

**CITY OF WAVERLY,
TENNESSEE**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2023

CITY OF WAVERLY, TENNESSEE

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INTRODUCTORY SECTION

CITY OF WAVERLY, TENNESSEE
DIRECTORY
June 30, 2023

ELECTED OFFICIALS

W. B. Frazier, Mayor
Mike Goodman, Vice-Mayor
Daniel Collier, Alderman
Thomasine Hill, Alderperson
Robert Wheeler, Alderman
Minnie Lou Warren, Alderperson
Jerry Wright, Alderman

Management

Kayla Thomas, City Recorder, CMFO
Grant Gillespie, Public Safety
Cory Burkett, Public Works Director
Gary Crowell, Water Treatment Lead Operator

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ATA, PLLC
Jackson, Tennessee

FINANCIAL SECTION



Independent Auditor's Report

Honorable, Mayor W. B. Frazier
Members of the Board of Alderman
Waverly, Tennessee

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waverly, 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 ARPA grant fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other post-employment benefits related schedules and notes as listed in the table of contents 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's basic financial statements. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information section, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ATA, PLLC

Jackson, Tennessee
February 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Waverly, Tennessee we offer readers of the City of Waverly's financial statements this narrative overview and analysis of the financial activities of the City of Waverly for the fiscal year ended June 30, 2023. Comparative analyses of key elements of governmental activities and business-type activities have been provided.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Waverly exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$18.23 million (*net position*). Of this amount, \$5.40 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Waverly's general fund reported an ending fund balance of \$4.70 million, an increase of \$744 thousand in comparison with the prior year. \$4.70 million of the fund balance is available for spending at the City of Waverly's discretion (*unassigned fund balance*).
- The City of Waverly's total debt obligations decreased by \$2.67 million during the year due mainly to a significant payment on the 2021 Pooled Loan Fund of \$2.50 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Waverly's basic financial statements. The City's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements and
3. Notes to the financial statements.

This report also contains required supplementary information and supplementary and other information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

- The Statement of Net Position presents information on all of the City of Waverly's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Waverly is improving or deteriorating.
- The Statement of Activities presents information showing how the City of Waverly's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, compensated absences, etc.).

Both of the government-wide financial statements distinguish functions of the City of Waverly that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Waverly include general

government, police, fire prevention and control, street division, state street aid, community parks, and waste management. The business-type activities of the City of Waverly include water and sewer activities. The government-wide financial statements can be found on pages 11 to 12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Waverly, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Waverly 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, the focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Waverly's near-term financing decisions. Both the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 13 to 16 of this report.

The City maintains seven governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for the General Fund, ARPA grant fund, and the 2021 Flood Recovery fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation for these statements and is also presented separately in a Combining Balance Sheet - Other Governmental Funds and a Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Other Governmental Funds.

The City of Waverly adopts an annual appropriated budget for each governmental fund. Budgetary comparison statements have been provided as part of the basic financial statements on pages 17 to 20 and pages 52 to 56.

Proprietary funds – There are two different types of proprietary funds.

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Waverly uses an enterprise fund to account for the Water and Sewer fund.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City of Waverly currently has no internal service 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 Water and Sewer fund which is considered to be a major fund of the City of Waverly. The basic proprietary fund financial statements can be found on pages 21 to 23 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 to 45 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Waverly's pension related schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Waverly, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18.23 million at the close of the most recent fiscal year. The largest portion of the City's net position, 66.34%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Waverly uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Waverly's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Waverly's net position, 4.07%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position representing unrestricted net position, 29.59%, may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the City as a whole.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 7,942,522	\$ 8,982,293	\$ 3,168,615	\$ 2,816,538	\$ 11,111,137	\$ 11,798,831
Capital assets	5,030,800	5,347,346	11,504,187	12,034,038	16,534,987	17,381,384
Total assets	12,973,322	14,329,639	14,672,802	14,850,576	27,646,124	29,180,215
Deferred outflows of resources	792,344	941,795	409,540	494,629	1,201,884	1,436,424
Long-term liabilities	3,465,203	5,403,369	3,724,685	3,549,829	7,189,888	8,953,198
Other liabilities	919,747	453,365	52,209	50,868	971,956	504,233
Total liabilities	4,384,950	5,856,734	3,776,894	3,600,697	8,161,844	9,457,431
Deferred inflows of resources	2,069,240	2,451,031	386,143	762,806	2,455,383	3,213,837
Net position:						
Net investment in capital assets	3,425,260	1,216,346	8,668,145	9,055,712	12,093,405	10,272,058
Restricted	741,895	785,995	-	-	741,895	785,995
Unrestricted	3,144,321	4,961,328	2,251,160	1,925,990	5,395,481	6,887,318
Total net position	\$ 7,311,476	\$ 6,963,669	\$ 10,919,305	\$ 10,981,702	\$ 18,230,781	\$ 17,945,371

Statement of Activities – Expenses in governmental activities exceeded program revenues by \$3.64 million. In the business-type activities, expenses exceeded program revenues by \$119 thousand. General government revenues of \$3.99 million helped offset the deficit, leaving a net increase of \$348 thousand. Other business type revenues of \$56 thousand left a change in net position of (\$62) thousand in the business-type activities.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 607,851	\$ 599,644	\$ 2,637,814	\$ 2,558,217	\$ 3,245,665	\$ 3,157,861
Operating grants and contributions	7,700	9,963	-	-	7,700	9,963
Capital grants and contributions	220,524	2,893,045	157,682	-	378,206	2,893,045
General revenues:						
Property taxes	924,376	940,342	-	-	924,376	940,342
Other taxes	2,814,715	2,618,732	-	-	2,814,715	2,618,732
Other sources	252,448	1,319,117	56,432	493,947	308,880	1,813,064
Total revenues	<u>4,827,614</u>	<u>8,380,843</u>	<u>2,851,928</u>	<u>3,052,164</u>	<u>7,679,542</u>	<u>11,433,007</u>
Expenses:						
General government	1,365,906	3,981,478	-	-	1,365,906	3,981,478
Public safety	1,491,502	1,433,439	-	-	1,491,502	1,433,439
Public works	1,216,728	1,033,667	-	-	1,216,728	1,033,667
Parks and recreation	112,561	149,167	-	-	112,561	149,167
Rabies and animal control	198,499	157,202	-	-	198,499	157,202
Senior citizens	60,444	54,479	-	-	60,444	54,479
Debt service	34,167	35,249	-	-	34,167	35,249
Water/Sewer	-	-	2,914,325	3,202,204	2,914,325	3,202,204
Total expenses	<u>4,479,807</u>	<u>6,844,681</u>	<u>2,914,325</u>	<u>3,202,204</u>	<u>7,394,132</u>	<u>10,046,885</u>
Increase (decrease) in net position	347,807	1,536,162	(62,397)	(150,040)	285,410	1,386,122
Net position - beginning	6,963,669	5,427,507	10,981,702	10,864,401	17,945,371	16,291,908
Prior period adjustment	-	-	-	267,341	-	267,341
Net position - beginning - adjusted	<u>6,963,669</u>	<u>5,427,507</u>	<u>10,981,702</u>	<u>11,131,742</u>	<u>17,945,371</u>	<u>16,559,249</u>
Net position - ending	<u>\$ 7,311,476</u>	<u>\$ 6,963,669</u>	<u>\$10,919,305</u>	<u>\$10,981,702</u>	<u>\$18,230,781</u>	<u>\$17,945,371</u>

COMMENTS ON FUND FINANCIAL STATEMENTS

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

Governmental funds – The focus of the City of Waverly'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 spending at the end of the fiscal year.

The general fund accounts for more than 87.72% of governmental fund revenues. Accordingly, this discussion will focus on the general fund. General fund balance was \$4.70 million at the end of the current fiscal year. The entire balance is available to meet the day-to-day needs of the City outside of \$239 which is considered non-spendable.

Revenues and other financing sources in the general fund decreased from last year by approximately \$2.98 million. The most significant changes in revenues were a decrease in intergovernmental revenue of \$2.22 million due to new grants in the previous year and in decrease in other revenues of \$898 thousand due mainly to insurance recoveries in prior year related to the 2021 flood in the City.

All other revenues were within reasonable variances from last year. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

During the current year, the 2021 Flood Recovery fund's ending fund balance was \$259 thousand. There were no revenues or proceeds and approximately \$2.53 million of expenditures related to recovering and rebuilding from the 2021 flood, majority was the payment of \$2.50 million of debt paid.

The ARPA grant fund's ending fund balance was zero at year-end due to all funds reported as revenue being spent in the current year. Funds remaining in cash are considered unearned revenue in the current year.

For the other governmental funds, the state street aid fund's ending fund balance was \$260 thousand which is a \$50 thousand decrease from the prior year mainly due to the expenditures for repair on roads, streets and parking lots of \$100 thousand. The drug fund's ending fund balance was \$66 thousand which is a \$19 thousand increase from the prior year. This was due to \$41 thousand less of expenditures in the current year. The E-Citation fund's ending balance was \$2.6 thousand which is a \$7 hundred increase from the prior year. There were no expenditures reported in the fund this year. The Waste management fund's ending fund balance was \$413 thousand which is a \$14 thousand decrease from the prior year. The main difference in current year was insurance recoveries of \$199 thousand due to the flood in prior year.

Proprietary funds – The City of Waverly's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of proprietary funds at the end of the year amounted to \$2.25 million. The total increase in net position for this fund was \$204 thousand mostly comprised to a prior period adjustment of \$267 thousand.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final Budgeted and Actual Amounts

Actual revenues and other financing sources were more than the final budgeted amounts by \$723 thousand. The original budgeted amounts for revenues were increased by \$10 thousand or 0.28%. There were no significant changes noted. Significant variances were:

- Revenues related to the local sales taxes were budgeted at \$1.50 million, but \$1.82 million was collected.
- Revenues related to state sales tax were budgeted at \$400 thousand, but \$511 thousand was collected.
- Interest income was budgeted at \$4 thousand, but \$77 thousand was received in the current year due to interest rates rising.

Expenditures were less than the budgeted amounts, coming in at \$462 thousand under budget. The original budgeted amounts for expenditures were increased by \$159 thousand or 4.19%. Significant variances were:

- Personnel costs for the police department were budgeted at \$1.20 million, but \$1.08 million of expense was incurred during the year.
- Contractual costs in the streets department were budgeted at \$379 thousand, but \$244 thousand was spent in the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2023, the City had invested \$16.53 million net of accumulated depreciation in a variety of capital assets and infrastructure. Infrastructure (streets, sidewalks, bridges, etc.) was valued at \$823 thousand net of accumulated depreciation. In the governmental activities, there were additions in machinery and equipment of \$120 thousand due to some various needs in the current year. In the business-type activities, there were additions of \$10 thousand of machinery and equipment and \$1.46 million of Utility plant additions which was the completion of the building project after rebuilding from the flood.

Long-term debt – At the end of the current fiscal year, the City of Waverly had total bonded debt outstanding of \$2.39 million, \$1.51 million of which is secured solely by specified revenue sources (i.e., revenue bonds). At the end of the current fiscal year, the City of Waverly had total capital outlay notes outstanding of \$2.05 million. Additional information on the City of Waverly's long-term debt can be found in Note 4E beginning on page 34 of this report. The current year principal payments were \$2.67 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate for Humphreys County is 3.7%. The state's average unemployment rate is 3.2%. The national average is 3.6%. All figures are from the Bureau of Labor Statistics released in June 2023.

