

**TOWN OF DANDRIDGE,  
TENNESSEE**

**ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2023**

**and**

**INDEPENDENT AUDITOR'S REPORT**

TOWN OF DANDRIDGE, TENNESSEE  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2023

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TOWN OF DANDRIDGE, TENNESSEE  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2023

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## **INTRODUCTORY SECTION**



Board of Mayor and Aldermen  
Town of Dandridge, Tennessee

Dear Honorable Mayor and Board of Aldermen:

We are submitting the annual financial report for the fiscal year ended June 30, 2023. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town's management. We believe the data, as presented, is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operation of the Town as measured by the financial activity of its various funds, and includes all disclosures necessary to enable the reader to gain maximum understanding of the Town's financial activities.

Brown Jake & McDaniel, PC, a firm of licensed certified public accountants, have audited the Town's basic financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the Town for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the basic financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's basic financial statements for the year ended June 30, 2023, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found as the second component of the financial section of this report.

The annual financial report is presented in three sections: 1) the introductory section, which contains the transmittal letter and a listing of principal officials; 2) the financial section, which consists of the independent auditor's report, management's discussion and analysis, the government-wide financial statements, the fund financial statements, required supplementary information, and other supplementary information; 3) other statistical schedules section, which contains unaudited statistical information; and 4) the internal control and compliance section, which contains reporting issued by the auditor.

This report includes all funds required of the Town. The Town provides a full range of services including Police and Fire Protection, Highways and Streets, Sanitation and Solid Waste, Recreational Activities, Tourism, Water and Sewer, and General Administrative Services.

**Town of Dandridge - 131 East Main Street - PO Box 249, Dandridge, Tennessee 37725**  
**Phone (865)397-7420 ~ Fax (865)397-1839**  
**TownOfDandridge.com**  
***"We Saved a Place for You"***

Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) The cost of the control should not exceed the benefits likely to be derived; and 2) The valuation of costs and benefits requires estimates and judgments by management.

The Town is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to the operations of the Town. This internal control structure is subject to periodic evaluation by management.

In addition, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Mayor and Aldermen. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

The State requires an annual audit of our basic financial statements by an independent certified public accountant. Accordingly, this year's audit was completed by Brown Jake & McDaniel, PC. In addition to meeting the State requirements, the audit was also designed to meet Federal audit requirements.

Respectfully submitted,

TOWN OF DANDRIDGE



Christopher Shockley  
Town Administrator

## TOWN OF DANDRIDGE, TENNESSEE

## List of Principal Officials

For the Fiscal Year Ended June 30, 2023

<u>Name</u>	<u>Office</u>
George Gantte	Mayor
Todd Kesterson	Vice-Mayor
Jessica Elder	Alderman
Mike Chambers	Alderman
Jeff Depew	Alderman
Mike Nelson	Alderman
Marianne Reneau Reese	Alderman
Matt Rudder	Administrator (through April 2023)*
Christopher Shockley	Administrator (beginning April 2023)* Assistant Administrator/Recreation Dir./CMFO
Kendall Moore	Finance Director/Human Resources Clerk/CMFO
Cathy Dixon	Town Recorder/CMFO
Terry Reneau	Building Inspector/Codes Enforcement
Donald Whaley	Public Works Superintendent
Tana Benson	Water/Wastewater Superintendent
Carson Williams	Chief of Police
Andy Riley	Fire Chief

\*Certified Municipal Finance Officer; financial oversight responsibility

## **FINANCIAL SECTION**



**BROWN JAKE & McDANIEL, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**2607 KINGSTON PIKE, SUITE 110**  
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FRANK D. McDANIEL, CPA, CGFM, CGMA  
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JAMES E. BOOHER, CPA, CGMA  
HALEY S. SLAGLE, CPA, CGMA

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Mayor and Board of Aldermen  
Town of Dandridge, Tennessee

**Report on the Financial Statements**

***Opinions***

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 Town of Dandridge, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dandridge, Tennessee, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison statements for the General Fund and the Volunteer Fire Department 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 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 Town of Dandridge, Tennessee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, 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 Town of Dandridge, Tennessee'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 Town of Dandridge, Tennessee's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 16 and the required supplementary information on pages 60 through 63 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.

***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dandridge, Tennessee's basic financial statements. The other supplementary information in the financial section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information in the financial section 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 included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, on our consideration of the Town of Dandridge, 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 Town of Dandridge, 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 Town of Dandridge, Tennessee's internal control over financial reporting and compliance.

*Bronn Lake & McDaniel, PC*

Knoxville, Tennessee  
January 19, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Fiscal Year Ended June 30, 2023**

As management of the Town of Dandridge, we offer readers of the Town of Dandridge's financial statements this narrative overview and analysis of the financial activities of the Town of Dandridge for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 through 2 of this report.

### **THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the Town of Dandridge, Tennessee (the Town) using the integrated approach as prescribed by GASB Statement No. 34.

The Government-Wide Financial Statements are designed to provide the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regard to inter-fund activity, payables and receivables.

The Fund Financial Statements include statements for governmental and business-type activities. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

### **REPORTING THE TOWN AS A WHOLE**

#### **The Statement of Net Position and the Statement of Activities**

The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities. These statements include *all* assets and liabilities of the Town using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Town's *net position* and changes in it. Net position is the difference between assets and liabilities, which is one way to measure the Town's financial health or *financial position*. Over time, increases and decreases in the net position of the Town is one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the property tax base of the Town and the condition of the infrastructure of the Town.

In the Statement of Net Position and the Statement of Activities, we separate the Town Activities as follows:

**Government Activities** - Most of the Town's basic services are reported in this category, including the General Government, Fire, Police, Streets, Sanitation, Parks and Recreation, Library, Legislative and Tourism. Property taxes, intergovernmental revenues, user fees, interest income, franchise fees and state and federal grants finance these activities.

**Business-Type Activities** - The Town charges a fee to customers to cover all or most of the cost of certain services it provides. The Town's water and wastewater service activities are reported in this category.

## REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

**Government Funds** - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed shorter-term view of the general government operations of the Town and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The differences of results in the Governmental Fund financial statements to those in Government-wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

**Proprietary Funds** - When the Town charges customers for services it provides - whether to outside customers or to other units of the Town - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town enterprise fund is the same as the business-type activity we report in the government-wide statements but provides more detail and additional information, such as cash flows, for proprietary funds.

## THE TOWN AS A WHOLE

The Town is providing comparative condensed financial information for fiscal years 2023 and 2022. Our analysis below focuses on the net position of the Town's governmental and business-type activities.

TABLE 1  
NET POSITION

	GOVERNMENT-WIDE ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	2023	2022	2023	2022
Current and other assets	\$ 9,200,939	\$ 9,146,445	\$ 3,919,227	\$ 2,998,520
Capital assets	9,375,120	9,665,914	15,558,403	15,828,584
Total assets	18,576,059	18,812,359	19,477,630	18,827,104
Total deferred outflows of resources	924,583	756,672	342,402	288,389
Long-term liabilities	1,191,993	1,279,611	4,638,947	4,985,349
Other liabilities	278,425	490,352	343,083	370,645
Total liabilities	1,470,418	1,769,963	4,982,030	5,355,994
Total deferred inflows of resources	2,245,861	2,814,085	54,456	294,639
Net investment in capital assets	8,344,112	8,310,901	10,809,091	10,708,571
Restricted	18,498	768,747	-	279,984
Unrestricted	7,421,753	5,905,335	3,974,455	2,476,305
TOTAL NET POSITION	\$15,784,363	\$ 14,984,983	\$14,783,546	\$13,464,860

Our next analysis focuses on changes in net position of the Town's governmental and business-type activities.

TABLE 2  
CHANGES IN NET POSITION

	GOVERNMENT-WIDE ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	2023	2022	2023	2022
Program Revenue:				
Charges for Services	\$ 527,046	\$ 494,955	\$ 4,046,054	\$ 3,648,167
Operating Grants and Contributions	377,637	1,371,980	-	-
Capital Grants and Contributions	-	-	124,309	42,210
General Revenue:				
Taxes:				
Sales Taxes	2,354,238	2,402,751	-	-
Property Taxes	1,095,794	1,082,806	-	-
Hotel/Motel Taxes	155,529	144,269	-	-
In-Lieu of Tax	41,016	35,530	-	-
Wholesale/State Beer and Wine Taxes	240,461	230,338	-	-
Mixed Drink Tax	16,627	13,499	-	-
Business Taxes	135,105	117,312	-	-
Cable TV Franchise Tax	54,882	58,188	-	-
Excise Taxes	19,358	17,360	-	-
Other State Taxes	5,980	10,339	-	-
Licenses and Permits	139,592	114,021	-	-
Interest Earned	126,176	26,723	13,393	4,951
Gain on Sale of Fixed Assets	8,486	19,010	277	33,907
Miscellaneous	196,636	85,356	-	-
<b>TOTAL REVENUE</b>	<b>5,494,563</b>	<b>6,224,437</b>	<b>4,184,033</b>	<b>3,729,235</b>
Program Expenses:				
General Government	1,076,123	796,105	-	-
Public Safety	1,116,426	1,055,375	-	-
Public Works	873,203	743,064	-	-
Culture and Recreation	861,888	767,077	-	-
Debt Service	25,299	30,826	-	-
Solid Waste	237,755	176,471	-	-
Volunteer Fire Department	483,788	376,786	-	-
Tourism	20,701	17,476	-	-
Water and Sewer Department	-	-	2,865,347	2,590,997
<b>TOTAL PROGRAM EXPENSES</b>	<b>4,695,183</b>	<b>3,963,180</b>	<b>2,865,347</b>	<b>2,590,997</b>
Change in Net Position	799,380	2,261,257	1,318,686	1,138,238
Net Position, Beginning	14,984,983	12,723,726	13,464,860	12,326,622
Net Position, Ending	<u>\$ 15,784,363</u>	<u>\$ 14,984,983</u>	<u>\$ 14,783,546</u>	<u>\$ 13,464,860</u>



The cost of all Governmental activities this year was \$4,695,183. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town taxes was only \$3,790,500 because some of the cost was paid by those who directly benefited from the programs (\$527,046), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$377,637). Overall, the Town's governmental program revenues, including intergovernmental aid and fees for services, were \$904,683. The Town paid for the remaining "public benefit" portion of governmental activities with \$4,589,880 in taxes and with other revenues, such as interest, licenses and permits, and other miscellaneous revenues.

The Town's programs include General Government, Public Safety, Public Service, Culture and Recreation, Sanitation, Drug Enforcement and Capital Outlays. Each program's net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

TABLE 3

	Net Revenue (Expense)	
	2023	2022
Governmental Activities:		
General Government	\$ (1,008,427)	\$ (520,848)
Public Safety	(1,040,518)	(603,797)
Public Works	(714,123)	(398,305)
Culture and Recreation	(570,893)	(328,721)
Debt Service	(25,299)	(30,826)
Solid Waste	(111,705)	1,294
Volunteer Fire Department	(298,834)	(197,566)
Tourism	(20,701)	(17,476)
Total Governmental Activities	<u>\$ (3,790,500)</u>	<u>\$ (2,096,245)</u>

Net position on July 1, 2022 was in the amount of \$14,984,983. The Town's overall net position increased \$799,380 from the prior fiscal year. Program revenue totaled \$904,683 and general revenues totaled \$4,589,880. Total governmental activities expenses during the year were \$4,695,183. Ending net position for 2023 was \$15,784,363.

## BUSINESS-TYPE ACTIVITIES

The cost of all Proprietary (Business-Type) activities this year was \$2,865,347. As shown in the Statement of Activities, the amount paid by users of the system was \$4,046,054. Capital contributions from developers during the year was \$124,309.

The Proprietary Fund (Business-Type) Activities include only the operation of the Town's Water and Sewer services. The activities net operating income (total operating revenues generated by the activities less total operating costs) for the water and sewer fund is \$1,301,051.

Net position on July 1, 2022 was in the amount of \$13,464,860, and the department had program revenues of \$4,170,363 and general revenues of \$13,670. Total Proprietary Fund (Business-Type) expenses during the year were \$2,865,347. Ending net position for 2023 was \$14,783,546.

