

**TOWN OF DANDRIDGE,
TENNESSEE**

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

and

INDEPENDENT AUDITOR'S REPORT

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

Annual Financial Report

For the Fiscal Year Ended June 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	1 – 2
List of Principal Officials	3
<u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	4 – 7
Required Supplementary Information: Management’s Discussion and Analysis	8 – 16
Basic Financial Statements:	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position	17 – 18
Statement of Activities	19
<u>Fund Financial Statements:</u>	
Balance Sheet – Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	23
Statement of Net Position – Proprietary Funds	24 – 25
Statement of Revenues, Expenses and Change in Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27
General Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	28 – 31
Volunteer Fire Department Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	32
Notes to Basic Financial Statements	33 – 61
<u>Required Supplementary Information:</u>	
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS	62
Schedule of Dandridge’s Contributions Based on Participation in the Public Employee Pension Plan of TCRS	63
Schedule of Changes in the Town’s Total OPEB Liability and Related Ratios	64
Notes to Required Supplementary Information:	
Public Employee Pension Plan of TCRS	65
Local Government OPEB Plan (LGOP)	65

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

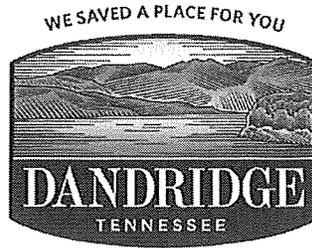
Annual Financial Report

For the Fiscal Year Ended June 30, 2025

TABLE OF CONTENTS (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION (Continued)</u>	
<u>Other Supplementary Information:</u>	
Schedule of Expenditures of Federal and State Awards	66
Notes to the Schedule of Expenditures of Federal and State Awards	67
Combining Balance Sheet – Nonmajor Governmental Funds	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds	69 – 70
Schedule of Long-Term Principal and Interest Requirements by Issue – Governmental Activities	71
Schedule of Long-Term Principal and Interest Requirements by Issue – Business-Type Activities	72
Schedule of Changes in Long-Term Debt by Individual Issue – Governmental Activities	73
Schedule of Changes in Long-Term Debt by Individual Issue – Business-Type Activities	74
Schedule of Utility Plant: Water and Sewer Department	75
Schedule of Changes in Property Taxes Receivable	76
Analysis of Tax Rates and Assessments	77
Utility Rate Structure and Number of Customers: Water and Sewer Department	78
<u>OTHER STATISTICAL SCHEDULES (Unaudited)</u>	
Miscellaneous Statistical Data	79
<u>INTERNAL CONTROL AND COMPLIANCE SECTION</u>	
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 <i>Government Auditing Standards</i>	80 – 81
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	82 – 84
Accompanying Schedule of Findings and Questioned Costs	85
Summary Schedule of Prior Audit Findings	86

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, 2025. 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, 2025, 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, 2025, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Town of Dandridge - 131 East Main Street - PO Box 249, Dandridge, Tennessee 37725

Phone (865)397-7420 ~ Fax (865)397-1839

TownOfDandridge.com

"We Saved a Place for You"

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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 - 131 East Main Street - PO Box 249, Dandridge, Tennessee 37725

Phone (865)397-7420 ~ Fax (865)397-1839

TownOfDandridge.com

"We Saved a Place for You"

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

List of Principal Officials

For the Fiscal Year Ended June 30, 2025

<u>Name</u>	<u>Office</u>
George Gantte	Mayor (through November 2024) Alderman (starting December 2024)
Todd Kesterson	Vice-Mayor
Jessica Elder	Alderman
Mike Chambers	Alderman (through November 2024); Mayor (starting December 2024)
Jeff Depew	Alderman
Mike Nelson	Alderman (through November 2024)
Marianne Reneau Reese	Alderman (through November 2024)
Stephanie Churchwell	Alderman (starting December 2024)
Ellen Longmire	Alderman (starting December 2024)
Christopher Shockley	Administrator*
Kendall Moore	Finance Director/CMFO
Zachary Reese	Town Recorder
Laura Bradley	Human Resource Clerk
Terry Reneau	Building Inspector/Codes Enforcement
Donald Whaley	Public Works Superintendent
Tana Benson	Water/Wastewater Superintendent
James Baker	Recreation Director
Carson Williams	Chief of Police
Andy Riley	Fire Chief

