

CITY OF PORTLAND, TENNESSEE

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

CITY OF PORTLAND, TENNESSEE

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CITY OF PORTLAND, TENNESSEE
ROSTER OF PUBLICLY ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2023

PUBLICLY ELECTED OFFICIALS

Mike Callis	Mayor
Andrew Jennings	Vice-Mayor
Penny Barnes	Alderwoman
Mike Hall	Alderman
Laytoya Holcolm	Alderwoman
Jody McDowell	Alderman
Megann Thomspen	Alderwoman
Brian Woodall	Alderman

APPOINTED OFFICIALS

Rachel Slusser	CMFO/Finance Director/City Recorder
John R. Bradley	City Attorney
Joseph B. (Jack) Freedle	City Judge

AUDIT COMMITTEE

Andrew Jennings
Kim Delaney, CPA
Sonja Schuette, CPA



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
And Board of Aldermen
City of Portland, Tennessee

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Portland, Tennessee's basic financial statements. The supplementary information, miscellaneous schedules, and schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, miscellaneous schedules and the schedule of expenditures of federal awards and state financial assistance 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 and management's corrective action plan 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 February 16 2024, on our consideration of the City of Portland, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Portland, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Portland, Tennessee's internal control over financial reporting and compliance.

Wickberg Accounting, LLC

Lewisburg, Tennessee
February 16, 2024

CITY OF PORTLAND, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

As management of the City of Portland, Tennessee (the "City" or the "City of Portland"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Portland for the fiscal year ended June 30, 2023. This analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds. Please consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- The assets of the City of Portland exceeded its liabilities at the close of the most recent fiscal year by \$92,285,512 (net position). Of this amount, \$33,072,485 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$10,626,029 inclusive of prior period adjustments. Changes totaling an increase of \$2,823,416 within the business-type activities and an increase of \$7,802,613 within the governmental activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,468,476, an increase of 11% in comparison with the prior year's total of \$11,272,806. Approximately 54% of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,534,606.

Overview of the Financial Statements

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

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

The government-wide financial statements are:

- **Statement of Net Position** – presents information on all of the City of Portland's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Portland is improving or deteriorating.
- **Statement of Activities** – presents information showing how the City's net position changed during the most recent fiscal year. All current year revenues and expenses are taken into account regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected tax and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Portland include general government, planning, codes, police, fire, highways and streets, recreation, animal control, city engineering, community development, sanitation, storm water, golf course, and the airport authority. The business-type activities of the City of Portland include the water, sewer and natural gas operations.

The government-wide financial statements can be found on pages 13 and 14 of this report.

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

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

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

The City of Portland maintains eight governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund and airport authority which are considered major funds. Data for the other governmental funds are combined into a single, aggregate presentation, as nonmajor governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, airport authority fund, drug fund, impact fee fund, industrial loan fund, storm water fund, golf course fund and solid waste fund. A budgetary comparison statement has been provided for the major funds to demonstrate compliance with this budget. The other budgetary comparisons are in the combining and individual nonmajor fund statements and schedules of the report.

Proprietary funds – There are two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Portland uses enterprise funds to account for activities in its Water and Sewer Fund and Natural Gas Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund and the Natural Gas Fund which are considered to be major funds of the City of Portland.

The basic proprietary fund financial statements can be found on pages 28-30 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Portland's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Portland has one fiduciary fund which can be found on page 31.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 – 66 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The City of Portland's progress in funding its obligation to provide pension and OPEB benefits to its employees is presented. Required supplementary information can be found on pages 67 – 71 of this report.

Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary schedules required by the Comptroller of the State of Tennessee on pages 72-86.

Government-wide Financial Analysis (The City as a Whole)

Net Position: Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Portland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$92,285,512 as of June 30, 2023, an increase of 13%, from last year.

The largest portion of the City of Portland's net position (62%) reflects its investments in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City of Portland uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Portland's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City of Portland reports a positive balance in both of the governmental and business-type activity categories of net position.

During the current fiscal year, the government's net position increased by \$10,626,029. This increase is approximately 13% of total net position. Of this \$10,626,029 increase, the governmental activities increased \$7,802,613 and the business-related activities increased \$2,823,416.

Condensed Statement of Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Current and other assets	\$18,439,348	\$19,374,698	\$28,332,930	\$30,349,125	\$46,772,278	\$49,723,823
Capital Assets	41,611,754	36,551,654	54,782,563	49,262,826	96,394,317	85,814,480
Total Assets	60,051,102	55,926,352	83,115,493	79,611,951	143,166,595	135,538,303
Deferred Outflows of resources	2,276,195	1,875,821	1,129,234	941,831	3,405,429	2,817,652
Long-term liabilities outstanding	11,098,617	12,563,318	30,299,878	31,420,651	41,398,495	43,983,969
Other liabilities	951,425	1,076,475	5,765,200	2,827,331	6,716,625	3,903,806
Total Liabilities	12,050,042	13,639,793	36,065,078	34,247,982	48,115,120	47,887,775
Deferred inflows of resources	5,750,448	7,438,186	420,944	1,370,511	6,171,392	8,808,697
Net position:						
Net investment in capital assets	31,788,198	25,439,020	25,069,186	18,525,540	56,857,384	43,964,560
Restricted	2,354,789	4,328,561	854	1,167,848	2,355,643	5,496,409
Unrestricted	10,383,820	6,956,613	22,688,665	25,241,901	33,072,485	32,198,514
Total Net Position	\$44,526,807	\$36,724,194	\$47,758,705	\$44,935,289	\$92,285,512	\$81,659,483

Condensed Statement of Changes in Net Position

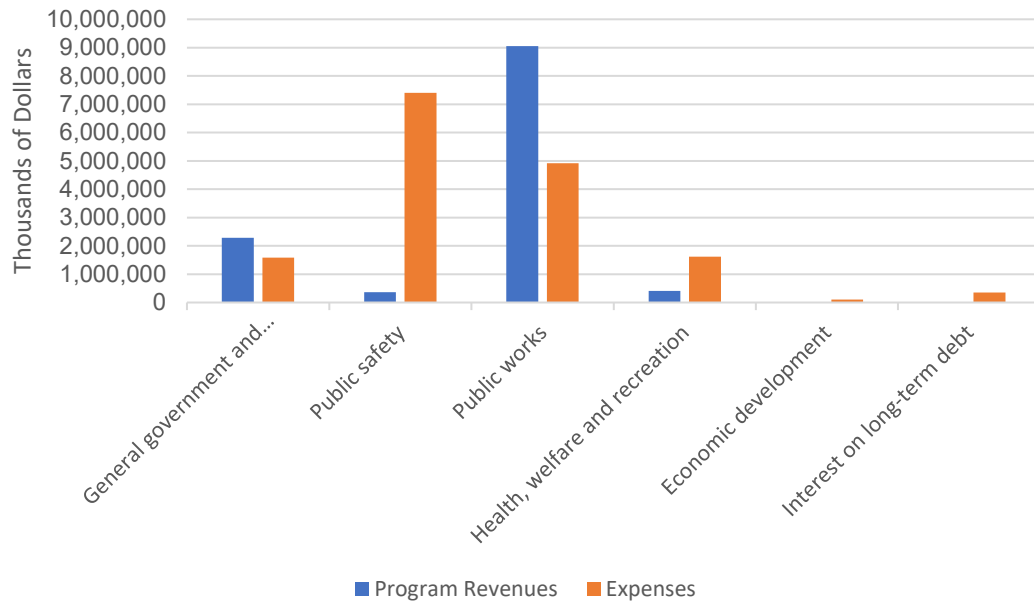
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Fees, fines and charges for services	\$ 5,589,144	\$ 3,589,982	\$ 17,271,037	\$ 15,745,541	\$ 22,860,181	\$ 19,335,523
Operating grants and contributions	547,084	722,573	18,399	-	565,483	722,573
Capital grants and contributions	5,978,484	2,153,171	202,638	841,092	6,181,122	2,994,263
General Revenues						
Property taxes	5,324,572	4,967,275	-	-	5,324,572	4,967,275
Other taxes	6,011,234	5,386,960	-	-	6,011,234	5,386,960
Interest on investments	44,978	51,869	128,160	51,038	173,138	102,907
Other	164,913	425,416	34,019	58,277	198,932	483,693
Total revenues	23,660,409	17,297,246	17,654,253	16,695,948	41,314,662	33,993,194
Expenses						
General government and administration	1,584,260	1,308,009	-	-	1,584,260	1,308,009
Public safety	7,398,715	6,347,471	-	-	7,398,715	6,347,471
Public works	4,918,439	4,510,570	-	-	4,918,439	4,510,570
Health, welfare and recreation	1,616,661	1,366,767	-	-	1,616,661	1,366,767
Economic development	105,491	45,350	-	-	105,491	45,350
Interest on long-term debt	356,579	313,766	-	-	356,579	313,766
Water and Sewer	-	-	8,193,329	8,601,405	8,193,329	8,601,405
Natural Gas	-	-	6,415,876	6,320,743	6,415,876	6,320,743
Total expenses	15,980,145	13,891,933	14,609,205	14,922,148	30,589,350	28,814,081
Changes in net position before transfers	7,680,264	3,405,313	3,045,048	1,773,800	10,725,312	5,179,113
Transfers	358,605	316,321	(358,605)	(316,321)	-	-
Gain/loss from sale of capital assets	(121,962)	329,721	2,037	7,631	(119,925)	337,352
Change in net position	7,916,907	4,051,355	2,688,480	1,465,110	10,605,387	5,516,465
Net position at beginning of year, as originally reported	36,724,194	32,733,294	44,935,289	43,380,179	81,659,483	76,113,473
Prior period adjustments	(114,294)	(60,455)	134,936	90,000	20,642	29,545
Net position at beginning of year, as restated	36,609,900	32,672,839	45,070,225	43,470,179	81,680,125	76,143,018
Net position at end of year	<u>\$ 44,526,807</u>	<u>\$ 36,724,194</u>	<u>\$ 47,758,705</u>	<u>\$ 44,935,289</u>	<u>\$ 92,285,512</u>	<u>\$ 81,659,483</u>

Governmental Activities: Current fiscal year revenues for the City's governmental activities were \$26,660,409 compared to \$17,297,246 last year. Expenses for the same period were \$15,980,145 compared \$13,891,933 last year.

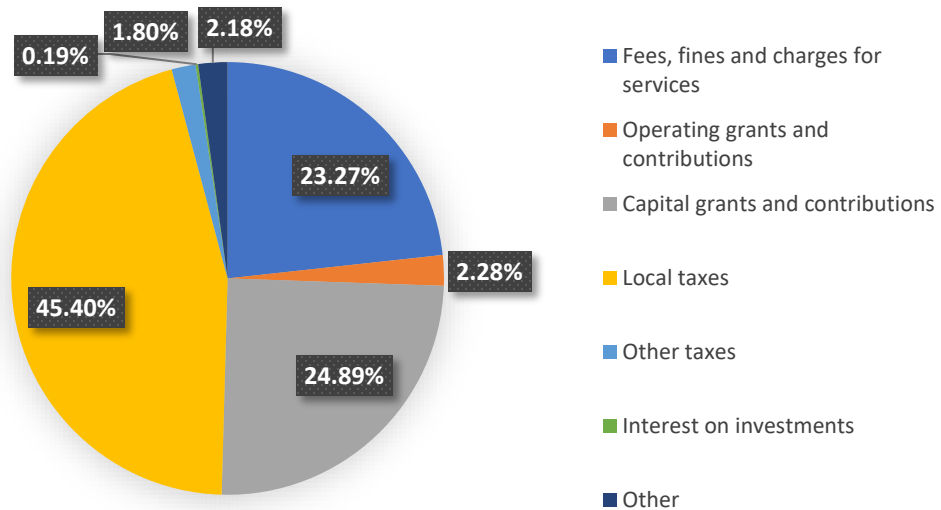
General and program revenue experienced a mixture of increases and decreases for the year; most notable of which are discussed below.

- Various taxes increased due to economic growth.
- The Governmental Activities had increased grant contributions during the current year. This is primarily due to the airport grant and the ARPA grant.
- Building permits and related fees have increased due to economic growth and new fee schedules

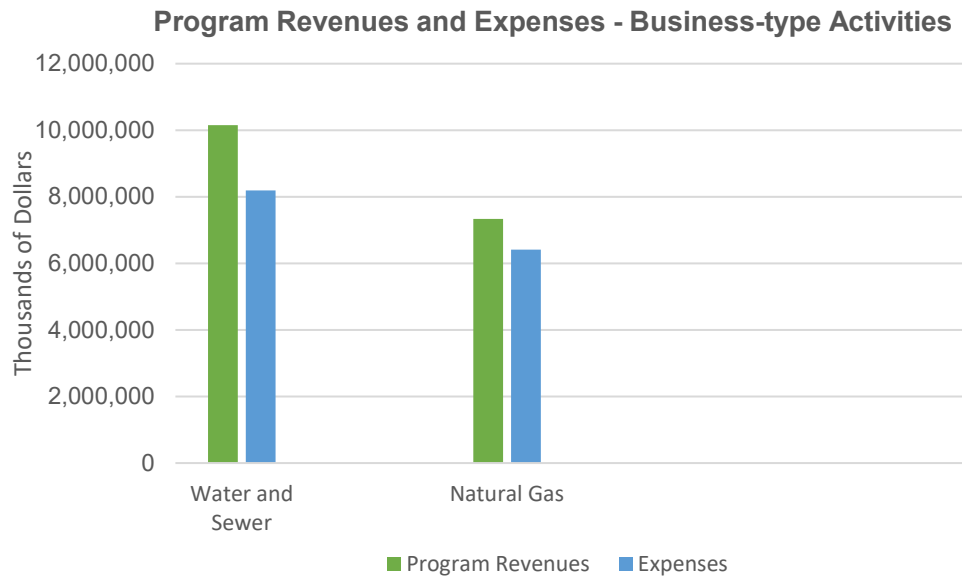
Program Revenues and Expenses - Governmental Activities



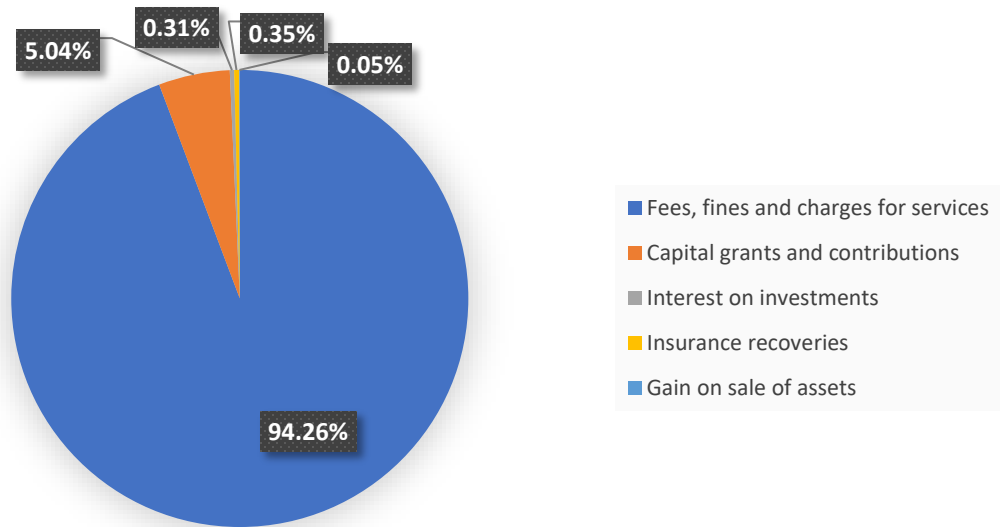
Revenues by Source - Governmental Activities



Business-type activities: Business-type activities increased the City's net position by \$2,823,416 inclusive of prior period adjustment. Charges for services increased from prior year by \$1,525,495, operating grants and contributions increase by \$18,399, capital grants and contributions decreased by \$638,454 and expenses were \$312,943 less than the previous year.



Revenues by Source - Business-type Activities



The following provides a more detailed analysis of the City's funds.

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,468,476, an increase of \$1,195,670.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,534,606, while total fund balance reached \$10,346,159.

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

The Water and Sewer Fund had an increase in net position of \$2,067,974 inclusive of prior period adjustment of \$134,936 for sewer inventory for the year compared to an increase of \$568,576 in the prior year. Factors affecting this amount include:

- The Water and Sewer Fund had increases in charges for services of \$1,180,547.
- The Water and Sewer Fund had decreases in repairs and maintenance expenses of \$652,670.

The Natural Gas Fund had an increase in net position of \$755,442 for the year compared to an increase of \$986,534 in the prior year. Factors affecting this amount include:

- The Gas Fund had increases in charges for services of \$342,149.
- The Gas Fund had increases in personnel services of \$127,197.
- The Gas Fund did not receive capital contributions in the current year compared to receiving \$459,613 in the prior year.

General Fund Budgetary Highlights

The City had various amendments to the budget during the year.

Capital Asset and Debt Administration

Capital assets: At the end of the current fiscal year, the City had \$96,394,317 (net of accumulated depreciation) invested in capital assets for its governmental and business-type activities. This investment in capital assets includes land, buildings, improvements, equipment, vehicles, construction in progress and other infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was \$10,579,837. Depreciation expense for the year was \$3,856,820. Additional information on capital assets is in Note 3.C.

Debt: At the end of the current fiscal year, the City had total debt outstanding of \$37,733,413. Of this amount, \$9,666,000 belongs to the Governmental Funds and \$28,067,413 belongs to the Enterprise Fund – Water and Sewer Fund. Additional information on debt is in Note 3.E.

Economic Factors and Other Matters

The unemployment rate for the City of Portland is currently 2.7% compared to the State unemployment rate of 3.7% and the national rate of 3.7%. Unemployment rates are leveling after the COVID unemployment spike. According to the U.S. Census Bureau, Portland's population is 13,156 for the 2020 Census.

The Portland Airport continues to seek federal and state grant programs to enhance the airport. Realizing the benefit of air service in the northern part of the county, Sumner County provides an annual allocation of funds to partner with Portland on Airport projects. The completion of various major projects at the airport and the current additional on-going enhancements will provide more opportunities for service to our local industries and citizens. The improved airport is a strong attraction for prospective industries to our city.

Portland's industries continue to thrive in our community. The proximity and easy access to I-65 makes Portland an ideal location for product to market whether it be distribution or manufacturing. Portland industries employ

approximately 7,000 people in over 10 million sq ft of industrial building space housed on 900+ acres. Private investor interest continues for the 640,000 SF building on Shoals Way. Arrowhead Engineered Products announced their opening on Vaughn Parkway hired 100+ new employees, with robust growth plans to hire up to 300.

Our location also serves well for access to a skilled and trainable workforce. The Portland Campus of the TN college of Applied Technology (TCAT) is in full operation. TCAT Portland offers classes in Advanced Manufacturing, Machine Tool, Information Technology, Construction, Nursing, Office Administration and Cosmetology and Welding. To accommodate demand in the welding program, TCAT has added additional classes for more opportunity to enhance our local workforce training. A partnership with Sumner County School Board, TN Board of Regents and the City of Portland provided for the installation of an elevator and renovations to open the second floor of the building to accommodate Middle School Core Curriculum classes. The TCAT staff is working closely with the local industries to meet their special training needs. The process of feeding the TCAT with high school students who wish to graduate with certifications to enter the workforce using the Middle College curriculum has been a huge success.

Developers, Investors and Retailers are showing increased interest in our community. Portland continues to be a good market for locally owned and operated businesses. During the year, Portland saw several small business start-ups. Highway 109 is still the focus for retailers, but significant additional interest is being generated along Main Street, Highway 52 West, and the new interchange corridor.

