

CITY OF PIKEVILLE, TENNESSEE

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022



CERTIFIED PUBLIC ACCOUNTANTS

INTRODUCTORY SECTION

CITY OF PIKEVILLE, TENNESSEE

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CITY OF PIKEVILLE, TENNESSEE

CITY OFFICIALS

JUNE 30, 2022

Mayor

Philip Cagle

Alderman

Senia Anderson

Alderman

Jeania Lansing

Alderman

Jane Humble

Alderman

Dale Wheeler

City Recorder

Debra Barnett

City Attorney

Edward Boring

FINANCIAL SECTION



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Mayor and Aldermen
City of Pikeville, Tennessee
Pikeville, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparison for the general fund, and the aggregate remaining fund information of the City of Pikeville, TN, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The City's 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 one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required pension schedules on pages 4-10 and 41-43, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, such as the budgetary comparison schedules, combining and individual nonmajor fund financial statements, other supplementary information, and schedule of expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, combining and individual nonmajor fund financial statements, other supplementary information, and schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Chattanooga, Tennessee
December 29, 2022

Henderson Hutcherson
in McCullough, PLLC

CITY OF PIKEVILLE, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

As management of the City of Pikeville, Tennessee, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Pikeville, Tennessee for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

The assets and deferred outflows of the City of Pikeville, Tennessee exceeded its liabilities and deferred inflows of resources at June 30, 2022 by \$19,585,090 (net position). The City's governmental funds reported a decrease in combined fund balance of \$286,428. Total government activities under GASB 34 operated at an increase of \$229,297. The difference is the amount of unavailable property taxes, and the current period's repayment of long-term debt. See page 17 for the reconciliation.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows of resources with the difference between the three 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 of some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by tax and intergovernmental revenues (governmental activities).

The government-wide financial statements can be found on pages 11-13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Pikeville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are either governmental funds or proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial 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 government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact on 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 one major governmental fund and two nonmajor governmental funds, reported as one combined opinion unit. 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 each opinion unit, which consists of the General Fund and combined nonmajor funds.

The City of Pikeville adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for all governmental funds to demonstrate compliance.

The basic governmental fund financial statements can be found on pages 14 through 18 of this report.

Proprietary Funds

The City of Pikeville maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Pikeville uses enterprise funds to account for its water and sewer and gas operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and Natural Gas Fund, both of which are considered to be major funds of the City of Pikeville, Tennessee.

The basic proprietary fund financial statements can be found on pages 19 through 22 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 40 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Pikeville. This required supplementary information can be found on pages 41 through 43 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the City of Pikeville. This supplementary information can be found on pages 44 through 63 of this report.

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, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$19,585,090 at the close of this fiscal year.

City of Pikeville, Tennessee’s Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 1,624,095	\$ 1,219,867	\$ 3,457,260	\$ 2,744,287	\$ 5,081,355	\$ 3,964,154
Capital assets	<u>3,960,405</u>	<u>3,784,550</u>	<u>16,972,825</u>	<u>16,798,613</u>	<u>20,933,230</u>	<u>20,583,163</u>
Total assets	<u>5,584,500</u>	<u>5,004,417</u>	<u>20,430,085</u>	<u>19,542,900</u>	<u>26,014,585</u>	<u>24,547,317</u>
Deferred outflows	<u>77,776</u>	<u>45,636</u>	<u>171,868</u>	<u>92,104</u>	<u>249,644</u>	<u>137,740</u>
Non-current liabilities	2,309,501	2,419,797	2,608,666	2,669,772	4,918,167	5,089,569
Other liabilities	<u>595,143</u>	<u>136,809</u>	<u>204,781</u>	<u>182,032</u>	<u>799,924</u>	<u>318,841</u>
Total liabilities	<u>2,904,644</u>	<u>2,556,606</u>	<u>2,813,447</u>	<u>2,851,804</u>	<u>5,718,091</u>	<u>5,408,410</u>
Deferred inflows	<u>561,690</u>	<u>350,055</u>	<u>399,358</u>	<u>62,731</u>	<u>961,048</u>	<u>412,786</u>
Net position:						
Net investment in capital assets	1,540,112	1,257,300	14,303,057	14,069,833	15,843,169	15,327,133
Restricted	248,220	455,985	559,237	419,845	807,457	875,830
Unrestricted	<u>407,610</u>	<u>430,107</u>	<u>2,526,854</u>	<u>2,230,791</u>	<u>2,934,464</u>	<u>2,660,898</u>
Total net position	<u>\$ 2,195,942</u>	<u>\$ 2,143,392</u>	<u>\$ 17,389,148</u>	<u>\$ 16,720,469</u>	<u>\$ 19,585,090</u>	<u>\$ 18,863,861</u>

Eighty-one percent (81%) of the City’s net position represents net investment in capital assets (e.g., land, buildings and parks, machinery and equipment, vehicles, infrastructure, landfill, utility system and infrastructure, and gas lines and meters). This amount of total net position is not available for future spending. Restricted net position of \$807,457 is primarily related to net position restricted for the City’s future pension needs. The remaining \$2,934,464 in unrestricted net position is available to the City to meet ongoing obligations.

Changes in Net Position

Governmental activities increased the City’s net position by \$229,297, while business-type activities increased the City’s net position by \$668,679. The City can only use the net position obtained through business-type activities to finance the continuing operations of the water and sewer and natural gas systems.

(Continued)

Changes in Net Position (Continued)

The table below provides a summary of the changes in the City's change in net position:

City of Pikeville, Tennessee's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 163,424	\$ 146,649	\$ 3,308,068	\$ 3,082,159	\$ 3,471,492	\$ 3,228,808
Operating grants and contributions	311,568	126,271	-	-	311,568	126,271
Capital grants and contributions	-	-	239,993	236,772	239,993	236,772
General revenues:						
Property taxes	313,399	272,073	-	-	313,399	272,073
Other taxes	821,039	701,581	-	-	821,039	701,581
Other income	<u>239,897</u>	<u>378,060</u>	<u>146,855</u>	<u>39,544</u>	<u>386,752</u>	<u>417,604</u>
Total revenues	<u>1,849,327</u>	<u>1,624,634</u>	<u>3,694,916</u>	<u>3,358,475</u>	<u>5,544,243</u>	<u>4,983,109</u>
Expenses:						
General government	574,380	393,181	-	-	574,380	393,181
Public safety	469,223	398,653	-	-	469,223	398,653
Public works	258,525	244,491	-	-	258,525	244,491
Public welfare	72,205	55,405	-	-	72,205	55,405
State street aid	134,759	162,550	-	-	134,759	162,550
Interest	69,418	71,296	-	-	69,418	71,296
Water and sewer	-	-	2,129,364	2,068,914	2,129,364	2,068,914
Natural gas	-	-	<u>938,393</u>	<u>752,715</u>	<u>938,393</u>	<u>752,715</u>
Total expenses	<u>1,578,510</u>	<u>1,325,576</u>	<u>3,067,757</u>	<u>2,821,629</u>	<u>4,646,267</u>	<u>4,147,205</u>
Transfers	(41,520)	3,332	41,520	(3,332)	-	-
Change in net position	<u>229,297</u>	<u>302,390</u>	<u>668,679</u>	<u>533,514</u>	<u>897,976</u>	<u>835,904</u>
Net Position:						
Beginning	2,143,392	1,841,002	16,720,469	16,186,955	18,863,861	18,027,957
Prior period adjustment	<u>(176,747)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,747)</u>	<u>-</u>
Beginning, as restated	<u>1,966,645</u>	<u>1,841,002</u>	<u>16,720,469</u>	<u>16,186,955</u>	<u>18,687,114</u>	<u>18,027,957</u>
Ending	<u>\$ 2,195,942</u>	<u>\$ 2,143,392</u>	<u>\$ 17,389,148</u>	<u>\$ 16,720,469</u>	<u>\$ 19,585,090</u>	<u>\$ 18,863,861</u>

Financial Analysis of the City's Funds

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

(Continued)

Financial Analysis of the City's Funds (Continued)

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$431,678, a decrease of \$286,428 in comparison with the prior year. Ninety-seven percent (97%) of this total amount constitutes unassigned fund balance.

The general fund is the chief operating fund of the City of Pikeville. At the end of the current fiscal year, unassigned fund balance of the general fund was \$420,085. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance is 21% of total general fund expenditures without transfers.

The fund balance of the City's general fund decreased by \$246,659 during the current fiscal year.

Proprietary Funds

The City of Pikeville Tennessee's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year amounted to \$1,554,812 for the Water and Sewer Fund and \$972,042 for the Natural Gas Fund.

General Fund Budgetary Highlights

The City of Pikeville adopts an annual appropriated budget approved by the City Council.

The overall original budget and final amended budget changed slightly throughout the fiscal year. Expenditure amendments were made to account for variances in operations that were not originally planned. General Fund budgeted expenditures increased \$80,944.

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

Capital Asset and Debt Administration

Capital Assets

The City of Pikeville's capital assets for its governmental activities as of June 30, 2022, amounted to \$3,960,405 (net of accumulated depreciation). Capital assets for its business-type activities as of June 30, 2022, amounted to \$16,972,825 (net of accumulated depreciation). The City's investment in capital assets includes land, buildings and parks, machinery and equipment, vehicles, infrastructure, landfill, utility system and infrastructure, and gas lines and meters.

Major capital asset additions consist of the following:

- Vehicles for \$505,979
- Water and sewer CIP for \$527,027
- Water and sewer vehicles for \$104,177
- Natural gas vehicles for \$69,412

(Continued)

Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)

**City of Pikeville, Tennessee's Capital Assets
(Net of depreciation)**

	2022	2021
Governmental Activities:		
Land	\$ 250,861	\$ 220,761
Buildings and parks	2,360,765	2,430,009
Machinery and equipment	108,134	107,588
Vehicles	598,576	131,724
Infrastructure	565,394	638,612
Landfill	76,675	79,109
Total	<u>\$ 3,960,405</u>	<u>\$ 3,607,803</u>
	2022	2021
Business-type Activities:		
Land	\$ 169,847	\$ 169,847
Construction in progress	1,331,135	804,108
North Bledsoe system	1,651,985	1,727,160
Water treatment and distribution	10,855,024	11,173,429
Sewer collection and treatment	1,891,951	1,927,843
Buildings	67,414	72,423
Machinery and equipment	78,782	90,758
Vehicles	181,788	40,632
Gas lines and meters	744,899	792,413
Total	<u>\$ 16,972,825</u>	<u>\$ 16,798,613</u>

Additional information on the City's capital assets can be found on pages 31-32, Note 7.

Long-term Debt

At the end of the fiscal year, the City of Pikeville had long-term debt outstanding of \$5,090,061. Of that amount \$171,894 is due in the next fiscal year.

