

**TOWN OF DANDRIDGE,
TENNESSEE**

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

and

INDEPENDENT AUDITOR'S REPORT

TOWN OF DANDRIDGE, TENNESSEE
Annual Financial Report
For the Fiscal Year Ended June 30, 2024

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TOWN OF DANDRIDGE, TENNESSEE

Annual Financial Report

For the Fiscal Year Ended June 30, 2024

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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, 2024. 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, 2024, 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, 2024, 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
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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, 2024

<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
Christopher Shockley	Administrator*
Kendall Moore	Finance Director/Human Resources Clerk/CMFO
Cathy Dixon	Town Recorder/CMFO (through October 2023)
Zach Reese	Town Recorder (beginning December 2023)
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

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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, 2024, 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, 2024, 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 61 through 64 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In 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 December 31, 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.

A handwritten signature in black ink, reading "Brown Lake & M. Duvie, PC". The signature is written in a cursive, flowing style.

Knoxville, Tennessee
December 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2024

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, 2024. 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 2024 and 2023. 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	
	2024	2023	2024	2023
Current and other assets	\$ 9,540,488	\$ 9,200,939	\$ 4,544,225	\$ 3,919,227
Capital assets	9,993,449	9,375,120	16,546,102	15,558,403
Total assets	19,533,937	18,576,059	21,090,327	19,477,630
Total deferred outflows of resources	1,108,069	924,583	441,716	342,402
Long-term liabilities	1,459,315	1,191,993	4,551,404	4,638,947
Other liabilities	338,117	278,425	695,094	343,083
Total liabilities	1,797,432	1,470,418	5,246,498	4,982,030
Total deferred inflows of resources	2,241,591	2,245,861	48,271	54,456
Net investment in capital assets	9,083,336	8,344,112	11,568,026	10,809,091
Restricted	20,174	18,498	-	-
Unrestricted	7,499,473	7,421,753	4,669,248	3,974,455
TOTAL NET POSITION	\$ 16,602,983	\$ 15,784,363	\$ 16,237,274	\$ 14,783,546

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	
	2024	2023	2024	2023
Program Revenue:				
Charges for Services	\$ 513,966	\$ 527,046	\$ 4,296,992	\$ 4,046,054
Operating Grants and Contributions	487,492	377,637	-	-
Capital Grants and Contributions	72,160	-	295,064	124,309
General Revenue:				
Taxes:				
Sales Taxes	2,497,855	2,354,238	-	-
Property Taxes	1,115,751	1,095,794	-	-
Hotel/Motel Taxes	152,858	155,529	-	-
In-Lieu of Tax	41,791	41,016	-	-
Wholesale/State Beer and Wine Taxes	244,685	240,461	-	-
Mixed Drink Tax	18,663	16,627	-	-
Business Taxes	157,442	135,105	-	-
Cable TV Franchise Tax	49,254	54,882	-	-
Excise Taxes	23,668	19,358	-	-
Other State Taxes	6,356	5,980	-	-
Licenses and Permits	192,882	139,592	-	-
Interest Earned	312,619	126,176	93,203	13,393
Gain on Sale of Fixed Assets	11,308	8,486	25,425	277
Miscellaneous	241,303	196,636	-	-
TOTAL REVENUE	6,140,053	5,494,563	4,710,684	4,184,033
Program Expenses:				
General Government	1,034,506	1,076,123	-	-
Public Safety	1,357,168	1,116,426	-	-
Public Works	932,986	873,203	-	-
Culture and Recreation	870,721	861,888	-	-
Debt Service	19,513	25,299	-	-
Solid Waste	497,418	237,755	-	-
Volunteer Fire Department	584,685	483,788	-	-
Tourism	24,436	20,701	-	-
Water and Sewer Department	-	-	3,256,956	2,865,347
TOTAL PROGRAM EXPENSES	5,321,433	4,695,183	3,256,956	2,865,347
Change in Net Position	818,620	799,380	1,453,728	1,318,686
Net Position, Beginning	15,784,363	14,984,983	14,783,546	13,464,860
Net Position, Ending	<u>\$ 16,602,983</u>	<u>\$ 15,784,363</u>	<u>\$ 16,237,274</u>	<u>\$ 14,783,546</u>

The cost of all Governmental activities this year was \$5,321,433. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town taxes was only \$4,247,815 because some of the cost was paid by those who directly benefited from the programs (\$513,966), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$487,492) and capital grants and contributions (\$72,160). Overall, the Town's governmental program revenues, including intergovernmental aid and fees for services, were \$1,073,618. The Town paid for the remaining "public benefit" portion of governmental activities with \$5,066,435 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)	
	2024	2023
Governmental Activities:		
General Government	\$ (942,512)	\$ (1,008,427)
Public Safety	(1,238,849)	(1,040,518)
Public Works	(773,900)	(714,123)
Culture and Recreation	(587,694)	(570,893)
Debt Service	(19,513)	(25,299)
Solid Waste	(367,785)	(111,705)
Volunteer Fire Department	(293,126)	(298,834)
Tourism	(24,436)	(20,701)
	<u>(4,247,815)</u>	<u>(3,790,500)</u>
Total Governmental Activities	<u>\$ (4,247,815)</u>	<u>\$ (3,790,500)</u>

Net position on July 1, 2023 was in the amount of \$15,784,363. The Town's overall net position increased \$818,620 from the prior fiscal year. Program revenue totaled \$1,073,618 and general revenues totaled \$5,066,435. Total governmental activities expenses during the year were \$5,321,433. Ending net position for 2024 was \$16,602,983.

BUSINESS-TYPE ACTIVITIES

The cost of all Proprietary (Business-Type) activities this year was \$3,256,956. As shown in the Statement of Activities, the amount paid by users of the system was \$4,296,992. Capital contributions from developers during the year was \$295,064.

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 \$1,155,429.

Net position on July 1, 2023 was in the amount of \$14,783,546, and the department had program revenues of \$4,592,056 and general revenues of \$118,628. Total Proprietary Fund (Business-Type) expenses during the year were \$3,256,956. Ending net position for 2024 was \$16,237,274.

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

	BUSINESS-TYPE ACTIVITIES	
	2024	2023
Revenues:		
Operating Revenues	\$ 4,296,992	\$ 4,046,054
General Revenues	118,628	13,670
TOTAL REVENUES	<u>4,415,620</u>	<u>4,059,724</u>
Expenses:		
Water Treatment and Distribution	1,083,224	961,665
Sewer Collection and Disposal	893,662	775,775
Administrative and General	502,785	420,938
Depreciation	661,892	586,625
Non-Operating Expenses	115,393	120,344
TOTAL EXPENSES	<u>3,256,956</u>	<u>2,865,347</u>
Income Before Capital Contributions	1,158,664	1,194,377
Capital Contributions	295,064	124,309
Change in Net Position	1,453,728	1,318,686
Net Position, Beginning	<u>14,783,546</u>	<u>13,464,860</u>
Net Position, Ending	<u>\$16,237,274</u>	<u>\$14,783,546</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 \$6,184,535 and expenditures of \$5,895,512. The revenues exceeded the expenditures by \$289,023. This result was influenced significantly by a surplus in state and local sales tax revenue, property tax revenue, business taxes, interest earnings, and conservative financial principles applied throughout the fiscal year. The Town still provided employee raises and incurred significant capital outlays for land, police cruisers, public works equipment, LED lighting at the Field of Dreams, and an air fill station for the Volunteer Fire Department.

As the Town completed the year, all governmental funds had a fund balance of \$7,296,518 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 2024.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - Governmental-Type Activities

At the end of fiscal years 2024 and 2023, the Town had \$16,619,898 and \$15,611,736 respectively, invested in land, buildings and improvements, infrastructures, and machinery and equipment. Table 5 shows fiscal years 2024 and 2023 balances.

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

	<u>2024</u>	<u>2023</u>
Land	\$ 821,366	\$ 654,202
Buildings and Improvements	5,269,326	5,243,164
Infrastructures	5,498,322	5,488,522
Machinery and Equipment	<u>5,030,884</u>	<u>4,225,848</u>
	16,619,898	15,611,736
Less: Accumulated Depreciation	<u>6,626,449</u>	<u>6,236,616</u>
	<u>\$ 9,993,449</u>	<u>\$ 9,375,120</u>

The Town acquired or constructed capital assets during the fiscal year totaling \$1,103,769. The Town adopts an annual budget with capital outlays included.

Capital Assets - Business-Type Activities

At the end of the fiscal years 2024 and 2023, the Town had \$25,731,319 and \$24,352,963, respectively, invested in buildings, lines and tanks, equipment, furniture and fixtures, and vehicles. Table 6 shows fiscal years 2024 and 2023 balances.

