

CITY OF BELLE MEADE, TENNESSEE

FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2022

CITY OF BELLE MEADE, TENNESSEE

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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, 2022.

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

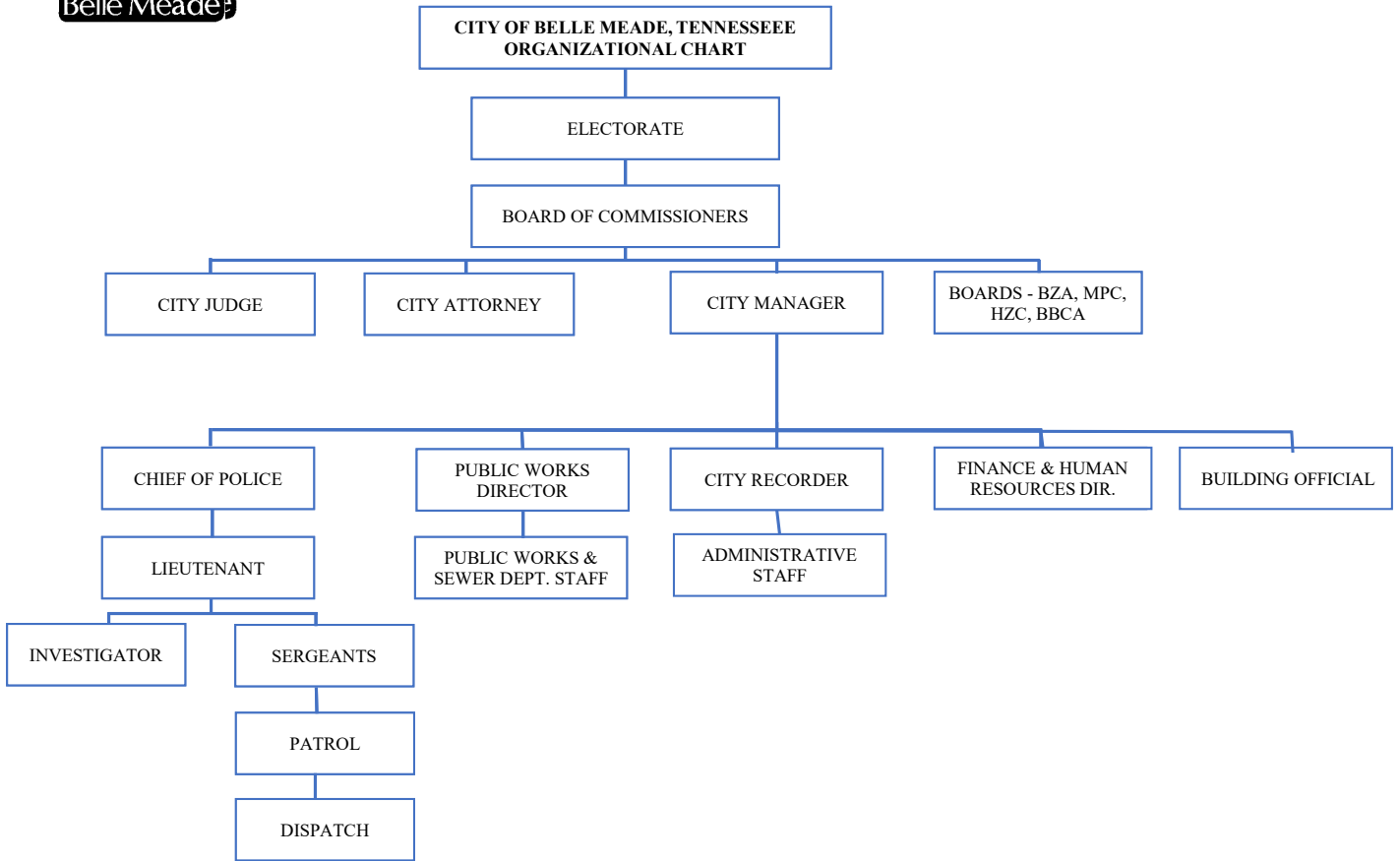
SCHEDULE OF CITY OFFICIALS

Elected Officials:

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

City Officials:

Beth Reardon	-	City Manager, CMFO
Leigh Mills	-	Finance/HR Director, CMFO
Rusty Terry	-	City Recorder
Charles Williams	-	Chief of Police
Lyle Patterson	-	Building Official
Larry Smith	-	Public Works Director
Mark Beveridge	-	City Judge
Miller & Martin PLLC Doug Berry	-	City Attorney



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDITS OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Belle Meade, Tennessee (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belle Meade, Tennessee as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

REPORT ON REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-14, 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 56-58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

REPORT ON SUPPLEMENTARY 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 59-64 and pages 67-69 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules on pages 58-64 and pages 67-69 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

Management is responsible for the other information included in the financial statements. The other information comprises the Introductory Section on pages i - iii, the Schedule of Property Tax Rates and Assessments - Last Ten Fiscal Years on page 65 and the Schedule Utility Rate Structure and Number of Customers on page 66 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the City's 2021 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 15, 2021. In our opinion, the summarized comparative information selectively presented herein as of and for the year ended June 30, 2021, 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 14, 2022 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 14, 2022

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, 2022. 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 2022:

- The combined revenues for 2022 totaled \$6,263,597 (including charges for services and operating grants and contributions, less loss on disposition of capital assets, on the Statement of Activities), which is a 50.05% increase from the previous year.
- The combined fund expenses for 2022 totaled \$ 4,931,405 on the Statement of Activities with \$4,448,330 for governmental funds and \$483,075 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 2022 is \$ 25,464,596 of which \$8,302,152 was invested in capital assets. Total fund balance for all governmental funds on June 30, 2022, was \$16,051,635. Total net position for all proprietary funds on June 30, 2022, was \$ 2,609,564. 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 2022'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

	2022			2021			Change %
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Current assets	\$ 19,916,120	\$ 1,612,983	\$ 21,529,103	\$ 18,530,538	\$ 1,290,216	\$ 19,820,754	
Non-current assets	8,012,203	1,083,453	9,095,656	7,092,470	1,144,419	8,236,889	
Total assets	27,928,323	2,696,436	30,624,759	25,623,008	2,434,635	28,057,643	9.15%
Deferred outflows of resources	608,448	-	608,448	343,760	-	343,760	77.00%
Current liabilities	535,252	82,440	617,692	51,560	1,181	52,741	
Non-current liabilities	687,362	4,432	691,794	638,780	4,543	643,323	
Total liabilities	1,222,614	86,872	1,309,486	690,340	5,724	696,064	88.13%
Deferred inflows of resources	4,459,125	-	4,459,125	3,575,852	-	3,575,852	24.70%
Net Position:							
Invested in capital assets	7,218,699	1,083,453	8,302,152	7,092,470	1,144,419	8,236,889	
Restricted	437,579	-	437,579	381,038	-	381,038	
Unrestricted	15,198,754	1,526,111	16,724,865	14,227,068	1,284,492	15,511,560	
Total Net Position	\$ 22,855,032	\$ 2,609,564	\$ 25,464,596	\$ 21,700,576	\$ 2,428,911	\$ 24,129,487	5.53%

Summary Statement of Activities

	2022			2021			Change %
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Revenues:							
General revenues	\$ 4,359,242	\$ 2,739	\$ 4,361,981	\$ 2,628,348	\$ 1,378	\$ 2,629,726	65.87%
Expenses:							
Operating expenses	4,448,330	483,075	4,931,405	4,224,822	463,358	4,688,180	
Less: Charges for services and operating/capital grants and contributions	(1,243,544)	(660,989)	(1,904,533)	(924,325)	(621,552)	(1,545,877)	
Net operating expenses	3,204,786	(177,914)	3,026,872	3,300,497	(158,194)	3,142,303	-3.67%
Change in net position	1,154,456	180,653	1,335,109	(672,149)	159,572	(512,577)	-360.47%
Total net position, beginning of year	21,700,576	2,428,911	24,129,487	22,372,725	2,269,339	24,642,064	-2.08%
Total net position, end of year	\$ 22,855,032	\$ 2,609,564	\$ 25,464,596	\$ 21,700,576	\$ 2,428,911	\$ 24,129,487	5.53%

