



**ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2024**

**CITY OF RED BANK, TENNESSEE**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2024**

**Martin Granum, City Manager**

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**CITY OF RED BANK, TENNESSEE**

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**CITY OF RED BANK, TENNESSEE**  
**City Officials**  
**June 30, 2024**

Mayor .....	Hollie Berry
Vice Mayor .....	Stefanie Dalton
Commissioner .....	Hayes Wilkinson
Commissioner .....	Pete Phillips
Commissioner .....	Jamie Fairbanks-Harvey
City Judge .....	Johnny Houston
City Manager, CMFO .....	Martin Granum
City Recorder .....	Tracey Perry
Finance Director, CMFO (July 1, 2023 - February 16, 2024).....	John Alexander
Finance Director (February 17, 2024 - June 30, 2024) .....	Ruth Rohen

## **II. FINANCIAL SECTION**



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Accountants**

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Marianne Hart Greene, CPA

Stuart Johnson, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Commissioners  
City of Red Bank, Tennessee

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Red Bank, Tennessee, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Red Bank, Tennessee's basic financial statements as listed in the Table of Contents.

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

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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



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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of the TCRS, and Schedule of Contributions Based on Participation in the Public Employee Pension Plan of the TCRS 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 Red Bank, Tennessee's basic financial statements. The non-major governmental fund financial statements, financial schedules, and Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the non-major governmental fund financial statements, financial schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2024, on our consideration of the City of Red Bank, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Red Bank, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Red Bank, Tennessee's internal control over financial reporting and compliance.

*Johnson, Murphy & Wright, P.C.*

Chattanooga, Tennessee  
December 27, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Red Bank, Tennessee (the 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. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

### FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2024, by \$21,125,725 (net position). Of this amount, \$9,338,635 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's governmental activities operated at a surplus of \$1,647,049. The City's business-type activities operated at a surplus of \$158,332.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,218,820. Approximately 0.07% is nonspendable due to form, 15.49% is restricted for specific purposes, and the remaining 84.44%, or \$8,628,892 is available for spending at the City's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,628,892, or 66.45%, of total General Fund expenditures.

As of the close of the current fiscal year, the City's enterprise fund reported an ending net position of \$603,011. Of that balance, \$493,244, or 81.80%, is unrestricted.

The City received \$2,139,097 in federal and state awards.

The General Fund reported \$655,000 of proceeds from the issuance of the Series 2024 Tennessee Municipal Bonds.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### **Government-wide Financial Statements**

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

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City includes general government, public safety, public works, state street aid and public welfare and recreation. The business-type activity of the City is the Stormwater Fund.

The government-wide financial statements can be found on pages 17 through 19 of this report.

### **Fund Financial Statements**

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

### **Governmental Funds**

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

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

The City maintains five individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, which is considered to be a major fund. Data from the non-major governmental funds is combined into a single aggregated presentation. Individual fund data for the non-major governmental funds is provided in the form of combining statements later in this report beginning on page 63.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the major governmental fund, the General Fund, to demonstrate compliance with this budget, as well as for the non-major funds.

The basic governmental fund financial statements can be found on pages 20 through 31 of this report.

### **Proprietary Funds**

The City maintains one type of proprietary fund: enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its stormwater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Stormwater Fund, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 32 through 34 of this report.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 59 of this report.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### 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, assets and deferred outflows exceeded liabilities and deferred inflows by \$21,125,725 at the close of this fiscal year.

A large portion of the City's net position (48.30%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

7.49%, or \$1,582,701, of the City's net position represents resources that are subject to external restrictions on how they may be used.

The remaining \$9,338,635, or 44.21% is unrestricted net position which may be used to meet the government's ongoing obligations to its citizens and creditors.

At June 30, 2024, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The table below provides a summary of the City's net position broken down by governmental and business-type activities:

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Capital assets	\$ 12,356,816	\$ 10,452,723	\$ 109,767	\$ 17,920	\$ 12,466,583	\$ 10,470,643
Other assets	17,654,345	18,240,035	564,788	409,261	18,219,133	18,649,296
Total assets	<u>\$ 30,011,161</u>	<u>\$ 28,692,758</u>	<u>\$ 674,555</u>	<u>\$ 427,181</u>	<u>\$ 30,685,716</u>	<u>\$ 29,119,939</u>
Deferred outflows of resources	<u>\$ 2,709,965</u>	<u>\$ 2,459,076</u>	<u>\$ 82,407</u>	<u>\$ 74,281</u>	<u>\$ 2,792,372</u>	<u>\$ 2,533,357</u>
Long-term liabilities	\$ 4,228,592	\$ 3,678,999	\$ 67,192	\$ 48,725	\$ 4,295,784	\$ 3,727,724
Other liabilities	2,224,553	2,934,893	83,906	2,912	2,308,459	2,937,805
Total liabilities	<u>\$ 6,453,145</u>	<u>\$ 6,613,892</u>	<u>\$ 151,098</u>	<u>\$ 51,637</u>	<u>\$ 6,604,243</u>	<u>\$ 6,665,529</u>
Deferred inflows of resources	<u>\$ 5,745,267</u>	<u>\$ 5,662,277</u>	<u>\$ 2,853</u>	<u>\$ 5,146</u>	<u>\$ 5,748,120</u>	<u>\$ 5,667,423</u>
Net investment in capital assets	\$ 10,094,622	\$ 8,412,048	\$ 109,767	\$ 17,920	\$ 10,204,389	\$ 8,429,968
Restricted	1,582,701	1,883,441	-	-	1,582,701	1,883,441
Unrestricted	8,845,391	8,580,176	493,244	426,759	9,338,635	9,006,935
Total net position	<u>\$ 20,522,714</u>	<u>\$ 18,875,665</u>	<u>\$ 603,011</u>	<u>\$ 444,679</u>	<u>\$ 21,125,725</u>	<u>\$ 19,320,344</u>

### Change in Net Position

Governmental activities increased the City's net position by \$1,647,049, while business-type activities increased the City's net position by \$158,332.

The City's main revenue sources for 2024 were property tax and local sales tax. These taxes helped to grow the City's net position since related expense for this revenue is very low.

The table below provides a summary of the City's net position broken down by governmental and business-type activities.

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 1,400,503	\$ 1,269,601	\$ 529,874	\$ 313,937	\$ 1,930,377	\$ 1,583,538
Operating grants and contributions	651,858	746,041	-	-	651,858	746,041
Capital grants and contributions	2,014,214	1,238,970	-	-	2,014,214	1,238,970
General revenues:						
Property taxes	5,475,257	3,490,971	-	-	5,475,257	3,490,971
Other taxes	4,169,205	4,054,378	-	-	4,169,205	4,054,378
Other	619,465	491,707	16,622	10,361	636,087	502,068
Total revenues	<u>14,330,502</u>	<u>11,291,668</u>	<u>546,496</u>	<u>324,298</u>	<u>14,876,998</u>	<u>11,615,966</u>
Expenses:						
General government	3,282,622	2,886,191	-	-	3,282,622	2,886,191
Public safety	5,128,243	4,162,913	-	-	5,128,243	4,162,913
Public works	3,528,465	2,252,681	-	-	3,528,465	2,252,681
State street aid	338,349	332,211	-	-	338,349	332,211
Public welfare and recreation	337,145	340,153	-	-	337,145	340,153
Interest on long-term debt	68,629	38,693	-	-	68,629	38,693
Stormwater	-	-	388,164	279,064	388,164	279,064
Total expenses	<u>12,683,453</u>	<u>10,012,842</u>	<u>388,164</u>	<u>279,064</u>	<u>13,071,617</u>	<u>10,291,906</u>
Change in net position	1,647,049	1,278,826	158,332	45,234	1,805,381	1,324,060
Net position - beginning	<u>18,875,665</u>	<u>17,596,839</u>	<u>444,679</u>	<u>399,445</u>	<u>19,320,344</u>	<u>17,996,284</u>
Net position - ending	<u>\$ 20,522,714</u>	<u>\$ 18,875,665</u>	<u>\$ 603,011</u>	<u>\$ 444,679</u>	<u>\$ 21,125,725</u>	<u>\$ 19,320,344</u>

Net position for governmental activities increased \$1,647,049, or 8.73%, largely due to the following key factors:

Federal and state grant revenue totaled \$2,139,097.

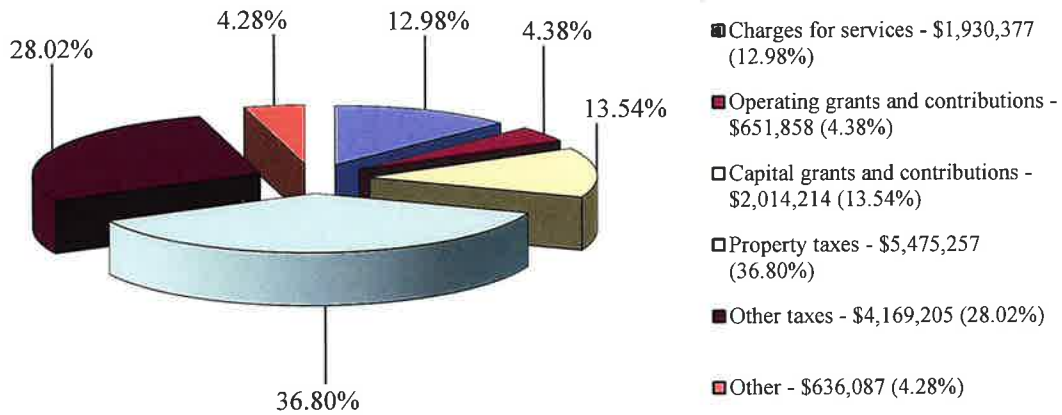
Property taxes increased \$1,984,286 over 2023.

Net position for business-type activities increased by \$158,332, or 35.61%, largely due to the following:

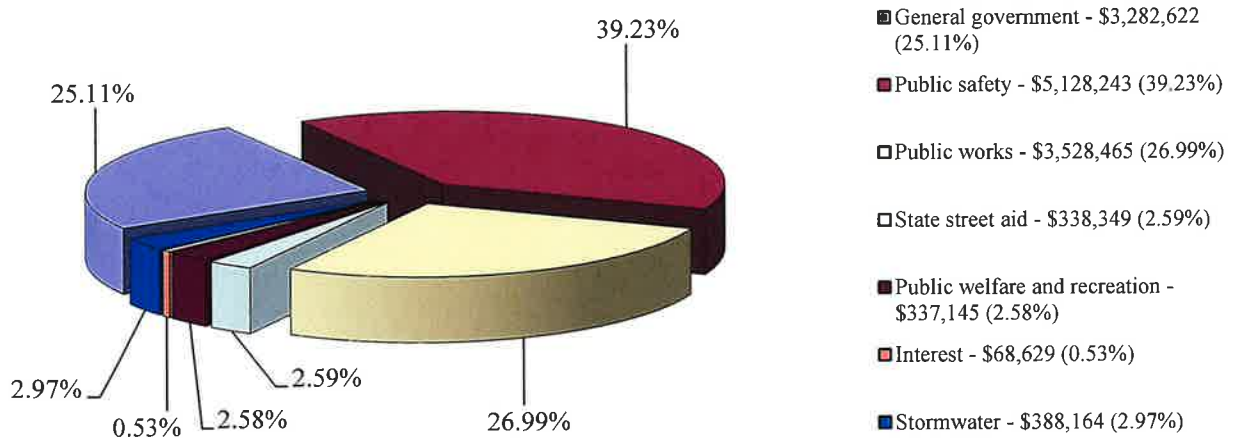
Stormwater fee revenue increased \$206,335 from 2023.

The graphs below summarize the \$14,876,998 of city-wide revenues by source and the associated \$13,071,617 of expense by program. The graphs combine data from both governmental and business-type activities.

### City-Wide Sources of Revenue



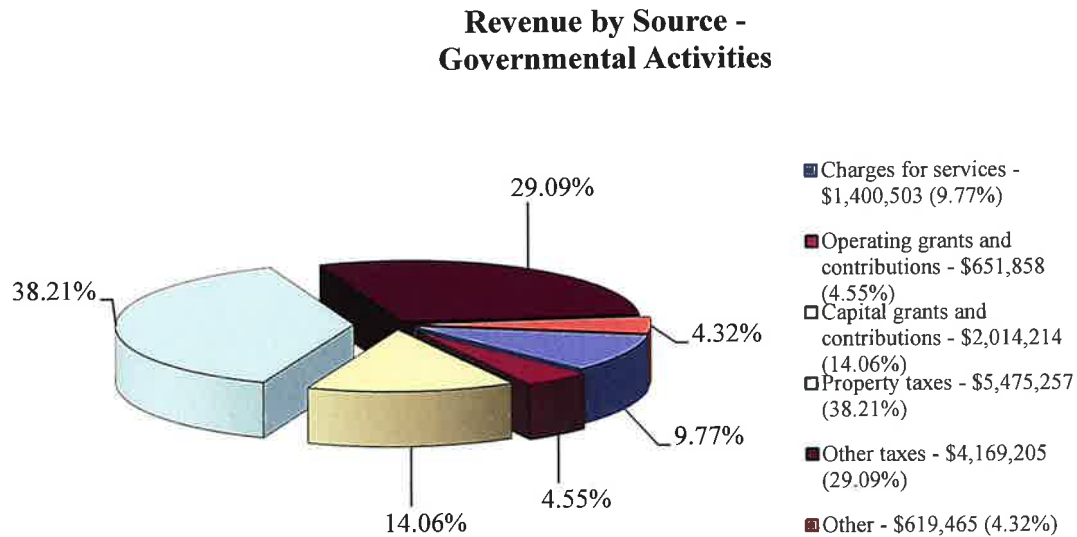
### City-Wide Program Expenses



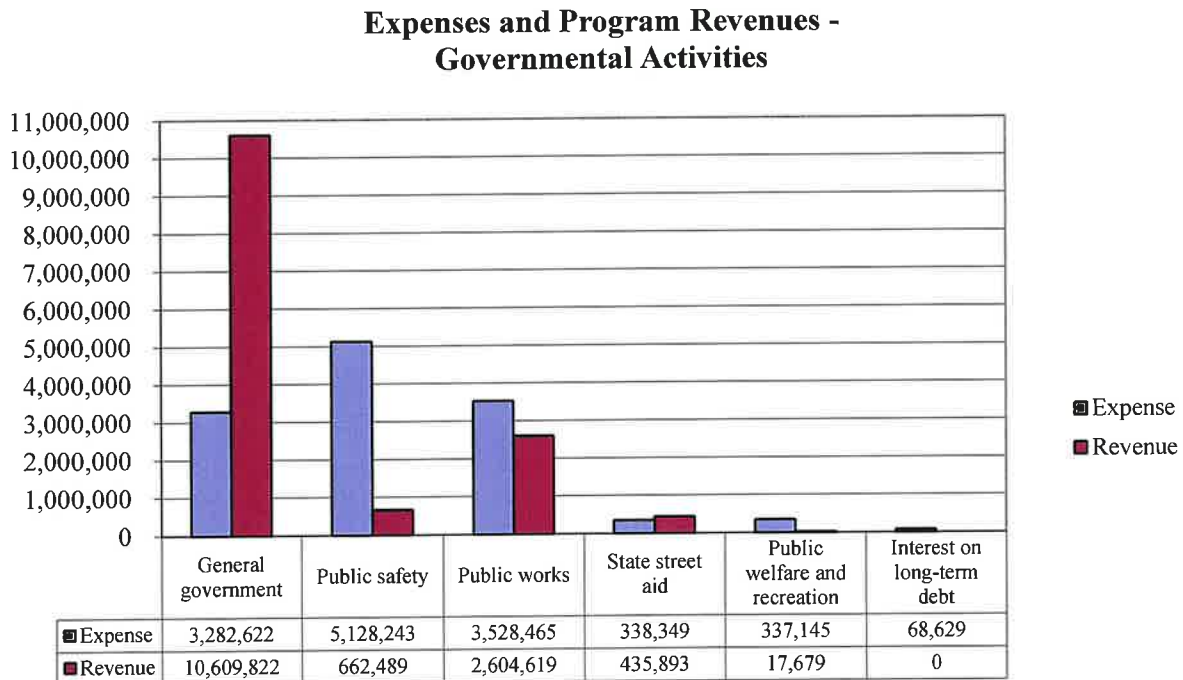


## Governmental Activities

Governmental activities accounted for revenues of \$14,330,502. The following graph summarizes the revenue by source.



