

City of Fairview, Tennessee

Annual Financial Report
For the Year Ended June 30, 2022

City of Fairview, Tennessee
Financial Statements
For the Years Ended June 30, 2022

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Introductory Section

City of Fairview, Tennessee
Directory of Officials (Unaudited)
As of June 30, 2022

Name	Title
Debby Rainey	Mayor
Lisa Anderson	Vice Mayor
Brandon Butler	Commissioner
Scott Lucas	Commissioner
Rod Dawson	Commissioner
Scott Collins	City Manager
Brandy Johnson	City Recorder
Tom Daugherty	Finance Director, CMFO Designee

Financial Section



Independent Auditor's Report

Mayor and Commissioners
City of Fairview, Tennessee

Report on the audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022 and the respective changes in financial position, 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 standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10 and the pension and OPEB information on pages 45-47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining and individual fund financial statements and schedules on pages 48-51, other schedules on pages 52-57 (including the schedule of expenditures of federal awards and state financial assistance, as required by the State of Tennessee, on page 57) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 48-57 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other schedule on page 58 but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City’s internal control over financial reporting and compliance.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
January 23, 2023

City of Fairview, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

As management of the City of Fairview, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. The analysis focuses on significant financial position, budget changes, and variances from the budget and specific issues related to funds and the economic factors affecting the City. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

Overview of the Financial Statements:

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Fairview include general government, public safety, highways and streets, codes, financial administration and parks and recreation. The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A Fund is a grouping of related accounts that is used to maintain control over resources segregated for specific activities or objectives. The City of Fairview, Tennessee, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are of one category, governmental funds, there are no proprietary funds.

City of Fairview, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Overview of the Financial Statements:

Governmental Funds. Governmental Funds are funds 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, government fund financial statements focus on near - term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near - term financing requirements

Because the focus of governmental funds is narrower than that of the government - wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government - wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Fairview, Tennessee adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 13-20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government - wide and fund financial statements. The notes to the financial statements can be found on pages 21-44 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 48-51 of this report.

Financial Analysis of the Financial Statements

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fairview, assets exceeded liabilities by \$18,915,643 at the close of the most recent fiscal year as compared to \$18,132,968 at the close of the prior fiscal year. By far the largest portion of the City's net position (70%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Fairview, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Financial Analysis of the Financial Statements

Government-wide Financial Analysis

**Condensed Comparative Data
Statement of Net Position**

	Governmental activities	
	2022	2021
Assets		
Current and other assets	\$ 20,483,187	\$ 7,043,063
Capital assets	<u>15,339,030</u>	<u>16,400,677</u>
Total assets	35,822,217	23,443,740
Deferred outflows of resources	1,666,753	799,943
Liabilities		
Other liabilities	2,277,711	275,433
Long-term liabilities	<u>12,310,836</u>	<u>3,775,953</u>
Total liabilities	14,588,547	4,051,386
Deferred inflows of resources	3,984,780	2,059,329
Net position		
Net investment in capital assets	13,237,201	13,458,868
Restricted	237,714	207,450
Unrestricted	<u>5,440,728</u>	<u>4,466,650</u>
Total net position	\$ 18,915,643	\$ 18,132,968

An additional portion of the City's net position (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$5,440,728 as compared to \$4,466,650 in 2021 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position.

The government's net position increased by \$782,071 during the current fiscal year as compared to an increase of \$131,956 during the prior fiscal year.

City of Fairview, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Financial Analysis of the Financial Statements

Government-wide Financial Analysis

**Condensed Comparative Data
Change in Net Position**

	Governmental activities	
	2022	2021
Program revenues		
Charges for services	\$ 1,147,799	\$ 887,477
Operating grants and contributions	262,262	277,928
Capital grants and contributions	249,342	378,635
General revenues		
Property Taxes	2,899,597	2,073,208
Sales Taxes	3,075,610	2,511,728
Other Taxes	2,290,285	2,009,542
Other	<u>50,779</u>	<u>69,209</u>
Total revenues	<u>9,975,674</u>	<u>8,207,727</u>
Expenses		
General government	3,392,685	1,660,717
Public safety	3,984,612	5,092,050
Public works	317,372	531,503
Board of commissioners	60,393	44,600
Financial administration	136,799	123,647
Parks and recreation	206,716	1,698
Engineering	258,907	-
Planning and zoning	288,237	346,528
City court	190,517	191,743
Interest	<u>357,365</u>	<u>83,285</u>
Total expenses	<u>9,193,603</u>	<u>8,075,771</u>
Increase (decrease) in net position	782,071	131,956
Net position, beginning	18,132,968	19,814,205
Prior period adjustment	<u>604</u>	<u>(1,813,193)</u>
Net position, ending	<u>\$18,915,643</u>	<u>\$18,132,968</u>

Governmental Activities:

The most significant increase in actual continued revenue sources was derived from property taxes which increased by approximately \$826,389 in fiscal year 2022.

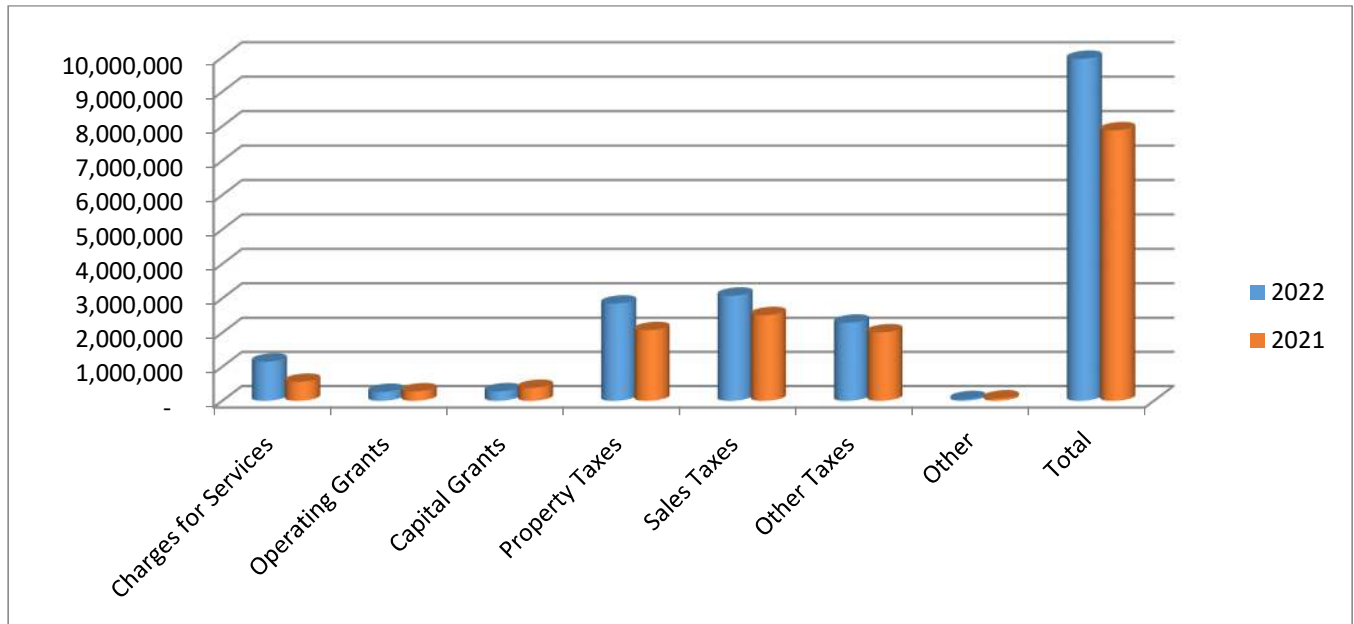
Total expenditures increased approximately \$1,117,832 or 13.8 % from the prior year. The increase is primarily due to increased operating costs of the general government department compared to the prior year.

City of Fairview, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2022

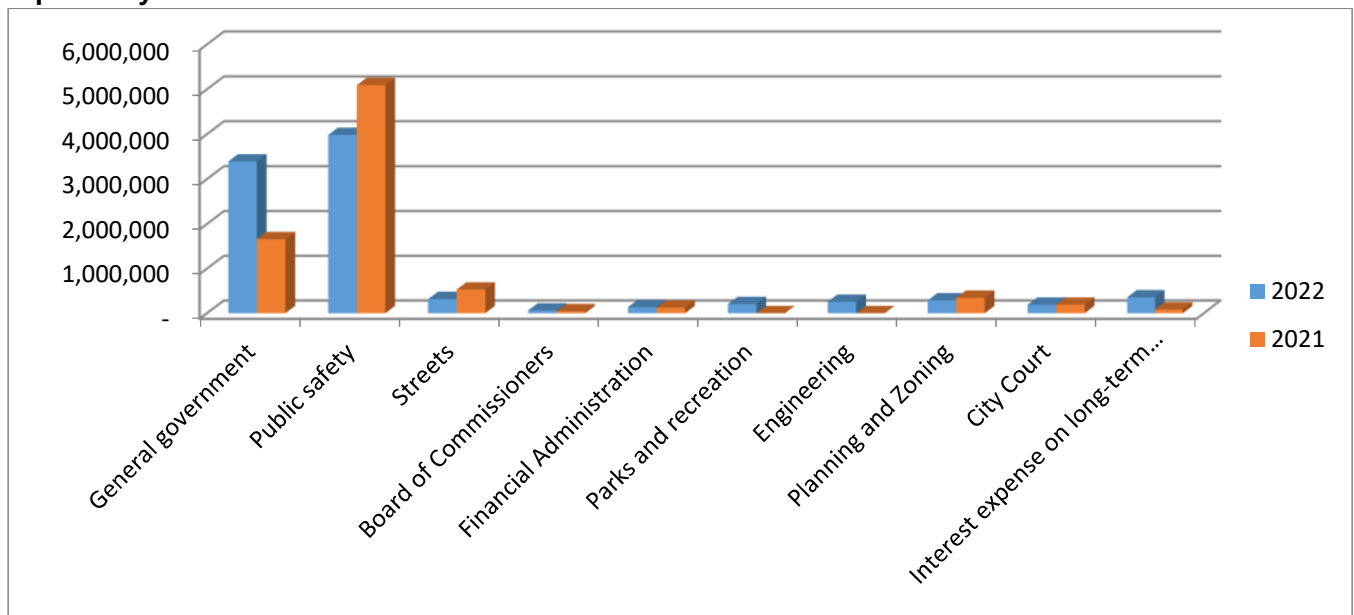
Governmental Activities:

Governmental policy continues to recognize that local revenue sources must be the foundation for providing basic public services rather than depending on uncertain Federal and State sources. To this end, it is vitally important to continue efforts to seek balanced diversity, equity and efficiency in local revenue systems to better accommodate future growth.

