



**ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023**

CITY OF RED BANK, TENNESSEE
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

Martin Granum, City Manager

I. INTRODUCTORY SECTION

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CITY OF RED BANK, TENNESSEE
City Officials
June 30, 2023

Mayor Hollie Berry

Vice Mayor Stefanie Dalton

Commissioner (July 1, 2022 through December 6, 2022) Ruth Jenó

Commissioner (December 6, 2022 through June 30, 2023) Hayes Wilkinson

Commissioner Pete Phillips

Commissioner (July 1, 2022 through December 6, 2022) Ed LeCompte

Commissioner (December 6, 2022 through June 30, 2023) Jamie Fairbanks-Harvey

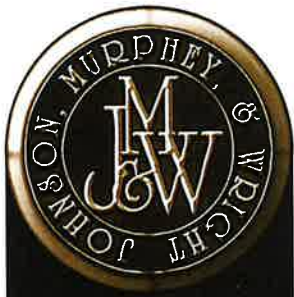
City Judge Johnny Houston

City Manager Martin Granum

City Recorder Tracey Perry

Finance Director, CMFO John Alexander

II. FINANCIAL SECTION



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Accountants**

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Marianne Hart Greene, CPA

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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, 2023, 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, 2023, 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 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 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 14, 2023, 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 14, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

The assets and deferred outflows of the City of Red Bank, Tennessee exceeded its liabilities and deferred inflows at June 30, 2023, by \$19,320,344 (net position). Of this amount, \$9,006,935 (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 \$1,278,826. The City's business-type activities operated at a surplus of \$45,234.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,183,462.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,299,868, or 80.31%, 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 \$444,679. Of that balance, \$426,759, or 95.97 %, is unrestricted.

Overview of the Financial Statements

This discussion and analysis are 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 other supplementary 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 18 through 20 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 62.

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 21 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 58 of this report.

Required Supplementary Information other than MD&A

The schedules related to the Tennessee Consolidated Retirement System are presented as Required Supplementary Information other than MD&A.

Other Information

The combining statements referred to earlier in connection with the non-major governmental funds can be found on pages 62 and 63 of this report.

Financial Analysis of the City as a Whole

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 \$19,320,344 at the close of this fiscal year.

A large portion of the City's net position (43.63%) 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.

City of Red Bank, Tennessee's Net Position

| | Governmental Activities | | Business-type Activities | | Totals | |
|----------------------------------|-------------------------|----------------------|--------------------------|-------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Capital assets | \$ 10,452,723 | \$ 8,939,751 | \$ 17,920 | \$ 28,793 | \$ 10,470,643 | \$ 8,968,544 |
| Other assets | 18,240,035 | 15,944,342 | 409,261 | 455,000 | 18,649,296 | 16,399,342 |
| Total assets | <u>\$ 28,692,758</u> | <u>\$ 24,884,093</u> | <u>\$ 427,181</u> | <u>\$ 483,793</u> | <u>\$ 29,119,939</u> | <u>\$ 25,367,886</u> |
| Deferred outflows of resources | <u>\$ 2,459,076</u> | <u>\$ 1,751,872</u> | <u>\$ 74,281</u> | <u>\$ 52,041</u> | <u>\$ 2,533,357</u> | <u>\$ 1,803,913</u> |
| Long-term liabilities | \$ 3,678,999 | \$ 1,720,613 | \$ 48,725 | \$ 10,575 | \$ 3,727,724 | \$ 1,731,188 |
| Other liabilities | 2,934,893 | 1,958,762 | 2,912 | 70,464 | 2,937,805 | 2,029,226 |
| Total liabilities | <u>\$ 6,613,892</u> | <u>\$ 3,679,375</u> | <u>\$ 51,637</u> | <u>\$ 81,039</u> | <u>\$ 6,665,529</u> | <u>\$ 3,760,414</u> |
| Deferred inflows of resources | <u>\$ 5,662,277</u> | <u>\$ 5,359,751</u> | <u>\$ 5,146</u> | <u>\$ 55,350</u> | <u>\$ 5,667,423</u> | <u>\$ 5,415,101</u> |
| Net investment in capital assets | \$ 8,412,048 | \$ 7,229,448 | \$ 17,920 | \$ 28,793 | \$ 8,429,968 | \$ 7,258,241 |
| Restricted | 1,883,441 | 2,639,463 | - | 21,811 | 1,883,441 | 2,661,274 |
| Unrestricted | 8,580,176 | 7,727,928 | 426,759 | 348,841 | 9,006,935 | 8,076,769 |
| Total net position | <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> |

9.75%, or \$1,883,441, of the City's net position represent resources that are subject to external restrictions on how they may be used. The remaining \$9,006,935 of unrestricted net position may be used to meet the government's ongoing obligations to its citizens and creditors.

At June 30, 2023, 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.

Governmental Activities

Governmental activities increased the City's net position by \$1,278,826.

The City's main revenue sources for 2023 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.

City of Red Bank, Tennessee's Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Totals | |
|------------------------------------|-------------------------|----------------------|--------------------------|-------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,269,601 | \$ 1,364,314 | \$ 313,937 | \$ 285,754 | \$ 1,583,538 | \$ 1,650,068 |
| Operating grants and contributions | 746,041 | 507,598 | - | - | 746,041 | 507,598 |
| Capital grants and contributions | 1,238,970 | 1,527,063 | - | - | 1,238,970 | 1,527,063 |
| General revenues: | | | | | | |
| Property taxes | 3,490,971 | 3,468,627 | - | - | 3,490,971 | 3,468,627 |
| Other taxes | 4,054,378 | 3,786,409 | - | - | 4,054,378 | 3,786,409 |
| Other | 491,707 | 107,992 | 10,361 | 1,858 | 502,068 | 109,850 |
| Total revenues | <u>11,291,668</u> | <u>10,762,003</u> | <u>324,298</u> | <u>287,612</u> | <u>11,615,966</u> | <u>11,049,615</u> |
| Expenses: | | | | | | |
| General government | 2,886,191 | 2,450,604 | - | - | 2,886,191 | 2,450,604 |
| Public safety | 4,162,913 | 3,226,043 | - | - | 4,162,913 | 3,226,043 |
| Public works | 2,252,681 | 1,902,315 | - | - | 2,252,681 | 1,902,315 |
| State street aid | 332,211 | 1,331,044 | - | - | 332,211 | 1,331,044 |
| Public welfare and recreation | 340,153 | 259,575 | - | - | 340,153 | 259,575 |
| Interest on long-term debt | 38,693 | 41,755 | - | - | 38,693 | 41,755 |
| Stormwater | - | - | 279,064 | 214,702 | 279,064 | 214,702 |
| Total expenses | <u>10,012,842</u> | <u>9,211,336</u> | <u>279,064</u> | <u>214,702</u> | <u>10,291,906</u> | <u>9,426,038</u> |
| Change in net position | 1,278,826 | 1,550,667 | 45,234 | 72,910 | 1,324,060 | 1,623,577 |
| Net position - beginning | <u>17,596,839</u> | <u>16,046,172</u> | <u>399,445</u> | <u>326,535</u> | <u>17,996,284</u> | <u>16,372,707</u> |
| Net position - ending | <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 for governmental activities increased \$1,278,826, or 7.27%, largely due to the following key factors:

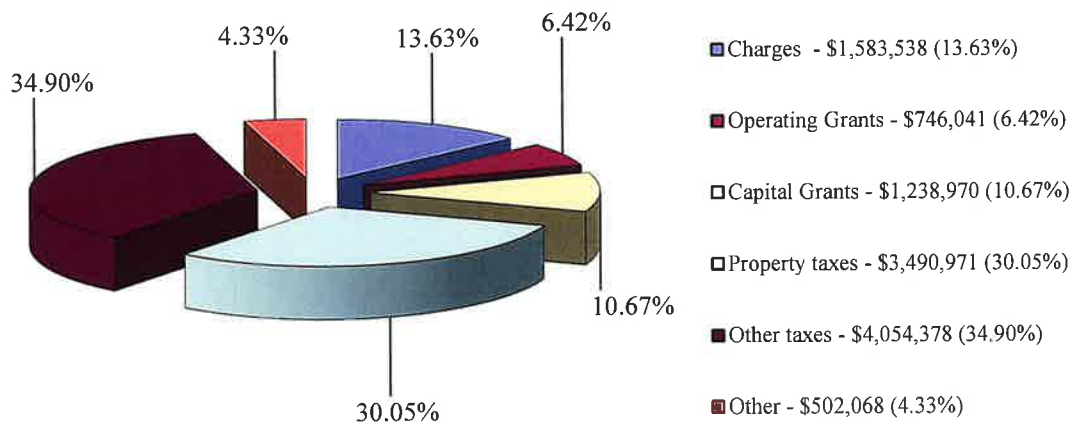
Capital grant and contribution revenue totaled \$1,238,970.
Property taxes totaled \$3,490,971.

Net position for business-type activities increased by \$45,234, or 11.32%, largely due to the following:

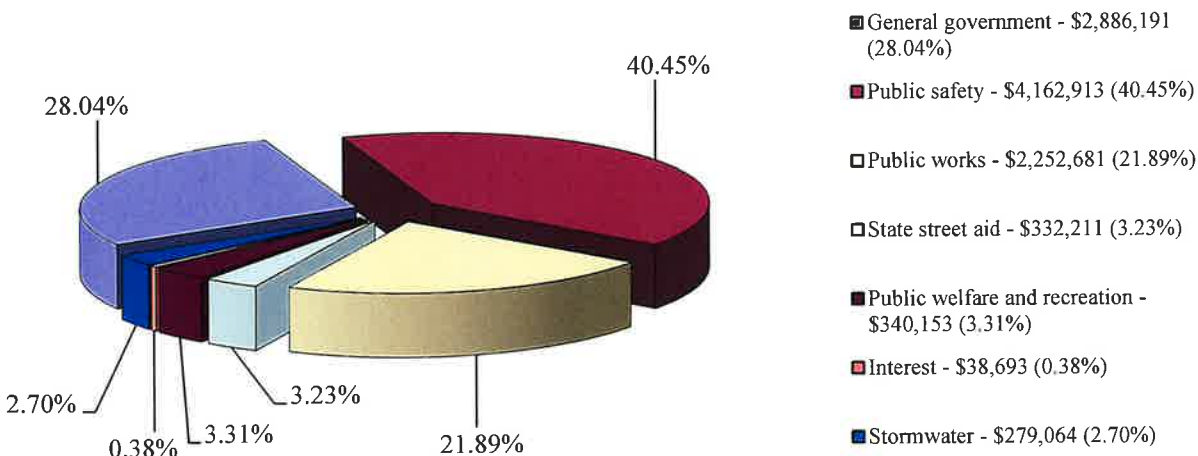
Stormwater fee revenue increased \$26,751.

The graphs below summarize the \$11,615,966 of city-wide revenues by source and the associated \$10,291,906 of expense by program. The graphs combine data from both governmental and business-type activities.

City-Wide Sources of Revenue

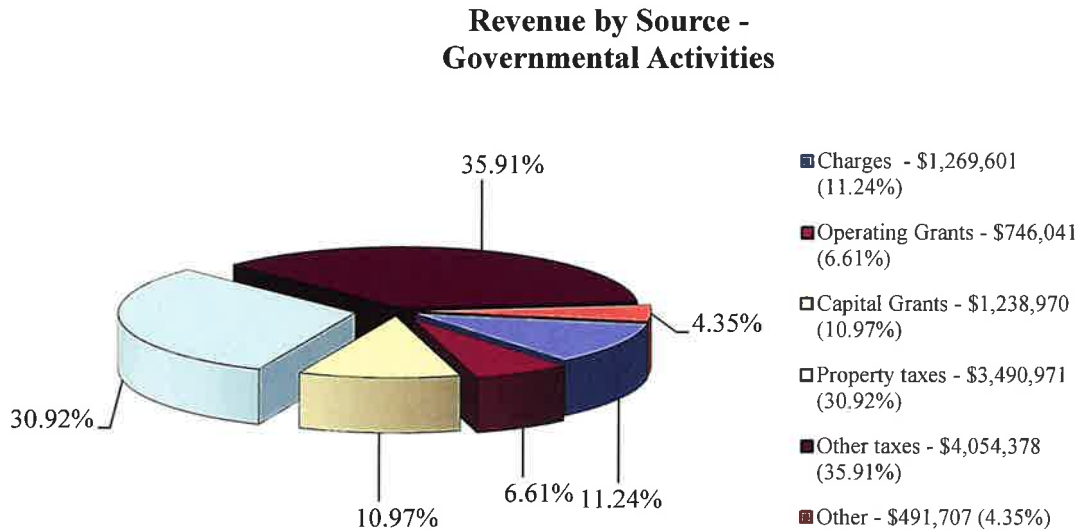


City-Wide Program Expenses

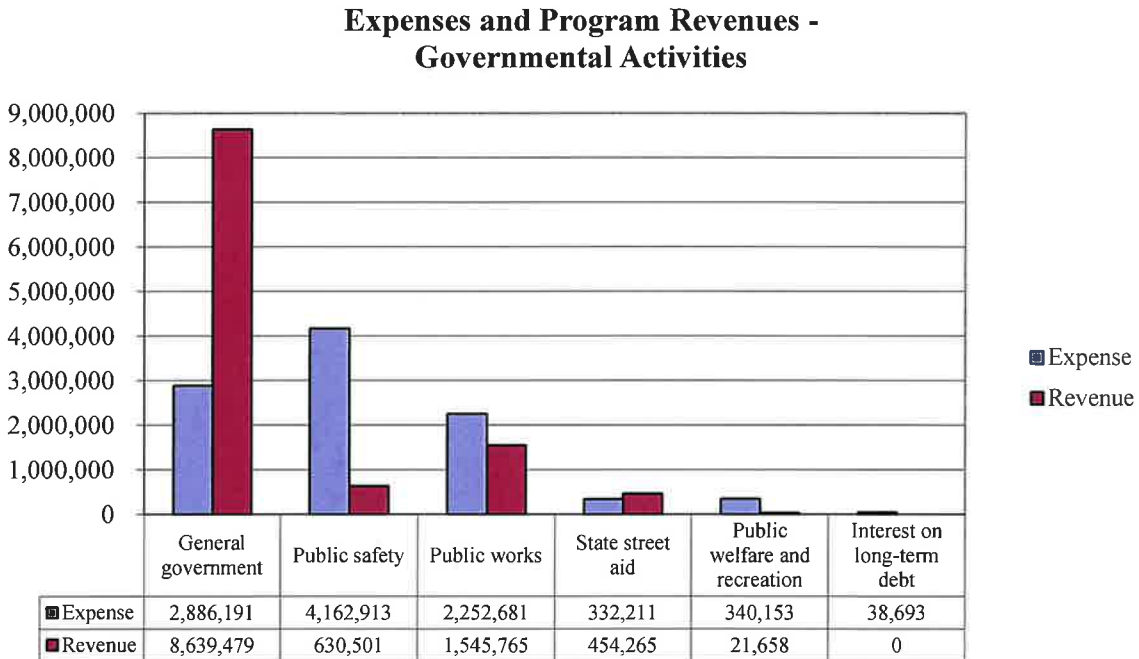


Governmental Activities

Governmental activities accounted for revenues of \$11,291,668. The following graph summarizes the revenue by source.



