

CITY OF BELLE MEADE, TENNESSEE

FINANCIAL STATEMENTS  
REQUIRED SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2021

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TABLE OF CONTENTS

	<u>PAGE</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Introduction .....	i
Schedule of City Officials .....	ii
Organizational Chart .....	iii
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR'S REPORT .....	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4 - 13
<b><u>BASIC FINANCIAL STATEMENTS:</u></b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	16
Reconciliation of Balance Sheet to Statement of Net Position of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund .....	20 - 21
Statement of Net Position - Proprietary Fund - Sewer Fund .....	22

CITY OF BELLE MEADE, TENNESSEE

FINANCIAL STATEMENTS  
REQUIRED SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2021

TABLE OF CONTENTS (CONTINUED)

<u>BASIC FINANCIAL STATEMENTS (CONTINUED):</u>	<u>PAGE</u>
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund - Sewer Fund .....	23
Statement of Cash Flows - Proprietary Fund - Sewer Fund .....	24
Notes to Financial Statements.....	25 - 54
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios.....	55
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS .....	56
Schedule of Changes in Total Other Post Employment Benefits Liability and Related Ratios - Local Government Group Insurance Plan .....	57
<u>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</u>	
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue Funds.....	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Special Revenue Funds.....	59
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - State Street Aid Fund .....	60
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Beautification Fund .....	61
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Schedule - Waste Collection (Sanitation) .....	62
Schedule of Changes in Property Taxes Receivable .....	63
Schedule of Property Tax Rates and Assessments - Last Ten Years (unaudited).....	64
Schedule of Utility Rate Structure and Number of Customers .....	65
Schedule of Major Fund Expenditures .....	66 - 67
Schedule of Expenditures of State Awards .....	68

CITY OF BELLE MEADE, TENNESSEE

FINANCIAL STATEMENTS  
REQUIRED SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2021

TABLE OF CONTENTS (CONTINUED)

OTHER REPORT SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	69 - 70
SCHEDULE OF PRIOR AUDIT FINDINGS .....	71

## **INTRODUCTORY SECTION**

# **CITY OF BELLE MEADE, TENNESSEE**

## **INTRODUCTION**

The City of Belle Meade (the “City”) is pleased to present its financial statements for the fiscal year ended June 30, 2021.

### **Responsibility and Controls**

The City is responsible for both the accuracy of the data presented in the financial statements and related reports, as well as the completeness and fairness of the presentation, including all disclosures. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the financial records reflect only authorized transactions. Although limitations exist in any organization, management believes the system of internal accounting controls is designed with the intent to limit the risk of material weaknesses or irregularities.

The City’s commissioners, management and staff evaluate the system of internal accounting controls on an ongoing basis. KraftCPAs PLLC, the City’s independent auditors, also consider certain elements of the internal control in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

Management believes that its policies and procedures provide guidance and reasonable assurance that the City’s operations are conducted according to the commissioners’ intentions and to a high standard of government ethics as expected by the citizens of Belle Meade. In management’s opinion, the financial statements present fairly, in all material respects, the City’s financial position and results of operations as measured by the financial activity of its various funds in conformity with accounting principles generally accepted in the United States of America. Management believes that all disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial affairs have been included.

### **Audit Assurance**

The unmodified opinion of our independent auditors, KraftCPAs PLLC, is included in this report.

## **CITY OF BELLE MEADE, TENNESSEE**

### **SCHEDULE OF CITY OFFICIALS**

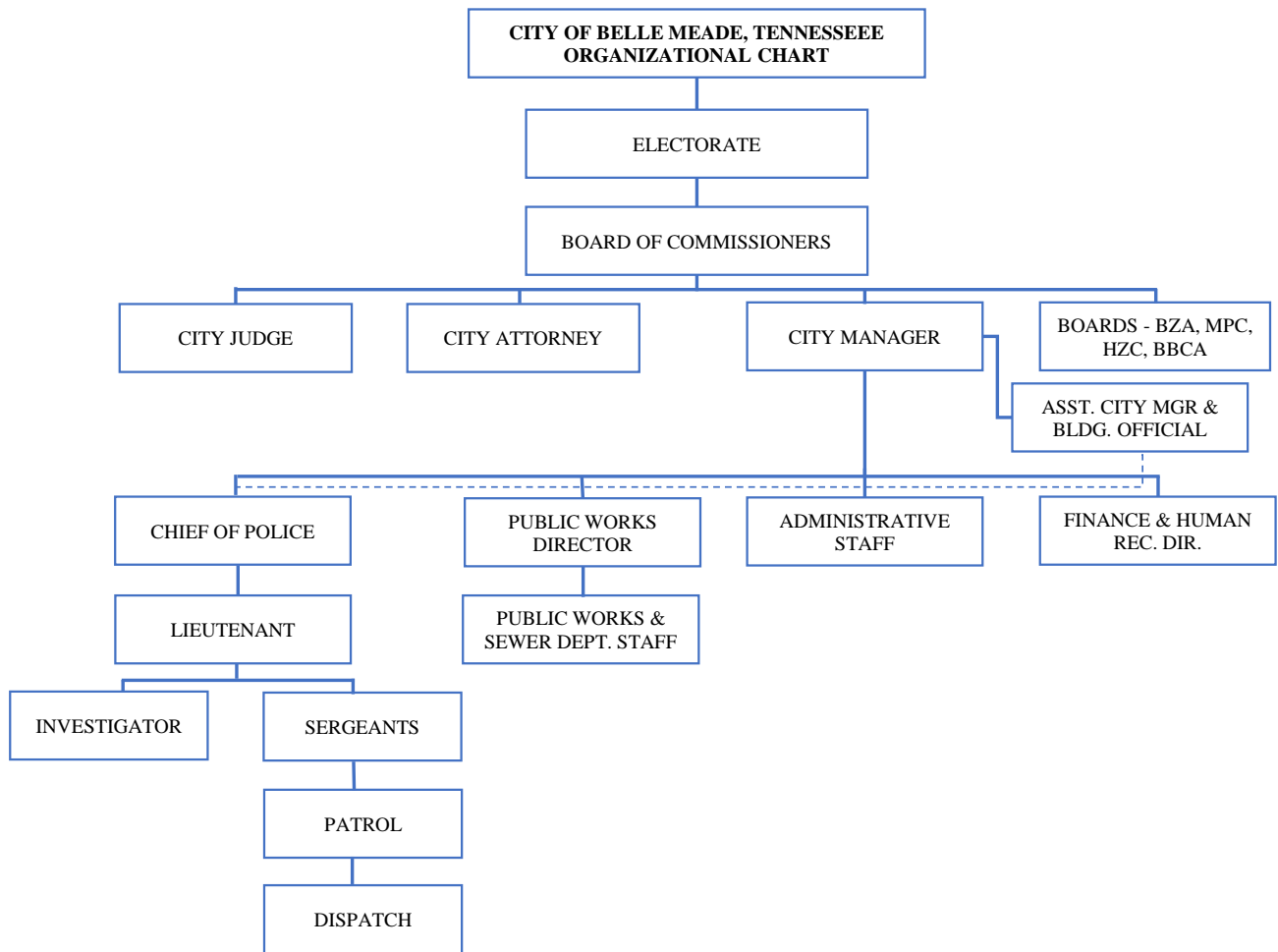
#### Elected Officials:

James V. Hunt	-	Mayor/Commissioner
Rusty Moore	-	Vice-Mayor/Commissioner
Haley Dale	-	Commissioner
Louise Bryan	-	Commissioner
Bob Weigel	-	Commissioner

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#### City Officials:

Beth Reardon	-	City Manager/Treasurer, CMFO
Leigh Mills	-	Finance Director
Edie Glaser	-	City Recorder
Chuck Williams	-	Chief of Police
Miller & Martin PLLC Doug Berry	-	City Attorney
Lyle Patterson	-	Building Official
Mark Beveridge	-	City Judge





## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Board of Commissioners  
City of Belle Meade, Tennessee

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Belle Meade, Tennessee (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Belle Meade, Tennessee, as of June 30, 2021, and the respective changes in financial position, budgetary comparison for the general fund, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## OTHER MATTERS

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-13, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS, and the Schedule of Changes in Total Other Post Employment Benefits Liability and Related Ratios - Local Government Group Insurance Plan on pages 55-57 be presented to supplement the basic financial statements. Such information, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belle Meade's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules on pages 58-63 and pages 66-68 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section on pages i - iii, the Schedule of Property Tax Rates and Assessments - Last Ten Fiscal Years on page 64 and the Schedule Utility Rate Structure and Number of Customers on page 65 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on or provide any assurance on it.

*Prior Year Comparative Information*

We have previously audited the City's 2020 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in our report dated December 16, 2020. In our opinion, the summarized comparative information selectively presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021 on our consideration of the City of Belle Meade'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Belle Meade's internal control over financial reporting and compliance.

Kraft CPAs PLLC

Nashville, Tennessee  
December 15, 2021

## **CITY OF BELLE MEADE, TENNESSEE MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the City of Belle Meade's annual financial report presents our discussion and analysis of financial performance during the fiscal years ended June 30, 2021. Please read it in conjunction with the introductory section of this report and the City's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

Fiscal year 2021:

- The combined revenues for 2021 totaled \$4,174,592 (including charges for services and operating grants and contributions, less loss on disposition of capital assets, on the Statement of Activities), which is a 27.87% decrease from the previous year.
- The combined fund expenses for 2021 totaled \$ 4,688,180 on the Statement of Activities with \$4,224,822 for governmental funds and \$463,358 for proprietary funds on the Statement of Revenues, Expenses and Changes in Net Position on the Statement of Revenues, Expenditures and Changes in Fund Balances.
- Total net position for 2021 is \$ 24,129,487 of which \$8,236,889 was invested in capital assets. Total fund balance for all governmental funds on June 30, 2021, was \$15,178,978. Total net position for all proprietary funds on June 30, 2021, was \$ 2,428,911. Detail of the governmental fund classifications can be found on page 32 of this report and further explanation in the Notes to Financial Statements section of the report.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and supplementary information.

The financial statements provide both long-term and short-term information about the City of Belle Meade's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The City of Belle Meade's basic financial statements are comprised of: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements and notes.

**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 government-wide statements help answer the question, "Is the City as a whole better off or worse off as a result of fiscal year 2020's activities?"

The statement of net position presents information on all of the City of Belle Meade's assets, deferred outflows or resources, liabilities and deferred inflows of resources, with net position reported as the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. 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 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 result in cash flows in future fiscal periods (e.g., uncollected taxes).

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 of Belle Meade include general government, public safety, highways and streets, building inspection, stormwater, waste collection, boulevards and horticulture supplies and services. The business-type activities of the City include its sewer operations.

**Fund financial statements.** The fund financial statements provide more detail than the government-wide 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 and other legal requirements.

**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 the 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 and operational requirements. These funds are reported under the modified accrual basis of accounting which generally measures cash and all financial assets that can be readily converted to cash. Capital assets and other long-term assets and liabilities are presented in the government-wide financial statements.

The City maintains a total of three individual governmental funds:

- General Fund (1)
- Special Revenue Funds (2)
  - Beautification Fund
  - State Street Aid Fund

General Fund information is presented separately in two basic financial reports: (1) the governmental fund balance sheet and (2) the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. The General Fund also encompasses waste collection (sanitation) and is the City's major governmental fund. Data from the other governmental funds are combined into a single, aggregated presentation for non-major governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Information for waste collection (sanitation) is presented separately in the budget to actual comparison section as required by the State of Tennessee, but is not presented as a separate special revenue fund of the City as it does not meet the criteria of a special revenue fund under GASB Statement No. 54.

**Proprietary fund.** The City of Belle Meade maintains only one type of proprietary fund. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its sewer fund.

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail.

