
Fund balances					
Nonspendable					
Inventory	-	4,473	2,630	-	7,103
Restricted for					
Capital improvements	-	-	2,334,907	-	2,334,907
Solid waste	-	443,927	-	-	443,927
State street aid	-	-	860,923	-	860,923
Storm water	-	-	-	529,274	529,274
Drug education and investigations	-	-	-	21,138	21,138
Unassigned	1,671,939	-	-	-	1,671,939
Total fund balances	<u>1,671,939</u>	<u>448,400</u>	<u>3,198,460</u>	<u>550,412</u>	<u>5,869,211</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,308,182</u>	<u>\$ 536,320</u>	<u>\$ 3,202,296</u>	<u>\$ 575,233</u>	<u>\$ 8,622,031</u>

City of Millersville , Tennessee
 Reconciliation of Balance Sheet - Governmental Funds to
 Government-wide Statement of Net Position
 June 30, 2023

Amounts reported for fund balances, total governmental funds	\$ 5,869,211
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds.	10,038,344
Deferred outflows of resources are not reported in the funds.	479,954
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,535,528)
Net pension liabilities are not due in the current period and, therefore, are not reported in the funds.	(300,615)
Certain deferred inflows of resources are not reported in the funds.	<u>(99,857)</u>
Net position of governmental activities	\$ 10,451,509

City of Millersville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Solid Waste Fund	State Street Aid Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local taxes	\$ 2,331,319	\$ -	\$ -	\$ -	\$ 2,331,319
Licenses and permits	108,919	-	-	2,375	111,294
Fines	338,689	-	-	-	338,689
Drug and gambling revenues	-	-	-	22,001	22,001
Intergovernmental revenues	847,969	-	218,823	-	1,066,792
Charges for services	50,602	531,057	-	160,112	741,771
Interest income	2,160	255	1,377	205	3,997
Contributions and grants	328,705	-	214,459	-	543,164
Miscellaneous revenues	44,585	2,632	6,162	-	53,379
Total revenues	<u>4,052,948</u>	<u>533,944</u>	<u>440,821</u>	<u>184,693</u>	<u>5,212,406</u>
Expenditures					
Current					
General government	1,602,697	-	-	-	1,602,697
Public safety	2,010,293	-	-	-	2,010,293
Parks and recreation	175,977	-	-	-	175,977
Solid waste	-	508,718	-	-	508,718
State street aid	-	-	608,940	-	608,940
Drug fund	-	-	-	33,315	33,315
Storm water	-	-	-	214,717	214,717
Debt service					
Principal	265,000	-	-	-	265,000
Interest	148,650	-	-	-	148,650
Total expenditures	<u>4,202,617</u>	<u>508,718</u>	<u>608,940</u>	<u>248,032</u>	<u>5,568,307</u>
Excess (deficiency) of revenues over expenditures	(149,669)	25,226	(168,119)	(63,339)	(355,901)
Other Financing Sources (Uses)					
Transfers in	158,000	-	550,000	278,774	986,774
Transfers out	(989,227)	-	(158,000)	-	(1,147,227)
Recoveries from sale of capital assets	22,429	-	-	-	22,429
Insurance proceeds	16,638	-	-	-	16,638
Total other financing sources	<u>(792,160)</u>	<u>-</u>	<u>392,000</u>	<u>278,774</u>	<u>(121,386)</u>
Net change in fund balances	(941,829)	25,226	223,881	215,435	(477,287)
Fund balance, beginning of year	2,613,768	423,174	2,974,579	334,977	6,346,498
Fund balance, end of year	\$ 1,671,939	\$ 448,400	\$ 3,198,460	\$ 550,412	\$ 5,869,211

City of Millersville, Tennessee

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2023

Amounts reported for net change in fund balances, total governmental funds	\$ (477,287)
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures and accumulated depreciation on disposals exceeded depreciation expense and proceeds from disposals in the current period.	627,896
Governmental funds report retirement contributions as expenditures. These expenditures are reported as deferred outflows of resources and pension income or expense in the government-wide financial statements. This is the amount by which pension expenditures exceed pension income in the current period.	(316,335)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	276,644
Certain 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.	<u>3,804</u>
Change in net position of governmental activities	<u>\$ 114,722</u>

City of Millersville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local taxes				
Property and personalty taxes	\$ 1,244,264	\$ 1,244,264	\$ 1,251,646	\$ 7,382
Sales taxes	650,000	650,000	893,404	243,404
Alcoholic beverage taxes	100,900	100,900	83,820	(17,080)
Cable taxes	60,000	60,000	46,314	(13,686)
Business taxes	30,000	30,000	46,520	16,520
Hotel and motel taxes	14,300	14,300	9,615	(4,685)
Total local taxes	<u>2,099,464</u>	<u>2,099,464</u>	<u>2,331,319</u>	<u>231,855</u>
Licenses and permits	255,400	255,400	108,919	(146,481)
Fines	356,000	356,000	338,689	(17,311)
Intergovernmental revenues				
Sales taxes	665,000	665,000	749,408	84,408
Petroleum special taxes	11,500	11,500	11,540	40
Income taxes	5,000	5,000	-	(5,000)
Alcoholic beverage taxes	2,800	2,800	2,876	76
Telecommunications taxes	1,260	1,260	1,249	(11)
Corporate excise taxes	4,000	4,000	7,161	3,161
TVA, in lieu of taxes	66,000	66,000	75,735	9,735
Total intergovernmental revenues	<u>755,560</u>	<u>755,560</u>	<u>847,969</u>	<u>92,409</u>
Charges for services	40,525	40,525	50,602	10,077
Interest income	4,000	4,000	2,160	(1,840)
Contributions and grants	1,004,227	1,004,227	328,705	(675,522)
Miscellaneous revenues	62,500	62,500	44,585	(17,915)
Total revenues	<u>4,577,676</u>	<u>4,577,676</u>	<u>4,052,948</u>	<u>(524,728)</u>
Expenditures				
Current				
General government				
Salaries and benefits	549,699	588,487	532,843	55,644
General and administrative	226,799	228,329	241,327	(12,998)
Contractual services	612,646	614,116	537,611	76,505
Supplies and miscellaneous	26,250	26,250	23,525	2,725
Repairs and maintenance	9,250	9,250	5,582	3,668
Capital outlay	312,960	362,960	261,809	101,151
Total general government	<u>1,737,604</u>	<u>1,829,392</u>	<u>1,602,697</u>	<u>226,695</u>
Public safety, police				
Salaries and benefits	1,285,975	1,308,855	1,237,968	70,887
General and administrative	61,345	61,345	47,873	13,472
Contractual services	43,191	43,191	29,542	13,649
Supplies and miscellaneous	114,300	114,300	131,076	(16,776)
Repairs and maintenance	16,000	16,000	48,024	(32,024)
Capital outlay	137,500	227,500	216,127	11,373
Total public safety, police	<u>1,658,311</u>	<u>1,771,191</u>	<u>1,710,610</u>	<u>60,581</u>