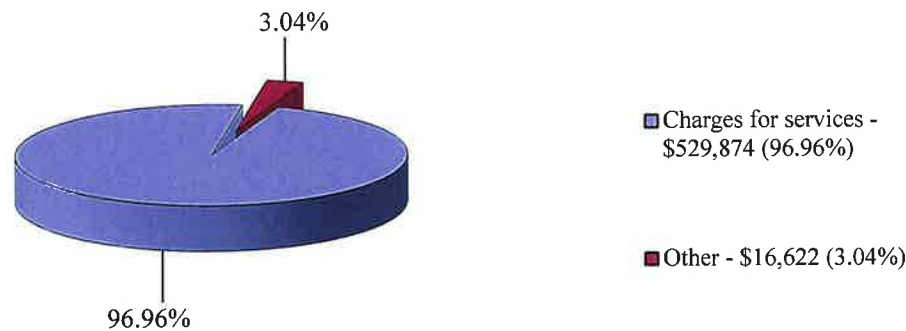
The following graph summarizes the revenue and related expense for each government program of the City. The difference between expense and revenue is the financial burden placed on the City's taxpayers for each program.



**Business-type Activities**

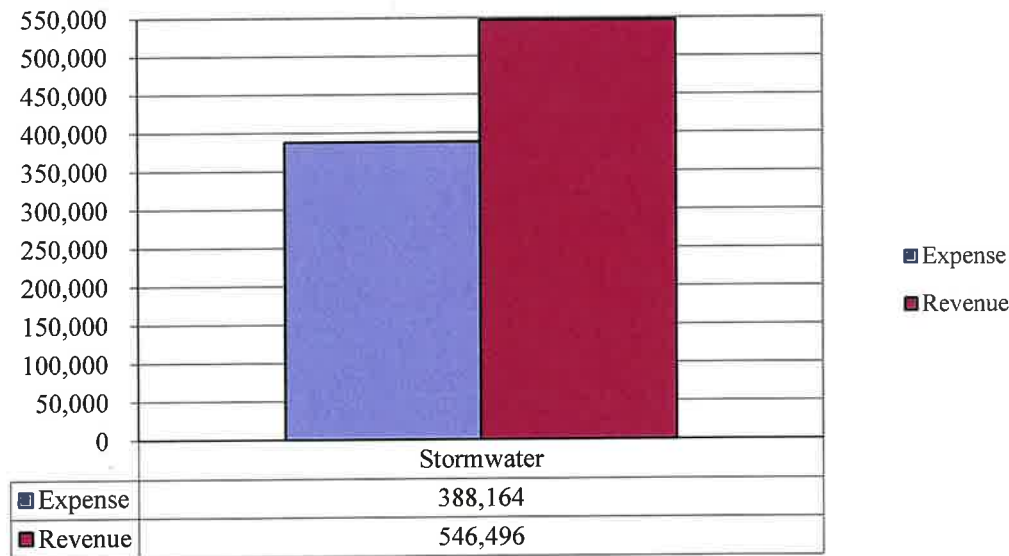
Business-type activities accounted for revenues of \$546,496. The following graph summarizes the revenue by source.

**Revenue by Source - Business-Type Activities**



The following graph summarizes the revenue and related expense of operating the stormwater system.

**Expenses and Program Revenues - Business-Type Activities**



## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

### **Governmental Funds**

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,218,820. Approximately 84.44% of this total amount, or \$8,628,892, constitutes unassigned fund balance. Within the governmental funds, \$561,486 is restricted in the State Street Aid Fund for expenditures of the City's streets, \$976,190 is restricted in the Solid Waste Fund for expenditures of the City's collection and disposal of solid waste, \$35,725 is restricted in the Drug Fund for investigations of violations of controlled substance laws, and \$9,300 is restricted for impound related expenditures of the City. Only \$7,227 is nonspendable due to its form.

The fund balance increased by \$35,358, which was largely due to the following:

Property tax revenue totaled \$5,380,098, an increase of \$1,886,284 from 2023.

Federal and state grant revenues totaled \$2,139,097, an increase of \$706,803 from 2023.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,628,892. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 66.45% of total fund expenditures.

### **Proprietary Funds**

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

Unrestricted net position at the end of the year amounted to \$493,244 for the Stormwater Fund.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget netted to \$(1,273,999). Details of the larger amendments are listed below:

There was a \$5,006,697 increase in budgeted revenues for federal and state awards.

There was a \$3,137,779 increase in the budget for capital outlay expenditures in the public works department, due largely to bridge repairs, paving, and equipment purchases.

Departmental budget officers closely monitored expenditures during the fiscal year in order to minimize budget amendments.

Details of the larger differences between the final amended budget and actual amounts are as follows:

The City had budgeted for \$5,006,697 of grant revenues but only received \$2,139,097.

Capital outlay expenditures for the public works department were budgeted at \$3,147,904 but only \$1,606,574 was spent during the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$12,466,583 (net of accumulated depreciation).

During the year ended June 30, 2024, the City acquired \$3,046,933 in additions to capital assets. The most significant of those additions are as follows:

Jet/Vac truck	\$ 466,541
Signalization project	\$ 610,093
Land - 4825 Dayton Boulevard	\$ 378,057
Street Sweeper Ravo 51 Series	\$ 280,000
In car camera systems	\$ 168,131

The table below provides a summary of the City's capital assets, net of depreciation, broken down by governmental and business-type activities.

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,176,889	\$ 798,832	\$ -	\$ -	\$ 1,176,889	\$ 798,832
Land improvements	-	-	16,128	17,920	16,128	17,920
Buildings	1,022,759	1,002,556	-	-	1,022,759	1,002,556
Public improvements	2,328,408	2,210,528	-	-	2,328,408	2,210,528
State street aid	1,536,214	1,235,552	-	-	1,536,214	1,235,552
Infrastructure	3,201,081	2,789,013	-	-	3,201,081	2,789,013
Furniture, fixtures and equipment	3,003,395	2,295,146	93,639	-	3,097,034	2,295,146
Subscription IT assets	88,070	121,096	-	-	88,070	121,096
Total	<u>\$12,356,816</u>	<u>\$10,452,723</u>	<u>\$ 109,767</u>	<u>\$ 17,920</u>	<u>\$12,466,583</u>	<u>\$10,470,643</u>

Additional information on the City's capital assets can be found in Note 9 on pages 45 and 46 of this report.

### Long-term Debt

At the end of the current fiscal year, the City had total long-term debt outstanding of \$2,812,878. \$616,026 of that amount is due in the next fiscal year.

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Bonds	\$ 2,214,800	\$ 1,973,970	\$ -	\$ -	\$ 2,214,800	\$ 1,973,970
Landfill closure and post-closure	38,500	46,200	-	-	38,500	46,200
Subscription IT liability	92,875	124,050	-	-	92,875	124,050
Accrued leave	462,479	464,179	4,224	1,602	466,703	465,781
Less: current portion	( 616,026)	( 453,045)	-	-	( 616,026)	( 453,045)
Long-term portion of debt	<u>\$ 2,192,628</u>	<u>\$ 2,155,354</u>	<u>\$ 4,224</u>	<u>\$ 1,602</u>	<u>\$ 2,196,852</u>	<u>\$ 2,156,956</u>

Additional information on outstanding debt can be found in Note 11 on pages 47 through 49.

## **CURRENTLY KNOWN CONDITIONS EFFECTING FUTURE YEARS**

Red Bank is a thriving city in Hamilton County and a gem in the heart of the Chattanooga metropolitan area. Located very close to most of the area's key amenities... UTC, Chatt State, airport, Riverwalk and all that Downtown Chattanooga offers, many major employers, easy access to the outdoors and the natural beauty that Southeast Tennessee offers, and so much more... 100% of Red Bank is prime real estate.

The elected leaders of Red Bank strongly support and champion the efforts of staff who provide efficient and effective municipal services. The Commission approved a FY2025 budget that adequately funds the necessary functions of the City, and with the safety of our residents and business at the heart of our mission, Red Bank is a safe and thriving place to live and work.

The recent election in November of 2024 seated a Red Bank Commission which represents continuity with the previous Commission, indicating the voters are pleased with the direction the City has taken the past several years, and with a two-year term for this Commission upcoming, the expected continuity of effort on the mission, vision and goals of the City will be helpful to realize the long-term aspects of our development and redevelopment.

Private investment continues to reflect the desirability of living, owning, and working in Red Bank. Several examples highlight this... one development alone is adding over \$50 million in capital investment with the project including both residential and commercial aspects; dozens of smaller infill housing; renovation of existing housing and apartment complexes; several new subdivisions in the works; a \$7 million rehab of the Erlanger North Hospital in Red Bank to accommodate a new medical mission; and the median home sales price rising 14% year-to-date (\$289,450 to \$330,000). The private sector sees Red Bank as a place to build and make investments.

The City of Red Bank itself is focused on retaining our talented employees and is an 'Employer of Choice', meaning we aim to be an employer where, by and large, people want to work. Some of the defining characteristics of 'Employers of Choice' are competitive pay, valued benefits, engaged workers, meaningful work, strong leadership, and attractive workplace culture. With unemployment in Hamilton County consistently very low, and with other employers actively seeking our employees, the City of Red Bank has enjoyed very little turnover due to our efforts to remain an 'Employer of Choice'. Collectively the employees of the City of Red Bank are comprised of experienced and dedicated professionals who are competent and capable across all aspects of Red Bank's municipal service delivery: police, fire, municipal and general sessions court, planning, code enforcement, solid waste, recycling, streets, parks, stormwater, capital projects, community engagement, and our internal services of facilities, fleet, finance, administration, HR, risk management, and IT. With just 82 employees, everyone is focused on efficient and effective service delivery every day.

Our Stormwater Program has emerged from decades of neglect into a proactive program that is providing dedicated stewardship of the 4,000+ distinct features that collectively comprise our stormwater system, not only to beautify our city, but to ensure the system operates when the rain comes. Recently, when Hurricane Helene gave us a peripheral touch, we experienced 5 inches in 24 hours, and it was a non-event... a reminder of the importance of our stormwater utility and a real indicator that our stormwater system is working properly.

We have several TDOT projects underway that will enhance transportation and address safety concerns around the City. The signalization project that upgraded traffic signals at five intersections and added pedestrian crosswalks and signals where none existed was just completed. We are currently in the process of upgrading sidewalks on the south end to make them ADA compatible, and we have a project to replace a one-lane bridge on Lullwater Road with a two-lane bridge. Additionally, we are taking the 'bike boulevard' concept and CMAQ grant and working on the design of the project that will link White Oak Park to our Kids Corner and City Park. While about half of the City remains in a sewer moratorium which hinders the construction of new homes, our county sewerage agency, the WWTa has contracts in place to rehab those areas and remove the moratorium; it appears we are still a year or so away from this relief.

Our twelve acres of vacant land at 3715 Dayton Blvd, the former Red Bank Middle School site, located in the center of the City, is intentionally held vacant until proper community engagement and community planning is completed and a decision, grounded in community feedback, is made by the City Commission regarding the redevelopment of that site. The ongoing Comprehensive Plan and Small Area Study are nearing completion and will inform and guide those decisions over the next several months, setting the stage for renewed development and redevelopment of the City and that 12-acre site which will shape the City for the next 100 years.

Red Bank was a recipient of ARPA funding from the Federal level. This money is being used to make improvements to several functions of our operations that would have been beyond our reach in the short term. Besides our Stormwater program, we have and will use these funds in areas of Fire and Police equipment upgrades; information technology for expanded interdepartmental communication, community engagement and customer service; and numerous nonprofit endeavors that benefit the community through their various nonprofit organizations.

Outreach and community engagement is now at the heart of everything the City is doing. Our outreach has grown to include a flourishing social media presence, especially on Facebook and Instagram, a monthly newsletter with distribution to over 1,000 subscribers, regular press releases, digital signage on Dayton Boulevard, event-specific old-school signs and banners, and reports from all Commissioners and the City Manager at every Commission meeting which is live-streamed and available for viewing on YouTube at any time. And the City's formal engagement has now grown to eight commission-appointed citizen advisory commissions: Parks, Festival, Nonprofit, Art, BZA, Cemetery, Planning, and Floodplain Review.

City of Red Bank's Mission, Vision, and Commission Goals: the Commission continued the practice of an annual retreat to establish goals, provide guidance to staff, and focus on specific outcomes. The following goals were developed at the Commission's third annual retreat held February 27, 2024, with ongoing follow-up throughout the year yielding satisfying results across the board:

- **Mission** (should explain the purpose of a city's being and why it exists):  
The City of Red Bank is a safe and thriving small-town community with an engaging, transparent government that builds on our rich history, provides excellent and efficient services, and welcomes all
- **Vision** (builds upon the city's mission and takes it to the next level; a desired future state):  
Red Bank strives for a vibrant and inclusive community by pursuing excellence, enhancing safety, and embracing our neighborhood character

- **Goals** (after an environmental analysis and applying the SWOT methodology, issues were identified and ultimately goals were set that: address the key issues, meet the mission of the City and help the City to achieve its vision):
  - Improve multi-modal transportation network
  - Develop a comprehensive plan, including fulfilling the land conversion agreement and the former Red Bank Middle School site
  - Develop parks, trails, and recreation services
  - Identify and celebrate areas of Stringer's Branch to improve environmental stewardship
  - Update entrances to the City

Taking all of this into consideration: incredible location within the larger Chattanooga area, adequate funding, political stability, private investment, excellent workforce, robust outreach and engagement, and a focus on mission, vision, and goals, the City of Red Bank can anticipate a bright future and a thriving community.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Red Bank, Tennessee's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the City of Red Bank, Tennessee, 3117 Dayton Boulevard, Red Bank, TN 37415.