**Notes to the financial statements.** The notes provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the financial section of this report immediately following the financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that adds to and supports the information provided in the financial statements and in the notes. Additional statistical information may be found following the financial statements and the notes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Summary Statement of Net Position

	2021			2020			Change %
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Current assets	\$ 18,530,538	\$ 1,290,216	\$ 19,820,754	\$ 17,956,838	\$ 1,080,521	\$ 19,037,359	
Non-current assets	7,092,470	1,144,419	8,236,889	6,664,725	1,192,583	7,857,308	
Total assets	25,623,008	2,434,635	28,057,643	24,621,563	2,273,104	26,894,667	4.32%
Deferred outflows of resources	343,760	-	343,760	307,106	-	307,106	11.94%
Current liabilities	51,560	1,181	52,741	24,083	352	24,435	
Non-current liabilities	638,780	4,543	643,323	547,726	3,413	551,139	
Total liabilities	690,340	5,724	696,064	571,809	3,765	575,574	20.93%
Deferred inflows of resources	3,575,852	-	3,575,852	1,984,135	-	1,984,135	80.22%
Net Position:							
Invested in capital assets	7,092,470	1,144,419	8,236,889	6,546,497	1,192,583	7,739,080	
Restricted	381,038	-	381,038	409,514	-	409,514	
Unrestricted	14,227,068	1,284,492	15,511,560	15,416,714	1,076,756	16,493,470	
Total Net Position	\$ 21,700,576	\$ 2,428,911	\$ 24,129,487	\$ 22,372,725	\$ 2,269,339	\$ 24,642,064	-2.08%

### Summary Statement of Activities

	2021			2020			Change %
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Revenues:							
General revenues	\$ 2,628,348	\$ 1,378	\$ 2,629,726	\$ 4,502,342	\$ 12,394	\$ 4,514,736	-41.75%
Expenses:							
Operating expenses	4,224,822	463,358	4,688,180	4,021,362	474,719	4,496,081	
Less: Charges for services and operating/capital grants and contributions	(924,325)	(621,552)	(1,545,877)	(735,718)	(536,996)	(1,272,714)	
Net operating expenses	3,300,497	(158,194)	3,142,303	3,285,644	(62,277)	3,223,367	-2.51%
Change in net position	(672,149)	159,572	(512,577)	1,216,698	74,671	1,291,369	-139.69%
Total net position, beginning of year	22,372,725	2,269,339	24,642,064	21,156,027	2,194,668	23,350,695	5.53%
Total net position, end of year	\$ 21,700,576	\$ 2,428,911	\$ 24,129,487	\$ 22,372,725	\$ 2,269,339	\$ 24,642,064	-2.08%

**Major Revenues by Source**  
**(From the Statement of Activities)**

	2021			2020			Change %
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Program revenues:							
Charges for services	\$ 362,232	\$ 621,552	\$ 983,784	\$ 365,727	\$ 536,996	\$ 902,723	
Operating grants and contributions	308,902	-	308,902	176,374	-	176,374	
Capital grants and contributions	253,191	-	253,191	193,617	-	193,617	
Total program revenues	924,325	621,552	1,545,877	735,718	536,996	1,272,714	21.46%
General revenues:							
Taxes	2,358,447	-	2,358,447	3,908,825	-	3,908,825	
Other	268,590	1,378	269,968	593,517	12,394	605,911	
Loss on disposition of capital assets	-	-	-	-	-	-	
Total general revenues	2,627,037	1,378	2,628,415	4,502,342	12,394	4,514,736	-41.78%
Total revenues	\$ 3,551,362	\$ 622,930	\$ 4,174,292	\$ 5,238,060	\$ 549,390	\$ 5,787,450	-27.87%

**Detail of Operating Expenses**  
**(From the Statement of Activities)**

Governmental Activities	2021	2020	Change %
<u>Operating expenses, by department</u>			
General government	\$ 856,675	\$ 763,916	12.14%
Public safety	1,878,854	1,846,831	1.73%
Highways and streets	592,213	471,015	25.73%
Building inspection	122,636	131,416	-6.68%
Stormwater	149,446	174,314	-14.27%
Waste collection	465,272	453,949	2.49%
Boulevards	111,880	87,805	27.42%
Horticulture supplies and services	47,846	92,116	-48.06%
Total expenses	\$ 4,224,822	\$ 4,021,362	5.06%
<u>Business-Type Activities</u>	2021	2020	Change %
Sewer fund	463,358	474,719	-2.39%

**Financial Analysis of the City as a Whole**

The change in total net position between fiscal years 2021 and 2020 as shown on the Summary Statement of Net Position was (2.08%). Over time, net assets may serve as a useful indicator of financial position. At the close of the fiscal year, the sum of assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 24,129,487. Unrestricted net position of \$ 15,511,560, a decrease of \$981,910 from 2020, represents the current net position available to support future operations and other expenditure items as funded by the Board of Commissioners.



Total assets increased by 4.32%, mainly resulting from an increase in the assessed and unlevied property taxes of \$1,741,372. Deferred outflows of resources increased by 11.94% in relation to TCRS pension contributions and other deferred charges related to pensions and other post-employment benefits. Total liabilities increased by 20.93%.

The Summary Statement of Activities compares 2021 and 2020 revenues and expenses on a full accrual basis. 2021 general revenues decreased by 41.75%, this is due to it being the final year of the Hall Income Tax phase-out. Total net operating expenses in 2021 decreased by 2.51%. Highways and Streets saw an increase of 25.73% due to payments for the traffic modification at Belle Meade Boulevard and for snow removal. Horticultural supplies and services in the Beautification Fund experienced a decrease of 48.06% due to sharing of the watering expenses with the Parkways/Boulevards department in the General Fund. Finally, Parkways/Boulevards increased by 27.42% due to the watering expenses and the monthly landscape maintenance contract increased.

### **Capital Assets**

*Fiscal year 2021 as compared to fiscal year 2020:*

At the end of fiscal year 2021, the City of Belle Meade had invested \$8,236,889 in land, buildings, infrastructure, equipment, and construction in progress, up from \$7,739,080 on June 30, 2020. Net capital assets increased by \$497,809 in 2021. The table below summarizes the City's investment in capital assets.

Significant capital asset events during fiscal year 2021 included the following:

Police Cars & Equipment (2)	\$ 83,007
Noptic Cameras for Police Department (6)	\$ 17,970
In-Car Cameras, Tablets, and Installation (Police Cars) (5)	\$ 26,227
Phase II, Harding Place Sidewalk	\$ 93,336
Master Plan	\$ 103,150
Paving/Stormwater Infrastructure Projects	\$ 220,459
Lighting on Belle Meade Boulevard	\$ 342,148

### **Capital Assets**

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 15,000	\$ -	\$ 15,000	\$ 15,000	\$ -	\$ 15,000
Construction in progress	142,235	-	142,235	174,866	71,723	246,589
Infrastructure	4,795,898	-	4,795,898	4,795,116	-	4,795,116
Buildings	2,568,879	555,598	3,124,477	2,568,879	454,646	3,023,525
Improvements other than buildings	2,566,752	-	2,566,752	1,738,549	-	1,738,549
Equipment	1,727,266	6,840,481	8,567,747	1,585,065	6,674,406	8,259,471
Subtotal	11,816,030	7,396,079	19,212,109	10,877,475	7,200,775	18,078,250
Less: accumulated depreciation	(4,723,560)	(6,251,660)	(10,975,220)	(4,330,978)	(6,008,192)	(10,339,170)
Net Capital Assets	\$ 7,092,470	\$ 1,144,419	\$ 8,236,889	\$ 6,546,497	\$ 1,192,583	\$ 7,739,080

### **Financial Analysis of the Government's Funds**

The City of Belle Meade, Tennessee uses fund accounting to ensure and demonstrate compliance with legal requirements.

**Governmental funds.** The focus of Belle Meade, Tennessee's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such fund information is useful in assessing Belle Meade, Tennessee's financing requirements. In particular, the unreserved general fund balance may serve as a useful measure of a government's net resources available for spending and available for contingencies at the end of the fiscal year.

**(From the Balance Sheet)**

	2021	2020	Change %
<u>Assets</u>			
Cash	\$ 472,442	\$ 1,055,565	-55.24%
Investments	14,230,975	13,309,904	6.92%
Property taxes receivable	3,312,592	1,571,220	110.83%
Accounts receivable	14,866	10,932	35.99%
Due from other funds	29,770	20,443	100.00%
Due from other governments	479,979	1,998,122	-75.98%
Prepaid expenses	9,320	9,636	100.00%
Total Assets	18,549,944	17,975,822	3.19%
<u>Liabilities</u>			
Accounts payable	21,870	9,527	129.56%
Accrued liabilities	15,259	9,723	56.94%
Due from other funds	19,406	18,984	100.00%
Due to other governments	14,431	4,833	198.59%
Total Liabilities	70,966	43,067	64.78%
<u>Deferred inflows of resources</u>			
Deferred inflows - unavailable property taxes	3,300,000	1,555,000	112.22%
<u>Fund Balance</u>			
Nonspendable	9,320	9,636	0.00%
Restricted	381,038	291,286	30.81%
Committed	-	-	0.00%
Assigned	10,056,006	7,750,248	29.75%
Unassigned	4,732,614	8,326,585	-43.16%
Total Fund Balance	\$ 15,178,978	\$ 16,377,755	-7.32%
Unassigned fund balance as percent of total fund balances	31.18%	50.84%	

### Governmental Fund Balance Classifications

Fund Balance Designation	2021	2020
Nonspendable	\$ 9,320	\$ 9,636
Restricted	381,038	291,286
Committed	-	-
Assigned	10,056,006	7,750,248
Unassigned	4,732,614	8,326,585
Total Fund Balance	\$ 15,178,978	\$ 16,377,755

In accordance with GASB Statement 54, the City is required to report fund balance within five specific classifications, so that reporting will be more consistent and comparable between similar governmental entities. The definition of each classification can be found in the Notes to Financial Statements section of this report. The Restricted fund balance of \$381,038 includes State Street Aid and Beautification Funds. The Assigned classification is made up of commissioner-designated amounts for one-year's operating expenses, replacement of equipment and vehicles, upgrades to infrastructure and an allowance for other capital improvements.

The following table shows a decrease in the General Fund's fund balance of \$1,198,777 before transfers. The General Fund is the chief operating fund of the City. Most of this decrease can be attributed to the Hall Income Tax receipts being less than budgeted by \$805,391 and the reduced interest earnings on deposits in the Local Government Investment Pool and the CD Laddering Program.