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

	2022			2021			Change %
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Program revenues:							
Charges for services	\$ 686,097	\$ 660,989	\$ 1,347,086	\$ 362,232	\$ 621,552	\$ 983,784	
Operating grants and contributions	246,975	-	246,975	308,902	-	308,902	
Capital grants and contributions	310,472	-	310,472	253,191	-	253,191	
Total program revenues	1,243,544	660,989	1,904,533	924,325	621,552	1,545,877	23.20%
General revenues:							
Taxes	4,074,327	-	4,074,327	2,358,447	-	2,358,447	
Other	281,998	2,739	284,737	268,590	1,378	269,968	
Loss on disposition of capital assets	-	-	-	-	-	-	
Total general revenues	4,356,325	2,739	4,359,064	2,627,037	1,378	2,628,415	65.84%
Total revenues	\$ 5,599,869	\$ 663,728	\$ 6,263,597	\$ 3,551,362	\$ 622,930	\$ 4,174,292	50.05%

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

Governmental Activities	2022	2021	Change %
<u>Operating expenses, by department</u>			
General government	\$ 989,860	\$ 856,675	15.55%
Public safety	1,938,258	1,878,854	3.16%
Highways and streets	554,348	592,213	-6.39%
Building inspection	114,708	122,636	-6.46%
Stormwater	180,017	149,446	20.46%
Waste collection	473,091	465,272	1.68%
Boulevards	138,920	111,880	24.17%
Horticulture supplies and services	59,128	47,846	23.58%
Total expenses	\$ 4,448,330	\$ 4,224,822	5.29%
Business-Type Activities	2022	2021	Change %
Sewer fund	483,075	463,358	4.26%

Financial Analysis of the City as a Whole

The change in total net position between fiscal years 2022 and 2021 as shown on the Summary Statement of Net Position was (5.53%). 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 \$ 25,464,596. Unrestricted net position of \$ 16,724,865, an increase of \$1,213,305 from 2021, 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 9.15%, mainly resulting from an increase in cash and investments from increased fees from property taxes and building related permits. Deferred outflows of resources increased by 77% in relation to TCRS pension contributions and other deferred charges related to pensions and other post-employment benefits. There were two former City employees who began drawing on their TCRS retirement this fiscal year. Total liabilities increased by 88.13%.

The Summary Statement of Activities compares 2022 and 2021 revenues and expenses on a full accrual basis. 2022 general revenues increased by 65.84%, this is due to an increase in the property tax rate and an increase in building-related permits.

There was a 20.46% increase in Stormwater due to costs incurred for engineering fees for the MS4 report. MS4 stands for Municipal Separate Storm Sewer System and it reports annually on stormwater discharges and the stormwater system within the City. Parkways/ Boulevards saw an increase of 24.17% related to the increase in the water rates for irrigation and watering truck. Horticultural supplies and services in the Beautification Fund experienced an increase of 23.58% due to the costs of flowers, plantings and its share of watering expenses.

Capital Assets

Fiscal year 2022 as compared to fiscal year 2021:

At the end of fiscal year 2022, the City of Belle Meade had invested \$8,302,152 in land, buildings, infrastructure, equipment, and construction in progress, up from \$8,236,889 on June 30, 2021. Net capital assets increased by \$65,263 in 2022. The table below summarizes the City’s investment in capital assets.

Significant capital asset events during fiscal year 2022 included the following:

Police Cars & Equipment (1)	\$ 49,223
Body Cameras for Police Department (13)	\$ 20,516
In-Car Cameras, Tablets, and Installation (Police Cars) (4)	\$ 12,252
LPR Cameras (4)	\$ 16,817
Master Plan	\$ 42,495
Paving/Stormwater Infrastructure Projects	\$ 367,804
City Hall Security Doors	\$ 6,255
AED’s (Automated External Defibrillator) - portable (12)	\$ 11,820

Capital Assets

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 27,600	\$ -	\$ 27,600	\$ 15,000	\$ -	\$ 15,000
Construction in progress	143,094	-	143,094	142,235	-	142,235
Infrastructure	5,165,417	-	5,165,417	4,795,898	-	4,795,898
Buildings	2,568,879	555,598	3,124,477	2,568,879	555,598	3,124,477
Improvements other than buildings	2,609,247	-	2,609,247	2,566,752	-	2,566,752
Equipment	1,802,175	7,027,227	8,829,402	1,727,266	6,840,481	8,567,747
Subtotal	12,316,412	7,582,825	19,899,237	11,816,030	7,396,079	19,212,109
Less: accumulated depreciation	(5,097,713)	(6,499,372)	(11,597,085)	(4,723,560)	(6,251,660)	(10,975,220)
Net Capital Assets	\$ 7,218,699	\$ 1,083,453	\$ 8,302,152	\$ 7,092,470	\$ 1,144,419	\$ 8,236,889

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)

	2022	2021	Change %
<u>Assets</u>			
Cash	\$ 1,012,153	\$ 472,442	114.24%
Investments	15,183,667	14,230,975	6.69%
Property taxes receivable	3,346,286	3,312,592	1.02%
Accounts receivable	15,731	14,866	5.82%
Due from other funds	27,346	29,770	-8.14%
Due from other governments	336,150	479,979	-29.97%
Prepaid expenses	12,365	9,320	32.67%
Total Assets	19,933,698	18,549,944	7.46%
<u>Liabilities</u>			
Accounts payable	70,336	21,870	221.61%
Accrued liabilities	23,328	15,259	52.88%
Due from other funds	17,578	19,406	-9.42%
Due to other governments	17,584	14,431	21.85%
Total Liabilities	128,826	70,966	81.53%
<u>Deferred inflows of resources</u>			
Deferred inflows - unavailable property taxes	3,329,233	3,300,000	0.89%
Deferred inflows - unavailable grants	424,004	-	100.00%
<u>Fund Balance</u>			
Nonspendable	12,365	9,320	0.00%
Restricted	437,579	381,038	14.84%
Committed	-	-	0.00%
Assigned	14,424,704	10,056,006	43.44%
Unassigned	1,176,987	4,732,614	-75.13%
Total Fund Balance	\$ 16,051,635	\$ 15,178,978	5.75%
Unassigned fund balance as percent of total fund balances	7.33%	31.18%	

Governmental Fund Balance Classifications

Fund Balance Designation	2022	2021
Nonspendable	\$ 12,365	\$ 9,320
Restricted	437,579	381,038
Committed	-	-
Assigned	14,424,704	10,056,006
Unassigned	1,176,987	4,732,614
Total Fund Balance	\$ 16,051,635	\$ 15,178,978

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 \$437,579 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 an increase in the General Fund's fund balance of \$872,657 before transfers. The General Fund is the chief operating fund of the City. Most of this increase can be attributed to the increase in the property tax.

Other departments also experienced increased revenues. Licenses and Permits increased by almost double due to continued robust construction and an increase in building permit and appeals fees to match surrounding local governments. Fines and forfeitures were also up by close to \$100k due to the Police department now being fully staffed and emphasizing increased patrol during peak traffic hours. General fund local revenues were almost double due to contributions from residents to put towards capital purchases of body cameras and AED's.