## **BASIC FINANCIAL STATEMENTS**



**CITY OF RED BANK, TENNESSEE**  
**Statement of Net Position**  
**June 30, 2024**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-</b>	
	<b>Activities</b>	<b>type</b>	<b>Total</b>
		<b>Activities</b>	
<b>ASSETS</b>			
Current assets			
Cash	\$ 656,431	\$ 77,226	\$ 733,657
Investments	9,947,455	-	9,947,455
Property tax receivable - net	5,740,777	-	5,740,777
Accounts receivable - net	146,952	29,046	175,998
Interest receivable on leases	365	-	365
Lease receivable	27,377	-	27,377
Prepaid expenses	153	-	153
Due from grantor	825,824	-	825,824
Due from other governments	669,616	-	669,616
Internal balances	(458,516)	458,516	-
Total current assets	<u>17,556,434</u>	<u>564,788</u>	<u>18,121,222</u>
Non-current assets			
Other assets			
Lease receivable	<u>97,911</u>	<u>-</u>	<u>97,911</u>
Capital assets			
Land	<u>1,176,889</u>	<u>-</u>	<u>1,176,889</u>
Other capital assets - net			
Capital assets being depreciated - net	11,091,857	109,767	11,201,624
Subscription IT assets - net	88,070	-	88,070
Total other capital assets - net	<u>11,179,927</u>	<u>109,767</u>	<u>11,289,694</u>
Total capital assets	<u>12,356,816</u>	<u>109,767</u>	<u>12,466,583</u>
Total non-current assets	<u>12,454,727</u>	<u>109,767</u>	<u>12,564,494</u>
<b>TOTAL ASSETS</b>	<u>\$ 30,011,161</u>	<u>\$ 674,555</u>	<u>\$ 30,685,716</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	\$ 2,664,484	\$ 82,407	\$ 2,746,891
Deferred outflows related to bond refinancing	45,481	-	45,481
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 2,709,965</u>	<u>\$ 82,407</u>	<u>\$ 2,792,372</u>

(Continued)

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

**CITY OF RED BANK, TENNESSEE**  
**Statement of Net Position (Continued)**  
**June 30, 2024**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-</b>	
	<b>Activities</b>	<b>type</b>	<b>Total</b>
		<b>Activities</b>	
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 36,349	\$ 81,503	\$ 117,852
Accrued liabilities	137,192	2,403	139,595
Payable to pension	50,384	-	50,384
Unearned grant revenue	1,384,602	-	1,384,602
Bonds payable - due in one year	575,800	-	575,800
Landfill closure and post-closure cost - due in one year	7,700	-	7,700
Subscription IT liability - due in one year	32,526	-	32,526
Total current liabilities	<u>2,224,553</u>	<u>83,906</u>	<u>2,308,459</u>
Non-current liabilities			
Bonds payable	1,639,000	-	1,639,000
Landfill closure and post-closure cost	30,800	-	30,800
Subscription IT liability	60,349	-	60,349
Accrued leave	462,479	4,224	466,703
Net pension liability	2,035,964	62,968	2,098,932
Total non-current liabilities	<u>4,228,592</u>	<u>67,192</u>	<u>4,295,784</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 6,453,145</u>	<u>\$ 151,098</u>	<u>\$ 6,604,243</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property tax	\$ 5,534,800	\$ -	\$ 5,534,800
Deferred inflows related to leases	118,214	-	118,214
Deferred inflows related to pensions	92,253	2,853	95,106
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 5,745,267</u>	<u>\$ 2,853</u>	<u>\$ 5,748,120</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 10,094,622	\$ 109,767	\$ 10,204,389
Restricted for:			
State street aid expenses	561,486	-	561,486
Solid waste expenses	976,190	-	976,190
Non-recurring police expenses	35,725	-	35,725
Impound expenses	9,300	-	9,300
Unrestricted	8,845,391	493,244	9,338,635
<b>TOTAL NET POSITION</b>	<u>\$ 20,522,714</u>	<u>\$ 603,011</u>	<u>\$ 21,125,725</u>

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

**CITY OF RED BANK, TENNESSEE**  
**Statement of Activities**  
**Year Ended June 30, 2024**

<b>Functions/Programs</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes In Net Position</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government</b>	
					<b>Governmental Activities</b>	<b>Business-type Activities</b>
<b>Primary Government:</b>						<b>Total</b>
Governmental activities:						
General government	\$ 3,282,622	\$ 204,872	\$ 51,350	\$ 89,673	\$ (2,936,727)	\$ (2,936,727)
Public safety	5,128,243	152,686	150,745	359,058	(4,465,754)	(4,465,754)
Public works	3,528,465	1,007,716	31,420	1,565,483	(923,846)	(923,846)
State street aid	338,349	17,550	418,343	-	97,544	97,544
Public welfare and recreation	337,145	17,679	-	-	(319,466)	(319,466)
Interest on long-term debt	68,629	-	-	-	(68,629)	(68,629)
Total governmental activities	12,683,453	1,400,503	651,858	2,014,214	(8,616,878)	(8,616,878)
Business-type activities:						
Stormwater	388,164	529,874	-	-	141,710	141,710
Total primary government	\$ 13,071,617	\$ 1,930,377	\$ 651,858	\$ 2,014,214	(8,616,878)	(8,475,168)
General revenues:						
Property tax					5,475,257	5,475,257
Local sales tax					1,816,901	1,816,901
Wholesale beer tax					251,205	251,205
Wholesale liquor tax					93,069	93,069
Minimum business tax					1,430	1,430
Franchise tax					94,128	94,128
Occupancy tax					25,452	25,452
In lieu of tax					116,869	116,869
Other state taxes					1,770,151	1,770,151
Interest earnings					453,378	468,969
Other					166,087	167,118
Total general revenues					10,263,927	10,280,549
Change in net position					1,647,049	1,805,381
Net position - beginning					18,875,665	19,320,344
Net position - end					\$ 20,522,714	\$ 21,125,725

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

**CITY OF RED BANK, TENNESSEE**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2024**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash	\$ 164,336	\$ 492,095	\$ 656,431
Investments	8,914,413	1,033,042	9,947,455
Property tax receivable - net	5,740,777	-	5,740,777
Accounts receivable - net	138,076	8,876	146,952
Interest receivable on leases	365	-	365
Lease receivable	125,288	-	125,288
Prepaid expenses	153	-	153
Due from grantor	825,824	-	825,824
Due from other governments	586,403	83,213	669,616
Due from other funds	23,211	-	23,211
<b>TOTAL ASSETS</b>	<u>\$16,518,846</u>	<u>\$ 1,617,226</u>	<u>\$ 18,136,072</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 36,349	\$ -	\$ 36,349
Accrued liabilities	125,878	11,314	137,192
Payable to pension	50,384	-	50,384
Due to other funds	458,516	23,211	481,727
Unearned grant revenue	1,384,602	-	1,384,602
<b>TOTAL LIABILITIES</b>	<u>\$ 2,055,729</u>	<u>\$ 34,525</u>	<u>\$ 2,090,254</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property tax	\$ 5,708,784	\$ -	\$ 5,708,784
Deferred inflows related to leases	118,214	-	118,214
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 5,826,998</u>	<u>\$ -</u>	<u>\$ 5,826,998</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ 7,227	\$ -	\$ 7,227
Restricted	-	1,582,701	1,582,701
Unassigned	8,628,892	-	8,628,892
<b>TOTAL FUND BALANCES</b>	<u>\$ 8,636,119</u>	<u>\$ 1,582,701</u>	<u>\$ 10,218,820</u>

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

**CITY OF RED BANK, TENNESSEE**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2024**

Total fund balances per governmental funds balance sheet	\$ 10,218,820
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,268,746
Subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	88,070
Long-term liabilities, including bonds payable, landfill closure and post-closure cost, subscription IT liabilities, and accrued leave are not due and payable in the current period and, therefore, are not reported in the funds.	(2,808,654)
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	173,984
Deferred outflows related to bond refinancing are not due and payable in the current period and, therefore, are not reported in the funds.	45,481
Pension liabilities, including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>536,267</u>
Net position of governmental activities	<u>\$ 20,522,714</u>

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

**CITY OF RED BANK, TENNESSEE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**June 30, 2024**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Local taxes	\$ 7,779,152	\$ -	\$ 7,779,152
Licenses and permits	98,596	17,550	116,146
Intergovernmental revenue	3,966,530	418,343	4,384,873
Charges for services	86,688	1,007,716	1,094,404
Fines and forfeitures	140,451	11,230	151,681
Other revenues	<u>594,791</u>	<u>114,295</u>	<u>709,086</u>
<b>TOTAL REVENUES</b>	<u>12,666,208</u>	<u>1,569,134</u>	<u>14,235,342</u>
<b>EXPENDITURES</b>			
<b>Current expenditures</b>			
General government	3,100,129	-	3,100,129
Public safety	4,364,691	52,083	4,416,774
Public works	1,515,794	1,136,223	2,652,017
State street aid	-	237,220	237,220
Public welfare and recreation	234,826	-	234,826
<b>Capital outlay</b>	3,329,428	401,791	3,731,219
<b>Debt service</b>	<u>440,242</u>	<u>42,557</u>	<u>482,799</u>
<b>TOTAL EXPENDITURES</b>	<u>12,985,110</u>	<u>1,869,874</u>	<u>14,854,984</u>
Excess (deficiency) of revenues over (under) expenditures	(318,902)	(300,740)	(619,642)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from debt issuance	<u>655,000</u>	<u>-</u>	<u>655,000</u>
Net changes in fund balances	336,098	(300,740)	35,358
<b>Fund balances - beginning</b>	<u>8,300,021</u>	<u>1,883,441</u>	<u>10,183,462</u>
<b>Fund balances - end</b>	<u>\$ 8,636,119</u>	<u>\$ 1,582,701</u>	<u>\$ 10,218,820</u>

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

**CITY OF RED BANK, TENNESSEE**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of the Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2024**

Net changes in fund balances for total governmental funds	\$ 35,358
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation and loss on disposal in the current period.	1,937,119
Governmental funds report subscription IT assets as capital outlay expenditures. However, in the Statement of Activities the cost of those assets is allocated and reported as amortization expense. This is the amount of amortization in the current period.	(33,026)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	95,159
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	453,045
Debt issued is reported as a financial resource in the governmental funds. However, this is reported as an increase in long-term liabilities in the Statement of Net Position.	(655,000)
Bond refinance savings are not reported in the governmental funds but are reported in the Statement of Activities.	(11,864)
Accrued leave reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	1,700
Pension expense for the prior year is not reported in the governmental funds but is reported in the Statement of Activities. Current year pension contributions are reported as an expense in the governmental funds but are not reported in the Statement of Activities.	(175,442)
Change in net position of governmental activities	<u>\$ 1,647,049</u>

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

**CITY OF RED BANK, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2024**

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Local taxes				
Property tax	\$ 5,227,682	\$ 5,227,682	\$ 5,380,098	\$ 152,416
Local sales tax	1,780,000	1,780,000	1,816,901	36,901
Wholesale beer tax	250,000	250,000	251,205	1,205
Wholesale liquor tax	70,000	70,000	93,069	23,069
Minimum business tax	800	800	1,430	630
Franchise tax	115,000	115,000	94,128	(20,872)
Occupancy tax	20,000	20,000	25,452	5,452
In lieu of tax	120,000	120,000	116,869	(3,131)
Total local taxes	7,583,482	7,583,482	7,779,152	195,670
Licenses and permits				
Alcoholic beverage licenses	2,200	2,200	3,382	1,182
Wrecker permits	500	500	1,300	800
Building license and permits	72,400	72,400	93,914	21,514
Total licenses and permits	75,100	75,100	98,596	23,496
Intergovernmental revenue				
State of Tennessee:				
TVA payments in lieu of taxes	142,788	142,788	145,823	3,035
State sales tax	1,427,880	1,427,880	1,470,987	43,107
State beer tax	5,474	5,474	5,230	(244)
State alcoholic beverage tax	6,500	6,500	7,236	736
State highway and street funds	21,775	21,775	22,482	707
Gross receipts tax	142,788	142,788	115,578	(27,210)
Sports betting revenue	20,000	20,000	22,616	2,616
State occupancy tax	-	-	2,681	2,681
Federal and state grants	-	5,006,697	2,139,097	(2,867,600)
State salary supplement	37,000	37,000	34,800	(2,200)
Total intergovernmental revenue	1,804,205	6,810,902	3,966,530	(2,844,372)
Charges for services				
Administrative services	68,000	68,000	68,004	4
Records request	1,200	1,200	1,005	(195)
Community center fees	20,000	20,000	17,679	(2,321)
Total charges for services	89,200	89,200	86,688	(2,512)

(Continued)

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



**CITY OF RED BANK, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES (Continued)</b>				
Fines and forfeitures				
Court fines and costs	\$ 90,000	\$ 90,000	\$ 140,451	\$ 50,451
Other revenues				
Interest earnings	100,000	100,000	373,365	273,365
Rent of facilities	31,660	31,660	8,720	(22,940)
Lease interest revenue	-	-	4,774	4,774
Lease revenue	-	-	29,553	29,553
Sale of assets	-	-	32,221	32,221
Donations	-	45,000	51,350	6,350
Insurance recoveries and refund	-	-	19,605	19,605
Other revenues	-	-	75,203	75,203
Total other revenues	131,660	176,660	594,791	418,131
<b>TOTAL REVENUES</b>	<b>9,773,647</b>	<b>14,825,344</b>	<b>12,666,208</b>	<b>(2,159,136)</b>
<b>EXPENDITURES</b>				
<b>Current expenditures</b>				
General government				
Judicial				
Salaries	136,322	136,322	142,644	(6,322)
Payroll tax	10,372	10,372	10,052	320
Employee benefits	14,635	14,635	14,452	183
Contract services	16,000	16,000	17,992	(1,992)
Office supplies and expenses	1,500	1,500	1,973	(473)
Operating supplies	-	-	185	(185)
Repairs and maintenance	1,000	1,000	-	1,000
Telephone	900	900	1,264	(364)
Training	1,200	1,200	1,056	144
Travel	1,200	1,200	1,622	(422)
Total judicial	183,129	183,129	191,240	(8,111)

(Continued)

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

**CITY OF RED BANK, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2024**

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current expenditures (Continued)				
General government (Continued)				
City Commission				
Salaries	\$ 13,200	\$ 13,200	\$ 13,200	\$ -
Payroll tax	1,010	1,010	1,010	-
Contract services	1,500	1,500	12,101	(10,601)
Donations	5,000	5,000	4,325	675
Office supplies and expenses	1,200	1,200	1,229	(29)
Operating supplies	2,000	2,000	5,161	(3,161)
Professional services	24,500	24,500	30,830	(6,330)
Special events	20,000	20,000	40,735	(20,735)
Telephone	420	420	494	(74)
Training	1,000	1,000	400	600
Travel	3,000	3,000	4,120	(1,120)
Total City Commission	72,830	72,830	113,605	(40,775)
Administration and finance				
Salaries	494,127	494,127	486,263	7,864
Payroll tax	34,549	34,549	36,364	(1,815)
Employee benefits	64,717	64,717	57,780	6,937
Collection fees	71,000	71,000	108,214	(37,214)
Contract services	162,713	162,713	168,891	(6,178)
Dues and subscriptions	15,000	15,000	23,323	(8,323)
Miscellaneous	2,570	2,570	2,744	(174)
Office supplies and expenses	29,000	29,000	24,136	4,864
Operating supplies	5,000	5,000	10,476	(5,476)
Professional services	119,900	119,900	172,529	(52,629)
Telephone	3,600	3,600	4,494	(894)
Training	10,000	10,000	3,976	6,024
Travel	5,000	5,000	5,915	(915)
Total administration and finance	1,017,176	1,017,176	1,105,105	(87,929)

(Continued)

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

**CITY OF RED BANK, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES (Continued)</b>				
<b>Current expenditures (Continued)</b>				
General government (Continued)				
Other financial administration				
Employee benefits	\$ 961,714	\$ 961,714	\$ 999,855	\$ (38,141)
Administration fees	2,800	2,800	2,287	513
Insurance	321,718	321,718	411,684	(89,966)
Non-profit endeavors	-	150,000	-	150,000
Total other financial administration	<u>1,286,232</u>	<u>1,436,232</u>	<u>1,413,826</u>	<u>22,406</u>
Government buildings				
Salaries	63,632	63,632	65,688	(2,056)
Payroll tax	4,741	4,741	4,701	40
Employee benefits	8,881	8,881	9,116	(235)
Contract services	25,450	25,450	59,062	(33,612)
Operating supplies	8,000	8,000	8,298	(298)
Repairs and maintenance	38,500	38,500	67,931	(29,431)
Telephone	18,500	18,500	30,158	(11,658)
Training	800	800	1,297	(497)
Travel	600	600	210	390
Utilities	60,200	60,200	29,892	30,308
Total government buildings	<u>229,304</u>	<u>229,304</u>	<u>276,353</u>	<u>(47,049)</u>
Total general government	<u>2,788,671</u>	<u>2,938,671</u>	<u>3,100,129</u>	<u>(161,458)</u>