Continued

City of Millersville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures				
Current				
Public safety, fire				
Salaries and benefits	186,726	186,726	178,071	8,655
General and administrative	27,216	27,216	17,430	9,786
Contractual services	26,500	26,500	23,299	3,201
Supplies and miscellaneous	47,950	47,950	47,319	631
Repairs and maintenance	23,000	23,000	21,189	1,811
Capital outlay	13,000	13,000	12,375	625
Total public safety, fire	<u>324,392</u>	<u>324,392</u>	<u>299,683</u>	<u>24,709</u>
Parks and recreation				
Salaries and benefits	50,237	50,237	41,596	8,641
General and administrative	37,035	37,035	40,724	(3,689)
Contractual services	14,535	14,535	15,190	(655)
Supplies and miscellaneous	4,100	4,100	6,288	(2,188)
Repairs and maintenance	29,000	29,000	28,184	816
Capital outlay	-	31,000	43,995	(12,995)
Total parks and recreation	<u>134,907</u>	<u>165,907</u>	<u>175,977</u>	<u>(10,070)</u>
Debt service				
Principal	322,843	322,843	265,000	57,843
Interest	143,205	143,205	148,650	(5,445)
Total debt service	<u>466,048</u>	<u>466,048</u>	<u>413,650</u>	<u>52,398</u>
Total expenditures	4,321,262	4,556,930	4,202,617	354,313
Excess of revenues over (under) expenditures	256,414	20,746	(149,669)	(170,415)
Other Financing Sources (Uses)				
Transfers in	158,000	158,000	158,000	-
Transfers out	(764,227)	(989,227)	(989,227)	-
Recoveries from sale of capital assets	-	-	22,429	22,429
Insurance proceeds	-	-	16,638	16,638
Total other financing sources (uses)	<u>(606,227)</u>	<u>(831,227)</u>	<u>(792,160)</u>	<u>39,067</u>
Net change in fund balance	(349,813)	(810,481)	(941,829)	(131,348)
Fund balance, beginning of year	2,613,768	2,613,768	2,613,768	-
Fund balance, end of year	<u>\$ 2,263,955</u>	<u>\$ 1,803,287</u>	<u>\$ 1,671,939</u>	<u>\$ (131,348)</u>

City of Millersville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Solid Waste Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 507,000	\$ 507,000	\$ 531,057	\$ 24,057
Interest income	250	250	255	5
Miscellaneous revenues	4,000	4,000	2,632	(1,368)
Total revenues	<u>511,250</u>	<u>511,250</u>	<u>533,944</u>	<u>22,694</u>
Expenditures				
Current				
Salaries and benefits	165,382	165,382	132,553	32,829
General and administrative	14,633	14,633	12,067	2,566
Disposal fees	13,000	13,000	14,340	(1,340)
Contractual services	299,600	299,600	311,537	(11,937)
Supplies and miscellaneous	9,600	9,600	29,252	(19,652)
Repairs and maintenance	7,000	7,000	8,969	(1,969)
Total expenditures	<u>509,215</u>	<u>509,215</u>	<u>508,718</u>	<u>497</u>
Excess of revenues over (under) expenditures	2,035	2,035	25,226	23,191
Fund balance, beginning of year	<u>423,174</u>	<u>423,174</u>	<u>423,174</u>	<u>-</u>
Fund balance, end of year	\$ 425,209	\$ 425,209	\$ 448,400	\$ 23,191

City of Millersville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
State Street Aid Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental revenues				
State gasoline and motor fuel	\$ 235,000	\$ 235,000	\$ 112,242	\$ (122,758)
State - 3 cent tax	-	-	32,435	32,435
State - gas 1989	-	-	17,566	17,566
State - gas 2017	-	-	56,580	56,580
Interest income	500	500	1,377	877
Grants	260,000	260,000	214,459	(45,541)
Miscellaneous revenues	10,500	10,500	6,162	(4,338)
Total revenues	<u>506,000</u>	<u>506,000</u>	<u>440,821</u>	<u>(65,179)</u>
Expenditures				
Current				
Salaries and benefits	-	-	309	(309)
Insurance	4,100	4,100	4,331	(231)
Contractual services	1,500	1,500	825	675
Supplies and miscellaneous	14,900	14,900	12,973	1,927
Street lighting	46,000	46,000	48,535	(2,535)
Repairs and maintenance	12,500	12,500	22,012	(9,512)
Capital outlay	<u>3,318,342</u>	<u>3,318,342</u>	<u>519,955</u>	<u>2,798,387</u>
Total expenditures	3,397,342	3,397,342	608,940	2,788,402
Excess of revenues over (under) expenditures	(2,891,342)	(2,891,342)	(168,119)	2,723,223
Other Financing Sources (Uses)				
Transfers in	550,000	550,000	550,000	-
Transfers out	<u>(158,000)</u>	<u>(158,000)</u>	<u>(158,000)</u>	<u>-</u>
Total other financing sources (uses)	392,000	392,000	392,000	-
Net change in fund balance	(2,499,342)	(2,499,342)	223,881	2,723,223
Fund balance, beginning of year	<u>2,974,579</u>	<u>2,974,579</u>	<u>2,974,579</u>	<u>-</u>
Fund balance, end of year	\$ 475,237	\$ 475,237	\$ 3,198,460	\$ 2,723,223

City of Millersville, Tennessee
Statement of Fund Net Position
Proprietary Fund
June 30, 2023

	Enterprise Fund
	Sewer Fund
Assets	
Current assets	
Cash	\$ 2,735,332
Accounts receivable, net of allowance of \$165,445	248,334
Inventory	31,836
Prepaid items	2,231
Total current assets	3,017,733
Capital assets	
Property, plant, and equipment	10,679,988
Less: accumulated depreciation	(5,713,476)
Total capital assets, net	4,966,512
 Total assets	 7,984,245
Deferred Outflows of Resources	
Deferred pensions	43,757
Liabilities	
Current liabilities	
Accounts payable	73,629
Accrued wages, payroll taxes, and payroll deductions	955
Due to other funds	13,210
Current portion of long-term debt	21,300
Total current liabilities	109,094
Long-term liabilities	
Accrued compensated absences	6,467
Long-term debt, net of current portion	347,183
Net pension liability	20,148
Total long-term liabilities	373,798
Total liabilities	482,892
Deferred Inflows of Resources	
Deferred pensions	10,971
Net Position	
Net investment in capital assets	4,598,029
Unrestricted	2,936,110
Total net position	\$ 7,534,139

City of Millersville, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2023

	Enterprise Fund
	Sewer Fund
Operating Revenues	
Sewer fees	\$ 1,417,773
Other revenues	45,801
Total operating revenues	1,463,574
Operating Expenses	
Salaries and taxes	150,310
Employee benefits	69,157
Professional/contractual services	27,371
Repairs and maintenance	15,075
Supplies	61,465
Sewer pretreatment and treatment	356,996
Meter reading fees	11,860
Sewer transport	118,171
Utility services	15,028
Depreciation	328,389
Miscellaneous	15,384
Other operating expenses	22,203
Total operating expenses	1,191,409
Income from operations	272,165
Non-operating Revenues (Expenses)	
Interest income	1,832
Interest expense	(1,384)
Total non-operating revenues (expenses)	448
Gain before contributions and transfers	272,613
Capital grants and contributions	37,400
Transfers	160,453
Change in net position	470,466
Net position, beginning of year	7,063,673
Net position, end of year	\$ 7,534,139