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

	2022			2021		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Revenues:						
Taxes	\$ 3,346,729	\$ -	\$ 3,346,729	\$ 1,561,977	\$ -	\$1,561,977
Licenses and permits	509,158	-	509,158	257,757	-	257,757
Fines and forfeitures	245,253	-	245,253	150,081	-	150,081
Charges for services	176,939	-	176,939	104,475	-	104,475
Intergovernmental	1,068,116	101,676	1,169,792	1,164,170	105,384	1,269,554
Investment earnings	(123,708)	515	(123,193)	36,319	404	36,723
Other local revenues	159,938	105,570	265,508	81,786	90,320	172,106
Total revenues	5,382,425	207,761	5,590,186	3,356,565	196,108	3,552,673
Expenditures:						
General government	913,702	-	913,702	811,512	-	811,512
Public safety	2,070,553	-	2,070,553	1,955,365	-	1,955,365
Highways and streets	675,924	92,092	768,016	1,033,580	78,510	1,112,090
Building inspection	133,585	-	133,585	118,322	-	118,322
Stormwater	160,534	-	160,534	129,163	-	129,163
Waste collection	473,091	-	473,091	465,272	-	465,272
Boulevards	138,920	-	138,920	111,880	-	111,880
Other improvements	-	-	-	-	360	360
Horticulture	-	59,128	59,128	-	47,486	47,486
Total expenditures	4,566,309	151,220	4,717,529	4,625,094	126,356	4,751,450
Excess (deficiency)	816,116	56,541	872,657	(1,268,529)	69,752	(1,198,777)
Other Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Change in Fund Balance	816,116	56,541	872,657	(1,268,529)	69,752	(1,198,777)
Beginning Fund Balance	14,817,940	361,038	15,178,978	16,086,469	291,286	16,377,755
Ending Fund Balance	\$ 15,634,056	\$ 417,579	\$ 16,051,635	\$ 14,817,940	\$ 361,038	\$ 15,178,978

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)

	2022	2021	Change %
Cash	\$ 179,668	\$ 173,131	3.78%
Investments	1,382,693	1,079,954	28.03%
Receivables	44,675	41,947	6.50%
Inventories	15,064	5,548	171.52%
Other current assets	651	-	100.00%
Current assets	1,622,751	1,300,580	24.77%
Capital assets, net	1,083,453	1,144,419	-5.33%
Total assets	\$ 2,706,204	\$ 2,444,999	10.68%
Current liabilities	\$ 96,640	\$ 16,088	500.70%
Investment in capital assets	1,083,453	1,144,419	-5.33%
Unrestricted net position	1,526,111	1,284,492	18.81%
Total Net Position	\$ 2,609,564	\$ 2,428,911	7.44%

At the end of its fifth year as a stand-alone fund, total net position increased by 7.44%. 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 Sewer department had a sewer rate study conducted in 2021 and they will implement the 2% fee increase as recommended by the study the keep pace with rising costs and rising water rates.

The City has received all \$848,007 of the ARPA (American Rescue Plan Act) funds it was qualified to receive. These funds will be used for capital stormwater projects. The City has also qualified to receive \$781,208 from TDOT (Tennessee Department of Transportation) for the Harding Road sidewalk capital project. A TDEC (Tennessee Department of Environment & Conservation) grant was applied for in the amount of \$666,588, with required cofunding at 35%, or \$233,306. The grant must be used for utilities (water/wastewater) and or/stormwater. The City is using this grant for the Sewer utility and it will be funding a required Asset Management Plan and Inventory and Condition Assessment as well as software to track service calls and repairs and a GIS inventory of all 332,640 feet of underground force main.

Stormwater user fees were increased for FY 2022/2023. The fees had not been adjusted since inception eleven years ago and this department was experiencing losses since revenue remained the same, but expenses continued to rise. There will be a salary study performed in FY 2022/2023 to ensure that the City remains competitive with other Municipalities.

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, 2022

(WITH COMPARATIVE TOTALS FOR 2021)

	2022		
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL PRIMARY GOVERNMENT</u>
ASSETS			
Cash	\$ 1,012,153	\$ 179,668	\$ 1,191,821
Investments	15,183,667	1,382,693	16,566,360
Property tax receivable	3,346,286	-	3,346,286
Accounts receivable	15,731	-	15,731
Due from other funds	9,768	(9,768)	-
Due from other governments	336,150	44,675	380,825
Prepaid expenses	12,365	651	13,016
Inventories	-	15,064	15,064
Net pension asset	793,504	-	793,504
Capital assets:			
Land	27,600	-	27,600
Construction in progress	143,094	-	143,094
Infrastructure	5,165,417	-	5,165,417
Buildings and equipment	6,980,301	7,582,825	14,563,126
Accumulated depreciation	(5,097,713)	(6,499,372)	(11,597,085)
Total assets	<u>27,928,323</u>	<u>2,696,436</u>	<u>30,624,759</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	521,542	-	521,542
Deferred outflows related to other post employment benefits	86,906	-	86,906
Total deferred outflows of resources	<u>608,448</u>	<u>-</u>	<u>608,448</u>
LIABILITIES			
Accounts payable	70,336	81,653	151,989
Accrued liabilities	23,328	787	24,115
Due to other governments	17,584	-	17,584
Unearned grant revenues	424,004	-	424,004
Long-term liabilities:			
Compensated absences	351,023	4,432	355,455
Net pension liability	-	-	-
Other post employment benefits	336,339	-	336,339
Total liabilities	<u>1,222,614</u>	<u>86,872</u>	<u>1,309,486</u>
DEFERRED INFLOWS OF RESOURCES			
Assessed and unlevied property taxes	3,329,233	-	3,329,233
Deferred inflows related to pensions	1,009,019	-	1,009,019
Deferred inflows related to other post employment benefits	120,873	-	120,873
Total deferred inflows of resources	<u>4,459,125</u>	<u>-</u>	<u>4,459,125</u>
NET POSITION			
Investment in capital assets	7,218,699	1,083,453	8,302,152
Restricted for:			
Street repairs	171,938	-	171,938
Beautification	245,641	-	245,641
Other purposes	20,000	-	20,000
Unrestricted - assigned for operations and capital assets	14,424,704	-	14,424,704
Unrestricted	774,050	1,526,111	2,300,161
NET POSITION	<u>\$ 22,855,032</u>	<u>\$ 2,609,564</u>	<u>\$ 25,464,596</u>

See accompanying notes to financial statements.

2021

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT
\$ 472,442	\$ 173,131	\$ 645,573
14,230,975	1,079,954	15,310,929
3,312,592	-	3,312,592
14,866	-	14,866
10,364	(10,364)	-
479,979	41,947	521,926
9,320	-	9,320
-	5,548	5,548
-	-	-
15,000	-	15,000
142,235	-	142,235
4,795,898	-	4,795,898
6,862,897	7,396,079	14,258,976
(4,723,560)	(6,251,660)	(10,975,220)
<u>25,623,008</u>	<u>2,434,635</u>	<u>28,057,643</u>
257,164	-	257,164
86,596	-	86,596
<u>343,760</u>	<u>-</u>	<u>343,760</u>
21,870	639	22,509
15,259	542	15,801
14,431	-	14,431
326,551	4,543	331,094
14,256	-	14,256
<u>297,973</u>	<u>-</u>	<u>297,973</u>
<u>690,340</u>	<u>5,724</u>	<u>696,064</u>
3,300,000	-	3,300,000
137,426	-	137,426
<u>138,426</u>	<u>-</u>	<u>138,426</u>
<u>3,575,852</u>	<u>-</u>	<u>3,575,852</u>
7,092,470	1,144,419	8,236,889
162,354	-	162,354
198,684	-	198,684
20,000	-	20,000
10,056,006	-	10,056,006
<u>4,171,062</u>	<u>1,284,492</u>	<u>5,455,554</u>
<u>\$ 21,700,576</u>	<u>\$ 2,428,911</u>	<u>\$ 24,129,487</u>

CITY OF BELLE MEADE, TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

FUNCTIONS/PROGRAMS	2022							2021
	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	\$ 989,860	\$ -	\$ -	\$ 12,600	\$ (977,260)	\$ -	\$ (977,260)	\$ (784,795)
Public safety	1,938,258	73,541	34,372	-	(1,830,345)	-	(1,830,345)	(1,839,219)
Highways and streets	554,348	-	107,033	297,872	(149,443)	-	(149,443)	(227,857)
Building inspection	114,708	509,158	-	-	394,450	-	394,450	135,121
Stormwater	180,017	103,398	-	-	(76,619)	-	(76,619)	(49,069)
Waste collection	473,091	-	-	-	(473,091)	-	(473,091)	(465,272)
Boulevards	138,920	-	-	-	(138,920)	-	(138,920)	(111,880)
Horticulture supplies and services	59,128	-	105,570	-	46,442	-	46,442	42,474
Total primary government	\$ 4,448,330	\$ 686,097	\$ 246,975	\$ 310,472	(3,204,786)	-	(3,204,786)	(3,300,497)
Business-Type Activities								
Sewer fund	\$ 483,075	\$ 660,989	\$ -	\$ -	-	177,914	177,914	158,194
General Revenues:								
Property taxes					3,335,093	-	3,335,093	1,556,331
Payments in lieu of taxes					11,636	-	11,636	5,646
Mixed drink tax					58,578	-	58,578	30,653
TVA in lieu of tax					30,120	-	30,120	33,286
Sales tax					331,152	-	331,152	308,953
Income tax					209,937	-	209,937	341,635
Franchise tax					96,486	-	96,486	80,564
Beer tax					1,325	-	1,325	1,379
Tennessee Sports Gaming					2,917	-	2,917	1,311
Fines and forfeitures					245,253	-	245,253	150,081
Unrestricted investment earnings					(123,193)	2,739	(120,454)	38,101
Other local revenue					159,938	-	159,938	81,786
Total general revenues					4,359,242	2,739	4,361,981	2,629,726
Change in net position					1,154,456	180,653	1,335,109	(512,577)
Net position - beginning					21,700,576	2,428,911	24,129,487	24,642,064
Net position - ending					\$ 22,855,032	\$ 2,609,564	\$ 25,464,596	\$ 24,129,487

See accompanying notes to financial statements.