All of these factors were considered in preparing the City of Waverly's budget for the 2024 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Waverly's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the City of Waverly's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Recorder and/or the City Manager, 101 East Main Street, Waverly, TN 37185.

BASIC FINANCIAL STATEMENTS

CITY OF WAVERLY, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2023

	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
Assets			
Cash and cash equivalents	\$ 6,075,602	\$ 2,747,524	\$ 8,823,126
Receivables:			
Taxes (net of allowances for uncollectibles \$13,020)	918,746	-	918,746
Accounts - other (net of allowances of \$0 and \$26,581)	5,632	288,331	293,963
Intergovernmental	450,669	-	450,669
Grant receivables	56,713	-	56,713
Accounts - court fines (net of allowances for uncollectibles \$2,679)	10,718	-	10,718
Lease receivable - 911	400,365	-	400,365
Internal balances	23,838	(23,838)	-
Inventory	-	156,598	156,598
Prepaid items	239	-	239
Capital assets not being depreciated:			
Land	979,189	148,363	1,127,552
Capital assets net of accumulated depreciation:			
Buildings and improvements	2,144,447	-	2,144,447
Infrastructure	822,836	-	822,836
Utility plant	-	11,038,964	11,038,964
Equipment	1,084,328	316,860	1,401,188
Total assets	<u>12,973,322</u>	<u>14,672,802</u>	<u>27,646,124</u>
Deferred outflows of resources			
Pension related outflows	658,371	349,349	1,007,720
OPEB related outflows	133,973	60,191	194,164
Total deferred outflows of resources	<u>792,344</u>	<u>409,540</u>	<u>1,201,884</u>
Liabilities			
Accounts payable	107,435	-	107,435
Accrued expenses	-	46,686	46,686
Unearned revenue-grants	812,312	-	812,312
Customer deposits	-	5,523	5,523
Noncurrent liabilities:			
Compensated absences	36,267	20,544	56,811
Net pension liability	548,194	295,182	843,376
OPEB liability	1,275,202	572,917	1,848,119
Due within one year	31,000	143,956	174,956
Due in more than one year	1,574,540	2,692,086	4,266,626
Total liabilities	<u>4,384,950</u>	<u>3,776,894</u>	<u>8,161,844</u>
Deferred inflows of resources			
Pension related inflows	164,863	88,773	253,636
Related to leases	388,375	-	388,375
OPEB related inflows	661,888	297,370	959,258
Unavailable revenue - 2023 property tax levy	854,114	-	854,114
Total deferred inflows of resources	<u>2,069,240</u>	<u>386,143</u>	<u>2,455,383</u>
Net position			
Net investment in capital assets	3,425,260	8,668,145	12,093,405
Restricted:			
Public safety	68,793	-	68,793
State street aid	259,754	-	259,754
Solid waste disposal	413,348	-	413,348
Unrestricted	3,139,907	2,251,160	5,391,067
Total net position	<u>\$ 7,307,062</u>	<u>\$ 10,919,305</u>	<u>\$ 18,226,367</u>

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

CITY OF WAVERLY, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government:							
General government	\$ 1,365,906	\$ 154,005	\$ 500	\$ 216,231	\$ (995,170)	\$ -	\$ (995,170)
Public safety:							
Police	1,289,365	49,352	7,200	-	(1,232,813)	-	(1,232,813)
Fire	202,137	-	-	-	(202,137)	-	(202,137)
Public works:							
Street division	747,842	-	-	-	(747,842)	-	(747,842)
State street aid	199,130	149,275	-	-	(49,855)	-	(49,855)
Waste management	269,756	255,219	-	-	(14,537)	-	(14,537)
Health, culture, and welfare:							
Parks and recreation	112,561	-	-	-	(112,561)	-	(112,561)
Rabies and animal control	198,499	-	-	-	(198,499)	-	(198,499)
Senior citizens	60,444	-	-	-	(60,444)	-	(60,444)
Debt service:							
Interest	34,167	-	-	-	(34,167)	-	(34,167)
Total governmental activities	<u>4,479,807</u>	<u>607,851</u>	<u>7,700</u>	<u>216,231</u>	<u>(3,648,025)</u>	<u>-</u>	<u>(3,648,025)</u>
Business-type activities:							
Water & sewer	<u>2,914,325</u>	<u>2,637,814</u>	<u>-</u>	<u>157,682</u>	<u>-</u>	<u>(118,829)</u>	<u>(118,829)</u>
Total business-type activities	<u>2,914,325</u>	<u>2,637,814</u>	<u>-</u>	<u>157,682</u>	<u>-</u>	<u>(118,829)</u>	<u>(118,829)</u>
Total primary government	<u>7,394,132</u>	<u>3,245,665</u>	<u>7,700</u>	<u>373,913</u>	<u>(3,648,025)</u>	<u>(118,829)</u>	<u>(3,766,854)</u>
General revenues:							
Property taxes - levied for general government including penalties					866,860	-	866,860
In lieu of property taxes - others					57,516	-	57,516
Sales taxes					2,354,663	-	2,354,663
Beer and alcohol taxes					279,686	-	279,686
Business taxes					108,101	-	108,101
Franchise tax					34,359	-	34,359
State excise tax					30,834	-	30,834
Mixed drink taxes					7,072	-	7,072
Other sources					130,943	2,786	133,729
Insurance recoveries					43,779	-	43,779
Unrestricted interest income					<u>77,605</u>	<u>53,646</u>	<u>131,251</u>
Total general revenues					<u>3,991,418</u>	<u>56,432</u>	<u>4,047,850</u>
Changes in net position					343,393	(62,397)	280,996
Net position - beginning					6,963,669	10,714,361	17,678,030
Prior period adjustment					-	<u>267,341</u>	<u>267,341</u>
Net position - beginning - adjusted					<u>6,963,669</u>	<u>10,981,702</u>	<u>17,945,371</u>
Net position - ending					<u>\$ 7,307,062</u>	<u>\$ 10,919,305</u>	<u>\$ 18,226,367</u>

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

CITY OF WAVERLY, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	<u>General</u> <u>Fund</u>	<u>Special Revenue</u> <u>ARPA Grant</u> <u>Fund</u>	<u>Debt Service</u> <u>2021 Flood</u> <u>Recovery Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets					
Cash and cash equivalents	\$ 4,282,491	\$ 812,312	\$ 179,240	\$ 801,559	\$ 6,075,602
Receivables:					
Taxes (net of allowance for uncollectibles \$13,020)	918,746	-	-	-	918,746
Accounts	5,632	-	-	-	5,632
Intergovernmental	425,146	-	-	25,523	450,669
Court fines (net of allowance for uncollectibles \$2,679)	10,718	-	-	-	10,718
Grants	56,713	-	-	-	56,713
Due from other funds	45,151	-	79,488	12,489	137,128
Prepaid items	239	-	-	-	239
Total assets	\$ 5,744,836	\$ 812,312	\$ 258,728	\$ 839,571	\$ 7,655,447
Liabilities:					
Accounts payable and other accrued expenses	107,435	-	-	-	107,435
Unearned revenue-grants	-	812,312	-	-	812,312
Due to other funds	15,614	-	-	97,676	113,290
Total liabilities	123,049	812,312	-	97,676	1,033,037
Deferred inflows of resources:					
Unavailable revenue - property taxes	910,066	-	-	-	910,066
Unavailable revenue - court fines	10,718	-	-	-	10,718
Total deferred inflows of resources	920,784	-	-	-	920,784
Fund balances:					
Nonspendable	239	-	-	-	239
Restricted for:					
Drug fund enforcement	-	-	-	66,153	66,153
Waste management	-	-	-	413,348	413,348
State street aid	-	-	-	259,754	259,754
E-citations	-	-	-	2,640	2,640
Unassigned	4,696,350	-	258,728	-	4,955,078
Total fund balances	4,696,589	-	258,728	741,895	5,697,212
Total liabilities, deferred inflows of resources and fund balances	\$ 5,740,422	\$ 812,312	\$ 258,728	\$ 839,571	\$ 7,651,033

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

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

**Amounts reported for the governmental activities in the statement of net position
(Page 11) are different because:**

Fund balance - total governmental funds (Page 13)	\$ 5,697,212
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds	5,030,800
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds	
Property taxes	55,952
Court fines	10,718
Lease receivable - 911 is not a financial resource in the current period and, therefore, is not reported in the funds.	400,365
Deferred outflows of resources - pensions and OPEB are not available to pay current expenditures and, therefore, are unavailable in the funds.	792,344
Deferred inflows of resources - pensions and OPEB are not due in the current period and, therefore, are unavailable in the funds.	(826,751)
Deferred inflows of resources - leases are not due in the current period and, therefore, are unavailable in the funds.	(388,375)
Long-term liabilities, including net pension liability, OPEB liability, compensated absences, bonds payable, and notes payable are not due in the current period and, therefore, are not reported in the funds	<u>(3,465,203)</u>
Net position of governmental activities (Page 11)	<u>\$ 7,307,062</u>

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

CITY OF WAVERLY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue ARPA Grant Fund	Debt Service 2021 Flood Recovery Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 3,128,038	\$ -	\$ -	\$ -	\$ 3,128,038
Licenses and permits	28,705	-	-	-	28,705
Intergovernmental	692,648	155,490	-	149,275	997,413
Charges for services	154,005	-	-	275,638	429,643
Fines	27,498	-	-	640	28,138
Other	200,022	-	-	11,610	211,632
Total revenues	4,230,916	155,490	-	437,163	4,823,569
Expenditures:					
Current:					
General government	708,152	155,490	37,684	-	901,326
Public safety:					
Police	1,276,988	-	-	12,377	1,289,365
Fire	202,137	-	-	-	202,137
Public works	868,071	-	-	468,886	1,336,957
Rabies and animal control	198,499	-	-	-	198,499
Parks and recreation	112,561	-	-	-	112,561
Senior citizens	60,444	-	-	-	60,444
Debt service:					
Principal	30,000	-	2,495,460	-	2,525,460
Interest	34,167	-	-	-	34,167
Total expenditures	3,491,019	155,490	2,533,144	481,263	6,660,916
Net changes in fund balance	739,897	-	(2,533,144)	(44,100)	(1,837,347)
Fund balance - beginning	6,139,826	-	608,738	785,995	7,534,559
Prior period adjustment	(2,183,134)	-	2,183,134	-	-
Fund balance - beginning - adjusted	3,956,692	-	2,791,872	785,995	7,534,559
Fund balance - ending	\$ 4,696,589	\$ -	\$ 258,728	\$ 741,895	\$ 5,697,212

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

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

Amounts reported for the governmental activities in the statement of activities
(Page 12) are different because:

Net change in fund balance - total governmental funds (Page 15)	\$ (1,837,347)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which capital outlays exceeded depreciation in the current period.	(316,546)
The payment of pension contributions consumes current financial resources in the governmental funds. These transactions do not have any effect on the net position, but are considered deferred outflows of resources, while pension expense has no effect on the fund statements but does effect net position.	
OPEB expense	(40,314)
Pension expense	8,741
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(12,359)
The repayment of the principal of long-term receivables, such as the lease receivable increases the current financial resources of governmental funds. These transactions do not have any effect on fund balance.	11,990
Some expenses reported in the statement of activities, such as accrued leave, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	3,768
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any effect on net position.	2,525,460
Change in net position of governmental activities (Page 12)	\$ <u>343,393</u>

