

**CITY OF RIVES, TENNESSEE**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

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

**CITY OF RIVES, TENNESSEE  
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## **INTRODUCTORY SECTION**

**CITY OF RIVES, TENNESSEE**

June 30, 2023

**Mayor**

Lester Burnes

**Recorder**

LaVonda Humphries, CMFO

**Board of Aldermen**

Craig McCord, Vice-Mayor

Sherry Davis

Angela Summers

**City Attorney**

Allen Nohsey

Union City, TN

**Independent Certified Public Accountants**

ATA CPAs + Advisors PLLC

## **FINANCIAL SECTION**



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## Independent Auditor's Report

The Honorable Mayor and Board of Aldermen  
City of Rives, Tennessee

### Report on the Audit of the Financial Statements

#### Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Rives, Tennessee, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, state street aid fund, and sanitation 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 Rives, 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 Rives, 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Rives, 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 Rives, 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 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 Rives, Tennessee's basic financial statements. The supplementary information as listed in the table of contents 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 section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the City of Rives, 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 Rives, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rives, Tennessee's internal control over financial reporting and compliance.

*ATA CPAs + Advisors PLLC*

Dyersburg, Tennessee  
December 7, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Rives, Tennessee we offer readers of the City of Rives' financial statements this narrative overview and analysis of the financial activities of the City of Rives for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in the basic financial statements and the accompanying notes to those financial statements. All amounts, unless otherwise indicated, are expressed in actual dollars.

### FINANCIAL HIGHLIGHTS

Management believes the City of Rives' financial condition is sufficiently strong to provide services to its citizens in the future. The City is within its budget for the current year and plans to monitor all funds frequently to assure compliance with policies set forth by the Mayor and Board of Aldermen. The following are key financial highlights.

- The assets of the City of Rives exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,622,668. Of this amount, \$840,682 (unrestricted net position) may be used to meet the government's ongoing obligation to citizens and creditors. The City's total net position increased by \$202,785.
- At June 30, 2023, the City's governmental funds reported a combined ending fund balance of \$582,596 an increase of \$117,304 in comparison with the prior year. Of that balance, \$427,672 is unassigned and is available for spending at the government's discretion, \$84,303 is restricted and \$70,621 is assigned.
- At June 30, 2023 unassigned fund balance for the general fund was \$427,672, or 223% of total general fund expenditures.
- The City did not have any long-term debt as of June 30, 2023.
- The City's capital assets (net of depreciation) for governmental activities increased by \$76,551 during the year ended June 30, 2023. This was due to new capital assets exceeding depreciation expense.

### OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and supplementary information. The MD&A represents management's examination and analysis of the City's financial condition and activities. Summary financial statement data, key financial and operational indicators, budget and other management tools were used for this analysis. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required, and supplementary and other information in addition to the basic financial statements themselves.

#### Government-wide Financial Statements

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

The *Statement of Net Position* presents the financial position of the City on a full accrual, historical cost basis. The statement of net position provides information on all the City's assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time,

increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes 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 include general government, public safety, and highways and streets services. The business-type activities of the City include the operations of the sewer facilities.

The government-wide financial statements can be found on pages 11-12 of this report.

### **Fund Financial Statements**

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

**Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as 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 the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, grant fund, state street aid fund, and sanitation fund which are considered to be major funds. There was no activity in the grant fund during the year ended June 30, 2023.

The City adopts an annual appropriations budget for its general and special revenue funds. A budgetary comparison statement has been provided for the general and special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-20 of this report.

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

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 Sewer activities of the City, which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

### **Notes to the Financial Statements**

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the government-wide and fund financial statements. The notes present information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. The notes to the financial statements can be found beginning at page 24 of this report.

### **Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This can be found beginning at page 33 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rives, assets exceeded liabilities and deferred inflows of resources by \$1,622,668 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (43%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt, if any, must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Town of Rives, Tennessee**  
**Condensed Statement of Net Position**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 677,712	\$ 597,185	\$ 329,299	\$ 315,303	\$ 1,007,011	\$ 912,488
Capital assets	507,567	431,016	190,116	199,037	697,683	630,053
Total assets	<u>1,185,279</u>	<u>1,028,201</u>	<u>519,415</u>	<u>514,340</u>	<u>1,704,694</u>	<u>1,542,541</u>
Accounts payable & unearned	28,758	66,877	2,486	1,590	31,244	68,467
Total liabilities	<u>28,758</u>	<u>66,877</u>	<u>2,486</u>	<u>1,590</u>	<u>31,244</u>	<u>68,467</u>
Deferred inflows						
Unavailable revenue	<u>50,782</u>	<u>54,191</u>			<u>50,782</u>	<u>54,191</u>
Net Position:						
Investment in capital assets	507,567	431,016	190,116	199,037	697,683	630,053
Restricted	84,303	82,722	-	-	84,303	82,722
Unrestricted	<u>513,869</u>	<u>393,395</u>	<u>326,813</u>	<u>313,713</u>	<u>840,682</u>	<u>707,108</u>
Total net position	<u>\$ 1,105,739</u>	<u>\$ 907,133</u>	<u>\$ 516,929</u>	<u>\$ 512,750</u>	<u>\$ 1,622,668</u>	<u>\$ 1,419,883</u>