Revenues by Source - Governmental Fund Activities



Expenses by Source - Governmental Fund Activities



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

City of Fairview, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,156,373, an increase of \$11,416,807 in comparison with the prior year. Approximately 27% of this total amount (\$4,361,878) constitutes unassigned fund balance, which is available for spending at the government's discretion, the remainder of fund balance (\$11,794,495) is either restricted for various specific purposes or committed to parks, the tree bank and school facilities, as well as, the commitment of funds as required by the City's stabilization policy.

The general fund is the chief operation fund of the City of Fairview, Tennessee. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,361,878. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 47.4 % of total general fund expenditures.

The fund balance of the City's general fund increased by \$11,386,543 during the current fiscal year. Key factors in this increase are as follows:

The most significant increase in actual continued revenue sources arose from tax revenue which increased by approximately \$1,497,868. There were also increases in all categories of revenue except for fines and forfeits. Total revenues in the general fund increased by \$1,853,169 compared to the prior year.

Total expenditures in the general fund increased by \$1,511,776 compared to the prior year. The increase is due to increases in expenditures for some departments offset by decreases in other departments.

General Fund Budgetary Highlights

<u>Department</u>	Budgeted Amounts	
	Original	Final
General Government	\$ 1,800,231	\$ 2,363,581
Financial Administration	136,065	140,865
City Court	197,197	204,621
Planning and Zoning	274,104	286,722
Police Department	1,872,936	2,114,824
Fire Department	1,577,282	1,742,470
Public Works	514,446	2,242,246
Board of Commissioners	62,202	62,202
Recreation and Culture	446,717	8,905,282
Engineering	1,238,582	336,544
Debt Service	437,925	639,300
Total Expenditures	\$ 8,557,687	\$19,038,657

City of Fairview, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Capital Assets and Long-term Debt Activity

Significant changes in capital assets mostly related to donated capital assets. Purchases were funded with general governmental revenues.

Following is a summary of the City's capital assets:

	Governmental activities	
	2022	2021
Land	\$ 2,917,600	\$ 2,917,600
Construction in progress	-	-
Buildings & improvements	4,316,477	4,277,477
Equipment & furniture	6,558,761	5,834,857
Infrastructure	27,635,835	27,635,835
Less: accumulated depreciation	<u>(26,124,209)</u>	<u>(24,265,092)</u>
	\$15,304,464	\$16,400,677

Following is a summary of the City's long-term liabilities:

	Governmental activities	
	2022	2021
Compensated absences	\$ 358,112	\$ 303,612
Notes payable	12,420,662	2,941,809
Lease liabilities	33,962	-
Pension liability	98,815	481,592
OPEB liability	<u>47,001</u>	<u>48,940</u>
	\$12,958,552	\$3,775,953

More detailed information can be found in the notes to financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City of Fairview, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Director and/or City Manager
City of Fairview, TN

City of Fairview, Tennessee
Statement of Net Position
June 30, 2022

	Governmental activities
Assets	
Cash and cash equivalents, unrestricted	\$ 7,392,256
Restricted cash and cash equivalents	9,195,141
Receivables, net	3,895,790
Capital assets not being depreciated	2,917,600
Capital assets, net of accumulated depreciation	12,386,864
Lease assets, net of accumulated amortization	<u>34,566</u>
Total assets	35,822,217
Deferred Outflows of Resources	
TCRS pension plan	1,656,140
OPEB plan	<u>10,613</u>
Total deferred outflows	1,666,753
Liabilities	
Accounts payable and other accrued liabilities	369,499
Unearned Revenue - ARPA	1,260,496
Noncurrent liabilities	
Due within one year: Bonds, notes, leases, claims, compensated absences	647,716
Due in more than one year:	
Net pension liability, TCRS	98,815
OPEB liability	47,001
Bonds, notes, leases, claims, compensated absences	<u>12,165,020</u>
Total liabilities	14,588,547
Deferred Inflows of Resources	
Unavailable property tax	2,853,928
Gain on refunding	5,558
OPEB plan	6,701
TCRS pension plan	<u>1,118,593</u>
Total deferred inflows	3,984,780
Net Position	
Net investment in capital assets	12,073,385
Restricted for	
Public safety	39,799
State street aid	372,436
Unrestricted	<u>6,430,023</u>
Total net position	\$ 18,915,643

City of Fairview, Tennessee
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program revenues			Net (expenses) revenues and change in net position	
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Total
Primary Government						
General government	\$ 3,392,685	\$ 542,655	\$ 17,048	\$ -	\$ (2,832,982)	\$ (2,832,982)
Public safety	3,984,612	161,011	245,214	249,342	(3,329,045)	(3,329,045)
Public works	317,372	412,690	-	-	95,318	95,318
Board of Commissioners	60,393	-	-	-	(60,393)	(60,393)
Financial administration	136,799	-	-	-	(136,799)	(136,799)
Parks and recreation	206,716	31,443	-	-	(175,273)	(175,273)
Engineering	258,907	-	-	-	(258,907)	(258,907)
Planning and zoning	288,237	-	-	-	(288,237)	(288,237)
City court	190,517	-	-	-	(190,517)	(190,517)
Interest expense on long-term debt	357,365	-	-	-	(357,365)	(357,365)
Total governmental activities	\$ 9,193,603	\$ 1,147,799	\$ 262,262	\$ 249,342	(7,534,200)	(7,534,200)
General Revenues						
Property tax					2,899,597	2,899,597
Sales tax					3,075,610	3,075,610
Wholesale beer tax					313,886	313,886
Wholesale liquor tax					111,710	111,710
Business tax					179,805	179,805
Facilities tax					343,542	343,542
Cable TV franchise tax					99,414	99,414
Other state shared tax					84,726	84,726
Sales tax					1,060,051	1,060,051
TVA in lieu of tax					97,151	97,151
Unrestricted investment earnings					17,679	17,679
Miscellaneous					33,100	33,100
Total general revenues					<u>8,316,271</u>	<u>8,316,271</u>
Change in net position					782,071	782,071
Net position, beginning of year					18,132,968	18,132,968
Prior period adjustment					604	604
Net position, end of year					\$ 18,915,643	\$ 18,915,643

City of Fairview, Tennessee
 Balance Sheet - Governmental Funds
 June 30, 2022

	General fund	Nonmajor governmental funds	Total governmental funds
Assets			
Cash and cash equivalents, unrestricted	\$ 7,210,863	\$ 181,393	\$ 7,392,256
Restricted cash and cash equivalents	9,195,141	-	9,195,141
Receivables, net	875,199	56,696	931,895
Property tax receivables	2,963,895	-	2,963,895
Total assets	<u>\$ 20,245,098</u>	<u>\$ 238,089</u>	<u>\$ 20,483,187</u>
Liabilities			
Accounts payable	\$ 38,767	\$ 375	\$ 39,142
Accrued liabilities	163,449	-	163,449
Unearned revenues - ARPA Funds	1,260,496	-	1,260,496
Total liabilities	<u>1,462,712</u>	<u>375</u>	<u>1,463,087</u>
Deferred Inflows of Resources			
Unavailable revenues - property taxes	2,863,727	-	2,863,727
Fund Balances			
Restricted for			
Capital projects	9,195,141	-	9,195,141
Public safety	-	39,799	39,799
State street aid	174,521	197,915	372,436
Committed for			
Stabilization	502,969	-	502,969
Parks	165,585	-	165,585
Public facilities	224,908	-	224,908
Tree bank	101,437	-	101,437
Unassigned	5,554,098	-	5,554,098
Total fund balances	<u>15,918,659</u>	<u>237,714</u>	<u>16,156,373</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,245,098</u>	<u>\$ 238,089</u>	<u>\$ 20,483,187</u>

City of Fairview, Tennessee
 Reconciliation of the Balance Sheet to the Statement of Net Position
 of Governmental Activities
 June 30, 2022

Amounts reported for fund balance, total governmental funds \$ 16,156,373

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Capital assets	41,428,673
Less: accumulated depreciation	(26,124,209)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds

Property tax	9,799
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Lease assets in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	34,566
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Liabilities not due and payable currently are not recorded in the governmental funds.

Compensated absences	\$ (358,112)
Accrued expenses	(131,624)
Accrued interest	<u>(35,284)</u>
	(525,020)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded in the funds.

