



**ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020**

CITY OF RED BANK, TENNESSEE
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020

Tim Thornbury, City Manager

I. INTRODUCTORY SECTION

CITY OF RED BANK, TENNESSEE
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June 30, 2020

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CITY OF RED BANK, TENNESSEE
City Officials
June 30, 2020

Mayor (7-1-19 through 3-20-20) Eddie Pierce

Acting Mayor (3-21-20 through 6-30-20) Ruth Jeno

Vice-Mayor (7-1-19 through 3-20-20) Ruth Jeno

Commissioner (9-3-19 through 6-30-20) Tyler Howell

Commissioner Ed LeCompte

Commissioner Carol Rose

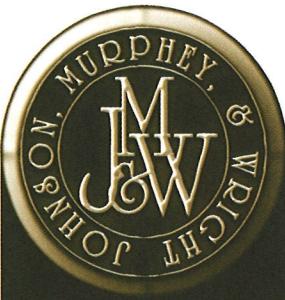
City Judge Johnny Houston

City Manager Tim Thornbury

City Recorder Ruth Rohen

Finance Director, CMFO John Alexander

II. FINANCIAL SECTION



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Accountants

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Karen Hutcherson, CPA

Marianne Greene, CPA

Jennifer Waycaster, CPA

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Commissioners
City of Red Bank, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Red Bank, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Mayor and Commissioners
City of Red Bank, Tennessee
Page Three

The Introductory Section and Management's Corrective Action Plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2020, on our consideration of the City of Red Bank, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Red Bank, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Red Bank, Tennessee's internal control over financial reporting and compliance.

Johnson, Murphy & Wright, P.C.

Chattanooga, Tennessee
October 19, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Red Bank, Tennessee, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Red Bank, Tennessee for the fiscal year ended June 30, 2020. 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 Red Bank, Tennessee exceeded its liabilities and deferred inflows at June 30, 2020, by \$16,048,631 (net position). Of this amount, \$7,434,356 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's governmental activities operated at a surplus of \$678,802. The City's business-type activities operated at a deficit of \$(9,191).

As of the close of the current fiscal year, the City of Red Bank, Tennessee's governmental funds reported combined ending fund balances of \$10,094,447.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,418,798, or 118.47%, of total General Fund expenditures.

As of the close of the current fiscal year, the City of Red Bank, Tennessee's enterprise funds reported combined ending net position of \$396,574. Of that balance, \$346,035, or 87.26%, is unrestricted.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction of the City of Red Bank, Tennessee's basic financial statements. The City of Red Bank, Tennessee'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 of Red Bank, Tennessee's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City of Red Bank, Tennessee's assets, deferred outflows, liabilities, and deferred inflows with the difference 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 of Red Bank, Tennessee is improving or deteriorating.

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

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 Sewer Fund and Stormwater Fund, both of which are considered to be major funds of the City of Red Bank, Tennessee.

The basic proprietary fund financial statements can be found on pages 30 through 33 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 34 through 57 of this report.

Required Supplementary Information other than MD&A

The schedules related to the Tennessee Consolidated Retirement System are presented as Required Supplementary Information other than MD&A.

Other Information

The combining statements referred to earlier in connection with the non-major governmental funds can be found on pages 63 and 64 of this report.

Financial Analysis of the City as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Red Bank, Tennessee, assets and deferred outflows exceeded liabilities and deferred inflows by \$16,048,631 at the close of this fiscal year.

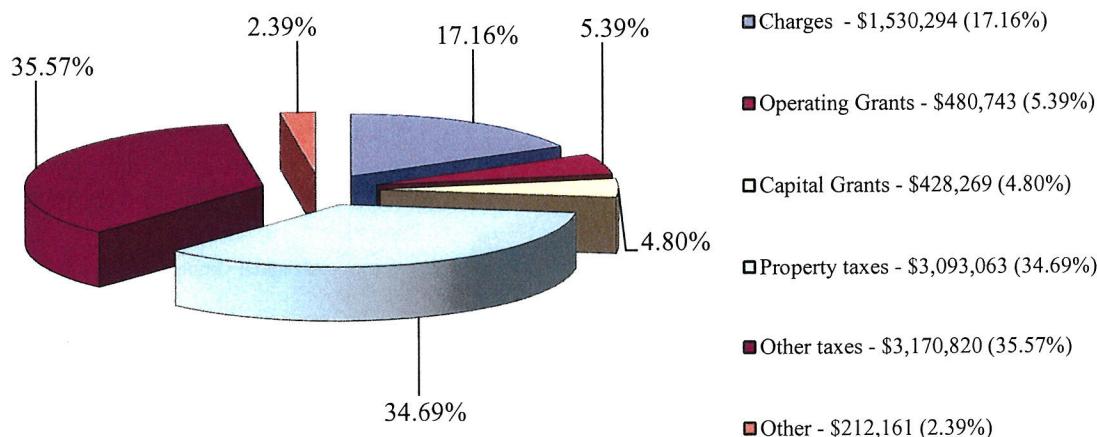
The largest portion of the City of Red Bank, Tennessee's net position (37.01%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any debt used to acquire those assets that is still outstanding. The City of Red Bank, Tennessee uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Red Bank, Tennessee's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Red Bank, Tennessee's Net Position

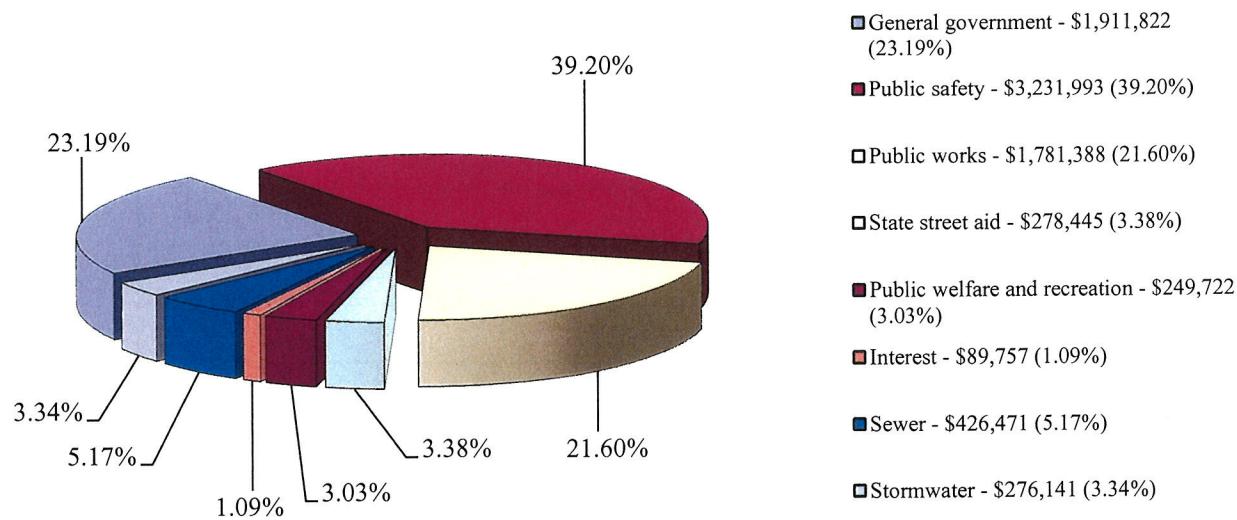
| | Governmental Activities | | Business-type Activities | | Totals | |
|----------------------------------|-----------------------------|-----------------------------|--------------------------|----------------------------|-----------------------------|-----------------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Capital assets | \$ 8,372,396 | \$ 8,756,066 | \$ 50,539 | \$ 61,412 | \$ 8,422,935 | \$ 8,817,478 |
| Other assets | <u>13,552,225</u> | <u>12,853,581</u> | <u>490,036</u> | <u>1,033,815</u> | <u>14,042,261</u> | <u>13,887,396</u> |
| Total assets | <u><u>\$ 21,924,621</u></u> | <u><u>\$ 21,609,647</u></u> | <u><u>\$ 540,575</u></u> | <u><u>\$ 1,095,227</u></u> | <u><u>\$ 22,465,196</u></u> | <u><u>\$ 22,704,874</u></u> |
| Deferred outflows of resources | <u>\$ 553,157</u> | <u>\$ 589,212</u> | <u>\$ 17,600</u> | <u>\$ 18,715</u> | <u>\$ 570,757</u> | <u>\$ 607,927</u> |
| Long-term liabilities | \$ 2,704,360 | \$ 3,161,698 | \$ 26,390 | \$ 150,102 | \$ 2,730,750 | \$ 3,311,800 |
| Other liabilities | <u>623,059</u> | <u>665,733</u> | <u>126,023</u> | <u>549,491</u> | <u>749,082</u> | <u>1,215,224</u> |
| Total liabilities | <u><u>\$ 3,327,419</u></u> | <u><u>\$ 3,827,431</u></u> | <u><u>\$ 152,413</u></u> | <u><u>\$ 699,593</u></u> | <u><u>\$ 3,479,832</u></u> | <u><u>\$ 4,527,024</u></u> |
| Deferred inflows of resources | <u>\$ 3,498,302</u> | <u>\$ 3,398,173</u> | <u>\$ 9,188</u> | <u>\$ 8,584</u> | <u>\$ 3,507,490</u> | <u>\$ 3,406,757</u> |
| Net investment in capital assets | \$ 5,888,296 | \$ 5,796,866 | \$ 50,539 | \$ 61,412 | \$ 5,938,835 | \$ 5,858,278 |
| Restricted | <u>2,675,440</u> | <u>2,500,734</u> | <u>-</u> | <u>-</u> | <u>2,675,440</u> | <u>2,500,734</u> |
| Unrestricted | <u>7,088,321</u> | <u>6,675,655</u> | <u>346,035</u> | <u>344,353</u> | <u>7,434,356</u> | <u>7,020,008</u> |
| Total net position | <u><u>\$ 15,652,057</u></u> | <u><u>\$ 14,973,255</u></u> | <u><u>\$ 396,574</u></u> | <u><u>\$ 405,765</u></u> | <u><u>\$ 16,048,631</u></u> | <u><u>\$ 15,379,020</u></u> |