*Certified Municipal Finance Officer; financial oversight responsibility

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

FINANCIAL SECTION

BROWN JAKE & McDANIEL, PC

CERTIFIED PUBLIC ACCOUNTANTS
2607 KINGSTON PIKE, SUITE 110
KNOXVILLE, TENNESSEE 37920-3336
865/637-8600 • fax: 865/637-8601
www.bjmpc.com

JOE L. BROWN, CPA, CGFM, CGMA
FRANK D. McDANIEL, CPA, CGFM, CGMA
TERRY L. MOATS, CPA, CGFM, CGMA
JAMES E. BOOHER, CPA, CGMA
HALEY S. SLAGLE, CPA, CGMA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Mayor and Board of Aldermen
Town of Dandridge, Tennessee

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dandridge, Tennessee, as of and for the year ended June 30, 2025, 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, 2025, 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 62 through 65 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 and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 29, 2025, 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.

Knoxville, Tennessee
December 29, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2025

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, 2025. 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.

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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 2025 and 2024. 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	
	2025	2024	2025	2024
Current and other assets	\$ 10,930,718	\$ 9,540,488	\$ 4,635,242	\$ 4,544,225
Capital assets	9,863,834	9,993,449	20,611,602	16,546,102
Total assets	20,794,552	19,533,937	25,246,844	21,090,327
Total deferred outflows of resources	928,635	1,108,069	376,879	441,716
Long-term liabilities	1,170,413	1,459,315	4,244,748	4,551,404
Other liabilities	535,279	338,117	428,411	695,094
Total liabilities	1,705,692	1,797,432	4,673,159	5,246,498
Total deferred inflows of resources	2,364,812	2,241,591	59,717	48,271
Net investment in capital assets	9,077,616	9,083,336	16,277,099	11,568,026
Restricted	29,314	20,174	-	-
Unrestricted	8,545,753	7,499,473	4,613,748	4,669,248
TOTAL NET POSITION	\$ 17,652,683	\$ 16,602,983	\$ 20,890,847	\$ 16,237,274

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	
	2025	2024	2025	2024
Program Revenue:				
Charges for Services	\$ 594,106	\$ 513,966	\$ 4,489,812	\$ 4,296,992
Operating Grants and Contributions	552,483	487,492	-	-
Capital Grants and Contributions	140,563	72,160	2,650,862	295,064
General Revenue:				
Taxes:				
Sales Taxes	2,551,790	2,497,855	-	-
Property Taxes	1,135,384	1,115,751	-	-
Hotel/Motel Taxes	247,054	152,858	-	-
In-Lieu of Tax	41,436	41,791	-	-
Wholesale/State Beer and Wine Taxes	237,569	244,685	-	-
Mixed Drink Tax	19,886	18,663	-	-
Business Taxes	151,615	157,442	-	-
Cable TV Franchise Tax	44,769	49,254	-	-
Excise Taxes	24,194	23,668	-	-
Other State Taxes	7,507	6,356	-	-
Licenses and Permits	112,858	192,882	-	-
Interest Earned	303,419	312,619	143,909	93,203
Gain on Sale of Fixed Assets	51,289	11,308	-	25,425
Miscellaneous	213,362	241,303	-	-
TOTAL REVENUE	6,429,284	6,140,053	7,284,583	4,710,684
Program Expenses:				
General Government	1,149,286	1,034,506	-	-
Public Safety	1,361,880	1,357,168	-	-
Public Works	957,033	932,986	-	-
Culture and Recreation	994,376	870,721	-	-
Debt Service	17,473	19,513	-	-
Solid Waste	220,255	497,418	-	-
Volunteer Fire Department	648,519	584,685	-	-
Tourism	24,090	24,436	-	-
Water and Sewer Department	-	-	3,508,779	3,256,956
TOTAL PROGRAM EXPENSES	5,372,912	5,321,433	3,508,779	3,256,956
Change in Net Position	1,056,372	818,620	3,775,804	1,453,728
Net Position, Beginning as previously stated	16,602,983	15,784,363	16,237,274	14,783,546
Cumulative effect of change in accounting principle	(6,672)	-	(15,042)	-
Error correction	-	-	892,811	-
Net Position, Beginning as restated	16,596,311	15,784,363	17,115,043	14,783,546
Net Position, Ending	<u>\$ 17,652,683</u>	<u>\$ 16,602,983</u>	<u>\$ 20,890,847</u>	<u>\$ 16,237,274</u>