Bonds payable	\$ (12,160,974)
Lease liability	(33,962)
Premium, net of amortization	(265,246)
OPEB liability	(47,001)
Deferred inflow of resources, OPEB	(6,701)
Deferred outflow of resources, OPEB plan	10,613
Net pension liability	(98,815)
Deferred inflow of resources, TCRS plan	(1,118,593)
Deferred outflow of resources, TCRS plan	<u>1,656,140</u>
	<u>(12,064,539)</u>

Net position of governmental activities **\$ 18,915,643**

City of Fairview, Tennessee
Statements of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	General fund	Nonmajor governmental funds	Total governmental funds
Revenues			
Taxes	\$ 7,092,060	\$ -	\$ 7,092,060
Licenses and permits	580,204	-	580,204
Intergovernmental	1,512,963	337,059	1,850,022
Fines and forfeits	151,481	9,530	161,011
Charges for services	31,443	-	31,443
Miscellaneous	463,654	279	463,933
Total revenues	<u>9,831,805</u>	<u>346,868</u>	<u>10,178,673</u>
Expenditures			
Current			
General government	1,789,244	-	1,789,244
Police department	1,843,367	30,032	1,873,399
Fire department	1,479,699	-	1,479,699
Streets	321,473	34,121	355,594
Board of commissioners	60,393	-	60,393
Financial administration	140,656	-	140,656
Engineering	266,354	-	266,354
Parks and Recreation	216,050	-	216,050
City court	197,122	-	197,122
Codes administration	272,238	-	272,238
Debt service	868,811	-	868,811
Capital outlay	985,414	252,451	1,237,865
Total expenditures	<u>8,440,821</u>	<u>316,604</u>	<u>8,757,425</u>
Excess (deficiency) of revenues over expenditures	1,390,984	30,264	1,421,248
Other financing sources (uses)			
Refunding bonds issued	2,025,000	-	2,025,000
Premium on refunding bonds issued	-	-	-
Premium on bonds issued	269,832	-	269,832
Bond issue costs escrow agent	-	-	-
	<u>(1,994,273)</u>	<u>-</u>	<u>(1,994,273)</u>
Sale of general capital assets sources (uses)	-	-	-
	<u>9,995,559</u>	<u>-</u>	<u>9,995,559</u>
Net change in fund balance	11,386,543	30,264	11,416,807
Fund balance, beginning of year	4,532,116	207,450	4,739,566
Fund balance, end of year	<u>\$ 15,918,659</u>	<u>\$ 237,714</u>	<u>\$ 16,156,373</u>

City of Fairview, Tennessee
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2022

Net change in fund balances, total governmental funds \$ 11,416,807

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures. However the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities. Gross sale proceeds are recognized in the governmental funds, while only net gain (loss) is shown in the government-wide statement of activities.

(1,096,213)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property tax 4,672

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Change in bond premium	\$ (255,415)	
Gain on debt issuance	(5,558)	
Bond proceeds	(11,720,000)	
Bond payments	<u>2,496,562</u>	

(9,484,411)

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds.

Change in OPEB liability	\$ (1,424)	
Change in compensated absences	(54,500)	
Change in accrued expenses	(175,960)	
Change in accrued interest	298	
Change in pension expense, TCRS	<u>172,802</u>	

(58,784)

Change in net position of governmental activities **\$ 782,071**

City of Fairview, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2022

	<u>Budgeted amounts</u>		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Taxes				
Property and utility taxes	\$ 2,500,000	\$ 2,550,000	\$ 2,875,050	\$ 325,050
Local option sales tax	2,400,000	2,650,000	3,075,610	425,610
Wholesale beer tax	285,000	285,000	313,886	28,886
Wholesale liquor tax	125,000	125,000	111,710	(13,290)
Business tax	120,000	120,000	179,805	59,805
Tax penalties and interest	250	250	5,477	5,227
Natural gas franchise fee	60,000	60,000	64,211	4,211
Cable TV franchise tax	120,000	120,000	99,414	(20,586)
Hotel / Motel tax	16,000	16,000	23,355	7,355
Facilities tax	225,000	200,000	343,542	143,542
Total taxes	<u>5,851,250</u>	<u>6,126,250</u>	<u>7,092,060</u>	<u>965,810</u>
Licenses and permits				
Building permits	226,000	250,000	412,690	162,690
Other fees and permits	65,250	98,250	167,514	69,264
Total licenses and permits	<u>291,250</u>	<u>348,250</u>	<u>580,204</u>	<u>231,954</u>
Intergovernmental				
Income tax	16,400	10,000	128	(9,872)
Beer tax	3,000	3,000	4,274	1,274
Mixed drink tax	20,000	20,000	33,843	13,843
Sales tax	776,000	925,000	1,060,051	135,051
Petroleum special tax	15,000	15,000	17,048	2,048
TVA in-lieu of taxes	100,000	100,000	97,151	(2,849)
Excise tax	15,000	15,000	17,971	2,971
Telecommunications sales tax	3,200	3,200	5,155	1,955
Police and fire incentives	31,800	31,800	28,000	(3,800)
Federal and State grants	1,348,565	1,480,435	249,342	(1,231,093)
Total intergovernmental	<u>2,328,965</u>	<u>2,603,435</u>	<u>1,512,963</u>	<u>(1,090,472)</u>
Fines and forfeitures				
Fines and costs	162,500	87,500	151,481	63,981
Charges for services				
Parks and recreation fees	250	250	915	665
Special events	12,000	12,000	29,733	17,733
Other fees	500	500	795	295
Total charges for services	<u>12,750</u>	<u>12,750</u>	<u>31,443</u>	<u>18,693</u>
Miscellaneous revenues				
Interest income	12,510	18,345	11,923	(6,422)
Donations	60,000	790,000	228,365	(561,635)
Sale of capital assets	51,000	90,400	58,642	(31,758)
Other revenues	128,250	172,015	164,724	(7,291)
Total miscellaneous revenues	<u>251,760</u>	<u>1,070,760</u>	<u>463,654</u>	<u>(607,106)</u>
Total revenues	8,898,475	10,248,945	9,831,805	(417,140)

City of Fairview, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2022

	<u>Budgeted amounts</u>		Actual amounts	Variance with final budget
	Original	Final		
Expenditures				
General Government				
Current				
Personnel costs	\$ 372,681	\$ 396,031	\$ 424,793	\$ (28,762)
Contractual services	325,850	398,350	438,030	(39,680)
Supplies and materials	59,700	65,200	85,008	(19,808)
Nondepreciable capital assets	900,250	901,750	759,564	142,186
Other projects	79,250	86,250	81,849	4,401
Capital outlay	<u>62,500</u>	<u>516,000</u>	<u>105,541</u>	<u>410,459</u>
Total general government	1,800,231	2,363,581	1,894,785	468,796
Financial Administration				
Current				
Personnel costs	94,365	99,365	103,911	(4,546)
Contractual services	31,750	31,000	28,668	2,332
Supplies	8,950	9,250	8,077	1,173
Capital outlay	<u>1,000</u>	<u>1,250</u>	<u>347</u>	<u>903</u>
Total financial administration	136,065	140,865	141,003	(138)
City Court				
Current				
Personnel costs	184,847	192,521	192,180	341
Contractual services	3,100	2,600	275	2,325
Supplies	9,250	9,500	4,667	4,833
Total city court	<u>197,197</u>	<u>204,621</u>	<u>197,122</u>	<u>7,499</u>
Planning and Zoning				
Current				
Personnel costs	219,704	240,372	246,840	(6,468)
Contractual services	15,100	14,100	8,897	5,203
Supplies	17,800	20,750	16,501	4,249
Capital outlay	<u>21,500</u>	<u>11,500</u>	<u>21,387</u>	<u>(9,887)</u>
Total planning and zoning	274,104	286,722	293,625	(6,903)
Public Safety				
Police Department				
Current				
Personnel costs	1,438,424	1,548,524	1,524,101	24,423
Contractual services	72,450	93,950	140,571	(46,621)
Operating supplies	161,450	173,900	178,695	(4,795)
Capital outlay	<u>200,612</u>	<u>298,450</u>	<u>250,278</u>	<u>48,172</u>
Total police department	1,872,936	2,114,824	2,093,645	21,179

City of Fairview, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2022

	<u>Budgeted amounts</u>		Actual amounts	Variance with final budget
	Original	Final		
Expenditures				
Public Safety				
Fire Department				
Current				
Personnel costs	\$ 1,322,622	\$ 1,431,510	\$ 1,300,719	\$ 130,791
Contractual services	38,840	40,740	36,196	4,544
Nondepreciable capital assets	178,820	201,220	142,784	58,436
Capital outlay	37,000	69,000	12,226	56,774
Total fire department	<u>1,577,282</u>	<u>1,742,470</u>	<u>1,491,925</u>	<u>250,545</u>
Total public safety	3,450,218	3,857,294	3,585,570	271,724
Public Works				
Current				
Personnel costs	259,496	252,011	235,121	16,890
Contractual services	51,200	45,200	25,952	19,248
Supplies	127,750	121,250	58,484	62,766
Other	3,000	3,000	1,916	1,084
Capital outlay	73,000	1,820,785	54,500	1,766,285
Total public works	<u>514,446</u>	<u>2,242,246</u>	<u>375,973</u>	<u>1,866,273</u>
Board of Commissioners				
Current				
Personnel costs	54,902	54,902	55,532	(630)
Services	5,950	5,950	4,361	1,589
Supplies	1,350	1,350	500	850
Total Board of Commissioners	<u>62,202</u>	<u>62,202</u>	<u>60,393</u>	<u>1,809</u>
Recreation and Culture				
Current				
Personnel costs	222,117	192,753	152,668	40,085
Supplies	56,700	58,700	24,930	33,770
Repairs and Maintenance	24,100	24,900	22,044	2,856
Other	13,800	17,800	16,408	1,392
Capital Outlay	130,000	8,611,129	541,135	8,069,994
Total recreation and culture	<u>446,717</u>	<u>8,905,282</u>	<u>757,185</u>	<u>8,148,097</u>
Engineering				
Current				
Personnel costs	151,932	236,144	222,736	13,408
Contractual Services	64,000	39,000	18,440	20,560
Supplies	1,022,650	61,400	25,178	36,222
Total engineering	<u>1,238,582</u>	<u>336,544</u>	<u>266,354</u>	<u>70,190</u>
Debt service				
Debt service	437,925	639,300	663,252	(23,952)
Bond Issue Costs	-	-	205,559	(205,559)
Total debt service	<u>437,925</u>	<u>639,300</u>	<u>868,811</u>	<u>(229,511)</u>
Total expenditures	8,557,687	19,038,657	8,440,821	10,597,836

City of Fairview, Tennessee

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2022

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Excess (deficiency) of revenues over expenditures before other financing sources and uses	\$ 340,788	\$ (8,789,712)	\$ 1,390,984	\$ 10,180,696
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	2,025,000	(2,025,000)
Bonds issued	-	9,085,000	9,695,000	(610,000)
Premium on bonds issued	-	-	269,832	(269,832)
Payment to refunded bond escrow agent	-	-	(1,994,273)	1,994,273
Total other financing sources (uses)	-	9,085,000	9,995,559	(910,559)
Net change	340,788	295,288	11,386,543	9,270,137
Fund balance, beginning of year	4,532,116	4,532,116	4,532,116	-
Fund balance, end of year	\$ 4,872,904	\$ 4,827,404	\$ 15,918,659	\$ 11,091,255

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

The City of Fairview, Tennessee (the City) was incorporated July 1, 1959, under provisions of the State of Tennessee. The City operates under a City Manager-Commissioner form of government and provides the following services as authorized by its charter and duly passed ordinances: public safety (police, fire, and public health), streets, culture, recreations, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of Fairview have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the government and its component units. Component units are entities for which the government is considered to be financially accountable. Component units, although legally separate entities, are required to be presented in the government's financial statements using either a "blended" or "discrete" presentation. As of June 30, 2022, the City had no component units which were required to be included in these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. 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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Long-term assets, receivables, long-term debt, and other obligations are recognized. 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 assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues include all taxes and internally dedicated resources. Expenses are allocated among various City functions including administrative overhead charges allocated by the general fund to various City functions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 who purchase, use, or directly benefit from goods, services, or privileges provided by a given program, and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported as general revenues.