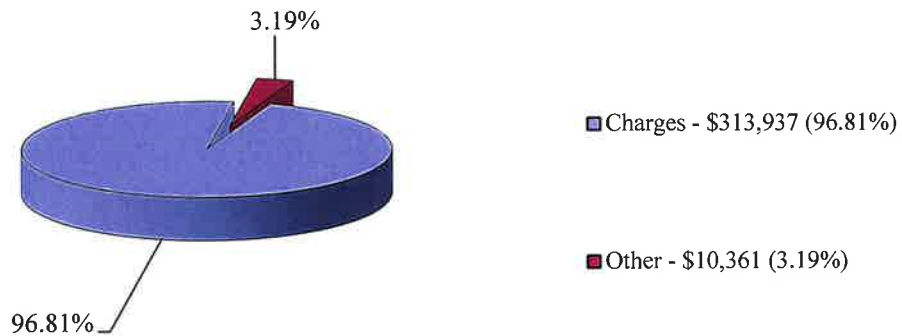
The following graph summarizes the revenue and related expense for each government program of the City. The difference between expense and revenue is the financial burden placed on the City's taxpayers for each program.



Business-type Activities

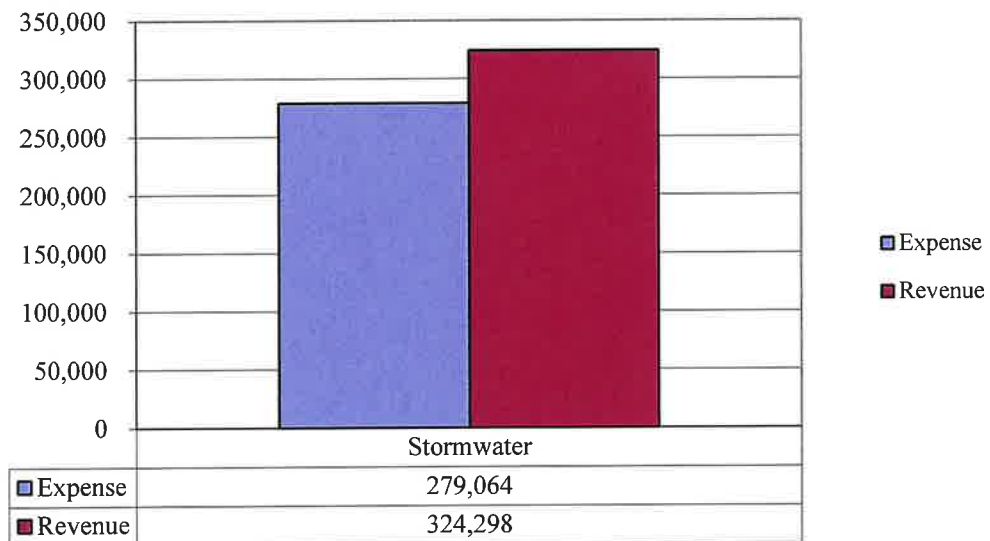
Business-type activities accounted for revenues of \$324,298. The following graph summarizes the revenue by source.

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 \$10,183,462. The fund balance increased by \$124,867, which was largely due to the following:

\$1,432,294 General Fund federal grant revenue.

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 \$8,299,868. 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 80.31% 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 \$426,759 for the Stormwater Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget netted to \$(5,861,748). The details are listed below:

There was a \$415,683 increase in the budget for street resurfacing in the public works department.

There was a \$4,854,938 increase in the budget for capital outlay expenditures, due largely to the public works departments for bridge repairs, sidewalk repairs, and equipment purchases.

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

Differences between the final amended budget and actual amounts are as follows:

The City had budgeted for \$4,683,853 of grant revenues but only received \$1,432,294.

Capital outlay expenditures for the general government department were budgeted at \$1,609,266 but only \$351,325 was spent during the year.

Capital outlay expenditures for the public works department were budgeted at \$2,138,319 but only \$577,612 was spent during the year.

Capital Assets and Debt Administration

City of Red Bank, Tennessee's Capital Assets (Net of Depreciation)

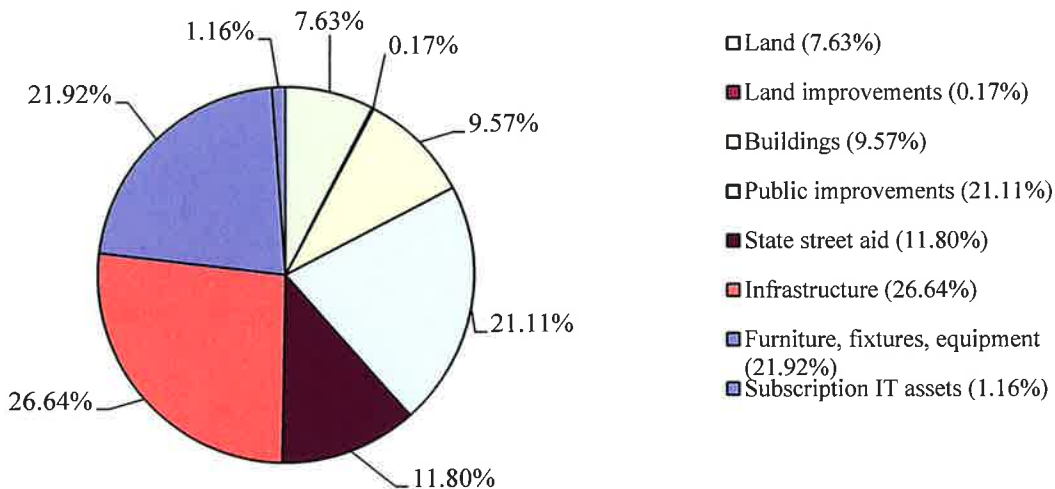
| | Governmental Activities | Business-type Activities | Total |
|-----------------------------------|----------------------------|-----------------------------|---------------------|
| Land | \$ 798,832 | \$ - | \$ 798,832 |
| Land improvements | - | 17,920 | 17,920 |
| Buildings | 1,002,556 | - | 1,002,556 |
| Public improvements | 2,210,528 | - | 2,210,528 |
| State street aid | 1,235,552 | - | 1,235,552 |
| Infrastructure | 2,789,013 | - | 2,789,013 |
| Furniture, fixtures and equipment | 2,295,146 | - | 2,295,146 |
| Subscription IT assets | 121,096 | - | 121,096 |
| Total capital assets | <u>\$10,452,723</u> | <u>\$ 17,920</u> | <u>\$10,470,643</u> |

Major capital asset events during the current fiscal year include the following:

| | |
|---------------------------|------------|
| Signalization project | \$ 534,197 |
| 2023 Spartan pumper truck | \$ 626,769 |
| 2023 Caterpillar backhoe | \$ 116,252 |
| 28 fire radios | \$ 245,823 |
| Body cameras | \$ 105,711 |

Additional information on the City of Red Bank, Tennessee's capital assets can be found in Note 7 on pages 44 and 45 of this report.

City-Wide Capital Assets

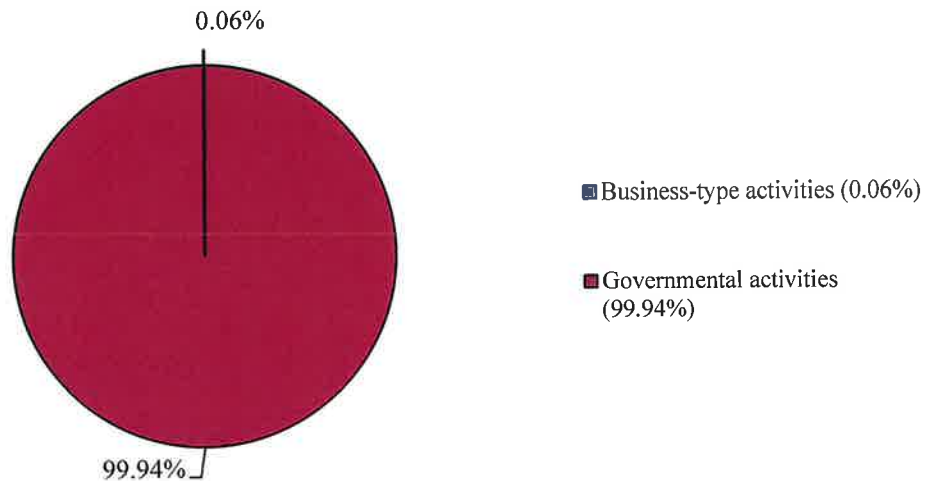


City of Red Bank, Tennessee's Outstanding Debt

At the end of the current fiscal year, the City had total long-term debt outstanding of \$2,610,001. Of that amount, \$453,045 is due in the next fiscal year.

| | Governmental Activities | Business-type Activities | Total |
|-----------------------------------|----------------------------|-----------------------------|---------------------|
| Bonds payable | \$ 1,973,970 | \$ - | \$ 1,973,970 |
| Landfill closure and post-closure | 46,200 | - | 46,200 |
| Subscription IT liability | 124,050 | - | 124,050 |
| Accrued leave | 464,179 | 1,602 | 465,781 |
| Current portion | (453,045) | - | (453,045) |
| Total long-term debt | <u>\$ 2,155,354</u> | <u>\$ 1,602</u> | <u>\$ 2,156,956</u> |

Long-Term Debt By Activity



Additional information on outstanding debt can be found in Note 10 on pages 46 through 48 of this report.

Currently Known Conditions Effecting Future Years

Red Bank continues to thrive as a small city in Hamilton County. While the post-Covid economy has been an arduous couple of years, and inflation became the primary issue as we prepared our budgets, the overall economy of the city fared well. During the budget process every expense line had to be reconsidered, and a conscious effort was made to focus on our employees and attracting quality workers and keeping experienced staff, which involved researching the very competitive job market that we face in the Chattanooga metropolitan area of Hamilton County. Red Bank has numerous independent public entities within our local market competing for talent, and especially law enforcement professionals, with even more in the neighboring states of Georgia and Alabama, and some larger public entities such as TVA and the State of Tennessee itself that had to be considered. Competition for talent is fierce, but the adopted budget reflected our commitment to being an “Employer of Choice”, and our staff remained stable in this era of record low unemployment. Another economic issue that has become more prevalent is the effects of the erratic supply chain that made acquiring goods and services more difficult, resulting in our needs and goals being hindered in executing projects in a timely manner.

Our Stormwater Program is an area that we are in the process of revamping into a proactive program rather than a reactive effort. This program is an important city function that suffered from under-funding coupled with being equally understaffed. The City of Red Bank is in a geographical area that features a string of hills on both sides of our main thoroughfare on Dayton Boulevard. Meandering along and under Dayton Blvd. is the Stringer’s Branch stream. The city was blessed with a Federal American Rescue Plan Act (ARPA) grant of \$3,513,087.40 and an additional TDEC grant of \$1,600,000 if we committed a 30% funding match. We pledged \$480,000 of ARPA money to meet this match. Together, this funding will provide the city with the ability to repair or replace many small bridges and culverts in various neighborhoods that are vital to stormwater management and the procession of traffic. We are also pleased about a new Jetter Truck that will clear any debris that accumulates and clogs many of the pipes that assist in getting stormwater to flow in the proper direction and ensures that water gets discharged into the Tennessee River basin and doesn’t accumulate where it shouldn’t.

We have several TDOT projects underway that will enhance transportation and safety concerns around the city. We are currently in the process of upgrading sidewalks on the south end to make them ADA compatible; we have a signalization program in the works that will upgrade five traffic signal locations and include pedestrian crosswalks and signals; we have a third project to replace a one-lane bridge on Lullwater Road with a two-lane bridge. The city remains in a sewer moratorium in some area which hinders the construction of new homes. WWTa has contracts in place to rehab those areas to remove the moratorium; it appears we are still one to two years 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 development of that site.

As was previously noted, Red Bank was a recipient of ARPA funding from the Federal level. This money is being used to make improvements in several functions of our operations that would have been beyond our reach in the short term. Besides our Stormwater program, we have or will use these funds in areas of Emergency Responder upgrades in equipment, Internet Technology for expanded interdepartmental communication, community engagement and customer service, and assorted non-profit endeavors that benefit the citizens.