(Continued)

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

**CITY OF RED BANK, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES (Continued)</b>				
<b>Current expenditures (Continued)</b>				
Public safety				
Police department				
Salaries	\$ 1,762,544	\$ 1,914,618	\$ 1,773,865	\$ 140,753
Payroll tax	131,300	142,973	127,802	15,171
Employee benefits	235,068	256,058	230,571	25,487
Contract services	251,755	251,755	242,873	8,882
Dues and subscriptions	2,000	2,000	4,500	(2,500)
Insurance	4,500	4,500	455	4,045
Miscellaneous	500	500	1,229	(729)
Operating supplies	53,100	56,233	49,844	6,389
Professional services	2,200	2,200	750	1,450
Repairs and maintenance	47,240	47,240	38,396	8,844
Telephone	14,500	14,500	15,045	(545)
Training	14,000	14,000	8,926	5,074
Travel	10,000	10,980	12,915	(1,935)
Uniforms	23,800	23,800	17,278	6,522
Vehicle	92,500	92,500	86,985	5,515
Total police department	<u>2,645,007</u>	<u>2,833,857</u>	<u>2,611,434</u>	<u>222,423</u>

(Continued)

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

**CITY OF RED BANK, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES (Continued)</b>				
<b>Current expenditures (Continued)</b>				
Public safety (Continued)				
Fire department				
Salaries	\$ 1,187,875	\$ 1,187,875	\$ 1,184,723	\$ 3,152
Payroll tax	89,215	89,215	85,285	3,930
Employee benefits	137,944	137,944	126,935	11,009
Contract services	33,867	33,867	34,296	(429)
Dues and subscriptions	2,595	2,595	2,297	298
Fire hydrant rental	2,752	2,752	2,523	229
Insurance	7,250	7,250	8,389	(1,139)
Office supplies and expenses	1,000	1,000	780	220
Operating supplies	36,075	36,075	40,728	(4,653)
Repairs and maintenance	67,000	67,000	70,562	(3,562)
Telephone	4,849	4,849	4,872	(23)
Training	54,330	54,330	53,607	723
Travel	15,000	15,000	11,423	3,577
Uniforms	36,300	36,300	35,812	488
Utilities	21,200	21,200	21,062	138
Vehicle	49,156	84,156	69,963	14,193
Total fire department	<u>1,746,408</u>	<u>1,781,408</u>	<u>1,753,257</u>	<u>28,151</u>
Total public safety	<u>4,391,415</u>	<u>4,615,265</u>	<u>4,364,691</u>	<u>250,574</u>

(Continued)

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

**CITY OF RED BANK, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2024**

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public works				
Street department				
Salaries	\$ 824,716	\$ 824,716	\$ 798,610	\$ 26,106
Payroll tax	58,627	58,627	57,139	1,488
Employee benefits	111,620	111,620	115,573	(3,953)
Contract services	280,500	280,500	230,977	49,523
Insurance	1,000	1,000	16	984
Office supplies and expenses	4,000	4,000	4,551	(551)
Operating supplies	70,800	70,800	71,987	(1,187)
Repairs and maintenance	32,000	32,000	20,902	11,098
Street resurfacing	-	396,184	50	396,134
Telephone	9,500	9,500	7,701	1,799
Training	6,000	6,000	10,859	(4,859)
Travel	4,000	4,000	10,496	(6,496)
Uniforms	5,000	5,000	3,355	1,645
Utilities	-	-	6,655	(6,655)
Vehicle	52,800	52,800	25,938	26,862
Waste disposal	-	-	4,495	(4,495)
Total street department	1,460,563	1,856,747	1,369,304	487,443
Fleet maintenance				
Salaries	98,731	98,731	97,568	1,163
Payroll tax	7,367	7,367	7,050	317
Employee benefits	13,800	13,800	13,586	214
Contract services	8,300	8,300	50	8,250
Office supplies and expenses	300	300	76	224
Operating supplies	24,000	24,000	20,676	3,324
Repairs and maintenance	300	300	768	(468)
Telephone	800	800	-	800
Training	3,800	3,800	1,331	2,469
Travel	400	400	-	400
Uniforms	500	500	200	300
Utilities	-	-	4,574	(4,574)
Vehicle	1,500	1,500	611	889
Total fleet maintenance	159,798	159,798	146,490	13,308
Total public works	1,620,361	2,016,545	1,515,794	500,751

(Continued)

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

**CITY OF RED BANK, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES (Continued)</b>				
<b>Current expenditures (Continued)</b>				
Public welfare and recreation				
Animal control				
Contract services	\$ 77,165	\$ 77,165	\$ 76,122	\$ 1,043
Parks and recreation				
Contract services	5,000	5,000	5,071	(71)
Operating supplies	7,650	7,650	6,054	1,596
Repairs and maintenance	60,750	60,750	77,549	(16,799)
Utilities	83,600	83,600	70,030	13,570
Total parks and recreation	<u>157,000</u>	<u>157,000</u>	<u>158,704</u>	<u>(1,704)</u>
Total public welfare and recreation	<u>234,165</u>	<u>234,165</u>	<u>234,826</u>	<u>(661)</u>
<b>Capital outlay</b>				
General government	4,500	649,062	487,674	161,388
Public safety	78,500	1,859,821	954,827	904,994
Public works	10,125	3,147,904	1,606,574	1,541,330
Public welfare and recreation	13,000	660,000	280,353	379,647
Total capital outlay	<u>106,125</u>	<u>6,316,787</u>	<u>3,329,428</u>	<u>2,987,359</u>
<b>Debt service</b>				
Principal and interest	<u>632,910</u>	<u>632,910</u>	<u>440,242</u>	<u>192,668</u>
<b>TOTAL EXPENDITURES</b>	<u>9,773,647</u>	<u>16,754,343</u>	<u>12,985,110</u>	<u>3,769,233</u>
Excess (deficiency) of revenues over (under) expenditures	-	(1,928,999)	(318,902)	1,610,097
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from debt issuance	-	655,000	655,000	-
Net changes in fund balances	-	(1,273,999)	336,098	1,610,097
<b>Fund balances - beginning</b>	<u>8,300,021</u>	<u>8,300,021</u>	<u>8,300,021</u>	<u>-</u>
<b>Fund balances - end</b>	<u>\$ 8,300,021</u>	<u>\$ 7,026,022</u>	<u>\$ 8,636,119</u>	<u>\$ 1,610,097</u>

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

**CITY OF RED BANK, TENNESSEE**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2024**

	<u><b>Enterprise Fund</b></u> <u><b>Stormwater</b></u> <u><b>Fund</b></u>
<b>ASSETS</b>	
Current assets	
Cash	\$ 77,226
Accounts receivable - net	29,046
Due from other funds	458,516
Total current assets	<u>564,788</u>
Non-current assets	
Capital assets	
Other capital assets - net of accumulated depreciation	109,767
<b>TOTAL ASSETS</b>	<u><b>\$ 674,555</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>\$ 82,407</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 81,503
Accrued liabilities	2,403
Total current liabilities	<u>83,906</u>
Non-current liabilities	
Accrued leave	4,224
Net pension liability	62,968
Total non-current liabilities	<u>67,192</u>
<b>TOTAL LIABILITIES</b>	<u><b>\$ 151,098</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u>\$ 2,853</u>
<b>NET POSITION</b>	
Investment in capital assets	\$ 109,767
Unrestricted	493,244
<b>TOTAL NET POSITION</b>	<u><b>\$ 603,011</b></u>

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



**CITY OF RED BANK, TENNESSEE**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2024**

	<u><b>Enterprise Fund</b></u> <u><b>Stormwater</b></u> <u><b>Fund</b></u>
<b>OPERATING REVENUES</b>	
Stormwater fees	\$ 518,044
Other operating	11,830
Total operating revenues	<u>529,874</u>
<b>OPERATING EXPENSES</b>	
Stormwater collection	359,057
Administration	21,388
Depreciation	7,719
Total operating expenses	<u>388,164</u>
Operating income	<u>141,710</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest earnings	15,591
Insurance recoveries	1,031
Total non-operating revenues (expenses)	<u>16,622</u>
Change in net position	158,332
<b>Net position - beginning</b>	<u>444,679</u>
<b>Net position - end</b>	<u>\$ 603,011</u>

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

**CITY OF RED BANK, TENNESSEE**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**

	<u><b>Enterprise Fund</b></u> <u><b>Stormwater</b></u> <u><b>Fund</b></u>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 532,204
Payments to suppliers	(168,041)
Payments to employees	(123,362)
Net cash provided (used) by operating activities	<u>240,801</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Due from other funds	(460,075)
Insurance recoveries	1,031
Net cash provided (used) by noncapital financing activities	<u>(459,044)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of capital assets	<u>(99,566)</u>
<b>Cash Flows from Investing Activities</b>	
Interest income	<u>15,591</u>
Net increase (decrease) in cash	(302,218)
<b>Cash - beginning</b>	<u>379,444</u>
<b>Cash - end</b>	<u>\$ 77,226</u>
<b>Reconciliation of Operating Income to Net Cash</b>	
<b>Provided (Used) by Operating Activities</b>	
Operating income	\$ <u>141,710</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	7,719
(Increase) decrease in accounts receivable - net	2,330
(Increase) decrease in deferred outflows related to pensions	(8,126)
Increase (decrease) in accounts payable	81,503
Increase (decrease) in accrued liabilities	(509)
Increase (decrease) in accrued leave	2,622
Increase (decrease) in net pension liability	15,845
Increase (decrease) in deferred inflows related to pensions	<u>(2,293)</u>
Total adjustments	<u>99,091</u>
Net cash provided (used) by operating activities	<u>\$ 240,801</u>

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

**CITY OF RED BANK, TENNESSEE**  
**Notes to Financial Statements**  
**June 30, 2024**

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

The City of Red Bank, Tennessee operates under a Mayor and Board of Commissioners within the following departments: general government, public safety, public works, state street aid, and public welfare and recreation.

The financial statements of the City of Red Bank, Tennessee have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP and GASB issued Statement No. 14, *The Financial Reporting Entity*. This statement requires that the financial statements present the City of Red Bank, Tennessee (the primary government) and any component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting one of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board and the primary government is able to impose its will upon the potential component unit); or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

Based on the foregoing criteria, there are no entities, which meet the above criteria for inclusion in the City of Red Bank, Tennessee's financial statements.

**B. Basic Financial Statements**

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

**Government-wide Statements**

The Statement of Net Position and Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis for column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **B. Basic Financial Statements (Continued)**

#### **Government-wide Statements (Continued)**

The Statement of Activities presents both a gross and net cost comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Certain indirect costs are included in program expenses reported for individual functions. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The net cost (by function or business-type activity) is normally covered by general revenue (property or sales taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is designed to view the City as a complete city and the change in aggregate financial position resulting from the activities of the fiscal period. Fiduciary funds are not included in the government-wide financial statements.

#### **Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its governmental funds and enterprise funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental fund:

#### **General Fund**

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

The City reports the following major enterprise fund:

#### **Stormwater Fund**

This fund is used to account for the provision of stormwater services to the City.

### **C. Measurement Focus - Basis of Accounting**

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

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **C. Measurement Focus - Basis of Accounting (Continued)**

Government 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. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, gasoline taxes, wholesale beer taxes, mixed drink taxes, and in-lieu of taxes are susceptible to accrual. Licenses and permits, fines and forfeitures, gross receipts taxes and excise taxes are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

### **D. Budgets and Budgetary Accounting**

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

During April and May, budget requests from departments are submitted to the City Manager. Budget items submitted are discussed at these regularly scheduled meetings and in special work session meetings in June. Subsequently the budget is enacted through vote of the Commissioners, with an operative date of July 1.

Formal budgets are adopted for the General Fund and Special Revenue Funds on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets for Enterprise Funds are adopted by the Commissioners for a management tool. Therefore, no adjustments are necessary to convert to the actual GAAP data from the budgetary basis. These formal budgets are adopted on a departmental basis. The Finance Director is authorized to transfer budgeted amounts between departments within any fund. However, any revision that alters the total expenditures of any fund must be approved by the Board of Commissioners.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **D. Budgets and Budgetary Accounting (Continued)**

Budgeted amounts reflected in the accompanying final budget and actual comparison are as originally adopted in accordance with GAAP, or as amended by the Commissioners throughout the year. All appropriations which are not expended lapse at year-end.

### **E. Cash and Cash Equivalents**

Cash consists of cash-on-hand and cash-on-deposit with financial institutions. For purposes of reporting cash on the Statement of Cash Flows, the City considers unrestricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At June 30, 2024, the City had no cash equivalents.

### **F. Investments**

All investments are reported at fair value, which is based on quoted market prices.

The City is authorized by State Statutes to invest in the following:

Bonds, notes or treasury bills of the United States.

Nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the Student Loan Marketing Association.

Any obligation guaranteed by the United States or any of its agencies.

Certificates-of-deposit at state and federal chartered banks and savings and loan associations.

The Local Government Investment Pool created by Title 9.

### **G. Property Taxes**

Property taxes are secured by a statutory lien effective as of the original levy date of January 1st on property values assessed by the county for that calendar year. The billings are mailed October 1st and are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending approximately 60 days after the calendar year end. On this date, March 1st, the bill becomes delinquent and penalties and interest may be assessed.

Property taxes are recognized on the modified accrual basis on the governmental fund financial statements. Proper allowances are made for estimated uncollectible accounts and delinquent accounts when necessary. The tax rate for the 2024 levy is \$1.67 per \$100 of assessed valuation, and the tax rate for the 2023 levy is \$1.67 per \$100 of assessed valuation.

Property taxes for the 2024 levy are considered to be owed to the City as of the lien date on January 1, 2024. Therefore, the entire 2024 levy was recorded as a receivable and deferred revenue as of June 30, 2024.

### **H. Lease Receivable**

The City's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### I. Interfund Transactions

#### Interfund Receivables and Payables

Short-term advances between funds are not eliminated but accounted for in the appropriate interfund receivable and payable accounts classified as due to other funds and due from other funds in the fund financial statements, and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

#### Transactions between Funds

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expense in the fund that is reimbursed. All other legally authorized transfers are not eliminated but treated as transfers and are included as other financing sources or uses in the governmental funds and reported after non-operating revenues or expenses in the enterprise funds.

### J. Prepayment of Expenditures

Governmental fund expenditures for insurance and similar services extending over more than one accounting period are allocated between the accounting periods to which they relate.

### K. Inventories

Supplies and materials are recorded as expenditures/expenses at the time items are purchased and are not inventoried at year-end due to lack of materiality.

### L. Restricted Assets

Certain resources can be classified as restricted assets on the Statement of Net Position because their use is limited. At year-end, there were no restricted assets.

### M. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 extended assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings	10-50
Public improvements	5-50
State street aid	5-50
Infrastructure	50
Furniture, fixtures and equipment	3-10

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### M. Capital Assets (Continued)

Capital assets of the proprietary funds are accounted for in the proprietary fund and are stated at cost or estimated fair value when original cost is not available. Major additions are capitalized while maintenance and repairs, including the cost of minor items of property, are expensed as incurred. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Land improvements	20 years
Equipment	7-10 years

### N. Subscription IT Arrangements

The City follows GASB No. 96, *Subscription-Based Information Technology Arrangements*, (SBITA), to address the accounting treatment and financial reporting for these agreements. The SBITA asset is measured as the initial value of the subscription liability plus payments made to the vendor at the commencement of the subscription term, plus capitalizable initial implementation costs, and less any vendor incentives received at the commencement of the subscription term. The City will amortize the SBITA asset in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying asset.