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

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

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance- Over
	Original	Final	Actual	(Under)
Revenues:				
Taxes:				
Real and personal property tax	\$ 760,000	\$ 760,000	\$ 693,318	\$ (66,682)
Public utilities property tax	70,000	70,000	50,637	(19,363)
Delinquent property tax	80,000	80,000	116,988	36,988
Interest and penalty	10,000	10,000	17,109	7,109
Local sales tax	1,500,000	1,500,000	1,820,768	320,768
Wholesale beer tax	160,000	160,000	167,023	7,023
Wholesale liquor tax	70,000	70,000	112,663	42,663
Business taxes	100,000	100,000	108,101	8,101
Cable TV franchise taxes	35,000	35,000	34,359	(641)
Mixed drink taxes	6,000	6,000	7,072	1,072
	<u>2,791,000</u>	<u>2,791,000</u>	<u>3,128,038</u>	<u>337,038</u>
Licenses and permits:				
Beer licenses	2,000	2,000	2,100	100
Building and related permits	10,200	10,200	26,605	16,405
	<u>12,200</u>	<u>12,200</u>	<u>28,705</u>	<u>16,505</u>
Intergovernmental:				
TVA payment in lieu of taxes	45,000	45,000	51,664	6,664
Federal Grants	-	-	54,240	54,240
State grant	-	-	6,501	6,501
Local Grants	-	-	500	500
Local Tax	-	-	3,665	3,665
Beer Tax	6,000	6,000	1,962	(4,038)
Special Police Service	10,400	10,400	7,200	(3,200)
Sports Betting	3,000	3,000	7,661	4,661
Housing Authority Pay in Lieu	5,000	5,000	5,852	852
State -City Streets and Trans	8,000	8,000	7,873	(127)
State sales tax	400,000	400,000	511,225	111,225
State telecommunications tax	3,000	3,000	3,471	471
State - corporate excise tax	25,000	25,000	30,834	5,834
	<u>505,400</u>	<u>505,400</u>	<u>692,648</u>	<u>187,248</u>
Charges for services:				
Animal Control	90,000	90,000	105,725	15,725
Pool Admittance Fees	10,000	10,000	34,212	24,212
Auditorium and Program Fees	2,500	2,500	1,545	(955)
Clerks' fees - business tax	2,000	2,000	12,523	10,523
	<u>104,500</u>	<u>104,500</u>	<u>154,005</u>	<u>49,505</u>
Fines and Forfeitures:				
City court fines and costs	30,000	30,000	27,498	(2,502)
	<u>30,000</u>	<u>30,000</u>	<u>27,498</u>	<u>(2,502)</u>
Other:				
Interest earnings	4,000	4,000	77,139	73,139
Sale of equipment	2,500	2,500	15,150	12,650
Reimbursements (Insurance)	-	9,663	41,495	31,832
Donations	2,000	2,000	10,325	8,325
Mobile food vendor permit	-	-	500	500
Veterans Park	100	100	300	200
Rent	45,400	45,400	45,650	250
Misc Revenue	5,300	5,300	9,463	4,163
	<u>59,300</u>	<u>68,963</u>	<u>200,022</u>	<u>131,059</u>
Total revenues	<u>\$ 3,502,400</u>	<u>\$ 3,512,063</u>	<u>\$ 4,230,916</u>	<u>\$ 718,853</u>

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

CITY OF WAVERLY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
GENERAL FUND - (Cont.)

For The Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance-
	Original	Final	Actual	Over (Under)
Expenditures:				
Current:				
General government:				
Personnel Costs	\$ 414,800	\$ 414,800	\$ 403,246	\$ (11,554)
Contractual Costs	216,000	219,000	202,703	(16,297)
Insurance	33,000	37,700	37,639	(61)
Supplies and Materials	53,400	53,400	45,383	(8,017)
Other	23,000	25,738	19,181	(6,557)
Total general government	<u>740,200</u>	<u>750,638</u>	<u>708,152</u>	<u>(42,486)</u>
Public Safety				
Police Department				
Personnel Costs	1,198,200	1,200,600	1,082,007	(118,593)
Contractual Costs	82,300	82,300	98,648	16,348
Insurance	-	22,000	32,386	10,386
Operating Supplies	69,050	77,150	50,768	(26,382)
Capital Outlay	5,000	13,200	13,179	(21)
Total Police Department	<u>1,354,550</u>	<u>1,395,250</u>	<u>1,276,988</u>	<u>(118,262)</u>
Fire Department				
Personnel Costs	146,500	146,500	138,247	(8,253)
Contractual Costs	44,500	44,500	33,482	(11,018)
Insurance	8,500	8,500	10,726	2,226
Operating Supplies	19,500	19,500	19,682	182
Total Fire Department	<u>219,000</u>	<u>219,000</u>	<u>202,137</u>	<u>(16,863)</u>
Total Public Safety	<u>1,573,550</u>	<u>1,614,250</u>	<u>1,479,125</u>	<u>(135,125)</u>
Streets				
Personnel Costs	426,200	426,200	408,067	(18,133)
Contractual Costs	295,200	379,325	244,239	(135,086)
Insurance	10,000	10,000	9,044	(956)
Street Paving and Repair	37,000	43,800	36,245	(7,555)
Supplies	71,500	71,500	57,491	(14,009)
Total Streets	<u>839,900</u>	<u>930,825</u>	<u>755,086</u>	<u>(175,739)</u>

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

CITY OF WAVERLY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
GENERAL FUND - (Cont.)

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance- Over (Under)
	Original	Final	Actual	
Expenditures (cont.):				
Public Works				
Personnel Costs	\$ 85,700	\$ 85,700	\$ 89,120	\$ 3,420
Contractual Costs	14,000	17,800	9,547	(8,253)
Insurance	1,100	1,100	1,098	(2)
Supplies	19,300	19,300	13,220	(6,080)
Total Public Works	<u>120,100</u>	<u>123,900</u>	<u>112,985</u>	<u>(10,915)</u>
Parks and Recreation				
Personnel Costs	78,000	78,000	62,639	(15,361)
Contractual Costs	56,000	56,000	15,778	(40,222)
Insurance	5,000	5,000	5,691	691
Supplies	22,400	22,400	16,826	(5,574)
Repairs and Maint	20,500	20,500	3,323	(17,177)
Capital Outlay	12,000	12,000	8,304	(3,696)
Total Parks and Recreation	<u>193,900</u>	<u>193,900</u>	<u>112,561</u>	<u>(81,339)</u>
Rabies and Animal Control				
Personnel Costs	164,650	172,650	167,379	(5,271)
Contractual Costs	21,100	21,100	13,362	(7,738)
Insurance	700	700	1,187	487
Supplies	10,000	15,000	16,571	1,571
Total Rabies and animal control	<u>196,450</u>	<u>209,450</u>	<u>198,499</u>	<u>(10,951)</u>
Senior citizens				
Personnel Costs	47,700	47,700	41,463	(6,237)
Contractual Costs	13,100	13,100	12,721	(379)
Insurance	2,000	2,000	1,792	(208)
Supplies	2,900	2,900	4,468	1,568
Total Senior Services	<u>65,700</u>	<u>65,700</u>	<u>60,444</u>	<u>(5,256)</u>
Debt Services				
Principal	64,300	64,300	30,000	(34,300)
Interest	-	-	34,167	34,167
	<u>64,300</u>	<u>64,300</u>	<u>64,167</u>	<u>(133)</u>
Total expenditures	<u>3,794,100</u>	<u>3,952,963</u>	<u>3,491,019</u>	<u>(461,944)</u>
Net changes in fund balance	<u>\$ (291,700)</u>	<u>\$ (440,900)</u>	739,897	<u>\$ 1,180,797</u>
Fund balance - beginning			6,139,826	
Prior period adjustment			<u>(2,183,134)</u>	
Fund balance - beginning - restated			<u>3,956,692</u>	
Fund balance - ending			<u><u>\$ 4,696,589</u></u>	

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

CITY OF WAVERLY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ARPA GRANT FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance- Over (Under)
Revenues:	Original	Final	Actual	
Taxes:				
Intergovernmental revenue:				
ARPA grant revenue	\$ 615,087	\$ 615,087	\$ 155,490	\$ (459,597)
 Total revenues	<u>615,087</u>	<u>615,087</u>	<u>155,490</u>	<u>(459,597)</u>
 Expenditures:				
General government:				
Professional services	-	-	141,310	141,310
Capital outlay	970,302	970,302	14,180	(956,122)
Total expenditures	<u>970,302</u>	<u>970,302</u>	<u>155,490</u>	<u>(814,812)</u>
 Net changes in fund balance	<u>\$ (355,215)</u>	<u>\$ (355,215)</u>	<u>\$ -</u>	<u>\$ 355,215</u>
 Fund balance - beginning			<u>-</u>	
 Fund balance - ending			<u>\$ -</u>	

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

**CITY OF WAVERLY, TENNESSEE
PROPRIETARY FUND
STATEMENT OF NET POSITION**
June 30, 2023

Assets

Current assets:	Water/Sewer
Cash and cash equivalents	\$ 2,747,524
Accounts receivable (net of allowance for uncollectible of \$26,581)	288,331
Due from other funds	9,717
Inventory	156,598
Total current assets	<u>3,202,170</u>
Noncurrent assets:	
Capital assets not being depreciated:	
Land	148,363
Capital assets net of accumulated depreciation:	
Utility plant	11,038,964
Equipment	316,860
Total capital assets	<u>11,504,187</u>
Total assets	<u>14,706,357</u>

Deferred outflows of resources

Pension related outflows	349,349
OPEB related outflows	60,191
Total deferred outflows of resources	<u>409,540</u>

Liabilities:

Current liabilities:

Accrued expenses	46,686
Customer deposits	5,523
Due to other funds	33,555
Long-term debt, due within one year	143,956
Total current liabilities	<u>229,720</u>

Noncurrent liabilities:

Compensated absences payable	20,544
Net pension liability	295,182
OPEB liability	572,917
Long-term debt, net of current portion	2,692,086
Total noncurrent liabilities	<u>3,580,729</u>

Total liabilities	<u>3,810,449</u>
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Deferred inflows of resources

Pension related inflows	88,773
OPEB related inflows	297,370
Total deferred inflows of resources	<u>386,143</u>

Net position:

Net investment in capital assets	8,668,145
Unrestricted	2,251,160
Total net position	<u>\$ 10,919,305</u>

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

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

Operating revenues	<u>Water/Sewer</u>
Water sales	\$ 1,683,964
Sewer service charges	807,917
Forfeited discounts	45,187
Tap and connection fees	88,628
Other operating revenues and leak adjustments	<u>12,118</u>
Total operating revenues	<u>2,637,814</u>
 Operating expenses	
Water Treatment	
Personnel costs	215,037
Services and supplies	425,684
Water Distribution	
Personnel costs	504,483
Services and supplies	402,720
Sewer Collection	
Personnel costs	299,253
Services and supplies	98,260
Sewer treatment	
Personnel costs	116,895
Services and supplies	232,087
Depreciation	<u>539,846</u>
Total operating expenses	<u>2,834,265</u>
 Operating income (loss)	 <u>(196,451)</u>
 Nonoperating income (expense)	
Interest earned	53,646
Insurance recoveries	2,786
Interest expense	<u>(80,060)</u>
Total nonoperating income (expense)	<u>(23,628)</u>
 Income before capital contributions	 (220,079)
 Capital contributions - grant	 157,682
 Change in net position	 (62,397)
 Total net position - beginning	 10,714,361
Prior period adjustment	<u>267,341</u>
Total net position - beginning - adjusted	<u>10,981,702</u>
 Total net position - ending	 <u>\$ 10,919,305</u>