CITY OF BELLE MEADE, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2022

(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021	
	GENERAL	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	\$ 612,152	\$ 400,001	\$ 1,012,153	\$	472,442
Investments	15,183,667	-	15,183,667		14,230,975
Receivables:					
Property tax	3,346,286	-	3,346,286		3,312,592
Accounts	15,731	-	15,731		14,866
Due from other funds	9,768	17,578	27,346		29,770
Due from other governments	336,150	-	336,150		479,979
Prepaid expenses	<u>12,365</u>	<u>-</u>	<u>12,365</u>		<u>9,320</u>
TOTAL ASSETS	<u>\$ 19,516,119</u>	<u>\$ 417,579</u>	<u>\$ 19,933,698</u>	<u>\$</u>	<u>18,549,944</u>
LIABILITIES					
Accounts payable	\$ 70,336	\$ -	\$ 70,336	\$	21,870
Accrued liabilities	23,328	-	23,328		15,259
Due to other funds	17,578	-	17,578		19,406
Due to other governments	17,584	-	17,584		14,431
Unearned grant revenues	<u>424,004</u>	<u>-</u>	<u>424,004</u>		<u>-</u>
TOTAL LIABILITIES	<u>552,830</u>	<u>-</u>	<u>552,830</u>		<u>70,966</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	<u>3,329,233</u>	<u>-</u>	<u>3,329,233</u>		<u>3,300,000</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,329,233</u>	<u>-</u>	<u>3,329,233</u>		<u>3,300,000</u>
FUND BALANCE:					
Fund balance:					
Nonspendable	12,365	-	12,365		9,320
Restricted for street repairs	-	171,938	171,938		162,354
Restricted for beautification	-	245,641	245,641		198,684
Restricted for police	20,000	-	20,000		20,000
Assigned for operations and capital assets	14,424,704	-	14,424,704		10,056,006
Unassigned	<u>1,176,987</u>	<u>-</u>	<u>1,176,987</u>		<u>4,732,614</u>
TOTAL FUND BALANCE	<u>15,634,056</u>	<u>417,579</u>	<u>16,051,635</u>		<u>15,178,978</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 19,516,119</u>	<u>\$ 417,579</u>	<u>\$ 19,933,698</u>	<u>\$</u>	<u>18,549,944</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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
Total Governmental Funds Fund Balance	\$ 16,051,635	\$ 15,178,978
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	7,218,699	7,092,470
Net pension asset (liability) in governmental activities is not a financial resource (liability) and therefore is not reported in the governmental funds balance sheets	793,504	(14,256)
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	608,448	343,760
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	(1,129,892)	(275,852)
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	(336,339)	(297,973)
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>(351,023)</u>	<u>(326,551)</u>
Net Position of Governmental Activities	<u>\$ 22,855,032</u>	<u>\$ 21,700,576</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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022		2021	
	GENERAL	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 3,346,729	\$ -	\$ 3,346,729	\$ 1,561,977
Licenses and permits	509,158	-	509,158	257,757
Fines and forfeitures	245,253	-	245,253	150,081
Charges for services	176,939	-	176,939	104,475
Intergovernmental	1,068,116	101,676	1,169,792	1,269,554
Uses of money and property	(123,708)	515	(123,193)	36,723
Other	159,938	105,570	265,508	172,106
TOTAL REVENUES	5,382,425	207,761	5,590,186	3,552,673
EXPENDITURES				
Current:				
General government	913,702	-	913,702	811,512
Public safety	2,070,553	-	2,070,553	1,955,365
Highways and streets	675,924	92,092	768,016	1,112,090
Building inspection	133,585	-	133,585	118,322
Stormwater	160,534	-	160,534	129,163
Waste collection	473,091	-	473,091	465,272
Boulevards	138,920	-	138,920	111,880
Horticulture supplies and services	-	59,128	59,128	47,846
TOTAL EXPENDITURES	4,566,309	151,220	4,717,529	4,751,450
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	816,116	56,541	872,657	(1,198,777)
FUND BALANCE, BEGINNING OF YEAR	14,817,940	361,038	15,178,978	16,377,755
FUND BALANCE, END OF YEAR	\$ 15,634,056	\$ 417,579	\$ 16,051,635	\$ 15,178,978

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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
Net Change in Fund Balance - Governmental Funds	\$ 872,657	\$ (1,198,777)
<p>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:</p>		
<p>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:</p>		
Acquisition of capital assets	544,837	911,358
Contribution of land	12,600	-
Depreciation expense	(431,208)	(398,016)
<p>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</p>		
	91,706	86,444
<p>Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:</p>		
Change in accrual for compensated absences	(24,472)	9,668
Actuarially determined pension benefit (expense)	117,837	(64,641)
Actuarially determined other post employment benefits expense	(29,501)	(50,816)
Change in Net Position of Governmental Activities	<u>\$ 1,154,456</u>	<u>\$ (704,780)</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, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
TAXES				
Property taxes	\$ 3,270,116	\$ 3,270,116	\$ 3,316,983	\$ 46,867
Property taxes delinquent	-	-	5,357	5,357
Personal property taxes	2,900	2,900	3,766	866
Public utility property tax	2,000	2,000	3,131	1,131
Interest and penalties - property taxes	1,500	5,226	5,856	630
Electric in lieu of taxes	5,000	5,000	11,636	6,636
Total taxes	<u>3,281,516</u>	<u>3,285,242</u>	<u>3,346,729</u>	<u>61,487</u>
INTERGOVERNMENTAL				
State sales tax	287,028	311,499	331,152	19,653
State income tax	-	-	209,937	209,937
Franchise taxes	75,000	75,000	96,486	21,486
Local revenue allocation (Metro)	297,872	297,872	297,872	-
Beer tax	1,351	1,350	1,325	(25)
Petroleum special tax	5,600	5,356	5,357	1
TVA in-lieu of taxes	33,205	30,120	30,120	-
Tennessee Sports Gaming	2,814	2,814	2,917	103
Mixed drink tax	25,000	51,453	58,578	7,125
Total intergovernmental	<u>727,870</u>	<u>775,464</u>	<u>1,033,744</u>	<u>258,280</u>
LICENSES AND PERMITS	<u>364,500</u>	<u>498,758</u>	<u>509,158</u>	<u>10,400</u>
FINES AND FORFEITURES	<u>144,000</u>	<u>228,969</u>	<u>245,253</u>	<u>16,284</u>
CHARGES FOR SERVICES				
Stormwater usage fees	101,800	108,173	103,398	(4,775)
Public safety charges for services	5,000	57,068	68,541	11,473
EPSC Fines	-	-	5,000	5,000
Total charges for services	<u>106,800</u>	<u>165,241</u>	<u>176,939</u>	<u>11,698</u>
MISCELLANEOUS				
Interest income on investments	99,000	58,109	(123,708)	(181,817)
Contributions, dues	20,000	81,957	51,377	(30,580)
Sale of equipment - surplus property	-	33,075	33,075	-
Other revenues	73,913	(20,551)	75,486	96,037
Grants	-	102,795	34,372	(68,423)
Total miscellaneous	<u>192,913</u>	<u>255,385</u>	<u>70,602</u>	<u>(184,783)</u>
TOTAL REVENUES	<u>4,817,599</u>	<u>5,209,059</u>	<u>5,382,425</u>	<u>173,366</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, 2022

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
EXPENDITURES				
Current:				
General government	\$ 1,045,690	\$ 921,891	\$ 913,702	\$ (8,189)
Public safety	2,010,036	2,090,964	2,070,553	(20,411)
Highways and streets	640,666	669,702	675,924	6,222
Building inspection	221,724	138,767	133,585	(5,182)
Stormwater	199,460	176,939	160,534	(16,405)
Waste collection	477,500	472,019	473,091	1,072
Boulevards	124,240	136,277	138,920	2,643
TOTAL EXPENDITURES	<u>4,719,316</u>	<u>4,606,559</u>	<u>4,566,309</u>	<u>(40,250)</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>98,283</u>	<u>602,500</u>	<u>816,116</u>	<u>213,616</u>
NET CHANGE IN FUND BALANCE	<u>\$ 98,283</u>	<u>\$ 602,500</u>	816,116	<u>\$ 213,616</u>
FUND BALANCE - BEGINNING OF YEAR			<u>14,817,940</u>	
FUND BALANCE - END OF YEAR			<u>\$ 15,634,056</u>	

See accompanying notes to financial statements.