### O. Leases

The City follows GASB No. 87, *Leases*, to address the accounting treatment and financial reporting of leases. Leases that are not classified as short-term leases or contracts that transfer ownership are required to recognize a right to use asset and a related lease liability. Right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. Right to use leased assets are amortized on a straight-line basis over the life of the related lease. Currently, the City is not the lessee in any lease agreement.

### P. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Entity has two types of items that qualify for reporting in this category: deferred outflows related to pensions and deferred outflows related to bond refinancing.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Currently, the City has three types of items that qualify for reporting in this category: deferred revenue - property taxes, deferred inflows related to leases, and deferred inflows related to pensions.

### Q. Compensated Absences

City employees are granted annual leave in varying amounts. In the event of termination, an employee is paid for accumulated annual leave. Government-wide proprietary funds accrue vacation benefits in the period they are earned. A liability for these amounts is reported in governmental funds only if they have matured.



## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### R. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position.

### S. Pensions

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

### T. Net Position

Net position is the residual of all elements presented in the Statement of Net Position (i.e., assets + deferred outflows - liabilities - deferred inflows). Net investment in capital assets represent capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction, or improvement of those assets. Restricted net position represents restricted assets reduced by any related outstanding debt.

### U. Fund Balance

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* established standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

Nonspendable: The City cannot spend these amounts due to form.

Restricted: The State or other sources can restrict funds to specific purposes by externally imposing restrictions or imposing by law through constitutional provisions or enabling legislation.

Committed: The Board of Commissioners has the authority to commit funds for a specific purpose. Any funds set aside as committed fund balance requires, at a minimum, the passage of a resolution by a simple majority vote. An ordinance may also be used.

Assigned: The Board of Commissioners has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as assigned fund balance requires a simple majority vote and must be recorded in the minutes.

Unassigned: Amounts not classified as nonspendable, restricted, committed, or assigned.

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it.

When restricted, committed, assigned and unassigned funds are available for use, restricted funds should be spent first, committed funds second, assigned funds third and unassigned funds last.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### V. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### W. Events Occurring after Reporting Date

The City has evaluated events and transactions that occurred between June 30, 2024, and December 27, 2024, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

## NOTE 2 - DEPOSITS AND INVESTMENTS

### Deposits

Custodial credit risk is the risk that in the event of a bank failure the City's deposits may not be returned to it. The City does not have a deposit or investment policy for custodial credit risk, however, the State of Tennessee requires its governmental entities to either meet the deposit and collateralization regulations under TCA Title 9, Chapter 4, Parts 1 and 4, or as provided in the collateral pool. As of June 30, 2024, the carrying amount of the City's deposits was \$1,233,590, and the bank balance was \$1,927,033. None of the City's bank balance was exposed to custodial credit risk as uninsured or uncollateralized due to the fact that all of its deposits and investments are in a financial institution that is a participant in the State of Tennessee collateral pool.

The carrying amount of the City's deposits is classified as follows on the Statement of Net Position:

Cash	\$ 733,657
Investments	<u>9,947,455</u>
	10,681,112
Less: petty cash	( 67)
Less: LGIP	<u>(9,447,455)</u>
Total	<u>\$ 1,233,590</u>

### Investments

The City's investments are carried at fair value and consist of certificates of deposit and investments in the State of Tennessee Local Government Investment Pool (LGIP). The LGIP is considered a 2a-7 like account (SEC designation) and is only required to be reported at amortized cost. Because the fund is valued at a constant dollar, the City's position in the pool is equal to its account balance (fair value) as of June 30, 2024. The LGIP is not rated. The weighted average maturity for the LGIP balances at June 30, 2024 was 48 days. The City's investments are listed on the Statement of Net Position as follows:

LGIP	\$ 9,447,455
Certificates of deposit	<u>500,000</u>
Total	<u>\$ 9,947,455</u>

The City does not have any derivative instruments as defined by GASB statement No. 53.

### NOTE 3 - PROPERTY TAXES RECEIVABLE - NET

Property taxes receivable as of June 30, 2024, including prior years unpaid taxes are composed of the following:

<u>Year of Levy</u>	
2024	\$ 5,534,800
2023	186,545
2022	42,553
2021	23,195
2020	12,551
2019	-
2018	19,694
2017	3,468
2016	4,813
2015	<u>5,238</u>
	5,832,857
Less: allowance for uncollectibles	<u>( 92,080)</u>
Property taxes receivable - net	<u>\$ 5,740,777</u>

### NOTE 4 - ACCOUNTS RECEIVABLE - NET

Accounts receivable - net at June 30, 2024, consists of the following:

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Local beer and liquor tax	\$ 31,116	\$ -	\$ -	\$ -	\$ 31,116
Court fines	182,767	-	-	-	182,767
Franchise tax	23,073	-	-	-	23,073
Room occupancy tax	4,569	-	-	-	4,569
Stormwater tax	-	-	-	33,450	33,450
Other	-	1,500	7,376	-	8,876
Interest	20,833	-	-	-	20,833
Less: allowance for doubtful accounts	<u>( 124,282)</u>	<u>-</u>	<u>-</u>	<u>( 4,404)</u>	<u>(128,686)</u>
Total	<u>\$ 138,076</u>	<u>\$ 1,500</u>	<u>\$ 7,376</u>	<u>\$ 29,046</u>	<u>\$ 175,998</u>

### NOTE 5 - LEASE RECEIVABLE

The City has entered into a lease with a limited liability company for the right to use non-exclusive easements. The lease began April 20, 1998, and offers nine (9) extensions of five (5) years each. The lease automatically extends unless ninety (90) days' notice is given prior to the expiration of the current five-year term. It is not reasonably certain that the remaining extensions will be exercised, therefore, the lease receivable has been calculated through June 2028. Beginning April 1, 2024 and each year thereafter, monthly rent will increase based on the Consumer Price Index. The rent will not decrease, fall below 3.5%, or exceed 5% of the most recent rent. The lease receivable has been calculated based on a 3.5% increase each year. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.5%. During the current year, the City recognized \$29,553 of lease revenue and \$4,774 of interest revenue under the lease.

**NOTE 5 - LEASE RECEIVABLE (Continued)**

The lease receivable is shown on the Statement of Net Position as follows:

Lease receivable - current asset	\$ 27,377
Lease receivable - non-current asset	<u>97,911</u>
Total	<u>\$ 125,288</u>

**NOTE 6 - DUE FROM GRANTOR**

Due from grantor at June 30, 2024, consists of the following:

U.S. Department of Transportation	\$ 270,430
U.S. Department of the Treasury	535,467
Tennessee Department of Finance and Administration	<u>19,927</u>
Total	<u>\$ 825,824</u>

**NOTE 7 - DUE FROM OTHER GOVERNMENTS**

Due from other governments consists of taxes collected for the City by other governments for the periods prior to June 30, 2024, but not received or deposited by the City until after June 30, 2024. Those amounts are:

<u>State of Tennessee</u>	
Sales tax	\$ 257,755
Alcoholic beverage tax	2,153
Highway and street funds	3,624
Gross receipts tax	995
Sports betting	5,254
Occupancy tax	638
Gasoline and motor fuel tax	73,536
<u>Hamilton County</u>	
Local sales tax	315,984
Sanitation fee	<u>9,677</u>
Total	<u>\$ 669,616</u>

**NOTE 8 - INTERNAL BALANCES**

Internal balances at June 30, 2024, consist of the following:

	Due from:			
	General Fund	Solid Waste Fund	Drug Fund	Total
Due to:				
General Fund	\$ -	\$ 22,945	\$ 266	\$ 23,211
Stormwater Fund	<u>458,516</u>	<u>-</u>	<u>-</u>	<u>458,516</u>
Total	<u>\$ 458,516</u>	<u>\$ 22,945</u>	<u>\$ 266</u>	<u>\$ 481,727</u>

**NOTE 8 - INTERNAL BALANCES (Continued)**

Internal balances represent amounts paid by the Stormwater Fund on behalf of the General Fund that are to be reimbursed in the next fiscal year. The General Fund will be reimbursed by the Solid Waste Fund and Drug Fund in the next fiscal year.

**NOTE 9 - CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	<u>\$ 798,832</u>	<u>\$ 378,057</u>	<u>\$ -</u>	<u>\$ 1,176,889</u>
Capital assets being depreciated:				
Buildings	1,915,067	78,916	-	1,993,983
Public improvements	3,449,137	200,172	-	3,649,309
State street aid	2,358,924	398,705	-	2,757,629
Infrastructure	3,720,337	491,388	-	4,211,725
Furniture, fixtures and equipment	<u>7,641,459</u>	<u>1,400,129</u>	<u>(506,453)</u>	<u>8,535,135</u>
Total capital assets being depreciated	<u>19,084,924</u>	<u>2,569,310</u>	<u>(506,453)</u>	<u>21,147,781</u>
Less accumulated depreciation for:				
Buildings	912,511	58,713	-	971,224
Public improvements	1,238,609	82,292	-	1,320,901
State street aid	1,123,372	98,043	-	1,221,415
Infrastructure	931,324	79,320	-	1,010,644
Furniture, fixtures and equipment	<u>5,346,313</u>	<u>690,667</u>	<u>(505,240)</u>	<u>5,531,740</u>
Total accumulated depreciation	<u>9,552,129</u>	<u>1,009,035</u>	<u>(505,240)</u>	<u>10,055,924</u>
Total capital assets being depreciated - net	<u>9,532,795</u>	<u>1,560,275</u>	<u>( 1,213)</u>	<u>11,091,857</u>
Governmental activities capital assets - net, excluding subscription IT assets	<u>\$ 10,331,627</u>	<u>\$ 1,938,332</u>	<u>\$ ( 1,213)</u>	<u>12,268,746</u>
Subscription IT assets, net				<u>88,070</u>
Total capital assets, net as reported in the Statement of Net Position				<u>\$12,356,816</u>
Depreciation expense was charged to the functions of the primary government as follows:				
General government				\$ 82,529
Public safety				457,478
Public works				300,412
State street aid				98,043
Public welfare and recreation				<u>70,573</u>
Total				<u>\$ 1,009,035</u>

**NOTE 9 - CAPITAL ASSETS (Continued)**

The City has recorded a subscription IT asset for server hosting services. The subscription IT asset is valued at \$132,105, has prior year's amortization of \$11,009, and has current year amortization of \$33,026, for a net value of \$88,070. Amortization expense has been charged to the general government department. Information regarding the subscription IT asset, subscription IT liability, and a description of the arrangement is provided in footnote 13.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Land improvements	\$ 35,841	\$ -	\$ -	\$ 35,841
Equipment	<u>90,809</u>	<u>99,566</u>	<u>-</u>	<u>190,375</u>
Total capital assets being depreciated	<u>126,650</u>	<u>99,566</u>	<u>-</u>	<u>226,216</u>
Less accumulated depreciation for:				
Land improvements	17,921	1,792	-	19,713
Equipment	<u>90,809</u>	<u>5,927</u>	<u>-</u>	<u>96,736</u>
Total accumulated depreciation	<u>108,730</u>	<u>7,719</u>	<u>-</u>	<u>116,449</u>
Total capital assets being depreciated - net	<u>17,920</u>	<u>91,847</u>	<u>-</u>	<u>109,767</u>
Business-type activities capital assets - net	<u>\$ 17,920</u>	<u>\$ 91,847</u>	<u>\$ -</u>	<u>\$ 109,767</u>

The City did not acquire any intangible assets that would require reporting under GASB Statement No. 51.

**NOTE 10 - UNEARNED GRANT REVENUE**

Unearned grant revenue at June 30, 2024, consists of \$1,384,602 from the U.S. Department of Finance and Administration.

## NOTE 11 - LONG-TERM DEBT

### A. Governmental Debt

Long-term debt, which consists of bonds payable, landfill closure and post-closure cost, a subscription IT liability, and accrued leave, is summarized as follows:

	<u>Principal Balance</u>
Tennessee Municipal Bond, Series 2021, issued in the original amount of \$1,527,000 for paving, payable in varying amounts, including interest at 2.05%, due May 2028, net of unamortized bond premiums of \$45,481, direct borrowings	\$ 899,000
Tennessee Municipal Bond, Series 2022, issued in the original amount of \$137,603 for acquisition of vehicles for police department, payable in varying annual installments of approximately \$47,654, including interest at 1.98%, due February 2025, direct borrowings	46,500
Tennessee Municipal Bond, Series 2022, issued in the original amount of \$190,070 for acquisition of vehicles for police and fire departments, payable in varying annual installments of approximately \$69,395, including interest at 4.15%, due November 2025, direct borrowings	130,000
Tennessee Municipal Bond, Series 2023, issued in the original amount of \$495,900 for acquisition of a fire truck, payable in varying annual installments of approximately \$76,881, including interest at 5.10%, due February 2031, direct borrowings	443,000
Tennessee Municipal Bond, Series 2024, issued in the original amount of \$655,000, payable in varying annual installments of approximately \$185,961, including interest at 5.42%, due May 2028, direct borrowings	655,000
Tennessee Municipal Bond, Series 2012, issued in the original amount of \$500,000 for highway and street improvements, payable in varying annual installments of approximately \$55,595, including interest at 2.90%, due August 2024, direct borrowings	41,300
Landfill closure and post-closure cost	38,500
Subscription IT liability	92,875
Accrued leave	<u>462,479</u>
	2,808,654
Less: current portion of governmental long-term debt	<u>( 616,026)</u>
Total governmental long-term debt	<u>\$ 2,192,628</u>

During 2021, the City issued debt which defeased the Tennessee Municipal Bond, Series 2019. The reacquisition price exceeded the net carrying amount of the old debt. The unamortized deferred amount on refunding is reported as a deferred outflow of resources and charged to expense when amortized.

**NOTE 11 - LONG-TERM DEBT (Continued)****A. Governmental Debt (Continued)**

A summary of changes in governmental long-term debt for the year ended June 30, 2024, are as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
<b><u>Direct borrowings:</u></b>					
Series 2021	\$ 1,113,000	\$ -	\$ ( 214,000)	\$ 899,000	\$ 218,000
Series 2022	92,000	-	( 45,500)	46,500	46,500
Series 2022	190,070	-	( 60,070)	130,000	64,000
Series 2023	495,900	-	( 52,900)	443,000	55,000
Series 2024	-	655,000	-	655,000	151,000
Series 2012	<u>83,000</u>	<u>-</u>	<u>( 41,700)</u>	<u>41,300</u>	<u>41,300</u>
Total direct borrowings	<u>1,973,970</u>	<u>655,000</u>	<u>( 414,170)</u>	<u>2,214,800</u>	<u>575,800</u>
<b><u>Other debt:</u></b>					
Landfill closure and post-closure	46,200	-	( 7,700)	38,500	7,700
Subscription IT liability	124,050	-	( 31,175)	92,875	32,526
Accrued leave	<u>464,179</u>	<u>-</u>	<u>( 1,700)</u>	<u>462,479</u>	<u>-</u>
Total other debt	<u>634,429</u>	<u>-</u>	<u>( 40,575)</u>	<u>593,854</u>	<u>40,226</u>
<b>Total</b>	<b><u>\$ 2,608,399</u></b>	<b><u>\$ 655,000</u></b>	<b><u>\$ ( 454,745)</u></b>	<b>2,808,654</b>	<b><u>\$ 616,026</u></b>
Less: current portion of governmental long-term debt				<u>( 616,026)</u>	
<b>Total governmental long-term debt</b>				<b><u>\$ 2,192,628</u></b>	

In accordance with GASB No. 101, *Compensated Absences*, the change in liability for compensated absences is shown as the net change, rather than gross increases and decreases.