City of Millersville, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2023

	Enterprise Fund
	Sewer Fund
Cash flows from operating activities	
Cash received from customers	\$ 1,420,514
Cash payments to suppliers for goods and services	(752,838)
Cash payments to employees for services	(51,644)
Net cash provided (used) by operating activities	616,032
Cash flows from non-capital financing activities	
Transfers from other funds	160,453
Cash flows from capital and related financing activities	
Principal paid on notes and bonds	(21,240)
Interest paid on notes and bonds	(1,384)
Cash received from tap fees and connection fees	37,400
Acquisition of capital assets	(350,356)
Net cash provided (used) by capital and related financing activities	(335,580)
Cash flows from investing activities	
Interest received	1,832
Net change in cash	442,737
Cash, beginning of year	2,292,595
Cash, end of year	\$ 2,735,332
Reconciliation of operating income to net cash provided (used) by operating activities	
Income from operations	\$ 272,165
Adjustments to reconcile income from operations to net cash provided (used) by operating activities	
Depreciation	328,389
Change in:	
Accounts receivable	(15,493)
Net pension asset	58,958
Deferred outflows, pensions	(16,870)
Accounts payable	29,029
Accrued wages, payroll taxes, and payroll deductions	318
Accrued compensated absences	242
Due to/from other funds	(27,567)
Net pension liability	20,148
Deferred inflows, pensions	(33,287)
Net cash provided (used) by operating activities	\$ 616,032

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

The City of Millersville, Tennessee (the City) was incorporated on May 28, 1981, under the provisions of *Tennessee Code Annotated*, Section 6-18-101, and held its first organizational meeting on July 7, 1981. The City operates under a City Manager/Commissioner form of government and provides the following services, as authorized by its charter: public safety (fire and police), roads and streets, public improvements, planning and zoning, and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies.

Reporting Entity

The City is a municipality governed by an elected five-member commission, including a mayor and vice-mayor. These financial statements present the financial position and activities of the City government only. The City has no component units; thus, no blended or discreetly presented component units are included in these financial statements.

Government-wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all activities of the City. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu-of taxes and other charges between the government's utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements

The City uses "funds" to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The City has its funds classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types."

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

Fund Financial Statements

Governmental funds are used to account for all or most of a government's general activities including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of general fixed assets (capital projects funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The following is a list of the City's funds:

Governmental Fund Types

General Fund – Primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income.

Special Revenue Funds – Account for revenues derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions or committed or assigned to finance specific activities. The City's Special Revenue Funds consist of the following:

Solid Waste Fund – Accounts for revenues and expenditures for solid waste collection. This fund is considered a major fund for reporting purposes.

State Street Aid Fund – Accounts for revenues and expenditures of the City's share of state gasoline taxes. State law requires that gasoline taxes be used to maintain streets. This fund is considered a major fund for reporting purposes.

Drug Fund – Accounts for revenues from drug fines and forfeited goods received. State law requires the use of these monies to further drug education and investigations. This fund is not considered a major fund for reporting purposes.

Storm Water Fund – Accounts for revenues and expenditures for storm water system planning and management. This fund is considered a major fund for reporting purposes.

Proprietary Fund Types

Enterprise Fund – The Sewer Fund is used to account for the revenues generated from the charges for sanitary sewer services provided to the residential and commercial users of the City.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest income, and charges for services. Fines and permits are not susceptible to accrual because, generally, they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the necessary costs to provide the services, including the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

The City uses the modified accrual basis for budgetary accounting in government funds and the full accrual basis for budgetary accounting in proprietary funds and has established procedures with regard to the budgetary data reflected in the financial statements. Prior to June 30 each year, the proposed operating budgets are presented to the commission for their approval. The budget is legally enacted through the passage of an ordinance which also sets the tax rate. The City Manager is authorized to transfer budget amounts between line items within the various categories in the individual funds; however, any revisions that alter the total appropriations of any fund require commission action. Actual expenditures exceeded budgeted appropriations by \$10,070 in the General Fund parks and recreation department.

Cash and Cash Equivalents

The City defines its cash and cash equivalents to include only cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including restricted cash. State statutes authorize the City to invest in obligations of the US Treasury, certificates of deposit, certain federal nonconvertible debt securities, repurchase agreements, and the State Treasurer's Local Government Investment Pool. Cash equivalents are stated at cost. Any unspent proceeds from debt, as well as certain escrow accounts, are included in restricted cash.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust fund are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year-end.

Inventory and Prepaid Items

Inventory for both governmental and proprietary funds, consisting principally of materials and supplies held for consumption, are valued at cost, approximating market value, using the first-in, first-out method. The costs of governmental fund inventories are recorded as expenditures when consumed, rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. The inventory and prepaid items recorded in the governmental funds do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reported as nonspendable.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, and in the fund financial statements for proprietary funds. General infrastructure assets acquired prior to July 1, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair market value on the date donated. Repairs and maintenance are recorded as expense when incurred.

Capitalized assets, not including infrastructure assets, have an original cost of \$5,000 or more and a useful life of more than three years. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	40 years
Equipment and furniture	2 – 20 years
Vehicles	5 – 10 years
Sewer collections	50 years

Outlays for capital assets and improvements are capitalized as projects are constructed, in accordance with the City's capitalization policy. Interest and indirect costs incurred during the construction phase of capital assets of proprietary funds are reflected in the capitalized value of the asset constructed. Depreciation/amortization expense is allocated to functions/programs and included as a direct expense in the statement of activities. Capital assets that are under construction or development and have not been completed are recorded as "construction in progress" and are presented as a capital asset not being depreciated on the statement of net position.

Unearned Revenues

Unearned revenues at year-end is comprised of unspent coronavirus state and local fiscal recovery funds and solid waste fund billings in advance.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The City has one item that qualifies for reporting in this category, which is deferred amounts related to pensions.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has two items that qualify for reporting in this category. Amounts reported as deferred include property tax revenues and pensions.

Leases

The City determines if an arrangement is or contains a lease at contract inception and recognizes an intangible right of use asset and a lease liability at the lease commencement date. Subsequently, the intangible right of use asset is amortized on a straight-line basis over its useful life. The City also enters into agreements, as lessor, to lease property, recognizing a lease receivable and a deferred inflow of resources. The lease term includes the noncancelable period of the lease plus an additional period covered by either an option to extend or not to terminate the lease that the lessee is reasonably certain to exercise, or an option to extend or not to terminate the lease controlled by the lessor. The City uses its estimated incremental borrowing rate as the discount rate for leases.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City monitors for events or changes in circumstances that require a reassessment of its leases. When a reassessment results in the remeasurement of a lease receivable or liability, a corresponding adjustment is made to the carrying amount of the deferred inflow or intangible right of use asset.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. **Summary of Significant Accounting Policies**

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Individuals employed on or before November 17, 1998 may accrue up to three weeks of vacation time. Employees who began or renewed their employment after November 17, 1998 earn vacation time as follows:

Completed months of service	Weeks earned per year
12 – 24	1
25 – 96	2
97 – 180	3
Over 180	4

Sick leave accrues at the rate of eight hours per month, with a maximum accumulation of 180 days. Upon the termination of employment, an employee is paid his/her unused vacation time.