The graphs below summarize the \$8,915,350 of city-wide revenues by source and the associated \$8,245,739 of expense by program. The graphs combine data from both governmental and business-type activities.

City-Wide Sources of Revenue



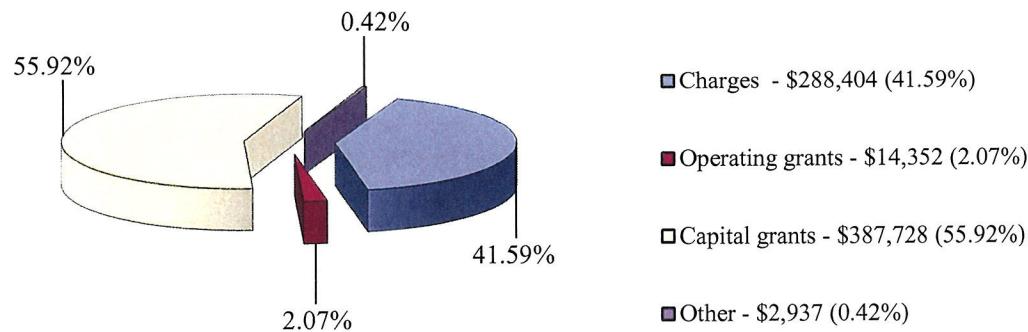
City-Wide Program Expenses



Business-type Activities

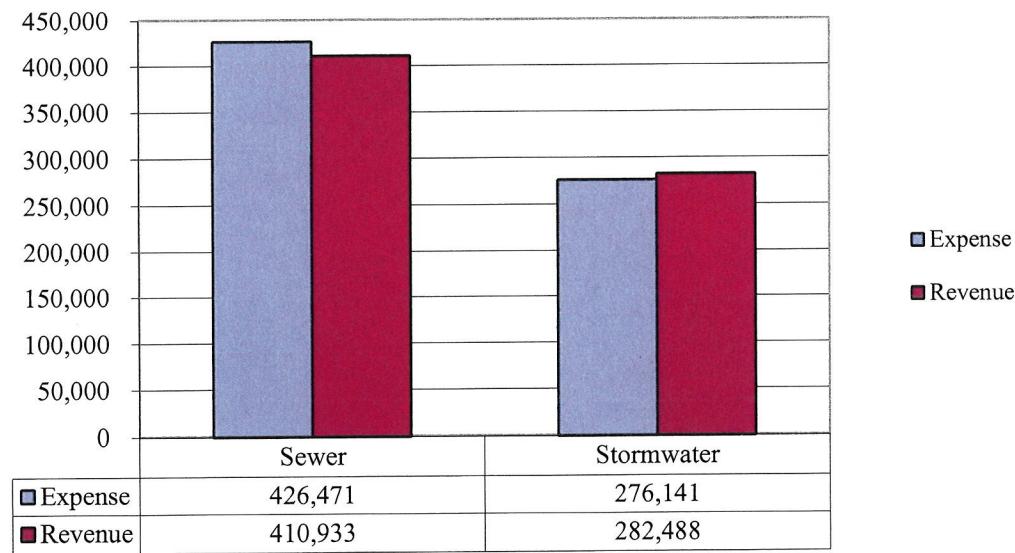
Business-type activities accounted for revenues of \$693,421. The following graph summarizes the revenue by source.

Revenue by Source - Business-Type Activities



The following graph summarizes the revenue and related expense of operating the sewer and stormwater systems.

Expenses and Program Revenues - Business-Type Activities



General Fund Budgetary Highlights

Differences between the original budget and the final amended budget netted to \$2,323,279. The details are listed below:

There was a \$58,001 increase in the budget for public safety expenditures, due largely to an increased budget of \$47,329 for police salaries.

There was a \$2,265,278 increase in the budget for capital outlay expenditures, due largely to the increased budget of the street department for a paving project of \$1,461,300.

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

Capital Assets and Debt Administration

City of Red Bank, Tennessee's Capital Assets (Net of Depreciation)

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|-----------------------------------|------------------------------------|-------------------------------------|---------------------|
| Land | \$ 400,016 | \$ - | \$ 400,016 |
| Land improvements | - | 23,297 | 23,297 |
| Buildings | 1,137,422 | - | 1,137,422 |
| Public improvements | 2,339,417 | - | 2,339,417 |
| State street aid | 1,263,833 | - | 1,263,833 |
| Infrastructure | 2,093,993 | - | 2,093,993 |
| Furniture, fixtures and equipment | 1,137,715 | 27,242 | 1,164,957 |
| Total capital assets | <u>\$ 8,372,396</u> | <u>\$ 50,539</u> | <u>\$ 8,422,935</u> |

Major capital asset events during the current fiscal year include the following:

| | |
|--------------------|------------|
| Garbage/leaf truck | \$ 157,753 |
| 2020 rescue truck | \$ 87,763 |
| Hydraulic arm | \$ 23,750 |
| Radio | \$ 18,835 |
| Parking lot design | \$ 15,000 |

Additional information on the City of Red Bank, Tennessee's capital assets can be found in Note 8 on pages 43 and 44 of this report.

Currently Known Conditions Effecting Future Years

Fiscal Year 2020 has been an unusual and trying year for the City of Red Bank, as it has for the rest of the world, as we endeavored to do our part in containing the Coronavirus that has impacted and disrupted normal operations and activities. At the direction of Federal, State and Local officials, many retail operations were directed to close, with the exception of those deemed essential, which took precautions to minimize close interaction with the public. Jobs were jeopardized, schools closed, social events were cancelled. Red Bank was somewhat less impacted than many other municipalities as we are generally a residential community with mainly service providers. We felt that our revenue sources were somewhat immune to radically adverse effects and that proved to be the case. Folks were staying local and eating at home. Both our State and Local Sales taxes maintained numbers we expected to realize. The same could be said for many other large sources of revenue such as beer and liquor taxes.

We are very much looking forward to better times for the city in the near future. We have been very fortunate to receive some much needed assistance in maintaining our infrastructure in the form of grants. We have three grants that have been proceeding at a slower than expected pace. We expected two grants, \$1,503,300 for primary street paving and \$594,500 to improve signalization, to be completed in fiscal year 2021 as pieces are finally starting to fall into place for final work to be completed. The third grant, \$399,400, for sidewalks along Ashland Terrace, has actually been tied up for approximately ten years, but also appears to be coming to a conclusion before this 2021 fiscal year ends.

Along with the older grants, we have secured a total of \$1,261,000 in new grant funding for replacing a one lane bridge that connects to a main traffic artery at Signal Mountain Boulevard in our south end. Separate funding was awarded for another main artery in the north end from Browntown Road to Gadd Road for resurfacing, guardrails, slide repair, signs, and road marking. The last of the new grants will assist us in bringing many of our facilities in compliance with American with Disabilities Act guidelines. The City will be reimbursed 80% on all money spent on all six grant projects.

The City has experienced substantial residential growth. We have issued 185 permits for new residential construction, up 175% in a 3 year period. Keeping our focus on single family dwellings, we have three new developments that will bring 204 additional homes to the City. Locations are on Delashmitt Road, Dayton Blvd, and Pine Breeze Road. Other smaller new developments around the city are located on Hedgewood Drive, Glen Hill Drive, Unaka Street, and Lullwater Road. New homes are being built in established neighborhoods, and older homes are being restored. Several existing apartment complexes have been bought and remodeled and are providing our rental population with quality living accommodations. Growth in the north end has been put on a moratorium due to limitations of sewer services, which the county sewer authority, WWTA, has scheduled to remedy.

Finally, we are very happy to realize that a “Request for Proposals” was released September 1st 2020 for purchase and development of 11 acres at the site of the old Middle School Property located in the center of town at 3715 Dayton Boulevard. This has been a huge undertaking for the City. The property was acquired in a land swap between the City and the Hamilton County School Board, during negotiations to build a new Red Bank Middle School in 2015.