The Series 2021, 2022, 2022, 2023, 2024 and 2012 Tennessee Municipal Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. The City's full faith and credit are irrevocably pledged as collateral. If in default and there are insufficient funds from ad valorem taxes, the principal and interest will be paid from the current funds of the City.

The City does not have unused lines of credit.



**NOTE 11 - LONG-TERM DEBT (Continued)****A. Governmental Debt (Continued)**

Government fund debt service requirements to maturity, including interest of \$236,959, are as follows:

Year ended June 30	Direct Borrowings		Other Debt		Total
	Principal	Interest	Principal	Interest	
2025	\$ 575,800	\$ 79,843	\$ 7,700	\$ -	\$ 663,343
2026	504,000	62,435	7,700	-	574,135
2027	455,000	44,989	7,700	-	507,689
2028	472,000	28,170	7,700	-	507,870
2029	66,000	10,608	7,700	-	84,308
2030-2031	142,000	10,914	-	-	152,914
Total	<u>\$ 2,214,800</u>	<u>\$ 236,959</u>	<u>\$ 38,500</u>	<u>\$ -</u>	<u>\$ 2,490,259</u>

Note: The above debt service requirements schedule does not include accrued leave or the subscription IT liability. Information regarding the subscription IT liability is provided in footnote 13.

Interest paid during the year ended June 30, 2024 on governmental debt was \$68,629.

**B. Business-Type Debt****Stormwater Fund:**

Long-term debt payable by the Stormwater Fund, which consists of accrued leave, is summarized as follows:

Accrued leave	\$ 4,224
Less: current portion	<u>-</u>
Total stormwater long-term debt	<u>\$ 4,224</u>

A summary of changes in Stormwater Fund long-term debt for the year ended June 30, 2024 are as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Amount Due Within One Year
Accrued leave	<u>\$ 1,602</u>	<u>\$ 2,622</u>	<u>\$ -</u>	\$ 4,224	<u>\$ -</u>
Less: current portion				<u>-</u>	
Total stormwater long-term debt				<u>\$ 4,224</u>	

In accordance with GASB No. 101, *Compensated Absences*, the change in liability for compensated absences is shown as the net change, rather than gross increases and decreases.

Stormwater debt service requirements are not presented due to the nature of accrued leave.

## NOTE 12 - LANDFILL CLOSURE AND POST-CLOSURE

On December 10, 1996, the City received a letter from the Chattanooga Environmental Field Office of the Department of Environmental and Conservation relative to notice of violation of the Water Quality Act due to leachate contamination from the City's closed landfill. The City is required to environmentally cap the landfill. State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City has complied with these laws and the landfill was closed on August 17, 2000. The cost of closure totaled approximately \$1,925,846. The current estimated cost for post-closure care is \$7,700 per year. The City has complied with Environmental Protection Agency rules regarding financial assurance relative to projected closure and post-closure care costs. The total current cost has been estimated subject to changes resulting from inflation, deflation, technology or changes in applicable laws or regulations.

Maturities of the estimated landfill obligation included in long-term debt are as follows:

Year ended	
<u>June 30:</u>	<u>Amount</u>
2025	\$ 7,700
2026	7,700
2027	7,700
2028	7,700
2029	<u>7,700</u>
Total	<u>\$ 38,500</u>

## NOTE 13 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT

The City has recorded a subscription IT asset for server hosting services. The services include a 3-year subscription term, with a one year option to extend which will likely be exercised and is included in the value of the asset. The monthly subscription payment is \$2,987, with a 4.3% interest rate. There are no variable components of the arrangement. Subscription IT assets are included in footnote 9 and subscription IT liability information is provided in footnote 11. Future obligations of this liability as of June 30, 2024 are as follows:

Year ended			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 32,526	\$ 3,318	\$ 35,844
2026	33,936	1,908	35,844
2027	<u>26,413</u>	<u>471</u>	<u>26,884</u>
Total	<u>\$ 92,875</u>	<u>\$ 5,697</u>	<u>\$ 98,572</u>

#### **NOTE 14 - DEFERRED REVENUE - PROPERTY TAX**

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes	<u>\$ 173,984</u>	<u>\$ 5,534,800</u>	<u>\$ 5,708,784</u>

Funds that are earned, but not available, are realized as revenue under GASB #33.

#### **NOTE 15 - DEFERRED INFLOWS RELATED TO LEASES**

The Town is the lessor in a lease agreement. The deferred inflows of resources are recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources are amortized on a straight-line basis over the terms of the leases. As of June 30, deferred inflows of resources of \$118,214 are recorded for the lease. The details of the lease is disclosed in footnote 5.

#### **NOTE 16 - NET POSITION RESTRICTIONS**

The City can restrict net position to be maintained for specific purposes. The nature and purpose of these restrictions are explained as follows:

State street aid funds in the amount of \$561,486 are legally restricted for state street aid expenditures.

Solid waste funds in the amount of \$976,190 are legally restricted for solid waste expenditures.

Drug funds in the amount of \$35,725 are legally restricted for non-recurring police expenditures.

Impound funds in the amount of \$9,300 are restricted for impound related expenditures.

#### **NOTE 17 - FUND BALANCES**

Fund balances are as follows:

Nonspendable: Prepaid expenses of \$153 are nonspendable due to form. \$7,074 is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

Restricted: State street aid funds in the amount of \$561,486 are legally restricted for state street aid expenditures. Solid waste funds in the amount of \$976,190 are legally restricted for solid waste expenditures. Drug funds in the amount of \$35,725 are legally restricted for non-recurring police expenditures. Impound funds in the amount of \$9,300 are restricted for impound related expenditures.

Unassigned: In accordance with generally accepted accounting principles, the General Fund is the only fund at the Town that reports amounts for unassigned fund balance. This classification represents fund balance that is not nonspendable and has not been committed to specific purposes within the General Fund.

## NOTE 18 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position:

The governmental fund balance includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that, "Long-term liabilities, including bonds payable, landfill closure and post-closure costs, subscription IT liabilities, and accrued leave are not due and payable in the current period and, therefore, are not reported in the funds". The details of this \$(2,808,654) difference are as follows:

Bonds payable	\$ (2,214,800)
Landfill closure and post-closure cost	( 38,500)
Subscription IT liabilities	( 92,875)
Accrued leave	<u>( 462,479)</u>
Net adjustment	<u>\$ (2,808,654)</u>

Another element of that reconciliation states that, "Pension liabilities, including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$536,267 difference are as follows:

Deferred outflows related to pensions	\$ 2,664,484
Net pension liability	(2,035,964)
Deferred inflows related to pensions	<u>( 92,253)</u>
Net adjustment	<u>\$ 536,267</u>

Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities:

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between net changes in fund balances for total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that, "Governmental funds report capital outlay 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". The details of this \$1,937,119 difference are as follows:

Capital outlay	\$ 2,947,367
Depreciation expense	(1,009,035)
Loss on disposal	<u>( 1,213)</u>
Net adjustment	<u>\$ 1,937,119</u>

**NOTE 18 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Another element of that reconciliation states that, "Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position". The details of this \$453,045 difference are as follows:

Bonds payable	\$ 414,170
Landfill closure and post-closure cost	7,700
IT subscription liability	<u>31,175</u>
Net adjustment	<u>\$ 453,045</u>

Another element of that reconciliation states that, "Pension expense for the prior year is not reported in the governmental funds but is reported in the Statement of Activities. Current year pension contributions are reported as an expense in the governmental funds but are not reported in the Statement of Activities." The details of this \$(175,442) difference are as follows:

Pension expense	\$ ( 810,469)
Contributions	<u>635,027</u>
Net adjustment	<u>\$ ( 175,442)</u>

**NOTE 19 - LITIGATION AND CLAIMS**

The City generally follows the practice of recording liabilities from claims and legal actions only when it is probable that both (1) an asset has been impaired or a liability has been incurred, and (2) the amount of loss can be reasonably estimated. Settlement of any potential claims from a lawsuit in which the City is involved would not, in management's estimation, materially affect the financial statements of the City.

**NOTE 20 - POST EMPLOYEE BENEFITS OTHER THAN PENSIONS**

The City does not have any post employee benefits other than the pension disclosed in Note 24.

**NOTE 21 - COMPLIANCE WITH FINANCE RELATED LEGAL AND CONTRACTUAL PROVISIONS**

There were no compliance issues with finance related legal and contractual provisions.

**NOTE 22 - RISK MANAGEMENT POOL**

The City is exposed to various risk of loss related to torts, errors and omissions, damages to assets and injuries to employees. The City has joined the Public Entity Partners Risk Management Pool (Pool). The membership allows the City to share liability, motor vehicle, and employee injury risks.

The Pool is a governmental city organized by Tennessee cities as a not-for-profit corporation to provide liability and workers' compensation coverage to Tennessee cities. Emphasis is on risk management and controlling losses, as all costs are shared by the Pool member cities. An extensive program of loss prevention, employee training, and legal counsel supplements experienced claims processing for member cities.

## NOTE 22 - RISK MANAGEMENT POOL (Continued)

Coverages are as follows:

Property	\$ 15,607,436	
Workers compensation	\$ 300,000	per accident
	\$ 700,000	policy limit
	\$ 300,000	per employee
Liability	\$ 5,000,000	each other loss- per occurrence

The responsibilities of the City are as follows:

To pay all contributions or other sums due to the Pool at such times and in such amounts as shall be established by the Pool.

To allow the Pool and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of the Pool during the coverage period and up to (3) three years afterward.

To allow attorneys appointed by the Pool to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Pool.

To assist and cooperate in the defense and settlement of claims against the City.

To furnish full cooperation to the Pool attorneys, claims adjusters, and any agent, employee, officer or independent contractor of the Pool relating to the purposes of the Pool.

To follow all loss reduction and prevention procedures established by the Pool where possible.

To furnish to the Pool such operating and underwriting information as may be requested.

To report as promptly as possible, and in accordance with any conditions issued, all incidents which could result in the Pool being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection in which the City participates.

To allow the Pool to inspect and appraise any damaged property before its repair or disposition.

The City must cooperate with the pool in any dispute resolutions with other insurance companies.

The responsibilities of the Pool are as follows:

The Pool will defend any suit against the City or covered party seeking damages even if any of the allegations of the suit are groundless, false, or fraudulent.

The Pool's duty to pay on behalf of or to indemnify a covered party other than the City does not apply to any act, error or omission:

- (1) That constitutes malfeasance in office;
- (2) That constitutes willful and wanton neglect of duty;
- (3) That constitutes dishonesty on the part of a covered party; or
- (4) That constitutes the willful violation of a statute or ordinance by any official, employee, or agent of the municipality.

## **NOTE 22 - RISK MANAGEMENT POOL (Continued)**

The City has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year. The City is not aware of any claims which the City is liable for (up to the applicable deductible) which were outstanding and unpaid at June 30, 2024. No provision has been made in the financial statements for the year ended June 30, 2024, for any estimate of potential unpaid claims.

## **NOTE 23 - DEFERRED COMPENSATION PLAN**

The City offers all employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation in the plan is optional for full-time employees with one year of service. Employees can contribute additional funds to the plan through an elective deferred compensation arrangement up to the Section 457 limits. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are held in a qualifying trust for the benefit of each participant. A third-party provider administers the plan and trust. The plan assets are not subject to the claims of the City's general creditors and are not considered assets of the City.

## **NOTE 24 - PENSION PLAN**

### **General Information about the Pension Plan**

#### **Plan description**

Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <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-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

## NOTE 24 - PENSION PLAN (Continued)

### General Information about the Pension Plan (Continued)

#### **Employees covered by benefit terms**

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

Inactive employees or beneficiaries currently receiving benefits	60
Inactive employees entitled to but not yet receiving benefits	109
Active employees	<u>73</u>
Total employees	<u>242</u>

#### **Contributions**

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, the employer contributions for the City were \$654,667 based on a rate of 14.06 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

### Net Pension Liability (Asset)

#### **Pension liabilities (assets)**

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

#### **Actuarial assumptions**

The total pension liability as of the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2023 actuarial valuation are 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.



**NOTE 24 - PENSION PLAN (Continued)****Net Pension Liability (Asset) (Continued)****Actuarial assumptions (Continued)**

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:

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

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

**Discount rate**

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

**NOTE 24 - PENSION PLAN (Continued)****Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 6/30/22	<u>\$ 15,353,343</u>	<u>\$ 13,782,575</u>	<u>\$ 1,570,768</u>
Changes for the year:			
Service cost	294,389	-	294,389
Interest	1,035,203	-	1,035,203
Changes in benefit terms	-	-	-
Differences between expected and actual experience	663,222	-	663,222
Changes in assumptions	-	-	-
Contributions - employer	-	549,030	( 549,030)
Contributions - employees	-	-	-
Net investment income	-	923,696	( 923,696)
Benefit payments, including refunds of employee contributions	( 622,784)	( 622,784)	-
Administrative expense	-	( 8,076)	8,076
Other changes	-	-	-
Net changes	<u>1,370,030</u>	<u>841,866</u>	<u>528,164</u>
Balance at 6/30/23	<u>\$ 16,723,373</u>	<u>\$ 14,624,441</u>	<u>\$ 2,098,932</u>

**Sensitivity of the net pension liability (asset) to changes in the discount rate**

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	<u>\$ 4,575,043</u>	<u>\$ 2,098,932</u>	<u>\$ 80,792</u>

**Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Pension expense (negative pension expense)**

For the year ended June 30, 2024, the City recognized pension expense (negative pension expense) of \$835,535.

**NOTE 24 - PENSION PLAN (Continued)****Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)**Deferred outflows of resources and deferred inflows of resources**

For the year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,406,131	\$ 95,106
Net difference between projected and actual earnings on pension plan investments	113,207	-
Changes in assumptions	572,886	-
Contributions subsequent to the measurement date of June 30, 2023	<u>654,667</u>	<u>(not applicable)</u>
Total	<u>\$ 2,746,891</u>	<u>\$ 95,106</u>

The amount 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.