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Interfund Balances and Transfers

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

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

Long-term Liabilities

Long-term liabilities consist of notes, bonds, and other indebtedness, including liabilities associated with compensated absences and postretirement benefits.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Property Tax

Taxes are levied on October 1 each year and are due and payable on or before February 28 of the following year. All unpaid taxes become delinquent March 1 of the following year. The City bills and collects its own property taxes. City property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectability is improbable.

Under the GASB Codification of *Governmental Accounting and Financial Reporting Standards, Section N50, Nonexchange Transactions*, property taxes are imposed non-exchange revenue. Assets (accounts receivable) from imposed non-exchange transactions are recorded when the City has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. The assessment date has been designated in the enabling legislation as January 1. Therefore, the City has recorded the succeeding year's receivable and deferred inflow of resources for taxes assessed as of year-end that will not be received until after year-end.

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.

Fund Balances

The City classifies fund balances in accordance with the GASB Codification of *Governmental Accounting and Financial Reporting Standards, Section 1800.165, Fund Balance Reporting*. The following classifications describe the relative strength of the spending constraints as defined in the City's fund balance policy:

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

Fund Balances

Nonspendable – Amounts that cannot be spent because they are either (a) in a nonspendable form, including items not expected to be converted to cash (i.e., inventory, prepaid amounts, the long-term portion of loans and notes receivable, and property acquired for resale), or (b) legally or contractually required to be maintained intact (i.e., principal of permanent funds).

Restricted – Amounts constrained to be used for a specific purpose as per external parties, constitutional provision, or enabling legislation.

Committed – Amounts constrained to be used for a specific purpose as per action by the City Commission (by ordinance). Amounts classified as committed are not subject to legal enforceability like restricted resources; however, they cannot be used for any other purpose unless the City Commission removes or changes the commitment by taking the same action it employed to impose the commitment originally.

Assigned – Amounts intended to be used by the City for a specific purpose, but which are neither restricted nor committed. The intent shall be expressed by the City Commission or a designee authorized by the City Commission for a specific purpose in accordance with policy established by the City Commission. The nature of the actions necessary to remove or modify an assignment is not as rigid as required under a committed fund balance classification. It does not require formal action. This classification includes the remaining positive fund balance for all governmental funds, except for the General Fund.

Unassigned – Amounts available for any purpose (amounts that are not nonspendable, restricted, committed, or assigned) in the General Fund. It represents the resources available for future spending. This classification includes negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting with assigned fund balance amounts. An appropriate level of unassigned fund balance should be maintained in the General Fund in order to cover unexpected expenditures and revenue shortfalls.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to use the restricted amounts first, as permitted under the law. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City to use the committed amounts first, followed by the assigned amounts, and then unassigned amounts.

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Government-wide and proprietary fund net position are divided into three components:

Net investment in capital assets – consists of the historical cost of capital assets, less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

Net Position

Restricted – consists of assets that are restricted by the City's creditors (e.g., through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (including those who have donated to the City, less related liabilities and deferred inflows of resources).

Unrestricted – all other net position is reported in this category.

Contributions of Capital

Contributions of capital in the proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. These contributions are recognized as revenue.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash and Investments

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

Policies

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

Deposits

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

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 3. Receivables

Receivables as of June 30, 2023 in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Property taxes	\$ 1,477,472	\$ -	\$ 1,477,472
Intergovernmental	332,917	-	332,917
Grants	183,370	-	183,370
Accounts	202,399	413,779	616,178
Less: allowance for doubtful accounts	<u>(101,223)</u>	<u>(165,445)</u>	<u>(266,668)</u>
	\$ 2,094,935	\$ 248,334	\$ 2,343,269

Gross property taxes receivable of \$1,477,472 are summarized, by year, on the schedule of changes in property taxes receivable on page 53 of this report.

Note 4. Interfund Balances and Transfers

The composition of interfund balances is as follows:

	Due From				Total
	General Fund	Solid Waste Fund	Storm Water Fund	Sewer Fund	
Due To					
General Fund	\$ -	\$ 2,344	\$ 2,612	\$ 9,215	\$ 14,171
Solid Waste Fund	-	-	-	2,922	2,922
State Street Aid Fund	19,143	-	-	-	19,143
Drug Fund	2,291	-	-	-	2,291
Storm Water Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,073</u>	<u>1,073</u>
Total	\$ 21,434	\$ 2,344	\$ 2,612	\$ 13,210	\$ 39,600

All balances are scheduled to be collected in the subsequent year. All balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts do not represent loans.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 4. Interfund Balances and Transfers

Interfund transfers for the year end, are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	Transfers in				Total
	General Fund	State Street Aid Fund	Storm Water Fund	Sewer Fund	
Transfers out					
General Fund	\$ -	\$ 550,000	\$ 278,774	\$ 160,453	\$ 989,227
State Street Aid Fund	<u>158,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,000</u>
Total	\$ 158,000	\$ 550,000	\$ 278,774	\$ 160,453	\$ 1,147,227

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and payable, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds, in accordance with budgetary authorizations.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 5. Capital Assets

The following is a summary of the changes in capital assets of governmental activities.

	Balance June 30, 2022	Additions	Disposals	Transfers	Balance June 30, 2023
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 603,801	\$ -	\$ -	\$ -	\$ 603,801
Construction in progress	<u>344,588</u>	<u>15,078</u>	<u>-</u>	<u>-</u>	<u>359,666</u>
	948,389	15,078	-	-	963,467
Capital assets being depreciated					
Buildings and improvements	9,733,592	1,011,774	-	-	10,745,366
Equipment and furniture	1,460,224	52,272	-	-	1,512,496
Vehicles	2,187,010	142,789	(33,249)	-	2,296,550
Other property	<u>132,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,996</u>
	13,513,822	1,206,835	(33,249)	-	14,687,408
Less: accumulated depreciated					
Buildings and improvements	(2,443,391)	(400,949)	-	-	(2,844,340)
Equipment and furniture	(961,755)	(51,122)	-	-	(1,012,877)
Vehicles	(1,513,621)	(141,946)	33,249	-	(1,622,318)
Other property	<u>(132,996)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(132,996)</u>
	<u>(5,051,763)</u>	<u>(594,017)</u>	<u>33,249</u>	<u>-</u>	<u>(5,612,531)</u>
Total governmental activities, net	\$ 9,410,448	\$ 627,896	\$ -	\$ -	\$10,038,344

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 5. Capital Assets

The following is a summary of the changes in capital assets of business-type activities.