Request for Information

This financial report is designed to provide a general overview of the City of Red Bank, Tennessee'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 Red Bank, Tennessee, 3117 Dayton Boulevard, Red Bank, TN 37415.

BASIC FINANCIAL STATEMENTS

CITY OF RED BANK, TENNESSEE
Statement of Net Position (Continued)
June 30, 2020

| | Primary Government | | |
|--|--------------------------------|--------------------------|-----------------------------|
| | Business- | | |
| | Governmental Activities | type Activities | Total |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accrued liabilities | \$ 171,659 | \$ 3,681 | \$ 175,340 |
| Bonds payable - due in one year | 443,700 | - | 443,700 |
| Notes payable - due in one year | - | 122,342 | 122,342 |
| Landfill closure and post-closure cost - due in one year | <u>7,700</u> | <u>-</u> | <u>7,700</u> |
| Total current liabilities | <u>623,059</u> | <u>126,023</u> | <u>749,082</u> |
| Non-current liabilities | | | |
| Bonds payable | 2,040,400 | - | 2,040,400 |
| Landfill closure and post-closure cost | 61,600 | - | 61,600 |
| Accrued leave | 382,443 | 19,589 | 402,032 |
| Net pension liability | <u>219,917</u> | <u>6,801</u> | <u>226,718</u> |
| Total non-current liabilities | <u>2,704,360</u> | <u>26,390</u> | <u>2,730,750</u> |
| TOTAL LIABILITIES | <u>\$ 3,327,419</u> | <u>\$ 152,413</u> | <u>\$ 3,479,832</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenue - property tax | \$ 3,201,200 | \$ - | \$ 3,201,200 |
| Deferred inflows related to pensions | <u>297,102</u> | <u>9,188</u> | <u>306,290</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>\$ 3,498,302</u> | <u>\$ 9,188</u> | <u>\$ 3,507,490</u> |
| NET POSITION | | | |
| Net investment in capital assets | \$ 5,888,296 | \$ 50,539 | \$ 5,938,835 |
| Restricted for: | | | |
| Non-recurring police expenses | 118,209 | - | 118,209 |
| State street aid expenses | 1,446,375 | - | 1,446,375 |
| Impound expenses | 21,880 | - | 21,880 |
| Solid waste expenses | 1,088,976 | - | 1,088,976 |
| Unrestricted | <u>7,088,321</u> | <u>346,035</u> | <u>7,434,356</u> |
| TOTAL NET POSITION | <u>\$ 15,652,057</u> | <u>\$ 396,574</u> | <u>\$ 16,048,631</u> |

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

CITY OF RED BANK, TENNESSEE
Governmental Funds
Balance Sheet
June 30, 2020

| | General Fund | State Street Aid Fund | Solid Waste Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|----------------------------|----------------------------------|-----------------------------|---|---|
| ASSETS | | | | | |
| Cash | \$ 540,630 | \$ 6,212 | \$ 116,691 | \$ 139,664 | \$ 803,197 |
| Investments | 6,289,454 | 1,396,523 | 1,000,316 | - | 8,686,293 |
| Property tax receivable - net | 3,320,344 | - | - | - | 3,320,344 |
| Accounts receivable - net | 609,036 | 68,677 | 13,834 | - | 691,547 |
| Prepaid expenses | 209 | - | - | - | 209 |
| Due from grantor | 49,919 | - | - | - | 49,919 |
| Due from other funds | <u>47,664</u> | <u>-</u> | <u>-</u> | <u>425</u> | <u>48,089</u> |
| TOTAL ASSETS | <u>\$10,857,256</u> | <u>\$ 1,471,412</u> | <u>\$ 1,130,841</u> | <u>\$ 140,089</u> | <u>\$ 13,599,598</u> |
| LIABILITIES | | | | | |
| Accrued liabilities | \$ 151,705 | \$ 6,055 | \$ 13,899 | \$ - | \$ 171,659 |
| Due to other funds | <u>425</u> | <u>18,982</u> | <u>27,966</u> | <u>-</u> | <u>47,373</u> |
| TOTAL LIABILITIES | <u>\$ 152,130</u> | <u>\$ 25,037</u> | <u>\$ 41,865</u> | <u>\$ -</u> | <u>\$ 219,032</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred revenue - property tax | <u>\$ 3,286,119</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,286,119</u> |
| FUND BALANCES | | | | | |
| Nonspendable | \$ 209 | \$ - | \$ - | \$ - | \$ 209 |
| Restricted | <u>-</u> | <u>1,446,375</u> | <u>1,088,976</u> | <u>140,089</u> | <u>2,675,440</u> |
| Unassigned | <u>7,418,798</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,418,798</u> |
| TOTAL FUND BALANCES | <u>\$ 7,419,007</u> | <u>\$ 1,446,375</u> | <u>\$ 1,088,976</u> | <u>\$ 140,089</u> | <u>\$ 10,094,447</u> |

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

CITY OF RED BANK, TENNESSEE
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
June 30, 2020

| | General Fund | State Street Aid Fund | Solid Waste Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|------------------------------|-------------------------|---------------------------------|---------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 5,009,716 | \$ - | \$ - | \$ - | \$ 5,009,716 |
| License and permits | 60,817 | 18,485 | - | - | 79,302 |
| Intergovernmental | 1,352,437 | 413,810 | - | - | 1,766,247 |
| Charges for services | 38,048 | - | 970,408 | - | 1,008,456 |
| Fines and forfeitures | 107,803 | - | - | 6,674 | 114,477 |
| Other revenues | 157,988 | 24,238 | 15,065 | 56,238 | 253,529 |
| TOTAL REVENUES | 6,726,809 | 456,533 | 985,473 | 62,912 | 8,231,727 |
| EXPENDITURES | | | | | |
| Current expenditures | | | | | |
| General government | 1,828,172 | - | - | - | 1,828,172 |
| Public safety | 2,811,127 | - | - | 23,567 | 2,834,694 |
| Public works | 701,457 | - | 747,416 | - | 1,448,873 |
| State street aid | - | 131,390 | - | - | 131,390 |
| Public welfare and recreation | 177,593 | - | - | - | 177,593 |
| Capital outlay | 355,691 | 84,958 | 158,943 | 7,440 | 607,032 |
| Debt service | 388,359 | 176,498 | - | - | 564,857 |
| TOTAL EXPENDITURES | 6,262,399 | 392,846 | 906,359 | 31,007 | 7,592,611 |
| Excess (deficiency) of revenues over (under) expenditures | 464,410 | 63,687 | 79,114 | 31,905 | 639,116 |
| Fund balances - beginning | 6,954,597 | 1,382,688 | 1,009,862 | 108,184 | 9,455,331 |
| Fund balances - end | \$ 7,419,007 | \$ 1,446,375 | \$ 1,088,976 | \$ 140,089 | \$ 10,094,447 |

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

CITY OF RED BANK, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2020

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|------------------|------------------|--------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | | | | |
| Property tax | \$ 2,895,000 | \$ 2,895,000 | \$ 3,102,860 | \$ 207,860 |
| Minimum business tax | 80,500 | 80,500 | 91,235 | 10,735 |
| Local sales tax | 1,140,000 | 1,140,000 | 1,205,745 | 65,745 |
| Alcoholic beverage tax | 312,000 | 312,000 | 332,318 | 20,318 |
| Franchise tax | 160,000 | 160,000 | 145,947 | (14,053) |
| Occupancy tax | 3,000 | 3,000 | 3,799 | 799 |
| In lieu of tax | 98,000 | 98,000 | 127,812 | 29,812 |
| Total taxes | <u>4,688,500</u> | <u>4,688,500</u> | <u>5,009,716</u> | <u>321,216</u> |
| License and permits | | | | |
| Privilege license | 3,000 | 3,000 | 2,100 | (900) |
| Wrecker permits | 400 | 400 | 675 | 275 |
| Building license and permits | <u>51,200</u> | <u>51,200</u> | <u>58,042</u> | <u>6,842</u> |
| Total license and permits | <u>54,600</u> | <u>54,600</u> | <u>60,817</u> | <u>6,217</u> |
| Intergovernmental | | | | |
| State sales tax | 950,000 | 950,000 | 1,071,453 | 121,453 |
| State beer tax | 5,000 | 5,000 | 5,458 | 458 |
| State mixed drink tax | 2,500 | 2,500 | 2,594 | 94 |
| State income tax | 15,000 | 15,000 | 40,996 | 25,996 |
| State city streets and transportation system | 23,000 | 23,000 | 23,131 | 131 |
| TVA in lieu of tax | 134,000 | 134,000 | 143,464 | 9,464 |
| Federal grants | <u>2,323,278</u> | <u>2,323,278</u> | <u>40,541</u> | <u>(2,282,737)</u> |
| Police and fire supplemental | <u>21,600</u> | <u>21,600</u> | <u>24,800</u> | <u>3,200</u> |
| Total intergovernmental | <u>3,474,378</u> | <u>3,474,378</u> | <u>1,352,437</u> | <u>(2,121,941)</u> |
| Charges for service | | | | |
| Administrative services | 21,000 | 21,000 | 21,000 | - |
| Rent of facilities | <u>18,598</u> | <u>18,598</u> | <u>17,048</u> | <u>(1,550)</u> |
| Total charges for service | <u>39,598</u> | <u>39,598</u> | <u>38,048</u> | <u>(1,550)</u> |
| Fines and forfeitures | | | | |
| Court fines and costs | <u>165,500</u> | <u>165,500</u> | <u>107,803</u> | <u>(57,697)</u> |