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

Year Ended June 30:	
2025	\$ 409,675
2026	\$ 357,431
2027	\$ 831,333
2028	\$ 288,148
2029	\$ 110,537
Thereafter	\$ -

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

**Payable to the Pension Plan**

At June 30, 2024, the City reported a payable of \$50,384 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**

**CITY OF RED BANK, TENNESSEE**  
**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios**  
**Based on Participation in the Public Employee Pension Plan of the TCRS**  
**June 30, 2024**

**Last Fiscal Year Ending June 30**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Total pension liability</u>										
Service cost	\$ 184,273	\$ 176,835	\$ 199,860	\$ 210,569	\$ 223,221	\$ 228,773	\$ 236,561	\$ 245,223	\$ 251,741	\$ 294,389
Interest	603,436	631,759	672,766	705,270	727,903	775,068	819,620	844,368	922,013	1,035,203
Changes in benefit terms	(136,260)	38,658	(104,297)	(202,036)	68,735	10,726	(285,318)	288,621	1,061,027	663,222
Differences between actual and expected experience	-	-	-	260,416	-	-	-	1,145,775	-	-
Change of assumptions	(287,182)	(302,907)	(344,122)	(347,179)	(353,675)	(396,049)	(419,634)	(456,710)	(578,308)	(622,784)
Benefit payments, including refunds of employee contributions	366,267	544,345	424,207	627,040	666,184	618,518	351,229	2,067,277	1,656,473	1,370,030
Net change in total pension liability	8,031,803	8,398,070	8,942,415	9,366,622	9,993,662	10,659,846	11,278,364	11,629,593	13,696,870	15,353,343
Total pension liability - beginning	\$ 8,398,070	\$ 8,942,415	\$ 9,366,622	\$ 9,993,662	\$ 10,659,846	\$ 11,278,364	\$ 11,629,593	\$ 13,696,870	\$ 15,353,343	\$ 16,723,373
Total pension liability - ending (a)										
<u>Plan fiduciary net position</u>										
Contributions - employer	\$ 293,723	\$ 314,749	\$ 331,019	\$ 342,089	\$ 357,913	\$ 348,070	\$ 356,143	\$ 392,845	\$ 436,695	\$ 549,030
Contributions - employee	-	1,361	-	-	-	-	-	-	57,054	-
Net investment income	1,152,047	250,292	222,087	972,335	792,404	767,737	546,451	2,965,043	(550,058)	923,696
Benefit payments, including refunds of employee contributions	(287,182)	(302,907)	(344,122)	(347,179)	(353,675)	(396,049)	(419,634)	(456,710)	(578,308)	(622,784)
Administrative expense	(2,491)	(3,258)	(4,844)	(5,808)	(6,410)	(5,785)	(5,867)	(6,016)	(6,709)	(8,076)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,156,097	260,237	204,140	961,437	790,232	713,973	477,093	2,895,162	(641,326)	841,866
Plan fiduciary net position - beginning	6,965,528	8,121,625	8,381,862	8,586,003	9,547,440	10,337,673	11,051,646	11,528,739	14,423,901	13,782,575
Plan fiduciary net position - ending (b)	\$ 8,121,625	\$ 8,381,862	\$ 8,586,002	\$ 9,547,440	\$ 10,337,672	\$ 11,051,646	\$ 11,528,739	\$ 14,423,901	\$ 13,782,575	\$ 14,624,441
Net Pension Liability (Asset) - ending (a) - (b)	\$ 276,445	\$ 560,553	\$ 780,620	\$ 446,222	\$ 322,174	\$ 226,718	\$ 100,854	\$ (727,031)	\$ 1,570,768	\$ 2,098,932
Plan fiduciary net position as a percentage of total pension liability	96.71%	93.73%	91.67%	95.53%	96.98%	97.99%	99.13%	105.31%	89.77%	87.45%
Covered payroll	\$ 2,429,467	\$ 2,607,696	\$ 2,742,495	\$ 2,834,208	\$ 2,965,311	\$ 2,883,759	\$ 2,938,477	\$ 3,057,161	\$ 3,398,402	\$ 4,220,062
Net pension liability (asset) as a percentage of covered payroll	11.38%	21.50%	28.46%	15.74%	10.86%	7.86%	3.43%	-23.78%	46.22%	49.74%

**Notes to Schedule:**

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

**CITY OF RED BANK, TENNESSEE**  
**Schedule of Contributions Based on Participation**  
**in the Public Employee Pension Plan of the TCRS**  
**June 30, 2024**

**Last Fiscal Year Ending June 30**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 314,749	\$ 331,019	\$ 342,089	\$ 357,913	\$ 348,070	\$ 356,143	\$ 391,622	\$ 435,335	\$ 549,030	\$ 667,056
Contributions in relation to the actuarially determined contribution	314,749	331,019	342,089	357,913	348,070	356,143	392,845	436,695	549,030	654,667
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,223)	\$ (1,360)	\$ -	\$ 12,389
Covered payroll	\$ 2,607,696	\$ 2,742,495	\$ 2,834,208	\$ 2,965,311	\$ 2,883,759	\$ 2,938,477	\$ 3,057,161	\$ 3,398,402	\$ 4,220,062	\$ 4,654,963
Contributions as a percentage of covered payroll	12.07%	12.07%	12.07%	12.07%	12.07%	12.12%	12.85%	12.85%	13.01%	14.06%

**Notes to Schedule:**

Valuation date: Actuarially determined contribution rates for fiscal year 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	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.125 percent

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

## **OTHER SUPPLEMENTARY INFORMATION**

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

#### **State Street Aid Fund**

This fund is used to account for the expenditures of the City's streets that are funded by tax revenues from the gasoline and motor fuels tax received from the State of Tennessee and other general tax revenue transferred from the General Fund.

#### **Solid Waste Fund**

This fund is used to account for the City's collection and disposal of solid waste. The City does not operate a solid waste disposal site.

**Drug Fund:** This fund is used to account for investigations of violations of controlled substance laws and is funded primarily by the state statute from the receipt of fines and costs related to drug enforcement cases.

**Impound Fund:** This fund is used to account for impound related revenues and expenditures of the City.



**CITY OF RED BANK, TENNESSEE**  
**Non-major Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2024**

	<b>Special Revenue</b>				<b>Total</b>
	<b>State Street Aid Fund</b>	<b>Solid Waste Fund</b>	<b>Drug Fund</b>	<b>Impound Fund</b>	<b>Non-major Governmental Funds</b>
<b>ASSETS</b>					
Cash	\$ 154,707	\$ 292,097	\$ 35,991	\$ 9,300	\$ 492,095
Investments	332,242	700,800	-	-	1,033,042
Accounts receivable	1,500	7,376	-	-	8,876
Due from other governments	73,536	9,677	-	-	83,213
<b>TOTAL ASSETS</b>	<u>\$ 561,985</u>	<u>\$ 1,009,950</u>	<u>\$ 35,991</u>	<u>\$ 9,300</u>	<u>\$ 1,617,226</u>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 499	\$ 10,815	\$ -	\$ -	\$ 11,314
Due to other funds	-	22,945	266	-	23,211
<b>TOTAL LIABILITIES</b>	<u>\$ 499</u>	<u>\$ 33,760</u>	<u>\$ 266</u>	<u>\$ -</u>	<u>\$ 34,525</u>
<b>FUND BALANCES</b>					
Restricted	<u>\$ 561,486</u>	<u>\$ 976,190</u>	<u>\$ 35,725</u>	<u>\$ 9,300</u>	<u>\$ 1,582,701</u>

**CITY OF RED BANK, TENNESSEE**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2024**

	<b>Special Revenue</b>				<b>Total Non-major Governmental Funds</b>
	<b>State Street Aid Fund</b>	<b>Solid Waste Fund</b>	<b>Drug Fund</b>	<b>Impound Fund</b>	
<b>REVENUES</b>					
Licenses and permits	\$ 17,550	\$ -	\$ -	\$ -	\$ 17,550
Intergovernmental revenue	418,343	-	-	-	418,343
Charges for services	-	1,007,716	-	-	1,007,716
Fines and forfeitures	-	-	6,038	5,192	11,230
Other revenues	56,706	56,269	1,320	-	114,295
<b>TOTAL REVENUES</b>	<u>492,599</u>	<u>1,063,985</u>	<u>7,358</u>	<u>5,192</u>	<u>1,569,134</u>
<b>EXPENDITURES</b>					
<b>Current expenditures</b>					
Public safety	-	-	52,083	-	52,083
Public works	-	1,136,223	-	-	1,136,223
State street aid	237,220	-	-	-	237,220
<b>Capital outlay</b>	401,791	-	-	-	401,791
<b>Debt service</b>	42,557	-	-	-	42,557
<b>TOTAL EXPENDITURES</b>	<u>681,568</u>	<u>1,136,223</u>	<u>52,083</u>	<u>-</u>	<u>1,869,874</u>
Excess (deficiency) of revenues over (under) expenditures	(188,969)	(72,238)	(44,725)	5,192	(300,740)
<b>Fund balances - beginning</b>	<u>750,455</u>	<u>1,048,428</u>	<u>80,450</u>	<u>4,108</u>	<u>1,883,441</u>
<b>Fund balances - end</b>	<u>\$ 561,486</u>	<u>\$ 976,190</u>	<u>\$ 35,725</u>	<u>\$ 9,300</u>	<u>\$ 1,582,701</u>

**CITY OF RED BANK, TENNESSEE**  
**State Street Aid Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>				
Licenses and permits				
Street cut permits	\$ 12,000	\$ 12,000	\$ 17,550	\$ 5,550
Intergovernmental revenue				
State gasoline and motor fuel tax	424,794	424,794	418,343	(6,451)
Other revenues				
Interest earnings	25,000	25,000	34,304	9,304
Insurance recoveries	15,000	15,000	22,402	7,402
Total other revenues	40,000	40,000	56,706	16,706
<b>TOTAL REVENUES</b>	<b>476,794</b>	<b>476,794</b>	<b>492,599</b>	<b>15,805</b>
<b>EXPENDITURES</b>				
<b>Current expenditures</b>				
State street aid				
Highways and street maintenance				
Operating supplies	20,500	20,500	50,057	(29,557)
Professional services	79,000	79,000	26,109	52,891
Repairs and maintenance	20,000	20,000	49,701	(29,701)
Street lighting (electricity)	87,000	117,000	104,291	12,709
Street resurfacing	30,000	109,237	7,062	102,175
Total state street aid	236,500	345,737	237,220	108,517
<b>Capital outlay</b>				
State street aid	13,000	599,437	401,791	197,646
<b>Debt service</b>				
Principal and interest	44,712	44,712	42,557	2,155
<b>TOTAL EXPENDITURES</b>	<b>294,212</b>	<b>989,886</b>	<b>681,568</b>	<b>308,318</b>
Excess (deficiency) of revenues over (under) expenditures	182,582	(513,092)	(188,969)	324,123
<b>Fund balances - beginning</b>	<b>750,455</b>	<b>750,455</b>	<b>750,455</b>	<b>-</b>
<b>Fund balances - end</b>	<b>\$ 933,037</b>	<b>\$ 237,363</b>	<b>\$ 561,486</b>	<b>\$ 324,123</b>

**CITY OF RED BANK, TENNESSEE**  
**Solid Waste Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services				
Collection charges	\$ 1,020,000	\$ 1,020,000	\$ 1,004,415	\$ (15,585)
Penalties	-	-	3,301	3,301
Total charges for services	<u>1,020,000</u>	<u>1,020,000</u>	<u>1,007,716</u>	<u>(12,284)</u>
Other revenues				
Interest earnings	35,000	35,000	44,389	9,389
Sale of equipment	-	-	11,880	11,880
Miscellaneous	2,000	2,000	-	(2,000)
Total other revenues	<u>37,000</u>	<u>37,000</u>	<u>56,269</u>	<u>19,269</u>
<b>TOTAL REVENUES</b>	<u>1,057,000</u>	<u>1,057,000</u>	<u>1,063,985</u>	<u>6,985</u>
<b>EXPENDITURES</b>				
<b>Current expenditures</b>				
Public works				
Solid waste operations				
Salaries	405,822	405,822	436,356	(30,534)
Payroll tax	30,153	30,153	30,104	49
Employee benefits	192,661	192,661	173,402	19,259
Contract services	48,000	48,000	30,840	17,160
Insurance	-	-	1,861	(1,861)
Miscellaneous	47,420	47,420	47,379	41
Operating supplies	32,800	32,800	26,991	5,809
Repairs and maintenance	68,000	88,000	75,975	12,025
Telephone	1,080	1,080	407	673
Training	-	-	223	(223)
Uniforms	2,500	2,500	3,529	(1,029)
Vehicle expense	71,200	101,200	53,148	48,052
Waste disposal	165,000	165,000	196,159	(31,159)
Total solid waste operations	<u>1,064,636</u>	<u>1,114,636</u>	<u>1,076,374</u>	<u>38,262</u>

(Continued)

**CITY OF RED BANK, TENNESSEE**

**Solid Waste Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES (Continued)</b>				
<b>Current expenditures (Continued)</b>				
Public works (Continued)				
Recycle				
Salaries	\$ 43,277	\$ 43,277	\$ 42,464	\$ 813
Payroll tax	3,254	3,254	3,203	51
Employee benefits	13,926	13,926	13,566	360
Miscellaneous	50	50	65	(15)
Utilities	750	750	551	199
Total recycle	<u>61,257</u>	<u>61,257</u>	<u>59,849</u>	<u>1,408</u>
Total public works	<u>1,125,893</u>	<u>1,175,893</u>	<u>1,136,223</u>	<u>39,670</u>
<b>Capital outlay</b>				
Public works	<u>230,000</u>	<u>430,000</u>	<u>-</u>	<u>430,000</u>
<b>TOTAL EXPENDITURES</b>	<u>1,355,893</u>	<u>1,605,893</u>	<u>1,136,223</u>	<u>469,670</u>
Excess (deficiency) of revenues over (under) expenditures	(298,893)	(548,893)	(72,238)	476,655
<b>Fund balances - beginning</b>	<u>1,048,428</u>	<u>1,048,428</u>	<u>1,048,428</u>	<u>-</u>
<b>Fund balances - end</b>	<u>\$ 749,535</u>	<u>\$ 499,535</u>	<u>\$ 976,190</u>	<u>\$ 476,655</u>

**CITY OF RED BANK, TENNESSEE**

**Drug Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>			
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
<b>REVENUES</b>				
Fines and forfeitures				
Drug fines and seizures	\$ 16,000	\$ 16,000	\$ 1,198	\$ (14,802)
Sale of equipment	1,500	1,500	4,840	3,340
Total fines and forfeitures	<u>17,500</u>	<u>17,500</u>	<u>6,038</u>	<u>(11,462)</u>
Other revenues				
Asset sharing revenue	5,000	5,000	-	(5,000)
Interest earnings	800	800	1,320	520
Total other revenues	<u>5,800</u>	<u>5,800</u>	<u>1,320</u>	<u>(4,480)</u>
<b>TOTAL REVENUES</b>	<u>23,300</u>	<u>23,300</u>	<u>7,358</u>	<u>(15,942)</u>
<b>EXPENDITURES</b>				
<b>Current expenditures</b>				
Public safety				
Asset sharing equipment	35,500	35,500	36,000	(500)
Dues and subscriptions	100	100	55	45
Operating supplies	36,500	36,500	15,101	21,399
Repairs and maintenance	1,500	1,500	-	1,500
Training	1,000	1,000	225	775
Travel	1,000	1,000	702	298
Total public safety	<u>75,600</u>	<u>75,600</u>	<u>52,083</u>	<u>23,517</u>
<b>TOTAL EXPENDITURES</b>	<u>75,600</u>	<u>75,600</u>	<u>52,083</u>	<u>23,517</u>
Excess (deficiency) of revenues over (under) expenditures	(52,300)	(52,300)	(44,725)	7,575
<b>Fund balances - beginning</b>	<u>80,450</u>	<u>80,450</u>	<u>80,450</u>	<u>-</u>
<b>Fund balances - end</b>	<u>\$ 28,150</u>	<u>\$ 28,150</u>	<u>\$ 35,725</u>	<u>\$ 7,575</u>

**CITY OF RED BANK, TENNESSEE**  
**Impound Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>			
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
<b>REVENUES</b>				
Fines and forfeitures				
Impound fees	\$ 100	\$ 100	\$ -	\$ (100)
Sale of equipment	<u>2,000</u>	<u>2,000</u>	<u>5,192</u>	<u>3,192</u>
Total fines and forfeitures	<u>2,100</u>	<u>2,100</u>	<u>5,192</u>	<u>3,092</u>
<b>TOTAL REVENUES</b>	<u>2,100</u>	<u>2,100</u>	<u>5,192</u>	<u>3,092</u>
<b>EXPENDITURES</b>				
<b>Current expenditures</b>				
Public safety				
Contract services	825	825	-	825
Repairs and maintenance	<u>3,900</u>	<u>3,900</u>	<u>-</u>	<u>3,900</u>
Total public safety	<u>4,725</u>	<u>4,725</u>	<u>-</u>	<u>4,725</u>
<b>TOTAL EXPENDITURES</b>	<u>4,725</u>	<u>4,725</u>	<u>-</u>	<u>4,725</u>
Excess (deficiency) of revenues over (under) expenditures	(2,625)	(2,625)	5,192	7,817
<b>Fund balances - beginning</b>	<u>4,108</u>	<u>4,108</u>	<u>4,108</u>	<u>-</u>
<b>Fund balances - end</b>	<u>\$ 1,483</u>	<u>\$ 1,483</u>	<u>\$ 9,300</u>	<u>\$ 7,817</u>