	Balance June 30, 2022	Additions	Disposals	Transfers	Balance June 30, 2023
Business-type Activities					
Capital assets not being depreciated					
Land	\$ 47,268	\$ -	\$ -	\$ -	\$ 47,268
Construction in progress	-	-	-	-	-
	<u>47,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,268</u>
Capital assets being depreciated					
Buildings and improvements	134,212	-	-	-	134,212
Equipment and furniture	264,286	-	-	-	264,286
Vehicles	194,922	173,111	-	-	368,033
Sewer collections	<u>9,688,944</u>	<u>177,245</u>	<u>-</u>	<u>-</u>	<u>9,866,189</u>
	10,282,364	350,356	-	-	10,632,720
Less: accumulated depreciated					
Buildings and improvements	(82,307)	(5,941)	-	-	(88,248)
Equipment and furniture	(205,537)	(13,433)	-	-	(218,970)
Vehicles	(191,378)	(15,082)	-	-	(206,460)
Sewer collections	<u>(4,905,865)</u>	<u>(293,933)</u>	<u>-</u>	<u>-</u>	<u>(5,199,798)</u>
	<u>(5,385,087)</u>	<u>(328,389)</u>	<u>-</u>	<u>-</u>	<u>(5,713,476)</u>
Total business-type activities, net	\$ 4,944,545	\$ 21,967	\$ -	\$ -	\$ 4,966,512

Depreciation expense by function consists of the following:

Governmental activities

General government	\$ 117,362
Public safety	150,650
State street aid	175,244
Parks and recreation	53,052
Solid waste	28,321
Storm water	<u>69,388</u>
	\$ 594,017

Business-type activities

Sewer	\$ 328,389
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City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 6. Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

Employees of the City of Millersville are provided a defined benefit pension plan through the Public Employee Retirement Plan (the Plan), an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated* Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.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 of the Plan 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 service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with 5 years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced by 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than .05%. A 1% COLA is granted if the CPI change is between .05% 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	18
Inactive employees entitled to but not yet receiving benefits	74
Active employees	<u>32</u>
Total employees	124

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 6. Defined Benefit Pension Plan

General Information about the Pension Plan

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 Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions for the City were \$87,440, based on a rate of 5.22% 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, and an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Pension Liabilities (Assets)

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

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.

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 with 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:

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 6. Defined Benefit Pension Plan

Net Pension Liability (Asset)

Actuarial Assumptions

Asset class	Long-term expected real rate of return	Target allocation
US equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
US fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<hr style="width: 100%; border: 0.5px solid black;"/> 100%

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 three factors described above.

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 ADC 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 to 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.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 6. Defined Benefit Pension Plan

Changes in the Net Pension Liability (Asset)

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) – (b)
Balance, June 30, 2021	\$ 2,658,009	\$ 3,280,776	\$ (622,767)
Service cost	93,210	-	93,210
Interest	182,642	-	182,642
Changes of benefit terms	611,239	-	611,239
Difference between expected and actual experience	205,846	-	205,846
Changes in assumptions	-	-	-
Contributions, employer	-	202,242	(202,242)
Contributions, employees	-	79,489	(79,489)
Net investment income	-	(129,100)	129,100
Benefit payments, including refunds of employee contributions	(90,837)	(90,837)	-
Administrative expenses	-	(3,224)	3,224
Net change	<u>1,002,100</u>	<u>58,570</u>	<u>943,530</u>
Balance, June 30, 2022	\$ 3,660,109	\$ 3,339,346	\$ 320,763

Change of Benefit Terms

The provision of compound Cost-of-Living-Adjustments was incorporated into the actuarial project for the June 30, 2022 actuarial valuation.

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 1.00% lower (5.75%) or 1.00% higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$ 958,147	\$ 320,763	\$ (188,099)

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

Pension Expense

For the year ended June 30, 2023, the City recognized pension expense of \$630,039.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 6. Defined Benefit Pension Plan

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

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 215,819	\$ 110,828
Net difference between projected and actual earnings on pension plan investments	16,816	-
Changes in assumptions	203,636	-
Contributions subsequent to the measurement date of June 30, 2022	87,440	-
	\$ 523,711	\$ 110,828

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

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

Year ending June 30,		
2024	\$	51,657
2025		59,073
2026		25,269
2027		122,295
2028		67,149
Thereafter		-

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 had no amounts payable for outstanding required contributions to the pension plan as of the year ended June 30, 2023.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 7. Long-term Debt

Governmental Activities

The following is a summary of changes to long-term liabilities in the governmental activities during the year:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due within one year
Compensated absences	\$ 50,452	\$ 46,648	\$ 50,452	\$ 46,648	\$ 46,648
Notes payable	209,238	-	-	209,238	39,505
Bonds payable	5,258,933	-	263,933	4,995,000	275,000
Bond premiums	297,353	-	12,711	284,642	18,516
Net pension liability	<u>-</u>	<u>300,615</u>	<u>-</u>	<u>300,615</u>	<u>-</u>
Totals	\$ 5,815,976	\$ 347,263	\$ 327,096	\$ 5,836,143	\$ 379,669

Long-term debt and obligations payable are comprised of the following:

\$2,875,000 general obligation improvement bonds, Series 2019, due in annual installments between \$105,000 and \$185,000 through 2039, with semi-annual interest payments at a rate between 2.125% and 4.000%	\$ 2,430,000
\$2,715,000 general obligation bonds, Series 2022, due in annual installments between \$150,000 and \$615,000 through 2037, with semi-annual interest payments at a rate between 1.050% and 2.050%	2,565,000
Note payable to a bank for a fire engine, original amount of \$390,783, bearing interest at 2.88%, payable in annual installments between \$34,277 and \$44,257, with the final payment due July 2027	209,238
Premium on bonds	<u>284,642</u>
Total governmental activities long-term debt	5,488,880
Less: current portion	<u>(333,021)</u>
Total governmental activities long-term debt, net of current portion	\$ 5,155,859

The above bonds and notes payable are secured by a pledge of a portion of the City's net revenues. Additionally, the bonds and notes payable contain provisions that, in the event of default, allow lenders to exercise one or more of the following options: 1) make the outstanding bond and/or note due and payable with accrued interest immediately, or 2) utilize other remedies allowed by state or federal law.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 7. Long-term Debt

Governmental Activities

Below is a condensed government-wide schedule of maturities for bonds and notes payable. A detailed schedule of long-term debt, principal, and interest requirements is included on page 52 of this report.