**Governmental Funds**  
**(From the Statement of Revenues, Expenditures, and Changes in Fund Balances)**

	2021			2020		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
<b>Revenues:</b>						
Taxes	\$ 1,561,977	\$ -	\$ 1,561,977	\$ 1,566,017	\$ -	\$1,566,017
Licenses and permits	257,757	-	257,757	214,574	-	214,574
Fines and forfeitures	150,081	-	150,081	198,863	-	198,863
Charges for services	104,475	-	104,475	151,153	-	151,153
Intergovernmental	1,164,170	105,384	1,269,554	2,543,506	103,488	2,646,994
Investment earnings	36,319	404	36,723	341,347	326	341,673
Other local revenues	81,786	90,320	172,106	52,981	65,805	118,786
<b>Total revenues</b>	<b>3,356,565</b>	<b>196,108</b>	<b>3,552,673</b>	<b>5,068,441</b>	<b>169,619</b>	<b>5,238,060</b>
<b>Expenditures:</b>						
General government	811,512	-	811,512	750,779	-	750,779
Public safety	1,955,365	-	1,955,365	1,736,146	-	1,736,146
Highways and streets	1,033,580	78,510	1,112,090	835,188	75,209	910,397
Building inspection	118,322	-	118,322	127,663	-	127,663
Stormwater	129,163	-	129,163	153,340	-	153,340
Waste collection	465,272	-	465,272	453,949	-	453,949
Boulevards	111,880	-	111,880	87,805	-	87,805
Horticulture	-	47,846	47,846	-	92,116	92,116
<b>Total expenditures</b>	<b>4,625,094</b>	<b>126,356</b>	<b>4,751,450</b>	<b>4,144,870</b>	<b>167,325</b>	<b>4,312,195</b>
<b>Change in Fund Balance</b>	<b>(1,268,529)</b>	<b>69,752</b>	<b>(1,198,777)</b>	<b>923,571</b>	<b>2,294</b>	<b>925,865</b>
<b>Beginning Fund Balance</b>	<b>16,086,469</b>	<b>291,286</b>	<b>16,377,755</b>	<b>15,162,898</b>	<b>288,992</b>	<b>15,451,890</b>
<b>Ending Fund Balance</b>	<b>\$ 14,817,940</b>	<b>\$ 361,038</b>	<b>\$ 15,178,978</b>	<b>\$ 16,086,469</b>	<b>\$ 291,286</b>	<b>\$ 16,377,755</b>

**Business-type activities.** The focus of Belle Meade, Tennessee's business-type activity distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and products and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's sewer enterprise fund are charges to customers for services. Operating expenses for the enterprise fund include salaries and benefits, repairs and maintenance, operating supplies, insurance, depreciation and other operating expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Proprietary Funds**  
**(From Statement of Net Position)**

	2021	2020	Change %
Cash	\$ 173,131	\$ 158,717	9.08%
Investments	1,079,954	878,576	22.92%
Receivables	41,947	35,999	16.52%
Inventories	5,548	8,688	-36.14%
Current assets	1,300,580	1,081,980	20.20%
Capital assets, net	1,144,419	1,192,583	-4.04%
Total assets	\$ 2,444,999	\$ 2,274,563	7.49%
Current liabilities	\$ 16,088	\$ 5,224	207.96%
Investment in capital assets	1,144,419	1,192,583	-4.04%
Unrestricted net position	1,284,492	1,076,756	19.29%
Total Net Position	\$ 2,428,911	\$ 2,269,339	7.03%

At the end of its fourth year as a stand-alone fund, total net position increased by 7.03%. This is mostly a result of an increase in investments.

**Budgetary Information**

Budgetary comparison schedules for the General fund can be found in the Basic Financial Statements section. Schedules for other special revenue funds and the waste collection (sanitation) component of the General Fund are found in the Supplementary Information section of this Report. There are several line items that may have significant variations between original and amended budget amounts and the actual revenue or expenditure totals, as shown on the Statement of Revenue, Expenditures, and changes in Fund Balances-Budget to Actual-General Fund, found in the Basic Financial Statements. The Commissioners revise the budget mid-year and near fiscal year-end with approval of a Budget Amendment Resolution. Most amendments result from unexpected changes in revenues and unforeseen or emergency-type expenditures. Those who are familiar with the budget process in non-government organizations may find it unusual for the City's budget to be amended several times during a fiscal year. The budget is passed by the Commissioners by ordinance, therefore establishing it as law for the current fiscal year. Under that ordinance, staff cannot spend more than what was approved by the Commissioners. When changes in revenue or expenditures do occur, they must first be approved by amending the original ordinance, so that the staff has the legal authorization to make changes in revenue collections or expense disbursements.

### **Currently Known Factors Effecting Future Years**

The Wastewater/Sewer Utility must be self-sufficient and is legally required to cover all its costs, including depreciation, through fees and charges. The sewer user fee rate was increased in 2016 to a level recommended by the consulting engineer to sustain the activities of the Utility for 5 years. In its first five stand-alone years of operation, the Wastewater/Sewer Utility fund was self-sustaining as required by state law. The fund is currently undertaking capital projects that will likely decrease its net position, but not put the fund at risk of being non-compliant with state law. The sewer user fee will increase from \$2.85 per ccf to \$3.14 beginning July 1, 2021. This increase is based on a sewer user fee study conducted recently.

The City is currently working to identify and implement suggestions from the long-term Master Plan just completed. The City will receive \$848,007 in funds from the American Rescue Plan Act. These funds were unexpected, and they are very limited in their use. The City staff is undergoing training to determine possible uses for these funds.

### **Contacting the City of Belle Meade's Finance Director**

This financial report is designed to provide Belle Meade citizens and other interested parties with a general overview of the City of Belle Meade's finances and to demonstrate the City's accountability for the revenue it receives. If you have questions about this report or need additional financial information, contact the City of Belle Meade, 4705 Harding Road, Nashville, Tennessee 37205.

CITY OF BELLE MEADE, TENNESSEE

STATEMENT OF NET POSITION

JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

	2021		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT
<b>ASSETS</b>			
Cash	\$ 472,442	\$ 173,131	\$ 645,573
Investments	14,230,975	1,079,954	15,310,929
Property tax receivable	3,312,592	-	3,312,592
Accounts receivable	14,866	-	14,866
Due from other funds	10,364	(10,364)	-
Due from other governments	479,979	41,947	521,926
Prepaid expenses	9,320	-	9,320
Inventories	-	5,548	5,548
Net pension asset	-	-	-
Capital assets:			
Land	15,000	-	15,000
Construction in progress	142,235	-	142,235
Infrastructure	4,795,898	-	4,795,898
Buildings and equipment	6,862,897	7,396,079	14,258,976
Accumulated depreciation	(4,723,560)	(6,251,660)	(10,975,220)
Total assets	<u>25,623,008</u>	<u>2,434,635</u>	<u>28,057,643</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	257,164	-	257,164
Deferred outflows related to other post employment benefits	<u>86,596</u>	<u>-</u>	<u>86,596</u>
Total deferred outflows of resources	<u>343,760</u>	<u>-</u>	<u>343,760</u>
<b>LIABILITIES</b>			
Accounts payable	21,870	639	22,509
Accrued liabilities	15,259	542	15,801
Due to other governments	14,431	-	14,431
Long-term liabilities:			
Compensated absences	326,551	4,543	331,094
Net pension liability	14,256	-	14,256
Other post employment benefits	<u>297,973</u>	<u>-</u>	<u>297,973</u>
Total liabilities	<u>690,340</u>	<u>5,724</u>	<u>696,064</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Assessed and unlevied property taxes	3,300,000	-	3,300,000
Deferred inflows related to pensions	137,426	-	137,426
Deferred inflows related to other post employment benefits	<u>138,426</u>	<u>-</u>	<u>138,426</u>
Total deferred inflows of resources	<u>3,575,852</u>	<u>-</u>	<u>3,575,852</u>
<b>NET POSITION</b>			
Investment in capital assets	7,092,470	1,144,419	8,236,889
Restricted for:			
Street repairs	162,354	-	162,354
Beautification	198,684	-	198,684
Other purposes	20,000	-	20,000
Unrestricted - assigned for operations and capital assets	10,056,006	-	10,056,006
Unrestricted	<u>4,171,062</u>	<u>1,284,492</u>	<u>5,455,554</u>
<b>NET POSITION</b>	<u>\$ 21,700,576</u>	<u>\$ 2,428,911</u>	<u>\$ 24,129,487</u>

See accompanying notes to financial statements.

2020

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT
\$ 1,055,565	\$ 158,717	\$ 1,214,282
13,309,904	878,576	14,188,480
1,571,220	-	1,571,220
10,932	-	10,932
1,459	(1,459)	-
1,998,122	35,999	2,034,121
9,636	-	9,636
-	8,688	8,688
118,228	-	118,228
15,000	-	15,000
174,866	71,723	246,589
4,795,116	-	4,795,116
5,892,493	7,129,052	13,021,545
(4,330,978)	(6,008,192)	(10,339,170)
<u>24,621,563</u>	<u>2,273,104</u>	<u>26,894,667</u>
234,438	-	234,438
<u>72,668</u>	<u>-</u>	<u>72,668</u>
<u>307,106</u>	<u>-</u>	<u>307,106</u>
9,527	-	9,527
9,723	352	10,075
4,833	-	4,833
336,219	3,413	339,632
-	-	-
<u>211,507</u>	<u>-</u>	<u>211,507</u>
<u>571,809</u>	<u>3,765</u>	<u>575,574</u>
1,555,000	-	1,555,000
267,246	-	267,246
<u>161,889</u>	<u>-</u>	<u>161,889</u>
<u>1,984,135</u>	<u>-</u>	<u>1,984,135</u>
6,546,497	1,192,583	7,739,080
135,480	-	135,480
155,806	-	155,806
118,228	-	118,228
7,750,248	-	7,750,248
<u>7,666,466</u>	<u>1,076,756</u>	<u>8,743,222</u>
<u>\$ 22,372,725</u>	<u>\$ 2,269,339</u>	<u>\$ 24,642,064</u>



CITY OF BELLE MEADE, TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

FUNCTIONS/PROGRAMS	2021					2020		
	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			TOTAL PRIMARY GOVERNMENT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Primary Government:								
General government	\$ 856,675	\$ -	\$ 71,880	\$ -	\$ (784,795)	\$ -	\$ (784,795)	\$ (763,916)
Public safety	1,878,854	4,098	35,537	-	(1,839,219)	-	(1,839,219)	(1,796,076)
Highways and streets	592,213	-	111,165	253,191	(227,857)	-	(227,857)	(168,129)
Building inspection	122,636	257,757	-	-	135,121	-	135,121	83,158
Stormwater	149,446	100,377	-	-	(49,069)	-	(49,069)	(72,616)
Waste collection	465,272	-	-	-	(465,272)	-	(465,272)	(453,949)
Boulevards	111,880	-	-	-	(111,880)	-	(111,880)	(87,805)
Horticulture supplies and services	47,846	-	90,320	-	42,474	-	42,474	(26,311)
Total primary government	\$ 4,224,822	\$ 362,232	\$ 308,902	\$ 253,191	(3,300,497)	-	(3,300,497)	(3,285,644)
Business-Type Activities								
Sewer fund	\$ 463,358	\$ 621,552	\$ -	\$ -	-	158,194	158,194	62,277
General Revenues:								
Property taxes					1,556,331	-	1,556,331	1,560,615
Payments in lieu of taxes					5,646	-	5,646	5,402
Mixed drink tax					30,653	-	30,653	43,607
TVA in lieu of tax					33,286	-	33,286	35,816
Sales tax					308,953	-	308,953	265,298
Income tax					341,635	-	341,635	1,919,208
Franchise tax					80,564	-	80,564	77,515
Beer tax					1,379	-	1,379	1,364
Sportsbetting tax					1,311	-	1,311	-
Fines and forfeitures					150,081	-	150,081	198,863
Unrestricted investment earnings					36,723	1,378	38,101	354,067
Other local revenue					81,786	-	81,786	52,981
Total general revenues					2,628,348	1,378	2,629,726	4,514,736
Change in net position					(672,149)	159,572	(512,577)	1,291,369
Net position - beginning					22,372,725	2,269,339	24,642,064	23,350,695
Net position - ending					\$ 21,700,576	\$ 2,428,911	\$ 24,129,487	\$ 24,642,064

See accompanying notes to financial statements.