The City completed a bond issue in August 2015 of over \$7.4 million for a building program to include two fire halls, (one on the north side of town at the mouth of the interchange tie in to 109 and a joint project with the Sumner County EMS on the south side of town), a City Hall and several parks improvements. Due to increased construction costs, an additional bond issue of \$3.8 million was completed in April 2020 for completion of the renovation and addition to the City Hall. Additional funds are available under the 2020 bond to renovate the Police Station, add roads, and complete other Parks related projects.

The City Hall renovation project was completed in March 2021. The Police Station renovation project, road projects and Park related projects are still on-going. The collaborative effort between City Leaders, City Staff, and the Community provided the finish of the Parks Master Plan. The city completed projects to the water and wastewater system. Several projects are still on-going with a plan to begin Phase II Wastewater Plant expansion in the Spring of 2023. The City closed an additional \$17 million dollar Water & Sewer Bond issue in October 2020 to fund the wastewater plant expansion and several large collection system projects to upgrade our system for the anticipated growth due to the road infrastructure improvements.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City Recorder
City of Portland, Tennessee
100 South Russell St.
Portland, TN 37148

CITY OF PORTLAND, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents:			
Unrestricted	\$ 8,978,685	\$ 11,228,470	\$ 20,207,155
Restricted	3,022,901	13,913,121	16,936,022
Investments	-	1,026,369	1,026,369
Receivables			
Property taxes	5,112,881	-	5,112,881
Other governments	551,581	-	551,581
Grants receivable	411,161	-	411,161
Customers	161,127	964,678	1,125,805
Others	63,468	-	63,468
Internal balances	(272)	272	-
Inventory of Supplies	114,770	1,186,516	1,301,286
Net pension asset	-	854	854
Prepaid Expenses	23,046	12,650	35,696
Capital assets, being depreciated, net	8,025,962	8,345,906	16,371,868
Capital assets, not being depreciated	33,585,792	46,436,657	80,022,449
TOTAL ASSETS	60,051,102	83,115,493	143,166,595
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Plan	294,710	145,813	440,523
Deferred charge on refunding of debt	-	39,341	39,341
Pension Plans	1,981,485	944,080	2,925,565
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,276,195	1,129,234	3,405,429
LIABILITIES			
Accounts payable	415,943	1,220,505	1,636,448
Accrued liabilities	216,553	57,189	273,742
Accrued interest	80,602	223,628	304,230
Unearned revenues	112,100	4,038,541	4,150,641
Retainage payable	-	162,513	162,513
Accrued payroll	-	58,611	58,611
Net pension liability	126,227	4,213	130,440
Noncurrent liabilities:			
Total OPEB liability	952,924	471,476	1,424,400
Compensated absences	322,137	115,025	437,162
Due within one year	275,800	1,037,280	1,313,080
Due in more than one year	9,547,756	28,676,097	38,223,853
TOTAL LIABILITIES	12,050,042	36,065,078	48,115,120
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	4,894,561	-	4,894,561
OPEB plan	718,273	355,378	1,073,651
Pension plan	137,614	65,566	203,180
TOTAL DEFERRED INFLOWS OF RESOURCES	5,750,448	420,944	6,171,392
NET POSITION			
Net investment in capital assets	31,788,198	25,069,186	56,857,384
Restricted for:			
Airport	106,482	-	106,482
Golf course	27,710	-	27,710
Solid waste	474,864	-	474,864
Stormwater	612,760	-	612,760
Drug enforcement	97,010	-	97,010
E-Citation fund	6,161	-	6,161
Impact fee	771,642	-	771,642
Streets and highways	258,160	-	258,160
Net pension asset	-	854	854
Unrestricted	10,383,820	22,688,665	33,072,485
TOTAL NET POSITION	\$ 44,526,807	\$ 47,758,705	\$ 92,285,512

**CITY OF PORTLAND, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 1,584,260	\$ 2,243,399	\$ 40,376	\$ -	\$ 699,515	\$ -	\$ 699,515
Public safety	7,398,715	259,360	33,900	71,452	(7,034,003)	-	(7,034,003)
Public works	4,918,439	2,675,955	472,733	5,907,032	4,137,281	-	4,137,281
Health, welfare, and recreation	1,616,661	410,430	75	-	(1,206,156)	-	(1,206,156)
Economic development	105,491	-	-	-	(105,491)	-	(105,491)
Interest on long-term debt	356,579	-	-	-	(356,579)	-	(356,579)
Total governmental activities	15,980,145	5,589,144	547,084	5,978,484	(3,865,433)	-	(3,865,433)
Business-type activities:							
Water and sewer	8,193,329	9,935,918	18,399	202,638	-	1,963,626	1,963,626
Natural gas	6,415,876	7,335,119	-	-	-	919,243	919,243
Total business-type activities	14,609,205	17,271,037	18,399	202,638	-	2,882,869	2,882,869
Total primary government	\$ 30,589,350	\$ 22,860,181	\$ 565,483	\$ 6,181,122	(3,865,433)	2,882,869	(982,564)
General Revenues							
Property taxes					5,324,572	-	5,324,572
Sales and use taxes					5,579,702	-	5,579,702
Business taxes					331,985	-	331,985
Public service taxes					99,547	-	99,547
Investment earnings					44,978	128,160	173,138
Insurance recoveries					26,715	34,019	60,734
Gain (loss) on sale of assets					(121,962)	2,037	(119,925)
Other					138,198	-	138,198
Transfers					358,605	(358,605)	-
Total general fund revenues and transfers					11,782,340	(194,389)	11,587,951
Change in net position					7,916,907	2,688,480	10,605,387
Net position at beginning of year, as originally stated					36,724,194	44,935,289	81,659,483
Prior period adjustment					(114,294)	134,936	20,642
Net position at beginning of year, as restated					36,609,900	45,070,225	81,680,125
Net position at end of year					\$ 44,526,807	\$ 47,758,705	\$ 92,285,512

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

CITY OF PORTLAND, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

		Airport	Other	
	General	Fund	Governmental	
ASSETS			Funds	Total
Cash and cash equivalents	\$ 6,944,571	\$ 80,031	\$ 1,954,083	\$ 8,978,685
Restricted cash and cash equivalents	3,022,901	-	-	3,022,901
Taxes receivable	5,112,881	-	-	5,112,881
Accounts receivable, net of uncollectible	-	-	161,127	161,127
Due from other governments	551,581	-	-	551,581
Grants receivable	387,991	23,170	-	411,161
Other receivables	63,468	-	-	63,468
Inventory	56,659	32,967	25,144	114,770
Due from other funds	8,452	-	4,660	13,112
Prepaid insurance	15,340	7,190	516	23,046
Total assets	<u>\$ 16,163,844</u>	<u>\$ 143,358</u>	<u>\$ 2,145,530</u>	<u>\$ 18,452,732</u>
LIABILITIES				
Accounts payable	\$ 335,582	\$ 1,291	\$ 79,070	\$ 415,943
Accrued liabilities	196,630	1,973	17,950	216,553
Unearned revenue	81,250	10,325	20,525	112,100
Due to other funds	1,117	117	12,150	13,384
Total liabilities	<u>614,579</u>	<u>13,706</u>	<u>129,695</u>	<u>757,980</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred grant	90,225	23,170	-	113,395
Unavailable revenues - property taxes	5,112,881	-	-	5,112,881
Total deferred inflows of resources	<u>5,203,106</u>	<u>23,170</u>	<u>-</u>	<u>5,226,276</u>
FUND BALANCE				
<i>Nonspendable</i>				
Inventory	56,659	32,967	14,465	104,091
Prepays	15,340	7,190	516	15,856
<i>Restricted</i>				
State Street Aid	258,160	-	-	258,160
Airport	-	66,325	-	66,325
Solid waste collection	-	-	474,864	474,864
Stormwater	-	-	612,760	612,760
Drug fund	-	-	97,010	97,010
E-citation	-	-	6,161	6,161
Golf course	-	-	27,710	27,710
Impact fees	-	-	771,642	771,642
Debt service	-	-	10,707	10,707
<i>Committed</i>				
Cable	14,028	-	-	14,028
Police	16,867	-	-	16,867
Capital projects	181,963	-	-	181,963
SRO	5,603	-	-	5,603
Industrial development	56,071	-	-	56,071
Sidewalks	93,419	-	-	93,419
<i>Assigned</i>				
Assigned for projects	3,113,443	-	-	3,113,443
<i>Unassigned</i>	6,534,606	-	-	6,534,606
Total fund balances	<u>10,346,159</u>	<u>106,482</u>	<u>2,015,835</u>	<u>12,468,476</u>
Total liabilities, deferred inflows, of resources, and fund balances	<u>\$ 16,163,844</u>	<u>\$ 143,358</u>	<u>\$ 2,145,530</u>	<u>\$ 18,452,732</u>

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

CITY OF PORTLAND, TENNESSEE
RECONCILIATION OF BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balance - total governmental funds		\$ 12,468,476
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		41,611,754
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not deferred in the funds.		218,320
Deferred grant revenues on the governmental fund statements that is recognized as income on the government-wide statements		113,395
Liabilities for accrued interest are not due and payable currently and not recorded in the governmental funds		(80,602)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Long-term debt payable	(9,823,556)	
Compensated absences	(322,137)	
Net pension liability	(126,227)	
Deferred outflows of resources - pension	1,981,485	
Deferred inflows of resources - pension	(137,614)	
Total OPEB obligations	(952,924)	
Deferred outflows of resources - OPEB	294,710	
Deferred inflows of resources - OPEB	(718,273)	
		<u>(9,804,536)</u>
Net position of governmental activities		<u><u>\$ 44,526,807</u></u>

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

CITY OF PORTLAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Airport Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 9,312,305	\$ -	\$ -	\$ 9,312,305
Intergovernmental	3,073,016	5,230,882	-	8,303,898
License and permits	1,672,432	-	-	1,672,432
Fines, fees and forfeitures	225,705	-	577,644	803,349
Charges for services	29,024	284,225	2,780,468	3,093,717
Miscellaneous	151,286	4,113	29,859	185,258
Total revenues	<u>14,463,768</u>	<u>5,519,220</u>	<u>3,387,971</u>	<u>23,370,959</u>
Expenditures				
General government	1,434,990	-	-	1,434,990
Public safety	7,017,194	-	2,375	7,019,569
Public works	1,657,161	403,340	1,942,567	4,003,068
Health, welfare, and recreation	927,748	-	479,365	1,407,113
Economic development	106,373	-	-	106,373
Debt service	-	-	1,639,113	1,639,113
Capital outlay	1,193,807	5,194,814	604,562	6,993,183
Total expenditures	<u>12,337,273</u>	<u>5,598,154</u>	<u>4,667,982</u>	<u>22,603,409</u>
Revenues Over (Under) Expenditures	<u>2,126,495</u>	<u>(78,934)</u>	<u>(1,280,011)</u>	<u>767,550</u>
Other financing sources and (uses)				
Transfers in	358,605	110,000	1,594,870	2,063,475
Transfer out	(1,704,870)	-	-	(1,704,870)
Sale of general capital assets	-	-	42,800	42,800
Bond issue costs	-	-	-	-
Loan proceeds	-	-	-	-
Insurance recoveries	26,715	-	-	26,715
Total other financing sources and (uses)	<u>(1,319,550)</u>	<u>110,000</u>	<u>1,637,670</u>	<u>428,120</u>
Net Change In Fund Balance	806,945	31,066	357,659	1,195,670
Fund Balance at Beginning of Year	<u>9,539,214</u>	<u>75,416</u>	<u>1,658,176</u>	<u>11,272,806</u>
Fund Balance at End of Year	<u>\$ 10,346,159</u>	<u>\$ 106,482</u>	<u>\$ 2,015,835</u>	<u>\$ 12,468,476</u>

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

CITY OF PORTLAND, 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

Net change in fund balances - total governmental funds	\$ 1,195,670
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded for the current period.	6,993,183
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in the government funds.	(1,768,321)
Net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets)	(164,762)
Governmental funds do not record net pension, OPEB liabilities, or deferred inflows/outflows of resources related to pensions or OPEB. However, the government wide statement of activities and changes in net assets reports the effects of these items.	151,497
The repayment of principal of long-term debt consumes the current financial resources of governmental funds. However, it has no effect on net position.	1,283,278
Debt proceeds are recorded as revenue in the governmental funds but not in the government wide financials.	-
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, they are not reported as expenditures in governmental funds. (accrued interest, compensated absences, bond amortization)	(35,962)
Revenues that were deferred in the governmental statements but are recognized in the government-wide statements	79,364
Some revenues will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues in the governmental funds.	<u>182,960</u>
Change in net position of governmental activities	<u><u>\$ 7,916,907</u></u>

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

CITY OF PORTLAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Taxes				
Property	\$ 4,600,000	\$ 4,700,000	\$ 4,836,166	\$ 136,166
Delinquent property taxes	150,000	150,000	120,437	(29,563)
Interest and penalty - real estate tax	20,000	20,000	25,139	5,139
Tax equivalents payments	25,000	25,000	26,831	1,831
Local sales tax	2,900,000	2,900,000	3,481,428	581,428
Business tax	185,000	235,000	331,985	96,985
Wholesale beer tax	260,000	260,000	309,191	49,191
Wholesale liquor tax	60,000	60,000	81,581	21,581
Beer privilege tax	3,250	3,250	2,900	(350)
Franchise tax	107,000	107,000	96,647	(10,353)
Total taxes	8,310,250	8,460,250	9,312,305	852,055
Intergovernmental				
State revenues				
Sales tax	1,460,000	1,460,000	1,561,359	101,359
TVA in lieu of tax	138,000	138,000	158,178	20,178
Telecommunication tax	6,000	6,000	6,150	150
Income tax	25,000	25,000	129	(24,871)
Streets and transportation	24,000	24,000	24,102	102
Gasoline and motor fuel tax	473,000	473,000	235,222	(237,778)
Gas tax 1989	-	-	36,751	36,751
Gas tax 3 cent	-	-	67,882	67,882
2017 gasoline tax	-	-	118,628	118,628
Corporate excise tax	-	70,000	74,001	4,001
Mixed drink tax	10,000	10,000	14,297	4,297
Beer tax	6,000	6,000	6,007	7
Sports betting tax	19,000	19,000	21,457	2,457
County operating grant	15,000	15,000	21,810	6,810
Fire grant	-	29,000	71,452	42,452
Police salary supplement	-	-	26,400	26,400
Police grant	-	-	3,996	3,996
ARPA grant funds	165,000	165,000	18,566	(146,434)
Sidewalk grant	-	140,000	142,937	2,937
Miscellaneous state and federal grants	112,500	62,500	463,692	401,192
Total intergovernmental revenues	2,453,500	2,642,500	3,073,016	430,516
Licenses and permits				
Beer licenses	500	500	500	-
Building permits	720,000	720,000	691,039	(28,961)
Plan review fees	50,000	482,700	484,212	1,512
Mechanical fees	140,000	200,000	202,026	2,026
Plumbing fees	140,000	160,000	165,250	5,250
Fire permit fees	2,500	32,500	35,485	2,985
Code violation fees	1,000	1,000	1,114	114
Food truck fees	2,000	2,000	7,200	5,200
Zoning permits	500	500	-	(500)
Zoning violation fees	500	500	-	(500)
Sidewalk fees	-	-	34,854	34,854
Planning/BZA fees	15,000	15,000	14,390	(610)
Package store fees	-	-	750	750
Clerk's fees	15,000	15,000	35,612	20,612
Total licenses and permits	1,087,000	1,629,700	1,672,432	42,732
City court fines and vehicle fees	242,500	242,500	225,705	(16,795)
Charges for services				
Property maintenance fees	2,500	2,500	3,425	925
Mowing	-	-	2,702	2,702
Duplicating services	500	500	1,205	705
Recreation revenue and fees	30,350	30,350	21,692	(8,658)
Total charges for services	33,350	33,350	29,024	(4,326)
Miscellaneous				
Animal control	1,000	1,000	6,015	5,015
Police grant from AKC	-	7,500	7,500	-
Rent revenues	10,000	10,000	13,631	3,631
Interest income	5,000	5,000	18,847	13,847
Contributions	65,000	65,000	64,980	(20)
Sale of books	-	-	1,638	1,638
Miscellaneous revenues	209,000	237,000	38,675	(198,325)
Total miscellaneous	290,000	325,500	151,286	(174,214)
Total revenues	12,416,600	13,333,800	14,463,768	1,129,968

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

CITY OF PORTLAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2023

Expenditures	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Legislative				
Salaries	380,573	380,573	393,525	(12,952)
Payroll taxes	29,114	29,114	31,130	(2,016)
Employee health insurance	73,350	73,350	85,164	(11,814)
Retirement	18,092	18,092	19,141	(1,049)
Workers compensation	700	700	226	474
Employee training and education	7,000	7,000	1,819	5,181
Advertising	4,000	4,000	7,154	(3,154)
Dues and subscriptions	1,000	1,000	800	200
Postage	7,000	7,000	6,125	875
Administrative services	28,800	28,800	25,235	3,565
Utilities	22,000	22,000	18,882	3,118
Telephone	55,000	55,000	47,799	7,201
Technology	11,000	21,000	20,107	893
Legal	1,000	1,000	-	1,000
Accounting	11,000	11,000	9,300	1,700
Data Processing	20,000	85,000	65,159	19,841
Code red	6,500	6,500	6,500	-
Other Professional services	5,000	5,000	18,566	(13,566)
Insurance	15,600	15,600	17,405	(1,805)
Office supplies	13,000	20,000	20,382	(382)
Operating supplies	11,000	18,000	17,221	779
Physicals	250	250	261	(11)
Small items of equipment	-	-	6,150	(6,150)
Uniforms	2,700	2,700	-	2,700
Building expense	4,000	4,000	11,834	(7,834)
Vehicle expense	1,000	1,000	394	606
Travel	1,000	1,000	32	968
Gas, oil and fuel	1,000	1,000	1,241	(241)
Bad debt expense	15,000	15,000	-	15,000
Donations	120,250	140,250	134,487	5,763
Buildng rent	-	-	1,500	(1,500)
Equipment rent	6,000	6,000	5,574	426
Bank charges	1,000	1,000	2,340	(1,340)
TIF payments	8,500	8,500	8,300	200
Tax relief matching	12,500	12,500	12,376	124
Miscellaneous	5,000	5,000	117	4,883
Building improvements and repairs	10,000	10,000	-	10,000
Capital outlay	5,000	5,000	8,944	(3,944)
Total legislative	913,929	1,022,929	1,005,190	17,739