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

The cost of all Governmental activities this year was \$5,372,912. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town taxes was only \$4,085,760 because some of the cost was paid by those who directly benefited from the programs (\$594,106), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$552,483) and capital grants and contributions (\$140,563). Overall, the Town's governmental program revenues, including intergovernmental aid and fees for services, were \$1,287,152. The Town paid for the remaining "public benefit" portion of governmental activities with \$5,142,132 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

	<u>Net Revenue (Expense)</u>	
	<u>2025</u>	<u>2024</u>
Governmental Activities:		
General Government	\$ (1,093,782)	\$ (942,512)
Public Safety	(1,268,834)	(1,238,849)
Public Works	(726,358)	(773,900)
Culture and Recreation	(559,396)	(587,694)
Debt Service	(17,473)	(19,513)
Solid Waste	(81,035)	(367,785)
Volunteer Fire Department	(314,792)	(293,126)
Tourism	<u>(24,090)</u>	<u>(24,436)</u>
Total Governmental Activities	<u>\$ (4,085,760)</u>	<u>\$ (4,247,815)</u>

Net position on July 1, 2024 was in the amount of \$16,602,983. A cumulative effect of a change in accounting principle decreased the beginning net position by \$6,672. The Town's overall net position increased \$1,056,372 from the prior fiscal year. Program revenue totaled \$1,287,152 and general revenues totaled \$5,142,132. Total governmental activities expenses during the year were \$5,372,912. Ending net position for 2025 was \$17,652,683.

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

BUSINESS-TYPE ACTIVITIES

The cost of all Proprietary (Business-Type) activities this year was \$3,508,779. As shown in the Statement of Activities, the amount paid by users of the system was \$4,489,812. Capital contributions from federal grants, the State of Tennessee, and developers during the year was \$2,650,862.

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 \$1,091,386.

Net position on July 1, 2024 was in the amount of \$16,237,274. Adjustments to beginning net position include a cumulative effect of a change in accounting principle and an error correction, resulting in a decrease of \$15,042 and an increase of \$892,811, respectively. The department had program revenues of \$4,489,812 and general revenues of \$143,909. Total Proprietary Fund (Business-Type) expenses during the year were \$3,508,779. Ending net position for 2025 was \$20,890,947.

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

	BUSINESS-TYPE ACTIVITIES	
	2025	2024
Revenues:		
Operating Revenues	\$ 4,489,812	\$ 4,296,992
General Revenues	143,909	118,628
TOTAL REVENUES	<u>4,633,721</u>	<u>4,415,620</u>
Expenses:		
Water Treatment and Distribution	1,115,916	1,083,224
Sewer Collection and Disposal	942,950	893,662
Administrative and General	570,488	502,785
Depreciation	769,072	661,892
Non-Operating Expenses	110,353	115,393
TOTAL EXPENSES	<u>3,508,779</u>	<u>3,256,956</u>
Income Before Capital Contributions	1,124,942	1,158,664
Capital Contributions	<u>2,650,862</u>	<u>295,064</u>
Change in Net Position	3,775,804	1,453,728
Net Position, Beginning, as previously stated	16,237,274	14,783,546
Cumulative effect of change in accounting principle	(15,042)	-
Error correction	892,811	-
Net Position, Beginning, as restated	<u>17,115,043</u>	<u>14,783,546</u>
Net Position, Ending	<u>\$20,890,847</u>	<u>\$16,237,274</u>

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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 \$6,564,975 and expenditures of \$5,429,904. The revenues exceeded the expenditures by \$1,135,071. 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 police cameras, public works equipment, recreation equipment, dugout and backstop remodeling at the Field of Dreams, and a vehicle and air bag system for the Volunteer Fire Department.

As the Town completed the year, all governmental funds had a fund balance of \$8,431,589 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 2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - Governmental-Type Activities

At the end of fiscal years 2025 and 2024, the Town had \$16,721,283 and \$16,619,898 respectively, invested in land, buildings and improvements, infrastructures, and machinery and equipment. Table 5 shows fiscal years 2025 and 2024 balances.

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

	<u>2025</u>	<u>2024</u>
Land	\$ 821,366	\$ 821,366
Buildings and Improvements	5,535,224	5,269,326
Infrastructures	5,498,322	5,498,322
Machinery and Equipment	<u>4,866,371</u>	<u>5,030,884</u>
	16,721,283	16,619,898
Less: Accumulated Depreciation	<u>6,857,449</u>	<u>6,626,449</u>
	<u>\$ 9,863,834</u>	<u>\$ 9,993,449</u>

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

The Town acquired or constructed capital assets during the fiscal year totaling \$462,059. The Town adopts an annual budget with capital outlays included.