Continuation of the 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 second annual retreat held 28 February 2023, with ongoing follow-up this past 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 celebrates our 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 networks (Mayor Berry)
 - Revamp the stormwater ordinance, processes, and fee structure (Vice Mayor Dalton)
 - Develop a comprehensive plan, including fulfilling the land conversion agreement and the former Red Bank Middle School site (Commissioner Phillips)
 - Create a Red Bank Community Library and Civic Center (Commissioner Fairbanks-Harvey)
 - Develop parks, trails, and recreation services (Commissioner Wilkinson)

The Commission approved a FY2024 budget that adequately funds the necessary functions of the city and forecasts no budget deficit. This required an increase to the tax levy... a very difficult, but much-needed action. Going forward, the city is adequately resourced to meet the public's expectations for excellent service delivery, stewardship of the city's build infrastructure, and maintenance of a safe environment to live, work and play. For the second year in a row, the Tennessee Comptroller of the Treasury presented the City of Red Bank the budget certificate recognizing that we manage the budget in a responsible manner.

Request 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, 2023

| | Primary Government | | |
|---|-----------------------------|--------------------------|-----------------------------|
| | Governmental | Business- | |
| | Activities | type | Total |
| | | Activities | |
| ASSETS | | | |
| Current assets | | | |
| Cash | \$ 1,828,987 | \$ 379,444 | \$ 2,208,431 |
| Investments | 9,702,961 | - | 9,702,961 |
| Property tax receivable - net | 5,593,004 | - | 5,593,004 |
| Accounts receivable - net | 833,841 | 31,376 | 865,217 |
| Prepaid expenses | 153 | - | 153 |
| Due from grantor | 279,530 | - | 279,530 |
| Internal balances | 1,559 | (1,559) | - |
| Total current assets | <u>18,240,035</u> | <u>409,261</u> | <u>18,649,296</u> |
| Non-current assets | | | |
| Capital assets | | | |
| Land | <u>798,832</u> | <u>-</u> | <u>798,832</u> |
| Other capital assets - net | | | |
| Capital assets being depreciated - net | 9,532,795 | 17,920 | 9,550,715 |
| Subscription IT assets - net | <u>121,096</u> | <u>-</u> | <u>121,096</u> |
| Total other capital assets - net | <u>9,653,891</u> | <u>17,920</u> | <u>9,671,811</u> |
| Total capital assets | <u>10,452,723</u> | <u>17,920</u> | <u>10,470,643</u> |
| TOTAL ASSETS | <u>\$ 28,692,758</u> | <u>\$ 427,181</u> | <u>\$ 29,119,939</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | \$ 2,401,731 | \$ 74,281 | \$ 2,476,012 |
| Deferred outflows related to bond refinancing | <u>57,345</u> | <u>-</u> | <u>57,345</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 2,459,076</u> | <u>\$ 74,281</u> | <u>\$ 2,533,357</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, 2023

| | Primary Government | | |
|--|----------------------|-------------------|----------------------|
| | Governmental | Business- | |
| | Activities | type | Total |
| | | Activities | |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | \$ 11,225 | \$ - | \$ 11,225 |
| Accrued liabilities | 107,214 | 2,912 | 110,126 |
| Payable to pension | 61,834 | - | 61,834 |
| Unearned grant revenue | 2,301,575 | - | 2,301,575 |
| Bonds payable - due in one year | 414,170 | - | 414,170 |
| Landfill closure and post-closure cost - due in one year | 7,700 | - | 7,700 |
| Subscription IT liability - due in one year | 31,175 | - | 31,175 |
| Total current liabilities | <u>2,934,893</u> | <u>2,912</u> | <u>2,937,805</u> |
| Non-current liabilities | | | |
| Bonds payable | 1,559,800 | - | 1,559,800 |
| Landfill closure and post-closure cost | 38,500 | - | 38,500 |
| Subscription IT liability | 92,875 | - | 92,875 |
| Accrued leave | 464,179 | 1,602 | 465,781 |
| Net pension liability | 1,523,645 | 47,123 | 1,570,768 |
| Total non-current liabilities | <u>3,678,999</u> | <u>48,725</u> | <u>3,727,724</u> |
| TOTAL LIABILITIES | <u>\$ 6,613,892</u> | <u>\$ 51,637</u> | <u>\$ 6,665,529</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenue - property tax | \$ 5,495,900 | \$ - | \$ 5,495,900 |
| Deferred inflows related to pensions | 166,377 | 5,146 | 171,523 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>\$ 5,662,277</u> | <u>\$ 5,146</u> | <u>\$ 5,667,423</u> |
| NET POSITION | | | |
| Net investment in capital assets | \$ 8,412,048 | \$ 17,920 | \$ 8,429,968 |
| Restricted for: | | | |
| Non-recurring police expenses | 80,450 | - | 80,450 |
| State street aid expenses | 750,455 | - | 750,455 |
| Impound expenses | 4,108 | - | 4,108 |
| Solid waste expenses | 1,048,428 | - | 1,048,428 |
| Unrestricted | 8,580,176 | 426,759 | 9,006,935 |
| TOTAL NET POSITION | <u>\$ 18,875,665</u> | <u>\$ 444,679</u> | <u>\$ 19,320,344</u> |

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

CITY OF RED BANK, TENNESSEE
Statement of Activities
Year Ended June 30, 2023

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes In Net Position | | |
|----------------------------------|-------------------------|-----------------------------|---|--|--------------------------------|---------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | |
| | | | | | Governmental Activities | Business-type Activities |
| Primary Government: | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 2,886,191 | \$ 133,686 | \$ 252,277 | \$ 216,460 | \$ (2,283,768) | \$ (2,283,768) |
| Public safety | 4,162,913 | 81,928 | 35,600 | 512,973 | (3,532,412) | (3,532,412) |
| Public works | 2,252,681 | 1,014,429 | 21,799 | 509,537 | (706,916) | (706,916) |
| State street aid | 332,211 | 17,900 | 436,365 | - | 122,054 | 122,054 |
| Public welfare and recreation | 340,153 | 21,658 | - | - | (318,495) | (318,495) |
| Interest on long-term debt | 38,693 | - | - | - | (38,693) | (38,693) |
| Total governmental activities | 10,012,842 | 1,269,601 | 746,041 | 1,238,970 | (6,758,230) | (6,758,230) |
| Business-type activities: | | | | | | |
| Stormwater | 279,064 | 313,937 | - | - | - | 34,873 |
| Total primary government | \$ 10,291,906 | \$ 1,583,538 | \$ 746,041 | \$ 1,238,970 | (6,758,230) | (6,723,357) |
| General revenues: | | | | | | |
| Unrestricted: | | | | | | |
| Property taxes | | | | | 3,490,971 | 3,490,971 |
| Local sales tax | | | | | 1,745,478 | 1,745,478 |
| Alcoholic beverage tax | | | | | 331,301 | 331,301 |
| Franchise tax | | | | | 109,996 | 109,996 |
| Occupancy tax | | | | | 27,149 | 27,149 |
| Business tax | | | | | 1,125 | 1,125 |
| In lieu of tax | | | | | 110,653 | 110,653 |
| Other state taxes | | | | | 1,728,676 | 1,728,676 |
| Interest | | | | | 393,682 | 10,361 |
| Other | | | | | 98,025 | 98,025 |
| Total general revenues | | | | | 8,037,056 | 8,047,417 |
| Change in net position | | | | | 1,278,826 | 1,324,060 |
| Net position - beginning | | | | | 17,596,839 | 17,996,284 |
| Net position - end | | | | | \$ 18,875,665 | \$ 19,320,344 |

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

CITY OF RED BANK, TENNESSEE
Governmental Funds
Balance Sheet
June 30, 2023

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|----------------------------|---|---|
| ASSETS | | | |
| Cash | \$ 1,378,777 | \$ 450,210 | \$ 1,828,987 |
| Investments | 8,344,197 | 1,358,764 | 9,702,961 |
| Property tax receivable - net | 5,593,004 | - | 5,593,004 |
| Accounts receivable - net | 758,461 | 75,380 | 833,841 |
| Prepaid expenses | 153 | - | 153 |
| Due from grantor | 279,530 | - | 279,530 |
| Due from other funds | 1,559 | 10,669 | 12,228 |
| TOTAL ASSETS | <u>\$16,355,681</u> | <u>\$ 1,895,023</u> | <u>\$ 18,250,704</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 11,225 | \$ - | \$ 11,225 |
| Accrued liabilities | 95,632 | 11,582 | 107,214 |
| Payable to pension | 61,834 | - | 61,834 |
| Due to other funds | 10,669 | - | 10,669 |
| Unearned grant revenue | 2,301,575 | - | 2,301,575 |
| TOTAL LIABILITIES | <u>\$ 2,480,935</u> | <u>\$ 11,582</u> | <u>\$ 2,492,517</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenue - property tax | \$ 5,574,725 | \$ - | \$ 5,574,725 |
| FUND BALANCES | | | |
| Nonspendable | \$ 153 | \$ - | \$ 153 |
| Restricted | - | 1,883,441 | 1,883,441 |
| Unassigned | 8,299,868 | - | 8,299,868 |
| TOTAL FUND BALANCES | <u>\$ 8,300,021</u> | <u>\$ 1,883,441</u> | <u>\$ 10,183,462</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, 2023

| | |
|---|----------------------|
| Total fund balances per governmental funds balance sheet | \$ 10,183,462 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 10,331,627 |
| Subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 121,096 |
| 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. | (2,608,399) |
| 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. | 78,825 |
| Deferred outflows related to bond refinancing are not due and payable in the current period and, therefore, are not reported in the funds. | 57,345 |
| 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>711,709</u> |
| Net position of governmental activities | <u>\$ 18,875,665</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, 2023

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|--|-------------------------|---|---|
| REVENUES | | | |
| Taxes | \$ 5,819,516 | \$ - | \$ 5,819,516 |
| License and permits | 112,686 | 17,900 | 130,586 |
| Intergovernmental | 3,218,369 | 413,365 | 3,631,734 |
| Charges for services | 43,814 | 1,014,429 | 1,058,243 |
| Fines and forfeitures | 60,457 | 20,315 | 80,772 |
| Other revenues | 438,014 | 135,646 | 573,660 |
| TOTAL REVENUES | <u>9,692,856</u> | <u>1,601,655</u> | <u>11,294,511</u> |
| EXPENDITURES | | | |
| Current expenditures | | | |
| General government | 2,704,996 | - | 2,704,996 |
| Public safety | 3,780,287 | 5,499 | 3,785,786 |
| Public works | 1,069,107 | 952,062 | 2,021,169 |
| State street aid | - | 258,422 | 258,422 |
| Public welfare and recreation | 221,425 | - | 221,425 |
| Capital outlay | 2,269,417 | 264,603 | 2,534,020 |
| Debt service | 290,030 | 171,871 | 461,901 |
| TOTAL EXPENDITURES | <u>10,335,262</u> | <u>1,652,457</u> | <u>11,987,719</u> |
| Excess (deficiency) of revenues over (under) expenditures | (642,406) | (50,802) | (693,208) |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from debt issuance | 818,075 | - | 818,075 |
| Net changes in fund balances | 175,669 | (50,802) | 124,867 |
| Fund balances - beginning | <u>8,124,352</u> | <u>1,934,243</u> | <u>10,058,595</u> |
| Fund balances - end | <u>\$ 8,300,021</u> | <u>\$ 1,883,441</u> | <u>\$ 10,183,462</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, 2023

| | |
|---|---------------------|
| Net changes in fund balances for total governmental funds | \$ 124,867 |
| 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 in the current period. | 1,391,876 |
| 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 by which the subscription IT asset exceeded amortization in the current period. | 121,096 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | (2,843) |
| 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. | 438,058 |
| 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. | (818,075) |
| Bond refinance savings are not reported in the governmental funds but are reported in the Statement of Activities. | (11,865) |
| 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. | (77,766) |
| 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. | <u>113,478</u> |
| Change in net position of governmental activities | <u>\$ 1,278,826</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, 2023

| | Budgeted Amounts | | | |
|---------------------------------|-------------------------|------------------|------------------|--------------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Taxes | | | | |
| Property taxes | \$ 3,480,788 | \$ 3,480,788 | \$ 3,493,814 | \$ 13,026 |
| Local sales tax | 1,550,000 | 1,550,000 | 1,745,478 | 195,478 |
| Alcoholic beverage tax | 327,000 | 327,000 | 331,301 | 4,301 |
| Franchise tax | 125,000 | 125,000 | 109,996 | (15,004) |
| Occupancy tax | 2,200 | 2,200 | 27,149 | 24,949 |
| Business tax | 800 | 800 | 1,125 | 325 |
| In lieu of tax | 120,000 | 120,000 | 110,653 | (9,347) |
| Total taxes | <u>5,605,788</u> | <u>5,605,788</u> | <u>5,819,516</u> | <u>213,728</u> |
| License and permits | | | | |
| Alcoholic beverage licenses | 2,200 | 2,200 | 2,100 | (100) |
| Wrecker permits | 550 | 550 | 400 | (150) |
| Building license and permits | 102,400 | 102,400 | 110,186 | 7,786 |
| Total license and permits | <u>105,150</u> | <u>105,150</u> | <u>112,686</u> | <u>7,536</u> |
| Intergovernmental | | | | |
| State of Tennessee: | | | | |
| Sales tax | 1,320,789 | 1,320,789 | 1,425,513 | 104,724 |
| Beer tax | 5,593 | 5,593 | 5,433 | (160) |
| Mixed drink tax | 3,500 | 3,500 | 10,184 | 6,684 |
| Income tax | - | - | 92 | 92 |
| Excise tax | - | - | 3,741 | 3,741 |
| Gross receipts tax | 100,000 | 100,000 | 119,244 | 19,244 |
| City streets and transportation | 21,775 | 21,775 | 21,799 | 24 |
| Sportsbetting | 17,849 | 17,849 | 21,214 | 3,365 |
| TVA in lieu of tax | 124,940 | 124,940 | 143,255 | 18,315 |
| Federal grants | 4,683,853 | 4,683,853 | 1,432,294 | (3,251,559) |
| State salary supplement | 34,800 | 34,800 | 35,600 | 800 |
| Total intergovernmental | <u>6,313,099</u> | <u>6,313,099</u> | <u>3,218,369</u> | <u>(3,094,730)</u> |
| Charges for service | | | | |
| Administrative services | 21,000 | 21,000 | 21,000 | - |
| Records request | 1,250 | 1,250 | 1,156 | (94) |
| Community center fees | 10,000 | 10,000 | 21,658 | 11,658 |
| Total charges for service | <u>32,250</u> | <u>32,250</u> | <u>43,814</u> | <u>11,564</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, 2023

