

CITY OF SAVANNAH, TENNESSEE

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

CITY OF SAVANNAH, TENNESSEE

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

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CITY OF SAVANNAH, TENNESSEE

ROSTER OF PUBLICLY ELECTED OFFICIALS AND MANAGEMENT

JUNE 30, 2023

PUBLICLY ELECTED OFFICIALS

Robert E. Shutt	Mayor
Wes Wilkerson	Vice-Mayor
Kent Collier	Commissioner
Blake White	Commissioner
Matthew Smith	Commissioner

MANAGEMENT

Garry Welch	City Manager
Blake Walley	Assistant City Manager
Daniell Phillips	City Recorder CMFO designee
Greg Littlefield	Utilities Director
Michael Pitts	Police Chief
Steve Hughes	Fire Chief
Terry Phillips	Superintendent of Public Works
Corey Jennings	Director of Parks and Recreation
Greg Broughton	Community Development Director
Dennis Plunk	City Attorney
Stephanie Timbes	Main Street Director



Independent Auditor's Report

To the Mayor and Board of Commissioners
City of Savannah, Tennessee
Savannah, Tennessee 38372

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Savannah, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Savannah, 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 Solid Waste 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 Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Savannah, 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 Savannah, Tennessee's ability to continue as a going concern for twelve months beyond the financial 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 Savannah, 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 Savannah, 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, the schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS, schedule of contributions based on participation in the public employee pension plan of TCRS, schedule of changes in the total OPEB liability and related ratios – Local Government Insurance Plan on pages 6 through 12 and 53 through 57 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 Savannah, Tennessee's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, other supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion 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 January 30, 2024, on our consideration of the City of Savannah, 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 Savannah, 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 Savannah, Tennessee's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Moduin: Associates, PLLC". The signature is written in a cursive, flowing style.

January 30, 2024

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

As management of the City of Savannah, Tennessee, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$66,789,127 (*net position*). Of this amount, \$30,157,989 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased \$3,392,378 or 5.35%.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$18,469,128, an increase of 18.68% in comparison with the prior year's total of \$15,562,729. Approximately, 91% of this amount (\$16,752,200) is available for spending at the government's discretion (*unassigned fund balance*).
- The City's total long-term debt decreased by \$855,548 from principal payments on outstanding debt. Total debt was also affected by other long-term liabilities. See page 50 for further information.
- The City had no deficit fund balances at year end.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City'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) the notes to the financial statements. This report also includes supplemental information intended to furnish additional detail to support the basic financial statements themselves.

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

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/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 City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported 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, public works, health, welfare and recreation, and debt service. The business-type activities of the City include Gas, Sewer, and Water Authorities.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate industrial development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing 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 balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and solid waste fund, which are considered to be major funds. Data from the other two governmental funds – Police Drug Fund and Debt Service Sinking Fund – are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplemental information section of this report.

The City adopts an annual appropriated budget for its general, solid waste, police drug fund, and debt service sinking fund. A budgetary comparison statement has been provided for the funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 – 26 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Gas, Sewer, and Water Funds.

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

The basic proprietary fund financial statements can be found on pages 27 – 29 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire 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 30 – 52 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 53 - 57.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 58 – 59.

Supplementary schedules required by the Comptroller of the State of Tennessee can be found on pages 60 – 71.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities and deferred inflows of resources by \$66,789,127, at the close of the most recent fiscal year.

For the year ended June 30, 2023, net position changed as follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 20,378,838	\$ 18,066,614	\$ 14,684,346	\$ 15,004,347	\$ 35,063,184	\$ 33,070,961
Capital assets	15,332,512	15,681,608	28,703,583	29,016,095	44,036,095	44,697,703
Total Assets	35,711,350	33,748,222	43,387,929	44,020,442	79,099,279	77,768,664
Total deferred outflows of resources	638,390	663,035	479,317	510,137	1,117,707	1,173,172
Long term liabilities	3,255,687	3,361,013	6,910,336	7,398,495	10,166,023	10,759,508
Other liabilities	433,754	202,904	878,148	793,310	1,311,902	996,214
Total Liabilities	3,689,441	3,563,917	7,788,484	8,191,805	11,477,925	11,755,722
Total deferred inflows of resources	1,493,916	2,450,269	456,018	1,359,096	1,949,934	3,809,365
Net Position:						
Net investment in capital assets	12,803,578	12,914,719	22,167,504	21,903,368	34,971,082	34,818,087
Restricted	1,659,626	1,623,993	430	911,954	1,660,056	2,535,947
Unrestricted	16,703,179	13,878,359	13,454,810	12,164,356	30,157,989	26,042,715
Total Net Position	\$ 31,166,383	\$ 28,417,071	\$ 35,622,744	\$ 34,979,678	\$ 66,789,127	\$ 63,396,749

A portion of the City's net position (52%) reflects its investment in capital assets (land, buildings, machinery, equipment, and vehicles) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$30,157,989 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for

the government as a whole, as well as for its separate governmental activities and business-type activities. The same situation held true for the prior fiscal year.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$2,749,312 from the prior fiscal year for an ending balance of \$31,166,383. The revenues for the City's governmental activities increased 12.9% compared to the prior year, while total expenses increased by 12.08%.

Business-type Activities. For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$35,622,744. The total increase in net position for business-type activities was \$643,066 or 1.84% from the prior fiscal year. All three utility funds had a positive change in net position for the year.

The following schedule presents a summary of the City's operations for the fiscal year ended June 30, 2023 with comparative totals for year ended June 30, 2022.

CITY OF SAVANNAH'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Fees, fines and charges for services	\$ 1,394,222	\$ 1,269,358	\$ 9,289,133	\$ 8,898,882	\$ 10,683,355	\$ 10,168,240
Operating grants & contributions	1,612,203	548,573	-	-	1,612,203	548,573
Capital grants & contributions	160,167	147,934	69,179	1,090,902	229,346	1,238,836
General Revenues:						
Property taxes	1,074,070	1,059,458	-	-	1,074,070	1,059,458
Sales taxes	12,917,510	12,191,799	-	-	12,917,510	12,191,799
Insurance recoveries	-	7,100	-	-	-	7,100
Investment earnings	101,326	57,358	75,346	79,372	176,672	136,730
Rental income	-	-	-	-	-	-
Gain (loss) on sale of capital assets	18,808	27,639	-	-	18,808	27,639
Donations	-	-	-	-	-	-
Operating transfer in	141,000	140,500	(141,000)	(140,500)	-	-
Miscellaneous	47,558	16,844	51,368	-	98,926	16,844
Total revenues	<u>17,466,864</u>	<u>15,466,563</u>	<u>9,344,026</u>	<u>9,928,656</u>	<u>26,810,890</u>	<u>25,395,219</u>
Expenses:						
General government and administration	7,103,355	6,699,154	-	-	7,103,355	6,699,154
Public safety	3,365,149	2,973,468	-	-	3,365,149	2,973,468
Public works	2,758,097	2,082,061	-	-	2,758,097	2,082,061
Health, welfare and recreation	1,439,916	1,330,048	-	-	1,439,916	1,330,048
Debt service	47,325	43,744	-	-	47,325	43,744
Miscellaneous	3,710	3,258	-	-	3,710	3,258
Natural gas	-	-	3,429,835	3,375,594	3,429,835	3,375,594
Sewer	-	-	1,915,897	3,087,518	1,915,897	3,087,518
Water	-	-	3,355,228	1,769,404	3,355,228	1,769,404
Total expenses	<u>14,717,552</u>	<u>13,131,733</u>	<u>8,700,960</u>	<u>8,232,516</u>	<u>23,418,512</u>	<u>21,364,249</u>
Increase in net position	2,749,312	2,334,830	643,066	1,696,140	3,392,378	4,030,970
Net position - beginning	28,417,071	26,082,241	34,979,678	33,283,538	63,396,749	59,365,779
Net position - ending	<u>\$ 31,166,383</u>	<u>\$ 28,417,071</u>	<u>\$ 35,622,744</u>	<u>\$ 34,979,678</u>	<u>\$ 66,789,127</u>	<u>\$ 63,396,749</u>

Financial Analysis of Governmental 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, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Board of Commissioners.

At June 30, 2023, the City's governmental funds reported combined fund balances of \$18,469,128, a 18.68% increase in comparison with the prior year. Approximately, 91% of this amount (\$16,752,200) constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The remainder of the fund balance is either *nonspendable or restricted* to indicate that it is 1) not in spendable form (\$57,302) or 2) restricted for particular purposes (\$1,659,626).

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 \$16,752,200, while total fund balance increased to \$16,810,615.

The fund balance of the City's general fund increased \$2,870,766 during the current fiscal year.

The Solid Waste Fund, a major fund, had a \$21,634 increase in fund balance during the current fiscal year. In the prior year, it had a \$153,131 decrease in fund balance.

The Police Drug Fund, a nonmajor fund, had a \$13,703 increase in fund balance during the current year.

The Debt Service Fund, a nonmajor fund, had no change in fund balance in the current year.

The following schedule presents a summary of general and special revenue funds' expenditures and revenues for the fiscal year ended June 30, 2023, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	June 30, 2023	Percent of Total	Increase (Decrease) from June 30, 2022
Taxes	\$ 12,369,720	71.59%	\$ 575,803
Intergovernmental	3,381,793	19.57%	1,182,635
Charges for services	1,234,358	7.14%	106,655
Other revenues	293,423	1.70%	68,022
Total Revenues	\$ 17,279,294	100.00%	\$ 1,933,115

Expenditures	June 30, 2023	of Total	June 30, 2022
General government	\$ 7,025,169	48.33%	\$ 330,711
Public safety	3,013,297	20.73%	192,218
Public works	2,417,303	16.63%	625,017
Health, welfare and recreation	929,730	6.40%	88,776
Miscellaneous	3,710	0.03%	452
Capital outlay	854,794	5.88%	(95,763)
Debt service	290,582	2.00%	24,677
Total Expenditures	\$ 14,534,585	100.00%	\$ 1,166,088

Overall, the City's expenditures increased during the year.

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

Unrestricted net position of the Gas Fund at the end of the year was \$6,962,454. The change in net position for the fund was \$138,681 compared to \$380,200 in the prior year.

Unrestricted net position of the Sewer Fund at the end of the year was \$3,040,903. The change in net position for the fund was \$112,067 compared to \$893,946 in the prior year.

Unrestricted net position of the Water Fund at the end of the year was \$3,451,453. The change in net position for the fund was \$392,318 compared to \$421,994 in the prior year.

The decrease in the positive change in net position from the prior year to the current year in the gas fund was due to sales decreasing while expenses increased. The decrease in the positive change in net position from the prior year to the current year in the sewer and water funds was due to a material decrease in capital contributions of ARPA funds from the prior year to the current year.

COMPONENT UNIT

The Government Accounting Standards Board (GASB 14) requires that certain organizations affiliated with the primary government be reported as component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The nature and significance of component units are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component unit for the City of Savannah is the Savannah Industrial Development Corporation.

A summary of the City's component unit operations follows:

	Savannah Industrial Development Corporation	
	2023	2022
Program revenues	\$ 223,150	\$ 144,555
Total general revenues	146	185
Total Revenues	223,296	144,740
Program expenses	215,794	141,327
Change in net position	7,502	3,413
Net Position At Beginning of Year	911,903	908,490
Net Position at End of Year	\$ 919,405	\$ 911,903

Complete financial statements of SIDC may be obtained from the Savannah Industrial Development Corporation, c/o Jennifer Perryman, 495 Main Street, Savannah, TN 38372.

General Fund Budgetary Highlights

Original budget compared to final budget. Over the course of the year, the City did not amend the budget.

A review of actual expenditures compared to the appropriations in the final budget yields no significant variance.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$44,036,095 (net of accumulated depreciation). This investment in capital assets police and fire equipment, buildings, parks facilities, water and sewer lines, natural gas lines, and various other equipment. The total decrease in capital assets net of accumulated depreciation for the current fiscal year was \$661,608, or 1.48%. Additional information on the City's capital assets can be found in Note 3.C. on page 38 of this report.

Long-term Debt. At the end of the current fiscal year, the City had \$10,363,959 in outstanding long-term debt. Of the total outstanding debt, 31% belongs to the Governmental funds, 3% to the Gas fund, 21% to the Sewer Fund, and 45% to the Water Fund.

The City's total debt (including all long-term liabilities) decreased by \$705,863 (6%) during the current fiscal year. The reason for the decrease was due to debt payments as well as the pension changing from a pension asset to a pension liability.

Economic Factors

The City expects higher revenues from grants in the next year and increased operating costs to match the increase in revenue as compared to 2022-2023.

The City plans to use the current year and the prior year ARP allocation along with the county portion that they are to receive to fund vital improvements to the water and wastewater systems. The total cost of this project is \$5,421,638 with a local match of \$707,170.

Requests of 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 the information provided in this report or requests for additional financial information should be addressed to the Office of the City Recorder, 140 Main Street, Savannah, Tennessee.