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

CITY OF WAVERLY, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For The Fiscal Year Ended June 30, 2023

Cash flows from operating activities:	<u>Water/Sewer</u>
Cash received from consumers and other funds	\$ 2,593,156
Cash paid to suppliers of goods and services	(1,158,751)
Cash paid to employees for services and benefits	<u>(1,101,529)</u>
Net cash provided (used) by operating activities	<u>332,876</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt - bonds	(142,284)
Interest and administrative expenses paid on long-term debt	(80,060)
Construction and purchase of capital assets	(9,995)
Insurance recoveries	2,786
Contributed capital grant revenues	<u>157,682</u>
Net cash provided (used) by capital and related financing activities	<u>(71,871)</u>
Cash flows from investing activities:	
Interest income payments received	<u>53,646</u>
Net cash provided (used) by investing activities	<u>53,646</u>
Net increase (decrease) in cash and cash equivalents	314,651
Cash and cash equivalents - beginning	<u>2,432,873</u>
Cash and cash equivalents - ending	<u>\$ 2,747,524</u>
Reconciliation of operating income (loss) to net cash provided (used)	
by operating activities	
Operating income (loss)	\$ (196,451)
Adjustments to reconcile operating income (loss) to net cash provided (used)	
by operating activities:	
Depreciation	539,846
Change in pension related deferred outflows	
and inflows of resources	(271,837)
Change in OPEB related deferred outflows	
and inflows of resources	(19,737)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(44,658)
(Increase) decrease in due from other funds	7,232
Increase (decrease) in net pension liability	272,903
Increase (decrease) in OPEB liability	37,849
Increase (decrease) in accounts payable and accrued expenses	1,341
Increase (decrease) in compensated absences	<u>6,388</u>
Net cash provided (used) by operating activities	<u>\$ 332,876</u>

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

CITY OF WAVERLY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Waverly, Tennessee (the City), operates under a Mayor-Board of Alderman form of government and provides the following services as authorized by its charter: public safety (police and fire), water and sewerage, streets, recreations, public improvements, planning and zoning and general administrative services. As required by generally accepted accounting principles, these financial statements present all funds which comprise the City.

As required by generally accepted accounting principles, these financial statements present the entire reporting entity of the City. Based on the criteria set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has no component units required to be reported.

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor combining statements and individual statements are presented in the other supplementary section.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

CITY OF WAVERLY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

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

The City 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 those required to be accounted for in another fund.

The ARPA grant fund is used to record all of the revenue and expenditures related to the ARPA grant.

The 2021 Flood Recovery fund is used to account for the activity related to the Disaster Grants that the City received related to the 2021 flood including mainly the repayment of the long-term debt resulting from the flood.

The City reports the following major proprietary funds:

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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 and other charges between the government's System funds 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.

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

CITY OF WAVERLY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit and other time deposits with a term of less than three months. Cash resources of all governmental funds are pooled and are invested to the extent possible in certificates of deposit. All interest earned on this pool is allocated to the General Fund except where legal restrictions require the earnings to be allocated to the source from which the cash originated.

State statutes authorize the City to invest in certificates of deposit, obligations of the U. S. Treasury, agencies and instrumentalities, obligations guaranteed by the U. S. Government or its agencies, repurchase agreements and the state's investment pool. The City has no investments in the current fiscal year.

Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. However, any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." The City has these receivables and payables classified as "due from other funds" or "due to other funds" on the balance sheet.

Property tax receivables are shown net of an allowance for uncollectibles. The allowance is recorded based on the past history of collections. Court fines receivable are also shown net of an allowance for uncollectibles. The allowance is recorded based on management's estimate of what portion of the outstanding receivable will be collected in the future.

Property taxes are levied annually on October 1st. The taxes are mailed on October 1st and are considered to be due and payable from the following October 1st through February 28th in the year succeeding the tax levy. An unperfected lien attaches by statute to property on January 1st for unpaid taxes from the prior year's levy. Taxes become delinquent as of March 1st of the year after levied. Taxes uncollected by April 1st of the second year they are due are submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment.

The allowances for uncollectible customer accounts recorded in the proprietary fund are based on past history of uncollectible accounts and management's analysis of current accounts. Bad debts in the proprietary funds are recorded by the allowance method.

Inventories

Inventories are valued at lower of average cost or market, using the first-in/first-out (FIFO) method.

CITY OF WAVERLY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 for equipment and \$10,000 for land improvements, infrastructure, and buildings and an estimated useful life in excess of three years. All land, construction in progress, and works of art will be included. The water and sewer fund uses a threshold of \$1,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capital assets of the City are depreciated using the straight line method over the following useful lives:

The estimated useful lives are as follows:

Buildings	25 – 50 years
Distribution systems	10 – 50 years
Equipment	5 – 10 years
Trucks	5 – 10 years

Unavailable/Unearned Revenue

Amounts that were receivable and measurable as of June 30, 2023, but were not available to finance expenditures for the year ended June 30, 2023 are considered to be unavailable revenues in the governmental funds. Revenue recognition is also postponed in connection with resources that have been received, but not yet earned (unearned revenue).

Compensated Absences

The governmental funds' employees accumulate vacation days and in the event of termination, employees are reimbursed for accumulated vacation. Employees are paid at retirement or upon leaving City employment for any unused vacation days. There is not a maximum amount of days listed that could be reimbursed, however employees can only carry over 80 hours (10 days) from one calendar year to the next.

Proprietary funds accrue a liability for vacation in the period it is earned by the employees. Employees are paid at retirement or upon leaving City employment for any unused vacation days. There is not a maximum amount of days listed that could be reimbursed, however employees can only carry over 80 hours (10 days) from one calendar year to the next.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or

CITY OF WAVERLY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

discount. Bond issuance costs are written off completely in the year in which such expenses are incurred in the government-wide statements and the proprietary fund.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has pension and OPEB-related items that qualify for reporting in this category in the government wide financial and proprietary fund statements.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has property taxes, lease-related inflows, and pension and OPEB-related items that qualify for reporting in this category in the government wide financial statements and proprietary fund statements. Deferred inflows of resources reported in the governmental fund statements includes unavailable court fines and property taxes.

Leases

In the government-wide financial statements, the City reports a lease receivable. This receivable is recorded in accordance with GASB 87 – Leases. It relates to any long-term agreements that meet the requirements of GASB 87 and usually relates to agreements for the use of building or equipment that is more than one year in length. The City will record a lease receivable and a deferred inflows of resources related to the future revenue to be recorded.

Impact of Recently Issued Accounting Pronouncements

In May of 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96 related to Subscription-Based Information Technology Arrangements. This Statement improves accounting and financial reporting by state and local governments for SBITAs and is effective for fiscal years beginning after June 15, 2022. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain SBITA assets and liabilities for SBITA that previously were recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for SBITA accounting based on the foundational principle that SBITA are financings of the right to use an underlying subscription based asset. This implementation resulted in no impact on the current year financial statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Waverly's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Waverly'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)

CITY OF WAVERLY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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.

Other Post-Employment Benefits

Information about the City's participation in their single employer post-employment benefits plan have been determined on the same basis as they are reported by the other post-employment benefits plan. For this purpose, benefits are recognized when due and payable in accordance with the benefit terms of the other post-employment benefits plan.

Fund Equity

The City classifies fund balances in the governmental funds as follows:

Nonspendable fund balance

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

Restricted fund balance

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

Committed fund balance

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

Assigned fund balance

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

Unassigned fund balance

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

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

Government Wide – Net Position

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

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

CITY OF WAVERLY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
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- Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.
- Unrestricted – All other net position that does not meet the description of the above categories.

Net Position Flow Assumption

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

Use of Estimates

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

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

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

The reconciliation of the balance sheet of governmental funds to the statement of net position includes a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, notes payable, OPEB liability, net pension liability, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(3,465,203) are as follows:

Notes payable	\$ (719,540)
Bonds payable	(886,000)
OPEB liability	(1,275,202)
Net pension liability	(548,194)
Compensated absences payable	<u>(36,267)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (3,465,203)</u></u>

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

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of

CITY OF WAVERLY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.” The details of this (\$316,546) difference are as follows:

Capital outlay	\$ 120,229
Depreciation expense	<u>(436,775)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (316,546)</u>

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this (\$12,359) difference are as follows:

Change in property tax revenue	\$ (11,192)
Change in court fines	<u>(1,167)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (12,359)</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City follows these procedures in establishing budgetary data reflected in the financial statement.

1. The Administrator submits to the Board of Alderman the proposed operating budget for the fiscal year. The operating budgets for the General and Special Revenue Funds include proposed expenditures and the means of financing them. All appropriations in the current operating budget lapse into the fund balances of the respective funds at the end of the fiscal year.
2. The budgets were passed on the first reading and each of the following readings and were adopted by ordinance on the second reading. In no event shall total appropriations for any fund exceed the estimated revenues and fund balance.
3. The amounts in the adopted budgets for each fund constitute the total annual appropriation and no expenditure may be made which will result on the annual appropriation for the funds being exceeded, unless an additional appropriation is made. The Mayor may transfer appropriations within the same department, but all other changes in appropriations require Board approval. Budgetary control is considered established at the fund level.
4. Budgeted amounts shown are those originally adopted by the Mayor and Board of Alderman. All balances of appropriations in the current operating budgets lapse into the fund balances of the funds from which appropriations were made at the end of the fiscal year.
5. Budgets for the general and special revenue funds are adopted on a basis consistent with GAAP.

CITY OF WAVERLY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Custodial Credit Risk

The City's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities and the state pooled investment funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2023, all bank deposits were fully collateralized or insured.