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

	<u>2024</u>	<u>2023</u>
Construction in Progress	\$ 1,029,808	\$ 1,558,002
Land Easements	8,900	8,900
Buildings	743,738	743,738
Lines and Tanks	19,957,227	18,647,282
Equipment	3,532,537	3,019,868
Furniture and Fixtures	123,177	123,177
Vehicles	<u>335,932</u>	<u>251,996</u>
	25,731,319	24,352,963
Less: Accumulated Depreciation	<u>9,185,217</u>	<u>8,794,560</u>
	<u>\$ 16,546,102</u>	<u>\$ 15,558,403</u>

The Water and Sewer Department plans additional capital outlays during 2025. Not all of these projects will be completed within the 2025 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 \$5,420,100.

TABLE 7
OUTSTANDING DEBT

	GOVERNMENT-WIDE ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Bonds	\$ 904,000	\$ 1,024,000	\$ 4,516,100	\$ 4,735,100
Total Long-Term Debt	<u>\$ 904,000</u>	<u>\$ 1,024,000</u>	<u>\$ 4,516,100</u>	<u>\$ 4,735,100</u>

The Town's total debt decreased by \$339,000 during the current fiscal year.

NEXT YEAR'S BUDGET

The Board of Mayor and Alderman approved a FY2025 budget with no assigned property tax rate but an understanding to adopt the Certified Tax Rate from the Tennessee Comptroller when available. On August 13, 2024, the Board of Mayor and Alderman approved the new Certified Tax Rate of .5813 as recommended. 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 either a three percent (3%) raise or a pay scale revision for employees, a paving project on Lakeshore Drive and Sugar Fork Road, infrastructure upgrades at W. Dumplin Valley Road, conference room technology upgrades, document storage scanning and software, additional garbage cans, new flock cameras, and a grant match for the Safe Streets for All program.

The Enterprise Fund budget was also prepared using a conservative approach. The budget includes a three percent (3%) raise or a pay scale revision for employees, committed to an infrastructure investment for sewer north of I-40, a continued investment in meter upgrades, a 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. There was no rate increase in FY 2025.

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, 2024

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 6,016,470	\$ 789,927	\$ 6,806,397
Investments	795,127	3,087,285	3,882,412
Receivables:			
Property taxes	1,302,873	-	1,302,873
Lease	834,992	-	834,992
Other	55,089	13,468	68,557
Customer service accounts, less allowance for doubtful accounts of \$2,000	-	362,872	362,872
Unbilled receivables	-	140,413	140,413
Due from other governments	496,436	166,826	663,262
Internal balances	16,566	(16,566)	-
Restricted assets:			
Cash and cash equivalents	22,550	-	22,550
Other receivables	385	-	385
Total current assets	<u>9,540,488</u>	<u>4,544,225</u>	<u>14,084,713</u>
Non-current assets			
Capital assets:			
Land and other asset not being depreciated	821,366	1,038,708	1,860,074
Depreciable capital assets	<u>15,798,532</u>	<u>24,692,611</u>	<u>40,491,143</u>
	16,619,898	25,731,319	42,351,217
Less: Accumulated depreciation	<u>(6,626,449)</u>	<u>(9,185,217)</u>	<u>(15,811,666)</u>
Total capital assets	<u>9,993,449</u>	<u>16,546,102</u>	<u>26,539,551</u>
Total non-current assets	<u>9,993,449</u>	<u>16,546,102</u>	<u>26,539,551</u>
Total assets	<u>19,533,937</u>	<u>21,090,327</u>	<u>40,624,264</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension contributions subsequent to the measurement date	183,001	76,205	259,206
OPEB contributions made subsequent to the measurement date	1,770	1,185	2,955
Differences between projected and actual experience - pension	566,388	223,224	789,612
Net difference between projected and actual earnings on plan investments - pension	42,842	16,884	59,726
Changes of assumptions - pension	271,683	107,074	378,757
Changes of assumptions - OPEB	36,369	14,711	51,080
Differences between projected and actual experience - OPEB	<u>6,016</u>	<u>2,433</u>	<u>8,449</u>
Total deferred outflows of resources	<u>1,108,069</u>	<u>441,716</u>	<u>1,549,785</u>

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position
(Continued)

June 30, 2024

<u>LIABILITIES</u>	Governmental Activities	Business-Type Activities	Total
Current liabilities:			
Payable from current assets:			
Current maturities of long-term debt	\$ 123,000	\$ 227,900	\$ 350,900
Current portion of long-term accounts payable	22,308	-	22,308
Accounts payable	74,246	88,857	163,103
Construction payable	-	274,072	274,072
Contract retainage payable	-	39,366	39,366
Accrued expenses	40,768	15,883	56,651
Compensated absences	70,308	38,149	108,457
Due to other governments	-	10,867	10,867
Payable from restricted assets:			
Funds held in trust	7,487	-	7,487
Total current liabilities	<u>338,117</u>	<u>695,094</u>	<u>1,033,211</u>
Non-current liabilities:			
Due in more than one year	781,000	4,288,200	5,069,200
Long-term accounts payable	44,618	-	44,618
Net pension liability	396,361	156,212	552,573
Total OPEB liability	231,223	93,528	324,751
Unamortized bond premium	6,113	13,464	19,577
Total non-current liabilities	<u>1,459,315</u>	<u>4,551,404</u>	<u>6,010,719</u>
Total liabilities	<u>1,797,432</u>	<u>5,246,498</u>	<u>7,043,930</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows of resources:			
Property taxes	1,286,477	-	1,286,477
Leases	834,992	-	834,992
Differences between projected and actual experience - pension	30,356	11,963	42,319
Changes of assumptions - OPEB	49,516	20,029	69,545
Differences between projected and actual experience - OPEB	40,250	16,279	56,529
Total deferred inflows of resources	<u>2,241,591</u>	<u>48,271</u>	<u>2,289,862</u>
<u>NET POSITION</u>			
Net position:			
Net investment in capital assets	9,083,336	11,568,026	20,651,362
Restricted:			
Drug enforcement	20,174	-	20,174
Unrestricted	7,499,473	4,669,248	12,168,721
Total net position	<u>\$ 16,602,983</u>	<u>\$ 16,237,274</u>	<u>\$ 32,840,257</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, 2024

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	\$ 1,034,506	\$ 17,112	\$ 47,374	\$ 27,508	\$ (942,512)	\$ -	\$ (942,512)
Public safety	1,357,168	47,547	70,772	-	(1,238,849)	-	(1,238,849)
Public works	932,986	35,622	123,464	-	(773,900)	-	(773,900)
Recreation	870,721	283,027	-	-	(587,694)	-	(587,694)
Debt service	19,513	-	-	-	(19,513)	-	(19,513)
Solid waste	497,418	129,633	-	-	(367,785)	-	(367,785)
Volunteer fire department	584,685	1,025	245,882	44,652	(293,126)	-	(293,126)
Tourism	24,436	-	-	-	(24,436)	-	(24,436)
Total governmental activities	<u>5,321,433</u>	<u>513,966</u>	<u>487,492</u>	<u>72,160</u>	<u>(4,247,815)</u>	<u>-</u>	<u>(4,247,815)</u>
Business-type activities:							
Dandridge Water and Sewer Dept.	3,256,956	4,296,992	-	295,064	-	1,335,100	1,335,100
Total business-type activities	<u>3,256,956</u>	<u>4,296,992</u>	<u>-</u>	<u>295,064</u>	<u>-</u>	<u>1,335,100</u>	<u>1,335,100</u>
Total primary government	<u>\$ 8,578,389</u>	<u>\$ 4,810,958</u>	<u>\$ 487,492</u>	<u>\$ 367,224</u>	<u>(4,247,815)</u>	<u>1,335,100</u>	<u>(2,912,715)</u>
General revenues:							
Taxes:							
Sales taxes					2,497,855	-	2,497,855
Property taxes					1,115,751	-	1,115,751
Hotel/Motel taxes					152,858	-	152,858
In-lieu of tax					41,791	-	41,791
Wholesale/state beer and wine taxes					244,685	-	244,685
Mixed drink tax					18,663	-	18,663
Business taxes					157,442	-	157,442
Cable TV franchise tax					49,254	-	49,254
Excise taxes					23,668	-	23,668
Other state taxes					6,356	-	6,356
Licenses and permits					192,882	-	192,882
Interest earned					312,619	93,203	405,822
Gain on disposal of capital assets					11,308	25,425	36,733
Miscellaneous					241,303	-	241,303
Total general revenues					<u>5,066,435</u>	<u>118,628</u>	<u>5,185,063</u>
Change in net position					818,620	1,453,728	2,272,348
Net position - beginning					<u>15,784,363</u>	<u>14,783,546</u>	<u>30,567,909</u>
Net position - ending					<u>\$ 16,602,983</u>	<u>\$ 16,237,274</u>	<u>\$ 32,840,257</u>