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Government-wide Financial Statements and Fund Financial Statements

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu-of-taxes where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between the City's utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 'available' when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due.

Property taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The General Fund is the government's primary operating fund. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

The government has no proprietary funds.

Amounts reported as program revenues include (i) charges to customers or applicants for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided that explains the transition from one basis of accounting to another.

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Delinquent Taxes Receivable

Delinquent taxes receivable have been included in the General Fund balance sheet, with offsetting deferred revenues to reflect amounts which were not available at June 30, 2022. Amounts which were available at June 30, 2022 have been recorded as revenue. Property taxes which will be levied October 1, 2022 in the amount of \$2,853,928 have also been recorded as receivable, with offsetting deferred revenues to reflect amounts not available at June 30, 2022.

Inventory

Inventory items are considered expenditures/expenses when used (consumption method). Inventories are valued at lower of cost (first-in, first-out) or market.

Tennessee Consolidated Retirement System

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the City of Fairview's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the City of Fairview's 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.

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods transferred or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet and are eliminated on the government-wide statements. Transfers of monies between funds generally arise as a result of budget appropriations authorizing funds to be transferred from one fund to another.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position will sometimes report separate sections for deferred outflows and inflows of resources. Deferred outflows of resources are presented after total assets. A deferred outflow of resources is a consumption of net assets by the City that is applicable to a future reporting period. Deferred inflows of resources are presented after total liabilities. A deferred inflow of resources is an acquisition of net assets that applies to a future period (or periods) and so will not be recognized as an inflow of resources until that time.

The City has the following deferred outflows and deferred inflows of resources:

Deferred inflows include unavailable revenues, primarily from property taxes assessed but not levied, which are reported in the government-wide statement of net position and the fund balance sheet.

Deferred outflows of resources and deferred inflows of resources also include amounts related to the City's participation in the TCRS pension plan and other post-employment benefit (OPEB) plan. .

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Capital Assets

Capital assets, which include property, plant, and equipment, are reported as part of the applicable governmental or business-type activities in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of three years. All fixed assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are recorded at acquisition value when received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation has been provided over estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Buildings	25 – 50 years
Distribution systems	10 – 50 years
Equipment	5 – 10 years
Trucks	5 – 10 years

Leased assets include land and copier rentals. Amortization is provided over the lives of the leases, which are 10 and 5 years, respectively.

Compensated Absences

The policy of the City permits the accumulation of unused sick leave up to 144 days and employees can carry over either 5 or 10 vacation days, depending upon their length of service.

Property Taxes

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City's legal boundaries. All City taxes on real estate are deemed to be a lien on such realty from January 1 of the year the assessments are made. Taxes become delinquent in March of the year subsequent to the levy date; at that time, a lien attaches and delinquent taxes are turned over to Chancery Court for collection proceedings. Property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectability is doubtful.

Under Section N50 of the GASB's *Codification of Governmental Accounting and Financial Reporting Standards Accounting for Non-exchange Transactions*, property taxes are imposed on non-exchange revenues. Accounts receivable from imposed non-exchange transactions are recorded when the City has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date of January 1. Therefore, the City has recorded the succeeding year's receivable and deferred inflow of resources for taxes assessed as of year-end, though the amounts will not be received until after year-end.

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Property Taxes

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public utility property	55%
Industrial and commercial property	
Real	40%
Personal	30%
Farm and residential property	25%

Taxes were levied at a rate of \$.8765 per \$100 of assessed valuation for the fiscal year ended June 30, 2022. Payments may be made during the period from October 1 through February 28. Current tax collections of \$ 2,853,323 for the fiscal year ended June 30, 2022 were approximately 94% of the tax levy.

Budgets and Budgetary Accounting

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

1. The City Manager submits the proposed operating budget for the fiscal year to the Board of Commissioners. The operating budgets for the General and Special Revenue Funds include proposed expenditures and the means of financing them. All appropriations in the current operating budget lapse into the fund balance of the respective funds at the end of the fiscal year.
2. The budget passed on the first reading and each of the following readings, and was adopted by ordinance on the second reading. In no event shall total appropriations for any fund exceed the estimated revenues and fund balance.
3. The amounts in the adopted budgets constitute the total annual appropriation for each fund and no expenditure may be made which will result in the annual appropriation for the fund being exceeded, unless an additional appropriation is made. The Finance Director may transfer appropriations within the same department, but any other changes in appropriations require board approval. Budgetary control is considered established at the department level.
4. Budgeted amounts shown are those originally adopted by the Mayor and the Board of Commissioners. All balances of appropriations in the current operating budgets lapse into the fund balance of the fund from which appropriations were made at the end of the fiscal year.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP

For the year ended June 30, 2022, expenditures exceeded appropriations in the Financial Administration (legal level of budgetary control) in the general fund by \$138; in the Planning and Zoning (legal level of budgetary control) in the general fund by \$6,903; and in the Debt service (legal level of budgetary control) in the general fund by \$229,511.

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Equity

In the government-wide financial statements, equity is shown as net position and classified into three components.

Net investment in capital assets includes capital assets, net of accumulated depreciation, and outstanding debt obligations attributable to the acquisition, construction, or improvement of those assets.

Restricted net position is any portion of net position with constraints placed on use, either by (1) external groups such as creditors, grantors, or laws and regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.

Unrestricted net position includes all other net position that does not meet the above classifications.

Fund Equity

Fund balance is reported in the fund financial statements under the following categories:

Nonspendable fund balance represents amounts that are required to be maintained intact, such as inventories and prepaid expenses.

Restricted fund balance is that portion of fund balance that can be spent only for the specific purposes stipulated by external resource or through enabling legislation.

Committed fund balance includes amounts constrained to specific purposes as determined by formal action of the City's Board of Commissioners (the Board) using its highest level of decision-making authority (ordinance). Conversely, to rescind or modify a fund balance commitment, action by ordinance of the Board is also required.

Assigned fund balance amounts are intended to be used by the City for specific purposes but do not meet the criteria to be restricted or committed. Intent may be stipulated by the Board. Appropriations of fund balance to eliminate projected budgetary deficits in the year's budget are presented as assignments of fund balance.

Unassigned fund balance is the residual classification of the General Fund.

Spending Policy

Generally, when costs are incurred for purposes for which both restricted and unrestricted funds are available it is the City's policy to spend the most restricted dollars before less restricted dollars. Similarly, when expenditures are incurred for which committed, assigned, or unassigned amounts may be used, committed amounts are first used, followed by assigned, then unassigned amounts.

Stabilization Fund Balance Policy

The Board established a financial stabilization policy for the purpose of providing funds for an urgent event that affects the safety of the general public (e.g., flood, tornado, etc.). The Board must formally acknowledge the occurrence of the urgent event. The minimum level of funding was set at 5% of General Fund expenditures, which amounted to \$502,969 and which is shown as committed fund balance at June 30, 2022. Should the balance fall below the minimum, the Board will develop a plan to replenish it within two years.

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

Unassigned General Fund Balance Policy

The City endeavors to limit expenditures to anticipated revenues in order to maintain a balanced budget. The fund balance of the General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The City's target is to maintain a minimum unassigned fund balance of not less than two months of General Fund expenditures. In the event that the unassigned General Fund balance should ever fall below the minimum level, the City will develop a plan to restore the deficiency within two years.

Leases

The City determines if an arrangement is or contains a lease at contract inception and recognizes an intangible right of use asset and a lease liability at the lease commencement date. Subsequently, the intangible right of use asset is amortized on a straight-line basis over its useful life. The lease term includes the noncancelable period of the lease plus an additional period covered by either an option to extend or not to terminate the lease that the lessee is reasonably certain to exercise, or an option to extend or not to terminate the lease controlled by the lessor. The City uses its estimated incremental borrowing rate as the discount rate for leases.

The City monitors for events or changes in circumstances that require a reassessment of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the intangible right of use asset

Recently Adopted New Accounting Pronouncements

In June 2017, the GASB issued GASB Statement No. 87 (Statement No. 87), *Leases*. This Statement requires recognition of certain assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize an intangible right of use asset and a lease liability. Statement No. 87 is effective for fiscal years beginning after June 15, 2021. Adoption of this Statement is reflected on the City's financial statements

In June 2020, the GASB issued GASB Statement No. 97 (Statement No. 97), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The objectives of this Statement are to (a) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (b) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (c) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Statement No. 97 is effective for fiscal years beginning after June 15, 2021. Adoption of this Statement did not have a significant impact on the City's financial statements.