(Continued)

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

CITY OF RED BANK, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2020

| | Budgeted Amounts | | Actual | Variance | | |
|---|-------------------------|------------------|------------------|-----------------|--|--|
| | Original | Final | | | | |
| EXPENDITURES (Continued) | | | | | | |
| Current expenditures (Continued) | | | | | | |
| General government (Continued) | | | | | | |
| Judicial | | | | | | |
| Salaries | \$ 103,880 | \$ 103,880 | \$ 103,286 | \$ 594 | | |
| Payroll tax | 7,880 | 7,880 | 7,901 | (21) | | |
| Employee benefits | 9,743 | 9,743 | 9,923 | (180) | | |
| Contract services | 16,500 | 16,500 | 22,254 | (5,754) | | |
| Office supplies and expenses | 1,500 | 1,500 | - | 1,500 | | |
| Operating supplies | - | - | 1,370 | (1,370) | | |
| Telephone | 800 | 800 | 780 | 20 | | |
| Training | 700 | 700 | 502 | 198 | | |
| Travel | 1,200 | 1,200 | 287 | 913 | | |
| Total judicial | <u>142,203</u> | <u>142,203</u> | <u>146,303</u> | <u>(4,100)</u> | | |
| Total general government | <u>1,808,231</u> | <u>1,808,231</u> | <u>1,828,172</u> | <u>(19,941)</u> | | |
| Public safety | | | | | | |
| Police department | | | | | | |
| Salaries | 1,260,354 | 1,307,683 | 1,211,386 | 96,297 | | |
| Payroll tax | 95,621 | 99,242 | 89,017 | 10,225 | | |
| Employee benefits | 150,868 | 156,950 | 143,787 | 13,163 | | |
| Contract services | 190,900 | 190,900 | 193,866 | (2,966) | | |
| Dues and subscriptions | 2,000 | 2,000 | 1,490 | 510 | | |
| Insurance | 5,000 | 5,000 | 4,212 | 788 | | |
| Miscellaneous | 400 | 400 | - | 400 | | |
| Operating supplies | 19,600 | 20,112 | 15,266 | 4,846 | | |
| Professional services | 2,200 | 2,200 | 535 | 1,665 | | |
| Repairs and maintenance | 16,000 | 16,000 | 40,220 | (24,220) | | |
| Telephone | 15,000 | 15,000 | 13,393 | 1,607 | | |
| Training | 8,000 | 8,000 | 6,496 | 1,504 | | |
| Travel | 6,500 | 6,957 | 3,679 | 3,278 | | |
| Uniforms | 15,900 | 15,900 | 19,402 | (3,502) | | |
| Vehicle | 57,500 | 57,500 | 56,425 | 1,075 | | |
| Total police department | <u>1,845,843</u> | <u>1,903,844</u> | <u>1,799,174</u> | <u>104,670</u> | | |

(Continued)

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

CITY OF RED BANK, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2020

| | Budgeted Amounts | | Actual | Variance | | |
|---|-------------------------|----------------|----------------|-----------------|--|--|
| | Original | Final | | | | |
| EXPENDITURES (Continued) | | | | | | |
| Current expenditures (Continued) | | | | | | |
| Public works | | | | | | |
| Street department | | | | | | |
| Salaries | \$ 469,795 | \$ 469,795 | \$ 443,948 | \$ 25,847 | | |
| Payroll tax | 36,054 | 36,054 | 31,918 | 4,136 | | |
| Employee benefits | 57,120 | 57,120 | 53,797 | 3,323 | | |
| Contract services | 87,000 | 87,000 | 57,055 | 29,945 | | |
| Insurance | 1,000 | 1,000 | 447 | 553 | | |
| Office supplies | 3,250 | 3,250 | 2,358 | 892 | | |
| Operating supplies | 75,650 | 75,650 | 45,884 | 29,766 | | |
| Repairs and maintenance | 14,750 | 14,750 | 11,762 | 2,988 | | |
| Telephone | 2,500 | 2,500 | 1,605 | 895 | | |
| Training | 3,000 | 3,000 | 1,757 | 1,243 | | |
| Travel | 500 | 500 | - | 500 | | |
| Uniforms | 3,650 | 3,650 | 3,593 | 57 | | |
| Utilities | 8,500 | 8,500 | 5,575 | 2,925 | | |
| Vehicle | <u>45,800</u> | <u>45,800</u> | <u>41,758</u> | <u>4,042</u> | | |
| Total street department | <u>808,569</u> | <u>808,569</u> | <u>701,457</u> | <u>107,112</u> | | |
| Public welfare and recreation | | | | | | |
| Animal control | | | | | | |
| Contract services | <u>69,990</u> | <u>69,990</u> | <u>69,990</u> | <u>-</u> | | |
| Parks and recreation | | | | | | |
| Contract services | 1,000 | 1,000 | 700 | 300 | | |
| Operating supplies | 4,650 | 4,650 | 8,061 | (3,411) | | |
| Repairs and maintenance | 37,000 | 37,000 | 34,720 | 2,280 | | |
| Utilities | <u>64,300</u> | <u>64,300</u> | <u>64,122</u> | <u>178</u> | | |
| Total parks and recreation | <u>106,950</u> | <u>106,950</u> | <u>107,603</u> | <u>(653)</u> | | |
| Total public welfare and recreation | <u>176,940</u> | <u>176,940</u> | <u>177,593</u> | <u>(653)</u> | | |

(Continued)

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

CITY OF RED BANK, TENNESSEE
State Street Aid Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2020

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------------|-------------------|---------------------|-------------------|
| | Original | Final | | |
| REVENUES | | | | |
| License and permits | | | | |
| Building permits | \$ - | \$ - | \$ 18,485 | \$ 18,485 |
| Intergovernmental | | | | |
| State highway and street | 390,000 | 390,000 | 413,810 | 23,810 |
| Other revenues | | | | |
| Insurance recoveries | - | - | 4,500 | 4,500 |
| Interest earnings | 5,000 | 5,000 | 19,738 | 14,738 |
| Total other revenues | 5,000 | 5,000 | 24,238 | 19,238 |
| TOTAL REVENUES | 395,000 | 395,000 | 456,533 | 61,533 |
| EXPENDITURES | | | | |
| Current Expenditures | | | | |
| State street aid | | | | |
| Highways and street maintenance | | | | |
| Street lighting (electricity) | 90,000 | 90,000 | 72,729 | 17,271 |
| Repairs and maintenance | 18,000 | 18,000 | 27,945 | (9,945) |
| Street resurfacing | 530,000 | 530,000 | 18,731 | 511,269 |
| Miscellaneous | 60 | 60 | 147 | (87) |
| Operating supplies | 11,000 | 11,000 | 11,838 | (838) |
| Professional services | 5,000 | 5,000 | - | 5,000 |
| Total state street aid | 654,060 | 654,060 | 131,390 | 522,670 |
| Capital Outlay | | | | |
| Public works | | | | |
| Drainage improvements | 10,000 | 10,000 | 58,500 | (48,500) |
| Equipment | 13,000 | 13,000 | 26,458 | (13,458) |
| Total public works | 23,000 | 23,000 | 84,958 | (61,958) |
| Debt Service | | | | |
| Principal and interest | 178,102 | 178,102 | 176,498 | 1,604 |
| TOTAL EXPENDITURES | 855,162 | 855,162 | 392,846 | 462,316 |
| Excess (deficiency) of revenues over (under) expenditures | (460,162) | (460,162) | 63,687 | 523,849 |
| Fund balances - beginning | 1,382,688 | 1,382,688 | 1,382,688 | - |
| Fund balances - end | \$ 922,526 | \$ 922,526 | \$ 1,446,375 | \$ 523,849 |