TABLE 4  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	BUSINESS-TYPE ACTIVITIES	
	2023	2022
Revenues:		
Operating Revenues	\$ 4,046,054	\$ 3,648,167
General Revenues	13,670	38,858
	<u>4,059,724</u>	<u>3,687,025</u>
TOTAL REVENUES		
Expenses:		
Water Treatment and Distribution	961,665	836,192
Sewer Collection and Disposal	775,775	671,965
Administrative and General	420,938	374,118
Depreciation	586,625	583,512
Non-Operating Expenses	120,344	125,210
	<u>2,865,347</u>	<u>2,590,997</u>
TOTAL EXPENSES		
Income Before Capital Contributions	1,194,377	1,096,028
Capital Contributions	124,309	42,210
Change in net position	1,318,686	1,138,238
Net Position, Beginning	<u>13,464,860</u>	<u>12,326,622</u>
Net Position, Ending	<u>\$ 14,783,546</u>	<u>\$ 13,464,860</u>

## THE TOWN'S FUNDS

Information about the Town's major funds (general fund and volunteer fire department fund) is detailed in the Fund Financial Statements Section of the financial statements. These funds are accounted for by using the modified accrual basis of accounting. All governmental funds had total revenues of \$5,961,032 and expenditures of \$4,745,070. The revenues exceeded the expenditures by \$1,215,962. This result was influenced significantly by a surplus in licenses and permit revenue, interest earnings, the receipt of the second tranche of ARPA funding, and conservative financial principles applied throughout the fiscal year. The Town still provided employee raises, purchased several items of equipment for the Volunteer Fire Department, and purchased a several mowers for the Recreation Department.

As the Town completed the year, all governmental funds had a fund balance of \$7,007,495 which we consider a substantial financial position.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's budget is prepared according to Tennessee law and based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budget is the general fund.

The Town amended its budget one time during 2023.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets - Governmental-Type Activities

At the end of fiscal years 2023 and 2022, the Town had \$15,611,736 and \$15,550,630 respectively, invested in land, buildings and improvements, infrastructures, and machinery and equipment. Table 5 shows fiscal years 2023 and 2022 balances.

TABLE 5  
CAPITAL ASSETS (NET OF DEPRECIATION) AT JUNE 30  
Governmental-Type Activities

	<u>2023</u>	<u>2022</u>
Land	\$ 654,202	\$ 654,202
Buildings and Improvements	5,243,164	5,243,164
Infrastructures	5,488,522	5,488,522
Machinery and Equipment	<u>4,225,848</u>	<u>4,164,742</u>
	15,611,736	15,550,630
Less: Accumulated Depreciation	<u>6,236,616</u>	<u>5,884,716</u>
	<u>\$ 9,375,120</u>	<u>\$ 9,665,914</u>

The Town acquired or constructed capital assets during the fiscal year totaling \$98,968. The Town adopts an annual budget with capital outlays included.

### **Capital Assets - Business-Type Activities**

At the end of the fiscal years 2023 and 2022, the Town had \$24,352,963 and \$24,038,777, respectively, invested in buildings, lines and tanks, equipment, furniture and fixtures, and vehicles. Table 6 shows fiscal years 2023 and 2022 balances.

TABLE 6  
CAPITAL ASSETS (NET OF DEPRECIATION) AT JUNE 30  
Business-Type Activities

	2023	2022
Construction in Progress	\$ 1,558,002	\$ 1,384,622
Land Easements	8,900	8,900
Buildings	743,738	736,780
Lines and Tanks	18,647,282	18,647,282
Equipment	3,019,868	2,917,262
Furniture and Fixtures	123,177	124,377
Vehicles	251,996	219,554
	<u>24,352,963</u>	<u>24,038,777</u>
Less: Accumulated Depreciation	<u>8,794,560</u>	<u>8,210,193</u>
	<u>\$ 15,558,403</u>	<u>\$ 15,828,584</u>

The Water and Sewer Department plans additional capital outlays during 2024. Not all of these projects will be completed within the 2024 fiscal year. The Department's capital outlay budget will be financed with existing cash, potential new debt issues and federal and state grant awards.

### **Debt Administration**

At the end of the current fiscal year, the Town of Dandridge had a total debt outstanding of \$5,759,100.

TABLE 7  
OUTSTANDING DEBT

	GOVERNMENT-WIDE ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	2023	2022	2023	2022
Bonds and Capital Outlay Notes	\$ 1,024,000	\$ 1,347,111	\$ 4,735,100	\$ 4,950,300
Loan from Primary Government	-	-	-	154,753
Total Long-Term Debt	<u>\$ 1,024,000</u>	<u>\$ 1,347,111</u>	<u>\$ 4,735,100</u>	<u>\$ 5,105,053</u>

The Town's total debt decreased by \$693,064 during the current fiscal year.

## **NEXT YEAR'S BUDGET**

The Board of Mayor and Alderman approved a FY2024 budget with no change to the current property tax rate. Conservative budgeting practices were applied in projecting revenues for the budget; however, the Town does anticipate continued growth in state shared revenue and other local taxes. The budget includes a three percent (3%) raise for employees, a paving project on West Dumplin Valley Road, purchasing a new fire engine and replacing the SCBA Air Fill Station in the Fire Department, a new dump truck and a new three-quarter ton truck with a snow plow and salt spreader for the Public Works Department, a lighting project at the Activity Center, and increasing standby pay to include overnight staffing at the Fire Department.

The Enterprise Fund budget was also prepared using a conservative approach. The budget includes a three percent (3%) raise for employees, a new full-time utility worker position, a new sewer camera, a new jetter trailer, a new service truck, and appropriations for debt service related to significant infrastructure improvements that have been made in recent years such as the Creek Basin sewer rehab project. The Town approved a rate increase in FY 2024 in order to continue the infrastructure improvements throughout the water/wastewater system.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional finance information should be addressed to the Town of Dandridge, Town Administrator, P.O. Box 249, Dandridge, TN 37725.

## TOWN OF DANDRIDGE, TENNESSEE

## Statement of Net Position

June 30, 2023

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 6,515,163	\$ 3,458,213	\$ 9,973,376
Receivables:			
Property taxes	1,274,432	-	1,274,432
Lease	838,236	-	838,236
Other	68,216	8,219	76,435
Customer service accounts, less allowance for doubtful accounts of \$2,000	-	354,220	354,220
Unbilled receivables	-	111,399	111,399
Due from other governments	470,809	-	470,809
Internal balances	12,824	(12,824)	-
Restricted assets:			
Cash and cash equivalents	21,245	-	21,245
Other receivables	14	-	14
Total current assets	<u>9,200,939</u>	<u>3,919,227</u>	<u>13,120,166</u>
Non-current assets			
Capital assets:			
Land and other asset not being depreciated	654,202	1,566,902	2,221,104
Depreciable capital assets	<u>14,957,534</u>	<u>22,786,061</u>	<u>37,743,595</u>
	15,611,736	24,352,963	39,964,699
Less: Accumulated depreciation	<u>(6,236,616)</u>	<u>(8,794,560)</u>	<u>(15,031,176)</u>
Total capital assets	<u>9,375,120</u>	<u>15,558,403</u>	<u>24,933,523</u>
Total non-current assets	<u>9,375,120</u>	<u>15,558,403</u>	<u>24,933,523</u>
Total assets	<u>18,576,059</u>	<u>19,477,630</u>	<u>38,053,689</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension contributions subsequent to the measurement date	178,815	70,484	249,299
OPEB contributions made subsequent to the measurement date	-	13,673	13,673
Differences between projected and actual experience - pension	333,947	115,147	449,094
Net difference between projected and actual earnings on plan investments - pension	10,760	3,709	14,469
Changes of assumptions - pension	381,727	131,624	513,351
Changes of assumptions - OPEB	12,096	4,858	16,954
Differences between projected and actual experience - OPEB	<u>7,238</u>	<u>2,907</u>	<u>10,145</u>
Total deferred outflows of resources	<u>924,583</u>	<u>342,402</u>	<u>1,266,985</u>

(Continued)

## TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position  
(Continued)

June 30, 2023

<u>LIABILITIES</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current liabilities:			
Payable from current assets:			
Current maturities of long-term debt	\$ 120,000	\$ 219,000	\$ 339,000
Accounts payable	56,653	70,732	127,385
Accrued expenses	26,818	11,416	38,234
Compensated absences	67,467	31,625	99,092
Due to other governments	-	10,310	10,310
Payable from restricted assets:			
Funds held in trust	7,487	-	7,487
Total current liabilities	<u>278,425</u>	<u>343,083</u>	<u>621,508</u>
Non-current liabilities:			
Due in more than one year	904,000	4,516,100	5,420,100
Net pension liability	73,884	25,476	99,360
Total OPEB liability	207,101	83,159	290,260
Unamortized bond premium	7,008	14,212	21,220
Total non-current liabilities	<u>1,191,993</u>	<u>4,638,947</u>	<u>5,830,940</u>
Total liabilities	<u>1,470,418</u>	<u>4,982,030</u>	<u>6,452,448</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows of resources:			
Property taxes	1,264,250	-	1,264,250
Leases	838,236	-	838,236
Differences between projected and actual experience - pension	54,895	18,928	73,823
Changes of assumptions - OPEB	57,933	23,262	81,195
Differences between projected and actual experience - OPEB	30,547	12,266	42,813
Total deferred inflows of resources	<u>2,245,861</u>	<u>54,456</u>	<u>2,300,317</u>
<u>NET POSITION</u>			
Net position:			
Net investment in capital assets	8,344,112	10,809,091	19,153,203
Restricted:			
Drug enforcement	18,498	-	18,498
Unrestricted	7,421,753	3,974,455	11,396,208
Total net position	<u>\$ 15,784,363</u>	<u>\$ 14,783,546</u>	<u>\$ 30,567,909</u>

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

TOWN OF DANDRIDGE, TENNESSEE

Statement of Activities

For the Fiscal Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,076,123	\$ 15,657	\$ 52,039	\$ -	\$ (1,008,427)	\$ -	\$ (1,008,427)
Public safety	1,116,426	54,634	21,274	-	(1,040,518)	-	(1,040,518)
Public works	873,203	36,785	122,295	-	(714,123)	-	(714,123)
Recreation	861,888	290,995	-	-	(570,893)	-	(570,893)
Debt service	25,299	-	-	-	(25,299)	-	(25,299)
Solid waste	237,755	126,050	-	-	(111,705)	-	(111,705)
Volunteer fire department	483,788	2,925	182,029	-	(298,834)	-	(298,834)
Tourism	20,701	-	-	-	(20,701)	-	(20,701)
Total governmental activities	<u>4,695,183</u>	<u>527,046</u>	<u>377,637</u>	<u>-</u>	<u>(3,790,500)</u>	<u>-</u>	<u>(3,790,500)</u>
Business-type activities:							
Dandridge Water and Sewer Dept.	2,865,347	4,046,054	-	124,309	-	1,305,016	1,305,016
Total business-type activities	<u>2,865,347</u>	<u>4,046,054</u>	<u>-</u>	<u>124,309</u>	<u>-</u>	<u>1,305,016</u>	<u>1,305,016</u>
Total primary government	<u>\$ 7,560,530</u>	<u>\$ 4,573,100</u>	<u>\$ 377,637</u>	<u>\$ 124,309</u>	<u>(3,790,500)</u>	<u>1,305,016</u>	<u>(2,485,484)</u>
General revenues:							
Taxes:							
Sales taxes					2,354,238	-	2,354,238
Property taxes					1,095,794	-	1,095,794
Hotel/Motel taxes					155,529	-	155,529
In-lieu of tax					41,016	-	41,016
Wholesale/state beer and wine taxes					240,461	-	240,461
Mixed drink tax					16,627	-	16,627
Business taxes					135,105	-	135,105
Cable TV franchise tax					54,882	-	54,882
Excise taxes					19,358	-	19,358
Other state taxes					5,980	-	5,980
Licenses and permits					139,592	-	139,592
Interest earned					126,176	13,393	139,569
Gain on disposal of capital assets					8,486	277	8,763
Miscellaneous					196,636	-	196,636
Total general revenues					<u>4,589,880</u>	<u>13,670</u>	<u>4,603,550</u>
Change in net position					799,380	1,318,686	2,118,066
Net position - beginning					<u>14,984,983</u>	<u>13,464,860</u>	<u>28,449,843</u>
Net position - ending					<u>\$ 15,784,363</u>	<u>\$ 14,783,546</u>	<u>\$ 30,567,909</u>