CITY OF BELLE MEADE, TENNESSEE

STATEMENT OF NET POSITION

PROPRIETARY FUND - SEWER FUND

JUNE 30, 2022

(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash	\$ 179,668	\$ 173,131
Investments	1,382,693	1,079,954
Receivables:		
Due from other governments	44,675	41,947
Prepaid expenses	651	-
Inventories	<u>15,064</u>	<u>5,548</u>
 TOTAL CURRENT ASSETS	 1,622,751	 1,300,580
 CAPITAL ASSETS, NET	 <u>1,083,453</u>	 <u>1,144,419</u>
 TOTAL ASSETS	 <u>2,706,204</u>	 <u>2,444,999</u>
 <u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	81,653	639
Accrued liabilities	787	542
Due to other funds	9,768	10,364
Accrued compensated absences	<u>4,432</u>	<u>4,543</u>
 TOTAL CURRENT LIABILITIES	 <u>96,640</u>	 <u>16,088</u>
 <u>NET POSITION</u>		
Investment in capital assets	1,083,453	1,144,419
Unrestricted	<u>1,526,111</u>	<u>1,284,492</u>
 TOTAL NET POSITION	 <u>\$ 2,609,564</u>	 <u>\$ 2,428,911</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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 660,989	\$ 621,552
	<u>660,989</u>	<u>621,552</u>
OPERATING EXPENSES		
Salaries and benefits	71,130	59,215
Repair and maintenance	35,133	31,482
Operating supplies	118,780	112,693
Insurance	5,116	3,995
Depreciation	247,712	243,468
Other operating expenses	5,204	12,505
	<u>483,075</u>	<u>463,358</u>
TOTAL OPERATING EXPENSES		
	<u>483,075</u>	<u>463,358</u>
OPERATING INCOME	<u>177,914</u>	<u>158,194</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	2,739	1,378
	<u>2,739</u>	<u>1,378</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
	<u>2,739</u>	<u>1,378</u>
CHANGE IN NET POSITION	180,653	159,572
NET POSITION - BEGINNING OF YEAR	<u>2,428,911</u>	<u>2,269,339</u>
NET POSITION - END OF YEAR	<u>\$ 2,609,564</u>	<u>\$ 2,428,911</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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Charges for services	\$ 657,610	\$ 615,604
Payments to employees	(71,241)	(58,085)
Payments to suppliers	<u>(92,490)</u>	<u>(156,706)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>493,879</u>	<u>400,813</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Advances to (from) other funds	<u>(596)</u>	<u>8,905</u>
NET CASH PROVIDED (USED IN) BY NON-CAPITAL FINANCING ACTIVITIES	<u>(596)</u>	<u>8,905</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	<u>(186,746)</u>	<u>(195,304)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(186,746)</u>	<u>(195,304)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers to local government investment pool	<u>(300,000)</u>	<u>(200,000)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(300,000)</u>	<u>(200,000)</u>
NET CHANGE IN CASH	6,537	14,414
CASH - BEGINNING OF YEAR	<u>173,131</u>	<u>158,717</u>
CASH - END OF YEAR	<u>\$ 179,668</u>	<u>\$ 173,131</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ <u>177,914</u>	\$ <u>158,194</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	247,712	243,468
Changes in operating assets and liabilities		
Due from other governments	(2,728)	(5,948)
Inventories	(9,516)	3,140
Prepaid expense	(651)	-
Accounts payable	81,014	639
Accrued liabilities	245	190
Accrued post retirement benefits	<u>(111)</u>	<u>1,130</u>
TOTAL ADJUSTMENTS	<u>315,965</u>	<u>242,619</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 493,879</u>	<u>\$ 400,813</u>

See accompanying notes to financial statements.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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, 2022 or 2021.

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, 2022

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, 2022

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, 2022

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, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess of Expenditures Over Budget In Individual Funds

In the General Fund, the public safety, waste collection and boulevards departments exceeded the amount appropriated in the departmental budget of the fund. Total general fund expenditures were under budget. 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, 2022

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.

Leases

The City was required to adopt GASB Statement No. 87, *Leases*, for its fiscal year ending June 30, 2022. The City does not have any material lease commitments and therefore no right-to-use asset or related lease liability is recorded in the entity wide financial statements.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

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, 2022 and 2021 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, 2022

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, 2022

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 2022 and 2021, 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>2022</u>		<u>2021</u>	
	<u>Deposits Per Bank</u>	<u>Carrying Amount Per Books</u>	<u>Deposits Per Bank</u>	<u>Carrying Amount Per Books</u>
Cash and cash equivalents	<u>\$ 1,250,329</u>	<u>\$ 1,191,821</u>	<u>\$ 792,547</u>	<u>\$ 645,573</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, 2022 and 2021.

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, 2022

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. 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 forty-nine days at June 30, 2022. The Pool does not have a credit rating.

NOTE 3 - CAPITAL ASSETS

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

<u>Governmental Activities</u>	2022				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
<u>Capital assets not being depreciated:</u>					
Land	\$ 15,000	\$ 12,600	\$ -	\$ -	\$ 27,600
Construction in progress	142,235	859	-	-	143,094
Total capital assets not being depreciated	157,235	13,459	-	-	170,694
<u>Capital assets being depreciated:</u>					
Buildings	2,568,879	-	-	-	2,568,879
Improvements other than building	2,566,752	42,495	-	-	2,609,247
Equipment	1,727,266	131,964	-	(57,055)	1,802,175
Infrastructure:					
Drainage and drainage improvements	879,569	1,716	-	-	881,285
Road and road improvements	3,916,329	367,803	-	-	4,284,132
	11,658,795	543,978	-	(57,055)	12,145,718

(continued on next page)

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Governmental Activities (continued)	2022				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
<u>Less accumulated depreciation:</u>					
Buildings	\$ (1,307,405)	\$ (83,157)	\$ -	\$ -	\$ (1,390,562)
Improvements other than buildings	(1,355,627)	(98,391)	-	-	(1,454,018)
Equipment	(1,082,735)	(130,523)	-	57,055	(1,156,203)
Infrastructure:					
Drainage and drainage improvements	(229,355)	(34,634)	-	-	(263,989)
Road and road improvements	(748,438)	(84,503)	-	-	(832,941)
Total accumulated depreciation	<u>(4,723,560)</u>	<u>(431,208)</u>	<u>-</u>	<u>57,055</u>	<u>(5,097,713)</u>
Total governmental activities capital assets, net	<u>\$ 7,092,470</u>	<u>\$ 126,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,218,699</u>
	2021				
Governmental Activities	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	<u>189,866</u>	<u>-</u>	<u>(32,631)</u>	<u>-</u>	<u>157,235</u>
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
<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
Infrastructure:					
Drainage and drainage improvements	878,787	782	-	-	879,569
Road and road improvements	3,916,329	-	-	-	3,916,329
	<u>10,687,609</u>	<u>943,989</u>	<u>32,631</u>	<u>(5,434)</u>	<u>11,658,795</u>
<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	<u>(4,330,978)</u>	<u>(398,016)</u>	<u>-</u>	<u>5,434</u>	<u>(4,723,560)</u>
Total governmental activities capital assets, net	<u>\$ 6,546,497</u>	<u>\$ 545,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,092,470</u>