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

CITY OF RED BANK, TENNESSEE
Proprietary Funds
Statement of Net Position
June 30, 2020

| | Enterprise Funds | | |
|--|-------------------------|-------------------|-------------------|
| | Stormwater | | Totals |
| | Sewer Fund | Fund | |
| ASSETS | | | |
| Current assets | | | |
| Cash | \$ 35,646 | \$ 298,993 | \$ 334,639 |
| Accounts receivable - net | - | 33,771 | 33,771 |
| Notes receivable - WWTA | 122,342 | - | 122,342 |
| Total current assets | <u>157,988</u> | <u>332,764</u> | <u>490,752</u> |
| Non-current assets | | | |
| Capital assets | | | |
| Other capital assets - net of accumulated depreciation | - | 50,539 | 50,539 |
| TOTAL ASSETS | <u>\$ 157,988</u> | <u>\$ 383,303</u> | <u>\$ 541,291</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | \$ - | \$ 17,600 | \$ 17,600 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accrued liabilities | \$ - | \$ 3,681 | \$ 3,681 |
| Due to other funds | - | 716 | 716 |
| Notes payable - due in one year | 122,342 | - | 122,342 |
| Total current liabilities | <u>122,342</u> | <u>4,397</u> | <u>126,739</u> |
| Non-current liabilities | | | |
| Accrued leave | - | 19,589 | 19,589 |
| Net pension liability | - | 6,801 | 6,801 |
| Total non-current liabilities | - | 26,390 | 26,390 |
| TOTAL LIABILITIES | <u>\$ 122,342</u> | <u>\$ 30,787</u> | <u>\$ 153,129</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | \$ - | \$ 9,188 | \$ 9,188 |
| NET POSITION | | | |
| Net investment in capital assets | \$ - | \$ 50,539 | \$ 50,539 |
| Unrestricted | 35,646 | 310,389 | 346,035 |
| TOTAL NET POSITION | <u>\$ 35,646</u> | <u>\$ 360,928</u> | <u>\$ 396,574</u> |

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

CITY OF RED BANK, TENNESSEE
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2020

| | Enterprise Funds | | |
|--|-------------------------|-------------------|--------------------|
| | Stormwater | | Totals |
| | Sewer Fund | Fund | |
| Cash Flows from Operating Activities | | | |
| Receipts from customers | \$ 8,413 | \$ 282,131 | \$ 290,544 |
| Payments to suppliers | (24,391) | (208,028) | (232,419) |
| Payments to employees | - | (83,058) | (83,058) |
| Net cash provided (used) by operating activities | <u>(15,978)</u> | <u>(8,955)</u> | <u>(24,933)</u> |
| Cash Flows from Capital and Related Financing Activities | | | |
| Grant revenue | 387,728 | - | 387,728 |
| Grant subrecipient | <u>(387,728)</u> | <u>-</u> | <u>(387,728)</u> |
| Net cash provided (used) by capital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash Flows from Investing Activities | | | |
| Interest income | 440 | 2,497 | 2,937 |
| Net increase (decrease) in cash | (15,538) | (6,458) | (21,996) |
| Cash - beginning | <u>51,184</u> | <u>305,451</u> | <u>356,635</u> |
| Cash - end | <u>\$ 35,646</u> | <u>\$ 298,993</u> | <u>\$ 334,639</u> |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities | | | |
| Operating income (loss) | <u>\$ (15,978)</u> | <u>\$ 3,850</u> | <u>\$ (12,128)</u> |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Depreciation | - | 10,873 | 10,873 |
| Increase (decrease) in net pension liability | - | (2,864) | (2,864) |
| Increase (decrease) in deferred inflows related to pensions | - | 604 | 604 |
| (Increase) decrease in deferred outflows related to pensions | - | 1,115 | 1,115 |
| (Increase) decrease in accounts receivable - net | - | 2,140 | 2,140 |
| (Increase) decrease in due from grantor | 68,436 | - | 68,436 |
| Increase (decrease) in accrued liabilities | - | 478 | 478 |
| Increase (decrease) in grant payable | <u>(68,436)</u> | <u>-</u> | <u>(68,436)</u> |
| Increase (decrease) in due to other funds | - | (26,645) | (26,645) |
| Increase (decrease) in accrued leave | <u>-</u> | <u>1,494</u> | <u>1,494</u> |
| Total adjustments | <u>-</u> | <u>(12,805)</u> | <u>(12,805)</u> |
| Net cash provided (used) by operating activities | <u>\$ (15,978)</u> | <u>\$ (8,955)</u> | <u>\$ (24,933)</u> |

(Continued)

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

CITY OF RED BANK, TENNESSEE
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Red Bank, Tennessee operates under a Mayor and Board of Commissioners within the following departments: general government, public safety, public works, public welfare and recreation, and state street aid.

The financial statements of the City of Red Bank, Tennessee have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies:

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP and GASB issued Statement No. 14, *The Financial Reporting Entity*. This statement requires that the financial statements present the City of Red Bank, Tennessee (the primary government) and any component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting one of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board and the primary government is able to impose its will upon the potential component unit); or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

Based on the foregoing criteria, there are no entities, which meet the above criteria for inclusion in the City of Red Bank, Tennessee's financial statements.

B. Basic Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

Government-wide Statements

The Statement of Net Position and Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis for column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus - Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, gasoline taxes, wholesale beer taxes, income taxes, mixed drink taxes, and in-lieu of taxes are susceptible to accrual. Licenses and permits, fines and forfeitures, gross receipts taxes and excise taxes are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

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 fund's principal ongoing operation. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

D. Budgets and Budgetary Accounting

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

During April and May, budget requests from departments are submitted to the City Manager. Budget items submitted are discussed at these regularly scheduled meetings and in special work session meetings in June. Subsequently the budget is enacted through vote of the Commissioners, with an operative date of July 1.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Transactions

Interfund Receivables and Payables

Short-term advances between funds are not eliminated but accounted for in the appropriate interfund receivable and payable accounts classified as due to other funds and due from other funds in the fund financial statements, and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Transactions between Funds

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expense in the fund that is reimbursed. All other legally authorized transfers are not eliminated but treated as transfers and are included as other financing sources or uses in the governmental funds and reported after non-operating revenues or expenses in the enterprise funds.

I. Prepayment of Expenditures

Governmental fund expenditures for insurance and similar services extending over more than one accounting period are allocated between the accounting periods to which they relate.

J. Inventories

Supplies and materials are recorded as expenditures/expenses at the time items are purchased and are not inventoried at year-end due to lack of materiality.

K. Restricted Assets

Certain resources can be classified as restricted assets on the Statement of Net Position because their use is limited. At year-end, there were no restricted assets to be reported.

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 assets' lives are not capitalized.

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

| Asset Class | Years |
|-----------------------------------|-------|
| Buildings | 10-50 |
| Public improvements | 5-50 |
| State street aid | 5-40 |
| Infrastructure | 50 |
| Furniture, fixtures and equipment | 3-10 |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Net Position

Net position is the residual of all elements presented in the Statement of Financial Position (i.e., assets + deferred outflows - liabilities - deferred inflows). Net investment in capital assets represent capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by any related outstanding debt.

R. Fund Balance

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* established standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

Nonspendable: The City cannot spend these amounts due to form.

Restricted: The State or other sources can restrict funds to specific purposes by externally imposing restrictions or imposing by law through constitutional provisions or enabling legislation.

Committed: The Board of Commissioners has the authority to commit funds for a specific purpose. Any funds set aside as committed fund balance requires, at a minimum, the passage of a resolution by a simple majority vote. An ordinance may also be used.

Assigned: The Board of Commissioners has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as assigned fund balance requires a simple majority vote and must be recorded in the minutes.

Unassigned: Amounts not classified as nonspendable, restricted, committed, or assigned.

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it.

When restricted, committed, assigned and unassigned funds are available for use, restricted funds should be spent first, committed funds second, assigned funds third and unassigned funds last.

S. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

T. Events Occurring after Reporting Date

The City has evaluated events and transactions that occurred between June 30, 2020, and October 19, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 4 - ACCOUNTS RECEIVABLE - NET

Accounts receivable - net at June 30, 2020, consists of the following:

| | General Fund | State Street Aid Fund | Solid Waste Fund | Stormwater Fund | Total |
|---------------------------------------|-----------------|-----------------------------|------------------------|--------------------|----------------|
| State shared revenue receivables | \$ 481,175 | \$ - | \$ - | \$ - | \$ 481,175 |
| Local beer and liquor tax | 30,678 | - | - | - | 30,678 |
| Court fines | 196,395 | - | - | - | 196,395 |
| Franchise tax | 34,337 | - | - | - | 34,337 |
| Stormwater tax | - | - | - | 83,121 | 83,121 |
| State street aid | - | 68,677 | - | - | 68,677 |
| Sanitation fee | - | - | 13,834 | - | 13,834 |
| Less: allowance for doubtful accounts | (133,549) | - | - | (49,350) | (182,899) |
| Total | \$ 609,036 | \$ 68,677 | \$ 13,834 | \$ 33,771 | \$ 725,318 |

NOTE 5 - DUE FROM GRANTOR

Due from other governments at June 30, 2020, consists of the following:

| | |
|------------------------------|---------------|
| Department of Transportation | \$ 46,798 |
| Department of Justice | 3,121 |
| Total | \$ 49,919 |

NOTE 6 - INTERNAL BALANCES

Internal balances at June 30, 2020, consist of the following:

| | Due from | | | | |
|----------------|-----------------|-----------------------------|------------------------|--------------------|---------------|
| | General Fund | State Street Aid Fund | Solid Waste Fund | Stormwater Fund | Total |
| <u>Due to:</u> | | | | | |
| General Fund | \$ - | \$ 18,982 | \$ 27,966 | \$ 716 | \$ 47,664 |
| Drug Fund | 425 | - | - | - | 425 |
| Total | \$ 425 | \$ 18,982 | \$ 27,966 | \$ 716 | \$ 48,089 |

Internal balance represents amounts paid by the General Fund on behalf of the State Street Aid Fund, Solid Waste Fund and Stormwater Fund that are to be reimbursed in the next fiscal year. The Drug Fund will be reimbursed by the General Fund in the next fiscal year.