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

TOWN OF DANDRIDGE, TENNESSEE

Balance Sheet - Governmental Funds

June 30, 2024

	General Fund	Volunteer Fire Department Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,864,945	\$ 151,525	\$ -	\$ 6,016,470
Investments	-	795,127	-	795,127
Receivables:				
Property taxes	1,302,873	-	-	1,302,873
Leases	834,992	-	-	834,992
Other	55,089	-	-	55,089
Due from other governments	496,436	-	-	496,436
Due from other governmental funds	274	195	343,047	343,516
Due from proprietary funds	-	-	16,896	16,896
Restricted assets:				
Cash and cash equivalents	-	-	22,550	22,550
Other receivables	-	-	385	385
Total assets	\$ 8,554,609	\$ 946,847	\$ 382,878	\$ 9,884,334
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 64,946	\$ 9,300	\$ -	\$ 74,246
Accrued expenses	38,705	736	1,327	40,768
Due to other funds	343,242	-	-	343,242
Due to proprietary funds	330	-	-	330
Payable from restricted assets:				
Due to other funds	-	-	274	274
Funds held in trust	-	-	7,487	7,487
Total liabilities	447,223	10,036	9,088	466,347
Deferred inflows of resources:				
Property taxes	1,286,477	-	-	1,286,477
Unearned revenue - leases	834,992	-	-	834,992
Total deferred inflows of resources	2,121,469	-	-	2,121,469
Fund balances:				
Restricted	-	-	20,174	20,174
Committed	-	-	-	-
Assigned	-	936,811	353,616	1,290,427
Unassigned	5,985,917	-	-	5,985,917
Total fund balances	5,985,917	936,811	373,790	7,296,518
Total liabilities, deferred inflows of resources and fund balances	\$ 8,554,609	\$ 946,847	\$ 382,878	\$ 9,884,334

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, 2024

Total fund balances--governmental funds		\$ 7,296,518
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets	\$ 16,619,898	
Accumulated depreciation	<u>(6,626,449)</u>	9,993,449
The net pension liability is not due and payable in the current period, and therefore, is not reported in the funds		
		(396,361)
The total OPEB liability is not due and payable in the current period and, therefore, is not reported in the funds		
		(231,223)
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	(904,000)	
Unamortized bond premium	(6,113)	
Compensated absences	(70,308)	
Long-term payment agreement	<u>(66,926)</u>	(1,047,347)
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	183,001	
OPEB contributions subsequent to the measurement date	1,770	
Net difference between projected and actual earnings on plan investments - pension	42,842	
Differences between projected and actual experience - pension	566,388	
Changes of assumptions - pension	271,683	
Changes of assumptions - OPEB	36,369	
Differences between projected and actual experience - OPEB	6,016	
Deferred inflows -		
Differences between projected and actual experience - pension	(30,356)	
Changes of assumptions - OPEB	(49,516)	
Differences between projected and actual experience - OPEB	<u>(40,250)</u>	<u>987,947</u>
Total net position--governmental activities		<u>\$ 16,602,983</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, 2024

	General Fund	Volunteer Fire Department Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local taxes	\$ 3,668,515	\$ -	\$ 152,858	\$ 3,821,373
Licenses and permits	192,882	-	-	192,882
Federal, state and local grants	89,480	-	-	89,480
Intergovernmental revenues	619,215	172,220	-	791,435
Charges for services	345,552	1,025	129,633	476,210
Interest earnings	287,329	25,290	-	312,619
Fines, forfeits and penalties	34,005	-	3,750	37,755
Contributions and donations	47,374	118,314	-	165,688
Other revenue	185,458	101,427	10,208	297,093
Total revenues	5,469,810	418,276	296,449	6,184,535
Expenditures:				
General government	1,178,605	-	-	1,178,605
Public safety	1,429,886	-	7,602	1,437,488
Public works	1,134,530	-	-	1,134,530
Culture and recreation	923,947	-	-	923,947
Debt service	140,408	-	-	140,408
Sanitation	-	-	499,023	499,023
Volunteer fire department	-	575,748	-	575,748
Tourism	-	-	5,763	5,763
Total expenditures	4,807,376	575,748	512,388	5,895,512
Revenues over (under) expenditures	662,434	(157,472)	(215,939)	289,023
Other financing sources (uses):				
Transfers (to) from other funds	(1,121,388)	752,722	368,666	-
Total other financing sources (uses)	(1,121,388)	752,722	368,666	-
Net changes in fund balances	(458,954)	595,250	152,727	289,023
Fund balance, beginning	6,444,871	341,561	221,063	7,007,495
Fund balance, ending	\$ 5,985,917	\$ 936,811	\$ 373,790	\$ 7,296,518

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, 2024

Total net change in fund balances--governmental funds		\$ 289,023
<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	\$ (440,958)	
Capital outlays (additions)	<u>1,103,769</u>	662,811
<p>Proceeds from sale of capital assets is revenue in the governmental funds, but the net book value of the asset sold is removed from capital assets in the statement of net position and offset against the proceeds resulting in a gain (loss) on disposal of capital assets in the statement of activities.</p>		
		(44,482)
<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	120,000	
Premium amortized	<u>895</u>	120,895
<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	(2,841)	
OPEB expense	(587)	
Pension expense	(139,273)	
Long-term payment agreement	<u>(66,926)</u>	<u>(209,627)</u>
Change in net position of governmental activities		<u>\$ 818,620</u>

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

TOWN OF DANDRIDGE, TENNESSEE
Statement of Net Position - Proprietary Funds
June 30, 2024

	Enterprise Fund <hr/> Water and Sewer Department <hr/>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 789,927
Investments	3,087,285
Receivables -	
Customer service accounts, less allowance for doubtful accounts of \$2,000	362,872
Unbilled receivables	140,413
Other	13,468
Due from other governments	166,826
Due from governmental funds	<u>330</u>
Total current assets	<u>4,561,121</u>
Non-current assets:	
Capital assets, not being depreciated -	
Land and land rights	8,900
Construction work in progress	1,029,808
Capital assets, being depreciated -	
Utility plant	24,692,611
Less: accumulated depreciation	<u>(9,185,217)</u>
Total capital assets	<u>16,546,102</u>
Total non-current assets	<u>16,546,102</u>
Total assets	<u>21,107,223</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension contributions subsequent to the measurement date	76,205
OPEB contributions subsequent to the measurement date	1,185
Net difference between projected and actual earnings on plan investments - pension	16,884
Differences between projected and actual experience - pension	223,224
Changes of assumptions - pension	107,074
Changes of assumptions - OPEB	14,711
Differences between projected and actual experience - OPEB	<u>2,433</u>
Total deferred outflows of resources	<u>441,716</u>

(Continued)

TOWN OF DANDRIDGE, TENNESSEE
Statement of Net Position - Proprietary Funds
(Continued)

June 30, 2024

	Enterprise Fund <hr/> Water and Sewer <hr/> Department
<u>LIABILITIES</u>	
Current liabilities:	
Current maturities of long-term debt	\$ 227,900
Accounts payable	88,857
Construction payable	274,072
Contract retainage payable	39,366
Accrued wages payable	15,883
Compensated absences payable	38,149
Due to governmental funds	16,896
Due to other governments	<u>10,867</u>
Total current liabilities	<u>711,990</u>
Non-current liabilities:	
Unamortized bond premium	13,464
Long-term debt, less current maturities	4,288,200
Net pension liability	156,212
Total OPEB liability	<u>93,528</u>
Total non-current liabilities	<u>4,551,404</u>
Total liabilities	<u>5,263,394</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Differences between projected and actual experience - pension	11,963
Differences between projected and actual experience - OPEB	16,279
Changes of assumptions - OPEB	<u>20,029</u>
Total deferred inflows of resources	<u>48,271</u>
<u>NET POSITION</u>	
Net position:	
Net investment in capital assets	11,568,026
Unrestricted	<u>4,669,248</u>
Total net position	<u>\$ 16,237,274</u>