Year ending June 30,	Principal	Interest
2024	\$ 314,505	\$ 143,177
2025	315,643	132,557
2026	326,814	121,902
2027	338,019	110,862
2028	354,257	99,437
2029 – 2033	1,690,000	352,467
2034 – 2038	1,680,000	141,543
2039	<u>185,000</u>	<u>4,623</u>
Totals	\$ 5,204,238	\$ 1,106,568

Business-type Activities

The following is a summary of changes to long-term debt in the business-type activities during the year:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due within one year
Compensated absences	\$ 6,225	\$ 6,467	\$ 6,225	\$ 6,467	\$ 6,467
State revolving loan	389,723	-	21,240	368,483	21,300
Net pension liability	<u>-</u>	<u>20,148</u>	<u>-</u>	<u>20,148</u>	<u>-</u>
Totals	\$ 395,948	\$ 26,615	\$ 27,465	\$ 395,098	\$ 27,767

The above loan payable is secured by a pledge of a portion of the City's net revenues. Additionally, the loan agreement contains provisions that, in the event of default, allow the lenders to exercise one or more of the following options: 1) make the outstanding loan amount due and payable with accrued interest immediately, or 2) utilize other remedies allowed by state or federal law.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 7. Long-term Debt

Business-type Activities

Below is a condensed business-type activities schedule of maturities for the loan payable. A detailed schedule of long-term debt, principal, and interest requirements is included on page 52 of this report.

Year ending June 30,	Principal	Interest
2024	\$ 21,300	\$ 1,008
2025	21,360	948
2026	21,420	888
2027	21,480	828
2028	21,540	768
2029 – 2033	108,612	2,928
2034 – 2038	110,160	1,380
2039 – 2040	<u>42,611</u>	<u>126</u>
Totals	\$ 368,483	\$ 8,874

Note 8. Deferred Contribution Pension Plans

The City offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The plan, available to all employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. The plan does allow loans. The plan's investments are held in trust by TCRS. The City has determined that none of its defined contribution plans are fiduciary component units or fiduciary activities of the government.

457 Plans

On July 1, 2015, the City began participation in the State of Tennessee Employees Deferred Compensation Plan and Trust - 457(b), created in accordance with IRC Section 457(b), which covers substantially all employees providing services to the City. Employees may defer a portion of their gross pay to a maximum amount allowable under current IRS regulations each year. The plan is administered by the State of Tennessee, Department of the Treasury. There were no plan forfeitures for the year ended June 30, 2023. The City does not make matching or non-matching contributions to the plan.

Note 9. Contracts

The City has contracts and/or agreements with the City of Goodlettsville, the Department of Water Services of Metropolitan Nashville, Nashville Electric Service, Cumberland Electric Membership Corporation, Piedmont Natural Gas, White House Utility District, and Waste Industries to provide utility and solid waste services in Sumner and Robertson counties. These providers, with the exception of Waste Industries, are sole-source suppliers for utility services. The City is a member of the Cumberland River Water Improvement Authority, a regional wastewater authority.

City of Millersville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 10. **Other Information**

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), a public entity risk pool currently operating as a common risk management and insurance program for municipalities. The City pays an annual premium to the Pool for its insurance coverage. The Pool is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event. Settled claims of the City have not exceeded coverage in any of the past three fiscal years.

Commitments

There were no outstanding construction commitments as of June 30, 2023. The City leases certain office equipment. No amounts for right-of-use assets or lease liabilities have been included in the financial statements as the amounts are immaterial.

Required Supplementary Information

City of Millersville, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of the TCRS
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 93,210	\$ 97,084	\$ 90,926	\$ 77,107	\$ 92,746	\$ 74,416	\$ 66,194	\$ 66,903	\$ 72,983
Interest	182,642	167,721	166,512	147,766	141,333	134,086	126,671	115,238	122,231
Changes in benefit terms	611,239	-	-	-	-	-	-	-	-
Differences between actual and expected experience	205,846	(43,322)	(113,616)	132,841	(61,254)	(33,252)	(31,787)	43,093	(202,428)
Changes of assumptions	-	273,210	-	-	-	59,414	-	-	-
Benefit payments, including refunds of employee contributions	(90,837)	(105,975)	(160,650)	(65,275)	(71,634)	(111,135)	(29,754)	(114,401)	(45,473)
Net change in total pension liability	1,002,100	388,718	(16,828)	292,439	101,191	123,529	131,324	110,833	(52,687)
Total pension liability, beginning of year	2,658,009	2,269,291	2,286,119	1,993,680	1,892,489	1,768,960	1,637,636	1,526,803	1,579,490
Total pension liability, end of year (a)	3,660,109	2,658,009	2,269,291	2,286,119	1,993,680	1,892,489	1,768,960	1,637,636	1,526,803
Plan Fiduciary Net Position									
Contributions, employer	202,242	4,083	-	8,356	24,106	55,521	54,230	50,556	60,091
Contributions, employee	79,489	85,185	67,719	67,385	61,811	62,524	61,071	56,933	59,145
Net investment income	(129,100)	674,768	126,326	179,545	184,081	224,947	50,162	55,381	251,222
Benefit payments, including refunds of employee contributions	(90,837)	(105,975)	(160,650)	(65,275)	(71,634)	(111,135)	(29,754)	(114,401)	(45,473)
Administrative expenses	(3,224)	(2,658)	(2,703)	(2,826)	(2,839)	(2,522)	(2,387)	(1,472)	(1,108)
Net change in plan fiduciary net position	58,570	655,403	30,692	187,185	195,525	229,335	133,322	46,997	323,877
Plan fiduciary net position, beginning of year	3,280,776	2,625,373	2,594,681	2,407,496	2,211,971	1,982,636	1,849,314	1,802,317	1,478,440
Plan fiduciary net position, end of year (b)	3,339,346	3,280,776	2,625,373	2,594,681	2,407,496	2,211,971	1,982,636	1,849,314	1,802,317
Net pension liability (asset), end of year (a) - (b)	\$ 320,763	\$ (622,767)	\$ (356,082)	\$ (308,562)	\$ (413,816)	\$ (319,482)	\$ (213,676)	\$ (211,678)	\$ (275,514)
Plan fiduciary net position as a percentage of total pension liability	91.24%	123.43%	115.69%	113.50%	120.76%	116.88%	112.08%	112.93%	118.05%
Covered payroll	\$ 1,589,785	\$ 1,316,983	\$ 1,354,362	\$ 1,347,695	\$ 1,236,216	\$ 1,250,479	\$ 1,221,399	\$ 1,138,659	\$ 1,182,887
Net pension liability (asset) as a percentage of covered payroll	20.18%	(47.29%)	(26.29%)	(22.90%)	(33.47%)	(25.55%)	(17.49%)	(18.59%)	(23.29%)

Notes to Schedules

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 in Assumptions

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

City of Millersville, Tennessee
 Schedule of Contributions
 Based on Participation in the Public Employee Pension Plan of the TCRS
 Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 87,440	\$ 202,242	\$ 4,083	\$ -	\$ 8,356	\$ 24,106	\$ 55,521	\$ 54,230	\$ 50,556	\$ 60,091
Contributions in relation to actuarially determined contribution	<u>87,440</u>	<u>202,242</u>	<u>4,083</u>	<u>-</u>	<u>8,356</u>	<u>24,106</u>	<u>55,521</u>	<u>54,230</u>	<u>50,556</u>	<u>60,091</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,675,088	\$ 1,589,785	\$ 1,316,983	\$ 1,354,362	\$ 1,347,695	\$ 1,236,216	\$ 1,250,479	\$ 1,221,399	\$ 1,138,659	\$ 1,182,887
Contributions as a percentage of covered payroll	5.22%	12.72%	0.31%	0.00%	0.62%	1.95%	4.44%	4.44%	4.44%	5.08%

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 it 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' date, if needed.

