

CITY OF UNION CITY, TENNESSEE

FINANCIAL REPORT

June 30, 2024

CITY OF UNION CITY, TENNESSEE
FINANCIAL REPORTING PACKAGE
REQUIRED BY TENNESSEE COMPTROLLER OF THE TREASURY
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INTRODUCTORY SECTION

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF OFFICIALS
June 30, 2024

City Council

Terry Hailey, Mayor
Randy Barnes
Dianne Eskew
Jim Douglas
Katie Keathley
Jim Rippy
Hal Mosier

Kathy Dillon, City Manager/CMFO through December 31, 2023
Johnny McTurner, City Manager/CMFO beginning January 1, 2024

FINANCIAL SECTION



Independent Auditor's Report

Mayor and Members of the City Council
City of Union City, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Union City, Tennessee, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Union City, Tennessee, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and general purpose school fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 know 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 City of Union 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 management's discussion and analysis and the pension and other postemployment benefits schedules 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 of Union City's basic financial statements. The accompanying supplementary information, which includes the Combining and Individual Fund Financial Statements and Schedules, Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Schedule of State Assistance, Schedule of Changes in Long-Term Debt by Individual Issue, Schedule of Debt Service Requirements by Individual Issue, Schedule of Changes in Lease Obligations, Schedule of Lease Obligations Principal and Interest Requirements by Fiscal Year, Schedule of Property Tax Receivable, Schedule of Interfund Transfers, and Schedule of Utility Rates in Force are presented for purposes of additional analysis and are not a required part of the 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 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 and schedule of property tax rates and assessments but does not include the 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 March 26, 2025, on our consideration of the City of Union City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Union City's internal control over financial reporting and compliance.

ATA, PC

Union City, Tennessee
March 26, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Union City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. This discussion focuses on the primary government, as the component unit has a separately issued report. Comparative analyses of key elements of total governmental funds and total enterprise funds have been provided.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Union City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$79,587,348 (net position). Of this amount, \$18,232,448 (unrestricted net position) may be used to meet the City of Union City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Union City's general fund reported an ending fund balance of \$8,432,247, a decrease of \$625,998 in comparison with the prior year. The fund balance available for spending at the City of Union City's discretion (unassigned fund balance) was \$8,091,988, an increase of \$3,126,100 from the prior year, due to the decrease in assignment of fund balance for next year's budget. Management anticipates that revenues received will cover budgeted expenditures in the 2025 fiscal year.
- Board of Education revenues for 2023-2024 were \$25,006,220 compared to \$21,728,748 for 2022-2023; this resulted in an increase of 15.08% over last year. Our weighted full time equivalent ADA percentage for FY 24 was 35.07%, which was up from FY23 at 32.36%. Due to this growth, our county tax revenues and our TISA funding increased. We also received growth funds and TISA outcomes funding during the year. We earned more revenue from the Innovative Schools Model Grant than we did from our first year, as we are in our second year with this funding. Expenditures for 2023-2024 were \$22,539,616 compared to \$20,968,686 for 2022-2023, which resulted in an increase of \$1,570,930 or 7.49%. General Purpose fund expenditures increased as we spent more funds from the innovative school models state grant. The total budget for this grant is \$1,500,000 that will cover through FY 2026; fiscal year 2023, we spent \$181,974 and fiscal year 2024, we spent \$507,115. We had an insurance claim on our Cooling Tower, which caused our expenses to increase for the replacement. We received TISA Outcomes funding that increased our expenses as we provided student incentives, student supplies, celebrations for the achievements made, and additional professional development, especially in the ESL area. We received growth funding during the year, which helped as our staffing expenses increased. During FY24, we absorbed the cost of our building insurance. The General Fund had covered this cost in past years.
- Capital assets in the Water and Sewer Department increased by \$4.4 million from the prior year, mainly due to the Home Street utility renovation project, which had expenses of \$3.4 million this year, financed by American Rescue Plan funds.
- Union City Energy Authority is a stand-alone entity and is reported separately from the City's primary government as a discretely-presented component unit in the government-wide statements. More detailed information on the Energy Authority can be found in its separately issued audit report.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

This report also contains required, 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 Union City's finances, in a manner similar to a private-sector business.

- The Statement of Net Position presents information on all of the City of Union City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Union City is improving or deteriorating.
- The Statement of Activities presents information showing how the City of Union City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported 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 Union City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include financial administration, planning and code enforcement, public safety, street department, recreation, cemetery maintenance, education, school food service, and sanitation. The business-type activities of the City consist of the water and sewer department.

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 Union City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City of Union City currently has funds in the following 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 government's near-term financing requirements. Governmental funds include the general fund, special revenue funds, capital projects funds, debt service funds, and permanent funds.

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 Union City'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.

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 and General Purpose School 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 are also presented separately in a Combining Balance Sheet – Nonmajor Governmental Funds and a Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds.

The City adopts an annual appropriated budget for each special revenue fund. Budgetary comparison statements and schedules have been provided in the report. See the table of contents to locate the various budget statements.

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 Union City uses an enterprise fund to account for its Water and Sewer Department. Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City 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 Department, which is a major fund of the City of Union City.

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 immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which immediately follows the notes, concerning the City of Union City's pension plans and other post-retirement benefit plans.

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 Union City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$79,587,348 at the close of the most recent fiscal year.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	28,756,650	27,336,276	8,680,582	10,835,973	37,437,232	38,172,249
Capital assets	38,131,708	38,255,696	22,836,203	18,399,367	60,967,911	56,655,063
Total assets	66,888,358	65,591,972	31,516,785	29,235,340	98,405,143	94,827,312
Deferred outflows of resources	6,382,061	5,952,415	611,596	442,199	6,993,657	6,394,614
Long-term liabilities	14,547,337	14,576,987	3,481,239	3,777,905	18,028,576	18,354,892
Other liabilities	682,303	991,418	538,329	347,641	1,220,632	1,339,059
Total liabilities	15,229,640	15,568,405	4,019,568	4,125,546	19,249,208	19,693,951
Deferred inflows of resources	6,427,173	6,456,361	135,071	166,869	6,562,244	6,623,230
Net position:						
Net investment in capital assets	26,671,829	25,706,533	19,182,979	14,621,462	45,854,808	40,327,995
Restricted	14,023,288	12,072,066	1,476,804	130,855	15,500,092	12,202,921
Unrestricted	10,918,489	11,741,022	7,313,959	10,632,807	18,232,448	22,373,829
Total net position	51,613,606	49,519,621	27,973,742	25,385,124	79,587,348	74,904,745

The largest portion of the City's net position (57.6%) 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 Union City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Union City'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. A portion of net position (16.7%) is restricted for use by special revenue sources and for education, tourism, and cemetery expenditures. Net pension assets of \$2,240,929 (2.8%) are also restricted. The portion of net position represented by unrestricted net position (22.9%) 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 categories of net position.

Restatements of \$33,858 were made to beginning balances for prior period errors corrected during the current year. The 2023 balances in the summary tables were restated for these corrections. See Note 4H in the notes to the financial statements for details on these restatements.

Statement of Activities – The change in net position for the current year was \$4.68 million compared to \$2.08 million in the prior year, an increase of \$2.6 million. Total revenues increased by \$5.6 million, or 12.4%. Total net position increased by \$4.7 million, or 6.25%.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	3,412,556	3,500,221	5,409,262	5,254,986	8,821,818	8,755,207
Operating grants and contributions	18,474,998	15,707,735		719,635	18,474,998	16,427,370
Capital grants and contributions			1,913,305		1,913,305	-
General revenues:						
Property taxes	8,710,603	8,117,944			8,710,603	8,117,944
Sales taxes	9,281,158				9,281,158	
Other taxes	1,813,231	10,767,765			1,813,231	10,767,765
Other sources	1,449,879	859,951	528,573	427,697	1,978,452	1,287,648
Total revenues	43,142,425	38,953,616	7,851,140	6,402,318	50,993,565	45,355,934
Expenses:						
Financial administration	2,455,024	2,222,512			2,455,024	2,222,512
Planning and code	439,867	249,173			439,867	249,173
Public safety	7,124,121	6,496,903			7,124,121	6,496,903
Street department	3,233,558	3,467,379			3,233,558	3,467,379
Recreation	1,902,724	1,876,843			1,902,724	1,876,843
Community development	862,521	324,073			862,521	324,073
Education	21,125,030	19,575,306			21,125,030	19,575,306
School food service	1,509,198	1,510,735			1,509,198	1,510,735
Stormwater mgmt.	420,169	305,099			420,169	305,099
Sanitation	1,976,228	1,935,962			1,976,228	1,935,962
Water and sewer			5,262,522	5,307,590	5,262,522	5,307,590
Total expenses	41,048,440	37,963,985	5,262,522	5,307,590	46,310,962	43,271,575
Change in net position	2,093,985	989,631	2,588,618	1,094,728	4,682,603	2,084,359
Net position - beginning	49,519,621	48,280,075	25,385,124	24,290,396	74,904,745	72,570,471
New permanent fund	-	249,915			-	249,915
Net position - ending	51,613,606	49,519,621	27,973,742	25,385,124	79,587,348	74,904,745

Expenses in governmental activities exceeded program revenues by \$19,160,886 compared to \$18,756,029 in the prior year. In business-type activities, charges for services exceeded expenses by \$146,740 compared to (\$52,604) in excess expenses last year. General government revenues totaling \$21,254,871 combined with business-type capital grants of \$1,913,305 and other business-type income of \$528,573 resulted in a total net income of \$4,682,603 for the current year, compared to \$2,084,359 in the prior year. The increase in grant funds for both governmental activities and the water and sewer department of \$3,960,933 was the main cause for the increase.

Governmental revenues decreased by \$4.2 million and governmental expenditures increased by \$3.08 million. Expenditures increased in education by \$1.5 million, with all departments increasing expenditures except for street and school food service, which had slight decreases. Water and sewer revenue increased by \$1.45 million, while expenses decreased slightly. Water revenue increased by 4% and grant revenue increased by \$1.2 million.

COMMENTS ON FUND FINANCIAL STATEMENTS

Governmental funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Government'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 accounted for 37% of governmental fund revenues and the General Purpose School Fund accounted for an additional 43%. Since the Board of Education issues a separate report discussing its activities, the General Fund will be the focus of this discussion. The General fund balance was \$8,432,247 at the end of the current fiscal year, which was a decrease of \$625,998 from the prior year. Revenues exceeded expenditures by \$325,533 but other financing sources and uses decreased net position by \$951,531 due mainly to transfers related to education of \$1,748,100. There was \$8,091,988 available to meet the day-to-day needs of the City, compared to \$4,965,888 in the prior year, which was an increase of \$3,126,100. This was due to a \$3.7 million decrease in assigned fund balance for next year's budget. The 2025 budget appropriated only \$154,136 of existing fund balance for anticipated expenditures, compared to \$3,893,348 in the 2024 adopted budget.

Revenues in the General Fund increased by \$605,508 from the prior year, mainly due to increases in various taxes, intergovernmental revenues, and interest/investment income. Expenditures increased by \$909,928 from the prior year, mainly for (1) slum clearance in the planning and code department, (2) capital outlay and road repair in the street department, and (3) lease payments and building repair in the police department.

Proprietary funds – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the proprietary fund was \$27,973,742 with unrestricted net position making up \$7,313,959 of that total. Revenue increased slightly, while expenses remained relatively steady. A capital grant for \$1,913,305 was received for utility infrastructure on Home Street.

Nonmajor funds – State Street Aid had expenditures of \$344,168 in the current year, a decrease of \$175,828 from the prior year. Drug Enforcement fines, forfeitures, and penalties decreased by 52% from the prior year. The Speed and Red Light Enforcement fund was closed during the current year. Changes in school federal projects, general purpose school, and cafeteria are discussed in the Financial Highlights section on page 5 and in the Board of Education's separately issued report.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were \$1.2 million more than budgeted amounts in the General Fund, mainly due to an increase in local taxes received. Total expenditures were under budget by \$1 million in the current year. The following significant variations occurred for the year ended June 30, 2024:

- Local tax revenue was \$1.1 million over budget, mainly in local sales tax and gross receipts taxes. This is mainly due to conservative budgeting.

- Federal and state grants received were \$746 thousand under budget due to not receiving the TDOT Fifth Street grant funds during the fiscal year. Also, we did not receive a THDA grant which we usually receive.
- Charges for services were \$135 thousand over budget due to no budgeted revenues for rural fire service due to inadvertently omitting that line from the budget.
- Interest and investment income was \$316 thousand more than budgeted as a result of a 143% increase in interest income and a 453% increase in the value of its investments.
- Police department expenditures were \$443 thousand under budget, mainly in lease payments, as a result of budgeting for all vehicles that were leased. Only a few vehicles were delivered at a time during the fiscal year.
- Street department expenditures were \$425 thousand under budget, mainly in capital outlay. The department head budgeted for several large capital purchases that were not bought during the fiscal year.
- Park administration expenditures were \$202 thousand under budget, mainly in capital outlay, as well as in salaries and utilities. This was due to a change in management. The new department head has a much more conservative approach in his management style.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

At June 30, 2024, the City had invested \$60,967,911 net of accumulated depreciation in a variety of capital assets and infrastructure. The increase of \$4.3 million is attributable to capital outlay in excess of depreciation for the current year. This increase was mainly due to the \$5.7 million increase in Water and Sewer capital assets from renovations of the head works at the wastewater plant, as well as new well and updated electronics at the water plant. Additional information on the City's capital assets can be found in Note 4D of the Notes to Financial Statements.

Long-term debt

At the end of the current fiscal year, the City had long-term debt outstanding of \$13,357,638. The entire amount is backed by the full faith and credit of the City of Union City. Additional information on the City's long-term debt can be found in Note 4E of the Notes to Financial Statements. The City has additional long-term liabilities for operating leases and subscription liabilities, also discussed in Note 4E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the end of 2024, the unemployment rate locally was 3.1%, the State's average unemployment rate was 2.8% and the national average unemployment rate was 3.7%. The cost of operating the City is anticipated to be comparable to the 2023/2024 fiscal year, and the adopted budget for next year reflects a slight increase in revenues, as well as a slight decrease in expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Union City's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, City of Union City, P.O. Box 9, Union City, TN 38281. Requests for any additional information on the City's component unit, Union City Energy Authority, should be directed to the Chief Financial Officer of Union City Energy Authority, P.O. Box 369 Union City, TN 38281.

CITY OF UNION CITY, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2024

	Primary government			Component unit
	Governmental Activities	Business-Type Activities	Total	Union City Energy Authority
Assets				
Cash	\$ 13,821,536	\$ 3,631,683	\$ 17,453,219	\$ 15,829,311
Investments	2,249,108	2,243,292	4,492,400	-
Property taxes receivable (net of allowance for uncollectible accounts)	5,330,248	-	5,330,248	-
Accounts receivable (net of allowance for uncollectible accounts)	459,563	857,743	1,317,306	2,452,112
Sales tax receivable	1,572,367	-	1,572,367	-
Other taxes receivable	205,281	-	205,281	-
Other receivables	150,521	15,377	165,898	51,312
Internal balances	106,299	(106,299)	-	-
Due from grantors	1,337,920	1,476,804	2,814,724	-
Inventories	20,957	246,359	267,316	771,211
Prepayments	-	-	-	22,804
Restricted assets:				
Cash	831,187	315,623	1,146,810	-
Pension trust	168,687	-	168,687	-
Leases receivable	262,047	-	262,047	-
Capital assets, not being depreciated:				
Land	3,607,011	41,628	3,648,639	227,686
Construction in progress	80,318	5,290,496	5,370,814	232,693
Capital assets, being depreciated, net:				
Buildings	22,276,401	-	22,276,401	-
Infrastructure	3,452,295	-	3,452,295	-
Improvements other than buildings	5,616,366	-	5,616,366	-
Vehicles and equipment	1,958,207	-	1,958,207	-
Lease right-of-use assets, net of amortization	1,141,110	-	1,141,110	-
Utility plant in service	-	17,504,079	17,504,079	20,660,787
Net pension asset	2,240,929	-	2,240,929	-
Other assets	-	-	-	79,233
Total assets	66,888,358	31,516,785	98,405,143	40,327,149
Deferred Outflows of Resources				
Deferred outflows related to pensions	5,496,949	611,596	6,108,545	1,548,381
Deferred outflows related to postemployment benefits	885,112	-	885,112	24,134
Total deferred outflows of resources	6,382,061	611,596	6,993,657	1,572,515

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2024

	Primary government			Component unit
	Governmental Activities	Business-Type Activities	Total	Union City Energy Authority
Liabilities				
Accounts payable	\$ 421,256	\$ 36,510	\$ 457,766	\$ 4,145,217
Accrued payroll	258,691	4,147	262,838	54,044
Accrued vacation pay	-	-	-	151,690
Retainage payable	-	257,759	257,759	-
Other payables	2,356	34,565	36,921	66,187
Customer deposits	-	181,340	181,340	882,013
Other current liabilities	-	24,008	24,008	19,974
Noncurrent liabilities:				
Debt due within one year	996,279	350,584	1,346,863	-
Debt due in more than one year	9,420,628	3,044,881	12,465,509	136,145
Lease/SBITA liabilities due within one year	293,471	-	293,471	-
Lease/SBITA liabilities due in more than one year	749,501	-	749,501	-
Net pension liability	1,288,405	85,774	1,374,179	1,278,131
Other postemployment benefits liability	1,799,053	-	1,799,053	376,712
Other liabilities	-	-	-	30,302
Total liabilities	<u>15,229,640</u>	<u>4,019,568</u>	<u>19,249,208</u>	<u>7,140,415</u>
Deferred Inflows of Resources				
Deferred revenue - property taxes	5,330,248	-	5,330,248	-
Deferred inflows - leases	262,047	-	262,047	-
Deferred inflows related to pensions	316,132	135,071	451,203	96,986
Deferred inflows related to postemployment benefits	518,746	-	518,746	191,690
Total deferred inflows of resources	<u>6,427,173</u>	<u>135,071</u>	<u>6,562,244</u>	<u>288,676</u>
Net Position				
Net investment in capital assets	26,671,829	19,182,979	45,854,808	21,121,166
Restricted	14,023,288	1,476,804	15,500,092	-
Unrestricted	10,918,489	7,313,959	18,232,448	13,349,407
Total net position	<u>\$ 51,613,606</u>	<u>\$ 27,973,742</u>	<u>\$ 79,587,348</u>	<u>\$ 34,470,573</u>

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Union City Energy Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
Financial administration	\$ 2,455,024	\$ 145,824	\$ -	\$ -	\$ (2,309,200)	\$ -	\$ (2,309,200)	\$ -
Planning and code enforcement	439,867	58,547	-	-	(381,320)	-	(381,320)	-
Public safety	7,124,121	281,571	222,236	-	(6,620,314)	-	(6,620,314)	-
Highways and streets	3,233,558	-	413,157	-	(2,820,401)	-	(2,820,401)	-
Parks, recreation, cemeteries	1,902,724	13,800	5,400	-	(1,883,524)	-	(1,883,524)	-
Community development	862,521	-	171,828	-	(690,693)	-	(690,693)	-
Education	21,125,030	86,997	16,426,732	-	(4,611,301)	-	(4,611,301)	-
School food service	1,509,198	169,943	1,235,645	-	(103,610)	-	(103,610)	-
Stormwater management	420,169	388,238	-	-	(31,931)	-	(31,931)	-
Sanitation	1,976,228	2,267,636	-	-	291,408	-	291,408	-
Total governmental activities	41,048,440	3,412,556	18,474,998	-	(19,160,886)	-	(19,160,886)	-
Business-type activities:								
Water and sewer	5,262,522	5,409,262	-	1,913,305	-	2,060,045	2,060,045	-
Total primary government	\$46,310,962	\$ 8,821,818	\$ 18,474,998	\$ 1,913,305	(19,160,886)	2,060,045	(17,100,841)	-
Component unit:								
Union City Energy Authority	\$28,828,566	\$ 30,476,299	\$ -	\$ -	-	-	-	1,647,733
General Revenues:								
Property taxes					8,710,603	-	8,710,603	-
Sales taxes					9,281,158	-	9,281,158	-
Other taxes					1,813,231	-	1,813,231	-
Interest					887,246	528,573	1,415,819	615,959
Miscellaneous					327,627	-	327,627	-
Gain on sale and disposal of equipment					235,006	-	235,006	-
Total general revenues, special items and transfers					21,254,871	528,573	21,783,444	615,959
Change in net position					2,093,985	2,588,618	4,682,603	2,263,692
Net position - beginning					49,485,763	25,385,124	74,870,887	32,206,881
Restatements					33,858	-	33,858	-
Net position - beginning, restated					49,519,621	25,385,124	74,904,745	32,206,881
Net position - ending					\$ 51,613,606	\$ 27,973,742	\$ 79,587,348	\$ 34,470,573

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

CITY OF UNION CITY, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 4,494,476	\$ 5,627,252	\$ 3,699,808	\$ 13,821,536
Investments	2,249,108	-	-	2,249,108
Property taxes receivable (net)	5,330,248	-	-	5,330,248
Accounts receivable	-	34,799	424,764	459,563
Sales tax receivable	1,145,632	426,735	-	1,572,367
Other taxes receivable	137,000	-	68,281	205,281
Other receivables	92,514	58,007	-	150,521
Due from other funds	114,295	25,579	17,485	157,359
Due from grantors	7,310	746,453	584,157	1,337,920
Inventories	3,026	-	17,931	20,957
Restricted investment - pension trust	-	168,687	-	168,687
Restricted cash	581,303	-	249,884	831,187
Total assets	<u>\$14,154,912</u>	<u>\$ 7,087,512</u>	<u>\$ 5,062,310</u>	<u>\$ 26,304,734</u>
Liabilities				
Accounts payable	\$ 174,268	\$ 29,623	\$ 217,365	\$ 421,256
Accrued payroll	214,653	40,871	3,167	258,691
Due to other funds	31	8,813	42,216	51,060
Other payables	2,356	-	-	2,356
Unearned revenue	-	6,275	19,133	25,408
Total liabilities	<u>391,308</u>	<u>85,582</u>	<u>281,881</u>	<u>758,771</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	5,330,248	-	-	5,330,248
Unavailable revenue - intergovernmental taxes	1,109	-	-	1,109
Total deferred inflows of resources	<u>5,331,357</u>	<u>-</u>	<u>-</u>	<u>5,331,357</u>
Fund Balances				
Nonspendable - inventories	3,026	-	17,931	20,957
Restricted	-	7,001,930	4,762,498	11,764,428
Committed	183,097	-	-	183,097
Assigned	154,136	-	-	154,136
Unassigned	8,091,988	-	-	8,091,988
Total fund balances	<u>8,432,247</u>	<u>7,001,930</u>	<u>4,780,429</u>	<u>20,214,606</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$14,154,912</u>	<u>\$ 7,087,512</u>	<u>\$ 5,062,310</u>	<u>\$ 26,304,734</u>

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

CITY OF UNION CITY, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

Total fund balances of governmental funds	\$ 20,214,606
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	38,131,708
Long-term lease receivables, which are offset by the related deferred inflows of resources, do not provide current financial resources and, therefore, are not reported in the funds.	
Leases receivable	262,047
Deferred inflows - leases	(262,047)
Receivables that are not available to pay for current period expenditures are deferred in governmental funds.	26,517
Recognition of pension and OPEB expense on the accrual basis includes recognition of pension and OPEB liabilities and assets, as well as related deferred outflows and deferred inflows of resources, in the government-wide statements.	4,700,654
Long-term lease liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	(1,042,972)
Long-term debt is not due and payable in the current period and, therefore, is not reported in governmental funds.	<u>(10,416,907)</u>
Net position of governmental activities	<u>\$ 51,613,606</u>