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



## TOWN OF DANDRIDGE, TENNESSEE

## Balance Sheet - Governmental Funds

June 30, 2023

	General Fund	Volunteer Fire Department Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,167,949	\$ 347,214	\$ -	\$ 6,515,163
Receivables:				
Property taxes	1,274,432	-	-	1,274,432
Leases	838,236	-	-	838,236
Other	68,216	-	-	68,216
Due from other governments	470,809	-	-	470,809
Due from other governmental funds	274	195	195,565	196,034
Due from proprietary funds	-	-	13,431	13,431
Restricted assets:				
Cash and cash equivalents	-	-	21,245	21,245
Other receivables	-	-	14	14
<b>Total assets</b>	<b>\$ 8,819,916</b>	<b>\$ 347,409</b>	<b>\$ 230,255</b>	<b>\$ 9,397,580</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 51,214	\$ 5,439	\$ -	\$ 56,653
Accrued expenses	24,978	409	1,431	26,818
Due to other funds	196,367	-	-	196,367
Payable from restricted assets:				
Due to other funds	-	-	274	274
Funds held in trust	-	-	7,487	7,487
<b>Total liabilities</b>	<b>272,559</b>	<b>5,848</b>	<b>9,192</b>	<b>287,599</b>
Deferred inflows of resources:				
Property taxes	1,264,250	-	-	1,264,250
Unearned revenue - leases	838,236	-	-	838,236
<b>Total deferred inflows of resources</b>	<b>2,102,486</b>	<b>-</b>	<b>-</b>	<b>2,102,486</b>
Fund balances:				
Restricted	-	-	18,498	18,498
Committed	32,150	-	-	32,150
Assigned	-	341,561	202,565	544,126
Unassigned	6,412,721	-	-	6,412,721
<b>Total fund balances</b>	<b>6,444,871</b>	<b>341,561</b>	<b>221,063</b>	<b>7,007,495</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,819,916</b>	<b>\$ 347,409</b>	<b>\$ 230,255</b>	<b>\$ 9,397,580</b>

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

## TOWN OF DANDRIDGE, TENNESSEE

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position

For the Fiscal Year Ended June 30, 2023

Total fund balances--governmental funds		\$ 7,007,495
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets	\$ 15,611,736	
Accumulated depreciation	<u>(6,236,616)</u>	9,375,120
The net pension liability is not due and payable in the current period, and therefore, is not reported in the funds		(73,884)
The total OPEB liability is not due and payable in the current period and, therefore, is not reported in the funds		(207,101)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	(1,024,000)	
Unamortized bond premium	(7,008)	
Compensated absences	<u>(67,467)</u>	(1,098,475)
Certain deferred outflows of resources and deferred inflows of resources are not available resources and, therefore, are not reported in the funds:		
Deferred outflows -		
Pension contributions subsequent to the measurement date	178,815	
Net difference between projected and actual earnings on plan investments - pension	10,760	
Differences between projected and actual experience - pension	333,947	
Changes of assumptions - pension	381,727	
Changes of assumptions - OPEB	12,096	
Differences between projected and actual experience - OPEB	7,238	
Deferred inflows -		
Differences between projected and actual experience - pension	(54,895)	
Changes of assumptions - OPEB	(57,933)	
Differences between projected and actual experience - OPEB	<u>(30,547)</u>	<u>781,208</u>
Total net position--governmental activities		<u>\$ 15,784,363</u>

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

## TOWN OF DANDRIDGE, TENNESSEE

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Fiscal Year Ended June 30, 2023

	General Fund	Volunteer Fire Department Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Local taxes	\$ 3,494,688	\$ -	\$ 155,529	\$ 3,650,217
Licenses and permits	139,592	-	-	139,592
Federal, state and local grants	489,012	-	-	489,012
Intergovernmental revenues	599,868	85,660	-	685,528
Charges for services	351,362	2,925	126,050	480,337
Interest earnings	125,867	309	-	126,176
Fines, forfeits and penalties	35,052	-	11,657	46,709
Contributions and donations	50,539	96,369	-	146,908
Other revenue	141,835	48,318	6,400	196,553
<b>Total revenues</b>	<b>5,427,815</b>	<b>233,581</b>	<b>299,636</b>	<b>5,961,032</b>
<b>Expenditures:</b>				
General government	1,067,978	-	-	1,067,978
Public safety	1,070,474	-	2,869	1,073,343
Public works	732,290	-	-	732,290
Culture and recreation	809,681	-	-	809,681
Debt service	188,252	31,541	120,946	340,739
Sanitation	-	-	238,452	238,452
Volunteer fire department	-	480,559	-	480,559
Tourism	-	-	2,028	2,028
<b>Total expenditures</b>	<b>3,868,675</b>	<b>512,100</b>	<b>364,295</b>	<b>4,745,070</b>
Revenues over (under) expenditures	1,559,140	(278,519)	(64,659)	1,215,962
<b>Other financing sources (uses):</b>				
Transfers (to) from other funds	(398,514)	284,007	114,507	-
<b>Total other financing sources (uses)</b>	<b>(398,514)</b>	<b>284,007</b>	<b>114,507</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>1,160,626</b>	<b>5,488</b>	<b>49,848</b>	<b>1,215,962</b>
Fund balance, beginning	5,284,245	336,073	171,215	5,791,533
<b>Fund balance, ending</b>	<b>\$ 6,444,871</b>	<b>\$ 341,561</b>	<b>\$ 221,063</b>	<b>\$ 7,007,495</b>

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

## TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2023

Total net change in fund balances--governmental funds		\$ 1,215,962
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays.</p>		
Depreciation expense	\$ (389,762)	
Capital outlays (additions)	<u>98,968</u>	(290,794)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(475,038)
<p>The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Principal paid on long-term debt	323,111	
Premium amortized	<u>894</u>	324,005
<p>Some changes reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>		
Compensated absences	(431)	
Negative OPEB expense	4,739	
Negative pension expense	<u>20,937</u>	<u>25,245</u>
Change in net position of governmental activities		<u>\$ 799,380</u>

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

TOWN OF DANDRIDGE, TENNESSEE  
Statement of Net Position - Proprietary Funds  
June 30, 2023

	Enterprise Fund <hr/> Water and Sewer Department <hr/>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 3,458,213
Receivables -	
Customer service accounts, less allowance for doubtful accounts of \$2,000	354,220
Unbilled receivables	111,399
Other	8,219
Due from governmental funds	<hr/> 607
Total current assets	<hr/> 3,932,658
Non-current assets:	
Capital assets, not being depreciated -	
Land and land rights	8,900
Construction work in progress	1,558,002
Capital assets, being depreciated -	
Utility plant	22,786,061
Less: accumulated depreciation	<hr/> (8,794,560)
Total capital assets	<hr/> 15,558,403
Total non-current assets	<hr/> 15,558,403
Total assets	<hr/> 19,491,061
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension contributions subsequent to the measurement date	70,484
OPEB contributions subsequent to the measurement date	13,673
Net difference between projected and actual earnings on plan investments - pension	3,709
Differences between projected and actual experience - pension	115,147
Changes of assumptions - pension	131,624
Changes of assumptions - OPEB	4,858
Differences between projected and actual experience - OPEB	<hr/> 2,907
Total deferred outflows of resources	<hr/> 342,402

(Continued)

## TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position - Proprietary Funds  
(Continued)

June 30, 2023

	Enterprise Fund
	Water and Sewer Department
<u>LIABILITIES</u>	
Current liabilities:	
Current maturities of long-term debt	\$ 219,000
Accounts payable	70,732
Accrued wages payable	11,416
Compensated absences payable	31,625
Due to governmental funds	13,431
Due to other governments	10,310
	<hr/>
Total current liabilities	356,514
	<hr/>
Non-current liabilities:	
Unamortized bond premium	14,212
Long-term debt, less current maturities	4,516,100
Net pension liability	25,476
Total OPEB liability	83,159
	<hr/>
Total non-current liabilities	4,638,947
	<hr/>
Total liabilities	4,995,461
	<hr/>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Differences between projected and actual experience - pension	18,928
Differences between projected and actual experience - OPEB	12,266
Changes of assumptions - OPEB	23,262
	<hr/>
Total deferred inflows of resources	54,456
	<hr/>
<u>NET POSITION</u>	
Net position:	
Net investment in capital assets	10,809,091
Unrestricted	3,974,455
	<hr/>
Total net position	\$ 14,783,546
	<hr/> <hr/>

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

TOWN OF DANDRIDGE, TENNESSEE  
Statement of Revenues, Expenses and Change  
in Net Position - Proprietary Funds  
For the Fiscal Year Ended June 30, 2023

	Enterprise Fund
	Water and Sewer Department
Operating revenues:	
Water sales	\$ 2,208,490
Sewer service charges	1,200,566
Forfeited discounts and penalties	43,785
Tap fees	330,166
Fire service and hydrant rental	162,219
Miscellaneous	39,668
Installation charges	61,160
Total operating revenues	4,046,054
Operating expenses:	
Water treatment and distribution	961,665
Sewer collection and disposal	775,775
Administrative and general	420,938
Provision for depreciation	586,625
Total operating expenses	2,745,003
Operating income	1,301,051
Non-operating revenues (expense):	
Interest income	13,393
Interest expense	(120,344)
Gain on disposal of fixed assets	277
Total non-operating revenues (expenses)	(106,674)
Income before capital contributions	1,194,377
Capital contributions - TDOT	124,309
Change in net position	1,318,686
Net position, beginning	13,464,860
Net position, ending	\$ 14,783,546

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

TOWN OF DANDRIDGE, TENNESSEE  
Statement of Cash Flows - Proprietary Funds  
Water and Sewer Department  
For the Fiscal Year Ended June 30, 2023

Cash flows from operating activities:	
Cash received from customers	\$ 4,053,577
Cash payments to suppliers for goods and services	(1,567,041)
Cash payments to employees for services	(592,333)
	<hr/>
Net cash provided by operating activities	1,894,203
	<hr/>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(343,884)
Proceeds from disposal of fixed assets	277
Capital contributions	124,309
Principal payments on long-term debt	(369,953)
Interest paid on long-term debt	(121,092)
	<hr/>
Net cash used by capital and related financing activities	(710,343)
	<hr/>
Cash flows from investing activities:	
Interest received on investments	13,393
	<hr/>
Net cash provided by investing activities	13,393
	<hr/>
Net increase in cash and cash equivalents	1,197,253
Cash and cash equivalents, beginning	2,260,960
	<hr/>
Cash and cash equivalents, ending	<u>\$ 3,458,213</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,301,051
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	586,625
(Increase) decrease in assets and deferred outflows:	
Accounts receivable	(16,210)
Unbilled revenue	23,993
Other receivables	(1,464)
Due from other funds	(277)
Net pension asset	279,984
Deferred outflows related to pension and OPEB	(54,013)
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable	5,901
Accrued wages and benefits payable	(4,970)
Due to other governments	1,481
Due to governmental funds	(9,480)
Total pension liability	25,476
Total OPEB liability	(3,711)
Deferred inflows related to pension and OPEB	(240,183)
	<hr/>
Net cash provided by operating activities	<u>\$ 1,894,203</u>

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



TOWN OF DANDRIDGE, TENNESSEE  
 General Fund  
 Statement of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Fiscal Year Ended June 30, 2023