Methods and Assumptions Used to Determine Contribution Rates

Valuation date Actuarial cost method Amortization method Remaining amortization period Asset valuation Inflation Salary increases Investment rate of return Retirement age Mortality Cost-of-living adjustment	Actuarially determined contribution rates for the year ended June 30, 2023 were calculated based on the results of the June 30, 2021 actuarial valuation. Entry age normal Level dollar, closed (not to exceed 20 years) Varies by year 10-year smoothed, within a 20% corridor to market value 2.25% Graded salary ranges from 8.72% to 3.44%, based on age, including inflation, averaging 4.00% 6.75%, net of investment expense, including inflation Pattern of retirement determined by experience study Customized table based on actual experience, including adjustment for some anticipated improvement 2.125%
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Changes in Assumptions

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

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

Notes to Schedule

The 2022 actuarially determined contribution amount above includes a cost-of-living adjustment payment of \$197,314.

Supplementary Information

City of Millersville, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Drug Fund	Storm Water Fund	
Assets			
Cash	\$ 18,847	\$ 509,242	\$ 528,089
Receivables, net			
Customers	-	21,688	21,688
Due from other funds	2,291	1,073	3,364
Restricted cash	22,092	-	22,092
Total assets	\$ 43,230	\$ 532,003	\$ 575,233
 Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ 2,612	\$ 2,612
Other current liabilities	22,092	117	22,209
Total liabilities	22,092	2,729	24,821
 Fund balances			
Restricted for			
Drug education and investigations	21,138	-	21,138
Storm water	-	529,274	529,274
Total fund balances	21,138	529,274	550,412
Total liabilities and fund balances	\$ 43,230	\$ 532,003	\$ 575,233

City of Millersville, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Fund
For the Year Ended June 30, 2023

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Drug Fund	Storm Water Fund	
Revenues			
Drug and gambling revenues	\$ 22,001	\$ -	\$ 22,001
Charges for services	-	160,112	160,112
Licenses and permits	-	2,375	2,375
Interest income	27	178	205
Total revenues	22,028	162,665	184,693
Expenditures			
Current			
Drug fund	1,316	-	1,316
Storm water	-	78,739	78,739
Capital outlay	31,999	135,978	167,977
Total expenditures	33,315	214,717	248,032
Excess (deficiency) of revenues over expenditures	(11,287)	(52,052)	(63,339)
Other Financing Sources			
Transfers in	-	278,774	278,774
Net change in fund balances	(11,287)	226,722	215,435
Fund balances, beginning of year	32,425	302,552	334,977
Fund balances, end of year	\$ 21,138	\$ 529,274	\$ 550,412

City of Millersville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Drug Fund
For the Year Ended June 30, 2023

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Drug and gambling revenues	\$ 25,500	\$ 25,500	\$ 22,001	\$ (3,499)
Interest income	20	20	27	7
Total revenues	25,520	25,520	22,028	(3,492)
Expenditures				
Current				
General and administrative	40	40	1,316	(1,276)
Capital outlay	43,401	43,401	31,999	11,402
Total expenditures	43,441	43,441	33,315	10,126
Net change in fund balance	(17,921)	(17,921)	(11,287)	6,634
Fund balance, beginning of year	32,425	32,425	32,425	-
Fund balance, end of year	\$ 14,504	\$ 14,504	\$ 21,138	\$ 6,634

City of Millersville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Storm Water Fund
For the Year Ended June 30, 2023

	Budgeted amounts		Actual amounts	Variance with final Budget
	Original	Final		
Revenues				
Charges for services	\$ 155,000	\$ 155,000	\$ 160,112	\$ 5,112
Licenses and permits	11,000	11,000	2,375	(8,625)
Interest income	150	150	178	28
Total revenues	166,150	166,150	162,665	(3,485)
Expenditures				
Current				
Salaries and wages	30,895	30,895	28,993	1,902
General and administrative	11,249	11,249	8,634	2,615
Contractual services	34,383	34,383	29,221	5,162
Supplies and miscellaneous	1,700	1,700	11,530	(9,830)
Repairs and maintenance	500	500	361	139
Capital outlay	265,000	397,000	135,978	261,022
Total expenditures	343,727	475,727	214,717	261,010
Excess (deficiency) of revenues over expenditures	(177,577)	(309,577)	(52,052)	257,525
Other Financing Sources				
Transfers in	278,774	278,774	278,774	-
Net change in fund balance	101,197	(30,803)	226,722	257,525
Fund balance, beginning of year	302,552	302,552	302,552	-
Fund balance, end of year	\$ 403,749	\$ 271,749	\$ 529,274	\$ 257,525

City of Millersville, Tennessee
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 For the Year Ended June 30, 2023

Grantor / Pass-through Grantor	Program name	Assistance listing	Contract number	Expenditures	Passed through to subrecipients
Federal Awards					
US Department of Transportation/ TN Department of Transportation	Highway Planning and Construction (Federal-Aid Highway Program)	20.205	PIN 125189.00 Contract 170093	\$ 15,403	\$ -
US Department of Transportation/ TN Department of Safety and Homeland Security	<u>Highway Safety Cluster</u> State and Community Highway Safety Grant	20.600	Z23THS186	7,717	-
US Department of the Treasury	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	328,705	-
Total federal awards				<u>351,825</u>	<u>-</u>
State Financial Assistance					
Total state financial assistance				<u>-</u>	<u>-</u>
Total federal awards and state financial assistance				\$ 351,825	\$ -

Notes

Note 1. Basis of Presentation

This schedule of expenditures of federal awards and state financial assistance summarizes the expenditures of the City under programs of the federal and state governments for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and *Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, change in net position, or cash flows of the City. Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2. Loans Outstanding

At June 30, 2023, there was an outstanding balance of \$368,483 on a loan obtained through the State of Tennessee Revolving Loan Fund. There were payments of \$21,240 to the State Revolving Loan Fund during the year ended June 30, 2023.