	2022	2021
Governmental Activities:		
Notes payable	\$ 2,408,023	\$ 2,513,753
Landfill post-closure	12,270	13,497
	<u>\$ 2,420,293</u>	<u>\$ 2,527,250</u>
Business-type Activities:		
Water and Sewer Fund – Notes payable	\$ 2,669,768	\$ 2,728,780

Additional information on outstanding debt can be found in Note 8 on pages 32-35.

Currently Known Conditions Affecting Future Years

The City of Pikeville, Tennessee is actively engaged in several projects that affect future years.

Requests for Information

This financial report is designed to provide a general overview of the City of Pikeville's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the City of Pikeville, Tennessee, P.O. Box 225, Pikeville, Tennessee 37367.

CITY OF PIKEVILLE, TENNESSEE

STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Cash and cash equivalents	\$ 809,467	\$ 2,415,123	\$ 3,224,590
Property taxes receivable, net	376,812	-	376,812
Accounts receivable, net	85,374	177,257	262,631
Internal balances	(7,370)	7,370	-
Inventories	-	70,773	70,773
Other assets	10	10	20
Net pension asset	359,802	786,727	1,146,529
Capital assets:			
Land and other nondepreciable assets	250,861	1,500,982	1,751,843
Capital assets, net of accumulated depreciation	3,709,544	15,471,843	19,181,387
Total assets	5,584,500	20,430,085	26,014,585
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	77,776	171,868	249,644
Total deferred outflows of resources	77,776	171,868	249,644
LIABILITIES			
Accounts payable	456,444	63,410	519,854
Accrued liabilities	11,401	25,571	36,972
Customer deposits	-	28,809	28,809
Compensated absences	16,506	25,889	42,395
Long-term liabilities, due within one year	110,792	61,102	171,894
Long-term liabilities, due in more than one year	2,309,501	2,608,666	4,918,167
Total liabilities	2,904,644	2,813,447	5,718,091
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	189,358	399,358	588,716
Unavailable revenue - property taxes	372,332	-	372,332
Total deferred inflows of resources	561,690	399,358	961,048
NET POSITION			
Net investment in capital assets	1,540,112	14,303,057	15,843,169
Restricted for:			
General government	206	-	206
Pension benefits	248,220	559,237	807,457
Public safety	11,387	-	11,387
Unrestricted	396,017	2,526,854	2,922,871
Total net position	\$ 2,195,942	\$ 17,389,148	\$ 19,585,090

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

CITY OF PIKEVILLE, TENNESSEE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
PRIMARY GOVERNMENT				
Governmental activities -				
General government	\$ 574,380	\$ 3,520	\$ 311,568	\$ -
Public safety	469,223	26,445	-	-
Public works	258,525	133,459	-	-
Public welfare	72,205	-	-	-
State street aid	134,759	-	-	-
Interest	69,418	-	-	-
Total governmental activities	1,578,510	163,424	311,568	-
Business-type activities -				
Water and sewer	2,129,364	2,260,057	-	239,993
Natural gas	938,393	1,048,011	-	-
Total business-type activities	3,067,757	3,308,068	-	239,993
Total primary government	\$ 4,646,267	\$ 3,471,492	\$ 311,568	\$ 239,993
GENERAL REVENUES				
Property taxes				
Local sales taxes				
Alcoholic beverage taxes				
Franchise and excise taxes				
Business taxes				
In lieu of taxes				
Other taxes				
Interest revenue				
Other revenue				
Transfers				
Total general revenues and transfers				
Change in net position				
NET POSITION				
Beginning, as previously stated				
Prior period adjustment				
Beginning, as restated				
Ending				

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

Net (Expense) Revenue and Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (259,292)	\$ -	\$ (259,292)
(442,778)	-	(442,778)
(125,066)	-	(125,066)
(72,205)	-	(72,205)
(134,759)	-	(134,759)
(69,418)	-	(69,418)
(1,103,518)	-	(1,103,518)
-	370,686	370,686
-	109,618	109,618
-	480,304	480,304
(1,103,518)	480,304	(623,214)
313,399	-	313,399
506,037	-	506,037
108,994	-	108,994
15,477	-	15,477
33,319	-	33,319
58,748	-	58,748
98,464	-	98,464
1,108	3,102	4,210
238,789	143,753	382,542
(41,520)	41,520	-
1,332,815	188,375	1,521,190
229,297	668,679	897,976
2,143,392	16,720,469	18,863,861
(176,747)	-	(176,747)
1,966,645	16,720,469	18,687,114
\$ 2,195,942	\$ 17,389,148	\$ 19,585,090

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

CITY OF PIKEVILLE, TENNESSEE

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2022

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 798,137	\$ 11,330	\$ 809,467
Property taxes receivable, net	376,812	-	376,812
Accounts receivable, net	85,111	263	85,374
Other assets	10	-	10
Total assets	\$ 1,260,070	\$ 11,593	\$ 1,271,663
LIABILITIES			
Accounts payable	\$ 456,444	\$ -	\$ 456,444
Accrued payroll liabilities	11,401	-	11,401
Due to other fund	7,370	-	7,370
Total liabilities	475,215	-	475,215
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	364,770	-	364,770
Total deferred inflows of resources	364,770	-	364,770
FUND BALANCES			
Restricted for:			
General government	-	206	206
Public safety	-	11,387	11,387
Unassigned	420,085	-	420,085
Total fund balances	420,085	11,593	431,678
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,260,070	\$ 11,593	\$ 1,271,663

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

CITY OF PIKEVILLE, TENNESSEE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

JUNE 30, 2022

Differences in amounts reported for governmental activities in the statement of net position on page 11:

Fund balances – total governmental funds	\$ 431,678
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 funds.	3,960,405
The net pension asset is considered a long-term asset and, therefore, not reported in the funds.	359,802
Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position	(111,582)
Certain revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and therefore are deferred or not reported in the funds.	(7,562)
Long-term liabilities are not due and payable in the current period and are not reported in the funds. All liabilities, both due in one year and due in more than one year, are reported in the statement of net position.	
These items consist of:	
Bonds and notes payable	(2,408,023)
Compensated absences	(16,506)
Landfill post-closure costs	<u>(12,270)</u>
Net position of governmental activities	<u>\$ 2,195,942</u>

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

CITY OF PIKEVILLE, TENNESSEE

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

YEAR ENDED JUNE 30, 2022

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 823,286	\$ -	\$ 823,286
Licenses and permits	1,000	-	1,000
Intergovernmental	622,720	-	622,720
Charges for services	206,026	-	206,026
Fines and forfeitures	20,509	1,751	22,260
Other revenue	101,860	-	101,860
Total revenues	1,775,401	1,751	1,777,152
EXPENDITURES			
Current:			
General government	1,022,734	-	1,022,734
Public safety	423,445	-	423,445
Public works	217,235	-	217,235
Public welfare	72,205	-	72,205
State street aid	110,066	-	110,066
Debt service:			
Principal	105,730	-	105,730
Interest and other charges	70,645	-	70,645
Total expenditures	2,022,060	-	2,022,060
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(246,659)	1,751	(244,908)
OTHER FINANCING (USES) SOURCES			
Transfers	(41,520)	-	(41,520)
Total other financing (uses) sources	(41,520)	-	(41,520)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(288,179)	1,751	(286,428)
FUND BALANCES:			
Beginning	708,264	9,842	718,106
Ending	\$ 420,085	\$ 11,593	\$ 431,678

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

CITY OF PIKEVILLE, TENNESSEE

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

YEAR ENDED JUNE 30, 2022

Differences in amounts reported for governmental activities in the statement of activities on page 12-13:

Net change in fund balances – total governmental funds \$ (286,428)

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

Capital outlay reported as expenditures in the governmental funds that met the capitalization threshold are shown as capital assets in the statement of net position. 582,523

The net effect of various transactions involving capital assets to decrease net position. (2,559)

Depreciation expense on governmental capital assets are included in the statement of activities. (227,362)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments	105,730	
Amortization	<u>1,227</u>	106,957

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of:

Change in net pension asset and related deferrals	<u>56,166</u>
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Change in net position of governmental activities	<u>\$ 229,297</u>
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CITY OF PIKEVILLE, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 734,700	\$ 734,700	\$ 823,286	\$ 88,586
Licenses and permits	1,800	1,800	1,000	(800)
Intergovernmental	963,979	963,979	622,720	(341,259)
Charges for services	192,044	192,044	206,026	13,982
Fines and forfeitures	16,000	16,000	20,509	4,509
Miscellaneous	64,315	64,315	101,860	37,545
Total revenue	1,972,838	1,972,838	1,775,401	(197,437)
EXPENDITURES				
Current:				
General government	781,677	945,489	1,022,734	(77,245)
Public safety	292,705	434,594	423,445	11,149
Public works	212,665	202,516	217,235	(14,719)
Public welfare	45,823	81,701	72,205	9,496
State street aid	131,863	110,151	110,066	85
Debt service:				
Principal	106,226	105,698	105,698	-
Interest	60,676	70,720	70,677	43
Total expenditures	1,631,635	1,950,869	2,022,060	(71,191)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	341,203	21,969	(246,659)	(268,628)
OTHER FINANCING SOURCES (USES)				
Total other financing sources	-	-	(41,520)	(41,520)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	\$ 341,203	\$ 21,969	(288,179)	\$ (310,148)
FUND BALANCES:				
Beginning			708,264	
Ending			\$ 420,085	

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

CITY OF PIKEVILLE, TENNESSEE

STATEMENT OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2022

ASSETS	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 1,426,074	\$ 989,049	\$ 2,415,123
Accounts receivable, net	147,739	29,518	177,257
Due from (to) other funds	33,155	-	33,155
Inventories	38,654	32,119	70,773
Net pension asset	576,777	209,950	786,727
Other assets	-	10	10
Total current assets	<u>2,222,399</u>	<u>1,260,646</u>	<u>3,483,045</u>
Noncurrent assets:			
Capital assets:			
Land and other nondepreciable assets	1,489,844	11,138	1,500,982
Capital assets, net of accumulated depreciation	<u>14,567,136</u>	<u>904,707</u>	<u>15,471,843</u>
Total noncurrent assets	<u>16,056,980</u>	<u>915,845</u>	<u>16,972,825</u>
TOTAL ASSETS	<u>18,279,379</u>	<u>2,176,491</u>	<u>20,455,870</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	<u>124,190</u>	<u>47,678</u>	<u>171,868</u>
Total deferred outflows of resources	<u>124,190</u>	<u>47,678</u>	<u>171,868</u>
LIABILITIES			
Current liabilities:			
Accounts payable	48,049	15,361	63,410
Accrued liabilities	17,041	8,530	25,571
Due to other funds	-	25,785	25,785
Customer deposits	10,846	17,963	28,809
Compensated absences	14,874	11,015	25,889
Long-term liabilities, due within one year	<u>61,102</u>	<u>-</u>	<u>61,102</u>
Total current liabilities	<u>151,912</u>	<u>78,654</u>	<u>230,566</u>
Noncurrent liabilities			
Long-term liabilities, due in more than one year	<u>2,608,666</u>	<u>-</u>	<u>2,608,666</u>
Total noncurrent liabilities	<u>2,608,666</u>	<u>-</u>	<u>2,608,666</u>
TOTAL LIABILITIES	<u>2,760,578</u>	<u>78,654</u>	<u>2,839,232</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	<u>289,460</u>	<u>109,898</u>	<u>399,358</u>
Total deferred inflows of resources	<u>289,460</u>	<u>109,898</u>	<u>399,358</u>
NET POSITION			
Net investment in capital assets	13,387,212	915,845	14,303,057
Restricted	411,507	147,730	559,237
Unrestricted	<u>1,554,812</u>	<u>972,042</u>	<u>2,526,854</u>
Total net position	<u>\$ 15,353,531</u>	<u>\$ 2,035,617</u>	<u>\$ 17,389,148</u>