B. Receivables

Receivables as of the year end for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Water/Sewer Fund	Non-major Governmental Funds	Total
Receivables:				
Property taxes	\$ 931,766	\$ -	\$ -	\$ 931,766
Accounts	5,632	314,912	-	320,544
Grants	56,713	-	-	56,713
Court fines	13,397	-	-	13,397
Intergovernmental	425,146	-	25,523	450,669
Gross receivables	1,432,654	314,912	25,523	1,773,089
Less: Allowance for uncollectibles	(15,699)	(26,581)	-	(42,280)
Net total receivables	<u>\$ 1,416,955</u>	<u>\$ 288,331</u>	<u>\$ 25,523</u>	<u>\$ 1,730,809</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, various components of deferred inflows of resources in the governmental funds were as follows:

	Unavailable	Unavailable/Unearned	Total
Delinquent property taxes receivable (net)	\$ 55,952	\$ -	\$ 55,952
Court fines receivable	10,718	-	10,718
2023 property tax assessment	-	854,114	854,114
Total deferred inflows of resources for governmental funds	<u>\$ 66,670</u>	<u>\$ 854,114</u>	<u>\$ 920,784</u>

CITY OF WAVERLY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

C. Capital Assets

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

	Beg. Balance July 1, 2022	Increases	Decreases	Adjustment	Balance June 30, 2023
Governmental activities:					
Capital assets, not being depreciated					
Land and land improvements	\$ 979,189	\$ -	\$ -	\$ -	\$ 979,189
Total capital assets, not being depreciated	979,189	-	-	-	979,189
Capital assets, being depreciated					
Buildings and improvements	4,201,955	-	-	-	4,201,955
Machinery and equipment	3,831,292	120,229	-	-	3,951,521
Infrastructure	1,039,056	-	-	-	1,039,056
Total capital assets, being depreciated	9,072,303	120,229	-	-	9,192,532
Less: Accumulated depreciation for:					
Buildings and improvements	1,968,204	89,304	-	-	2,057,508
Machinery and equipment	2,540,332	326,860	-	1	2,867,193
Infrastructure	195,608	20,611	-	-	216,220
Total accumulated depreciation	4,704,146	436,775	-	1	5,140,921
Total capital assets, being depreciated, net	4,368,157	(316,546)	-	(1)	4,051,611
Governmental activities capital assets, net	<u>\$ 5,347,346</u>	<u>\$ (316,546)</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 5,030,800</u>
	Balance July 1, 2022	Additions	Disposals	Reclass	Balance June 30, 2023
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 148,363	\$ -	\$ -	\$ -	\$ 148,363
Construction in progress	1,464,056	-	-	(1,464,056)	-
Total capital assets, not being depreciated	1,612,419	-	-	(1,464,056)	148,363
Capital assets, being depreciated					
Machinery and equipment	1,668,190	9,995	-	-	1,678,185
Utility plant	20,502,105	-	-	1,464,056	21,966,161
Total capital assets, being depreciated	22,170,295	9,995	-	1,464,056	23,644,346
Less: Accumulated depreciation for:					
Machinery and equipment	1,270,492	90,833	-	-	1,361,325
Utility plant	10,478,184	449,013	-	-	10,927,197
Total accumulated depreciation	11,748,676	539,846	-	-	12,288,522
Total capital assets, being depreciated, net	10,421,619	(529,851)	-	1,464,056	11,355,824
Total capital assets, net	<u>\$ 12,034,038</u>	<u>\$ (529,851)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,504,187</u>

CITY OF WAVERLY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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

Governmental activities:	
General government	\$ 50,016
Public safety	167,279
Public works	199,577
Parks	19,903
Total depreciation expense - governmental activities	<u>\$ 436,775</u>
Business-type activities:	
Water/Sewer	<u>\$ 539,846</u>
Total depreciation expense - business-type activities	<u>\$ 539,846</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	State Street Aid	\$ 7,471
General	Water/Sewer	33,555
General	Waste Management	4,125
2021 Flood Recovery Fund	Waste Management	79,488
State Street Aid	General	12,489
Water/Sewer	Waste Management	(6,592)
Water/Sewer	General	(3,125)
Total		<u>\$ 127,411</u>
Governmental activities eliminated		(103,573)
Business-type activities eliminated		-
Ending balance between government and business-type activities		<u>\$ 23,838</u>

The interfund balances were made up of the following: 1) \$7,471 of funds that were deposited in the state street aid fund, but belong in the general fund, 2) \$33,555 of expenditures paid out of the general fund, but should have been out of Water/Sewer, 3) \$4,125 of expenditures paid out of general fund, but should have been out of Waste Management, 4) \$79,488 paid out of 2021 flood recovery fund, but should have been out of waste management, 5) \$12,489 of funds that were deposited in the general fund, but belong in the state street aid fund, 6) \$6,592 of expenditures paid out of Water/Sewer fund that should have been paid out of waste management, and 8) \$3,125 of expenditures paid out of Water/Sewer fund that should have been paid out of the general fund.

All balances are expected to be repaid during the upcoming fiscal year.

E. Long-term Debt

On June 5, 2018, the City issued \$1.00 million in a Local government loan program bond – Series 2018. The bond has an interest rate of 3.73% and is to repaid from any and all funds of the City legally available.

On November 19, 2021, the City issued \$5.00 million of notes payable at an interest rate of 1.00% for the purpose of funding some of the reconstruction and rebuilding efforts in the City following the

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2021 flood. The note matures in November 2024 and will be repaid using funds received through FEMA as well as City funds.

On January 20, 2016, the City issued a bond payable in the Water/Sewer fund in the amount of \$2,000,000 at the adjusted SIFMA rate. The bond is to be repaid in principal payments ranging from \$75,000 to \$102,000 through December 2040.

On April 10, 2018, the City issued a note payable through the State revolving loan fund in the amount of \$273,375. It bears interest at 1.29% and is payable in semiannual payments for 20 years following the completion of construction on the project.

On December 14, 2021, the City issued a note payable through the State revolving loan fund in the amount of \$580,000. It bears interest at 0.90% and is payable in semiannual payments for 20 years following the completion of construction on the project from the Water/Sewer fund. This note was to used to pay for the replacement of sewer lines and manholes and rehabilitation of sewer lines.

On January 14, 2020, the City issued a note payable through the State revolving loan fund in the amount of \$666,000. It bears interest at 0.97% and is payable in semiannual payments for 20 years following the completion of construction on the project.

General long-term debt at June 30, 2023 is comprised of the following:

Long-term debt of the governmental activities at June 30, 2023 is comprised of the following:

Bonds payable:

Local government loan program fund - Series 2018, due in annual installments of \$30,000 to \$60,000 through May 2043, with interest rate of 3.73% due semiannually	\$ 886,000
--	------------

Notes payable (Direct Borrowing):

Pooled loan fund - Series 2021, due in two lump principal payments, with \$2.50 million paid in 2023 and \$720 thousand in November 2024, at an interest rate of 1.00%	719,540
	\$ 1,605,540

Long-term debt of the business-type activities at June 30, 2023 is comprised of the following:

Revenue Bonds:

Variable rate local government loan fund due serially through 2040, secured, at the adjusted SIFMA rate (3.41% at year-end)	\$ 1,506,000
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Notes Payable (Direct Borrowings):

State revolving loan fund, DG6 2018-208, due semiannually at an interest rate of 1.29% through April 2040	\$ 182,716
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State revolving loan fund, SRF 2021-461, due semiannually at an interest rate of 0.90% through January 2042	542,262
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State revolving loan fund, CW7 2019-436, due semiannually at an interest rate of 0.97% through January 2041	605,064
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Total notes payable	\$ 1,330,042
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Total proprietary long-term debt	\$ 2,836,042
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The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave at June 30, 2023, including interest payments of \$1.26 million are as follows:

Year Ending June 30,	Bonds Payable		(Direct Borrowings) Notes Payable		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2024	\$ 107,000	\$ 108,348	\$ 67,956	\$ 38,269	\$ 174,956	\$ 146,617	\$ 321,573
2025	109,000	103,392	788,168	25,063	897,168	128,455	1,025,623
2026	112,000	98,348	69,312	11,832	181,312	110,180	291,492
2027	114,000	93,167	70,008	11,112	184,008	104,279	288,287
2028	118,000	87,899	70,704	10,392	188,704	98,291	286,995
2029-2033	632,000	355,545	364,200	40,932	996,200	396,477	1,392,677
2034-2038	714,000	203,095	382,704	21,876	1,096,704	224,971	1,321,675
2039-2043	486,000	47,627	236,530	3,768	722,530	51,395	773,925
	<u>\$ 2,392,000</u>	<u>\$ 1,097,421</u>	<u>\$ 2,049,582</u>	<u>\$ 163,244</u>	<u>\$ 4,441,582</u>	<u>\$ 1,260,665</u>	<u>\$ 5,702,247</u>

The City's outstanding bonds contain provisions prescribing that, in event of default, outstanding amounts are to become immediately due if the City is unable to make payment. Also, various bond resolutions contain other restrictive covenants and requirements with which the City must comply. All significant debt covenants and restrictions as set forth in the bond agreements were complied with. The City has no unused lines of credit as of year-end.

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 916,000	\$ -	\$ 30,000	\$ 886,000	\$ 31,000
Notes payable	3,215,000	-	2,495,460	719,540	-
Compensated absences	40,035	-	3,768	36,267	-
	<u>\$ 4,171,035</u>	<u>\$ -</u>	<u>\$ 2,529,228</u>	<u>\$ 1,641,807</u>	<u>\$ 31,000</u>
Business-type activities:					
Bonds payable	\$ 1,581,000	\$ -	\$ 75,000	\$ 1,506,000	\$ 76,000
Notes payable	1,397,326	-	67,284	1,330,042	67,956
Compensated absences	14,156	6,388	-	20,544	-
	<u>\$ 2,992,482</u>	<u>\$ 6,388</u>	<u>\$ 142,284</u>	<u>\$ 2,856,586</u>	<u>\$ 143,956</u>

The general fund is used to liquidate the compensated absences related to the governmental activities.

F. Leases

The City is the lessor of a building to the 911 Emergency Communications. This lease agreement is a non-cancelable operating lease with a fixed rental amount and an implied interest rate based on net present value of 8.50%. The City is to receive \$3,600 monthly for 20 years which started on July 1, 2022. The lease receivable balance as of June 30, 2023 is \$400,365. Minimum guaranteed income on the City's lease is as follows:

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Year Ending June 30,	Total
2024	\$ 9,169
2025	9,948
2026	10,794
2027	11,711
2028	12,707
2029-2033	81,693
2034-2038	122,838
2039-2042	141,505
	<u>\$ 400,365</u>

The deferred inflows related to the leases will be amortized on a straight line basis over the 20-year life of the agreement at an annual amortization rate of \$20,441. The balance of the deferred inflows related to leases as of June 30, 2023 is \$388,375. The current year revenue related to the lease was \$55,190, which included \$34,749 of interest income.

NOTE 5 - OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, auto liability, errors and omissions and auto physical damage coverage. The City joined the Tennessee Municipal League Risk Pool (Pool), which is a public entity risk pool established in 1979 by the Tennessee Municipal League. The City pays annual premiums to the Pool for its policies. The Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The City's premiums are calculated based on its prior claims history.

It is the policy of the City to purchase commercial insurance for the risks of employee dishonesty, worker's compensation, and physical damage to its office equipment. Settled claims have not exceeded this commercial coverage or the coverage provided by the Pool in any of the past three years.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time although the City's management expects such amounts, if any, to be immaterial.

C. Employee Retirement Systems and Pension Plans

Plan Description

Employees of Waverly 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

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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.