NOTE 7 - NOTE RECEIVABLE - WWTA

The note receivable from the Waste Water Treatment Authority (WWTA) of Hamilton County, Tennessee, represents future amounts due to the City to pay off the long-term debt that was left in the City's name after the City sold the sewer system to the WWTA.

Future notes receivable receipts are as follows:

| | |
|------|------------|
| 2021 | \$ 122,342 |
|------|------------|

NOTE 8 - CAPITAL ASSETS (Continued)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets being depreciated: | | | | |
| Land improvements | \$ 35,841 | \$ - | \$ - | \$ 35,841 |
| Plant in service | 33,920 | - | (20,119) | 13,801 |
| Equipment | <u>110,129</u> | <u>-</u> | <u>-</u> | <u>110,129</u> |
| Total capital assets being depreciated | <u>179,890</u> | <u>-</u> | <u>(20,119)</u> | <u>159,771</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 10,752 | 1,792 | - | 12,544 |
| Plant in service | 33,920 | - | (20,119) | 13,801 |
| Equipment | <u>73,806</u> | <u>9,081</u> | <u>-</u> | <u>82,887</u> |
| Total accumulated depreciation | <u>118,478</u> | <u>10,873</u> | <u>(20,119)</u> | <u>109,232</u> |
| Total capital assets being depreciated - net | <u>61,412</u> | <u>(10,873)</u> | <u>-</u> | <u>50,539</u> |
| Business-type activities capital assets - net | <u>\$ 61,412</u> | <u>\$ (10,873)</u> | <u>\$ -</u> | <u>\$ 50,539</u> |

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

| | |
|------------|------------------|
| Sewer | \$ - |
| Stormwater | <u>10,873</u> |
| Total | <u>\$ 10,873</u> |

The City did not acquire any intangible assets that would require reporting under GASB Statement No. 51.

NOTE 9 - DEFERRED OUTFLOWS RELATED TO PENSIONS

Deferred outflows related to pensions at June 30, 2020, consists of the following:

| | |
|---|-------------------|
| Beginning balance | \$ 607,927 |
| Employer contribution made during 2019 | (348,070) |
| Difference in actuarial experience | (8,040) |
| Difference in investment earnings | (153,015) |
| Netting of investment earnings | 153,015 |
| Employer contributions made during 2020 | 356,143 |
| Changes in assumptions | (37,203) |
| Total | <u>\$ 570,757</u> |

NOTE 10 - LONG-TERM DEBT (Continued)

A. Governmental Debt (Continued)

Government fund debt service requirements to maturity, including interest of \$329,262 are as follows:

| Year ended June 30 | Other Debt | | Direct Borrowings and Direct Placements | | Total |
|-----------------------|---------------|----------|--|------------|--------------|
| | Principal | Interest | Principal | Interest | |
| 2021 | \$ - | \$ - | \$ 443,700 | \$ 85,022 | \$ 528,722 |
| 2022 | - | - | 459,700 | 68,803 | 528,503 |
| 2023 | - | - | 370,700 | 52,006 | 422,706 |
| 2024 | - | - | 251,700 | 41,247 | 292,947 |
| 2025 | - | - | 259,300 | 32,694 | 291,994 |
| 2026-2028 | — | — | 699,000 | 49,490 | 748,490 |
| Total | \$ — | \$ — | \$ 2,484,100 | \$ 329,262 | \$ 2,813,362 |

Note: The above debt service requirements schedule does not include landfill close and post-closure and accrued leave.

Interest paid during the year ended June 30, 2019 on governmental debt was \$89,757.

For the governmental activities, compensated absences are generally liquidated by the General Fund.

B. Business-Type Debt

Sewer Fund:

Long-term debt payable by the Sewer Fund, which consists of a note payable, is summarized as follows:

| | Principal Balance |
|--|----------------------|
| Note to Tennessee Department of Environment and Conservation, for sewer improvements, to be repaid in variable annual installments through September, 2020, with interest payable monthly at a variable rate, currently 3.75%. | \$ 122,342 |
| Less: current portion of sewer long-term debt | (122,342) |
| Total sewer long-term debt | \$ — |

A summary of changes in sewer long-term debt for the year ended June 30, 2020, is as follows:

| | Balance July 1, 2019 | Additions | Retirements | Balance June 30, 2020 | Amount Due Within One Year |
|--|-------------------------|-----------|---------------|--------------------------|----------------------------------|
| General obligation bonds | \$ - | \$ - | \$ - | \$ - | \$ - |
| Direct borrowings and direct placements | 600,194 | - | (477,852) | 122,342 | 122,342 |
| Total | \$ 600,194 | \$ - | \$ (477,852) | \$ 122,342 | \$ 122,342 |

The Tennessee Department of Environment and Conservation note has the same terms as the governmental funds bonds debt but are also payable from, but not secured by, the income and revenues derived from the operation of the sewer system.

NOTE 11 - LANDFILL CLOSURE AND POST-CLOSURE (Continued)

Maturities of the estimated landfill obligation included in long-term debt are as follows:

| Year Ended <u>June 30:</u> | <u>Amount</u> |
|-------------------------------|----------------------|
| 2021 | \$ 7,700 |
| 2022 | 7,700 |
| 2023 | 7,700 |
| 2024 | 7,700 |
| 2025 | 7,700 |
| 2026-2029 | <u>30,800</u> |
| Total | <u>\$ 69,300</u> |

NOTE 12 - NET PENSION LIABILITY

Net pension liability at June 30, 2020, consists of the following:

| | |
|---|-----------------------|
| Beginning balance | \$ 322,174 |
| Employer contributions made during 2019 | (348,070) |
| Pension expense | 317,991 |
| Difference in actuarial experience | 55,187 |
| Changes in assumptions | (37,203) |
| Difference in investment earnings | <u>(83,361)</u> |
| Total | <u>\$ 226,718</u> |

NOTE 13 - DEFERRED REVENUE - PROPERTY TAX

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds as deferred inflows were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|----------------|--------------------|---------------------|---------------------|
| Property taxes | <u>\$ 84,919</u> | <u>\$ 3,201,200</u> | <u>\$ 3,286,119</u> |

Funds that are earned, but not available, are realized as revenue under GASB #33.

NOTE 14 - DEFERRED INFLOWS RELATED TO PENSIONS

Deferred inflows related to pension at June 30, 2020, consists of the following:

| | |
|------------------------------------|-----------------------|
| Beginning balance | \$ 286,157 |
| Difference in actuarial experience | (63,228) |
| Difference in investment earnings | (69,654) |
| Netting investment earnings | <u>153,015</u> |
| Total | <u>\$ 306,290</u> |

NOTE 17 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Another element of that reconciliation states that, "Pension liabilities, including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$36,138 difference are as follows:

| | |
|---------------------------------------|-------------------|
| Deferred outflows related to pensions | \$ 553,157 |
| Net pension liability | (219,917) |
| Deferred inflows related to pensions | <u>(297,102)</u> |
| | |
| Net adjustment | <u>\$ 36,138</u> |

Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities:

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between net changes in fund balances for total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that, "Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense". The details of this \$(383,670) difference are as follows:

| | |
|----------------------|----------------------|
| Capital outlay | \$ 371,775 |
| Depreciation expense | <u>(755,445)</u> |
| Net adjustment | <u>\$ (383,670)</u> |

Another element of that reconciliation states that, "Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position". The details of this \$482,800 difference are as follows:

| | |
|--|-------------------|
| Bonds payable | \$ 475,100 |
| Landfill closure and post-closure cost | <u>7,700</u> |
| Net adjustment | <u>\$ 482,800</u> |

Another element of that reconciliation states that, "Pension expense for the prior year is not reported in the governmental funds but is reported in the Statement of Activities. Current year pension contributions are reported as an expense in the governmental funds but are not reported in the Statement of Activities." The details of this \$37,007 difference are as follows:

| | |
|-----------------|------------------|
| Pension expense | \$ (308,451) |
| Contributions | <u>345,458</u> |
| Net adjustment | <u>\$ 37,007</u> |

NOTE 18 - LITIGATION AND CLAIMS

The City is currently the defendant in various legal actions which are being vigorously defended. It is the overall impression of management that these suits are defendable cases.