At year end \$84,303 of the City's net position represented resources that are subject to external restrictions on how they may be used. The balance of \$840,682 in unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At June 30, 2023, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**City of Rives, Tennessee**  
**Condensed Statement of Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 48,670	\$ 48,715	\$ 52,108	\$ 51,852	\$ 100,778	\$ 100,567
Capital or operating grants	192,024	221,901	-	-	192,024	221,901
General Revenues:						
Local taxes	72,917	69,891	-	-	72,917	69,891
Intergovernmental	30,724	31,531	-	-	30,724	31,531
Interest on investments	220	189	159	148	379	337
Other	251	333	-	-	251	333
Total revenues	<u>344,806</u>	<u>372,560</u>	<u>52,267</u>	<u>52,000</u>	<u>397,073</u>	<u>424,560</u>
Expenses:						
General government	49,370	103,947	-	-	49,370	103,947
Fire department	23,806	19,926	-	-	23,806	19,926
Public works	48,357	5,524	-	-	48,357	5,524
State Street Aid	8,065	7,224	-	-	8,065	7,224
Sanitation	16,602	15,704	-	-	16,602	15,704
Sewer	-	-	48,088	37,754	48,088	37,754
Total expenses	<u>146,200</u>	<u>152,325</u>	<u>48,088</u>	<u>37,754</u>	<u>194,288</u>	<u>190,079</u>
Change in net position	198,606	220,235	4,179	14,246	202,785	234,481
Net position - beginning	907,133	686,898	512,750	498,504	1,419,883	1,185,402
Net position - ending	<u>\$ 1,105,739</u>	<u>\$ 907,133</u>	<u>\$ 516,929</u>	<u>\$ 512,750</u>	<u>\$ 1,622,668</u>	<u>\$ 1,419,883</u>

**Governmental activities** - Governmental activities increased the City of Rives' net position by \$198,606. Key elements of this increase were grant funding from the American Rescue Plan Act and fire department equipment grant reimbursements along with overall total revenues exceeding total expenditures.

**Business-type activities** - Business-type activities increased the City's net position by \$4,179. The key element of the increase was total revenues exceeding total expenditures for the year.

### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$582,596 an increase of \$117,304 in comparison with the prior year. \$427,672 of this amount was unassigned, which is available for spending at the government's discretion.

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 \$427,672. The fund balance of the City's general fund increased \$115,723 during the current fiscal year.

The state street aid fund had a restricted fund balance of \$47,186 at year end, which was an increase of \$515 over the prior year. The sanitation fund had a restricted balance of \$37,117 at year end, which was an increase of \$1,066 over the prior year.

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

Unrestricted net position of the Sewer fund at the end of the year amounted to \$326,813. The total increase in net position for the Sewer fund was \$4,179. Other factors concerning the finances have been addressed in the discussion of the City's business-type activities.

### **Budgetary Highlights**

Differences between the original budget and the final amended budget, as well as differences between the final budget and actual can be briefly summarized as follows:

- The original budget for general fund public works expenditures increased by \$6,971 for additional costs in constructing the equipment building and tree trimming.
- General fund budgeted revenue exceeded actual revenue by \$134,607 due to recognition in the current year of American Rescue Plan Act funding deferred in the prior year along with the receipt of new fire department equipment grant funding.
- Fire department budgeted expenditures exceeded actual expenditures by \$64,799 due to equipment purchased with grant funding that was not included in the final budget.

### **Capital Asset and Debt Administration**

At the end of fiscal year 2023, the City had \$697,683 (net of accumulated depreciation) invested in a broad range of capital assets. This investment includes land, buildings, machinery and equipment, and sewer system assets. The total increase in the city's investment in capital assets for the current period amounted to \$67,630. The increase is due to the capitalization of the City's new equipment building and equipment purchases for the fire department, park and sewer department which in total exceeded depreciation expense for the year.

Additional information on the City's capital assets can be found in Note 4C of this report.

The following tables summarize the City's capital assets and changes therein, for the year ended June 30, 2023. These changes are presented in detail in Note 4C to the financial statements.

**City of Rives, Tennessee**  
**Combined Statement of Capital Assets**  
**(Net of Depreciation)**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>2023</u>	<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>		<u>2022</u>
Land (not depreciated)	\$ 2,190	\$ 2,190	\$ -	\$ -	\$ 2,190	\$ 2,190
Buildings & infrastructure	492,721	457,468	-	-	492,721	457,468
Furniture and equipment	541,534	468,038	-	-	541,534	468,038
Utility plant in service	-	-	<u>660,181</u>	<u>655,660</u>	<u>660,181</u>	<u>655,660</u>
Total capital assets	<u>1,036,445</u>	<u>927,696</u>	<u>660,181</u>	<u>655,660</u>	<u>1,696,626</u>	<u>1,583,356</u>
Less: accum. depreciation	<u>(528,878)</u>	<u>(496,680)</u>	<u>(470,065)</u>	<u>(456,623)</u>	<u>(998,943)</u>	<u>(953,303)</u>
Total, net of depreciation	<u>\$ 507,567</u>	<u>\$ 431,016</u>	<u>\$ 190,116</u>	<u>\$ 199,037</u>	<u>\$ 697,683</u>	<u>\$ 630,053</u>

**Long-term debt** - At the end of the current fiscal year, the City did not have any outstanding long-term debt.

**Economic Factors and Next Year's Budget and Rates**

Factors considered in preparing the City's budget for the 2024 fiscal year include the following:

- The 2023 unemployment rate for Rives and Obion County was 4.4%, compared to the State's average of 3.1% and the US average of 3.6%.