Daniell Phillips
City Recorder

CITY OF SAVANNAH, TENNESSEE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Corporation
ASSETS				
Cash and cash equivalents	\$ 8,441,940	\$ 10,138,817	\$ 18,580,757	\$ 366,241
Investments	8,885,518	3,223,136	12,108,654	540,750
Receivables:				
Property taxes	1,478,266	-	1,478,266	-
Accounts receivable, net of allowance	51,565	304,616	356,181	-
Due from other governments	1,294,448	-	1,294,448	-
Grant receivable	15,000	8,262	23,262	-
Other receivables	92,463	18,189	110,652	-
Accrued interest income	53,028	-	53,028	-
Natural gas storage	-	359,395	359,395	-
Internal balances	5,076	(5,076)	-	-
Inventory	-	339,080	339,080	-
Lease receivable, current portion	-	19,436	19,436	-
Prepaid expenses	61,485	41,792	103,277	623
Lease receivable, long-term portion	-	236,269	236,269	-
Restricted assets:				
Cash and cash equivalents	-	430	430	-
Escrow	49	-	49	-
Capital assets (net of accumulated depreciation):				
Nondepreciable	2,275,841	331,545	2,607,386	-
Depreciable	13,056,671	28,372,038	41,428,709	11,791
TOTAL ASSETS	35,711,350	43,387,929	79,099,279	919,405
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	579,151	448,848	1,027,999	-
Deferred outflows related to OPEB	59,239	30,469	89,708	-
TOTAL DEFERRED OUTFLOWS	638,390	479,317	1,117,707	-
LIABILITIES				
Accounts payable and accrued expenses	433,754	428,195	861,949	-
Customer deposits	-	449,953	449,953	-
Long-term liabilities:				
Due within one year	331,320	541,480	872,800	-
Due in more than one year	2,573,158	6,126,425	8,699,583	-
Net pension liability	170,126	131,670	301,796	-
OPEB liability	181,083	110,761	291,844	-
TOTAL LIABILITIES	3,689,441	7,788,484	11,477,925	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	1,314,916	-	1,314,916	-
Deferred inflows related to pension	25,264	63,873	89,137	-
Deferred inflows related to OPEB	125,108	69,844	194,952	-
Deferred inflows related to lease	-	255,705	255,705	-
Deferred inflows related to refunded debt	28,628	66,596	95,224	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,493,916	456,018	1,949,934	-
NET POSITION				
Net investment in capital assets	12,803,578	22,167,504	34,971,082	11,791
Restricted for:				
Construction	-	430	430	-
Debt service	25,874	-	25,874	26,250
Drug fund	123,223	-	123,223	-
E-Citation	296	-	296	-
Police fines	1,113	-	1,113	-
Solid waste	1,509,120	-	1,509,120	-
Unrestricted	16,703,179	13,454,810	30,157,989	881,364
TOTAL NET POSITION	\$ 31,166,383	\$ 35,622,744	\$ 66,789,127	\$ 919,405

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

CITY OF SAVANNAH
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
JUNE 30, 2023

Program Activities	Expenses	PROGRAM REVENUES			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION			Component Unit Industrial Development Corporation
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General Government	\$ 7,103,355	\$ 70,652	\$ 1,060,397	\$ -	\$ (5,972,306)	\$ -	\$ (5,972,306)	-
Public Safety	3,365,149	90,351	301,230	160,167	(2,813,401)	-	(2,813,401)	-
Public Works	2,758,097	1,074,884	250,576	-	(1,432,637)	-	(1,432,637)	-
Health, Welfare and Recreation	1,439,916	158,335	-	-	(1,281,581)	-	(1,281,581)	-
Miscellaneous	3,710	-	-	-	(3,710)	-	(3,710)	-
Interest on long-term debt	47,325	-	-	-	(47,325)	-	(47,325)	-
Total governmental-type activities	14,717,552	1,394,222	1,612,203	160,167	(11,550,960)	-	(11,550,960)	-
Business-type activities:								
Gas Fund	3,429,835	3,626,511	-	-	-	196,676	196,676	-
Water Fund	3,355,228	3,700,630	-	-	-	345,402	345,402	-
Sewer Fund	1,915,897	1,961,992	-	69,179	-	115,274	115,274	-
Total business-type activities	8,700,960	9,289,133	-	69,179	-	657,352	657,352	-
Total primary government	\$ 23,418,512	\$ 10,683,355	\$ 1,612,203	\$ 229,346	\$ (11,550,960)	\$ 657,352	\$ (10,893,608)	\$ -
Component unit:								
Industrial Development Corporation	215,794	-	223,150	-	-	-	-	7,356
General revenues:								
Taxes:								
Property					975,814	-	975,814	-
In-lieu of taxes					98,256	-	98,256	-
Sales					12,823,317	-	12,823,317	-
Public service taxes					94,193	-	94,193	-
Insurance recovery					-	-	-	-
Investment earnings					101,326	75,346	176,672	146
Gain (loss) on sale/retirement of capital assets					18,808	-	18,808	-
Miscellaneous					47,558	51,368	98,926	-
Transfer out - in lieu of taxes					141,000	(141,000)	-	-
					<u>14,300,272</u>	<u>(14,286)</u>	<u>14,285,986</u>	<u>146</u>
					2,749,312	643,066	3,392,378	7,502
Net position- beginning					28,417,071	34,979,678	63,396,749	911,903
Net position - ending					<u>\$ 31,166,383</u>	<u>\$ 35,622,744</u>	<u>\$ 66,789,127</u>	<u>\$ 919,405</u>

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

**CITY OF SAVANNAH, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General</u>	<u>Solid Waste Collection Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 7,066,567	\$ 1,225,567	\$ 149,806	\$ 8,441,940
Investments	8,785,518	100,000	-	8,885,518
Escrow	49	-	-	49
Taxes receivable	1,478,266	-	-	1,478,266
Accounts receivable	-	51,565	-	51,565
Due from other governments	1,294,448	-	-	1,294,448
Grant receivable	15,000	-	-	15,000
Due from other funds	18	5,076	796	5,890
Interfund receivable	-	197,935	-	197,935
Other receivables	90,871	1,258	334	92,463
Accrued interest income	53,028	-	-	53,028
Prepaid expenses	57,302	4,183	-	61,485
TOTAL ASSETS	<u>\$ 18,841,067</u>	<u>\$ 1,585,584</u>	<u>\$ 150,936</u>	<u>\$ 20,577,587</u>
LIABILITIES				
Accounts payable	\$ 298,080	\$ 76,446	\$ -	\$ 374,526
Due to other funds	796	18	-	814
Interfund payable	197,935	-	-	197,935
Accrued expenses	51,702	-	-	51,702
TOTAL LIABILITIES	<u>548,513</u>	<u>76,464</u>	<u>-</u>	<u>624,977</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	3,673	-	1,543	5,216
Unavailable revenues - property taxes	1,478,266	-	-	1,478,266
	<u>1,481,939</u>	<u>-</u>	<u>1,543</u>	<u>1,483,482</u>
FUND BALANCE				
Nonspendable				
Prepays	57,302	-	-	57,302
Restricted				
Debt service	-	-	25,874	25,874
E-citation	-	-	296	296
Police drug fund	-	-	123,223	123,223
Police fines	1,113	-	-	1,113
Solid waste fund	-	1,509,120	-	1,509,120
Unassigned				
General fund	16,752,200	-	-	16,752,200
TOTAL FUND BALANCES	<u>16,810,615</u>	<u>1,509,120</u>	<u>149,393</u>	<u>18,469,128</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 18,841,067</u>	<u>\$ 1,585,584</u>	<u>\$ 150,936</u>	<u>\$ 20,577,587</u>

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

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

Total fund balance - total governmental funds	\$ 18,469,128
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.	15,332,512
Net pension liability is not recorded on governmental fund balance sheet but is recorded for government-wide purposes.	(170,126)
OPEB liability is not recorded on governmental fund balance sheet but is recorded for government-wide purposes.	(181,083)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.	553,887
Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized and recognized as components of pension expense in future years.	(65,869)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to refunded debt will be amortized and recognized as components of interest expense in future years.	(28,628)
Unearned revenues are not available to be recognized as current revenues and are deferred on the governmental balance sheet.	5,216
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	163,350
Accrued interest is not recorded on governmental fund balance sheet but is recorded on statement of net position	(7,526)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	<u>(2,904,478)</u>
Net position of governmental activities	<u>\$ 31,166,383</u>

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

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

	<u>General</u>	<u>Solid Waste Collection Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes				
Property taxes	\$ 949,595	\$ -	\$ -	\$ 949,595
Penalty and interest	8,782	-	-	8,782
In lieu of tax	11,329	-	-	11,329
Sales	9,953,198	-	-	9,953,198
Franchise	94,193	-	-	94,193
River resort tax	966,955	-	-	966,955
Wholesale liquor	279,069	-	-	279,069
Hotel-motel tax	106,599	-	-	106,599
Intergovernmental revenues	3,381,793	-	-	3,381,793
Licenses and permits	68,452	-	-	68,452
Charges for services	160,535	1,073,823	-	1,234,358
Fines, forfeits, and penalties	57,510	-	19,258	76,768
Other revenues	130,555	5,366	12,282	148,203
Total revenues	<u>16,168,565</u>	<u>1,079,189</u>	<u>31,540</u>	<u>17,279,294</u>
Expenditures				
Current:				
General government	7,025,169	-	-	7,025,169
Public safety	3,000,667	-	12,630	3,013,297
Public works	1,359,748	1,057,555	-	2,417,303
Health, welfare, and recreation	929,730	-	-	929,730
Miscellaneous	3,710	-	-	3,710
Capital outlay	849,883	-	4,911	854,794
Debt Service	-	-	290,582	290,582
Total expenditures	<u>13,168,907</u>	<u>1,057,555</u>	<u>308,123</u>	<u>14,534,585</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,999,658</u>	<u>21,634</u>	<u>(276,583)</u>	<u>2,744,709</u>
Other financing sources (uses)				
Transfers in (out)	(149,582)	-	290,582	141,000
Sale of equipment	20,690	-	-	20,690
Total other financing sources (uses)	<u>(128,892)</u>	<u>-</u>	<u>290,582</u>	<u>161,690</u>
Net Change in Fund Balances	2,870,766	21,634	13,999	2,906,399
FUND BALANCE AT BEGINNING OF YEAR	<u>13,939,849</u>	<u>1,487,486</u>	<u>135,394</u>	<u>15,562,729</u>
FUND BALANCE AT END OF YEAR	<u>\$ 16,810,615</u>	<u>\$ 1,509,120</u>	<u>\$ 149,393</u>	<u>\$ 18,469,128</u>

CITY OF SAVANNAH, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	\$	2,906,399
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost 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.		
		854,794
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 an expenditure in government funds.		
		(1,202,008)
Gain (loss) on sale of fixed asset		
		(1,882)
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.		
		(17,454)
Some revenues reported in the statement of activities do not require the use of current resources and, therefore, are not reported as revenues in the government funds		
		26,219
Effect of GASB 68 on retirement expense; reported on governmental funds but not on government-wide for 2022-2023 year		
		(56,188)
Effect of GASB 75 on OPEB expense; reported on government-wide funds but not on governmental for 2021-2022 year		
		(4,836)
Some revenues reported in the statement of activities were deferred in the current year on the governmental funds.		
		1,543
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds but has no effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.		
		24,816
Principal payments on outstanding debt obligations consumes the current financial resources of governmental funds but has no effect on net assets.		
		217,909
Change in net position of governmental activities	<u>\$</u>	<u>2,749,312</u>

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

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

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes				
Property taxes - current	\$ 904,000	\$ 904,000	\$ 917,903	\$ 13,903
Property taxes - delinquent	55,000	55,000	31,692	(23,308)
Penalties and interest	13,500	13,500	8,782	(4,718)
Local sales tax	4,250,000	4,250,000	4,946,974	696,974
Local sales tax allocation (schools)	4,350,000	4,350,000	5,006,224	656,224
In lieu of taxes	10,900	10,900	11,329	429
Franchise tax	95,000	95,000	94,193	(807)
Hotel-Motel tax	80,000	80,000	106,599	26,599
Local liquor tax	225,000	225,000	279,069	54,069
River resort tax	800,000	800,000	966,955	166,955
Total taxes	10,783,400	10,783,400	12,369,720	1,586,320
Licenses and permits				
Beer and liquor licenses	3,000	3,000	3,617	617
Building permits	25,000	25,000	63,510	38,510
Fireworks permit fees	500	500	500	-
Rezoning fees	350	350	825	475
Total licenses and permits	28,850	28,850	68,452	39,602
Intergovernmental revenues				
TML Drivers Grant	5,000	5,000	5,000	-
Housing Grant	500,000	500,000	229,524	(270,476)
ARP Grant	-	-	1,028,557	1,028,557
LESO Equipment	-	-	80,935	80,935
AFG Fire Grant	53,000	53,000	33,415	(19,585)
Cops Grant	-	-	14,065	14,065
USDA Grant	-	-	100,000	100,000
ECD Façade Grant	187,500	187,500	-	(187,500)
SPD High Visibility Enforcement	20,000	20,000	3,458	(16,542)
State of Tennessee				
- 2016 LPRF Savannah Multi-Facility Recreation	310,430	310,430	-	(310,430)
- Multimodal Grant	810,000	810,000	-	(810,000)
- TN Forestry Fire Grant	3,000	3,000	-	(3,000)
- TN CARES Act	90,000	90,000	-	(90,000)
- State law enforcement supplement	20,000	20,000	20,000	-
- Transportation Grant	450,000	450,000	11,840	(438,160)
- Beer tax	2,500	2,500	3,294	794
- Business tax	165,000	165,000	196,070	31,070
- Excise tax	45,000	45,000	59,292	14,292
- Gas 1989	17,500	17,500	20,115	2,615
- Gas 3 cent	32,500	32,500	37,141	4,641
- Gas 2017	55,000	55,000	64,791	9,791
- Gasoline & motor fuel tax	125,000	125,000	128,529	3,529
- Mixed drink tax *	5,000	5,000	7,473	2,473
- Petroleum special	13,500	13,500	13,214	(286)
- Sales tax	650,000	650,000	858,149	208,149
- Sportsbetting tax	2,500	2,500	12,860	10,360
- Telecommunications sales tax	3,000	3,000	3,173	173
- TVA in-lieu of tax	75,000	75,000	86,927	11,927
- Wholesale beer tax	330,000	330,000	363,971	33,971
Total intergovernmental revenues	3,970,430	3,970,430	3,381,793	(588,637)
Charges for services				
Lot maintenance charges	5,000	5,000	2,200	(2,800)
Park and recreation charges	85,000	85,000	130,442	45,442
Park and recreation concessions	15,000	15,000	27,893	12,893
Total charges for services	105,000	105,000	160,535	55,535
City court fines and costs				
Cash bonds	2,000	2,000	74	(1,926)
Court fines	22,000	22,000	34,058	12,058
Sale of seized vehicles	2,500	2,500	5,995	3,495
Drug related fines	7,500	7,500	15,133	7,633
Beer ordinance penalty	3,000	3,000	1,500	(1,500)
Sex offender registry	600	600	750	150
Total city court fines and costs	37,600	37,600	57,510	19,910
Other revenues				
Donations	2,500	2,500	-	(2,500)
Insurance recovery	2,000	2,000	14,145	12,145
Interest	15,000	15,000	87,997	72,997
Miscellaneous refunds	7,500	7,500	24,260	16,760
Fire grant - TML	2,000	2,000	2,977	977
Rent income	500	500	1,176	676
Total other revenues	29,500	29,500	130,555	101,055
TOTAL REVENUES	14,954,780	14,954,780	16,168,565	1,213,785