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

CITY OF PORTLAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Expenditures				
Human resources				
Salaries	55,734	55,734	50,167	5,567
Payroll taxes	4,264	4,264	3,527	737
Employee health insurance	16,307	16,307	14,611	1,696
Retirement	2,617	2,617	1,914	703
Workers compensation	550	550	76	474
Employee training and education	10,000	10,000	12,559	(2,559)
Dues and subscriptions	250	250	199	51
Telephone	1,000	1,000	613	387
Technology	1,000	1,000	302	698
Physicals	-	-	53	(53)
Legal	500	500	-	500
Data Processing	4,500	4,500	2,383	2,117
Other Professional services	-	-	5,700	(5,700)
Insurance	500	500	1,206	(706)
Office supplies	1,500	1,500	3,632	(2,132)
Safety committee	5,000	5,000	1,311	3,689
Employee recognition	2,500	2,500	-	2,500
Employee events	2,000	2,000	5,334	(3,334)
Total human resources	108,222	108,222	103,587	4,635
 Administrative and Mayor				
Salaries	157,787	157,787	151,271	6,516
Payroll taxes	12,071	12,071	14,448	(2,377)
Employee health insurance	25,351	25,351	50,466	(25,115)
Retirement	7,441	7,441	7,217	224
Employee training and education	1,000	1,000	1,247	(247)
Workers compensation	800	800	385	415
Aldermen salaries	50,400	50,400	49,800	600
Printing	-	-	2,223	(2,223)
Dues	21,000	21,000	14,283	6,717
Public relations	15,000	15,000	6,727	8,273
Advertising	2,000	2,000	1,521	479
Telephone	2,000	2,000	2,295	(295)
Technology	3,500	3,500	3,636	(136)
Legal	1,000	1,000	144	856
Data Processing	2,000	2,000	3,763	(1,763)
Vehicle maintenance	1,000	1,000	731	269
Travel	2,500	2,500	1,043	1,457
Meeting expense	2,000	2,000	1,313	687
Office supplies	2,000	2,000	989	1,011
Gas, oil, and fuel	1,000	1,000	235	765
Insurance	1,500	1,500	347	1,153
Chamber events	15,000	15,000	17,047	(2,047)
Library expense	1,000	1,000	-	1,000
Miscellaneous	5,000	5,000	4,026	974
Total administrative and mayor	332,350	332,350	335,157	(2,807)
 Total general government	1,354,501	1,463,501	1,443,934	19,567

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

CITY OF PORTLAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Expenditures				
Public safety				
Police department				
Salaries	2,197,082	2,197,082	2,316,490	(119,408)
Payroll taxes	167,312	167,312	171,756	(4,444)
Employee health insurance	487,843	487,843	445,589	42,254
Retirement	105,512	105,512	109,931	(4,419)
Workers compensation	75,000	86,000	86,262	(262)
Employee training and education	8,000	8,000	10,215	(2,215)
Advertising	250	250	-	250
Dues and subscriptions	3,200	3,200	3,365	(165)
Postage	250	250	274	(24)
Utilities	29,500	29,500	31,427	(1,927)
Telephone	45,000	45,000	35,513	9,487
Radio system license	10,000	10,000	9,293	707
Licenses and fees	-	-	100	(100)
Technology	15,000	15,000	9,645	5,355
Physicals	3,000	3,000	2,594	406
Data processing	20,000	58,000	59,273	(1,273)
Other professional services	412,000	412,000	370,126	41,874
Travel	1,000	1,000	1,440	(440)
Office supplies	9,000	9,000	7,220	1,780
Operating supplies	22,000	22,000	27,458	(5,458)
Repairs and maintenance - vehicles	50,000	70,000	97,484	(27,484)
Repairs and maintenance - building	10,000	10,000	7,069	2,931
Clothing and uniforms	15,000	15,000	33,644	(18,644)
Duty equipment	15,000	30,000	22,910	7,090
Gas, oil and fuel	80,000	95,000	112,095	(17,095)
Insurance	50,000	69,000	68,554	446
Office equipment rental	4,000	4,000	4,203	(203)
Operating supplies - SOR	500	500	-	500
Small items of equipment	-	-	13,537	(13,537)
K - 9 supplies	-	-	6,386	(6,386)
Miscellaneous	300	300	-	300
Capital outlay	94,500	185,500	163,816	21,684
Total police department	3,930,249	4,139,249	4,227,669	(88,420)
Fire department				
Salaries	1,593,492	1,593,492	1,531,304	62,188
Payroll taxes	120,372	120,372	112,269	8,103
Employee health insurance	353,278	353,278	316,323	36,955
Retirement	74,573	74,573	68,639	5,934
Workers compensation	35,000	35,000	37,793	(2,793)
Employee training and education	10,000	10,000	6,063	3,937
Advertising	500	500	-	500
Dues and subscriptions	1,000	1,000	100	900
Postage	100	100	-	100
Utilities	47,250	47,250	45,103	2,147
Telephone	33,000	33,000	32,438	562
Radio system license	6,000	6,000	6,343	(343)
Technology	1,000	1,000	2,938	(1,938)
Other utility services	600	600	684	(84)
Physicals	6,000	6,000	10,232	(4,232)
Data processing	15,000	15,000	22,817	(7,817)
Repairs and maintenance - vehicles	40,000	40,000	32,113	7,887
Repairs and maintenance - equipment	10,000	10,000	11,183	(1,183)
Repairs and maintenance - building	20,000	20,000	16,183	3,817
Travel	4,000	4,000	4,044	(44)
Office supplies	1,500	1,500	738	762
Operating supplies	15,000	15,000	16,690	(1,690)
Small items of equipment	14,000	14,000	48,012	(34,012)
Clothing and uniforms	15,000	15,000	16,491	(1,491)
PPE	20,000	20,000	31,671	(11,671)
Gas, oil and fuel	22,000	22,000	22,720	(720)
Insurance	30,000	30,000	27,514	2,486
Office equipment rental	1,500	1,500	1,493	7
Miscellaneous	250	250	-	250
Capital outlay	904,000	940,000	50,760	889,240
Total fire department	3,394,415	3,430,415	2,472,658	957,757

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

CITY OF PORTLAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Expenditures				
Public safety(continued)				
Court				
Salaries	42,942	53,942	55,236	(1,294)
Payroll taxes	3,285	3,285	3,900	(615)
Employee health insurance	16,307	16,307	14,889	1,418
Retirement	2,043	2,043	2,055	(12)
Workers compensation	-	-	38	(38)
Employee training and education	1,500	1,500	-	1,500
Technology	1,000	1,000	-	1,000
Data processing	1,000	1,000	1,796	(796)
Travel	1,000	1,000	637	363
Office supplies	1,000	1,000	3,143	(2,143)
Operating supplies	1,000	1,000	353	647
Insurance	250	250	237	13
Total court	71,327	82,327	82,284	43
Planning				
Salaries	152,368	152,368	115,726	36,642
Payroll taxes	11,656	11,656	9,086	2,570
Employee health insurance	19,360	19,360	29,471	(10,111)
Retirement	7,177	7,177	2,719	4,458
Workers compensation	500	500	1,571	(1,071)
Employee training and education	2,500	2,500	2,300	200
Meeting compensation	15,000	15,000	9,100	5,900
Contractual services	2,000	2,000	-	2,000
Site plan review	10,000	10,000	9,881	119
Dues and subscriptions	1,300	1,300	-	1,300
Postage	500	500	300	200
Advertising	1,000	1,000	1,106	(106)
Telephone	1,500	1,500	1,552	(52)
Technology	1,000	1,000	8,290	(7,290)
Physicals	250	250	76	174
Data processing	7,000	7,000	4,238	2,762
Other professional services	38,000	38,000	29,483	8,517
Repairs and maintenance - vehicles	100	100	-	100
Travel	2,000	2,000	19	1,981
Meeting expense	1,000	1,000	222	778
Office supplies	3,000	3,000	583	2,417
Operating supplies	1,000	1,000	-	1,000
Gas, oil and fuel	1,000	1,000	-	1,000
Insurance	700	700	912	(212)
Total planning	279,911	279,911	226,635	53,276
Codes				
Salaries	71,022	71,022	64,493	6,529
Payroll taxes	5,433	5,433	4,699	734
Employee health insurance	13,603	13,603	12,737	866
Retirement	3,410	3,410	3,102	308
Workers compensation	2,000	2,000	3,028	(1,028)
Employee training and education	1,000	1,000	2,047	(1,047)
Contractual services	40,500	40,500	28,165	12,335
Dues and subscriptions	350	350	275	75
Advertising	100	100	-	100
Telephone	1,000	1,000	862	138
Technology	2,500	2,500	5,869	(3,369)
Data processing	3,500	3,500	2,462	1,038
Repairs and maintenance - vehicles	1,500	1,500	1,392	108
Travel	-	-	762	(762)
Office supplies	1,500	1,500	2,701	(1,201)
Operating supplies	1,000	1,000	173	827
Repairs and maintenance - property	-	-	252	(252)
Gas, oil and fuel	2,000	2,000	1,502	498
Insurance	1,100	1,100	1,170	(70)
Total engineering	151,518	151,518	135,691	15,827
Animal control				
Salaries	35,360	39,360	42,047	(2,687)
Payroll taxes	2,705	2,705	3,158	(453)
Employee health insurance	19,360	19,360	10,054	9,306
Retirement	1,673	1,673	2,041	(368)
Workers compensation	1,100	1,100	1,061	39
Fees	500	500	-	500
Utilities	4,250	4,250	6,081	(1,831)
Telephone	3,500	3,500	2,894	606
Technology	1,000	1,000	-	1,000
Physicals	-	-	55	(55)
Data processing	400	400	575	(175)
Euthanasia fees	-	-	1,423	(1,423)
Repairs and maintenance - vehicles	1,500	5,500	3,670	1,830
Repairs and maintenance - building	1,000	11,000	9,173	1,827
Operating supplies	500	500	3,660	(3,160)
Uniforms	250	250	-	250
Insurance	800	800	941	(141)
Total animal control	73,898	91,898	86,833	5,065
Total public safety	7,901,318	8,175,318	7,231,770	943,548

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

CITY OF PORTLAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Expenditures(continued)				
Public works				
Shop				
Salaries	48,065	48,065	51,853	(3,788)
Payroll taxes	3,677	3,677	3,929	(252)
Employee health insurance	9,044	19,044	16,946	2,098
Retirement	2,292	2,292	2,510	(218)
Workers compensation	2,000	2,000	1,286	714
Utilities	5,650	5,650	4,343	1,307
Telephone	3,300	3,300	3,338	(38)
Technology	1,000	1,000	-	1,000
Physicals	100	100	-	100
Data processing	4,000	4,000	4,962	(962)
Repairs and maintenance - vehicles	750	750	1,651	(901)
Repairs and maintenance - building	1,000	1,000	539	461
Operating supplies	10,000	10,000	6,700	3,300
Uniforms	850	850	610	240
Small items of equipment	5,500	5,500	1,330	4,170
Gas, oil and fuel	2,000	2,000	1,025	975
Insurance	900	6,900	6,544	356
Total shop	100,128	116,128	107,566	8,562
Highways and streets				
Salaries	393,305	403,305	363,255	40,050
Payroll taxes	27,793	27,793	26,545	1,248
Employee health insurance	100,829	100,829	107,926	(7,097)
Retirement	17,449	17,449	14,351	3,098
Workers compensation	22,000	22,000	25,432	(3,432)
Employee training and education	2,500	2,500	2,544	(44)
Fees	500	500	-	500
Dues	-	-	100	(100)
Advertising	500	500	-	500
Utilities	232,000	232,000	251,274	(19,274)
Telephone	5,500	5,500	5,712	(212)
Technology	5,000	5,000	369	4,631
Physicals	750	750	1,117	(367)
Data processing	5,000	5,000	6,922	(1,922)
Other professional services	5,000	5,000	2,000	3,000
Repairs and maintenance - vehicles	17,500	17,500	45,533	(28,033)
Repairs and maintenance - equipment	10,000	10,000	6,168	3,832
Repairs and maintenance - traffic lights	-	-	17,068	(17,068)
Repairs and maintenance - property	1,000	1,000	500	500
Repairs and maintenance - building	5,000	5,000	219	4,781
Repairs - streets	50,000	50,000	53,001	(3,001)
Office supplies	1,000	1,000	573	427
Operating supplies	5,000	5,000	12,179	(7,179)
Signs	10,000	10,000	20,757	(10,757)
Rock/cold mix/salt	18,000	18,000	10,887	7,113
Small items of equipment	35,000	41,700	17,517	24,183
Uniforms	6,500	6,500	5,844	656
Gas, oil and fuel	40,000	40,000	31,041	8,959
Insurance	10,000	10,000	16,451	(6,451)
Street decorations	10,000	10,000	3,579	6,421
Capital outlay	1,839,000	1,839,000	690,577	1,148,423
Total highways and streets	2,876,126	2,892,826	1,739,441	1,153,385
State street aid				
Streets repair and maintenance	650,000	650,000	500,731	149,269
Total airport	650,000	650,000	500,731	149,269
Total public works	3,626,254	3,658,954	2,347,738	1,311,216

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

CITY OF PORTLAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Expenditures(continued)				
Health, welfare, and recreation				
Recreation				
Salaries	417,300	417,300	456,409	(39,109)
Payroll taxes	31,923	31,923	33,284	(1,361)
Employee health insurance	111,720	111,720	108,831	2,889
Retirement	16,486	16,486	17,064	(578)
Workers compensation	10,000	10,000	10,981	(981)
Employee training and education	1,000	1,000	508	492
Contractual services	2,500	2,500	1,660	840
Dues	400	400	599	(199)
Public relations	1,700	6,700	4,927	1,773
Advertising	500	500	100	400
Utilities	75,000	75,000	60,392	14,608
Telephone	11,500	11,500	10,773	727
Technology	5,000	5,000	5,041	(41)
Physicals	1,000	1,000	1,129	(129)
Data processing	1,500	7,500	7,229	271
Other professional services	2,000	24,000	36,210	(12,210)
Repairs and maintenance - vehicles	4,000	4,000	1,972	2,028
Repairs and maintenance - equipment	8,000	8,000	4,090	3,910
Repairs and maintenance - grounds	25,000	50,000	47,472	2,528
Repairs and maintenance - building	80,000	100,000	8,809	91,191
Travel	-	-	199	(199)
Office supplies	1,500	1,500	855	645
Operating supplies	13,000	13,000	14,902	(1,902)
Small items of equipment	2,000	2,000	4,644	(2,644)
Uniforms	3,000	3,000	2,903	97
Gas, oil, and fuel	18,000	18,000	18,193	(193)
Concessions	8,000	8,000	2,751	5,249
Insurance	20,000	20,000	20,088	(88)
Office equipment rental	1,500	1,500	892	608
Prizes and awards	-	-	434	(434)
Capital outlay	186,000	188,000	279,710	(91,710)
Total recreation	1,059,529	1,139,529	1,163,051	(23,522)
Swimming pool				
Salaries	19,000	19,000	24,103	(5,103)
Payroll taxes	1,454	1,454	2,097	(643)
Employee training and education	3,000	3,000	-	3,000
Dues	750	750	-	750
Utilities	15,500	15,500	11,140	4,360
Telephone	500	500	-	500
Repair and maintenance	2,500	2,500	4,927	(2,427)
Operating supplies	2,000	2,000	221	1,779
Chemicals	7,000	7,000	1,919	5,081
Total community service	51,704	51,704	44,407	7,297
Total health, welfare, and recreation	1,111,233	1,191,233	1,207,458	(16,225)

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

CITY OF PORTLAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Expenditures(continued)				
Economic development				
Economic and community development				
Salaries	79,154	79,154	81,283	(2,129)
Payroll taxes	6,055	6,055	6,156	(101)
Employee health insurance	9,044	9,044	9,380	(336)
Retirement	3,830	3,830	3,940	(110)
Workers compensation	300	300	-	300
Employee training and education	2,000	2,000	50	1,950
Advertising	250	250	126	124
Postage	250	250	100	150
Dues	500	500	270	230
Public relations	8,500	8,500	136	8,364
Telephone	1,250	1,250	454	796
Technology	1,500	1,500	201	1,299
Data processing	1,200	1,200	962	238
Office supplies	1,500	1,500	-	1,500
Travel	2,000	2,000	1,310	690
Small items of equipment	500	500	-	500
Insurance	500	500	2,005	(1,505)
Office equipment	1,000	1,000	-	1,000
Total economic and community development	119,333	119,333	106,373	12,960
Total economic development	119,333	119,333	106,373	12,960
Total expenditures	14,112,639	14,608,339	12,337,273	2,271,066
Revenues Over (Under) Expenditures	(1,696,039)	(1,274,539)	2,126,495	3,401,034
Other financing sources and (uses)				
Transfers in	360,000	388,000	358,605	(29,395)
Transfers out	(1,514,266)	(1,986,266)	(1,704,870)	281,396
Insurance recoveries	15,000	30,000	26,715	(3,285)
Total other financing sources and (uses)	(1,139,266)	(1,568,266)	(1,319,550)	248,716
Net Change In Fund Balance	(2,835,305)	(2,842,805)	806,945	3,649,750
Fund Balance at Beginning of Year, as originally reported	9,539,214	9,539,214	9,539,214	-
Prior period adjustment	-	-	-	-
Fund Balance at Beginning of Year, as originally reported	9,539,214	9,539,214	9,539,214	-
Fund Balance at End of Year	\$ 6,703,909	\$ 6,696,409	\$ 10,346,159	\$ 3,649,750

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

CITY OF PORTLAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AIRPORT FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Intergovernmental revenues				
Federal grants	\$ 5,000,000	\$ 5,214,407	\$ 5,215,882	\$ 1,475
State grants	15,000	15,000	15,000	-
Charges for services				
Fuel sales revenues	150,000	150,000	184,045	34,045
Hangar rentals	93,000	93,000	100,180	7,180
Other revenues				
Rentals	4,000	4,000	4,000	-
Interest	-	-	113	113
Total revenues	5,262,000	5,476,407	5,519,220	42,813
Expenditures				
Salaries	104,418	104,418	103,456	962
Payroll taxes	8,294	8,294	7,812	482
Employee insurance	9,044	9,044	9,514	(470)
Retirement	2,759	2,759	2,911	(152)
Workers compensation	1,100	1,100	1,881	(781)
Employee education and training	1,500	1,500	250	1,250
Fees	1,000	1,000	450	550
Public relations	750	750	-	750
Advertising	250	250	-	250
Utilities	29,000	29,000	23,119	5,881
Telephone	7,500	7,500	7,746	(246)
Technology	1,000	5,000	4,258	742
Auditing	1,000	7,000	6,600	400
Data processing	2,500	2,500	1,618	882
Other professional services	-	5,000	26,495	(21,495)
Landscaping	500	500	-	500
Repairs and maintenance - vehicles	3,000	3,000	1,187	1,813
Building maintenance	3,000	18,000	3,754	14,246
Other repair and maintenance	25,000	25,000	14,331	10,669
Travel	1,000	1,000	338	662
Operating supplies	2,500	2,500	3,444	(944)
Small items of equipment	3,000	3,000	6,065	(3,065)
Gas and fuel	3,000	3,000	2,986	14
Fuel purchased for resale	150,000	150,000	151,358	(1,358)
Insurance	8,500	11,500	18,261	(6,761)
Bank charges	5,000	5,000	5,506	(506)
Capital outlay	5,000,000	5,349,407	5,194,814	154,593
Total expenditures	5,374,615	5,757,022	5,598,154	158,868
Excess (deficiency) of revenues over under expenditures	(112,615)	(280,615)	(78,934)	201,681
Other financing sources (uses)				
Transfer in	110,000	116,000	110,000	(6,000)
Total Other financing sources (uses)	110,000	116,000	110,000	(6,000)
Net Change In Fund Balance	(2,615)	(164,615)	31,066	195,681
Fund Balance at Beginning of Year	75,416	75,416	75,416	-
Fund Balance at End of Year	\$ 72,801	\$ (89,199)	\$ 106,482	\$ 195,681