At June 30, 2023 the unassigned fund balance in the general fund was \$427,672. The City has approved an operating budget for the general fund (including the fire department) of \$151,198 for fiscal year 2024 with a planned increase of \$2,870 in general fund balance.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for any additional information should be directed to the Office of the City Recorder, City of Rives, 501 South Front Street, P.O. Box 179, Rives, Tennessee 38253.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF RIVES, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2023

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 604,361	\$ 324,191	\$ 928,552
Property taxes receivable (net)	66,927	-	66,927
Accounts receivable (net)	1,974	5,108	7,082
Other taxes receivable	4,450	-	4,450
Capital assets, not being depreciated:			
Land and improvements	2,190	-	2,190
Capital assets, being depreciated, net:			
Buildings and infrastructure	409,370	-	409,370
Equipment	96,007	-	96,007
Sewer plant in service	-	190,116	190,116
<b>Total assets</b>	<b>1,185,279</b>	<b>519,415</b>	<b>1,704,694</b>
<b>Liabilities</b>			
Accounts Payable	3,450	2,486	5,936
Unearned revenue - firefighter grant	25,308	-	25,308
<b>Total liabilities</b>	<b>28,758</b>	<b>2,486</b>	<b>31,244</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property tax	50,782	-	50,782
<b>Total deferred inflows of resources</b>	<b>50,782</b>	<b>-</b>	<b>50,782</b>
<b>Net Position</b>			
Investment in capital assets	507,567	190,116	697,683
Restricted for:			
State street aid	47,186	-	47,186
Solid waste	37,117	-	37,117
Unrestricted	513,869	326,813	840,682
<b>Total net position</b>	<b>\$ 1,105,739</b>	<b>\$ 516,929</b>	<b>\$ 1,622,668</b>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 49,370	\$ 1,516	\$ 85,276	\$ 27,041	\$ 64,463	\$ -	\$ 64,463
Fire department	23,806	23,590	-	71,132	70,916	-	70,916
Public works	48,357	-	-	-	(48,357)	-	(48,357)
Highways and streets	8,065	-	8,575	-	510	-	510
Sanitation	16,602	23,564	-	-	6,962	-	6,962
Total governmental activities	<u>146,200</u>	<u>48,670</u>	<u>93,851</u>	<u>98,173</u>	<u>94,494</u>	<u>-</u>	<u>94,494</u>
Business-type activities:							
Sewer	48,088	52,108	-	-	-	4,020	4,020
Total	<u>\$ 194,288</u>	<u>\$ 100,778</u>	<u>\$ 93,851</u>	<u>\$ 98,173</u>	<u>\$ 94,494</u>	<u>\$ 4,020</u>	<u>\$ 98,514</u>
General Revenues							
Property taxes and interest/penalties					30,407	-	30,407
Ad valorem tax					21,458	-	21,458
TVA in lieu of tax					2,958	-	2,958
Local county sales taxes					18,094	-	18,094
State sales tax					29,142	-	29,142
Telecommunications state tax					569	-	569
State beer tax					112	-	112
State sports betting tax					401	-	401
State income tax					56	-	56
State tax relief					444	-	444
Interest					220	159	379
Miscellaneous					251	-	251
Total					<u>104,112</u>	<u>159</u>	<u>104,271</u>
<b>Change in net position</b>					<b>198,606</b>	<b>4,179</b>	<b>202,785</b>
Net position - beginning					907,133	512,750	1,419,883
Net position - ending					<u>\$ 1,105,739</u>	<u>\$ 516,929</u>	<u>\$ 1,622,668</u>

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

## **FUND FINANCIAL STATEMENTS**

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

	<b>MAJOR</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>State Street Aid Fund</b>	<b>Sanitation Fund</b>	
<b>Assets</b>				
Cash	\$ 519,339	\$ 46,429	\$ 38,593	\$ 604,361
Property taxes receivable, net	66,927	-	-	66,927
Other taxes receivable	3,693	757	-	4,450
Accounts receivable, net	-	-	1,974	1,974
<b>Total assets</b>	<b>\$ 589,959</b>	<b>\$ 47,186</b>	<b>\$ 40,567</b>	<b>\$ 677,712</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 3,450	\$ 3,450
Unearned revenue - grant funding	25,308	-	-	25,308
Total liabilities	25,308	-	3,450	28,758
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	66,358	-	-	66,358
Total deferred inflows of resources	66,358	-	-	66,358
<b>Fund Balances</b>				
Restricted				
State street aid	-	47,186	-	47,186
Sanitation	-	-	37,117	37,117
Assigned - fire department	70,621	-	-	70,621
Unassigned	427,672	-	-	427,672
Total fund balances	<b>498,293</b>	<b>47,186</b>	<b>37,117</b>	<b>582,596</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 589,959</b>	<b>\$ 47,186</b>	<b>\$ 40,567</b>	<b>\$ 677,712</b>

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

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

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance of governmental funds	\$ 582,596
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	507,567
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>15,576</u>
Net position of governmental activities	<u><u>\$ 1,105,739</u></u>