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General Fund	General Purpose School Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local taxes	\$ 11,614,038	\$ 5,156,113	\$ 383,759	\$ 17,153,910
Licenses and permits	235,224	-	-	235,224
Intergovernmental revenue	3,042,748	12,427,275	4,333,232	19,803,255
Fines, forfeitures and penalties	84,589	-	88,506	173,095
Charges for services	164,066	-	2,629,325	2,793,391
Interest and investment income (loss)	415,014	308,959	163,273	887,246
Local education revenue	-	346,892	901,180	1,248,072
Other revenue	437,344	-	13,000	450,344
Total revenues	15,993,023	18,239,239	8,512,275	42,744,537
Expenditures				
Current:				
Financial administration	2,167,304	-	19,188	2,186,492
Planning and code enforcement	437,969	-	-	437,969
Public safety	7,583,107	-	47,210	7,630,317
Highways and streets	2,555,466	-	398,199	2,953,665
Parks, recreation, cemeteries	1,753,488	-	4,307	1,757,795
Community development	-	-	364,571	364,571
Education	94,742	16,540,519	3,032,751	19,668,012
School food service	-	19,985	1,459,579	1,479,564
Stormwater management	-	-	418,801	418,801
Sanitation	-	-	1,959,938	1,959,938
Debt service:				
Principal	480,000	824,496	-	1,304,496
Interest	106,285	124,605	-	230,890
Lease finance payments	67,190	-	-	67,190
Capital outlay:				
Public safety	128,141	-	-	128,141
Highways and streets	84,230	-	-	84,230
Recreation	209,568	-	-	209,568
Education	-	867,529	215,283	1,082,812
Total expenditures	15,667,490	18,377,134	7,919,827	41,964,451
Revenues over (under) expenditures	325,533	(137,895)	592,448	780,086
Other financing sources (uses)				
Lease financing	796,569	-	-	796,569
Transfers in	-	1,855,678	-	1,855,678
Transfers out	(1,748,100)	-	(107,578)	(1,855,678)
Net change in fund balances	(625,998)	1,717,783	484,870	1,576,655
Fund balances - July 1, 2023	9,058,245	5,286,643	4,326,125	18,671,013
Restatements	-	(2,496)	(24,238)	(26,734)
Fund balances - July 1, 2023, as restated	9,058,245	5,284,147	4,301,887	18,644,279
Change in inventory - purchases method	-	-	(6,328)	(6,328)
Fund balances - June 30, 2024	<u>\$ 8,432,247</u>	<u>\$ 7,001,930</u>	<u>\$ 4,780,429</u>	<u>\$ 20,214,606</u>

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

CITY OF UNION CITY, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Net change in fund balances of governmental funds	\$ 1,576,655
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(402,338)
In the statement of activities, only the gain (loss) on the sale of capital assets is reported. However, in governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	(278,444)
Some taxes will not be collected for several months after the City's fiscal year ends; therefore, they are not considered "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year.	20,279
Right-of-use assets are created by lease/SBITA agreements and reported as expenditures in governmental funds. These long-term assets are reported in the statement of net position at the government-wide level and amortized over the shorter of the life of the asset or lease term.	796,569
Lease/SBITA right-of-use assets are amortized over the shorter of the life of the asset or lease term. This is the amount of amortization expensed in the statement of activities for the current year.	(239,775)
Lease and subscription financing is shown as an other financing source in governmental funds but reported as long-term liabilities in the government-wide statement of net position.	(796,569)
Payments on long-term lease and subscription liabilities consume financial resources of governmental funds but are applied against the outstanding liability at the government-wide level.	340,497
The repayment of long-term debt consumes financial resources at the governmental fund level but is applied directly against the outstanding debt balance at the government-wide level. This is the amount of principal repayments made during the current year.	1,371,686
Pension contributions are reported as expenditures in the governmental funds. However, pension and OPEB expense in the statement of activities are primarily the result of changes in the components of the pension and OPEB liabilities over the current and future periods.	(340,471)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>45,896</u>
Change in net position of governmental activities	<u>\$ 2,093,985</u>

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

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

For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Over</u> <u>(Under)</u>
REVENUES				
Local taxes				
Property taxes	\$ 4,834,742	\$ 5,025,977	\$ 5,149,213	\$ 123,236
Property tax interest and penalties	100,000	35,000	87,693	52,693
Local sales tax	4,500,000	4,600,000	5,334,231	734,231
Wholesale beer tax	325,000	338,000	338,068	68
Business tax	10,000	13,500	45,342	31,842
Gross receipts tax	81,560	78,000	437,408	359,408
Mixed drink tax	7,100	5,900	5,900	-
Cable TV franchise tax	100,000	100,000	92,111	(7,889)
Natural gas franchise tax	200,000	290,000	124,072	(165,928)
Total local taxes	<u>10,158,402</u>	<u>10,486,377</u>	<u>11,614,038</u>	<u>1,127,661</u>
Licenses and permits				
Automobile registration	170,000	170,000	171,721	1,721
Privilege licenses	500	200	785	585
Animal registrations	50	100	118	18
Natural gas permits	3,000	3,000	1,545	(1,455)
Flea market permits	-	-	30	30
Solicitation permits	350	1,000	1,000	-
Building permits	75,000	25,000	58,517	33,517
Plumbing permits	3,500	1,500	1,508	8
Total licenses and permits	<u>252,400</u>	<u>200,800</u>	<u>235,224</u>	<u>34,424</u>
Intergovernmental revenues				
Housing Authority in lieu of tax	33,880	33,880	67,835	33,955
Energy Authority in lieu of tax	600,000	600,000	669,046	69,046
State sales tax	1,239,870	1,340,400	1,371,829	31,429
Telecommunications sales tax	13,000	13,000	13,912	912
State income tax	65,000	10,000	-	(10,000)
State beer tax	5,250	5,138	4,910	(228)
Alcoholic beverage tax	45,000	55,000	63,254	8,254
Petroleum special tax	20,441	20,441	20,445	4
Transportation Modernization Act fees	-	-	2,068	2,068
Corporate excise tax	80,000	130,000	125,509	(4,491)
Sportsbetting tax	16,755	15,500	21,231	5,731
Federal and state grants	971,152	1,234,140	488,020	(746,120)
State police and fire supplements	50,000	50,000	52,800	2,800
Other state revenue allocations	117,285	134,040	141,889	7,849
Total intergovernmental revenues	<u>3,257,633</u>	<u>3,641,539</u>	<u>3,042,748</u>	<u>(598,791)</u>
Charges for services				
Fees and commissions	4,500	6,000	5,250	(750)
Rural fire service	-	-	135,025	135,025
Administrative services	15,000	15,000	19,047	4,047
Other general government charges	6,000	6,700	4,744	(1,956)
Total charges for services	<u>25,500</u>	<u>27,700</u>	<u>164,066</u>	<u>136,366</u>

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Fines, forfeitures, and penalties				
City court fines and costs	80,000	78,000	71,908	(6,092)
Dog impoundment charges	7,000	7,000	10,131	3,131
Forfeitures	250	300	2,550	2,250
Total fines, forfeitures, and penalties	87,250	85,300	84,589	(711)
Interest and investment income	14,300	99,000	415,014	316,014
Other revenues				
Contributions	180,560	193,620	241,484	47,864
Rent	145,940	145,940	116,783	(29,157)
Sale of cemetery lots	25,000	25,000	13,800	(11,200)
Sale of supplies	55,000	55,000	34,803	(20,197)
Insurance recoveries	-	-	2,233	2,233
Demolition revenue	15,000	15,000	16,744	1,744
Miscellaneous revenue	5,000	5,000	11,497	6,497
Total other revenues	426,500	439,560	437,344	(2,216)
Total revenues	14,221,985	14,980,276	15,993,023	1,012,747
EXPENDITURES				
Financial administration				
Salaries	336,016	338,161	324,429	(13,732)
Payroll taxes	25,682	25,755	27,058	1,303
Hospitalization insurance	35,666	34,535	30,516	(4,019)
Retirement costs	18,699	18,700	19,425	725
Workmen's compensation	1,994	5,365	1,148	(4,217)
Unemployment	4,000	4,000	1,241	(2,759)
Postage and box rent	5,000	5,041	4,547	(494)
Publication of formal and legal notices	5,000	5,000	1,637	(3,363)
Memberships and registrations	6,300	5,500	4,931	(569)
Public relations	200	200	1,228	1,028
Utilities	410,000	481,676	477,545	(4,131)
Internet	-	-	229	229
Legal services	30,000	30,000	16,154	(13,846)
Auditing services	15,200	21,180	15,900	(5,280)
Architectural services	500	-	-	-
Data processing and computer maintenance	35,000	38,397	37,781	(616)
EPA professional services	31,000	50,000	47,004	(2,996)
Repair - machinery	500	500	509	9
Repair - traffic signals	20,000	20,000	11,239	(8,761)
Repair - buildings	10,000	10,000	16,972	6,972
Repair - other	20,000	6,000	20,413	14,413
Travel expense	3,000	3,000	2,700	(300)
Lease payments	-	3,326	3,109	(217)

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Office supplies and materials	10,000	10,000	10,219	219
Electrical supplies	2,000	1,000	10,306	9,306
Other supplies	10,000	10,000	5,325	(4,675)
Insurance on buildings	62,000	85,000	48,806	(36,194)
Liability insurance	75,000	88,000	125,910	37,910
Other insurance expense	-	35,000	34,709	(291)
Bank service charges	8,000	10,159	14,683	4,524
Payments in lieu of tax	4,000	-	1,021	1,021
IDB TIFF payments	157,450	157,050	133,987	(23,063)
Retirement of bonds and notes	400,000	480,000	480,000	-
Interest and fees on bonds and notes	82,636	106,286	106,285	(1)
Bad debt expense	1,000	8,820	5,668	(3,152)
Collection fees	2,500	500	1,777	1,277
Grants and contributions	1,025,391	906,552	709,178	(197,374)
Capital outlay - equipment	3,000	5,000	-	(5,000)
Total financial administration	2,856,734	3,009,703	2,753,589	(256,114)
Planning and code enforcement				
Salaries	154,972	191,720	158,348	(33,372)
Payroll taxes	11,855	14,667	12,318	(2,349)
Hospitalization insurance	20,803	22,605	22,738	133
Retirement costs	9,794	10,460	10,156	(304)
Workmen's compensation	4,451	5,397	7,517	2,120
Communication	500	-	-	-
Postage and box rent	300	300	47	(253)
Publication of formal and legal notices	2,000	1,500	908	(592)
Memberships and registrations	2,600	2,600	1,840	(760)
Utilities	14,900	16,100	13,981	(2,119)
Internet	-	-	594	594
Professional services	10,000	12,000	4,281	(7,719)
Computer maintenance	9,000	15,500	16,074	574
Planning assistance	12,000	12,000	12,000	-
Vehicle repairs	1,000	1,000	1,348	348
Repair and maintenance - slum clearance	30,000	30,000	157,744	127,744
Repair and maintenance - building	5,000	10,000	5,250	(4,750)
Travel expense	1,000	1,000	928	(72)
Office supplies and materials	2,800	3,000	2,251	(749)
Clothing and uniforms	300	500	754	254
Educational supplies	1,000	1,000	757	(243)
Operating supplies	1,500	1,500	1,497	(3)
Gas, oil, diesel fuel and grease	1,500	1,500	2,832	1,332
Capital outlay - transportation equipment	30,000	-	-	-
Capital outlay - other equipment	500	5,000	3,806	(1,194)
Total planning and code enforcement	327,775	359,349	437,969	78,620

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Police department				
Salaries	2,468,137	2,582,750	2,462,223	(120,527)
Salary supplement	35,000	40,000	30,400	(9,600)
Payroll taxes	184,222	192,990	194,783	1,793
Hospitalization insurance	320,267	342,845	329,063	(13,782)
Retirement costs	148,625	158,365	161,395	3,030
Workmen's compensation	118,866	124,913	99,392	(25,521)
Communications	500	48,000	27,102	(20,898)
Postage and box rent	800	500	173	(327)
TV and radio services	15,000	15,000	44,620	29,620
Radio communication and transmission	6,000	6,000	6,180	180
Publication of formal and legal notices	100	100	32	(68)
Membership and registration fees	25,000	15,000	17,456	2,456
Public relations	3,500	4,000	8,731	4,731
Utilities and telephone	36,500	39,000	35,616	(3,384)
Internet	-	-	2,327	2,327
Legal services	1,000	1,000	951	(49)
Computer maintenance	55,000	55,000	61,217	6,217
Vehicle repair	45,000	45,000	52,011	7,011
Building repair	15,000	66,000	136,465	70,465
Other repair	20,000	20,000	8,060	(11,940)
Travel expense	6,000	7,000	9,167	2,167
Boarding prisoners	-	-	186	186
Lease payments	-	606,000	222,630	(383,370)
Office supplies and materials	12,000	12,000	9,815	(2,185)
Clothing and uniforms	25,000	42,000	14,708	(27,292)
Educational supplies	25,000	25,000	27,061	2,061
Operating supplies	20,000	20,000	32,236	12,236
Gas, oil, diesel fuel, and grease	75,000	75,000	81,153	6,153
Highway safety expense	40,000	40,000	6,233	(33,767)
Capital outlay - equipment	252,000	-	59,568	59,568
Total police department	3,953,517	4,583,463	4,140,954	(442,509)
Animal control				
Salaries	77,988	85,670	79,564	(6,106)
Payroll taxes	5,737	6,324	6,187	(137)
Hospitalization insurance	13,925	15,070	13,680	(1,390)
Retirement costs	4,739	5,225	5,077	(148)
Workers' compensation and unemployment	3,140	3,462	-	(3,462)
Membership fees and education	2,000	1,000	0.00	(1,000)
Utilities and telephone	25,000	23,000	13,327	(9,673)
Computer maintenance	-	-	143	143
Repair and maintenance	13,500	11,500	4,057	(7,443)
Boarding animals	10,500	20,000	20,707	707
Office supplies and materials	300	300	126	(174)
Clothing and uniforms	500	500	-	(500)
Education	1,000	1,000	-	(1,000)

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Operating supplies	2,000	1,000	885	(115)
Gas, oil, diesel fuel, and grease	4,500	3,000	1,051	(1,949)
Capital outlay - equipment	10,000	10,000	1,607	(8,393)
Total animal control	<u>174,829</u>	<u>187,051</u>	<u>146,411</u>	<u>(40,640)</u>
Fire department				
Salaries	1,750,322	1,849,072	1,667,115	(181,957)
Salary supplement	24,000	24,000	22,400	(1,600)
Payroll taxes	126,097	133,597	136,018	2,421
Hospitalization insurance	208,870	226,051	203,854	(22,197)
Retirement costs	104,174	110,371	111,296	925
Workmen's compensation	52,826	55,392	71,502	16,110
Communications	500	-	-	-
Postage and box rent	2,000	2,500	3,479	979
TV and radio services	4,500	4,500	5,138	638
Publication of formal and legal notices	3,500	3,500	2,379	(1,121)
Memberships, registrations	250	250	1,312	1,062
Public relations	6,600	6,600	14,248	7,648
Utilities and telephone	48,500	55,450	41,434	(14,016)
Internet	-	-	2,237	2,237
Medical screenings	8,000	8,000	9,238	1,238
Legal	5,000	5,000	1,065	(3,935)
Computer maintenance	5,000	8,000	21,027	13,027
Vehicle repair	40,000	90,000	108,120	18,120
Building repair	40,000	40,000	39,420	(580)
Other repair	10,000	9,000	13,389	4,389
Computer equipment	6,000	6,000	7,444	1,444
Travel expense	1,750	3,000	2,553	(447)
Lease payments	-	3,300	3,628	328
Office supplies and materials	4,500	4,500	1,834	(2,666)
Janitorial supplies	5,000	5,000	5,073	73
Clothing and uniforms	55,000	55,000	41,465	(13,535)
Educational supplies	15,000	22,000	22,349	349
Operating supplies	21,000	21,000	13,369	(7,631)
Gas, oil, diesel fuel, and grease	17,000	22,000	18,188	(3,812)
Emergency medical service	24,000	24,000	22,989	(1,011)
Capital outlay - equipment	203,500	165,000	122,200	(42,800)
FEMA grant expenses	-	-	-	-
Total fire department	<u>2,792,889</u>	<u>2,962,083</u>	<u>2,735,763</u>	<u>(226,320)</u>

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Street department				
Salaries	562,226	606,447	611,847	5,400
Payroll taxes	39,568	42,951	44,042	1,091
Hospitalization insurance	79,051	85,371	85,412	41
Retirement costs	32,689	35,483	35,812	329
Workmen's compensation	39,689	42,840	23,758	(19,082)
Communications	500	500	-	(500)
Publications of formal and legal notices	100	100	158	58
Memberships, registrations	1,000	1,000	40	(960)
Utilities	19,300	22,700	17,753	(4,947)
Internet	-	-	575	575
Legal	500	500	951	451
Architectural, engineering	1,000	1,000	250	(750)
Computer maintenance	500	500	1,688	1,188
Vehicle repair	50,000	60,000	104,149	44,149
Machinery repair	2,500	2,500	1,356	(1,144)
Building repair	1,200	100,000	4,675	(95,325)
Road repair	300,000	300,000	318,597	18,597
Other repairs	60,000	60,000	74,611	14,611
Travel expense	400	400	-	(400)
Lease payments	150,000	196,000	145,706	(50,294)
Machinery rental	5,000	-	72	72
Office supplies and materials	200	300	63	(237)
Operating supplies	18,000	18,000	18,084	84
Gas, oil, diesel fuel, and grease	38,000	68,000	49,039	(18,961)
Consumable tools	7,000	7,000	2,576	(4,424)
Sign parts and supplies	10,000	8,000	12,524	4,524
Capital outlay - roads, streets	900,000	900,000	703,324	(196,676)
Capital outlay - sidewalks	350,000	350,000	356,196	6,196
Capital outlay - buildings	3,500	3,500	-	(3,500)
Capital outlay - other improvements	70,000	70,000	(77)	(70,077)
Capital outlay - transportation equipment	-	125,000	90,167	(34,833)
Capital outlay - machinery and equipment	20,000	20,000	-	(20,000)
Total street department	<u>2,761,923</u>	<u>3,128,092</u>	<u>2,703,348</u>	<u>(424,744)</u>
Turf management				
Salaries	294,013	347,899	304,273	(43,626)
Payroll taxes	21,880	26,002	23,559	(2,443)
Hospitalization insurance	31,309	41,443	40,303	(1,140)
Retirement costs	11,873	15,354	17,119	1,765
Workmen's compensation	8,769	10,421	9,583	(838)
Communications	500	500	-	(500)
Publication of formal and legal notices	100	100	629	529
Membership, education	1,500	1,500	2,314	814
Utilities	16,500	14,000	14,957	957
Internet	-	-	490	490
Professional services	300	300	1,098	798

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

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

For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Over</u> <u>(Under)</u>
Computer maintenance	-	-	2,262	2,262
Vehicle repairs	5,000	5,000	1,814	(3,186)
Grounds repair and maintenance	65,000	70,000	72,149	2,149
Repair and maintenance - facility	5,000	6,500	11,172	4,672
Other repair and maintenance	5,000	6,500	9,137	2,637
Lease payments	-	35,000	41,977	6,977
Machinery and equipment rental	45,500	15,000	-	(15,000)
Agriculture/horticulture	15,000	15,000	11,769	(3,231)
Chemicals	15,000	15,000	14,649	(351)
Janitorial supplies	1,500	1,500	8,129	6,629
Clothing and uniforms	1,500	1,500	1,229	(271)
Operating supplies	5,000	5,000	5,267	267
Gas, oil, diesel fuel, and grease	9,000	6,000	9,681	3,681
Consumable tools	3,500	4,500	1,805	(2,695)
Capital outlay - improvements	150,000	175,000	175,279	279
Capital outlay - machinery and equipment	-	-	2,000	2,000
Total turf management	<u>712,744</u>	<u>819,019</u>	<u>782,644</u>	<u>(36,375)</u>
Park administration				
Salaries	514,909	551,255	508,295	(42,960)
Payroll taxes	26,615	28,478	21,476	(7,002)
Hospitalization insurance	52,154	56,513	41,462	(15,051)
Retirement costs	20,297	21,944	16,291	(5,653)
Workmen's compensation	9,448	10,715	7,948	(2,767)
Communications	500	500	-	(500)
Publication of formal and legal notices	100	100	54	(46)
Utilities	188,000	199,500	162,389	(37,111)
Internet	-	-	1,249	1,249
Legal	3,000	3,000	951	(2,049)
Computer maintenance contract	500	500	1,502	1,002
Vehicle repairs	6,000	6,000	6,302	302
Machinery repairs	10,000	8,000	6,201	(1,799)
Ground repair	60,000	65,000	102,184	37,184
Travel expense	-	-	1,798	1,798
Lease payments	-	50,000	27,420	(22,580)
Agriculture and horticulture	15,000	15,000	17,358	2,358
Janitorial supplies	-	-	575	575
Recreation supplies	8,000	8,000	8,785	785
Operating supplies	7,500	7,500	16,565	9,065
Gas, oil, diesel fuel, and grease	25,000	25,000	20,399	(4,601)
Consumable tools	10,000	10,000	13,890	3,890
Grants and donations to others	3,000	-	-	-
Capital outlay - improvements	253,000	175,000	50,292	(124,708)
Capital outlay - machinery and equipment	50,000	10,000	-	(10,000)
Capital outlay - transportation equipment	-	25,000	42,115	17,115
Total park administration	<u>1,263,023</u>	<u>1,277,005</u>	<u>1,075,501</u>	<u>(201,504)</u>

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

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

For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Education				
Building insurance	120,000	-	94,742	94,742
Total expenditures	14,843,434	16,325,765	14,870,921	(1,454,844)
Revenues over (under) expenditures	(621,449)	(1,345,489)	1,122,102	2,467,591
Other financing sources (uses)				
Transfers out	(1,212,500)	(1,212,500)	(1,212,500)	-
Debt service on school assets	(535,600)	(535,600)	(535,600)	-
Net change in fund balance	(2,369,549)	(3,093,589)	(625,998)	2,467,591
Fund balance - July 1, 2023	9,058,245	9,058,245	9,058,245	-
Fund balance - June 30, 2024	<u>\$ 6,688,696</u>	<u>\$ 5,964,656</u>	<u>\$ 8,432,247</u>	<u>\$ 2,467,591</u>

Reconciliation to Combining Statement of Revenues, Expenditures and Changes in Fund Balances:	Budgetary Basis	Lease ROU Proceeds (Payments)	GAAP Basis
Revenues	\$ 15,993,023	\$ -	\$ 15,993,023
Expenditures	(14,870,921)	(796,569)	(15,667,490)
Revenues over (under) expenditures	1,122,102	(796,569)	325,533
Other financing sources	(1,748,100)	796,569	(951,531)
Net change in fund balance	<u>(625,998)</u>	<u>-</u>	<u>(625,998)</u>

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Over</u>
				<u>(Under)</u>
REVENUES				
County tax revenues				
Property tax - current year	\$ 2,150,000	\$ 2,150,000	\$ 2,374,536	\$ 224,536
Property tax - prior years trustee	37,000	37,000	65,898	28,898
Property tax - prior years others	26,000	26,000	50,392	24,392
Payments in lieu of taxes	20,600	20,600	11,062	(9,538)
Interest and penalty on delinquent taxes	9,000	9,000	11,937	2,937
Bank excise taxes	14,000	14,000	18,732	4,732
Business tax, licenses, fines and fees	41,700	41,700	62,370	20,670
Total county tax revenues	<u>2,298,300</u>	<u>2,298,300</u>	<u>2,594,927</u>	<u>296,627</u>
Local option sales tax	<u>2,036,700</u>	<u>2,036,700</u>	<u>2,561,186</u>	<u>524,486</u>
State funds for operations				
TN Investment in Student Achievement	10,123,949	11,063,664	11,092,317	28,653
Early childhood education	387,865	405,289	405,181	(108)
Career ladder program	14,232	14,232	11,876	(2,356)
Other state grant funds	-	59,006	59,006	-
Other vocational	365,752	1,318,026	507,115	(810,911)
Other state funds	44,647	207,230	201,281	(5,949)
Total state funds for operations	<u>10,936,445</u>	<u>13,067,447</u>	<u>12,276,776</u>	<u>(790,671)</u>
Federal funds				
Other federal through state	-	33,001	32,240	(761)
Interest earned on investments	<u>70,000</u>	<u>70,000</u>	<u>308,959</u>	<u>238,959</u>
Local revenue				
Receipts from individuals	4,000	4,000	8,175	4,175
Community service fees	60,000	84,000	86,997	2,997
Insurance recovery	-	119,576	121,264	1,688
Sale of property	-	-	2,500	2,500
Other local revenues	113,560	121,373	127,956	6,583
Total local revenue	<u>177,560</u>	<u>328,949</u>	<u>346,892</u>	<u>17,943</u>
Total revenues	<u>15,519,005</u>	<u>17,834,397</u>	<u>18,120,980</u>	<u>286,583</u>