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for business-type activities for the year ended June 30, 2022 and 2021 was as follows:

<u>Business-Type Activities</u>	<u>2022</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Capital assets being depreciated:</u>					
Buildings	\$ 555,598	\$ -	\$ -	\$ -	\$ 555,598
Equipment	6,840,481	186,746	-	-	7,027,227
Total capital assets being depreciated	<u>7,396,079</u>	<u>186,746</u>	<u>-</u>	<u>-</u>	<u>7,582,825</u>
<u>Less accumulated depreciation for:</u>					
Buildings	(233,851)	(15,955)	-	-	(249,806)
Equipment	(6,017,809)	(231,757)	-	-	(6,249,566)
Total accumulated depreciation	<u>(6,251,660)</u>	<u>(247,712)</u>	<u>-</u>	<u>-</u>	<u>(6,499,372)</u>
Total business-type activities capital assets, net	<u>\$ 1,144,419</u>	<u>\$ (60,966)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,083,453</u>
<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	<u>71,723</u>	<u>-</u>	<u>(71,723)</u>	<u>-</u>	<u>-</u>
<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	<u>7,129,052</u>	<u>195,304</u>	<u>71,723</u>	<u>-</u>	<u>7,396,079</u>

(continued on next page)

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

NOTE 3 - CAPITAL ASSETS (CONTINUED)

<u>Business-Type Activities (continued)</u>	<u>2021</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	\$ (219,338)	\$ (14,513)	\$ -	\$ -	\$ (233,851)
Equipment	<u>(5,788,854)</u>	<u>(228,955)</u>	<u>-</u>	<u>-</u>	<u>(6,017,809)</u>
Total accumulated depreciation	<u>(6,008,192)</u>	<u>(243,468)</u>	<u>-</u>	<u>-</u>	<u>(6,251,660)</u>
Total business-type activities capital assets, net	<u>\$ 1,192,583</u>	<u>\$ (48,164)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,144,419</u>

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

	<u>2022</u>	<u>2021</u>
General government	\$ 116,797	\$ 106,041
Public safety	104,571	94,787
Highways and streets	188,642	176,123
Stormwater	<u>21,198</u>	<u>21,065</u>
	<u>\$ 431,208</u>	<u>\$ 398,016</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, 2022

NOTE 4 - COMPENSATED ABSENCES

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

	<u>2022</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Liability for accrued sick pay and annual leave	<u>\$ 331,094</u>	<u>\$ 164,772</u>	<u>\$ (140,411)</u>	<u>\$ 355,455</u>

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

NOTE 5 - COMPENSATION PAID TO ELECTED OFFICIALS

No compensation was paid to the Mayor or Commissioners during the years ended June 30, 2022 and 2021.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

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>2021</u>	<u>June 30,</u> <u>2020</u>
Inactive employees or beneficiaries currently receiving benefits	21	20
Inactive employees entitled to but not yet receiving benefits	25	26
Active employees	<u>13</u>	<u>16</u>
	<u>59</u>	<u>62</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, 2022

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, 2022 and 2021, employer contributions for the City were \$82,708 and \$84,669 respectively, based on a rate of 8.72 percent and 8.21 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, 2021 and 2020, 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, 2021 and 2020 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	6.75 percent (7.25 percent at June 30, 2020), 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, 2021 actuarial valuations were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

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, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent (2.5 percent in June 30, 2016 actuarial study). The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent (7.25 percent in 2020 valuation) based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

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, 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	<u>256,617</u>	<u>124,133</u>	<u>132,484</u>
BALANCE AT JUNE 30, 2020	<u>\$ 4,602,895</u>	<u>\$ 4,588,639</u>	<u>\$ 14,256</u>
CHANGES FOR THE YEAR:			
Service cost	73,819	-	73,819
Interest	331,317	-	331,317
Differences between expected and actual experience	(408,156)	-	(408,156)
Changes in assumptions	445,554	-	445,554
Contributions - employer	-	84,699	(84,699)
Contributions - employee	-	-	-
Net investment income	-	1,166,923	(1,166,923)
Benefit payments, including refunds of employee contributions	(213,636)	(213,636)	-
Administrative expense	-	(1,328)	1,328
Net changes	<u>228,898</u>	<u>1,036,658</u>	<u>(807,760)</u>
BALANCE AT JUNE 30, 2021	<u>\$ 4,831,793</u>	<u>\$ 5,625,297</u>	<u>\$ (793,504)</u>

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

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 6.75 percent (7.25 percent for 2020 measurement date), as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75 / 6.25 percent) or 1 percentage-point higher (7.75 / 8.25 percent) than the current rate:

	Measurement Date - June 30, 2021		
	1% Decrease	Current Discount Rate	1% Increase
	(5.75%)	(6.75%)	(7.75%)
City's net pension liability (asset)	\$ (192,523)	\$ (793,504)	\$ (1,297,889)
	Measurement Date - June 30, 2020		
	1% Decrease	Current Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
City's net pension liability (asset)	\$ 526,487	\$ 14,256	\$ (423,305)

Pension Expense

For the year ended June 30, 2021 and 2020, the City recognized pension (benefit) expense of (\$117,837) and \$64,640, 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:

	2022	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 58,258	\$ 386,821
Net difference between projected and actual earnings on pension plan investments	-	622,198
Changes in assumptions	380,576	-
Contributions subsequent to the measurement date of June 30, 2021	82,708	-
Total	\$ 521,542	\$ 1,009,019

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

NOTE 6 - PENSION PLANS (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	\$ 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>

The amount shown above for contributions subsequent to the measurement date of June 30, 2021 and 2020 will be recognized as an 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>	
2023	(136,452)
2024	(144,822)
2025	(128,594)
2026	(160,314)
2027	-
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, 2022

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 2022, the City contributed \$63,628 to the 401(k) plan (\$50,575 for 2021).

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. Starting January 1, 2022, the City pays 100% of the employee-only premium for active employees. 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, 2022

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>2021</u>	<u>June 30,</u> <u>2020</u>
Retirees and beneficiaries	1	-
Inactive, non-retired employees	-	-
Active employees	<u>25</u>	<u>26</u>
	<u>26</u>	<u>26</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, 2022, the City paid \$8,998 to the LGOP for OPEB benefits as they came due.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 and 2020 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25% (2.1% for 2020)
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare cost trend rates	7.36% for pre-65 in 2021 (9.02% in 2020), decreasing annually over a 7 year period (10 year period in 2020) to an ultimate rate of 4.50%. 7.32% for post-65 in 2021 (7.56% in 2020), decreasing annually over an 8 year period (4 year period in 2020) 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, 2022

NOTE 7 - POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2021, valuations were the same as those employed in the July 1, 2020 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, 2016 - June 30, 2020 (July 1, 2012 – June 30, 2016 for 2020). The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010 (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 for 2020). Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2020 (Blue Collar and adjusted with a 2% load for males and a -3% load for females for 2020). Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.16 percent (2.21 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, 2022

NOTE 7 - POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Changes in the total OPEB liability for the year ended June 30, 2021 and 2020, measured as of June 30, 2021 and 2020 follows:

	<u>Increase (Decrease)</u> <u>Total OPEB Liability</u>
BALANCE AT JUNE 30, 2019	\$ <u>211,507</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 FOR THE YEAR:	
Service cost	26,899
Interest	7,161
Changes in benefit terms	-
Differences between expected and actual experience	13,007
Changes in assumptions	(6,960)
Benefit payments	<u>(1,741)</u>
Net changes	<u>38,366</u>
BALANCE AT JUNE 30, 2021	\$ <u><u>336,339</u></u>

Changes in Assumptions

The discount rate was changed from 2.21% as of the beginning of the measurement period to 2.16% as of June 30, 2021 (3.51% to 2.21% in prior year). This change in assumption increased the total OPEB liability (increased in 2020). 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, 2022

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 (1.16% and 1.21%) or 1-percentage-point higher (3.16% and 3.21%) than the current discount rate.