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

CITY OF PIKEVILLE, TENNESSEE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2022

	Water and Sewer Fund	Natural Gas Fund	Total
OPERATING REVENUES			
Charges for services	\$ 2,178,680	\$ 1,035,611	\$ 3,214,291
Customer penalties	27,377	-	27,377
Connection fees	54,000	12,400	66,400
Interest revenue	2,213	889	3,102
Total revenues	2,262,270	1,048,900	3,311,170
OPERATING EXPENSES			
Purchased gas	-	448,002	448,002
Transmission and distribution	1,290,796	152,620	1,443,416
Sewer collection, treatment and disposal	33,002	-	33,002
Administration	222,594	253,560	476,154
Depreciation	488,383	84,212	572,595
Total operating expenses	2,034,775	938,394	2,973,169
OPERATING INCOME	227,495	110,506	338,001
NONOPERATING REVENUES (EXPENSES)			
Capital contributions	239,993	-	239,993
Miscellaneous revenue	101,550	42,203	143,753
Interest expense	(94,588)	-	(94,588)
Total nonoperating revenues	246,955	42,203	289,158
INCOME BEFORE TRANSFERS	474,450	152,709	627,159
Transfers in	41,520	-	41,520
Changes in net position	515,970	152,709	668,679
Net position, beginning	14,837,561	1,882,908	16,720,469
Net position, ending	\$ 15,353,531	\$ 2,035,617	\$ 17,389,148

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

CITY OF PIKEVILLE, TENNESSEE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2022

	Water and Sewer Fund	Natural Gas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,319,143	\$ 1,042,179	\$ 3,361,322
Payments to suppliers	(1,003,668)	(679,442)	(1,683,110)
Payments to employees	(667,939)	(204,480)	(872,419)
Interest	2,213	889	3,102
Net cash from operating activities	649,749	159,146	808,895
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	41,520	-	41,520
Miscellaneous revenue	101,550	42,203	143,753
Net cash from noncapital financing activities	143,070	42,203	185,273
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds of capital grants	239,993	-	239,993
Principal paid on long-term debt	(59,012)	-	(59,012)
Interest paid on long-term debt	(94,588)	-	(94,588)
Acquisition and construction of capital assets	(668,830)	(77,977)	(746,807)
Net cash from capital and related financing activities	(582,437)	(77,977)	(660,414)
Net change in cash and cash equivalents	210,382	123,372	333,754
Cash and cash equivalents, June 30, 2021	1,215,692	865,677	2,081,369
Cash and cash equivalents, June 30, 2022	\$ 1,426,074	\$ 989,049	\$ 2,415,123

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

CITY OF PIKEVILLE, TENNESSEE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2022

	Water and Sewer Fund	Natural Gas Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
OPERATING INCOME	\$ 227,495	\$ 110,506	\$ 338,001
ADJUSTMENTS NOT AFFECTING CASH			
Depreciation	488,383	84,212	572,595
(Increase) decrease in:			
Accounts receivable	59,086	(5,832)	53,254
Due from other funds	-	(25,785)	(25,785)
Inventories	(29,544)	(6,674)	(36,218)
Net pension asset	(292,470)	(103,785)	(396,255)
Deferred pension outflows	(58,873)	(20,891)	(79,764)
Increase (decrease) in:			
Accounts payable	2,487	3,234	5,721
Accrued liabilities	4,726	1,869	6,595
Due to other funds	-	25,785	25,785
Deferred pension inflows	248,459	88,168	336,627
Compensated absences	-	8,339	8,339
Total adjustments	422,254	48,640	470,894
Net cash from operating activities	\$ 649,749	\$ 159,146	\$ 808,895

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

CITY OF PIKEVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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CITY OF PIKEVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The City of Pikeville, Tennessee (the “City”) was incorporated in 1939 under Tennessee law. The City is governed by the elected Mayor and four elected Aldermen and provides services to the citizens of the City including police and fire protection, public works, sanitation, solid waste and garbage services, parks and recreation facilities, maintenance of streets and highways, and general administrative services.

As required by accounting principles generally accepted in the United States of America (GAAP), the accompanying basic financial statements includes all the funds and the account groups relevant to the operations of the City.

Blended Component Unit

The Industrial Development Board - The Industrial Development Board (Board) was formed on September 25, 1978 and serves all citizens of the government. The Board was formed to promote industrial development within the City. The organization is governed by a board as appointed by the Board of Aldermen. Debt issuance authorizations are approved by the Board of Aldermen, and the City is legally obligated in case there are deficiencies in debt service payments and resources are not available from any other remedies. The Board is reported as a nonmajor special revenue fund and does not issue separate financial statements.

Joint Venture

Sequatchie/Bledsoe County Landfill - The Sequatchie/Bledsoe County Landfill (SBCL) is a joint venture entered into by four governmental entities, Bledsoe and Sequatchie Counties and the cities of Dunlap and Pikeville. The landfill was formed by agreements entered into by these governments for the purpose of providing solid waste disposal for the citizens of Sequatchie and Bledsoe Counties. The landfill is administered under the oversight of a Board of Directors consisting of three people from each county and two from each city. The County Executive of each county and the mayors of each city are members of the Board, and the remaining members are appointed by these officials subject to the approval of their respective governing body. Financial statements of the SBCL can be obtained by contacting the Bledsoe County Courthouse.

Basic Financial Statements

The Basic Financial Statements consists of the following:

- 1) Government-wide financial statements;
- 2) Fund financial statements;
- 3) Notes to the basic financial statements.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

The Government-wide Financial Statements consist of the statement of net position and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government (governmental activities and business-type activities). The City reports capital assets in the government-wide statement of net position and reports depreciation expense – the cost of “using up” capital assets – in the statement of activities.

Governmental activities are normally supported by taxes and intergovernmental revenues. The governmental activities of the City include general government, public safety (police and fire), public works, public welfare, and state street aid.

The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City’s functions, e.g., public safety, public works, etc. The expense of individual functions is compared to the revenue generated directly by the function. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are reported in three specific categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the government’s funds, including its blended component unit. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental fund:

The *General Fund* is the government’s primary operating fund and is the only governmental fund that qualifies as a major fund under GASB No. 34. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The City reports the following major enterprise funds:

The *Water and Sewer Fund* accounts for the government’s water and sewer operations to the City’s citizens.

The *Natural Gas Fund* accounts for the government’s natural gas operations to the City’s citizens.

Additionally, the City reports the following other fund types:

Special Revenue Funds. These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included in internal balances in the governmental activities’ columns. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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. Under the accrual basis, revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The *governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to claims and judgments are recognized only when payment is due.

Property taxes, state-shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable within the current fiscal period are considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurements focus* and the *accrual basis of accounting*.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include 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.

Use of Estimates in the Preparation of Financial Statements

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

Formal budgets are adopted by the Mayor and Board of Aldermen as a management control device during the year for the governmental type funds including special revenue funds.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

Expenditures may not legally exceed budgeted appropriations at the fund level. Budgetary integration is employed as a management tool during the fiscal year, and the budget is amended, as necessary, to meet changing needs. The Board of Aldermen approves departmental budgets. Transfers between departments and any revisions in the total appropriation must be approved by the Mayor and Board of Aldermen. Unused appropriations for any of the funds lapse annually at the end of the year.

Cash and Cash Equivalents

For purposes of reporting cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

The City follows state investment policy guidelines for types of allowable investments.

Inventories and Prepaid Items

Inventories, which consist primarily of materials used in the Water and Sewer and Natural Gas Funds, are recorded at the lower of cost or net realizable value. The cost of such inventories is recorded as expenditures/expenses when consumed rather than purchased.

Certain payments to vendors reflect costs applicable to future reporting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Accounts Receivables

With respect to the accounts receivable for water and sewer fees and property taxes, the City uses the allowance method to estimate uncollectible accounts based on a projection of balances unlikely to be collected. Individual accounts are written off only when they are determined to be uncollectible.

Capital Assets

Capital assets, including property, plant, equipment, landfill, and infrastructure assets (e.g., primary, and secondary roads, drainage) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$2,500 and an estimated useful life greater than two years. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives is not capitalized.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Major outlays for capital assets and improvements are capitalized as projects are constructed. In the governmental activities, capital assets of the City are depreciated using the straight-line method over the following estimated useful lives of the assets:

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

	Useful Life
Buildings and improvements	15-40 years
Infrastructure	10-20 years
Vehicles	5-15 years
Machinery and equipment	3-7 years
Landfill	50 years

Capital assets of the proprietary funds are accounted for in the respective proprietary fund and are stated at cost or estimated fair market value when original cost is not available. Major additions are capitalized while maintenance and repairs, including the cost of minor items of property, are expensed as incurred. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains and losses are reflected in income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

	Useful Life
North Bledsoe system	10-40 years
Water treatment and distribution	5-50 years
Sewer collection and treatment	50 years
Building	30-40 years
Machinery and equipment	5-50 years
Vehicles	5 years
Gas lines and meters	30-40 years
Reservoirs and standpipes	10-50 years

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 represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow or resources (as either an expense or expenditure) until that period. The City reports deferred contributions on pension plans and certain amounts related to pensions, as detailed as (2) below. Deferred contributions for the pension plan were made during the fiscal year but are after the measurement date of the actuarial report. These amounts will be recognized during the next measurement period.

In addition to liabilities, the statement of financial 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 two types of items, which arise under a modified accrual basis of accounting and full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet and government-wide statement of net position. (1) The governmental funds and governmental activities report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. (2) Certain amounts related to pensions must be deferred. Differences between projected and actual earnings on pension plan investments are deferred and amortized over five years. Changes in pension plan assumptions are deferred and amortized over the expected remaining service lives of employees.