Capital Assets - Business-Type Activities

At the end of the fiscal years 2025 and 2024, the Town had \$30,346,378 and \$25,731,319, respectively, invested in buildings, lines and tanks, equipment, furniture and fixtures, and vehicles. Table 6 shows fiscal years 2025 and 2024 balances.

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

	<u>2025</u>	<u>2024</u>
Construction in Progress	\$ 1,417,636	\$ 1,029,808
Land Easements	8,900	8,900
Buildings	811,229	743,738
Lines and Tanks	24,038,072	19,957,227
Equipment	3,648,141	3,532,537
Furniture and Fixtures	84,228	123,177
Vehicles	338,172	335,932
	<u>30,346,378</u>	<u>25,731,319</u>
Less: Accumulated Depreciation	<u>9,734,776</u>	<u>9,185,217</u>
	<u>\$20,611,602</u>	<u>\$16,546,102</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 \$5,069,200.

**TABLE 7
OUTSTANDING DEBT**

	<u>GOVERNMENT-WIDE ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Bonds	\$ 781,000	\$ 904,000	\$ 4,288,200	\$ 4,516,100
Total Long-Term Debt	<u>\$ 781,000</u>	<u>\$ 904,000</u>	<u>\$ 4,288,200</u>	<u>\$ 4,516,100</u>

The Town’s total debt decreased by \$350,900 during the current fiscal year.

NEXT YEAR'S BUDGET

The Board of Mayor and Alderman approved a FY 2026 budget with no increase in property tax, keeping the Certified Tax Rate recommended from the Tennessee Comptroller at \$0.5813. Conservative budgeting practices were applied in projecting revenues for the budget; however, the Town does anticipate continued growth in state shared revenue and other local taxes. The budget includes a four percent (4%) raise for employees, a paving project on Sharon Drive and Graveyard Alley, creation of a Greenway behind Dandridge Memorial Library, contract revision with Axon Body Worn Cameras, maintenance projects at Town Hall, new firearms for police officers, and a full year of stand by nighttime coverage for the Dandridge Volunteer Fire Department.

The Enterprise Fund budget was also prepared using a conservative approach. The budget includes a four percent (4%) raise for employees, committed to an infrastructure investment for sewer from I-40 to Industrial Park Road, a continued investment in meter upgrades, two (2) service trucks, and appropriations for debt service related to significant infrastructure improvements that have been made in recent years. There was no rate increase in FY 2026.

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, 2025

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 7,237,144	\$ 389,238	\$ 7,626,382
Investments	832,979	2,979,932	3,812,911
Receivables:			
Property taxes	1,390,777	-	1,390,777
Lease	831,662	-	831,662
Other	63,891	-	63,891
Customer service accounts, less allowance for doubtful accounts of \$2,000	-	333,334	333,334
Unbilled receivables	-	159,072	159,072
Due from other governments	529,882	795,168	1,325,050
Internal balances	21,502	(21,502)	-
Restricted assets:			
Cash and cash equivalents	22,735	-	22,735
Other receivables	146	-	146
Total current assets	<u>10,930,718</u>	<u>4,635,242</u>	<u>15,565,960</u>
Non-current assets			
Capital assets:			
Land and other asset not being depreciated	821,366	1,426,536	2,247,902
Depreciable capital assets	<u>15,899,917</u>	<u>28,919,842</u>	<u>44,819,759</u>
	16,721,283	30,346,378	47,067,661
Less: Accumulated depreciation	<u>(6,857,449)</u>	<u>(9,734,776)</u>	<u>(16,592,225)</u>
Total capital assets	<u>9,863,834</u>	<u>20,611,602</u>	<u>30,475,436</u>
Total non-current assets	<u>9,863,834</u>	<u>20,611,602</u>	<u>30,475,436</u>
Total assets	<u>20,794,552</u>	<u>25,246,844</u>	<u>46,041,396</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension contributions subsequent to the measurement date	264,504	105,258	369,762
OPEB contributions made subsequent to the measurement date	2,600	839	3,439
Differences between projected and actual experience - pension	441,557	183,877	625,434
Changes of assumptions - pension	172,379	71,784	244,163
Changes of assumptions - OPEB	42,470	13,493	55,963
Differences between projected and actual experience - OPEB	<u>5,125</u>	<u>1,628</u>	<u>6,753</u>
Total deferred outflows of resources	<u>928,635</u>	<u>376,879</u>	<u>1,305,514</u>