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over
	Original	Final	Actual	(Under)
EXPENDITURES				
Instruction				
Regular instruction:				
Teachers	5,150,814	5,126,798	5,019,463	(107,335)
Career ladder program	8,000	8,000	7,600	(400)
Homebound teachers	4,000	4,000	-	(4,000)
Educational assistants	237,279	288,775	269,547	(19,228)
Other salaries and wages	15,500	15,500	270	(15,230)
Substitute teachers	39,500	39,500	39,420	(80)
Noncertified substitute teachers	15,000	15,000	14,433	(567)
Social security	339,147	344,660	314,434	(30,226)
State retirement	486,683	494,478	377,337	(117,141)
Life insurance	3,274	3,279	3,148	(131)
Medical insurance	1,402,623	1,348,565	1,203,790	(144,775)
Unemployment compensation	10,000	10,000	4	(9,996)
Medicare	79,318	80,607	73,624	(6,983)
Maintenance and repairs	8,000	8,000	4,961	(3,039)
Travel	64,695	64,695	34,247	(30,448)
Other contracted services	1,200	1,200	591	(609)
Food supplies	103,976	138,342	106,986	(31,356)
Instructional supplies and materials	150,000	150,000	149,667	(333)
Textbooks	45,504	45,504	2,390	(43,114)
Software	-	24,702	-	(24,702)
Refunds	8,310	9,902	5,422	(4,480)
Other charges	29,950	34,454	21,060	(13,394)
Regular instruction equipment	255,000	395,447	388,209	(7,238)
Total regular instruction	8,457,773	8,651,408	8,036,603	(614,805)
Special education:				
Teachers	423,100	444,379	428,800	(15,579)
Career ladder program	1,000	1,000	1,000	-
Homebound teachers	3,000	3,000	1,800	(1,200)
Aides	18,865	44,606	42,304	(2,302)
Speech pathologist	59,100	59,100	59,100	-
Substitute teachers	3,000	3,000	230	(2,770)
Noncertified substitute teachers	800	800	-	(800)
Social security	31,552	34,467	31,639	(2,828)
State retirement	45,402	49,559	36,669	(12,890)
Life insurance	325	383	367	(16)
Medical insurance	112,089	123,353	101,239	(22,114)
Medicare	7,381	8,063	7,312	(751)
Total special education	705,614	771,710	710,460	(61,250)

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over
	Original	Final	Actual	(Under)
Vocational education:				
Teachers	416,508	599,802	472,158	(127,644)
Career ladder program	35,100	-	-	-
Career ladder extended contracts	24,000	44,320	14,272	(30,048)
Substitute teachers	2,000	2,000	1,610	(390)
Noncertified substitute teachers	1,000	1,000	288	(712)
Social security	29,674	40,123	28,332	(11,791)
State retirement	39,647	57,972	33,695	(24,277)
Life insurance	276	430	316	(114)
Medical insurance	128,041	205,428	124,772	(80,656)
Medicare	6,941	9,384	6,626	(2,758)
Maintenance and repair - equipment	500	500	-	(500)
Instructional supplies	23,500	6,088	3,118	(2,970)
Software	-	9,168	3,056	(6,112)
Other supplies and materials	-	60,000	1,708	(58,292)
In-service/Staff development	18,750	-	-	-
Other charges	3,500	3,700	991	(2,709)
Vocational equipment	10,942	413,719	183,486	(230,233)
Total vocational education	740,379	1,453,634	874,428	(579,206)
Support services				
Attendance:				
Director	30,400	31,400	31,400	-
Other salaries and wages	2,900	2,900	2,900	-
Social security	2,065	2,127	2,030	(97)
State retirement	2,997	3,065	2,336	(729)
Life insurance	11	11	10	(1)
Medical insurance	6,566	6,566	6,533	(33)
Medicare	483	498	475	(23)
Travel	1,900	1,900	-	(1,900)
Software	20,000	20,000	20,341	341
Other supplies and materials	600	600	-	(600)
Total attendance	67,922	69,067	66,025	(3,042)
Health services:				
Supervisor/Director	61,600	63,100	63,100	-
Medical personnel	46,945	50,950	50,363	(587)
Other salaries and wages	1,400	1,400	1,400	-
Social security	6,890	7,231	6,664	(567)
State retirement	9,757	10,240	10,005	(235)
Life insurance	66	66	65	(1)
Medical insurance	33,834	33,834	33,478	(356)
Medicare	1,585	1,675	1,558	(117)
Maintenance and repair - equipment	250	250	-	(250)
Travel	2,000	2,000	1,105	(895)
Other contracted services	2,625	2,625	-	(2,625)
Drugs and medical supplies	2,000	2,000	1,144	(856)
Other supplies and materials	3,714	4,119	2,367	(1,752)
Total health services	172,666	179,490	171,249	(8,241)

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Other student support:				
Career ladder program	1,000	1,600	1,600	-
Guidance personnel	174,860	280,467	233,888	(46,579)
Other salaries and wages	76,040	76,040	65,140	(10,900)
Social security	15,619	22,111	18,077	(4,034)
State retirement	22,673	23,392	18,152	(5,240)
Life insurance	160	160	125	(35)
Medical insurance	38,796	38,796	38,134	(662)
Medicare	3,655	5,173	4,228	(945)
Retirement - stabilization fund	-	-	-	-
Evaluation and testing	27,600	58,194	38,362	(19,832)
Internet connectivity	-	600	455	(145)
Travel	2,000	2,800	2,719	(81)
Other contracted services	188,221	1,675	1,675	-
Other supplies and materials	5,000	7,500	2,389	(5,111)
In-service/Staff development	-	6,000	-	(6,000)
Other charges	14,500	60,100	49,727	(10,373)
Other equipment	50,000	50,000	9,647	(40,353)
Total other student support	<u>620,124</u>	<u>634,608</u>	<u>484,318</u>	<u>(150,290)</u>
Regular instruction:				
Director	156,136	159,386	153,753	(5,633)
Career ladder program	1,200	1,200	1,200	-
Librarians	59,650	59,650	59,650	-
Clerical personnel	13,300	13,300	13,300	-
Educational assistants	57,016	79,016	66,676	(12,340)
Bonus payments	268,000	268,000	197,140	(70,860)
Other salaries and wages	15,200	51,802	46,188	(5,614)
Certified substitute teachers	1,060	1,060	-	(1,060)
In-service training	-	6,300	3,800	(2,500)
Noncertified substitute teachers	140	140	-	(140)
Social security	35,534	39,759	32,626	(7,133)
State retirement	51,269	57,107	33,984	(23,123)
Life insurance	125	147	142	(5)
Medical insurance	48,006	60,089	59,127	(962)
Medicare	8,312	9,413	7,630	(1,783)
Dues and memberships	450	450	-	(450)
Travel	7,000	7,000	-	(7,000)
Other contracted services	1,000	1,000	-	(1,000)
Food supplies	1,500	8,160	5,628	(2,532)
Library books	11,831	11,831	8,309	(3,522)
Software	6,700	7,041	6,038	(1,003)
Other supplies and materials	4,000	4,000	2,102	(1,898)
Inservice/staff development	17,000	30,250	17,303	(12,947)
Other charges	75,120	76,620	73,737	(2,883)
Other equipment	3,000	3,000	1,704	(1,296)
Total regular instruction	<u>842,549</u>	<u>955,721</u>	<u>790,037</u>	<u>(165,684)</u>

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Special education:				
Director	50,276	51,026	51,026	-
Clerical personnel	39,900	39,900	39,900	-
Other salaries and wages	62,700	60,450	2,000	(58,450)
Social security	9,479	9,386	5,499	(3,887)
State retirement	13,644	13,509	7,086	(6,423)
Life insurance	81	81	45	(36)
Medical insurance	40,216	40,216	17,822	(22,394)
Medicare	2,217	2,195	1,286	(909)
Total special education	218,513	216,763	124,664	(92,099)
Vocational education:				
Director	10,360	10,360	10,360	-
Social security	643	643	609	(34)
State retirement	933	933	705	(228)
Life insurance	4	4	3	(1)
Medical insurance	2,340	2,340	2,226	(114)
Medicare	151	151	143	(8)
Travel	-	-	-	-
Inservice/staff development	200	200	100	(100)
Other equipment	-	5,446	4,868	(578)
Total vocational education	14,631	20,077	19,014	(1,063)
Education technology				
Director	75,955	75,955	75,955	-
Clerical personnel	8,320	8,480	6,400	(2,080)
Other salaries and wages	47,359	60,954	61,554	600
Social security	8,249	9,092	8,551	(541)
State retirement	11,536	12,760	12,049	(711)
Life insurance	76	76	75	(1)
Medical insurance	21,739	21,739	21,546	(193)
Medicare	1,929	2,126	2,000	(126)
Maintenance and repair - equipment	1,000	1,000	99	(901)
Internet connectivity	42,749	42,749	42,749	-
Travel	6,000	6,000	-	(6,000)
Other contracted services	9,000	9,000	4,799	(4,201)
Cabling	5,000	6,400	5,050	(1,350)
Software	31,000	36,000	27,878	(8,122)
Other supplies and materials	50,000	55,000	59,629	4,629
Inservice/staff development	3,000	3,000	-	(3,000)
Total education technology	322,912	350,331	328,334	(21,997)

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Board of education:				
Audit services	27,750	31,750	29,750	(2,000)
Dues and memberships	15,100	15,100	10,007	(5,093)
Legal services	10,000	10,000	1,350	(8,650)
Travel	12,500	12,500	9,237	(3,263)
Other contracted services	4,000	4,000	175	(3,825)
Liability insurance	26,500	51,130	51,130	-
Trustee commissions	70,000	80,000	76,305	(3,695)
Worker's compensation insurance	70,000	73,189	73,189	-
Criminal investigation	2,000	2,000	1,783	(217)
Refund to applicant	250	250	-	(250)
Other charges	77,000	124,599	121,917	(2,682)
Total board of education	315,100	404,518	374,843	(29,675)
Director of schools:				
County official/administrative officer	137,228	137,228	130,693	(6,535)
Career ladder program	1,000	1,000	1,000	-
Secretaries	54,288	54,288	54,288	-
Bonus payments	-	4,307	4,307	-
Other salaries and wages	15,823	11,516	10,947	(569)
Social security	12,917	12,917	11,883	(1,034)
State retirement	18,954	18,954	14,736	(4,218)
Life insurance	65	65	55	(10)
Medical insurance	38,078	38,117	38,116	(1)
Medicare	3,021	3,021	2,779	(242)
Communication	30,080	30,080	22,758	(7,322)
Dues and memberships	4,200	6,000	5,749	(251)
Maintenance and repair - equipment	500	500	-	(500)
Postal charges	3,000	3,000	1,020	(1,980)
Travel	8,400	8,400	7,247	(1,153)
Other contracted services	9,000	9,000	902	(8,098)
Office supplies	9,240	10,144	9,719	(425)
Other charges	16,000	16,000	2,243	(13,757)
Administration equipment	15,000	15,000	2,219	(12,781)
Total director of schools	376,794	379,537	320,661	(58,876)
Office of the principal:				
Principals	270,900	273,900	273,900	-
Accountants/bookkeepers	37,440	37,440	37,440	-
Assistant principals	251,500	266,819	253,410	(13,409)
Secretaries	154,830	156,120	145,192	(10,928)
Other salaries	9,000	9,000	7,000	(2,000)
Social security	44,900	46,116	41,882	(4,234)
State retirement	64,620	66,381	52,294	(14,087)
Life insurance	390	390	378	(12)
Medical insurance	196,057	196,057	171,019	(25,038)
Medicare	10,501	10,785	9,795	(990)

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over
	Original	Final	Actual	(Under)
Dues and memberships	7,000	15,000	12,107	(2,893)
Travel	7,500	7,500	-	(7,500)
Other contracted services	1,200	1,200	1,200	-
Other charges	1,200	1,200	-	(1,200)
Administration equipment	11,000	11,000	-	(11,000)
Total office of the principal	<u>1,068,038</u>	<u>1,098,908</u>	<u>1,005,617</u>	<u>(93,291)</u>
Fiscal services:				
Supervisor/director	91,800	91,800	91,800	-
Accountants/bookkeepers	166,680	170,320	153,355	(16,965)
Clerical personnel	29,120	31,200	31,200	-
Other salaries and wages	2,100	3,600	3,600	-
Social security	17,962	18,410	16,548	(1,862)
State retirement	25,233	25,862	23,181	(2,681)
Life insurance	162	162	147	(15)
Medical insurance	66,767	66,767	64,626	(2,141)
Medicare	4,201	4,306	3,870	(436)
Travel	1,000	1,000	-	(1,000)
Other contracted services	10,400	10,400	10,155	(245)
Data processing supplies	8,000	8,000	7,442	(558)
Software	-	-	-	-
Administration equipment	2,000	2,000	-	(2,000)
Total fiscal services	<u>425,425</u>	<u>433,827</u>	<u>405,924</u>	<u>(27,903)</u>
Operation of plant:				
Supervisor	66,828	66,828	66,827	(1)
Custodial salaries	300,000	379,576	373,543	(6,033)
Other salaries and wages	2,500	14,000	11,085	(2,915)
Social security	22,899	28,546	27,015	(1,531)
State retirement	32,169	41,406	18,752	(22,654)
Life insurance	130	162	186	24
Medical insurance	70,104	70,104	69,121	(983)
Medicare	5,356	6,676	6,318	(358)
Janitorial services	70,000	77,000	54,878	(22,122)
Maintenance and repairs	500	500	-	(500)
Rental	10,000	16,841	16,841	-
Travel	500	500	-	(500)
Custodial supplies	62,000	72,000	63,110	(8,890)
Electricity	275,000	300,000	289,745	(10,255)
Natural gas	80,000	80,000	32,479	(47,521)
Water and sewer	50,000	56,000	52,504	(3,496)
Boiler insurance	-	3,000	2,745	(255)
Building and content insurance	181,000	129,000	128,328	(672)
Plant operation equipment	10,000	10,000	1,841	(8,159)
Total operation of plant	<u>1,238,986</u>	<u>1,352,139</u>	<u>1,215,318</u>	<u>(136,821)</u>

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Maintenance of plant:				
Supervisor's salary	60,900	61,223	59,073	(2,150)
Maintenance personnel	144,470	144,470	134,628	(9,842)
Other salaries	140,000	140,000	65,755	(74,245)
Social security	21,413	21,413	15,637	(5,776)
State retirement	30,504	30,504	19,682	(10,822)
Life insurance	130	130	120	(10)
Medical insurance	43,382	49,095	49,094	(1)
Medicare	5,008	5,008	3,657	(1,351)
Retirement - stabilization fund	-	-	-	-
Communications	1,000	1,000	824	(176)
Maintenance and repair - buildings	85,000	110,232	100,276	(9,956)
Maintenance and repair - equipment	40,000	40,000	9,247	(30,753)
Maintenance and repair - vehicles	3,500	3,500	168	(3,332)
Travel	-	40	40	-
Other contracted services	68,000	68,000	70,960	2,960
Equipment machinery and parts	1,200	1,200	-	(1,200)
Other supplies and materials	2,000	2,000	9	(1,991)
Other charges	40,000	38,159	24,290	(13,869)
Administration equipment	-	72,603	72,603	-
Maintenance equipment	7,000	12,798	12,798	-
Total maintenance of plant	<u>693,507</u>	<u>801,375</u>	<u>638,861</u>	<u>(162,514)</u>
Transportation:				
Supervisor/Director	-	3,200	3,360	160
Mechanic	-	2,560	2,592	32
Bus drivers' salaries	112,000	127,800	128,635	835
Other salaries	11,760	14,310	13,510	(800)
Social security	7,674	9,037	9,148	111
State retirement	11,139	13,075	8,748	(4,327)
Medicare	1,795	2,114	2,139	25
Retirement - stabilization fund	-	-	-	-
Contracts with other schools	1,000	1,000	-	(1,000)
Contracts with public carriers	11,800	7,905	-	(7,905)
Maintenance and repair - vehicles	65,000	105,000	93,879	(11,121)
Travel	-	29	29	-
Other contracted services	17,700	27,657	20,957	(6,700)
Diesel fuel	-	6,892	2,108	(4,784)
Gasoline	66,500	71,592	53,388	(18,204)
Tires and tubes	8,500	12,000	9,153	(2,847)
Other supplies and materials	250	250	23	(227)
Vehicle and equipment insurance	11,500	30,000	29,983	(17)
Inservice/staff development	1,000	1,000	-	(1,000)
Other charges	3,500	3,613	3,533	(80)
Transportation equipment	<u>142,230</u>	<u>200,700</u>	<u>137,949</u>	<u>(62,751)</u>
Total transportation	<u>473,348</u>	<u>639,734</u>	<u>519,134</u>	<u>(120,600)</u>

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Food service:				
Supervisor/Director	44,430	49,430	5,000	(44,430)
Cafeteria personnel	18,384	30,384	9,875	(20,509)
Social security	3,895	4,949	922	(4,027)
State retirement	5,472	6,953	1,296	(5,657)
Life insurance	65	65	-	(65)
Medical insurance	28,187	28,187		(28,187)
Unemployment	3,000	3,000	-	(3,000)
Medicare	912	1,159	216	(943)
Maintenance and repair - equipment	16,000	16,000	-	(16,000)
Travel	1,500	1,500	-	(1,500)
Other contracted services	15,000	15,000	-	(15,000)
Food service equipment	33,412	39,224	39,224	-
Total food service	170,257	195,851	56,533	(139,318)
Community service:				
Supervisor's salary	12,993	12,993	12,572	(421)
Part-time personnel	65,000	83,000	82,024	(976)
Other salaries and wages	2,000	2,000	2,000	-
Social security	4,960	6,068	5,989	(79)
State retirement	6,974	8,771	7,095	(1,676)
Medicare	1,160	1,419	1,401	(18)
Food supplies	5,500	6,200	5,909	(291)
Other supplies	800	1,891	1,058	(833)
Refunds	-	25	25	-
Other charges	500	500	171	(329)
Other equipment	1,000	1,000	-	(1,000)
Total community service	100,887	123,867	118,244	(5,623)
Early childhood education:				
Teachers	277,851	271,895	271,581	(314)
Aides	38,051	39,373	39,135	(238)
Certified substitute	1,500	1,000	863	(137)
Noncertified substitute teachers	500	1,000	288	(712)
Social security	19,773	19,423	17,960	(1,463)
State retirement	27,656	27,900	21,556	(6,344)
Life insurance	227	227	227	-
Employee insurance - health	95,323	110,215	110,215	-
Employer medicare	4,625	4,542	4,200	(342)
Food supplies	7,500	7,500	3,065	(4,435)
Instructional supplies	7,500	7,500	4,720	(2,780)
Other equipment	5,000	14,744	14,744	-
Total early childhood education	485,506	505,319	488,554	(16,765)

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE SCHOOL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Debt service:				
Principal on bonds payable	304,496	304,496	304,496	-
Interest on bonds payable	109,005	109,005	109,005	-
Total debt service	<u>413,501</u>	<u>413,501</u>	<u>413,501</u>	<u>-</u>
Capital outlay:				
Building improvements	300,000	786,655	562,551	(224,104)
Other capital outlay	-	182,664	-	(182,664)
Total capital outlay	<u>300,000</u>	<u>969,319</u>	<u>562,551</u>	<u>(406,768)</u>
Total expenditures	<u>18,224,432</u>	<u>20,620,704</u>	<u>17,724,873</u>	<u>(2,895,831)</u>
Revenues over (under) expenditures	(2,705,427)	(2,786,307)	396,107	3,182,414
Other financing sources (uses)				
Transfers in	<u>1,254,700</u>	<u>1,325,275</u>	<u>1,320,078</u>	<u>(5,197)</u>
Net change in fund balance	<u>\$(1,450,727)</u>	<u>\$(1,461,032)</u>	<u>\$ 1,716,185</u>	<u>\$ 3,177,217</u>
Reconciliation to Governmental Statement of Revenues, Expenditures and Changes in Fund Balance:				
	<u>Revenues</u>	<u>Expenditures</u>		
State on-behalf payments for postretirement benefits	\$ 118,259	\$ 118,259	-	
Encumbrances - current year	-	(82,619)	82,619	
Encumbrances - prior year	-	81,021	(81,021)	
Debt service - principal on bonds payable	-	520,000	(520,000)	
Debt service - interest on bonds payable	-	15,600	(15,600)	
Transfer in from City General Fund for debt service	535,600	-	535,600	
Net change in fund balance - GAAP basis			<u>\$ 1,717,783</u>	

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2024

**Water and
Sewer Fund**

ASSETS

Current assets:

Cash and working funds	\$ 3,631,683
Investments	2,243,292
Accounts receivable (net)	857,743
Due from grantor	1,476,804
Other receivables	15,377
Inventories	<u>246,359</u>
Total current assets	8,471,258

Noncurrent assets:

Restricted cash	315,623
Capital assets, net of accumulated depreciation	
Land	41,628
Utility plant in service	17,504,079
Construction-in-progress	<u>5,290,496</u>
Total noncurrent assets	<u>23,151,826</u>
Total assets	31,623,084

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	611,596
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LIABILITIES

Current liabilities:

Accounts payable	36,510
Accrued payroll	4,147
Due to other funds	106,299
Sales tax payable	34,565
Retainage payable	257,759
Customer deposits	181,340
Other current liabilities	<u>24,008</u>
Total current liabilities	644,628

Noncurrent liabilities:

Net pension liability	85,774
Debt due within one year	350,584
Debt due in more than one year	<u>3,044,881</u>
Total noncurrent liabilities	<u>3,481,239</u>
Total liabilities	4,125,867

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	<u>135,071</u>
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NET POSITION

Net investment in capital assets	19,182,979
Restricted - grant	1,476,804
Unrestricted	<u>7,313,959</u>
Total net position	<u>\$ 27,973,742</u>

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2024

	Water and Sewer Fund
Operating Revenues	
Water revenue	\$ 3,227,027
Sewer revenue	1,976,291
Tap fees	50,255
Forfeited discounts	45,192
Connection fees	57,273
Backflow fees	16,110
Miscellaneous income	45,535
Bad debts	(8,421)
Total operating revenues	<u>5,409,262</u>
Operating Expenses	
Source of supply - water	1,155,298
Transmission and distribution	1,084,816
Accounting and collecting	803,277
Sewer treatment	910,200
Depreciation and amortization	1,262,180
Total operating expenses	<u>5,215,771</u>
Operating income	<u>193,491</u>
Non-Operating Revenues (Expense)	
Interest income	528,573
Interest expense	(46,751)
Net non-operating revenues (expense)	<u>481,822</u>
Income before transfers and contributions	675,313
Contributed capital - grants	<u>1,913,305</u>
Change in net position	<u>2,588,618</u>
Net position - July 1, 2023	<u>25,385,124</u>
Net position - June 30, 2024	<u><u>\$ 27,973,742</u></u>

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2024

	<u>Water and Sewer Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 5,311,218
Cash payments to suppliers for goods and services	(2,557,091)
Cash payments to employees for services	<u>(1,208,737)</u>
Net cash provided by operating activities	<u>1,545,390</u>
 Cash flows from non-capital financing activities	
Increase in due to other funds	71,293
 Cash flows from capital and related financing activities	
Additions to utility plant	(5,699,016)
Payments on SBITA liability	(22,839)
Payments on principal of long-term debt	(338,892)
Interest payments on long-term debt	(67,459)
Capital grant proceeds	<u>436,501</u>
Net cash used by capital and related financing activities	<u>(5,691,705)</u>
 Cash flows from investing activities	
Investments purchased	(76,939)
Interest earned on investments	<u>497,423</u>
Net cash provided by investing activities	<u>420,484</u>
 Net decrease in cash and cash equivalents	(3,654,538)
 Cash and cash equivalents - July 1, 2023	<u>7,601,844</u>
 Cash and cash equivalents - June 30, 2024	<u><u>\$ 3,947,306</u></u>

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

CITY OF UNION CITY, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2024

Reconciliation of operating income to cash flows from operating activities:

	<u>Water and Sewer Fund</u>
Cash flows from operating activities	
Operating income	\$ 193,491
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,262,180
Bad debt allowance	8,421
Deferred outflows related to pensions and OPEB	(169,397)
Deferred inflows related to pensions and OPEB	(31,798)
(Increase) decrease in operating assets:	
accounts receivable	(116,593)
other receivables	10,128
inventories	(18,359)
net pension asset	130,855
Increase (decrease) in operating liabilities:	
accounts payable	(2,220)
customer deposits	5,025
sales tax payable	(2,379)
retainage payable	257,759
accrued payroll and related liabilities	(67,541)
net pension liability	85,774
other current liabilities	44
Total adjustments	<u>1,351,899</u>
Net cash provided by operating activities	<u>\$ 1,545,390</u>

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

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Union City, Tennessee, was incorporated in the year 1856. The City operates under a Council–Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture/recreation, education, public utilities, public improvements, planning and zoning, and general administrative services.