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

CITY OF PORTLAND, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER	NATURAL GAS	TOTALS
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 5,797,945	\$ 5,430,525	\$ 11,228,470
Investments	1,026,369	-	1,026,369
Accounts receivable, net of allowance	732,056	232,622	964,678
Due from other funds	4,949	5,386	10,335
Inventory	931,062	255,454	1,186,516
Prepaid expenses	3,097	9,553	12,650
Net Pension asset	-	854	854
Total Current Assets	8,495,478	5,934,394	14,429,872
Restricted Assets			
Cash and cash equivalents	13,913,121	-	13,913,121
Property, Plant and Equipment			
Plant and equipment	59,532,748	20,023,638	79,556,386
Land, right of ways, usages	1,055,521	240,061	1,295,582
Total Property, Plant and Equipment	60,588,269	20,263,699	80,851,968
Construction in progress	5,490,075	1,560,249	7,050,324
Less accumulated depreciation	(25,066,540)	(8,053,189)	(33,119,729)
Net Property, Plant and Equipment	41,011,804	13,770,759	54,782,563
Total Assets	63,420,403	19,705,153	83,125,556
Deferred Outflows of Resources			
Deferred charge on refunding	39,341	-	39,341
Related to pension	700,088	243,992	944,080
Related to OPEB	109,822	35,991	145,813
Total Deferred Outflows of Resources	849,251	279,983	1,129,234
LIABILITIES			
Current Liabilities			
Accounts payable	1,076,156	144,349	1,220,505
Accrued expenses	57,189	-	57,189
Retainage payable	118,430	44,083	162,513
Unearned revenue	4,037,841	700	4,038,541
Accrued payroll	43,837	14,774	58,611
Due to other funds	5,573	4,490	10,063
Net pension liability	4,213	-	4,213
Accrued interest payable	223,628	-	223,628
Current portion of long-term debt	1,037,280	-	1,037,280
Total Current Liabilities	6,604,147	208,396	6,812,543
Long-Term Liabilities			
Compensated absences	84,266	30,759	115,025
Total OPEB liability	355,103	116,373	471,476
Long-term debt	28,676,097	-	28,676,097
Total Long-Term Liabilities	29,115,466	147,132	29,262,598
Total Liabilities	35,719,613	355,528	36,075,141
Deferred Inflows of Resources			
Related to OPEB	267,661	87,717	355,378
Related to pension	48,621	16,945	65,566
Total deferred inflows of resources	316,282	104,662	420,944
NET POSITION			
Net investment in capital assets	11,298,427	13,770,759	25,069,186
Restricted for pension	-	854	854
Unrestricted	16,935,332	5,753,333	22,688,665
Total Net Position	\$ 28,233,759	\$ 19,524,946	\$ 47,758,705

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

CITY OF PORTLAND, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER	NATURAL GAS	TOTALS
OPERATING REVENUES			
Charges for services	\$ 9,852,223	\$ 7,311,342	\$ 17,163,565
Recovery of uncollectible accounts	390	84	474
Uncollectible accounts	(39,519)	(8,240)	(47,759)
ARPA funding	91,520	-	91,520
Miscellaneous	31,304	31,933	63,237
Total Operating Revenues	<u>9,935,918</u>	<u>7,335,119</u>	<u>17,271,037</u>
OPERATING EXPENSES			
Gas purchases	-	4,130,168	4,130,168
Personnel services	3,073,726	1,015,000	4,088,726
Professional services	361,291	125,810	487,101
Other administrative	126,203	44,424	170,627
Insurance	132,085	16,360	148,445
Utilities	653,325	63,682	717,007
Materials and supplies	472,340	243,335	715,675
Machinery and equipment	-	9,910	9,910
Repairs and maintenance	1,015,946	194,488	1,210,434
Depreciation and amortization	1,515,801	572,699	2,088,500
Total Operating Expenses	<u>7,350,717</u>	<u>6,415,876</u>	<u>13,766,593</u>
Operating Income	<u>2,585,201</u>	<u>919,243</u>	<u>3,504,444</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	123,204	4,956	128,160
Insurance recoveries	7,016	27,003	34,019
TDOT reimbursement	18,399	-	18,399
Amortization of bond premium	115,171	-	115,171
Gain on sale of capital assets	1,358	679	2,037
Debt issue costs	(30,000)	-	(30,000)
Interest expense	(927,783)	-	(927,783)
Total Nonoperating Revenues (Expenses)	<u>(692,635)</u>	<u>32,638</u>	<u>(659,997)</u>
NET INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>1,892,566</u>	<u>951,881</u>	<u>2,844,447</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS			
Transfer out	(162,166)	(196,439)	(358,605)
Capital contributions	202,638	-	202,638
Total Transfers and Capital Contributions	<u>40,472</u>	<u>(196,439)</u>	<u>(155,967)</u>
CHANGE IN NET POSITION	<u>1,933,038</u>	<u>755,442</u>	<u>2,688,480</u>
NET POSITION - BEGINNING OF YEAR, as previously reported	<u>26,165,785</u>	<u>18,769,504</u>	<u>44,935,289</u>
PRIOR PERIOD ADJUSTMENT	<u>134,936</u>	<u>-</u>	<u>134,936</u>
NET POSITON - BEGINNING OF YEAR, as restated	<u>26,300,721</u>	<u>18,769,504</u>	<u>45,070,225</u>
NET POSITION - END OF YEAR	<u>\$ 28,233,759</u>	<u>\$ 19,524,946</u>	<u>\$ 47,758,705</u>

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

**CITY OF PORTLAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER	NATURAL GAS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 9,748,510	\$ 7,430,192	\$ 17,178,702
Cash received from other funds	(240,640)	-	(240,640)
Other operating cash receipts	2,829,797	31,933	2,861,730
Cash payments to suppliers for goods and services	(2,518,341)	(4,845,429)	(7,363,770)
Cash payments for personnel services	(3,110,261)	(1,334,254)	(4,444,515)
Cash payments to other funds	-	26,108	26,108
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	6,709,065	1,308,550	8,017,615
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES			
TDOT reimbursements	18,399	-	18,399
Transfers out	(162,166)	(196,439)	(358,605)
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL AND RELATED FINANCING ACTIVITIES	(143,767)	(196,439)	(340,206)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition/disposals of fixed assets	(6,030,826)	(1,546,734)	(7,577,560)
Gain on sale of capital assets	-	679	679
Note proceeds	21,000	-	21,000
Insurance recoveries	7,016	27,003	34,019
Capital contributions	202,638	-	202,638
Principal payments on long-term debt	(960,128)	-	(960,128)
Interest paid on long-term debt	(932,657)	-	(932,657)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(7,692,957)	(1,519,052)	(9,212,009)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase/maturity of investments	(3,235)	-	(3,235)
Interest earned	123,204	4,956	128,160
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	119,969	4,956	124,925
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,007,690)	(401,985)	(1,409,675)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,718,756	5,832,510	26,551,266
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 19,711,066	\$ 5,430,525	\$ 25,141,591
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Income (loss) from operating activities	\$ 2,585,201	\$ 919,243	\$ 3,504,444
Adjustments to reconcile income from operations to net cash			
Depreciation and amortization	1,515,801	572,699	2,088,500
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(64,584)	122,709	58,125
(Increase) decrease in net pension assets	864,302	302,692	1,166,994
(Increase) decrease in due from other funds	(150)	21,639	21,489
(Increase) decrease in inventories	(267,760)	(43,243)	(311,003)
(Increase) decrease in prepaid expenses	(3,097)	(1,033)	(4,130)
(Increase) decrease in deferred outflows	(138,110)	(49,293)	(187,403)
Increase (decrease) in accounts payable	508,913	(275,668)	233,245
(Increase) decrease in due to other funds	(240,490)	4,469	(236,021)
Increase (decrease) in OPEB liability	(78,771)	(25,905)	(104,676)
Increase (decrease) in net pension liability	4,213	-	4,213
Increase (decrease) in unearned revenue	2,706,973	333	2,707,306
Increase (decrease) in accrued payroll	9,530	3,964	13,494
Increase (decrease) in compensated absences	5,684	2,128	7,812
Increase (decrease) in deferred inflows of resources	(703,383)	(246,184)	(949,567)
Increase (decrease) in accrued liabilities	4,793	-	4,793
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 6,709,065	\$ 1,308,550	\$ 8,017,615
Noncash transactions			
New notes payable	\$ 51,000	\$ -	\$ 51,000
Issuance costs	30,000	-	30,000
Actual cash proceeds	\$ 21,000	\$ -	\$ 21,000
Capital asset additions/disposals	\$ 6,026,062	\$ 1,590,817	\$ 7,616,879
Prior year retainage payable	133,194	-	133,194
Current year retainage payable	(118,430)	(44,083)	(162,513)
Trade in allowance	(10,000)	-	(10,000)
Actual cash paid	\$ 6,030,826	\$ 1,546,734	\$ 7,577,560

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

**CITY OF PORTLAND, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
JUNE 30, 2023**

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 5,500
TOTAL ASSETS	\$ 5,500
 LIABILITIES	
Accrued liabilities	\$ 2,500
Due to other funds	3,000
	\$ 5,500

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

CITY OF PORTLAND, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. REPORTING ENTITY AND INTRODUCTION

The City of Portland, Tennessee (“the City”) was incorporated May 21, 1905, by the authority of the 54th Tennessee General Assembly and was chartered under the Private Acts of 1939, Chapter No. 568 House Bill No. 1377. The City operates under a Mayor-Aldermen form of government and provides the following services as authorized by its charter: public safety, water, wastewater, natural gas, solid waste (sanitation), parks and recreation, public works, planning and zoning, airport, and general administrative services.

The City’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this Note.

The City’s financial reporting entity comprises the following:

Primary Government	City of Portland
Blended Component Units	None

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, “The Financial Reporting Entity”, and includes all component units of which the City appointed a voting majority of the units’ board; the City is either able to impose its will or a financial benefit or burden relationship exists.

The Portland Airport Authority as established in the city charter is responsible for development, construction and operation of the Portland Airport. Financial activities of the Portland Airport Authority are included in the Airport Fund of these financial statements.

City officials are responsible for appointing members of the Portland Housing Authority and the Housing Assistance Board of Portland, Tennessee. Accountability for these organizations does not extend beyond making appointments. They do not meet the criteria in Section 2100 of GASB’s Codification of Governmental Accounting and Financial Reporting Standards for inclusion as component units.

City officials are responsible for appointing members to the Industrial Development Board of the City of Portland, Tennessee, as established by authority of Chapter 53, Title 7 of the Tennessee Code Annotated. The City has a fiduciary responsibility to administer proceeds of revenue notes issued by the Portland Industrial Development Board (“IDB”). The IDB does not meet the criteria in Section 2100 of GASB’s Codification of Governmental Accounting and Financial Reporting Standards for inclusion as a component unit, however it does meet the criteria for inclusion as a fiduciary fund.

In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may be financially accountable and, as such, should be included within the City’s financial statements. Based on the criteria of financial accountability, the City had no component units at June 30, 2022.

CITY OF PORTLAND, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Fund Financial Statements

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

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

**CITY OF PORTLAND, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Proprietary Fund

Enterprise Fund

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

Fiduciary Fund

The Fiduciary fund financial statement consists of a Statement of Net Position for an agency fund of the Portland Industrial Development Board which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is accounted for on a spending or "economic reasons" measurement focus and the accrual basis of accounting.

Major and Nonmajor Funds

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

Fund	Brief Description
Major:	
General	See above for description
Special Revenue Funds:	
Airport	Accounts for revenues and expenditures related to airport activities.
Proprietary Funds:	
Water and Sewer Fund	Accounts for operation of the water and wastewater services provided to customers of the system.
Natural Gas Fund	Accounts for the distribution of natural gas to customers of the system.

CITY OF PORTLAND, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Nonmajor:

Special Revenue Funds:

Solid Waste (Sanitation)	Accounts for solid waste collection revenue and expenditures related to disposal services.
Stormwater	Accounts for revenues and expenditures related to stormwater activities.
Drug Enforcement	Accounts for revenues and expenditures on drug fines and enforcement costs.
E-Citation	Accounts for fees for electronic tickets.
Golf Course	Accounts for revenues and expenditures related to golf course activities.
Impact Fee	Accounts for fees charged for development.
Debt Service Fund	Accounts for governmental debt payments.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

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

CITY OF PORTLAND, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only with the cash is received by the government.

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

The City does not allocate indirect costs.

1.D. BUDGETARY INFORMATION

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

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

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

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

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

1.E. ESTIMATES

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

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OR RESOURCES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. Certain cash and cash equivalents of the City are classified as restricted assets on the Statement of Net Position because they are maintained in separate accounts and/or their use is limited by City ordinance, certain agreements, and/or contracts with third parties.

CITY OF PORTLAND, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Investments

Unrestricted investments of the governmental and proprietary fund types consist of certificates of deposit and are stated at cost, which approximates fair value.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3.F. for details of interfund transactions, including receivables and payables at yearend.

Receivables

In the government-wide statements, receivables consist of all revenues earned at yearend and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, sales taxes, and grants. Business-type activities report utilities as their major receivables.

Inventories and Prepaid Items

Inventory of the Public Works and Solid Waste departments, Airport Authority, Water & Sewer, and Gas Funds is stated at cost determined by the first-in, first-out (FIFO) method. The costs of governmental funds inventories are recorded as expenditures when purchased. Certain payments to vendors reflecting costs applicable to future accounting periods 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 inventories 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 non-spendable.

Restricted Assets

Certain cash is reported as restricted because they are maintained in separate bank accounts and their use is either limited by applicable bond covenants or are restricted for use by outside parties or bond issues.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets used in governmental fund operations are accounted for as capital outlay expenditures. Capital assets, not including general government infrastructure assets, are defined by the government as assets with an initial, total cost of more than \$2,500 and an estimated useful life in excess of one year.

General government infrastructure assets with a total cost greater than \$10,000 and an estimated useful life in excess of one year are capitalized. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

CITY OF PORTLAND, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

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

Governmental Activities:

Buildings	40 years
Improvements Other than Buildings	10-40 years
Infrastructure Assets	15-50 years
Machinery, Equipment, & Vehicles	5-40 years

Business-type Activities:

Water and Sewer Plant	10-50 years
Natural Gas Plant	10-50 years
Machinery, Equipment, & Vehicles	5-15 years
Furniture and Fixtures	5-15 years

Property Tax The City's property tax is levied each October 1st on the assessed value listed as of the prior January 1st for all real and personal property located in the City's legal boundaries. All City taxes on real estate are declared to be a lien on such realty from January 1st of the year assessments are made. Taxes become delinquent in March of the year subsequent to the levy date; at that time a lien attaches, and delinquent taxes are turned over for collection proceedings. Property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectability is doubtful.

Property taxes are treated as non-exchange revenue. 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 of January 1st. Therefore, the City has recorded the succeeding year's receivable and deferred inflows of resources for taxes assessed as of June 30, 2023 that will not be received until after year-end.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government's pension-related items and OPEP related items fall into this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has three items that qualify for reporting in this category. One item, unavailable revenue, is reported only in the government-wide Statement of Net Position and the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. Also, the government's pension-related items and OPEP related items fall into this category.

CITY OF PORTLAND, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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 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 TCRS for 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 their fair value.

Compensated Absences

The City's policies permit employees to earn vacation time on a calendar-year basis. Any unused vacation leave at December 31 is forfeited. Vacation leave earned but unpaid at June 30, 2023 is accrued and presented as current liabilities in the government-wide and proprietary fund financial statements. The City's policies permit the accumulation, within certain limitations, of unused sick leave with vesting of unused amounts upon retirement with no monetary payouts. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available resources. The compensated absence liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Long-term Debt

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

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

Net Position Flow Assumption

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

Net position is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investments in capital assets.”

Fund Balance Policies

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

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

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

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

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

The City considers that committed amounts would be used first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those restricted fund balance classifications could be used.

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

1.G. REVENUES, EXPENDITURES AND EXPENSES

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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Sales Tax

The City presently levies a nine and one quarter percent sales tax on taxable sales within the City. The sales tax is collected by the Tennessee Department of Revenue and remitted to the City in the month following receipt by the Department of Revenue. The Department of Revenue receives the sales tax approximately one month after collection by vendors.

Property Tax

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

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from the daily operations are defined as non-operating.

Expenditures/Expenses

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

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

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

Proprietary Fund – by Operating and Nonoperating

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

Interfund Transfers

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

1.H. IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements (SBITAs)*, effective for financial statements for periods beginning after June 15, 2022. GASB Statement No. 96 established uniform accounting and financial reporting requirements for

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SBITAs; improves the comparability of government's financial statements; and enhances the understandability, reliability, relevance, and consistency of information about SBITAs. The City has evaluated financial reporting for all subscription based information technology and has determined that there is no change in the reporting as a result of the adoption of the standard.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

2.A. FUND ACCOUNTING REQUIREMENTS

Fund	Required By
Police Drug Fund	State Law

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

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

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

Unrestricted investments of the governmental and proprietary fund types consist of certificates of deposit and are stated at cost, which approximates fair market value.

2.C. REVENUE RESTRICTIONS

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

Revenue Source	Legal Restrictions of Use
Gasoline excise tax	Street purposes
Grants	Grant program expenditures

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2.D. FUND EQUITY RESTRICTIONS

Deficit Prohibition

Tennessee Statutes prohibit the creation of a deficit fund balance in any individual fund. No City funds had a deficit fund balance at June 30, 2023.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.A. CASH AND INVESTMENTS

Deposits and Investments

The City's policies regarding deposits of cash are discussed in Note 1.F. and Note 2.B. The City maintains checking accounts with local banks. Also, some funds are held as certificates of deposit at local banks. Deposits are carried at cost plus accrued interest. The carrying amount of deposits is separately displayed on the balance sheet as "cash and cash equivalents" and "investments". Investments consist of certificates of deposits at the local banks whose maturity exceeds three months.

Deposits: As of June 30, 2023, all of the City's deposits were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks in the bank collateral pool determine the aggregate balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Collected securities required to be pledged by the participant banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under the additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk disclosure.

Investments: As of June 30, 2023, the City also held certificates of deposit with initial maturities of greater than three months which have been classified as investments. The certificates of deposit earn interest ranging from 0.25% to 4.75% and are invested with banks participating in the state bank collateral pool.