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

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative				
OASI	735	735	776	(41)
Board and committee members	9,600	9,600	10,150	(550)
Memberships	1,000	1,000	486	514
Out of town expense	3,500	3,500	760	2,740
Total legislative	14,835	14,835	12,172	2,663
Judicial				
City judge fee	7,650	7,650	7,366	284
OASI	584	584	563	21
Utilities	750	750	655	95
Total judicial	8,984	8,984	8,584	400
Executive				
Salaries	127,000	127,000	113,321	13,679
OASI	9,750	9,750	9,403	347
Hospital and health insurance	10,150	10,150	5,300	4,850
Retirement	14,000	14,000	10,069	3,931
Unemployment	32	32	42	(10)
Self-insured dental	550	550	277	273
Printing services	-	-	99	(99)
Publication legal notices	500	500	-	500
Membership and registration fees	5,000	5,000	4,613	387
Public relations	25,000	25,000	6,666	18,334
Advertising	2,000	2,000	1,282	718
Utilities	3,500	3,500	3,077	423
Telephone	2,500	2,500	1,983	517
Professional services	25,000	25,000	7,240	17,760
Auto allowance	7,200	7,200	7,200	-
Out-of-town expense	7,500	7,500	9,774	(2,274)
Tuition - training - registration	6,000	6,000	4,489	1,511
Sundry	3,250	3,250	2,820	430
Office supplies and materials	3,000	3,000	3,628	(628)
Operating supplies	10,000	10,000	858	9,142
Gas, Oil, Diesel	150	150	-	150
Surety bonds	500	500	350	150
Service awards	1,000	1,000	-	1,000
Small Equipment	5,000	5,000	8,395	(3,395)
Total executive	268,582	268,582	200,886	67,696
Financial administration				
Salaries and wages	198,000	198,000	205,687	(7,687)
Employee social expense	15,150	15,150	11,503	3,647
OASI	14,750	14,750	15,656	(906)
Hospital and health insurance	31,000	31,000	24,120	6,880
Retirement	21,500	21,500	8,961	12,539
Unemployment insurance	105	105	188	(83)
Self-insured dental	1,800	1,800	1,292	508
Postage, box rent, etc.	3,000	3,000	4,877	(1,877)
Printing services	1,000	1,000	1,092	(92)
Printing, stationery, etc.	500	500	-	500
Duplications	500	500	-	500
Legal publications	10,000	10,000	9,936	64
Membership fees	500	500	585	(85)
Advertising	750	750	1,636	(886)
Utilities	2,800	2,800	3,066	(266)
Telephone	2,100	2,100	2,069	31
Auditing services	30,000	30,000	31,500	(1,500)
Data processing services	25,000	25,000	-	25,000
State sales tax adm	40,000	40,000	49,552	(9,552)
Professional service - tax	24,000	24,000	13,363	10,637
Repair/Maint	-	-	51	(51)
Employee automobile allowance	1,800	1,800	1,800	-
Out-of-town expense	3,500	3,500	3,171	329
Office supplies	5,000	5,000	5,538	(538)
Office stationery and forms	500	500	19	481
Operating supplies	-	-	1,075	(1,075)
Household and janitorial supplies	-	-	172	(172)
Surety bonds	500	500	888	(388)
Grants adm - Housing Grant	500,000	500,000	162,495	337,505
Total financial administration	933,755	933,755	560,292	373,463

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

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

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (cont.)				
GENERAL GOVERNMENT (cont.)				
Community development office				
Salaries and wages	69,250	69,250	55,681	13,569
OASI	5,300	5,300	3,968	1,332
Hospital and health insurance	6,700	6,700	268	6,432
Retirement	6,550	6,550	3,538	3,012
Unemployment insurance	63	63	35	28
Self-insured dental	375	375	-	375
Publications, subscriptions, dues	500	500	250	250
Publications legal notices	1,500	1,500	1,710	(210)
Memberships and registration fees	2,500	2,500	1,390	1,110
Utilities	2,000	2,000	2,183	(183)
Telephone	3,500	3,500	2,746	754
Data processing	2,500	2,500	1,211	1,289
Repairs and maintenance	1,200	1,200	-	1,200
Out-of-town expense	3,000	3,000	251	2,749
Lot maintenance	50,000	50,000	8,795	41,205
Supplies	2,500	2,500	1,613	887
Operating Supplies	500	500	429	71
Gas and oil	2,000	2,000	384	1,616
Historic Zoning Commission expense	500	500	-	500
Small equipment	7,500	7,500	-	7,500
Total community development office	167,938	167,938	84,452	83,486
General government buildings				
Salaries and wages	172,000	172,000	170,279	1,721
OASI	13,158	13,158	12,812	346
Hospital and health insurance	22,500	22,500	20,578	1,922
Retirement	18,500	18,500	15,128	3,372
Unemployment	100	100	84	16
Self-insured dental	1,300	1,300	1,093	207
Utilities	18,000	18,000	28,056	(10,056)
Telephone	480	480	440	40
Professional services	10,000	10,000	3,105	6,895
Repairs and maintenance	25,000	25,000	11,485	13,515
Repair and maintenance-building	100,000	100,000	21,952	78,048
Office supplies	250	250	10	240
Operating supplies	2,500	2,500	2,594	(94)
Janitorial supplies	3,500	3,500	4,082	(582)
Gas, oil, diesel	1,000	1,000	1,367	(367)
Tires, tubes	-	-	94	(94)
Rent	2,100	2,100	2,100	-
Small equipment	5,000	5,000	419	4,581
Capital outlay	170,000	170,000	-	170,000
Total general government buildings	565,388	565,388	295,678	269,710
Other appropriations				
Workforce Alliance Partnership for Placement	1,000	1,000	1,000	-
Grant - RSVP	1,000	1,000	1,000	-
Read Across America	1,000	1,000	-	1,000
Hardin County Senior Citizen	1,200	1,200	1,200	-
Team Hardin County	750	750	750	-
Tennessee River Museum	20,000	20,000	20,000	-
Savannah-Hardin County Airport	67,475	67,475	53,037	14,438
Teen Challenge	2,000	2,000	-	2,000
School Bond Assistance	295,970	295,970	295,970	-
Sales tax allocation to schools	4,000,000	4,000,000	4,956,788	(956,788)
Imagination Library	1,000	1,000	1,000	-
Renaissance Committee	70,000	70,000	70,000	-
Carl Perkins	2,000	2,000	-	2,000
Our Daily Bread	1,250	1,250	1,250	-
Total other appropriations	4,464,645	4,464,645	5,401,995	(937,350)

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

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

	Budgeted Amounts		Actual Amount	Variance with
	Original	Final		Final Budget Positive (Negative)
EXPENDITURES (cont.)				
GENERAL GOVERNMENT (cont.)				
Other general government				
Insurance - buildings	50,000	50,000	46,948	3,052
Liability insurance - auto included	125,000	125,000	115,405	9,595
Workers compensation	200,000	200,000	121,495	78,505
Other insurance	10,000	10,000	2,842	7,158
Employee physicals	10,000	10,000	1,816	8,184
Total other general government	395,000	395,000	288,506	106,494
Mainstreet				
Salaries	47,800	47,800	46,134	1,666
OASI	3,700	3,700	3,597	103
Health insurance	6,400	6,400	6,989	(589)
Retirement	5,300	5,300	3,557	1,743
Unemployment insurance	21	21	27	(6)
Dental	375	375	364	11
Printing/duplication	3,500	3,500	815	2,685
Subs/fees/tuition	1,500	1,500	11,002	(9,502)
Utilities	6,000	6,000	5,314	686
Telephone	2,500	2,500	853	1,647
Professional services	190,000	190,000	239	189,761
Vehicle allowance	1,500	1,500	1,475	25
Out of town expense	3,500	3,500	2,843	657
Operating supplies	2,500	2,500	2,129	371
Special events	10,000	10,000	5,414	4,586
Small equipment	1,500	1,500	1,464	36
Total mainstreet	286,096	286,096	92,216	193,880
River Resort				
OASI	-	-	542	(542)
Retirement	-	-	870	(870)
Advertising	5,000	5,000	-	5,000
Subscriptions, fees, tuition	1,000	1,000	-	1,000
Professional services	150,000	150,000	53,596	96,404
Office supplies	500	500	-	500
Operating supplies	500	500	-	500
Special events	100,000	100,000	25,380	74,620
Small equipment	7,500	7,500	-	7,500
Total river resort	264,500	264,500	80,388	184,112
TOTAL GENERAL GOVERNMENT	7,369,723	7,369,723	7,025,169	344,554
PUBLIC SAFETY				
Police department				
Salaries	1,300,750	1,300,750	1,211,617	89,133
OASI	99,550	99,550	89,297	10,253
Hospital and health insurance	152,150	152,150	147,903	4,247
Retirement	136,850	136,850	96,127	40,723
Unemployment	546	546	566	(20)
Self-insured dental	8,750	8,750	8,137	613
Printing, stationery, etc.	1,000	1,000	1,584	(584)
Memberships and registration fees	14,850	14,850	5,159	9,691
Utilities	12,000	12,000	13,310	(1,310)
Telephone	20,000	20,000	19,281	719
Professional services	7,500	7,500	8,878	(1,378)
Physical exams	-	-	680	(680)
Data processing	21,000	21,000	69,951	(48,951)
Repair and maintenance - supplies	-	-	-	-
Repair and maintenance - auto	10,000	10,000	19,685	(9,685)
Repair and maintenance - traffic lights	-	-	11	(11)
Repair and maintenance - other	10,000	10,000	21,933	(11,933)
Out-of-town expense	6,000	6,000	4,520	1,480
Office supplies	5,000	5,000	5,951	(951)
Operating supplies	11,000	11,000	16,894	(5,894)
Clothing and uniforms	12,000	12,000	27,210	(15,210)
Firearm supplies	3,000	3,000	788	2,212
Gas, oil, and diesel	45,000	45,000	38,166	6,834
Tires and tubes	5,500	5,500	4,365	1,135
Other fixed charges	3,500	3,500	3,404	96
Storage Fees	5,000	5,000	5,933	(933)
Special investigative funds	500	500	-	500
Small equipment	26,690	26,690	42,360	(15,670)
Capital outlay	135,500	135,500	60,167	75,333
Total police department	2,053,636	2,053,636	1,923,877	129,759

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

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

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (cont.)				
PUBLIC SAFETY (cont.)				
Fire department				
Salaries and wages	625,750	625,750	585,315	40,435
OASI	47,900	47,900	43,867	4,033
Hospital and health insurance	63,600	63,600	64,316	(716)
Retirement	62,600	62,600	47,096	15,504
Unemployment insurance	420	420	336	84
Employee education and training	3,650	3,650	-	3,650
Self-insured dental	-	-	3,490	(3,490)
Fire prevention program	3,000	3,000	950	2,050
Training fees and expenses	7,500	7,500	2,334	5,166
Postage, box rent	-	-	48	(48)
Radio and television services	500	500	-	500
Printing, stationery and forms	500	500	68	432
Books, catalogues, etc.	1,000	1,000	352	648
Publicity and subscriptions	750	750	1,179	(429)
Memberships/fees/tuition/dues	-	-	100	(100)
Utilities	15,000	15,000	15,748	(748)
Telephone	2,000	2,000	1,487	513
Employee medical	2,000	2,000	-	2,000
Repair and maintenance - services	15,000	15,000	2,347	12,653
Repair and maintenance - vehicles	12,000	12,000	6,259	5,741
Repair and maintenance - other	2,500	2,500	7,660	(5,160)
Out-of-town expense	4,500	4,500	3,439	1,061
Office supplies	3,250	3,250	2,467	783
Operating supplies	50,000	50,000	20,829	29,171
Clothing and uniforms	5,000	5,000	3,602	1,398
Gas, oil and diesel	5,500	5,500	8,338	(2,838)
Tires, tubes, etc	4,000	4,000	723	3,277
Small equipment	12,000	12,000	111,271	(99,271)
Capital outlay	527,000	527,000	692,122	(165,122)
Total fire department	1,476,920	1,476,920	1,625,743	(148,823)
Emergency communication services				
E911 services	210,000	210,000	203,336	6,664
Total emergency communication services	210,000	210,000	203,336	6,664
TOTAL PUBLIC SAFETY	3,740,556	3,740,556	3,752,956	(12,400)
PUBLIC WORKS				
Highways and streets				
Salaries and wages	-	-	45,086	(45,086)
OASI	-	-	3,422	(3,422)
Health Insurance	-	-	1,881	(1,881)
Retirement	-	-	3,322	(3,322)
Dental	-	-	338	(338)
Work release program	10,000	10,000	-	10,000
Publications/subscriptions/dues	-	-	150	(150)
Publication legal notices	300	300	86	214
Utilities	15,500	15,500	16,461	(961)
Telephone	2,000	2,000	2,013	(13)
Street lighting	160,568	160,568	171,423	(10,855)
Professional services	60,000	60,000	43,634	16,366
Repair and maintenance - vehicles	15,000	15,000	13,576	1,424
Repair and maintenance - roads	1,000,000	1,000,000	527,468	472,532
Repair and maintenance - other	65,000	65,000	62,411	2,589
Out-of-town expense	1,000	1,000	-	1,000
Office supplies	1,500	1,500	1,772	(272)
Operating supplies	15,000	15,000	30,153	(15,153)
Clothing and uniforms	4,000	4,000	3,190	810
Gas, oil, diesel and grease	25,000	25,000	24,869	131
Tires, tubes, etc.	3,500	3,500	4,305	(805)
Drainage	20,000	20,000	13,375	6,625
Small equipment	5,000	5,000	3,687	1,313
Capital outlay	1,110,000	1,110,000	-	1,110,000
Total highways and streets	2,513,368	2,513,368	972,622	1,540,746

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

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

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (cont.)				
PUBLIC WORKS (cont.)				
State street aid				
Salaries and wages	404,800	404,800	292,223	112,577
OASI	31,000	31,000	21,943	9,057
Health insurance	57,900	57,900	42,115	15,785
Retirement	41,750	41,750	28,781	12,969
Unemployment	400	400	131	269
Self-insured dental	3,350	3,350	1,907	1,443
Waste Collection & Disposal - Telephone	-	-	26	(26)
Total state street aid	539,200	539,200	387,126	152,074
TOTAL PUBLIC WORKS	3,052,568	3,052,568	1,359,748	1,692,820
HEALTH, WELFARE AND RECREATION				
Animal control				
Contracted Services	45,000	45,000	47,127	(2,127)
Total animal control	45,000	45,000	47,127	(2,127)
Parks and recreation				
Salaries and wages	439,200	439,200	427,075	12,125
OASI	33,600	33,600	32,468	1,132
Health insurance	58,900	58,900	51,251	7,649
Retirement	37,700	37,700	22,524	15,176
Unemployment insurance	680	680	384	296
Self-insured dental	3,370	3,370	2,732	638
Printing and stationery	1,250	1,250	249	1,001
Subscriptions and dues	150	150	-	150
Memberships	6,000	6,000	1,201	4,799
Utility services	100,000	100,000	96,581	3,419
Telephone	1,750	1,750	1,121	629
Professional services	30,000	30,000	6,695	23,305
Medical expenses	-	-	-	-
Repair and maintenance - services	500	500	401	99
Repair and maintenance - vehicles	2,000	2,000	1,782	218
Repair and maintenance - other	25,000	25,000	16,967	8,033
Out of town expense	1,500	1,500	1,914	(414)
Office supplies	1,500	1,500	445	1,055
Operating supplies	45,000	45,000	61,212	(16,212)
Supplies - concession	20,000	20,000	12,004	7,996
Recreation supplies	50,000	50,000	57,822	(7,822)
Clothing and uniforms	750	750	643	107
Repair and maintenance - Supplies	-	-	-	-
Gas, oil and diesel	10,000	10,000	7,700	2,300
Small equipment	15,000	15,000	14,762	238
Capital outlay	1,935,000	1,935,000	97,594	1,837,406
Total parks and recreation	2,818,850	2,818,850	915,527	1,903,323