| | Budgeted Amounts | | | |
|---------------------------------|-------------------------|-------------------|------------------|--------------------|
| | Original | Final | Actual | Variance |
| REVENUES (Continued) | | | | |
| Fines and forfeitures | | | | |
| Court fines and costs | \$ 100,000 | \$ 100,000 | \$ 60,457 | \$ (39,543) |
| Other revenues | | | | |
| Miscellaneous | 1,000 | 1,000 | 14,494 | 13,494 |
| Rent of facilities | 27,011 | 27,011 | 28,174 | 1,163 |
| Sale of assets | - | - | 1,747 | 1,747 |
| Insurance recoveries and refund | 11,462 | 11,462 | 15,795 | 4,333 |
| Interest | 5,000 | 5,000 | 318,851 | 313,851 |
| Donations | 24,000 | 24,000 | 58,953 | 34,953 |
| Total other revenues | <u>68,473</u> | <u>68,473</u> | <u>438,014</u> | <u>369,541</u> |
| TOTAL REVENUES | <u>12,224,760</u> | <u>12,224,760</u> | <u>9,692,856</u> | <u>(2,531,904)</u> |
| EXPENDITURES | | | | |
| Current expenditures | | | | |
| General government | | | | |
| Judicial | | | | |
| Salaries | 126,173 | 126,173 | 126,180 | (7) |
| Payroll tax | 9,673 | 9,673 | 9,440 | 233 |
| Employee benefits | 12,418 | 12,418 | 12,415 | 3 |
| Contract services | 20,000 | 20,000 | 12,522 | 7,478 |
| Insurance | - | - | 1,392 | (1,392) |
| Office supplies and expenses | 1,200 | 1,200 | 1,983 | (783) |
| Operating supplies | - | - | 565 | (565) |
| Repairs and maintenance | - | - | 7,295 | (7,295) |
| Telephone | 750 | 750 | 1,168 | (418) |
| Training | 500 | 500 | 920 | (420) |
| Travel | 1,200 | 1,200 | 733 | 467 |
| Total judicial | <u>171,914</u> | <u>171,914</u> | <u>174,613</u> | <u>(2,699)</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, 2023

| | Budgeted Amounts | | | |
|----------------------------------|------------------|-----------|-----------|----------|
| | Original | Final | Actual | Variance |
| EXPENDITURES (Continued) | | | | |
| Current expenditures (Continued) | | | | |
| General government (Continued) | | | | |
| City Commission | | | | |
| Salaries | \$ 13,200 | \$ 13,200 | \$ 12,100 | \$ 1,100 |
| Payroll tax | 1,010 | 1,010 | 926 | 84 |
| Contract services | 1,500 | 1,500 | 57,299 | (55,799) |
| Election | 5,500 | 5,500 | 8,238 | (2,738) |
| Office supplies and expenses | 1,350 | 1,350 | 1,512 | (162) |
| Operating supplies | 1,000 | 1,000 | 1,670 | (670) |
| Professional services | 23,500 | 23,500 | 30,911 | (7,411) |
| Relief to indigents | 7,200 | 7,200 | 1,200 | 6,000 |
| Special events | 10,000 | 10,000 | 30,972 | (20,972) |
| Telephone | 420 | 420 | 394 | 26 |
| Training | 3,000 | 3,000 | 2,600 | 400 |
| Travel | 5,000 | 5,000 | 3,256 | 1,744 |
| Total City Commission | 72,680 | 72,680 | 151,078 | (78,398) |
| Administration and finance | | | | |
| Salaries | 429,572 | 429,572 | 414,653 | 14,919 |
| Payroll tax | 34,552 | 34,552 | 30,187 | 4,365 |
| Employee benefits | 54,515 | 54,515 | 47,658 | 6,857 |
| Collection fees | 70,000 | 70,000 | 71,085 | (1,085) |
| Contract services | 66,000 | 111,000 | 88,471 | 22,529 |
| Dues and subscriptions | 12,500 | 12,500 | 16,465 | (3,965) |
| Miscellaneous | 2,570 | 2,570 | 3,013 | (443) |
| Office supplies and expenses | 15,000 | 15,000 | 32,049 | (17,049) |
| Operating supplies | 2,000 | 2,000 | 7,698 | (5,698) |
| Professional services | 143,350 | 143,350 | 133,459 | 9,891 |
| Telephone | 2,000 | 2,000 | 3,394 | (1,394) |
| Training | 2,000 | 2,000 | 6,420 | (4,420) |
| Travel | 2,000 | 2,000 | 3,524 | (1,524) |
| Total administration and finance | 836,059 | 881,059 | 858,076 | 22,983 |

(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, 2023

| | Budgeted Amounts | | | |
|--------------------------------------|------------------|------------|------------|-----------|
| | Original | Final | Actual | Variance |
| EXPENDITURES (Continued) | | | | |
| Current expenditures (Continued) | | | | |
| General government (Continued) | | | | |
| Other financial administration | | | | |
| ARPA employee pay bonuses | \$ - | \$ 277,477 | \$ 229,886 | \$ 47,591 |
| Payroll tax | - | - | 17,583 | (17,583) |
| Employee benefits | 832,300 | 832,300 | 879,860 | (47,560) |
| Administration fees | 2,765 | 2,765 | 2,226 | 539 |
| Insurance | 309,000 | 309,000 | 313,199 | (4,199) |
| Non-profit endeavors | - | 150,000 | - | 150,000 |
| Total other financial administration | 1,144,065 | 1,571,542 | 1,442,754 | 128,788 |
| Government buildings | | | | |
| Contract services | 20,450 | 20,450 | 16,410 | 4,040 |
| Operating supplies | 7,500 | 7,500 | 8,637 | (1,137) |
| Repairs and maintenance | 6,000 | 6,000 | 9,469 | (3,469) |
| Telephone | 18,500 | 18,500 | 21,876 | (3,376) |
| Utilities | 31,000 | 31,000 | 22,083 | 8,917 |
| Total government buildings | 83,450 | 83,450 | 78,475 | 4,975 |
| Total general government | 2,308,168 | 2,780,645 | 2,704,996 | 75,649 |
| Public safety | | | | |
| Police department | | | | |
| Salaries | 1,512,893 | 1,607,188 | 1,554,904 | 52,284 |
| Payroll tax | 115,354 | 122,589 | 112,750 | 9,839 |
| Employee benefits | 193,575 | 205,740 | 192,520 | 13,220 |
| Contract services | 228,000 | 228,000 | 214,249 | 13,751 |
| Dues and subscriptions | 2,000 | 2,000 | 1,455 | 545 |
| Insurance | 4,500 | 4,500 | 1,219 | 3,281 |
| Miscellaneous | 500 | 500 | 365 | 135 |
| Operating supplies | 36,100 | 40,133 | 36,888 | 3,245 |
| Professional services | 2,200 | 2,200 | 2,416 | (216) |
| Repairs and maintenance | 47,240 | 47,240 | 35,945 | 11,295 |
| Telephone | 14,000 | 14,000 | 14,725 | (725) |
| Training | 14,000 | 14,000 | 10,798 | 3,202 |
| Travel | 10,000 | 10,922 | 9,778 | 1,144 |
| Uniforms | 22,200 | 22,200 | 19,824 | 2,376 |
| Vehicle | 92,500 | 92,500 | 82,413 | 10,087 |
| Total police department | 2,295,062 | 2,413,712 | 2,290,249 | 123,463 |

(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, 2023

| | <u>Budgeted Amounts</u> | | | |
|---|-------------------------|------------------|------------------|-----------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Variance</u> |
| EXPENDITURES (Continued) | | | | |
| Current expenditures (Continued) | | | | |
| Public safety (Continued) | | | | |
| Fire department | | | | |
| Salaries | \$ 985,336 | \$ 985,336 | \$ 1,022,679 | \$ (37,343) |
| Payroll tax | 75,378 | 75,378 | 73,042 | 2,336 |
| Employee benefits | 112,490 | 112,490 | 109,063 | 3,427 |
| Contract services | 29,599 | 29,599 | 34,909 | (5,310) |
| Dues and subscriptions | 1,775 | 1,775 | 1,933 | (158) |
| Fire hydrant rental | 2,752 | 2,752 | 2,752 | - |
| Insurance | 7,225 | 7,225 | 6,586 | 639 |
| Office supplies and expenses | 1,000 | 1,000 | 976 | 24 |
| Operating supplies | 19,800 | 19,800 | 23,262 | (3,462) |
| Repairs and maintenance | 56,500 | 56,500 | 56,182 | 318 |
| Telephone | 3,324 | 3,324 | 4,141 | (817) |
| Training | 43,350 | 43,350 | 43,861 | (511) |
| Travel | 5,000 | 5,000 | 7,113 | (2,113) |
| Uniforms | 33,300 | 33,300 | 36,702 | (3,402) |
| Utilities | 21,200 | 21,200 | 21,130 | 70 |
| Vehicle | 37,800 | 37,800 | 45,707 | (7,907) |
| Total fire department | <u>1,435,829</u> | <u>1,435,829</u> | <u>1,490,038</u> | <u>(54,209)</u> |
| Total public safety | <u>3,730,891</u> | <u>3,849,541</u> | <u>3,780,287</u> | <u>69,254</u> |
| Public works | | | | |
| Street department | | | | |
| Salaries | 715,727 | 715,727 | 613,980 | 101,747 |
| Payroll tax | 50,974 | 50,974 | 44,003 | 6,971 |
| Employee benefits | 88,489 | 88,489 | 76,295 | 12,194 |
| Contract services | 59,000 | 59,000 | 47,781 | 11,219 |
| Insurance | 1,000 | 1,000 | 2,825 | (1,825) |
| Office supplies and expenses | 18,000 | 18,000 | 13,795 | 4,205 |
| Operating supplies | 58,850 | 58,850 | 41,084 | 17,766 |
| Repairs and maintenance | 11,500 | 11,500 | 4,912 | 6,588 |
| Street resurfacing | - | 415,683 | 19,499 | 396,184 |
| Telephone | 4,170 | 4,170 | 6,643 | (2,473) |
| Training | 3,000 | 3,000 | 7,385 | (4,385) |
| Travel | - | - | 5,381 | (5,381) |
| Uniforms | 4,950 | 4,950 | 2,526 | 2,424 |
| Vehicle | 63,500 | 63,500 | 50,523 | 12,977 |
| Total street department | <u>1,079,160</u> | <u>1,494,843</u> | <u>936,632</u> | <u>558,211</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, 2023

| | Budgeted Amounts | | | |
|---|-------------------------|------------------|------------------|------------------|
| | Original | Final | Actual | Variance |
| EXPENDITURES (Continued) | | | | |
| Current expenditures (Continued) | | | | |
| Public works (Continued) | | | | |
| Fleet maintenance | | | | |
| Salaries | \$ 89,015 | \$ 89,015 | \$ 92,310 | \$ (3,295) |
| Payroll tax | 6,732 | 6,732 | 6,345 | 387 |
| Employee benefits | 11,449 | 11,449 | 11,518 | (69) |
| Contract services | 900 | 900 | - | 900 |
| Office supplies and expenses | 250 | 250 | 351 | (101) |
| Operating supplies | 9,225 | 9,225 | 11,095 | (1,870) |
| Repairs and maintenance | 2,800 | 2,800 | 3,782 | (982) |
| Uniforms | 500 | 500 | 490 | 10 |
| Utilities | 8,000 | 8,000 | 5,974 | 2,026 |
| Vehicle | 1,800 | 1,800 | 610 | 1,190 |
| Total fleet maintenance | <u>130,671</u> | <u>130,671</u> | <u>132,475</u> | <u>(1,804)</u> |
| Total public works | <u>1,209,831</u> | <u>1,625,514</u> | <u>1,069,107</u> | <u>556,407</u> |
| Public welfare and recreation | | | | |
| Animal control | | | | |
| Contract services | <u>73,499</u> | <u>73,499</u> | <u>73,490</u> | <u>9</u> |
| Parks and recreation | | | | |
| Contract services | - | - | 300 | (300) |
| Operating supplies | 8,500 | 8,500 | 6,661 | 1,839 |
| Repairs and maintenance | 43,500 | 43,500 | 67,236 | (23,736) |
| Utilities | <u>77,300</u> | <u>77,300</u> | <u>73,738</u> | <u>3,562</u> |
| Total parks and recreation | <u>129,300</u> | <u>129,300</u> | <u>147,935</u> | <u>(18,635)</u> |
| Total public welfare and recreation | <u>202,799</u> | <u>202,799</u> | <u>221,425</u> | <u>(18,626)</u> |
| Capital outlay | | | | |
| General government | 5,300 | 1,609,266 | 351,325 | 1,257,941 |
| Public safety | 28,300 | 1,414,678 | 1,242,815 | 171,863 |
| Public works | 297,725 | 2,138,319 | 577,612 | 1,560,707 |
| Public welfare and recreation | <u>95,000</u> | <u>119,000</u> | <u>97,665</u> | <u>21,335</u> |
| Total capital outlay | <u>426,325</u> | <u>5,281,263</u> | <u>2,269,417</u> | <u>3,011,846</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, 2023