(Continued)

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position
(Continued)

June 30, 2025

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Current liabilities:			
Payable from current assets:			
Current maturities of long-term debt	\$ 125,000	\$ 231,800	\$ 356,800
Current portion of long-term accounts payable	22,309	-	22,309
Accounts payable	240,695	86,245	326,940
Contract retainage payable	-	33,587	33,587
Accrued expenses	57,087	15,964	73,051
Compensated absences	89,799	48,309	138,108
Due to other governments	-	12,506	12,506
Payable from restricted assets:			
Funds held in trust	389	-	389
Total current liabilities	<u>535,279</u>	<u>428,411</u>	<u>963,690</u>
Non-current liabilities:			
Due in more than one year	656,000	4,056,400	4,712,400
Long-term accounts payable	22,308	-	22,308
Net pension liability	212,177	88,357	300,534
Total OPEB liability	274,710	87,275	361,985
Unamortized bond premium	5,218	12,716	17,934
Total non-current liabilities	<u>1,170,413</u>	<u>4,244,748</u>	<u>5,415,161</u>
Total liabilities	<u>1,705,692</u>	<u>4,673,159</u>	<u>6,378,851</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows of resources:			
Property taxes	1,369,296	-	1,369,296
Leases	831,662	-	831,662
Differences between projected and actual experience - pension	11,407	4,750	16,157
Net difference between projected and actual earnings on plan investments - pension	66,215	27,573	93,788
Differences between projected and actual experience - OPEB	42,295	13,436	55,731
Changes of assumptions - OPEB	43,937	13,958	57,895
Total deferred inflows of resources	<u>2,364,812</u>	<u>59,717</u>	<u>2,424,529</u>
<u>NET POSITION</u>			
Net position:			
Net investment in capital assets	9,077,616	16,277,099	25,354,715
Restricted:			
Drug enforcement	29,314	-	29,314
Unrestricted	8,545,753	4,613,748	13,159,501
Total net position	<u>\$ 17,652,683</u>	<u>\$ 20,890,847</u>	<u>\$ 38,543,530</u>

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

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

Balance Sheet - Governmental Funds

June 30, 2025

	General Fund	Volunteer Fire Department Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,854,145	\$ 382,999	\$ -	\$ 7,237,144
Investments	-	832,979	-	832,979
Receivables:				
Property taxes	1,390,777	-	-	1,390,777
Leases	831,662	-	-	831,662
Other	63,891	-	-	63,891
Due from other governments	508,467	21,415	-	529,882
Due from other governmental funds	-	-	418,564	418,564
Due from proprietary funds	-	-	21,502	21,502
Restricted assets:				
Cash and cash equivalents	-	-	22,735	22,735
Other receivables	-	-	146	146
 Total assets	 <u>\$ 9,648,942</u>	 <u>\$ 1,237,393</u>	 <u>\$ 462,947</u>	 <u>\$ 11,349,282</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 220,297	\$ 20,398	\$ -	\$ 240,695
Accrued expenses	53,688	1,243	2,156	57,087
Due to other funds	418,564	-	-	418,564
Due to proprietary funds	-	-	-	-
Payable from restricted assets:				
Due to other funds	-	-	-	-
Funds held in trust	-	-	389	389
 Total liabilities	 <u>692,549</u>	 <u>21,641</u>	 <u>2,545</u>	 <u>716,735</u>
Deferred inflows of resources:				
Property taxes	1,369,296	-	-	1,369,296
Unearned revenue - leases	831,662	-	-	831,662
 Total deferred inflows of resources	 <u>2,200,958</u>	 <u>-</u>	 <u>-</u>	 <u>2,200,958</u>
Fund balances:				
Restricted	-	-	29,314	29,314
Committed	1,500	-	431,088	432,588
Assigned	-	1,215,752	-	1,215,752
Unassigned	6,753,935	-	-	6,753,935
 Total fund balances	 <u>6,755,435</u>	 <u>1,215,752</u>	 <u>460,402</u>	 <u>8,431,589</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 9,648,942</u>	 <u>\$ 1,237,393</u>	 <u>\$ 462,947</u>	 <u>\$ 11,349,282</u>

