

CITY OF HOHENWALD, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2023

CITY OF HOHENWALD, TENNESSEE

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INTRODUCTORY SECTION

CITY OF HOHENWALD, TENNESSEE

Officials of the City of Hohenwald, Tennessee

June 30, 2023

Name

Title

Elected Officials:

Danny McKnight	Mayor and City Manager
Don Barber	Vice Mayor
Scottie Bass	Council Member
Kevin King	Council Member
Chris Trull	Council Member

Management:

Kyle Hamm	City Recorder, CMFO
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FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

Independent Auditor's Report

Mayor and Members of the City Council
City of Hohenwald, Tennessee
Hohenwald, Tennessee

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Hohenwald, Tennessee (the "City"), as of and for the year ended June 30, 2023, 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 my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of June 30, 2023, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, State Street Aid Fund, Drug Fund and the Solid Waste Fund for the year then ended and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

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

- ❖ 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 my 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.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, which includes the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability (Asset), the Schedule of Contributions to the Employee Pension Plan, and the Changes in Total Liability and Relate Ratios 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. I 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 my inquiries, the basic

financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is 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 my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information – Introductory Section

Management is responsible for the Introductory Section included in the annual report. The Introductory Section, as listed in the table of contents, does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the Introductory Section, and I do not express an opinion or any other assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated November 17, 2023, on my consideration of the City's internal control over financial reporting and on my 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 my 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 the City's internal control over financial reporting and compliance.

Jeh R. Poole, CPA

November 17, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HOHENWALD, TENNESSEE

Management's Discussion and Analysis

As management of the City of Hohenwald, 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, 2023. 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:

The assets of the City of Hohenwald exceeded its liabilities at the close of the most recent fiscal year by \$25,854,248. Of this amount, \$6,377,494 (unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total Net Position increased by \$370,914 primarily due to increases in capital contribution revenues and a growing local economy producing increased sales tax revenues. Expenses were \$630,650 higher than in the prior year primarily due to higher natural gas purchases and increased maintenance and repair costs.

As of the close of the current fiscal year, the City's governmental funds reported ending fund balances of \$3,681,430, an increase of \$48,782 in comparison to the prior year. The City's governmental funds had capital asset purchases of \$331,556.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,264,480 or approximately 71% of the total general fund expenditures.

The City's total debt decreased by \$783,110 as the Town paid all its debts on schedule.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City of Hohenwald'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. 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 the City's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax). 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 Hohenwald include general government, personnel, finance, parks, planning, police, fire, disposal service, streets and public works. The government-wide financial statements can be found on pages 11-12 of this report.

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The City of Hohenwald, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains several 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 funds all of which are considered to be major funds.

The City of Hohenwald 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 basic financial statements can be found on pages 14-20 of this report. 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 28-50 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 Hohenwald, assets exceeded liabilities by \$25,854,248 at the close of the most recent fiscal year.

By far the largest portion of the City's assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) 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 Hohenwald's Net Position - 2022

	<u>Governmental Activities</u>	<u>Business -Type Activities</u>
Current and other assets	\$ 5,870,762	4,074,121
Capital assets	<u>5,501,797</u>	<u>21,523,154</u>
Total assets	11,372,559	25,597,275
Deferred outflows	588,866	317,082
Long-term liabilities outstanding	57,600	8,286,234
Other liabilities	<u>847,178</u>	<u>351,179</u>
Total liabilities	904,778	8,637,413
Deferred inflows:	2,313,273	536,984
Net Position:		
Net investment in capital assets	5,444,197	13,399,604
Restricted	302,648	446,312
Unrestricted	<u>2,996,529</u>	<u>2,894,044</u>
Total Net Position	\$ 8,743,374	16,739,960

City of Hohenwald's Net Position - 2023

	<u>Governmental Activities</u>	<u>Business -Type Activities</u>
Current and other assets	\$ 5,736,267	3,165,779
Capital assets	<u>5,500,588</u>	<u>21,020,739</u>
Total assets	11,236,855	24,186,518
Deferred outflows	657,811	354,205
Long-term liabilities outstanding	485,780	7,503,557
Other liabilities	<u>234,206</u>	<u>361,753</u>
Total liabilities	719,986	7,865,310
Deferred inflows:	1,961,534	34,311
Net Position:		
Net investment in capital assets	5,461,688	13,661,599
Restricted	353,467	-
Unrestricted	<u>3,397,991</u>	<u>2,979,503</u>
Total Net Position	\$ 9,213,146	16,641,102

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

Governmental Funds

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

The general fund is the chief operating fund of the City's. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,264,480. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 71% of total general fund expenditures.

Business-Type Activities

The Business-type funds Net Position decreased by \$98,858 due to higher repair and maintenance and supply expenses than expected.

Comparison of revenues and expenses 2022 and 2023

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
Revenues:			
Property taxes	858,401	848,376	10,025
Sales taxes	2,198,197	2,024,550	173,647
Local tax revenue	525,493	534,387	(8,894)
Income and excise taxes	48,480	36,353	12,127
Miscellaneous	312,739	186,179	126,560
Charges for services	5,914,355	6,093,235	(178,880)
Operating contributions	183,373	336,672	(153,299)
Capital contributions	229,440	0	229,440
Total Revenues	<u>\$10,270,478</u>	<u>\$10,059,752</u>	<u>\$210,726</u>
Expenses:			
General government	667,653	660,829	6,824
Police department	1,631,968	1,430,963	201,005
Fire department	352,561	328,680	23,881
Animal control	6,347	6,952	(605)
Public works	540,940	461,431	79,509
Cemetery	15,092	13,827	1,265
Parks	49,367	45,352	4,015
Economic development	116,418	128,527	(12,109)
Emergency services	456,777	364,377	92,400
Golf Course	353,530	250,209	103,321
Drug fund expenses	9,223	12,095	(2,872)
Highway and streets	81,721	65,230	16,491
Water and Sewer Fund	3,177,806	3,171,874	5,932
Natural Gas	1,999,089	1,899,500	99,589
Solid Waste	441,072	429,068	12,004
Total Expenses	<u>\$9,899,564</u>	<u>\$9,268,914</u>	<u>\$630,650</u>
Change in Net Position	<u>370,914</u>	<u>790,838</u>	<u>(419,924)</u>

Governmental Budgetary Highlights

The City amended some of its departmental budgets during the year. See pages 21-27 for an analysis of the budgets. Amendments were made to the budget during the year to reflect the additional expenditures as directed by the Board.

Capital Assets

The City of Hohenwald's investment in capital assets from its governmental activities at June 30, 2023, amounts to \$5,500,588 (net of accumulated depreciation) and its business-type activities amounts to \$21,020,739. This investment in capital assets is in land, buildings, improvements, machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 831,229.

City of Hohenwald's Capital Assets - 2022

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Land, buildings and improvement	\$ 6,887,817	\$ 32,513,548
Equipment	<u>3,056,402</u>	<u>3,177,972</u>
Less accumulated depreciation	(4,442,422)	(14,168,366)
Net Capital Assets	<u>\$ 5,501,797</u>	<u>\$ 21,523,154</u>

City of Hohenwald's Capital Assets - 2023

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Land, buildings and improvement	\$ 6,887,817	\$ 32,846,270
Equipment	<u>3,387,958</u>	<u>3,344,923</u>
Less accumulated depreciation	(4,775,187)	(15,170,454)
Net Capital Assets	<u>\$ 5,500,588</u>	<u>\$ 21,020,739</u>

Additional information on the City of Hohenwald's capital assets can be found in the notes to the financial statements section of this report.

Long-term Debt

The City has total debt of \$7,844,920 of which \$38,900 is general obligation debt for a sanitation truck and \$446,880 in landfill post-closure costs, \$6,783,640 is debt of the Water and Sewer Utility system, and \$575,500 is debt for the Natural Gas system. During the year, the City paid \$18,700 to reduce governmental debt, \$722,338 to reduce Water and Sewer debt, and \$42,072 to reduce Natural Gas debt. All debts are being paid as scheduled.

Additional information on the City of Hohenwald's long-term debt can be found in the notes to the financial statements section of this report.

Economic Factors and Next Year's Budget and Rates

In the 2023-2024 budget, General fund revenues and user charges are budgeted to increase from the 2022-2023 budget year primarily due to increases in user charges and local revenues. The City's budget has benefited by an expanding commercial and retail base producing increased local sales tax receipts. Expenses are expected to remain stable during the 2023-2024 fiscal year.

All of these factors were considered in preparing the City's budget for the 2023-2024 fiscal year.