3.B. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consists of utilities receivable. Accounts receivable of the governmental activities consists of amounts due from the various local sources. Receivables detail at June 30, 2023, is as follows:

	Governmental Activities		Business-type Activities		
	Solidwaste	Stormwater	Water and Wastewater	Natural Gas	Total
Accounts receivable	\$ 120,507	\$ 55,135	\$ 814,530	\$ 254,413	\$ 1,244,585
Allow ance for doubtful accounts	(11,377)	(3,138)	(82,474)	(21,791)	(118,780)
Net accounts receivable	<u>\$ 109,130</u>	<u>\$ 51,997</u>	<u>\$ 732,056</u>	<u>\$ 232,622</u>	<u>\$ 1,125,805</u>

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3.C. CAPITAL ASSETS

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

	Balance 7/1/2022	Additions/ Adjustments	Retirements/ Adjustments	Balance 6/30/2023
Government Activities:				
Capital assets not being depreciated				
Land	\$ 6,775,440	\$ 140,000	\$ -	\$ 6,915,440
Construction in Progress	2,541,839	5,751,831	7,183,148	1,110,522
Total capital assets not being depreciated	9,317,279	5,891,831	7,183,148	8,025,962
Capital assets being depreciated				
Buildings and plant	15,118,852	109,414	1,936	15,226,330
Other improvements	8,426,177	6,938,282	-	15,364,459
Infrastructure	13,921,836	199,108	-	14,120,944
Machinery and equipment	8,224,458	965,325	414,521	8,775,262
Total capital assets being depreciated	45,691,323	8,212,129	416,457	53,486,995
Less accumulated depreciation for:				
Buildings and plant	3,307,933	386,550	1,936	3,692,547
Other improvements	3,304,570	331,056	-	3,635,626
Infrastructure	6,447,444	367,170	-	6,814,614
Machinery and equipment	5,397,001	683,544	322,129	5,758,416
Total accumulated depreciation	18,456,948	1,768,320	324,065	19,901,203
Total capital assets, being depreciated, net	27,234,375			33,585,792
Government activities capital assets, net	\$ 36,551,654			\$ 41,611,754
Business-type Activities:				
Capital assets not being depreciated				
Land	\$ 1,295,582	\$ -	\$ -	\$ 1,295,582
Construction in Progress	5,359,113	7,221,822	5,530,611	7,050,324
Total capital assets not being depreciated	6,654,695	7,221,822	5,530,611	8,345,906
Capital assets being depreciated				
Water & Sewer Plant	51,453,372	5,653,259	-	57,106,631
Natural Gas Plant	18,436,613	100,039	-	18,536,652
Machinery, equipment & vehicles	3,767,111	176,691	30,699	3,913,103
Total capital assets being depreciated	73,657,096	5,929,989	30,699	79,556,386
Less accumulated depreciation for:				
Water & Sewer Plant	22,015,538	1,328,042	-	23,343,580
Natural Gas Plant	6,442,909	442,519	-	6,885,428
Machinery, equipment & vehicles	2,590,518	317,939	17,736	2,890,721
Total accumulated depreciation	31,048,965	2,088,500	17,736	33,119,729
Total capital assets, being depreciated, net	42,608,131			46,436,657
Business-type activities capital assets, net	\$ 49,262,826			\$ 54,782,563

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 161,171
Public safety	437,362
Public works	948,569
Health, welfare, and recreation	221,218
	<u>\$ 1,768,320</u>

Depreciation expense was charged to business-type activities as follows:

Business-type activities:	
Water and wastewater	\$ 1,515,801
Natural gas	572,699
	<u>\$ 2,088,500</u>

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3.D. ACCOUNTS PAYABLE

Payables in the general fund and nonmajor governmental funds are composed of payables to vendors.

3.E. LONG-TERM DEBT AND LIABILITIES

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

Long-Term Debt

As of June 30, 2023, the City's long-term debt of the financial reporting entity consisted of the following:

Governmental Activities:

Long-Term Debt

General Obligation Bonds and Capital Outlay Notes

The City has outstanding general obligation refunding bonds and capital outlay notes from direct borrowings and direct placements related to governmental activities totaling \$9,666,000. Direct borrowings related to business-type activities include capital outlay notes and state revolving loans totaling \$757,413 and water/sewer system refunding bonds of \$27,310,000.

General obligation bonds, capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. The City's direct borrowings related to governmental and business-type activities require the same pledge of the full faith and credit; however, none of the direct borrowings contain any provision for acceleration of payments of principal or are secured by collateral. All bonds and other loans included in long-term debt as of June 30, 2023 will generally be retired from governmental or enterprise fund cash.

During the prior year the City authorized issuance of a \$6,000,000 TN Municipal Bond Fund Debt. This debt has an interest rate of 4.35% and have a maturity date of 4/1/2048. As of June 30, 2023 the City had only drawn \$51,000. This debt was issued for various capital projects.

During the current year the City authorized issuance of a \$5,000,000 TN Municipal Bond Fund Debt for the water and sewer fund. This debt has an interest rate of 2.849% and have a maturity date of 6/1/2043. As of June 30, 2023 the City had only drawn \$51,000. This debt was issued for various capital projects.

Debt outstanding as of June 30, 2023 consisted of the following:

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	Interest Rates	Maturity Date	Original Issue	Balance 6/30/2023
Governmental Activities				
<i>General Obligation Bonds:</i>				
General Obligation Refunding Bonds, Series 2014	3.50%	4/1/2045	\$ 7,410,000	\$ 6,055,000
General Obligation Refunding Bonds, Series 2020	2.625-4.00%	6/30/2050	3,780,000	3,560,000
<i>Direct Borrowings:</i>				
TMBF Loan #80 (still drawing as of 6/30/2023)	2.85%	6/1/2043	6,000,000	51,000
			<u>\$ 17,190,000</u>	<u>\$ 9,666,000</u>
Business-type Activities:				
<i>Water and Sewer System Refunding Bonds:</i>				
Refunding Bonds, Series 2016	3.00%	4/1/2046	\$ 14,405,000	\$ 11,310,000
Refunding Bonds, Series 2020	2.63%	4/1/2050	16,930,000	16,000,000
<i>Direct Borrowings:</i>				
Capital outlay note - equipment	2.48%	6/15/2025	237,000	94,800
State Revolving Loan Fund	1.70%	10/1/2031	1,500,000	611,613
TMBF Loan (still drawing as of 6/30/2023)	4.35%	4/1/2048	5,000,000	51,000
			<u>\$ 38,072,000</u>	<u>\$ 28,067,413</u>

Debt service requirements on long-term debt at June 30, 2023, are as follows:

Year Ending June 30,	Governmental Activities	
	General Obligation	
	Bonds	
	Principal	Interest
2024	\$ 270,000	\$ 322,407
2025	280,000	313,294
2026	290,000	303,794
2027	305,000	293,906
2028	315,000	282,957
2029-2033	1,745,000	1,237,232
2034-2038	2,040,000	930,845
2039-2043	2,400,000	572,864
2044-2048	1,595,000	174,726
2049-2050	375,000	16,950
	<u>\$ 9,615,000</u>	<u>\$ 4,448,975</u>

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Business-type Activities

Year Ending June 30,	Revenue and Tax Bonds		Other Long-term debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 870,000	\$ 894,119	\$ 116,280	\$ 11,676	\$ 986,280	\$ 905,795
2025	885,000	874,343	117,468	9,313	1,002,468	883,656
2026	905,000	854,243	71,268	7,476	976,268	861,719
2027	920,000	833,694	72,492	6,252	992,492	839,946
2028	955,000	809,494	73,728	5,016	1,028,728	814,510
2029-2033	5,005,000	3,582,968	255,177	7,485	5,260,177	3,590,453
2034-2038	5,475,000	2,617,120	-	-	5,475,000	2,617,120
2039-2043	5,445,000	1,562,686	-	-	5,445,000	1,562,686
2044-2048	5,145,000	682,725	-	-	5,145,000	682,725
2049-2050	1,705,000	77,100	-	-	1,705,000	77,100
	<u>\$ 27,310,000</u>	<u>\$ 12,788,492</u>	<u>\$ 706,413</u>	<u>\$ 47,218</u>	<u>\$ 28,016,413</u>	<u>\$ 12,835,710</u>

For governmental activities, net pension liability, net OPEB liability, and compensated absences are generally liquidated by the general fund.

Changes in long-term liabilities

A summary of long-term liability activity, including debt, for the year ended June 30, 2023 is as follows. Additional detailed information is available following the summary.

	Balance 7/1/2022	Issued or Additions	Retirements	Balance 6/30/2023	Due within one year
Governmental Activities:					
General obligation bonds	\$ 9,880,000	\$ -	\$ 265,000	\$ 9,615,000	\$ 270,000
Plus Bond Premium	194,315	-	6,899	187,416	6,899
Less bond discount	(30,959)	-	(1,099)	(29,860)	(1,099)
Total bonds payable	<u>10,043,356</u>	<u>-</u>	<u>270,800</u>	<u>9,772,556</u>	<u>275,800</u>
Notes	1,069,278	-	1,018,278	51,000	-
Compensated absences	286,409	35,728	-	322,137	-
Net OPEB liability	1,164,275	-	211,351	952,924	-
Total long-term liabilities	<u>\$ 12,563,318</u>	<u>\$ 35,728</u>	<u>\$ 1,500,429</u>	<u>\$ 11,098,617</u>	<u>\$ 275,800</u>

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	Balance 7/1/2022	Issued or Additions	Retirements	Balance 6/30/2023	Due within one year
Business-type activities:					
Water & Sewer Refunding & Improvement Bonds	\$ 28,155,000	\$ -	\$ 845,000	\$ 27,310,000	\$ 870,000
Plus Bond Premium	1,766,101	-	115,171	1,650,930	115,171
Less Bond Discount	(5,356)	-	(390)	(4,966)	(390)
Total Bonds Payable	29,915,745	-	959,781	28,955,964	984,781
Notes and Loans from Direct Borrowings					
State Revolving Loan	679,341	-	67,728	611,613	68,880
Capital Outlay Notes	142,200	51,000	47,400	145,800	47,400
Compensated absences	107,213	7,812	-	115,025	-
Post retirement benefit - ins.	576,152	-	104,676	471,476	-
Total long-term liabilities	<u>\$ 31,420,651</u>	<u>\$ 58,812</u>	<u>\$ 1,179,585</u>	<u>\$ 30,299,878</u>	<u>\$ 1,101,061</u>

The bond resolution authorizing the Water and Sewer System Refunding and Improvement Bonds, Series 2016 shown above requires the City to establish a Debt Service Reserve Fund, a Bond and Interest Sinking Fund, and requires the City to establish rates to its customers in order to maintain a debt service coverage ratio of no less than 1.2 to 1.0 for the 2006 bonds and all prior lien bonds and 1 to 1 for all other obligations. These refunding bonds defeased certain outstanding bonds, which were retired in October 2016.

Other

The Town has no unused lines of credit.

Outstanding notes from direct borrowings through the State of Tennessee Revolving Loan Program contain a provision that in the event of default, the State of Tennessee shall withhold such sum or part of sum from any State-Shared Taxes which are otherwise apportioned to the Local Government and pay only such sums necessary to liquidate the delinquency of the Local Government to the Tennessee Local Development Authority for deposit into the fund.

The government's other outstanding note and bonds from direct borrowings and direct placements contain provisions that, upon event of default, the lender may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies.

3.F. INTERFUND TRANSACTIONS AND BALANCES

	<u>TRANSFER FROM</u>		<u>Totals</u>
	<u>General</u>	<u>Solid Waste Fund</u>	
TRANSFER TO			
E-Citation Fund	\$ 1,880	\$ -	\$ 1,880
Debt Service	1,437,990	211,635	1,649,625
Golf Course	110,000	-	110,000
Airport Fund	155,000	-	155,000
	<u>\$ 1,704,870</u>	<u>\$ 211,635</u>	<u>\$ 1,916,505</u>

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The transfer from General Fund to the Golf Course Fund was for operating transfers. The transfer to the General Fund from the Revolving Loan Fund was a residual equity transfer to close the Revolving Loan Fund. The transfers from the Proprietary Funds to the General Fund were for in lieu of taxes.

Interfund Payables

	DUE FROM						Totals
	General	Airport	Golf Course	Solid Waste	Water Wastewater	Gas	
DUE TO							
General	\$ -	\$ -	\$ 7,911	\$ -	\$ 541	\$ -	\$ 8,452
Solid Waste	-	-	-	4,205	-	-	4,205
E Citation	455	-	-	-	-	-	455
Water/Wastewater	379	69	-	11	-	4,490	4,949
Gas	283	48	-	23	5,032	-	5,386
	<u>\$ 1,117</u>	<u>\$ 117</u>	<u>\$ 7,911</u>	<u>\$ 4,239</u>	<u>\$ 5,573</u>	<u>\$ 4,490</u>	<u>\$ 23,447</u>

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

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Plan Description

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

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Benefits provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	129
Active Employees	<u>146</u>
Total Employees	<u>352</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. 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 \$434,670 based on a rate of 4.87 percent 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 ADC and member contributions are expected to finance the cost of benefits earned by during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

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

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

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

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

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

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

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

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Changes in the Net Position Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
Balance at 6/30/21	\$ 23,746,922	\$ 27,246,738	\$ (3,499,816)
Changes for the year:			
Service cost	714,481	-	714,481
Interest	1,616,736	-	1,616,736
Change in plan provisions	-	-	-
Differences between expected and actual experience	742,498	-	742,498
Change in assumptions	-	-	-
Contributions - employer	-	66,963	(66,963)
Contributions - employees	-	424,442	(424,442)
Net investment income	-	(1,031,965)	1,031,965
Benefit payments, including refunds of employee contributions	(1,019,506)	(1,019,506)	-
Administrative expense	-	(15,127)	15,127
Net changes	<u>2,054,209</u>	<u>(1,575,193)</u>	<u>3,629,402</u>
Balance at 6/30/22	<u><u>\$ 25,801,131</u></u>	<u><u>\$ 25,671,545</u></u>	<u><u>\$ 129,586</u></u>

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	\$ 4,061,770	\$ 129,586	\$ (3,069,797)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2023, the City recognized negative pension expense of \$310,852.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, Portland reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 949,129	\$ 203,180
Net difference between projected and actual earnings on pension plan investments	40,540	-
Changes in assumptions	1,501,226	-
Contributions subsequent to the measurement date of June 30, 2022	434,670	-
Total	<u>\$ 2,925,565</u>	<u>\$ 203,180</u>

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

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

Year Ended June 30:

2024	\$ 242,377
2025	318,071
2026	211,179
2027	1,039,984
2028	476,106
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, Portland reported a payable of \$85,660 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

NOTE 4.B. - OTHER POST-EMPLOYMENT BENEFITS

Local Government OPEB Plan (LGOP)

Plan description - Employees of the City of Portland, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees

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and disability participants of local governments, who choose coverage, participate in the LGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

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

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

Inactive employees currently receiving benefit	
Payments	13
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>155</u>
Total	<u><u>168</u></u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2023, the City of Portland paid \$144,031 to the LGOP for OPEB benefits as they came due.

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

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	8.37% for pre-65 for 2022, decreasing annually Over a 7-year period to an ultimate rate of 4.50. 8.99% for post-65 in 2022 decreasing annually over an 8 year period to an ultimate Rate of 4.50%

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Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.
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Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2020, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee Mortality Table for General Employees for non-disabled post-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuity and adjusted with a 6% load for males and a 14% load for females projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

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

Changes in Total OPEB Liability

	Total OPEB Liability (a)
Beginning balance	\$ 1,595,103
Changes for the year:	
Service cost	145,312
Interest	36,340
Changes in benefit terms	(4,650)
Differences between expected and actual experience	(146,020)
Change in assumptions	(213,937)
Benefit payments	(116,621)
Net changes	(299,576)
Ending balance	<u>\$ 1,295,527</u>

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

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

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 1,195,634	\$ 1,295,527	\$ 1,404,050

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

	1% Decrease (7.37%/7.99% decreasing to 3.50%)	Healthcare Cost Trend Rates (8.37%/8.99% decreasing to 4.50%)	1% Increase (9.37%/9.99% decreasing to 5.50%)
Total OPEB Liability	\$ 1,155,435	\$ 1,295,527	\$ 1,464,801

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

OPEB expense - For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$119,000.

Deferred outflows of resources and deferred inflows of resources - For the fiscal year ended June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 120,823	\$ 358,623
Changes of assumptions	130,640	648,102
Employer payments subsequent to the measurement date	144,031	-
Total	<u>\$ 395,494</u>	<u>\$ 1,006,725</u>

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

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

Year ended	
2024	\$ (137,530)
2025	(137,530)
2026	(137,530)
2027	(114,184)
2028	(60,254)
Thereafter	(168,235)

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

Tennessee Plan (TNP)

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

Benefits provided - The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. The TNP does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

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

Inactive employees currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	19
Active employees	<u>93</u>
Total	<u>117</u>

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs

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based on their own developed policies. During the current reporting period, the City of Portland paid \$1,175 to the TNP for OPEB benefits as they came due.

Actuarial assumptions - The collective total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent Based on age, including inflation, averaging 4 percent.
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection; therefore, trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2020 from 2010. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2020.. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

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

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Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Beginning balance	\$ 145,219
Changes for the year:	
Service cost	5,799
Interest	3,249
Changes of benefit terms	-
Differences between expected and actual experience	5,318
Change in assumptions	(29,536)
Benefit payments	(1,175)
Net changes	(16,345)
Ending Balance	<u>\$ 128,874</u>

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

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

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 149,456	\$ 128,874	\$ 111,933

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

OPEB expense - For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$5,634.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 42,788	\$ -
Changes of assumptions	-	66,926
Employer payments subsequent to the measurement date	2,241	-
Total	<u>\$ 45,029</u>	<u>\$ 66,926</u>

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

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

For the year ended June 30:

2024	\$	578
2025		578
2026		578
2027		578
2028		578
Thereafter		1,850

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

4.C. RISK MANAGEMENT

The City is exposed to various risks to general liability and property and casualty losses. The City deems it was more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty and workman's compensation coverage. The City participates in the Public Entity Partners Risk Management Pool (the "Pool"), a public entity risk pool currently operating a workers' compensation common risk management and insurance program. The City pays an annual premium to the Pool for its general liability, law enforcement liability, errors and omissions liability, auto liability, workers' compensation and property coverage. The City's workers' compensation coverage is retrospectively rated, whereby premiums are accrued based on the ultimate costs of the experience of the City. Claims arising are paid by the Pool. The Pool has the right to assess participants for loss experience in excess of premiums collected. The City also obtains commercial insurance coverage for accidents and sick-leave for volunteer firemen. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

4.D. COMMITMENTS AND CONCENTRATIONS

Commitments

The City is committed on future capital expenditures for projects ongoing at June 30, 2023:

The City received Federal Funding from the American Rescue Plan Act (ARPA) in the amount of \$3,866,176.42 for various projects. As of June 30, 2023, total expenditures are \$ 812,515.85.

The City was awarded State funding for Project Commodore for Preliminary Engineering with 100% State reimbursement of \$283,100.00, Right of Way and Utilities with 50% State reimbursement of \$140,300.00 and 50% Local, Construction with 100% State reimbursement of \$2,690,900.00 and CEI with 100% State reimbursement of \$283,100.00 coming to a total estimated cost of \$3,397,400.00.

The City was awarded Federal funding for "Scattersville Road Paving" which includes New Deal Potts Rd Paving. Federal funding of 80% and Local share is 20% with total estimated Cost at \$128,500.00 with 1st amendment of \$339,000.00. As of June 30, 2023, total expenditures are \$408,141.38.

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The City was awarded Federal and State funding for “Downtown Rail Crossings” for TN Rail Crossing Safety Manager. Federal funding of 90% for Design and Construction Oversight at East McGlothlin St with the last 10% split between 5% Local and 5% CSX funding, total estimated at \$376,488.00. As well as State funding of 90% for Construction at East McGlothlin St with the last 10% split between 5% Local and 5% CSX funding, total estimated at \$34,685.00.

The City was awarded Federal and State funding for “Downtown Rail Crossings” for TN Rail Crossing Safety Manager. Federal funding of 90% for Design and Construction Oversight at Main St with the last 10% split between 5% Local and 5% CSX funding, total estimated at \$532,352.00. As well as State funding of 90% for Construction at Main St with the last 10% split between 5% Local and 5% CSX, total estimated at \$72,000.00.

Portland received Federal and State funding for “Downtown Rail Crossings” for TN Rail Crossing Safety Manager. Federal funding of 90% for Design and Construction Oversight at E Market with the last 10% split between 5% Local and 5% CSX, total estimated at \$477,823.00. As well as State funding of 90% for Construction at E Market St with the last 10% split between 5% Local and 5% CSX, total estimated at \$54,350.50.

The City received Federal funding for “College Street Sidewalks” with 80% Federal funding and 20% local share totaling \$1,139,215.00. As of June 30, 2023, total expenditures are \$97,808.53.

The City was awarded Federal funding for “Resurfacing Kirby Rd, S. Russell St” with 80% Federal funding and 20% Locally funded at total estimated cost of \$710,031.00. As of June 30, 2023, total expenditures are \$37,421.25.