NOTE 24 - RISK MANAGEMENT POOL

The City is exposed to various risk of loss related to torts, errors and omissions, damages to assets and injuries to employees. The City has joined the Public Entity Partners Risk Management Pool (Pool). The membership allows the City to share liability, motor vehicle, and employee injury risks.

The Pool is a governmental city organized by Tennessee cities as a not-for-profit corporation to provide liability and workers' compensation coverage to Tennessee cities. Emphasis is on risk management and controlling losses, as all costs are shared by the Pool member cities. An extensive program of loss prevention, employee training, and legal counsel supplements experienced claims processing for member cities.

Coverages are as follows:

| | |
|----------------------|---|
| Property | \$ 13,971,819 |
| Workers compensation | \$ 300,000 per accident \$ 700,000 policy limit \$ 300,000 per employee |
| Liability | \$ 5,000,000 each other loss- per occurrence |

The responsibilities of the City are as follows:

To pay all contributions or other sums due to the Pool at such times and in such amounts as shall be established by the Pool.

To allow the Pool and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of the Pool during the coverage period and up to (3) three years afterward.

To allow attorneys appointed by the Pool to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Pool.

To assist and cooperate in the defense and settlement of claims against the City.

To furnish full cooperation to the Pool attorneys, claims adjusters, and any agent, employee, officer or independent contractor of the Pool relating to the purposes of the Pool.

To follow all loss reduction and prevention procedures established by the Pool where possible.

To furnish to the Pool such operating and underwriting information as may be requested.

To report as promptly as possible, and in accordance with any conditions issued, all incidents which could result in the Pool being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection in which the City participates.

To allow the Pool to inspect and appraise any damaged property before its repair or disposition.

The City must cooperate with the pool in any dispute resolutions with other insurance companies.

NOTE 26 - PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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 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 nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 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, 2019, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 50 |
| Inactive employees entitled to but not yet receiving benefits | 102 |
| Active employees | <u>64</u> |
| Total employees | <u>216</u> |

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. Red Bank makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, the employer contributions for Red Bank were \$356,143 based on a rate of 12.12 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Red Bank's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Pension liabilities (assets)

Red Bank's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

NOTE 26 - PENSION PLAN (Continued)

Net Pension Liability (Asset) (Continued)

Discount rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Red Bank 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 Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balances at 6/30/18 | \$ 10,659,846 | \$ 10,337,673 | \$ 322,173 |
| Changes for the year: | | | |
| Service cost | 228,773 | - | 228,773 |
| Interest | 775,068 | - | 775,068 |
| Differences between expected and actual experience | 10,726 | - | 10,726 |
| Changes in benefit terms | - | - | - |
| Changes in assumptions | - | - | - |
| Contributions - employer | - | 348,070 | (348,070) |
| Contributions - employees | - | - | - |
| Net investment income | - | 767,737 | (767,737) |
| Benefit payments, including refunds of employee contributions | (396,049) | (396,049) | - |
| Administrative expense | - | (5,785) | 5,785 |
| Other changes | - | - | - |
| Net changes | <u>618,518</u> | <u>713,973</u> | <u>(95,455)</u> |
| Balance at 6/30/19 | <u>\$ 11,278,364</u> | <u>\$ 11,051,646</u> | <u>\$ 226,718</u> |

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of Red Bank calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|-------------------------------------|------------------------|
| Red Bank's net pension liability (asset) | \$ 1,753,165 | \$ 226,718 | \$ (1,044,024) |

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

CITY OF RED BANK, TENNESSEE
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of the TCRS
June 30, 2020

| | 2017 | 2018 | 2019 |
|--|----------------------------|----------------------------|----------------------------|
| | \$ 210,569 | \$ 223,221 | \$ 228,773 |
| | 705,270 | 727,903 | 775,068 |
| | - | - | - |
| | (202,036) | 68,735 | 10,726 |
| | 260,416 | - | - |
| | <u>(347,179)</u> | <u>(353,675)</u> | <u>(396,049)</u> |
| | 627,040 | 666,184 | 618,518 |
| | <u>9,366,622</u> | <u>9,993,662</u> | <u>10,659,846</u> |
| | <u><u>\$ 9,993,662</u></u> | <u><u>\$10,659,846</u></u> | <u><u>\$11,278,364</u></u> |
| | | | |
| | \$ 342,089 | \$ 357,913 | \$ 348,070 |
| | - | - | - |
| | 972,335 | 792,404 | 767,737 |
| | <u>(347,179)</u> | <u>(353,675)</u> | <u>(396,049)</u> |
| | (5,808) | (6,410) | (5,785) |
| | - | - | - |
| | 961,437 | 790,232 | 713,973 |
| | <u>8,586,003</u> | <u>9,547,440</u> | <u>10,337,673</u> |
| | <u><u>\$ 9,547,440</u></u> | <u><u>\$10,337,672</u></u> | <u><u>\$11,051,646</u></u> |
| | | | |
| | <u><u>\$ 446,222</u></u> | <u><u>\$ 322,174</u></u> | <u><u>\$ 226,718</u></u> |
| | | | |
| | 95.53% | 96.98% | 97.99% |
| | \$ 2,834,208 | \$ 2,965,311 | \$ 2,883,759 |
| | 15.74% | 10.86% | 7.86% |

CITY OF RED BANK, TENNESSEE
Schedule of Contributions Based on Participation
in the Public Employee Pension Plan of the TCRS
June 30, 2020

| 2018 | 2019 | 2020 |
|---|---|---|
| \$ 357,913 | \$ 348,070 | \$ 356,143 |
| <u>357,913</u> | <u>348,070</u> | <u>356,143</u> |
| <u><u>\$</u> <u> </u> <u>-</u></u> | <u><u>\$</u> <u> </u> <u>-</u></u> | <u><u>\$</u> <u> </u> <u>-</u></u> |
| \$ 2,965,311 | \$ 2,883,759 | \$2,939,580 |
| 12.07% | 12.07% | 12.12% |

OTHER SUPPLEMENTARY INFORMATION

CITY OF RED BANK, TENNESSEE
Non-major Governmental Funds
Combining Balance Sheet
June 30, 2020

| | Special Revenue | | Total |
|----------------------|--------------------------|-------------------------|-------------------------------------|
| | Drug Fund | Impound Fund | Non-major Governmental Funds |
| ASSETS | | | |
| Cash | \$ 117,784 | \$ 21,880 | \$ 139,664 |
| Due from other funds | 425 | - | 425 |
| TOTAL ASSETS | <u>\$ 118,209</u> | <u>\$ 21,880</u> | <u>\$ 140,089</u> |
| FUND BALANCES | | | |
| Restricted | <u>\$ 118,209</u> | <u>\$ 21,880</u> | <u>\$ 140,089</u> |

CITY OF RED BANK, TENNESSEE
Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2020

| | Budgeted Amounts | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Fines and forfeitures | | | | |
| Drug fines and seizures | \$ 32,000 | \$ 32,000 | \$ 6,674 | \$ (25,326) |
| Other revenues | | | | |
| Asset sharing revenue | - | - | 34,155 | 34,155 |
| Impound charges | 300 | 300 | - | (300) |
| Sale of assets | 10,000 | 10,000 | 10,645 | 645 |
| Interest earnings | 500 | 500 | 999 | 499 |
| Total other revenues | <u>10,800</u> | <u>10,800</u> | <u>45,799</u> | <u>34,999</u> |
| TOTAL REVENUES | <u>42,800</u> | <u>42,800</u> | <u>52,473</u> | <u>9,673</u> |
| EXPENDITURES | | | | |
| Current Expenditures | | | | |
| Public safety | | | | |
| Asset sharing equipment | - | - | 16,898 | (16,898) |
| Miscellaneous | 65 | 65 | 208 | (143) |
| Repairs and maintenance | 1,500 | 1,500 | 3,674 | (2,174) |
| Operating supplies | 2,500 | 2,500 | 1,517 | 983 |
| Training | 1,500 | 1,500 | - | 1,500 |
| Travel | 1,000 | 1,000 | - | 1,000 |
| Vehicle | 500 | 500 | 509 | (9) |
| Total public safety | <u>7,065</u> | <u>7,065</u> | <u>22,806</u> | <u>(15,741)</u> |
| Capital Outlay | | | | |
| Equipment | <u>10,440</u> | <u>10,440</u> | <u>7,440</u> | <u>3,000</u> |
| TOTAL EXPENDITURES | <u>17,505</u> | <u>17,505</u> | <u>30,246</u> | <u>(12,741)</u> |
| Excess (deficiency) of revenues over (under) expenditures | 25,295 | 25,295 | 22,227 | (3,068) |
| Fund balances - beginning | <u>95,982</u> | <u>95,982</u> | <u>95,982</u> | <u>-</u> |
| Fund balances - end | <u>\$ 121,277</u> | <u>\$ 121,277</u> | <u>\$ 118,209</u> | <u>\$ (3,068)</u> |