CITY OF BELLE MEADE, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>			<u>2020</u>	
	<u>GENERAL</u>	<u>NONMAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	
<b>ASSETS</b>					
Cash	\$ 130,810	\$ 341,632	\$ 472,442	\$ 1,055,565	
Investments	14,230,975	-	14,230,975	13,309,904	
Receivables:					
Property tax	3,312,592	-	3,312,592	1,571,220	
Accounts	14,866	-	14,866	10,932	
Due from other funds	10,364	19,406	29,770	20,443	
Due from other governments	479,979	-	479,979	1,998,122	
Prepaid expenses	9,320	-	9,320	9,636	
<b>TOTAL ASSETS</b>	<u>\$ 18,188,906</u>	<u>\$ 361,038</u>	<u>\$ 18,549,944</u>	<u>\$ 17,975,822</u>	
<b>LIABILITIES</b>					
Accounts payable	\$ 21,870	\$ -	\$ 21,870	\$ 9,527	
Accrued liabilities	15,259	-	15,259	9,723	
Due to other funds	19,406	-	19,406	18,984	
Due to other governments	14,431	-	14,431	4,833	
<b>TOTAL LIABILITIES</b>	<u>70,966</u>	<u>-</u>	<u>70,966</u>	<u>43,067</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable property taxes	3,300,000	-	3,300,000	1,555,000	
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>3,300,000</u>	<u>-</u>	<u>3,300,000</u>	<u>1,555,000</u>	
<b>FUND BALANCE:</b>					
Fund balance:					
Nonspendable	9,320	-	9,320	9,636	
Restricted for street repairs	-	162,354	162,354	135,480	
Restricted for beautification	-	198,684	198,684	155,806	
Restricted for police	20,000	-	20,000	-	
Assigned for operations and capital assets	10,056,006	-	10,056,006	7,750,248	
Unassigned	4,732,614	-	4,732,614	8,326,585	
<b>TOTAL FUND BALANCE</b>	<u>14,817,940</u>	<u>361,038</u>	<u>15,178,978</u>	<u>16,377,755</u>	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 18,188,906</u>	<u>\$ 361,038</u>	<u>\$ 18,549,944</u>	<u>\$ 17,975,822</u>	

See accompanying notes to financial statements.

CITY OF BELLE MEADE, TENNESSEE

RECONCILIATION OF BALANCE SHEET TO STATEMENT OF  
NET POSITION OF GOVERNMENTAL ACTIVITIES

JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
Total Governmental Funds Fund Balance	\$ 15,178,978	\$ 16,377,755
Amounts reported for governmental activities in the statements of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets	7,092,470	6,546,497
Net pension asset (liability) in governmental activities is not a financial resource (liability) and therefore is not reported in the governmental funds balance sheets	(14,256)	118,228
Employer pension and other post retirement benefit contributions made since the measurement date have been expensed in the governmental funds balance sheets but are shown as deferred outflows of resources in governmental activities; additionally other pension and other post employment benefit related deferred outflows are not financial resources of governmental funds	343,760	307,106
Deferred inflows of resources related to pensions and other post employment benefits are not financial liabilities and therefore are not reported in the governmental funds balance sheets	(275,852)	(429,135)
Net other post employment benefits obligation in governmental activities is not a current liability and is therefore are not reported in the governmental funds balance sheets	(297,973)	(211,507)
Long-term liabilities for compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds balance sheets	<u>(326,551)</u>	<u>(336,219)</u>
Net Position of Governmental Activities	<u>\$ 21,700,576</u>	<u>\$ 22,372,725</u>

See accompanying notes to financial statements.

CITY OF BELLE MEADE, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	2021		2020	
	GENERAL	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 1,561,977	\$ -	\$ 1,561,977	\$ 1,566,017
Licenses and permits	257,757	-	257,757	214,574
Fines and forfeitures	150,081	-	150,081	198,863
Charges for services	104,475	-	104,475	151,153
Intergovernmental	1,164,170	105,384	1,269,554	2,646,994
Uses of money and property	36,319	404	36,723	341,673
Other	81,786	90,320	172,106	118,786
TOTAL REVENUES	<u>3,356,565</u>	<u>196,108</u>	<u>3,552,673</u>	<u>5,238,060</u>
EXPENDITURES				
Current:				
General government	811,512	-	811,512	750,779
Public safety	1,955,365	-	1,955,365	1,736,146
Highways and streets	1,033,580	78,510	1,112,090	910,397
Building inspection	118,322	-	118,322	127,663
Stormwater	129,163	-	129,163	153,340
Waste collection	465,272	-	465,272	453,949
Boulevards	111,880	-	111,880	87,805
Horticulture supplies and services	-	47,846	47,846	92,116
TOTAL EXPENDITURES	<u>4,625,094</u>	<u>126,356</u>	<u>4,751,450</u>	<u>4,312,195</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(1,268,529)	69,752	(1,198,777)	925,865
FUND BALANCE, BEGINNING OF YEAR	<u>16,086,469</u>	<u>291,286</u>	<u>16,377,755</u>	<u>15,451,890</u>
FUND BALANCE, END OF YEAR	<u>\$ 14,817,940</u>	<u>\$ 361,038</u>	<u>\$ 15,178,978</u>	<u>\$ 16,377,755</u>

See accompanying notes to financial statements.

CITY OF BELLE MEADE, TENNESSEE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<b>Net Change in Fund Balance - Governmental Funds</b>	\$ (1,198,777)	\$ 925,865
Amounts reported for governmental activities in the statement of activities are different from amounts reported for governmental funds in the statement of revenues, expenditures and changes in fund balances because:		
Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities:		
Acquisition of capital assets	911,358	708,947
Depreciation expense	(398,016)	(452,441)
Payments to the pension and other post employment benefit plans after the measurement date are treated as a deferred outflow of resources in the statement of net assets, whereas in the governmental funds, expenses are reported when due		
	86,444	92,211
Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:		
Change in accrual for compensated absences	9,668	(26,034)
Actuarially determined pension expense	(64,641)	(65,517)
Actuarially determined other post employment benefits expense	<u>(50,816)</u>	<u>33,667</u>
<b>Change in Net Position of Governmental Activities</b>	<u>\$ (704,780)</u>	<u>\$ 1,216,698</u>

See accompanying notes to financial statements.

CITY OF BELLE MEADE, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (NON-GAAP BASIS)

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2021

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
TAXES				
Property taxes	\$ 1,536,930	\$ 1,536,930	\$ 1,551,596	\$ 14,666
Property taxes delinquent	-	-	(3,390)	(3,390)
Personal property taxes	2,900	2,900	2,896	(4)
Public utility property tax	1,915	1,915	1,715	(200)
Interest and penalties - property taxes	1,400	1,400	3,514	2,114
Electric in lieu of taxes	5,000	5,000	5,646	646
Total taxes	<u>1,548,145</u>	<u>1,548,145</u>	<u>1,561,977</u>	<u>13,832</u>
INTERGOVERNMENTAL				
State sales tax	215,000	277,011	308,953	31,942
State income tax	1,371,000	500,000	341,635	(158,365)
Franchise taxes	77,000	58,400	80,564	22,164
Local revenue allocation (Metro)	253,191	253,191	253,191	-
Beer tax	1,397	1,397	1,379	(18)
Petroleum special tax	5,824	5,824	5,781	(43)
TVA in-lieu of taxes	34,944	33,285	33,286	1
Sportsbetting tax	-	-	1,311	1,311
Mixed drink tax	30,000	24,592	30,653	6,061
Total intergovernmental	<u>1,988,356</u>	<u>1,153,700</u>	<u>1,056,753</u>	<u>(96,947)</u>
LICENSES AND PERMITS	<u>175,000</u>	<u>215,600</u>	<u>257,757</u>	<u>42,157</u>
FINES AND FORFEITURES	<u>144,000</u>	<u>126,750</u>	<u>150,081</u>	<u>23,331</u>
CHARGES FOR SERVICES				
Stormwater usage fees	101,800	101,800	100,377	(1,423)
Public safety charges for services	74,800	4,248	4,098	(150)
Total charges for services	<u>176,600</u>	<u>106,048</u>	<u>104,475</u>	<u>(1,573)</u>
MISCELLANEOUS				
Interest income on investments	204,000	96,336	36,319	(60,017)
Contributions, dues	15,000	30,000	52,155	22,155
Sale of equipment - surplus property	12,600	12,600	9,148	(3,452)
Other revenues	69,905	126,306	20,483	(105,823)
Grants	68,579	-	107,417	107,417
Total miscellaneous	<u>370,084</u>	<u>265,242</u>	<u>225,522</u>	<u>(39,720)</u>
TOTAL REVENUES	<u>4,402,185</u>	<u>3,415,485</u>	<u>3,356,565</u>	<u>(58,920)</u>

(continued on next page)

See accompanying notes to financial statements.

CITY OF BELLE MEADE, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - (NON-GAAP BASIS) (CONTINUED)

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2021

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>OVER</u>
				<u>(UNDER)</u>
EXPENDITURES				
Current:				
General government	\$ 808,097	\$ 867,027	\$ 811,512	\$ (55,515)
Public safety	1,907,146	2,063,161	1,955,365	(107,796)
Highways and streets	715,335	1,056,258	1,033,580	(22,678)
Building inspection	122,222	124,949	118,322	(6,627)
Stormwater	296,460	199,460	129,163	(70,297)
Waste collection	460,820	464,626	465,272	646
Boulevards	83,477	129,790	111,880	(17,910)
TOTAL EXPENDITURES	<u>4,393,557</u>	<u>4,905,271</u>	<u>4,625,094</u>	<u>(280,177)</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,628</u>	<u>(1,489,786)</u>	<u>(1,268,529)</u>	<u>221,257</u>
NET CHANGE IN FUND BALANCE	<u>\$ 8,628</u>	<u>\$ (1,489,786)</u>	<u>(1,268,529)</u>	<u>\$ 221,257</u>
FUND BALANCE - BEGINNING OF YEAR			<u>16,086,469</u>	
FUND BALANCE - END OF YEAR			<u>\$ 14,817,940</u>	

See accompanying notes to financial statements.

CITY OF BELLE MEADE, TENNESSEE

STATEMENT OF NET POSITION

PROPRIETARY FUND - SEWER FUND

JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash	\$ 173,131	\$ 158,717
Investments	1,079,954	878,576
Receivables:		
Due from other governments	41,947	35,999
Inventories	<u>5,548</u>	<u>8,688</u>
 TOTAL CURRENT ASSETS	 1,300,580	 1,081,980
 CAPITAL ASSETS, NET	 <u>1,144,419</u>	 <u>1,192,583</u>
 TOTAL ASSETS	 <u>2,444,999</u>	 <u>2,274,563</u>
 <u>LIABILITIES</u>		
 CURRENT LIABILITIES		
Accounts payable	639	-
Accrued liabilities	542	352
Due to other funds	10,364	1,459
Accrued compensated absences	<u>4,543</u>	<u>3,413</u>
 TOTAL CURRENT LIABILITIES	 <u>16,088</u>	 <u>5,224</u>
 <u>NET POSITION</u>		
Investment in capital assets	1,144,419	1,192,583
Unrestricted	<u>1,284,492</u>	<u>1,076,756</u>
 TOTAL NET POSITION	 <u>\$ 2,428,911</u>	 <u>\$ 2,269,339</u>

See accompanying notes to financial statements.



CITY OF BELLE MEADE, TENNESSEE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUND - SEWER FUND

FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Charges for services	\$ 621,552	\$ 536,996
	<u>621,552</u>	<u>536,996</u>
OPERATING EXPENSES		
Salaries and benefits	59,215	55,598
Repair and maintenance	31,482	56,524
Operating supplies	112,693	98,666
Insurance	3,995	4,491
Depreciation	243,468	249,155
Other operating expenses	<u>12,505</u>	<u>10,285</u>
TOTAL OPERATING EXPENSES	<u>463,358</u>	<u>474,719</u>
OPERATING INCOME	<u>158,194</u>	<u>62,277</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	<u>1,378</u>	<u>12,394</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,378</u>	<u>12,394</u>
CHANGE IN NET POSITION	159,572	74,671
NET POSITION - BEGINNING OF YEAR	<u>2,269,339</u>	<u>2,194,668</u>
NET POSITION - END OF YEAR	<u>\$ 2,428,911</u>	<u>\$ 2,269,339</u>

See accompanying notes to financial statements.