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

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

EXPENDITURES (cont.)	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
HEALTH, WELFARE AND RECREATION (cont.)				
Human resources				
Salaries	63,900	63,900	41,049	22,851
OASI	4,900	4,900	2,859	2,041
Health insurance	9,500	9,500	6,631	2,869
Retirement	7,100	7,100	3,038	4,062
Unemployment insurance	50	50	93	(43)
Self-insured dental	550	550	334	216
Printing	1,000	1,000	453	547
Memberships/tuition/fees/dues	-	-	34	(34)
Advertising	2,000	2,000	1,695	305
Utility services	1,000	1,000	873	127
Telephone	2,000	2,000	2,282	(282)
Professional services	-	-	210	(210)
Out-of-town expense	500	500	1,642	(1,142)
Operating supplies	4,000	4,000	2,100	1,900
Small equipment	5,750	5,750	1,377	4,373
Total human resources	<u>102,250</u>	<u>102,250</u>	<u>64,670</u>	<u>37,580</u>
TOTAL HEALTH, WELFARE AND RECREATION	<u>2,966,100</u>	<u>2,966,100</u>	<u>1,027,324</u>	<u>1,938,776</u>
MISCELLANEOUS				
Utilities	4,000	4,000	3,710	290
TOTAL MISCELLANEOUS	<u>4,000</u>	<u>4,000</u>	<u>3,710</u>	<u>290</u>
TOTAL EXPENDITURES	<u>17,132,947</u>	<u>17,132,947</u>	<u>13,168,907</u>	<u>3,964,040</u>
REVENUES OVER EXPENDITURES	<u>(2,178,167)</u>	<u>(2,178,167)</u>	<u>2,999,658</u>	<u>5,177,825</u>
OTHER FINANCING SOURCES AND USES				
Operating transfers in	141,000	141,000	141,000	-
Operating transfer out	(411,353)	(411,353)	(290,582)	120,771
Sale of equipment	120,000	120,000	20,690	(99,310)
TOTAL OTHER FINANCING SOURCES AND USES	<u>(150,353)</u>	<u>(150,353)</u>	<u>(128,892)</u>	<u>21,461</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>(2,328,520)</u>	<u>(2,328,520)</u>	<u>2,870,766</u>	<u>5,199,286</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>13,939,849</u>	<u>13,939,849</u>	<u>13,939,849</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 11,611,329</u>	<u>\$ 11,611,329</u>	<u>\$ 16,810,615</u>	<u>\$ 5,199,286</u>

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

CITY OF SAVANNAH, TENNESSEE
SOLID WASTE COLLECTION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Refuse collection charges	\$ 1,100,000	\$ 1,100,000	\$ 1,079,434	\$ (20,566)
Forfeited discounts	20,000	20,000	24,119	4,119
Bad debts collected	2,500	2,500	1,404	(1,096)
Uncollectible accounts	(7,500)	(7,500)	(31,134)	(23,634)
Interest earnings	2,900	2,900	4,305	1,405
Miscellaneous	-	-	1,061	1,061
Total Revenues	<u>1,117,900</u>	<u>1,117,900</u>	<u>1,079,189</u>	<u>(38,711)</u>
Expenditures				
Public Works				
Wages	136,000	136,000	115,379	20,621
Payroll taxes	10,400	10,400	8,600	1,800
Health insurance	16,600	16,600	17,056	(456)
Retirement	15,000	15,000	12,283	2,717
Unemployment	60	60	97	(37)
Data processing	5,500	5,500	153	5,347
Dental	975	975	1,252	(277)
Landfill post-closure	10,000	10,000	10,431	(431)
Utilities	1,250	1,250	1,990	(740)
Telephone	1,500	1,500	1,216	284
Repairs and maintenance	7,500	7,500	8,778	(1,278)
Gas	5,500	5,500	7,806	(2,306)
Supplies	3,000	3,000	1,463	1,537
Office supplies	4,000	4,000	1,269	2,731
Clothing and uniforms	1,000	1,000	-	1,000
Collection fees	818,250	818,250	850,109	(31,859)
Liability insurance	15,000	15,000	9,335	5,665
Small equipment	2,000	2,000	-	2,000
Postage, Box Rent, etc.	6,000	6,000	7,775	(1,775)
Printing, Stationery, and Forms	1,000	1,000	2,563	(1,563)
Capital outlay	150,000	150,000	-	150,000
Total Expenditures	<u>1,210,535</u>	<u>1,210,535</u>	<u>1,057,555</u>	<u>152,980</u>
Net Change in Fund Balances	(92,635)	(92,635)	21,634	114,269
Fund Balance at Beginning of Year	<u>1,487,486</u>	<u>1,487,486</u>	<u>1,487,486</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,394,851</u>	<u>\$ 1,394,851</u>	<u>\$ 1,509,120</u>	<u>\$ 114,269</u>

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

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

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	SEWER FUND	WATER FUND	TOTALS
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,399,832	\$ 2,872,757	\$ 2,866,228	\$ 10,138,817
Investments	2,323,136	250,000	650,000	3,223,136
Accounts receivable, net of allowance	42,231	91,084	171,301	304,616
Grant receivable	-	8,262	-	8,262
Other receivables, net of allowance	11,355	2,651	4,183	18,189
Due from other funds	88,945	6,084	-	95,029
Inventory	475,401	10,054	213,020	698,475
Lease receivable, current portion	-	-	19,436	19,436
Prepaid expenses	8,840	9,851	23,101	41,792
TOTAL CURRENT ASSETS	<u>7,349,740</u>	<u>3,250,743</u>	<u>3,947,269</u>	<u>14,547,752</u>
RESTRICTED ASSETS				
Cash and cash equivalents	-	-	430	430
NONCURRENT ASSETS				
Lease receivable, long-term portion	-	-	236,269	236,269
PROPERTY, PLANT AND EQUIPMENT				
Land	223,863	32,200	75,482	331,545
Buildings	440,610	333,667	34,776	809,053
Improvements	26,358	643,281	-	669,639
Equipment	1,971,750	777,528	800,021	3,549,299
Distribution plant	8,913,224	17,049,278	28,702,092	54,664,594
Construction in progress	355,800	645,401	106,475	1,107,676
Total Capital Assets	11,931,605	19,481,355	29,718,846	61,131,806
Less accumulated depreciation	(5,873,215)	(11,170,056)	(15,384,952)	(32,428,223)
NET PROPERTY, PLANT AND EQUIPMENT	<u>6,058,390</u>	<u>8,311,299</u>	<u>14,333,894</u>	<u>28,703,583</u>
TOTAL NONCURRENT ASSETS	<u>6,058,390</u>	<u>8,311,299</u>	<u>14,570,163</u>	<u>28,939,852</u>
TOTAL ASSETS	<u>13,408,130</u>	<u>11,562,042</u>	<u>18,517,862</u>	<u>43,488,034</u>
DEFERRED OUTFLOWS				
Deferred outflows related to pension investments	153,919	90,168	204,761	448,848
Deferred outflows related to OPEB investments	10,017	10,226	10,226	30,469
TOTAL DEFERRED OUTFLOWS	<u>163,936</u>	<u>100,394</u>	<u>214,987</u>	<u>479,317</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	137,851	77,061	148,784	363,696
Due to other funds	-	11	100,094	100,105
Accrued liabilities	3,914	-	45,187	49,101
Customer deposits	246,978	83,488	119,487	449,953
Accrued interest	-	1,661	13,737	15,398
Current portion of long-term debt	60,000	121,480	360,000	541,480
TOTAL CURRENT LIABILITIES	<u>448,743</u>	<u>283,701</u>	<u>787,289</u>	<u>1,519,733</u>
LONG-TERM LIABILITIES				
Compensated absences	40,010	34,532	57,284	131,826
Net pension liability	33,546	34,711	63,413	131,670
OPEB liability	37,141	36,810	36,810	110,761
Bonds and notes payable (net of unamortized premium)	95,000	1,925,253	3,974,346	5,994,599
TOTAL LONG-TERM LIABILITIES	<u>205,697</u>	<u>2,031,306</u>	<u>4,131,853</u>	<u>6,368,856</u>
OTHER LIABILITIES				
Net pension liability	-	-	-	-
TOTAL LIABILITIES	<u>654,440</u>	<u>2,315,007</u>	<u>4,919,142</u>	<u>7,888,589</u>
DEFERRED INFLOWS				
Deferred inflows related to pension investments	28,848	5,483	29,542	63,873
Deferred inflows related to OPEB investments	22,934	23,455	23,455	69,844
Deferred inflows related to lease	-	-	255,705	255,705
Deferred inflows related to refunded debt	-	13,022	53,574	66,596
TOTAL DEFERRED INFLOWS	<u>51,782</u>	<u>41,960</u>	<u>362,276</u>	<u>456,018</u>
NET POSITION				
Net investment in capital assets	5,903,390	6,264,566	9,999,548	22,167,504
Restricted net position	-	-	430	430
Restricted net position for pension	-	-	-	-
Unrestricted net position	6,962,454	3,040,903	3,451,453	13,454,810
TOTAL NET POSITION	<u>\$ 12,865,844</u>	<u>\$ 9,305,469</u>	<u>\$ 13,451,431</u>	<u>\$ 35,622,744</u>

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

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

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTALS
	GAS FUND	SEWER FUND	WATER FUND	
OPERATING REVENUES				
Charges for services	\$ 3,643,237	\$ 2,010,163	\$ 3,691,202	\$ 9,344,602
Recovery of uncollectible accounts	14,773	2,128	4,297	21,198
Uncollectible accounts	(33,824)	(51,055)	-	(84,879)
Sale of materials	35	-	65	100
Miscellaneous	2,290	756	5,066	8,112
TOTAL OPERATING REVENUES	<u>3,626,511</u>	<u>1,961,992</u>	<u>3,700,630</u>	<u>9,289,133</u>
OPERATING EXPENSES				
Natural gas purchases	1,870,761	-	-	1,870,761
Operations - supply and treatment	222,872	189,386	656,548	1,068,806
Operations - distributions	-	223,476	157,526	381,002
Repairs and maintenance	684,227	736,338	1,241,041	2,661,606
Accounting and collecting	114,266	74,405	147,343	336,014
Administrative and general	178,624	168,135	254,472	601,231
Economic development	81,750	-	-	81,750
Depreciation	269,600	473,841	790,756	1,534,197
TOTAL OPERATING EXPENSES	<u>3,422,100</u>	<u>1,865,581</u>	<u>3,247,686</u>	<u>8,535,367</u>
OPERATING INCOME	<u>204,411</u>	<u>96,411</u>	<u>452,944</u>	<u>753,766</u>
NONOPERATING REVENUES (EXPENSES)				
Amortization of bond premium	-	11,618	39,750	51,368
Lease revenue	-	-	28,079	28,079
Interest income	34,005	3,175	10,087	47,267
Interest and amortization expense	(7,735)	(50,316)	(107,542)	(165,593)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>26,270</u>	<u>(35,523)</u>	<u>(29,626)</u>	<u>(38,879)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	230,681	60,888	423,318	714,887
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers to other funds	(92,000)	(18,000)	(31,000)	(141,000)
Capital contributions	-	69,179	-	69,179
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(92,000)</u>	<u>51,179</u>	<u>(31,000)</u>	<u>(71,821)</u>
CHANGE IN NET POSITION	138,681	112,067	392,318	643,066
NET POSITION - BEGINNING OF YEAR	<u>12,727,163</u>	<u>9,193,402</u>	<u>13,059,113</u>	<u>34,979,678</u>
NET POSITION - END OF YEAR	<u>\$ 12,865,844</u>	<u>\$ 9,305,469</u>	<u>\$ 13,451,431</u>	<u>\$ 35,622,744</u>

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

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	SEWER FUND	WATER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,680,535	\$ 2,022,759	\$ 3,704,891	\$ 9,408,185
Cash received from other funds for services	(134,490)	-	-	(134,490)
Other operating cash receipts	2,290	756	5,131	8,177
Cash payments to suppliers for goods and services	(2,654,439)	(827,045)	(1,342,141)	(4,823,625)
Cash payments to employees for services	(586,680)	(522,247)	(1,016,727)	(2,125,654)
Cash payments to other funds for services	-	910,674	181,039	1,091,713
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>307,216</u>	<u>1,584,897</u>	<u>1,532,193</u>	<u>3,424,306</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Amounts paid to others - tax equivalents	(92,000)	(18,000)	(31,000)	(141,000)
NET CASH USED FOR NON-CAPITAL FINANCING ACTIVITIES	<u>(92,000)</u>	<u>(18,000)</u>	<u>(31,000)</u>	<u>(141,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(141,783)	(607,344)	(472,556)	(1,221,683)
Grant proceeds	-	60,917	-	60,917
Retirement of bonds and notes payable	(55,000)	(115,280)	(355,000)	(525,280)
Interest paid on long-term debt	(7,735)	(51,318)	(125,400)	(184,453)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(204,518)</u>	<u>(713,025)</u>	<u>(952,956)</u>	<u>(1,870,499)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from leased property	-	-	28,079	28,079
Interest on cash and investments	34,005	3,175	10,087	47,267
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>34,005</u>	<u>3,175</u>	<u>38,166</u>	<u>75,346</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	44,703	857,047	586,403	1,488,153
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,355,129</u>	<u>2,015,710</u>	<u>2,280,255</u>	<u>8,651,094</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,399,832</u>	<u>\$ 2,872,757</u>	<u>\$ 2,866,658</u>	<u>\$ 10,139,247</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Income from operating activities	\$ 204,411	\$ 96,411	\$ 452,944	\$ 753,766
Adjustments to reconcile income from operations to net cash				
Depreciation and amortization	269,600	473,841	790,756	1,534,197
Change in pension related deferred outflows and inflows of resources	9,558	12,540	19,456	41,554
Adjustments related to OPEB expense	(2,581)	(2,644)	(2,644)	(7,869)
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	44,704	54,494	5,760	104,958
(Increase) decrease in other receivables	(7,945)	(1,488)	(3,239)	(12,672)
(Increase) decrease in due from other funds	(46,683)	912,434	174,711	1,040,462
(Increase) decrease in inventories	(1,109)	(2,386)	(28,092)	(31,587)
(Increase) decrease in prepaid insurance	139	(190)	(51)	(102)
Increase (decrease) in accounts payable	(86,769)	35,128	118,495	66,854
Increase (decrease) in due to other funds	(87,807)	(1,760)	6,328	(83,239)
Increase (decrease) in customer deposits	19,555	8,517	6,871	34,943
Increase (decrease) in compensated absences	-	-	-	-
Increase (decrease) in accrued liabilities	(7,857)	-	(9,102)	(16,959)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 307,216</u>	<u>\$ 1,584,897</u>	<u>\$ 1,532,193</u>	<u>\$ 3,424,306</u>

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

CITY OF SAVANNAH, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

1. B. REPORTING ENTITY

The City of Savannah (government) is a municipal corporation governed by an appointed City Manager and five-member governing commission/Board of Commissioners. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that is legally separate from the government. Currently, the City has no blended component units.

Discretely Presented Component Units. Savannah Industrial Development Corporation (SIDC) is a nonprofit organization located in Savannah, Tennessee. Its purpose is to increase employment opportunities by promoting industry, trade, commerce, tourism and recreation in Hardin County, Tennessee. SIDC is a component unit of the City of Savannah since (1) board members are appointed by the City Commission and (2) it receives a significant portion of its funding from the City of Savannah. Accordingly, this financial data is incorporated into the City's financial statements. The City Commission determines the amount of money to contribute each year to SIDC. The City appropriated \$65,000 for economic development to SIDC in the current year. Complete financial statements of SIDC may be obtained from the Savannah Industrial Development Corporation, c/o Jennifer Perryman, 495 Main Street, Savannah, TN 38372.