| | Budgeted Amounts | | | |
|--|-------------------------|---------------------|---------------------|---------------------|
| | Original | Final | Actual | Variance |
| EXPENDITURES (Continued) | | | | |
| Debt service | | | | |
| Principal and interest | \$ 433,305 | \$ 433,305 | \$ 290,030 | \$ 143,275 |
| TOTAL EXPENDITURES | <u>8,311,319</u> | <u>14,173,067</u> | <u>10,335,262</u> | <u>3,837,805</u> |
| Excess (deficiency) of revenues over (under) expenditures | 3,913,441 | (1,948,307) | (642,406) | 1,305,901 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from debt issuance | <u>685,970</u> | <u>685,970</u> | <u>818,075</u> | <u>132,105</u> |
| Net changes in fund balances | 4,599,411 | (1,262,337) | 175,669 | 1,438,006 |
| Fund balances - beginning | <u>8,124,352</u> | <u>8,124,352</u> | <u>8,124,352</u> | <u>-</u> |
| Fund balances - end | <u>\$ 12,723,763</u> | <u>\$ 6,862,015</u> | <u>\$ 8,300,021</u> | <u>\$ 1,438,006</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, 2023

| | <u>Enterprise Fund</u> <u>Stormwater</u> <u>Fund</u> |
|--|---|
| ASSETS | |
| Current assets | |
| Cash | \$ 379,444 |
| Accounts receivable - net | 31,376 |
| Total current assets | <u>410,820</u> |
| Non-current assets | |
| Capital assets | |
| Other capital assets - net of accumulated depreciation | 17,920 |
| TOTAL ASSETS | <u><u>\$ 428,740</u></u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to pensions | <u>\$ 74,281</u> |
| LIABILITIES | |
| Current liabilities | |
| Accrued liabilities | \$ 2,912 |
| Due to other funds | 1,559 |
| Total current liabilities | <u>4,471</u> |
| Non-current liabilities | |
| Accrued leave | 1,602 |
| Net pension liability | 47,123 |
| Total non-current liabilities | <u>48,725</u> |
| TOTAL LIABILITIES | <u><u>\$ 53,196</u></u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | <u>\$ 5,146</u> |
| NET POSITION | |
| Investment in capital assets | \$ 17,920 |
| Unrestricted | 426,759 |
| TOTAL NET POSITION | <u><u>\$ 444,679</u></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, 2023

| | <u>Enterprise Fund</u> <u>Stormwater</u> <u>Fund</u> |
|--|---|
| OPERATING REVENUES | |
| Stormwater fees | \$ 311,709 |
| Other operating | <u>2,228</u> |
| Total operating revenues | <u>313,937</u> |
| OPERATING EXPENSES | |
| Stormwater collection | 241,014 |
| Administration | 27,177 |
| Depreciation | <u>10,873</u> |
| Total operating expenses | <u>279,064</u> |
| Operating income (loss) | <u>34,873</u> |
| NON-OPERATING REVENUES (EXPENSES) | |
| Interest earnings | <u>10,361</u> |
| Change in net position | 45,234 |
| Net position - beginning | <u>399,445</u> |
| Net position - end | <u>\$ 444,679</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, 2023

| | <u>Enterprise Fund</u> <u>Stormwater</u> <u>Fund</u> |
|--|---|
| Cash Flows from Operating Activities | |
| Receipts from customers | \$ 298,581 |
| Payments to suppliers | (247,611) |
| Payments to employees | (104,798) |
| Net cash provided (used) by operating activities | <u>(53,828)</u> |
| Cash Flows from Investing Activities | |
| Interest income | <u>10,361</u> |
| Net increase (decrease) in cash | (43,467) |
| Cash - beginning | <u>422,911</u> |
| Cash - end | <u><u>\$ 379,444</u></u> |
| Reconciliation of Operating Income to Net Cash | |
| Provided (Used) by Operating Activities | |
| Operating income (loss) | <u>\$ 34,873</u> |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation | 10,873 |
| Increase (decrease) in net pension liability | 68,934 |
| Increase (decrease) in deferred inflows related to pensions | (50,204) |
| (Increase) decrease in deferred outflows related to pensions | (22,240) |
| (Increase) decrease in accounts receivable - net | (15,356) |
| Increase (decrease) in accrued liabilities | 2,912 |
| Increase (decrease) in accounts payable | (70,464) |
| Increase (decrease) in due to other funds | (4,183) |
| Increase (decrease) in accrued leave | <u>(8,973)</u> |
| Total adjustments | <u>(88,701)</u> |
| Net cash provided (used) by operating activities | <u><u>\$ (53,828)</u></u> |

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

CITY OF RED BANK, TENNESSEE
Notes to Financial Statements
June 30, 2023

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.

During the year, supplementary appropriations were necessary. The effect of the amendments netted to \$(6,511,796) in the governmental funds. The City amended its General Fund budget to include \$472,477 of general government expenditures, \$118,650 of public safety expenditures, \$415,683 of public works expenditures, and \$4,854,938 of capital outlay expenditures which were mostly attributable to the public works department. The State Street Aid Fund and Solid Waste Fund budgeted expenditures were increased by \$350,048 and \$300,000, respectively.

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, 2023, 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 2023 levy is \$1.10 per \$100 of assessed valuation, and the tax rate for the 2022 levy is \$1.10 per \$100 of assessed valuation.

Property taxes for the 2023 levy are considered to be owed to the City as of the lien date on January 1, 2023. Therefore, the entire 2023 levy was recorded as a receivable and deferred revenue as of June 30, 2023.

H. 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".

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Transactions (Continued)

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.

I. 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.

J. 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.

K. 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.

L. 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)

L. 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 | 10 years |

M. 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.

N. 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 does not have any leases.

O. 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 two types of items that qualify for reporting in this category: deferred revenue - property taxes and deferred inflows related to pensions.

P. 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)

Q. 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.

R. 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 Red Bank's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Red Bank's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

S. Net Position

Net position is the residual of all elements presented in the Statement of Financial 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.

T. 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)

U. 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.

V. Events Occurring after Reporting Date

The City has evaluated events and transactions that occurred between June 30, 2023, and December 14, 2023, 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, 2023, the carrying amount of the City's deposits was \$6,208,364, and the bank balance was \$6,683,102. 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 | \$ 2,208,431 |
| Investments | <u>9,702,961</u> |
| | 11,911,392 |
| Less: petty cash | (67) |
| Less: LGIP | <u>(5,702,961)</u> |
| Total | <u>\$ 6,208,364</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, 2023. The LGIP is not rated. The weighted average maturity for the LGIP balances at June 30, 2023 was 46 days. The City's investments are listed on the Statement of Net Position as follows:

| | |
|-------------------------|---------------------|
| LGIP | \$ 5,702,961 |
| Certificates of deposit | <u>4,000,000</u> |
| Total | <u>\$ 9,702,961</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, 2023, consists of the following:

| <u>Year of Levy</u> | |
|------------------------------------|---------------------|
| 2023 | \$ 5,495,900 |
| 2022 | 113,170 |
| 2021 | 53,449 |
| 2020 | 24,521 |
| 2019 | - |
| 2018 | 19,694 |
| 2017 | 3,513 |
| 2016 | 4,813 |
| 2015 | 5,238 |
| 2014 | <u>6,301</u> |
| | 5,726,599 |
| Less: allowance for uncollectibles | <u>(133,595)</u> |
| Property taxes receivable - net | <u>\$ 5,593,004</u> |

NOTE 4 - ACCOUNTS RECEIVABLE - NET

Accounts receivable - net at June 30, 2023, 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> |
|---------------------------------------|-------------------------|--------------------------------------|---------------------------------|----------------------------|-------------------|
| State shared revenue receivables | \$ 270,209 | \$ - | \$ - | \$ - | \$ 270,209 |
| Local sales tax | 302,501 | - | - | - | 302,501 |
| Local beer and liquor tax | 31,947 | - | - | - | 31,947 |
| Court fines | 144,897 | - | - | - | 144,897 |
| Franchise tax | 30,691 | - | - | - | 30,691 |
| Room occupancy tax | 4,540 | - | - | - | 4,540 |
| Stormwater tax | - | - | - | 38,544 | 38,544 |
| State gas and motor fuel tax | - | 70,677 | - | - | 70,677 |
| Sanitation fee | - | - | 4,703 | - | 4,703 |
| Interest | 72,206 | - | - | - | 72,206 |
| Less: allowance for doubtful accounts | <u>(98,530)</u> | <u>-</u> | <u>-</u> | <u>(7,168)</u> | <u>(105,698)</u> |
| Total | <u>\$ 758,461</u> | <u>\$ 70,677</u> | <u>\$ 4,703</u> | <u>\$ 31,376</u> | <u>\$ 865,217</u> |

NOTE 5 - DUE FROM GRANTOR

Due from grantor at June 30, 2023, consists of the following:

| | |
|------------------------------|-------------------|
| Department of Transportation | \$ 271,542 |
| Department of Justice | <u>7,988</u> |
| Total | <u>\$ 279,530</u> |

NOTE 6 - INTERNAL BALANCES

Internal balances at June 30, 2023, consist of the following:

| | Due from: | | |
|-----------------------|------------------|-----------------|------------------|
| | General Fund | Stormwater Fund | Total |
| <u>Due to:</u> | | | |
| General Fund | \$ - | \$ 1,559 | \$ 1,559 |
| State Street Aid Fund | 500 | - | 500 |
| Solid Waste Fund | 10,169 | - | 10,169 |
| Total | <u>\$ 10,669</u> | <u>\$ 1,559</u> | <u>\$ 12,228</u> |

Internal balance represents amounts paid by the General Fund on behalf of the Stormwater Fund that are to be reimbursed in the next fiscal year. The State Street Aid Fund and Solid Waste Fund will be reimbursed by the General Fund in the next fiscal year.

NOTE 7 - CAPITAL ASSETS

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|---------------------|---------------------|------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 798,832 | \$ - | \$ - | \$ 798,832 |
| Capital assets being depreciated: | | | | |
| Buildings | 1,906,303 | 35,950 | (27,186) | 1,915,067 |
| Public improvements | 3,416,266 | 63,729 | (30,858) | 3,449,137 |
| State street aid | 2,211,381 | 147,543 | - | 2,358,924 |
| Infrastructure | 3,238,584 | 481,753 | - | 3,720,337 |
| Furniture, fixtures and equipment | 6,306,315 | 1,499,270 | (164,126) | 7,641,459 |
| Total capital assets being depreciated | <u>17,078,849</u> | <u>2,228,245</u> | <u>(222,170)</u> | <u>19,084,924</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 883,014 | 56,683 | (27,186) | 912,511 |
| Public improvements | 1,170,955 | 98,512 | (30,858) | 1,238,609 |
| State street aid | 1,050,031 | 73,341 | - | 1,123,372 |
| Infrastructure | 861,734 | 69,590 | - | 931,324 |
| Furniture, fixtures and equipment | 4,972,196 | 538,243 | (164,126) | 5,346,313 |
| Total accumulated depreciation | <u>8,937,930</u> | <u>836,369</u> | <u>(222,170)</u> | <u>9,552,129</u> |
| Total capital assets being depreciated - net | <u>8,140,919</u> | <u>1,391,876</u> | <u>-</u> | <u>9,532,795</u> |
| Governmental activities capital assets - net, excluding subscription IT assets | <u>\$ 8,939,751</u> | <u>\$ 1,391,876</u> | <u>\$ -</u> | <u>10,331,627</u> |
| Subscription IT assets, net | | | | <u>121,096</u> |
| Total capital assets, net as reported in the Statement of Net Position | | | | <u>\$ 10,452,723</u> |

NOTE 7 - CAPITAL ASSETS (Continued)

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

| | |
|-------------------------------|-------------------|
| General government | \$ 68,488 |
| Public safety | 360,824 |
| Public works | 248,924 |
| State street aid | 73,341 |
| Public welfare and recreation | <u>84,792</u> |
| Total | <u>\$ 836,369</u> |

The City has recorded a subscription IT asset for server hosting services. The subscription IT asset is valued at \$132,105 and has current year amortization of \$11,009, for a net value of \$121,096. 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 12.

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets being depreciated: | | | | |
| Land improvements | \$ 35,841 | \$ - | \$ - | \$ 35,841 |
| Equipment | <u>90,809</u> | <u>-</u> | <u>-</u> | <u>90,809</u> |
| Total capital assets being depreciated | <u>126,650</u> | <u>-</u> | <u>-</u> | <u>126,650</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 16,129 | 1,792 | - | 17,921 |
| Equipment | <u>81,728</u> | <u>9,081</u> | <u>-</u> | <u>90,809</u> |
| Total accumulated depreciation | <u>97,857</u> | <u>10,873</u> | <u>-</u> | <u>108,730</u> |
| Total capital assets being depreciated - net | <u>28,793</u> | <u>(10,873)</u> | <u>-</u> | <u>17,920</u> |
| Business-type activities capital assets - net | <u>\$ 28,793</u> | <u>\$(10,873)</u> | <u>\$ -</u> | <u>\$ 17,920</u> |

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

NOTE 8 - DEFERRED OUTFLOWS RELATED TO PENSIONS

Deferred outflows related to pensions at June 30, 2023, consists of the following:

| | |
|--|---------------------|
| Beginning balance | \$ 1,734,703 |
| Differences between expected and actual experience | 1,061,027 |
| Differences between projected and actual investment earnings | 1,520,591 |
| Amortization of deferrals | (820,925) |
| Prior year employer contributions | (436,695) |
| Current year employer contributions | 549,030 |
| Current change in net investment income | <u>(1,131,719)</u> |
| Total | <u>\$ 2,476,012</u> |

NOTE 9 - UNEARNED GRANT REVENUE

Unearned grant revenue at June 30, 2023, consists of \$2,301,575 from the U.S. Department of Finance and Administration.