Net Position Flow Assumption

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental 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 fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Compensated Absences

City employees are paid for vacation and absence due to sickness by prescribed formulas based on length of service. Vacation and sick leave for employees of governmental funds are recorded as expenditures in the period it is used and considered payable from current financial resources. Sick leave does not vest for City employees, so no liability exists at year end. Vacation leave is based on employment date, and unused vacation leave does not carry over beyond employment anniversary. Some employees have vacation leave remaining since their anniversary dates cross the fiscal year-end. Government-wide proprietary funds accrue vacation benefits in the period they are earned.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities statement of net position. Similarly, long-term debt and other obligations of the City are recorded as liabilities in the appropriate fund. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses when incurred.

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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

The government-wide financial statements and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets is intended to reflect the position of net assets which are associated with non-liquid capital assets less outstanding capital asset related debt.

Restricted Net Position represents net position that has third party (statutory, bond covenant or granting agency) limitations on their use.

Unrestricted Net Position represents net position that is not restricted for any project or other purpose. While management may have categorized and segmented portions for various purposes, the City has the unrestricted authority to revisit or alter these managerial decisions.

Fund Balance

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid expenses) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

Committed Fund Balance – represents amounts that can only be used for specific purposes as pursuant to official action by the Board of Aldermen prior to the end of the reporting period. Committed resources cannot be used for any other purposes unless the Board of Aldermen removes or changes the specified use by resolution.

Assigned Fund Balance – represents amounts the City intends to use for specific purposes as expressed by the Board of Aldermen or an official delegated the authority to assign amounts. This is the residual classification for all governmental funds other than the general fund. Assignment of amounts to a specific purpose as part of the annual budget ordinance may be made by resolution of motion of the Board of Aldermen.

Unassigned Fund Balance – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

Property Tax Information

Property taxes attach as an enforceable lien on the property as of January 1 and are levied for the calendar year in October. They are payable immediately and become past due March 1 of the succeeding year and are subject to assessment of penalties and interest. On February 1 of the following year, the delinquent property taxes are filed with the office of the Bledsoe County Clerk and Master by the Trustee's office.

Property taxes are recognized when they become available. Available includes those property taxes receivable, which are expected to be collected within 60 days after year-end.

Property taxes levied for 2022 are recorded as receivables and deferred inflows of resources. The allowance recorded for uncollectible taxes totaled \$151,117 and was based on historical collection data.

Interfund Transactions

During the course of normal operations, transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds". Long-term loans between funds are classified as "loans to/from other funds". All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year.

Pensions

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The City incurred no material violations of finance related legal and contractual provisions.

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

Cash Deposits

The City reports its cash and other investments under GASB Statement No. 40, “Deposit and Investment Risk Disclosures”. This statement eliminated or modified portions of the disclosures previously required by GASB Statement No. 3. GASB Statement No. 40 is designed to improve financial reporting of deposit and investment risks.

The City’s investments are carried at fair value which is based on quoted market prices and consist of certificates of deposits totaling \$523,131. The City’s investments are listed as cash and cash equivalents within the Statement of Net Position.

Interest Rate Risk

As a means of limiting its exposure to losses resulting from rising interest rates, the City’s usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The City’s investments experienced no significant fluctuations in fair value during the year.

Custodial Credit Risk

The City’s policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by the federal deposit insurance or the Tennessee Bank Collateral Pool, by collateral held in the City’s agent in the City’s name, or by Federal Reserve Banks acting as third-party agents. State statutes also authorize the types of investments in which the City may participate. The City limits its investments to certificates of deposit and savings and money market accounts with local banks. The City could also invest with the State of Tennessee local government pooled investment fund but has not chosen to do so.

Credit Risk

The City’s policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2022, consist of the following:

Funds	General	Other Governmental	Water and Sewer	Natural Gas	Total
Property taxes	\$ 527,929	\$ -	\$ -	\$ -	\$ 527,929
Accounts	<u>85,771</u>	<u>263</u>	<u>160,292</u>	<u>30,236</u>	<u>276,562</u>
Gross receivables	613,700	263	160,292	30,236	804,491
Less: Allowance for uncollectible	<u>(151,777)</u>	<u>-</u>	<u>(12,553)</u>	<u>(718)</u>	<u>(165,048)</u>
Net receivables	<u>\$ 461,923</u>	<u>\$ 263</u>	<u>\$ 147,739</u>	<u>\$ 29,518</u>	<u>\$ 639,443</u>

NOTE 5 – INTERFUND TRANSFERS

Transfers within the City are substantially for the purpose of transferring cash receipt collection on utility accounts. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs. Interfund transfers are transactions between transferring funds out of one fund to support the operations of another fund. During the fiscal year \$41,520 was transferred out of the General Fund to the Water and Sewer Fund.

NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balance as of June 30, 2022, is as follows:

	Payable Fund		
	General Fund	Natural Gas Fund	Total
Receivable Fund			
Water and Sewer Fund	\$ 7,370	\$ 25,785	\$ 33,155
Total	<u>\$ 7,370</u>	<u>\$ 25,785</u>	<u>\$ 33,155</u>

The Water and Sewer Fund Statement of Net Position reports a due from other funds balance of \$33,155. The amount is reflective of a receivable from the Natural Gas Fund of \$25,785 and a receivable from the General Fund of \$7,370.

The outstanding balances between funds result mainly from monthly utility collections. The Water and Sewer Fund collects sanitation, natural gas, and water and sewer charges, and remits collections to the respective funds after month end closing procedures.

NOTE 7 – CAPITAL ASSETS

The following is a summary of changes in capital assets and accumulated depreciation:

	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
Governmental Activities				
Non-depreciable capital assets:				
Land	\$ 220,761	\$ 30,100	\$ -	\$ 250,861
Total non-depreciable assets	<u>220,761</u>	<u>30,100</u>	<u>-</u>	<u>250,861</u>
Depreciable capital assets:				
Buildings and parks	3,103,678	17,576	-	3,121,254
Machinery and equipment	641,174	28,868	8,120	661,922
Vehicles	836,503	505,979	30,260	1,312,222
Infrastructure	1,614,311	-	-	1,614,311
Landfill	121,706	-	-	121,706
	<u>6,317,372</u>	<u>552,423</u>	<u>38,380</u>	<u>6,831,415</u>
Less accumulated depreciation:				
Buildings and parks	673,669	86,820	-	760,489
Machinery and equipment	533,586	28,322	8,120	553,788
Vehicles	704,779	36,568	27,701	713,646
Infrastructure	975,699	73,218	-	1,048,917
Landfill	42,597	2,434	-	45,031
	<u>2,930,330</u>	<u>227,362</u>	<u>35,821</u>	<u>3,121,871</u>
Total depreciable assets, net	<u>3,387,042</u>	<u>325,061</u>	<u>2,559</u>	<u>3,709,544</u>
Total capital assets, net	<u>\$ 3,607,803</u>	<u>\$ 355,161</u>	<u>\$ 2,559</u>	<u>\$ 3,960,405</u>

(Continued)

NOTE 7 – CAPITAL ASSETS (Continued)

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

General government	\$ 79,577
Public safety	72,756
Public works	47,746
State street aid	<u>27,283</u>
Total	<u>\$ 227,362</u>

	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
Business-type Activities				
Non-depreciable capital assets:				
Land	\$ 169,847	\$ -	\$ -	\$ 169,847
Construction in progress	804,108	527,027	-	1,331,135
Total non-depreciable assets	<u>973,955</u>	<u>527,027</u>	<u>-</u>	<u>1,500,982</u>
Depreciable capital assets:				
North Bledsoe system	3,008,661	-	-	3,008,661
Water treatment and distribution	16,297,237	-	3,641	16,293,596
Sewer collection and treatment	4,170,650	39,141	-	4,209,791
Buildings	190,169	-	-	190,169
Machinery and equipment	545,571	21,708	100,753	466,526
Vehicles	317,655	173,589	201,304	289,940
Gas lines and meters	1,967,941	-	-	1,967,941
Reservoirs and standpipes	345,661	-	-	345,661
	<u>26,843,545</u>	<u>234,438</u>	<u>305,698</u>	<u>26,772,285</u>
Less accumulated depreciation:				
North Bledsoe system	1,281,501	75,175	-	1,356,676
Water treatment and distribution	5,123,808	314,764	-	5,438,572
Sewer collection and treatment	2,242,807	75,033	-	2,317,840
Buildings	117,746	5,009	-	122,755
Machinery and equipment	454,813	33,684	100,753	387,744
Vehicles	277,023	21,416	190,287	108,152
Gas lines and meters	1,175,528	47,514	-	1,223,042
Reservoirs and standpipes	345,661	-	-	345,661
	<u>11,018,887</u>	<u>572,595</u>	<u>291,040</u>	<u>11,300,442</u>
Total depreciable assets, net	<u>15,824,658</u>	<u>(338,157)</u>	<u>14,658</u>	<u>15,471,843</u>
Total capital assets, net	<u>\$ 16,798,613</u>	<u>\$ 188,870</u>	<u>\$ 14,658</u>	<u>\$ 16,972,825</u>

NOTE 8 – LONG-TERM LIABILITIES

Governmental Activities

In the government-wide financial statements, long-term debt, and other long-term obligations relative to governmental activities are reported as liabilities of the entity. Debt reported in the government-wide financial statements is expected to be liquidated with general government resources. The debt represents amounts not expected to be paid with expendable, available resources, and consists of the following:

Notes:

Note of \$1,000,000 to Tennessee Municipal League Bond Fund, payable in variable, annual installments through 2031, with interest payable monthly at .44%	\$ 539,419
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(Continued)

NOTE 8 – LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

Note of \$150,000 to Tennessee Municipal League Bond Fund, payable in variable, annual installments through 2029, with interest payable bi-annually at 3.92%	\$ 107,500
Cost over-run note up to \$255,000, with interest payable at 3.125%	244,805
Note of \$119,526 to Citizens Tri-County Bank, payable in annual installments of \$19,921 through 2027, with interest payable annually at 2.39%	81,504
Bond Anticipation Note up to \$1,550,000 to USDA, payable in monthly installments of \$5,813, with interest payable at 3.125%, monthly	<u>1,434,795</u>
	<u>\$ 2,408,023</u>
Landfill post-closure estimate	
Original estimate of \$36,810 amortized over thirty (30) years or \$1,227 per year	<u>\$ 12,270</u>
Liability for compensated absences as discussed in Note 1	<u>\$ 16,506</u>

Maturities of general long-term liabilities are as follows:

For the Year Ending June 30,	Direct <u>Borrowings</u> Notes	Landfill Post-Closure	Compensated Absences	Total
2023	\$ 109,565	\$ 1,227	\$ 16,506	\$ 127,298
2024	113,032	1,227	-	114,259
2025	117,428	1,227	-	118,655
2026	121,956	1,227	-	123,183
2027	108,917	1,227	-	110,144
2028-2032	494,052	6,135	-	500,187
2033-2037	212,249	-	-	212,249
2038-2042	248,302	-	-	248,302
2043-2047	290,477	-	-	290,477
2048-2052	339,819	-	-	339,819
2053-2057	<u>252,226</u>	<u>-</u>	<u>-</u>	<u>252,226</u>
	<u>\$ 2,408,023</u>	<u>\$ 12,270</u>	<u>\$ 16,506</u>	<u>\$ 2,436,799</u>

(Continued)

NOTE 8 – LONG-TERM LIABILITIES (Continued)

Business-type Activities

Long-term debt and long-term obligations relative to business-type activities are reported as liabilities with the proprietary fund financial statements. Debt related to business-type activities at June 30, 2022, consisted of the following:

Water and Sewer Fund

Notes:

Note of \$1,670,000 to USDA Rural Development, Series 2011, payable in monthly installments of \$6,627, including interest at 3.50% through June 2052 \$ 1,435,804

Note of \$483,000 to USDA Rural Development, Series 2006, payable in monthly installments of \$2,179, including interest at 4.375% through 2046 382,320

Note of \$1,042,700 to USDA Rural Development, Series 2008, payable in monthly installments of \$4,609, including interest at 4.375% through 2048 851,644

\$ 2,669,768

Liability for compensated absences as discussed in Note 1 \$ 14,874

Maturities of water and sewer long-term liabilities are as follows:

For the Year Ending June 30,	Direct Borrowings Notes	Compensated Absences	Total
2023	\$ 61,102	\$ 14,874	\$ 75,976
2024	63,274	-	63,274
2025	65,528	-	65,528
2026	67,866	-	67,866
2027	70,292	-	70,292
2028-2032	391,190	-	391,190
2033-2037	467,237	-	467,237
2038-2042	558,977	-	558,977
2043-2047	625,864	-	625,864
2048-2051	<u>298,438</u>	<u>-</u>	<u>298,438</u>
	<u>\$ 2,669,768</u>	<u>\$ 14,874</u>	<u>\$ 2,684,642</u>

Natural Gas Fund

Liability for compensated absences as discussed in Note 1. \$ 11,015

(Continued)

NOTE 8 – LONG-TERM LIABILITIES (Continued)

During the year ended June 30, 2022, changes in long-term debt were as follows:

	Beginning Balance	Adjustments/ Additions	Retirements	Ending Balance	Amount Due Within One Year
Governmental Activities					
Notes payable	\$ 2,513,753	\$ -	\$ 105,730	\$ 2,408,023	\$ 109,565
Landfill post-closure	13,497	-	1,227	12,270	1,227
Compensated absences	<u>16,506</u>	<u>-</u>	<u>-</u>	<u>16,506</u>	<u>16,506</u>
	<u>\$ 2,543,756</u>	<u>\$ -</u>	<u>\$ 106,957</u>	<u>\$ 2,436,799</u>	<u>\$ 127,298</u>
Business-type Activities					
Water and Sewer Fund:					
Notes payable	\$ 2,728,780	\$ -	\$ 59,012	\$ 2,669,768	\$ 61,102
Compensated absences	<u>14,874</u>	<u>-</u>	<u>-</u>	<u>14,874</u>	<u>14,874</u>
	<u>2,743,654</u>	<u>-</u>	<u>59,012</u>	<u>2,684,642</u>	<u>75,976</u>
Natural Gas Fund:					
Compensated absences	<u>2,676</u>	<u>11,015</u>	<u>2,676</u>	<u>11,015</u>	<u>11,015</u>
	<u>2,676</u>	<u>11,015</u>	<u>2,676</u>	<u>11,015</u>	<u>11,015</u>
	<u>\$ 2,746,330</u>	<u>\$ 11,015</u>	<u>\$ 61,688</u>	<u>\$ 2,695,657</u>	<u>\$ 86,991</u>

NOTE 9 – LANDFILL POST-CLOSURE COSTS

The City of Pikeville is involved in a joint venture with the City of Dunlap, Bledsoe County, and Sequatchie County in the Sequatchie/Bledsoe County Landfill. The City of Pikeville shares in the closure and post-closure costs in a ratio equal to the proportion that the City's population bears to the total population of the county.

Rules designated by the Federal Environmental Protection Agency and the Tennessee Solid Waste Management Act of 1991 require municipalities operating landfills in Tennessee to be financially responsible for certain closure and post-closure care costs.

Closure and post-closure care costs include:

- The cost of equipment expected to be installed and facilities expected to be constructed near or after the date the landfill stops accepting waste and during the post-closure period.
- The costs of final cover expected to be applied near or after the closure date.
- The costs of monitoring and maintaining the expected usable landfill areas during the post-closure period. Statement No. 18, *Accounting for Solid Waste Landfill Closure and Post-Closure Care Costs*, issued by the Government Accounting Standards Board, requires governments to accrue a liability for these closure and post-closure care costs. This liability represents a proportionate share of estimated total current cost of closure and post-closure care. The liability is based on the cost to provide the required care on the date of the financial statements. The amount accrued each period is determined using the depletion method based on the percentage of landfill capacity use during the period. Estimates of closure and post-closure care costs are recalculated each year to reflect the effects of general inflation/deflation, changes in the landfill's closure or post-closure care plan and for changes in operating conditions such as technology or changes in applicable laws or regulations.

(Continued)

NOTE 9 – LANDFILL POST-CLOSURE COSTS (Continued)

The estimated total current cost of closure and post-closure care of the Sequatchie/Bledsoe County Landfill is \$122,700. The City of Pikeville’s share of the estimated total current cost of closure and post-closure, based upon population percentages, would be 10% or \$12,270. This amount has been recorded as a liability on the Statement of Net Position, as discussed in the previous note disclosure, Note 8.

NOTE 10 – RESTRICTED NET POSITION

Governmental Activities

Restricted net position represents \$206 restricted for general government purposes; \$11,387 is restricted for public safety purposes and \$248,220 is restricted for the City’s future pension needs. Governmental activities restricted net position totaled \$259,813 at June 30, 2022.

Business-type Activities

Restricted net position represents \$559,237 restricted for the City’s future pension needs.

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM

Tennessee Consolidated Retirement System

General Information about the Pension Plan

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

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

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

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

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	16
Active employees	26
	<hr/>
	47
	<hr/>

(Continued)

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM (Continued)

General Information about the Pension Plan

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. The City of Pikeville makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, employer contributions for Pikeville were \$40,152 based on a rate of 3.25 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Pikeville’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

Actuarial assumptions. The total pension liability as of June 30, 2021 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	2.13 percent

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

The actuarial assumptions used in the June 30, 2021 actuarial valuation was 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 reflect more closely actual and expected future experience.

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

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

(Continued)

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM (Continued)

Net Pension Liability (Asset) (Continued)

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 6/30/20	\$ 2,566,965	\$ 3,157,574	\$ (590,609)
Changes for the year:			
Service cost	81,440	-	81,440
Interest	189,494	-	189,494
Differences between expected and actual experience	(125,393)	-	(125,393)
Changes in assumptions	208,286	-	208,286
Contributions – employer	-	39,439	(39,439)
Contributions – employees	-	55,237	(55,237)
Net investment income	-	817,502	(817,502)
Benefit payments, including refunds of employee contributions	(69,393)	(69,393)	-
Administrative expense	-	(2,431)	2,431
Net changes	<u>284,434</u>	<u>840,354</u>	<u>(555,920)</u>
Balance at 6/30/21	<u>\$ 2,851,399</u>	<u>\$ 3,997,928</u>	<u>\$ (1,146,529)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the City calculated using the discount rate of 6.75 percent, 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%)
Net pension liability (asset)	<u>\$ (753,513)</u>	<u>\$ (1,146,529)</u>	<u>\$ (1,472,147)</u>

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

Pension expense (income). For the year ended June 30, 2022, the City recognized pension expense (income) of \$(155,405).

(Continued)

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,737	\$ 152,145
Net difference between projected and actual earnings on pension plan investments	-	436,571
Changes in assumption	197,755	-
Contributions subsequent to the measurement date of June 30, 2021	<u>40,152</u>	<u>-</u>
Total	<u>\$ 249,644</u>	<u>\$ 588,716</u>

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

Year Ended June 30:	
2023	\$ (108,398)
2024	(102,998)
2025	(89,185)
2026	(102,920)
2027	12,429
Thereafter	<u>11,848</u>
	<u>\$ (379,224)</u>

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

Payable to the Plan

At June 30, 2022, the City showed no payable for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2022.

NOTE 12 – RESTRICTIONS AND CONTINGENCIES

Federal and State Grants

The City has received funds from federal and state grants for specific purposes which are subject to review by the grantor agencies. Such reviews could lead to a request for reimbursement to the grantor agencies for any expenditure disallowed under the terms of the grants. Management believes that such disallowed costs, if any, would be immaterial.

NOTE 13 – RISK MANAGEMENT AND LITIGATION

The City of Pikeville is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Tennessee Municipal League Risk Management Pool (TML-RMP) to provide workers’ compensation coverage and general liability and property insurance. The City, along with other participating entities, contributes annual amounts determined by TML-RMP management. As claims arise, they are submitted to and paid by TMP-RMP. During the fiscal year ended June 30, 2022, the City contributed a total of \$174,789 to the fund for this insurance coverage. There were no significant reductions in insurance coverage from the prior year.

NOTE 14 – UNCERTAINTIES

Local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19). There is unprecedented uncertainty surrounding the duration of the pandemic which could adversely affect the operations of city government. However, management has and is currently monitoring the ongoing pandemic to ensure that the City of Pikeville continues to operate efficiency and effectively in serving its citizens.

NOTE 15 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2022, the City had expenditures exceed appropriations in the following funds and departments:

General fund:	
General government	\$ 315,535
Public works	<u>14,719</u>
	<u>\$ 330,254</u>

NOTE 16 – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2022, there were capital assets recorded in the Statement of Net Position that were disposed of in a prior year. As such, a prior period adjustment has been recorded on the government-wide financial statements to reflect correction of disposal of capital assets. The effect on the government-wide financial statements resulted in a decrease in Net Position by \$176,747 and a decrease in Capital assets, net of accumulated depreciation by this amount.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through December 29, 2022 (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.