The City was awarded 100% Federal funding for “CMAQ-SR-109 from SR-52 to College St” at total estimated cost of \$762,662.50. As of June 30, 2023, the City had expended \$39,478.85.

The City has a project for construction on 109 Bypass – North Loop for Gas, Water and Sewer with an estimated cost of \$1,895,393 and a project for construction on 109 Bypass – South Loop for Gas and Water with an estimated cost of \$317,874.

The City has been awarded Federal and State funding for “Airport ALP (Airport Layout Plan) Update”. Federal funding of 100% for \$150,000.00 and State funding of 100% for \$160,554.00, along with a local portion of \$16,346.00 totaling \$326,900.00.

The City of Portland and Sumner County Government have adopted the Tax Increment Financing Program established by the Industrial Development Board (IDB) of Sumner County. TIF is an economic development tool that allocates all or a portion of the new, additional taxes generated by a development over a specified period of time to pay for infrastructure such as utility and road improvements related to that development.

The TIF Program is primarily for the economic development projects that provide improvements in underutilized areas. This program applies only to projects initiated by a private developer and supported by tax increment property tax revenues. It is a discretionary program and does not create or vest any rights in any person or entity.

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4.E. TAX ABATEMENTS

TAX ABATEMENTS

The City of Portland (City) is a separate entity from the Industrial Development Board (IDB) of Portland, the Industrial Development Board of Robertson County, and the Industrial Development Board of Sumner County. These Boards enter into tax agreements that affect the City of Portland. Any decisions made between the IDB (County or City) and the requestor are not voted on by the City Council nor does the City of Portland have any power to change any IDB agreements. The Portland IDB has its own Charter and acts on its own accord without the direction of the City of Portland. Once a tax agreement is established between the IDB and the requestor, it is sent to the Tennessee Comptroller for approval. The Comptroller sends the approved agreement to the County Assessor. The City of Portland must request the approved agreement in order to have a copy. The City's tax revenue for the year ended June 30, 2023 was reduced by \$388,224 as a result of tax abatements.

Currently, the City of Portland has the following tax agreements:

Robertson County

- Arrowhead Engineered Projects, Inc. – The abatement commenced in June 2023 with the following terms on tax abatement with property (facility) and personal property (equipment):
 - Facility

Effective date through June 30, 2023	0% Abatement
July 1, 2023 through December 31, 2023	0% Abatement
2024	100% Abatement
2025	85% Abatement
2026	70% Abatement
2027	50% Abatement
2028	30% Abatement
2029	10% Abatement
2030-2033	0% Abatement
From and after January 1, 2034	0% Abatement
 - Equipment

Effective date through June 30, 2023	0% Abatement
July 1, 2023 through December 31, 2023	0% Abatement
2024	100% Abatement
2025	100% Abatement
2026	100% Abatement
2027	50% Abatement
From and after January 1, 2028	0% Abatement
- Dorman Products (RB Distribution, Inc) – The abatement commenced in November 2017 with the following terms on tax abatement with personal property (equipment):
 - Effective date through December 31, 2023
 - January 1, 2024 through December 31, 2025
 - January 1, 2026 through December 31, 2027
 - January 1, 2028 through the end of the
the facility lease term

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- Food Warming (Portland Capital Property, LLC) – The abatement commenced in June 2012 with the following terms on tax abatement with property (facility) and personal property (equipment):
 - Facility

Lease Years 1-5	100% Abatement
Lease Year 6	80% Abatement
Lease Year 7	60% Abatement
Lease Years 8-10	40% Abatement
Lease Years 11 and thereafter	0% Abatement
 - Equipment

Operations Years 1-5	100% Abatement
Operations Year 6	80% Abatement
Operations Year 7	60% Abatement
Operations Year 8-10	40% Abatement
Operations Years 11 and thereafter	0% Abatement
For Equipment first placed in operations after December 31, 2014	0% Abatement

- Kyowa America Corporation – The abatement commenced in June 2012 with the following terms on tax abatement with property (facility) and personal property (equipment):
 - Facility

Lease Years 1-5	100% Abatement
Lease Year 6	80% Abatement
Lease Year 7	60% Abatement
Lease Years 8-10	40% Abatement
Lease Years 11 and thereafter	0% Abatement
 - Equipment

Operations Years 1-5	100% Abatement
Operations Year 6	80% Abatement
Operations Year 7	60% Abatement
Operations Year 8-10	40% Abatement
Operations Years 11 and thereafter	0% Abatement
For Equipment first placed in operations after December 31, 2014	0% Abatement

- Shoals Technologies Group, LLC -The abatement commenced in December 2011 with the following terms on tax abatement with property (facility) and personal property (equipment):
 - Facility and Equipment

January 1, 2012 through December 31, 2021	100% Abatement
January 1, 2022 through December 31, 2022	80% Abatement
January 1, 2023 through December 31, 2023	60% Abatement
January 1, 2024 through December 31, 2026	40% Abatement
January 1, 2027 and thereafter	0% Abatement

**CITY OF PORTLAND, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

Sumner County

- Shoals Technologies Group, LLC -The abatement commenced on December 2011 with the following terms on tax abatement with property (facility) and personal property (equipment):
 - Facility and Equipment

January 1, 2012 through December 31, 2021	100% Abatement
January 1, 2022 through December 31, 2022	80% Abatement
January 1, 2023 through December 31, 2023	60% Abatement
January 1, 2024 through December 31, 2026	40% Abatement
January 1, 2027 and thereafter	0% Abatement

- Bennett Commercial LLC, ATA Retail Services – The abatement commenced in September 2012 with the following terms on tax abatement with property (facility) and personal property (equipment):
 - Facility

January 1, 2013 through December 31, 2017	100% Abatement
January 1, 2018 through December 31, 2018	80% Abatement
January 1, 2019 through December 31, 2019	60% Abatement
January 1, 2020 through December 31, 2022	40% Abatement
January 1, 2023 and thereafter	0% Abatement
 - Equipment

Operations Years 1-5	100% Abatement
Operations Year 6	80% Abatement
Operations Year 7	60% Abatement
Operations Year 8-10	40% Abatement
Operations Years 11 and thereafter	0% Abatement
For Equipment first placed in operations after December 31, 2015	0% Abatement

- Stevison Ham Company - The abatement commenced in 2016 with the following terms on tax abatement with property (facility) and personal property (equipment):
 - Facility

Lease Years 1-5	100% Abatement
Lease Year 6	80% Abatement
Lease Year 7	60% Abatement
Lease Years 8-10	40% Abatement
Lease Years 11 and thereafter	0% Abatement
 - Equipment

2017- 2021	100% Abatement
2022	80% Abatement
2023	60% Abatement
2024 – 2026	40% Abatement
Operations Years 11 and thereafter	0% Abatement
For Equipment first placed in operations after December 31, 2016	0% Abatement

**CITY OF PORTLAND, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

- North American Stamping Group, LLC and NASG Tennessee North 2, LLC - The abatement commenced in December 2013 with the following terms on tax abatement with property (facility) and personal property (equipment):
 - Facility

January 1, 2014 through December 31, 2018	100% Abatement
January 1, 2019 through December 31, 2019	80% Abatement
January 1, 2020 through December 31, 2020	60% Abatement
January 1, 2021 through December 31, 2023	40% Abatement
January 1, 2024 and thereafter	0% Abatement
 - Equipment

Operations Years 1-5	100% Abatement
Operations Year 6	80% Abatement
Operations Year 7	60% Abatement
Operations Year 8-10	40% Abatement
Operations Years 11 and thereafter	0% Abatement
For Equipment first placed in operations after December 31, 2014	0% Abatement
- U.S. Tsubaki Automotive, LLC – The abatement commenced in April 2020 with the following terms with property (facility) and personal property (equipment). (NOTE: Agreement was amended in May 2022 for the personal property). The amended agreement terms are below:
 - Facility

2020 – 2024	100% Abatement
2025	80% Abatement
2026	60% Abatement
2027	40% Abatement
2028	20% Abatement
2029 and thereafter	0% Abatement
 - Equipment (as amended)

2021 - 2025	100% Abatement
2026 and thereafter	0% Abatement

4.F. PRIOR PERIOD ADJUSTMENTS

The City has made prior period adjustments to correct errors in previous year's financial statements. They are listed as follows:

Water and Sewer Fund

The City made a prior period adjustment to record sewer inventory that was not booked properly. The entry made was to debit inventory and credit net position in the amount of \$85,699. The City made another prior period adjustment to properly record ARPA funds that were spent in the prior year. The entry made was to debit unearned revenue and credit net position in the amount of \$49,237.

**CITY OF PORTLAND, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

Governmental Activities – Government-Wide

The City made a prior period adjustment for amounts that were recorded as construction in progress but the project ceased without completion. The amounts were debited to net position and credited to capital assets. The total amount was \$114,294.

CITY OF PORTLAND, TENNESSEE
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY (ASSET) AND RELATED RATIOS - LGOP OPEB PLAN
JUNE 30, 2023

LGOP

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB liability						
Service cost	\$ 149,187	\$ 141,202	\$ 152,342	\$ 38,114	\$ 157,085	\$ 145,312
Interest	70,860	85,728	82,955	17,636	42,311	36,340
Change in benefit terms	-	-	(1,365,252)	1,000,152	30,040	(4,650)
Differences between actual and expected experience	-	3,512	(475,369)	112,672	62,631	(146,020)
Change in assumptions	(106,826)	(225,062)	19,405	191,539	(407,197)	(213,937)
Benefit payments, including refunds of employee contributions	<u>(117,143)</u>	<u>(130,554)</u>	<u>(136,753)</u>	<u>(40,341)</u>	<u>(93,859)</u>	<u>(116,621)</u>
Net change in total OPEB liability	(3,922)	(125,174)	(1,722,672)	1,319,772	(208,989)	(299,576)
Total OPEB liability, beginning	<u>2,336,088</u>	<u>2,332,166</u>	<u>2,206,992</u>	<u>484,320</u>	<u>1,804,092</u>	<u>1,595,103</u>
Total OPEB liability, ending	<u><u>\$ 2,332,166</u></u>	<u><u>\$ 2,206,992</u></u>	<u><u>\$ 484,320</u></u>	<u><u>\$ 1,804,092</u></u>	<u><u>\$ 1,595,103</u></u>	<u><u>\$ 1,295,527</u></u>
 Covered payroll	 \$ 6,901,160	 \$ 7,688,246	 \$ 7,705,243	 \$ 7,793,956	 \$ 8,370,388	 \$ 8,929,601
 Total OPEB liability as a percentage of covered payroll	 33.79%	 28.71%	 6.29%	 23.15%	 19.06%	 14.51%

Notes to Schedule:

1. There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to OPEB plan.
2. The amounts reported for each fiscal year were determined as of the prior fiscal year-end.
3. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

CITY OF PORTLAND, TENNESSEE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (ASSET) AND RELATED RATIOS - TNP OPEB PLAN
JUNE 30, 2023

TNP

	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	\$ 6,603	\$ 5,095	\$ 3,932	\$ -	\$ 9,089	\$ 5,799
Interest	3,727	4,844	5,279	400	3,175	3,249
Change in benefit terms	-	-	(144,994)	94,452	-	-
Differences between actual and expected experience	-	3,156	5,776	1,689	41,666	5,318
Change in assumptions	(15,184)	(1,399)	127	27,504	(42,616)	(29,536)
Benefit payments, including refunds of employee contributions	(15,300)	(738)	(800)	(447)	(1,307)	(1,175)
Net change in total OBEP liability	(20,154)	10,958	(130,680)	123,598	10,007	(16,345)
Total OPEB liability, beginning	151,490	131,336	142,294	11,614	135,212	145,219
Total OPEB liability, ending	\$ 131,336	\$ 142,294	\$ 11,614	\$ 135,212	\$ 145,219	\$ 128,874
Covered payroll	\$ 6,901,160	\$ 7,688,246	\$ 7,705,243	\$ 7,793,956	\$ 8,370,388	\$ 8,929,601
Total OPEB liability as a percentage of covered payroll	1.90%	1.85%	0.15%	1.73%	1.73%	1.44%

Notes to Schedule:

1. There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to OPEB plan.
2. The amounts reported for each fiscal year were determined as of the prior fiscal year-end.
3. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

CITY OF PORTLAND, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - CITY PENSION PLAN
JUNE 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability									
Service cost	\$ 389,011	\$ 409,779	\$ 423,986	\$ 578,391	\$ 573,359	\$ 552,366	\$ 606,437	\$ 578,661	\$ 714,481
Interest	1,015,953	1,040,811	1,128,066	1,208,654	1,217,498	1,306,593	1,385,853	1,467,352	1,616,736
Differences between actual and expected experience	(439,583)	384,722	36,093	(816,907)	73,950	(139,442)	(46,755)	432,951	742,498
Change in assumptions	-	-	-	340,869	-	-	-	2,033,545	-
Benefit payments, including refunds of employee contributions	(620,533)	(688,881)	(683,337)	(652,758)	(603,825)	(625,990)	(734,715)	(852,540)	(1,019,506)
Net change in total pension liability	344,848	1,146,431	904,808	658,249	1,260,982	1,093,527	1,210,820	3,659,969	2,054,209
Total pension liability, beginning	13,467,288	13,812,136	14,958,567	15,863,375	16,521,624	17,782,606	18,876,133	20,086,953	23,746,922
Total pension liability, ending (a)	<u>\$ 13,812,136</u>	<u>\$ 14,958,567</u>	<u>\$ 15,863,375</u>	<u>\$ 16,521,624</u>	<u>\$ 17,782,606</u>	<u>\$ 18,876,133</u>	<u>\$ 20,086,953</u>	<u>\$ 23,746,922</u>	<u>\$ 25,801,131</u>
Plan fiduciary net position									
Contributions - employer	\$ 495,742	\$ 526,805	\$ 587,552	\$ 631,603	\$ 477,517	\$ 331,739	\$ 216,616	\$ 114,007	\$ 66,963
Contributions - employee	238,795	248,121	276,673	297,087	368,786	383,706	361,678	381,935	424,442
Net investment income	2,076,912	452,471	405,013	1,804,246	1,491,884	1,460,793	1,043,260	5,625,393	(1,031,965)
Benefit payments, including refunds of employee contributions	(620,533)	(688,881)	(683,337)	(652,758)	(603,825)	(625,990)	(734,715)	(852,540)	(1,019,506)
Administrative expense	(4,755)	(5,977)	(9,659)	(11,315)	(12,580)	(12,491)	(13,071)	(13,667)	(15,127)
Net change in plan fiduciary net position	2,186,161	532,539	576,242	2,068,863	1,721,782	1,537,757	873,768	5,255,128	(1,575,193)
Plan fiduciary net position - beginning	12,494,498	14,680,659	15,213,198	15,789,440	17,858,303	19,580,085	21,117,842	21,991,610	27,246,738
Plan fiduciary net position - ending (b)	<u>\$ 14,680,659</u>	<u>\$ 15,213,198</u>	<u>\$ 15,789,440</u>	<u>\$ 17,858,303</u>	<u>\$ 19,580,085</u>	<u>\$ 21,117,842</u>	<u>\$ 21,991,610</u>	<u>\$ 27,246,738</u>	<u>\$ 25,671,545</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (868,523)</u>	<u>\$ (254,631)</u>	<u>\$ 73,935</u>	<u>\$ (1,336,679)</u>	<u>\$ (1,797,479)</u>	<u>\$ (2,241,709)</u>	<u>\$ (1,904,657)</u>	<u>\$ (3,499,816)</u>	<u>\$ 129,586</u>
Plan fiduciary net position as a percentage of total pension liability	106.29%	101.70%	99.53%	108.09%	110.11%	111.88%	109.48%	114.74%	99.50%
Covered-employee payroll	\$ 4,775,917	\$ 4,955,832	\$ 5,527,302	\$ 5,941,704	\$ 6,366,885	\$ 6,634,785	\$ 7,220,545	\$ 7,600,458	\$ 8,370,388
Net pension liability (asset) as a percentage of covered-employee payroll	-18.19%	-5.14%	1.34%	-22.50%	-28.23%	-33.79%	-26.38%	-46.05%	1.55%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

**CITY OF PORTLAND, TENNESSEE
SCHEDULE OF PLAN CONTRIBUTIONS - CITY PENSION PLAN
FISCAL YEAR ENDING JUNE 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$ 495,742	\$ 526,805	\$ 587,552	\$ 620,314	\$ 306,247	\$ 192,409	\$ 177,625	\$ 111,727	\$ 66,126	\$ 434,872
Contributions in relation to the actuarially determined contribution	<u>(495,742)</u>	<u>(526,805)</u>	<u>(577,156)</u>	<u>(631,603)</u>	<u>(477,517)</u>	<u>(331,739)</u>	<u>(216,616)</u>	<u>(114,007)</u>	<u>(66,963)</u>	<u>(434,670)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,396</u>	<u>\$ (11,289)</u>	<u>\$ (171,270)</u>	<u>\$ (139,330)</u>	<u>\$ (38,991)</u>	<u>\$ (2,280)</u>	<u>\$ (837)</u>	<u>\$ 202</u>
Covered-employee payroll	\$ 4,775,917	\$ 4,955,832	\$ 5,527,302	\$ 5,941,704	\$ 6,366,885	\$ 6,634,785	\$ 7,220,545	\$ 7,600,458	\$ 8,370,388	\$ 8,929,601
Contributions as a percentage to covered-employee payroll	10.38%	10.63%	10.44%	10.63%	7.50%	5.00%	3.00%	1.50%	0.80%	4.87%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

**CITY OF PORTLAND, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

Notes to Pension Required Supplementary Information

Valuation date: Actuarially determined contribution rates for fiscal year 2022 were calculated based on the June 30, 2021 actuarial valuation.

Actuarial cost method	Entry Age Normal
Amortization method	Leval dollar amortization
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within the 20 percent corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4%
Investment rate of return	6.75%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement

Assumption changes:

In 2021, the following assumptions were changed: decreased inflation rate from 2.5% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF PORTLAND, TENNESSEE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Solid Waste Fund	Stormwater Fund	Drug Fund	E-Citation Fund	Golf Course Fund	Impact Fee Fund	Debt Service Fund	Total
ASSETS								
Cash and cash equivalents	\$ 436,675	\$ 568,800	\$ 117,535	\$ 5,706	\$ 43,018	\$ 771,642	\$ 10,707	\$ 1,954,083
Due from other funds	-	4,205	-	455	-	-	-	4,660
Accounts receivable, net of uncollectible	109,130	51,997	-	-	-	-	-	161,127
Prepaid expenses	-	516	-	-	-	-	-	516
Inventory	14,465	-	-	-	10,679	-	-	25,144
Total assets	<u>\$ 560,270</u>	<u>\$ 625,518</u>	<u>\$ 117,535</u>	<u>\$ 6,161</u>	<u>\$ 53,697</u>	<u>\$ 771,642</u>	<u>\$ 10,707</u>	<u>\$ 2,145,530</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 60,398	\$ 3,981	\$ -	\$ -	\$ 14,691	\$ -	\$ -	\$ 79,070
Accrued liabilities	6,304	8,261	-	-	3,385	-	-	17,950
Due to other funds	4,239	-	-	-	7,911	-	-	12,150
Unearned revenues	-	-	20,525	-	-	-	-	20,525
Total liabilities	<u>70,941</u>	<u>12,242</u>	<u>20,525</u>	<u>-</u>	<u>25,987</u>	<u>-</u>	<u>-</u>	<u>129,695</u>
FUND BALANCES								
<i>Nonspendable</i>								
Inventory	14,465	-	-	-	-	-	-	14,465
Prepays	-	516	-	-	-	-	-	516
<i>Restricted</i>								
Solid waste	474,864	-	-	-	-	-	-	474,864
Stormwater	-	612,760	-	-	-	-	-	612,760
Drug fund	-	-	97,010	-	-	-	-	97,010
E-citation fund	-	-	-	6,161	-	-	-	6,161
Golf course	-	-	-	-	27,710	-	-	27,710
Impact fees	-	-	-	-	-	771,642	-	771,642
Debt service	-	-	-	-	-	-	10,707	10,707
Total fund balances	<u>489,329</u>	<u>613,276</u>	<u>97,010</u>	<u>6,161</u>	<u>27,710</u>	<u>771,642</u>	<u>10,707</u>	<u>2,015,835</u>
Total liabilities and fund balances	<u>\$ 560,270</u>	<u>\$ 625,518</u>	<u>\$ 117,535</u>	<u>\$ 6,161</u>	<u>\$ 53,697</u>	<u>\$ 771,642</u>	<u>\$ 10,707</u>	<u>\$ 2,145,530</u>

See Independent Auditor's Report.