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. The more significant accounting policies of the City are described below.

A. Reporting Entity

The financial statements presented include the government and its component units, entities for which the government is considered to be financially accountable.

The Union City Energy Authority is a component unit of the City of Union City, Tennessee, based on the criteria for inclusion in the City's financial report as defined by the Governmental Accounting Standards Board (GASB). The Mayor and City Council of Union City appoint all four members of the Energy Authority's board of directors, as well as designate a current City Council member to sit on the Energy Authority's board as its fifth member. The Mayor and City Council may also remove appointed members of the Energy Authority's board at will by a two-thirds vote of the City Council. In addition, the Energy Authority does not have any power to dispose of all or substantially all of the electric plant without consent of the Mayor and City Council and approval of a majority of those voting in a referendum in accordance with Tennessee Code Annotated 7-52-132. Management has determined that these conditions qualify as the ability of the primary government (City of Union City) to impose its will on the component unit (Union City Energy Authority) as defined by GASB. Therefore, the Energy Authority should be included in the financial reporting entity of City of Union City as a discretely-presented component unit. A separately issued financial report for Union City Energy Authority is available and may be obtained by contacting the Authority at 312 N. Division Street, Union City, Tennessee 38261, or by writing to P.O. Box 369, Union City, Tennessee 38281.

The City officials are also responsible for appointing the board members of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City Council appoints the board members of the Industrial Development Board and the Health, Educational, and Housing Facility Board of the City of Union City.

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 and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Fiduciary activities are reported only in the fund financial 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. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

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 and major individual enterprise funds are reported as separate columns in the fund financial statements. Discretely presented component units are reported in a separate column of the government-wide financial statements to emphasize that they are legally separate from the primary government. Union City Energy Authority is a major component unit of the City for the year ended June 30, 2024.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are 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 flow. 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.

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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In general, taxes, licenses, federal and state grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 General Purpose School Fund accounts for transactions of the city school system. The major sources of funding are state-shared revenues and local property and sales taxes.

The City reports the following major proprietary fund:

The Water and Sewer Fund accounts for the activities associated with the water distribution system and the activities associated with the City's collection, transportation, treatment, and disposal of wastewater.

The Union City Board of Education is considered a department of the City of Union City and submits a separate audit report to the State Comptroller's office. The State of Tennessee Comptroller of the Treasury, Local Government Audit, determined that school activity funds should be reported as a single special revenue fund in the related board of education's reporting entity. As a result, the Union

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

City Schools Internal School Funds are reported as a fourth special revenue fund in the Union City Board of Education's separately issued financial statements and consequently, as a special revenue fund of the City. The Internal School Funds are required to submit audited regulatory-basis financial statements to the State each year.

The Union City Perpetual Care Cemetery Board was established in 1955. The purpose of the board is to provide for a trust fund out of the sale of cemetery lots for the perpetual maintenance of the City cemeteries and to use the investment income for the perpetual maintenance of those lots. A new ordinance was passed in June 2022 that stated the existing amount in the trust fund would be held intact and no additional proceeds from the sale of cemetery lots would be placed in the trust fund. Since only the earnings, not principal, may be used for future cemetery maintenance and upkeep, the trust fund is reported as a restricted permanent fund of the City in its financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of tax and other charges between the government's utility division 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's enterprise fund are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the systems. 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 nonoperating revenues and expenses.

D. Assets, Liabilities, and Net Position/Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be unrestricted demand deposit accounts, working funds, and highly liquid investments with an original maturity of three months or less.

State statutes authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state-chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Investments for the City are reported at fair value based on quoted market prices.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Accounts receivable in the proprietary fund results from unpaid billings for service to customers and from unpaid billings related to work performed for or materials sold to certain entities. The City records an allowance for bad debts in the Water and Sewer Fund based on accounts 90 days past due.

Property taxes are levied October 1 of each year and attach as an enforceable lien on property as of January 1. Taxes are collected October 1 through the last day of February and become delinquent on March 1. The City is permitted by the Municipal Finance Law of the State to levy taxes up to \$2.40 per \$100 of assessed valuation for general government services. The City's property tax rate for 2024 is \$1.6377. The City bills and collects its own property taxes, and tax revenues are recognized when levied to the extent that they result in current receivables. The City reports its property tax receivable net of an allowance for doubtful accounts, which estimates uncollectible taxes.

Inventories and Prepaid Items

The City and the Board of Education take a physical count of inventory at fiscal yearend. Actual cost is used to value the inventories of each unit, using the first-in/first-out (FIFO) method.

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and proprietary fund financial statements.

Restricted Assets

Certain cash and investment balances of the City are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by certain agreements and contracts. Restricted investment accounts for unemployment and equipment replacement have been set up in the Water and Sewer and General Funds. Restricted accounts are also in place for bond retirement in the Water and Sewer Fund.

Capital Assets

Capital assets, including property, plant, vehicles, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for equipment and \$10,000 for land improvements, infrastructure, and buildings. 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the City are depreciated using the straight-line method over the asset's estimated useful life. Capital assets are depreciated over the following useful lives:

Buildings	20 – 50 years	Infrastructure	40 years
Improvements	20 – 50 years	Distribution plant	25 – 50 years
Vehicles and equipment	5 – 20 years	Production plant	25 – 50 years
Furniture and fixtures	10 – 20 years	Sewer plant	20 – 40 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applied to a future period(s) and so will not be recognized as an outflow of resources

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

(expense/expenditure) until then. The City has deferred outflows related to pensions and other postemployment benefits. See Note 5 for details.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has various items that qualify for reporting in this category. Property taxes reported as receivables in the statements of financial position before the period for which they were levied are deferred and recognized as an inflow of resources in the period that the amounts become available. This item is reported as deferred in both the governmental funds balance sheet and the statement of net position. Revenues that do not meet the City's policy for available revenues at the fund level are also reported as deferred inflows of resources in the governmental funds balance sheet. The City has revenue from state beer taxes reported in this category. Deferred inflows related to pensions, other postemployment benefits, and leases are also reported in the statement of net position (see individual notes for details).

Compensated Absences

All permanent full-time employees of the City accrue vacation leave that must be taken by June 30 of each year. Sick leave is accumulated at one day per month after the first year of employment, with a maximum accumulation of 90 days. However, the City does not pay accumulated sick leave to terminating employees. As a result of these policies, no long-term liability for compensated absences exists to be reported.

Board of Education - Employees are entitled to paid sick days and personal days off depending on job classification, length of service and other factors. Non-certified employees can accumulate up to a maximum of 90 days; no maximum exists for certified employees. All sick and personal days not used are added to the length of service for each employee at retirement. There are no monetary values associated with accumulated sick leave or personal leave for the schools.

Leases

The City, as lessor, recognizes a lease receivable and deferred inflows of resources at the commencement of the lease term, unless the lease is a short-term lease or transfers ownership of the underlying asset. The asset underlying the lease should not be derecognized. The lease receivable is measured at the present value of payments expected to be received during the lease term. The deferred inflow is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The City recognizes interest revenue on the lease receivable and an inflow of resources (lease revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

The City also has lease obligations as a lessee. A lessee recognizes a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease liability will be reduced as payments are made and interest expense recognized on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Subscription-Based Information Technology Arrangements

The City reports contracts that meet the definition of a subscription-based information technology arrangement (SBITA) using the guidance in GASB 96. A SBITA results in an intangible right-to-use subscription asset and a corresponding subscription liability. To the extent relevant, the standards for SBITAs are based on the standards established for leases. The liability will be reduced as payments are made and interest expense recognized on the liability. The intangible asset is amortized in a systematic and rational manner over the term of the arrangement.

Long-Term Debt

Long-term debt, including financed purchases through leases that transfer ownership, is reported in governmental activities, business-type activities, and/or proprietary fund statements 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 discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are 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.

Pensions

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

Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Local Government OPEB Plan, Teacher Group OPEB Plan, and Tennessee Plan administered by the Tennessee Department of Finance and Administration, and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the State. For this purpose, benefits are recognized when due and payable in accordance with the benefit terms of the Plans.

Effective June 30, 2021, the City of Union City elected to opt out of OPEB benefits for current City employees with continued coverage for current retirees only. There were no retirees receiving benefits for plan year ended June 30, 2022. The City's OPEB accounts were adjusted to zero as of June 30, 2023, based on the measurement date of June 30, 2022. The Board of Education still provides OPEB benefits for school employees.

The Board of Education receives on-behalf payments from the State of Tennessee for postemployment health insurance benefits for employees not yet eligible for Medicare. Such payments are recorded as revenue in the general purpose school fund financial statements.

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – amounts that can be spent only for specific purposes because of limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.
- Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council by ordinance; removed by the same formal action.
- Assigned – amounts that are designated by the City Council for a particular purpose but are not spendable until there is a majority vote approval by the City Council.
- Unassigned – all amounts in the general fund not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances, before using unassigned fund balances.

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

A. Reconciliation of Governmental Fund Balances to Net Position of Governmental Activities

The financial statements include a reconciliation between *fund balances – total governmental funds* on the governmental balance sheet and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental funds capital assets	\$ 66,442,998
Less: accumulated depreciation	<u>(28,311,290)</u>
Net adjustment	<u>\$ 38,131,708</u>

Long-term debt is not due and payable in the current period and, therefore, is not reported in governmental funds. The details of this \$10,416,907 difference are as follows:

Bonds and notes payable	\$ 10,084,698
Plus issuance premium (to be amortized against interest expense)	<u>332,209</u>
Net adjustment	<u>\$ 10,416,907</u>

Another element of that reconciliation explains that the recognition of pension and OPEB expense on the accrual basis includes recognition of the following pension and OPEB items:

Net pension asset	\$ 2,240,929
Deferred outflows related to pensions	5,496,949
Deferred outflows related to OPEB	885,112
Net pension liability	(1,288,405)
Other postemployment benefits liability (OPEB)	(1,799,053)

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Deferred inflows related to pensions	(316,132)
Deferred inflows related to OPEB	(518,746)
Net adjustment	<u>\$ 4,700,654</u>

B. Reconciliation of net change in fund balances – total governmental funds to change in net position of governmental activities

The financial statements also include a reconciliation between *net change in fund balances – total governmental funds* as reported in the governmental fund statement of revenues, expenditures, and changes in fund balances and *change 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 activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.” The details of this \$402,338 difference are as follows:

Capital outlay	\$ 1,504,751
Depreciation expense	(1,907,089)
Net adjustment	<u>\$ (402,338)</u>

The reconciliation also states that while pension contributions are reported as expenditures in governmental funds, pension and OPEB expense in the statement of activities is primarily the result of changes in the components of the pension and OPEB liabilities over current and future periods. The details of this \$340,601 difference are as follows:

Pension contributions	\$ 1,116,569
Pension expense	(1,358,775)
OPEB contributions, including on-behalf payments	245,302
OPEB expense	(343,567)
Net adjustment	<u>\$ (340,471)</u>

The final reconciling item states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.” The details of this \$45,896 difference are as follows:

Amortization of bond premium	\$ 52,224
Change in inventory	(6,328)
Net adjustment	<u>\$ 45,896</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. The City Manager is required to submit to the City Council a proposed City budget 90 days prior to the next fiscal year.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. The City Manager and School Superintendent are authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any City fund must be approved by the City Council at a public hearing with five days’ notice. The Board of Education must approve revisions in school fund budgets.

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

4. Formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, and the Water and Sewer Fund.
5. Budgets for the Board of Education funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for encumbrances and non-cash expenditures, such as on-behalf payments and debt payments made by the City of Union City. Encumbrances are included in the budgetary process and are reported as expenditures in the year budgeted in the budget statements. Reconciliations for these differences are included in the school funds' budget statement and schedules. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary control purposes. Encumbered appropriations for funds do not lapse at the end of the fiscal year.
6. The City's General Fund and other special revenue funds budget on a cash basis. This basis does not differ materially from the basis of accounting used in the presentation of the governmental fund financial statements.

For the year ended June 30, 2024, the following funds had unbudgeted expenditures:

Hotel/Motel Tax Fund	\$33,234
Speed and Red Light Enforcement Fund	\$54,031
Solid Waste Fund	\$115,818

NOTE 4 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits with Financial Institutions

As of June 30, 2024, the City had certificates of deposit at local banks and through its investment account, which do not meet the definition of investments for the purposes of investment risk disclosures.

Custodial Credit Risk – State statute requires 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 eligible collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2024, all deposits, including certificates of deposit, were insured or collateralized.

B. Investments

At June 30, 2024, the City had investment accounts with Raymond James that included U.S. Treasury notes with a fair value of \$2,979,108 using Level 1 inputs (prices quoted in active markets), \$1,495,067 in fixed certificates of deposit (considered deposits rather than investments for disclosure purposes), and cash and cash alternatives of \$18,225. The total of \$4,492,400 is reported as investments in the financial statements. The investments have a weighted average maturity of 1.89 years. The cash alternative accounts are an on-demand alternative for client cash that is held for future investment and is included in SIPC coverage.

The City has not formally adopted investment policies that limit the City's allowable investments or that address the specific types of risk to which the City is exposed. However, the City limits its investments to those identified as permissible by state statutes for municipalities (see Note 1D).

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Union City Board of Education is a member of the TCRS Stabilization Reserve Trust (see Note 5C). The Board has placed funds into this irrevocable trust, which are reported as a restricted investment in the statements of financial position. The Trust is authorized to make investments as directed by the TCRS Board of Trustees. Union City Board of Education may not impose any restrictions on investments placed by the Trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

At June 30, 2024, Union City Board of Education had the following investments held by the Trust on its behalf.

Investment	Fair Value
U.S. equity	\$ 48,919
International equity	20,243
International private equities and strategic lending	3,374
U.S. fixed income	37,111
Real estate	16,869
Short-term securities	6,747
Private equity and strategic lending	35,424
Total	<u>\$ 168,687</u>

C. Receivables

Receivables as of June 30, 2024, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	General Purpose School Fund	Water and Sewer	Nonmajor Funds	Total
Property taxes	\$ 5,560,097	\$ -	\$ -	\$ -	\$5,560,097
Accounts	-	34,799	883,402	424,764	1,342,965
Sales tax	1,145,632	426,735	-	-	1,572,367
Other	229,514	58,007	15,377	68,281	371,179
Total receivables	6,935,243	519,541	898,779	493,045	8,846,608
Allowance for uncollectibles	(229,849)	-	(25,659)	-	(255,508)
Net receivables	<u>\$ 6,705,394</u>	<u>\$ 519,541</u>	<u>\$ 873,120</u>	<u>\$ 493,045</u>	<u>\$8,591,100</u>

The City also acts as a lessor under certain agreements for land and facilities. Leases receivable of \$262,047 were outstanding as of June 30, 2024, and had original lease terms of 3 to 5 years. Lease revenue recognized from these leases was \$95,808 for the year ended June 30, 2024. Interest income related to the leases was \$513 for the current year.

D. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 3,607,011	\$ -	\$ -	\$ 3,607,011
Construction in progress	353,538	228,176	(501,396)	80,318
Total not being depreciated	<u>3,960,549</u>	<u>228,176</u>	<u>(501,396)</u>	<u>3,687,329</u>

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated/amortized				
Buildings	36,650,872	904,585	(382,537)	37,172,920
Parks and recreation	8,688,183	270,935	-	8,959,118
Vehicles and equipment	8,245,114	608,626	(171,305)	8,682,435
Infrastructure	6,278,033	-	-	6,278,033
Intangible assets				
Subscription assets	57,545	-	-	57,545
Lease assets - vehicles and equipment	809,050	796,568	-	1,605,618
Total being depreciated/amortized	60,728,797	2,580,714	(553,842)	62,755,669
Less accumulated depreciation/amortization:				
Buildings	13,974,543	1,036,886	(114,910)	14,896,519
Parks and recreation	3,133,745	209,009	-	3,342,754
Vehicles and equipment	6,395,721	482,818	(154,313)	6,724,226
Infrastructure	2,647,361	178,377	-	2,825,738
Intangible assets				
Subscription assets	28,773	28,772	-	57,545
Lease assets - vehicles and equipment	253,507	211,001	-	464,508
Total accum depreciation/amortization	26,433,650	2,146,863	(269,223)	28,311,290
Net capital assets being depreciated	34,295,147	433,851	(284,619)	34,444,379
Governmental activities capital assets, net	<u>\$ 38,255,696</u>	<u>\$ 662,027</u>	<u>\$ (786,015)</u>	<u>\$ 38,131,708</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 41,628	\$ -	\$ -	\$ 41,628
Construction in progress	96,000	5,194,496	-	5,290,496
Total not being depreciated	137,628	5,194,496	-	5,332,124
Capital assets, being depreciated/amortized				
Production plant	10,587,424	171,779	-	10,759,203
Distribution plant	19,890,583	73,712	(10,145)	19,954,150
Sewer plant	18,772,436	174,799	-	18,947,235
Other capital assets	2,162,572	84,230	-	2,246,802
Intangible subscription assets	44,642	-	-	44,642
Total being depreciated	51,457,657	504,520	(10,145)	51,952,032
Less accumulated depreciation for:				
Production plant	6,757,813	364,823	-	7,122,636
Distribution plant	10,485,423	530,539	(10,145)	11,005,817
Sewer plant	14,638,295	273,596	-	14,911,891
Other capital assets	1,292,066	70,901	-	1,362,967
Intangible subscription assets	22,321	22,321	-	44,642
Total accumulated depreciation	33,195,918	1,262,180	(10,145)	34,447,953
Net capital assets being depreciated	18,261,739	(757,660)	-	17,504,079
Business-type activities, net	<u>\$ 18,399,367</u>	<u>\$ 4,436,836</u>	<u>\$ -</u>	<u>\$ 22,836,203</u>

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Depreciation and amortization expense was charged to governmental functions/programs as follows:

Financial administration	\$ 216,876
Public safety	316,366
Street department	338,718
Recreation	310,836
Public works	14,632
Education	949,435
Total depreciation/amortization – governmental activities	<u>\$ 2,146,863</u>

E. Long-Term Liabilities

Debt

On June 30, 2021, the City of Union City issued \$4,725,000 in General Obligation Bonds, Series 2021, to provide funds to refund on a current basis the remaining balance of the Series 2016 General Obligation Bonds. The bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City, with the full faith and credit of the City irrevocably pledged. Interest rates are 1.75% to 2.0% payable through 2036, with semi-annual interest payments on June 1 and December 1 of each year and annual principal payments due June 1 of each year. The General Fund portion was \$3,205,000 and the Water and Sewer portion was \$1,520,000. The outstanding balance at June 30, 2024, was \$2,635,000 and \$1,245,000 respectively.

On August 20, 2020, the City of Union City issued \$1,645,000 in General Obligation Bonds, Series 2020A and \$1,940,000 in Series 2020B, to provide funds to refund on a current basis the remaining balance of the Series 2013A and B General Obligation Bonds. The bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City, with the full faith and credit of the City irrevocably pledged. Interest rates are 1.35% to 5.0% payable through 2030, with semi-annual interest payments on June 1 and December 1 of each year and annual principal payments due June 1 of each year. The General Fund portion of the bonds was \$2,665,000 and the Water and Sewer portion was \$920,000. The balance outstanding was \$1,845,000 for the General Fund and \$450,000 for the Water and Sewer Fund as of June 30, 2024.

On September 20, 2019, the City of Union City issued \$7,075,000 in General Obligation Bonds, Series 2019, to provide funds to refund on a current basis the remaining balance of two of the City's outstanding debts and also provide new school funds for HVAC upgrades and other school projects. The bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City, with the full faith and credit of the City irrevocably pledged. Bonds in the amount of \$855,000 were issued to refund the existing 2017 capital outlay notes of the City. Interest rates are 2.5% to 3.0% payable through 2029, with semi-annual interest payments on June 1 and December 1 of each year and annual principal payments due June 1 of each year. The balance outstanding was \$455,000 as of June 30, 2024.

Of the total 2019 bond issue, \$6,220,000 was school related, with \$2,475,000 used for refunding the existing 2009 school bonds being repaid by the City and \$3,745,000 in new funding to be repaid by Union City Board of Education. The school refunding bonds were scheduled to be paid with semi-annual interest payments on June 1 and December 1 of each year and annual principal payments due June 1 of each year through 2024. Interest was fixed at 3.0%. The City services this debt through its general fund. However, the State of Tennessee Comptroller's office has determined that these payments should be reported in the general purpose school fund in the Board of Education's separately-issued financial report; therefore, these payments are shown as transfers between the

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

general fund and the general purpose school fund for financial reporting purposes. The balance outstanding of \$520,000 was paid in full during 2024.

The new school funds of \$3,745,000 are scheduled to be paid with semi-annual interest payments on June 1 and December 1 of each year and annual principal payments due June 1 of each year through 2039. Interest is fixed at rates ranging from 2.25% to 3.0%. The balance outstanding at June 30, 2024, was \$3,015,000.

In conjunction with the new 2019 bond issue, a General Obligation loan, Series 2019, was executed dated December 1, 2019, for \$2,430,000 to finance energy-efficient renovation and retrofit projects through the Energy Efficient Schools Initiative. Two separate loans are set up within this series, with both scheduled to be repaid with monthly payments of principal and interest at 1.5% beginning in 2021 through December 1, 2036. The balance outstanding at June 30, 2024, was \$1,917,882.

State Revolving Fund (SRF) Loan – This loan was obtained to finance renovations at the wastewater treatment plant. The loan has an interest rate of 1.17% and requires monthly payments of \$13,617 over 20 years plus a .08% administrative fee. The final payment is due in October 2034. The balance outstanding as of June 30, 2024, was \$1,577,940.

Finance Purchase – The City leased two knuckleboom trucks on that qualify as financed purchases under the new lease guidance. As a result, the trucks were recorded as capital assets and the liabilities as long-term debt. The leases financed \$348,805 at 3.69% interest with 5 annual payments of \$77,670. The balance outstanding at June 30, 2024, was \$216,816.