CITY OF BELLE MEADE, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUND - SEWER FUND

FOR THE YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Charges for services	\$ 615,604	\$ 543,899
Payments to employees	(58,085)	(54,825)
Payments to suppliers	(156,706)	(175,935)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>400,813</u>	<u>313,139</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Advances to (from) other funds	<u>8,905</u>	<u>8,457</u>
NET CASH PROVIDED (USED IN) BY NON-CAPITAL FINANCING ACTIVITIES	<u>8,905</u>	<u>8,457</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	<u>(195,304)</u>	<u>(112,484)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(195,304)</u>	<u>(112,484)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers to local government investment pool	<u>(200,000)</u>	<u>(130,000)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(200,000)</u>	<u>(130,000)</u>
NET CHANGE IN CASH	14,414	79,112
CASH - BEGINNING OF YEAR	<u>158,717</u>	<u>79,605</u>
CASH - END OF YEAR	<u>\$ 173,131</u>	<u>\$ 158,717</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	<u>\$ 158,194</u>	<u>\$ 62,277</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	243,468	249,155
Changes in operating assets and liabilities		
Due from other governments	(5,948)	6,903
Inventories	3,140	(3,054)
Accounts payable	639	(1,285)
Accrued liabilities	190	(1,630)
Accrued post retirement benefits	<u>1,130</u>	<u>773</u>
TOTAL ADJUSTMENTS	<u>242,619</u>	<u>250,862</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 400,813</u>	<u>\$ 313,139</u>

See accompanying notes to financial statements.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Belle Meade, Tennessee, (the “City”) was incorporated in October 1938. The City operates under a Commissioner-Manager form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City of Belle Meade, Tennessee, conform to accounting principles generally accepted in the United States of America (“GAAP”) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

Government-wide Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying statement of net position. Net position is reported in three categories:

**Investment in capital assets** consists of capital assets, net of accumulated depreciation, and reduced by any outstanding debt (if applicable) that is attributable to the acquisition, construction, and improvement of those assets. The City had no outstanding debt as of June 30, 2021 or 2020.

**Restricted net position** results from restrictions placed on net position by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** consists of net position which does not meet the definition of the two preceding categories.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Fund financial statements report detailed information about the City. The focus of the fund financial statements is on major funds rather than fund type. Each major fund is presented in a separate column and all nonmajor funds are aggregated and presented in a single column.

The government-wide financial statements are reported using the current financial resources measurement focus and the accrual basis of accounting, as is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues available if they are collected within 60 days of the end of the current fiscal period. Current liabilities are assigned to the fund from which they will be paid.

The following is the City's major governmental fund:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The City reports the following proprietary fund:

Sewer Fund - The Sewer Fund was created July 1, 2016 and reports the activities and accounts of sewer activity within the City. All activities necessary to provide these services are accounted for in such a manner to show a profit or loss similar to comparable private enterprises.

Additionally, the City utilizes the following other governmental fund type:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions are those charges between various functions whose elimination would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, expenditures related to compensated absences and other post employment benefits are recorded only when a payment is due.

Budgets and Budgetary Accounting

The City is required by State statute to adopt annual budgets. All budgets are prepared on the basis where current available funds must be sufficient to meet current expenditures. Expenditures should not exceed appropriations authorized by the City Commission, and any authorized revisions. Final budgetary amounts presented in the financial statements represent amended amounts as authorized by the City Commission. Any unencumbered appropriations lapse at the end of each year.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (continued)

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

1. Prior to June 30, the City Manager and Finance Committee submit to the City Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Commissioners.
5. Formal budgetary integration is employed as a management control device during the year for all budgets.

The City Commission approves the operating budget for the fiscal year commencing on July 1. Total expenditures for each department are not permitted to exceed the total amount appropriated in the budget ordinance. The accompanying budgetary data also includes revisions for amendments authorized during the year. Departmental appropriations comprise a legal spending limit for governmental funds. All unencumbered annual appropriations lapse at year-end.

The Annual Budget serves from July 1 to the following June 30 and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustments of the City's performance. Furthermore, through the budget, the City Commission sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient use of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by program or department and are distributed monthly to the City Commission. Individual budgets are reviewed and analyzed for budgetary compliance and for unusual deviations from their expected normal expenditure pattern. Revenues are reviewed monthly and compared to expected rates of collections, and unusual revenue patterns are analyzed for changes in trends or possible unfavorable variances from budgeted amounts.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess of Expenditures Over Budget In Individual Funds

In the General Fund, the waste collection department exceeded the amount appropriated in the budget of the funds. Additionally, the Beautification Fund exceeded budgeted expenditures.

Purchasing Laws - City Departments

Purchasing for all City departments is governed by the Powers Under City Manager- Commission Charter, Section 6-19-104, T.C.A. and the Municipal Purchasing Law of 1983, Section 6-56-302 through 6-56-306, T.C.A. Section 6-19-104 delegates all purchasing authority to the City Manager. The City Manager is required to obtain competitive pricing for all purchases of \$1,000 or greater. Furthermore, if the purchase exceeds \$10,000, it must be awarded by majority vote by the Board of Commissioners after it is bid upon publicly.

Property Taxes Receivable

Property taxes receivable and the related revenues are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date.

In the governmental fund financial statements, revenues from property taxes are recognized in the period for which the taxes are levied, which is October 1 of the ensuing fiscal year. Property taxes receivable are presented on the balance sheet of governmental activities with offsetting deferred inflows of resources to reflect amounts not available as of June 30. Taxes become delinquent and begin accumulating interest and penalty the following March 1.

Investments

Investments consist of certificates of deposit at amortized cost and pooled funds in the State of Tennessee Local Government Investment Pool ("LGIP" or "Pool"), which is maintained and operated by the State of Tennessee in accordance with applicable State laws and regulations. Because the Pool is considered a qualified external investment pool, participants are guaranteed consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

Inventories

Inventories are valued at the lower of cost or market on a first-in, first-out basis. Inventories are made up of repair and replacement parts for equipment. In the proprietary fund statements, inventories are recorded as expenditures when consumed rather than when purchased.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual cost is not available. Contributed capital assets are recorded at their estimated fair value on the date contributed. Capital assets include infrastructure capital assets consisting of the sewer system and its improvements, drainage and drainage improvements and road and road improvements. The City defines capital assets as assets with an initial, individual cost of more than the established amount, as listed below, and an estimated useful life in excess of one year.

Land	\$ 500
Buildings	10,000
Improvements other than buildings	5,000
Infrastructure - Sewer system	5,000
Infrastructure	10,000
Equipment	5,000

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

Buildings	30 years
Improvements other than buildings	10 - 20 years
Infrastructure	12 - 40 years
Equipment	3 - 10 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities or extend useful lives, with an individual cost of more than \$5,000 are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts, and any gain or loss is included in the results of operations.

Construction in Progress

Construction in progress is stated at cost. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use.



CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Asset/Liability

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System ("TCRS"), and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value. Current period expense for pension contributions is recorded in the individual fund where the employees' salary is recorded. For purposes of recording the net pension asset/liability and related pension deferred inflows and outflows on the entity-wide financial statements, all activity is recorded in governmental activities, as all eligible employees are included in the general fund.

Other Post Employment Benefits ("OPEB")

The City provides post employment health insurance benefits to eligible retirees between the ages of 55 and 65. The City pays a portion of eligible retiree current year premiums based on length of service, but does not fund the plan for future retirements. The balance shown as a liability for OPEB represents the actuarially determined total liability representing the present value of projected benefit payments to be provided to current, active and inactive employees past periods of service. For purposes of recording OPEB liabilities at year-end, all employees are included in governmental activities.

Deferred Inflows and Outflows of Resources

Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have been satisfied. Deferred outflows of resources arise when resources used pertain to future reporting periods. Deferred outflows of resources at June 30, 2021 and 2020 relate to contributions made into the pension and OPEB plans after the measurement date, changes in assumptions and the difference between projected and actual earnings on plan investments.

Compensated Absences

It is the policy of the City to permit employees to accumulate amounts of earned but unused sick pay benefits, which will be paid or credited to the employee's retirement fund upon separation from service. In the governmental fund financial statements, the cost of sick pay benefits is not recognized until payments are made to employees. In the government-wide and proprietary fund statements, a liability for compensated absences (vacation and sick pay) has been recorded representing the City's commitment to fund such costs with future financial resources.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

In accordance with applicable standards, the governmental funds report fund balances in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories of fund balance are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* - Fund balance is reported as restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners level of decision-making authority, through City ordinance, are reported as committed fund balance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Board of Commissioners remove or change the commitment by taking the same action it employed to impose the commitment.

*Assigned* - Amounts that are constrained by the City's intent as determined by the Commission or City Manager to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds, if expenditures incurred for specific purposes have exceeded the amounts restricted, committed, or assigned to those purposes, those amounts are reported as a negative unassigned fund balance.

The City's policy is to expend any available restricted, committed or assigned resources, in that order, prior to expending unassigned resources.

Use of Estimates

The preparation of the City's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits

The City's deposit policy is governed by the laws of the State of Tennessee. Deposits in financial institutions are required by State statute to be secured and collateralized by such institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The City's financial institutions participate in the State of Tennessee Bank Collateral Pool. Banks participating in the Collateral Pool determine the aggregate balance of their public fund accounts and the required collateral for the City. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

During fiscal 2021 and 2020, the City's deposit balances were fully collateralized by the State of Tennessee Bank Collateral Pool and the Federal Depository Insurance Corporation (FDIC). At June 30, the carrying amount and corresponding bank balances of deposits were as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Deposits</u>	<u>Carrying</u>	<u>Deposits</u>	<u>Carrying</u>
	<u>Per Bank</u>	<u>Amount</u>	<u>Per Bank</u>	<u>Amount</u>
		<u>Per Books</u>		<u>Per Books</u>
Cash and cash equivalents	<u>\$ 792,547</u>	<u>\$ 645,573</u>	<u>\$ 1,256,182</u>	<u>\$ 1,214,282</u>

The difference between the deposits per bank and the carrying amount of cash per the books is due primarily to checks outstanding at June 30, 2021 and 2020.

Investments

The City is authorized by statute to make direct investments in bonds, notes or treasury bills of the U.S. Government and obligations guaranteed by the U.S. Government or any of its agencies. These investments may not have a maturity greater than two years. The City may make investments with longer maturities if various restrictions set out in State law are followed. The City is also authorized to make investments in the LGIP and in repurchase agreements. The Pool is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Accordingly, the Pool qualifies as a 2a-7 like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. There are no limitations on withdrawals or maximum transaction amounts on funds held in the Pool. Securities purchased under a repurchase agreement must be obligations of the U.S. Government or obligations guaranteed by the U.S. Government or any of its agencies.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (continued)

Investments consist of amounts invested in LGIP and Certificates of Deposits. LGIP is an interest-bearing account insured and regulated by the State. The fair value of the City's position in LGIP is the same as the value of the pool shares. The pool contains investments in collateralized C.D.'s, U.S. Treasury Securities and Repurchase Agreements backed by U.S. Treasury Securities. Due to changing interest rates, at June 30, 2021, \$26,937 of the balance held in C.D.s exceeded FDIC insurance. None of the investments in the pool belong solely to any one participant in the investment pool.

Credit risk is the risk of loss due to the failure of the investment issuer or backer; interest rate risk is the risk that the market value of investments in the portfolio will fall due to changes in market interest rates. The City does not have formal policies for these risks but mitigates the risk by using various financial institutions and invests only in the LGIP fund with fixed net asset values.