CITY OF PORTLAND, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	Special Revenue Funds							
	Solid Waste Fund	Stormwater Fund	Drug Fund	E-Citation Fund	Golf Course Fund	Impact Fees Fund	Debt Service Fund	Total
Revenues								
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, fees, and forfeitures	-	-	23,360	4,280	-	550,004	-	577,644
Charges for Services	1,393,787	938,693	-	-	388,738	-	-	2,721,218
Other revenues	18,873	10,650	65	1	75	-	195	29,859
Total revenues	1,412,660	949,343	23,425	4,281	388,813	550,004	195	3,328,721
Expenditures								
Public safety	-	-	2,375	-	-	-	-	2,375
Public works	1,113,453	847,705	-	-	-	-	-	1,961,158
Health, welfare and recreation	-	-	-	-	479,365	-	-	479,365
Debt service	-	-	-	-	-	-	1,639,113	1,639,113
Capital outlay	13,167	421,957	-	-	48,371	102,476	-	585,971
Total expenditures	1,126,620	1,269,662	2,375	-	527,736	102,476	1,639,113	4,667,982
Excess (deficiency) of revenues over (under) expenditures	286,040	(320,319)	21,050	4,281	(138,923)	447,528	(1,638,918)	(1,339,261)
Other financing sources (uses)								
Transfer in (out) to other fund	(211,635)	-	-	1,880	155,000	-	1,649,625	1,594,870
Insurance recoveries	-	59,250	-	-	-	-	-	59,250
Sale of capital assets	-	42,800	-	-	-	-	-	42,800
Total Other financing sources (uses)	(211,635)	102,050	-	1,880	155,000	-	1,649,625	1,696,920
Net Change In Fund Balance	74,405	(218,269)	21,050	6,161	16,077	447,528	10,707	357,659
Fund Balance at Beginning of Year	414,924	831,545	75,960	-	11,633	324,114	-	1,658,176
Fund Balance at End of Year	\$ 489,329	\$ 613,276	\$ 97,010	\$ 6,161	\$ 27,710	\$ 771,642	\$ 10,707	\$ 2,015,835

See Independent Auditor's Report.

CITY OF PORTLAND, TENNESSEE
SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Charges for services				
Disposal charges	\$ 1,306,032	\$ 1,306,032	\$ 1,393,787	\$ 87,755
Other revenues				
Sale of carts	12,000	12,000	14,558	2,558
Miscellaneous income	-	-	4,043	4,043
Interest income	-	-	272	272
Total revenues	<u>1,318,032</u>	<u>1,318,032</u>	<u>1,412,660</u>	<u>94,628</u>
 Expenditures				
Salaries	326,244	326,244	323,023	3,221
Payroll taxes	24,958	24,958	22,908	2,050
Employee insurance	106,411	97,103	107,276	(10,173)
Retirement	14,350	3,088	14,809	(11,721)
Workers compensation	12,250	12,250	10,452	1,798
Postage	18,500	18,500	17,626	874
Utilities	6,500	6,500	5,477	1,023
Telephone	8,000	8,000	9,432	(1,432)
Technology	1,000	1,000	-	1,000
Physicals	1,000	1,000	415	585
Auditing	1,000	1,000	800	200
Data processing	3,000	3,000	5,019	(2,019)
Repairs and maintenance - vehicles	40,000	70,000	78,949	(8,949)
Building maintenance	10,000	10,000	833	9,167
Landfill services	440,000	440,000	391,098	48,902
Office supplies	5,000	5,000	44	4,956
Operating supplies	5,000	5,000	1,345	3,655
Small items of equipment	-	-	5,908	(5,908)
Uniforms	5,000	5,000	5,764	(764)
Other operating supplies	-	-	16,259	(16,259)
Gas and fuel	65,000	65,000	78,138	(13,138)
Insurance	11,000	11,000	12,853	(1,853)
Bank charges	4,000	4,000	438	3,562
Bad debt	10,000	10,000	4,587	5,413
Capital outlay	<u>55,000</u>	<u>64,000</u>	<u>13,167</u>	<u>50,833</u>
Building maintenance	<u>1,173,213</u>	<u>1,191,643</u>	<u>1,126,620</u>	<u>65,023</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>144,819</u>	<u>126,389</u>	<u>286,040</u>	<u>159,651</u>
 Other financing sources (uses)				
Transfer to other fund	<u>(98,342)</u>	<u>(206,342)</u>	<u>(211,635)</u>	<u>(5,293)</u>
Total Other financing sources (uses)	<u>(98,342)</u>	<u>(206,342)</u>	<u>(211,635)</u>	<u>(5,293)</u>
 Net Change In Fund Balance	<u>46,477</u>	<u>(79,953)</u>	<u>74,405</u>	<u>(154,358)</u>
 Fund Balance at Beginning of Year	<u>414,924</u>	<u>414,924</u>	<u>414,924</u>	<u>-</u>
 Fund Balance at End of Year	<u>\$ 461,401</u>	<u>\$ 334,971</u>	<u>\$ 489,329</u>	<u>\$ 154,358</u>

See Independent Auditor's Report.

CITY OF PORTLAND, TENNESSEE
STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Charges for services				
Fees	\$ 795,000	\$ 795,000	\$ 938,693	\$ 143,693
Other revenues				
Interest	-	-	411	411
Miscellaneous income	-	-	10,239	10,239
Total revenues	<u>795,000</u>	<u>795,000</u>	<u>949,343</u>	<u>154,343</u>
Expenditures				
Salaries	435,611	435,611	446,985	(11,374)
Payroll taxes	33,324	33,324	33,220	104
Employee insurance	122,638	122,638	104,908	17,730
Retirement	20,971	20,971	21,441	(470)
Workers compensation	6,700	6,700	8,424	(1,724)
Employee education and training	5,000	5,000	5,064	(64)
Fees	6,500	6,500	3,460	3,040
Postage	750	750	500	250
Dues	1,100	1,100	300	800
Public relations	1,000	1,000	1,206	(206)
Advertising	250	250	-	250
Utilities	7,250	7,250	956	6,294
Telephone	20,000	20,000	9,872	10,128
Technology	1,000	1,000	3,209	(2,209)
Physicals	1,000	1,000	271	729
Auditing	1,000	1,000	800	200
Engineering	-	-	388	(388)
Data processing	3,000	3,000	6,743	(3,743)
Other professional services	90,000	90,000	81,195	8,805
Repair system	100,000	100,000	30,756	69,244
Repairs and maintenance - vehicles	15,000	15,000	7,194	7,806
Repairs and maintenance - equipment	7,500	7,500	11,120	(3,620)
Building maintenance	-	-	219	(219)
Travel	5,000	5,000	1,188	3,812
Meeting expense	500	500	-	500
Office supplies	1,000	1,000	559	441
Operating supplies	7,500	7,500	12,380	(4,880)
Other supplies	-	-	4,870	(4,870)
Small items of equipment	10,000	10,000	16,580	(6,580)
Uniforms	3,500	3,500	1,500	2,000
Gas and fuel	25,000	25,000	24,000	1,000
Insurance	5,000	5,000	5,796	(796)
Office equipment rental	2,000	2,000	947	1,053
Bank charges	-	-	292	(292)
Bad debts	3,000	3,000	1,362	1,638
Capital outlay	435,000	435,000	421,957	13,043
Total expenditures	<u>1,377,094</u>	<u>1,377,094</u>	<u>1,269,662</u>	<u>107,432</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(582,094)</u>	<u>(582,094)</u>	<u>(320,319)</u>	<u>261,775</u>
Other financing sources (uses)				
Insurance recoveries	-	-	59,250	59,250
Gain on sale of equipment	-	-	42,800	42,800
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>102,050</u>	<u>42,800</u>
Net Change In Fund Balance	<u>(582,094)</u>	<u>(582,094)</u>	<u>(218,269)</u>	<u>304,575</u>
Fund Balance at Beginning of Year	<u>831,545</u>	<u>831,545</u>	<u>831,545</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 249,451</u>	<u>\$ 249,451</u>	<u>\$ 613,276</u>	<u>\$ 363,825</u>

See Independent Auditor's Report.

**CITY OF PORTLAND, TENNESSEE
DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Fines and fees				
Drug fines	\$ 2,000	\$ 2,000	\$ 5,286	\$ 3,286
Forfeitures	-	-	18,074	18,074
Sale of confiscated property	2,000	2,000	-	(2,000)
Other revenues				
Donations	-	-	65	65
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>23,425</u>	<u>19,425</u>
 Expenditures				
Public safety				
Training	2,500	2,500	75	2,425
Operating supplies	500	500	2,300	(1,800)
Equipment	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total expenditures	<u>28,000</u>	<u>28,000</u>	<u>2,375</u>	<u>25,625</u>
 Net Change In Fund Balance	<u>(24,000)</u>	<u>(24,000)</u>	<u>21,050</u>	<u>45,050</u>
 Fund Balance at Beginning of Year	<u>75,960</u>	<u>75,960</u>	<u>75,960</u>	<u>-</u>
 Fund Balance at End of Year	<u><u>\$ 51,960</u></u>	<u><u>\$ 51,960</u></u>	<u><u>\$ 97,010</u></u>	<u><u>\$ 45,050</u></u>

See Independent Auditor's Report.

**CITY OF PORTLAND, TENNESSEE
E-CITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Fines and fees				
Citation fees	\$ -	\$ -	\$ 4,280	\$ 4,280
Other revenues				
Interest	-	-	1	1
Total revenues	-	-	4,281	4,281
 Expenditures				
Public safety	-	-	-	-
 Other financing sources (uses)				
Transfer in	-	-	1,880	1,880
Total Other financing sources (uses)	-	-	1,880	1,880
 Net Change In Fund Balance	-	-	6,161	6,162
 Fund Balance at Beginning of Year	-	-	-	-
 Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,161</u>	<u>\$ 6,161</u>

See Independent Auditor's Report.

CITY OF PORTLAND, TENNESSEE
GOLF COURSE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Charges for services				
Recreational fees	\$ 257,600	\$ 339,600	\$ 388,738	\$ 49,138
Other revenues				
Miscellaneous income	-	-	75	75
Total revenues	257,600	339,600	388,813	49,213
Expenditures				
Salaries	246,238	246,238	224,587	21,651
Payroll taxes	19,220	19,220	16,523	2,697
Employee insurance	31,691	43,691	42,039	1,652
Retirement	8,884	8,884	6,951	1,933
Workers compensation	1,500	1,500	1,571	(71)
Advertising	500	500	300	200
Utilities	9,500	9,500	11,816	(2,316)
Telephone	6,500	6,500	6,399	101
Technology	1,000	1,000	-	1,000
Physicals	-	-	323	(323)
Audit fees	-	-	800	(800)
Professional services	8,000	18,000	19,815	(1,815)
Other professional services	-	-	746	(746)
Repair system	1,500	1,500	6,086	(4,586)
Repairs and maintenance - vehicles	1,000	1,000	865	135
Repairs and maintenance - equipment	8,500	8,500	14,113	(5,613)
Building maintenance	10,000	10,000	1,372	8,628
Office supplies	500	500	224	276
Operating supplies	7,000	7,000	6,584	416
Chemicals and supplie	15,000	45,000	38,279	6,721
Small items of equipment	11,000	11,000	4,405	6,595
Supplies for resale	15,000	60,000	51,131	8,869
Uniforms	1,500	1,500	389	1,111
Gas and fuel	6,500	6,500	6,853	(353)
Concessions	5,000	5,000	8,019	(3,019)
Insurance	2,500	2,500	2,618	(118)
Equipment rental	26,400	26,400	-	26,400
Bank charges	1,300	1,300	6,557	(5,257)
Capital outlay	41,000	41,000	48,371	(7,371)
Total expenditures	486,733	583,733	527,736	55,997
Excess (deficiency) of revenues over (under) expenditures	(229,133)	(244,133)	(138,923)	105,210
Other financing sources (uses)				
Transfer in	230,000	230,000	155,000	(75,000)
Total Other financing sources (uses)	230,000	230,000	155,000	(75,000)
Net Change In Fund Balance	867	(14,133)	16,077	30,210
Fund Balance at Beginning of Year	11,633	11,633	11,633	-
Fund Balance at End of Year	\$ 12,500	\$ (2,500)	\$ 27,710	\$ 30,210

See Independent Auditor's Report.

CITY OF PORTLAND, TENNESSEE
IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Fines, fees and forfeitures				
Fees	\$ 320,000	\$ 410,000	\$ 550,004	\$ 140,004
Total revenues	<u>320,000</u>	<u>410,000</u>	<u>550,004</u>	<u>140,004</u>
 Expenditures				
Capital outlay	<u>274,000</u>	<u>302,000</u>	<u>102,476</u>	<u>199,524</u>
Total expenditures	<u>274,000</u>	<u>302,000</u>	<u>102,476</u>	<u>199,524</u>
 Net Change In Fund Balance	46,000	108,000	447,528	339,528
 Fund Balance at Beginning of Year	<u>324,114</u>	<u>324,114</u>	<u>324,114</u>	<u>-</u>
 Fund Balance at End of Year	<u>\$ 370,114</u>	<u>\$ 432,114</u>	<u>\$ 771,642</u>	<u>\$ 339,528</u>

See Independent Auditor's Report.

CITY OF PORTLAND, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Other revenues				
Interest	\$ -	\$ -	\$ 195	\$ 195
Total revenues	-	-	195	195
Expenditures				
Principal payments	755,240	1,309,625	1,281,055	28,570
Interest payments	517,368	533,983	358,058	175,925
Total expenditures	1,272,608	1,843,608	1,639,113	204,495
Excess (deficiency) of revenues over (under) expenditures	<u>(1,272,608)</u>	<u>(1,843,608)</u>	<u>(1,638,918)</u>	<u>204,690</u>
Other financing sources (uses)				
Transfer in	1,272,608	1,846,608	1,649,625	(196,983)
Total Other financing sources (uses)	<u>1,272,608</u>	<u>1,846,608</u>	<u>1,649,625</u>	<u>(196,983)</u>
Net Change In Fund Balance	-	3,000	10,707	7,707
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 10,707</u>	<u>\$ 7,707</u>

See Independent Auditor's Report.

CITY OF PORTLAND, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - GOVERNMENTAL FUNDS
JUNE 30, 2023

Fiscal Year	General Obligation Refunding Bonds - Series 2015		General Obligation Refunding Bonds - Series 2020		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 195,000	\$ 204,563	\$ 75,000	\$ 117,844	\$ 270,000	\$ 322,407
2025	200,000	199,200	80,000	114,094	280,000	313,294
2026	205,000	193,700	85,000	110,094	290,000	303,794
2027	215,000	188,062	90,000	105,844	305,000	293,906
2028	220,000	181,613	95,000	101,344	315,000	282,957
2029	225,000	175,012	100,000	96,594	325,000	271,606
2030	230,000	168,263	105,000	91,594	335,000	259,857
2031	240,000	161,362	110,000	86,344	350,000	247,706
2032	245,000	154,163	115,000	80,844	360,000	235,007
2033	255,000	146,812	120,000	76,244	375,000	223,056
2034	260,000	139,163	120,000	72,644	380,000	211,807
2035	270,000	130,062	125,000	69,044	395,000	199,106
2036	280,000	120,613	130,000	65,919	410,000	186,532
2037	290,000	110,812	130,000	62,669	420,000	173,481
2038	300,000	100,663	135,000	59,256	435,000	159,919
2039	310,000	90,162	140,000	55,713	450,000	145,875
2040	320,000	79,313	140,000	51,863	460,000	131,176
2041	335,000	67,312	145,000	48,013	480,000	115,325
2042	345,000	54,750	150,000	44,025	495,000	98,775
2043	360,000	41,813	155,000	39,900	515,000	81,713
2044	370,000	28,312	160,000	35,638	530,000	63,950
2045	385,000	14,438	165,000	31,238	550,000	45,676
2046	-	-	165,000	26,700	165,000	26,700
2047	-	-	170,000	21,750	170,000	21,750
2048	-	-	180,000	16,650	180,000	16,650
2049	-	-	185,000	11,250	185,000	11,250
2050	-	-	190,000	5,700	190,000	5,700
	<u>\$ 6,055,000</u>	<u>\$ 2,750,163</u>	<u>\$ 3,560,000</u>	<u>\$ 1,698,812</u>	<u>\$ 9,615,000</u>	<u>\$ 4,448,975</u>

Note: The City is drawing on a Government Loan Program Bond, Series 2022 as of June 30, 2023. They have drawn \$51,000 as of 6/30/2023.

See independent auditor's report.

CITY OF PORTLAND, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - ENTERPRISE FUNDS
JUNE 30, 2023

Fiscal Year	Water and Sewer System Revenue Refunding Bonds Series 2016		Water and Sewer System Revenue Refunding Bonds Series 2020		State Revolving Loan Fund 2006 Loan #37		Capital Outlay Note Jet Vac Truck #76		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 475,000	\$ 397,094	\$ 395,000	\$ 497,025	\$ 68,880	\$ 9,864	\$ 47,400	\$ 1,812	\$ 986,280	\$ 905,795
2025	480,000	385,218	405,000	489,125	70,068	8,676	47,400	637	1,002,468	883,656
2026	490,000	373,218	415,000	481,025	71,268	7,476	-	-	976,268	861,719
2027	500,000	360,969	420,000	472,725	72,492	6,252	-	-	992,492	839,946
2028	530,000	340,969	425,000	468,525	73,728	5,016	-	-	1,028,728	814,510
2029	545,000	319,769	430,000	464,275	74,988	3,756	-	-	1,049,988	787,800
2030	515,000	297,968	440,000	455,675	76,272	2,472	-	-	1,031,272	756,115
2031	535,000	277,368	450,000	442,475	77,580	1,164	-	-	1,062,580	721,007
2032	555,000	255,969	470,000	424,475	26,337	93	-	-	1,051,337	680,537
2033	575,000	239,319	490,000	405,675	-	-	-	-	1,065,000	644,994
2034	590,000	222,069	510,000	386,075	-	-	-	-	1,100,000	608,144
2035	605,000	204,369	530,000	365,675	-	-	-	-	1,135,000	570,044
2036	635,000	180,169	550,000	344,475	-	-	-	-	1,185,000	524,644
2037	435,000	154,769	570,000	322,475	-	-	-	-	1,005,000	477,244
2038	455,000	137,369	595,000	299,675	-	-	-	-	1,050,000	437,044
2039	470,000	119,168	620,000	275,875	-	-	-	-	1,090,000	395,043
2040	490,000	100,368	640,000	251,075	-	-	-	-	1,130,000	351,443
2041	370,000	80,769	670,000	225,475	-	-	-	-	1,040,000	306,244
2042	385,000	65,968	690,000	205,375	-	-	-	-	1,075,000	271,343
2043	400,000	53,938	710,000	184,675	-	-	-	-	1,110,000	238,613
2044	410,000	41,438	730,000	163,375	-	-	-	-	1,140,000	204,813
2045	425,000	28,112	750,000	141,475	-	-	-	-	1,175,000	169,587
2046	440,000	14,300	775,000	118,675	-	-	-	-	1,215,000	132,975
2047	-	-	795,000	99,600	-	-	-	-	795,000	99,600
2048	-	-	820,000	75,750	-	-	-	-	820,000	75,750
2049	-	-	840,000	51,150	-	-	-	-	840,000	51,150
2050	-	-	865,000	25,950	-	-	-	-	865,000	25,950
	<u>\$ 11,310,000</u>	<u>\$ 4,650,667</u>	<u>\$ 16,000,000</u>	<u>\$ 8,137,825</u>	<u>\$ 611,613</u>	<u>\$ 44,769</u>	<u>\$ 94,800</u>	<u>\$ 2,449</u>	<u>\$ 28,016,413</u>	<u>\$ 12,835,710</u>

Note: The Town is drawing on a TN Municipal Bond, City of Clarksville Series 2023 as of June 30, 2023. The have drawn \$51,000 as of June 30, 2023.