A summary of estimated debt service requirements for the City is shown below:

Year Ending June 30,	Governmental Activities				Business-type Activities			
	Bonds		Loan/Lease		Bonds		Note	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 785,000	\$ 168,649	\$ 211,279	\$ 35,580	\$ 205,000	\$ 43,163	\$ 145,584	\$ 17,820
2026	805,000	150,249	215,977	30,881	210,000	36,013	147,300	16,104
2027	820,000	132,149	220,817	26,041	215,000	29,613	149,028	14,376
2028	830,000	114,599	148,111	21,077	220,000	24,162	150,780	12,624
2029	740,000	98,724	150,356	18,832	100,000	19,762	152,556	10,848
2030-2034	2,360,000	320,927	786,498	59,442	520,000	66,048	790,128	26,892
2035-2039	1,610,000	97,364	401,660	7,141	225,000	8,850	42,564	151
Total	<u>\$ 7,950,000</u>	<u>\$ 1,082,661</u>	<u>\$ 2,134,698</u>	<u>\$ 198,994</u>	<u>\$ 1,695,000</u>	<u>\$ 227,611</u>	<u>\$ 1,577,940</u>	<u>\$ 98,815</u>

Leases and Subscription Liabilities

The City leases various equipment under long-term lease agreements resulting in lease liabilities. Principal and interest requirements to maturity for these liabilities as of June 30, 2024, were as follows:

Year Ending	Principal	Interest	Total
June 30, 2025	\$ 293,471	\$ 73,275	\$ 366,746
June 30, 2026	254,163	52,331	306,494
June 30, 2027	194,919	34,069	228,988
June 30, 2028	205,046	17,228	222,274
June 30, 2029	95,373	3,063	98,436
Total	<u>\$1,042,972</u>	<u>\$ 179,966</u>	<u>\$1,222,938</u>

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2024, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
2021 Bond issue	\$ 2,825,000	\$ -	\$ 190,000	\$ 2,635,000	\$ 195,000
2020 Bond issue	2,050,000	-	205,000	1,845,000	340,000
2019 Bond issue	4,240,000	-	770,000	3,470,000	250,000
Bond premiums*	384,434		52,225	332,209	n/a
2019 EEIS loans	2,057,378	-	139,496	1,917,882	141,609
Finance purchase	284,006	-	67,190	216,816	69,670
Lease liabilities	557,460	796,569	311,057	1,042,972	293,471
SBITA liabilities	29,440	-	29,440	-	-
	<u>\$ 12,427,718</u>	<u>\$ 796,569</u>	<u>\$ 1,764,408</u>	<u>\$ 11,459,879</u>	<u>\$ 1,289,750</u>
Business-type activities:					
SRF loan	\$ 1,721,832	\$ -	\$ 143,892	\$ 1,577,940	\$ 145,584
2020 Bond issue	545,000	-	95,000	450,000	105,000
2021 Bond issue	1,345,000	-	100,000	1,245,000	100,000
Bond premium	143,234	-	20,709	122,525	n/a
SBITA	22,839	-	22,839	-	-
Totals	<u>\$ 3,777,905</u>	<u>\$ -</u>	<u>\$ 382,440</u>	<u>\$ 3,395,465</u>	<u>\$ 350,584</u>

*adjusted for restatement – see Note 4H

F. Fund Balances and Net Position

The City has categorized governmental spendable fund balances as follows:

	General Fund	Gen. Purpose School Fund	Nonmajor Funds
Restricted:			
Education	\$ -	\$ 7,001,930	\$ 1,448,489
Hotel/Motel Tax	-	-	11,151
State Street Aid	-	-	215,122
Drug Fund	-	-	193,301
Cemetery perpetual maintenance	-	-	249,915
Solid waste revenue	-	-	1,701,324
Storm water assessments	-	-	943,196
Total restricted	<u>\$ -</u>	<u>\$ 7,001,930</u>	<u>\$ 4,762,498</u>
Committed:			
Fire training	\$ 12,974	\$ -	\$ -
Unemployment	93,800	-	-
Police Education	76,323	-	-
Total committed	<u>\$ 183,097</u>	<u>\$ -</u>	<u>\$ -</u>
Assigned for next year's budget	<u>\$ 154,136</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF UNION CITY, TENNESSEE
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In addition to the above items, the government-wide statement of net position has restricted an additional \$17,931 for school food service inventory and \$2,240,929 for net pension assets.

G. Interfund Receivables, Payables, and Transfers

Interfund balances and transfers as of and for the year ended June 30, 2024, were as follows:

Receivable/Transfer In	Payable/Transfer Out	Amount
Solid Waste (nonmajor)	Water and Sewer (major)	\$ 7,633
General (major)	Water and Sewer (major)	97,658
Storm Water (nonmajor)	Water and Sewer (major)	1,008
Total internal balances		<u>106,299</u>
General Purpose School (major)	Federal Projects (nonmajor)	25,579
Centralized Cafeteria (nonmajor)	General Purpose School (major)	8,813
Cemetery Trust (permanent)	General (major)	31
General (major)	Solid Waste (nonmajor)	11,890
General (major)	Storm Water (nonmajor)	4,747
Governmental interfund payables		<u>51,060</u>
Governmental interfund receivables		<u>\$ 157,359</u>
General Purpose School (major)	General (major)	\$ 1,212,500
General Purpose School (major)	Federal Projects (nonmajor)	107,578
General Purpose School (major)	General (major)	535,600
Total interfund transfers		<u>\$ 1,855,678</u>

The balances due from the Water and Sewer fund to the Solid Waste fund and Storm Water fund are monthly utility activity split between the three funds. The Water and Sewer fund also has a payable to the General fund of \$97,658 for monthly expense reimbursements, including payroll. The Federal Projects payable to General Purpose School Fund is for the balance of indirect costs reimbursements. The payable from General Purpose School Fund to the Centralized Cafeteria Fund is for bonus reimbursements. The Cemetery Trust Fund receivable is a reimbursement from the General Fund for a bank error. Balances between the General Fund and the Solid Waste and Storm Water funds is mainly for reimbursements of payroll items.

The General Fund transferred \$1,212,500 to the General Purpose School Fund for general operating expenditures. This is an annual recurring transfer. In order to account for debt service payments on school bonds made by the City during the current year, a transfer was recorded for \$535,600 between the General Fund and the General Purpose School Fund. There was a transfer from the Federal Projects Fund to the General Purpose School Fund for grant funds received for the general school population of \$63,086 and an additional transfer of \$44,492 for indirect costs reimbursements.

H. Restatements

The City of Union City adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective July 1, 2023. The objective of this statement is to enhance accounting and financial reporting requirements to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Accounting changes are defined as changes in accounting principles, changes in accounting estimates, and changes to or

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For the Year Ended June 30, 2024

within the financial reporting entity. Changes in accounting principles and error corrections should be reported retroactively by restating prior periods; changes to or within the financial reporting entity should be reported by adjusting beginning balances of the current period; and changes in accounting estimates should be reported prospectively by recognizing the change in the current period. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. Disclosure is required in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

In the Cafeteria Fund, unearned grant revenue of \$24,409 was not recorded in the prior year and beginning fund balance was decreased by the same amount. In addition, a cash deposit in the General Purpose School Fund was recorded in error in a prior year for \$2,496. An adjustment was made in the Internal School Funds for \$171 to void uncleared checks from prior years, which increased beginning cash and fund balances by the same amount. At the government-wide level, bond premiums were under-amortized by \$60,722 and deferred outflows were corrected for a \$130 pension adjustment; accumulated amortization was increased, deferred outflows decreased, and beginning governmental net position was increased by \$60,592. Reporting units affected by these adjustments and the restatements of beginning balances are shown in the following table.

	Fund Balances			Government-wide
	General Purpose School Fund	Cafeteria Fund	Internal School Fund	Governmental Activities
6/30/2023, as previously reported	\$ 5,286,643	\$ 433,879	\$ 517,520	\$ 49,485,763
Error corrections	(2,496)	(24,409)	171	33,858
7/1/2023, as restated	\$ 5,284,147	\$ 409,470	\$ 517,691	\$ 49,519,621

I. Tax Abatements

The City uses property tax abatement agreements with local businesses to encourage economic development in the area. For the year ended June 30, 2024, the following agreements were in place:

Company	Terms of Agreement		Amount of Tax Abated for the Year Ended June 30, 2024	
	Type of Tax	Amount		
MIA Seating Corporation	Real and personal property taxes	25% paid 2019–2023 50% paid 2024–2028 75% paid 2029–2033	\$17,812 \$4,776	real property personal property
Tyson Foods	Real and personal property taxes	25% paid 2022–2026 50% paid 2027–2031 75% paid 2032–2037	\$683,560 \$133,940	real property personal property
Institutional Casework, Inc.	Real and personal property taxes	0% paid 2016–2025	\$26,196 \$12,000	real property personal property
Williams Food Works	Real and personal property taxes	0% paid 2017–2027 50% paid 2028–2033	\$86,796 \$28,085	real property personal property
Excel Boat	Personal property tax	Additional 5% each year through 2033	\$4,406	personal property

CITY OF UNION CITY, TENNESSEE
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For the Year Ended June 30, 2024

NOTE 5 – OTHER INFORMATION

A. Risk Management

The City (including the Board of Education) joined the Tennessee Municipal League (TML), which is a public entity risk pool established to provide insurance coverage to local governments in Tennessee. The City and the Board pay annual premiums to TML for general liability, law enforcement liability, educator's liability, errors or omissions liability, automobile liability and auto physical damage, worker's compensation, and property insurance. The TML reinsures through commercial insurance companies for claims in excess of \$250,000 for workers' compensation, \$500,000 for liability and \$50,000 for property. The City and Board of Education continue to carry commercial insurance for all other risks of loss. Settled claims from these losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Litigation

The City is a defendant in lawsuits and other claims that occur in the ordinary course of City operations. Management is of the opinion that such lawsuits and claims do not meet the criteria for accruing a loss contingency as of June 30, 2024.

C. Retirement Plans

General Information about the Public Employee Retirement Plan

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

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's 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 nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 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-

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For the Year Ended June 30, 2024

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, 2023, the following employees were covered by the benefit terms:

	<u>City</u>	<u>BOE</u>
Inactive employees or beneficiaries currently receiving benefits	103	52
Inactive employees entitled to but not yet receiving benefits	89	72
Active employees	<u>135</u>	<u>81</u>
	<u>327</u>	<u>205</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. City of Union City and Union City Board of Education makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, the employer contributions for City of Union City were \$469,410 based on a rate of 6.32 percent of covered payroll and employer contributions for Union City Board of Education were \$241,425 based on a rate of 8.71 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept City of Union City's and Union City Board of Education's state shared taxes if required employer contributions are not remitted. The employer's Actuarially Determined Contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions.

The total pension liability in the June 30, 2023, actuarial valuations for all TCRS retirement plans 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

The mortality improvement assumption adopted with the 2020 experience study utilizes the most current projection scale published by the Society of Actuaries as of the actuarial valuation date. The most current projection scale available is Scale MP-2021.

The actuarial assumptions used in the June 30, 2023, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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For the Year Ended June 30, 2024

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 are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from City of Union City 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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
City of Union City	(a)	(b)	(a) – (b)
Balance at 6/30/22	\$ 35,095,379	\$ 35,432,118	\$ (336,739)
Changes for the year:			
Service cost	570,706	-	570,706
Interest	2,340,380	-	2,340,380
Differences between expected and actual experience	1,458,594	-	1,458,594
Changes in assumptions	-	-	-
Contributions-employer	-	446,743	(446,743)
Contributions-employees	-	359,083	(359,083)

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For the Year Ended June 30, 2024

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Net investment income	-	2,341,510	(2,341,510)
Benefit payments, including refunds of employee contributions	(1,987,579)	(1,987,579)	-
Administrative expense	-	(14,030)	14,030
Other changes	-	-	-
Net changes	2,382,101	1,145,727	1,236,374
Balance at 6/30/23	\$ 37,477,480	\$ 36,577,845	\$ 899,635

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Board of Education			
Balance at 6/30/22	\$ 8,111,485	\$ 7,692,268	\$ 419,217
Changes for the year:			
Service cost	228,367	-	228,367
Interest	552,926	-	552,926
Differences between expected and actual experience	133,723	-	133,723
Changes in assumptions	-	-	-
Contributions – employer	-	221,929	(221,929)
Contributions – employees	-	127,399	(127,399)
Net investment income	-	518,558	(518,558)
Benefit payments, including refunds of employee contributions	(296,703)	(296,703)	-
Administrative expense	-	(8,197)	8,197
Other changes	-	-	-
Net changes	618,313	562,986	55,327
Balance at 6/30/23	\$ 8,729,798	\$ 8,255,254	\$ 474,544

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability calculated using the discount rate of 6.75 percent, as well as what the net pension liability 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	Current Discount Rate	1% Increase
Net pension liability (asset) attributable to:			
City of Union City	\$5,661,217	\$899,635	\$(3,056,131)
Union City Board of Education	1,668,977	474,544	(511,593)

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

For the year ended June 30, 2024, City of Union City recognized pension expense of \$154,533 and Union City Board of Education recognized pension expense of \$297,179.

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Deferred outflows of resources and deferred inflows of resources reported in the June 30, 2024, financial statements related to the Public Employee Retirement Plan were from the following sources:

	City of Union City		UC Board of Education	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,380,225	\$ 280,094	\$ 110,511	\$ 21,926
Net difference between projected and actual earnings on pension plan investments	236,185	-	234,540	-
Changes in assumptions	1,205,084	-	66,205	-
Contributions subsequent to the measurement date of June 30, 2023	<u>469,410</u>	<u>(not applicable)</u>	<u>241,425</u>	<u>(not applicable)</u>
Total	<u>\$ 3,290,904</u>	<u>\$ 280,094</u>	<u>\$ 652,681</u>	<u>\$ 21,926</u>

The amounts shown above for "Contributions subsequent to the measurement date of June 30, 2023" will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the following measurement periods:

Year Ending June 30:	City	BOE
2024	\$ 438,831	\$ 96,318
2025	210,271	68,633
2026	1,384,871	197,208
2027	264,321	27,171
2028	243,106	-

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

General Information about the Teacher Legacy Pension Plan

Plan description. Teachers employed by Union City Schools with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and

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nonservice-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.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Union City Schools for the year ended June 30, 2024, to the Teacher Legacy Pension Plan were \$424,359 which is 6.81 percent of covered payroll. The employer rate, when combined with member contributions, is 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.

Pension Liability

Pension liabilities. At June 30, 2024, the Union City Schools reported an asset of \$2,201,350 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Union City Schools' proportion of the net pension asset was based on Union City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023, Union City Schools' proportion was 0.186717 percent. The proportion measured as of June 30, 2022, was 0.185761 percent.

Sensitivity of the proportionate share of net pension liability to changes in the discount rate. The following presents Union City Schools' proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what Union City Schools' proportionate share of the net pension liability 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Union City Schools' proportionate share of the net pension liability (asset)	\$ 4,794,694	\$ (2,201,350)	\$ (8,020,086)

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

Pension expense. For the year ended June 30, 2024, Union City Schools recognized pension expense of \$550,353 for the Legacy Plan.

Deferred outflows of resources and deferred inflows of resources. As of June 30, 2024, Union City Schools reported deferred outflows of resources and deferred inflows of resources related to the Teacher Legacy Pension Plan from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 524,474	\$ 102,157
Changes in assumptions	717,260	-
Net difference between projected and actual earnings on pension plan investments	381,947	-
Changes in proportion of net pension liability (asset)	-	20,893
LEA's contributions subsequent to the measurement date of June 30, 2023	424,359	(not applicable)
Total	<u>\$ 2,048,040</u>	<u>\$ 123,050</u>

Union City Schools' employer contributions reported as pension related deferred outflows of resources subsequent to the measurement date will be recognized as an increase in the net pension asset in the measurement period ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the following measurement periods:

Year Ending June 30:	
2024	\$ 509,889
2025	(310,169)
2026	1,297,917
2027	2,994

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

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in a separately issued TCRS financial report.

General Information about the Teacher Retirement Plan

Plan description. Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014, of Union City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost sharing, multiple-employer defined benefit pension plan.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90, in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of

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service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 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. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2024, to the Teacher Retirement Plan were \$63,622, which is 2.95 percent of covered payroll. The employer rate, when combined with member contributions, is 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.

Pension Liabilities

Pension liabilities. At June 30, 2024, the Union City Schools reported an asset of \$39,579 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Union City Schools' proportion of the net pension asset was based on Union City Schools' share of contributions to the pension plan relative to the contributions of all LEAs. At the measurement date of June 30, 2023, Union City Schools' proportion was 0.093338 percent. The proportion measured as of June 30, 2022, was 0.093269 percent.

Sensitivity of the proportionate share of net pension liability to changes in the discount rate. The following presents Union City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Union City Schools' proportionate share of 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Union City Schools' proportionate share of the net pension liability (asset)	\$ 182,059	\$ (39,579)	\$ (199,140)

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

Pension expense. For the year ended June 30, 2024, Union City Schools recognized pension expense of \$51,424 for the Teacher Retirement Plan.

Deferred outflows of resources and deferred inflows of resources. As of June 30, 2024, Union City Schools reported deferred outflows of resources and deferred inflows of resources related to the Teacher Retirement Plan from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 1,333	\$ 23,101
Changes in assumptions	29,777	-
Net difference between projected and actual earnings on pension plan investments	10,063	-
Changes in proportion of net pension asset	12,125	3,031
LEA's contributions subsequent to the measurement date of June 30, 2023	63,622	<i>(not applicable)</i>
Total	<u>\$ 116,920</u>	<u>\$ 26,132</u>

Union City Schools' employer contributions reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the measurement period ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the following measurement periods:

Year Ending June 30:	
2024	\$ 1,150
2025	(314)
2026	15,209
2027	2,048
2028	2,109
Thereafter	6,964

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

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Defined Contribution Plan

The Teacher Retirement Plan is a hybrid plan that consists of a defined benefit plan plus a defined contribution plan. Employers contribute 4 percent of payroll to the defined benefit component and 5 percent of payroll to the defined contribution component, for an aggregate employer contribution of 9 percent. Employees may elect to defer a percentage of their salary into the plan. Defined contribution plan amounts are deposited into the State's 401(k) plan with Great West Financial, where the employee manages the investments. Employees immediately vest in both the employee and employer contributions to the defined contribution plan. Future employer contributions may be decreased as part of the cost controls for the defined benefit portion of the plan. The Board contributed \$107,834 for the fiscal year ended June 30, 2024, equal to five percent of covered payroll.

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TCRS Stabilization Trust

Union City Schools is a member of the TCRS Stabilization Reserve Trust. Union City Schools has placed funds into this irrevocable trust as authorized by statute under *Tennessee Code Annotated*, Title 8, Chapters 34-37, in conjunction with its participation in the Teachers Retirement Plan disclosed above. Effective July 1, 2018, employer contributions in excess of the actuarially determined contribution rate for the Teachers Retirement Plan are being deposited into the Stabilization Reserve Trust, which is separate from the TCRS Pension Trust. For the year ended June 30, 2024, Union City Schools paid an additional amount to TCRS of \$18,919 or 1.05% of covered payroll, into the SRT. Amounts paid into the Trust can only be moved to Union City Schools' TCRS pension trust at the direction of Union City Schools with the approval of the Board of Trustees of the SRT. The Schools' balance in the SRT is reported in the accompanying financial statements as a restricted asset, and amounts paid into the SRT are reported as deposits to the restricted asset rather than pension contributions. Union City Schools has also recognized its share of investment income on amounts invested.

The TCRS Board of Trustees is responsible for the proper operation and administration of the Trust. Funds of Trust members are held and invested in the name of the Trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of Union City Schools.

The Trust is authorized to make investments as directed by the TCRS Board of Trustees. Union City Schools may not impose any restrictions on investments placed by the Trust on their behalf. For further information concerning Union City Schools' investments with the TCRS Stabilization Reserve Trust, audited financial statements of TCRS may be obtained at [https:// treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

Total Pension Expense

Total pension expense in the aggregate under all plans for the year ended June 30, 2024, was \$1,161,323 and is reported in the statement of activities in functional expenses.

D. Other Postemployment Benefits

General Information about the Teacher Group OPEB Plan

Plan description. Employees of Union City Board of Education who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies who choose coverage participate in the TGOP. This plan is closed to employees that were hired on or after July 1, 2015.

Benefits provided. Union City Board of Education offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff, and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), no partnership promise PPO, standard PPO, limited PPO, or the wellness healthsavings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the TGOP receive the same plan benefits as active employees at a blended premium

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rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Union City Board of Education does not directly subsidize their pre-65 retiree insurance premiums and, therefore, are only subject to the implicit subsidy. The State, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees' premiums, based on years of service. Therefore, retirees with (a) 30 or more years of service will receive 45%; (b) 20 but less than 30 years of service – 35%; and (c) less than 20 years of service – 20%, of the scheduled premium. No subsidy is provided for enrollees of the healthsavings CDHP. The TGOP is funded on a pay-as-you-go basis, and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms. At the measurement date of July 1, 2023, the following employees were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	1
Active employees	138
Total	<u>151</u>

An insurance committee created in accordance with TCA 8-27-301 establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, Union City Board of Education paid \$87,197 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	
Pre-65 rates in 2023	10.31 percent, decreasing annually over 11 years to an ultimate rate of 4.5 percent
Post-65 rates in 2023	12.44 percent, decreasing annually over 11 years to an ultimate rate of 4.5 percent
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation, a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuation were the same as those employed in the July 1, 2020, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on

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the results of an actuarial experience study for the period July 1, 2016 – June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the Pub-2010 Headcount-weighted Mortality Table for Teacher Employees projected generationally with Scale MP-2020 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender-distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

Discount rate. The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds prevailing on the measurement date with an average rating of AA/Aa, as shown on the Bond Buyer 20-year Municipal GO AA index.

Changes in assumptions. The discount rate was changed from 3.54 percent as of the beginning of the measurement period to 3.65 percent as of June 30, 2023. This change in assumption decreased the total OPEB liability.

Changes in collective total OPEB liability

Balance at 6/30/22	<u>\$ 2,801,206</u>
Changes for the year:	
Service cost	127,079
Interest	101,126
Changes in benefit terms	-
Differences between expected and actual experience	(76,186)
Changes in assumptions	200,163
Benefit payments	<u>(144,518)</u>
Net changes	<u>207,664</u>
Balance at 6/30/23	<u>\$ 3,008,870</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,209,818
Employer's proportionate share of the collective total OPEB liability	1,799,053
Employer's proportion of the collective total OPEB liability	59.79%

Union City Board of Education has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Union City Board of Education's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed -1.97% from the prior measurement date. Union City Board of Education recognized \$145,865 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Union City Board of Education retirees.

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate. The following presents the proportionate share of the collective total OPEB liability related to the

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TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Proportionate share of collective total OPEB liability using:

1% decrease in discount rate	2.65%	\$1,949,693
Current discount rate	3.65%	\$ 1,799,053
1% increase in discount rate	4.65%	\$ 1,657,730

Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rates. The following presents the proportionate share of the collective total OPEB liability, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Proportionate share of collective total OPEB liability using:

1% decrease in healthcare cost trend rates	9.31/11.44% decreasing to 3.50%	\$1,593,723
Current healthcare cost trend rates	10.31/12.44% decreasing to 4.50%	\$1,799,053
1% increase in healthcare cost trend rates	11.31/13.44% decreasing to 5.50%	\$ 2,041,208

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

For the year ended June 30, 2024, Union City Board of Education recognized OPEB expense of \$331,327 for the Teacher Group OPEB Plan.