Jointly Governed Organizations

Jointly governed organizations occur when governments use contracts to establish separate activities for their mutual benefit that are beyond the control of any single participating government. The City, in conjunction with the County, has created the Savannah/Hardin County Airport Commission. The board is comprised of three members appointed by the City and three by the County. The City appropriated \$62,500 for an operational grant to the Commission for 2023.

1. C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the government has a discretely present component unit. Savannah Industrial Development Corporation is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably

CITY OF SAVANNAH, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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 for the various functions concerned.

1. D. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The fund financial statements provided information about the government's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

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

The *Solid Waste Fund* accounts for the solid waste revenue and expenditures related to disposal services.

The government reports the following major enterprise funds:

The *Gas Fund* accounts for activities associated with the gas distribution system.

The *Sewer Fund* accounts for the activities associated with the sewage treatment plant, sewage pumping stations and collection systems.

The *Water Fund* accounts for the activities associated with the water distribution system.

Additionally, the government reports the following fund types:

The *Police Drug Fund* accounts for revenues and expenditures on drug fines and enforcement costs.

The *Debt Service Fund* accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the city other than debt service payments made by enterprise funds. This fund is used to pay the debt incurred to finance the construction of the police department, purchase police cars, and to improve City Hall.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in

CITY OF SAVANNAH, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

1.E. 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 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*. 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 enough 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures 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 leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered 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 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 when cash is received by the government.

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

1.F. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, solid waste fund, police drug fund, and debt service – sinking fund.

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:

CITY OF SAVANNAH, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

- Prior to May 1, the City Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- The proposed budget is published in the local newspaper with invitations for the public to attend the budget hearings.
- Prior to July 1, the budget is legally adopted by the Mayor and Board of Commissioners through adoption of the appropriation ordinance upon two readings.
- The City is responsible for controlling expenditures of the various agencies of the Town government within the appropriated amounts. No expenditures shall be made in excess of the appropriations.

Budgeted amounts are shown as originally adopted and after final amendments by the City Commission. Budget appropriations lapse at year end. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, of the all funds are presented as fund financial statements.

1.G. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Inventories and Prepaid Item

Inventories are valued at cost which approximates market and consist primarily of expendable supplies. Cost is determined using an average-cost method. All City inventories are maintained on a consumption basis of accounting where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. The Gas Fund's inventory consists of materials (37%) and natural gas storage (63%). Natural gas storage inventory is accounted for on the weighted average method.

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost as follows: \$10,000 with a life greater than one year is recorded as capital outlay in the department for which it was purchased.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of some assets. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

CITY OF SAVANNAH, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives in years:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	10 - 20
Equipment	5 - 10
Vehicles	5 - 7
Plant	15 - 40

Deferred outflows/inflows of revenues

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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 City has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the proprietary Statement of Net Position. These items are related to pension and OPEB requirements under GASB Statement No. 68 and GASB Statement No. 75.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent 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 City has items that qualify for reporting in this category. Accordingly, the items, are reported in the government-wide Statement of Net Position and the proprietary Statement of Net Position. These items are from the following sources: (1) deferred inflow on bond refundings resulting from the difference in the carrying amount of refund debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt, (2) current and delinquent property taxes, (3) pension requirements under GASB Statement No. 68, (4) OPEB requirements under GASB Statement No. 75, and (5) deferred lease revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., 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 the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the government-wide financial statements, equity is classified as net position and 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 any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement 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 or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of restricted or net investment in capital assets.

The government-wide Statement of Net Position reports \$1,660,056 restricted net position, of which \$1,409 is restricted by enabling legislation.

CITY OF SAVANNAH, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Fund balance flow assumptions

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

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 the formal action of the government's highest level of decision-making authority. The City Commission is the 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 (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used for the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Commissioners has by resolution authorized the City Manager to assign fund balance. The Board of Commissioners may also assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to remove or revise a commitment.

1.H. PENSIONS

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

1.I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Employees of the City are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be 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. The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

CITY OF SAVANNAH, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

1.J. REVENUES AND EXPENDITURES/ 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.

Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of January 1st. The taxes are due and payable from the following October through February in the year succeeding the tax levy. The billings are considered past due on March 1, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Compensated Absences

The City's policy regarding vacation time permits employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Proprietary funds operating and nonoperating revenues and expenses

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

Sales Tax

Hardin County presently levies a two and three-fourth percent sales tax on taxable sales within the County, of which the City receives one half of the collected amount through the statutory formula indicated in *Tennessee Code Annotated*. The sales tax is collected by the Tennessee Department of Revenue and two and one-half percent is remitted to the County in the month following receipt by the Department of Revenue. The County then remits one and three eight percent to the City. The Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded in the General Fund. Sales tax remitted to the City in July and August has been accrued and is included under the caption "Due from other governments."

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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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 City resources follows.

2. A. FUND ACCOUNTING REQUIREMENTS

The Police Drug Fund and the E-citation Fund are required as separate funds by 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 State of 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 has no policy regarding custodial credit risk for deposits.

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 deposits, 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 of the State and its subdivisions. The City has no policy that further limits allowable investments.

2. C. REVENUE RESTRICTIONS

The City has various restrictions placed 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

2. D. FUND EQUITY RESTRICTIONS

Deficit Fund Balance

Tennessee regulations discourage the creation of a deficit fund balance in any individual fund. All City funds had a positive fund balance for the year ended June 30, 2023.

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

3.A. CASH DEPOSITS AND INVESTMENTS WITH FINANCIAL INSTITUTIONS

The City maintains checking and collection accounts with local banks. 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 of the State and its subdivisions.

Custodial credit risk-deposits

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". The City's deposits at year-end

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were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by the State's Bank Collateral Pool).

Custodial credit risk-investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments consist of certificates of deposits held at local banks that are not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by the State's Bank Collateral Pool).

3.B. RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end but not yet received. The major receivable balance for the governmental activities includes sales tax receivable due from the county and other governments and grant receivables. All amounts are anticipated to be collected within the next year.

Accounts receivable consists of utilities receivable. Receivables detail at June 30, 2023, are as follows:

	Solid Waste	Gas	Sewer	Water	Total
Accounts receivable	\$ 85,457	\$ 71,164	\$ 146,204	\$ 176,528	\$ 479,353
Allowance for doubtful accounts	(33,892)	(28,933)	(55,120)	(5,227)	(123,172)
Net accounts receivable	<u>\$ 51,565</u>	<u>\$ 42,231</u>	<u>\$ 91,084</u>	<u>\$ 171,301</u>	<u>\$ 356,181</u>

Revenues of the Solid Waste, Sewer, Water and Gas Funds are reported net of uncollectible amounts. Total uncollectible amounts related to sales of the period amounted to \$84,879.

3. C. CAPITAL ASSETS

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

	Balance 7/1/22	Additions/ Completions	Retirements/ Adjustments	Balance 6/30/23
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 2,164,384	\$ -	\$ -	\$ 2,164,384
Construction in progress	111,457	-	-	111,457
Total Capital assets not being depreciated	<u>2,275,841</u>	<u>-</u>	<u>-</u>	<u>2,275,841</u>
Capital assets being depreciated				
Buildings	3,918,760	-	-	3,918,760
Equipment	8,045,384	762,693	-	8,808,077
Improvements	16,096,681	92,101	(13,673)	16,175,109
Total Capital assets being depreciated	<u>28,060,825</u>	<u>854,794</u>	<u>(13,673)</u>	<u>28,901,946</u>
Less accumulated depreciation for:				
Buildings	(2,061,692)	(68,723)	-	(2,130,415)
Equipment	(6,430,844)	(420,538)	11,792	(6,839,590)
Improvements	(6,162,522)	(712,748)	-	(6,875,270)
Total accumulated depreciation	<u>(14,655,058)</u>	<u>(1,202,009)</u>	<u>11,792</u>	<u>(15,845,275)</u>
Total capital assets, being depreciated, net	<u>13,405,767</u>	<u>(347,215)</u>	<u>(1,881)</u>	<u>13,056,671</u>
Governmental activities capital assets, net	<u>\$ 15,681,608</u>	<u>\$ (347,215)</u>	<u>\$ (1,881)</u>	<u>\$ 15,332,512</u>

CITY OF SAVANNAH, TENNESSEE
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	<u>Balance 7/1/22</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Balance 6/30/23</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 331,545	\$ -	\$ -	\$ 331,545
Construction in Progress	568,912	620,105	(81,341)	1,107,676
Total Capital assets not being depreciated	<u>900,457</u>	<u>620,105</u>	<u>(81,341)</u>	<u>1,439,221</u>
Capital assets being depreciated				
Buildings	809,053	-	-	809,053
Improvements	668,331	1,308	-	669,639
Equipment	3,366,134	183,165	-	3,549,299
Plant	54,166,147	498,447	-	54,664,594
Total Capital assets being depreciated	<u>59,009,665</u>	<u>682,920</u>	<u>-</u>	<u>59,692,585</u>
Less accumulated depreciation for:				
Buildings	(332,065)	(19,742)	-	(351,807)
Improvements	(224,206)	(21,102)	-	(245,308)
Equipment	(2,618,207)	(183,651)	-	(2,801,858)
Plant	(27,719,548)	(1,309,702)	-	(29,029,250)
Total accumulated depreciation	<u>(30,894,026)</u>	<u>(1,534,197)</u>	<u>-</u>	<u>(32,428,223)</u>
Total capital assets, being depreciated, net	<u>28,115,639</u>	<u>(851,277)</u>	<u>-</u>	<u>27,264,362</u>
Business-type activities capital assets, net	<u>\$ 29,016,096</u>	<u>\$ (231,172)</u>	<u>\$ (81,341)</u>	<u>\$ 28,703,583</u>

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

Governmental Function:

General and administrative	\$ 46,199
Public safety	310,549
Public works	341,450
Health, recreation and welfare	<u>503,811</u>

Total depreciation expense – governmental activities \$1,202,009

Business-type Activities:

Water	\$790,756
Sewer	473,841
Gas	<u>269,600</u>

Total depreciation expense – business-type activities \$1,534,197

3. D. LEASE RECEIVABLE AND REVENUE

In July 2018, the City amended a lease originally signed 7/3/2008 with AT&T for AT&T to place antennas on water towers owned by the City for 20 years. The payments on the amended lease began in 2018. The rent agreed upon was \$31,740 for fiscal year 2022, \$22,500 for fiscal year 2023, and a three percent increase on the annual rent beginning in fiscal year 2024. Since there was no stated interest rate, it was determined that to calculate the net present of payments for 2022 – 2038 (when GASB 87 was implemented), the prime rate of 5.00% per JPMorgan Chase on 6/14/2018 would be used was chosen because it was closest to the official date of the beginning of the lease at 7/3/2018. Following is a table of the future cash flows at net present value:

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Year	Principal	Interest	Total
2024	\$ 19,436	\$ 3,064	\$ 22,500
2025	19,066	4,109	23,175
2026	18,703	5,167	23,870
2027	18,347	6,240	24,587
2028	17,997	7,327	25,324
2029	17,654	8,429	26,083
2030	17,318	9,548	26,866
2031	16,988	10,684	27,672
2032	16,665	11,838	28,503
2033	16,347	13,010	29,357
2034	16,036	14,202	30,238
2035	15,730	15,415	31,145
2036	15,431	16,649	32,080
2037	15,137	17,905	33,042
2038	14,850	19,185	34,035
Total	\$ 255,705	\$ 162,772	\$ 418,477

In the financial statements of the Water Fund, revenues of \$31,740 (\$28,079 principal and \$3,661 interest) have been recognized from AT&T during the year. The entire amount of the balance for the lease receivable at June 30, 2023, is offset by deferred inflows of resources in the Water Fund.

3. E. ACCRUED LIABILITIES

Accrued expenses reported by governmental funds at June 30, 2023, consisted of accrued salaries and related accrued payroll expenses.

3. F. GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan description. Employees of Savannah 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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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

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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	67
Inactive employees entitled to but not yet receiving benefits	46
Active employees	<u>38</u>
	<u>151</u>

The plan is closed to new entrants.

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. Savannah 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 Savannah were \$182,223 based on a rate of 9.26 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Savannah's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

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.

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The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real estates 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:

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/21	\$ 17,777,458	\$ 19,775,383	\$ (1,997,925)
Changes for the year:			
Service cost	213,310	-	213,310
Interest	1,185,786	-	1,185,786
Differences between expected and actual experience	432,736	-	432,736
Changes in Assumptions	-	-	-
Contributions - employer	-	173,242	(173,242)
Contributions - employees	-	108,399	(108,399)
Net investment income	-	(745,640)	745,640
Benefit payments, including refunds of employee contributions	(847,127)	(847,127)	-
Administrative expense	-	(3,890)	3,890
Net changes	984,705	(1,315,016)	2,299,721
Balance at 6/30/22	\$ 18,762,163	\$ 18,460,367	\$ 301,796

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Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net position liability (asset) of Savannah 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% Increase (5.75%)	Current Discount Rate (6.75%)	1% Decrease (7.75%)
Savannah's net pension liability (asset)	\$ 2,591,371	\$ 301,796	\$ (1,620,225)

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

Pension expense (negative pension expense). For the year ended June 30, 2023, Savannah recognized pension expense (negative pension expense) of \$279,967.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 288,491	\$ 89,137
Net difference between projected and actual earnings on pension plan investments	15,607	-
Changes in assumptions	541,678	-
Contributions subsequent to the measurement date of 6/30/21	182,223	(not applicable)
	\$ 1,027,999	\$ 89,137

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	\$246,073
2025	\$276,114
2026	(\$177,801)
2027	\$412,252
2028	-
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, Savannah reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

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Defined Contribution Plan

The City began offering a 401(A) defined contribution plan to their eligible employees hired on or after July 1, 2013. The City of Savannah 401(A) Defined Contribution Retirement Plan became effective on September 1, 2012 and is administered by the City of Savannah. Employees are required to make a mandatory contribution of 5% of their annual compensation and the City matches their contribution with an equal amount. The employer's contributions are not vested until after five annual periods in the plan. The employer has the right to amend the Plan at any time. In no event, however, will any amendment authorize or permit any part of the Plan assets to be used for purposes other than the exclusive benefit of Participants or their beneficiaries. The City's current year contributions to the plan were \$141,800. The pension funds are administered by the Principal Financial Group.

Deferred Compensation Plan

The City provides a pension plan to its employees that is an ERISA defined 457B plan. The employee begins to participate after the first three months of employment. The employee may choose to contribute. The City will match the employees' contributions to this plan up to a maximum of 3% of annual compensation, by making such matching contributions to the City of Savannah, Tennessee 401(a) Defined Contribution Retirement Plan. The employee's contributions are always 100% vested. The City's matching contribution to the 401(a) plan was \$122,288 in 2023. The pension funds are administered by the Principal Financial Group.

3. G. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Retirees of the City are provided healthcare under the Local Government OPEB Plan until they reach Medicare eligibility.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	3.54%
Salary increases	Graded salary ranges from 3.44% - 8.72% based on age, including inflation, averaging 4.00 percent
Healthcare Cost Trends	8.37% for pre-65 in 2022, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022, decreasing annually over an 8-year period to an ultimate rate of 4.50%
Retirees 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.