CITY OF PIKEVILLE, TENNESSEE

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

FISCAL YEAR ENDING JUNE 30

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability (Asset)							
Service cost	\$ 81,440	\$ 77,338	\$ 61,371	\$ 67,648	\$ 57,996	\$ 44,050	\$ 50,122
Interest	189,494	175,641	162,648	156,937	153,227	151,894	143,616
Differences between actual and expected experience	(125,393)	4,106	15,408	(59,206)	(87,261)	(106,106)	53,535
Change in assumptions	208,286	-	-	-	67,279	-	-
Benefit payments, including refunds of employee contributions	(69,393)	(70,845)	(81,492)	(79,181)	(79,348)	(92,695)	(168,960)
Net change in total pension liability	284,434	186,240	157,935	86,198	111,893	(2,857)	78,313
Total pension liability - beginning	2,566,965	2,380,725	2,222,790	2,136,592	2,024,699	2,027,556	1,949,243
Total pension liability - ending (a)	<u>\$ 2,851,399</u>	<u>\$ 2,566,965</u>	<u>\$ 2,380,725</u>	<u>\$ 2,222,790</u>	<u>\$ 2,136,592</u>	<u>\$ 2,024,699</u>	<u>\$ 2,027,556</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 39,439	\$ 38,573	\$ 36,060	\$ 30,999	\$ 41,641	\$ 35,247	\$ 32,871
Contributions - employee	55,237	54,024	50,506	43,417	46,268	39,251	36,605
Net investment income	817,502	148,763	207,080	213,318	261,613	59,830	69,191
Benefit payments, including refunds of employee contributions	(69,393)	(70,845)	(81,492)	(79,181)	(79,348)	(92,695)	(168,960)
Administrative expense	(2,431)	(2,481)	(2,361)	(2,217)	(2,067)	(1,812)	(1,056)
Net change in plan fiduciary net position	840,354	168,034	209,793	206,336	268,107	39,821	(31,349)
Plan fiduciary net position - beginning	3,157,574	2,989,540	2,779,747	2,573,411	2,305,304	2,265,483	2,296,832
Plan fiduciary net position - ending (b)	<u>\$ 3,997,928</u>	<u>\$ 3,157,574</u>	<u>\$ 2,989,540</u>	<u>\$ 2,779,747</u>	<u>\$ 2,573,411</u>	<u>\$ 2,305,304</u>	<u>\$ 2,265,483</u>
Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ (1,146,529)</u>	<u>\$ (590,609)</u>	<u>\$ (608,815)</u>	<u>\$ (556,957)</u>	<u>\$ (436,819)</u>	<u>\$ (280,605)</u>	<u>\$ (237,927)</u>
Plan fiduciary net position as a percentage of total pension liability	140.21%	123.01%	125.57%	125.06%	120.44%	113.86%	111.73%
Covered - employee payroll	\$ 1,104,732	\$ 1,080,480	\$ 1,010,091	\$ 868,330	\$ 925,357	\$ 785,025	\$ 732,089
Net pension liability (asset) as a percentage of covered-employee payroll	-103.78%	-54.66%	-60.27%	-64.14%	-47.21%	-35.74%	-32.50%

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

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

CITY OF PIKEVILLE, TENNESSEE

SCHEDULE OF PIKEVILLE'S CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TC
FISCAL YEAR ENDING JUNE 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 40,152	\$ 39,438	\$ 38,573	\$ 36,058	\$ 30,999	\$ 41,641	\$ 35,247	\$ 32,871
Contributions in relation to the actuarially determined contribution	<u>40,152</u>	<u>39,438</u>	<u>38,573</u>	<u>36,058</u>	<u>30,999</u>	<u>41,641</u>	<u>35,247</u>	<u>32,871</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,235,867	\$ 1,104,732	\$ 1,080,480	\$ 1,010,028	\$ 868,319	\$ 925,357	\$ 785,025	\$ 732,089
Contributions as a percentage of covered-employee payroll	3.25%	3.57%	3.57%	3.57%	3.57%	4.50%	4.49%	4.49%

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

CITY OF PIKEVILLE, TENNESSEE

NOTES TO PENSION SCHEDULES

JUNE 30, 2022

Valuation date: Actuarially determined contribution rates for 2022 were calculated based on the June 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of 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	2.25 percent

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF PIKEVILLE, TENNESSEE

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

JUNE 30, 2022

	<u>Industrial Development Board</u>	<u>Drug Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 11,330	\$ 11,330
Accounts receivable, net	<u>206</u>	<u>57</u>	<u>263</u>
Total assets	<u>206</u>	<u>11,387</u>	<u>11,593</u>
FUND BALANCES			
Restricted	<u>206</u>	<u>11,387</u>	<u>11,593</u>
Total fund balances	<u>\$ 206</u>	<u>\$ 11,387</u>	<u>\$ 11,593</u>

CITY OF PIKEVILLE, TENNESSEE

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

YEAR ENDED JUNE 30, 2022

	Industrial Development Board	Drug Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Fines and forfeitures	\$ -	\$ 1,751	\$ 1,751
Total revenues	<u>-</u>	<u>1,751</u>	<u>1,751</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>-</u>	 <u>1,751</u>	 <u>1,751</u>
 FUND BALANCES			
Beginning	<u>206</u>	<u>9,636</u>	<u>9,842</u>
Ending	<u><u>\$ 206</u></u>	<u><u>\$ 11,387</u></u>	<u><u>\$ 11,593</u></u>

CITY OF PIKEVILLE, TENNESSEE

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Property taxes	\$ 363,500	\$ 363,500	\$ 353,209	\$ (10,291)
Local sales taxes	220,000	220,000	294,161	74,161
Business taxes	17,225	17,225	33,319	16,094
Local beer taxes	98,000	98,000	108,161	10,161
Wholesale liquor tax	28,175	28,175	27,282	(893)
Franchise taxes	7,800	7,800	7,154	(646)
Total taxes	<u>734,700</u>	<u>734,700</u>	<u>823,286</u>	<u>88,586</u>
LICENSES AND PERMITS				
Privilege licenses	<u>1,800</u>	<u>1,800</u>	<u>1,000</u>	<u>(800)</u>
Total licenses and permits	<u>1,800</u>	<u>1,800</u>	<u>1,000</u>	<u>(800)</u>
INTERGOVERNMENTAL				
State sales tax	166,640	166,640	213,599	46,959
State beer tax	750	750	833	83
State income and excise tax	8,600	8,600	8,871	271
City streets and transportation	60,200	60,200	66,511	6,311
TVA in lieu of tax	18,000	18,000	18,938	938
State and other grants	451,500	451,500	55,679	(395,821)
Federal grants	<u>258,289</u>	<u>258,289</u>	<u>258,289</u>	<u>-</u>
Total intergovernmental	<u>963,979</u>	<u>963,979</u>	<u>622,720</u>	<u>(341,259)</u>
CHARGES FOR SERVICES				
Sanitation fees	122,000	122,000	133,459	11,459
Other	<u>70,044</u>	<u>70,044</u>	<u>72,567</u>	<u>2,523</u>
Total charges for services	<u>192,044</u>	<u>192,044</u>	<u>206,026</u>	<u>13,982</u>
FINES AND FORFEITS				
City court fines and fees	<u>16,000</u>	<u>16,000</u>	<u>20,509</u>	<u>4,509</u>
Total fines and forfeits	<u>16,000</u>	<u>16,000</u>	<u>20,509</u>	<u>4,509</u>

(Continued)

CITY OF PIKEVILLE, TENNESSEE

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
MISCELLANEOUS				
Insurance recoveries	\$ -	\$ -	\$ 28,543	\$ 28,543
Interest	645	645	1,108	463
Rent	14,400	14,400	14,475	75
Contributions	23,870	23,870	26,370	2,500
Refunds	8,000	8,000	6,402	(1,598)
Sale of property	17,400	17,400	24,962	7,562
Total miscellaneous	<u>64,315</u>	<u>64,315</u>	<u>101,860</u>	<u>37,545</u>
 Total revenues	<u>1,972,838</u>	<u>1,972,838</u>	<u>1,775,401</u>	<u>(197,437)</u>
 GENERAL GOVERNMENT				
Legislative -				
Salaries	7,200	7,200	7,200	-
Payroll taxes	385	410	408	2
Insurance	4,413	4,882	4,882	-
	<u>11,998</u>	<u>12,492</u>	<u>12,490</u>	<u>2</u>
Judicial -				
Salaries	4,800	4,800	9,206	(4,406)
Payroll taxes	365	367	367	-
Insurance	10,000	10,942	10,942	-
	<u>15,165</u>	<u>16,109</u>	<u>20,515</u>	<u>(4,406)</u>
Mayor -				
Salaries	20,000	20,000	20,000	-
Payroll taxes	1,500	1,457	1,457	-
Insurance	3,100	13,301	13,301	-
Machinery and equipment	-	5,979	5,979	-
	<u>24,600</u>	<u>40,737</u>	<u>40,737</u>	<u>-</u>
Central Staff Agencies -				
Salaries	85,714	88,419	88,414	5
Payroll taxes	6,557	6,607	6,602	5
Insurance	22,148	20,859	20,859	-
Pension	3,849	3,119	3,118	1
Training	500	53	53	-
Data processing	5,800	4,786	4,786	-
Contract services	500	500	409	91
Professional services	8,500	8,500	8,500	-
Subscriptions	1,500	700	473	227
Telephone	7,500	6,850	6,844	6

(Continued)

CITY OF PIKEVILLE, TENNESSEE

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Central Staff Agencies - (Continued)				
Repair and maintenance	\$ -	\$ 800	\$ 674	\$ 126
Operating supplies	6,100	4,454	3,669	785
Travel	350	-	-	-
	<u>149,018</u>	<u>145,647</u>	<u>144,401</u>	<u>1,246</u>
City Hall Buildings -				
Salaries	35,253	35,771	35,771	-
Utilities	19,425	23,569	23,501	68
Contract services	12,000	6,494	6,494	-
Operating supplies	5,600	4,747	4,719	28
Repair and maintenance	500	215	215	-
Travel	100	282	282	-
Other	18,668	21,871	21,846	25
	<u>91,546</u>	<u>92,949</u>	<u>92,828</u>	<u>121</u>
Special Projects -				
Contract services	450,000	353,519	534,048	(180,529)
	<u>450,000</u>	<u>353,519</u>	<u>534,048</u>	<u>(180,529)</u>
General Government -				
Other insurance	21,500	22,726	22,726	-
Unemployment insurance	500	153	(103)	256
Professional services	15,000	9,395	11,827	(2,432)
Subscriptions and dues	2,000	2,590	2,468	122
Contract services	350	10,882	10,882	-
	<u>39,350</u>	<u>45,746</u>	<u>47,800</u>	<u>(2,054)</u>
COVID-19 -				
Salaries	-	79,000	79,000	-
Payroll taxes	-	6,044	6,044	-
Office machinery and equipment	-	18,000	16,557	1,443
Other	-	135,246	28,314	106,932
	<u>-</u>	<u>238,290</u>	<u>129,915</u>	<u>108,375</u>
TOTAL GENERAL GOVERNMENT	<u>781,677</u>	<u>945,489</u>	<u>1,022,734</u>	<u>(77,245)</u>
DEPARTMENT OF PUBLIC SAFETY				
Police -				
Salaries	123,020	193,348	193,348	-
Payroll taxes	9,411	14,810	14,646	164
Insurance	49,089	44,228	44,848	(620)
Pension	5,524	4,582	4,582	-
Employee training	3,000	4,194	4,194	-
Subscriptions and dues	500	679	668	11