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

**CITY OF RIVES, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2023

	<b>MAJOR</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>State Street Aid Fund</b>	<b>Sanitation Fund</b>	
<b>Revenues</b>				
Local taxes	\$ 65,207	\$ -	\$ -	\$ 65,207
Intergovernmental revenue	212,131	8,575	23,564	244,270
GEMC grant revenue	5,000	-	-	5,000
Charges for services	25,106	-	-	25,106
Interest income	211	5	4	220
Other revenues	251	-	-	251
Total revenues	<b><u>307,906</u></b>	<b><u>8,580</u></b>	<b><u>23,568</u></b>	<b><u>340,054</u></b>
<b>Expenditures</b>				
Current				
General government	74,732	-	-	74,732
Fire department	89,699	-	-	89,699
Public works	27,752	-	-	27,752
Grant expenditures	-	-	-	-
Highway and streets	-	8,065	-	8,065
Sanitation	-	-	22,502	22,502
Total expenditures	<b><u>192,183</u></b>	<b><u>8,065</u></b>	<b><u>22,502</u></b>	<b><u>222,750</u></b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>115,723</b>	<b>515</b>	<b>1,066</b>	<b>117,304</b>
Fund balance - beginning of year	<u>382,570</u>	<u>46,671</u>	<u>36,051</u>	<u>465,292</u>
Fund balance - end of year	<b><u>\$ 498,293</u></b>	<b><u>\$ 47,186</u></b>	<b><u>\$ 37,117</u></b>	<b><u>\$ 582,596</u></b>

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

**CITY OF RIVES, TENNESSEE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances of governmental funds	\$ 117,304
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	76,550
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,752
Change in net position of governmental activities	\$ 198,606

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

**CITY OF RIVES, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>				
<b>Local taxes</b>				
Property taxes	\$ 27,000	\$ 27,000	\$ 25,110	\$ (1,890)
Ad valorem tax	24,000	24,000	21,458	(2,542)
Interest and penalties	1,000	1,000	545	(455)
Local county sales tax	12,000	12,000	18,094	6,094
Total local taxes	<u>64,000</u>	<u>64,000</u>	<u>65,207</u>	<u>1,207</u>
<b>Intergovernmental revenues</b>				
State sales tax	30,000	30,000	29,142	(858)
State telecommunications tax	500	500	569	69
State income tax	500	500	56	(444)
State beer tax	200	200	112	(88)
State sports betting tax	200	200	401	201
State tax relief	1,000	1,000	444	(556)
State city streets and transportation - petroleum special	700	700	451	(249)
TVA payments in lieu of taxes	3,000	3,000	2,958	(42)
American Rescue Plan funding	46,139	46,139	92,278	46,139
State of TN firefighter grant	-	-	66,132	66,132
Governor's direct appropriation	-	-	19,588	19,588
Total intergovernmental revenues	<u>82,239</u>	<u>82,239</u>	<u>212,131</u>	<u>129,892</u>
<b>Charges for services</b>				
Rural fire fees	22,000	22,000	20,090	(1,910)
County fire fees	3,500	3,500	3,500	-
Mowing lots	1,000	1,000	1,516	516
Total charges for services	<u>26,500</u>	<u>26,500</u>	<u>25,106</u>	<u>(1,394)</u>
<b>Other revenues</b>				
Interest income	210	210	211	1
GEMC Fire Dept. grant funding	-	-	5,000	5,000
Miscellaneous income	350	350	251	(99)
Total other revenues	<u>560</u>	<u>560</u>	<u>5,462</u>	<u>4,902</u>
Total revenues	<u>173,299</u>	<u>173,299</u>	<u>307,906</u>	<u>134,607</u>
<b>Expenditures</b>				
<b>General government</b>				
Executive and governing board	2,000	2,000	1,550	(450)
Office and maintenance salaries	35,300	35,300	31,358	(3,942)
Payroll taxes	2,500	2,500	2,444	(56)
Utilities	2,000	2,000	1,482	(518)

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

**CITY OF RIVES, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Postage, box rent	300	300	231	(69)
Telephone	600	600	480	(120)
Office operations	1,500	1,500	1,841	341
Professional services	14,425	14,425	13,599	(826)
Dues and subscriptions	600	600	423	(177)
Reappraisal cost	1,000	1,000	947	(53)
Tax notices	100	100	148	48
Donations	100	100	80	(20)
Insurance	13,040	13,040	10,124	(2,916)
Upgrade and maintenance	7,000	7,000	7,454	454
Parks building and equipment	250	250	-	(250)
Parks utilities	1,200	1,200	1,386	186
Parks operation and maintenance	2,000	2,000	1,185	(815)
Total general government	<u>83,915</u>	<u>83,915</u>	<u>74,732</u>	<u>(9,183)</u>
<b>Fire department</b>				
Equipment and training	9,000	9,000	78,427	69,427
Utilities	3,400	3,400	2,583	(817)
Telephone and internet	1,000	1,000	1,156	156
Operation and maintenance	5,000	5,000	2,861	(2,139)
Fuel	1,500	1,500	1,109	(391)
Salary to fire call respondents	600	600	293	(307)
Tower rent	800	800	540	(260)
VFIS insurance	3,600	3,600	2,730	(870)
Total fire administration	<u>24,900</u>	<u>24,900</u>	<u>89,699</u>	<u>64,799</u>
<b>Public works</b>				
Operations and maintenance	2,000	4,514	4,514	-
Upgrade	18,000	22,415	22,415	-
Fuel	1,750	1,750	731	(1,019)
Dog collection and kennel supplies	100	142	92	(50)
Demolition and cleanup	5,000	5,000	-	(5,000)
Total public works	<u>26,850</u>	<u>33,821</u>	<u>27,752</u>	<u>(6,069)</u>
Total expenditures	<u>135,665</u>	<u>142,636</u>	<u>192,183</u>	<u>49,547</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>37,634</b>	<b>30,663</b>	<b>115,723</b>	<b>85,060</b>
Fund balance - July 1, 2022	<u>382,570</u>	<u>382,570</u>	<u>382,570</u>	<u>-</u>
Fund balance - June 30, 2023	<u>\$ 420,204</u>	<u>\$ 413,233</u>	<u>\$ 498,293</u>	<u>\$ 85,060</u>