CITY OF RED BANK, TENNESSEE
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2020

| Federal Grantor/Pass-through Agency | Federal | CFDA | State Grant/ Project Number | Grant Revenues July 1, 2019 | (Accrued) Deferred | | Grant Revenues June 30, 2020 |
|--|----------------|---------------|--|--|-------------------------------|---------------------|---|
| | | | | | Grant Receipts | Expenditures | |
| FEDERAL ASSISTANCE PROGRAMS | | | | | | | |
| Department of Transportation | | | | | | | |
| Distracted Driving Reduction Program | 20.600 | Z20THS208 | | \$ (22,849) | \$ 17,453 | \$ 18,651 | \$ (1,198) |
| Distracted Driving Reduction Program | 20.600 | Z19THS230 | | (22,576) | 33,461 | 10,612 | - |
| Transportation Enhancement - Paving | 20.205 | 33LPLM-F3-161 | | - | - | - | (22,576) |
| Transportation Enhancement | 20.205 | 33LPLM-F0-162 | | (1,415) | 1,415 | - | - |
| Transportation Enhancement - Signals | 20.205 | 33LPLM-F3-158 | | (23,024) | - | - | (23,024) |
| Total Department of Transportation | | | | (69,864) | 52,329 | 29,263 | (46,798) |
| Department of Justice | | | | | | | |
| High Intensity Drug Trafficking Area | 95.001 | G16AP0001A | | (2,389) | 10,546 | 11,278 | (3,121) |
| Office of National Drug Control Policy | | | | (72,253) | 62,875 | 40,541 | (49,919) |
| Total Federal Assistance Programs | | | | | | | |
| STATE ASSISTANCE PROGRAMS | | | | | | | |
| Department of Economic and Community Development | | | | | | | |
| CDBG Sewer System | | PO#12035 | | (68,436) | 456,164 | 387,728 | - |
| TOTAL FEDERAL AND STATE ASSISTANCE | | | | \$ (140,689) | \$ 519,039 | \$ 428,269 | \$ (49,919) |

CITY OF RED BANK, TENNESSEE
Sewer Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2020

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|------------------|------------------|--------------------|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Rent of facilities | \$ 8,413 | \$ 8,413 | \$ 8,413 | \$ - |
| OPERATING EXPENSES | | | | |
| Sewer collection | | | | |
| Roads, streets, parking lots | - - | - - | 24,391 | (24,391) |
| Operating income (loss) | 8,413 | 8,413 | (15,978) | (24,391) |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Interest earnings | 50 | 50 | 440 | 390 |
| Grant revenue | - - | - - | 387,728 | 387,728 |
| Grant subrecipient | - - | - - | (387,728) | (387,728) |
| Intergovernmental revenue | 492,204 | 492,204 | 14,352 | (477,852) |
| Interest expense | (492,204) | (492,204) | (14,352) | 477,852 |
| Total non-operating revenues (expenses) | 50 | 50 | 440 | 390 |
| Changes in net position | 8,463 | 8,463 | (15,538) | (24,001) |
| Net position - beginning | <u>51,184</u> | <u>51,184</u> | <u>51,184</u> | - - |
| Net position - end | <u>\$ 59,647</u> | <u>\$ 59,647</u> | <u>\$ 35,646</u> | <u>\$ (24,001)</u> |

CITY OF RED BANK, TENNESSEE
General Fund
Schedule of Property Taxes Receivable
June 30, 2020

| <u>Year of Levy</u> | |
|------------------------------------|---------------------|
| 2019 | \$ 3,201,200 |
| 2018 | 139,694 |
| 2017 | 55,837 |
| 2016 | 15,352 |
| 2015 | 7,234 |
| 2014 | 5,272 |
| 2013 | 6,393 |
| 2012 | 7,628 |
| 2011 | 28,372 |
| 2010 | <u>12,520</u> |
| Total property taxes receivable | 3,479,502 |
| Less: allowance for uncollectibles | <u>(159,158)</u> |
| Net property taxes receivable | <u>\$ 3,320,344</u> |

CITY OF RED BANK, TENNESSEE
General Fund
Schedule of Debt Service Requirements
June 30, 2020

Tennessee Municipal Bond Fund
Series 2018

| Maturing <u>June 30,</u> | Principal | Interest | Total Requirements |
|---|-------------------|------------------|-------------------------------------|
| 2021 | \$ 95,000 | \$ 7,605 | \$ 102,605 |
| 2022 | <u>99,000</u> | <u>3,881</u> | <u>102,881</u> |
| Total | <u>\$ 194,000</u> | <u>\$ 11,486</u> | <u>\$ 205,486</u> |

CITY OF RED BANK, TENNESSEE
State Street Aid Fund
Schedule of Debt Service Requirements
June 30, 2020

Tennessee Municipal Bond Fund
Series 2012

| Maturing June 30, | Principal | Interest | Total Requirements |
|------------------------------|-------------------|------------------|-------------------------------|
| 2021 | \$ 41,700 | \$ 5,430 | \$ 47,130 |
| 2022 | 41,700 | 4,221 | 45,921 |
| 2023 | 41,700 | 3,012 | 44,712 |
| 2024 | 41,700 | 1,802 | 43,502 |
| 2025 | 41,300 | 599 | 41,899 |
| Total | <u>\$ 208,100</u> | <u>\$ 15,064</u> | <u>\$ 223,164</u> |

CITY OF RED BANK, TENNESSEE
Sewer Fund
Schedule of Debt Service Requirements
June 30, 2020

**Tennessee Department of
Environment and Conservation**

| Maturing | | | Total |
|-----------------|-------------------|-----------------|---------------------|
| June 30, | | | Requirements |
| 2021 | Principal | Interest | 123,111 |
| | <u>\$ 122,342</u> | <u>\$ 769</u> | |

CITY OF RED BANK, TENNESSEE
Schedule of Rates
June 30, 2020

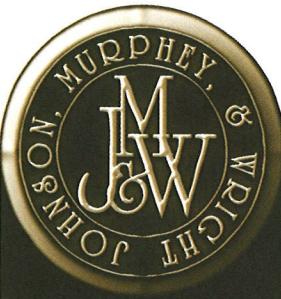
Analysis of Tax Rates and Assessments

| <u>Tax Year</u> | <u>Rates per \$100</u> | <u>Assessment</u> | <u>Levy</u> |
|-----------------|----------------------------|-------------------|--------------|
| 2020 | \$1.39 | \$ 230,302,158 | \$ 3,201,200 |
| 2019 | \$1.39 | \$ 230,264,437 | \$ 3,200,676 |
| 2018 | \$1.39 | \$ 224,445,416 | \$ 3,119,791 |
| 2017 | \$1.35 | \$ 193,805,207 | \$ 2,616,370 |
| 2016 | \$1.35 | \$ 192,327,466 | \$ 2,596,421 |
| 2015 | \$1.35 | \$ 191,575,579 | \$ 2,586,270 |
| 2014 | \$1.35 | \$ 194,072,268 | \$ 2,619,976 |
| 2013 | \$1.35 | \$ 189,746,620 | \$ 2,573,154 |
| 2012 | \$1.35 | \$ 187,028,872 | \$ 2,524,890 |
| 2011 | \$1.10 | \$ 189,363,636 | \$ 2,083,000 |

Delinquent Taxes Filed

The City has filed uncollected delinquent taxes.

III. INTERNAL CONTROL AND COMPLIANCE SECTION



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

To the Mayor and Commissioners
City of Red Bank, 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 Red Bank, Tennessee as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Red Bank, Tennessee's basic financial statements, and have issued our report thereon dated October 19, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Red Bank, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Red Bank, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Red Bank, Tennessee'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.

CITY OF RED BANK, TENNESSEE
Schedule of Findings and Responses
June 30, 2020

SUMMARY OF AUDITOR'S RESULTS

Opinion on Financial Statements:

Unmodified opinion issued on the financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States of America.

Internal Control Deficiencies:

During the audit of the financial statements, no significant deficiencies in internal controls were disclosed.

Material Noncompliance:

One instance of material noncompliance was disclosed.

FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

COMPLIANCE:

Finding 2020-001 - Expenditures Exceeded Budget

Criteria:

Tennessee Code Annotated (TCA) Section 6-56-203 states that no municipality may expend any moneys regardless of their source...except in accordance with a budget ordinance...

Condition:

Expenditures in the Drug Fund exceeded the amount budgeted by \$12,741.

Cause:

The City's budget was not amended to account for all expenditures.

Effect:

Without following proper procedures, the City has failed to authorize all expenditures by the end of the fiscal year.

Management's Response:

We concur. We will make every effort in the future to provide for all expenditures in our budget.



City of Red Bank
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MANAGEMENT'S CORRECTIVE ACTION PLAN

Management's corrective action plan for our June 30, 2020 audit is as follows:

2020-001 Expenditures Exceeded Budget

We concur. John Alexander, CMFO, will ensure as of the date of this letter that all necessary budget amendments have been made prior to the end of the fiscal year.

Respectfully submitted,

City of Red Bank, Tennessee

A blue ink signature of the name "Tim Thornbury" over a blue ink line. The signature is fluid and cursive.

Tim Thornbury, City Manager