	2023 Original Budget	2023 Final Budget	2023 Actual
<b>Revenues:</b>			
<b>Local taxes:</b>			
Local sales tax	\$ 1,926,300	\$ 1,926,300	\$ 1,953,346
Property taxes	1,065,650	1,065,650	1,095,794
Wholesale beer and wine taxes	227,000	227,000	238,934
Mixed drink taxes	12,750	12,750	16,627
Business tax	103,000	103,000	135,105
Cable TV franchise tax	57,500	57,500	54,882
<b>Total local taxes</b>	<b>3,392,200</b>	<b>3,392,200</b>	<b>3,494,688</b>
<b>Licenses and permits:</b>			
Building permits	35,000	35,000	137,192
Beer permits	2,500	2,500	2,400
<b>Total licenses and permits</b>	<b>37,500</b>	<b>37,500</b>	<b>139,592</b>
<b>Intergovernmental revenues:</b>			
Federal grants - Tennessee Department of Safety and Homeland Security	-	15,000	12,474
Federal grants - Tennessee Department of Finance and Administration - Covid-19 - ARPA	475,038	475,038	475,038
State grants - Farmer's market	-	1,500	1,500
State law enforcement education	8,800	8,800	8,800
State sales tax	367,600	367,600	400,892
State income tax	-	-	18
State beer tax	1,550	1,550	1,527
State gasoline and motor fuel tax	120,000	120,000	116,169
State street and transportation	6,100	6,100	6,126
Gross receipts tax - TVA	35,000	35,000	41,016
Corporate excise tax	15,000	15,000	19,358
Sports betting tax	4,000	4,000	5,962
<b>Total intergovernmental revenues</b>	<b>1,033,088</b>	<b>1,049,588</b>	<b>1,088,880</b>
<b>Charges for services:</b>			
Street maintenance contract	40,000	40,000	33,753
Park and recreation charges	240,000	240,000	290,995
Other	47,125	49,270	26,614
<b>Total charges for services</b>	<b>327,125</b>	<b>329,270</b>	<b>351,362</b>
<b>Fines, forfeits and penalties:</b>			
Court fines and costs	43,000	43,000	35,052
<b>Total fines, forfeits and penalties</b>	<b>43,000</b>	<b>43,000</b>	<b>35,052</b>

(Continued)

## TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2023

	2023 Original Budget	2023 Final Budget	2023 Actual
Revenues (continued):			
Other revenue:			
Other revenue	\$ 6,600	\$ 11,195	\$ 20,016
Insurance recoveries	-	-	11,274
Interest earnings	5,600	5,600	125,867
Lease revenue	-	-	3,161
Variable lease payments	25,000	25,000	40,117
Sale of equipment	10,000	10,000	35,117
Settlement payment	-	32,150	32,150
Contributions	15,000	17,115	50,539
Total other revenue	<u>62,200</u>	<u>101,060</u>	<u>318,241</u>
Total revenues	<u>4,895,113</u>	<u>4,952,618</u>	<u>5,427,815</u>
Expenditures:			
General government:			
Legislative:			
Personal services	64,379	64,379	63,412
Contractual services	9,900	9,900	4,347
Total legislative	<u>74,279</u>	<u>74,279</u>	<u>67,759</u>
Judicial:			
Contractual services	4,200	4,200	4,200
Total judicial	<u>4,200</u>	<u>4,200</u>	<u>4,200</u>
Central staff agencies:			
Personal services	330,024	363,305	300,282
Contractual services	75,500	75,500	77,683
Supplies	10,500	10,500	14,797
Capital outlay	-	35,000	20,000
Total central staff agencies	<u>416,024</u>	<u>484,305</u>	<u>412,762</u>
Building inspector/codes enforcement:			
Personal services	71,584	77,160	74,670
Contractual services	1,860	1,860	1,445
Supplies	1,900	1,900	532
Capital outlay	2,900	32,900	27,925
Total building inspector/codes enforcement	<u>78,244</u>	<u>113,820</u>	<u>104,572</u>
General government buildings:			
Personal services	102,788	113,939	109,016
Contractual services	39,230	44,930	38,836
Supplies	44,500	44,500	31,122
Fixed charges	1,000	1,000	960
Total general government buildings	<u>187,518</u>	<u>204,369</u>	<u>179,934</u>

(Continued)

## TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2023

	2023 Original Budget	2023 Final Budget	2023 Actual
Expenditures (continued):			
General government (continued):			
Other general government:			
Personal services	\$ 250	\$ 250	\$ 50
Contractual services	39,025	191,059	185,618
Supplies	2,500	2,500	640
Fixed charges	58,800	58,800	58,629
Grants, contributions and donations	56,800	56,800	47,827
Reserve for contingency	10,000	10,000	5,987
Total other general government	<u>167,375</u>	<u>319,409</u>	<u>298,751</u>
Total general government	<u>927,640</u>	<u>1,200,382</u>	<u>1,067,978</u>
Public safety:			
Police:			
Personal services	887,983	967,088	921,585
Contractual services	43,875	43,875	38,553
Supplies	76,800	76,800	59,782
Capital outlay	304,440	325,792	44,220
Total police	<u>1,313,098</u>	<u>1,413,555</u>	<u>1,064,140</u>
Support services:			
Contractual services	6,334	6,334	6,334
Total support services	<u>6,334</u>	<u>6,334</u>	<u>6,334</u>
Total public safety	<u>1,319,432</u>	<u>1,419,889</u>	<u>1,070,474</u>
Public works:			
Highways and streets:			
Personal services	264,840	281,567	192,766
Contractual services	67,025	67,025	35,099
Supplies	66,200	66,200	83,368
Building materials	14,000	14,000	14,597
Fixed charges	1,000	1,000	-
Capital outlay	55,000	55,000	-
Total highways and streets	<u>468,065</u>	<u>484,792</u>	<u>325,830</u>
City garage:			
Personal services	62,999	68,575	65,255
Contractual services	830	830	480
Supplies	4,100	4,100	1,583
Total city garage	<u>67,929</u>	<u>73,505</u>	<u>67,318</u>
State street aid:			
Contractual services	339,139	354,139	339,142
Total state street aid	<u>339,139</u>	<u>354,139</u>	<u>339,142</u>
Total public works	<u>875,133</u>	<u>912,436</u>	<u>732,290</u>

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2023

	2023 Original Budget	2023 Final Budget	2023 Actual
Expenditures (continued):			
Culture and recreation:			
Recreation:			
Personal services	\$ 114,988	\$ 126,139	\$ 121,364
Contractual services	46,210	46,210	36,387
Supplies	21,500	21,500	18,432
Fixed charges	500	500	519
Capital outlay	40,000	52,216	50,952
Total recreation	<u>223,198</u>	<u>246,565</u>	<u>227,654</u>
Activity center:			
Personal services	271,261	303,060	277,704
Contractual services	193,400	193,400	191,784
Supplies	42,500	42,500	35,431
Capital outlay	59,500	59,500	15,415
Total activity center	<u>566,661</u>	<u>598,460</u>	<u>520,334</u>
Libraries:			
Contractual services	7,550	7,550	6,403
Fixed charges	1,650	1,650	1,650
Grants, contributions and donations	47,672	47,672	47,672
Capital outlay	-	32,150	5,968
Total libraries	<u>56,872</u>	<u>89,022</u>	<u>61,693</u>
Total culture and recreation	<u>846,731</u>	<u>934,047</u>	<u>809,681</u>
Debt service:			
Bonds and notes payable	165,000	165,000	165,000
Interest and fiscal charges	23,715	25,715	23,252
Total debt service	<u>188,715</u>	<u>190,715</u>	<u>188,252</u>
Total expenditures	<u>4,157,651</u>	<u>4,657,469</u>	<u>3,868,675</u>
Revenues over (under) expenditures	<u>737,462</u>	<u>295,149</u>	<u>1,559,140</u>
Other financing sources (uses):			
Transfers (to) from other funds	<u>(737,462)</u>	<u>(804,037)</u>	<u>(398,514)</u>
Total other financing sources (uses)	<u>(737,462)</u>	<u>(804,037)</u>	<u>(398,514)</u>
Net change in fund balance	-	(508,888)	1,160,626
Fund balance, beginning	<u>5,284,245</u>	<u>5,284,245</u>	<u>5,284,245</u>
Fund balance, ending	<u>\$ 5,284,245</u>	<u>\$ 4,775,357</u>	<u>\$ 6,444,871</u>

The accompanying notes are an integral part of these financial statements

## TOWN OF DANDRIDGE, TENNESSEE

Volunteer Fire Department Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2023

	2023 Original Budget	2023 Final Budget	2023 Actual
Revenues:			
Intergovernmental revenues	\$ 85,660	\$ 130,360	\$ 85,660
Charges for services	1,900	1,900	2,925
Interest earnings	25	25	309
Insurance recoveries	20,000	20,000	25,232
Contributions and donations	40,000	55,000	96,369
Other revenue	500	2,000	23,086
	<u>148,085</u>	<u>209,285</u>	<u>233,581</u>
Total revenues			
Expenditures:			
Personal services	130,751	186,175	168,618
Contractual services	90,000	90,000	81,208
Supplies	76,300	89,300	97,709
Fixed charges	25,250	25,250	26,399
Capital outlay	58,250	107,950	106,625
Debt service	31,541	31,541	31,541
	<u>412,092</u>	<u>530,216</u>	<u>512,100</u>
Total expenditures			
Revenues over (under) expenditures	<u>(264,007)</u>	<u>(320,931)</u>	<u>(278,519)</u>
Other financing sources (uses):			
Interfund transfers - in (out)	<u>264,007</u>	<u>319,431</u>	<u>284,007</u>
Total other financing sources (uses)	<u>264,007</u>	<u>319,431</u>	<u>284,007</u>
Net changes in fund balances	-	(1,500)	5,488
Fund balance, beginning	<u>336,073</u>	<u>336,073</u>	<u>336,073</u>
Fund balance, ending	<u>\$ 336,073</u>	<u>\$ 334,573</u>	<u>\$ 341,561</u>

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

## TOWN OF DANDRIDGE, TENNESSEE

## Notes to Basic Financial Statements

June 30, 2023

1. Summary of Significant Accounting PoliciesDescription of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

Reporting Entity

The Town of Dandridge, Tennessee is a municipal corporation governed by an elected mayor and six-member governing council. The accompanying financial statements present the primary government.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. 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. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

*The Volunteer Fire Department*

*Fund* accounts for all financial resources of the Volunteer Fire Department.

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)1. Summary of Significant Accounting Policies (Continued)Basis of Presentation – Fund Financial Statements (Continued)

The government reports the following major enterprise fund:

The *Water and Sewer Department Fund* accounts for all the activities of Dandridge Water and Sewer System. The Dandridge Water and Sewer System operates the water distribution and sewer collection and treatment systems for residents of the Town and surrounding areas.

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 and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. 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.

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 and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town 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, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The appropriated budget is prepared by fund, function, and department. All supplemental appropriations require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the individual fund level. Budgetary monitoring, however, is maintained at the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

At June 30, 2023, the government had no encumbrances. Also, for the year ended June 30, 2023, the government did not have any excess expenditures over appropriations.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

**Cash and Cash Equivalents**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments (including restricted assets) having original maturity dates of three months or less from date of acquisition.



## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)1. Summary of Significant Accounting Policies (Continued)Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)**Property Taxes Receivable**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before February 28 of the following year. All unpaid taxes become delinquent March 1 of the following year.

Property tax revenues are recognized when levied to the extent that they result in current receivables within sixty days of the end of the year. Property taxes recognized as a receivable before the period of revenue recognition are reported as deferred inflows of resources. A reserve representing delinquent taxes which remain uncollectible and are unavailable to fund expenditures of the fiscal year June 30, 2023 is recorded. The balance of the reserve at June 30, 2023 is \$128,250.

At June 30, 2023, the government's 2023 property taxes were not scheduled to be billed until October 2023. Consequently, unbilled property taxes and deferred inflows of resources of \$1,136,000 are recorded.

**Leases**

The Town is the lessor of a noncancellable lease of land located inside the Town of Dandridge limits. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

The Town entered into an agreement dated December 17, 2002 with three individuals to lease a tract of land for the development of a marina, restaurant and lodging facilities known as The Point. The initial lease term was for twenty years with four, twenty-year options to renew the lease. The lease was modified effective September 1, 2009 to set the first initial lease term on that date and to shorten the final renewal period to twelve years and eight months. The lease was modified again on November 15, 2017 due to an ownership change. The terms of the lease did not change with this modification.

The lessee is responsible for paying rent to the Town in the amount of the greater of 5% of all gross revenues (except for restaurant revenues plus 1½% of gross restaurant revenues over \$600,000 and 3% of gross restaurant revenues over \$1,000,000 or a minimum annual amount of \$25,000.

At the commencement of the lease, the Town initially measured the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable was reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received on or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease receipts.

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)1. Summary of Significant Accounting Policies (Continued)Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)**Leases** (Continued)

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and all extension options that are expected to be exercised. Lease receipts included in the measurement of the lease receivable is composed of the minimum fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Prepaid Items**

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

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, etc.), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000.

As the government constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the item's capacity, efficiency, or estimated useful life. Donated capital assets are recorded at estimated fair value at the date of donation.