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, 2024

	Enterprise Fund
	Water and Sewer Department
Operating revenues:	
Water sales	\$ 2,410,303
Sewer service charges	1,276,499
Forfeited discounts and penalties	50,324
Tap fees	385,157
Fire service and hydrant rental	13,800
Miscellaneous	104,459
Installation charges	56,450
	<hr/>
Total operating revenues	4,296,992
	<hr/>
Operating expenses:	
Water treatment and distribution	1,083,224
Sewer collection and disposal	893,662
Administrative and general	502,785
Provision for depreciation	661,892
	<hr/>
Total operating expenses	3,141,563
	<hr/>
Operating income	1,155,429
	<hr/>
Non-operating revenues (expense):	
Interest income	93,203
Interest expense	(115,393)
Gain on disposal of fixed assets	25,425
	<hr/>
Total non-operating revenues (expenses)	3,235
	<hr/>
Income before capital contributions	1,158,664
	<hr/>
Capital contributions - Federal government	209,543
Capital contributions - Jefferson County	85,521
	<hr/>
Change in net position	1,453,728
	<hr/>
Net position, beginning	14,783,546
	<hr/>
Net position, ending	\$ 16,237,274
	<hr/> <hr/>

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, 2024

Cash flows from operating activities:	
Cash received from customers	\$ 4,088,087
Cash payments to suppliers for goods and services	(1,463,005)
Cash payments to employees for services	(635,042)
	<hr/>
Net cash provided by operating activities	1,990,040
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(1,649,592)
Proceeds from disposal of fixed assets	25,425
Capital contributions	295,064
Principal payments on long-term debt	(219,000)
Interest paid on long-term debt	(116,141)
	<hr/>
Net cash used by capital and related financing activities	(1,664,244)
Cash flows from investing activities:	
Purchases of investments	(3,087,285)
Interest received on investments	93,203
	<hr/>
Net cash used by investing activities	(2,994,082)
Net decrease in cash and cash equivalents	(2,668,286)
Cash and cash equivalents, beginning	3,458,213
	<hr/>
Cash and cash equivalents, ending	\$ 789,927
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,155,429
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	661,892
(Increase) decrease in assets and deferred outflows:	
Accounts receivable	(8,652)
Unbilled revenue	(29,014)
Other receivables	(5,249)
Due from other funds	277
Due from other governments	(166,826)
Deferred outflows related to pension and OPEB	(99,314)
Increase (decrease) in liabilities and deferred inflows:	
Payables	331,564
Accrued wages and benefits payable	10,991
Due to other governments	557
Due to governmental funds	3,465
Net pension liability	130,736
Total OPEB liability	10,369
Deferred inflows related to pension and OPEB	(6,185)
	<hr/>
Net cash provided by operating activities	\$ 1,990,040
	<hr/>

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, 2024

	2024 Original Budget	2024 Final Budget	2024 Actual
Revenues:			
Local taxes:			
Local sales tax	\$ 2,041,491	\$ 2,041,491	\$ 2,084,190
Property taxes	1,074,089	1,074,089	1,115,751
Wholesale beer and wine taxes	227,500	227,500	243,215
Mixed drink taxes	13,250	13,250	18,663
Business tax	105,000	105,000	157,442
Cable TV franchise tax	56,500	56,500	49,254
Total local taxes	3,517,830	3,517,830	3,668,515
Licenses and permits:			
Building permits	60,000	60,000	190,382
Beer permits	2,500	2,500	2,500
Total licenses and permits	62,500	62,500	192,882
Intergovernmental revenues:			
Federal grants - Tennessee Department of Safety and Homeland Security	-	15,000	14,709
State grant - TN Office of Criminal Justice	-	74,771	74,771
State law enforcement education	8,800	8,800	8,800
State sales tax	394,248	394,248	413,665
State income tax	-	-	-
State beer tax	1,550	1,550	1,470
State gasoline and motor fuel tax	120,000	120,000	116,949
State street and transportation	6,100	6,100	6,121
Gross receipts tax - TVA	40,000	40,000	41,791
Corporate excise tax	17,500	17,500	23,668
Sports betting tax	4,000	4,000	6,356
Other intergovernmental revenue	-	-	395
Total intergovernmental revenues	592,198	681,969	708,695
Charges for services:			
Street maintenance contract	40,000	40,000	31,860
Park and recreation charges	252,125	252,125	283,027
Other	47,200	50,315	30,665
Total charges for services	339,325	342,440	345,552
Fines, forfeits and penalties:			
Court fines and costs	43,300	43,300	34,005
Total fines, forfeits and penalties	43,300	43,300	34,005

(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, 2024

	2024 Original Budget	2024 Final Budget	2024 Actual
Revenues (continued):			
Other revenue:			
Other revenue	\$ 14,000	\$ 33,498	\$ 38,302
Insurance recoveries	-	-	43,431
Interest earnings	27,000	27,000	287,329
Lease revenue	-	-	4,850
Variable lease payments	25,000	25,000	43,085
Sale of equipment	10,000	10,000	55,790
Settlement payment	-	-	-
Contributions	15,000	40,088	47,374
Total other revenue	<u>91,000</u>	<u>135,586</u>	<u>520,161</u>
Total revenues	<u>4,646,153</u>	<u>4,783,625</u>	<u>5,469,810</u>
Expenditures:			
General government:			
Legislative:			
Personal services	64,379	64,379	63,430
Contractual services	9,600	9,600	3,877
Total legislative	<u>73,979</u>	<u>73,979</u>	<u>67,307</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	397,131	399,464	326,399
Contractual services	85,200	85,200	70,075
Supplies	11,500	11,500	10,335
Total central staff agencies	<u>493,831</u>	<u>496,164</u>	<u>406,809</u>
Building inspector/codes enforcement:			
Personal services	80,720	81,318	78,732
Contractual services	1,900	1,900	1,440
Supplies	3,060	3,060	2,447
Total building inspector/codes enforcement	<u>85,680</u>	<u>86,278</u>	<u>82,619</u>
General government buildings:			
Personal services	119,908	121,105	115,527
Contractual services	41,570	55,520	55,768
Supplies	39,500	39,500	33,298
Fixed charges	1,000	1,000	2,313
Capital outlay	-	190,488	192,253
Total general government buildings	<u>201,978</u>	<u>407,613</u>	<u>399,159</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, 2024

	<u>2024 Original Budget</u>	<u>2024 Final Budget</u>	<u>2024 Actual</u>
Expenditures (continued):			
General government (continued):			
Other general government:			
Personal services	\$ 250	\$ 250	\$ -
Contractual services	43,523	45,023	39,950
Supplies	2,500	49,581	50,140
Fixed charges	63,850	63,850	71,249
Grants, contributions and donations	56,800	56,800	47,797
Reserve for contingency	10,000	18,000	9,375
Total other general government	<u>176,923</u>	<u>233,504</u>	<u>218,511</u>
Total general government	<u>1,036,591</u>	<u>1,301,738</u>	<u>1,178,605</u>
Public safety:			
Police:			
Personal services	981,491	1,000,452	985,039
Contractual services	45,750	45,750	42,194
Supplies	77,000	85,902	80,473
Capital outlay	5,500	330,543	322,180
Total police	<u>1,109,741</u>	<u>1,462,647</u>	<u>1,429,886</u>
Total public safety	<u>1,109,741</u>	<u>1,462,647</u>	<u>1,429,886</u>
Public works:			
Highways and streets:			
Personal services	293,310	295,105	220,749
Contractual services	61,205	100,001	71,805
Supplies	74,200	74,200	58,264
Building materials	14,000	14,000	13,814
Fixed charges	1,000	1,000	-
Capital outlay	239,000	405,874	374,669
Total highways and streets	<u>682,715</u>	<u>890,180</u>	<u>739,301</u>
City garage:			
Personal services	71,945	72,543	69,434
Contractual services	830	830	480
Supplies	4,100	4,100	1,282
Total city garage	<u>76,875</u>	<u>77,473</u>	<u>71,196</u>
State street aid:			
Contractual services	<u>272,500</u>	<u>339,011</u>	<u>324,033</u>
Total state street aid	<u>272,500</u>	<u>339,011</u>	<u>324,033</u>
Total public works	<u>1,032,090</u>	<u>1,306,664</u>	<u>1,134,530</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, 2024