NOTE 10 - 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 \$57,345, direct borrowings | \$ 1,113,000 |
| 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 | 92,000 |
| 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 | 190,070 |
| 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 | 495,900 |
| 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 | 83,000 |
| Tennessee Municipal Bond, Series 2018, issued in the original amount of \$478,400 for paving, payable in varying amounts of approximately \$129,088, including interest at 3.88%, due October 2022, direct borrowings | - |
| Landfill closure and post-closure cost | 46,200 |
| Subscription IT liability | 124,050 |
| Accrued leave | <u>464,179</u> |
| | 2,608,399 |
| Less: current portion of governmental long-term debt | <u>(453,045)</u> |
| Total governmental long-term debt | <u>\$ 2,155,354</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 10 - LONG-TERM DEBT (Continued)

A. Governmental Debt (Continued)

A summary of changes in governmental long-term debt for the year ended June 30, 2023, are as follows:

| | Balance July 1, 2022 | Additions | Retirements | Refunded | Balance June 30, 2023 | Due Within One Year |
|--|-------------------------|-------------------|---------------------|-------------|--------------------------|------------------------|
| Direct borrowings: | | | | | | |
| Series 2021 | \$ 1,322,000 | \$ - | \$(209,000) | \$ - | \$ 1,113,000 | \$ 214,000 |
| Series 2022 | 137,603 | - | (45,603) | - | 92,000 | 45,500 |
| Series 2022 | - | 190,070 | - | - | 190,070 | 60,070 |
| Series 2023 | - | 495,900 | - | - | 495,900 | 52,900 |
| Series 2012 | 124,700 | - | (41,700) | - | 83,000 | 41,700 |
| Series 2018 | 126,000 | - | (126,000) | - | - | - |
| Total direct borrowings | <u>1,710,303</u> | <u>685,970</u> | <u>(422,303)</u> | <u>-</u> | <u>1,973,970</u> | <u>414,170</u> |
| Other debt: | | | | | | |
| Landfill closure and post-closure | 53,900 | - | (7,700) | - | 46,200 | 7,700 |
| Subscription IT liability | - | 132,105 | (8,055) | - | 124,050 | 31,175 |
| Accrued leave | <u>386,413</u> | <u>77,766</u> | <u>-</u> | <u>-</u> | <u>464,179</u> | <u>-</u> |
| Total other debt | <u>440,313</u> | <u>209,871</u> | <u>(15,755)</u> | <u>-</u> | <u>634,429</u> | <u>38,875</u> |
| Total | <u>\$ 2,150,616</u> | <u>\$ 895,841</u> | <u>\$(438,058)</u> | <u>\$ -</u> | <u>2,608,399</u> | <u>\$ 453,045</u> |
| Less: current portion of governmental long-term debt | | | | | <u>(453,045)</u> | |
| Total governmental long-term debt | | | | | <u>\$ 2,155,354</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.

The Series 2021, 2022, 2022, 2023, 2012 and 2018 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.

Government fund debt service requirements to maturity, including interest of \$206,067, are as follows:

| Year ended June 30 | Direct Borrowings | | Other Debt | | Total |
|-----------------------|---------------------|-------------------|------------------|-------------|---------------------|
| | Principal | Interest | Principal | Interest | |
| 2024 | \$ 414,170 | \$ 57,950 | \$ 7,700 | \$ - | \$ 479,820 |
| 2025 | 424,800 | 46,610 | 7,700 | - | 479,110 |
| 2026 | 345,000 | 35,118 | 7,700 | - | 387,818 |
| 2027 | 287,000 | 26,290 | 7,700 | - | 320,990 |
| 2028 | 295,000 | 18,577 | 7,700 | - | 321,277 |
| 2029-2031 | <u>208,000</u> | <u>21,522</u> | <u>7,700</u> | <u>-</u> | <u>237,222</u> |
| Total | <u>\$ 1,973,970</u> | <u>\$ 206,067</u> | <u>\$ 46,200</u> | <u>\$ -</u> | <u>\$ 2,226,237</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 12.

Interest paid during the year ended June 30, 2023 on governmental debt was \$38,693.

NOTE 10 - LONG-TERM DEBT (Continued)

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 | \$ 1,602 |
| Less: current portion | <u>-</u> |
| Total stormwater long-term debt | <u>\$ 1,602</u> |

A summary of changes in Stormwater Fund long-term debt for the year ended June 30, 2023 are as follows:

| | Balance July 1, 2022 | Additions | Retirements | Balance June 30, 2023 | Amount Due Within One Year |
|---------------------------------|-------------------------|-------------|--------------------|--------------------------|----------------------------------|
| Accrued leave | <u>\$ 10,575</u> | <u>\$ -</u> | <u>\$ (8,973)</u> | \$ 1,602 | <u>\$ -</u> |
| Less: current portion | | | | <u>-</u> | |
| Total stormwater long-term debt | | | | <u>\$ 1,602</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 11 - 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 June 30: | Amount |
|------------------------|------------------|
| 2024 | \$ 7,700 |
| 2025 | 7,700 |
| 2026 | 7,700 |
| 2027 | 7,700 |
| 2028 | 7,700 |
| 2029 | <u>7,700</u> |
| Total | <u>\$ 46,200</u> |

NOTE 12 - 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 7 and subscription IT liability information is provided in footnote 10. Future obligations of this liability as of June 30, 2023 are as follows:

| Year ended <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|-------------------|------------------|-------------------|
| 2024 | \$ 31,175 | \$ 4,669 | \$ 35,844 |
| 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>\$ 124,050</u> | <u>\$ 10,366</u> | <u>\$ 134,416</u> |

NOTE 13 - NET PENSION LIABILITIES

Net pension liabilities at June 30, 2023, consists of the following:

| | |
|--|---------------------|
| Beginning balance | \$ (727,031) |
| Service cost | 251,741 |
| Interest expense | 922,013 |
| Differences between expected and actual experience | 1,061,027 |
| Employer contributions | (436,695) |
| Contributions from employees | (57,054) |
| Net investment income | 550,058 |
| Plan administrative expenses | <u>6,709</u> |
| Total | <u>\$ 1,570,768</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>\$ 78,825</u> | <u>\$ 5,495,900</u> | <u>\$ 5,574,725</u> |

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

NOTE 15 - DEFERRED INFLOWS RELATED TO PENSIONS

Deferred inflows related to pension at June 30, 2023, consists of the following:

| | |
|---|--------------------|
| Beginning balance | \$ 1,845,001 |
| Amortization of deferrals | (541,759) |
| Current change in net investment income | <u>(1,131,719)</u> |
| Total | <u>\$ 171,523</u> |

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:

Drug funds in the amount of \$80,450 are legally restricted for non-recurring police expenditures.

State street aid funds in the amount of \$750,455 are legally restricted for state street aid expenditures.

Impound funds in the amount of \$4,108 are restricted for impound related expenditures.

Solid waste funds in the amount of \$1,048,428 are legally restricted for solid waste expenditures.

NOTE 17 - FUND BALANCES

Fund balances are as follows:

Nonspendable: Prepaid expenses of \$153 are nonspendable due to form.

Restricted: Drug funds in the amount of \$80,450 are legally restricted for non-recurring police expenditures. State street aid funds in the amount of \$750,455 are legally restricted for state street aid expenditures. Impound funds in the amount of \$4,108 are restricted for impound related expenditures. Solid waste funds in the amount of \$1,048,428 are legally restricted for solid waste 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 \$(2,608,399) difference are as follows:

| | |
|--|------------------------|
| Bonds payable | \$ (1,973,970) |
| Landfill closure and post-closure cost | (46,200) |
| Subscription IT liabilities | (124,050) |
| Accrued leave | <u>(464,179)</u> |
| Net adjustment | <u>\$ (2,608,399)</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 \$711,709 difference are as follows:

| | |
|---------------------------------------|-------------------|
| Deferred outflows related to pensions | \$ 2,401,731 |
| Net pension liability | (1,523,645) |
| Deferred inflows related to pensions | <u>(166,377)</u> |
| Net adjustment | <u>\$ 711,709</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 \$1,391,876 difference are as follows:

| | |
|----------------------|---------------------|
| Capital outlay | \$ 2,228,245 |
| Depreciation expense | <u>(836,369)</u> |
| Net adjustment | <u>\$ 1,391,876</u> |

Another element of that reconciliation explains that, "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". The details of this \$121,096 difference are as follows:

| | |
|------------------------|-------------------|
| Subscription IT assets | \$ 132,105 |
| Amortization expense | <u>(11,009)</u> |
| Net adjustment | <u>\$ 121,096</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 \$438,058 difference are as follows:

| | |
|--|-------------------|
| Bonds payable | \$ 422,303 |
| Landfill closure and post-closure cost | 7,700 |
| IT subscription liability | <u>8,055</u> |
| Net adjustment | <u>\$ 438,058</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 \$113,478 difference are as follows:

| | |
|-----------------|-------------------|
| Pension expense | \$ (419,081) |
| Contributions | <u>532,559</u> |
| Net adjustment | <u>\$ 113,478</u> |

NOTE 19 - LITIGATION AND CLAIMS

The City is currently the defendant in various legal actions which are being vigorously defended. It is the overall impression of management that these suits are defensible cases.

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 | \$ 14,940,221 | |
| 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.

NOTE 22 - RISK MANAGEMENT POOL (Continued)

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.

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, 2023. No provision has been made in the financial statements for the year ended June 30, 2023, 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 Red Bank 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>.

NOTE 24 - PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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.

Employees covered by benefit terms

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 63 |
| Inactive employees entitled to but not yet receiving benefits | 102 |
| Active employees | <u>69</u> |
| Total employees | <u>234</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. Red Bank makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, the employer contributions for Red Bank were \$549,030 based on a rate of 12.77 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Red Bank'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)

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

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

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

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

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation 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.

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% | <u>1%</u> |
| | | 100% |

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

NOTE 24 - PENSION PLAN (Continued)**Net Pension Liability (Asset) (Continued)****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 Red Bank will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balances at 6/30/21 | <u>\$ 13,696,870</u> | <u>\$ 14,423,901</u> | <u>\$ (727,031)</u> |
| Changes for the year: | | | |
| Service cost | 251,741 | - | 251,741 |
| Interest | 922,013 | - | 922,013 |
| Changes in benefit terms | - | - | - |
| Differences between expected and actual experience | 1,061,027 | - | 1,061,027 |
| Changes in assumptions | - | - | - |
| Contributions - employer | - | 436,695 | (436,695) |
| Contributions - employees | - | 57,054 | (57,054) |
| Net investment income | - | (550,058) | 550,058 |
| Benefit payments, including refunds of employee contributions | (578,308) | (578,308) | - |
| Administrative expense | - | (6,709) | 6,709 |
| Other changes | - | - | - |
| Net changes | <u>1,656,473</u> | <u>(641,326)</u> | <u>2,297,799</u> |
| Balance at 6/30/22 | <u>\$ 15,353,343</u> | <u>\$ 13,782,575</u> | <u>\$ 1,570,768</u> |

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

The following presents the net pension liability (asset) of Red Bank 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%) |
|--|------------------------|-------------------------------------|------------------------|
| Red Bank's net pension liability (asset) | \$ 3,800,962 | \$ 1,570,768 | \$ (249,370) |

NOTE 24 - PENSION PLAN (Continued)**Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Pension expense (negative pension expense)**

For the year ended June 30, 2023, Red Bank recognized pension expense (negative pension expense) of \$432,042.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2023, Red Bank 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 | \$ 1,091,631 | \$ 171,523 |
| Net difference between projected and actual earnings on pension plan investments | 34,298 | - |
| Changes in assumptions | 801,053 | - |
| Contributions subsequent to the measurement date of June 30, 2022 | <u>549,030</u> | <u>(not applicable)</u> |
| Total | <u>\$ 2,476,012</u> | <u>\$ 171,523</u> |

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

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

Year Ended June 30:

| | |
|------------|------------|
| 2024 | \$ 314,120 |
| 2025 | \$ 298,365 |
| 2026 | \$ 246,121 |
| 2027 | \$ 720,023 |
| 2028 | \$ 176,838 |
| Thereafter | \$ - |

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

Payable to the Pension Plan

At June 30, 2023, Red Bank reported a payable of \$61,834 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

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, 2023

Last Fiscal Year Ending June 30

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| <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 |
| Interest | 605,436 | 631,759 | 672,766 | 705,270 | 727,903 | 775,068 | 819,620 | 844,368 | 922,013 |
| Changes in benefit terms | - | - | - | - | - | - | - | - | - |
| Differences between actual and expected experience | (136,260) | 38,658 | (104,297) | (202,036) | 68,735 | 10,726 | (285,318) | 288,621 | 1,061,027 |
| Change of assumptions | - | - | - | 260,416 | - | - | - | 1,145,775 | - |
| 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) |
| Net change in total pension liability | 366,267 | 544,345 | 424,207 | 627,040 | 666,184 | 618,518 | 351,229 | 2,067,277 | 1,656,473 |
| Total pension liability - beginning | 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 |
| Total pension liability - ending (a) | \$ 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 |
| <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 |
| 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) |
| 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) |
| Administrative expense | (2,491) | (3,258) | (4,844) | (5,808) | (6,410) | (5,785) | (5,867) | (6,016) | (6,709) |
| 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) |
| 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 |
| 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 |
| 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 |
| 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% |
| 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 |
| 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% |

Notes to Schedule:

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

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date.