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

**CITY OF RIVES, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**STATE STREET AID FUND**  
For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
<b>Revenues</b>				
State gasoline tax - 3 cent	\$ 1,800	\$ 1,800	\$ 1,269	\$ (531)
State gasoline & motor fuel tax	6,000	6,000	4,401	(1,599)
State gasoline tax - 1989	1,000	1,000	687	(313)
State gasoline tax - 2017	3,000	3,000	2,218	(782)
Interest income	10	10	5	(5)
Total revenues	<u>11,810</u>	<u>11,810</u>	<u>8,580</u>	<u>(3,230)</u>
<b>Expenditures</b>				
Repair and maintenance	45,000	45,000	580	(44,420)
Street signs	2,000	2,000	56	(1,944)
Electric - street lighting	8,000	8,000	7,429	(571)
Total expenditures	<u>55,000</u>	<u>55,000</u>	<u>8,065</u>	<u>(46,935)</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>(43,190)</b>	<b>(43,190)</b>	<b>515</b>	<b>43,705</b>
Fund balance - July 1, 2022	<u>46,671</u>	<u>46,671</u>	<u>46,671</u>	<u>-</u>
Fund balance - June 30, 2023	<u><u>\$ 3,481</u></u>	<u><u>\$ 3,481</u></u>	<u><u>\$ 47,186</u></u>	<u><u>\$ 43,705</u></u>

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

**CITY OF RIVES, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**SANITATION FUND**  
For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>				
<b>Intergovernmental revenues</b>				
Garbage collection	\$ 24,000	\$ 24,000	\$ 23,564	\$ (436)
<b>Other revenues</b>				
Interest income	10	10	4	(6)
Total revenues	24,010	24,010	23,568	(442)
<b>Expenditures</b>				
Garbage pickup	16,000	16,000	13,800	(2,200)
Fuel	1,000	1,000	556	(444)
Operations	20,000	20,000	8,146	(11,854)
Total expenditures	<u>37,000</u>	<u>37,000</u>	<u>22,502</u>	<u>(14,498)</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>(12,990)</b>	<b>(12,990)</b>	<b>1,066</b>	<b>14,056</b>
Fund balance - July 1, 2022	<u>36,051</u>	<u>36,051</u>	<u>36,051</u>	<u>-</u>
Fund balance - June 30, 2023	<u><u>\$ 23,061</u></u>	<u><u>\$ 23,061</u></u>	<u><u>\$ 37,117</u></u>	<u><u>\$ 14,056</u></u>

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

**CITY OF RIVES, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**SEWER**  
June 30, 2023

<b>Assets</b>		
Current assets		
Cash		\$ 324,191
Accounts receivable (net)		<u>5,108</u>
Total current assets		329,299
Capital assets (net of accumulated depreciation):		
Sewer plant	<u>190,116</u>	
Total capital assets		<u>190,116</u>
<b>Total assets</b>		<b><u>519,415</u></b>
 <b>Liabilities and Net Position</b>		
Current liabilities		
Accounts payable		<u>2,486</u>
<b>Total liabilities</b>		<b><u>2,486</u></b>
 Net Position		
Investment in capital assets	190,116	
Unrestricted	<u>326,813</u>	
<b>Total net position</b>		<b><u><u>\$ 516,929</u></u></b>

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

**CITY OF RIVES, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**SEWER FUND**  
For the Year Ended June 30, 2023

<b>Operating revenues</b>		
Sewer sales		\$ 52,058
Permits		50
Total revenues		<u>52,108</u>
 <b>Operating expenses</b>		
Salaries	2,400	
Payroll taxes	184	
Superintendent contract services	7,950	
Sewer treatment	10,919	
Utilities	1,924	
General operation	2,557	
Billing expense	5,659	
Depreciation	16,495	
Total operating expenses	<u>48,088</u>	<u>48,088</u>
 <b>Operating income</b>		 <b>4,020</b>
 Non-operating revenues (expenses)		
Interest income	<u>159</u>	
Total non-operating revenues (expenses)		<u>159</u>
 <b>Change in net position</b>		 <b>4,179</b>
 Net position - July 1, 2022		 <u>512,750</u>
 Net position - June 30, 2023		 <u>\$ 516,929</u>