At June 30, 2024, Union City Board of Education reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 386,482	\$ 173,337
Changes in assumptions	391,934	224,490
Changes in proportion and differences between amounts paid as benefits came due and proportionate share of amounts paid by the employer and nonemployer contributors as the benefits came due	19,499	120,919
Employer payments subsequent to the measurement date	87,197	-
Total	<u>\$ 885,112</u>	<u>\$ 518,746</u>

The amount reported above as deferred outflows of resources related to OPEB resulting from employer payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the following measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in the following measurement periods:

June 30, 2024	\$ 49,014
2025	49,014
2026	49,014
2027	49,014

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2028	52,471
Thereafter	30,642

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

Tennessee Plan

Plan description. Employees of Union City Board of Education who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). All eligible post-65 retired teachers and disability participants of local education agencies who choose coverage participate in the TNP. This plan is closed to employees that were hired on or after July 1, 2015.

Benefits provided. The State offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation between the insurance committees created by TCA 8-27-201, 8-27-301, and 8-27-701. Retirees and disabled employees of the State, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible, and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. Union City Board of Education does not directly subsidize their post-65 retiree insurance premiums. The State, as a governmental nonemployer contributing entity, contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with (a) 30 years of service receive \$50 per month; (b) 20 years of service but less than 30 – \$37.50; and (c) 15 years of service but less than 20 – \$25. The TNP is funded on a pay-as-you-go basis, and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms. At the measurement date of June 30, 2023, the following employees were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefits	70
Inactive employees entitled to but not yet receiving benefits	19
Active employees	105
Total	<u>194</u>

In accordance with TCA 8-27-209, the State insurance committees established by TCA 8-27-201, 8-27-301, and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, Union City Board of Education did not make any payments to the TNP for OPEB benefits as they came due.

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Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuation were the same as those employed in the July 1, 2020, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the Headcount-weighted below median Teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2021. Post-retirement tables are adjusted with a 19% load for males and an 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender-distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2021.

Discount rate. The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds prevailing on the measurement date with an average rating of AA/Aa, as shown on the Bond Buyer 20-year Municipal GO AA index.

Changes in assumptions. The discount rate was changed from 3.54 percent as of the beginning of the measurement period to 3.65 percent as of June 30, 2023. This change in assumption increased the total OPEB liability.

Changes in collective total OPEB liability

Balance at 6/30/22	\$ 513,084
Changes for the year:	
Service cost	5,724
Interest	17,779
Changes in benefit terms	-
Differences between expected and actual experience	12,989
Changes in assumptions	(4,690)
Benefit payments	(33,448)
Other changes	-
Net changes	(1,646)
Balance at 6/30/23	\$ 511,438

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 511,438
Employer's proportionate share of the collective total OPEB liability	-
Employer's proportion of the collective total OPEB liability	0.00%

Union City Board of Education has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. Union City Board of Education's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion of 0% did not change from the prior measurement date. Union City Board of Education recognized \$12,240 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for Union City Board of Education retired employees.

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

For the year ended June 30, 2024, Union City Board of Education recognized OPEB expense of \$12,240 for the Tennessee Plan.

Total Other Postemployment Benefits Expense

Total OPEB expense in the aggregate under all plans for the year ended June 30, 2024, was \$343,567 and is reported in the statement of activities in functional expenses.

E. Discretely Presented Component Unit

The Union City Energy Authority (UCEA) is considered a discretely presented component unit of the City of Union City. Following are condensed financial statements for the current year. Complete financial statements can be obtained by contacting the Authority at 312 N. Division Street, Union City, Tennessee 38261, or by writing to P.O. Box 369, Union City, Tennessee 38281.

Condensed Statement of Net Position

Cash and other current assets	\$ 19,126,750
Capital assets, net	21,121,166
Other assets	79,233
Total assets	40,327,149
Total deferred outflows of resources	1,572,515
Current liabilities	\$ (5,319,125)
Long-term liabilities	(1,821,290)
Total liabilities	(7,140,415)
Deferred inflows of resources	(288,676)
Net position	\$ 34,470,573

CITY OF UNION CITY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Condensed Statement of Activities

Charges for services		\$ 30,476,299
Grants and contributions		-
General revenues		<u>615,959</u>
Total program revenues		31,092,258
Expenses		
Purchased power	\$(22,902,781)	
Depreciation	(1,626,258)	
Other operating expenses	<u>(4,299,527)</u>	
Total expenses		<u>(28,828,566)</u>
Change in net position		<u>\$ 2,263,692</u>

CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

Schedule of Changes in City of Union City's
Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Plan Years Ended June 30,

	2014	2015	2016	2017	2018
Total pension liability					
Service cost	\$ 435,028	\$ 388,412	\$ 417,977	\$ 485,185	\$ 545,809
Interest	1,792,275	1,815,178	1,920,985	1,957,386	2,051,977
Changes in benefit terms	-	-	-	-	-
Differences in actual and expected experience	(671,601)	398,817	(593,052)	427,026	(500,846)
Change of assumptions	-	-	-	695,942	-
Benefit payments, incl. refunds	(1,270,878)	(1,136,536)	(1,305,897)	(1,349,655)	(1,493,354)
Net change	284,824	1,465,871	440,013	2,215,884	603,586
Total pension liability – beginning	24,097,408	24,382,232	25,848,103	26,288,116	28,504,000
Total pension liability – ending	24,382,232	25,848,103	26,288,116	28,504,000	29,107,586
Plan fiduciary net position					
Contributions – employer	532,097	279,434	285,517	202,474	211,946
Contributions – employee	247,696	253,597	258,066	271,966	287,190
Net investment income	3,838,804	813,306	703,658	2,992,039	2,361,602
Benefit payments, incl. refunds	(1,270,878)	(1,136,536)	(1,305,897)	(1,349,655)	(1,493,354)
Administrative expense	(5,593)	(5,896)	(9,121)	(10,421)	(11,875)
Net change	3,342,126	203,905	(67,777)	2,106,403	1,355,509
Plan fiduciary net position – beg.	23,369,393	26,711,519	26,915,424	26,847,647	28,954,050
Plan fiduciary net position – ending	26,711,519	26,915,424	26,847,647	28,954,050	30,309,559
Net pension liability (asset)	\$ (2,329,287)	\$ (1,067,321)	\$ (559,531)	\$ (450,050)	\$ (1,201,973)
Plan fiduciary net position as a percentage of total pension liability	109.55%	104.13%	102.13%	101.58%	104.13%
Covered payroll	\$ 4,935,968	\$ 5,025,794	\$ 5,135,185	\$ 5,428,254	\$ 5,743,765
Net pension liability (asset) as a percentage of covered payroll	(47.19)%	(21.24)%	(10.90)%	(8.29)%	(20.93)%

Notes to Schedule:

Changes in assumptions. 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.

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CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

Schedule of Changes in City of Union City's
Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Plan Years Ended June 30,

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	2019	2020	2021	2022	2023
Total pension liability					
Service cost	\$ 490,168	\$ 475,145	\$ 469,085	\$ 524,879	\$ 570,706
Interest	2,087,031	2,187,166	2,234,300	2,271,382	2,340,380
Changes in benefit terms	-	-	-	-	-
Differences between actual and expected experience	526,086	(164,913)	(450,248)	115,573	1,458,594
Change of assumptions	-	-	2,410,166	-	-
Benefit payments, incl. refunds	(1,622,232)	(1,791,948)	(1,890,486)	(1,883,361)	(1,987,579)
Net change	1,481,053	705,450	2,772,817	1,028,473	2,382,101
Total pension liability – beginning	29,107,586	30,588,639	31,294,089	34,066,906	35,095,379
Total pension liability – ending (a)	30,588,639	31,294,089	34,066,906	35,095,379	37,477,480
Plan fiduciary net position					
Contributions – employer	241,727	193,801	204,893	216,637	446,743
Contributions – employee	287,089	288,440	293,020	346,468	359,083
Net investment income	2,215,725	1,525,764	7,977,608	(1,435,920)	2,341,510
Benefit payments, incl. refunds	(1,622,232)	(1,791,948)	(1,890,486)	(1,883,361)	(1,987,579)
Administrative expense	(10,885)	(10,640)	(10,853)	(12,288)	(14,030)
Net change	1,111,424	205,417	6,574,182	(2,768,464)	1,145,727
Fiduciary net position – beginning	30,309,559	31,420,983	31,626,400	38,200,582	35,432,118
Fiduciary net position – ending (b)	31,420,983	31,626,400	38,200,582	35,432,118	36,577,845
Net pension liability – ending (a – b)	\$ (832,344)	\$ (332,311)	\$ (4,133,676)	\$ (336,739)	\$ 899,635
Plan fiduciary net position as a percentage of total pension liability	102.72%	101.06%	112.13%	100.96%	97.60%
Covered payroll	\$5,738,862	\$5,700,044	\$5,837,384	\$6,174,180	\$7,068,710
Net pension liability as a percentage of covered payroll	(14.50)%	(5.83)%	(70.81)%	(5.45)%	12.73%

Notes to Schedule:

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.

CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

Schedule of City of Union City's
Contributions Based on Participation in the
Public Employee Pension Plan of TCRS
Fiscal Years Ended June 30,

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contributions	\$ 279,434	\$ 285,517	\$ 202,474	\$ 211,946	\$ 241,727
Contributions in relation to the actuarially determined contribution	<u>279,434</u>	<u>285,517</u>	<u>202,474</u>	<u>211,946</u>	<u>241,727</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 5,025,794	 \$ 5,135,185	 \$ 5,428,254	 \$ 5,743,765	 \$ 5,738,862
Contributions as a percentage of covered payroll	5.56%	5.56%	3.73%	3.69%	4.21%
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially determined contributions	\$ 193,801	\$ 204,893	\$ 216,638	\$ 446,743	\$ 469,410
Contributions in relation to the actuarially determined contribution	<u>193,801</u>	<u>204,893</u>	<u>216,638</u>	<u>446,743</u>	<u>469,410</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 5,700,044	 \$ 5,837,384	 \$ 6,174,180	 \$ 7,068,710	 \$ 7,427,364
Contributions as a percentage of covered payroll	3.40%	3.51%	3.51%	6.32%	6.32%

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2024 were calculated based on the June 30, 2022, 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, by tiers	13 years for June 30, 2015, actuarial valuation, 14 years for June 30, 2016, actuarial valuation 8.10 years for June 30, 2017, actuarial valuation 16 years for June 30, 2018, actuarial valuation 16.53 years for June 30, 2019, actuarial valuation 18 years for June 30, 2020, actuarial valuation increasing by one year for each valuation from 2021 through 2022
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent

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CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.125 percent

Changes in 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.

CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

**Schedule of Changes in Union City Board of Education's
Net Pension Liability and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS**
Plan Years Ended June 30,

	2014	2015	2016	2017	2018
Total pension liability					
Service cost	\$ 102,261	\$ 116,659	\$ 127,867	\$ 135,108	\$ 135,698
Interest	333,366	361,757	370,585	387,728	402,532
Changes in benefit terms	-	-	-	-	-
Differences between actual and expected experience	138,805	(155,749)	(36,118)	(5,033)	29,852
Change of assumptions	-	-	-	110,929	-
Benefit payments, including refunds of employee contributions	(211,294)	(209,280)	(223,041)	(258,964)	(234,769)
Net change	363,138	113,387	239,293	369,768	333,313
Total pension liability – beginning	4,448,263	4,811,401	4,924,788	5,164,081	5,533,849
Total pension liability – ending	4,811,401	4,924,788	5,164,081	5,533,849	5,867,162
Plan fiduciary net position					
Contributions – employer	100,408	113,671	121,797	134,547	133,867
Contributions – employee	58,581	65,479	70,160	77,505	75,634
Net investment income	655,451	140,429	123,765	538,477	435,695
Benefit payments, including refunds of employee contributions	(211,294)	(209,280)	(223,041)	(258,964)	(234,769)
Administrative expense	(2,399)	(3,145)	(3,360)	(5,221)	(5,598)
Net change	600,747	107,154	89,321	486,344	404,829
Fiduciary net position – beginning	3,980,826	4,581,573	4,688,727	4,778,048	5,264,392
Fiduciary net position – ending	4,581,573	4,688,727	4,778,048	5,264,392	5,669,221
Net pension liability	\$ 229,828	\$ 236,061	\$ 386,033	\$ 269,457	\$ 197,941
Plan fiduciary net position as a percentage of total pension liability	95.22%	95.21%	92.52%	95.13%	96.63%
Covered payroll	\$1,171,614	\$1,309,569	\$1,403,195	\$1,550,077	\$1,512,621
Net pension liability as a percentage of covered payroll	19.62%	18.03%	27.51%	17.38%	13.09%

Changes in assumptions. 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.

CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

**Schedule of Changes in Union City Board of Education's
Net Pension Liability and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS**
Plan Years Ended June 30,

—continued from previous page

	2019	2020	2021	2022	2023
Total pension liability					
Service cost	\$ 135,997	\$ 151,020	\$ 148,805	\$ 202,801	\$ 228,367
Interest	426,275	448,843	490,687	521,192	552,926
Changes in benefit terms	-	-	-	-	-
Differences between actual and expected experience	(5,526)	251,284	(54,812)	5,889	133,723
Change of assumptions	-	-	586,353	-	-
Benefit payments, including refunds of employee contributions	(247,015)	(273,954)	(269,586)	(273,930)	(296,703)
Net change	309,731	577,193	901,447	455,952	618,313
Total pension liability – beginning	5,867,162	6,176,893	6,754,086	7,655,533	8,111,485
Total pension liability – ending (a)	6,176,893	6,754,086	7,655,533	8,111,485	8,729,798
Plan fiduciary net position					
Contributions – employer	142,230	158,020	178,480	197,229	221,929
Contributions – employee	80,357	90,712	102,457	113,220	127,399
Net investment income	421,023	299,843	1,633,505	(305,401)	518,558
Benefit payments, including refunds of employee contributions	(247,015)	(273,954)	(269,586)	(273,930)	(296,703)
Administrative expense	(5,274)	(5,645)	(6,027)	(7,197)	(8,197)
Net change	391,321	268,976	1,638,829	(276,079)	562,986
Fiduciary net position – beginning	5,669,221	6,060,542	6,329,518	7,968,347	7,692,268
Fiduciary net position – ending (b)	6,060,542	6,329,518	7,968,347	7,692,268	8,255,254
Net pension liability – ending (a – b)	\$ 116,351	\$ 424,568	\$ (312,814)	\$ 419,217	\$ 474,544
Plan fiduciary net position as a percentage of total pension liability	98.12%	93.71%	104.09%	94.83%	94.56%
Covered payroll	\$1,607,117	\$1,814,234	\$2,049,134	\$2,264,390	\$2,547,975
Net pension liability as a percentage of covered payroll	7.24%	23.40%	(15.27)%	18.51%	18.62%

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.

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CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

**Schedule of Union City Board of Education's
Contributions Based on Participation in the
Public Employee Pension Plan of TCRS**
Fiscal Years Ended June 30,

	2015	2016	2017	2018	2019
Actuarially determined contributions	\$ 113,671	\$ 121,797	\$ 134,547	\$ 133,867	\$ 142,230
Contributions in relation to the actuarially determined contribution	113,671	121,797	134,547	133,867	142,230
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,309,569	\$ 1,403,195	\$ 1,550,077	\$ 1,512,621	\$ 1,607,117
Contributions as a percentage of covered payroll	8.68%	8.68%	8.68%	8.85%	8.85%
	2020	2021	2022	2023	2024
Actuarially determined contributions	\$ 158,020	\$ 178,480	\$ 197,229	\$ 221,929	\$ 241,425
Contributions in relation to the actuarially determined contribution	158,020	178,480	197,229	221,929	241,425
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,814,234	\$ 2,049,134	\$ 2,264,390	\$ 2,547,975	\$ 2,771,816
Contributions as a percentage of covered payroll	8.71%	8.71%	8.71%	8.71%	8.71%

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2024 were calculated based on the June 30, 2022, 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 periods, by tiers	3.559 years at June 30, 2013, valuation 13 years at June 30, 2015, valuation 11.01 years at June 30, 2016, valuation All valuations starting with June 30, 2017, used an initial 20-year amortization period
Asset valuation	10-year smoothed within a 20 percent corridor to market value

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CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.125 percent

Changes in 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.

CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

Schedule of Union City Schools' Proportionate Share of the
Net Pension Liability (Asset)
Teacher Legacy Pension Plan of TCRS
Plan Years Ended June 30,

	2014	2015	2016	2017	2018
UC Schools' proportion of the net pension liability (asset)	0.149261%	0.151466%	0.163203%	0.179229%	0.180501%
UC Schools' proportionate share of the net pension liability (asset)	\$ (24,254)	\$ 62,046	\$ 1,019,931	\$ (58,640)	\$ (635,166)
UC Schools' covered payroll	\$ 5,716,551	\$ 5,670,125	\$ 5,891,315	\$ 6,322,531	\$ 6,320,537
UC Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.42)%	1.09%	17.31%	(0.93)%	(10.05)%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%
	2019	2020	2021	2022	2023
UC Schools' proportion of the net pension liability (asset)	0.190045%	0.182238%	0.185669%	0.185761%	0.186717%
UC Schools' proportionate share of the net pension liability (asset)	\$(1,954,009)	\$(1,389,697)	\$(8,008,346)	\$(2,278,184)	\$(2,201,350)
UC Schools' covered payroll	\$ 6,372,491	\$ 6,064,822	\$ 6,093,967	\$ 6,113,282	\$ 6,059,067
UC Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(30.66)%	(22.91)%	(131.41)%	(37.27)%	(36.33)%
Plan fiduciary net position as a percentage of the total pension liability	104.28%	103.09%	116.13%	104.42%	104.11%

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CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

Schedule of Union City Schools' Contributions
Teacher Legacy Pension Plan of TCRS
Fiscal Years Ended June 30,

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 512,579	\$ 532,575	\$ 572,744	\$ 573,905	\$ 666,563
Contribution in relation to the contractually required contribution	<u>512,579</u>	<u>532,575</u>	<u>572,744</u>	<u>573,905</u>	<u>666,563</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Union City Schools' covered payroll	\$ 5,670,125	\$ 5,891,315	\$ 6,322,531	\$ 6,320,537	\$ 6,372,491
Contributions as a percentage of Union City Schools' covered payroll	9.04%	9.04%	9.06%	9.08%	10.46%
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$ 644,956	\$ 625,851	\$ 629,668	\$ 526,534	\$ 424,359
Contribution in relation to the contractually required contribution	<u>644,956</u>	<u>625,851</u>	<u>629,668</u>	<u>526,534</u>	<u>424,359</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Union City Schools' covered payroll	\$ 6,064,822	\$ 6,093,967	\$ 6,113,282	\$ 6,059,067	\$ 6,231,417
Contributions as a percentage of Union City Schools' covered payroll	10.63%	10.27%	10.30%	8.69%	6.81%

Notes to Schedule

Changes in 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. 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.

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

Schedule of Union City Schools' Proportionate Share of the
Net Pension Liability (Asset)
Teacher Retirement Plan of TCRS
Plan Years Ended June 30,

	2015	2016	2017	2018	2019
Union City Schools' proportion of the net pension liability (asset)	0.173272%	0.160859%	0.114581%	0.101729%	0.094591%
Union City Schools' proportionate share of the net pension liability (asset)	\$ (6,971)	\$ (16,746)	\$ (30,230)	\$ (46,137)	\$ (53,395)
Union City Schools' covered payroll	\$ 360,011	\$ 707,785	\$ 765,166	\$ 888,987	\$1,000,966
Union City Schools' proportionate share of the net pension asset as a percentage of covered payroll	(1.94%)	(2.37%)	(3.95%)	(5.19%)	(5.33%)
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%	123.07%
	2020	2021	2022	2023	
Union City Schools' proportion of the net pension liability (asset)	0.098439%	0.103000%	0.093269%	0.093338%	
Union City Schools' proportionate share of the net pension liability (asset)	\$ (55,977)	\$ (111,570)	\$ (28,254)	\$ (39,579)	
Union City Schools' covered payroll	\$1,241,996	\$1,486,517	\$1,592,738	\$1,856,531	
Union City Schools' proportionate share of the net pension asset as a percentage of covered payroll	(4.51%)	(7.51%)	(1.77%)	(2.13%)	
Plan fiduciary net position as a percentage of the total pension liability	116.52%	121.53%	104.55%	104.97%	

This schedule is required to present ten years of data. However, information measured in accordance with the requirements of GASB Statement No. 68 is not available for years prior to those presented above. During the transition period, this information will be presented for as many years as are available.

CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

Schedule of Union City Schools' Contributions
Teacher Retirement Plan of TCRS
Fiscal Years Ended June 30,

	2015	2016	2017	2018	2019
Contractually required contribution	\$ 9,000	\$ 17,717	\$ 30,607	\$ 14,497	\$ 19,419
Contribution in relation to the contractually required contribution	14,401	28,311	30,607	35,560	19,419
Contribution deficiency (excess)	<u>\$ (5,401)</u>	<u>\$ (10,594)</u>	<u>\$ -</u>	<u>\$ (21,063)</u>	<u>\$ -</u>
Union City Schools' covered payroll	\$ 360,011	\$ 707,785	\$ 765,166	\$ 888,987	\$1,000,966
Contributions as a percentage of Union City Schools' covered payroll	4.00%	4.00%	4.00%	4.00%	1.94%
	2020	2021	2022	2023	2024
Contractually required contribution	\$ 25,217	\$ 30,028	\$ 32,014	\$ 53,282	\$ 63,622
Contribution in relation to the contractually required contribution	25,217	30,028	32,014	53,282	63,622
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Union City Schools' covered payroll	\$1,241,996	\$1,486,517	\$1,592,738	\$1,856,531	\$2,156,676
Contributions as a percentage of Union City Schools' covered payroll	2.03%	2.02%	2.01%	2.87%	2.95%

Notes to Schedule

The statute governing the Teacher Retirement Plan provides for a minimum employer contribution rate of 4%, with contributions in excess of the actuarially determined rate deposited into a stabilization reserve. Effective July 1, 2018, stabilization reserve payments are held in a separate trust outside of TCRS for the benefit of each participating employer and, therefore, are no longer included in the above schedule.

Changes in 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. 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.

CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

**Schedule of Changes in Union City Board of Education's
Proportionate Share of the Collective OPEB Liability and Related Ratios
Teacher Group OPEB Plan
Plan Years Ended June 30,**

	2017	2018	2019	2020	2021
Service cost	\$ 105,667	\$ 97,723	\$ 89,537	\$ 104,269	\$ 121,379
Interest	49,949	60,283	49,512	69,453	51,170
Changes in benefit terms	-	-	(130,846)	-	-
Differences between expected and actual experience	-	(441,234)	838,228	(15,041)	160,630
Changes in assumptions	(80,979)	48,389	(162,709)	265,294	426,428
Benefit payments	(82,592)	(85,270)	(80,587)	(94,480)	(114,158)
Net change in total OPEB liability	(7,955)	(320,109)	603,135	329,495	645,449
Total OPEB liability – beginning	1,646,201	1,638,246	1,318,137	1,921,272	2,250,767
Total OPEB liability – ending	<u>\$ 1,638,246</u>	<u>\$ 1,318,137</u>	<u>\$ 1,921,272</u>	<u>\$ 2,250,767</u>	<u>\$ 2,896,216</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 560,169	\$ 421,230	\$ 613,301	\$ 733,188	\$ 1,026,570
Employer's proportionate share of the collective total OPEB liability	\$ 1,078,077	\$ 896,908	\$ 1,307,971	\$ 1,517,579	\$ 1,869,646
Board of Education's covered-employee payroll	\$ 7,235,844	\$ 7,490,882	\$ 7,821,233	\$ 8,295,095	\$ 8,707,381
Employer's proportionate share of the collective total OPEB liability as a percentage of covered-employee payroll	14.9%	12.0%	16.7%	18.3%	21.5%

Notes to Schedule

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

Changes in assumptions. The discount rate was changed from 2.21 percent as of the beginning of the measurement period to 2.16 percent as of June 30, 2021. This change in assumption increased the total OPEB liability. The inflation rate also changed from 2.10 percent to 2.25 percent.