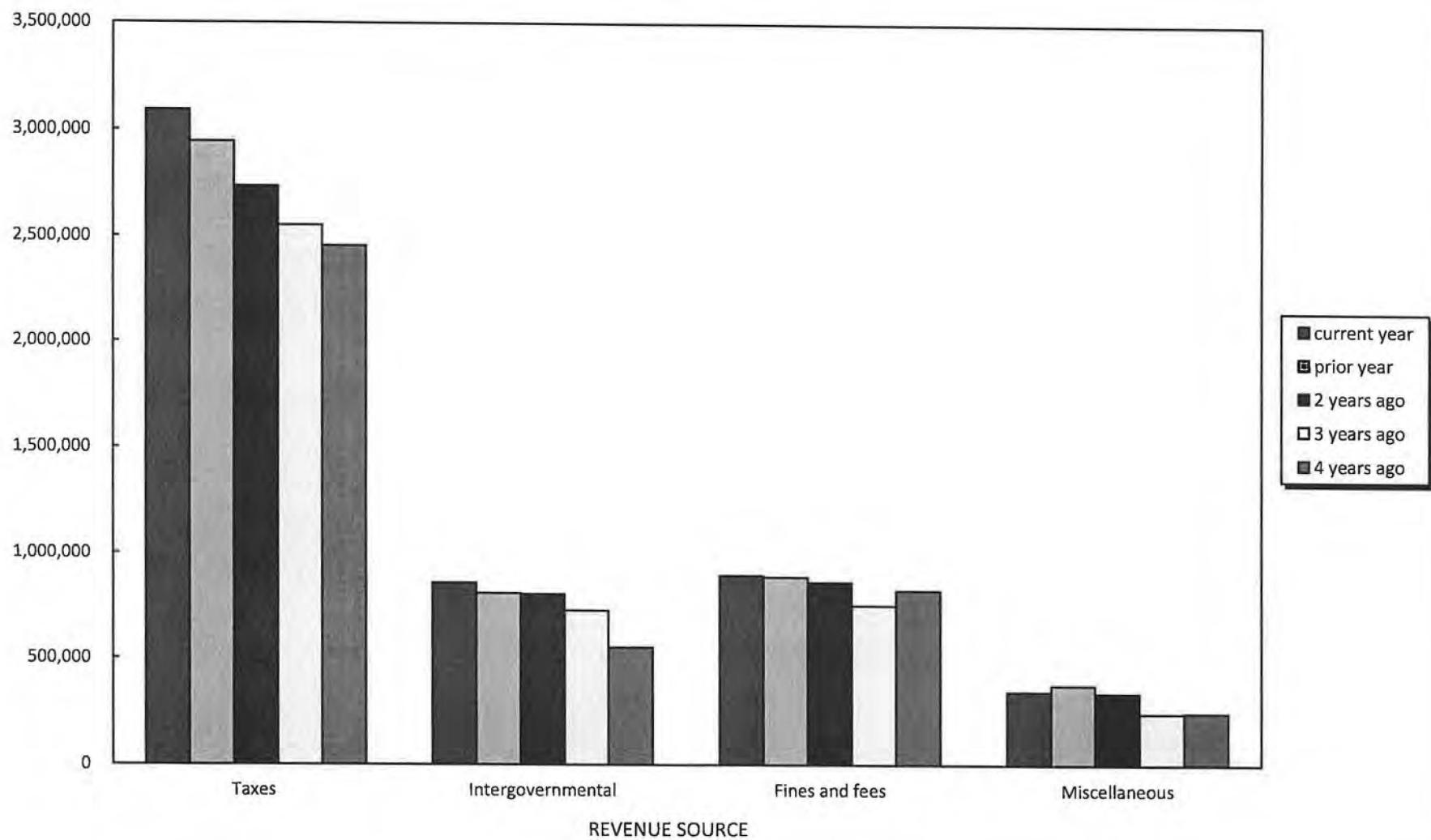
Requests for Information

This financial report is designed to provide a general overview of the City of Hohenwald, 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:

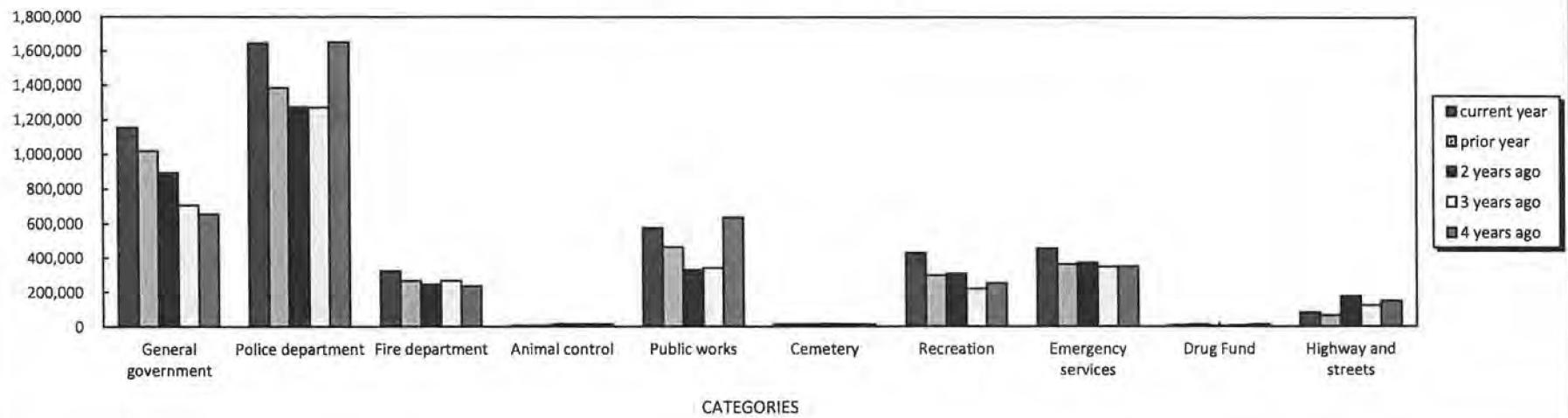
Kyle Hamm
City of Hohenwald

CITY OF HOHENWALD

GOVERNMENTAL FUND REVENUES



CITY OF HOHENWALD
GOVERNMENTAL FUND EXPENDITURES



BASIC FINANCIAL STATEMENTS

CITY OF HOHENWALD, TENNESSEE

Statement of Net Position

June 30, 2023

<u>Assets</u>	Governmental Activities	Business-type Activities	<u>Total</u>
Cash and cash equivalents	4,502,210	2,309,380	6,811,590
Receivables	1,198,158	598,508	1,796,666
Prepaid assets	35,899	26,759	62,658
Inventory	0	231,132	231,132
Capital assets not being depreciated	856,582	199,184	1,055,766
Capital assets, net of accumulated depreciation	<u>4,644,006</u>	<u>20,821,555</u>	<u>25,485,561</u>
Total Assets	<u>11,236,855</u>	<u>24,186,518</u>	<u>35,423,373</u>
 Deferred Outflows of Resources:			
Deferred outflows of resources - OPEB	0	0	0
Deferred outflows of resources - pension	354,205	0	354,205
Total Deferred Outflows of Resources	<u>657,811</u>	<u>354,205</u>	<u>1,012,016</u>
 <u>Liabilities, Deferred Inflows, and Net Position</u>			
 Liabilities:			
Accounts payable	39,678	232,295	271,973
Accrued expenses	152,680	106,925	259,605
Total OPEB Liability	0	0	0
Net pension liability	41,848	22,533	64,381
Long-term liabilities:			
Post closure care cost	446,880	0	446,880
Premium on Long-term debt	0	144,417	144,417
Due within one year	19,200	779,778	798,978
Due in more than one year	19,700	6,579,362	6,599,062
Total Liabilities	<u>719,986</u>	<u>7,855,310</u>	<u>8,585,296</u>
 Deferred Inflows of Resources:			
Deferred inflows of resources - property tax	766,446	0	766,446
Deferred inflows of resources - unspent grant funds	1,131,368	0	1,131,368
Deferred inflows of resources - OPEB	0	0	0
Deferred inflows of resources - pension	63,720	34,311	98,031
Total Deferred Inflows of Resources	<u>1,961,534</u>	<u>34,311</u>	<u>1,995,845</u>
 Net Position:			
Net investment in Capital Assets	5,461,688	13,661,599	19,123,287
Restricted - State street aid fund	173,644	0	173,644
Restricted - Drug fund	40,193	0	40,193
Restricted - Solid Waste fund	139,630	0	139,630
Unrestricted	<u>3,397,891</u>	<u>2,979,503</u>	<u>6,377,494</u>
Total Net Position	<u>9,213,146</u>	<u>16,641,102</u>	<u>25,854,248</u>

See accompanying notes to financial statements.

CITY OF HOHENWALD, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2023

Function/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Government Activities:							
General government	667,653	50,169	37,229	173,440	(406,815)	0	(406,815)
Police department	1,531,968	9,343	12,000	0	(1,610,625)	0	(1,610,625)
Fire department	352,561	0	0	0	(352,561)	0	(352,561)
Animal control	6,347	0	0	0	(6,347)	0	(6,347)
Public works	540,940	0	0	0	(540,940)	0	(540,940)
Cemetery	15,092	6,400	0	0	(8,692)	0	(8,692)
Parks	49,367	0	0	0	(49,367)	0	(49,367)
Economic development	118,418	0	0	0	(118,418)	0	(118,418)
Emergency services	456,777	198,000	0	0	(258,777)	0	(258,777)
Golf Course	353,530	175,149	0	0	(178,381)	0	(178,381)
Solid Waste fund	441,072	437,111	0	0	(3,961)	0	(3,961)
Drug fund	9,223	19,875	0	0	10,652	0	10,652
Highway and streets	81,721	0	134,144	0	52,423	0	52,423
Total Governmental Activities	4,722,669	896,047	183,373	173,440	(3,469,809)	0	(3,469,809)
Business - type Activities:							
Water and Sewer Fund	3,177,806	3,100,777	0	0	0	(77,029)	(77,029)
Natural gas fund	1,998,089	1,917,531	0	56,000	0	(25,558)	(25,558)
Total Business Type Activities	5,176,895	5,018,308	0	56,000	0	(102,587)	(102,587)
Total	9,899,564	5,914,355	183,373	229,440	(3,469,809)	(102,587)	(3,572,396)
General Revenues:							
Property taxes				723,773	0	723,773	
Public utility taxes				134,628	0	134,628	
Sales taxes				2,198,197	0	2,198,197	
Beer and liquor taxes				322,960	0	322,960	
Franchise taxes				40,772	0	40,772	
Business taxes				161,761	0	161,761	
State income and excise taxes				48,480	0	48,480	
Sale of assets				2,888	3,725	5,613	
Interest income				37,250	4	37,254	
Other				268,872	0	268,872	
Total general revenues				3,939,581	3,729	3,943,310	
Changes in Net Position				469,772	(98,858)	370,914	
Net Position - beginning of year				8,743,374	16,739,980	25,483,334	
Net position - ending of year				9,213,146	16,641,102	25,854,248	

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF HOHENWALD, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2023