Land and improvements and construction/retirement in progress are not depreciated. The other property, equipment, and infrastructure in governmental activities are depreciated using the straight line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	15 – 100 years
Machinery and equipment	5 – 30 years
Streets, traffic signals and bridges	20 – 100 years

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)1. Summary of Significant Accounting Policies (Continued)Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)**Capital Assets** (Continued)

The other property, plant and equipment in business activities are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Water and sewer systems	7 – 50 years
Structures and improvements	10 – 40 years
Machinery and equipment	5 – 35 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 separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

The government has items that qualify for reporting in these categories. Pension/OPEB contributions made after the net pension liability measurement date are reported as deferred outflows on the statement of net position. Certain property taxes are unavailable resources in the current year. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the statement of net position includes certain additional items related to pensions and OPEB plans.

**Net Position Flow Assumption**

Net position – net investment in capital assets in the government-wide and proprietary fund financial statements consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net investment in capital assets will also include deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt. If there are any significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt or deferred inflows of resources attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, the portion of the debt is included in the same net position component (restricted or unrestricted) as the unspent proceeds.

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

**Net Position Flow Assumption** (Continued)

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted or external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Sometimes the government 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 net position - restricted and net position - unrestricted 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 net position - restricted to have been depleted before net position - unrestricted is applied.

**Fund Balance Flow Assumptions**

Sometimes the government 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 government'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.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Mayor and Aldermen is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once committed, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Mayor and Aldermen has by resolution authorized the Town Administrator to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)1. Summary of Significant Accounting Policies (Continued)Revenues and Expenditures/Expenses**Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the government will compensate the employees for the benefits through paid time off or some other means. The government records a liability for accumulated unused vacation time when earned for all employees. The entire compensated absences liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. At June 30, 2023, there were no such amounts reported. The noncurrent portion of the liability is not reported, but if the long-term portion were required to be liquidated, the amount would be paid from the General Fund as has been done in prior years.

The Town - Employees of the Town are granted vacation and sick leave in varying amounts based on their length of employment. Annual leave may be accumulated up to twenty-five days. Employees must take annual leave off after accumulating twenty-five days or lose the ability to further accumulate leave.

Employees accrue eight hours of sick leave for each completed month of service, which does not vest upon termination.

Water and Sewer Department – Employees are granted vacation in varying amounts based on their length of employment. Annual leave may be accumulated up to twenty-five days. Employees must take annual leave off after accumulating twenty-five days or lose the ability to further accumulate leave.

Employees accrue eight hours of sick leave for each completed month of service, which does not vest upon termination.

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Revenues and Expenditures/Expenses (Continued)

**Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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 nonoperating revenues and expenses.

Other Accounting Policies

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

**Restricted Assets**

These assets consist of cash and demand deposits restricted for debt service, drug enforcement, future expansion of facilities, federal grants and various other restricted uses.

**Pension Plan**

Certain employees of the government participate in a defined benefit pension plan. This plan is the Public Employee Retirement Plan administered by the Tennessee Consolidated Retirement System (TCRS).

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the government's participation in this plan, and additions to/deductions from fiduciary net position has been determined on the same basis as it is reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Postemployment Benefits Other than Pensions (OPEB)**

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

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)1. Summary of Significant Accounting Policies (Continued)Other Accounting Policies (Continued)**Direct Borrowing and Direct Placements**

The Town issues capital outlay notes and capital leases to provide for the acquisition of certain equipment. These notes are secured by the assets purchased. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt.

Recently Issued and Adopted Accounting Pronouncements

GASB has issued the following recent statements and implementation guide that are effective in the current year:

- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*

Adoption of these pronouncements has had no effect on the Town's financial statements.

2. Cash and Cash Equivalents

At June 30, 2023, all of the government's deposits with financial institutions were insured by federal depository insurance or were collateralized by investments held by the government's agent in the government's name.

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash on hand	\$ 11,402	\$ -	\$ 11,402
Checking and money market accounts	<u>9,961,974</u>	<u>21,245</u>	<u>9,983,219</u>
	<u>\$ 9,973,376</u>	<u>\$ 21,245</u>	<u>\$ 9,994,621</u>

State of Tennessee law authorizes the government to invest in obligations of the United States or its agencies, non-convertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the state treasurer's investment pool.

There are three categories of credit risk that apply to the government's cash and investments:

1. Insured by federal depository insurance or the bank's participation in the State Collateral Pool, or collateralized with securities held by the government or by its agent in the government's name.
2. Collateralized with securities held by the pledging bank's trust department or agent in the government's name.
3. Uncollateralized

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)2. Cash and Cash Equivalents (Continued)

The book balances held in each category are as follows:

Insured or collateralized with securities held by the government's agent in the government's name or collateralized with securities held by pledging bank's and government's agent in the government's name	<u>\$9,983,219</u>
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3. Capital Assets

Governmental capital asset activity for the fiscal year ended June 30, 2023 was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>
Capital assets, not being depreciated:				
Land	\$ 654,202	\$ -	\$ -	\$ 654,202
Total capital assets, not being depreciated	<u>654,202</u>	<u>-</u>	<u>-</u>	<u>654,202</u>
Capital assets, being depreciated:				
Buildings and improvements	5,243,164	-	-	5,243,164
Infrastructures	5,488,522	-	-	5,488,522
Machinery and equipment	4,164,742	98,968	37,862	4,225,848
Total capital assets, being depreciated	<u>14,896,428</u>	<u>98,968</u>	<u>37,862</u>	<u>14,957,534</u>
Less accumulated depreciation for:				
Buildings and improvements	1,466,928	116,571	-	1,583,499
Infrastructures	2,166,606	83,784	-	2,250,390
Machinery and equipment	2,251,182	189,407	37,862	2,402,727
Total accumulated depreciation	<u>5,884,716</u>	<u>389,762</u>	<u>37,862</u>	<u>6,236,616</u>
Capital assets, being depreciated, net	<u>9,011,712</u>	<u>(290,794)</u>	<u>-</u>	<u>8,720,918</u>
Governmental activities assets, net	<u>\$ 9,665,914</u>	<u>\$ (290,794)</u>	<u>\$ -</u>	<u>\$ 9,375,120</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 17,283
Public works	142,230
Public safety	57,256
Volunteer fire department	67,824
Tourism	18,673
Recreation and culture	86,496
Total depreciation expense	<u>\$ 389,762</u>



## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)3. Capital Assets (Continued)

Business-type capital asset activity for the fiscal year ended June 30, 2023 was as follows:

<u>Business-Type Activities</u>	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets, not being depreciated:				
Construction in progress	\$ 1,384,622	\$ 173,380	\$ -	\$ 1,558,002
Land easements	8,900	-	-	8,900
Total capital assets, not being depreciated	<u>1,393,522</u>	<u>173,380</u>	<u>-</u>	<u>1,566,902</u>
Capital assets, being depreciated:				
Buildings	736,780	6,958	-	743,738
Lines and tanks	18,647,282	-	-	18,647,282
Equipment	2,917,262	98,036	1,058	3,014,240
Furniture and fixtures	124,377	-	1,200	123,177
Machinery	-	5,628	-	5,628
Vehicles	219,554	32,442	-	251,996
Total capital assets, being depreciated	<u>22,645,255</u>	<u>143,064</u>	<u>2,258</u>	<u>22,786,061</u>
Less accumulated depreciation for:				
Buildings	272,734	18,107	-	290,841
Lines and tanks	6,262,428	444,559	-	6,706,987
Equipment	1,406,130	97,294	1,058	1,502,366
Furniture and fixtures	94,271	5,496	1,200	98,567
Machinery	-	281	-	281
Vehicles	174,630	20,888	-	195,518
Total accumulated depreciation	<u>8,210,193</u>	<u>586,625</u>	<u>2,258</u>	<u>8,794,560</u>
Capital assets, being depreciated, net	<u>14,435,062</u>	<u>(443,561)</u>	<u>-</u>	<u>13,991,501</u>
Business-type activities capital assets, net	<u>\$ 15,828,584</u>	<u>\$ (270,181)</u>	<u>\$ -</u>	<u>\$ 15,558,403</u>

Depreciation expense was charged to business-type activities as follows:

Water and Sewer \$ 586,625

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)4. Long-Term LiabilitiesGeneral Obligation Bonds and Notes Payable

The Town issues general obligation bonds and general obligation revenue bonds to provide funds for the acquisition and construction of major capital facilities. Capital outlay notes are issued for purchase of equipment and are secured by the equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds are generally issued as serial bonds with varying amounts of principal maturing each year with maturities that range from 8 to 22 years. In the event of default, direct borrowings would be payable in full at the time of default.

Governmental-Type Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023 in governmental activities:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
General obligation refunding bonds, Series 2020	\$ 1,142,000	\$ -	\$ 118,000	\$ 1,024,000	\$ 120,000
Capital outlay note (direct borrowing), dated 4/7/17	98,000	-	98,000	-	-
Capital outlay note (direct borrowing), dated 10/5/18	98,000	-	98,000	-	-
Capital outlay note (direct borrowing), dated 12/18/18	545	-	545	-	-
Capital outlay note (direct borrowing), dated 6/22/22	8,566	-	8,566	-	-
Compensated absences	67,036	79,254	78,823	67,467	67,467
	<u>\$ 1,414,147</u>	<u>\$ 79,254</u>	<u>\$ 401,934</u>	<u>\$ 1,091,467</u>	<u>\$ 187,467</u>

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)4. Long-Term Liabilities (Continued)**Governmental-Type Activities (Continued)**

Bonds payable at June 30, 2023 consist of the following:

**Bonds and Capital Outlay Notes**

\$1,374,000 General Obligation Bonds, Series 2020, interest due semi-annually on June 1 and December 1 at a fixed rate of 1.70%, principal due annually on June 1.

\$ 1,024,000

Total bonds payable

\$ 1,024,000

**Business-Type Activities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023 in business-type activities:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>	<u>Due in One Year</u>
Water and Sewer Refunding Bonds, Series 2014	\$ 3,630,300	\$ -	\$ 165,200	\$ 3,465,100	\$ 169,000
General Obligation Bonds, Series 2017	1,320,000	-	50,000	1,270,000	50,000
Interfund note payable (direct borrowing)	154,753	-	154,753	-	-
Compensated absences	23,220	35,370	26,965	31,625	31,625
	<u>\$ 5,128,273</u>	<u>\$ 35,370</u>	<u>\$ 396,918</u>	<u>\$ 4,766,725</u>	<u>\$ 250,625</u>

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)4. Long-Term Liabilities (Continued)**Business-Type Activities (Continued)**Bonds and Capital Outlay Notes

\$4,546,800 Water and Sewer Revenue and Tax Refunding Bond, Series 2014, principal payable in 25 annual payments beginning August 2015, interest payable in semi-annual installments at a rate of 2.29% through 2039.	\$ 3,465,100
\$1,550,000 General Obligation Bonds, Series 2017, principal and interest payable in 25 annual payments beginning June 2018 at a fixed rate of 2.00% to 4.00% through 2042.	<u>1,270,000</u>
Total business-type long-term debt	4,735,100
Less current maturities	<u>219,000</u>
	<u><u>\$ 4,516,100</u></u>

Principal and Interest Requirements

The annual requirements to amortize long-term liabilities as of June 30, 2023 are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Grand Total</u>	
	<u>Bonds</u>		<u>Bonds</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 120,000	\$ 17,408	\$ 219,000	\$ 116,140	\$ 339,000	\$ 133,548
2025	123,000	15,368	227,900	111,101	350,900	126,469
2026	125,000	13,277	231,800	105,722	356,800	118,999
2027	127,000	11,152	235,900	100,251	362,900	111,403
2028	129,000	8,993	240,000	94,687	369,000	103,680
2029-2033	400,000	13,685	1,300,700	380,750	1,700,700	394,435
2034-2037	-	-	1,469,600	210,947	1,469,600	210,947
Thereafter	-	-	810,200	40,088	810,200	40,088
	<u>\$ 1,024,000</u>	<u>\$ 79,883</u>	<u>\$ 4,735,100</u>	<u>\$ 1,159,686</u>	<u>\$ 5,759,100</u>	<u>\$ 1,239,569</u>

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)

5. Retirement Plan

**Public Employee Retirement Plan of Tennessee Consolidated Retirement System (TCRS)**

General Information about the Pension Plan

*Plan description.* Certain employees of the government 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 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	27
Inactive employees entitled to but not yet receiving benefits	51
Active employees	<u>44</u>

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)5. Retirement Plan (Continued)**Public Employee Retirement Plan of Tennessee Consolidated Retirement System (TCRS)**  
(Continued)General Information about the Pension Plan (Continued)

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. The government makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions for the government were \$249,299 based on a rate of 12.00 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the government'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)

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

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

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

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)5. Retirement Plan (Continued)**Public Employee Retirement Plan of Tennessee Consolidated Retirement System (TCRS)**  
(Continued)Net Pension Liability (Asset) (Continued)

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

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

*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 government 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.