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 2. Cash and Cash Equivalents

Cash and cash equivalents consist primarily of demand deposits with financial institutions and amounts deposited with the State of Tennessee Local Government Investment Pool. In addition, certificates of deposit or direct obligations of the federal government or its agencies that are owned by a specific fund of the City, having a maturity of three months or less when purchased, are considered to be cash equivalents. Certificates of deposit and deposits in the investment pool are carried at cost, which approximates fair value

The State of Tennessee Local Government Investment Pool is a component of the State of Tennessee State Pooled Investment Fund, which is an external investment pool not registered with the Securities and Exchange Commission. The State Pooled Investment Fund is administered by the State Treasurer and is authorized by state statute to invest funds in accordance with the policy guidelines approved by the Funding Board of the State of Tennessee which exercises oversight responsibility, including the ability to significantly influence operations, designation of management, and accountability for all fiscal matters. The Fund is audited annually by the office of the State Comptroller.

The City is authorized to invest funds in financial institutions and direct obligations of the federal government. During 2022, the City invested in interest-bearing checking accounts and the Tennessee Local Government Investment Pool.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an external party. The City's policy requires that deposits be either (i) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institution, less the amount protected by federal depository insurance, or (ii) placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Institutions participating in the collateral pool have determined that the aggregate balance of their public deposits must be at least 105% of the average daily balance of public deposits held. Investments with the Tennessee Local Government Investment Pool are not categorized as to custodial credit risk. As of June 30, 2022, all cash and investment funds of the City were adequately secured by collateral as required by statutes of the State of Tennessee.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. City policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Typically, certificates of deposit are issued for periods less than one year and investments in the Local Government Investment Pool are available daily

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 3. Accounts Receivable

Amounts receivable at June 30, 2022 consist of the following:

	General Fund	Special Revenue Fund	Total
Property taxes			
Delinquent	\$ 109,967	\$ -	\$ 109,967
2021 levy, unavailable	2,853,928	-	2,853,928
Other governments	875,199	56,696	931,895
Total	\$ 3,839,094	\$ 56,696	\$ 3,895,790

Note 4. Capital Assets

A summary of changes in capital assets as presented in the government-wide financial statements is as follows:

	Beginning balance	Increases	Decreases and transfers	Ending balance
Capital assets not being depreciated				
Land and land improvements	\$ 2,917,600	\$ -	\$ -	\$ 2,917,600
Capital assets being depreciated				
Buildings and improvements	4,277,477	39,000	-	4,316,477
Equipment	5,834,857	862,823	(138,919)	6,558,761
Infrastructure	27,635,835	-	-	27,635,835
	37,748,169	901,823	(138,919)	38,511,073
Less: accumulated depreciation				
Buildings and improvements	1,597,699	106,359	-	1,704,058
Equipment	3,834,260	478,174	(107,208)	4,205,226
Infrastructure	18,833,133	1,381,792	-	20,214,925
	24,265,092	1,966,325	(107,208)	26,124,209
Total capital assets, net	\$ 16,400,677	\$ -	\$ -	\$ 15,304,464

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

General government	\$ 140,269
Public safety	421,655
Highway and streets	1,402,827
Parks and recreation	1,574
	\$ 1,966,325

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 4. Capital Assets

Lease assets are summarized below:

	Property lease		Total
Right-to-use asset	\$ 45,328	\$	45,328
Less: accumulated amortization	(10,762)		(10,762)
Lease assets, net	\$ 34,566	\$	\$ 34,566

Note 5. Lease Liabilities

The City pays rent to a property owner for a tract of land within City limits. This lease, treated as an operating lease, has a recognized lease term ending in fiscal year 2030. The City pays \$5,049 for rent and the value of the annual property taxes to the owner. The City used the risk free rate in effect as of the lease inception dates, which was 2.23%. The lease does not contain residual value guarantees, or commitments before the commencement of the lease term.

The amount of payments made during the year applied to the lease liabilities totaled \$5,049.

Principal and interest requirements on these leases are as follows:

Year ended June 30,	Principal	Interest	Total
2023	\$ 4,326	\$ 723	\$ 5,049
2024	4,424	625	5,049
2025	4,523	526	5,049
2026	4,625	424	5,049
2027	4,730	319	5,049
2028 - 2032	11,334	328	11,662
Total	\$ 33,962	\$ 2,945	\$ 36,907

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 6. Long-term Debt and Other Obligations Payable

Changes in General Long-term Debt Obligations

The following schedule reflects the changes in long-term debt during 2022:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
General government obligations					
General obligation bonds, Series 2015, 2-3% interest rate	\$ 1,990,000	\$ -	\$ (1,990,000)	\$ -	\$ -
General obligation refunding bonds, Series 2021A 1.45% interest rate	-	2,025,000	(211,000)	1,814,000	215,000
General obligation bonds, Series 2021B, 2-3% interest rate	-	9,695,000	(100,000)	9,595,000	230,000
Capital outlay note, 2.95% interest rate	351,439	-	(39,592)	311,847	40,759
Capital outlay note, 2.60% interest rate	341,760	-	(34,121)	307,639	35,027
Lease purchase note payable, 4.17% interest rate	<u>248,779</u>	<u>-</u>	<u>(121,849)</u>	<u>126,930</u>	<u>126,930</u>
	2,931,978	11,720,000	\$ (2,496,562)	12,155,416	647,716
Premium	<u>9,831</u>	<u>269,832</u>	<u>(14,417)</u>	<u>265,246</u>	<u>-</u>
Total long-term debt	2,941,809	11,989,832	(2,510,979)	12,420,662	647,716
Lease liabilities	38,201	-	(4,239)	33,152	-
Compensated absences	<u>303,612</u>	<u>54,500</u>	<u>-</u>	<u>358,112</u>	<u>358,112</u>
	\$ 3,283,622	\$12,044,832	\$ (2,515,218)	\$12,811,926	\$ 1,005,828

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 6. Long-term Debt and Other Obligations Payable

Governmental Activities

In the current fiscal year, the City issued \$2,025,000 in general obligation refunding bonds, series 2021A, with interest rates of 1.45%. The proceeds were used to advance refund \$1,990,000 of outstanding General Obligation Bonds, Series 2015 and General Obligation Bonds, Series 2015D which had interest rates ranging from 2.00% to 3.00% and annual installments between \$250,181 and \$254,550. The net proceeds of \$1,994,273 (including a payment of \$30,727 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2015 bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The advance refunding reduced its total debt service payments by \$88,571 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$83,083.

In the current fiscal year, the City issued \$9,695,000 in general obligation bonds, series 2021B, with interest rates ranging from 1.15% to 1.67% and annual installments between \$447,980 and \$454,652 for the purpose of land acquisition, road and facility construction and improvement, drainage projects, payment of fees incident to the foregoing, reimbursement to the City for prior expenditures for the foregoing cost, if applicable; and payment of cost incident to the bonds. The net proceeds of \$9,790,000 (including a premium of \$269,832 and a payment of \$174,832 in underwriting fees and other issuance costs) were deposited into a project fund controlled by the City.

Debt service requirements to maturity, as of June 30, 2022, are as follows:

Fiscal Year	Bond Principal	Note Principal	Lease Purchase	Interest Payments
2023	\$ 445,000	\$ 75,786	\$ 126,930	\$ 268,370
2024	459,000	77,900	-	250,946
2025	467,000	80,110	-	238,360
2026	475,000	82,364	-	225,537
2027	488,000	84,681	-	212,457
2028 - 2032	2,115,000	218,645	-	902,639
2033 - 2037	1,580,000	-	-	684,900
2038 - 2042	1,740,000	-	-	520,600
2043 - 2047	1,935,000	-	-	329,657
2048 - 2051	1,705,000	-	-	100,753
	\$ 11,409,000	\$ 619,486	\$ 126,930	\$ 3,734,219

The City's outstanding bonds and notes payable contain provisions which specify that, in the event of default, outstanding amounts immediately become due if the City is unable to make payment. General obligation bonds and capital outlay notes are secured by the full faith and credit of the City, which is obligated to levy ad valorem taxes to the extent necessary to service the bonds and notes. The lease purchase note is secured by the related equipment. There were no unused bank lines of credit in existence at June 30, 2022.

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 7. Pension Plan

General Information

Plan Description

Employees of the City of Fairview 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, if the employee is vested. Members vest with five years of service credit. Service-related disability benefits are provided, regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

General Information

Benefits Provided

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3.0%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than 0.5%. A 1.0% COLA is granted if the CPI change is between 0.5% and 1.0%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	71
Active employees	57
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City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 7. Pension Plan

Contributions

Contributions by the City are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. The City of Fairview makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, the actuarially determined contribution (ADC) for the City was \$368,474, based on a rate of 10.5% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Pension Liabilities (Assets)

The City's net pension liability (asset) was measured as of June 30, 2021 and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement.

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

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

Net Pension Liability (Asset)

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of assumptions

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

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 7. Pension Plan

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%. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset class	Long-term expected real rate of return	Target allocation
US 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%
US fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	<u>1%</u>
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75%, 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%. 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 Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 7. **Pension Plan**

Changes in the Net Pension Liability (Asset)

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a)-(b)
Balance, June 30, 2020	\$ 7,392,360	\$ 6,910,768	\$ 481,592
Service cost	239,457	-	239,457
Interest	544,867	-	544,867
Difference between expected and actual experience	(150,317)	-	(150,317)
Changes In Assumptions	1,078,827		1,078,827
Contributions, employer	-	308,736	(308,736)
Net investment income	-	1,791,907	(1,791,907)
Benefit payments, including refunds of employee contributions	(232,807)	(232,807)	-
Administrative expenses	-	(5,032)	5,032
Net change	<u>1,480,027</u>	<u>1,862,804</u>	<u>(382,777)</u>
Balance, June 30, 2021	\$ 8,872,387	\$ 8,773,572	\$ 98,815

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%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1.00% lower (5.75%) or 1.00% higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$ 1,619,843	\$ 98,815	\$ (1,125,910)

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

Pension Expense (Negative Pension Expense)

For the year ended June 30, 2022, the City recognized pension expense (negative pension expense) of \$195,672.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 7. **Pension Plan**

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 294,156	\$ 161,623
Changes in assumptions	993,510	-
Net difference between projected and actual earnings on pension plan investments		956,970
Contributions subsequent to the measurement date of June 30, 2021	<u>368,474</u>	<u>-</u>
	\$ 1,656,140	\$ 1,118,593

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

Deferred Outflows of Resources and Deferred Inflows of Resources

The amount shown for "Contributions subsequent to the measurement date of June 30, 2021" will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year ended June 30,	
2023	\$ (51,549)
2024	(40,761)
2025	(27,815)
2026	(88,315)
2027	145,382
Thereafter	232,131

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

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 8. Postemployment Benefit Plan (OPEB)

The City offers its employees, depending on date of hire and certain eligibility factors, single-employer defined benefit plan for retiree health insurance. The plan, named the Fairview City Hall Insurance Plan, is administered by the City.