	General Fund	State Street Aid Fund	Drug Fund	Solid Waste Fund	Total
Assets					
Cash and cash equivalents	<u>\$4,224,056</u>	<u>\$156,911</u>	<u>\$40,193</u>	<u>\$81,050</u>	<u>\$4,502,210</u>
Accounts receivable:					
Property taxes receivable	836,099	0	0	0	836,099
Customers	1,296	0	0	64,492	65,788
Other governments	<u>274,484</u>	<u>21,787</u>	<u>0</u>	<u>0</u>	<u>296,271</u>
	<u>1,111,879</u>	<u>21,787</u>	<u>0</u>	<u>64,492</u>	<u>1,198,158</u>
Prepaid assets	33,003	0	0	2,896	35,899
Total Assets	<u>\$5,368,938</u>	<u>\$178,698</u>	<u>\$40,193</u>	<u>\$148,438</u>	<u>\$5,736,267</u>
Liabilities, Deferred Inflow of Resources and Fund Balance					
Liabilities:					
Accounts payable	\$30,833	5,054	0	3,791	39,678
Accrued expenses	<u>42,675</u>	<u>0</u>	<u>0</u>	<u>5,017</u>	<u>47,692</u>
Total Liabilities	<u>73,508</u>	<u>5,054</u>	<u>0</u>	<u>8,808</u>	<u>87,370</u>
Deferred Inflow of Resources:					
Deferred - unspent grant funds	1,131,368	0	0	0	1,131,368
Deferred current property taxes	766,446	0	0	0	766,446
Deferred delinquent property taxes	<u>69,653</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>69,653</u>
Total Deferred Inflow of Resources	<u>1,967,467</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,967,467</u>
Fund Balance:					
Assigned - DARE program	30,480	0	0	0	30,480
Non-spendable	33,003	0	0	0	33,003
Unassigned	<u>3,264,480</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,264,480</u>
Restricted	<u>0</u>	<u>173,644</u>	<u>40,193</u>	<u>139,630</u>	<u>353,467</u>
Total Fund Balance	<u>3,327,963</u>	<u>173,644</u>	<u>40,193</u>	<u>139,630</u>	<u>3,681,430</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$5,368,938</u>	<u>\$178,698</u>	<u>\$40,193</u>	<u>\$148,438</u>	<u>\$5,736,267</u>

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

CITY OF HOHENWALD, TENNESSEE

**Reconciliation of the Balance Sheet to the Statement of Net Position
of Governmental Activities**

June 30, 2023

Amounts reported for fund balance - total governmental funds	\$ <u>3,681,430</u>
 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	5,500,588
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds	69,653
Pension related accounts - governmental funds to not record these post-benefit obligations	
Net pension liability	(41,848)
Deferred outflow - pension	657,811
Deferred inflow - pension	(63,720)
OPEB related accounts - governmental funds to not record these post-benefit obligations	
Total OPEB liability	0
Deferred outflow - OPEB	0
Deferred inflow - OPEB	0
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds	
Accrued vacation expense	(104,988)
Post closure care costs	(446,880)
Bonds payable	<u>(38,900)</u>
Net Position of governmental activities	\$ <u>9,213,146</u>

See accompanying notes to financial statements.

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds**

For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Solid Waste Fund</u>	Total Governmental Funds
Revenues:					
Taxes	3,091,523	0	0	0	3,091,523
Intergovernmental	731,208	127,424	0	0	858,632
Fines and fees	439,061	0	19,875	437,111	896,047
Miscellaneous	343,351	0	0	2,888	346,239
Total revenues	\$4,605,143	\$127,424	\$19,875	\$439,999	\$5,192,441
Expenditures:					
General government	1,004,239	0	0	0	1,004,239
Police department	1,557,063	0	0	0	1,557,063
Fire department	287,911	0	0	0	287,911
Animal control	5,927	0	0	0	5,927
Public works	443,433	0	0	0	443,433
Cemetery	15,092	0	0	0	15,092
Golf Course	339,749	0	0	0	339,749
Parks	49,015	0	0	0	49,015
Economic development	116,418	0	0	0	116,418
Emergency services	456,777	0	0	0	456,777
Drug fund expenses	0	0	9,223	0	9,223
Solid Waste fund	0	0	0	425,537	425,537
Highway and streets	0	81,721	0	0	81,721
Capital outlay:					
General government	34,310	0	0	0	34,310
Police department	87,015	0	0	0	87,015
Fire department	35,769	0	0	0	35,769
Public works	133,143	0	0	0	133,143
Golf Course	41,319	0	0	0	41,319
Debt service:					
Principal	0	0	0	18,700	18,700
Interest	0	0	0	1,298	1,298
Total expenditures	\$4,607,180	\$81,721	\$9,223	\$445,535	\$5,143,659
Excess (deficiency) of revenues over expenditures	(2,037)	45,703	10,652	(5,536)	48,782
Fund balance, beginning of year	3,330,000	127,941	29,541	145,166	3,632,648
Fund balance, end of year	\$3,327,963	\$173,644	\$40,193	\$139,630	\$3,681,430

See accompanying notes to financial statements.

CITY OF HOHENWALD, TENNESSEE

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds:	\$ 48,782
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Acquisition of capital assets	331,556
Depreciation expense	(332,765)

Liabilities not reported in the governmental fund -- change in accrued vacation liability	9,665
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Liabilities not reported in the governmental fund -- change in pension plan accrual	39,756
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Liabilities not reported in the governmental fund -- change in post retirement benefits liability	338,425
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	15,653
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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	18,700
Debt principal payments	<hr/>

Change in Net Position of governmental activities	\$ 469,772
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See accompanying notes to financial statements.

CITY OF HOHENWALD, TENNESSEE

Statement of Net Position

Enterprise Funds

June 30, 2023

	Water and Sewer Fund	Natural Gas Fund	<u>Total</u>
<u>Assets and Deferred Outflows</u>			
Current Assets:			
Cash and cash equivalents	\$8,213	\$2,301,167	2,309,380
Customer accounts receivable, net of allowance	474,425	124,083	598,508
Prepaid assets	21,517	5,242	26,759
Inventory	<u>105,859</u>	<u>125,273</u>	<u>231,132</u>
Total Current Assets	<u>610,014</u>	<u>2,555,765</u>	<u>3,165,779</u>
Capital Assets:			
Capital assets in service	33,012,593	3,178,600	36,191,193
Less accumulated depreciation	<u>(13,188,022)</u>	<u>(1,982,432)</u>	<u>(15,170,454)</u>
Total Capital Assets, Net	<u>19,824,571</u>	<u>1,196,168</u>	<u>21,020,739</u>
 Total Assets	 <u>\$20,434,585</u>	 <u>\$3,751,933</u>	 <u>\$24,186,518</u>
Deferred Outflow of Resources:			
Deferred outflow of resources - OPEB	0	0	0
Deferred outflow of resources - pension	<u>212,523</u>	<u>141,682</u>	<u>354,205</u>
Total Deferred Outflows	<u>\$212,523</u>	<u>\$141,682</u>	<u>\$354,205</u>
 Liabilities:			
Accounts payable	198,780	33,515	232,295
Accrued expenses	64,923	42,002	106,925
Net OPEB Liability	0	0	0
Net pension liability	13,520	9,013	22,533
Premium on Long-term debt	144,417	0	144,417
Long-term debt due within one year	735,878	43,900	779,778
Long-term debt due in more than one year	<u>6,047,762</u>	<u>531,600</u>	<u>6,579,362</u>
Total Liabilities	<u>7,205,280</u>	<u>660,030</u>	<u>7,865,310</u>
 Deferred Inflow of Resources:			
Deferred inflow of resources - OPEB	0	0	0
Deferred inflow of resources - pension	<u>20,587</u>	<u>13,724</u>	<u>34,311</u>
Total Deferred Inflows	<u>20,587</u>	<u>13,724</u>	<u>34,311</u>
 Net Position:			
Net investment in capital assets	13,040,931	620,668	13,661,599
Unrestricted	<u>380,310</u>	<u>2,599,193</u>	<u>2,979,503</u>
Total Net Position	<u>13,421,241</u>	<u>3,219,861</u>	<u>16,641,102</u>

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

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenses
and Changes in Net Position**

Enterprise Funds

For the Year Ended June 30, 2023

	Water and Sewer Fund	Natural Gas Fund	<u>Total</u>
Operating Revenues:			
Service fees	\$2,975,463	\$1,873,296	\$4,848,759
Tap and connection fees	100,113	42,455	142,568
Other income	25,201	1,780	26,981
Total Operating Revenues	<u>3,100,777</u>	<u>1,917,531</u>	<u>5,018,308</u>
Operating Expenses:			
Salaries	822,936	439,554	1,262,490
Payroll taxes	55,562	30,500	86,062
Employee benefits	160,885	67,559	228,444
Training and travel	1,530	506	2,036
Fees and memberships	15,789	7,504	23,293
Utilities	322,035	34,509	356,544
Professional services	46,889	27,976	74,865
Natural gas purchased	0	1,018,278	1,018,278
Insurance	78,103	17,692	95,795
Repair and maintenance	182,664	51,049	233,713
Supplies	406,643	141,091	547,734
Office expense	9,676	8,369	18,045
Vehicle expense	34,629	19,381	54,010
Miscellaneous	2,812	2,636	5,448
Depreciation	893,656	114,732	1,008,388
Total Operating Expenses	<u>3,033,809</u>	<u>1,981,336</u>	<u>5,015,145</u>
Operating income (loss)	<u>66,968</u>	<u>(63,805)</u>	<u>3,163</u>
Nonoperating Revenues (Expenses):			
Interest income	4	0	4
Gain/(loss) on sale of assets	3,725	0	3,725
Interest expense	(143,997)	(17,753)	(161,750)
Total Nonoperating Revenues (Expenses)	<u>(140,268)</u>	<u>(17,753)</u>	<u>(158,021)</u>
Capital contributions	<u>0</u>	<u>56,000</u>	<u>56,000</u>
Net change in position	<u>(73,300)</u>	<u>(25,558)</u>	<u>(98,858)</u>
Net Position, July 1, 2022	<u>13,494,541</u>	<u>3,245,419</u>	<u>16,739,960</u>
Net Position, June 30, 2023	<u>\$13,421,241</u>	<u>\$3,219,861</u>	<u>\$16,641,102</u>

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

CITY OF HOHENWALD, TENNESSEE

Statement of Cash Flows

Enterprise Fund Types

For the Year Ended June 30, 2023

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	3,093,910	1,922,360	5,016,270
Cash paid to suppliers	(1,101,392)	(1,369,913)	(2,471,305)
Cash paid to employees	(1,039,383)	(537,613)	(1,576,996)
Net Cash Provided (Used) by Operating Activities	<u>953,135</u>	<u>14,834</u>	<u>967,969</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(505,297)	(676)	(505,973)
Capital contributions	0	56,000	56,000
Gain/loss on sale of assets	3,725	0	3,725
Interest paid	(143,997)	(17,753)	(161,750)
Repayment of debt	(722,338)	(42,072)	(764,410)
Net Cash Provided (Used) by Capital and Financing Activities	<u>(1,367,907)</u>	<u>(4,501)</u>	<u>(1,372,408)</u>
Cash Flows from Investing Activities:			
Interest received	4	0	4
Net Cash Flows from Investing Activities	<u>4</u>	<u>0</u>	<u>4</u>
Net Change in Cash	(414,768)	10,333	(404,435)
Cash and Cash Equivalents, July 1, 2022	422,981	2,290,834	2,713,815
Cash and Cash Equivalents, June 30, 2023	<u>8,213</u>	<u>2,301,167</u>	<u>2,309,380</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	66,968	(63,805)	3,163
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	893,656	114,732	1,008,388
Change in assets (increase) decrease:			
Receivables	(6,867)	4,829	(2,038)
Inventory	(16,510)	89,937	73,427
Prepaid assets	(568)	(382)	(950)
Deferred outflows	(22,274)	(14,849)	(37,123)
Net pension asset	260,081	173,387	433,468
Change in liabilities increase (decrease):			
Total OPEB liability	(71,904)	(47,936)	(119,840)
Accounts payable	146,695	(59,342)	87,353
Accrued expenses	10,208	10,320	20,528
Premium on long-term debt	(18,267)	0	(18,267)
Net pension liability	13,520	9,013	22,533
Deferred inflows	(301,603)	(201,070)	(502,673)
Net Cash Provided (Used) by Operating Activities	<u>953,135</u>	<u>14,834</u>	<u>967,969</u>

See accompanying notes to the financial statements.