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

**CITY OF RIVES, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**SEWER FUND**  
For the Year Ended June 30, 2023

<b>Cash flows from operating activities</b>		
Cash received from customers		\$ 52,080
Cash payments to suppliers		(17,378)
Cash payments to employees for services and benefits		(13,319)
Net cash provided by operating activities		<u>21,383</u>
<b>Cash flows from capital and related financing activities</b>		
Purchases of capital assets	<u>(7,574)</u>	
Net cash used by capital and related financing activities		(7,574)
<b>Cash flows from investing activities</b>		
Interest received	<u>159</u>	
Net cash provided by investing activities		<u>159</u>
<b>Net increase in cash and cash equivalents</b>		<b>13,968</b>
Cash and cash equivalents - July 1, 2022		<u>310,223</u>
Cash and cash equivalents - June 30, 2023		<u><u>\$ 324,191</u></u>
<b>Cash flows from operating activities</b>		
Operating income (loss)		\$ 4,020
<i>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</i>		
Depreciation	16,495	
Increase in net accounts receivable	(28)	
Increase in accounts payable	<u>896</u>	
Total adjustments		<u>17,363</u>
Net cash provided by operating activities		<u><u>\$ 21,383</u></u>

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

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

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

The accounting policies and procedures followed by the City of Rives conform to generally accepted accounting principles applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are summarized as follows:

**A. Reporting Entity**

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Rives has no component units.

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

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

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

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

Property taxes are levied annually on October 1. Bills are mailed October 1 and are delinquent March 1. The taxes are due and payable from the following October through February in the year succeeding the tax levy. An unperfected lien attaches on property as of January 1 for unpaid taxes from the prior year. Taxes not collected by April 1<sup>st</sup> of the 2<sup>nd</sup> year they are due are submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment.

The City's property tax rate is \$1.9464 per \$100 of assessed value. The City bills and collects its own property taxes, and tax revenues are recognized when levied to the extent that they result in current receivables.

The City reports the following major governmental funds:

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

The state street aid fund is primarily used to account for revenues received and expenses incurred to maintain streets.

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

The sanitation fund is used to account for the revenues and expenses in connection with solid waste disposal.

The grant fund is used to account for grant activity awarded to the City. The grant fund did not have any activity during the year ended June 30, 2023.

The City reports the following major proprietary fund:

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Assets, Liabilities and Net Position or Equity**

##### **Deposits and Investments**

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

##### **Receivables and Payables**

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

##### **Capital Assets**

Capital assets, which include buildings and equipment, are reported in the applicable governmental activities or business-type activities columns in the government wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

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

Asset	Years
Buildings and infrastructure	20 to 50
Equipment	10 to 20
Sewer plant in service	10 to 50

**Compensated Absences**

The City of Rives does not provide sick leave. Hourly employees receive two weeks paid vacation each year. Vacation must be taken in the year earned and may not be carried over to subsequent years.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has property taxes reported as receivables in the statement of financial position before the period for which they were levied. They are unavailable and recognized as an inflow of resources in the period that the amounts become available. This item is reported as unavailable revenue in both the governmental funds balance sheet and the statement of net position. The property taxes revenue not collected within the period of availability is also considered unavailable in the fund statements.

**Net Position Flow Assumption**

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

**Fund Equity**

Governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

**Nonspendable fund balance**

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

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

**Restricted fund balance**

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

**Committed fund balance**

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

**Assigned fund balance**

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

**Unassigned fund balance**

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

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

**Government Wide – Net Position**

Net position is a component of equity and is displayed in the following three components:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.
- Unrestricted – All other net position that does not meet the description of the above categories.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

**E. Effect of New Accounting Standard**

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The statement improves financial reporting for transactions that meet the definition of a SBITA and will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. Management has determined that the City has no arrangements that qualify as SBITA under the new standard; therefore, it had no impact on the current or prior year financial statements.

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

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

The reconciliation of the balance sheet of governmental funds to the statement of net position includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that some capital assets included in the government-wide statement of net position are not included in the fund statements. The details explaining these differences are detailed on page 14 of this report.

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

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains depreciation expense on capital assets used for government activities is included in the changes in net position of government-wide activities. However, the individual fund statements do not include this in depreciation expense. Other differences are deferred property tax revenue and capital outlay. The details of these differences are detailed on page 16 of this report.

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

At the beginning of each fiscal year, the Mayor and Board of Aldermen adopt a legal appropriated budget for each fund to be used as a guide for operating during the year. Except for the Proprietary Fund, the budget amounts, as amended, are presented herein and compared to actual operations. As of June 30, 2023, general fund expenditures were overbudget by \$49,547. The Board used the following procedures in establishing the budgetary data reflected in the financial statements:

- 1) The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Alderman.
- 2) Formal budgetary integration is employed as a management control device during the year for all the general and special revenue funds.
- 3) Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The legal level of budgetary control is the fund level.

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

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

**A. Deposits and Investments**

City of Rives had no investments for the fiscal year ended June 30, 2023.

**Custodial Credit Risk**

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

**B. Interfund Receivables and Payables and Transfers**

As of June 30, 2023, the City had no interfund receivables and payables. There were no interfund transfers during the year ended June 30, 2023.