	<u>Measurement Date - June 30, 2021</u>		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(1.16%)</u>	<u>Rate</u>	<u>(2.16%)</u>
			<u>(3.16%)</u>
City's total OPEB liability	<u>\$ 359,500</u>	<u>\$ 336,339</u>	<u>\$ 314,559</u>

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

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

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 (6.36%/6.32% decreasing to 3.5%) or 1-percentage-point higher (8.36%/8.32% decreasing to 5.5%) than the current healthcare cost trend rate.

	Measurement Date - June 30, 2021		
	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
	(6.36% /6.32% decreasing to 3.5%)	(7.36% /7.32% decreasing to 4.5%)	(8.36% /8.32% decreasing to 5.5%)
City's total OPEB liability	<u>\$ 303,707</u>	<u>\$ 336,339</u>	<u>\$ 374,665</u>
	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	<u>\$ 263,930</u>	<u>\$ 297,973</u>	<u>\$ 338,161</u>

OPEB Expense

For the fiscal year ended June 30, 2022 and 2021, the City recognized OPEB expense of \$29,501 and \$50,816, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal years ended June, 30, 2022 and 2021, 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, 2022

NOTE 7 - POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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

	2022	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 50,198	\$ 107,200
Change of assumptions	27,710	13,673
Employer payments subsequent to the measurement date of June 30, 2021	8,998	-
Total	\$ 86,906	\$ 120,873
	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	\$ 86,596	\$ 138,426

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:

Year Ended June 30:	
2023	\$ (4,559)
2024	(4,559)
2025	(4,559)
2026	(13,238)
2027	(16,625)
Thereafter	575

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, 2022

NOTE 8 - TRANSFERS

There were no interfund transfers for the year ended June 30, 2022 or 2021.

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.

CITY OF BELLE MEADE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

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. 91, *Conduit Debt Obligations*, effective for 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 for 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, 2022

NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 99, *Omnibus 2022* - Effective Date: The requirements of this Statement are effective as follows: The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, Issued in June 2022 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This standard is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences - Issued in June 2022* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>TOTAL PENSION LIABILITY</u>								
Service cost	\$ 78,695	\$ 80,926	\$ 81,165	\$ 74,410	\$ 66,945	\$ 63,009	\$ 70,012	\$ 73,819
Interest	264,079	275,075	273,868	292,997	291,102	305,348	313,498	331,317
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between actual & expected experience	(27,181)	(196,101)	96,424	(186,833)	50,068	(72,895)	57,454	(408,156)
Change of assumptions	-	-	-	144,803	-	-	-	445,554
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>	<u>(213,636)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	145,395	(12,312)	271,190	126,352	188,472	99,728	256,617	228,898
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>	<u>4,602,895</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>\$ 4,831,793</u>
<u>PLAN FIDUCIARY NET POSITION</u>								
Contributions - employer	\$ 71,089	\$ 91,490	\$ 90,838	\$ 77,434	\$ 76,584	\$ 84,125	\$ 90,851	\$ 84,699
Contributions - employee	-	203	-	-	-	-	-	-
Net investment income	538,990	113,900	98,817	421,209	332,381	313,308	219,089	1,166,923
Benefit payments, including refunds of employee contributions	(170,198)	(172,212)	(180,267)	(199,025)	(219,643)	(195,734)	(184,347)	(213,636)
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>	<u>(1,328)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	438,765	32,021	7,515	297,968	187,641	200,186	124,133	1,036,658
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>	<u>4,588,639</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>	<u>5,625,297</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>	<u>\$ (793,504)</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 %	116.42
Covered-employee payroll	\$ 1,306,781	\$ 1,306,994	\$ 1,297,688	\$ 1,106,197	\$ 1,013,008	\$ 1,051,560	\$ 1,106,593	\$ 1,031,652
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 %	(76.92)

Notes to Schedule:

Changes of assumptions.

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

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

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 TCRS

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>	<u>2022</u>
Actuarial determined contribution	\$ 71,089	\$ 91,490	\$ 90,838	\$ 77,434	\$ 76,584	\$ 80,865	\$ 90,851	\$ 84,699	\$ 82,708
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>84,699</u>	<u>82,708</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,260)	\$ -	\$ -	\$ -
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	\$ 952,589
Contributions as a percentage covered employee payroll	5.44 %	7.00 %	7.00 %	7.00 %	7.56 %	7.69 %	8.21 %	8.21 %	8.68 %

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:

*Actuarially determined contribution dates calculated
based on actuarial valuation*

June 30, 2013 June 30, 2014 June 30, 2015 June 30, 2016 June 30, 2017 June 30, 2018 June 30, 2019 June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)	
Remaining amortization period	20 years	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value	
Inflation	3.0 percent	2.5 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.0 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation	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

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>	<u>2022</u>
<u>TOTAL OPEB LIABILITY</u>					
Service cost	\$ 24,478	\$ 23,018	\$ 10,303	\$ 16,333	\$ 26,899
Interest on the total OPEB liability	9,450	12,070	6,321	7,970	7,161
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	13,007
Change of assumptions and other inputs	(15,688)	12,163	3,406	27,831	(6,960)
Benefit payments	-	(2,712)	(5,825)	(1,538)	(1,741)
NET CHANGE IN TOTAL OPEB LIABILITY	18,240	(150,173)	44,305	86,466	38,366
TOTAL OPEB LIABILITY - BEGINNING	<u>299,135</u>	<u>317,375</u>	<u>167,202</u>	<u>211,507</u>	<u>297,973</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 317,375</u>	<u>\$ 167,202</u>	<u>\$ 211,507</u>	<u>\$ 297,973</u>	<u>\$ 336,339</u>
Covered-employee payroll	\$ 1,474,725	\$ 1,523,153	\$ 1,541,283	\$ 1,652,505	\$ 1,848,541
Total OPEB liability as a percentage of covered-employee payroll	4.65 %	9.11 %	7.29 %	5.55 %	5.50 %

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.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

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.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF BELLE MEADE, TENNESSEE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>			<u>2021</u>
	<u>SPECIAL REVENUE FUNDS</u>		<u>TOTAL</u>	<u>TOTAL</u>
	<u>STATE</u>	<u>BEAUTIFICATION</u>	<u>NONMAJOR</u>	<u>NONMAJOR</u>
	<u>STREET AID</u>		<u>GOVERNMENTAL</u>	<u>FUNDS</u>
			<u>FUNDS</u>	
ASSETS				
Cash	\$ 154,360	\$ 245,641	\$ 400,001	\$ 341,632
Due from other funds	<u>17,578</u>	<u>-</u>	<u>17,578</u>	<u>19,406</u>
TOTAL ASSETS	<u>\$ 171,938</u>	<u>\$ 245,641</u>	<u>\$ 417,579</u>	<u>\$ 361,038</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
COMMITMENTS AND CONTINGENCIES				
FUND BALANCES				
Restricted for street repairs	171,938	-	171,938	162,354
Restricted for beautification	<u>-</u>	<u>245,641</u>	<u>245,641</u>	<u>198,684</u>
TOTAL FUND BALANCES	<u>171,938</u>	<u>245,641</u>	<u>417,579</u>	<u>361,038</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 171,938</u>	<u>\$ 245,641</u>	<u>\$ 417,579</u>	<u>\$ 361,038</u>

CITY OF BELLE MEADE, TENNESSEE

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

FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022		TOTAL NONMAJOR GOVERNMENTAL FUNDS	2021
	SPECIAL REVENUE			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	STATE STREET AID	BEAUTIFICATION		
REVENUES				
Contributions	\$ -	\$ 105,570	\$ 105,570	\$ 90,320
Intergovernmental:				
Gasoline and motor fuel tax	52,220	-	52,220	54,105
Gas 2017 tax	26,279	-	26,279	27,214
Three cent tax	15,052	-	15,052	15,630
Gas 1989 tax	8,125	-	8,125	8,435
Interest income	-	515	515	404
TOTAL REVENUES	101,676	106,085	207,761	196,108
EXPENDITURES				
Repair and maintenance - roads	92,092	-	92,092	78,510
Horticulture supplies and services	-	59,128	59,128	47,846
TOTAL EXPENDITURES	92,092	59,128	151,220	126,356
NET CHANGE IN FUND BALANCE	9,584	46,957	56,541	69,752
FUND BALANCE, BEGINNING OF YEAR	162,354	198,684	361,038	291,286
FUND BALANCE, END OF YEAR	\$ 171,938	\$ 245,641	\$ 417,579	\$ 361,038