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$749,000	\$749,000	\$723,773	(25,227)
Public utility taxes	94,000	94,000	90,273	(3,727)
Local sales tax	1,568,000	1,568,000	1,753,659	185,659
Local beer and liquor tax	272,500	272,500	302,083	29,583
Mixed drink tax	9,000	9,000	19,202	10,202
Franchise taxes	49,000	49,000	40,772	(8,228)
Business taxes	65,000	65,000	161,761	96,761
Total Taxes	<u>2,806,500</u>	<u>2,806,500</u>	<u>3,091,523</u>	<u>285,023</u>
Intergovernmental:				
TVA in lieu	44,000	44,000	44,355	355
State sales tax	419,000	419,000	444,538	25,538
State beer tax	0	0	1,675	1,675
State income tax	40,000	40,000	0	(40,000)
State special petroleum tax	7,000	7,000	6,720	(280)
Grants	570,684	1,162,684	173,440	(989,244)
State supplement	12,800	12,800	12,000	(800)
Corporate excise tax	30,000	30,000	48,480	18,480
Total Intergovernmental Revenue	<u>1,123,484</u>	<u>1,715,484</u>	<u>731,208</u>	<u>(984,276)</u>
Fines and fees:				
Building permits	10,000	10,000	23,480	13,480
Police fines	12,200	12,200	9,343	(2,857)
Golf course revenues	146,500	146,500	175,149	28,649
Dispatcher reimbursement	237,000	237,000	198,000	(39,000)
Cemetery	1,200	1,200	6,400	5,200
Other fines and fees	1,100	1,100	26,689	25,589
Total Fines and Fees	<u>408,000</u>	<u>408,000</u>	<u>439,061</u>	<u>31,061</u>
Miscellaneous:				
Miscellaneous	6,900	6,900	3,696	(3,204)
Economic development	3,000	3,000	0	(3,000)
Insurance recoveries	3,000	3,000	44,412	41,412
Reimbursements	205,144	205,144	220,764	15,620
Donations	15,000	15,000	37,229	22,229
Sale of assets	10,000	10,000	0	(10,000)
Interest income	10,000	10,000	37,250	27,250
Total Miscellaneous Revenue	<u>253,044</u>	<u>253,044</u>	<u>343,351</u>	<u>90,307</u>
Total Revenues	<u>4,591,028</u>	<u>5,183,028</u>	<u>4,605,143</u>	<u>(577,885)</u>

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

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:				
General Government:				
Current:				
Salaries	305,000	305,000	286,129	18,871
Payroll taxes	23,333	23,333	17,546	5,787
Employee benefits	136,200	136,200	148,244	(12,044)
Utilities	58,000	58,000	60,670	(2,670)
Professional services	86,000	86,000	84,807	1,193
Office supplies	15,300	15,300	20,052	(4,752)
Supplies	33,700	33,700	42,586	(8,886)
Donations	12,000	12,000	14,222	(2,222)
Travel and training	7,000	7,000	21,453	(14,453)
Insurance	30,000	30,000	29,319	681
Dues and subscriptions	24,500	24,500	38,047	(13,547)
Vehicle expenses	10,000	10,000	34,524	(24,524)
Repair and maintenance	22,250	22,250	31,158	(8,908)
Grant expenses	0	200,000	161,467	38,533
Miscellaneous	25,250	25,250	14,015	11,235
	<u>788,533</u>	<u>988,533</u>	<u>1,004,239</u>	<u>(15,706)</u>
Capital outlay	150,000	150,000	34,310	115,690
Total General Government	<u>938,533</u>	<u>1,138,533</u>	<u>1,038,549</u>	<u>99,984</u>
Public Safety:				
Police Department:				
Current:				
Salaries	874,000	874,000	941,220	(67,220)
Payroll taxes	66,861	66,861	65,158	1,703
Employee benefits	404,000	404,000	366,566	37,434
Training	8,000	8,000	7,522	478
Dues and subscriptions	1,900	1,900	7,443	(5,543)
Utilities	8,500	8,500	21,679	(13,179)
Insurance	41,000	41,000	42,978	(1,978)
Vehicle expense	25,000	25,000	36,422	(11,422)
Repair & maintenance	8,200	8,200	19,558	(11,358)
Supplies	44,850	44,850	42,937	1,913
Professional services	11,200	11,200	1,606	9,594
Miscellaneous	5,750	5,750	3,974	1,776
	<u>1,499,261</u>	<u>1,499,261</u>	<u>1,557,063</u>	<u>(57,802)</u>
Capital outlay	5,000	130,000	87,015	42,985
Total Police Department	<u>1,504,261</u>	<u>1,629,261</u>	<u>1,644,078</u>	<u>(14,817)</u>
Fire Department:				
Current:				
Salaries and volunteer firemen	149,000	149,000	152,459	(3,459)
Payroll taxes	8,568	8,568	11,025	(2,457)
Employee benefits	53,100	53,100	47,140	5,960
Training and travel	2,000	2,000	2,608	(608)
Repair and maintenance	10,250	10,250	12,052	(1,802)
Supplies	19,750	19,750	1,996	17,754
Uniforms	15,000	15,000	23,717	(8,717)
Utilities	12,311	12,311	17,290	(4,979)
Insurance	12,000	12,000	14,949	(2,949)
Vehicle expenses	6,500	6,500	4,675	1,825
Miscellaneous	0	0	0	0
	<u>288,479</u>	<u>288,479</u>	<u>287,911</u>	<u>568</u>
Capital outlay	2,500	52,500	35,769	16,731
Total Fire Department	<u>290,979</u>	<u>340,979</u>	<u>323,680</u>	<u>17,299</u>
Total Public Safety	<u>1,795,240</u>	<u>1,970,240</u>	<u>1,967,758</u>	<u>2,482</u>

Continued on next page

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

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Animal Control				
Salary and benefits	14,742	14,742	334	14,408
Maintenance and supplies	4,100	4,100	5,593	(1,493)
	<u>18,842</u>	<u>18,842</u>	<u>5,927</u>	<u>12,915</u>
Capital outlay	0	0	0	0
Total Animal Control	<u>18,842</u>	<u>18,842</u>	<u>5,927</u>	<u>12,915</u>
Public Works:				
Salaries	181,000	181,000	184,989	(3,989)
Payroll taxes	13,847	13,847	12,579	1,268
Employee benefits	76,855	76,855	79,546	(2,691)
Repair and maintenance	46,500	46,500	48,521	(2,021)
Vehicle expense	28,000	28,000	42,925	(14,925)
Materials and supplies	25,500	25,500	50,233	(24,733)
Utilities	10,000	10,000	7,971	2,029
Professional services	0	0	14,675	(14,675)
Miscellaneous	550	550	1,994	(1,444)
	<u>382,252</u>	<u>382,252</u>	<u>443,433</u>	<u>(61,181)</u>
Capital outlay	<u>575,000</u>	<u>575,000</u>	<u>133,143</u>	<u>441,857</u>
Total Public Works	<u>957,252</u>	<u>957,252</u>	<u>576,576</u>	<u>380,676</u>
Cemetery				
Repair and maintenance	20,100	20,100	15,092	5,008
	<u>20,100</u>	<u>20,100</u>	<u>15,092</u>	<u>5,008</u>
Capital outlay	0	0	0	0
Total Cemetery	<u>20,100</u>	<u>20,100</u>	<u>15,092</u>	<u>5,008</u>
Golf Course:				
Salaries	127,000	127,000	138,524	(11,524)
Payroll taxes	9,716	9,716	10,144	(428)
Employee benefits	19,850	19,850	23,446	(3,596)
Utilities	15,600	15,600	21,586	(5,986)
Repair and maintenance	38,000	38,000	68,722	(30,722)
Tournament Prizes	9,000	9,000	9,606	(606)
Vehicle expense	8,300	8,300	6,507	1,793
Insurance	1,200	1,200	1,869	(669)
Materials and supplies	34,300	34,300	55,101	(20,801)
Professional services	0	0	3,750	(3,750)
Miscellaneous	2,000	2,000	494	1,506
	<u>264,966</u>	<u>264,966</u>	<u>339,749</u>	<u>(74,783)</u>
Capital outlay	<u>25,000</u>	<u>150,000</u>	<u>41,319</u>	<u>108,681</u>
Total Golf Course	<u>289,966</u>	<u>414,966</u>	<u>381,068</u>	<u>33,898</u>