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)5. Retirement Plan (Continued)**Public Employee Retirement Plan of Tennessee Consolidated Retirement System (TCRS)**  
(Continued)Changes in the Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
<b>Beginning balance*</b>	\$ 7,027,618	\$ 8,051,325	\$ (1,023,707)
<b>Changes for the year:</b>			
Service cost	151,503	-	151,503
Interest	475,834	-	475,834
Differences between expected and actual experience	313,163	-	313,163
Changes of assumptions	-	-	-
Contributions - employer	-	127,230	(127,230)
Contributions - employees	-	-	-
Net investment income	-	(305,399)	305,399
Benefit payments, including refunds of employee contributions	(259,450)	(259,450)	-
Administrative expense	-	(4,398)	4,398
<b>Net changes</b>	<u>681,050</u>	<u>(442,017)</u>	<u>1,123,067</u>
<b>Ending balance*</b>	<u>\$ 7,708,668</u>	<u>\$ 7,609,308</u>	<u>\$ 99,360</u>

\* The measurement date of the beginning balance was June 30, 2021 and the measurement date of the ending balance was June 30, 2022. The reporting date of the beginning balance is June 30, 2022 and the reporting date of the ending balance is June 30, 2023.

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of the government 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:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Government's net pension liability (asset)	\$ 1,291,841	\$ 99,360	\$ (870,058)



## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)5. Retirement Plan (Continued)**Public Employee Retirement Plan of Tennessee Consolidated Retirement System (TCRS)**  
(Continued)Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

*Pension Expense.* For the year ended June 30, 2023, the government recognized pension expense of \$232,953.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2023, the government 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	\$ 449,094	\$ 73,823
Net difference between projected and actual earnings on pension plan investments	14,469	-
Changes of assumptions	513,351	-
Contributions subsequent to the measurement date of June 30, 2022	<u>249,299</u>	<u>-</u>
Total	<u>\$ 1,226,213</u>	<u>\$ 73,823</u>

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

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)5. Retirement Plan (Continued)**Public Employee Retirement Plan of Tennessee Consolidated Retirement System (TCRS)**  
(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 (Continued)*

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

<b>Year Ended June 30:</b>		
2024	\$	158,766
2025		166,366
2026		135,606
2027		390,158
2028		52,195
Thereafter		-

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

Payable to the Pension Plan

At June 30, 2023, the government reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

6. Other Postemployment Benefits (OPEB)**Local Government OPEB Plan**General Information about the OPEB Plan

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

*Benefits provided.* The Town of Dandridge offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)6. Other Postemployment Benefits (OPEB) (Continued)**Local Government OPEB Plan** (Continued)General Information about the OPEB Plan (Continued)*Benefits provided* (continued)

option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness healthsavings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The plan has a direct subsidy by the Town. The Town pays part or all of the contribution for single coverage for eligible retirees until they reach age 65. The premium subsidy is 100% for retirees with 20 or more years of service at retirement; 80% with at least 15 but less than 20 years of service; 60% with at least 10 but less than 15 years of service and no subsidy for less than 10 years of service. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

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

Inactive employees or currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>37</u>
	<u>38</u>

*Contributions.* An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2023, the Town of Dandridge paid \$13,673 to the LGOP for OPEB benefits as they came due.

Total OPEB Liability

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

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)6. Other Postemployment Benefits (OPEB) (Continued)**Local Government OPEB Plan (Continued)**Total OPEB Liability (Continued)*Actuarial assumptions (continued)*

Healthcare cost trend rates	8.37 percent for pre-65 in 2022, decreasing annually over a 7-year period to an ultimate rate of 4.5 percent 8.99 percent for post-65 in 2022, decreasing annually over an 8-year period to an ultimate rate of 4.5 percent
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Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.
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Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022 valuations were the same as those employed in the July 1, 2021 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Mortality Table for General Employees for non-disabled post-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6 percent load for males and a 14 percent load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load, projected generationally from 2018 with MP-2020.

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

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at June 30, 2021	<u>\$ 327,565</u>
Changes for the year:	
Service cost	24,039
Interest	7,459
Changes of benefit terms	-
Differences between expected and actual experience	4,328
Changes of assumptions	(60,463)
Benefit payments	<u>(12,658)</u>
Net changes	<u>(37,305)</u>
Balances at June 30, 2022	<u>\$ 290,260</u>

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)6. Other Postemployment Benefits (OPEB) (Continued)**Local Government OPEB Plan (Continued)**Changes in the Total OPEB Liability (Continued)

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

*Sensitivity of total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate.

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Government's total OPEB liability	\$ 321,240	\$ 290,260	\$ 261,915

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

	<u>1% Decrease (7.37%/7.99% decreasing to 3.50%)</u>	<u>Current Healthcare Cost Trend Rate (8.37%/8.99% decreasing to 4.50%)</u>	<u>1% Increase (9.37%/9.99% decreasing to 5.50%)</u>
Government's total OPEB liability	\$ 249,603	\$ 290,260	\$ 339,939

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

*OPEB Expense.* For the fiscal year ended June 30, 2023, the Town of Dandridge recognized OPEB expense of \$17,439.

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)6. Other Postemployment Benefits (OPEB) (Continued)**Local Government OPEB Plan (Continued)**OPEB Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the fiscal year ended June 30, 2023, the Town of Dandridge reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,145	\$ (42,813)
Changes of assumptions	16,954	(81,195)
Contributions subsequent to the measurement date of June 30, 2022	<u>13,673</u>	<u>-</u>
Total	<u>\$ 40,772</u>	<u>\$ (124,008)</u>

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

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

<b>Year Ended June 30:</b>	
2024	\$ (14,059)
2025	(14,059)
2026	(14,059)
2027	(14,059)
2028	(13,380)
Thereafter	(27,293)

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)

7. Risk Management

The government 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 government purchases commercial insurance for all of these risks of loss. Settled claims have not exceeded this commercial coverage in any of the last three years.

8. Litigation

Various claims and lawsuits are filed against the Town from time to time. Management intends to vigorously defend these complaints. Any litigation involving the Town during the current fiscal year has been resolved.

9. Interfund Receivables and Payables

Interfund receivable/payable balances at June 30, 2023 are as follows:

<u>Due To</u>	<u>Due From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Drug Fund</u>	<u>Water and Sewer Fund</u>	
General Fund	\$ -	\$ 274	\$ -	\$ 274
Drug Fund	5,000	-	-	5,000
Volunteer Fire Department Fund	195	-	-	195
Sanitation Fund	42,533	-	13,431	55,964
Tourism Fund	148,032	-	-	148,032
Water and Sewer Fund	607	-	-	607
	<u>\$ 196,367</u>	<u>\$ 274</u>	<u>\$ 13,431</u>	<u>\$ 210,072</u>

The purposes of these balances are to provide cash flow to various small funds and timing differences between cash collected by one fund on behalf of another.

## TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements  
(Continued)10. Operating Transfers

During the year, there were various operating transfers to and from other funds.

<u>Transfers To:</u>	<u>Transfers From:</u>
	<u>General Fund</u>
Volunteer Fire Department	\$ 284,007
Sanitation Fund	114,507
Total	<u>\$ 398,514</u>

The purpose of these transfers from the General Fund was to provide funding for operational shortfalls and capital outlays in these funds.

11. Lease Receivables

On December 17, 2002, the Town entered into a lease agreement with an initial term of twenty years and four, twenty year options to renew the lease. The lease was subsequently amended to set the first initial lease term beginning September 1, 2009 and to shorten the final renewal period to twelve years and eight months. The current lessees are two individuals for the lease of real property. Lease payments are based on a percentage of business revenue with a minimum annual amount of \$25,000. Based on this agreement, the Town is receiving monthly payments through 2029. There are three additional renewal option periods of twenty years each and a final renewal option period of twelve years eight months through 2102 included in this lease agreement.

The Town is reporting leases receivable of \$838,236 at June 30, 2023. For the fiscal year ended June 30, 2023, the Town reported lease revenue of \$3,161, interest income of \$21,839, and variable lease revenue of \$40,117.

12. Subsequent Events

Management has evaluated subsequent events through January 19, 2024, the date on which the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF DANDRIDGE, TENNESSEE

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

For the Last 10 Measurement Periods Ended on June 30\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 151,503	\$ 138,917	\$ 129,269	\$ 133,132	\$ 124,191	\$ 109,258	\$ 110,835	\$ 98,036	\$ 107,679
Interest	475,834	416,064	386,715	367,639	347,625	334,038	315,337	298,555	288,079
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between actual and expected experience	313,163	233,333	56,999	(65,566)	(54,351)	(80,015)	(42,749)	(60,652)	(120,727)
Change of assumptions	-	732,487	-	-	-	100,104	-	-	-
Benefit payments, including refunds of employee contributions	(259,450)	(186,151)	(169,502)	(166,948)	(133,747)	(140,911)	(124,091)	(125,851)	(125,580)
<b>Net change in total pension liability</b>	681,050	1,334,650	403,481	268,257	283,718	322,474	259,332	210,088	149,451
<b>Total pension liability - beginning</b>	7,027,618	5,692,968	5,289,487	5,021,230	4,737,512	4,415,038	4,155,706	3,945,618	3,796,167
<b>Total pension liability - ending (a)</b>	<u>\$ 7,708,668</u>	<u>\$ 7,027,618</u>	<u>\$ 5,692,968</u>	<u>\$ 5,289,487</u>	<u>\$ 5,021,230</u>	<u>\$ 4,737,512</u>	<u>\$ 4,415,038</u>	<u>\$ 4,155,706</u>	<u>\$ 3,945,618</u>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 127,230	\$ 123,454	\$ 145,402	\$ 163,625	\$ 200,950	\$ 230,743	\$ 220,069	\$ 216,871	\$ 194,076
Contributions - employee	-	-	-	-	-	-	-	-	-
Net investment income	(305,399)	1,657,893	305,943	428,672	439,103	530,840	118,729	131,024	593,068
Benefit payments, including refunds of employee contributions	(259,450)	(186,151)	(169,502)	(166,948)	(133,747)	(140,911)	(124,091)	(125,851)	(125,580)
Administrative expense	(4,398)	(3,877)	(3,987)	(3,958)	(3,943)	(3,591)	(2,994)	(2,132)	(1,505)
<b>Net change in plan fiduciary net position</b>	(442,017)	1,591,319	277,856	421,391	502,363	617,081	211,713	219,912	660,059
<b>Plan fiduciary net position - beginning</b>	8,051,325	6,460,006	6,182,150	5,760,759	5,258,396	4,641,315	4,429,602	4,209,690	3,549,631
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 7,609,308</u>	<u>\$ 8,051,325</u>	<u>\$ 6,460,006</u>	<u>\$ 6,182,150</u>	<u>\$ 5,760,759</u>	<u>\$ 5,258,396</u>	<u>\$ 4,641,315</u>	<u>\$ 4,429,602</u>	<u>\$ 4,209,690</u>
<b>Net pension liability (asset) - ending (a)-(b)</b>	<u>\$ 99,360</u>	<u>\$ (1,023,707)</u>	<u>\$ (767,038)</u>	<u>\$ (892,663)</u>	<u>\$ (739,529)</u>	<u>\$ (520,884)</u>	<u>\$ (226,277)</u>	<u>\$ (273,896)</u>	<u>\$ (264,072)</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	98.71%	114.57%	113.47%	116.88%	114.73%	110.99%	105.13%	106.59%	106.69%
<b>Covered payroll</b>	\$ 1,817,573	\$ 1,763,623	\$ 1,710,612	\$ 1,636,246	\$ 1,674,580	\$ 1,597,560	\$ 1,544,346	\$ 1,521,902	\$ 1,366,258
<b>Net pension liability (asset) as a percentage of covered payroll</b>	5.47%	-58.05%	-44.84%	-54.56%	-44.16%	-32.60%	-14.65%	-18.00%	-19.33%

\* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

For the Last 10 Measurement Periods Ended on June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 206,294	\$ 70,704	\$ 71,603	\$ 90,834	\$ 94,151	\$ 170,995	\$ 227,846	\$ 220,069	\$ 216,871	\$ 194,076
Contributions in relation to the actuarially determined contribution	<u>249,299</u>	<u>127,230</u>	<u>123,454</u>	<u>145,402</u>	<u>163,742</u>	<u>200,954</u>	<u>227,846</u>	<u>220,069</u>	<u>216,871</u>	<u>194,076</u>
Contribution deficiency (excess)	<u>\$ (43,005)</u>	<u>\$ (56,526)</u>	<u>\$ (51,851)</u>	<u>\$ (54,568)</u>	<u>\$ (69,591)</u>	<u>\$ (29,959)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$2,077,487	\$1,817,573	\$1,763,623	\$1,710,612	\$1,636,246	\$1,674,580	\$1,597,560	\$1,544,346	\$1,521,902	\$1,366,258
Contributions as a percentage of covered payroll	12.00%	7.00%	7.00%	8.50%	10.01%	12.00%	14.26%	14.25%	14.25%	14.20%

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Schedule of Changes in the Town's  
Total OPEB Liability and Related Ratios

For the Last 10 Measurement Periods Ended on June 30\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>						
Service cost	\$ 24,039	\$ 19,865	\$ 13,953	\$ 14,353	\$ 13,643	\$ 14,699
Interest	7,459	5,567	6,909	6,297	8,390	7,015
Changes in benefit terms	-	105,527	-	-	-	-
Difference between expected and actual experience	4,328	(8,946)	7,062	3,219	(66,955)	-
Changes of assumptions	(60,463)	(25,350)	22,868	3,958	(6,315)	(11,800)
Benefit payments	<u>(12,668)</u>	<u>(2,245)</u>	<u>(1,074)</u>	<u>(7,944)</u>	<u>(14,495)</u>	<u>(12,347)</u>
<b>Net change in total OPEB liability</b>	(37,305)	94,418	49,718	19,883	(65,732)	(2,433)
<b>Total OPEB liability - beginning</b>	<u>327,565</u>	<u>233,147</u>	<u>183,429</u>	<u>163,546</u>	<u>229,278</u>	<u>231,711</u>
<b>Total OPEB liability - ending</b>	<u>\$ 290,260</u>	<u>\$ 327,565</u>	<u>\$ 233,147</u>	<u>\$ 183,429</u>	<u>\$ 163,546</u>	<u>\$ 229,278</u>
<b>Covered payroll</b>	\$ 2,049,287	\$ 1,761,571	\$ 1,728,923	\$ 1,664,916	\$ 1,426,057	\$ 1,414,053
<b>Total OPEB liability as a percentage of covered payroll</b>	14.16%	18.60%	13.49%	11.02%	11.47%	16.21%

\* This schedule is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE  
Notes to Required Supplementary Information  
June 30, 2023

**Notes to Schedule - Public Employee Pension Plan of TCRS**

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

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.0 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including projection of mortality improvement using Scale MP-2020 (generational projection)
Cost of Living Adjustments	2.125 percent

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

**Notes to Schedule - Local Government OPEB Plan (LGOP) of the State of Tennessee**

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

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

*Changes in benefit terms:* In 2021, the plan was amended to allow benefits for any retiree whose retirement benefits have vested with TCRS. Also, retirees who take early retirement before the age of 62 and have been employed by the Town for at least 30 continuous years may elect coverage for three years or elect a lump sum payout for the equivalent of three years of insurance premiums at the current premium rate at retirement.

*Changes in assumptions* For the measurement date of June 30, 2022, the discount rate was increased from 2.16 percent to 3.54 percent.

See independent auditor's report.

## **OTHER SUPPLEMENTARY INFORMATION**

TOWN OF DANDRIDGE, TENNESSEE  
 Schedule of Expenditures of Federal and State Awards  
 For the Fiscal Year Ended June 30, 2023

Grantor Agency	Contract #	Assistance Listing Number	Expenditures
<b>Federal Awards:</b>			
U.S. Department of Transportation - Pass-through from Tennessee Department of Safety and Homeland Security -			
THS Grant - 2022	Z-22-THS079	20.607	\$ 4,376
THS Grant - 2023	Z-23-THS076	20.607	<u>8,098</u>
Total U.S. Department of Transportation			<u>12,474</u>
<b>Total Federal Awards</b>			<u>12,474</u>
<b>State Awards:</b>			
Tennessee Department of Agriculture - TAEP Farmers Market Promotional and Retail Grant			
	N/A	N/A	<u>1,500</u>
<b>Total State Awards</b>			<u>1,500</u>
<b>Total Federal and State Awards</b>			<u>\$ 13,974</u>

See independent auditor's report.

## TOWN OF DANDRIDGE, TENNESSEE

## Notes to the Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2023

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes federal and state award activity of the government under programs of the federal and state governments for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the government, it is not intended to and does not present the financial position, changes in net position, or cash flows of the government.

Note B - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A87, Cost Principles for State, Local, and Indian Tribal Governments), wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The government has not elected to use the 10 percent *de minimus* indirect cost rate as allowed under the Uniform Guidance.



TOWN OF DANDRIDGE, TENNESSEE

Nonmajor Governmental Funds  
Combining Balance Sheet

June 30, 2023

	<u>Governmental Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Sanitation Fund</u>	<u>Drug Fund</u>	<u>Tourism Fund</u>	
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 21,245	\$ -	\$ 21,245
Accounts receivable	-	14	-	14
Due from other governmental funds	42,533	5,000	148,032	195,565
Due from proprietary fund	13,431	-	-	13,431
<b>Total assets</b>	<b><u>\$ 55,964</u></b>	<b><u>\$ 26,259</u></b>	<b><u>\$ 148,032</u></b>	<b><u>\$ 230,255</u></b>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accrued expenses	\$ 1,431	\$ -	\$ -	\$ 1,431
Due to other funds	-	274	-	274
Funds held in trust	-	7,487	-	7,487
<b>Total liabilities</b>	<b><u>1,431</u></b>	<b><u>7,761</u></b>	<b><u>-</u></b>	<b><u>9,192</u></b>
Fund balances:				
Restricted	-	18,498	-	18,498
Assigned	54,533	-	148,032	202,565
<b>Total fund balances</b>	<b><u>54,533</u></b>	<b><u>18,498</u></b>	<b><u>148,032</u></b>	<b><u>221,063</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 55,964</u></b>	<b><u>\$ 26,259</u></b>	<b><u>\$ 148,032</u></b>	<b><u>\$ 230,255</u></b>

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended June 30, 2022

	Sanitation Fund			Drug Fund		
	2023 Original Budget	2023 Final Budget	2023 Actual	2023 Original Budget	2023 Final Budget	2023 Actual
Revenues:						
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	124,200	124,200	126,050	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	11,657
Sale of seized equipment	-	-	-	-	-	2,924
Contributions and donations	-	-	-	-	-	-
Other revenue	-	-	1,365	-	-	2,111
<b>Total revenues</b>	<b>124,200</b>	<b>124,200</b>	<b>127,415</b>	<b>-</b>	<b>-</b>	<b>16,692</b>
Expenditures:						
Personal services	123,843	134,994	126,670	-	-	-
Contractual services	23,025	23,025	21,611	300	300	125
Supplies	57,363	57,363	42,400	4,400	4,400	2,744
Fixed charges	4,900	4,900	5,136	-	-	-
Capital Outlay	388,524	388,524	42,635	-	-	-
Debt service	-	-	-	20,349	20,349	20,349
<b>Total expenditures</b>	<b>597,655</b>	<b>608,806</b>	<b>238,452</b>	<b>25,049</b>	<b>25,049</b>	<b>23,218</b>
Revenues over (under) expenditures	(473,455)	(484,606)	(111,037)	(25,049)	(25,049)	(6,526)
Other financing sources (uses):						
Interfund transfers - in (out)	473,455	484,606	114,507	-	-	-
<b>Total other financing sources (uses)</b>	<b>473,455</b>	<b>484,606</b>	<b>114,507</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net changes in fund balances	-	-	3,470	(25,049)	(25,049)	(6,526)
Fund balance, beginning	51,063	51,063	51,063	25,024	25,024	25,024
<b>Fund balance, ending</b>	<b>\$ 51,063</b>	<b>\$ 51,063</b>	<b>\$ 54,533</b>	<b>\$ (25)</b>	<b>\$ (25)</b>	<b>\$ 18,498</b>

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 (Continued)

For the Fiscal Year Ended June 30, 2023

	Tourism Fund			Total Nonmajor Governmental Funds		
	2023 Original Budget	2023 Final Budget	2023 Actual	2023 Original Budget	2023 Final Budget	2023 Actual
Revenues:						
Local taxes	\$ 132,000	\$ 132,000	\$ 155,529	\$ 132,000	\$ 132,000	\$ 155,529
Charges for services	-	-	-	124,200	124,200	126,050
Fines, forfeits and penalties	-	-	-	-	-	11,657
Sale of seized equipment	-	-	-	-	-	2,924
Contributions and donations	-	-	-	-	-	-
Other revenue	-	-	-	-	-	3,476
<b>Total revenues</b>	<b>132,000</b>	<b>132,000</b>	<b>155,529</b>	<b>256,200</b>	<b>256,200</b>	<b>299,636</b>
Expenditures:						
Personal services	-	-	-	123,843	134,994	126,670
Contractual services	31,403	31,403	2,028	54,728	54,728	23,764
Supplies	-	-	-	61,763	61,763	45,144
Fixed charges	-	-	-	4,900	4,900	5,136
Capital Outlay	-	-	-	388,524	388,524	42,635
Debt service	100,597	100,597	100,597	120,946	120,946	120,946
<b>Total expenditures</b>	<b>132,000</b>	<b>132,000</b>	<b>102,625</b>	<b>754,704</b>	<b>765,855</b>	<b>364,295</b>
Revenues over (under) expenditures	-	-	52,904	(498,504)	(509,655)	(64,659)
Other financing sources (uses):						
Interfund transfers - in (out)	-	-	-	473,455	484,606	114,507
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>473,455</b>	<b>484,606</b>	<b>114,507</b>
Net changes in fund balances	-	-	52,904	(25,049)	(25,049)	49,848
Fund balance, beginning	95,128	95,128	95,128	171,215	171,215	171,215
Fund balance, ending	\$ 95,128	\$ 95,128	\$ 148,032	\$ 146,166	\$ 146,166	\$ 221,063

See independent auditor's report.

## TOWN OF DANDRIDGE, TENNESSEE

Schedule of Long-Term Principal and Interest Requirements by Issue  
Governmental Activities

June 30, 2023

Year Ending June 30,	Fixed Rate \$1,374,000 General Obligation Refunding Bonds 1.70%		Total	
	Principal	Interest	Principal	Interest
	2024	\$ 120,000	\$ 17,408	\$ 120,000
2025	123,000	15,368	123,000	15,368
2026	125,000	13,277	125,000	13,277
2027	127,000	11,152	127,000	11,152
2028	129,000	8,993	129,000	8,993
2029	131,000	6,800	131,000	6,800
2030	133,000	4,573	133,000	4,573
2031	136,000	2,312	136,000	2,312
	<u>\$ 1,024,000</u>	<u>\$ 79,883</u>	<u>\$ 1,024,000</u>	<u>\$ 79,883</u>

See independent auditor's report.