For purposes of disclosing interest rate risk on the deposits held by LGIP, interest rate risk is based on the dollar-weighted days to maturity of the pool's investments, which was fifty-one days at June 30, 2021. The Pool does not have a credit rating.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the years ended June 30 was as follows:

Governmental Activities	2021				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
<u>Capital assets not being depreciated:</u>					
Land	\$ 15,000	\$ -	\$ -	\$ -	\$ 15,000
Construction in progress	174,866	-	(32,631)	-	142,235
Total capital assets not being depreciated	189,866	-	(32,631)	-	157,235
<u>Capital assets being depreciated:</u>					
Buildings	2,568,879	-	-	-	2,568,879
Improvements other than building	1,738,549	795,572	32,631	-	2,566,752
Equipment	1,585,065	147,635	-	(5,434)	1,727,266
<u>Infrastructure:</u>					
Drainage and drainage improvements	878,787	782	-	-	879,569
Road and road improvements	3,916,329	-	-	-	3,916,329
	10,687,609	943,989	32,631	(5,434)	11,658,795

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CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

(continued on next page)

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Governmental Activities (continued)	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
<u>Less accumulated depreciation:</u>					
Buildings	\$ (1,224,248)	\$ (83,157)	\$ -	\$ -	\$ (1,307,405)
Improvements other than buildings	(1,283,489)	(72,138)	-	-	(1,355,627)
Equipment	(964,535)	(123,634)	-	5,434	(1,082,735)
Infrastructure:					
Drainage and drainage improvements	(194,771)	(34,584)	-	-	(229,355)
Road and road improvements	(663,935)	(84,503)	-	-	(748,438)
Total accumulated depreciation	(4,330,978)	(398,016)	-	5,434	(4,723,560)
Total governmental activities capital assets, net	<u>\$ 6,546,497</u>	<u>\$ 545,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,092,470</u>
 2020					
Governmental Activities	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
<u>Capital assets not being depreciated:</u>					
Land	\$ 15,000	\$ -	\$ -	\$ -	\$ 15,000
Construction in progress	136,245	38,621	-	-	174,866
Total capital assets not being depreciated	151,245	38,621	-	-	189,866
<u>Capital assets being depreciated:</u>					
Buildings	2,568,879	-	-	-	2,568,879
Improvements other than building	1,738,549	-	-	-	1,738,549
Equipment	1,491,050	94,015	-	-	1,585,065
Infrastructure:					
Drainage and drainage improvements	870,818	7,969	-	-	878,787
Road and road improvements	3,347,987	568,342	-	-	3,916,329
	10,017,283	670,326	-	-	10,687,609
<u>Less accumulated depreciation:</u>					
Buildings	(1,141,091)	(83,157)	-	-	(1,224,248)
Improvements other than buildings	(1,219,311)	(64,178)	-	-	(1,283,489)
Equipment	(777,293)	(187,242)	-	-	(964,535)
Infrastructure:					
Drainage and drainage improvements	(160,226)	(34,545)	-	-	(194,771)
Road and road improvements	(580,616)	(83,319)	-	-	(663,935)
Total accumulated depreciation	(3,878,537)	(452,441)	-	-	(4,330,978)
Total governmental activities capital assets, net	<u>\$ 6,289,991</u>	<u>\$ 256,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,546,497</u>

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for business-type activities for the year ended June 30, 2021 and 2020 was as follows:

<u>Business-Type Activities</u>	<u>2021</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>					
Construction in progress	\$ 71,723	\$ -	\$ (71,723)	\$ -	\$ -
Total capital assets not being depreciated	71,723	-	(71,723)	-	-
<u>Capital assets being depreciated:</u>					
Buildings	454,646	29,229	71,723	-	555,598
Equipment	6,674,406	166,075	-	-	6,840,481
Total capital assets being depreciated	7,129,052	195,304	71,723	-	7,396,079
<u>Less accumulated depreciation for:</u>					
Buildings	(219,338)	(14,513)	-	-	(233,851)
Equipment	(5,788,854)	(228,955)	-	-	(6,017,809)
Total accumulated depreciation	(6,008,192)	(243,468)	-	-	(6,251,660)
Total business-type activities capital assets, net	\$ 1,192,583	\$ (48,164)	\$ -	\$ -	\$ 1,144,419
<u>Business-Type Activities</u>	<u>2020</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>					
Construction in progress	\$ 71,723	\$ -	\$ -	\$ -	\$ 71,723
Total capital assets not being depreciated	71,723	-	-	-	71,723
<u>Capital assets being depreciated:</u>					
Buildings	454,646	-	-	-	454,646
Equipment	6,561,922	112,484	-	-	6,674,406
Total capital assets being depreciated	7,016,568	112,484	-	-	7,129,052

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CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 3 - CAPITAL ASSETS (CONTINUED)

<u>Business-Type Activities (continued)</u>	<u>2020</u>				<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	
<u>Less accumulated depreciation for:</u>					
Buildings	\$ (205,907)	\$ (13,431)	\$ -	\$ -	\$ (219,338)
Equipment	<u>(5,553,130)</u>	<u>(235,724)</u>	<u>-</u>	<u>-</u>	<u>(5,788,854)</u>
Total accumulated depreciation	<u>(5,759,037)</u>	<u>(249,155)</u>	<u>-</u>	<u>-</u>	<u>(6,008,192)</u>
Total business-type activities capital assets, net	<u>\$ 1,329,254</u>	<u>\$ (136,671)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,192,583</u>

Depreciation expense related to governmental activities was charged to the following functions:

	<u>2021</u>	<u>2020</u>
General government	\$ 106,041	\$ 99,281
Public safety	94,787	154,882
Highways and streets	176,123	177,304
Stormwater	<u>21,065</u>	<u>20,974</u>
	<u>\$ 398,016</u>	<u>\$ 452,441</u>

Construction in progress for governmental activities includes costs associated with the Hillwood Bridge project.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 4 - COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the year ended June 30:

	2021			Ending Balance
	Beginning Balance	Additions	Reductions	
Liability for accrued sick pay and annual leave	<u>\$ 339,632</u>	<u>\$ 151,400</u>	<u>\$ (159,938)</u>	<u>\$ 331,094</u>

	2020			Ending Balance
	Beginning Balance	Additions	Reductions	
Liability for accrued sick pay and annual leave	<u>\$ 312,825</u>	<u>\$ 160,255</u>	<u>\$ (133,448)</u>	<u>\$ 339,632</u>

NOTE 5 - COMPENSATION PAID TO ELECTED OFFICIALS

No compensation was paid to the Mayor or Commissioners during the years ended June 30, 2021 and 2020.



CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 - PENSION PLANS

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

At the measurement dates, the following employees were covered by the benefit terms:

	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
Inactive employees or beneficiaries currently receiving benefits	20	19
Inactive employees entitled to but not yet receiving benefits	26	23
Active employees	<u>16</u>	<u>18</u>
	<u>62</u>	<u>60</u>

The plan is currently closed to new entrants. Employees hired after July 1, 2014 are included in the 401(k) plan described later in this note.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 - PENSION PLANS (CONTINUED)

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees do not contribute to the plan. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the years ended June 30, 2021 and 2020, employer contributions for the City were \$84,703 and \$90,673 respectively, based on a rate of 8.21 percent and 8.19 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of those dates.

Actuarial Assumptions

The total pension liability as of June 30, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 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	7.25 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on actual experience including an adjustment for some of the expected improvement.

The actuarial assumptions used in the June 30, 2020 actuarial valuations were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 - PENSION PLANS (CONTINUED)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 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 2.5 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	5.69 %	31 %
Developed market international equity	5.29 %	14 %
Emerging market international equity	6.36 %	4 %
Private equity and strategic lending	5.79 %	20 %
U.S. fixed income	2.01 %	20 %
Real estate	4.32 %	10 %
Short-term securities	0.00 %	1 %
		<u>100 %</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 - PENSION PLANS (CONTINUED)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
BALANCE AT JUNE 30, 2018	\$ 4,246,550	\$ 4,264,320	\$ (17,770)
CHANGES FOR THE YEAR:			
Service cost	63,009	-	63,009
Interest	305,348	-	305,348
Differences between expected and actual experience	(72,895)	-	(72,895)
Changes in assumptions	-	-	-
Contributions - employer	-	84,125	(84,125)
Contributions - employee	-	-	-
Net investment income	-	313,308	(313,308)
Benefit payments, including refunds of employee contributions	(195,734)	(195,734)	-
Administrative expense	-	(1,513)	1,513
Net changes	99,728	200,186	(100,458)
BALANCE AT JUNE 30, 2019	\$ 4,346,278	\$ 4,464,506	\$ (118,228)
CHANGES FOR THE YEAR:			
Service cost	70,012	-	70,012
Interest	313,498	-	313,498
Differences between expected and actual experience	57,454	-	57,454
Changes in assumptions	-	-	-
Contributions - employer	-	90,851	(90,851)
Contributions - employee	-	-	-
Net investment income	-	219,089	(219,089)
Benefit payments, including refunds of employee contributions	(184,347)	(184,347)	-
Administrative expense	-	(1,460)	1,460
Net changes	256,617	124,133	132,484
BALANCE AT JUNE 30, 2020	\$ 4,602,895	\$ 4,588,639	\$ 14,256

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 - PENSION PLANS (CONTINUED)

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

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.25 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 (6.25 percent) or 1 percentage-point higher (8.25 percent) than the current rate:

	<u>Measurement Date - June 30, 2020</u>		
	<u>Current Discount</u>		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
City's net pension liability (asset)	<u>\$ 526,487</u>	<u>\$ 14,256</u>	<u>\$ (423,305)</u>

	<u>Measurement Date - June 30, 2019</u>		
	<u>Current Discount</u>		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
City's net pension liability (asset)	<u>\$ 370,883</u>	<u>\$ (118,228)</u>	<u>\$ (535,157)</u>

Pension Expense

For the year ended June 30, 2020 and 2019, the City recognized pension expense of \$64,640 and \$65,517, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2021</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 93,538	\$ 137,426
Net difference between projected and actual earnings on pension plan investments	30,656	-
Changes in assumptions	48,267	-
Contributions subsequent to the measurement date of June 30, 2020	<u>84,703</u>	<u>-</u>
Total	<u>\$ 257,164</u>	<u>\$ 137,426</u>

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 - PENSION PLANS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

	2020	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 71,364	\$ 214,556
Net difference between projected and actual earnings on pension plan investments	-	52,690
Changes in assumptions	72,401	-
Contributions subsequent to the measurement date of June 30, 2019	90,673	-
Total	<u>\$ 234,438</u>	<u>\$ 267,246</u>

The amount shown above for contributions subsequent to the measurement date of June 30, 2020 and 2019 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:

<u>Year Ended June 30:</u>	
2022	\$ (36,035)
2023	23,862
2024	15,492
2025	31,720
2026	-
Thereafter	-

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

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 - PENSION PLANS (CONTINUED)

Effective July 1, 2014, the City's participation in the TCRS defined benefit pension plan was closed to new employees. The City adopted a new resolution at this time to become a participating employer in the State of Tennessee defined contribution 401(k) Plan through TCRS, which is held in trust and administered by Empower Retirement. All new employees hired after this date who are 18 years of age or older and render 40 or more hours of service per week as defined in the plan document are enrolled into the 401(k) plan. Every employee must contribute a mandatory 2% of gross wages each pay period, with the City contributing 5% of gross wages. The 5% employer contribution rate is established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City will also match up to 3% of employee's elective contributions. Employees are fully vested after five years (20% after each year of service). During 2021, the City contributed \$50,575 to the 401(k) plan (\$46,865 for 2020).

NOTE 7 - POST EMPLOYMENT HEALTHCARE PLAN

Plan Description

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

Benefits Provided

The City offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health-savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LGOP receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Active employees are required to pay 30% of insurance premiums (the City pays 70%) and pre-65 retirees pay 28 to 43% of insurance premiums (the City pays 72 to 57%), depending on length of service at retirement. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 7 - POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Employees Covered

At the measurement date, the following employees of the City were covered by the benefit terms of the LGOP:

	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
Retirees and beneficiaries	-	-
Inactive, non-retired employees	-	-
Active employees	<u>26</u>	<u>25</u>
	<u>26</u>	<u>25</u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2020, the City paid \$1,538 to the LGOP for OPEB benefits as they came due.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.10%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	9.02% for pre-65 in 2020 (6.03% for pre-65 in 2019), decreasing annually over a 10 year period to an ultimate rate of 4.50%. 7.56% for post-65 in 2020 (5.20% for post-65 in 2019), decreasing annually over a 4 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted-average has been used with weights derived from the current distribution of members among plans offered.



CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 7 - POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2020, valuations were the same as those employed in the July 1, 2019 Pension Actuarial Valuation of TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21 percent (3.51 percent in prior year). This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 7 - POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Changes in the total OPEB liability for the year ended June 30, 2019 and 2018, measured as of June 30, 2020 and 2019 follows:

	<u>Increase (Decrease)</u> <u>Total OPEB Liability</u>
BALANCE AT JUNE 30, 2018	\$ <u>167,202</u>
CHANGES FOR THE YEAR:	
Service cost	10,303
Interest	6,321
Changes in benefit terms	(39,925)
Differences between expected and actual experience	70,025
Changes in assumptions	3,406
Benefit payments	<u>(5,825)</u>
Net changes	<u>44,305</u>
BALANCE AT JUNE 30, 2019	\$ <u><u>211,507</u></u>
CHANGES FOR THE YEAR:	
Service cost	16,333
Interest	7,970
Changes in benefit terms	31,984
Differences between expected and actual experience	3,886
Changes in assumptions	27,831
Benefit payments	<u>(1,538)</u>
Net changes	<u>86,466</u>
BALANCE AT JUNE 30, 2020	\$ <u><u>297,973</u></u>

Changes in Assumptions

The discount rate was changed from 3.51% as of the beginning of the measurement period to 2.21% as of June 30, 2020 (3.62% to 3.51% in prior year). This change in assumption increased the total OPEB liability (increased in 2019). Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 7 - POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21% and 2.51%) or 1-percentage-point higher (3.21% and 4.51%) than the current discount rate.

	Measurement Date - June 30, 2020		
	Current Discount		
	1% Decrease	Rate	1% Increase
	(1.21%)	(2.21%)	(3.21%)
City's total OPEB liability	\$ 321,019	\$ 297,973	\$ 276,255

	Measurement Date - June 30, 2019		
	Current Discount		
	1% Decrease	Rate	1% Increase
	(2.51%)	(3.51%)	(4.51%)
City's total OPEB liability	\$ 228,242	\$ 211,507	\$ 195,893

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 7 - POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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

The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (8.02%/6.56% decreasing to 3.5%) or 1-percentage-point higher (10.02%/8.56% decreasing to 5.5%) than the current healthcare cost trend rate.

Measurement Date - June 30, 2020			
	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
	(8.02% /6.56% decreasing to 3.5%)	(9.02% /7.56% decreasing to 4.5%)	(10.02% /8.56% decreasing to 5.5%)
City's total OPEB liability	\$ 263,930	\$ 297,973	\$ 338,161

Measurement Date - June 30, 2019			
	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
	(5.03% /4.20% decreasing to 3.5%)	(6.03% /5.20% decreasing to 4.5%)	(7.03% /6.20% decreasing to 5.5%)
City's total OPEB liability	\$ 188,445	\$ 211,507	\$ 238,598

OPEB Expense

For the fiscal year ended June 30, 2021 and 2020, the City recognized OPEB expense of \$50,816 and \$33,667, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal years ended June, 30, 2021 and 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 7 - POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

	2021	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 50,939	\$ 129,078
Change of assumptions	33,916	9,348
Employer payments subsequent to the measurement date of June 30, 2020	1,741	-
Total	<u>\$ 86,596</u>	<u>\$ 138,426</u>
	2020	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 58,839	\$ 150,956
Change of assumptions	12,291	10,933
Employer payments subsequent to the measurement date of June 30, 2019	1,538	-
Total	<u>\$ 72,668</u>	<u>\$ 161,889</u>

The amount above for employer payments subsequent to the measurement date will be recognized as a reduction on total OPEB liabilities in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2022	\$ (5,471)
2023	(5,471)
2024	(5,471)
2025	(5,471)
2026	(14,150)
Thereafter	(17,537)

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

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 8 - TRANSFERS

There were no interfund transfers for the year ended June 30, 2021 or 2020.

NOTE 9 - COMMITMENTS AND UNCERTAINTIES

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities to form the Tennessee Municipal League (“TML”) Risk Pool, a public entity risk pool currently operating as a common risk management and insurance pool for its members. The City pays an annual premium to the TML Risk Pool for its insurance coverage. For the past three fiscal years, settlements have not exceeded insurance coverage.

Hall Income Tax

In late fiscal year 2016, the Tennessee Governor signed into law the elimination of the Hall Tax, to be phased out over a six-year period. The City conducted a series of public meetings to address this loss of revenue and developed a plan to increase the property tax rates to offset this loss for fiscal year 2017. The Commissioners did not propose an increase for 2018 or 2019 but did raise the rate back to 2017 levels in 2020. The Commissioners have approved a tax rate increase to \$0.50 cents per \$100 assessed for the 2021 tax levy.

COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the City operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the City, management is continuing to evaluate the evolving situation and will implement appropriate countermeasures as needed.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued but are not yet effective for the City. The City is currently determining the effect they will have on future reporting.

- GASB Statement No. 87, *Leases*, effective for reporting periods beginning after June 15, 2021. GASB 87:
  - Establishes a single model for lease accounting (eliminates long-term operating leases)
  - Requires lessee to recognize a lease liability and intangible right-to-use lease asset
  - Requires lessor to recognize a lease receivable and deferred inflows of resources
  - Requires additional disclosures for both lessee and lessor
- GASB Statement No. 91, *Conduit Debt Obligations*, effective Reporting Periods Beginning After December 15, 2021. GASB 91:
  - Clarifies the existing definition of conduit debt obligation (CDO)
  - Establishes that a CDO is not a liability of the issuer
  - Establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with CDOs
  - Improves note disclosures related to CDOs
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for Reporting Periods Beginning After June 15, 2022. GASB 94:
  - Defines and establishes criteria for public-private and public-public partnerships (PPPs)
  - Defines and establishes certain criteria where service concession arrangements are considered PPPs
  - Defines and establishes criteria for availability payment arrangements (APA)
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective Reporting Periods Beginning After June 15, 2022. GASB 96:
  - Defines and establishes criteria for subscription-based information technology arrangements (SBITAs)
  - Defines and establishes certain criteria where a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability
  - Provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA
  - Requires note disclosures regarding SBITAs

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for reporting periods beginning after June 15, 2021. GASB 97:
  - Increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform
  - Mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements
  - Enhances the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)  
AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION  
PLAN OF TCRS

LAST FISCAL YEAR ENDING JUNE 30

	2014	2015	2016	2017	2018	2019	2020
<u>TOTAL PENSION LIABILITY</u>							
Service cost	\$ 78,695	\$ 80,926	\$ 81,165	\$ 74,410	\$ 66,945	\$ 63,009	\$ 70,012
Interest	264,079	275,075	273,868	292,997	291,102	305,348	313,498
Changes in benefit terms	-	-	-	-	-	-	-
Differences between actual & expected experience	(27,181)	(196,101)	96,424	(186,833)	50,068	(72,895)	57,454
Change of assumptions	-	-	-	144,803	-	-	-
Benefit payments, including refunds of employee contributions	<u>(170,198)</u>	<u>(172,212)</u>	<u>(180,267)</u>	<u>(199,025)</u>	<u>(219,643)</u>	<u>(195,734)</u>	<u>(184,347)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	145,395	(12,312)	271,190	126,352	188,472	99,728	256,617
TOTAL PENSION LIABILITY - BEGINNING	<u>3,527,453</u>	<u>3,672,848</u>	<u>3,660,536</u>	<u>3,931,726</u>	<u>4,058,078</u>	<u>4,246,550</u>	<u>4,346,278</u>
TOTAL PENSION LIABILITY - ENDING (A)	<u>\$ 3,672,848</u>	<u>\$ 3,660,536</u>	<u>\$ 3,931,726</u>	<u>\$ 4,058,078</u>	<u>\$ 4,246,550</u>	<u>\$ 4,346,278</u>	<u>\$ 4,602,895</u>
<u>PLAN FIDUCIARY NET POSITION</u>							
Contributions - employer	\$ 71,089	\$ 91,490	\$ 90,838	\$ 77,434	\$ 76,584	\$ 84,125	\$ 90,851
Contributions - employee	-	203	-	-	-	-	-
Net investment income	538,990	113,900	98,817	421,209	332,381	313,308	219,089
Benefit payments, including refunds of employee contributions	(170,198)	(172,212)	(180,267)	(199,025)	(219,643)	(195,734)	(184,347)
Administrative expense	<u>(1,116)</u>	<u>(1,360)</u>	<u>(1,873)</u>	<u>(1,650)</u>	<u>(1,681)</u>	<u>(1,513)</u>	<u>(1,460)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	438,765	32,021	7,515	297,968	187,641	200,186	124,133
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>3,300,410</u>	<u>3,739,175</u>	<u>3,771,196</u>	<u>3,778,711</u>	<u>4,076,679</u>	<u>4,264,320</u>	<u>4,464,506</u>
PLAN FIDUCIARY NET POSITION - ENDING (B)	<u>3,739,175</u>	<u>3,771,196</u>	<u>3,778,711</u>	<u>4,076,679</u>	<u>4,264,320</u>	<u>4,464,506</u>	<u>4,588,639</u>
NET PENSION LIABILITY (ASSET) - ENDING (A)-(B)	<u>\$ (66,327)</u>	<u>\$ (110,660)</u>	<u>\$ 153,015</u>	<u>\$ (18,601)</u>	<u>\$ (17,770)</u>	<u>\$ (118,228)</u>	<u>\$ 14,256</u>
Plan fiduciary net position as a percentage of total pension liability	101.81 %	103.02 %	96.11 %	100.46 %	100.42 %	102.72 %	99.69 %
Covered-employee payroll	\$ 1,306,781	\$ 1,306,994	\$ 1,297,688	\$ 1,106,197	\$ 1,013,008	\$ 1,051,560	\$ 1,106,593
Net pension liability (asset) as a percentage of covered-employee payroll	(5.08) %	(8.47) %	11.79 %	(1.68) %	(1.75) %	(11.24) %	1.29 %

**Notes to Schedule:**

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

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future fiscal years until 10 years of information is available.

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC  
EMPLOYEE PENSION PLAN OF TARS

LAST FISCAL YEAR ENDING JUNE 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarial determined contribution	\$ 71,089	\$ 91,490	\$ 90,838	\$ 77,434	\$ 76,584	\$ 80,865	\$ 90,851	\$ 84,703
Contributions in relation to the actuarial determined contribution	<u>71,089</u>	<u>91,490</u>	<u>90,838</u>	<u>77,434</u>	<u>76,584</u>	<u>84,125</u>	<u>90,851</u>	<u>84,703</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,260)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,306,994	\$ 1,306,994	\$ 1,297,688	\$ 1,106,197	\$ 1,013,008	\$ 1,051,560	\$ 1,106,593	\$ 1,031,705
Contributions as a percentage covered employee payroll	5.44 %	7.00 %	7.00 %	7.00 %	7.56 %	7.69 %	8.21 %	8.21 %

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.  
Years will added to this schedule in future fiscal years until 10 years of information is available.

NOTE TO SCHEDULE:

*Valuation date:* Actuarially determined contribution rates for fiscal year 2021 were calculated based on the June 30, 2019 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	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent (8.97 to 3.71 percent in 2018) based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 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

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

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS

MEASUREMENT YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b><u>TOTAL OPEB LIABILITY</u></b>				
Service cost	\$ 24,478	\$ 23,018	\$ 10,303	\$ 16,333
Interest on the total OPEB liability	9,450	12,070	6,321	7,970
Changes in benefit terms	-	-	(39,925)	31,984
Differences between expected and actual experience of the total OPEB liability	-	(194,712)	70,025	3,886
Change of assumptions and other inputs	(15,688)	12,163	3,406	27,831
Benefit payments	<u>-</u>	<u>(2,712)</u>	<u>(5,825)</u>	<u>(1,538)</u>
 NET CHANGE IN TOTAL OPEB LIABILITY	 18,240	 (150,173)	 44,305	 86,466
TOTAL OPEB LIABILITY - BEGINNING	<u>299,135</u>	<u>317,375</u>	<u>167,202</u>	<u>211,507</u>
 TOTAL OPEB LIABILITY - ENDING	 <u>\$ 317,375</u>	 <u>\$ 167,202</u>	 <u>\$ 211,507</u>	 <u>\$ 297,973</u>
Covered-employee payroll	\$ 1,474,725	\$ 1,523,153	\$ 1,541,283	\$ 1,652,505
 Total OPEB liability as a percentage of covered-employee payroll	 4.65 %	 9.11 %	 7.29 %	 5.55 %

**Notes to Schedule**

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

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.  
Years will added to this schedule in future fiscal years until 10 years of information is available.