	2024 Original Budget	2024 Final Budget	2024 Actual
Expenditures (continued):			
Culture and recreation:			
Recreation:			
Personal services	\$ 132,684	\$ 133,881	\$ 123,853
Contractual services	59,010	59,010	36,350
Supplies	22,000	22,000	22,240
Fixed charges	500	500	275
Capital outlay	64,000	173,252	138,742
Total recreation	<u>278,194</u>	<u>388,643</u>	<u>321,460</u>
Activity center:			
Personal services	299,265	302,884	279,765
Contractual services	215,115	215,115	196,928
Supplies	52,500	52,500	45,910
Capital outlay	15,000	24,136	24,136
Total activity center	<u>581,880</u>	<u>594,635</u>	<u>546,739</u>
Libraries:			
Contractual services	8,000	8,000	6,296
Fixed charges	1,700	1,700	1,780
Grants, contributions and donations	47,672	47,672	47,672
Capital outlay	-	2,500	-
Total libraries	<u>57,372</u>	<u>59,872</u>	<u>55,748</u>
Total culture and recreation	<u>917,446</u>	<u>1,043,150</u>	<u>923,947</u>
Debt service:			
Bonds and notes payable	120,000	120,000	120,000
Interest and fiscal charges	20,408	22,408	20,408
Total debt service	<u>140,408</u>	<u>142,408</u>	<u>140,408</u>
Total expenditures	<u>4,236,276</u>	<u>5,256,607</u>	<u>4,807,376</u>
Revenues over (under) expenditures	<u>409,877</u>	<u>(472,982)</u>	<u>662,434</u>
Other financing sources (uses):			
Transfers (to) from other funds	<u>(409,877)</u>	<u>(1,159,187)</u>	<u>(1,121,388)</u>
Total other financing sources (uses)	<u>(409,877)</u>	<u>(1,159,187)</u>	<u>(1,121,388)</u>
Net change in fund balance	-	(1,632,169)	(458,954)
Fund balance, beginning	<u>6,444,871</u>	<u>6,444,871</u>	<u>6,444,871</u>
Fund balance, ending	<u>\$ 6,444,871</u>	<u>\$ 4,812,702</u>	<u>\$ 5,985,917</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, 2024

	2024 Original Budget	2024 Final Budget	2024 Actual
Revenues:			
Intergovernmental revenues	\$ 85,660	\$ 151,208	\$ 172,220
Charges for services	1,900	1,900	1,025
Interest earnings	30	30	25,290
Insurance recoveries	20,000	20,000	62,486
Contributions and donations	40,000	56,000	118,314
Other revenue	500	9,500	38,941
Total revenues	148,090	238,638	418,276
Expenditures:			
Personal services	208,237	212,758	209,015
Contractual services	97,275	121,031	102,416
Supplies	90,300	109,300	126,060
Fixed charges	29,750	29,750	34,001
Capital outlay	50,250	104,542	104,256
Total expenditures	475,812	577,381	575,748
Revenues over (under) expenditures	(327,722)	(338,743)	(157,472)
Other financing sources (uses):			
Interfund transfers - in (out)	327,722	337,243	752,722
Total other financing sources (uses)	327,722	337,243	752,722
Net changes in fund balances	-	(1,500)	595,250
Fund balance, beginning	341,561	341,561	341,561
Fund balance, ending	\$ 341,561	\$ 340,061	\$ 936,811

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements

June 30, 2024

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, 2024, the government had no encumbrances. Also, for the year ended June 30, 2024, 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)

Investments

Investments consist primarily of investments in the Tennessee Local Government Investment Pool, which is maintained and managed by the State of Tennessee. This Pool is not registered with the Securities and Exchange Commission (SEC) but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the government's investments in the Pool have been determined based on the Pool's share price, which approximates fair value.

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, 2024 is recorded. The balance of the reserve at June 30, 2024 is \$137,477.

At June 30, 2024, the government's 2024 property taxes were not scheduled to be billed until October 2024. Consequently, unbilled property taxes and deferred inflows of resources of \$1,149,000 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.

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)

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.

- 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:

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)

<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

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.

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

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.

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).

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)**Fund Balance Policies** (Continued)

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.

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.

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Revenues and Expenditures/Expenses (Continued)

Compensated Absences (Continued)

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, 2024, 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.

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.

TOWN OF DANDRIDGE, TENNESSEE

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

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. 100, "Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62."
- Implementation Guide No. 2023-1, "Implementation Guidance Update—2023."

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

2. Cash, Cash Equivalents and Investments

At June 30, 2024, 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	\$ 29,283	\$ -	\$ 29,283
Checking and money market accounts	<u>6,777,114</u>	<u>22,550</u>	<u>6,799,664</u>
	<u>\$ 6,806,397</u>	<u>\$ 22,550</u>	<u>\$ 6,828,947</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

At June 30, 2024, the government's deposits with financial institutions were entirely covered by federal depository insurance or insured through the State of Tennessee Bank Collateral Pool.

The governing body has not adopted a formal deposit and investment policy that limits the government's allowable deposits and investments or addresses credit risk, custodial credit risk, concentration of credit risk or interest rate risk. However, the government follows state statutes related to investments. State law and bond requirements prohibit investments that are not secured or insured by the U.S. Government. All assets currently classified as investments by the government consist of deposits with the Tennessee Local Government Investment Pool (LGIP). LGIP is included in the State Pooled Investment Fund of Tennessee (SPIF). The State of Tennessee has not obtained a credit quality rating for the SPIF from a nationally recognized credit ratings agency. The government's investments are detailed below:

Investments measured at net asset value (NAV)	
Tennessee Local Government Investment Pool	<u>\$ 3,882,412</u>
Total investments measured at NAV	<u>\$ 3,882,412</u>
Total investments measured at fair value	<u>\$ 3,882,412</u>

TOWN OF DANDRIDGE, TENNESSEE

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

Governmental capital asset activity for the fiscal year ended June 30, 2024 was as follows:

<u>Governmental Activities</u>	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 654,202	\$ 167,164	\$ -	\$ 821,366
Total capital assets, not being depreciated	<u>654,202</u>	<u>167,164</u>	<u>-</u>	<u>821,366</u>
Capital assets, being depreciated:				
Buildings and improvements	5,243,164	26,162	-	5,269,326
Infrastructures	5,488,522	9,800	-	5,498,322
Machinery and equipment	4,225,848	900,643	95,607	5,030,884
Total capital assets, being depreciated	<u>14,957,534</u>	<u>936,605</u>	<u>95,607</u>	<u>15,798,532</u>
Less accumulated depreciation for:				
Buildings and improvements	1,583,499	117,113	-	1,700,612
Infrastructures	2,250,390	82,142	-	2,332,532
Machinery and equipment	2,402,727	241,703	51,125	2,593,305
Total accumulated depreciation	<u>6,236,616</u>	<u>440,958</u>	<u>51,125</u>	<u>6,626,449</u>
Capital assets, being depreciated, net	<u>8,720,918</u>	<u>495,647</u>	<u>44,482</u>	<u>9,172,083</u>
Governmental activities assets, net	<u>\$ 9,375,120</u>	<u>\$ 662,811</u>	<u>\$ 44,482</u>	<u>\$ 9,993,449</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 18,533
Public works	151,446
Public safety	87,231
Volunteer fire department	72,936
Tourism	18,673
Recreation and culture	92,139
Total depreciation expense	<u>\$ 440,958</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, 2024 was as follows:

<u>Business-Type Activities</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2024</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 1,558,002	\$ 920,215	\$ 1,448,409	\$ 1,029,808
Land easements	8,900	-	-	8,900
Total capital assets, not being depreciated	<u>1,566,902</u>	<u>920,215</u>	<u>1,448,409</u>	<u>1,038,708</u>
Capital assets, being depreciated:				
Buildings	743,738	-	-	743,738
Lines and tanks	18,647,282	1,417,525	107,580	19,957,227
Equipment	3,019,868	674,924	162,255	3,532,537
Furniture and fixtures	123,177	-	-	123,177
Vehicles	251,996	85,336	1,400	335,932
Total capital assets, being depreciated	<u>22,786,061</u>	<u>2,177,785</u>	<u>271,235</u>	<u>24,692,611</u>
Less accumulated depreciation for:				
Buildings	290,841	18,266	-	309,107
Lines and tanks	6,706,987	494,928	107,580	7,094,335
Equipment	1,502,647	110,858	162,255	1,451,250
Furniture and fixtures	98,567	5,495	-	104,062
Vehicles	195,518	32,345	1,400	226,463
Total accumulated depreciation	<u>8,794,560</u>	<u>661,892</u>	<u>271,235</u>	<u>9,185,217</u>
Capital assets, being depreciated, net	<u>13,991,501</u>	<u>1,515,893</u>	<u>-</u>	<u>15,507,394</u>
Business-type activities capital assets, net	<u>\$ 15,558,403</u>	<u>\$ 2,436,108</u>	<u>\$ 1,448,409</u>	<u>\$ 16,546,102</u>

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

Water and Sewer	<u>\$ 661,892</u>
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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 7 to 21 years.

Governmental-Type Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024 in governmental activities:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due in One Year
General obligation refunding bonds, Series 2020	\$ 1,024,000	\$ -	\$ 120,000	\$ 904,000	\$ 123,000
Compensated absences	67,467	79,369	76,528	70,308	70,308
	<u>\$ 1,091,467</u>	<u>\$ 79,369</u>	<u>\$ 196,528</u>	<u>\$ 974,308</u>	<u>\$ 193,308</u>

Bonds payable at June 30, 2024 consist of the following:

Bonds

\$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.