**C. Capital Assets**

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 2,190	\$ -	\$ -	\$ 2,190
Construction in progress	-	-	-	-
Capital assets, being depreciated				
Buildings and infrastructure	457,468	35,253	-	492,721
Equipment	468,038	73,496	-	541,534
Total capital assets being depreciated	<u>925,506</u>	<u>108,749</u>	<u>-</u>	<u>1,034,255</u>
Less accumulated depreciation for:				
Buildings and infrastructure	61,667	21,684	-	83,351
Equipment	435,013	10,514	-	445,527
Total accumulated depreciation	<u>496,680</u>	<u>32,198</u>	<u>-</u>	<u>528,878</u>
Total capital assets, being depreciated, net	<u>428,826</u>	<u>76,551</u>	<u>-</u>	<u>505,377</u>
Governmental activities capital assets, net	<u>\$ 431,016</u>	<u>\$ 76,551</u>	<u>\$ -</u>	<u>\$ 507,567</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated				
Sewer plant	\$ 655,660	\$ 7,574	\$ 3,053	\$ 660,181
Total capital assets being depreciated	655,660	7,574	3,053	660,181
Less accumulated depreciation for:				
Sewer plant	456,623	16,495	3,053	470,065
Total accumulated depreciation	456,623	16,495	3,053	470,065
Total capital assets, being depreciated, net	199,037	(8,921)	-	190,116
Business-type capital assets, net	\$ 199,037	\$ (8,921)	\$ -	\$ 190,116

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

Governmental activities:	
Public safety	\$ 7,603
Public works	24,595
Total depreciation expense—governmental activities	32,198
Business-type activities:	
Sewer	16,495
Total depreciation	\$ 48,693

**D. Receivables**

Receivables as of June 30, 2023, for the City's individual funds are as follows:

	General	Sanitation	State Street Aid	Sewer	Total
Receivables:					
Property taxes	\$ 66,927	\$	\$	\$	\$ 66,927
Other taxes	3,693		757		4,450
Accounts receivable		1,974		5,108	7,082
Total Receivables	\$ 70,620	\$ 1,974	\$ 757	\$ 5,108	\$ 78,459

Uncollectable accounts are not considered material so no adjustment is made for them.

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

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the component of unavailable revenue and unearned revenue reported in the governmental funds was the result of property taxes and grant funding.

**NOTE 5 – OTHER INFORMATION**

**A. Risk Management**

The City joined the Tennessee Municipal League (TML), which is a public entity risk pool established to provide insurance coverage to local governments in Tennessee. The City pays an annual premium to TML for general liability, law enforcement liability, errors or omissions liability, automobile liability and auto physical damage, and property insurance. The TML reinsures through commercial insurance companies for claims in excess of \$130,000, for each insured event. The TML can assess additional amounts to members when necessary; however, the City has not been assessed as of the current date. The City continues to carry commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage and no settled claims in the last three years.

**B. Concentration of Credit Risk**

The City bills local utility customers for services rendered. At June 30, 2023, these customers are indebted to the City as noted on the statement of net position of the Sewer Fund. The majority of the customers consist of local individuals and businesses. Utility services are sold to customers with no collateral required.

## **SUPPLEMENTARY AND OTHER INFORMATION SECTION**

**CITY OF RIVES, TENNESSEE**  
**SCHEDULE OF UTILITY RATES IN FORCE**  
For the Year Ended June 30, 2023

Sewer

Minimum rate	\$ 14.00
Per 1,000 gallons	\$ 8.00

As of June 30, 2023 the City of Rives' Sewer System serviced 113 customers.

*See independent auditor's report.*

**CITY OF RIVES, TENNESSEE  
SCHEDULE OF PROPERTY TAXES**

June 30, 2023

<u>Year of Levy</u>	<u>Balance July 1, 2022</u>	<u>Assessments/ Adjustments</u>	<u>Collections</u>	<u>Balance June 30, 2023</u>
2022	\$ -	\$ 50,077	\$ 44,097	\$ 5,980
2021	4,011	-	536	3,475
2020	2,744	-	526	2,218
2019	1,405	-	-	1,405
2018	1,132	-	-	1,132
2017	933	-	-	933
2016	118	-	-	118
2015	84	-	-	84
2014	232	-	-	232
2013	99	-	-	99
2012	95	-	-	95
2011	93	-	-	93
2010	92	-	-	92
2009	92	-	-	92
2008	98	-	-	98
<b>Total</b>	<b><u>\$ 11,228</u></b>	<b><u>\$ 50,077</u></b>	<b><u>\$ 45,159</u></b>	<b>16,146</b>

Estimated 2023 levy due October 1, 2023

considered as unavailable revenue

29,323

Estimated 2023 ad valorem taxes - considered unavailable revenue

21,458

**Total taxes receivable**

**\$ 66,927**

\$10,166 in unpaid property taxes have been turned over to Chancery Court as of June 30, 2023.