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:

Active employees	41
Inactive employees or beneficiaries currently receiving benefits	38
Inactive employees entitled to but not yet receiving benefits	<u>28</u>
Total employees covered by the Plan	<u><u>107</u></u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Waverly 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, the actuarially determined contribution (ADC) for Waverly was \$257,480 based on a rate of 12.00% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Waverly's state shared taxes if required employer contributions are not remitted. The employer's (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

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

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Actuarial Assumptions

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

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

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

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

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

Asset Class	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%	<u>1%</u>
		100%

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

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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 Waverly 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 (TPL)	Plan fiduciary net position	Net pension liability (NPL)
	(a)	(b)	(a)-(b)
Balances as of 6/30/2021	\$ 10,492,083	\$ 10,428,428	\$ 63,655
Changes for the year:			
Service cost	187,996	-	187,996
Interest	703,441	-	703,441
Difference between expected and actual experience	(227,767)	-	(227,767)
Changes in assumptions	-	-	-
Contributions - employer	-	181,652	(181,652)
Contributions - employee	-	100,918	(100,918)
Net investment income	-	(394,377)	394,377
Benefit payments, including refunds of employee contributions	(517,455)	(517,455)	-
Administrative expenses	-	(4,244)	4,244
Other	-	-	-
Net changes	146,215	(633,506)	779,721
Balances as of 6/30/2022	<u>\$ 10,638,298</u>	<u>\$ 9,794,922</u>	<u>\$ 843,376</u>

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

The following presents the net pension liability (asset) of Waverly calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Waverly's net pension liability (asset)	\$ 2,243,852	\$ 843,376	\$ (321,829)

Pension Expense

For the year ended June 30, 2023, Waverly recognized pension expense of \$249,806.

CITY OF WAVERLY, TENNESSEE
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Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, Waverly 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	\$ 76,891	\$ 253,636
Net difference between projected and actual earnings on pension plan investments	13,562	-
Changes in assumptions	659,787	-
Contributions subsequent to the measurement date of June 30, 2022	257,480	-
Total	<u>\$ 1,007,720</u>	<u>\$ 253,636</u>

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

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

Year ending June 30,	Amortized
2024	\$ 178,025
2025	91,767
2026	54,323
2027	172,489
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, Waverly reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

D. Postemployment Healthcare Plan

Plan description

The City provides post-employment health and prescription drug insurance benefits for certain retirees and their dependents through the Waverly Postemployment Benefit Plan, a single-employer health plan. The City may change, add, or delete health and prescription insurance benefits as the City deems appropriate, with Board of Alderman approval. The plan does not grant vested vision or dental coverage benefits to retirees.

CITY OF WAVERLY, TENNESSEE
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June 30, 2023

Benefits provided

All healthcare is provided through the City's health plan. Employees of the City who were covered under the City's group health insurance plan at the time of retirement may continue to participate in the City's group health insurance plant after retirement. Participant are required to have 35 years of service, to include credit as may be allowed for up to 4 years of continuous military service during periods of armed conflict to be eligible to continue in the City's group health insurance plan after retirement.

Retirees and their spouses are eligible to continue medical and prescription drug coverage for life, provided eligibility requirements are met and applicable premiums are paid. Retired employees are required to 50% of the healthcare premiums under the City's group insurance plan.

The City has adopted GASB Statement NO. 75, which replaces the requirements of Statements NO.45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57 *OPEB Measurements by Agent Multiple- Employer Plans*. GASB 75 requires the City to report the total liability on the face of the financial statements and also requires the presentation of more extensive note disclosures and required supplementary information about their OPEB plan.

Funding Policy

The City does not intend to fund postemployment medical plan. No assets have been segregated and restricted to provide for postemployment benefits.

Demographic Information

The following table summarizes active and retiree demographic information for the medical plan. This reflects the benefits as of June 30, 2023 based on the data provided by the City

Status	Number of Personnel	Employee-only coverage	Employee and dependents coverage
Active	44	19	25
Retired	1	1	-
Total Participants	45	20	25

Total OPEB Liability

Summary of Plan Provisions

CITY OF WAVERLY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
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Eligibility	Retirement after 35 years of service with the City without regard to age
Dependent Eligibility	Spouse and eligible children
Postretirement contributions	The retiree pays the applicable coverage premium rate in excess of \$288.47 per month. Currently there are two plans: Plan P and Plan S. The following monthly premiums are applicable for Plan P (Plan S in parentheses) Single - \$651.55 (572.93) Employee + Spouse - \$1,363.85 (1,198.74) Family - \$1,969.32 (1,730.71) Employee + Children - \$1,189.02 (1,045.14)
Medical Plan Benefit	Self-insured PPO Plan administered by Blue Cross Blue Shield
Change in Plan Provisions	None

Actuarial Assumptions

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

Actuarial Method	Individual Entry Age Normal Cost Method - Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	3.54% (1.04% real rate of return plus 2.50% inflation)
Health Care Cost Trend	Level 4.50% per year.
Mortality	RPH-2014 Total Table with Projection MP-2021
Salary Scale	3.50%
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023

Discount Rate

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

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Changes in the Total OPEB Liability

	Total OPEB Liability (TOL)
Total OPEB Liability (TOL) June 30, 2022	\$ 1,726,026
Service Cost	73,723
Interest	63,444
Difference Between Actual and Expected Experience	-
Change in Benefit Terms	-
Changes in Assumptions and Other Inputs	-
Benefit Payments	(15,074)
Net Changes	<u>122,093</u>
Total OPEB Liability (TOL) June 30, 2023	<u>\$ 1,848,119</u>

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.54%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB Liability	\$ 1,492,869	\$ 1,848,119	\$ 2,307,386

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease (3.50%)	Healthcare Cost Trend Rates (4.50%)	1% Increase (5.50%)
Net OPEB Liability	\$ 1,439,887	\$ 1,848,119	\$ 2,407,914

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$73,500. At June 30, 2023, the City reported deferred outflows of related to OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 389,634
Change of assumptions and other inputs	194,164	569,624
Employee payments subsequent to the measurement date	-	-
Total	<u>\$ 194,164</u>	<u>\$ 959,258</u>

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Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows as of the fiscal year ending June 30, 2023:

Year ending June 30,	Amortized
2024	\$ (63,667)
2025	(63,667)
2026	(63,667)
2027	(63,667)
2028	(63,667)
Thereafter	(446,759)
Total	<u>\$ (765,094)</u>

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

E. Subsequent Events

Management has evaluated subsequent events through February 19, 2024, the date in which the financial statements were available to be issued.

F. Prior Period Adjustments – Correction of an Error

During the performance of the audit, it was discovered in the Water/Sewer fund that an accounts payable balance from 2021 had not cleared and was no longer considered payable. A prior period adjustment in the amount of \$267,341 was made to reduce the accounts payable balance and increase beginning net position.

Also, during the testing of the FEMA grant-related receipts, it was discovered that a FEMA related reimbursement that occurred in the current year in the amount of \$2,183,134 was accrued for in 2022 in the general fund, but should have been posted as an accounts receivable in the 2021 Flood Recovery Fund as that is the fund where the receipts/funds were going to be used to payoff the long-term debt. A prior period adjustment was made to move the recording of the prior year accounts receivable from the general fund to the 2021 flood recovery fund. This adjustment had no effect on the governmental activities due to both of the funds being governmental funds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED
RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ending June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 187,996	\$ 163,109	\$ 163,376	\$ 161,594	\$ 156,353	\$ 155,601	\$ 151,012	\$ 135,440	\$ 136,847
Interest	703,441	651,624	636,457	611,187	583,500	532,955	511,574	466,621	427,099
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Difference between actual & expected experience	(227,767)	27,782	(142,843)	1,331	27,642	386,203	(83,072)	219,217	140,611
Change of assumptions	-	1,050,474	-	-	-	206,503	-	-	-
Benefit payments, including refunds of employee contributions	(517,455)	(451,424)	(443,626)	(411,068)	(370,628)	(308,971)	(289,085)	(185,857)	(166,520)
Net change in total pension liability	146,215	1,441,565	213,364	363,044	396,867	972,291	290,429	635,421	538,037
Total pension liability - beginning	10,492,083	9,050,518	8,837,154	8,474,110	8,077,243	7,104,952	6,814,523	6,179,102	5,641,065
Total pension liability - ending (a)	\$ 10,638,298	\$ 10,492,083	\$ 9,050,518	\$ 8,837,154	\$ 8,474,110	\$ 8,077,243	\$ 7,104,952	\$ 6,814,523	\$ 6,179,102
Plan fiduciary net position									
Contributions - employer	\$ 181,652	\$ 183,267	\$ 172,181	\$ 170,834	\$ 96,844	\$ 95,826	\$ -	\$ -	\$ 13,290
Contributions - employee	100,918	101,815	99,412	109,385	96,845	95,826	99,351	96,965	84,092
Net investment income	(394,377)	2,155,990	403,130	573,996	602,941	755,112	176,341	202,786	948,083
Benefit payments, including refunds of employee contributions	(517,455)	(451,424)	(443,626)	(411,068)	(370,628)	(308,971)	(289,085)	(185,857)	(166,520)
Administrative expense	(4,244)	(3,899)	(3,831)	(3,936)	(4,230)	(3,845)	(3,556)	(2,588)	(2,001)
Net change in plan fiduciary net position	(633,506)	1,985,749	227,266	439,211	421,772	633,948	(16,949)	111,306	876,944
Plan fiduciary net position - beginning	10,428,428	8,442,679	8,215,413	7,776,202	7,354,430	6,720,482	6,737,431	6,626,125	5,749,181
Plan fiduciary net position - ending (b)	\$ 9,794,922	\$ 10,428,428	\$ 8,442,679	\$ 8,215,413	\$ 7,776,202	\$ 7,354,430	\$ 6,720,482	\$ 6,737,431	\$ 6,626,125
Net Pension Liability (Asset) - ending (a) - (b)	\$ 843,376	\$ 63,655	\$ 607,839	\$ 621,741	\$ 697,908	\$ 722,813	\$ 384,470	\$ 77,092	\$ (447,023)
Plan fiduciary net position as a percentage of total pension liability	92.07%	99.39%	93.28%	92.96%	91.76%	91.05%	94.59%	98.87%	107.23%
Covered - employee payroll	\$ 2,018,359	\$ 2,036,298	\$ 1,988,230	\$ 1,993,399	\$ 1,936,885	\$ 1,916,518	\$ 1,997,259	\$ 1,934,511	\$ 2,339,176
Net pension liability (asset) as a percentage of covered-employee payroll	41.79%	3.13%	30.57%	31.19%	36.03%	37.71%	19.25%	3.99%	-19.11%

Changes in 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.

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC
EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ending June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 257,480	\$ 174,790	\$ 176,343	\$ 172,181	\$ 170,834	\$ 96,844	\$ 89,118	\$ -	\$ -	\$ 13,290
Contributions in relation to the actuarially determined contributions	257,480	181,652	183,267	172,181	170,834	96,844	95,827	-	-	13,290
Contribution deficiency (excess)	\$ -	\$ (6,862)	\$ (6,924)	\$ -	\$ -	\$ -	\$ (6,709)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 2,145,666	\$ 2,018,359	\$ 2,036,298	\$ 1,988,230	\$ 1,993,399	\$ 1,936,885	\$ 1,916,518	\$ 1,997,259	\$ 1,934,511	\$ 2,339,176
Contributions as a percentage covered-employee payroll	12.00%	9.00%	9.00%	8.66%	8.57%	5.00%	5.00%	0.00%	0.00%	0.57%

Notes to Schedule:

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.

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.