The discount rate was changed from 3.51 percent as of the beginning of the measurement period to 2.21 percent as of June 30, 2020. This change in assumption increased the total OPEB liability. The inflation rate changed from 2.20% to 2.10%.

In 2019, the discount rate was changed from 3.62 percent as of the beginning of the measurement period to 3.51 percent. This change in assumption increased the total OPEB liability. The inflation rate changed from 2.25% to 2.20%.

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

**Schedule of Changes in Union City Board of Education's
Proportionate Share of the Collective OPEB Liability and Related Ratios
Teacher Group OPEB Plan
Plan Years Ended June 30,**

<i>continued</i>	2022	2023
Service cost	\$ 162,365	\$ 127,079
Interest	64,710	101,126
Changes in benefit terms	-	-
Differences between expected and actual experience	134,983	(76,186)
Changes in assumptions	(330,925)	200,163
Benefit payments	(126,143)	(144,518)
Net change in total OPEB liability	(95,010)	207,664
Total OPEB liability – beginning	2,896,216	2,801,206
Total OPEB liability – ending	<u>\$ 2,801,206</u>	<u>\$ 3,008,870</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,071,153	\$ 1,209,818
Employer's proportionate share of the collective total OPEB liability	\$ 1,730,053	\$ 1,799,052
Board of Education's covered- employee payroll	\$ 8,944,013	\$ 9,206,827
Employer's proportionate share of the collective total OPEB liability as a percentage of covered-employee payroll	19.3%	19.6%

Notes to Schedule

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

Changes in assumptions. The discount rate was changed from 2.16 percent as of the beginning of the measurement period to 3.54 percent as of June 30, 2022. This change in assumption decreased the total OPEB liability. The discount rate was changed from 3.54 percent as of the beginning of the measurement period to 3.65 percent as of June 30, 2023. This change in assumption decreased the total OPEB liability.

This schedule is required to present ten years of data. However, information measured in accordance with the requirements of GASB Statement No. 75 is not available for years prior to those presented above. During the transition period, this information will be presented for as many years as are available.

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

**Schedule of Changes in Union City Board of Education's
Proportionate Share of the Collective OPEB Liability and Related Ratios
Tennessee OPEB Plan
Plan Years Ended June 30,**

	2017	2018	2019	2020	2021
Service cost	\$ 9,533	\$ 7,760	\$ 6,672	\$ 1,819	\$ 11,064
Interest	18,612	20,737	19,808	14,389	15,474
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(25,277)	(131,818)	(1,681)	(15,453)
Changes in assumptions	(46,611)	(3,729)	5,670	299,968	(88,100)
Benefit payments	(34,500)	(34,832)	(32,914)	(32,517)	(34,365)
Net change in total OPEB liability	(52,966)	(35,341)	(132,582)	281,978	(111,380)
Total OPEB liability – beginning	645,125	592,159	556,818	424,236	706,214
Total OPEB liability – ending	<u>\$ 592,159</u>	<u>\$ 556,818</u>	<u>\$ 424,236</u>	<u>\$ 706,214</u>	<u>\$ 594,834</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 592,159	\$ 556,818	\$ 424,236	\$ 706,214	\$ 594,834
Employer's proportionate share of the collective total OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
Union City Board of Education's covered-employee payroll	\$ 7,235,844	\$ 7,490,882	\$ 7,821,233	\$ 8,295,095	\$ 8,707,381
Employer's proportionate share of the collective total OPEB liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule

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

Changes in assumptions. The discount rate was changed from 2.21 percent as of the beginning of the measurement period to 2.16 percent as of June 30, 2021. This change in assumption increased the total OPEB liability. The inflation rate also changed from 2.10% to 2.25%.

The discount rate was changed from 3.51 percent as of the beginning of the measurement period to 2.21 percent as of June 30, 2020. This change in assumption increased the total OPEB liability. The inflation rate changed from 2.20% to 2.10%.

The discount rate was changed from 3.62 percent as of the beginning of the measurement period to 3.51 percent as of June 30, 2019. This change in assumption increased the total OPEB liability. The inflation rate changed from 2.25% to 2.20%.

CITY OF UNION CITY, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

**Schedule of Changes in Union City Board of Education's
Proportionate Share of the Collective OPEB Liability and Related Ratios
Tennessee OPEB Plan
Plan Years Ended June 30,**

<i>continued</i>	2022	2023
Service cost	\$ 9,128	\$ 5,724
Interest	12,696	17,779
Changes in benefit terms	-	-
Differences between expected and actual experience	20,839	12,989
Changes in assumptions	(91,853)	(4,690)
Benefit payments	(32,560)	(33,448)
Net change in total OPEB liability	(81,750)	(1,646)
Total OPEB liability – beginning	594,834	513,084
Total OPEB liability – ending	<u>\$ 513,084</u>	<u>\$ 511,438</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 513,084	\$ 511,438
Employer's proportionate share of the collective total OPEB liability	\$ -	\$ -
Union City Board of Education's covered-employee payroll	\$ 8,944,013	\$ 9,206,827
Employer's proportionate share of the collective total OPEB liability as a percentage of covered-employee payroll	0.00%	0.00%

Notes to Schedule

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

Changes in assumptions. The discount rate was changed from 2.16 percent as of the beginning of the measurement period to 3.54 percent as of June 30, 2022. This change in assumption decreased the total OPEB liability. The discount rate was changed from 3.54 percent as of the beginning of the measurement period to 3.65 percent as of June 30, 2023. This change in assumption decreased the total OPEB liability.

This schedule is required to present ten years of data. However, information measured in accordance with the requirements of GASB Statement No. 75 is not available for years prior to those presented above. During the transition period, this information will be presented for as many years as are available

See independent auditor's report

SUPPLEMENTARY AND OTHER INFORMATION SECTION

**CITY OF UNION CITY, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2024

	Special Revenue Funds									Permanent Fund	Total Nonmajor Funds
	Hotel/ Motel Tax	State Street Aid	Drug Enforce- ment	Speed and Red Light Enforcement	School Federal Projects	School Central. Cafeteria	Internal School	Solid Waste	Storm Water	Cemetery Trust	
ASSETS											
Cash	\$ 11,151	\$ 146,841	\$ 186,517	\$ -	\$ 105	\$ 335,708	\$ 605,612	\$ 1,519,144	\$894,730	\$ -	\$ 3,699,808
Restricted cash	-	-	-	-	-	-	-	-	-	249,884	249,884
Accounts receivable	37,225	-	7,000	-	-	38	2,046	325,690	52,765	-	424,764
Other taxes receivable	-	68,281	-	-	-	-	-	-	-	-	68,281
Due from grantors	-	-	-	-	566,361	17,796	-	-	-	-	584,157
Due from other funds	-	-	-	-	-	8,813	-	7,633	1,008	31	17,485
Inventory	-	-	-	-	-	17,931	-	-	-	-	17,931
Total assets	\$ 48,376	\$ 215,122	\$ 193,517	\$ -	\$ 566,466	\$ 380,286	\$ 607,658	\$ 1,852,467	\$ 948,503	\$ 249,915	\$ 5,062,310
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts payable	\$ 37,225	\$ -	\$ 216	\$ -	\$ 40,887	\$ -	\$ -	\$ 139,037	\$ -	\$ -	\$ 217,365
Accrued payroll	-	-	-	-	-	-	-	216	-	-	216
Withholdings payable	-	-	-	-	-	2,391	-	-	560	-	2,951
Due to other funds	-	-	-	-	25,579	-	-	11,890	4,747	-	42,216
Unearned grant revenue	-	-	-	-	-	19,133	-	-	-	-	19,133
Total liabilities	37,225	-	216	-	66,466	21,524	-	151,143	5,307	-	281,881
Fund Balances											
Nonspendable - inventory	-	-	-	-	-	17,931	-	-	-	-	17,931
Restricted	11,151	215,122	193,301	-	500,000	340,831	607,658	1,701,324	943,196	249,915	4,762,498
Total fund balances	11,151	215,122	193,301	-	500,000	358,762	607,658	1,701,324	943,196	249,915	4,780,429
Total liabilities and fund balances	\$ 48,376	\$ 215,122	\$ 193,517	\$ -	\$ 566,466	\$ 380,286	\$ 607,658	\$ 1,852,467	\$ 948,503	\$ 249,915	\$ 5,062,310

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	Special Revenue Funds									Permanent Fund	
	Hotel/ Motel Tax	State Street Aid	Drug Enforce- ment	Speed and Red Light Enforcemt	School Federal Projects	School Central. Cafeteria	Internal School	Solid Waste	Storm Water	Cemetery Trust	Total Nonmajor Funds
Revenues											
Local taxes	\$383,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 383,759
Intergovernmental revenue	-	390,644	-	-	2,714,342	1,228,246	-	-	-	-	4,333,232
Fines, forfeitures and penalties	-	-	61,957	-	-	-	-	26,549	-	-	88,506
Charges for services	-	-	-	-	-	-	-	2,241,087	388,238	-	2,629,325
Interest	1,758	5,544	10,336	1,007	-	17,010	-	73,979	49,332	4,307	163,273
Sale of equipment	-	-	13,000	-	-	-	-	-	-	-	13,000
Local revenue	-	-	-	-	-	169,943	731,237	-	-	-	901,180
Total revenues	385,517	396,188	85,293	1,007	2,714,342	1,415,199	731,237	2,341,615	437,570	4,307	8,512,275
Expenditures											
Financial administration	19,188	-	-	-	-	-	-	-	-	-	19,188
Education	-	-	-	-	2,606,764	-	641,270	-	-	-	3,248,034
School food service	-	-	-	-	-	1,459,579	-	-	-	-	1,459,579
Crime control and investigation	-	-	47,210	-	-	-	-	-	-	-	47,210
Roads and streets	-	344,168	-	54,031	-	-	-	-	-	-	398,199
Cemetery maintenance	-	-	-	-	-	-	-	-	-	4,307	4,307
Community development	364,571	-	-	-	-	-	-	-	-	-	364,571
Stormwater management	-	-	-	-	-	-	-	-	418,801	-	418,801
Sanitation	-	-	-	-	-	-	-	1,959,938	-	-	1,959,938
Total expenditures	383,759	344,168	47,210	54,031	2,606,764	1,459,579	641,270	1,959,938	418,801	4,307	7,919,827
Revenues over (under) expenditures	1,758	52,020	38,083	(53,024)	107,578	(44,380)	89,967	381,677	18,769	-	592,448
Other financing sources (uses)											
Transfers out	-	-	-	-	(107,578)	-	-	-	-	-	(107,578)
Net change in fund balances	1,758	52,020	38,083	(53,024)	-	(44,380)	89,967	381,677	18,769	-	484,870
Fund balances - July 1, 2023	9,393	163,102	155,218	53,024	500,000	433,879	517,520	1,319,647	924,427	249,915	4,326,125
Restatements	-	-	-	-	-	(24,409)	171	-	-	-	(24,238)
Fund balances - July 1, 2023, restated	9,393	163,102	155,218	53,024	500,000	409,470	517,691	1,319,647	924,427	249,915	4,301,887
Change in inventory - purchases method	-	-	-	-	-	(6,328)	-	-	-	-	(6,328)
Fund balances - June 30, 2024	\$ 11,151	\$ 215,122	\$193,301	\$ -	\$ 500,000	\$ 358,762	\$607,658	\$1,701,324	\$943,196	\$249,915	\$4,780,429

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL TAX FUND
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Hotel/Motel tax	\$ 350,000	\$ 350,000	\$ 383,759	\$ 33,759
Interest	50	1,115	1,758	643
Total revenues	<u>350,050</u>	<u>351,115</u>	<u>385,517</u>	<u>34,402</u>
Expenditures				
Administrative fees	17,500	17,525	19,188	1,663
Grants and donations	<u>332,500</u>	<u>333,000</u>	<u>364,571</u>	<u>31,571</u>
Total expenditures	<u>350,000</u>	<u>350,525</u>	<u>383,759</u>	<u>33,234</u>
Revenues over (under) expenditures	50	590	1,758	1,168
Fund balance - July 1, 2023	<u>9,393</u>	<u>9,393</u>	<u>9,393</u>	<u>-</u>
Fund balance - June 30, 2024	<u>\$ 9,443</u>	<u>\$ 9,983</u>	<u>\$ 11,151</u>	<u>\$ 1,168</u>

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STATE STREET AID FUND
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Over</u>
				<u>(Under)</u>
Revenues				
State gasoline and motor fuel tax	\$ 237,251	\$ 200,468	\$ 200,415	\$ (53)
Gas 1989	38,201	28,592	31,332	2,740
Gas 3 cent	70,371	57,431	57,855	424
Gas 2017	56,297	99,683	101,042	1,359
Interest	300	5,662	5,544	(118)
Total revenues	402,420	391,836	396,188	4,352
Expenditures				
Road and street improvements - paving	<u>627,127</u>	<u>518,271</u>	<u>344,168</u>	<u>(174,103)</u>
Revenues over (under) expenditures	(224,707)	(126,435)	52,020	178,455
Fund balance - July 1, 2023	<u>163,102</u>	<u>163,102</u>	<u>163,102</u>	<u>-</u>
Fund balance - June 30, 2024	<u>\$ (61,605)</u>	<u>\$ 36,667</u>	<u>\$ 215,122</u>	<u>\$ 178,455</u>

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DRUG ENFORCEMENT FUND
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Over
				(Under)
Revenues				
Interest	\$ 100	\$ 4,387	\$ 10,336	\$ 5,949
Confiscated items	30,000	30,000	61,957	31,957
Sale of vehicles and equipment	-	-	13,000	13,000
Total revenues	30,100	34,387	85,293	50,906
Expenditures				
Crime control and investigation supplies	5,000	15,000	46,790	31,790
Transportation equipment	64,022	64,000	420	(63,580)
Total expenditures	69,022	79,000	47,210	(31,790)
Revenues over (under) expenditures	(38,922)	(44,613)	38,083	82,696
Fund balance - July 1, 2023	155,218	155,218	155,218	-
Fund balance - June 30, 2024	<u>\$ 116,296</u>	<u>\$ 110,605</u>	<u>\$ 193,301</u>	<u>\$ 82,696</u>

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPEED AND RED LIGHT ENFORCEMENT FUND
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Over</u>
				<u>(Under)</u>
Revenues				
Traffic camera revenue	\$ -	\$ -	\$ -	\$ -
Interest	-	-	1,007	1,007
Total revenues	-	-	1,007	1,007
Expenditures				
Repair and maintenance	500,000	-	54,031	54,031
Revenues over (under) expenditures	(500,000)	-	(53,024)	(53,024)
Fund balance - July 1, 2023	53,024	53,024	53,024	-
Fund balance - June 30, 2024	<u>\$ (446,976)</u>	<u>\$ 53,024</u>	<u>\$ -</u>	<u>\$ (53,024)</u>

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CITY OF UNION CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Revenues				
Title I - grants to local education agencies	\$ 871,023	\$ 797,718	\$ 634,266	\$ (163,452)
Eisenhower professional development state grants	127,514	147,962	90,866	(57,096)
English Language Acquisition Grant	9,106	21,077	21,077	-
Rural Education Grant	77,011	69,924	65,117	(4,807)
Safe and Drug-free Schools state grant	51,144	54,964	50,263	(4,701)
Special education grants - preschool	27,208	28,278	27,807	(471)
Special education grants to states	393,358	430,442	362,781	(67,661)
Vocational education - basic grants to states	34,105	43,834	43,636	(198)
ARPA and COVID-19 grants	<u>1,180,346</u>	<u>1,462,037</u>	<u>1,418,529</u>	<u>(43,508)</u>
Total revenues	<u>2,770,815</u>	<u>3,056,236</u>	<u>2,714,342</u>	<u>(341,894)</u>
Expenditures				
Instruction:				
Regular instruction	1,361,713	1,310,814	1,166,445	(144,369)
Special education	542,746	572,288	542,311	(29,977)
Vocational education	25,579	34,383	34,383	-
Support services:				
Health services	10,000	-	-	-
Other student support	152,347	142,080	139,226	(2,854)
Regular instruction	337,977	429,696	318,563	(111,133)
Special education	79,580	96,474	66,654	(29,820)
Vocational education	1,705	1,851	1,851	-
Maintenance of plant	6,407	6,600	6,727	127
Transportation	79,888	58,586	54,033	(4,553)
Operation of Non-Instructional Services				
Early Childhood Education	56,956	61,925	61,288	(637)
Capital outlay	<u>-</u>	<u>215,283</u>	<u>215,283</u>	<u>-</u>
Total expenditures	<u>2,654,898</u>	<u>2,929,980</u>	<u>2,606,764</u>	<u>(323,216)</u>
Revenues over expenditures	115,917	126,256	107,578	(18,678)
Other Financing Sources (Uses)				
Transfers out	<u>(115,917)</u>	<u>(126,256)</u>	<u>(107,578)</u>	<u>(18,678)</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2023	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Fund balance - June 30, 2024	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SCHOOL CENTRALIZED CAFETERIA FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance
	Original	Final	Actual	Over (Under)
Revenues				
Lunch revenue - children	\$ 117,000	\$ 68,660	\$ 58,927	\$ (9,733)
Lunch revenue - adults	63,000	66,185	66,183	(2)
Breakfast revenue	12,000	2,184	183	(2,001)
Miscellaneous lunch revenue	72,450	49,151	44,650	(4,501)
State matching funds	9,700	9,700	7,839	(1,861)
USDA reimbursements	611,620	651,180	643,433	(7,747)
USDA - other	-	44,854	50,230	5,376
Breakfast reimbursement	405,980	465,646	460,964	(4,682)
Commodity reimbursement	-	73,341	65,780	(7,561)
Interest income	10,000	16,807	17,010	203
Other local revenue	3,300	3,300	-	(3,300)
Total revenues	<u>1,305,050</u>	<u>1,451,008</u>	<u>1,415,199</u>	<u>(35,809)</u>
Expenditures				
Food supplies	635,119	701,480	680,386	(21,094)
Commodity expense	-	73,341	65,780	(7,561)
Salaries - cafeteria personnel	369,747	339,235	338,719	(516)
Supervisor/director	-	44,430	44,430	-
Accountants/bookkeepers	-	32,600	32,600	-
Other salaries and wages	12,000	13,591	5,990	(7,601)
Social security	23,668	26,651	24,274	(2,377)
State retirement	33,250	37,410	34,477	(2,933)
Life insurance	583	570	553	(17)
Medical insurance	136,498	133,725	133,724	(1)
Unemployment compensation	-	12	11	(1)
Medicare	5,535	6,233	5,677	(556)
Maintenance and repair - equipment	-	3,266	3,265	(1)
Transportation costs	4,000	6,904	1,212	(5,692)
Travel	-	1,472	1,472	-
Other contract services	-	19,414	19,962	548
Office supplies	2,000	1,786	2,027	241
Other cafeteria expense	82,650	65,185	65,020	(165)
Total expenditures	<u>1,305,050</u>	<u>1,507,305</u>	<u>1,459,579</u>	<u>(47,726)</u>
Revenues over (under) expenditures	-	(56,297)	(44,380)	11,917
Fund balance - July 1, 2023	433,879	433,879	433,879	-
Restatements	(24,409)	(24,409)	(24,409)	-
Change in inventory	-	-	(6,328)	(6,328)
Fund balance - June 30, 2024	<u>\$ 409,470</u>	<u>\$ 353,173</u>	<u>\$ 358,762</u>	<u>\$ 5,589</u>

See independent auditor's report

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

For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Over
	Original	Final	Actual	(Under)
Revenues				
Refuse collection	\$ 2,254,892	\$ 2,063,751	\$ 2,241,087	\$ 177,336
Forfeited discounts and penalties	20,000	24,787	26,549	1,762
Industrial haul revenue	-	20,000	-	(20,000)
Interest income	1,000	36,719	73,979	37,260
Total revenues	<u>\$ 2,275,892</u>	<u>\$ 2,145,257</u>	<u>\$ 2,341,615</u>	<u>\$ 196,358</u>
Expenditures				
Salaries	180,506	197,761	178,873	(18,888)
Payroll taxes	11,835	13,155	10,806	(2,349)
Health insurance	20,367	21,977	17,757	(4,220)
Retirement	9,782	10,868	8,867	(2,001)
Workers compensation	5,530	6,763	9,526	2,763
Landfill services	1,618,365	1,318,055	1,525,276	207,221
Street sweeping/brush pickup	5,000	5,000	-	(5,000)
Other operating supplies	1,000	1,000	25	(975)
Repairs and maintenance	68,000	78,000	29,865	(48,135)
Roll-off services	150,000	150,000	136,582	(13,418)
Gas, oil and diesel	25,000	41,541	42,361	820
Total expenditures	<u>2,095,385</u>	<u>1,844,120</u>	<u>1,959,938</u>	<u>115,818</u>
Revenues over expenditures	180,507	301,137	381,677	80,540
Fund balance - July 1, 2023	<u>1,319,647</u>	<u>1,319,647</u>	<u>1,319,647</u>	<u>-</u>
Fund balance - June 30, 2024	<u>\$ 1,500,154</u>	<u>\$ 1,620,784</u>	<u>\$ 1,701,324</u>	<u>\$ 80,540</u>

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CITY OF UNION CITY, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STORM WATER FUND

For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Over</u> <u>(Under)</u>
Revenues				
Storm water assessments	\$ 360,000	\$ 360,000	\$ 388,238	\$ 28,238
Interest income	1,200	29,537	49,332	19,795
Total revenues	361,200	389,537	437,570	48,033
Expenditures				
Salaries	64,332	112,326	118,496	6,170
Payroll taxes	4,921	8,593	9,054	461
Health insurance	7,631	13,840	13,747	(93)
Retirement	2,258	7,099	7,318	219
Workman's compensation	1,015	3,591	-	(3,591)
Postage	-	300	-	(300)
Memberships and registrations	300	300	1,934	1,634
Telephone	-	2,200	238	(1,962)
Legal services	1,000	1,000	951	(49)
Engineering and architectural	15,000	16,000	-	(16,000)
Computer and internet	-	-	272	272
Training	2,000	3,000	2,160	(840)
Educational supplies	1,000	1,000	-	(1,000)
Other operating supplies	1,000	1,000	5,133	4,133
Repairs and maintenance	-	-	39	39
State permits	5,000	5,000	3,460	(1,540)
Storm drains	70,000	70,000	92,045	22,045
Mitigation projects	250,000	250,000	163,954	(86,046)
GIS mapping	3,000	3,000	-	(3,000)
Total expenditures	428,457	498,249	418,801	(79,448)
Revenues over (under) expenditures	(67,257)	(108,712)	18,769	127,481
Fund balance - July 1, 2023	924,427	924,427	924,427	-
Fund balance - June 30, 2024	<u>\$ 857,170</u>	<u>\$ 815,715</u>	<u>\$ 943,196</u>	<u>\$ 127,481</u>

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CITY OF UNION CITY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Agency or Pass-through Number	Expenditures
U.S. Department of Housing and Urban Development			
<i>Pass-through Tennessee Department of Economic and Community Development</i>			
Community Development Block Grant	14.239	HM-20-16	\$ 171,828
U.S. Department of Transportation			
<i>Pass-through Tennessee Dept of Safety and Homeland Security</i>			
Highway Safety Cluster:			
State and Community Highway Safety-Network Coordinator	20.600	PT24-128	9,525
State and Community Highway Safety-Network Coordinator	20.600	PT23-119	11,846
			<u>21,371</u>
Alcohol Open Container Requirements:			
Alcohol Countermeasures Enforcement	20.607	154ENFDG-24-136	10,572
Enforcement of Tennessee Driving Under the Influence Laws	20.607	154ENFDG-23-123	13,556
			<u>24,128</u>
Total U.S. Department of Transportation			45,499
U.S. Department of the Treasury			
<i>Pass-through Tennessee Department of Environment and Conservation</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	32701-05054	1,913,305
U.S. Department of Homeland Security			
<i>Pass-through Tennessee Emergency Management Agency</i>			
Assistance to Firefighters	97.044	EMW-2021-FG-05013	31,062
TOTAL FEDERAL AWARDS			<u>\$ 2,161,694</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of City of Union City, Tennessee, under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of U.S. Code of Federal Regulations, Title 2, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of City of Union City, it is not intended to, and does not, present the financial position or changes in financial position of City of Union City. Federal awards for the Union City Board of Education are presented in their separately-issued audit report and, therefore, are not included here.