Note 3. Indirect Cost Rate

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

City of Millersville, Tennessee
Schedule of Changes in Long-term Debt by Individual Issue
For the Year Ended June 30, 2023

Description of Indebtedness	Original amount of issue	Interest rate	Date of issue	Final maturity date	Outstanding July 1, 2022	Issued during period	Paid and/or matured during period	Outstanding June 30, 2023
Governmental Activities								
<i>Direct placement notes</i>								
Payable through General Fund								
First Tennessee Bank	\$ 390,782	2.88%	6/15/2017	7/10/2027	\$ 209,238	\$ -	\$ -	\$ 209,238
Total notes payable					<u>209,238</u>	<u>-</u>	<u>-</u>	<u>209,238</u>
<i>General obligation bonds</i>								
Payable through General Fund								
GO bonds, Series 2022	\$ 2,715,000	1.050-2.050%	3/22/2022	3/1/2037	2,715,000	-	150,000	2,565,000
GO improvement bonds, Series 2019	\$ 2,875,000	2.125-4.000%	8/27/2019	6/30/2039	2,543,933	-	113,933	2,430,000
Total bonds payable					<u>5,258,933</u>	<u>-</u>	<u>263,933</u>	<u>4,995,000</u>
Total long-term debt of governmental activities					5,468,171	-	263,933	5,204,238
Business-type Activities								
<i>Direct placement loans</i>								
Payable through Sewer Fund								
State revolving loan 2017-391	\$ 518,000	0.28%	5/19/2017	6/1/2037	389,723	-	21,240	368,483
Total long-term debt					<u>\$ 5,857,894</u>	<u>\$ -</u>	<u>\$ 285,173</u>	<u>\$ 5,572,721</u>

City of Millersville, Tennessee
Schedule of Long-term Debt, Principal, and Interest Requirements
For the Year Ended June 30, 2023

Fiscal year ending June 30,	Governmental Activities							Business-type Activities					
	First Tennessee note payable fire engine		GO improvement bonds Series 2019		GO bonds Series 2022		Total		State revolving loan 2017-391		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 39,505	\$ 4,888	\$ 120,000	\$ 69,726	\$ 155,000	68,563	\$ 314,505	\$ 143,177	\$ 21,300	\$ 1,008	\$ 335,805	\$ 144,185	
2025	40,643	3,718	120,000	64,926	155,000	63,913	315,643	132,557	21,360	948	337,003	133,505	
2026	41,814	2,513	125,000	60,126	160,000	59,263	326,814	121,902	21,420	888	348,234	122,790	
2027	43,019	1,275	130,000	55,124	165,000	54,463	338,019	110,862	21,480	828	359,499	111,690	
2028	44,257	-	140,000	49,924	170,000	49,513	354,257	99,437	21,540	768	375,797	100,205	
2029	-	-	145,000	44,326	175,000	44,413	320,000	88,739	21,600	708	341,600	89,447	
2030	-	-	150,000	38,526	180,000	39,163	330,000	77,689	21,660	648	351,660	78,337	
2031	-	-	150,000	35,338	190,000	33,763	340,000	69,101	21,720	588	361,720	69,689	
2032	-	-	155,000	32,150	190,000	29,963	345,000	62,113	21,780	528	366,780	62,641	
2033	-	-	160,000	28,662	195,000	26,163	355,000	54,825	21,852	456	376,852	55,281	
2034	-	-	160,000	25,062	200,000	21,288	360,000	46,350	21,912	396	381,912	46,746	
2035	-	-	165,000	21,462	205,000	16,288	370,000	37,750	21,972	336	391,972	38,086	
2036	-	-	170,000	17,750	210,000	11,163	380,000	28,913	22,032	276	402,032	29,189	
2037	-	-	175,000	13,500	215,000	5,906	390,000	19,406	22,092	216	412,092	19,622	
2038	-	-	180,000	9,124	-	-	180,000	9,124	22,152	156	202,152	9,280	
2039	-	-	185,000	4,623	-	-	185,000	4,623	22,212	96	207,212	4,719	
2040	-	-	-	-	-	-	-	-	20,399	30	20,399	30	
Total	\$ 209,238	\$ 12,394	\$ 2,430,000	\$ 570,349	\$ 2,565,000	\$ 523,825	\$ 5,204,238	\$ 1,106,568	\$ 368,483	\$ 8,874	\$ 5,572,721	\$ 1,115,442	

City of Millersville, Tennessee
Schedule of Changes in Property Taxes Receivable
For the Year Ended June 30, 2023

Year of Levy	July 1, 2022	Property tax levied	Anticipated current year levy	Abatements and adjustments	Collections	Write-offs	June 30, 2023
2023	\$ -	\$ -	\$ 1,372,631	\$ -	\$ -	\$ -	\$ 1,372,631
2022	1,227,374 *	2,557 *	-	-	1,187,679	-	42,252
2021	42,815	-	-	-	22,003	-	20,812
2020	15,750	-	-	-	3,334	-	12,416
2019	7,398	-	-	-	1,808	-	5,590
2018	4,896	-	-	-	962	-	3,934
2017	6,278	-	-	-	553	-	5,725
2016	3,774	-	-	-	65	-	3,709
2015	3,880	-	-	-	-	-	3,880
2014	3,606	-	-	-	-	-	3,606
2013	2,917	-	-	-	-	-	2,917
2012	3,535	-	-	-	-	3,535	-
	\$ 1,322,223	\$ 2,557	\$ 1,372,631	\$ -	\$ 1,216,404	\$ 3,535	1,477,472
					Allowance for uncollectibles		(47,070)
					Property taxes receivable, net		\$ 1,430,402

Notes to Schedule

The City collects delinquent taxes in accordance with applicable laws

*Represents the anticipated levy in the prior year adjusted to the actual levy in the current year

**Other Supplementary Information
(Unaudited)**

City of Millersville, Tennessee
 Schedule of Property Tax Rates and Assessments (Unaudited)
 Last 10 Fiscal Years

Year of levy	Fiscal year	Tax rate per \$100 Sumner County	Tax rate per \$100 Robertson County	Tax assessment
2023	2024	1.0000	1.0000 *	\$ 1,372,631
2022	2023	1.0000	1.0000	\$ 1,227,374
2021	2022	1.0000	1.0000	\$ 1,188,597
2020	2021	1.0000	1.0000	\$ 1,186,505
2019	2020	1.0000	1.0000	\$ 1,166,126
2018	2019	1.0000	1.0000	\$ 936,612
2017	2018	1.0000	1.0000	\$ 853,455
2016	2017	0.8443	0.8443	\$ 715,586
2015	2016	0.8443	0.8443	\$ 712,874
2014	2015	0.8443	0.8443	\$ 711,850

*Anticipated levy as of June 30, 2023

City of Millersville, Tennessee
 Schedule of Utility Rate Structure and Number of Customers (Unaudited)
 Sewer Fund
 For the Year Ended June 30, 2023

Number of customers 2,210

At June 30, 2023, the rate structure for the City of Millersville's Sewer Fund was as follows:

Residential (per billing cycle)			
First 1,200 gallons	\$	20.76	minimum bill
Thereafter	\$	9.53	per 1,000 gallons
Household on well (flat rate)	\$	42.42	flat rate
Commercial			
First 1,000 gallons	\$	21.40	minimum bill
Thereafter	\$	10.17	per 1,000 gallons
Motels, hotels, and campgrounds	\$	14.35	per 1,000 gallons

Internal Control and Compliance Section



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

Members of the City Commission
City of Millersville, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Millersville, Tennessee (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated April 29, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 Standards*.

Purpose of This Report

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

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
April 29, 2024

City of Millersville, Tennessee
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2023

Financial Statement Findings

Finding Number	Finding Title	Status
N/A	There were no prior findings reported.	N/A

Federal Award Findings and Questioned Costs

Finding Number	Finding Title	Status
N/A	There were no prior findings reported.	N/A