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

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Parks and Recreation:				
Maintenance and supplies	0	0	4,015	(4,015)
Donation	45,000	45,000	45,000	0
Capital outlay	45,000	45,000	49,015	(4,015)
Total Parks and Recreation	<u>45,000</u>	<u>50,000</u>	<u>49,015</u>	<u>985</u>
Economic development:				
Salaries	44,000	44,000	31,723	12,277
Payroll taxes	3,366	3,366	2,130	1,236
Employee benefits	15,880	15,880	24,766	(8,886)
Site development	18,000	18,000	13,006	4,994
Training and travel	3,500	3,500	0	3,500
Materials and supplies	26,300	38,300	43,222	(4,922)
Utilities	480	480	1,571	(1,091)
Miscellaneous	0	0	0	0
	<u>111,526</u>	<u>123,526</u>	<u>116,418</u>	<u>7,108</u>
Debt service	0	0	0	0
Total Economic development	<u>111,526</u>	<u>123,526</u>	<u>116,418</u>	<u>7,108</u>
Emergency Services:				
Salaries	277,000	277,000	318,349	(41,349)
Payroll taxes	21,191	96,191	22,109	74,082
Employee benefits	105,650	105,650	113,105	(7,455)
Memberships	7,200	7,200	0	7,200
Supplies	3,530	3,530	3,214	316
	<u>414,571</u>	<u>489,571</u>	<u>456,777</u>	<u>32,794</u>
Capital outlay	0	0	0	0
Total Emergency Services	<u>414,571</u>	<u>489,571</u>	<u>456,777</u>	<u>32,794</u>
Total Expenditures	<u>4,591,030</u>	<u>5,183,030</u>	<u>4,607,180</u>	<u>575,850</u>
Excess (deficiency) of Revenues over Expenditures	<u>(2)</u>	<u>(2)</u>	<u>(2,037)</u>	<u>(2,035)</u>
Fund Balance, July 1, 2022	<u>3,330,000</u>	<u>3,330,000</u>	<u>3,330,000</u>	<u>0</u>
Fund Balance, June 30, 2023	<u>3,329,998</u>	<u>3,329,998</u>	<u>3,327,963</u>	<u>(2,035)</u>

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

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

State Street Aid Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Gasoline .03 tax	20,500	20,500	18,926	(1,574)
Gasoline 1989 tax	11,500	11,500	10,247	(1,253)
Gasoline 2017 tax	36,000	36,000	33,074	(2,926)
Gasoline and motor fuel	70,000	70,000	65,177	(4,823)
Total Revenues	<u>138,000</u>	<u>138,000</u>	<u>127,424</u>	<u>(10,576)</u>
Expenditures:				
Streets:				
Street lights	138,000	138,000	81,721	56,279
Capital Outlay	0	0	0	0
Total Expenditures	<u>138,000</u>	<u>138,000</u>	<u>81,721</u>	<u>56,279</u>
Excess (deficiency) of revenues over expenditures	0	0	45,703	45,703
Fund Balance, July 1, 2022	<u>127,941</u>	<u>127,941</u>	<u>127,941</u>	<u>-</u>
Fund Balance, June 30, 2023	<u>\$127,941</u>	<u>\$127,941</u>	<u>173,644</u>	<u>45,703</u>

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

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

Drug Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Fees:				
Drug related	20,000	20,000	19,875	(125)
Miscellaneous:				
Sale of equipment	0	0	0	0
Total Revenues	20,000	20,000	19,875	(125)
Expenditures:				
Supplies	20,000	20,000	9,223	10,777
Capital Outlay	0	0	0	0
Total Expenditures	20,000	20,000	9,223	10,777
Excess (deficiency) of revenues over expenditures	0	0	10,652	10,652
Fund Balance, July 1, 2022	29,541	29,541	29,541	0
Fund Balance, June 30, 2023	\$29,541	\$29,541	40,193	10,652

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

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

Solid Waste Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Service fees	445,000	446,000	437,111	(8,889)
Sale of assets	0	0	2,888	(2,888)
Total Revenues	445,000	446,000	439,999	(6,001)
Expenses:				
Salaries	219,000	219,000	203,752	15,248
Payroll taxes	16,754	16,754	13,967	2,787
Employee benefits	112,550	112,550	99,807	12,743
Fees	1,000	1,000	13	987
Utilities	6,500	6,500	7,312	(812)
Professional services	12,500	12,500	9,428	3,072
Insurance	4,900	4,900	4,691	209
Repair and maintenance	19,798	19,798	24,618	(4,820)
Supplies	2,900	2,900	8,036	(5,136)
Garbage cans	17,000	17,000	15,670	1,330
Vehicle expense	12,000	13,000	30,238	(17,238)
Miscellaneous	100	100	8,005	(7,905)
	425,002	426,002	425,537	465
Debt service	19,998	19,998	19,998	0
Total Expenditures	445,000	446,000	445,535	465
Excess (deficiency) of revenues over expenditures	0	0	(5,536)	(5,536)
 Fund Balance, July 1, 2022	 145,166	 145,166	 145,166	 0
 Fund Balance, June 30, 2023	 \$145,166	 \$145,166	 \$139,630	 (\$5,536)

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

The City of Hohenwald, Tennessee, was incorporated by the Private Act of the Tennessee General Assembly. The City provides the following services, as authorized by its charter and duly passed ordinances: public safety (Police and Fire), water and sewerage, natural gas, streets, sanitation, recreations, public improvements, planning and zoning, and general administrative services. The accounting policies of the City of Hohenwald, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity:

In evaluating the City as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City has no component units at yearend.

The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column. The reporting includes the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, and the inclusion of management's discussion and analysis.

The government-wide financial statements present the City's programs between business-type and governmental activities.

Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net Position and the statement of changes in Net Position, report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Government 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.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies, Continued

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

Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes and most governmental revenues as available if received within 45 days of yearend. Expenditures are recorded generally when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. 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 funds:

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

State Street Aid Fund - The State Street Aid Fund is used to account for the operations of the state shared gasoline revenues.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies, Continued

Drug Fund - The Drug Fund accounts for the revenues derived from drug-related fines and the City's investigative and educational programs.

Solid Waste Fund - To account for the operations of the Sanitation operations. During the year, the Town moved the Solid Waste Fund to a governmental fund to better reflect its operations.

The government reports the following major enterprise funds:

Water and Sewer Fund - This fund is used to account for the operations of the Water and Sewer Fund.

Natural Gas Fund - This fund is used to account for the operations of the Natural Gas Fund.

The Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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 taxes and other charges between the government'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.

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.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a enterprise fund's principal ongoing operations. The principal operating revenues of the various utility funds are charges to customers for sales and services. The Utility Fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used, the City uses committed, assigned then unassigned funds.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies, Continued

Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources. All trade receivables are shown net of an allowance for uncollectible, if applicable.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item (pension related) that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the government has two items (pension related and unspent grant funds) that qualifies for reporting in this category.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and enterprise fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit with original maturities three months or less and amounts held by the State Local Government Investment Pool.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies, Continued

Property Tax

The City's property tax is levied each July 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 declared to be a lien on such realty from January 1 of the year assessments are made.

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 \$1.13 per \$100 of assessed valuation for the fiscal year ended June 30, 2023. Payments may be made during the period from July 1 through November 1. Current tax collections of \$694,177 for the fiscal year ended June 30, 2023 were approximately 91 percent of the tax levy. Delinquent taxes are turned over to the County for collection as required by the City's Municipal Code.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$2,500 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. 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.

Interest incurred during the construction phase of capital assets of business-type activities is expensed when paid and thus not a part of the capitalized cost.

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

The estimated useful lives are as follows:

Infrastructure	40-50 years
Buildings	10-50 years
Utility Plant in Service	10-50 years
Furniture and Equipment	5-10 years

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies, Continued

Inventory

Inventory of the Utility Fund is valued at cost, using the first in first out method. Inventory of all the governmental funds consists of expendable supplies held for consumption and are recorded at cost under the consumption method.

Compensated Absences

The City has accrued a liability for unused sick and vacation pay which is earned, but not taken by City employees.

	Balance July 1, 2022	Addi- tions	Retire- ments	Balance June 30, 2023
Governmental activities	114,653	-	9,665	104,988
Business-type activities	56,581	11,925	-	68,506

Restricted Assets

Certain proceeds of the Enterprise Fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on their respective balance sheets because they are maintained in separate bank accounts and their use is either limited by applicable bond covenants or represent proceeds from bond issues that are restricted for use in construction.

Budgets and Budgetary Accounting

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

- a. Formal budgets are adopted and approved by Council vote on an annual basis for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The City Council approves, by ordinance, total budget appropriations by department only. The Mayor is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the City Council.
- c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies, Continued

Pension

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

Long-term Obligations

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are presented in the accompanying financial statements as other assets. Debt issuance costs, such as insurance costs, fees and other related costs are recognized as an expense.

In the fund, financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, such as insurance costs, fees and other related costs are recognized as an expense.

Government Wide – Net Position

Net position is a component of equity and is displayed in the following three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.

Unrestricted – All other net position that does not meet the description of the above categories.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies, Continued

Fund Balance

The Town implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable Fund Balance - This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

Committed Fund Balance - This classification includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council of the City of Hohenwald, Tennessee. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: ordinance).

Assigned Fund Balance - This classification included amounts intended to be used by the Town for specific purposes that are neither restricted nor committed. The City Council and its designee, the Recorder, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Other Post-Employment Benefit Plan- (OPEB)

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and OPEB expense, information about the fiduciary net position of the City of Hohenwald's participation in the Local Government OPEB Plan (LGOP), and additions to/deductions from the City of Hohenwald fiduciary net position have been determined on the same basis as they are reported by the LGOP. For this purpose, benefits are recognized when due and payable in accordance with benefit terms of the LGOP.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(2) Cash and Cash Equivalents

The City is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. During the year, the City invested funds that were not immediately needed in certificates of deposits, savings accounts and investments in the State of Tennessee Local Government Investment Pool. The City has deposit policies to minimize custodial credit risks. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the city. The City's deposits with financial institutions are fully insured or collateralized by securities held by the depository bank in the government's name. Additionally, the deposit accounts are covered by the Federal Depository Insurance Coverage.

(3) Accounts Receivable

Accounts receivable at June 30, 2023, consist of the following:

<u>Fund</u>	<u>Other Government</u>	<u>Property Taxes</u>	<u>Customer Accounts</u>	<u>Total</u>
General Fund	\$ 274,484	836,099	1,296	1,111,879
Special Revenue Funds	21,787	-	64,492	86,279
Enterprise Funds	-	-	1,821,376	1,821,376
Less allowance for doubtful accounts	-	-	(1,222,868)	(1,222,868)
Total	\$ 296,271	836,099	664,296	1,796,666

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(4) Capital Assets

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

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Land	\$856,582	0	0	856,582
Buildings	3,589,115	0	0	3,589,115
Improvements	2,442,120	0	0	2,442,120
Vehicles	1,486,329	139,826	0	1,626,155
Equipment	1,570,073	191,730	0	1,761,803
Total	9,944,219	331,556	0	10,275,775
Less Accumulated Depreciation	<u>(4,442,422)</u>			<u>(4,775,187)</u>
Net capital assets in service	<u>\$5,501,797</u>			<u>\$5,500,588</u>

All assets, except land of \$856,582, are being depreciated.