(Continued)

CITY OF PIKEVILLE, TENNESSEE

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Police - (Continued)				
Telephone	\$ 7,950	\$ 8,191	\$ 8,099	\$ 92
Utilities	1,500	1,453	1,433	20
Travel	650	1,998	1,998	-
Operating supplies	15,400	31,879	31,787	92
Contract services	1,800	3,634	3,634	-
Equipment	-	6,944	6,944	-
Repair and maintenance	2,200	6,979	6,898	81
	<u>220,044</u>	<u>322,919</u>	<u>323,079</u>	<u>(160)</u>
Fire -				
Employee training	1,000	2,270	2,270	-
Insurance	35,000	30,496	30,496	-
Subscriptions and dues	500	424	424	-
Telephone	2,800	2,764	2,764	-
Utilities	8,661	7,442	7,442	-
Travel	1,500	2,022	2,022	-
Operating supplies	11,500	20,182	8,873	11,309
Contract services	4,500	7,841	7,841	-
Repair and maintenance	1,500	186	186	-
Equipment	-	21,026	21,026	-
Land rental	500	500	500	-
	<u>67,461</u>	<u>95,153</u>	<u>83,844</u>	<u>11,309</u>
Custody of Property -				
Tow - in services	200	-	-	-
	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support Services -				
Equipment	1,000	-	-	-
Operating supplies	4,000	16,522	16,522	-
	<u>5,000</u>	<u>16,522</u>	<u>16,522</u>	<u>-</u>
TOTAL DEPARTMENT OF PUBLIC SAFETY	<u>292,705</u>	<u>434,594</u>	<u>423,445</u>	<u>11,149</u>

(Continued)

CITY OF PIKEVILLE, TENNESSEE

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
DEPARTMENT OF PUBLIC WORKS				
Highways and Streets -				
Insurance	\$ 37,000	\$ 32,132	\$ 32,132	\$ -
Contract services	15,000	22,999	22,999	-
Telephone	3,565	3,200	3,200	-
Operating supplies	9,930	13,129	13,079	50
Equipment	-	8,772	8,772	-
Street projects	25,000	1,103	1,103	-
Repair and maintenance	2,000	1,011	1,011	-
	<u>92,495</u>	<u>82,346</u>	<u>82,296</u>	<u>50</u>
Sanitation -				
Contract services	120,170	120,170	134,939	(14,769)
	<u>120,170</u>	<u>120,170</u>	<u>134,939</u>	<u>(14,769)</u>
TOTAL DEPARTMENT OF PUBLIC WORKS	<u>212,665</u>	<u>202,516</u>	<u>217,235</u>	<u>(14,719)</u>
DEPARTMENT OF PUBLIC WELFARE				
Parks and Recreation -				
Utilities	14,973	18,538	17,768	770
Insurance	7,000	7,000	7,000	-
Operating supplies	21,750	54,613	46,405	8,208
Telephone	1,500	1,050	1,032	18
Contract services	600	500	-	500
	<u>45,823</u>	<u>81,701</u>	<u>72,205</u>	<u>9,496</u>
TOTAL DEPARTMENT OF PUBLIC WELFARE	<u>45,823</u>	<u>81,701</u>	<u>72,205</u>	<u>9,496</u>
DEPARTMENT OF STATE STREET AID				
State Street Aid -				
Salaries	95,294	73,808	73,736	72
Payroll taxes	7,290	5,551	5,551	-
Pension	4,279	2,579	2,574	5
Utilities	25,000	28,213	28,205	8
	<u>131,863</u>	<u>110,151</u>	<u>110,066</u>	<u>85</u>
TOTAL DEPARTMENT OF STATE STREET AID	<u>131,863</u>	<u>110,151</u>	<u>110,066</u>	<u>85</u>

(Continued)

CITY OF PIKEVILLE, TENNESSEE

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
DEBT SERVICE				
Principal	\$ 106,226	\$ 105,698	\$ 105,730	\$ (32)
Interest	<u>60,676</u>	<u>70,720</u>	<u>70,645</u>	<u>75</u>
TOTAL DEBT SERVICE	<u>166,902</u>	<u>176,418</u>	<u>176,375</u>	<u>43</u>
TOTAL EXPENDITURES	<u>1,631,635</u>	<u>1,950,869</u>	<u>2,022,060</u>	<u>(71,191)</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	341,203	21,969	(246,659)	(268,628)
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>(41,520)</u>	<u>(41,520)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 341,203</u>	<u>\$ 21,969</u>	(288,179)	<u>\$ (310,148)</u>
FUND BALANCES				
Beginning			<u>708,264</u>	
Ending			<u>\$ 420,085</u>	

CITY OF PIKEVILLE, TENNESSEE

**INDUSTRIAL DEVELOPMENT BOARD FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE	\$ -	\$ -	\$ -	\$ -
EXCESS REVENUES OVER (UNDER)				
EXPENDITURES	\$ -	\$ -	-	\$ -
FUND BALANCES				
Beginning			206	
Ending			\$ 206	

CITY OF PIKEVILLE, TENNESSEE

**DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
FINES AND FORFEITS -				
City court fines and fees	\$ (500)	\$ (500)	\$ 1,751	\$ 2,251
Total revenues	<u>(500)</u>	<u>(500)</u>	<u>1,751</u>	<u>2,251</u>
DEPARTMENT OF PUBLIC SAFETY				
Drug enforcement	500	500	-	500
	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
TOTAL EXPENDITURES	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
EXCESS REVENUES OVER (UNDER)				
EXPENDITURES	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>	1,751	<u>\$ 2,751</u>
FUND BALANCES				
Beginning			<u>9,636</u>	
Ending			<u>\$ 11,387</u>	

CITY OF PIKEVILLE, TENNESSEE

SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS

JUNE 30, 2022

<u>Year</u>	<u>Tax Rate Per \$100</u>	<u>Assessment</u>	<u>Levy</u>
2022	1.0000	\$ 38,712,178	\$ 387,122
2021	1.0000	29,633,588	296,336
2020	1.0000	29,819,498	298,195
2019	1.0000	29,578,304	297,640
2018	0.8541	29,978,718	256,000
2017	0.8412	29,986,595	252,200
2016	0.8412	30,162,984	253,600
2015	0.8412	29,880,797	251,600
2014	0.8412	27,302,275	230,200
2013	0.8412	28,980,817	247,769
2012	0.8412	30,587,256	257,300
2011	0.8412	30,551,236	256,997
2010	0.8500	30,071,059	255,604

Uncollected Delinquent Accounts: The City of Pikeville has filed delinquent taxes with the Bledsoe County Trustee for collection at June 30, 2022.

CITY OF PIKEVILLE, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLE

JUNE 30, 2022

Tax Year	Property Tax Receivable Balance June 30, 2021	Property Tax Levied	Anticipated Property Tax Levy	Abatements and Adjustments	Tax Collections	Property Tax Receivable Balance June 30, 2022
2022	\$ -	\$ -	\$ 387,121	\$ -	\$ -	\$ 387,121
2021	296,336	-	-	18,160	(267,972)	46,524
2020	47,988	-	-	-	(11,292)	36,696
2019	13,394	-	-	-	(6,838)	6,556
2018	39,827	-	-	-	(8,896)	30,931
2017	19,532	-	-	-	(3,729)	15,803
2016	35	-	-	-	-	35
2015	21	-	-	-	-	21
2014	1,155	-	-	-	-	1,155
2013	354	-	-	-	-	354
2012	-	-	-	-	-	-
2011	-	-	-	-	-	-
2010	-	-	-	-	-	-
2009	136	-	-	-	-	136
2008	883	-	-	-	-	883
2007	273	-	-	-	-	273
2006	-	-	-	-	-	-
2005	838	-	-	-	-	838
2004	114	-	-	-	-	114
2003	489	-	-	-	-	489
	<u>\$ 421,375</u>	<u>\$ -</u>	<u>\$ 387,121</u>	<u>\$ 18,160</u>	<u>\$ (298,727)</u>	<u>\$ 527,929</u>

CITY OF PIKEVILLE, TENNESSEE

SCHEDULE OF DEBT SERVICE REQUIREMENTS
GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