The discount rate used to measure the total OPEB liability 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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Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2021 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 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.

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 adjustments to initial per capital costs and health trend rates.

Local Government OPEB Plan

Plan Description

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

Eligibility

Eligibility to commence OPEB coverage is the same as eligibility for retirement under TCRS, with the added conditions of (a) having being at least age 55 with at least 10 years of employment with the employer and three continuous years of insurance coverage in the LGOP immediately prior to final termination for retirement (or age 55 with at least 20 years of such employment if only one year of such coverage) and (b) receiving a monthly pension from TCRS or a non-TCRS retirement plan. Additional rules apply to OPEB coverage for TCRS-approved disabilities. Alternative conditions are made for any locally sponsored public safety retirement plan or utility board member.

With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under this OPEB Plan upon attaining eligibility for Medicare benefits. In addition to subsidies that may be provided by the local employers for retiree premiums, the OPEB benefits include access to coverage for the retiree and dependents under the Medical, Prescription, Dental, Vision, and Long Term Care (LTC access for retirees was discontinued effective January 1, 2018).

Benefits Provided

The City offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness healthsavings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, 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

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subsidies provided for the retiree premiums. The City does not provide a direct subsidy and is only subject to the implicit subsidy. 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 the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	5
Inactive Employees Entitled to But	
Not Yet Receiving Benefits	-
Active Employees	83
Total	<u>88</u>

Contributions

An insurance committee, created in accordance with TCA 8-27-201, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2023, the City paid \$19,128 (\$7,381 governmental and \$11,747 enterprise) to the LGOP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	<u>Governmental</u>	<u>Enterprise</u>	<u>Total</u>
Balance July 1, 2021	\$ 236,566	\$ 153,942	\$ 390,508
Changes for the year:			
Service cost	17,337	8,974	26,311
Interest	5,378	3,415	8,793
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(3,390)	(725)	(4,115)
Changes in assumptions and other inputs	(67,236)	(42,815)	(110,051)
Benefit Payments	(7,572)	(12,030)	(19,602)
Net changes	<u>(55,483)</u>	<u>(43,181)</u>	<u>(98,664)</u>
Balance June 30, 2022	<u>181,083</u>	<u>110,761</u>	<u>291,844</u>

Sensitivity of total OPEB liability to changes in the discount rate. The following presents the total OPEB liability related to the City, 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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(2.54%)</u>	<u>Discount Rate</u>	<u>(4.54%)</u>
		<u>(3.54%)</u>	
Total OPEB Liability	\$ 309,670	\$ 291,844	\$ 275,077

CITY OF SAVANNAH, TENNESSEE
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JUNE 30, 2023

Sensitivity of total OPEB liability to changes in the healthcare trend rate. The following presents the total OPEB liability related to the City, 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	Current	Discount Rate	1% Increase
	(7.37%/7.99 to 3.50%)	(8.37/8.99% to 4.50%)		(9.37/9.99% to 5.50%)
Total OPEB Liability	\$ 268,440	\$	291,844	\$ 319,042

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$16,516 (\$12,216 governmental and \$3,878 enterprise).

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 39,779	\$ 28,507
Changes of assumptions/inputs	30,801	166,445
Contributions subsequent to the measurement date of June 30, 2022	<u>19,128</u>	<u>(not applicable)</u>
Total	<u>\$ 89,708</u>	<u>\$ 194,952</u>

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

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30			
	2024	\$	(18,073)
	2025		(17,057)
	2026		(21,669)
	2027		(22,719)
	2028		(13,976)
	Thereafter		(30,878)
	Total	\$	<u>(124,372)</u>

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

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

3. H. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction commitments. The City has active grant and construction projects as of June 30, 2023. The projects include the ones listed below.

At year-end, the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining	Funding Source
2018 Multimodal	\$ 87,877	\$ 810,437	City Funds and TDOT
Sportsplex Phase I	\$ 3,009,708	\$ -	City Funds
2020 THDA Housing	\$ 408,000	\$ 92,000	THDA
Marina Consulting	\$ 218,257	\$ 81,743	City Funds
DRA Sewer Project	\$ 81,340	\$ 21,744	Sewer Fund and DRA
SR-128 Phase IV Utility Lines Relocate:			
- Gas	\$ 281,235	\$ 463,259	Gas Funds and TDOT
- Water	\$ 48,800	\$ 131,000	Water Funds and TDOT

3. I. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is carried for employees bonds and certain property destruction and employee health and accident claims. The City also participates in the Tennessee Municipal League Risk Management Pool, a public entity risk pool, for errors and omissions, automobile liability and physical damage, workers compensation, and employees' liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the three past fiscal years. The Tennessee Municipal League Risk Management Pool has been self-sustaining through member premiums. Members consist of local jurisdiction municipalities and utility districts in the state. Members are responsible for a pro-rata portion of claims which exceed the Pool's reserves. No additional assessments have ever been made by the Pool to its members as a result of losses experienced.

3. J. LONG-TERM DEBT

General Obligation Bonds

The government issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental funds and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 5 to 20 years. All bonds included in long-term debt as of June 30, 2023, will be retired from various funds as noted in the Schedule of Changes in Long-Term Debt by Individual Issue.

In 2021, the City issued \$8,640,000 of General Obligation Bonds, Series 2020, with a coupon rate of 3%. Payments will begin on June 1, 2021 and will mature on June 1, 2036. A portion of the proceeds \$2,285,000 (including a bond premium of \$300,668 and after payment of \$40,018 in issuance costs and underwriters fees) will be used to finance the cost of certain general projects. The remaining net proceeds of \$5,790,000 (including a bond premium of \$770,558 and after payment of \$101,562 in issuance costs and underwriters fees) will be used to finance utility projects.

Due to the refinancing of the General Obligation Bonds, Series 1999 Loan, Series 2009 Bonds and Series 2012 Bonds and SRF Loans 92-12 and 92-14, the bonds generated a cash flow savings of \$1,020,145 with a net present value of \$896,571 related to the favorable interest rates. As a result, the General Obligation

CITY OF SAVANNAH, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Bonds, Series 1999 Loan, Series 2009 Bonds and Series 2012 Bonds and SRF Loans 92-12 and 92-14 are considered to be defeased and the liability for those bonds has been removed from the statements of net position. As of June 30, 2023, the City's outstanding balance of the 2020 bonds was \$6,895,000.

Direct Borrowing and Direct Placements

The City issues other loans to provide funds for the acquisition and construction of major capital facilities. Loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. The loans outstanding were issued for original terms of up to 10 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All loans included in long-term debt as of June 30, 2023, will be retired from the Sewer Fund.

General obligation bonds outstanding at June 30, 2023 are as follows:

Governmental Activities:

General Obligation Bonds

	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 6/30/2023</u>
2020 Series (Refunding)	2020	\$ 2,475,000	3.00%	2036	1,895,000
2022 Series	2022	\$ 400,000	2.125%	2037	377,091
					<u>\$ 2,272,091</u>

Business-type Activities:

General Obligation Bonds

	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 6/30/2023</u>
2020 Series (Refunding)	2020	\$ 6,165,000	3.00%	2036	<u>\$ 5,000,000</u>

Governmental Activities

As of June 30, 2023, the governmental long-term debt of the City consisted of the following:

General Obligation Bonds

2020 Bond Series due in 2036, bearing an interest rate of 3.00%	\$ 1,895,000
2022 Bond Series due in 2037, bearing an interest rate of 2.125%	377,091
2020 Bond Series Reoffering Premium	256,844

Other Debt

General Fund Interfund Loan due to Solid Waste Fund*	197,935
Compensated absences	259,179
OPEB liability	181,083
Net pension liability	170,126
Landfill closure costs	<u>116,365</u>

Total Government Activity Debt \$ 3,453,623

**Recorded in the Governmental Funds Balance Sheet as Advance to/from other funds

The liability for general obligation bonds and compensated absences is fully liquidated by the general fund while the liability for landfill closure costs is fully liquidated by the solid waste fund.

CITY OF SAVANNAH, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Business-type Activities

As of June 30, 2023, the business-type long-term debt of the City consisted of the following:

Business-type Activities

Revenue Bonds

2009 Gas System Revenue and Tax Deficiency Bond, dated December 17, 2009,
due June 1, 2010, through June 30, 2024, at 3.295% \$ 155,000

General Obligation Bonds

2020 Water and Sewer General Obligation Bonds, Series 2020, Refunding,
dated December 1, 2020 due December 1, 2020, through June 30, 2036 at 3.00% 5,000,000

2020 Water and Sewer GOB, Series 2020, Reoffering Premium 658,221

Direct Borrowing and Direct Placements

State Revolving Fund Loan, interest rate of 1.84%, due in monthly installments over 20 years 722,858

Other Debt

OPEB Liability 110,761

Pension Liability 131,670

Compensated absences 131,826

Total Business-type Activities \$ 6,910,336

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	Balance	Issues or		Balance	Due within
<u>Governmental-type Activities</u>	<u>7/1/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2023</u>	<u>one year</u>
General Obligation Bonds	\$ 2,490,000	\$ -	\$ 217,909	\$ 2,272,091	\$ 218,398
General Fund Interfund Loan	310,294	-	112,359	197,935	112,922
Series 2020 Premium	276,889	-	20,045	256,844	-
Landfill Closure Costs	124,430	-	8,065	116,365	-
Pension Liability	-	170,126	-	170,126	-
OPEB Liability	236,566	-	55,483	181,083	-
Compensated Absences	233,128	26,051	-	259,179	-
Total governmental-type activities	<u>3,671,307</u>	<u>196,177</u>	<u>413,861</u>	<u>3,453,623</u>	<u>331,320</u>
<u>Business-type Activities</u>					
Revenue Bonds	210,000	-	55,000	155,000	60,000
General Obligation Bonds	5,405,000	-	405,000	5,000,000	415,000
Series 2020 Premium	709,589	-	51,368	658,221	-
Direct Borrowing and Direct Place	788,138	-	65,280	722,858	66,480
Pension Liability	-	131,670	-	131,670	-
OPEB Liability	153,942	-	43,181	110,761	-
Compensated Absences	131,846	-	20	131,826	-
Total business-type activities	<u>7,398,515</u>	<u>131,670</u>	<u>619,849</u>	<u>6,910,336</u>	<u>541,480</u>
Total	<u><u>\$ 11,069,822</u></u>	<u><u>\$ 327,847</u></u>	<u><u>\$ 1,033,710</u></u>	<u><u>\$ 10,363,959</u></u>	<u><u>\$ 872,800</u></u>

CITY OF SAVANNAH, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Annual Requirements to Retire Debt Outstanding

The annual aggregate maturities for bonds and direct borrowing and direct placements for the years subsequent to June 30, 2023, are as follows:

Year Ending June 30,	<i>General Obligation Bonds</i>				Total
	<u>Governmental-Type Activities</u>		<u>Business-Type Activities</u>		
	Principal	Interest	Principal	Interest	
2024	\$ 218,398	\$ 64,740	\$ 415,000	\$ 149,175	\$ 847,313
2025	218,898	58,390	425,000	136,650	838,938
2026	219,409	52,029	400,000	123,900	795,338
2027	219,930	45,658	340,000	111,900	717,488
2028	220,463	39,275	345,000	101,625	706,363
2029-2033	745,710	117,030	1,715,000	353,250	2,930,990
2034-2037	429,283	24,056	1,360,000	80,325	1,893,664
	<u>\$ 2,272,091</u>	<u>\$ 401,178</u>	<u>\$ 5,000,000</u>	<u>\$ 1,056,825</u>	<u>\$ 8,730,094</u>

Year Ending June 30,	<i>Revenue Bonds</i>		<i>Direct Borrowing and Direct Placements</i>		Total
	<u>Business-type Activities</u>		<u>Business-type Activities</u>		
	Principal	Interest	Principal	Interest	
2024	\$ 60,000	\$ 3,155	\$ 66,480	\$ 12,756	\$ 142,391
2025	60,000	3,580	67,716	11,520	142,816
2026	35,000	1,330	68,976	10,260	115,566
2027			70,260	8,976	79,236
2028			71,556	7,680	79,236
2029-2033	-	-	377,870	17,963	395,833
	<u>\$ 155,000</u>	<u>\$ 8,065</u>	<u>\$ 722,858</u>	<u>\$ 69,155</u>	<u>\$ 955,078</u>

The above bonds and notes payable contain provisions that in the event of default, the lenders can exercise one or more of the following options: 1) make the outstanding bond and/or note payable with accrued interest due and payable, 2) use any remedy allowed by state or federal law.

3. K. INTERFUND TRANSACTIONS AND BALANCES

Operating Transfers

The General Fund made an operating transfer to the Debt Service – Sinking Fund in the amount of \$290,582. Also, the General Fund received transfers in the amount of \$92,000, \$18,000 and \$31,000 from the Gas, Sewer, and Water Funds respectively for in-lieu of tax payments.

Interfund Receivables and Payables

DUE TO:	Solid						Totals
	General	Waste	Drug	E-Citation	Sewer	Gas	
DUE FROM:							
General	\$ -	\$ -	\$ 500	\$ 296	\$ -	\$ -	\$ 796
Solid Waste	18	-	-	-	-	-	18
Sewer	-	-	-	-	-	11	11
Water	-	5,076	-	-	6,084	88,934	100,094
Totals	<u>\$ 18</u>	<u>\$ 5,076</u>	<u>\$ 500</u>	<u>\$ 296</u>	<u>\$ 6,084</u>	<u>\$ 88,945</u>	<u>\$ 100,919</u>

CITY OF SAVANNAH, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

The due to/from originated in the current year from misclassifications of items in the wrong fund. These balances are all expected to be repaid within one year.

The Solid Waste Fund loaned \$1,000,000 to the General Fund in a previous year. This is recorded as an advance from other funds on the General Fund. The balance of this advance on June 30, 2023 was \$197,935.

3.L. FUND BALANCE REPORTING

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. *Nonspendable* 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).
2. *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.
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by formal action (ordinance) of the Board of Commissioners (the City's highest level of decision-making authority).
4. *Assigned* fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts are determined by the Board of Commissioners.
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

NOTE 4. OTHER NOTES

4. A. LANDFILL POSTCLOSURE COSTS

In prior years, the City has operated a landfill jointly with Hardin County. This landfill has been closed. State and federal laws and regulations required the City to place a final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City will report a portion of postclosure care costs as an operating expense in each fiscal year. The City has recognized postclosure costs of \$116,365 as a liability in the long-term governmental debt on the government-wide financial statement. These amounts are based on what it would currently cost to perform all postclosure care. Actual cost may differ due to inflation or deflation, technology, or applicable laws or regulations.

4. B. COMMITMENTS AND CONTINGENCIES

In the 2010 fiscal year, the City agreed to give a portion of Savannah's share of the local option sales tax to Hardin County for debt service of the Hardin County School Building and Improvement Project in the principal amount of \$4,000,000. The balance at June 30, 2023 was \$813,919.