	<u>\$ 904,000</u>
Total bonds payable	<u>\$ 904,000</u>

TOWN OF DANDRIDGE, TENNESSEE

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

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024 in business-type activities:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due in One Year
Water and Sewer Refunding Bonds, Series 2014	\$ 3,465,100	\$ -	\$ 169,000	\$ 3,296,100	\$ 172,900
General Obligation Bonds, Series 2017	1,270,000	-	50,000	1,220,000	55,000
Compensated absences	31,625	40,455	33,931	38,149	38,149
	<u>\$ 4,766,725</u>	<u>\$ 40,455</u>	<u>\$ 252,931</u>	<u>\$ 4,554,249</u>	<u>\$ 266,049</u>

Bonds

\$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.

\$ 3,296,100

\$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.

1,220,000

Total business-type long-term debt

4,516,100

Less current maturities

227,900

\$ 4,288,200

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)4. Long-Term Liabilities (Continued)Principal and Interest Requirements

The annual requirements to amortize long-term liabilities as of June 30, 2024 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>		
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	131,000	6,800	249,300	88,751	380,300	95,551
2030-2034	269,000	6,885	1,333,400	348,503	1,602,400	355,388
2035-2039	-	-	1,505,000	168,578	1,505,000	168,578
Thereafter	-	-	492,800	25,953	492,800	25,953
	<u>\$ 904,000</u>	<u>\$ 62,475</u>	<u>\$ 4,516,100</u>	<u>\$ 1,043,546</u>	<u>\$ 5,420,100</u>	<u>\$ 1,106,021</u>

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>.

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)

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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	54
Active employees	<u>45</u>
	<u>129</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. 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, 2024, employer contributions for the government were \$259,206 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.

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)

Pension liabilities (assets). The government's net pension liability (asset) was measured as of June 30, 2023, 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, 2023 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, 2023 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.

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:

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)

<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%
		100%

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>
Beginning balance*	\$ 7,708,668	\$ 7,609,308	\$ 99,360
Changes for the year:			
Service cost	157,240	-	157,240
Interest	521,517	-	521,517
Differences between expected and actual experience	527,693	-	527,693
Changes of assumptions	-	-	-
Contributions - employer	-	247,519	(247,519)
Contributions - employees	-	-	-
Net investment income	-	510,261	(510,261)
Benefit payments, including refunds of employee contributions	(279,458)	(279,458)	-
Administrative expense	-	(4,543)	4,543
Net changes	<u>926,992</u>	<u>473,779</u>	<u>453,213</u>
Ending balance*	<u>\$ 8,635,660</u>	<u>\$ 8,083,087</u>	<u>\$ 552,573</u>

* The measurement date of the beginning balance was June 30, 2022 and the measurement date of the ending balance was June 30, 2023. The reporting date of the beginning balance is June 30, 2023 and the reporting date of the ending balance is June 30, 2024.

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)	\$ 1,914,206	\$ 552,573	\$ (549,777)

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, 2024, the government recognized pension expense of \$418,047.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2024, 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	\$ 789,612	\$ 42,319
Net difference between projected and actual earnings on pension plan investments	59,726	-
Changes of assumptions	378,757	-
Contributions subsequent to the measurement date of June 30, 2023	<u>259,206</u>	<u>-</u>
Total	<u>\$ 1,487,301</u>	<u>\$ 42,319</u>

The amount shown above for contributions subsequent to the measurement date of June 30, 2023 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:

Year Ended June 30:	
2025	\$ 254,742
2026	223,982
2027	478,534
2028	140,570
2029	87,948
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, 2024, the government reported a payable of \$14,808 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

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, 2023, the following employees of the Town of Dandridge were covered by the benefit terms of the LGOP:

Inactive employees or currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>39</u>
	<u>39</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, 2024, the Town of Dandridge paid \$2,955 to the LGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions. The total OPEB Liability in the June 30, 2023 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	10.31 percent for pre-65 in 2023, decreasing annually over an 11-year period to an ultimate rate of 4.5 percent 12.44 percent for post-65 in 2023, decreasing annually over an 11-year period to an ultimate rate of 4.5 percent
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.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023 valuations were the same as those employed in the July 1, 2022 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-2021 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-2021. 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-2021.

Discount rate. The discount rate used to measure the total OPEB liability was 3.65 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, 2022	<u>\$ 290,260</u>
Changes for the year:	
Service cost	19,048
Interest	10,710
Changes of benefit terms	-
Differences between expected and actual experience	(23,661)
Changes of assumptions	42,067
Benefit payments	<u>(13,673)</u>
Net changes	<u>34,491</u>
Balances at June 30, 2023	<u>\$ 324,751</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 3.54 percent as of the beginning of the measurement period to 3.65 percent as of June 30, 2023. 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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate.

	<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Government's total OPEB liability	\$ 359,966	\$ 324,751	\$ 292,415

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 (9.31%/11.44% decreasing to 3.50%)</u>	<u>Current Healthcare Cost Trend Rate (10.31%/12.44% decreasing to 4.50%)</u>	<u>1% Increase (11.31%/13.44% decreasing to 5.50%)</u>
Government's total OPEB liability	\$ 279,305	\$ 324,751	\$ 379,732

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, 2024, the Town of Dandridge recognized OPEB expense of \$17,800.

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, 2024, 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	\$ 8,449	\$ 56,529
Changes of assumptions	51,080	69,545
Contributions subsequent to the measurement date of June 30, 2023	<u>2,955</u>	<u>-</u>
Total	<u>\$ 62,484</u>	<u>\$ 126,074</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:

Year Ended June 30:	
2025	\$ (11,958)
2026	(11,958)
2027	(11,958)
2028	(11,279)
2029	(11,948)
Thereafter	(7,444)

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, 2024 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	42,920	-	16,896	59,816
Tourism Fund	295,127	-	-	295,127
Water and Sewer Fund	330	-	-	330
	<u>\$ 343,572</u>	<u>\$ 274</u>	<u>\$ 16,896</u>	<u>\$ 360,742</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	\$ 752,722
Sanitation Fund	<u>368,666</u>
Total	<u>\$ 1,121,388</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 \$834,992 at June 30, 2024. For the fiscal year ended June 30, 2024, the Town reported lease revenue of \$4,850, interest income of \$20,150, and variable lease revenue of \$43,085.

12. Subsequent Events

Management has evaluated subsequent events through December 31, 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 157,240	\$ 151,503	\$ 138,917	\$ 129,269	\$ 133,132	\$ 124,191	\$ 109,258	\$ 110,835	\$ 98,036	\$ 107,679
Interest	521,517	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	527,693	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	(279,458)	(259,450)	(186,151)	(169,502)	(166,948)	(133,747)	(140,911)	(124,091)	(125,851)	(125,580)
Net change in total pension liability	926,992	681,050	1,334,650	403,481	268,257	283,718	322,474	259,332	210,088	149,451
Total pension liability - beginning	7,708,668	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
Total pension liability - ending (a)	<u>\$ 8,635,660</u>	<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>
Plan fiduciary net position										
Contributions - employer	\$ 247,519	\$ 127,230	\$ 123,454	\$ 145,402	\$ 163,625	\$ 200,950	\$ 230,743	\$ 220,069	\$ 216,871	\$ 194,076
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	510,261	(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	(279,458)	(259,450)	(186,151)	(169,502)	(166,948)	(133,747)	(140,911)	(124,091)	(125,851)	(125,580)
Administrative expense	(4,543)	(4,398)	(3,877)	(3,987)	(3,958)	(3,943)	(3,591)	(2,994)	(2,132)	(1,505)
Net change in plan fiduciary net position	473,779	(442,017)	1,591,319	277,856	421,391	502,363	617,081	211,713	219,912	660,059
Plan fiduciary net position - beginning	7,609,308	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
Plan fiduciary net position - ending (b)	<u>\$ 8,083,087</u>	<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>
Net pension liability (asset) - ending (a)-(b)	<u>\$ 552,573</u>	<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>
Plan fiduciary net position as a percentage of total pension liability	93.60%	98.71%	114.57%	113.47%	116.88%	114.73%	110.99%	105.13%	106.59%	106.69%
Covered payroll	\$ 2,062,658	\$ 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
Net pension liability (asset) as a percentage of covered payroll	26.79%	5.47%	-58.05%	-44.84%	-54.56%	-44.16%	-32.60%	-14.65%	-18.00%	-19.33%