Funding Policy

The City does not intend to fund the post-employment medical plan. No assets have been segregated and restricted to provide for post-employment benefits.

Plan Provisions

Medical Benefits

Eligibility	Retirement at age 60 with 15 or more years of service or retirement at age 55 with 25 or more years of service. Retiree must have been hired prior to November 5, 2015. A spouse of a retiree is eligible for subsidized coverage if covered at least 5 continuous years prior to retirement.
Postretirement contributions	The City pays 50% of the premium for elected coverage for the eligible retiree. The premium varies by plan option and coverage tier (individual or family).
Medical plan benefits	Two options are available through Blue Cross Blue Shield of Tennessee. Coverage is provided until the retiree reaches age 65, if there are no interruptions in coverage.
Other benefits	No other healthcare benefits are available to retirees.
Changes in plan provisions	None
Actuarial method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.
Total OPEB liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 8. Postemployment Benefit Plan (OPEB)

Additional Plan Provisions

Discount rate	3.54% (1.04% real rate of return plus 2.50% inflation)
Health care cost trend	Level 4.50%
Effect of ACA	The excess coverage excise tax penalty of the Affordable Care Act has been postponed until the plan year beginning in 2022 and is not included in the projection of benefits in this valuation. This plan has current medical costs well under the limits in the current law. Current legislative discussions include both repeal of the excise tax and postponement beyond 2022.
Mortality	RPH-2014 Total Table with Projection MP-2021
Turnover	Rates varying based on unisex age and select and ultimate at 3 years. Rates based on the TCRS actuarial assumptions from the 2017 retirement plan valuation report. More detail is shown on pages 40-41.
Disability	None assumed
Retirement rates	Detail is shown on pages 40-41.
Retiree contributions	Retirees pay the balance of the contribution not paid by the City. Currently, this is 50% of the contribution for elected coverage.
Salary scale	3.00%
Valuation date	June 30, 2022
Measurement date	June 30, 2022

Data Assumptions

Coverage

100% of all retirees who currently have healthcare coverage will continue with the same coverage.

20% of all active employees who currently have individual healthcare coverage will continue with individual coverage upon retirement. For those with family coverage, 20% will elect to continue coverage, with 10% electing to continue with spouse coverage and the remainder with individual coverage.

Valuation Methodology and Terminology

GASB has approved the accounting methodology used to determine the postretirement medical benefit obligations

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 8. Postemployment Benefit Plan (OPEB)

Selection of Assumptions

The discount rate was selected by reviewing the recently published Bond Buyer GO-20 bond index. This is one of the indices acceptable under GASB 75. This index is published weekly and is trending up in recent months. The City has selected 3.54% as the discount rate for this valuation.

The termination rates in the table below were developed from the withdrawal assumption used in the 2017 actuarial report for the TCRS retirement plans. The rates are from a 2-year select and ultimate table. The following are representative rates used in this valuation:

	Employee Termination Rate		
	1st Year	2nd Year	Ultimate
Male			
Age 30	21.8%	17.9%	7.4%
Age 40	19.2%	15.9%	3.5%
Age 50	17.0%	13.0%	2.8%
Female			
Age 30	21.8%	17.9%	11.1%
Age 40	19.2%	15.9%	5.4%
Age 50	17.0%	13.0%	3.8%

The retirement rates were developed from the assumption used in the 2017 actuarial report for the TCRS retirement plans. These rates are gender-specific. The following are representative rates used in this valuation.

Age	Employee Retirement Rates	
	Male	Female
60	10.5%	11.0%
61	15.0%	13.0%
62	20.0%	18.0%
63	17.5%	16.0%
64	17.5%	16.0%
65	24.0%	24.0%

The RPH-2014 Total mortality table is a current table used for valuation purposes and the MP-2021 mortality projection used is the most current available at the valuation date.

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 8. Postemployment Benefit Plan (OPEB)

Average per Capita Claim Cost

Age	Medical
50	8,427
51	8,679
52	8,940
53	9,208
54	9,484
55	9,769
56	10,062
57	10,364
58	10,675
59	10,995

Changes in the Total OPEB Liability

OPEB liability, June 30, 2021	\$ 48,940
Changes for the year	
Service cost	2,736
Interest	1,082
Differences between expected and actual experience	5,047
Changes in assumptions	(7,639)
Benefit payments	(3,165)
Net changes	(1,939)
OPEB liability, June 30, 2022	\$ 47,001

OPEB Expense

Service cost	\$ 2,736
Interest	1,082
Changes in assumptions	772
	\$ 4,590

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the City, as well as what the City's liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate at June 30, 2022.

	1% Decrease	Discount Rate	1% Increase
	2.54%	3.54%	4.54%
OPEB liability	\$ 52,445	\$ 47,001	\$ 42,046

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 8. Postemployment Benefit Plan (OPEB)

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

The following presents the OPEB liability of the City, as well as what the City's liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate at June 30, 2022.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	3.5%	4.5%	5.5%
OPEB liability	\$ 40,179	\$ 47,001	\$ 55,196

Deferred Inflows/Outflows of Resources

At June 30, 2022, the City reported the following deferred outflows of resources and deferred inflows of resources related to OPEB.

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 4,562	\$ -
Changes in assumptions	<u>6,701</u>	<u>6,701</u>
Total	\$ 10,613	\$ 6,701

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

Year	OPEB Expense
2023	\$ 772
2024	772
2025	772
2026	772
2027	772
Thereafter	52

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 9. Deferred Compensation Plans

The City offers its employees, depending on date of hire and certain eligibility factors, IRC 457(b) and IRC 401(k) deferred compensation plans administered by TCRS. The City has determined that none of its defined contribution pension plans are fiduciary component units or fiduciary activities of the government.

401(k) Plan

On January 1, 2013, the City began participation in the State of Tennessee Deferred Compensation Plan II – 401(k) (the 401k plan), created in accordance with Internal Revenue Code (IRC) Section 401(k), which covers substantially all employees providing services to the City. Employees may defer a portion of their gross pay to a maximum amount allowable under current Internal Revenue Service (IRS) regulations each year. The plan is administered by the State of Tennessee, Department of the Treasury. There were no plan forfeitures for the year ended June 30, 2022. The City does not make matching or non-matching contributions to the plan.

457(b) Plan

On January 1, 2013, the City began participation in the Tennessee State Employees Deferred Compensation Plan and Trust - 457(b), created in accordance with IRC Section 457(b), which covers substantially all employees providing services to the City. Employees may defer a portion of their gross pay to a maximum amount allowable under current IRS regulations each year. The plan is administered by the State of Tennessee, Department of the Treasury. There were no plan forfeitures for the year ended June 30, 2022. The City does not make matching or non-matching contributions to the plan.

Note 10. Commitments and Contingencies

Litigation

The City is a defendant in various lawsuits. Although the ultimate outcome of these lawsuits is not presently determinable, the City's attorney is of the opinion that the resolution of these matters will not have a material adverse effect on the financial condition of the City. The City has an insurance policy with Public Entity Partners which will cover any settlements or judgements in these cases, as well as any of the City's attorney fees for the defense of these actions. However, the policy excludes intentional acts.

Grants

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, could become a liability of the applicable fund.

City of Fairview, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 11. Risk Management

The City is exposed to various risks of general liability as well as property and casualty losses. The City deemed it to be more economically feasible to participate in a public entity risk pool than to purchase commercial insurance for general liability, property and casualty coverage, and workers' compensation. The City participates in the TML Insurance Pool, which is a public entity risk pool established by the Tennessee Municipal League, an association of member cities. The City pays an annual premium to the TML for its general liability, property and casualty insurance, and workers' compensation coverage. The creation of the pool provides for it to be self-sustaining through member premiums. The Pool reinsures through commercial insurance companies for claims in excess of \$130,000 for each insured event. Settled claims from these losses have not exceeded insurance coverage in any of the past three fiscal years.

Note 12. Prior Period Adjustment

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87) which established a single model for lease accounting based on the foundational principles that leases are financing and requires the lessee to recognize a lease liability and intangible right-to-use asset. This standard was clarified by portions of GASB Statement No. 92, *Omnibus 2020*. The City adopted the standard (and related clarifications) and retroactively applied the accounting effective July 1, 2021 through the recognition of lease assets and related lease liabilities. During fiscal year 2022, the City adopted GASB 87 and 92 using the full retrospective approach. As a result of adopting GASB 87 and 92, the City recorded intangible right-to-use assets of \$45,328 with accumulated amortization of \$6,523 and recognized lease liabilities of \$38,201.

Note 13. Subsequent Events

On November 1, 2022, the City, as a non-entitlement unit of local government, received \$1,362,196, from the US Treasury. This amount represents the second half of the City's total \$2,713,742 allocation from the Coronavirus State and Local Fiscal Recovery Funds, a part of the American Rescue Plan Act of 2021.