**CITY OF RED BANK, TENNESSEE**  
**Stormwater Fund**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2024**

**OPERATING REVENUES**

Stormwater fees	\$ 518,044
Other operating	11,830
Total operating revenues	<u>529,874</u>

**OPERATING EXPENSES**

Stormwater collection	
Salaries	123,362
Payroll taxes	9,426
Employee benefits	60,190
Contract services	87,626
Operating supplies	61,184
Training	1,057
Travel	465
Uniforms	1,920
Vehicle expense	13,827
Total stormwater collection	<u>359,057</u>

Administration	
Administration fees	<u>21,388</u>

Depreciation	<u>7,719</u>
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Total operating expenses	<u>388,164</u>
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Operating income	<u>141,710</u>
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**NON-OPERATING REVENUES (EXPENSES)**

Interest earnings	15,591
Insurance recoveries	1,031
Total non-operating revenues (expenses)	<u>16,622</u>

Change in net position	158,332
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<b>Net position - beginning</b>	<u>444,679</u>
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<b>Net position - end</b>	<u>\$ 603,011</u>
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**CITY OF RED BANK, TENNESSEE**  
**General Fund**  
**Schedule of Property Taxes Receivable**  
**June 30, 2024**

<u>Year of Levy</u>	
2024	\$ 5,534,800
2023	186,545
2022	42,553
2021	23,195
2020	12,551
2019	-
2018	19,694
2017	3,468
2016	4,813
2015	<u>5,238</u>
Total property taxes receivable	5,832,857
Less: allowance for uncollectibles	<u>(92,080)</u>
Net property taxes receivable	<u>\$ 5,740,777</u>

**CITY OF RED BANK, TENNESSEE**  
**General Fund**  
**Schedule of Changes in Property Taxes Receivable**  
**Year Ended June 30, 2024**

<b>Year of Levy</b>	<b>Taxes Receivable June 30, 2023</b>	<b>Levy</b>	<b>Pickups (Releases)</b>	<b>Collections/ Refunds</b>	<b>Taxes Receivable June 30, 2024</b>
2024	\$ -	\$ 5,534,800	\$ -	\$ -	\$ 5,534,800
2023	5,495,900	-	19,173	(5,328,528)	186,545
2022	113,170	-	-	(70,617)	42,553
2021	53,449	-	-	(30,254)	23,195
2020	24,521	-	-	(11,970)	12,551
2019	-	-	1,540	(1,540)	-
2018	19,694	-	-	-	19,694
2017	3,513	-	-	(45)	3,468
2016	4,813	-	-	-	4,813
2015	5,238	-	(324)	324	5,238
2014	6,301	-	(6,237)	(64)	-
	<u>\$ 5,726,599</u>	<u>\$ 5,534,800</u>	<u>\$ 14,152</u>	<u>\$ (5,442,694)</u>	<u>\$ 5,832,857</u>

**CITY OF RED BANK, TENNESSEE**  
**General Fund**  
**Schedule of Debt Service Requirements**  
**June 30, 2024**

**Tennessee Municipal Bond Fund**  
**Series 2021**

<b><u>Maturing June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total Requirements</u></b>
2025	\$ 218,000	\$ 18,430	\$ 236,430
2026	222,000	13,960	235,960
2027	227,000	9,409	236,409
2028	<u>232,000</u>	<u>4,756</u>	<u>236,756</u>
Total	<u>\$ 899,000</u>	<u>\$ 46,555</u>	<u>\$ 945,555</u>

**CITY OF RED BANK, TENNESSEE**  
**General Fund**  
**Schedule of Debt Service Requirements**  
**June 30, 2024**

**Tennessee Municipal Bond Fund**  
**Series 2022**

<b><u>Maturing</u></b> <b><u>June 30,</u></b> <b><u>2025</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b> <b><u>Requirements</u></b>
	<u>\$ 46,500</u>	<u>\$ 921</u>	<u>\$ 47,421</u>
Total	<u>\$ 46,500</u>	<u>\$ 921</u>	<u>\$ 47,421</u>

**CITY OF RED BANK, TENNESSEE**  
**General Fund**  
**Schedule of Debt Service Requirements**  
**June 30, 2024**

**Tennessee Municipal Bond Fund**  
**Series 2022**

<b>Maturing June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2025	\$ 64,000	\$ 4,067	\$ 68,067
2026	<u>66,000</u>	<u>1,370</u>	<u>67,370</u>
Total	<u>\$ 130,000</u>	<u>\$ 5,437</u>	<u>\$ 135,437</u>

**CITY OF RED BANK, TENNESSEE**  
**General Fund**  
**Schedule of Debt Service Requirements**  
**June 30, 2024**

**Tennessee Municipal Bond Fund**  
**Series 2023**

<b>Maturing June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2025	\$ 55,000	\$ 22,593	\$ 77,593
2026	57,000	19,788	76,788
2027	60,000	16,881	76,881
2028	63,000	13,821	76,821
2029	66,000	10,608	76,608
2030	70,000	7,242	77,242
2031	72,000	3,672	75,672
Total	<u>\$ 443,000</u>	<u>\$ 94,605</u>	<u>\$ 537,605</u>

**CITY OF RED BANK, TENNESSEE**  
**General Fund**  
**Schedule of Debt Service Requirements**  
**June 30, 2024**

**Tennessee Municipal Bond Fund**  
**Series 2024**

<b><u>Maturing June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total Requirements</u></b>
2025	\$ 151,000	\$ 33,233	\$ 184,233
2026	159,000	27,317	186,317
2027	168,000	18,699	186,699
2028	<u>177,000</u>	<u>9,593</u>	<u>186,593</u>
Total	<u>\$ 655,000</u>	<u>\$ 88,842</u>	<u>\$ 743,842</u>

**CITY OF RED BANK, TENNESSEE**  
**State Street Aid Fund**  
**Schedule of Debt Service Requirements**  
**June 30, 2024**

**Tennessee Municipal Bond Fund**  
**Series 2012**

<u>Maturing</u> <u>June 30,</u> <u>2025</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
	\$ 41,300	\$ 599	\$ 41,899
Total	<u>\$ 41,300</u>	<u>\$ 599</u>	<u>\$ 41,899</u>



**CITY OF RED BANK, TENNESSEE**  
**Schedule of Changes in Long-term Debt by Individual Issue**  
**June 30, 2024**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or		Refunded During Period	Outstanding 6/30/2024
							Matured During Period	Issued During Period		
<b>Governmental Activities</b>										
Bonds Payable through General Fund										
Tennessee Municipal Bond - 2021	\$ 1,527,000	2.05%	06/28/21	05/01/28	\$ 1,113,000	\$ -	\$ (214,000)	\$ -	-	\$ 899,000
Tennessee Municipal Bond - 2022	\$ 137,603	1.98%	02/15/22	02/01/25	92,000	-	(45,500)	-	-	46,500
Tennessee Municipal Bond - 2022	\$ 190,070	4.15%	10/31/22	11/01/25	190,070	-	(60,070)	-	-	130,000
Tennessee Municipal Bond - 2023	\$ 495,900	5.10%	02/07/23	02/01/31	495,900	-	(52,900)	-	-	443,000
Tennessee Municipal Bond - 2024	\$ 655,000	5.42%	05/24/24	05/01/28	-	655,000	-	-	-	655,000
Total Bonds Payable through General Fund					<u>\$1,890,970</u>	<u>\$ 655,000</u>	<u>\$ (372,470)</u>	<u>\$ -</u>	<u>-</u>	<u>\$2,173,500</u>
 Bonds Payable through State Street Aid Fund										
Tennessee Municipal Bond - 2012	\$ 500,000	2.90%	11/14/12	08/01/24	\$ 83,000	\$ -	\$ (41,700)	\$ -	-	\$ 41,300

**CITY OF RED BANK, TENNESSEE**  
**Schedule of Rates**  
**June 30, 2024**

**Analysis of Tax Rates and Assessments**

<u>Tax Year</u>	<u>Rates per \$100</u>	<u>Assessment</u>	<u>Levy</u>
2024	\$1.67	\$ 331,425,150	\$ 5,534,800
2023	\$1.67	\$ 321,472,970	\$ 5,368,599
2022	\$1.10	\$ 314,858,231	\$ 3,463,441
2021	\$1.10	\$ 313,171,727	\$ 3,444,889
2020	\$1.39	\$ 230,457,983	\$ 3,203,366
2019	\$1.39	\$ 230,264,437	\$ 3,200,676
2018	\$1.39	\$ 224,445,416	\$ 3,119,791
2017	\$1.18266	\$ 221,227,572	\$ 2,616,370
2016	\$1.35	\$ 192,327,466	\$ 2,596,421
2015	\$1.35	\$ 191,575,579	\$ 2,586,270

NOTE: Property taxes for the 2024 levy are considered to be owed to the City as of the lien date on January 1, 2024. Therefore, the entire 2024 levy was recorded as a receivable and deferred revenue as of June 30, 2024, in both the government-wide financial statements and in the governmental fund statements.

**UNCOLLECTED DELINQUENT ACCOUNTS**

Delinquent taxes filed for collection by years are as follows:

<u>Year of Levy</u>	<u>Delinquent Taxes Filed</u>
2023	\$ 186,545
2022	42,553
2021	23,195
2020	12,551
2019	-
2018	19,694
2017	3,468
2016	4,813
2015	5,238
	<u>\$ 298,057</u>

**CITY OF RED BANK, TENNESSEE**  
**Schedule of Insurance**  
**June 30, 2024**

**Public Entity Partners Risk Management Pool:**

Property	\$ 15,607,436	
Workers compensation	\$ 300,000	per accident
	\$ 700,000	policy limit
	\$ 300,000	per employee
Liability	\$ 5,000,000	each other loss - per occurrence

**OFFICIAL BONDS**

City Recorder	\$ 100,000
City Manager	\$ 100,000
City Financial Director	\$ 100,000
Assistant City Recorder	\$ 100,000

### **III. SINGLE AUDIT SECTION**

**CITY OF RED BANK, TENNESSEE**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2024**

Federal Grantor/Pass-through Agency	Assistance Listing Number	State Grant/Project Number	(Accrued) Deferred		Grant Receipts	Grant Expenditures	Costs Disallowed Adjustment	(Accrued) Deferred Grant Revenues June 30, 2024
			Grant Revenues July 1, 2023	Grant Revenues				
FEDERAL ASSISTANCE PROGRAMS								
U.S. Department of Transportation	20.600	Z23THS225	\$ (13,717)	\$ 32,863	\$ 19,483	\$ 337	\$ -	
Distracted Driving Reduction Program	20.600	Z24THS232	-	23,781	23,781	-	-	
Distracted Driving Reduction Program			(13,717)	56,644	43,264	337	-	
Total Highway and Safety Cluster								
Transportation Enhancement - Signals	20.205	33LPLM-F3-158	(179,630)	474,825	478,492	-	(183,297)	
Browntown/Gadd - Paving	20.205	33LPLM-F3-268	(26,115)	-	-	344	(25,771)	
Signal Mtn to Newberry - Sidewalks	20.205	33LPLM-F3-272	(13,264)	-	-	-	(13,264)	
Lullwater - Bridge	20.205	33LPLM-F3-265	(38,816)	-	9,313	31	(48,098)	
Total U.S. Department of Transportation			(271,542)	531,469	531,069	712	(270,430)	
U.S. Department of Finance and Administration	21.027	-	2,301,575	-	916,973	-	1,384,602	
ARPA NEU Distribution								
U.S. Department of the Treasury	21.027	-	-	83,283	618,750	-	(535,467)	
thru State of Tennessee Department of Environment & Conservation								
ARPA TDEC								
U.S. Department of Justice	95.001	G23AP0001A	(7,988)	15,574	7,586	-	-	
High Intensity Drug Trafficking Area	95.001	G24AP0001A	-	2,543	2,543	-	-	
Office of National Drug Control Policy	95.001	-	-	2,260	2,260	-	-	
Office of National Drug Control Policy	16.607		(7,988)	20,377	12,389	-	-	
Bullet Proof Vest Grant								
Total U.S. Department of Justice			2,022,045	635,129	2,079,181	712	578,705	
Total Federal Assistance Programs								
STATE ASSISTANCE PROGRAMS								
Tennessee Department of Finance and Administration	-	-	-	40,701	60,628	-	(19,927)	
VCIF - Formula Based Grant								
TOTAL FEDERAL AND STATE ASSISTANCE								
			\$ 2,022,045	\$ 675,830	\$ 2,139,809	\$ 712	\$ 558,778	

**CITY OF RED BANK, TENNESSEE**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2024**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of the City of Red Bank, Tennessee and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 - INDIRECT COST RATE**

The City of Red Bank, Tennessee has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



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

To the Mayor and Commissioners  
City of Red Bank, Tennessee

We have audited 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Red Bank, Tennessee as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Red Bank, Tennessee's basic financial statements, and have issued our report thereon dated December 27, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Mayor and Commissioners  
City of Red Bank, Tennessee  
Page Two

**Report on Compliance and Other Matters**

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

**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.

*Johnson, Murphy & Wright, P.C.*

Chattanooga, Tennessee  
December 27, 2024





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

To the Mayor and Commissioners  
City of Red Bank, Tennessee

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the City of Red Bank, Tennessee's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Red Bank, Tennessee's major federal programs for the year ended June 30, 2024. The City of Red Bank, Tennessee's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Red Bank, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 the City of Red Bank, Tennessee and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Red Bank, Tennessee's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

To the Mayor and Commissioners  
City of Red Bank, Tennessee  
Page Three

### **Report on Internal Control over Compliance**

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

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

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

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

*Johnson, Murphy & Wright, P.C.*

Chattanooga, Tennessee  
December 27, 2024

**CITY OF RED BANK, TENNESSEE**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

**Opinion:**

Our report on the financial statements of the City of Red Bank, Tennessee is unmodified.

**Internal control over financial reporting:**

Material weakness identified? No

Significant deficiency identified? None reported

**Noncompliance material to the financial statements noted:**

No

**Federal Awards:**

**Internal control over major federal programs:**

Material weakness identified? No

Significant deficiency identified? None reported

**Type of report auditor issued on compliance for major programs:**

Unmodified

**Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a):**

No

**Identification of major federal programs:**

Assistance Listing Number: 21.027      U.S. Department of Finance and Administration  
U.S. Department of the Treasury

**Dollar threshold used to distinguish between Type A and Type B Programs:**

\$750,000

**Auditee qualified as low-risk auditee:**

Yes

**CITY OF RED BANK, TENNESSEE**  
**Schedule of Findings and Questioned Costs (Continued)**  
**June 30, 2024**

**FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO  
BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT  
AUDITING STANDARDS**

There were no findings as a result of our audit of the financial statements of the City of Red Bank, Tennessee.

**CITY OF RED BANK, TENNESSEE**  
**Schedule of Findings and Questioned Costs (Continued)**  
**June 30, 2024**

**FINDINGS RELATING TO FEDERAL AWARDS WHICH ARE REQUIRED TO BE  
REPORTED IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

There were no findings and questioned costs related to the federal awards for the year ended June 30, 2024.

**CITY OF RED BANK, TENNESSEE**  
**Schedule of Prior Audit Findings**  
**June 30, 2024**

<b>Prior Year</b>		<b>Status/Current Year</b>
<b><u>Finding Number</u></b>	<b><u>Finding Title</u></b>	<b><u>Finding Number</u></b>

There were no prior year findings to report.