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

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF CHANGES IN TOTAL
OPEB LIABILITY AND RATIOS
CITY OPEB PLAN
Fiscal Year Ended June 30,

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 73,723	\$ 116,938	\$ 116,938	\$ 82,149	\$ 82,149	\$ 79,081
Interest	63,444	58,684	58,444	84,859	76,125	73,935
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(429,387)	(29,251)	-	-	-
Changes of assumptions	-	(612,607)	(59,179)	269,276	-	-
Benefit payments	(15,074)	(15,074)	(14,116)	(13,173)	(17,482)	(17,482)
Net change in total OPEB liability	122,093	(881,446)	72,836	423,111	140,792	135,534
Total OPEB liability - beginning	1,726,026	2,607,472	2,534,636	2,111,525	1,970,733	1,835,199
Total OPEB liability - ending (a)	\$ 1,848,119	\$ 1,726,026	\$ 2,607,472	\$ 2,534,636	\$ 2,111,525	\$ 1,970,733
Covered employee payroll	\$ 1,736,336	\$ 1,736,336	\$ 1,407,908	\$ 1,407,908	\$ 1,612,062	\$ 1,470,675
Employer's proportionate share of the collective total OPEB liability as a percentage of covered employee payroll	106.44%	99.41%	185.20%	180.03%	130.98%	134.00%

Note 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.

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

CITY OF WAVERLY, TENNESSEE
NOTES TO THE SCHEDULE OF CHANGES IN THE
OPEB LIABILITY AND RATIOS
For the Fiscal Year Ended June 30, 2023

Valuation Date: June 30, 2022
Measurement Date: June 30, 2023

Methods and Assumptions Used to Determine Total OPEB Liability

Actuarial Cost Method	Individual Entry Age Normal Cost Method - Level Percentage of Projected Salary
Discount Rate	3.54% (1.04% real rate of return plus 2.50% inflation)
Salary Increases	3.50%
Retirement Age	Retirement rates used in the July 1, 2017 actuarial evaluation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS).
Mortality	RPH-2014 Total Table with Projection MP-2021
Healthcare Cost Trend Rates	Level 4.50% per year.

Other Information:

Notes See the Actuarial Valuation Report as of June 30, 2022

There were no benefit changes during the measurement period.

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.

SUPPLEMENTARY INFORMATION SECTION

CITY OF WAVERLY, TENNESSEE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2023

	State Street Aid Fund	Drug Fund	E-Citation Fund	Waste Management Fund	Total Other Governmental Funds
Assets					
Cash and cash equivalents	\$ 229,213	\$ 66,153	\$ 2,640	\$ 503,553	\$ 801,559
Intergovernmental receivable	25,523	-	-	-	25,523
Due from other funds	12,489	-	-	-	12,489
Total assets	<u>267,225</u>	<u>66,153</u>	<u>2,640</u>	<u>503,553</u>	<u>839,571</u>
Liabilities					
Due to other funds	<u>7,471</u>	<u>-</u>	<u>-</u>	<u>90,205</u>	<u>97,676</u>
Total liabilities	<u>7,471</u>	<u>-</u>	<u>-</u>	<u>90,205</u>	<u>97,676</u>
Fund balances					
Restricted	<u>259,754</u>	<u>66,153</u>	<u>2,640</u>	<u>413,348</u>	<u>741,895</u>
Total fund balances	<u>259,754</u>	<u>66,153</u>	<u>2,640</u>	<u>413,348</u>	<u>741,895</u>
Total liabilities and fund balances	<u>\$ 267,225</u>	<u>\$ 66,153</u>	<u>\$ 2,640</u>	<u>\$ 503,553</u>	<u>\$ 839,571</u>

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	State Street Aid Fund	Drug Fund	E-Citation Fund	Waste Management Fund	Total Other Governmental Funds
Revenues:					
Charges for services	\$ -	\$ 20,419	\$ -	\$ 255,219	\$ 275,638
Intergovernmental	149,275	-	-	-	149,275
Fines	-	-	640	-	640
Other	190	11,180	-	240	11,610
Total revenues	<u>149,465</u>	<u>31,599</u>	<u>640</u>	<u>255,459</u>	<u>437,163</u>
Expenditures:					
Public safety	-	12,377	-	-	12,377
Public works	199,130	-	-	269,756	468,886
	<u>199,130</u>	<u>12,377</u>	<u>-</u>	<u>269,756</u>	<u>481,263</u>
Total expenditures	<u>199,130</u>	<u>12,377</u>	<u>-</u>	<u>269,756</u>	<u>481,263</u>
Net changes in fund balance	(49,665)	19,222	640	(14,297)	(44,100)
Fund balance - beginning	<u>309,419</u>	<u>46,931</u>	<u>2,000</u>	<u>427,645</u>	<u>785,995</u>
Fund balance - ending	<u>\$ 259,754</u>	<u>\$ 66,153</u>	<u>\$ 2,640</u>	<u>\$ 413,348</u>	<u>\$ 741,895</u>

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE STREET AID FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance- Over (Under)
	Original	Final	Actual	
Revenues				
Intergovernmental revenue:				
Gas 3 cent tax	\$ 21,436	\$ 21,436	\$ 25,313	\$ 3,877
Gas 1989 tax	11,605	11,605	11,659	54
Gas Improve tax	37,460	37,460	37,636	176
Gasoline and motor fuel tax	74,499	74,499	74,667	168
Other:				
Interest	500	500	190	(310)
Total revenues	<u>145,500</u>	<u>145,500</u>	<u>149,465</u>	<u>3,965</u>
Expenditures				
Current:				
Public works:				
Street Operations	90,000	99,130	99,130	-
Roads, Streets, Parking Lots	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	-
Total expenditures	<u>190,000</u>	<u>199,130</u>	<u>199,130</u>	-
Net changes in fund balances	<u>\$ (44,500)</u>	<u>\$ (53,630)</u>	<u>(49,665)</u>	<u>\$ 3,965</u>
Fund balance - beginning			<u>309,419</u>	
Fund balance - ending			<u><u>\$ 259,754</u></u>	

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DRUG FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance- Over (Under)
Revenues:	Original	Final	Actual	
Taxes:				
Charges for services:				
Drug related fines	\$ 20,000	\$ 20,000	\$ 20,419	\$ 419
Other				
Interest	400	400	36	(364)
Miscellaneous refunds	-	-	2,284	2,284
Sale of equipment	5,000	5,000	8,860	3,860
Total other revenues	5,400	5,400	11,180	5,780
 Total revenues	 25,400	 25,400	 31,599	 6,199
 Expenditures:				
Public safety:				
Police department:				
Telephone and TV services	2,500	2,500	384	(2,116)
Subscriptions and dues	2,000	2,000	300	(1,700)
Office Supplies	1,500	1,500	-	(1,500)
Program supplies	10,000	10,000	8,507	(1,493)
Machinery, equipment and tires	5,800	5,800	1,686	(4,114)
Training and education	2,000	2,000	1,500	(500)
Total expenditures	23,800	23,800	12,377	(11,423)
 Net changes in fund balance	 \$ 1,600	 \$ 1,600	 19,222	 \$ 17,622
 Fund balance - beginning			 46,931	
 Fund balance - ending			 <u>\$ 66,153</u>	

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
E-CITATION FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance- Over (Under)
Revenues:	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Taxes:				
Fines and forfeitures:				
E-citations	\$ 1,000	\$ 1,000	\$ 640	\$ (360)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>640</u>	<u>(360)</u>
Net changes in fund balance	<u>\$ 1,000</u>	<u>\$ 1,000</u>	640	<u>\$ (360)</u>
Fund balance - beginning			<u>2,000</u>	
Fund balance - ending			<u>\$ 2,640</u>	

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WASTE MANAGEMENT FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Revenues:				
Charges for services:				
Collection fees	\$ 240,000	\$ 240,000	\$ 255,219	\$ 15,219
Other:				
Interest	500	500	240	(260)
Total revenues	<u>240,500</u>	<u>240,500</u>	<u>255,459</u>	<u>14,959</u>
Expenditures:				
Public works:				
Personnel costs	113,000	113,000	100,553	(12,447)
Overtime	8,700	8,700	5,295	(3,405)
Vacation, sick and bonus pay	9,500	17,000	17,370	370
OASI (employer's share)	10,000	10,000	9,219	(781)
Hospital and health insurance	37,000	37,000	30,720	(6,280)
Retirement and other insurance	22,200	22,200	22,955	755
Machinery and equipment	1,000	1,000	36,242	35,242
Services	10,900	10,900	10,175	(725)
Gas, oil, diesel fuel, grease, etc.	18,000	18,000	22,017	4,017
Supplies and uniforms	3,500	3,500	1,921	(1,579)
Motor vehicle parts	7,500	7,500	8,944	1,444
Tires, tubes, and etc.	7,500	7,500	3,914	(3,586)
Vehicles	36,500	36,500	-	(36,500)
Miscellaneous	<u>4,200</u>	<u>4,200</u>	<u>431</u>	<u>(3,769)</u>
Total expenditures	<u>289,500</u>	<u>297,000</u>	<u>269,756</u>	<u>(27,244)</u>
Net changes in fund balance	<u>\$ (49,000)</u>	<u>\$ (56,500)</u>	<u>\$ (14,297)</u>	<u>\$ 42,203</u>
Fund balance - beginning			<u>427,645</u>	
Fund balance - ending			<u>\$ 413,348</u>	

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
2021 FLOOD RECOVERY FUND
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance- Over (Under)
	Original	Final	Actual	
Expenditures:				
General government:				
Contractual services	2,000,000	2,000,000	37,214	(1,962,786)
Operating Supplies	1,000	1,000	470	(530)
Total general government expenditures	<u>2,001,000</u>	<u>2,001,000</u>	<u>37,684</u>	<u>(1,963,316)</u>
Debt service:				
Principal	<u>-</u>	<u>2,500,000</u>	<u>2,495,460</u>	<u>(4,540)</u>
Total expenditures	<u>2,001,000</u>	<u>4,501,000</u>	<u>2,533,144</u>	<u>(1,967,856)</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>(2,001,000)</u>	<u>(4,501,000)</u>	<u>(2,533,144)</u>	<u>1,967,856</u>
Other financing sources (uses)				
Proceeds from issuance of long-term debt	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>(2,000,000)</u>
Total other financing sources (uses)	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>(2,000,000)</u>
Net changes in fund balance	<u>\$ (1,000)</u>	<u>\$ (2,501,000)</u>	<u>(2,533,144)</u>	<u>\$ (32,144)</u>
Fund balance - beginning			608,738	
Prior period adjustment			<u>2,183,134</u>	
Fund balance - beginning - restated			<u>2,791,872</u>	
Fund balance - ending			<u>\$ 258,728</u>	

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For The Fiscal Year Ended June 30, 2023

Tax Levy For Year	Tax Rate	Beginning Outstanding Taxes	Additions and Adjustments	Collections	Ending Outstanding Taxes	Outstanding Taxes Filed With Chancery Court
2022	\$ 1.11	\$ -	\$ 853,596	\$ 815,509	\$ 38,087	\$ -
2021	1.11	34,540	(17)	24,620	9,903	9,903
2020	1.11	12,813	-	5,737	7,076	7,076
2019	1.30	8,887	-	3,385	5,502	5,502
2018	1.30	8,086	-	3,384	4,702	4,702
2017	1.30	7,554	-	3,056	4,498	4,498
2016	1.41	2,763	-	286	2,477	2,477
2015	1.41	2,698	-	389	2,309	2,309
2014	1.41	2,064	-	389	1,675	1,675
2013	1.41	1,842	-	419	1,423	1,423
2012	1.41	1,423	(1,423)	-	-	-
		<u>\$ 82,670</u>	<u>\$ 852,156</u>	<u>\$ 857,174</u>	<u>\$ 77,652</u>	<u>\$ 39,565</u>