<u>Year of Levy</u>	<u>Assessed Valuation</u>	<u>Tax Rate Per \$100</u>	<u>Assessments</u>
2022	\$1,506,531	\$1.9464	\$29,323
2021	1,478,296	\$1.9464	\$28,774
2020	1,518,119	\$1.9464	\$29,549
2019	1,509,102	\$1.9464	\$29,373
2018	1,427,780	\$1.95	\$27,790
2017	1,392,200	\$2.00	\$27,844
2016	1,394,649	\$2.00	\$27,893
2015	1,348,252	\$2.00	\$26,965
2014	1,318,050	\$2.00	\$26,361
2013	1,348,250	\$2.00	\$26,965
2012	1,384,956	\$2.00	\$27,699
2011	1,374,724	\$1.83	\$25,104

Lien date

January 1

Levy date

October 1

Tax bills mailed

October 1

Payment due dates

October 1 through February 28

Delinquent date

March 1

*See independent auditor's report*

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

<b>Grantor Agency/ Pass-through Agency/ Program Name</b>	<b>ALN #</b>	<b>Grant Number</b>	<b>Expenditures</b>
US Department of Treasury / TN Department of Finance & Administration COVID-19 Coronavirus State & Local Fiscal Recovery Funds American Rescue Plan Act	21.027	CJVLKMJ298M9	\$ 92,278
Total federal awards			\$ 92,278

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Rives under programs of the federal government for the year ended 6/30/23. Because the Schedule presents only a selected portion of the operations of the City of Rives, it is not intended to and does not present the net position or fund balance, changes in net position or fund balance, or cash flows, where applicable, of the City of Rives.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City of Rives has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

<u>Grantor Agency/ Pass-through Agency/ Program Name</u>	<u>Grant Number</u>	<u>Expenditures</u>
Tennessee Governor's Direct Appropriation #1	unknown	\$ 19,588
State of Tennessee Department of Commerce & Insurance Volunteer Firefighter Equipment Grant Program	33501-2325223	66,132
		<u>\$ 85,720</u>

**Basis of Presentation:**

**Note 1:** The accompanying Schedule of State Financial Assistance summarizes the expenditures of the Town of Rives under programs of the state government for the year ended 6/30/23. The schedule is presented using the modified accrual basis of accounting.

*See independent auditor's report*

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



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

Honorable Mayor and Board of Alderman  
City of Rives, 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, and each major fund of the City of Rives, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Rives, Tennessee’s basic financial statements and have issued our report thereon dated December 7, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Rives, 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 Rives, Tennessee’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Rives, Tennessee’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Rives, 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-002.

## **City of Rives' Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Rives, Tennessee's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City of Rives, 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.

*ATA CPAs + Advisors PLLC*

Dyersburg, Tennessee  
December 7, 2023

**CITY OF RIVES, TENNESSEE**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
For the Year Ended June 30, 2023

**2023-001 Segregation of Duties-Significant Deficiency**

Condition: The City has limited staff, employing only one person in an accounting position. As a result, there is inadequate segregation of duties which could cause an error or irregularities to go undetected by employees during the normal course of performing their assigned job duties.

Criteria: Internal controls are important in any organization in order to properly safeguard assets and are an integral part of the internal control structure.

Cause: Limited resources of the City only allow for the employment of one person to handle accounting duties.

Effect: Inadequate segregation of duties could cause an error or irregularities to go undetected.

Recommendation: The Board should strive to implement a system of accounting controls which provide for more segregation of duties.

Response: The Board will attempt to implement more segregation of duties through involvement of the Board members.

**2023-002 Expenditures Exceeded Budget-Compliance**

Condition: Actual expenditures exceeded budgeted expenditures in the General Fund for the year ended June 30, 2023 by \$49,547.

Criteria: TCA 6-56-205 states that “the governing body shall not make any appropriations in excess of estimated available funds, except to provide for an actual emergency threatening the health, property, or lives of the inhabitants of the municipality and declared by a two-thirds (2/3) vote of all members of the governing body present, when there is a quorum.”

Cause: Additional expenditures were required during the year that were reimbursed through grant receipts, but budget amendments were overlooked in error for the fund.

Effect: Expenditures over the budgeted amount represents unauthorized expenditures.

Recommendation: Budgets should be monitored and amended as necessary to prevent expenditures in excess of budgeted amounts.

Response: In the future, we will try to stay within the projected budget. The budget will be monitored and amended as necessary to prevent unauthorized expenditures.

**CITY OF RIVES, TENNESSEE**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
For the Year Ended June 30, 2023

<b>Prior Year Finding Number</b>	<b>Finding Title</b>	<b>Status/Current Year Finding Number</b>
2022-001	Segregation of duties (original finding #1997-007)	Repeated / 2023-001

*CITY OF RIVES*  
501 SOUTH FRONT STREET, PO BOX 179  
RIVES, TENNESSEE 38253  
731-536-5689 PH/FX

**Management's Corrective Action Plan**

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


Name and address of independent public accounting firm:

ATA CPAs + Advisors PLLC  
185 North Church Street  
Dyersburg, TN 38024

Responsible officials for corrective action:

Lester Burnes, Mayor  
City of Rives

Signed

  
\_\_\_\_\_

Audit period:  
June 30, 2023

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

**2023-001 Segregation of Duties-Significant Deficiency**

Corrective Action Taken/Planned: None. Our organization is too small to justify hiring additional personnel. We realize a weakness exists, but it is not cost effective for us to hire additional staff.

Anticipated Completion Date: Undetermined. We attempt to segregate duties whenever possible, but due to a lack of funding for additional employees, we do not anticipate this finding being resolved in the near future.

**2023-002 Expenditures Exceeded Budget-Compliance**

Corrective Action Taken/Planned: Budgets will be monitored for all funds and amended if necessary to prevent expenditures in excess of budgeted amounts.

Anticipated Completion Date: June 30, 2024