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>2024</u>	<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>
Actuarially determined contribution	\$ 216,653	\$ 204,822	\$ 70,704	\$ 71,603	\$ 90,834	\$ 94,151	\$ 170,995	\$ 227,846	\$ 220,069	\$ 216,871
Contributions in relation to the actuarially determined contribution	<u>259,206</u>	<u>247,519</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>
Contribution deficiency (excess)	<u>\$ (42,553)</u>	<u>\$ (42,697)</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>
Covered payroll	\$ 2,160,050	\$ 2,062,658	\$ 1,817,573	\$ 1,763,623	\$ 1,710,612	\$ 1,636,246	\$ 1,674,580	\$ 1,597,560	\$ 1,544,346	\$ 1,521,902
Contributions as a percentage of covered payroll	12.00%	12.00%	7.00%	7.00%	8.50%	10.01%	12.00%	14.26%	14.25%	14.25%

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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability							
Service cost	\$ 19,048	\$ 24,039	\$ 19,865	\$ 13,953	\$ 14,353	\$ 13,643	\$ 14,699
Interest	10,710	7,459	5,567	6,909	6,297	8,390	7,015
Changes in benefit terms	-	-	105,527	-	-	-	-
Difference between expected and actual experience	(23,661)	4,328	(8,946)	7,062	3,219	(66,955)	-
Changes of assumptions	42,067	(60,463)	(25,350)	22,868	3,958	(6,315)	(11,800)
Benefit payments	<u>(13,673)</u>	<u>(12,668)</u>	<u>(2,245)</u>	<u>(1,074)</u>	<u>(7,944)</u>	<u>(14,495)</u>	<u>(12,347)</u>
Net change in total OPEB liability	34,491	(37,305)	94,418	49,718	19,883	(65,732)	(2,433)
Total OPEB liability - beginning	<u>290,260</u>	<u>327,565</u>	<u>233,147</u>	<u>183,429</u>	<u>163,546</u>	<u>229,278</u>	<u>231,711</u>
Total OPEB liability - ending	<u>\$ 324,751</u>	<u>\$ 290,260</u>	<u>\$ 327,565</u>	<u>\$ 233,147</u>	<u>\$ 183,429</u>	<u>\$ 163,546</u>	<u>\$ 229,278</u>
Covered-employee payroll	\$ 2,009,371	\$ 2,049,287	\$ 1,761,571	\$ 1,728,923	\$ 1,664,916	\$ 1,426,057	\$ 1,414,053
Total OPEB liability as a percentage of covered payroll	16.16%	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, 2024

Notes to Schedule - Public Employee Pension Plan of TCRS

Valuation date: Actuarially determined contribution rates for 2024 were calculated based on the June 30, 2022 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 an adjustment for some anticipated improvement.
Cost of Living Adjustments	2.125 percent

Changes of Assumptions: In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent, decreased the investment rate of return from 7.25 percent to 6.75 percent, decreased the cost of living adjustment from 2.25 percent to 2.125 percent, 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, 2023, the discount rate was increased from 3.54 percent to 3.65 percent. 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, 2024

Grantor Agency	Contract #	Assistance Listing Number	Expenditures
Federal Awards:			
U.S. Department of Transportation - Pass-through from Tennessee Department of Safety and Homeland Security -			
THS Grant - 2023	Z-23-THS076	20.607	\$ 3,026
THS Grant - 2024	Z-24-THS077	20.607	<u>12,272</u>
Total U.S. Department of Transportation			<u>15,298</u>
U.S. Department of Housing and Urban Development - Pass-through from Tennessee Department of of Economic and Community Development -			
CDBG Grant - Sewer System Improvements	33004-17720	14.228	<u>184,126</u>
Total U.S. Department of Housing and Urban Development			<u>184,126</u>
U.S. Department of the Treasury - Pass-through from Tennessee Department of Environment and Conservation -			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - ARPA SWIG Non-Competitive	32701-051231	21.027	<u>25,417</u>
Total U.S. Department of the Treasury			<u>25,417</u>
Total Federal Awards			<u>224,841</u>
State Awards:			
Tennessee Department of Environment and Conservation Used Oil Equipment Grant			
	32701-04625	N/A	<u>38,738</u>
State of Tennessee Office of Criminal Justice Programs			
	N/A	N/A	<u>74,771</u>
State of Tennessee Department of Commerce and Insurance State Fire Marshall's Office			
	33501-2425517	N/A	<u>39,850</u>
Total State Awards			<u>153,359</u>
Total Federal and State Awards			<u>\$ 378,200</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, 2024

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, 2024. 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, 2024

	<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	\$ -	\$ 22,550	\$ -	\$ 22,550
Accounts receivable	-	385	-	385
Due from other governmental funds	42,920	5,000	295,127	343,047
Due from proprietary fund	<u>16,896</u>	<u>-</u>	<u>-</u>	<u>16,896</u>
Total assets	<u>\$ 59,816</u>	<u>\$ 27,935</u>	<u>\$ 295,127</u>	<u>\$ 382,878</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accrued expenses	\$ 1,327	\$ -	\$ -	\$ 1,327
Due to other funds	-	274	-	274
Funds held in trust	<u>-</u>	<u>7,487</u>	<u>-</u>	<u>7,487</u>
Total liabilities	<u>1,327</u>	<u>7,761</u>	<u>-</u>	<u>9,088</u>
Fund balances:				
Restricted	-	-	-	-
Assigned	<u>58,489</u>	<u>20,174</u>	<u>295,127</u>	<u>373,790</u>
Total fund balances	<u>58,489</u>	<u>20,174</u>	<u>295,127</u>	<u>373,790</u>
Total liabilities and fund balances	<u>\$ 59,816</u>	<u>\$ 27,935</u>	<u>\$ 295,127</u>	<u>\$ 382,878</u>

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, 2024

	Sanitation Fund			Drug Fund		
	2024 Original Budget	2024 Final Budget	2024 Actual	2024 Original Budget	2024 Final Budget	2024 Actual
Revenues:						
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	126,000	126,000	129,633	-	-	-
Fines, forfeits and penalties	-	-	-	3,300	3,300	3,750
Sale of seized equipment	-	-	-	-	-	3,086
Other revenue	-	-	4,680	-	-	2,442
Total revenues	126,000	126,000	134,313	3,300	3,300	9,278
Expenditures:						
Personal services	141,795	142,991	140,557	-	-	-
Contractual services	23,695	34,445	23,188	300	300	250
Supplies	36,865	47,369	35,996	3,000	9,088	7,352
Fixed charges	5,800	18,736	19,879	-	-	-
Capital outlay	-	279,403	279,403	-	-	-
Total expenditures	208,155	522,944	499,023	3,300	9,388	7,602
Revenues over (under) expenditures	(82,155)	(396,944)	(364,710)	-	(6,088)	1,676
Other financing sources (uses):						
Interfund transfers - in (out)	82,155	396,944	368,666	-	-	-
Total other financing sources (uses)	82,155	396,944	368,666	-	-	-
Net changes in fund balances	-	-	3,956	-	(6,088)	1,676
Fund balance, beginning	54,533	54,533	54,533	18,498	18,498	18,498
Fund balance, ending	\$ 54,533	\$ 54,533	\$ 58,489	\$ 18,498	\$ 12,410	\$ 20,174

(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, 2024

	Tourism Fund			Total Nonmajor Governmental Funds		
	2024 Original Budget	2024 Final Budget	2024 Actual	2024 Original Budget	2024 Final Budget	2024 Actual
Revenues:						
Local taxes	\$ 142,500	\$ 142,500	\$ 152,858	\$ 142,500	\$ 142,500	\$ 152,858
Charges for services	-	-	-	126,000	126,000	129,633
Fines, forfeits and penalties	-	-	-	3,300	3,300	3,750
Sale of seized equipment	-	-	-	-	-	3,086
Other revenue	-	-	-	-	-	7,122
Total revenues	142,500	142,500	152,858	271,800	271,800	296,449
Expenditures:						
Personal services	-	-	-	141,795	142,991	140,557
Contractual services	26,000	26,000	4,513	49,995	60,745	27,951
Supplies	-	-	-	39,865	56,457	43,348
Fixed charges	-	-	-	5,800	18,736	19,879
Capital outlay	116,500	116,500	1,250	116,500	395,903	280,653
Total expenditures	142,500	142,500	5,763	353,955	674,832	512,388
Revenues over (under) expenditures	-	-	147,095	(82,155)	(403,032)	(215,939)
Other financing sources (uses):						
Interfund transfers - in (out)	-	-	-	82,155	396,944	368,666
Total other financing sources (uses)	-	-	-	82,155	396,944	368,666
Net changes in fund balances	-	-	147,095	-	(6,088)	152,727
Fund balance, beginning	148,032	148,032	148,032	221,063	221,063	221,063
Fund balance, ending	\$ 148,032	\$ 148,032	\$ 295,127	\$ 221,063	\$ 214,975	\$ 373,790