**NOTES TO SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

Valuation Date June 30, 2020  
Measurement Date June 30, 2020

**Methods and Assumptions Used to Determine Total OPEB Liability**

**Actuarial assumptions** - The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Inflation	2.1 percent
Discount rate	The discount rate used to measure the total OPEB liability was 2.21 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent
Healthcare cost trend rates	9.02% for pre-65 in 2021, decreasing annually over a 10-year period to an ultimate rate of 4.50%. 7.56% for post-65 in 2020, decreasing annually over a 4-year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

**Other Information**

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2020, valuations were the same as those employed in the July 1, 2019 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF BELLE MEADE, TENNESSEE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	SPECIAL REVENUE FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL NONMAJOR FUNDS
	STATE STREET AID	BEAUTIFICATION		
ASSETS				
Cash	\$ 142,948	\$ 198,684	\$ 341,632	\$ 277,557
Due from other funds	19,406	-	19,406	17,164
TOTAL ASSETS	\$ 162,354	\$ 198,684	\$ 361,038	\$ 294,721
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,615
Due to other funds	-	-	-	1,820
TOTAL LIABILITIES	-	-	-	3,435
COMMITMENTS AND CONTINGENCIES				
FUND BALANCES				
Restricted for street repairs	162,354	-	162,354	135,480
Restricted for beautification	-	198,684	198,684	155,806
TOTAL FUND BALANCES	162,354	198,684	361,038	291,286
TOTAL LIABILITIES AND FUND BALANCE	\$ 162,354	\$ 198,684	\$ 361,038	\$ 294,721

CITY OF BELLE MEADE, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	2021		2020	
	SPECIAL REVENUE		TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	STATE STREET AID	BEAUTIFICATION		TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Contributions	\$ -	\$ 90,320	\$ 90,320	\$ 65,805
Intergovernmental:				
Gasoline and motor fuel tax	54,105	-	54,105	52,997
Gas 2017 tax	27,214	-	27,214	26,586
Three cent tax	15,630	-	15,630	15,526
Gas 1989 tax	8,435	-	8,435	8,379
Interest income	-	404	404	326
TOTAL REVENUES	105,384	90,724	196,108	169,619
EXPENDITURES				
Repair and maintenance - roads	78,510	-	78,510	75,209
Horticulture supplies and services	-	47,846	47,846	92,116
TOTAL EXPENDITURES	78,510	47,846	126,356	167,325
NET CHANGE IN FUND BALANCE	26,874	42,878	69,752	2,294
FUND BALANCE, BEGINNING OF YEAR	135,480	155,806	291,286	288,992
FUND BALANCE, END OF YEAR	\$ 162,354	\$ 198,684	\$ 361,038	\$ 291,286

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL

STATE STREET AID FUND

FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES				
Intergovernmental:				
Gasoline and motor fuel tax	\$ 93,184	\$ 93,184	\$ 54,105	\$ (39,079)
Gas 2017 tax	-	-	27,214	27,214
Three cent tax	-	-	15,630	15,630
Gas 1989 tax	-	-	8,435	8,435
TOTAL REVENUES	93,184	93,184	105,384	12,200
EXPENDITURES				
Repair and maintenance - roads	79,940	79,940	78,510	(1,430)
TOTAL EXPENDITURES	79,940	79,940	78,510	(1,430)
NET CHANGE IN FUND BALANCE	\$ 13,244	\$ 13,244	26,874	\$ 13,630
FUND BALANCE, BEGINNING OF YEAR			135,480	
FUND BALANCE, END OF YEAR			\$ 162,354	



CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL

BEAUTIFICATION FUND

FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGETED AMOUNTS	FINAL BUDGETED AMOUNT	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
REVENUES				
Contribution	\$ 59,000	\$ 59,000	\$ 90,320	\$ 31,320
Interest income	300	300	404	104
TOTAL REVENUES	59,300	59,300	90,724	31,424
EXPENDITURES				
Horticulture supplies and services	46,537	46,537	47,846	1,309
TOTAL EXPENDITURES	46,537	46,537	47,846	1,309
NET CHANGE IN FUND BALANCE	\$ 12,763	\$ 12,763	42,878	\$ 30,115
FUND BALANCE, BEGINNING OF YEAR			155,806	
FUND BALANCE, END OF YEAR			\$ 198,684	

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL <sup>(1)</sup>

WASTE COLLECTION (SANITATION)

FOR THE YEAR ENDED JUNE 30, 2021

	<u>ORIGINAL BUDGETED AMOUNTS</u>	<u>FINAL BUDGETED AMOUNT</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
REVENUES				
Contribution	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Waste collection	460,820	464,626	465,272	646
TOTAL EXPENDITURES	460,820	464,626	465,272	646
EXCESS OF REVENUES OVER EXPENDITURES	(460,820)	(464,626)	(465,272)	(646)
OTHER FINANCING SOURCES (USES)				
Transfers in	460,820	464,626	465,272	646
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	460,820	464,626	465,272	646
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	\$ -
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			\$ -	

<sup>(1)</sup> Under Tennessee Code Annotated (TCA) 68-211-874, the City is required to account for its solid waste removal activities in a separate fund. The City accounts for these activities in a separate Waste Collection Fund which does not qualify as a special revenue fund under generally accepted accounting principles. Accordingly, for fund financial statement reporting, the Waste Collection Fund is included as part of the General Fund. For purposes of this budgetary schedule, the waste collection activities are reported separately.

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE

FOR THE YEAR ENDED JUNE 30, 2021

<u>Tax Year</u>	<u>BALANCE JUNE 30, 2020</u>	<u>LEVY</u>	<u>COLLECTIONS</u>	<u>PENALTIES AND INTEREST</u>	<u>BALANCE JUNE 30, 2021</u>
2020	\$ -	\$ 1,555,329	\$ (1,549,145)	\$ 130	\$ 6,314
2019	12,396	-	(9,015)	-	3,381
2018	<u>2,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,897</u>
Total	<u>\$ 15,293</u>	<u>\$ 1,555,329</u>	<u>\$ (1,558,160)</u>	<u>\$ 130</u>	12,592
Deferred inflow of resources for 2021 levy					<u>3,300,000</u>
					<u>\$ 3,312,592</u>

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS

LAST TEN FISCAL YEARS

(UNAUDITED)

<u>Fiscal Year *</u>	<u>Tax Rate Per \$100</u>	<u>Appraised Value of Property</u>	<u>Assessed Value of Property</u>
2020 - 2021	\$ 0.3000	\$ 2,100,408,263	\$ 518,441,973
2019 - 2020	\$ 0.3000	2,075,434,463	511,347,655
2018 - 2019	\$ 0.2571	2,062,074,954	508,007,778
2017 - 2018	\$ 0.2571	2,055,968,254	506,382,323
2016 - 2017	\$ 0.3000	1,747,737,633	429,821,460
2015 - 2016	\$ 0.2243	1,698,580,503	426,193,655
2014 - 2015	\$ 0.2243	1,692,629,503	425,137,570
2013 - 2014	\$ 0.2243	1,691,816,803	424,696,155
2012 - 2013	\$ 0.2290	1,648,505,358	413,756,479
2011 - 2012	\$ 0.2290	1,656,960,258	415,488,177

\* The fiscal year listed corresponds to the preceding tax year levy (2021 would represent the 2020 tax levy). This represents the period for which the taxes were levied.

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS

JUNE 30, 2021

SEWER FUND

(established July 1, 2016)

<u>Fiscal Year Ended</u>	<u>Number of Customers</u>	<u>Rate</u>
2021	1,058	\$2.85 per 100 CCF
2020	974	\$2.85 per 100 CCF
2019	974	\$2.85 per 100 CCF
2018	971	\$2.85 per 100 CCF
2017	972	\$2.85 per 100 CCF

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF MAJOR FUND EXPENDITURES

JUNE 30, 2021

	<u>GENERAL FUND</u>
GENERAL GOVERNMENT	
Salaries	\$ 282,476
Benefits	87,725
Supplies	100,272
Travel	1,892
Repair and maintenance	36,502
Capital outlay	117,655
Other	184,990
GENERAL GOVERNMENT - TOTAL	<u>811,512</u>
PUBLIC SAFETY	
Salaries	1,266,794
Benefits	366,523
Supplies	69,905
Travel	38,278
Repair and maintenance	87,092
Capital outlay	83,007
Other	43,766
PUBLIC SAFETY - TOTAL	<u>1,955,365</u>
HIGHWAYS AND STREETS	
Salaries	135,263
Benefits	35,352
Supplies	3,831
Travel	3,563
Repair and maintenance	162,698
Capital outlay	692,873
HIGHWAYS AND STREETS - TOTAL	<u>1,033,580</u>
BUILDING INSPECTION	
Salaries	87,894
Benefits	25,570
Supplies	861
Travel	413
Repair and maintenance	1,086
Other	2,498
BUILDING INSPECTION - TOTAL	<u>118,322</u>

(continued)

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF MAJOR FUND EXPENDITURES (CONTINUED)

JUNE 30, 2021

	<u>GENERAL FUND</u>
STORMWATER	
Contractual	\$ 7,767
Repair and maintenance	<u>121,396</u>
STORMWATER - TOTAL	<u>129,163</u>
WASTE COLLECTION	
Supplies	182,072
Contractual	<u>283,200</u>
WASTE COLLECTION - TOTAL	<u>465,272</u>
BOULEVARDS	
Supplies	<u>111,880</u>
BOULEVARDS - TOTAL	<u>111,880</u>
TOTAL EXPENDITURES	<u>\$ 4,625,094</u>

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Grant Description	Grant Number	Grant Period	State Grant Amount	Accrued (Deferred) 7/1/2020	Receipts	Expenditures	Accrued (Deferred) 6/30/2021
<b>STATE AWARDS:</b>							
Passed through the Governor's Highway Safety Office:							
Network Coordinator	Z20THSO15	10/1/19 to 9/30/20	n/a	\$ 1,300	\$ 1,300	\$ -	\$ -
Network Coordinator	Z21THSO17	10/1/20 to 9/30/21	\$ 20,000	-	-	16,656	16,656
Community-Based Traffic Safety Enforcement and Education	Z21THSO18	10/1/20 to 9/30/21	\$ 25,000	-	-	7,893	7,893
				<u>1,300</u>	<u>1,300</u>	<u>24,549</u>	<u>24,549</u>
Department of Finance and Administration:							
Direct Appropriation Grant	n/a	7/1/20 to 6/30/23	\$ 93,580	-	93,580	93,580	-
Federal Historic Preservation Grant	32701-04157	10/1/2020 to 9/30/21	\$ 14,000	-	-	1,800	1,800
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>				<u>\$ 1,300</u>	<u>\$ 94,880</u>	<u>\$ 119,929</u>	<u>\$ 26,349</u>

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state awards (the "Schedule") includes the state award activity of the City of Belle Meade, Tennessee (the "City") under programs of the State of Tennessee for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements the *Audit Manual* issued by the Comptroller of the Treasury of the State of Tennessee. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.



OTHER REPORT SECTION

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

The Honorable Mayor and Board of Commissioners  
City of Belle Meade, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Belle Meade, Tennessee (the “City”) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 15, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.

## COMPLIANCE AND OTHER MATTERS

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

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

A handwritten signature in black ink that reads "Kraft CPAs PLLC". The signature is written in a cursive, stylized font.

Nashville, Tennessee  
December 15, 2021

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF PRIOR YEAR FINDINGS

JUNE 30, 2021

There were no current or prior year findings.