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, 2022

	<u>ORIGINAL BUDGETED AMOUNTS</u>	<u>FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
REVENUES				
Intergovernmental:				
Gasoline and motor fuel tax	\$ 97,059	\$ 102,711	\$ 52,220	\$ (50,491)
Gas 2017 tax	-	-	26,279	26,279
Three cent tax	-	-	15,052	15,052
Gas 1989 tax	-	-	8,125	8,125
TOTAL REVENUES	<u>97,059</u>	<u>102,711</u>	<u>101,676</u>	<u>(1,035)</u>
EXPENDITURES				
Repair and maintenance - roads	<u>87,405</u>	<u>95,175</u>	<u>92,092</u>	<u>(3,083)</u>
TOTAL EXPENDITURES	<u>87,405</u>	<u>95,175</u>	<u>92,092</u>	<u>(3,083)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 9,654</u>	<u>\$ 7,536</u>	9,584	<u>\$ 2,048</u>
FUND BALANCE, BEGINNING OF YEAR			<u>162,354</u>	
FUND BALANCE, END OF YEAR			<u>\$ 171,938</u>	

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, 2022

	<u>ORIGINAL BUDGETED AMOUNTS</u>	<u>FINAL BUDGETED AMOUNT</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
REVENUES				
Contribution	\$ 67,000	\$ 103,720	\$ 105,570	\$ 1,850
Interest income	300	423	515	92
TOTAL REVENUES	<u>67,300</u>	<u>104,143</u>	<u>106,085</u>	<u>1,942</u>
EXPENDITURES				
Horticulture supplies and services	<u>57,190</u>	<u>57,190</u>	<u>59,128</u>	<u>1,938</u>
TOTAL EXPENDITURES	<u>57,190</u>	<u>57,190</u>	<u>59,128</u>	<u>1,938</u>
NET CHANGE IN FUND BALANCE	<u>\$ 10,110</u>	<u>\$ 46,953</u>	46,957	<u>\$ 4</u>
FUND BALANCE, BEGINNING OF YEAR			<u>198,684</u>	
FUND BALANCE, END OF YEAR			<u>\$ 245,641</u>	

CITY OF BELLE MEADE, TENNESSEE

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

WASTE COLLECTION (SANITATION)

FOR THE YEAR ENDED JUNE 30, 2022

	<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	477,500	472,019	473,091	1,072
TOTAL EXPENDITURES	477,500	472,019	473,091	1,072
EXCESS OF REVENUES OVER EXPENDITURES	(477,500)	(472,019)	(473,091)	(1,072)
OTHER FINANCING SOURCES (USES)				
Transfers in	477,500	472,019	473,091	1,072
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	477,500	472,019	473,091	1,072
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			<u>\$ -</u>	

⁽¹⁾ 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, 2022

<u>Tax Year</u>	<u>BALANCE JUNE 30, 2021</u>	<u>LEVY</u>	<u>COLLECTIONS</u>	<u>PENALTIES AND INTEREST</u>	<u>BALANCE JUNE 30, 2022</u>
2021	\$ -	\$ 3,300,472	\$ (3,293,078)	\$ -	7,394
2020	6,314	-	(2,933)	-	3,381
2019	3,381	-	-	-	3,381
2018	<u>2,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,897</u>
Total	<u>\$ 12,592</u>	<u>\$ 3,300,472</u>	<u>\$ (3,296,011)</u>	<u>\$ -</u>	17,053
			Deferred inflow of resources for 2022 levy		<u>3,329,233</u>
					<u>\$ 3,346,286</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>
2021 - 2022	\$ 0.5000	\$ 2,683,104,820	\$ 660,093,866
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

* The fiscal year listed corresponds to the preceding tax year levy (2022 would represent the 2021 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, 2022

SEWER FUND

(established July 1, 2016)

<u>Fiscal Year Ended</u>	<u>Number of Customers</u>	<u>Rate</u>
2022	1,059	\$3.14 per 100 CCF
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, 2022

	<u>GENERAL FUND</u>
GENERAL GOVERNMENT	
Salaries	\$ 324,063
Benefits	103,186
Supplies	107,161
Professional services	151,509
Insurance	102,760
Repair and maintenance	31,485
Capital outlay	48,750
Other	<u>44,788</u>
GENERAL GOVERNMENT - TOTAL	<u>913,702</u>
PUBLIC SAFETY	
Salaries	1,359,523
Benefits	373,031
Supplies	87,579
Travel	59,034
Repair and maintenance	88,976
Capital outlay	49,223
Other	<u>53,187</u>
PUBLIC SAFETY - TOTAL	<u>2,070,553</u>
HIGHWAYS AND STREETS	
Salaries	140,667
Benefits	36,336
Supplies	20,872
Travel	6,006
Repair and maintenance	116,044
Capital outlay	<u>355,999</u>
HIGHWAYS AND STREETS - TOTAL	<u>675,924</u>
BUILDING INSPECTION	
Salaries	97,578
Benefits	33,737
Supplies	628
Travel	707
Repair and maintenance	126
Other	<u>809</u>
BUILDING INSPECTION - TOTAL	<u>133,585</u>

(continued)

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF MAJOR FUND EXPENDITURES (CONTINUED)

JUNE 30, 2022

	<u>GENERAL FUND</u>
STORMWATER	
Contractual	\$ 23,055
Repair and maintenance	<u>137,479</u>
STORMWATER - TOTAL	<u>160,534</u>
WASTE COLLECTION	
Supplies	173,146
Contractual	<u>299,945</u>
WASTE COLLECTION - TOTAL	<u>473,091</u>
BOULEVARDS	
Supplies	<u>138,920</u>
BOULEVARDS - TOTAL	<u>138,920</u>
TOTAL EXPENDITURES	<u>\$ 4,566,309</u>

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

Grant Description	ALN #	Grant Number	Grant Period	State Grant Amount	Accrued (Deferred) 7/1/2021	Receipts	Expenditures	Accrued (Deferred) 6/30/2022
FEDERAL AWARDS								
<u>U.S. Department of Treasury</u>								
Passed through the State of Tennessee Dept. of Finance and Administration								
American Rescue Plan Act	21.507	n/a	4/1/22 to 12/31/26	\$ 424,004	\$ -	\$ 424,004	\$ -	\$ (424,004)
TOTAL FEDERAL AWARDS					<u>\$ -</u>	<u>\$ 424,004</u>	<u>\$ -</u>	<u>\$ (424,004)</u>
STATE AWARDS:								
Passed through the Governor's Highway Safety Office:								
Network Coordinator	n/a	Z21THSO17	10/1/20 to 9/30/21	\$ 20,000	\$ 16,656	\$ 16,656	\$ -	\$ -
Network Coordinator	n/a	Z22THSO18	10/1/21 to 9/30/22	\$ 20,000	-	11,632	11,632	-
Community-Based Traffic Safety Enforcement and Education	n/a	Z21THSO18	10/1/20 to 9/30/21	\$ 25,000	7,893	7,893	-	-
Community-Based Traffic Safety Enforcement and Education	n/a	Z22THS372	10/1/21 to 9/30/22	\$ 25,000	-	12,326	15,148	2,822
					<u>24,549</u>	<u>48,507</u>	<u>26,780</u>	<u>2,822</u>
Department of Finance and Administration:								
Direct Appropriation Grant		n/a	7/1/21 to 6/30/23	\$ 46,269	-	46,269	46,269	-
Federal Historic Preservation Grant		32701-04157	10/1/21 to 9/30/22	\$ 14,000	1,800	7,400	5,600	-
TOTAL EXPENDITURES OF STATE AWARDS					<u>\$ 26,349</u>	<u>\$ 102,176</u>	<u>\$ 78,649</u>	<u>\$ 2,822</u>

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards (the "Schedule") includes the federal 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, 2022. 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 REPORTS 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, 2022, 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 14, 2022.

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 significant deficiencies or 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.

Kraft CPAs PLLC

Nashville, Tennessee
December 14, 2022

CITY OF BELLE MEADE, TENNESSEE

SCHEDULE OF PRIOR YEAR FINDINGS

JUNE 30, 2022

There were no current or prior year findings.