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

General Fund:

General government administration	\$ 66,913
Police department	74,905
Fire department	64,650
Public Works	97,507
Animal shelter	420
Park	352
Golf	13,781
Solid waste	14,237
Total	<u>332,765</u>

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(4) Capital Assets, Continued

A summary of changes in Enterprise (Water and Sewer) Fund capital assets and related accumulated depreciation follows:

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Land and easement	\$119,796	0	0	119,796
Buildings	85,014	0	0	85,014
Utility plant	30,086,617	332,722	0	30,419,339
Equipment	2,339,241	55,503	6,300	2,388,444
Total	32,630,668	388,225	6,300	33,012,593
Less Accumulated Depreciation	(12,300,666)			(13,188,022)
Net capital assets in service	<u>\$20,330,002</u>			<u>\$19,824,571</u>

All assets, except land and easements of \$119,796 are being depreciated. Depreciation expense was \$893,656 in 2023.

A summary of changes in Enterprise (Gas) Fund capital assets and related accumulated depreciation follows:

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Land and easement	\$79,388	0	0	79,388
Utility plant	2,142,733	0	0	2,142,733
Equipment	838,731	117,748	0	956,479
Total	3,060,852	117,748	0	3,178,600
Less Accumulated Depreciation	(1,867,700)			(1,982,432)
Net capital assets in service	<u>\$1,193,152</u>			<u>\$1,196,168</u>

All assets, except land of \$79,388, are being depreciated. Depreciation expense was \$114,732 in 2023.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(5) Long-Term Debt Payable and Other Obligations Payable

Direct Borrowings

The following schedule reflects the changes in long-term debt, as shown for governmental activities during the fiscal year 2023.

Bonds Payable:	Balance		Retirements	Balance June 30, 2023	Due Within One Year
	July 1, 2022	Additions			
CON - Solid Waste	<u>57,600</u>	<u>0</u>	<u>18,700</u>	<u>38,900</u>	<u>19,200</u>
Total	<u>57,600</u>	<u>0</u>	<u>18,700</u>	<u>38,900</u>	<u>19,200</u>

The following schedule reflects the changes in long-term debt, as shown in the Enterprise (Water and Sewer) Fund during the fiscal year 2023.

Bonds Payable:	Balance		Retirements	Balance June 30, 2023	Due Within One Year
	July 1, 2022	Additions			
State Revolving	2,569,876	0	254,402	2,315,474	258,467
DW-2016-167	143,194	0	9,528	133,666	10,311
Series 2022	663,408	0	59,908	603,500	60,350
Series 2019	2,030,000	0	270,000	1,760,000	275,000
Series 2020	929,500	0	58,500	871,000	61,750
Series 2021	1,170,000	0	70,000	1,100,000	70,000
Total	<u>7,505,978</u>	<u>0</u>	<u>722,338</u>	<u>6,783,640</u>	<u>735,878</u>

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(5) Long-Term Debt Payable and Other Obligations Payable, Continued

The following schedule reflects the changes in long-term debt, as shown in the Enterprise (Natural Gas) Fund during the fiscal year 2023.

Bonds Payable:	Balance		Retirements	Balance June 30, 2023	Due Within One Year
	July 1, 2022	Additions			
Series 2020	500,500	0	31,500	469,000	33,250
Series 2022	117,072	0	10,572	106,500	10,650
Total	617,572	0	42,072	575,500	43,900

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2023, are as follows:

Year Ending <u>June 30,</u>	General Obligation	
	Principal	Interest
2024	19,200	1,046
2025	19,700	531
Total	38,900	1,577

Year Ending <u>June 30,</u>	Water and Sewer Department		Natural Gas Department	
	Principal	Interest	Principal	Interest
2024	735,878	139,781	43,900	16,455
2025	751,532	130,214	44,200	15,198
2026	770,493	119,077	46,250	13,935
2027	786,263	100,022	46,550	12,262
2028	805,345	80,515	48,600	10,511
2029-2033	2,462,615	163,003	256,750	27,734
2034-2036	471,514	15,460	89,250	2,864
Total	6,783,640	748,072	575,500	98,959

The above bonds payable contain provisions that in the event of default, the lender can use any remedy allowed by state or federal law.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(6) Pension Plan

General Information about the Pension Plan

Plan description. Employees of Hohenwald 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 <http://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits provided. Tennessee Code Annotated Title 8, Chapter 34-37 established 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 formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

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

Inactive employees or beneficiaries currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	38
Active employees	<u>67</u>
Total	<u>147</u>

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(6) Pension Plan, Continued

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Hohenwald makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions for Hohenwald were (\$211,802) based on a rate of (6.04%) percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hohenwald's state shared taxes if required employer contributions are not remitted. The employers actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

Inflation 2.25 percent

Salary increases Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation averaging 4.00 percent.

Investment rate of return 6.75 percent, net of pension plan investment expenses, including inflation.

Cost-of-Living Adjustment 2.125 percent

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

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

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(6) Pension Plan, Continued

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

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

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

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

Notes to Financial Statements

June 30, 2023

(6) Pension, Continued

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (Asset) (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/21	\$8,956,273	\$10,194,752	(\$1,238,479)
Changes for the Year:			
Service Cost	211,638	-	211,638
Interest	605,353	-	605,353
Changes in Benefit Terms	-	-	-
Differences between expected and Actual experience	374,172	-	374,172
Changes in assumptions	-	-	-
Contributions-employer	-	153,904	(153,904)
Contributions-employees	-	128,276	(128,276)
Net investment income	-	(387,651)	387,651
Benefit payments, including refunds of employee contributions	(399,433)	(399,433)	-
Administrative expense	-	(6,226)	6,226
Other changes	-	-	-
Net changes	791,730	(511,130)	1,302,860
Balance at 6/30/22	\$ 9,748,003	\$ 9,683,622	\$ 64,381

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Hohenwald's net pension Liability (asset)	1,407,511	64,381	(1,042,932)

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(6) Pension, Continued

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

Pension expense. For the year ended June 30, 2023, Hohenwald recognized pension expense(negative pension expense) of \$115,022.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, Hohenwald reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual experience	322,838	98,031
Net difference between projected and Actual earning on pension plan		
Investments	21,094	-
Changes in assumptions	456,282	-
Contributions subsequent to the Measurement date of June 30, 2022	<u>211,802</u>	<u>-</u>
Total	<u>1,012,016</u>	<u>98,031</u>

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

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

Year Ended June 30:

2024	107,611
2025	99,469
2026	65,540
2027	367,208
2028	62,362
Thereafter	-

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

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(7) Other Postemployment Benefits For Retiree Health Insurance

During the current year the City of Hohenwald terminated its participation in the OPEB plan.

Plan description – Employees of the City, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government OEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who chose coverage, participate in the LGOP.

Benefits provided -The City offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health-savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The City does not directly subsidize and are only subject to the implicit. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement NO. 75.

Employees covered by benefit terms. At July 1, 2022, the following employees were covered by the benefit terms of the LGOP:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>0</u>
Total	<u>0</u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to established premium rates. For the fiscal year ended June 30, 2023, the City paid \$0 to the LGOP for OPEB benefits as they came due.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(7) Other Postemployment Benefits For Retiree Health Insurance, Continued

Total OPEB Liability

Actuarial assumptions-The total OPEB liability on the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all the periods included in the measurement, unless otherwise specified.

Inflation -	2.25%
Salary increases -	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare cost trend rates -	8.37% for pre-65 in 2022, decreasing annually over a 7-year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022, decreasing annually over an 8-year period to an ultimate rate of 4.50%
Retiree's share of benefit-related costs -	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distributions of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2021 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Discount rate-The discount rate used to measure the total OPEB liability was 3.54 percent. This rate reflects the interest rate derived from yields on a 20-year, tax exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-year Municipal GO AA index.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(7) Other Postemployment Benefits For Retiree Health Insurance, Continued

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Total OPEB liability - beginning balance	<u>\$ 342,399</u>
Changes for the year:	
Service cost	\$ 32,958
Interest	\$ 7,773
Changes of benefit terms	\$ -
Differences between expected and actual experience	\$ (351,944)
Change in assumptions	\$ -
Benefit payments	<u>\$ (31,186)</u>
Net changes	<u>\$ (342,399)</u>
Total OPEB liability - ending balance	<u>\$ -</u>

Changes in assumptions-The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption decreased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

Sensitivity of total OPEB liability to changes in the discount rate-The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	Current Discount	
1% Decrease	Rate Assumption	1% Increase
<u>(2.54%)</u>	<u>(3.54%)</u>	<u>(4.54%)</u>
\$ -	\$ -	\$ -

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate – The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-lower or 1-percentage-point-higher than the current healthcare cost trend rate.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
<u>(7.37/7.99% Decreasing to 3.50%)</u>	<u>(8.37/8.99% decreasing to 4.50%)</u>	<u>(9.37/9.99% decreasing to 5.50%)</u>
\$ -	\$ -	\$ -

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(7) Other Postemployment Benefits For Retiree Health Insurance, Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense - For the fiscal year ended June 30, 2023, the City of Hohenwald recognized negative OPEB expense of (\$520,654).

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2023, the City of Hohenwald reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and	-	-
Actual experience	-	-
Changes in assumptions	-	-
Employer payments subsequent to	-	-
The measurement date	-	-
Total	<u> </u>	<u> </u>

The amounts shown above for "Employer payments subsequent to the measurement date" will be recognized as a reduction to total OPEB liability in the following measurement period.

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

Year Ended June 30:

2024	-
2025	-
2026	-
2027	-
2028	-
Thereafter	-

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

Plan Assets

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2023

(8) Commitments and Contingencies

Litigation:

The City attorney estimates that potential claims against the City resulting from such litigation will not materially affect the financial statements of the City at yearend.

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.