Required Supplementary Information

City of Fairview, Tennessee
Schedules of Changes in Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of the TCRS
Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 239,457	\$ 218,651	\$ 216,111	\$ 187,696	\$ 168,150	\$ 178,654	\$ 170,397	\$ 169,875
Interest	544,867	495,818	460,272	415,607	384,976	357,365	339,727	313,189
Differences between actual and expected experience	(150,317)	174,107	35,575	191,710	111,634	35,793	(135,439)	8,028
Changes in assumptions	1,078,827	-	-	-	132,101	-	-	-
Benefit payments, including refunds of employee contributions	(232,807)	(232,880)	(215,513)	(199,217)	(234,596)	(151,727)	(143,821)	(131,702)
Net change in total pension liability	1,480,027	655,696	496,445	595,796	562,265	420,085	230,864	359,390
Total pension liability, beginning	7,392,360	6,736,664	6,240,219	5,644,423	5,082,158	4,662,073	4,431,209	4,071,819
Total pension liability, ending (a)	8,872,387	7,392,360	6,736,664	6,240,219	5,644,423	5,082,158	4,662,073	4,431,209
Plan Fiduciary Net Position								
Contributions, employer	308,736	293,458	279,331	205,056	160,834	164,928	168,877	250,211
Net investment income	1,791,907	325,266	450,476	461,413	569,733	130,793	146,850	666,704
Benefit payments, including refunds of employee contributions	(232,807)	(232,880)	(215,513)	(199,217)	(234,596)	(151,727)	(143,821)	(131,702)
Administrative expenses	(5,032)	(4,897)	(5,004)	(5,170)	(3,923)	(3,635)	(2,701)	(1,892)
Net change in plan fiduciary net position	1,862,804	380,947	509,290	462,082	492,048	140,359	169,205	783,321
Plan fiduciary net position, beginning	6,910,768	6,529,821	6,020,531	5,558,449	5,066,401	4,926,042	4,756,837	3,973,516
Plan fiduciary net position, ending (b)	8,773,572	6,910,768	6,529,821	6,020,531	5,558,449	5,066,401	4,926,042	4,756,837
Net pension liability, ending (a)-(b)	\$ 98,815	\$ 481,592	\$ 206,843	\$ 219,688	\$ 85,974	\$ 15,757	\$ (263,969)	\$ (325,628)
Plan fiduciary net position as a percentage of total pension liability	98.89%	93.49%	96.93%	96.48%	98.48%	99.69%	105.66%	107.35%
Covered payroll	\$ 3,087,356	\$ 2,934,575	\$ 2,864,933	\$ 2,645,890	\$ 2,228,762	\$ 2,228,762	\$ 2,282,120	\$ 2,134,899
Net pension liability as a percentage of covered payroll	3.20%	16.41%	7.22%	8.30%	3.86%	0.71%	-11.57%	-15.25%

Notes to Schedule

Changes in Assumptions

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

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

City of Fairview, Tennessee
Schedules of Contributions Based on Participation in
Public Employee Pension Plan of TCRS
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially-determined contribution	\$ 368,474	\$ 308,736	\$ 291,697	\$ 278,185	\$ 201,352	\$ 160,834	\$ 164,928	\$ 168,877
Contributions in relation to the actuarially-determined contribution	<u>(368,474)</u>	<u>(308,736)</u>	<u>(293,513)</u>	<u>(279,331)</u>	<u>(205,056)</u>	<u>(160,834)</u>	<u>(164,928)</u>	<u>(168,877)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ (1,816)	\$ (1,146)	\$ (3,704)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 3,509,274	\$ 3,087,356	\$ 2,934,575	\$ 2,864,933	\$ 2,645,890	\$ 2,173,434	\$ 2,233,892	\$ 2,282,120
Contributions as a percentage of covered-employee payroll	10.50%	10.00%	10.00%	9.75%	7.75%	7.40%	7.38%	7.40%

Notes to Schedule

GASB 68 requires a 10-year schedule for this data to be presented, starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed

Valuation date:

Actuarially determined contribution rates for fiscal year 2022 were calculated based on the June 30, 2020 actuarial valuation

Methods and assumptions used to determine contribution rates.

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Amortization period	Varies by year
Asset valuation	10-year smoothed, within a 20.0% corridor to market value
Inflation	2.50%
Salary increases	Graded salary ranges from 8.72% to 3.44%, based on age, including inflation, averaging 4.00%
Investment rate of return	7.25%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience, including an adjustment for some anticipated improvement.
Cost-of-living adjustment	2.25%

Changes in Assumptions

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

City of Fairview, Tennessee
Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Fiscal Years

	2022	2021	2020	2019	2018
Service cost	\$ 2,736	\$ 2,736	\$ 2,783	\$ 2,783	\$ 2,679
Interest	1,082	1,085	1,532	1,469	1,684
Experience (gain)/loss	5,047	176	-	-	-
Assumption changes	(7,639)	323	8,900	-	-
Benefit payments	<u>(3,165)</u>	<u>(3,488)</u>	<u>(3,602)</u>	<u>(7,232)</u>	<u>(7,232)</u>
Net change	(1,939)	832	9,613	(2,980)	(2,869)
Total OPEB liability, beginning of year	<u>48,940</u>	<u>48,108</u>	<u>38,495</u>	<u>41,475</u>	<u>44,344</u>
Total OPEB liability, end of year	\$ 47,001	\$ 48,940	\$ 48,108	\$ 38,495	\$ 41,475
Covered-employee payroll	1,679,797	1,562,565	1,562,565	1,591,309	1,591,309
Total OPEB liability as a % of covered-employee payroll	2.80%	3.13%	3.08%	2.42%	2.61%

Notes to Schedules

GASB 68 requires this data to be presented as part of a 10-year schedule, but it is not required to be presented retroactively prior to the implementation date of GASB 68. Years will be added to this schedule in future years until 10 years of information is available. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

In 2022, the mortality assumption was updated using the RPH-2014 Total table with Projection MP-2021 and the discount rate was raised from 2.16% to 3.54%.

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

Contributions are not based on a measure of pay. Accordingly, the City uses covered-employee payroll.

Supplementary Information

City of Fairview, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Drug	State street aid	Total
Assets			
Cash	\$ 39,799	\$ 141,594	\$ 181,393
Accounts receivable	-	56,696	56,696
Total assets	<u>\$ 39,799</u>	<u>\$ 198,290</u>	<u>\$ 238,089</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable	-	375	375
Fund balance			
Restricted for			
Public safety	39,799	-	39,799
State street aid	-	197,915	197,915
Total fund balance	<u>39,799</u>	<u>197,915</u>	<u>237,714</u>
Total liabilities and fund balance	<u>\$ 39,799</u>	<u>\$ 198,290</u>	<u>\$ 238,089</u>

City of Fairview, Tennessee
Combining Schedules of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Drug	State street aid	Total
Revenues			
Taxes			
State gasoline tax	\$ -	\$ 337,059	\$ 337,059
Fines and forfeits			
Drug-related fines	9,530	-	9,530
Miscellaneous			
Interest	56	223	279
Other income	-	-	-
Total revenues	<u>9,586</u>	<u>337,282</u>	<u>346,868</u>
Expenditures			
Current			
Contractual services	3,080	27,471	30,551
Supplies	26,952	6,650	33,602
Capital outlay	-	252,451	252,451
Total expenditures	<u>30,032</u>	<u>286,572</u>	<u>316,604</u>
Net change	(20,446)	50,710	30,264
Fund balance, beginning of year	<u>60,245</u>	<u>147,205</u>	<u>207,450</u>
Fund balance, end of year	\$ 39,799	\$ 197,915	\$ 237,714

City of Fairview, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Drug
For the Year Ended June 30, 2022

	<u>Budgeted amounts</u>		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Fines and forfeits				
Drug-related fines	\$ 12,000	\$ 12,000	\$ 9,530	\$ (2,470)
Other income	10,050	10,050	56	(9,994)
Total revenues	<u>22,050</u>	<u>22,050</u>	<u>9,586</u>	<u>(12,464)</u>
Expenditures				
Current				
Contractual services	4,000	4,000	3,080	920
Supplies	27,000	5,500	26,952	(21,452)
Capital outlay	<u>23,500</u>	<u>23,500</u>	<u>-</u>	<u>23,500</u>
Total expenditures	54,500	33,000	30,032	2,968
Excess (deficiency) of revenues over expenditures	(32,450)	(10,950)	(20,446)	(9,496)
Fund balance, beginning of year	<u>60,245</u>	<u>60,245</u>	<u>60,245</u>	<u>-</u>
Fund balance, end of year	\$ 27,795	\$ 49,295	\$ 39,799	\$ 116,889

City of Fairview, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
State Street Aid
For the Year Ended June 30, 2022

	<u>Budgeted amounts</u>		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Fines and forfeits				
State gasoline tax	\$ 288,000	\$ 326,000	\$ 337,059 *	\$ 11,059
Other income	200	200	223	23
Total revenues	<u>288,200</u>	<u>326,200</u>	<u>337,282</u>	<u>11,082</u>
Expenditures				
Current				
Services	30,500	30,500	27,471	3,029
Supplies	6,000	9,000	6,650	2,350
Debt service	39,000	-	-	-
Capital outlay	<u>260,000</u>	<u>310,000</u>	<u>252,451</u>	<u>57,549</u>
Total expenditures	335,500	349,500	286,572	62,928
Excess (deficiency) of revenues over over expenditures	(47,300)	(23,300)	50,710	74,010
Fund balance, beginning of year	<u>147,205</u>	<u>147,205</u>	<u>147,205</u>	<u>-</u>
Fund balance, end of year	\$ 99,905	\$ 123,905	\$ 197,915	\$ 74,010

*Comprised of Gas 1989 tax, Gas 2017 tax, Gas 3 cent tax, and Gasoline & Motor Fuel tax of \$25,581, \$82,715, \$47,400, and \$164,405, respectively.