See independent auditor's report.

CITY OF PORTLAND, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Refunding During Period	Outstanding 6/30/2023
Governmental Activities									
Capital Outlay Notes									
Payable through General Fund									
Fire Department Capital Outlay Note #72	\$ 378,000	3.78%	2012	3/1/2022	\$ 30,900	\$ -	\$ 30,900	\$ -	\$ -
Street Paving Note #60	500,000	2.87%	2011	4/1/2023	41,630	-	41,630	-	-
Street Paving Capital Outlay Note #66	1,150,000	2.61%	2013	10/1/2023	179,620	-	179,620	-	-
Police Cars Capital Outlay Note #70	225,000	3.16%	2003	4/15/2023	33,750	-	33,750	-	-
Sanitation Trucks Capital Outlay Note #71	267,000	3.78%	2003	6/21/2023	53,400	-	53,400	-	-
Police/Fire Equipment Capital Outlay Note #73	369,000	3.00%	2004	11/5/2024	176,728	-	176,728	-	-
Refunding Capital Outlay Note #78	226,250	1.99%	2022	11/1/2026	226,250	-	226,250	-	-
TML Bonds Capital Outlay Note #79	276,000	1.99%	2022	3/1/2027	276,000	-	276,000	-	-
TN Municipal Bond Fund - City of Clarksville Series 2022 Note 1	6,000,000	2.85%	2022	6/1/2043	51,000	-	-	-	51,000
Total Notes Payable through the General Fund					<u>\$ 1,069,278</u>	<u>\$ -</u>	<u>\$ 1,018,278</u>	<u>\$ -</u>	<u>\$ 51,000</u>
Bonds Payable									
General Obligation Refunding Bonds, Series 2014	\$ 7,410,000	3.50%	2015	4/1/2045	\$ 6,245,000	\$ -	\$ 190,000	\$ -	\$ 6,055,000
General Obligation Refunding Bonds, Series 2020	3,780,000	2.625-4.00%	2020	6/30/2050	3,635,000	-	75,000	-	3,560,000
Total Bonds Payable					<u>\$ 9,880,000</u>	<u>\$ -</u>	<u>\$ 265,000</u>	<u>\$ -</u>	<u>\$ 9,615,000</u>
Business-Type Activities									
Capital Outlay Notes									
Payable through Water and Sewer Fund									
Jet Vac Truck #76	\$ 237,000	2.48%	2020	6/15/2025	\$ 142,200	\$ -	\$ 47,400	\$ -	\$ 94,800
TN Municipal Bond Fund - City of Clarksville Series 2023 Note 1	\$ 5,000,000	4.35%	2023	4/1/2048	-	51,000	-	-	51,000
Total Notes Payable through the Water an Sewer Fund					<u>\$ 142,200</u>	<u>\$ 51,000</u>	<u>\$ 47,400</u>	<u>\$ -</u>	<u>\$ 145,800</u>
BONDS PAYABLE									
Payable through Water and Sewer Fund									
Water and Sewer System Revenue Refunding Bonds, Series 2016	\$ 14,405,000	3.00%	2019	4/1/2046	\$ 11,765,000	\$ -	\$ 455,000	\$ -	\$ 11,310,000
Water and Sewer System Revenue Refunding Bonds, Series 2020	16,930,000	2.63%	2021	4/1/2050	16,390,000	-	390,000	-	16,000,000
Total Bonds Payable through Water and Sewer Fund					<u>\$ 28,155,000</u>	<u>\$ -</u>	<u>\$ 845,000</u>	<u>\$ -</u>	<u>\$ 27,310,000</u>
OTHER LOANS PAYABLE									
Payable through Water and Sewer Fund									
State Revolving Loan Fund, 2006	\$ 1,500,000	1.70%	2012	10/1/2031	\$ 679,341	\$ -	\$ 67,728	\$ -	\$ 611,613
Total Other Loans Payable through Water and Sewer Fund					<u>\$ 679,341</u>	<u>\$ -</u>	<u>\$ 67,728</u>	<u>\$ -</u>	<u>\$ 611,613</u>

Note 1 - These bonds are still being drawn on. The Town is making payments according to the amortization schedule.

See Independent Auditor's Report.

CITY OF PORTLAND, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE AND DELINQUENT AMOUNTS FILED WITH CHANCERY COURT
FOR THE YEAR ENDED JUN E30, 2023

Tax Year	Assessment	Tax Rate	Property Tax Receivable Balance June 30, 2021	Taxes Levied	Releases and Adjustments	Collections	Allowance For Uncollectibles	Outstanding Taxes Ending
2023	\$ 4,894,561	**	\$ -	\$4,894,561	\$ -	\$ -	\$ -	\$ 4,894,561
2022	4,422,553	1.06	4,579,333	437,800	4,999	(4,834,389)	-	187,743
2021	4,801,408	1.06	130,593	4,002	3,260	(101,882)	(5,396)	30,577
2020	4,852,413	1.06	36,648	-	-	(17,792)	(18,856)	-
2019	4,692,284	1.06	35,790	-	-	(2,022)	(33,768)	-
2018	3,982,140	1.21	14,063	-	-	(1,161)	(12,902)	-
2017	3,982,140	1.21	13,494	-	-	(1,427)	(12,067)	-
2016	3,985,892	1.21	13,164	-	-	(793)	(12,371)	-
2015	3,882,467	1.21	6,435	-	-	(703)	(5,732)	-
2014	2,679,618	1.21	4,588	-	-	(59)	(4,529)	-
2013	3,761,856	1.18	5,840	-	-	(7)	(5,833)	-
2012	3,310,126	*	8,276	-	-	(405)	(7,871)	-
			<u>\$ 4,848,224</u>	<u>\$5,336,363</u>	<u>\$ 8,259</u>	<u>\$ (4,960,640)</u>	<u>\$ (119,325)</u>	<u>\$ 5,112,881</u>

* Tax rate for Robertson County \$1.13 and Sumner County \$1.10

** Tax rate for Robertson County \$0.81 and Sumner County \$1.16

Notes: All uncollectible taxes for years prior to March 1, 2020 have been turned over to Chancery Court for collection.

See Independent Auditor's Report.

CITY OF PORTLAND
SCHEDULE OF UTILITY RATES AND NUMBER OF CUSTOMERS
JUNE 30, 2023

Water Customer Rates

	<u>Inside City Limits</u>	<u>Outside City Limits</u>
Residential		
First 2,500 gallons	14.03	29.38
Per 1,000 gallons over 2,500	5.61	11.75
Commercial		
First 2,500 gallons	18.18	31.42
Per 1,000 gallons over 2,500	7.27	12.57
Industrial		
First 2,500 gallons	22.06	33.71
Per 1,000 gallons over 2,500	8.82	13.48

Sewer Customer Rates

	<u>Inside City Limits</u>	<u>Outside City Limits</u>
Residential		
First 2,500 gallons	31.63	40.98
Per 1,000 gallons over 2,500	12.65	16.39
Commercial		
First 2,500 gallons	37.82	53.68
Per 1,000 gallons over 2,500	15.13	21.47
Industrial		
First 2,500 gallons	40.98	58.14
Per 1,000 gallons over 2,500	16.39	23.26

Solid Waste (Sanitation) Customer Rates

Residential	
1 or 2 Trash Carts	23.00
3 or 4 Trash Carts	46.00
Commercial	
1 or 2 Trash Carts	29.00
3 Trash Carts	43.00
4 Trash Carts	57.00
4 Yard Dumpster	225.00

Natural Gas Customer Rates

Residential - Inside City Limits		
Service Fee	6.00	
PTA Rate	0.28	
Cost of Gas Rate	0.28	
Residential - Outside City Limits		
Service Fee	10.00	
PTA Rate	0.35	
Cost of Gas Rate	0.28	
Commercial - Inside/Outside City Limits		
Service Fee	35.00	
PTA Rate	0.35	
Cost of Gas Rate	0.28	
Industrial - Inside/Outside City Limits		
Service Fee	250.00	
Usage	<u>PTA Rate</u>	<u>Cost of Gas</u>
0-10,000	0.32	0.28
10,001-30,000	0.25	0.28
30,001-100,000	0.13	0.28
100,001 and up	0.11	0.28

Add PTA Rate and cost of gas together. Then multiply by number of CCF on customer's reading and add service fee charge to that total.

Number of Customers

<u>Service</u>	<u>June 30, 2023</u>
Solid Waste	4,793
Water	8,203
Sewer	4,540
Natural Gas	5,285

CITY OF PORTLAND, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor	Program Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
<u>Federal Awards</u>				
U.S. Dept. of Homeland Security	Assistance to Firefighters Grant	97.044	EMW-2020-FG-18408	\$ 29,790
U.S. Dept. of Homeland Security	Assistance to Firefighters Grant	97.044	EMW-2021-FG-01885	41,662
Total 97.044				71,452
U.S. Department of Transportation/TN Dept. of Transportation, Aeronautics Division	Airport Improvement Program/Runway Rehabilitation, Line of Sight Correction and Airfield Lighting Replacement	20.106	AERO-22-382-00	5,169,132
U.S. Department of Transportation/TN Dept. of Transportation, Aeronautics Division	Airport Improvement Program/FAA American Rescue Plan (ARPA) Funding for Airports	20.106	AERO-22-302-00	32,000
Total 20.106				5,201,132
U.S. Department of Transportation/Tennessee Department of Transportation	Highway Planning and Construction/Scattersville Road Paving	20.205	83LPLM-F3-131	302,208
U.S. Department of Transportation/Tennessee Department of Transportation	Highway Planning and Construction/Portand Pedestrian Connector Project	20.205	83LPLM-F3-146	78,247
U.S. Department of Transportation/Tennessee Department of Transportation	Highway Planning and Construction/Kirby Road	20.205	83LPLM-F3-102	29,937
U.S. Department of Transportation/Tennessee Department of Transportation	Highway Planning and Construction/SR-109 From SR-52 to College St	20.205	83LPLM-F3-139	3,819
Total 20.205				414,211
U.S. Department of Safety & Homeland Security/Tennessee Department of Safety & Homeland Security	State and Community Highway Safety High Visibility Enforcement of Tennessee Traffic Safety Laws	20.600	Z22THS230	3,996
U.S. Department of Treasury - Direct Program	Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	210,296
TOTAL FEDERAL AWARDS				5,901,087
<u>State Financial Assistance</u>				
TN Dept. of Transportation, Aeronautics Division	FY23 Airport Maintenance	N/A	AERM-23-149-00	14,250
TN Dept. of Transportation, Aeronautics Division	Operations Data Counter Program	N/A	AERO-23-186-00	850
TN Dept. of Transportation, Aeronautics Division	Land Acquisition - Appraisal/Environmental		AERO-23-215-00	13,900
TN Dept. of Agriculture	Farmers Market Grant Program	N/A	N/A	1,350
TOTAL STATE AWARDS				30,350
TOTAL FEDERAL & STATE AWARDS				\$ 5,931,437

Note 1 - Basis of Presentation: The schedule is presented using the modified accrual basis of accounting.

Note 2 - Indirect Cost Rate: The City of Portland, Tennessee has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - The City of Portland, Tennessee did not have any funds passed through to subrecipients.

Note 4 - The City has an outstanding loan of \$611,613 obtained through the State Revolving Loan Fund (SRLF) in 2006. The loan is presented in detail elsewhere in the supplementary and other information section of this report.



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

To the Honorable Mayor
and Board of Aldermen
City of Portland, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Portland, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Portland, Tennessee's basic financial statements and have issued our report thereon dated February 16, 2024.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023 – 001 and 2023 – 003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023 – 002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Portland, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023 – 004.

City of Portland, Tennessee's Response to Findings

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Wickberg Accounting, LLC". The signature is written in a cursive, flowing style.

Lewisburg, Tennessee
February 16, 2024



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

To the Honorable Mayor
and the Board of Aldermen
City of Portland, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, City of Portland, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item SAF 2023 – 001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item SAF 2023 – 001 to be a significant deficiency.

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

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

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

Wickburg Accounting, LLC

Lewisburg, Tennessee
February 16, 2024

**CITY OF PORTLAND, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Statement Findings

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2022-001	Financial Statements Materially Misstated Before Audit Adjustments (original finding #2021-002)	Repeated/2023-001
2022-002	Purchase Orders original finding #2022-002)	Repeated/2023-002
2022-003	Inventory/Workorders (original finding #2022-003)	Repeated/2023-003
2022-004	Expenditures in Excess of Budgeted Appropriations (original finding #2022-004)	Corrected

Federal Award Findings and Questioned Costs

There were no prior findings reported.

**CITY OF PORTLAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified Yes
- Significant deficiency(s) Yes

Noncompliance material to financial statements noted? Yes

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? Yes

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

Any audit findings disclosed that are required to be reported in
Accordance with 2 CFR 200.516(a)? Yes

Identification of Major Federal Programs:

- Assistance Listing No.: 20.106 Airport Improvement Program

Dollar threshold for distinguishing Types A and B programs: \$750,000

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

2023 – 001 Financial Statements Materially Misstated Before Audit Adjustments (Material Weakness)

Condition: There were various transactions which were misclassified and adjustments were required to prevent materially misstated financial statements.

Criteria: Generally accepted accounting principles require the City to have adequate internal controls over the maintenance of accounting records and employ an individual who has necessary skills, knowledge, and experience to oversee the accounting records.

Cause: Lack of knowledgeable accounting staff.

Effect: Material adjustments were required because the City’s financial system did not detect misstatements in the accounting records.

Recommendation: The City should take steps to ensure that general ledger balances are properly stated before closing the books.

**CITY OF PORTLAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Management's Response: Management will take steps to ensure that general ledger balances are properly stated before closing the books. We will record all financial information accurately and will strive to improve our accounting and financial reporting.

2023 – 002 Purchase Orders (Significant Deficiency)

Condition: The City had some purchase orders that were issued after the fact and some disbursements were missing purchase orders

Criteria: Follow the City's purchasing policy.

Cause: Oversight.

Effect: Lack of controls over purchasing and violated the City's purchasing policy.

Recommendation: Follow the City's purchasing policy

Management's Response: Management strives to ensure that all purchasing policies and procedures are followed. Management will train department on purchasing policies and procedures.

2023 – 003 Inventory/Workorders (Material Weakness)

Condition: The City does not have an adequate system in place to monitor, track, and provide a full accounting of all inventory transactions. They are not maintaining workorders.

Criteria: Proper internal controls should be in place and should include procedures so that supplies received are secure, inventoried and reported accurately.

Cause: Oversight.

Effect: Lack of controls over inventory and financial statements misstated.

Management's Response: The City of Portland has purchased a materials management program. Employees are being trained on the software that will monitor, track, and account for all inventory when received and when material are used.

2023 – 004 No Bids (Noncompliance)

Condition: The City failed to obtain bids for a purchase that exceeded \$25,000.

Criteria: The City must follow the Municipal Purchasing Law of 1983 and T.C.A 12-3-1212. The City's purchasing policy states that all purchases over \$25,000 must have sealed bids.

Cause: Oversight.

Recommendation: We recommend that the City obtain sealed bids on purchases that exceed the amount set out in their purchasing policy.

Effect: The City violated TCA 6-56-203 and its purchasing policy.

Management's Response: Management will obtain sealed bids for any purchases over \$25,000 and will follow the Purchasing Law of 1983.

**CITY OF PORTLAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section III – Federal Award Findings and Questioned Costs

U.S. Dept. of Transportation

Passed through State of Tennessee Department of Transportation

Program Name: Airport Improvement Program

Assistance Listing: 20.106

Grant Number: Federal Grant Number 3-47-59,64,57 TAD Contract Number AERO-22-382-00

Finding SAF 2023 – 001

Contract AERO-22-382, Section D.5 Subcontracting

Criteria: The Grantee shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, each shall contain, at a minimum, sections of this Grant Contract pertaining to "Conflicts of Interest," "Lobbying," "Nondiscrimination," "Public Accountability," "Public Notice," and "Records" (as identified by the section headings).

Condition: On Contract AERO22382, the subcontract between the City and Garver LLC did not meet the requirements on "Lobbying" or "Conflicts of Interest". On Contract AERO22382, the subcontract between the City and Cleary Construction did not meet the requirements on "Conflicts of Interest", "Lobbying", "Nondiscrimination", "Public Accountability", "Public Notice", and "Records".

Questioned Costs: None.

Effect: The City was not in compliance with the grant contract provision in Section D.5 Subcontracting.

Cause: Oversight.

Recommendation: We recommend that the City implement procedures to ensure compliance with this regulation as it relates to federal programs.

Corrective Action: The City has implemented procedures to ensure compliance with this regulation as it relates to federal programs.



100 South Russell, Portland, Tennessee 37148
615-325-6776

MANAGEMENT'S CORRECTIVE ACTION PLAN

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

Name and address of independent public accounting firm:

Wickberg Accounting, PLLC
111 E Commerce Street
Lewisburg, Tennessee 37091

Responsible officials for corrective action:

Rachel Slusser, CMFO

Signed: Rachel Slusser

Audit Period:
June 30, 2023

Section II – Financial Statement Findings

2023 – 001 Financial Statements Materially Misstated Before Audit Adjustments

Corrective action planned

Management will take steps to ensure that general ledger balances are properly stated before closing the books. We will record all financial information accurately and will strive to improve our accounting and financial reporting.

Anticipated completion date

June 30, 2024

2023 – 002 Purchase Orders

Corrective action planned

Management strives to ensure that all purchasing policies and procedures are followed. Management will train department on purchasing policies and procedures.

Anticipated completion date

June 30, 2024

2023 – 003 Inventory/Workorders

Corrective action planned

The City has purchased a materials management program. Employees are being trained on the software that will monitor, track, and account for all inventory when received and when materials are used.

Anticipated completion date

June 30, 2024

2023 – 004 No Bids

Corrective action planned

Management will obtain sealed bids for any purchases over \$25,000 and will follow the Purchasing Law of 1983.

Anticipated completion date

June 30, 2024

Section III – Federal Award Findings and Questioned Costs

SAF 2023 – 001 Subcontracting

Corrective action planned

The City has implemented procedures to ensure compliance with this regulation as it relates to federal programs.

Anticipated completion date

This has been completed.