CITY OF RED BANK, TENNESSEE
Schedule of Contributions Based on Participation
in the Public Employee Pension Plan of the TCRS
June 30, 2023

Last Fiscal Year Ending June 30

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|
| Actuarially determined contribution | \$ 293,723 | \$ 314,749 | \$ 331,019 | \$ 342,089 | \$ 357,913 | \$ 348,070 | \$ 356,143 | \$ 391,622 | \$ 435,335 | \$ 559,540 |
| Contributions in relation to the actuarially determined contribution | 293,723 | 314,749 | 331,019 | 342,089 | 357,913 | 348,070 | 356,143 | 392,845 | 436,695 | 549,030 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (1,223) | \$ (1,360) | \$ 10,510 |
| 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 | \$4,300,846 |
| Contributions as a percentage of covered payroll | 12.09% | 12.07% | 12.07% | 12.07% | 12.07% | 12.07% | 12.12% | 12.85% | 12.85% | 12.77% |

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level dollar, closed (not to exceed 20 years) |
| Remaining amortization period | Varies by year |
| Asset valuation | 10-year smoothed within a 20 percent corridor to market value |
| Inflation | 2.25 percent |
| Salary increases | Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent |
| Investment rate of return | 6.75 percent, net of investment expense, including inflation |
| Retirement age | Pattern of retirement determined by experience study |
| Mortality | Customized table based on actual experience including an adjustment for some anticipated improvement |
| Cost of living adjustments | 2.125 percent |

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

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, 2023

| | <u>Special Revenue</u> | | | | Total Non-major Governmental Funds |
|----------------------|----------------------------------|-----------------------------|----------------------|-------------------------|---|
| | <u>State Street Aid Fund</u> | <u>Solid Waste Fund</u> | <u>Drug Fund</u> | <u>Impound Fund</u> | |
| ASSETS | | | | | |
| Cash | \$ 206,535 | \$ 159,117 | \$ 80,450 | \$ 4,108 | \$ 450,210 |
| Investments | 474,187 | 884,577 | - | - | 1,358,764 |
| Accounts receivable | 70,677 | 4,703 | - | - | 75,380 |
| Due from other funds | <u>500</u> | <u>10,169</u> | <u>-</u> | <u>-</u> | <u>10,669</u> |
| TOTAL ASSETS | <u>\$ 751,899</u> | <u>\$ 1,058,566</u> | <u>\$ 80,450</u> | <u>\$ 4,108</u> | <u>\$ 1,895,023</u> |
| LIABILITIES | | | | | |
| Accrued liabilities | <u>\$ 1,444</u> | <u>\$ 10,138</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,582</u> |
| FUND BALANCES | | | | | |
| Restricted | <u>\$ 750,455</u> | <u>\$ 1,048,428</u> | <u>\$ 80,450</u> | <u>\$ 4,108</u> | <u>\$ 1,883,441</u> |

CITY OF RED BANK, TENNESSEE
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2023

| | Special Revenue | | | | Total Non-major Governmental Funds |
|--|----------------------------------|-----------------------------|----------------------|-------------------------|---|
| | State Street Aid Fund | Solid Waste Fund | Drug Fund | Impound Fund | |
| REVENUES | | | | | |
| License and permits | \$ 17,900 | \$ - | \$ - | \$ - | \$ 17,900 |
| Intergovernmental | 413,365 | - | - | - | 413,365 |
| Charges for services | - | 1,014,429 | - | - | 1,014,429 |
| Fines and forfeitures | - | - | 20,230 | 85 | 20,315 |
| Other revenues | <u>87,438</u> | <u>40,816</u> | <u>7,392</u> | <u>-</u> | <u>135,646</u> |
| TOTAL REVENUES | <u>518,703</u> | <u>1,055,245</u> | <u>27,622</u> | <u>85</u> | <u>1,601,655</u> |
| EXPENDITURES | | | | | |
| Current Expenditures | | | | | |
| Public safety | - | - | 4,843 | 656 | 5,499 |
| Public works | - | 952,062 | - | - | 952,062 |
| State street aid | 258,422 | - | - | - | 258,422 |
| Capital Outlay | 147,991 | 116,612 | - | - | 264,603 |
| Debt Service | <u>171,871</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>171,871</u> |
| TOTAL EXPENDITURES | <u>578,284</u> | <u>1,068,674</u> | <u>4,843</u> | <u>656</u> | <u>1,652,457</u> |
| Excess (deficiency) of revenues over (under) expenditures | (59,581) | (13,429) | 22,779 | (571) | (50,802) |
| Fund balances - beginning | <u>810,036</u> | <u>1,061,857</u> | <u>57,671</u> | <u>4,679</u> | <u>1,934,243</u> |
| Fund balances - end | <u>\$ 750,455</u> | <u>\$ 1,048,428</u> | <u>\$ 80,450</u> | <u>\$ 4,108</u> | <u>\$ 1,883,441</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, 2023

| | Budgeted Amounts | | | |
|---|-------------------------|-------------------|-------------------|-------------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| License and permits | | | | |
| Street cut permits | \$ - | \$ - | \$ 17,900 | \$ 17,900 |
| Intergovernmental | | | | |
| State gasoline and motor fuel tax | 379,306 | 379,306 | 413,365 | 34,059 |
| Other revenues | | | | |
| Insurance recoveries | - | - | 32,408 | 32,408 |
| Interest earnings | 250 | 250 | 32,030 | 31,780 |
| Donations | - | - | 23,000 | 23,000 |
| Total other revenues | 250 | 250 | 87,438 | 87,188 |
| TOTAL REVENUES | 379,556 | 379,556 | 518,703 | 139,147 |
| EXPENDITURES | | | | |
| Current Expenditures | | | | |
| State street aid | | | | |
| Highways and street maintenance | | | | |
| Operating supplies | 26,000 | 26,000 | 37,262 | (11,262) |
| Professional services | 11,000 | 11,000 | 749 | 10,251 |
| Repairs and maintenance | 16,000 | 66,281 | 23,914 | 42,367 |
| Street lighting (electricity) | 85,000 | 85,000 | 85,308 | (308) |
| Street resurfacing | 30,000 | 113,272 | 111,189 | 2,083 |
| Total state street aid | 168,000 | 301,553 | 258,422 | 43,131 |
| Capital Outlay | | | | |
| State street aid | 38,400 | 254,895 | 147,991 | 106,904 |
| Debt Service | | | | |
| Principal and interest | 173,156 | 173,156 | 171,871 | 1,285 |
| TOTAL EXPENDITURES | 379,556 | 729,604 | 578,284 | 151,320 |
| Excess (deficiency) of revenues over (under) expenditures | - | (350,048) | (59,581) | 290,467 |
| Fund balances - beginning | 810,036 | 810,036 | 810,036 | - |
| Fund balances - end | \$ 810,036 | \$ 459,988 | \$ 750,455 | \$ 290,467 |

CITY OF RED BANK, TENNESSEE
Solid Waste Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2023

| | Budgeted Amounts | | | |
|------------------------------|-------------------------|----------------|------------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Charges for services | | | | |
| Collection charges | \$ 985,000 | \$ 985,000 | \$ 1,011,167 | \$ 26,167 |
| Penalties | - | - | 3,262 | 3,262 |
| Total charges for services | <u>985,000</u> | <u>985,000</u> | <u>1,014,429</u> | <u>29,429</u> |
| Other revenues | | | | |
| Interest earnings | <u>200</u> | <u>200</u> | <u>40,816</u> | <u>40,616</u> |
| TOTAL REVENUES | <u>985,200</u> | <u>985,200</u> | <u>1,055,245</u> | <u>70,045</u> |
| EXPENDITURES | | | | |
| Current expenditures | | | | |
| Public works | | | | |
| Solid waste operations | | | | |
| Salaries | 325,263 | 325,263 | 341,631 | (16,368) |
| Payroll tax | 24,218 | 24,218 | 23,952 | 266 |
| Employee benefits | 152,249 | 152,249 | 149,599 | 2,650 |
| Contract services | 43,000 | 43,000 | 37,613 | 5,387 |
| Insurance | 1,000 | 1,000 | - | 1,000 |
| Miscellaneous | 420 | 420 | 374 | 46 |
| Operating supplies | 27,300 | 27,300 | 24,496 | 2,804 |
| Repairs and maintenance | 18,000 | 58,000 | 32,361 | 25,639 |
| Telephone | 325 | 325 | 885 | (560) |
| Uniforms | 2,000 | 2,000 | 2,727 | (727) |
| Vehicle expense | 82,300 | 132,300 | 100,186 | 32,114 |
| Waste disposal | <u>165,000</u> | <u>165,000</u> | <u>181,855</u> | <u>(16,855)</u> |
| Total solid waste operations | <u>841,075</u> | <u>931,075</u> | <u>895,679</u> | <u>35,396</u> |
| Recycle | | | | |
| Salaries | 39,858 | 39,858 | 40,010 | (152) |
| Payroll tax | 3,041 | 3,041 | 3,023 | 18 |
| Employee benefits | 12,407 | 12,407 | 12,572 | (165) |
| Miscellaneous | 50 | 50 | 65 | (15) |
| Utilities | <u>750</u> | <u>750</u> | <u>713</u> | <u>37</u> |
| Total recycle | <u>56,106</u> | <u>56,106</u> | <u>56,383</u> | <u>(277)</u> |
| Total public works | <u>897,181</u> | <u>987,181</u> | <u>952,062</u> | <u>35,119</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, 2023

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|-------------------|---------------------|-------------------|
| | Original | Final | | |
| EXPENDITURES (Continued) | | | | |
| Capital outlay | | | | |
| Public works | \$ 184,000 | \$ 394,000 | \$ 116,612 | \$ 277,388 |
| TOTAL EXPENDITURES | <u>1,081,181</u> | <u>1,381,181</u> | <u>1,068,674</u> | <u>312,507</u> |
| Excess (deficiency) of revenues over (under) expenditures | (95,981) | (395,981) | (13,429) | 382,552 |
| Fund balances - beginning | <u>1,061,857</u> | <u>1,061,857</u> | <u>1,061,857</u> | <u>-</u> |
| Fund balances - end | <u>\$ 965,876</u> | <u>\$ 665,876</u> | <u>\$ 1,048,428</u> | <u>\$ 382,552</u> |

CITY OF RED BANK, TENNESSEE
Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2023

| | Budgeted Amounts | | | |
|---|-------------------------|--------------|---------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Fines and forfeitures | | | | |
| Drug fines and seizures | \$ 8,000 | \$ 8,000 | \$ 20,230 | \$ 12,230 |
| Sale of equipment | 10,000 | 10,000 | - | (10,000) |
| Total fines and forfeitures | 18,000 | 18,000 | 20,230 | 2,230 |
| Other revenues | | | | |
| Asset sharing revenue | 15,000 | 15,000 | 5,408 | (9,592) |
| Interest earnings | 10 | 10 | 1,984 | 1,974 |
| Total other revenues | 15,010 | 15,010 | 7,392 | (7,618) |
| TOTAL REVENUES | 33,010 | 33,010 | 27,622 | (5,388) |
| EXPENDITURES | | | | |
| Current Expenditures | | | | |
| Public safety | | | | |
| Asset sharing equipment | 28,271 | 28,271 | 505 | 27,766 |
| Contract services | 250 | 250 | - | 250 |
| Dues and subscriptions | 100 | 100 | 55 | 45 |
| Operating supplies | 12,000 | 12,000 | 3,450 | 8,550 |
| Repairs and maintenance | 1,500 | 1,500 | - | 1,500 |
| Training | 1,000 | 1,000 | 225 | 775 |
| Travel | 1,000 | 1,000 | 608 | 392 |
| Total public safety | 44,121 | 44,121 | 4,843 | 39,278 |
| TOTAL EXPENDITURES | 44,121 | 44,121 | 4,843 | 39,278 |
| Excess (deficiency) of revenues over (under) expenditures | (11,111) | (11,111) | 22,779 | 33,890 |
| Fund balances - beginning | 57,671 | 57,671 | 57,671 | - |
| Fund balances - end | \$ 46,560 | \$ 46,560 | \$ 80,450 | \$ 33,890 |

CITY OF RED BANK, TENNESSEE
Impound Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------------|-------------------|-----------------|------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | | | | |
| Impound fees | \$ 250 | \$ 250 | \$ 85 | \$ (165) |
| Sale of equipment | 1,500 | 1,500 | - | (1,500) |
| Total fines and forfeitures | <u>1,750</u> | <u>1,750</u> | <u>85</u> | <u>(1,665)</u> |
| TOTAL REVENUES | <u>1,750</u> | <u>1,750</u> | <u>85</u> | <u>(1,665)</u> |
| EXPENDITURES | | | | |
| Current Expenditures | | | | |
| Public safety | | | | |
| Contract services | 1,000 | 1,000 | 135 | 865 |
| Operating supplies | 8,000 | 8,000 | - | 8,000 |
| Repairs and maintenance | 4,000 | 4,000 | 521 | 3,479 |
| Total public safety | <u>13,000</u> | <u>13,000</u> | <u>656</u> | <u>12,344</u> |
| TOTAL EXPENDITURES | <u>13,000</u> | <u>13,000</u> | <u>656</u> | <u>12,344</u> |
| Excess (deficiency) of revenues over (under) expenditures | (11,250) | (11,250) | (571) | 10,679 |
| Fund balances - beginning | <u>4,679</u> | <u>4,679</u> | <u>4,679</u> | <u>-</u> |
| Fund balances - end | <u>\$ (6,571)</u> | <u>\$ (6,571)</u> | <u>\$ 4,108</u> | <u>\$ 10,679</u> |

CITY OF RED BANK, TENNESSEE
Stormwater Fund
Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

OPERATING REVENUES

| | |
|--------------------------|----------------|
| Stormwater fees | \$ 311,709 |
| Other operating | <u>2,228</u> |
| Total operating revenues | <u>313,937</u> |