City of Fairview, Tennessee
Schedule of Changes in Property Taxes Receivable
For the Year Ended June 30, 2022

Year of levy	Gross property taxes receivable June 30, 2021	Property tax levied	Anticipated current year levy	Abatements and adjustments	Collections	Allowances for Uncollectibles	Net receivable balance June 30, 2022
2022	\$ -	\$ -	\$ 2,853,928	\$ -	\$ -	\$ -	\$ 2,853,928
2021	2,098,162	2,853,928	(2,098,162)	(9,684)	(2,761,411)	-	82,833
2020	29,971	-	-	-	(23,386)	-	6,585
2019	5,231	-	-	(796)	(1,086)	-	3,349
2018	10,523	-	-	-	(405)	-	10,118
2017	8,014	-	-	(1,709)	(3,870)	-	2,435
2016	1,018	-	-	(85)	-	-	933
2015	1,525	-	-	(257)	(241)	-	1,027
2014	680	-	-	-	(58)	-	622
2013	999	-	-	-	-	-	999
2012	535	-	-	(261)	-	-	274
2011	1,130	-	-	(338)	-	-	792
2010	172	-	-	(172)	-	-	-
Total	\$ 2,157,960	\$ 2,853,928	\$ 755,766	\$ (13,302)	\$ (2,790,457)	\$ -	\$ 2,963,895

Note: Delinquent property taxes are turned over to the Clerk and Master of the County Chancery Court each year for collection. All of the taxes above, except for the 2021 tax year, are delinquent and are subject to collection proceedings.

City of Fairview, Tennessee
Schedule of Changes in Long-term Debt by Individual Issue
For the Year Ended June 30, 2022

Description of indebtedness	Original amount of issue	Interest rate	Date of issue	Final maturity date	Outstanding July 1, 2021	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding June 30, 2022
General Obligation Bonds									
Payable Through General and State Street Aid Funds									
General Obligation Refunding Bonds, Series 2015	\$ 2,935,000	2-3%	8/25/15	3/1/30	\$ 1,990,000	\$ -	\$ -	\$ 1,990,000	\$ -
General Obligation Refunding Bonds, Series 2021A	2,025,000	1.45%	10/1/21	6/30/30	-	2,025,000	211,000	-	1,814,000
General Obligation Bonds, Series 2021B	9,695,000	2-3%	12/15/21	6/1/51	-	9,695,000	100,000	-	9,595,000
Direct Borrowings									
Notes payable through General Fund									
Capital outlay note payable, First State Bank	427,251	2.95%	10/5/18	10/5/28	351,439	-	39,592	-	311,847
Lease purchase note payable, Communication equipment	489,860	4.17%	2/22/19	7/15/22	248,779	-	121,849	-	126,930
Capital outlay note, 2020	375,000	2.60%	4/15/20	4/15/30	341,760	-	34,121	-	307,639
					<u>\$ 2,931,978</u>	<u>\$ 11,720,000</u>	<u>\$ 506,562</u>	<u>\$ 1,990,000</u>	<u>\$ 12,155,416</u>

City of Fairview, Tennessee
Schedule of Debt Service Requirements, General Obligation Debt
June 30, 2022

Year ended June 30,	General Obligation Refunding Bonds, Series 2021A		General Obligation Bonds, Series 2021B		Capital Outlay Note, 2020		Capital Outlay Note, Bank-Fire Pumper		Lease Purchase Note Payable		Total Requirement	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 215,000	\$ 26,303	\$ 230,000	\$ 219,730	\$ 35,027	\$ 7,881	\$ 40,759	\$ 9,163	\$ 126,930	\$ 5,293	\$ 647,716	\$ 268,370
2024	219,000	23,186	240,000	212,830	35,938	6,970	41,962	7,960	-	-	536,900	250,946
2025	222,000	20,010	245,000	205,630	36,910	5,998	43,200	6,722	-	-	547,110	238,360
2026	225,000	16,791	250,000	198,280	(9,684)	5,018	44,474	5,448	-	-	509,790	225,537
2027	228,000	13,528	260,000	190,780	38,895	4,013	45,786	4,136	-	-	572,681	212,457
2028	230,000	10,223	265,000	182,980	122,979	5,748	95,666	4,180	-	-	713,645	203,131
2029	237,000	6,888	275,000	175,030	-	-	-	-	-	-	512,000	181,918
2030	238,000	3,451	285,000	166,780	-	-	-	-	-	-	523,000	170,231
2031	-	-	290,000	161,080	-	-	-	-	-	-	290,000	161,080
2032	-	-	295,000	155,280	-	-	-	-	-	-	295,000	155,280
2033	-	-	305,000	149,380	-	-	-	-	-	-	305,000	149,380
2034	-	-	310,000	143,280	-	-	-	-	-	-	310,000	143,280
2035	-	-	315,000	137,080	-	-	-	-	-	-	315,000	137,080
2036	-	-	320,000	130,780	-	-	-	-	-	-	320,000	130,780
2037	-	-	330,000	124,380	-	-	-	-	-	-	330,000	124,380
2038	-	-	335,000	117,780	-	-	-	-	-	-	335,000	117,780
2039	-	-	340,000	111,080	-	-	-	-	-	-	340,000	111,080
2040	-	-	350,000	104,280	-	-	-	-	-	-	350,000	104,280
2041	-	-	355,000	97,280	-	-	-	-	-	-	355,000	97,280
2042	-	-	360,000	90,180	-	-	-	-	-	-	360,000	90,180
2043	-	-	370,000	82,440	-	-	-	-	-	-	370,000	82,440
2044	-	-	380,000	74,485	-	-	-	-	-	-	380,000	74,485
2045	-	-	385,000	66,315	-	-	-	-	-	-	385,000	66,315
2046	-	-	395,000	57,652	-	-	-	-	-	-	395,000	57,652
2047	-	-	405,000	48,765	-	-	-	-	-	-	405,000	48,765
2048	-	-	415,000	39,652	-	-	-	-	-	-	415,000	39,652
2049	-	-	420,000	30,315	-	-	-	-	-	-	420,000	30,315
2050	-	-	430,000	20,445	-	-	-	-	-	-	430,000	20,445
2051	-	-	440,000	10,341	-	-	-	-	-	-	440,000	10,341
Total	\$ 1,814,000	\$ 120,380	\$ 9,595,000	\$ 3,504,310	\$ 260,065	\$ 35,628	\$ 311,847	\$ 37,609	\$ 126,930	\$ 5,293	\$ 12,107,842	\$ 3,703,220

City of Fairview, Tennessee
Schedule of Changes in Lease Obligations
For the Year ended June 30, 2022

Description of indebtedness	Original amount of issue	Interest rate	Date of issue	Maturity date	Restated outstanding July 1, 2021	Issued during period	Paid and/or matured during period	Remeasurements	Outstanding June 30, 2022
Governmental Activities									
<i>Leases payable through general fund</i>									
Land Rental	\$ 45,373	2.23%	01/01/2020	12/31/2029	\$ 38,201	\$ -	\$ 4,239	\$ -	\$ 33,962
Total leases payable - Governmental Activities					\$ 38,201	\$ -	\$ 4,239	\$ -	\$ 33,962

City of Fairview, Tennessee

Schedule of Lease Obligations, Principal, and Interest Requirements by Fiscal Year
June 30, 2022

Fiscal Year Ending	Land Rental		Total	
	Principal	Interest	Principal	Interest
2023	\$ 4,326	\$ 723	\$ 4,326	\$ 723
2024	4,424	625	4,424	625
2025	4,523	526	4,523	526
2026	4,625	424	4,625	424
2027	4,730	319	4,730	319
2028	4,836	213	4,836	213
2029	4,945	104	4,945	104
2030	1,553	12	1,553	12
	\$ 33,962	\$ 2,946	\$ 33,962	\$ 2,946

City of Fairview, Tennessee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2022

Grantor / Pass-through Grantor	Program name	Assistance listing	Contract number	Expenditures
Federal Awards				
US Department of Defense	Section 1033 Excess property Program, Non-cash Assistance	12.U01	N/A	\$ 16,000
U.S. Department of the Treasury / N/A - Direct	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	96,374
US Department of Transportation / Tennessee Department of Safety and Homeland Security	Alcohol Open Container Requirements	20.607	69A37521300001540TNA	34,703
Total federal awards				147,077
State Financial Assistance				
Tennessee Department of Finance and Administration	Governor's Local Government Support Grant	N/A	N/A	115,065
Total federal awards and state financial assistance				\$ 262,142

Notes

Note 1. **Basis of Presentation**

This schedule of expenditures of federal awards and state financial assistance summarizes the expenditures of the City under programs of the federal and state governments for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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, change in net position, or cash flows of the City. Expenditures reported on the schedule are reported on the accrual basis accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2. **Indirect Cost Rate**

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Other Supplementary Information (Unaudited)

City of Fairview, Tennessee
 Schedule of Property Tax Rates and Assessments (Unaudited)
 Last Ten Fiscal Years

Year of levy	Fiscal year	Tax rate per \$100 Williamson County	Tax assessment
2021	2022	\$0.8765 *	\$2,922,482
2020	2021	\$0.8765	\$2,018,521
2019	2020	\$0.8765	\$1,941,081
2018	2019	\$0.8765	\$1,876,821
2017	2018	\$0.8765	\$1,800,994
2016	2017	\$1.0000	\$1,735,773
2015	2016	\$0.6350	\$1,709,583
2014	2015	\$0.6350	\$1,072,902
2013	2014	\$0.6350	\$1,046,744
2012	2013	\$0.6350	\$1,028,973

* Anticipated levy as of June 30, 2022

Internal Control and Compliance Section



**Independent Auditor’s Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Mayor and Commissioners
City of Fairview, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview, Tennessee (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements as listed in the table of contents, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 30, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

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

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
December 30, 2022

City of Fairview, Tennessee
Schedule of Findings and Recommendations
For the Year Ended June 30, 2022

Current Year Findings

None identified.

City of Fairview, Tennessee
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2022

Financial Statement Findings

Finding Number	Finding Title	Status
N/A	There were no prior findings reported.	N/A

Federal Award Findings and Questioned Costs

Finding Number	Finding Title	Status
N/A	There were no prior findings reported.	N/A