(9) Risk Management

The City is exposed to various risks to general liability and property and casualty losses. The City has decided it is more economically feasible to be in a public entity risk pool as opposed to purchasing commercial insurance for general liability and property and casualty coverage. The City participates in the Public Entity Partners (formerly 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 PEP for its general liability and property and casualty insurance coverage. The pool reinsures through commercial insurance companies. The City has not had claims in excess of insurance coverage during the last three years.

(10) Contributed Capital - Enterprise Funds

In accordance with GASB No. 33 the City no longer records contributed capital from customer tap fees and grants from other governments. The City has recorded the contributed capital into its net position accounts.

(11) Closure and Post Closure Care Cost

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The accrued landfill closure and post-closure care cost at yearend, was \$446,880. This represents estimated post-closure cost, based on engineer's projections.

REQUIRED
SUPPLEMENTARY
INFORMATION

CITY OF HOHENWALD, TENNESSEE

Schedule of Required Supplementary Information

**Schedule of Changes in Net Pension Liability (Asset) and Related
Ratios Based on Participation in the Public Employee Pension Plan of TCRS**

Last Fiscal Year ending June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability (asset)									
Service cost	\$ 158,309	\$ 165,713	\$ 163,192	\$ 186,867	\$ 180,689	\$ 178,474	\$ 181,842	\$ 170,047	\$ 211,638
Interest	\$ 413,232	\$ 431,408	\$ 466,025	\$ 486,455	\$ 497,965	\$ 524,198	\$ 553,294	\$ 579,988	\$ 605,353
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between actual & expected experience	\$ (41,042)	\$ 198,147	\$ (18,598)	\$ (90,700)	\$ 14,358	\$ 43,179	\$ (9,566)	\$ (141,306)	\$ 374,172
Change of assumptions	-	-	-	\$ 156,093	-	-	-	\$ 684,424	-
Benefit payments, including refunds of employee contributions	\$ (272,234)	\$ (318,880)	\$ (343,497)	\$ (380,288)	\$ (319,966)	\$ (337,952)	\$ (357,828)	\$ (333,338)	\$ (399,433)
Net change in total pension liability (asset)	\$ 258,265	\$ 476,388	\$ 267,122	\$ 358,427	\$ 373,046	\$ 407,899	\$ 367,742	\$ 959,815	\$ 791,730
Total pension liability (asset)-beginning	\$ 5,487,569	\$ 5,745,834	\$ 6,222,222	\$ 6,489,344	\$ 6,847,771	\$ 7,220,817	\$ 7,628,716	\$ 7,996,458	\$ 8,956,273
Total pension liability (asset)-ending (a)	\$ 5,745,834	\$ 6,222,222	\$ 6,489,344	\$ 6,847,771	\$ 7,220,817	\$ 7,628,716	\$ 7,996,458	\$ 8,956,273	\$ 9,748,003
 Plan fiduciary net position									
Contributions-employer	\$ 165,009	\$ 136,520	\$ 146,966	\$ 142,253	\$ 147,152	\$ 152,141	\$ 160,470	\$ 157,895	\$ 153,904
Contributions-employee	\$ 90,374	\$ 94,182	\$ 112,675	\$ 98,106	\$ 101,484	\$ 104,925	\$ 110,669	\$ 108,893	\$ 128,276
Net investment income	\$ 877,830	\$ 188,746	\$ 165,183	\$ 711,219	\$ 570,810	\$ 548,493	\$ 388,178	\$ 2,097,954	\$ (387,651)
Benefit payments, including refunds of employee contributions	\$ (272,234)	\$ (318,880)	\$ (343,497)	\$ (380,288)	\$ (319,966)	\$ (337,952)	\$ (357,828)	\$ (333,338)	\$ (399,433)
Administrative expense	\$ (2,166)	\$ (2,994)	\$ (4,402)	\$ (4,625)	\$ (5,338)	\$ (4,937)	\$ (4,996)	\$ (5,034)	\$ (6,226)
Other	-	-	\$ 28,386	-	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in plan fiduciary net position	\$ 858,813	\$ 97,574	\$ 105,311	\$ 566,665	\$ 494,142	\$ 462,670	\$ 296,493	\$ 2,026,370	\$ (511,130)
 Plan fiduciary net position-beginning	\$ 5,286,714	\$ 6,145,527	\$ 6,243,101	\$ 6,348,412	\$ 6,915,077	\$ 7,409,219	\$ 7,871,889	\$ 8,168,382	\$ 10,194,752
Plan fiduciary net position-ending (b)	\$ 6,145,527	\$ 6,243,101	\$ 6,348,412	\$ 6,915,077	\$ 7,409,219	\$ 7,871,889	\$ 8,168,382	\$ 10,194,752	\$ 9,683,622
 Net Pension Liability (asset)-ending (a) - (b)	\$ (399,693)	\$ (20,879)	\$ 140,932	\$ (67,306)	\$ (188,402)	\$ (243,173)	\$ (171,924)	\$ (1,238,479)	\$ 64,381
 Plan fiduciary net position as a percentage of total pension liability	106.96%	100.34%	97.83%	100.98%	102.61%	103.19%	102.15%	113.83%	99.34%
 Covered payroll	\$ 1,791,578	\$ 1,883,029	\$ 2,027,109	\$ 1,962,109	\$ 2,029,678	\$ 2,098,496	\$ 2,213,371	\$ 2,177,856	\$ 2,365,059
 Net pension liability (asset) as a percentage of covered payroll	-22.31%	-1.11%	6.95%	-3.43%	-9.28%	-11.59%	-7.77%	-56.87%	2.51%

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

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 TCPS GASB website for prior years' data, if needed.

CITY OF HOPENWALD, TENNESSEE

Schedule of Contributions Based on Participation in the
Public Employee Pension Plan of TCRS

For the Year Ended June 30, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	165,009	136,432	146,966	124,594	97,019	109,961	98,274	96,897	113,889	211,802
Contributions in relation to the actuarially determined contribution	<u>165,009</u>	<u>136,432</u>	<u>146,966</u>	<u>124,253</u>	<u>147,152</u>	<u>152,141</u>	<u>160,470</u>	<u>157,895</u>	<u>153,904</u>	<u>211,802</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$17,659)</u>	<u>(\$50,133)</u>	<u>(\$42,180)</u>	<u>(\$62,196)</u>	<u>(\$61,198)</u>	<u>(\$40,015)</u>	<u>\$0</u>
Covered-employee payroll	1,791,578	1,802,112	2,027,109	1,962,109	2,029,678	2,098,496	2,213,371	2,177,856	2,565,059	2,158,298
Contributions as a percentage covered-employee payroll	9.21%	7.57%	7.25%	6.35%	4.78%	5.24%	4.44%	4.44%	6.00%	6.04%

GASB 68 requires 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.

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

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

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

CITY OF HOHENWALD, TENNESSEE

Schedule of Required Supplementary Information- OPEB

Schedule of Changes in Total OPEB Liability and Related Ratios

Measurement Year ending June 30

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service Cost	\$ 27,829	\$ 26,514	\$ 17,373	\$ 15,652	\$ 41,195	\$ 32,958
Interest on the Total OPEB Liability	\$ 9,648	\$ 12,115	\$ 5,022	\$ 7,018	\$ 11,536	\$ 7,773
Change in Benefit Terms	\$ -	\$ (38,709)	\$ (10,715)	\$ 280,882	\$ (19,010)	\$ -
Difference between expected and actual experience of the Total OPEB Liability	\$ -	\$ (187,730)	\$ 55,233	\$ (28,014)	\$ 6,014	\$ (351,944)
Changes in assumptions and other inputs	\$ (13,543)	\$ 5,009	\$ 5,618	\$ 35,530	\$ (168,037)	\$ -
Benefit payments	\$ (16,203)	\$ (9,268)	\$ (10,075)	\$ (9,101)	\$ (20,076)	\$ (31,186)
Net change in Total OPEB Liability	\$ 7,731	\$ (192,069)	\$ 62,456	\$ 301,967	\$ (148,378)	\$ (342,399)
Total OPEB Liability - Beginning	\$ 310,692	\$ 318,423	\$ 126,354	\$ 188,810	\$ 490,777	\$ 342,399
Total OPEB Liability - Ending	\$ 318,423	\$ 126,354	\$ 188,810	\$ 490,777	\$ 342,399	\$ -
Estimated Covered -Employee Payroll	N/A	N/A	\$ 2,098,496	\$ 2,108,456	\$ 2,614,097	\$ -
Total OPEB Liability as a Percentage of Covered- Employee Payroll	N/A	N/A	9.00%	23.28%	13.10%	0.00%

Notes to Schedule

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

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

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

SUPPLEMENTAL INFORMATION

CITY OF HOHENWALD, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds

Schedule of Changes in Capital Assets By Type

June 30, 2023

<u>Description</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2023</u>
Land	\$856,582	0	0	856,582
Buildings	3,589,115	0	0	3,589,115
Improvements	2,442,120	0	0	2,442,120
Vehicles	1,486,329	139,826	0	1,626,155
Equipment	1,570,073	191,730	0	1,761,803
Total Capital Assets	\$9,944,219	331,556	0	10,275,775

CITY OF HOHENWALD, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds

Schedule of Capital Assets By Function and Activity

June 30, 2023

<u>Description</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Vehicles and Equipment</u>	<u>Total</u>
General Government	\$646,726	3,424,870	413,709	504,008	4,989,313
Police Department	0	1,150	0	648,206	649,356
Fire Department	0	0	0	930,691	930,691
Public Works	0	56,085	1,685,116	488,517	2,229,718
Garage	0	53,067	0	24,175	77,242
Park	0	7,735	340,126	7,030	354,891
Golf course	148,312	35,709	0	329,566	513,587
Animal control	0	10,499	0	0	10,499
Solid Waste	33,475	0	0	455,765	489,240
Cemetery	28,069	0	3,169	0	31,238
Total Assets	\$856,582	3,589,115	2,442,120	3,387,958	10,275,775