OPERATING EXPENSES

| | |
|-----------------------------|----------------|
| Stormwater collection | |
| Salaries | 104,798 |
| Payroll taxes | 8,548 |
| Employee benefits | 42,695 |
| Contract services | 78,297 |
| Operating supplies | 601 |
| Training | 2,438 |
| Uniforms | 410 |
| Vehicle expense | <u>3,227</u> |
| Total stormwater collection | <u>241,014</u> |

| | |
|----------------------|---------------|
| Administration | |
| Administration fees | 21,177 |
| Supplies | <u>6,000</u> |
| Total administration | <u>27,177</u> |

| | |
|--------------|---------------|
| Depreciation | <u>10,873</u> |
|--------------|---------------|

| | |
|--------------------------|----------------|
| Total operating expenses | <u>279,064</u> |
|--------------------------|----------------|

| | |
|-------------------------|---------------|
| Operating income (loss) | <u>34,873</u> |
|-------------------------|---------------|

NON-OPERATING REVENUES (EXPENSES)

| | |
|-------------------|---------------|
| Interest earnings | <u>10,361</u> |
|-------------------|---------------|

| | |
|------------------------|--------|
| Change in net position | 45,234 |
|------------------------|--------|

| | |
|--------------------------|----------------|
| Net position - beginning | <u>399,445</u> |
|--------------------------|----------------|

| | |
|--------------------|-------------------|
| Net position - end | <u>\$ 444,679</u> |
|--------------------|-------------------|

CITY OF RED BANK, TENNESSEE
General Fund
Schedule of Property Taxes Receivable
June 30, 2023

| <u>Year of Levy</u> | |
|------------------------------------|---------------------|
| 2023 | \$ 5,495,900 |
| 2022 | 113,170 |
| 2021 | 53,449 |
| 2020 | 24,521 |
| 2019 | - |
| 2018 | 19,694 |
| 2017 | 3,513 |
| 2016 | 4,813 |
| 2015 | 5,238 |
| 2014 | <u>6,301</u> |
| Total property taxes receivable | 5,726,599 |
| Less: allowance for uncollectibles | <u>(133,595)</u> |
| Net property taxes receivable | <u>\$ 5,593,004</u> |

CITY OF RED BANK, TENNESSEE
General Fund
Schedule of Changes in Property Taxes Receivable
Year Ended June 30, 2023

| Year of Levy | Taxes Receivable June 30, 2022 | Levy | Pickups (Releases) | Collections | Taxes Receivable June 30, 2023 |
|-----------------------------|---|---------------------|-------------------------------|-----------------------|---|
| 2023 | \$ - | \$ 5,495,900 | \$ - | \$ - | \$ 5,495,900 |
| 2022 | 3,570,100 | - | 49,727 | (3,506,657) | 113,170 |
| 2021 | 106,484 | - | - | (53,035) | 53,449 |
| 2020 | 32,861 | - | - | (8,340) | 24,521 |
| 2019 | 8,853 | - | 13,913 | (22,766) | - |
| 2018 | 21,154 | - | - | (1,460) | 19,694 |
| 2017 | 3,533 | - | - | (20) | 3,513 |
| 2016 | 4,827 | - | - | (14) | 4,813 |
| 2015 | 5,238 | - | - | - | 5,238 |
| 2014 | 6,301 | - | - | - | 6,301 |
| 2013 | 7,628 | - | (7,628) | - | - |
| | <u>\$ 3,766,979</u> | <u>\$ 5,495,900</u> | <u>\$ 56,012</u> | <u>\$ (3,592,292)</u> | <u>\$ 5,726,599</u> |

CITY OF RED BANK, TENNESSEE
General Fund
Schedule of Debt Service Requirements
June 30, 2023

Tennessee Municipal Bond Fund
Series 2021

| <u>Maturing June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Requirements</u> |
|-------------------------------------|-------------------------|------------------------|--------------------------------------|
| 2024 | \$ 214,000 | \$ 22,817 | \$ 236,817 |
| 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>\$1,113,000</u> | <u>\$ 69,372</u> | <u>\$ 1,182,372</u> |

CITY OF RED BANK, TENNESSEE
General Fund
Schedule of Debt Service Requirements
June 30, 2023

Tennessee Municipal Bond Fund
Series 2022

| <u>Maturing June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Requirements</u> |
|-------------------------------------|-------------------------|------------------------|--------------------------------------|
| 2024 | \$ 45,500 | \$ 1,821 | \$ 47,321 |
| 2025 | <u>46,500</u> | <u>921</u> | <u>47,421</u> |
| Total | <u>\$ 92,000</u> | <u>\$ 2,742</u> | <u>\$ 94,742</u> |

CITY OF RED BANK, TENNESSEE
General Fund
Schedule of Debt Service Requirements
June 30, 2023

Tennessee Municipal Bond Fund
Series 2022

| <u>Maturing June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Requirements</u> |
|-------------------------------------|-------------------------|------------------------|--------------------------------------|
| 2024 | \$ 60,070 | \$ 6,641 | \$ 66,711 |
| 2025 | 64,000 | 4,067 | 68,067 |
| 2026 | <u>66,000</u> | <u>1,370</u> | <u>67,370</u> |
| Total | <u>\$ 190,070</u> | <u>\$ 12,078</u> | <u>\$ 202,148</u> |

CITY OF RED BANK, TENNESSEE
General Fund
Schedule of Debt Service Requirements
June 30, 2023

Tennessee Municipal Bond Fund
Series 2023

| <u>Maturing June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Requirements</u> |
|-------------------------------------|-------------------------|------------------------|--------------------------------------|
| 2024 | \$ 52,900 | \$ 24,869 | \$ 77,769 |
| 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 | <u>72,000</u> | <u>3,672</u> | <u>75,672</u> |
| Total | <u>\$ 495,900</u> | <u>\$ 119,474</u> | <u>\$ 615,374</u> |

CITY OF RED BANK, TENNESSEE
State Street Aid Fund
Schedule of Debt Service Requirements
June 30, 2023

Tennessee Municipal Bond Fund
Series 2012

| <u>Maturing June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Requirements</u> |
|-------------------------------------|-------------------------|------------------------|--------------------------------------|
| 2024 | \$ 41,700 | \$ 1,802 | \$ 43,502 |
| 2025 | <u>41,300</u> | <u>599</u> | <u>41,899</u> |
| Total | <u>\$ 83,000</u> | <u>\$ 2,401</u> | <u>\$ 85,401</u> |

CITY OF RED BANK, TENNESSEE
Schedule of Changes in Long-term Debt by Individual Issue
June 30, 2023

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7/1/2022 | Issued During Period | Paid and/or | | Outstanding 6/30/2023 |
|---|--------------------------------|------------------|---------------------|--------------------------|-------------------------|----------------------------|-----------------------------|------------------------------|--------------------------|
| | | | | | | | Matured During Period | Refunded During Period | |
| Governmental Activities | | | | | | | | | |
| Bonds Payable through General Fund | | | | | | | | | |
| Tennessee Municipal Bond - 2021 | \$ 1,527,000 | 2.05% | 06/28/21 | 05/01/28 | \$ 1,322,000 | \$ - | \$ (209,000) | \$ - | \$ 1,113,000 |
| Tennessee Municipal Bond - 2022 | \$ 137,603 | 1.98% | 02/15/22 | 02/01/25 | 137,603 | - | (45,603) | - | 92,000 |
| Tennessee Municipal Bond - 2022 | \$ 190,070 | 4.15% | 10/31/22 | 11/01/25 | - | 190,070 | - | - | 190,070 |
| Tennessee Municipal Bond - 2023 | \$ 495,900 | 5.10% | 02/07/23 | 02/01/31 | - | 495,900 | - | - | 495,900 |
| Total Bonds Payable through General Fund | | | | | <u>\$ 1,459,603</u> | <u>\$ 685,970</u> | <u>\$ (254,603)</u> | <u>\$ -</u> | <u>\$ 1,890,970</u> |
| Bonds Payable through State Street Aid Fund | | | | | | | | | |
| Tennessee Municipal Bond - 2012 | \$ 500,000 | 2.90% | 11/14/12 | 08/01/24 | \$ 124,700 | \$ - | \$ (41,700) | \$ - | \$ 83,000 |
| Tennessee Municipal Bond - 2018 | \$ 478,400 | 3.88% | 10/30/18 | 10/01/22 | 126,000 | - | (126,000) | - | - |
| Total Bonds Payable through State Street Aid Fund | | | | | <u>\$ 250,700</u> | <u>\$ -</u> | <u>\$ (167,700)</u> | <u>\$ -</u> | <u>\$ 83,000</u> |

CITY OF RED BANK, TENNESSEE
Schedule of Rates
June 30, 2023

Analysis of Tax Rates and Assessments

| <u>Tax Year</u> | <u>Rates per \$100</u> | <u>Assessment</u> | <u>Levy</u> |
|-----------------|----------------------------|-------------------|--------------|
| 2023 | \$1.10 | \$ 499,627,273 | \$ 5,495,900 |
| 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 |
| 2014 | \$1.35 | \$ 194,072,268 | \$ 2,619,976 |

UNCOLLECTED DELINQUENT ACCOUNTS

Delinquent taxes filed for collection by years are as follows:

| <u>Year of Levy</u> | <u>Delinquent Taxes Filed</u> |
|---------------------|-----------------------------------|
| 2022 | \$ 113,170 |
| 2021 | 53,449 |
| 2020 | 24,521 |
| 2019 | - |
| 2018 | 19,694 |
| 2017 | 3,513 |
| 2016 | 4,813 |
| 2015 | 5,238 |
| 2014 | <u>6,301</u> |
| | <u>\$ 230,699</u> |

CITY OF RED BANK, TENNESSEE
Schedule of Insurance
June 30, 2023

Public Entity Partners Risk Management Pool:

| | | |
|----------------------|---------------|-------------------------------------|
| Property | \$ 14,940,221 | |
| 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 Awards
Year Ended June 30, 2023

| Federal Grantor/Pass-through Agency | Assistance Listing Number | State Grant/Project Number | (Accrued) Deferred | | (Accrued) Deferred | |
|---|---------------------------|----------------------------|-----------------------------|----------------|--------------------|------------------------------|
| | | | Grant Revenues July 1, 2022 | Grant Receipts | Grant Expenditures | Grant Revenues June 30, 2023 |
| FEDERAL ASSISTANCE PROGRAMS | | | | | | |
| Department of Transportation | | | | | | |
| Distracted Driving Reduction Program | 20.600 | Z22THS232 | \$ (8,963) | \$ 18,065 | \$ 9,102 | \$ - |
| Distracted Driving Reduction Program | 20.600 | Z23THS225 | - | 9,741 | 23,458 | (13,717) |
| Transportation Enhancement - Signals | 20.205 | 33LPLM-F3-158 | - | 247,728 | 427,358 | (179,630) |
| Browntown/Gadd - Paving | 20.205 | 33LPLM-F3-268 | (10,459) | 3,942 | 19,598 | (26,115) |
| Signal Mtn to Newberry - Sidewalks | 20.205 | 33LPLM-F3-272 | (13,264) | - | - | (13,264) |
| Lullwater - Bridge | 20.205 | 33LPLM-F3-265 | (42,847) | 34,052 | 30,021 | (38,816) |
| Total Department of Transportation | | | (75,533) | 313,528 | 509,537 | (271,542) |
| U.S. Department of Finance and Administration | | | | | | |
| ARPA NEU Distribution | 21.027 | - | 1,444,751 | 1,756,544 | 899,720 | 2,301,575 |
| Department of Justice | | | | | | |
| High Intensity Drug Trafficking Area | | | | | | |
| Office of National Drug Control Policy | 95.001 | G23AP0001A | - | - | 7,988 | (7,988) |
| Office of National Drug Control Policy | 95.001 | G22AP0001A | (2,751) | 12,268 | 9,517 | - |
| Bullet Proof Vest Grant | 16.607 | - | - | 5,532 | 5,532 | - |
| Total Department of Justice | | | (2,751) | 17,800 | 23,037 | (7,988) |
| TOTAL FEDERAL ASSISTANCE | | | \$ 1,366,467 | \$ 2,087,872 | \$ 1,432,294 | \$ 2,022,045 |

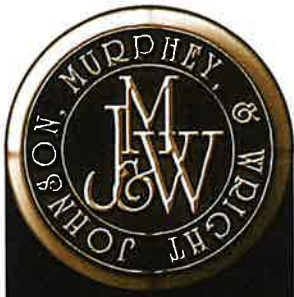
CITY OF RED BANK, TENNESSEE
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal 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, 2023, 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 14, 2023.

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 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, Murpley & Wright, P.C.

Chattanooga, Tennessee
December 14, 2023



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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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City of 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.

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 14, 2023

CITY OF RED BANK, TENNESSEE
Schedule of Findings and Questioned Costs
June 30, 2023

SUMMARY OF AUDIT RESULTS

Opinion:

Unmodified opinion issued on the financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Deficiencies:

No instances were disclosed.

Material Noncompliance:

No instances were disclosed.

Internal Control Deficiencies over Major Programs:

None disclosed.

Opinion on Compliance for Major Programs

Unmodified opinion.

Findings Disclosed under the Uniform Guidance:

None disclosed.

Major Programs:

U.S. Department of Finance and Administration 21.027

Dollar Threshold Level between Type A and Type B Programs:

\$750,000

Low-Risk Auditee under the Uniform Guidance:

No

CITY OF RED BANK, TENNESSEE
Schedule of Findings and Questioned Costs (Continued)
June 30, 2023

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

None disclosed.

CITY OF RED BANK, TENNESSEE
Schedule of Findings and Questioned Costs (Continued)
June 30, 2023

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

None disclosed.

CITY OF RED BANK, TENNESSEE
Schedule of Prior Audit Findings
June 30, 2023

| Prior Year | | Status/Current Year |
|------------------------------|-----------------------------|------------------------------|
| <u>Finding Number</u> | <u>Finding Title</u> | <u>Finding Number</u> |

There were no prior findings reported.