Above balances represented as follows:

Considered current receivables	\$ 8,680
Allowance for uncollectible accounts	13,020
Unavailable revenue	<u>55,952</u>
	77,652
Estimated 2023 levy due October 1, 2023 considered as unavailable revenue	<u>854,114</u>
Total taxes receivable	931,766
Less taxes considered uncollectible	<u>(13,020)</u>
Net property taxes receivable	<u>\$ 918,746</u>

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF UTILITY RATES IN FORCE
June 30, 2023

SEWER RATES

Listed below are the water rates per 1,000 gallons which became effective July 1, 2022

	Within the City of Waverly	Outside the City of Waverly
Per 1,000 gallons	\$ 3.12	\$ 4.69

	<u>Meter Size</u>	Within the City of Waverly	Outside the City of Waverly
Minimum Service Charge	Up to 3/4	\$ 31.71	\$ 47.60
per month	1"	56.39	84.59
(Based on installed meter size)	1 1/2"	126.90	190.34
	2"	225.60	338.42
	3"	507.63	761.46
	4"	507.63	761.46
	6"	507.63	761.46
	8"	507.63	761.46
	10" or larger	Negotiated	Negotiated

SANITATION RATES

Residential

Residential cart, once a week pick-up	\$ 12.00
Additional cart (limit1)	\$ 6.00

Commercial

1-3 carts, once a week pick-up	\$ 15.00 per cart
1-3 carts, twice a week pick-up	\$ 30.00 per cart

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT
June 30, 2023

	City of Clarksville, TN Pooled Loan Fund Series 2021		Public Building Authority City of Clarksville, TN Government Loan Program Series 2018		Total Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2024	\$ -	\$ 25,045	\$ 31,000	\$ 33,048	\$ 31,000	\$ 58,093	\$ 89,093
2025	719,540	12,523	32,000	31,892	751,540	44,415	795,955
2026	-	-	33,000	30,698	33,000	30,698	63,698
2027	-	-	34,000	29,467	34,000	29,467	63,467
2028	-	-	36,000	28,199	36,000	28,199	64,199
2029	-	-	37,000	26,856	37,000	26,856	63,856
2030	-	-	38,000	25,476	38,000	25,476	63,476
2031	-	-	40,000	24,059	40,000	24,059	64,059
2032	-	-	41,000	22,567	41,000	22,567	63,567
2033	-	-	43,000	21,037	43,000	21,037	64,037
2034	-	-	44,000	19,433	44,000	19,433	63,433
2035	-	-	46,000	17,792	46,000	17,792	63,792
2036	-	-	48,000	16,076	48,000	16,076	64,076
2037	-	-	49,000	14,286	49,000	14,286	63,286
2038	-	-	51,000	12,458	51,000	12,458	63,458
2039	-	-	53,000	10,556	53,000	10,556	63,556
2040	-	-	54,000	8,579	54,000	8,579	62,579
2041	-	-	57,000	6,565	57,000	6,565	63,565
2042	-	-	59,000	4,439	59,000	4,439	63,439
2043	-	-	60,000	2,238	60,000	2,238	62,238
	<u>\$ 719,540</u>	<u>\$ 37,568</u>	<u>\$ 886,000</u>	<u>\$ 385,721</u>	<u>\$ 1,605,540</u>	<u>\$ 423,289</u>	<u>\$ 2,028,829</u>

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
PROPRIETARY FUND

June 30, 2023

		City of Clarksville, TN											
State Revolving Loan		Pooled Loan Fund		State Revolving Loan		State Revolving Loan				Total Requirements			
DG6 2018-208		Series 2016		CW7 2019-436		SRF 2021-461							
Principal	Interest**	Principal	Interest*	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total	
2024	\$ 10,116	\$ 2,292	\$ 76,000	\$ 75,300	\$ 30,912	\$ 5,736	\$ 26,928	\$ 5,196	\$ 143,956	\$ 88,524	\$ 232,480		
2025	10,236	2,172	77,000	71,500	31,212	5,436	27,180	4,932	145,628	84,040	229,668		
2026	10,368	2,040	79,000	67,650	31,524	5,124	27,420	4,668	148,312	79,482	227,794		
2027	10,512	1,896	80,000	63,700	31,824	4,824	27,672	4,392	150,008	74,812	224,820		
2028	10,644	1,764	82,000	59,700	32,136	4,512	27,924	4,116	152,704	70,092	222,796		
2029	10,776	1,632	83,000	55,600	32,448	4,200	28,176	3,840	154,400	65,272	219,672		
2030	10,920	1,488	85,000	51,450	32,772	3,876	28,428	3,564	157,120	60,378	217,498		
2031	11,064	1,344	87,000	47,200	33,084	3,564	28,680	3,288	159,828	55,396	215,224		
2032	11,208	1,200	88,000	42,850	33,408	3,240	28,944	3,000	161,560	50,290	211,850		
2033	11,352	1,056	90,000	38,450	33,732	2,916	29,208	2,724	164,292	45,146	209,438		
2034	11,496	912	92,000	33,950	34,068	2,580	29,472	2,436	167,036	39,878	206,914		
2035	11,652	756	93,000	29,350	34,392	2,256	29,736	2,148	168,780	34,510	203,290		
2036	11,796	612	95,000	24,700	34,728	1,920	30,000	1,860	171,524	29,092	200,616		
2037	11,952	456	97,000	19,950	35,064	1,584	30,276	1,560	174,292	23,550	197,842		
2038	12,108	300	99,000	15,100	35,412	1,236	30,552	1,260	177,072	17,896	194,968		
2039	12,264	144	101,000	10,150	35,760	888	30,828	960	179,852	12,142	191,994		
2040	3,093	9	102,000	5,100	36,108	540	31,104	648	172,305	6,297	178,602		
2041	1,159	1	-	-	36,480	168	31,380	348	69,019	517	69,536		
2042	-	-	-	-	-	-	18,354	62	18,354	62	18,416		
\$ 182,716		\$ 20,074	\$ 1,506,000	\$ 711,700	\$ 605,064	\$ 54,600	\$ 542,262	\$ 51,002	\$ 2,836,042	\$ 837,376	\$ 3,673,418		

* Variable rate loan, interest calculated at 5.00%

** Amortization to be over 20 years and to begin at completion of project, Interest rate for each loan is shown below:

DG6 2018-208	1.29%
CW7 2019-436	0.97%
SRF 2021-461	0.90%

See the independent auditor's report.

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

Description of Indebtedness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/1/2022	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding 6/30/2023
Governmental Activities									
Payable through the General Fund									
Bonds payable									
Local government loan program fund - Series 2018	\$ 1,000,000	3.73%	June 5, 2018	May 1, 2043	\$ 916,000	\$ -	\$ 30,000	\$ -	\$ 886,000
Payable through the Sanitation Fund									
Notes payable									
Pooled Loan Fund - Series 2021	<u>\$ 5,000,000</u>	1.00%	November 19, 2021	November 1, 2024	<u>3,215,000</u>	<u>-</u>	<u>2,495,460</u>	<u>-</u>	<u>719,540</u>
Total long-term debt - governmental activities	<u>\$ 6,000,000</u>				<u>\$ 4,131,000</u>	<u>\$ -</u>	<u>\$ 2,525,460</u>	<u>\$ -</u>	<u>\$ 1,605,540</u>
Business-Type Activities									
Payable through the Water/Sewer Fund									
Bonds Payable									
City of Clarksville, TN variable rate local government loan fund	<u>\$ 2,000,000</u>	3.41%*	January 20, 2016	December 31, 2040	<u>1,581,000</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>1,506,000</u>
Notes Payable									
State revolving loan fund, DG6 2018-208	273,375	1.29%	April 10, 2018	April 10, 2040	\$ 192,700	\$ -	\$ 9,984	\$ -	\$ 182,716
State revolving loan fund, SRF 2021-461	580,000	0.90%	December 14, 2021	January 20, 2042	568,950	-	26,688	-	542,262
State revolving loan fund, CW7 2019-436	<u>666,000</u>	0.97%	January 14, 2020	January 14, 2041	<u>635,676</u>	<u>-</u>	<u>30,612</u>	<u>-</u>	<u>605,064</u>
Total Notes Payable	<u>\$ 1,519,375</u>				<u>\$ 1,397,326</u>	<u>\$ -</u>	<u>\$ 67,284</u>	<u>\$ -</u>	<u>\$ 1,330,042</u>
Total long-term debt - business-type activities	<u>\$ 5,019,375</u>				<u>\$ 2,978,326</u>	<u>\$ -</u>	<u>\$ 142,284</u>	<u>\$ -</u>	<u>\$ 2,836,042</u>
Total Long-Term Debt	<u>\$ 11,019,375</u>				<u>\$ 7,109,326</u>	<u>\$ -</u>	<u>\$ 2,667,744</u>	<u>\$ -</u>	<u>\$ 4,441,582</u>

* Bond bears interest at the adjusted SIFMA rate, not to exceed a maximum rate of 12.00%, as provided for in the bond agreement.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Cluster or Program Name	ALN	Contract Number	Expenditures
U.S. Department of Housing and Urban Development			
Pass through the State of Tennessee, Department of Economic and Community Development			
Community Development Block Grant Program (Rural Development) - Sewer System Improvements	14.228	33004-41023	\$ 26,730
U.S. Department of Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - ARPA	21.027	unknown	155,490
U.S. Department of Agriculture			
Pass through the State of Tennessee, Department of Environment and Conservation			
Emergency Watershed Protection Program	10.923	unknown	27,510
U.S. Department of Homeland Security			
Passed through the Tennessee Emergency Management Agency			
Disaster Grants - Public Assistance	97.036	FEMA - 4609-DR-TN	157,682
Total Expenditures of Federal Awards			\$ 367,412

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For The Fiscal Year Ended June 30, 2023

State Grantor/Program Name	Grant Number	Expenditures
Tennessee Department of Criminal Justice		
Police Salary Supplement	N/A	<u>7,200</u>
Tennessee Commission on Aging and Disability		
Senior Citizen Program	N/A	<u>6,501</u>
Total State Financial Assistance		<u><u>\$ 13,701</u></u>

See the independent auditor's report.

CITY OF WAVERLY, TENNESSEE
NOTES TO THE SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE
For the Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the awarded activity of the City of Waverly, Tennessee, under programs of the federal and state governments for the year ended June 30, 2023. Because the schedules present only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position of the City of Waverly.

Note 2 - Summary of Significant Accounting Policies

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

INTERNAL CONTROL AND COMPLIANCE SECTION



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

Honorable W. B Frazier, Mayor
Members of the Board of Alderman
City of Waverly, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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, each major fund, and the aggregate remaining fund information of the City of Waverly, 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 February 19, 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 City'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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In addition, we noted other matters involving internal control that we communicated to management of the City in a separate letter dated February 19, 2024.

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

ATA, PLLC

Jackson, Tennessee
February 19, 2024

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2023

Financial Statement Findings

There were no current year findings.

CITY OF WAVERLY, TENNESSEE
SCHEDULE OF FINDINGS AND RECOMMENDATIONS – PRIOR YEAR
June 30, 2023

Financial Statement Findings

There were no prior year financial statement findings noted.

Federal Award Findings and Questioned Costs

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2022-001	Data Collection Form Not Filed by Deadline (Noncompliance-Other) (Original Finding #2022-001)	Corrected