CITY OF HOHENWALD, TENNESSEE

**Schedule of Cash and Cash Equivalents and Certificate of Deposits
All Funds**

June 30, 2023

	<u>Carrying Value</u>
General Fund:	
Demand deposits	\$4,224,056
Total General Fund	<u>4,224,056</u>
State Street Aid Fund - demand deposit	<u>156,911</u>
Drug Fund - demand deposit	<u>40,193</u>
Solid Waste Fund	<u>81,050</u>
Water and Sewer Fund:	
Demand deposits	8,213
Total Water and Sewer Fund	<u>8,213</u>
Natural Gas Fund:	
Demand deposits	2,301,167
Total Natural Gas Fund	<u>2,301,167</u>
Total Cash and Cash Equivalents - All Funds	<u>\$6,811,590</u>

CITY OF HOHENWALD, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Year Ended June 30, 2023

Tax Year	Balance July 1, 2022	Levy	Collections and Changes in Assessment	Balance June 30, 2023
2023	\$ -	766,446	0	766,446
2022	750,333	0	694,177	56,156
2021	35,354	0	24,857	10,497
2020	11,207	0	8,207	3,000
2019	6,900	0	6,900	0
2018	539	0	539	0
	<u>804,333</u>	<u>766,446</u>	<u>734,680</u>	<u>836,099</u>

Tax Year	Tax Rate	Tax Levy	Tax Adjustment and Collections	Outstanding Taxes
2023	\$ 1.1300	\$ 766,446	\$ 0	\$ 766,446
2022	1.1300	750,333	694,177	56,156
2021	1.1253	723,201	712,704	10,497
2020	1.1253	709,912	706,912	3,000
2019	1.35	723,221	723,221	0
2018	1.50	757,142	757,142	0
2017	1.50	751,654	751,654	0
2016	1.50	747,739	747,739	0
2015	1.50	736,929	736,929	0
2014	1.50	735,112	735,112	0

All delinquent taxes have been turned over to the County.

CITY OF HOHENWALD, TENNESSEE

Schedule of Debt Service Requirements-
General Obligation Debt

June 30, 2023

<u>Year</u>	<u>Capital Outlay Notes</u>		<u>Total</u>	
	<u>First TN - Solid Waste</u>		<u>Principal</u>	<u>Interest</u>
	<u>Principal</u>	<u>Interest</u>		
2024	\$ 19,200	1,046	19,200	1,046
2025	<u>19,700</u>	<u>531</u>	<u>19,700</u>	<u>531</u>
	<u><u>\$ 38,900</u></u>	<u><u>1,577</u></u>	<u><u>38,900</u></u>	<u><u>1,577</u></u>

CITY OF HOHENWALD, TENNESSEE

Schedule of Debt Service Requirements
Water and Sewer Fund

June 30, 2023

Year	Water and Sewer Revenue and Tax Refunding Bond Series 2021		State Revolving Loan CGA-2008-219		Water and Sewer Revenue and Tax Refunding Bond Series 2019		Water and Sewer Revenue Series 2020		Equipment Acquisition CON Series 2022		State of Tennessee DW-2016-167		TOTAL	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 70,000	27,850	258,467	31,717	275,000	38,500	61,750	25,752	60,350	14,665	10,311	1,297	735,878	139,781
2025	75,000	26,025	262,215	27,969	280,000	37,850	61,750	23,900	62,050	13,199	10,517	1,271	751,532	130,214
2026	75,000	23,775	266,016	24,168	290,000	36,150	65,000	22,047	63,750	11,691	10,727	1,246	770,493	119,077
2027	80,000	21,450	269,871	20,313	295,000	27,450	65,000	19,447	65,450	10,141	10,942	1,221	786,263	100,022
2028	80,000	19,050	273,784	16,400	305,000	18,600	68,250	16,717	67,150	8,551	11,161	1,197	805,345	80,515
2029	80,000	16,650	277,752	12,432	315,000	9,450	71,500	14,117	68,850	6,920	11,384	1,173	824,486	60,742
2030	85,000	14,175	281,778	8,406			74,750	11,257	70,550	5,247	11,612	1,150	523,690	40,235
2031	90,000	11,550	285,863	4,321			78,000	8,267	72,250	3,533	11,844	1,127	537,957	28,798
2032	90,000	8,850	139,728	1,112			78,000	6,707	73,100	2,627	12,081	1,104	392,909	20,400
2033	90,000	6,600					81,250	5,147			12,323	1,082	183,573	12,829
2034	95,000	4,750					81,250	3,522			12,569	1,060	188,819	9,332
2035	95,000	2,850					84,500	1,796			8,195	532	187,695	5,178
2036	95,000	950											95,000	950
	<u>\$ 1,100,000</u>	<u>184,525</u>	<u>\$ 2,315,474</u>	<u>146,838</u>	<u>1,760,000</u>	<u>168,000</u>	<u>871,000</u>	<u>158,676</u>	<u>603,500</u>	<u>76,573</u>	<u>133,666</u>	<u>13,460</u>	<u>6,783,640</u>	<u>748,072</u>

CITY OF HOHENWALD, TENNESSEE

Schedule of Debt Service Requirements
Natural Gas Fund

June 30, 2023

<u>Year</u>	Equipment Acquisition CON Series 2022		Natural Gas Revenue Series 2020		<u>TOTAL</u> Principal	<u>TOTAL</u> Interest
	Principal	Interest	Principal	Interest		
2024	\$ 10,650	2,588	33,250	13,867	43,900	16,455
2025	10,950	2,329	33,250	12,869	44,200	15,198
2026	11,250	2,063	35,000	11,872	46,250	13,935
2027	11,550	1,790	35,000	10,472	46,550	12,262
2028	11,850	1,509	36,750	9,002	48,600	10,511
2029	12,150	1,221	38,500	7,602	50,650	8,823
2030	12,450	926	40,250	6,062	52,700	6,988
2031	12,750	623	42,000	4,452	54,750	5,075
2032	12,900	464	42,000	3,612	54,900	4,076
2033			43,750	2,772	43,750	2,772
2034			43,750	1,897	43,750	1,897
2035			45,500	967	45,500	967
	<u>\$ 106,500</u>	<u>13,513</u>	<u>469,000</u>	<u>85,446</u>	<u>575,500</u>	<u>98,959</u>

CITY OF HOHENWALD, TENNESSEE

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2023

Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Matured During Period	Paid and/or Refunded During Period	Outstanding 6/30/2023
Business-Type Activities								
Water and Sewer								
State Revolving	1.44%	2012	12/31/2031	\$ 2,569,876	\$ -	\$ 254,402	\$ -	\$ 2,315,474
DW-2016-167	0.90%	2008	10/31/2033	\$ 143,194	\$ -	\$ 9,528	\$ -	\$ 133,666
Series 2022	2-3%	2022	6/30/2032	\$ 663,408	\$ -	\$ 59,908	\$ -	\$ 603,500
Series 2019	2-3%	2019	5/1/2029	\$ 2,030,000	\$ -	\$ 270,000	\$ -	\$ 1,760,000
Series 2020	2.25%	2020	6/30/2035	\$ 929,500	\$ -	\$ 58,500	\$ -	\$ 871,000
Series 2021	*2.00%	2021	6/30/2036	\$ 1,170,000	\$ -	\$ 70,000	\$ -	\$ 1,100,000
Total Notes Payable				\$ 7,505,978	\$ -	\$ 722,338	\$ -	\$ 6,783,640
Natural Gas								
Series 2022	2-3%	2022	6/30/2032	\$ 117,072	\$ -	\$ 10,572	\$ -	\$ 106,500
Series 2020	2.25%	2020	6/30/2035	\$ 500,500	\$ -	\$ 31,500	\$ -	\$ 469,000
Total Notes Payable				\$ 617,572	\$ -	\$ 42,072	\$ -	\$ 575,500
Governmental Activities								
CON - Solid Waste	1.75%	2016	4/30/2025	\$ 57,600	\$ -	\$ 18,700	\$ -	\$ 38,900
Total Notes Payable				\$ 57,600	\$ -	\$ 18,700	\$ -	\$ 38,900

*Variable rate loan

CITY OF HOHENWALD, TENNESSEE

Schedule of Utility Rates in Force

June 30, 2023

<u>Sewer Rates - Residential</u>	<u>Inside City</u>	<u>Outside City</u>
Up to 2,000 gallons	\$23.58 Minimum charge	\$51.78 Minimum charge
Over 2,000 gallons	\$4.00 per 1,000 gallons	\$6.90 per 1,000 gallons

<u>Water Rates - Residential</u>	<u>Inside City</u>	<u>Outside City</u>
Up to 2,000 gallons	\$15.72 Minimum charge	\$34.52 Minimum charge
Over 2,000 gallons	\$3.07 per 1,000 gallons	\$4.60 per 1,000 gallons

Natural Gas Rates - Residential

Per 1,000 MCF's - varies each month based on natural gas costs.

There were approximately 3,570 water customers, approximately 1,575 sewer customers and approximately 2,340 natural gas customers at yearend.

CITY OF HOHENWALD, TENNESSEE

Schedule of Federal and State Financial Assistance

For the Year Ended June 30, 2023

Assistance Listing Number	State Grant Number	Grantor Agency	Receivable (Deferred) Balance June 30, 2022	Grant Receipts	Other Receipts	Grant Expenditures	Receivable (Deferred) Balance June 30, 2023
State Program:							
.	N/A	Z-19THS128	Tennessee Department of Transportation	0	8,973	0	8,973
Federal Program:							
21.027	American Rescue Plan Act	US Department of Treasury thru the State of Tennessee	(\$565,684)	565,684	0	0	(\$1,131,368)
14.239	HOME Grant	US Department of Transportation thru Tennessee Housing Development Agency	0	158,967	0	158,967	0
		Total Federal	(565,684)	724,651	0	158,967	(1,131,368)
		Total Federal and State	(565,684)	733,624	0	167,940	(1,131,368)

This schedule prepared on the accrual basis of accounting.

COMPLIANCE AND INTERNAL CONTROL

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

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

Mayor and Members of the City Council
City of Hohenwald, Tennessee
Hohenwald, Tennessee

I have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund of the City of Hohenwald as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Hohenwald's basic financial statements, and have issued a report thereon dated November 17, 2023.

Internal Control Over Financial Reporting

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

My consideration of the 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 the audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Hohenwald's financial statements are free of material misstatement, I 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 determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the 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 the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jodi D'Addo, CPA

November 17, 2023

CITY OF HOHENWALD, TENNESSEE

Schedule of Disposition of Prior Year Comments

June 30, 2023

There were no findings in the prior year.