CITY OF SAVANNAH, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
FISCAL YEAR ENDING JUNE 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability									
Service Cost	\$ 287,837	\$ 268,116	\$ 262,756	\$ 264,005	\$ 263,840	\$ 226,060	\$ 209,268	\$ 203,462	\$ 213,310
Interest	843,912	890,787	919,530	983,160	1,020,410	1,057,096	1,127,922	1,163,482	1,185,786
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between actual and expected experience	(104,761)	(353,481)	127,968	(131,699)	(101,836)	418,870	(96,885)	(129,831)	432,736
Change of assumptions	-	-	-	391,330	-	-	-	1,083,358	-
Benefit payments, including refunds of employee contributions	(348,952)	(415,570)	(418,083)	(508,120)	(573,507)	(703,730)	(712,911)	(775,144)	(847,127)
Net change in total pension liability	678,036	389,852	892,171	998,676	608,907	998,296	527,394	1,545,327	984,705
Total pension liability - beginning	11,138,799	11,816,835	12,206,687	13,098,858	14,097,534	14,706,441	15,704,737	16,232,131	17,777,458
Total pension liability - ending (a)	<u>\$ 11,816,835</u>	<u>\$ 12,206,687</u>	<u>\$ 13,098,858</u>	<u>\$ 14,097,534</u>	<u>\$ 14,706,441</u>	<u>\$ 15,704,737</u>	<u>\$ 16,232,131</u>	<u>\$ 17,777,458</u>	<u>\$ 18,762,163</u>
Plan fiduciary net position									
Contributions - employer	\$ 192,931	\$ 187,496	\$ 182,979	\$ 181,517	\$ 194,939	\$ 186,260	\$ 201,094	\$ 190,161	\$ 173,242
Contributions - employee	158,401	153,434	149,738	148,542	145,575	133,542	125,684	118,851	108,399
Net investment income	1,752,329	378,117	333,415	1,446,647	1,162,216	1,105,704	772,065	4,103,526	(745,640)
Benefit payments, including refunds of employee contributions	(348,952)	(415,570)	(418,083)	(508,120)	(573,507)	(703,730)	(712,911)	(775,144)	(847,127)
Administrative expense	(3,513)	(3,786)	(5,306)	(5,883)	(6,269)	(5,034)	(4,603)	(4,274)	(3,890)
Net change in plan fiduciary net position	1,751,196	299,691	242,743	1,262,703	922,954	716,742	381,329	3,633,120	(1,315,016)
Plan fiduciary net position - beginning	10,564,905	12,316,101	12,615,792	12,858,535	14,121,238	15,044,192	15,760,934	16,142,263	19,775,383
Plan fiduciary net position - ending (b)	<u>\$ 12,316,101</u>	<u>\$ 12,615,792</u>	<u>\$ 12,858,535</u>	<u>\$ 14,121,238</u>	<u>\$ 15,044,192</u>	<u>\$ 15,760,934</u>	<u>\$ 16,142,263</u>	<u>\$ 19,775,383</u>	<u>\$ 18,460,367</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (499,266)</u>	<u>\$ (409,105)</u>	<u>\$ 240,323</u>	<u>\$ (23,704)</u>	<u>\$ (337,751)</u>	<u>\$ (56,197)</u>	<u>\$ 89,868</u>	<u>\$ (1,997,925)</u>	<u>\$ 301,796</u>
Plan fiduciary net position as a percentage of total pension liability	104.23%	103.35%	98.17%	100.17%	102.30%	100.36%	99.45%	111.24%	98.39%
Covered payroll	\$ 3,168,010	\$ 3,068,676	\$ 2,994,745	\$ 2,970,822	\$ 2,900,882	\$ 2,660,854	\$ 2,513,672	\$ 2,377,014	\$ 2,165,529
Net pension liability (asset) as a percentage of employee payroll	15.76%	13.33%	8.02%	-0.80%	-11.64%	-2.11%	3.58%	-84.05%	13.94%

Notes to Schedule:

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

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

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

CITY OF SAVANNAH, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
FISCAL YEAR ENDING JUNE 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$ 192,931	\$ 187,496	\$ 182,979	\$ 181,517	\$ 194,939	\$ 178,809	\$ 153,837	\$ 158,071	\$ 144,008	\$ 157,581
Contributions in relation to the actuarially determined contribution	<u>192,931</u>	<u>187,496</u>	<u>182,979</u>	<u>181,517</u>	<u>194,939</u>	<u>186,260</u>	<u>201,094</u>	<u>190,161</u>	<u>173,242</u>	<u>182,223</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,451)</u>	<u>\$ (47,257)</u>	<u>\$ (32,090)</u>	<u>\$ (29,234)</u>	<u>\$ (24,642)</u>
Covered-employee payroll	\$ 3,168,010	\$ 3,068,676	\$ 2,994,745	\$ 2,970,822	\$ 2,900,882	\$ 2,660,854	\$ 2,513,672	\$ 2,377,014	\$ 2,165,529	\$ 1,967,308
Contributions as a percentage to covered payroll	6.09%	6.11%	6.11%	6.11%	6.72%	7.00%	8.00%	8.00%	8.00%	9.26%

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

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

CITY OF SAVANNAH, TENNESSEE
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - LOCAL GOVERNMENT INSURANCE PLAN
LAST FISCAL YEAR ENDING JUNE 30

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability						
Service cost	\$ 25,397	\$ 23,059	\$ 23,399	\$ 22,857	\$ 30,789	\$ 26,311
Interest on the Total OPEB Liability	10,941	13,809	16,405	15,677	11,245	8,793
Changes of benefit terms	-	1,927	(45,758)	-	-	-
Difference between expected and actual experience of the Total OPEB Liability	-	11,257	8,549	17,934	(17,987)	(4,114)
Changes in assumptions and other inputs	(14,847)	29,606	14,355	28,621	(92,570)	(110,053)
Benefit payments	(4,469)	(7,526)	(22,040)	(23,876)	(37,806)	(19,602)
Net change in Total OPEB Liability	17,022	72,132	(5,090)	61,213	(106,329)	(98,665)
Total OPEB Liability - Beginning	351,561	368,583	440,715	435,625	496,838	390,509
Total OPEB Liability - Ending	<u>\$ 368,583</u>	<u>\$ 440,715</u>	<u>\$ 435,625</u>	<u>\$ 496,838</u>	<u>\$ 390,509</u>	<u>\$ 291,844</u>
Covered - Employee Payroll	\$ 2,970,822	\$ 2,900,882	\$ 2,660,854	\$ 2,513,672	\$ 2,377,014	\$ 2,165,529
Total OPEB Liability as a Percentage of Covered-Employee Payroll	12.41%	15.19%	16.37%	19.77%	16.43%	13.48%

Notes to Schedule

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

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

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

**CITY OF SAVANNAH, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

Notes to Tennessee Consolidated Retirement System (TCRS) Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 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 investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.125 percent

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

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

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

CITY OF SAVANNAH, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Notes to Local Government Insurance Plan (LGIP) Schedule

Valuation Date: July 1, 2022

Measurement Date: June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal cost method

Inflation 2.25 percent

Discount rate 3.54 percent

Salary increases Assumed salary increases are the same as used by TCRS;
8.72% at age 20 graded to 3.44% at age 70
(with 4.00% weighted average)

Retirement age Retirement rates used in the actuarial valuation of the TCRS.
They are based on the results of the statewide experience study
(undertaken on behalf of TCRS)

Mortality Pre-retirement tables are PUB-2010 Headcount-Weighted Employee mortality table
for General Employees projected generationally with 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.

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

Healthcare Cost Trend Rates 8.37% for pre-65 in 2023, decreasing annually over a 10 year period to an
ultimate rate of 4.50%; 8.99% for post-65 in 2022, decreasing annually over
a 10 year period to an ultimate rate of 4.50%.

Other Information:

Notes See the Actuarial Valuation Report as of June 30, 2022 (dated June 2023)

Following changes in assumptions and other inputs were made:

- The discount rate was changed from 2.16% as of the beginning of the measurement
period to 3.54%.

- The medical and drug trend rate assumptions were updated to reflect more recent
experience and a change in expected per capital health claims to reflect more
recent information as of the Measurement Date.

- Coverage acceptance rates for certain employers were updated to reflect more recent
subsidy amounts and recent plan experience.

There were no method changes since the prior year.

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

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

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Total Other Governmental Funds</u>
	<u>Police Drug Fund</u>	<u>E-citation Fund</u>	<u>Sinking Fund</u>	
ASSETS				
Cash	\$ 123,932	\$ -	\$ 25,874	\$ 149,806
Other receivable	334	-	-	334
Due from other funds	500	296	-	796
TOTAL ASSETS	<u>124,766</u>	<u>296</u>	<u>25,874</u>	<u>150,936</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Unearned Revenue	1,543	-	-	1,543
TOTAL LIABILITIES	<u>1,543</u>	<u>-</u>	<u>-</u>	<u>1,543</u>
FUND BALANCES				
Restricted				
Police Drug Fund	123,223	296	-	123,519
Debt Service	-	-	25,874	25,874
TOTAL FUND BALANCE	<u>123,223</u>	<u>296</u>	<u>25,874</u>	<u>149,393</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 124,766</u>	<u>\$ 296</u>	<u>\$ 25,874</u>	<u>\$ 150,936</u>

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

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

	Special Revenue		Debt Service Sinking Fund	Total Other Governmental Funds
	Police Drug Fund	E-citation Fund		
Revenues:				
Fines, forfeitures and penalties	\$ 18,962	\$ 296	\$ -	\$ 19,258
Other revenue	12,282	-	-	12,282
Total Revenues	<u>31,244</u>	<u>296</u>	<u>-</u>	<u>31,540</u>
Expenditures:				
Current:				
Public safety	12,630	-	-	12,630
Capital outlay	4,911	-	-	4,911
Total Expenditures	<u>17,541</u>	<u>-</u>	<u>-</u>	<u>17,541</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,703</u>	<u>296</u>	<u>-</u>	<u>13,999</u>
Other Financing Sources (Uses)				
Other financing use - note payment	-	-	(290,582)	(290,582)
Operating transfer in	-	-	290,582	290,582
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	13,703	296	-	13,999
Fund Balance at Beginning of Year	<u>109,520</u>	<u>-</u>	<u>25,874</u>	<u>135,394</u>
Fund Balance at End of Year	<u>\$ 123,223</u>	<u>\$ 296</u>	<u>\$ 25,874</u>	<u>\$ 149,393</u>

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Drug fines	\$ 7,500	\$ 7,500	\$ 15,737	\$ 8,237
Seized cash	5,000	5,000	1,479	(3,521)
Seized property	5,000	5,000	1,746	(3,254)
Interest income	250	250	242	(8)
Salary Supplement	6,000	6,000	6,000	-
Miscellaneous	5,000	5,000	6,040	1,040
Total Revenues	28,750	28,750	31,244	2,494
Expenditures:				
Public Safety:				
Salaries	6,000	6,000	6,000	-
Memberships, fees, tuition, dues	600	600	300	300
OASI	459	459	617	(158)
Out of town expense	750	750	1,308	(558)
Supplies	7,500	7,500	1,230	6,270
Clothing and uniforms	500	500	-	500
Gas, oil, and diesel	500	500	-	500
Small equipment	5,000	5,000	3,175	1,825
Capital outlay	40,000	40,000	4,911	35,089
Total Expenditures	61,309	61,309	17,541	43,768
Other Financing Sources and Uses:				
Sale of equipment	27,500	27,500	-	(27,500)
Total Other Financing Sources and Uses	27,500	27,500	-	(27,500)
Net Change in Fund Balances	(5,059)	(5,059)	13,703	18,762
Fund Balance at Beginning of Year	109,520	109,520	109,520	-
Fund Balance at End of Year	\$ 104,461	\$ 104,461	\$ 123,223	\$ 18,762

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Debt Service:	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources and Uses:				
Other financing use - note payment	(411,353)	(411,353)	(290,582)	(120,771)
Operating transfer in	411,353	411,353	290,582	120,771
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at Beginning of Year	<u>25,874</u>	<u>25,874</u>	<u>25,874</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 25,874</u>	<u>\$ 25,874</u>	<u>\$ 25,874</u>	<u>\$ -</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
E-citation fee	\$ -	\$ -	\$ 296	\$ 296
Total Revenues	<u>-</u>	<u>-</u>	<u>296</u>	<u>296</u>
Expenditures:				
Supplies	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>-</u>	<u>-</u>	<u>296</u>	<u>296</u>
Other Financing Sources and Uses:				
Operating transfer in	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>296</u>	<u>296</u>
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296</u>	<u>\$ 296</u>

CITY OF SAVANNAH, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2023

<u>Levy for Year</u>	<u>Tax Rate</u>	<u>Assessments</u>	<u>Original Tax Levy</u>	<u>Outstanding Taxes Beginning</u>	<u>Taxes Levied</u>	<u>Releases and Adjustments</u>	<u>Collections</u>	<u>Outstanding Taxes Ending</u>
2023	\$ 0.7000	\$ 134,400,735	\$ 940,827	\$ -	\$ 1,314,916	\$ -	\$ -	\$ 1,314,916
2022	0.7000	134,400,735	940,827	940,827	38,194	249	913,773	65,497
2021	0.7000	133,459,413	934,225	45,134	-	548	24,633	21,049
2020	0.7000	132,298,319	917,829	19,304	-	19	3,005	16,318
2019	0.7000	131,115,530	917,829	16,391	-	-	1,336	15,055
2018	0.7000	128,978,039	902,868	15,122	-	-	832	14,290
2017	0.7000	123,111,571	861,821	11,370	-	-	397	10,973
2016	0.7000	129,107,941	903,798	5,530	-	-	281	5,249
2015	0.7000	128,433,949	853,044	5,865	-	-	281	5,584
2014	0.7000	119,184,749	852,606	4,667	-	-	174	4,493
2013	0.7000	119,184,749	834,298	4,963	-	-	121	4,842
2012	0.7000	119,184,749	834,298	4,224	-	(4,093)	131	-
2011	0.7000	118,193,522	827,354	4,561	-	(4,448)	113	-
				<u>\$ 1,077,958</u>	<u>\$ 1,353,110</u>	<u>\$ (7,725)</u>	<u>\$ 945,077</u>	<u>\$ 1,478,266</u>

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

CITY OF SAVANNAH, TENNESSEE
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS - GENERAL LONG-TERM DEBT
JUNE 30, 2023

Year Ending June 30,	General Obligation Bonds Series 2020		General Fund Interfund Loan (due to Solid Waste Collection Fund)	
	Principal	Interest	Principal	Interest
2024	\$ 195,000	\$ 56,850	\$ 112,922	\$ 731
2025	195,000	51,000	75,548	221
2026	195,000	45,150	9,465	6
2027	195,000	39,300	-	-
2028	195,000	33,450	-	-
2029	190,000	27,600	-	-
2030	105,000	21,900	-	-
2031	105,000	18,750	-	-
2032	105,000	15,600	-	-
2033	105,000	12,450	-	-
2034	105,000	9,300	-	-
2035	105,000	6,150	-	-
2036	100,000	3,000	-	-
	<u>\$ 1,895,000</u>	<u>\$ 340,500</u>	<u>\$ 197,935</u>	<u>\$ 958</u>