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2024

Year Ending June 30,	Fixed Rate \$1,374,000 General Obligation Refunding Bonds 1.70%		Total	
	Principal	Interest	Principal	Interest
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>\$ 904,000</u>	<u>\$ 62,475</u>	<u>\$ 904,000</u>	<u>\$ 62,475</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, 2024

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
	2025	\$ 172,900	\$ 73,501	\$ 55,000	\$ 37,600	\$ 227,900
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
2039	237,400	2,785	80,000	11,350	317,400	14,135
Thereafter	242,800	8,278	250,000	17,675	492,800	25,953
	<u>\$ 3,296,100</u>	<u>\$ 640,108</u>	<u>\$ 1,220,000</u>	<u>\$ 403,438</u>	<u>\$ 4,516,100</u>	<u>\$ 1,043,546</u>

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Schedule of Changes in Long-Term Debt by Individual Issue
Governmental Activities

June 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2023	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2024
Bonds Payable:									
General Obligation Refunding Bonds - Series 2020	\$ 1,374,000	1.70%	06/30/2020	06/01/2031	<u>\$ 1,024,000</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ 904,000</u>
Total Bonds Payable					<u>\$ 1,024,000</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ 904,000</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, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2023	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2024
Bonds Payable:									
Water and Sewer Refunding Bonds, Series 2014	\$ 4,680,425	2.29%	08/20/2014	08/01/2039	\$ 3,465,100	\$ -	\$ 169,000	\$ -	\$ 3,296,100
General Obligation Bonds, Series 2017	\$ 1,550,000	Varies	05/01/2017	06/01/2042	<u>1,270,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>1,220,000</u>
Total Bonds Payable					<u>\$ 4,735,100</u>	<u>\$ -</u>	<u>\$ 219,000</u>	<u>\$ -</u>	<u>\$ 4,516,100</u>

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2024

	Utility Plant, Property, and Equipment			Accumulated Depreciation				Net Plant	
	Balance	Additions	Retirements	Balance	Balance	Expense	Retirements		Balance
	July 1, 2023			June 30, 2024					July 1, 2023
Water system:									
Land and easements	\$ 8,900	\$ -	\$ -	\$ 8,900	\$ -	\$ -	\$ -	\$ -	\$ 8,900
Buildings	144,189	-	-	144,189	113,871	3,744	-	117,615	26,574
Lines and tanks	12,827,129	1,131,079	107,580	13,850,628	3,837,809	361,374	107,580	4,091,603	9,759,025
Equipment	977,767	316,035	162,255	1,131,547	721,487	33,350	162,255	592,582	538,965
Vehicles	125,314	42,668	1,400	166,582	97,075	16,173	1,400	111,848	54,734
Furniture and fixtures	34,483	-	-	34,483	32,462	655	-	33,117	1,366
Total water system	14,117,782	1,489,782	271,235	15,336,329	4,802,704	415,296	271,235	4,946,765	10,389,564
Sewer system:									
Buildings	599,549	-	-	599,549	176,970	14,522	-	191,492	408,057
Lines and tanks	5,820,153	286,446	-	6,106,599	2,869,178	133,554	-	3,002,732	3,103,867
Equipment	2,042,101	358,889	-	2,400,990	781,160	77,508	-	858,668	1,542,322
Vehicles	126,682	42,668	-	169,350	98,443	16,172	-	114,615	54,735
Furniture and fixtures	88,694	-	-	88,694	66,105	4,840	-	70,945	17,749
Total sewer system	8,677,179	688,003	-	9,365,182	3,991,856	246,596	-	4,238,452	5,126,730
Total plant in service	22,794,961	2,177,785	271,235	24,701,511	8,794,560	661,892	271,235	9,185,217	15,516,294
Construction work in progress	1,558,002	920,215	1,448,409	1,029,808	-	-	-	-	1,029,808
Total plant	\$ 24,352,963	\$ 3,098,000	\$ 1,719,644	\$ 25,731,319	\$ 8,794,560	\$ 661,892	\$ 271,235	\$ 9,185,217	\$ 16,546,102

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE
 Schedule of Changes in Property Taxes Receivable
 For the Fiscal Year Ended June 30, 2024

Tax Year	Balance July 1, 2023	Current Assessment	Abatements and Adjustments	Collections	Balance June 30, 2024
2023	\$ -	\$ 1,117,487	\$ 2,883	\$ 1,069,819	50,551
2022	48,564	-	1,133	30,301	19,396
2021	16,023	-	-	2,956	13,067
2020	14,557	-	-	620	13,937
2019	14,551	-	-	1,104	13,447
2018	14,570	-	-	1,084	13,486
2017	13,299	-	-	-	13,299
2016	1,572	-	-	178	1,394
2015	2,457	-	-	-	2,457
2014	305	-	-	-	305
2013	298	-	-	-	298
2012	327	-	-	-	327
2011	664	-	-	-	664
2010	1,400	-	-	-	1,400
2009	3,005	-	-	-	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
Total	<u>\$ 138,432</u>	<u>\$ 1,117,487</u>	<u>\$ 4,016</u>	<u>\$ 1,106,062</u>	153,873
January 1, 2024 property tax assessment was not billed until October 1, 2024					<u>1,149,000</u>
					<u>\$ 1,302,873</u>

NOTE: All outstanding delinquent property taxes for years 2003 - 2022 have been filed in Chancery Court.

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Analysis of Tax Rates and Assessments

June 30, 2024

<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>
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	1,027,906	99.86%	1,394	1,394
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	1,029,561	98.71%	13,486	13,486
2020	115,385,900	0.9138	1,054,112	1,040,665	98.72%	13,447	13,447
2021	115,849,548	0.9100	1,059,344	1,045,407	98.68%	13,937	13,937
2022	118,844,686	0.9050	1,075,949	1,062,882	98.79%	13,067	13,067
2023	122,912,389	0.9050	1,115,448	1,096,052	98.26%	19,396	-
2024	189,152,628	0.5813	1,120,370	1,069,819	95.49%	50,551	-

See independent auditor's report.

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

June 30, 2024

	<u>Inside Town</u>	<u>Outside Town</u>	<u>E-One</u>
WATER RATES			
Residential:			
First 2,000 gallons (minimum billing)	\$24.83	\$37.18	N/A
Over 2,000 gallons (per 1,000 gallons)	4.61	9.03	N/A
Commercial:			
First 2,000 gallons (minimum billing)	32.32	48.89	N/A
Over 2,000 gallons (per 1,000 gallons)	5.76	11.28	N/A
Heavy commercial and industrial:			
First 2,000 gallons (minimum billing)	49.73	76.20	N/A
Over 2,000 gallons (per 1,000 gallons)	6.09	11.94	N/A
Swannsylvania:			
First 2,000 gallons (minimum billing)	N/A	50.87	N/A
Over 2,000 gallons (per 1,000 gallons)	N/A	7.83	N/A
SEWER RATES			
Residential (Inside Town):			
First 2,000 gallons (minimum billing)	27.15	N/A	\$68.13
Over 2,000 gallons (per 1,000 gallons)	6.95	N/A	7.63
Residential (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	41.57	84.01
Over 2,000 gallons (per 1,000 gallons)	N/A	14.96	16.43
Commercial (Inside Town):			
First 2,000 gallons (minimum billing)	36.14	N/A	78.04
Over 2,000 gallons (per 1,000 gallons)	8.40	N/A	9.22
Commercial (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	55.71	99.57
Over 2,000 gallons (per 1,000 gallons)	N/A	18.01	19.80
Heavy commercial and industrial (Inside Town):			
First 2,000 gallons (minimum billing)	57.11	N/A	101.10
Over 2,000 gallons (per 1,000 gallons)	8.40	N/A	9.22
Heavy commercial and industrial (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	88.63	135.75
Over 2,000 gallons (per 1,000 gallons)	N/A	18.01	19.80
NUMBER OF METERED CUSTOMERS			
Water		3,695	
Sewer		1,713	

See independent auditor's report.

OTHER STATISTICAL SCHEDULES
(Unaudited)

TOWN OF DANDRIDGE, TENNESSEE

Miscellaneous Statistical Data

June 30, 2024

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	28
Total number of public safety employees (full-time)	11
Municipal water plant:	
Average daily consumption in gallons	849,000
Maximum storage capacity in gallons	2,472,000
Paved streets (per lane mile)	90
Water lines (miles)	198
Sanitary sewer (miles)	57

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION

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

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, 2024, 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 December 31, 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
December 31, 2024

TOWN OF DANDRIDGE, TENNESSEE
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2024

There were no prior year findings.