## TOWN OF DANDRIDGE, TENNESSEE

Schedule of Long-Term Principal and Interest Requirements by Issue  
Business-Type Activities

June 30, 2023

Year Ending June 30,	Water and Sewer Revenue and Tax Refunding Bond, Series 2014, 2.29% Fixed Rate		General Obligation Bond, Series 2017 2.25%-4.00%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ 169,000	\$ 77,415	\$ 50,000	\$ 38,725	\$ 219,000
2025	172,900	73,501	55,000	37,600	227,900	111,101
2026	176,800	69,497	55,000	36,225	231,800	105,722
2027	180,900	65,401	55,000	34,850	235,900	100,251
2028	185,000	61,212	55,000	33,475	240,000	94,687
2029	189,300	56,926	60,000	31,825	249,300	88,751
2030	193,600	52,541	60,000	30,025	253,600	82,566
2031	198,000	48,058	60,000	28,225	258,000	76,283
2032	202,600	43,471	65,000	26,425	267,600	69,896
2033	207,200	38,779	65,000	24,475	272,200	63,254
2034	212,000	33,979	70,000	22,525	282,000	56,504
2035	216,800	29,069	70,000	20,425	286,800	49,494
2036	221,800	24,047	70,000	18,325	291,800	42,372
2037	226,900	18,910	75,000	16,225	301,900	35,135
2038	232,100	13,654	75,000	13,788	307,100	27,442
Thereafter	480,200	11,063	330,000	29,025	810,200	40,088
	<u>\$ 3,465,100</u>	<u>\$ 717,523</u>	<u>\$ 1,270,000</u>	<u>\$ 442,163</u>	<u>\$ 4,735,100</u>	<u>\$ 1,159,686</u>

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE  
Schedule of Changes in Long-Term Debt by Individual Issue  
Governmental Activities

June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2023
Bonds Payable:									
General Obligation Refunding Bonds - Series 2020	\$ 1,374,000	1.70%	06/30/2020	06/01/2031	<u>\$ 1,142,000</u>	<u>\$ -</u>	<u>\$ 118,000</u>	<u>\$ -</u>	<u>\$ 1,024,000</u>
Total Bonds Payable					<u>\$ 1,142,000</u>	<u>\$ -</u>	<u>\$ 118,000</u>	<u>\$ -</u>	<u>\$ 1,024,000</u>
Notes Payable:									
Tennessee Municipal Bond Fund - Capital Outlay Note	\$ 550,000	2.65%	04/07/2017	04/01/2023	\$ 98,000	\$ -	\$ 98,000	\$ -	\$ -
Tennessee Municipal Bond Fund - Capital Outlay Note	\$ 465,000	3.49%	10/05/2018	11/01/2022	98,000	-	98,000	-	-
Capital Outlay Note	\$ 4,050	4.306%	12/18/2018	12/13/2022	545	-	545	-	-
Capital Outlay Note	\$ 8,566	4.834%	06/22/2022	06/22/2027	<u>8,566</u>	<u>-</u>	<u>8,566</u>	<u>-</u>	<u>-</u>
Total Notes Payable					<u>\$ 205,111</u>	<u>\$ -</u>	<u>\$ 205,111</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE  
Schedule of Changes in Long-Term Debt by Individual Issue  
Business-Type Activities

June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2023
Bonds Payable:									
Water and Sewer Refunding Bonds, Series 2014	\$ 4,680,425	2.29%	08/20/2014	08/01/2039	\$ 3,630,300	\$ -	\$ 165,200	\$ -	\$ 3,465,100
General Obligation Bonds, Series 2017	\$ 1,550,000	Varies	05/01/2017	06/01/2042	<u>1,320,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>1,270,000</u>
Total Bonds Payable					<u>\$ 4,950,300</u>	<u>\$ -</u>	<u>\$ 215,200</u>	<u>\$ -</u>	<u>\$ 4,735,100</u>
Notes Payable:									
Interfund Note - Due To General Fund	\$ 350,000	0.00%	06/30/1991	06/30/2047	<u>\$ 154,753</u>	<u>\$ -</u>	<u>\$ 154,753</u>	<u>\$ -</u>	<u>\$ -</u>
Total Notes Payable					<u>\$ 154,753</u>	<u>\$ -</u>	<u>\$ 154,753</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Schedule of Utility Plant, Property and Equipment,  
and Accumulated Depreciation

June 30, 2023

	Utility Plant, Property, and Equipment			Accumulated Depreciation				Net Plant
	Balance	Additions	Retirements	Balance	Expense	Retirements	Balance	
	July 1, 2022			June 30, 2023			July 1, 2022	
Water system:								
Land and easements	\$ 8,900	\$ -	\$ -	\$ 8,900	\$ -	\$ -	\$ -	\$ 8,900
Buildings	144,189	-	-	144,189	110,127	3,744	-	30,318
Lines and tanks	12,827,129	-	-	12,827,129	3,507,126	330,683	-	8,989,320
Equipment	893,777	83,990	-	977,767	677,629	43,858	-	256,280
Vehicles	109,093	16,221	-	125,314	86,631	10,444	-	28,239
Furniture and fixtures	34,483	-	-	34,483	31,807	655	-	2,021
Total water system	14,017,571	100,211	-	14,117,782	4,413,320	389,384	-	9,315,078
Sewer system:								
Buildings	592,591	6,958	-	599,549	162,607	14,363	-	422,579
Lines and tanks	5,820,153	-	-	5,820,153	2,755,302	113,876	-	2,950,975
Equipment	2,023,485	19,674	1,058	2,042,101	728,501	53,717	1,058	1,260,941
Vehicles	110,461	16,221	-	126,682	87,999	10,444	-	28,239
Furniture and fixtures	89,894	-	1,200	88,694	62,464	4,841	1,200	22,589
Total sewer system	8,636,584	42,853	2,258	8,677,179	3,796,873	197,241	2,258	4,685,323
Total plant in service	22,654,155	143,064	2,258	22,794,961	8,210,193	586,625	2,258	14,000,401
Construction work in progress	1,384,622	173,380	-	1,558,002	-	-	-	1,558,002
Total plant	\$ 24,038,777	\$ 316,444	\$ 2,258	\$ 24,352,963	\$ 8,210,193	\$ 586,625	\$ 2,258	\$ 15,558,403

See independent auditor's report.



TOWN OF DANDRIDGE, TENNESSEE  
Schedule of Changes in Property Taxes Receivable  
For the Fiscal Year Ended June 30, 2023

Tax Year	Balance July 1, 2022	Current Assessment	Abatements and Adjustments	Collections	Balance June 30, 2023
2022	\$ -	\$ 1,112,401	\$ 3,047	\$ 1,066,884	\$ 48,564
2021	33,034	-	3,980	20,991	16,023
2020	17,371	-	(11)	2,803	14,557
2019	15,203	-	-	652	14,551
2018	15,071	-	-	501	14,570
2017	13,846	-	-	547	13,299
2016	1,812	-	-	240	1,572
2015	2,457	-	-	-	2,457
2014	305	-	-	-	305
2013	298	-	-	-	298
2012	327	-	-	-	327
2011	664	-	-	-	664
2010	1,400	-	-	-	1,400
2009	3,004	-	-	-	3,005
2008	2,437	-	-	-	2,437
2007	2,011	-	-	-	2,011
2006	662	-	-	-	662
2005	188	-	-	-	188
2004	473	-	-	-	473
2003	1,069	-	-	-	1,069
<b>Total</b>	<b>\$ 111,632</b>	<b>\$ 1,112,401</b>	<b>\$ 7,016</b>	<b>\$ 1,092,618</b>	<b>138,432</b>
January 1, 2023 property tax assessment was not billed until October 1, 2023					<u>1,136,000</u>
					<u><b>\$ 1,274,432</b></u>

NOTE: All outstanding delinquent property taxes for years 2003 - 2021  
have been filed in Chancery Court.

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Analysis of Tax Rates and Assessments

June 30, 2023

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Tax Rate Per \$100</u>	<u>Total Tax Levy</u>	<u>Total Tax Collections</u>	<u>Total Collections as a Percent of Total Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes Filed in Chancery Court</u>
2014	\$ 99,399,194	\$ 0.9400	\$ 940,996	\$ 940,698	99.97%	\$ 298	\$ 298
2015	99,975,151	0.9890	993,736	993,431	99.97%	305	305
2016	102,712,844	0.9990	1,023,005	1,020,548	99.76%	2,457	2,457
2017	102,970,421	0.9990	1,029,300	1,027,728	99.85%	1,572	1,572
2018	103,753,153	0.9990	1,036,474	1,023,175	98.72%	13,299	13,299
2019	104,408,302	0.9990	1,043,047	1,028,477	98.60%	14,570	14,570
2020	115,385,900	0.9138	1,054,112	1,039,561	98.62%	14,551	14,551
2021	115,849,548	0.9100	1,059,344	1,044,787	98.63%	14,557	14,557
2022	118,844,686	0.9050	1,075,949	1,059,926	98.51%	16,023	-
2023	122,912,389	0.9050	1,115,448	1,066,884	95.65%	48,564	-

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE  
 Utility Rate Structure and Number of Customers  
 June 30, 2023

	Inside Town	Outside Town	E-One
<b>WATER RATES</b>			
Residential:			
First 2,000 gallons (minimum billing)	\$23.65	\$35.41	N/A
Over 2,000 gallons (per 1,000 gallons)	4.39	8.60	N/A
Commercial:			
First 2,000 gallons (minimum billing)	30.78	46.56	N/A
Over 2,000 gallons (per 1,000 gallons)	5.49	10.74	N/A
Heavy commercial and industrial:			
First 2,000 gallons (minimum billing)	47.36	72.57	N/A
Over 2,000 gallons (per 1,000 gallons)	5.80	11.37	N/A
Swannsylvania:			
First 2,000 gallons (minimum billing)	N/A	48.45	N/A
Over 2,000 gallons (per 1,000 gallons)	N/A	7.46	N/A
<b>SEWER RATES</b>			
Residential (Inside Town):			
First 2,000 gallons (minimum billing)	25.86	N/A	\$64.89
Over 2,000 gallons (per 1,000 gallons)	6.62	N/A	7.27
Residential (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	39.59	80.01
Over 2,000 gallons (per 1,000 gallons)	N/A	14.25	15.65
Commercial (Inside Town):			
First 2,000 gallons (minimum billing)	34.42	N/A	74.32
Over 2,000 gallons (per 1,000 gallons)	8.00	N/A	8.78
Commercial (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	53.05	94.83
Over 2,000 gallons (per 1,000 gallons)	N/A	17.15	18.86
Heavy commercial and industrial (Inside Town):			
First 2,000 gallons (minimum billing)	54.39	N/A	96.29
Over 2,000 gallons (per 1,000 gallons)	8.00	N/A	8.78
Heavy commercial and industrial (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	84.41	129.29
Over 2,000 gallons (per 1,000 gallons)	N/A	17.15	18.86
<b>NUMBER OF METERED CUSTOMERS</b>			
Water		3,794	
Sewer		1,615	

See independent auditor's report.

**OTHER STATISTICAL SCHEDULES  
(Unaudited)**

## TOWN OF DANDRIDGE, TENNESSEE

## Miscellaneous Statistical Data

June 30, 2023

Incorporated	1915
Form of government	Mayor - Aldermen
Area in square miles	5.76
Police protection:	
Number of stations	1
Number of full-time employees	11
Fire protection:	
Number of stations	2
Number of employees	0
Number of volunteers	24
Total number of public safety employees (full-time)	11
Municipal water plant:	
Average daily consumption in gallons	767,000
Maximum storage capacity in gallons	2,472,000
Paved streets (per lane mile)	90
Water lines (miles)	155
Sanitary sewer (miles)	57

See independent auditor's report.

## **INTERNAL CONTROL AND COMPLIANCE SECTION**

**BROWN JAKE & McDANIEL, PC**

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**MEMBERS**  
**AMERICAN INSTITUTE OF**  
**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**

Board of Mayor and Aldermen  
Town of Dandridge, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *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 Town of Dandridge, Tennessee (the Town) as of and for the year ended June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison statements for the General Fund and the Volunteer Fire Department Fund, and the related notes to the financial statements, which collectively comprise the Town of Dandridge, Tennessee's basic financial statements and have issued our report thereon dated January 19, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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.

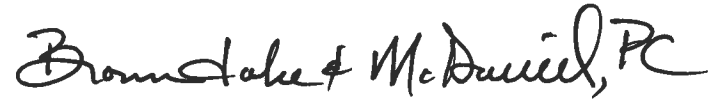
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Dandridge, Tennessee's financial statements are free of 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.



CERTIFIED PUBLIC ACCOUNTANTS

Knoxville, Tennessee  
January 19, 2024



TOWN OF DANDRIDGE, TENNESSEE  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2023

There were no prior year findings.