Year Ending June 30,	General Obligation Bonds Series 2022		Total	
	Principal	Interest	Principal	Interest
2024	\$ 23,398	\$ 7,890	\$ 331,320	\$ 65,471
2025	23,898	7,390	294,446	58,611
2026	24,409	6,879	228,874	52,035
2027	24,930	6,358	219,930	45,658
2028	25,463	5,825	220,463	39,275
2029	26,007	5,281	216,007	32,881
2030	26,562	4,726	131,562	26,626
2031	27,130	4,158	132,130	22,908
2032	27,710	3,578	132,710	19,178
2033	28,301	2,987	133,301	15,437
2034	28,906	2,382	133,906	11,682
2035	29,524	1,764	134,524	7,914
2036	30,154	1,134	130,154	4,134
2037	30,699	326	30,699	326
	<u>\$ 377,091</u>	<u>\$ 60,678</u>	<u>\$ 2,470,026</u>	<u>\$ 402,136</u>

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

**CITY OF SAVANNAH, TENNESSEE
 SCHEDULE OF LONG-TERM DEBT REQUIREMENTS - WATER FUND
 JUNE 30, 2023**

<u>June 30,</u>	Series 2020	
	Principal	Interest
2024	\$ 360,000	\$ 114,750
2025	365,000	103,950
2026	340,000	93,000
2027	280,000	82,800
2028	280,000	74,400
2029	275,000	66,000
2030	275,000	57,750
2031	275,000	49,500
2032	275,000	41,250
2033	275,000	33,000
2034	275,000	24,750
2035	275,000	16,500
2036	275,000	8,250
	\$ 3,825,000	\$ 765,900

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

CITY OF SAVANNAH, TENNESSEE
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS - SEWER FUND
JUNE 30, 2023

<u>June 30,</u>	<u>SRF</u>		<u>Series 2020</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 66,480	\$ 12,756	\$ 55,000	\$ 34,425	\$ 121,480	\$ 47,181
2025	67,716	11,520	60,000	32,700	127,716	44,220
2026	68,976	10,260	60,000	30,900	128,976	41,160
2027	70,260	8,976	60,000	29,100	130,260	38,076
2028	71,556	7,680	65,000	27,225	136,556	34,905
2029	72,888	6,348	65,000	25,275	137,888	31,623
2030	74,244	4,992	70,000	23,250	144,244	28,242
2031	75,624	3,612	70,000	21,150	145,624	24,762
2032	77,028	2,208	70,000	19,050	147,028	21,258
2033	78,086	803	65,000	17,025	143,086	17,828
2034	-	-	145,000	13,875	145,000	13,875
2035	-	-	140,000	9,600	140,000	9,600
2036	-	-	130,000	5,550	130,000	5,550
2037	-	-	120,000	1,800	120,000	1,800
	<u>\$722,858</u>	<u>\$ 69,155</u>	<u>\$ 1,175,000</u>	<u>\$ 290,925</u>	<u>\$ 1,897,858</u>	<u>\$ 360,080</u>

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

**CITY OF SAVANNAH, TENNESSEE
 SCHEDULE OF LONG-TERM DEBT REQUIREMENTS - GAS FUND
 JUNE 30, 2023**

Year Ending June 30,	Series 2009	
	Principal	Interest
2024	\$ 60,000	\$ 3,155
2025	60,000	3,580
2026	35,000	1,330
	<u>\$ 155,000</u>	<u>\$ 8,065</u>

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

CITY OF SAVANNAH, 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	Oustinging 7/1/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Oustinging 6/30/2023
Governmental Activities									
BONDS PAYABLE									
Payable through City of Savannah Debt Service Sinking Fund									
General Obligation Bonds, Series 2020	\$ 2,475,000	3.00%	12/1/2020	6/1/2036	\$ 2,090,000	\$ -	\$ 195,000	\$ -	\$ 1,895,000
General Obligation Bonds, Series 2022	\$ 400,000	2.125%	2/23/2022	2/23/2037	400,000	-	22,909	-	377,091
TOTAL BONDS PAYABLE - Payable through City of Savannah Debt Service Sinking Fund					<u>\$ 2,490,000</u>	<u>\$ -</u>	<u>\$ 217,909</u>	<u>\$ -</u>	<u>\$ 2,272,091</u>
Business-Type Activities									
BONDS PAYABLE									
Payable through Savannah Gas Fund									
Water, Sewer and Gas Revenue and Tax Bonds, Series 2009	\$ 761,250	3.295%	12/17/2009	6/30/2024	\$ 210,000	\$ -	\$ 55,000	\$ -	\$ 155,000
TOTAL BONDS PAYABLE - Payable through Savannah Gas Fund					<u>\$ 210,000</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ -</u>	<u>\$ 155,000</u>
BONDS PAYABLE									
Payable through Savannah Sewer Fund									
Water and Sewer General Obligation Bonds, Series 2020, Refunding	\$ 1,325,000	3.00%	12/1/2020	6/1/2037	1,225,000	-	50,000	-	1,175,000
TOTAL BONDS PAYABLE - Payable through Savannah Sewer Fund					<u>\$ 1,225,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 1,175,000</u>
BONDS PAYABLE									
Payable through Savannah Water Fund									
Tennessee Municipal Bond Fund - PBA City of Clarksville, TN Series 2001	\$ 711,000	5.50%	7/25/2013	6/30/2022	\$ -	\$ -	\$ -	\$ -	\$ -
Water and Sewer General Obligation Bonds, Series 2020, Refunding	\$ 4,840,000	3.00%	12/1/2020	6/1/2036	4,180,000	-	355,000	-	3,825,000
TOTAL BONDS PAYABLE - Payable through Savannah Water Fund					<u>\$ 4,180,000</u>	<u>\$ -</u>	<u>\$ 355,000</u>	<u>\$ -</u>	<u>\$ 3,825,000</u>
OTHER LOANS PAYABLE									
Payable through Savannah General Fund									
Interfund Loan - Due to Solid Waste Collection Fund	\$ 1,000,000	0.50%	11/20/2015	8/1/2025	\$ 310,294	\$ -	\$ 112,359	\$ -	\$ 197,935
TOTAL OTHER LOANS PAYABLE - Payable through Savannah General Fund					<u>\$ 310,294</u>	<u>\$ -</u>	<u>\$ 112,359</u>	<u>\$ -</u>	<u>\$ 197,935</u>
OTHER LOANS PAYABLE									
Payable through Savannah Sewer Fund									
State Revolving Fund Loan	\$ 1,325,000	1.84%	7/1/2013	6/30/2033	\$ 788,138	\$ -	\$ 65,280	\$ -	\$ 722,858
TOTAL OTHER LOANS PAYABLE - Payable through Savannah Sewer Fund					<u>\$ 788,138</u>	<u>\$ -</u>	<u>\$ 65,280</u>	<u>\$ -</u>	<u>\$ 722,858</u>

**CITY OF SAVANNAH, TENNESSEE
SCHEDULE OF OUTSTANDING DELINQUENT
PROPERTY TAXES FILED WITH CHANCERY COURT
JUNE 30, 2023**

<u>Tax Year</u>	<u>Outstanding Balance</u>
2022	\$ 65,497
2021	21,049
2020	16,318
2019	15,055
2018	14,290
2017	10,973
2016	5,249
2015	5,584
2014	4,493
2013	<u>4,842</u>
Total	<u><u>\$ 163,350</u></u>

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

**CITY OF SAVANNAH, TENNESSEE
SCHEDULE OF UTILITY RATES IN FORCE
JUNE 30, 2023**

WATER RATES

RESIDENTIAL

Inside City Limits	
No usage	\$11.04 (Minimum Bill)
Any usage	\$3.33 per 1,000 Gallons
Outside City Limits	
No usage	\$22.09 (Minimum Bill)
Any usage	\$4.67 per 1,000 Gallons

INDUSTRIAL/COMMERCIAL

Inside City Limits	
No usage	\$14.72 (Minimum Bill)
1 - 50,000 gallons	\$3.33 per 1,000 Gallons
> 50,000 gallons	\$2.91 per 1,000 Gallons
Outside City Limits	
No usage	\$29.46 (Minimum Bill)
1 - 50,000 gallons	\$3.33 per 1,000 Gallons
> 50,000 gallons	\$2.91 per 1,000 Gallons

Number of Customers at Year End: 7,927

SEWER RATES

INSIDE CITY LIMITS

No usage	\$11.04 (Minimum Bill)
Any usage	\$7.17 per 1,000 Gallons
Flat Rate - Well Water without Sewer	\$34.16
- Well Water with Sewer	\$34.16

Number of Customers at Year End: 3,529

NATURAL GAS RATES

0 - 500 Cubic Feet	\$6.00 (Minimum Bill)
Next 399,500 Cubic Feet	\$11.99 per 1,000 Cubic Feet
All over 400,000 Cubic Feet	\$11.13 per 1,000 Cubic Feet

Note: The Commissioners have approved for the Utility Manager to adjust natural gas rates monthly to current costs due to the volatility of natural gas prices. The above rates are for the month of June 30, 2022.

Number of Customers at Year End: 38,855

SANITATION RATES

Residential	
Constant Rate	\$14.00 per Month
Commercial (Light Solid Waste Generator)	
One Weekly Pickup	\$14.00 per Month
Each Additional Weekly Pickup	\$12.05

Commercial/Industrial (Heavy Solid Waste Generator)
Rate varies as determined by contracted amount with private contractor.

Number of Customers at Year End: 3,326

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

CITY OF SAVANNAH, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>Federal Awards</u>			
United States Department of Agriculture Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 100,000
United States Department of Defense State Department of General Services Law Enforcement Support Office - Program 1033 Non-cash Assistance	12.005	N/A	80,935
United States Department of Housing & Urban Dev Home Investment Partnerships Program	14.239	31620-00570	165,322
Community Development Block Grant - Sewer Improvements	14.228	33004-34822	69,179
			<u>234,501</u>
United States Department of Justice Cops Hiring Program	16.710	15JCOPS-22-GG-03430-UGPX	14,065
United States Department of Transportation Enforcement of Driving Under the Influence - 2021-2022	20.607	Z22THS248	2,234
Enforcement of Driving Under the Influence - 2022-2023	20.607		1,223
Total for Program 20.607			<u>3,457</u>
United States Department of Transportation Highway Planning and Construction	20.205	36LPLM-F3-028	29,920
United States Department of Treasury American Rescue Plan - Local Fiscal Recovery Fund	21.027	N/A	1,028,557
United States Department of Homeland Security Assistance to Firefighters Grant	97.044	N/A	33,415
TOTAL FEDERAL AWARDS			<u>1,524,850</u>
<u>State Financial Assistance</u>			
State Law Enforcement Supplement	N/A	N/A	26,000
TOTAL STATE AWARDS			<u>26,000</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 1,550,850</u>

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of the City under programs of the federal and state governments. The schedule is presented using the modified accrual basis of accounting.

Note 2: Indirect Cost Rate

The City has elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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



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 Board of Commissioners
City of Savannah, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Savannah, Tennessee (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents, and have issued our report thereon dated January 30, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2023 – 001 to be a material weakness.

Report on Compliance and Other Matters

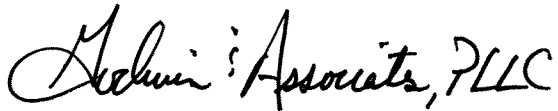
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City of Savannah's Response to Findings

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

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 "Melvin Associates, PLLC". The signature is written in a cursive, flowing style.

January 30, 2024



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

To the Mayor and City Aldermen
City of Savannah, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Savannah, 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 the City of Savannah, Tennessee's major federal programs for the year ended June 30, 2023. The City of Savannah, 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, the City of Savannah, 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 the City of Savannah, 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 the City of Savannah, 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 the City of Savannah, 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 the City of Savannah, 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 the City of Savannah, 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 the City of Savannah, 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 the City of Savannah, 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 the City of Savannah, 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 no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

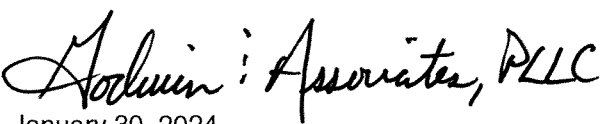
Report on Internal Control over Compliance

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

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

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

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


January 30, 2024

CITY OF SAVANNAH, TENNESSEE

SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Financial Statement Findings

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2022-001	General ledger materially misstated before audit adjustments (original finding #2022-001)	Repeated/ 2023-001
2022-002	Uninsured and uncollateralized deposits (original finding #2022-002)	Corrected
2022-003	State approval not obtained to extend maturity of interfund loan (original finding #2022-003)	Corrected

**CITY OF SAVANNAH, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

SECTION I – Summary of Auditor’s Results

Financial Statements:

1. Our report on the financial statements of City of Savannah, Tennessee is unmodified.
2. Internal Control Financial Reporting:
 - Material weakness identified? Yes
 - Significant deficiency identified? No
3. Noncompliance material to the financial statements noted Yes

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - Material weakness identified: No
 - Significant deficiency identified? Reported None
5. Type of report auditor issued on compliance for major programs: Unmodified
6. Any Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) No
7. Identification of Major Federal Programs:
 - CFDA 21.027 – American Rescue Plan – Local Fiscal Recovery Plan
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No

SECTION II – Financial Statement Findings

2023-001 GENERAL LEDGER MATERIALLY MISSTATED BEFORE AUDIT ADJUSTMENTS – GENERAL FUND, SOLID WASTE, SEWER, AND GAS FUND

Condition: The City had materially misstated its financial statements. Numerous adjustments were required to correct the financial statements.

Criteria: Generally accepted accounting principles require the City to have adequate internal controls over the maintenance of accounting records so that audit adjustments will not be necessary.

Cause: Lack of accounting staff.

Effect: Material adjustments were required because the City's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records.

Recommendation: Personnel should properly record all financial transactions as they occur. Infrequent transactions should be properly classified to present financials in accordance with generally accepted accounting principles.

Management's Response: We record all financial information as accurately as possible. We will strive to improve our accounting and financial reporting.

SECTION III – Federal Award Findings and Questioned Costs

NONE

Mayor
BOB SHUTT

Vice Mayor
MATTHEW SMITH

Commissioners
KENT COLLIER
BLAKE WHITE
STEPHEN JOHNSON



City Manager
BLAKE WALLEY

City Recorder
DANIELL PHILLIPS

City Attorney
DENNIS W. PLUNK

**2023 – 001 FINANCIAL STATEMENTS MATERIALLY MISSTATED BEFORE AUDIT ADJUSTMENTS –
GENERAL, SOLID WASTE, SEWER, AND GAS FUNDS**

Responsible party

Blake Walley, City Manager, and Daniell Phillips, City Recorder

Corrective action planned

We will record all financial information accurately and will strive to improve our accounting and financial reporting.

Anticipated completion date

June 30, 2024

A handwritten signature in cursive script, appearing to read "Bob Shutt", is written over a horizontal line.

Signature, Mayor

A handwritten signature in cursive script, appearing to read "Daniell Phillips, City Recorder", is written over a horizontal line.

Signature, City Recorder