Year Ending June 30,	Tennessee Municipal League Bond Fund Series 2006		Bond Anticipation Note		Tennessee Municipal League Bond Fund Note		Capital Outlay Note Series 2020		General Obligation Note		Landfill Post-Closure Estimate	Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2023	\$ 49,000	\$ 2,430	\$ 25,279	\$ 44,477	\$ 11,700	\$ 3,985	\$ 19,761	\$ 160	\$ 3,825	\$ 7,899	\$ 1,227	\$ 110,792	\$ 58,951
2024	51,000	2,209	26,080	43,676	12,200	3,516	19,801	120	3,951	7,773	1,227	114,259	57,294
2025	54,000	1,980	26,907	42,849	12,600	3,030	19,840	81	4,081	7,643	1,227	118,655	55,583
2026	57,000	1,737	27,760	41,996	13,100	2,526	19,880	41	4,216	7,508	1,227	123,183	53,808
2027	60,000	1,480	28,640	41,116	13,700	2,001	2,222	20	4,355	7,369	1,227	110,144	51,986
2028	62,000	1,210	29,548	40,208	14,200	1,454	-	-	4,498	7,226	1,227	111,473	50,098
2029	66,000	931	30,485	39,271	14,700	889	-	-	4,647	7,077	1,227	117,059	48,168
2030	69,000	634	31,451	38,305	15,300	300	-	-	4,800	6,924	1,227	121,778	46,163
2031	71,419	324	32,447	37,309	-	-	-	-	4,958	6,766	1,227	110,051	44,399
2032	-	-	33,477	36,279	-	-	-	-	5,122	6,602	1,227	39,826	42,881
2033	-	-	34,538	35,218	-	-	-	-	5,291	6,433	-	39,829	41,651
2034	-	-	35,633	34,123	-	-	-	-	5,465	6,259	-	41,098	40,382
2035	-	-	36,762	32,994	-	-	-	-	5,646	6,078	-	42,408	39,072
2036	-	-	37,928	31,828	-	-	-	-	5,832	5,892	-	43,760	37,720
2037	-	-	39,130	30,626	-	-	-	-	6,024	5,700	-	45,154	36,326
2038	-	-	40,371	29,385	-	-	-	-	6,223	5,501	-	46,594	34,886
2039	-	-	41,651	28,105	-	-	-	-	6,428	5,296	-	48,079	33,401
2040	-	-	42,971	26,785	-	-	-	-	6,640	5,084	-	49,611	31,869
2041	-	-	44,333	25,423	-	-	-	-	6,860	4,864	-	51,193	30,287
2042	-	-	45,739	24,017	-	-	-	-	7,086	4,638	-	52,825	28,655
2043	-	-	47,188	22,568	-	-	-	-	7,320	4,404	-	54,508	26,972
2044	-	-	48,685	21,071	-	-	-	-	7,561	4,163	-	56,246	25,234
2045	-	-	50,228	19,528	-	-	-	-	7,810	3,914	-	58,038	23,442
2046	-	-	51,820	17,936	-	-	-	-	8,068	3,656	-	59,888	21,592
2047	-	-	53,463	16,293	-	-	-	-	8,334	3,390	-	61,797	19,683
2048	-	-	55,157	14,599	-	-	-	-	8,609	3,115	-	63,766	17,714
2049	-	-	56,906	12,850	-	-	-	-	8,893	2,831	-	65,799	15,681
2050	-	-	58,710	11,046	-	-	-	-	9,187	2,537	-	67,897	13,583
2051	-	-	60,572	9,184	-	-	-	-	9,490	2,234	-	70,062	11,418
2052	-	-	62,492	7,264	-	-	-	-	9,803	1,921	-	72,295	9,185
2053	-	-	64,473	5,283	-	-	-	-	10,126	1,598	-	74,599	6,881
2054	-	-	66,517	3,239	-	-	-	-	10,460	1,264	-	76,977	4,503
2055	-	-	67,454	2,302	-	-	-	-	10,805	919	-	78,259	3,221
2056	-	-	-	-	-	-	-	-	11,162	562	-	11,162	562
2057	-	-	-	-	-	-	-	-	11,229	460	-	11,229	460
Total	\$ 539,419	\$ 12,935	\$ 1,434,795	\$ 867,153	\$ 107,500	\$ 17,701	\$ 81,504	\$ 422	\$ 244,805	\$ 165,500	\$ 12,270	\$ 2,420,293	\$ 1,063,711

CITY OF PIKEVILLE, TENNESSEE

**SCHEDULE OF DEBT SERVICE REQUIREMENTS
WATER AND SEWER PROPRIETARY FUND**

JUNE 30, 2022

Year Ending June 30,	USDA Series 2011		USDA Series 2006		USDA Series 2008		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 33,074	\$ 39,070	\$ 9,613	\$ 16,535	\$ 18,415	\$ 36,893	\$ 61,102	\$ 92,498
2024	33,995	38,149	10,042	16,106	19,237	36,071	63,274	90,326
2025	34,942	37,202	10,490	15,658	20,096	35,212	65,528	88,072
2026	35,915	36,229	10,958	15,190	20,993	34,315	67,866	85,734
2027	36,915	35,229	11,447	14,701	21,930	33,378	70,292	83,308
2028	37,943	34,201	11,958	14,190	22,909	32,399	72,810	80,790
2029	39,000	33,144	12,492	13,656	23,931	31,377	75,423	78,177
2030	40,086	32,058	13,050	13,098	24,999	30,309	78,135	75,465
2031	41,203	30,941	13,632	12,516	26,115	29,193	80,950	72,650
2032	42,350	29,794	14,241	11,907	27,281	28,027	83,872	69,728
2033	43,530	28,614	14,877	11,271	28,499	26,809	86,906	66,694
2034	44,742	27,402	15,541	10,607	29,771	25,537	90,054	63,546
2035	45,988	26,156	16,234	9,914	31,100	24,208	93,322	60,278
2036	47,269	24,875	16,959	9,189	32,488	22,820	96,716	56,884
2037	48,585	23,559	17,716	8,432	33,938	21,370	100,239	53,361
2038	49,938	22,206	18,507	7,641	35,453	19,855	103,898	49,702
2039	51,329	20,815	19,333	6,815	37,036	18,272	107,698	45,902
2040	52,758	19,386	20,196	5,952	38,689	16,619	111,643	41,957
2041	54,228	17,916	21,097	5,051	40,416	14,892	115,741	37,859
2042	55,738	16,406	22,039	4,109	42,220	13,088	119,997	33,603
2043	57,290	14,854	23,023	3,125	44,105	11,203	124,418	29,182
2044	58,885	13,259	24,051	2,097	46,074	9,234	129,010	24,590
2045	60,525	11,619	25,124	1,024	48,130	7,178	133,779	19,821
2046	62,211	9,933	9,700	98	50,279	5,029	122,190	15,060
2047	63,944	8,200	-	-	52,523	2,785	116,467	10,985
2048	65,724	6,420	-	-	35,017	1,295	100,741	7,715
2049	67,555	4,589	-	-	-	-	67,555	4,589
2050	69,436	2,708	-	-	-	-	69,436	2,708
2051	60,706	546	-	-	-	-	60,706	546
Total	<u>\$1,435,804</u>	<u>\$ 645,480</u>	<u>\$ 382,320</u>	<u>\$ 228,882</u>	<u>\$ 851,644</u>	<u>\$ 567,368</u>	<u>\$2,669,768</u>	<u>\$1,441,730</u>

CITY OF PIKEVILLE, TENNESSEE

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

YEAR ENDING JUNE 30, 2022

<u>Description of Indebtedness</u>	<u>Original Amount of issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Final Maturity Date</u>	<u>Outstanding July 1, 2021</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding June 30, 2022</u>
Governmental Activities									
<u>NOTES PAYABLE</u>									
<u>Payable through General Fund</u>									
TML Note	\$ 1,000,000	0.44%	2/1/2006	5/25/2031	\$ 586,419	\$ -	\$ 47,000	\$ -	\$ 539,419
Fire Hall Note	150,000	3.92%	10/23/2017	9/1/2029	118,800	-	11,300	-	107,500
Cost Over-Run Note	255,000	3.125%	6/16/2019	6/19/2057	248,507	-	3,702	-	244,805
Citizens Tri County Bank Note	119,526	2.39%	4/13/2020	4/13/2026	100,730	-	19,226	-	81,504
Municipal Building Note	1,550,000	3.125%	9/22/2015	6/14/2055	1,459,297	-	24,502	-	1,434,795
Total notes payable through General Fund					<u>\$ 2,513,753</u>	<u>\$ -</u>	<u>\$ 105,730</u>	<u>\$ -</u>	<u>\$ 2,408,023</u>
Business-Type Activities									
<u>NOTES PAYABLE</u>									
<u>Payable through Water Fund</u>									
USDA Rural Development, Series 2011	\$ 1,670,000	3.50%	1/9/2012	7/1/2051	\$ 1,467,986	\$ -	\$ 32,182	\$ -	\$ 1,435,804
USDA Rural Development, Series 2006	483,000	4.375%	1/10/2008	12/10/2045	391,522	-	9,202	-	382,320
USDA Rural Development, Series 2008	1,042,700	4.375%	3/14/2008	2/14/2048	869,272	-	17,628	-	851,644
Total Other Loans Payable					<u>\$ 2,728,780</u>	<u>\$ -</u>	<u>\$ 59,012</u>	<u>\$ -</u>	<u>\$ 2,669,768</u>

CITY OF PIKEVILLE, TENNESSEE

SCHEDULE OF MUNICIPAL UTILITY RATES AND NUMBERS OF CUSTOMERS

JUNE 30, 2022

WATER RATE SCHEDULE

	<u>Residential</u>	<u>Commercial</u>	<u>Outside City</u>
Water Rates:			
First 2,000 Gallons	\$24.77/month	\$29.71/month	\$32.19/month
2,001 Gallons and over	\$7.04/month	\$8.45/month	\$9.15/month

SEWER RATE SCHEDULE

Sewer Rates (Based on water usage):			
First 2,000 Gallons	\$30.73/month	\$36.87/month	\$39.95/month
2,001 Gallons and over	\$8.74/month	\$10.49/month	\$11.35/month

NATURAL GAS RATE SCHEDULE

Gas rates fluctuate on a monthly basis depending on the wholesale gas cost.

GARBAGE RATE SCHEDULE

\$12.95/month

NUMBER OF CUSTOMERS

Water	1790
Sewer	668
Garbage	671
Natural Gas	1009

CITY OF PIKEVILLE, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDING JUNE 30, 2022

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract Number</u>	<u>Beginning (Accrued) Deferred Grant Revenue</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending (Accrued) Deferred Grant Revenue</u>
FEDERAL AWARDS						
U.S. Department of Treasury Passed through TN Department of Revenue American Rescue Plan Act	21.027	N/A	\$ -	\$ 258,289	\$ 129,915	\$ 128,374
Total U.S. Department of Treasury			-	258,289	129,915	128,374
U.S. Department of Homeland Security Passed through Tennessee Department of Safety and Homeland Security TN Highway Safety Grant	20.600	Z22THS225	-	3,882	3,882	-
Total U.S. Department of Homeland Security			-	3,882	3,882	-
U.S Department of Economic and Community Development Passed through Tennessee Department of Economic and Community Development Appalachian Regional Commission Grant	23.002	67055	-	237,918	237,918	-
Community Development Block Grant	14.228	13486	(3,360)	5,435	16,003	(13,928)
Total U.S. Department of Economic and Community Development			(3,360)	243,353	253,921	(13,928)
TOTAL EXPENDITURES OF FEDERAL AWARDS			(3,360)	505,524	387,718	114,446
STATE AWARDS						
Tennessee Highway Safety Office	N/A	N/A	-	2,500	2,500	-
TN Volunteer Firefighter & Equipment Grant	N/A	33501-2225151	-	11,922	442	11,480
Local Government Direct Appropriation Grant	N/A	2022 Local Gov DA Grant	-	34,048	34,048	-
TOTAL EXPENDITURES OF STATE AWARDS			-	48,470	36,990	11,480
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			\$ (3,360)	\$ 553,994	\$ 424,708	\$ 125,926

CITY OF PIKEVILLE, TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of the City of Pikeville, Tennessee and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS

**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 Aldermen
City of Pikeville, Tennessee
Pikeville, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pikeville, TN as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 29, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Chattanooga, Tennessee
December 29, 2022

*Henderson Hutcherson
is McCullough, PLLC*

CITY OF PIKEVILLE, TENNESSEE

SCHEDULE OF PRIOR YEAR FINDINGS

JUNE 30, 2022

Prior Audit Findings

Finding 2021-001

Status

Additional procedures have been implemented to ensure all purchases exceeding \$25,000 undergo the proper acquisition procedures.