Note 2 - Summary of Significant Accounting Policies

Expenditures in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Rate

City of Union City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF STATE ASSISTANCE
For the Year Ended June 30, 2024

<u>State Grantor/Pass-Through Grantor Program Title</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
Tennessee Department of Safety and Homeland Security School Resource Officer Grant Program	34901-01536	\$ 200,331
Tennessee Department of Commerce and Insurance Rescue Squads Grant Program	33501-2425611	<u>39,300</u>
TOTAL STATE ASSISTANCE		<u>\$ 239,631</u>

Notes to Schedule of State Assistance

Note 1 - Basis of Presentation

State financial assistance for the Union City Board of Education is presented in their separately-issued audit report and, therefore, is not included here.

Note 2 - Summary of Significant Accounting Policies

The accompanying schedule was prepared on the modified accrual basis of accounting.

Note 3 - Outstanding Loan

The City of Union City obtained a loan in a prior year through the State Revolving Fund Loan Program.

Outstanding balance at June 30, 2024	\$ 1,577,940
Principal payments made during fiscal year	\$143,892

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
For the Year Ended June 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2024
GOVERNMENTAL ACTIVITIES									
Bonds Payable									
<u>Payable through General Fund</u>									
General Obligation, Series 2021	\$3,205,000	1.75 to 2%	6/30/2021	6/30/2036	\$ 2,825,000	\$ -	\$ 190,000	\$ -	\$ 2,635,000
General Obligation, Series 2020A	\$ 725,000	2 to 5%	8/20/2020	6/1/2028	460,000	-	90,000	-	370,000
General Obligation, Series 2020B	\$1,940,000	1.35 to 2%	8/20/2020	6/1/2030	1,590,000	-	115,000	-	1,475,000
General Obligation, Series 2019*	\$3,330,000	2.5 to 3%	9/20/2019	6/1/2029	1,060,000	-	605,000	-	455,000
Total paid by General Fund					5,935,000	-	1,000,000	-	4,935,000
<u>Payable through General Purpose School Fund</u>									
General Obligation, Series 2019	\$3,745,000	2.25 to 3%	9/20/2019	6/1/2029	3,180,000	-	165,000	-	3,015,000
Total bonds payable					9,115,000	-	1,165,000	-	7,950,000
Notes Payable									
<u>Payable through General Purpose School Fund</u>									
General Obligation Loan, Series 2019	\$2,430,000	1.50%	12/1/2019	12/1/2036	2,057,378	-	139,496	-	1,917,882
Total notes payable					2,057,378	-	139,496	-	1,917,882
Finance Leases Payable									
<u>Payable through General Fund</u>									
Street Department - 2 Knuckleboom trucks	\$ 348,805	3.69%	2022	2027	284,006	-	67,190	-	216,816
Total long-term debt - governmental activities					\$ 11,456,384	\$ -	\$ 1,371,686	\$ -	\$ 10,084,698
BUSINESS-TYPE ACTIVITIES									
Bonds Payable									
<u>Payable through Water and Sewer Fund</u>									
General Obligation, Series 2021	\$1,520,000	1.75 to 2%	6/30/2021	6/30/2036	\$ 1,345,000	\$ -	\$ 100,000	\$ -	\$ 1,245,000
General Obligation, Series 2020A	\$ 920,000	2 to 5%	8/20/2020	6/1/2028	545,000	-	95,000	-	450,000
Total					1,890,000	-	195,000	-	1,695,000
Other Loans Payable									
<u>Payable through Water and Sewer Fund</u>									
State Revolving Fund Loan	\$2,912,556	1.17%	11/1/2014	10/1/2034	1,721,832	-	143,892	-	1,577,940
Total long-term debt - business-type activities					\$ 3,611,832	\$ -	\$ 338,892	\$ -	\$ 3,272,940

* A portion of the 2019 general obligation bonds were issued to refund debt originally used to remodel and expand the elementary school. The debt payments made by the City through the General Fund are reported as transfers to the General Purpose School Fund, and the debt payments are reported in that fund as instructed by the State of Tennessee Comptroller's Office.

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CITY OF UNION CITY, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS
BY INDIVIDUAL ISSUE - ALL FUNDS
June 30, 2024

GOVERNMENTAL ACTIVITIES

Year Ending June 30,	2019 General		2020A General		2020B General		2021 General	
	Obligation Bonds		Obligation Bonds		Obligation Bonds		Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 250,000	\$ 87,063	\$ 90,000	\$ 12,950	\$ 250,000	\$ 16,548	\$ 195,000	\$ 52,088
2026	260,000	79,563	95,000	8,450	250,000	14,048	200,000	48,188
2027	270,000	71,763	95,000	4,650	250,000	11,548	205,000	44,188
2028	280,000	63,663	90,000	1,800	250,000	9,048	210,000	40,088
2029	285,000	56,663	-	-	240,000	6,173	215,000	35,888
2030	190,000	49,538	-	-	235,000	3,173	215,000	31,588
2031	195,000	45,263	-	-	-	-	220,000	27,288
2032	200,000	40,875	-	-	-	-	225,000	22,888
2033	205,000	36,375	-	-	-	-	230,000	18,388
2034	210,000	31,763	-	-	-	-	235,000	13,788
2035	215,000	27,038	-	-	-	-	240,000	9,088
2036	220,000	22,200	-	-	-	-	245,000	4,288
2037	225,000	17,250	-	-	-	-	-	-
2038	230,000	11,625	-	-	-	-	-	-
2039	235,000	5,875	-	-	-	-	-	-
	<u>\$ 3,470,000</u>	<u>\$ 646,517</u>	<u>\$ 370,000</u>	<u>\$ 27,850</u>	<u>\$ 1,475,000</u>	<u>\$ 60,538</u>	<u>\$ 2,635,000</u>	<u>\$ 347,756</u>

Year Ending June 30,	2019 General		2022 Lease Purchase		Total	
	Obligation Loan		Arrangement		Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 141,609	\$ 27,579	\$ 69,670	\$ 8,001	\$ 996,279	\$ 204,229
2026	143,737	25,451	72,240	5,430	1,020,977	181,130
2027	145,911	23,277	74,906	2,764	1,040,817	158,190
2028	148,111	21,077	-	-	978,111	135,676
2029	150,356	18,832	-	-	890,356	117,556
2030	152,616	16,572	-	-	792,616	100,871
2031	154,923	14,265	-	-	569,923	86,816
2032	157,266	11,922	-	-	582,266	75,685
2033	159,644	9,544	-	-	594,644	64,307
2034	162,049	7,139	-	-	607,049	52,690
2035	164,510	4,678	-	-	619,510	40,804
2036	166,933	2,255	-	-	631,933	28,743
2037	70,217	208	-	-	295,217	17,458
2038	-	-	-	-	230,000	11,625
2039	-	-	-	-	235,000	5,875
	<u>\$ 1,917,882</u>	<u>\$ 182,799</u>	<u>\$ 216,816</u>	<u>\$ 16,195</u>	<u>\$ 10,084,698</u>	<u>\$ 1,281,655</u>

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CITY OF UNION CITY, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS
BY INDIVIDUAL ISSUE - ALL FUNDS
June 30, 2024

Year Ending June 30,	WATER AND SEWER FUND							
	SRF Loan		2020A Bonds		2021 Bonds		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 145,584	\$ 17,820	\$ 105,000	\$ 15,500	\$ 100,000	\$ 27,663	\$ 350,584	\$ 60,983
2026	147,300	16,104	110,000	10,250	100,000	25,763	357,300	52,117
2027	149,028	14,376	115,000	5,850	100,000	23,763	364,028	43,989
2028	150,780	12,624	120,000	2,400	100,000	21,762	370,780	36,786
2029	152,556	10,848	-	-	100,000	19,762	252,556	30,610
2030	154,356	9,048	-	-	100,000	17,662	254,356	26,710
2031	156,168	7,236	-	-	100,000	15,562	256,168	22,798
2032	158,004	5,400	-	-	105,000	13,362	263,004	18,762
2033	159,864	3,540	-	-	105,000	11,025	264,864	14,565
2034	161,736	1,668	-	-	110,000	8,437	271,736	10,105
2035	42,564	151	-	-	110,000	5,850	152,564	6,001
2036	-	-	-	-	115,000	3,000	115,000	3,000
2037	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-
	<u>\$ 1,577,940</u>	<u>\$ 98,815</u>	<u>\$ 450,000</u>	<u>\$ 34,000</u>	<u>\$ 1,245,000</u>	<u>\$ 193,611</u>	<u>\$ 3,272,940</u>	<u>\$ 326,426</u>

Year Ending June 30,	GOVERNMENT-WIDE DEBT SERVICE		
	Governmental	Business-type	Total
2025	\$ 1,200,508	\$ 411,567	\$ 1,612,075
2026	1,202,107	409,417	1,611,524
2027	1,199,007	408,017	1,607,024
2028	1,113,787	407,566	1,521,353
2029	1,007,912	283,166	1,291,078
2030	893,487	281,066	1,174,553
2031	656,739	278,966	935,705
2032	657,951	281,766	939,717
2033	658,951	279,429	938,380
2034	659,739	281,841	941,580
2035	660,314	158,565	818,879
2036	660,676	118,000	778,676
2037	312,675	-	312,675
2038	241,625	-	241,625
2039	240,875	-	240,875
	<u>\$ 11,366,353</u>	<u>\$ 3,599,366</u>	<u>\$ 14,965,719</u>

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CITY OF UNION CITY, TENNESSEE
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
For the Year Ended June 30, 2024

<u>Description of Lease Obligations</u>	<u>Original Lease Liability</u>	<u>Interest Rate</u>	<u>Date of Lease</u>	<u>Maturity Date</u>	<u>Outstanding 7/1/2023</u>	<u>Executed During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Remeasure- ments</u>	<u>Outstanding 6/30/2024</u>
GOVERNMENTAL ACTIVITIES									
Leases Payable									
<u>Payable through General Fund</u>									
Xerox copier	\$9,735	3.25%	8/30/2019	11/30/2025	\$ 2,784	\$ -	\$ 1,952	\$ -	\$ 832
Toshiba copier	\$9,691	3.25%	11/8/2019	11/8/2025	2,733	-	2,038	-	695
Toshiba copier - Street	\$3,485	3.25%	9/18/2018	9/18/2024	125	-	125	-	-
Police cars	\$333,358	8.00%	6/3/2023	6/3/2028	326,643	-	56,484	-	270,159
Street sweeper	\$315,949	3.00%	10/27/2021	10/27/2026	189,461	-	61,311	-	128,150
Turf equipment	\$29,590	4.75%	7/12/2022	7/12/2025	19,265	-	9,409	-	9,856
Park equipment	\$24,036	5.50%	8/15/2022	8/15/2025	16,449	-	8,004	-	8,445
2024 Fleet cars	\$688,120	8.50%	3/20/2024	3/20/2029	-	688,120	121,361	-	566,759
1/2 Copier	\$3,538	8.25%	7/11/2023	7/11/2028	-	3,538	545	-	2,993
Bobcat loader	\$29,039	8.50%	8/17/2023	9/17/2025	-	29,039	10,345	-	18,694
3 Z960M Mowers	\$23,181	8.50%	3/12/2024	3/12/2025	-	23,181	12,063	-	11,118
7 SCAG Mowers	\$52,691	8.50%	3/26/2024	3/26/2025	-	52,691	27,420	-	25,271
Total paid by General Fund					<u>557,460</u>	<u>796,569</u>	<u>311,057</u>	<u>-</u>	<u>1,042,972</u>
Total leases payable - governmental activities					<u>\$ 557,460</u>	<u>\$ 796,569</u>	<u>\$ 311,057</u>	<u>\$ -</u>	<u>\$ 1,042,972</u>

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF LEASE OBLIGATIONS
PRINCIPAL AND INTEREST REQUIREMENTS BY YEAR
June 30, 2024

GOVERNMENTAL ACTIVITIES

Year Ending June 30,	General Fund Xerox Copier		General Fund Toshiba copier		General Fund Police Cars		General Fund Police Cars	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 832	\$ 7	\$ 695	\$ 5	\$ 61,172	\$ 19,402	\$ 103,338	\$ 44,210
2026	-	-	-	-	66,250	14,325	112,472	35,076
2027	-	-	-	-	71,748	8,826	122,413	25,135
2028	-	-	-	-	70,989	2,871	133,234	14,314
2029	-	-	-	-	-	-	95,302	3,063
	<u>\$ 832</u>	<u>\$ 7</u>	<u>\$ 695</u>	<u>\$ 5</u>	<u>\$ 270,159</u>	<u>\$ 45,424</u>	<u>\$ 566,759</u>	<u>\$ 121,798</u>

Year Ending June 30,	General Fund Toshiba Copier - Street		General Fund Bobcat Loader		General Fund Mowers - Turf		General Fund Mowers - Park	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 643	\$ 223	\$ 8,966	\$ 1,589	\$ 11,118	\$ 945	\$ 25,271	\$ 2,148
2026	698	168	9,728	827	-	-	-	-
2027	758	108	-	-	-	-	-	-
2028	823	43	-	-	-	-	-	-
2029	71	-	-	-	-	-	-	-
	<u>\$ 2,993</u>	<u>\$ 542</u>	<u>\$ 18,694</u>	<u>\$ 2,416</u>	<u>\$ 11,118</u>	<u>\$ 945</u>	<u>\$ 25,271</u>	<u>\$ 2,148</u>

Year Ending June 30,	General Fund Street sweeper		General Fund Turf - Reelmaster		General Fund Turf - Truckster		Total Lease Payments	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 63,135	\$ 3,814	\$ 9,856	\$ 468	\$ 8,445	\$ 464	\$ 293,471	\$ 73,275
2026	65,015	1,935	-	-	-	-	254,163	52,331
2027	-	-	-	-	-	-	194,919	34,069
2028	-	-	-	-	-	-	205,046	17,228
2029	-	-	-	-	-	-	95,373	3,063
	<u>\$ 128,150</u>	<u>\$ 5,749</u>	<u>\$ 9,856</u>	<u>\$ 468</u>	<u>\$ 8,445</u>	<u>\$ 464</u>	<u>\$ 1,042,972</u>	<u>\$ 179,966</u>

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF PROPERTY TAX RECEIVABLE
For the Year Ended June 30, 2024

Tax Year	Balance July 1, 2023	Property Tax Levied	Anticipated Current Year Levy	Abatements/ Adjustments	Collections	Balance June 30, 2024
2024	\$ -	\$ -	\$5,223,911	\$ -	\$ -	\$ 5,223,911
2023	-	5,114,502	-	73,094	(4,963,685)	223,911
2022	168,441	-	-	3,000	(113,911)	57,530
2021	44,873	-	-	1,276	(24,431)	21,718
2020	27,124	-	-	1,165	(15,265)	13,024
2019	21,321	-	-	-	(6,455)	14,866
2018	8,311	-	-	-	(4,404)	3,907
2017	(2,128)	-	-	5,650	(3,173)	349
2016	2,079	-	-	-	(1,784)	295
2015	1,316	-	-	-	(1,023)	293
2014	525	-	-	-	(232)	293
2013	266	-	-	(266)	-	-
2012	241	-	-	(241)	-	-
	<u>\$ 272,369</u>	<u>\$ 5,114,502</u>	<u>\$ 5,223,911</u>	<u>\$ 83,678</u>	<u>\$ (5,134,363)</u>	<u>5,560,097</u>

Allowance for uncollectible property taxes (229,849)

Total taxes receivable **\$ 5,330,248**

NOTE:

All uncollected taxes for years prior to 2022 have been turned over to the Clerk and Master for collection.

SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS - UNAUDITED

Year	Assessed Valuation	Tax Rate Per \$100	Levy
2023	\$312,295,810	\$1.6377	\$5,114,502
2022	\$229,408,034	\$2.18	\$5,001,205
2021	\$230,063,945	\$2.14	\$4,923,425
2020	\$218,471,561	\$2.12	\$4,631,548
2019	\$217,377,286	\$2.12	\$4,608,433
2018	\$208,846,646	\$2.0979	\$4,386,180
2017	\$200,812,997	\$2.16	\$4,337,600
2016	\$201,692,492	\$2.16	\$4,355,109
2015	\$196,270,775	\$2.14	\$4,203,924
2014	\$211,148,508	\$2.14	\$4,522,590
2013	\$190,877,991	\$2.14	\$4,088,410

See independent auditor's report

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF INTERFUND TRANSFERS
June 30, 2024

<u>TRANSFER FROM</u>	<u>TRANSFER TO</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
General Fund	General Purpose School Fund	\$ 535,600	debt service payment
Federal Projects Fund	General Purpose School Fund	63,086	grant for general school population
Federal Projects Fund	General Purpose School Fund	44,492	indirect cost transfer
General Fund	General Purpose School Fund	<u>1,212,500</u>	annual operating transfer for general student body
Total transfers		<u>\$ 1,855,678</u>	

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF UTILITY RATES IN FORCE
June 30, 2024

WATER RATES - 6,839 customers

Inside corporate limits of Union City:

0 to 2,000 gallons	\$7.60	minimum charge
3,000 to 25,000 gallons	\$2.30	per 1,000 gallons
26,000 gallons and up	\$1.55	per 1,000 gallons

Outside corporate limits of Union City:

0 to 2,000 gallons	\$15.15	minimum charge
3,000 gallons and up	\$3.40	per 1,000 gallons

SEWER RATES - 5,166 customers

Inside corporate limits of Union City:

\$7.15 minimum charge plus \$2.05 per 1,000 gallons

Outside corporate limits of Union City:

\$15.70 minimum charge plus \$2.10 per 1,000 gallons

SANITATION RATES

Inside corporate limits of Union City:

\$19.16 per month for residential service
\$47.25 per month for commercial service

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***

Mayor and Members of the City Council
City of Union City, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Union City, Tennessee, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 26, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Union 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002.

City of Union City's Response to Findings

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

Purpose of this Report

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

ATA, PC

Union City, Tennessee
March 26, 2025



**Independent Auditor's Report on Compliance for
Each Major Federal Program and Report on Internal Control over Compliance
Required by the Uniform Guidance**

Mayor and Members of the City Council
City of Union City, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Union City's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City of Union City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Union City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of City of Union 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Union City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

ATA PC

Union City, Tennessee
March 26, 2025

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial
Statements were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

- material weakness(es) identified? yes X no
- significant deficiency(ies) identified? X yes none reported
- noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major federal programs:

- material weakness(es) identified? yes X no
- significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for
major federal programs: unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR Section 200.516(a) yes X no

Identification of major programs:

<u>Assistance Listing No.</u>	<u>Program Name or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Section II – Financial Statement Findings

2024-001 Expenditures in Excess of Budget

Condition: For the year ended June 30, 2024, expenditures exceeded appropriations in the following governmental funds:

	Final Budget	Actual Expenditures	Over Budget
Hotel/Motel Tax Fund	\$ 350,525	\$ 383,759	\$ 33,234
Solid Waste Fund	1,844,120	1,959,938	115,818
Speed and Red Light Enforcement Fund	0	54,031	54,031

Cause: The Board did not make formal, documented budget amendments to authorize expenditures over original budgeted amounts.

Criteria: Tennessee Code Annotated (TCA), Section 6-56-203 states “The governing body of each municipality shall adopt and operate under an annual budget ordinance. It is the intent of this subdivision (1) that, except for moneys expended pursuant to a project ordinance or accounted for in a proprietary type fund or a fiduciary type fund that are excluded from the budget ordinance, all moneys received and expended by a municipality shall be included in a budget ordinance. Therefore, notwithstanding any other law, no municipality may expend any moneys regardless of their source, including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans, or special assessments, except in accordance with a budget ordinance adopted under this section or through a proprietary type fund or a fiduciary type fund properly excluded from the budget ordinance.”

Effect: Expenditures were made that were not budgeted in accordance with State law.

Recommendation: The City’s board should compare expenditures to budgeted amounts prior to disbursement and amend the budget when necessary to authorize all expenditures in accordance with State budget requirements prior to June 30. Budget amendments should be detailed in the minutes of board meetings and posted to the City’s budget records.

Response: *We will make sure budget amendments are on the agenda before the end of the fiscal year.*

2024-002 Failure to Implement Utility Cyber Security Plan by Deadline

Condition: The City of Union City did not have a documented cyber security plan in effect during the year ended June 30, 2024.

Cause: The cyber security plan was still in the process of being developed as of June 30, 2024.

Criteria: Tennessee Code Annotated (TCA), Section 7-51-2302, requires that utilities subject to Public Chapter 1111 prepare and implement a cyber security plan by July 1, 2023, to provide for the protection of the utility’s facilities from unauthorized use, alteration, ransom, or destruction of electronic data.

Effect: The City was not in compliance with State law for public utilities regarding the preparation and implementation of a cyber security plan.

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Recommendation: We recommend that management and the City Council prepare and implement a formal cyber security plan that meets the requirements of the TCA and continue to assess and update the plan every two years as required.

Response: *We are working on the cyber security plan with our IT contractor. It will be approved by the City Council after completion in the following months.*

Section III – Federal Award Findings and Questioned Costs

None reported.

CITY OF UNION CITY, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Financial Statement Findings

There were no prior year findings reported for the City of Union City's audited financial statements as a whole.

Note: The findings issued in the regulatory-basis audit report for the new Union City Schools Internal School Funds special revenue fund were not material to the City of Union City's audited financial statements as a whole. Please refer to the Union City Schools Internal School Funds' separate audit report for information concerning their current and prior year findings.

Federal Award Findings and Questioned Costs

The City was not subject to a Single Audit in the prior year.



MANAGEMENT'S CORRECTIVE ACTION PLAN

June 30, 2024

To the Tennessee Comptroller of the Treasury

City of Union City, Tennessee, respectfully submits the following corrective action plan for the year ended June 30, 2024.

Name and address of independent public accounting firm:

ATA, PC
624 East Reelfoot Avenue
Union City, Tennessee 38261

Audit period: July 1, 2023, through June 30, 2024

The findings from the June 30, 2024, schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2024-001 Expenditures in Excess of Budget

Recommendation: The City's board should compare expenditures to budgeted amounts prior to disbursement and amend the budget when necessary to authorize all expenditures in accordance with State budget requirements prior to June 30. Budget amendments should be detailed in the minutes of board meetings and posted to the City's budget records.

Action taken: We will make sure budget amendments are on the agenda before the end of the fiscal year.

Name of contact person responsible for corrective action: Johnny McTurner, City Manager

Anticipated completion date for the corrective action: June 30, 2025

2024-002 Failure to Implement Utility Cyber Security Plan by Deadline

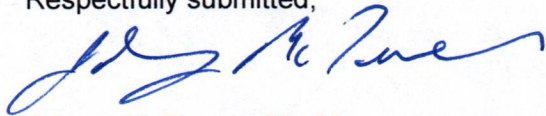
Recommendation: We recommend that management and the City Council prepare and implement a formal cyber security plan that meets the requirements of the TCA and continue to assess and update the plan every two years as required.

Action taken: We are working on the cyber security plan with our IT contractor. It will be approved by the City Council after completion in the following months.

Name of contact person responsible for corrective action: Johnny McTurner, City Manager

Anticipated completion date for the corrective action: June 30, 2025

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Johnny McTurner", is written over a horizontal line.

Johnny McTurner, City Manager
City of Union City, Tennessee