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

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2025

Total fund balances--governmental funds		\$ 8,431,589
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets	16,721,283	
Accumulated depreciation	<u>(6,857,449)</u>	9,863,834
The net pension liability is not due and payable in the current period, and therefore, is not reported in the funds		(212,177)
The total OPEB liability is not due and payable in the current period and, therefore, is not reported in the funds		(274,710)
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	(781,000)	
Unamortized bond premium	(5,218)	
Compensated absences	(89,799)	
Long-term payment agreement	<u>(44,617)</u>	(920,634)
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	264,504	
OPEB contributions subsequent to the measurement date	2,600	
Net difference between projected and actual earnings on plan investments - pension	(66,215)	
Differences between projected and actual experience - pension	441,557	
Changes of assumptions - pension	172,379	
Changes of assumptions - OPEB	42,470	
Differences between projected and actual experience - OPEB	5,125	
Deferred inflows -		
Differences between projected and actual experience - pension	(11,407)	
Changes of assumptions - OPEB	(43,937)	
Differences between projected and actual experience - OPEB	<u>(42,295)</u>	<u>764,781</u>
Total net position--governmental activities		<u>\$ 17,652,683</u>

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

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2025

	General Fund	Volunteer Fire Department Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local taxes	\$ 3,714,683	\$ -	\$ 247,054	\$ 3,961,737
Licenses and permits	112,858	-	-	112,858
Federal, state and local grants	80,681	-	-	80,681
Intergovernmental revenues	641,626	182,761	101,822	926,209
Charges for services	409,464	4,800	139,220	553,484
Interest earnings	264,084	39,335	-	303,419
Fines, forfeits and penalties	32,176	-	8,446	40,622
Contributions and donations	39,458	146,166	-	185,624
Other revenue	150,662	242,027	7,652	400,341
Total revenues	5,445,692	615,089	504,194	6,564,975
Expenditures:				
General government	1,104,940	-	-	1,104,940
Public safety	1,278,081	-	2,895	1,280,976
Public works	841,654	-	-	841,654
Culture and recreation	915,353	-	-	915,353
Debt service	141,368	-	-	141,368
Sanitation	-	-	219,400	219,400
Volunteer fire department	-	647,773	-	647,773
Tourism	-	-	278,440	278,440
Total expenditures	4,281,396	647,773	500,735	5,429,904
Revenues over (under) expenditures	1,164,296	(32,684)	3,459	1,135,071
Other financing sources (uses):				
Transfers (to) from other funds	(394,778)	311,625	83,153	-
Total other financing sources (uses)	(394,778)	311,625	83,153	-
Net changes in fund balances	769,518	278,941	86,612	1,135,071
Fund balance, beginning	5,985,917	936,811	373,790	7,296,518
Fund balance, ending	\$ 6,755,435	\$ 1,215,752	\$ 460,402	\$ 8,431,589

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

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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, 2025

Total net change in fund balances--governmental funds		\$ 1,135,071
<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	\$ (455,983)	
Capital outlays (additions)	<u>462,059</u>	6,076
<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>		
		(135,691)
<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	123,000	
Premium amortized	<u>895</u>	123,895
<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	(12,819)	
OPEB expense	(33,913)	
Pension expense	(48,556)	
Long-term payment agreement	<u>22,309</u>	<u>(72,979)</u>
Change in net position of governmental activities		<u>\$ 1,056,372</u>

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

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position - Proprietary Funds

June 30, 2025

	Enterprise Fund Water and Sewer Department
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 389,238
Investments	2,979,932
Receivables -	
Customer service accounts, less allowance for doubtful accounts of \$2,000	333,334
Unbilled receivables	159,072
Due from other governments	<u>795,168</u>
Total current assets	<u>4,656,744</u>
Non-current assets:	
Capital assets, not being depreciated -	
Land and land rights	8,900
Construction work in progress	1,417,636
Capital assets, being depreciated -	
Utility plant	28,919,842
Less: accumulated depreciation	<u>(9,734,776)</u>
Total capital assets	<u>20,611,602</u>
Total non-current assets	<u>20,611,602</u>
Total assets	<u>25,268,346</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension contributions subsequent to the measurement date	105,258
OPEB contributions subsequent to the measurement date	839
Differences between projected and actual experience - pension	183,877
Changes of assumptions - pension	71,784
Changes of assumptions - OPEB	13,493
Differences between projected and actual experience - OPEB	<u>1,628</u>
Total deferred outflows of resources	<u>376,879</u>

(Continued)

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position - Proprietary Funds
(Continued)

June 30, 2025

	Enterprise Fund Water and Sewer Department
<u>LIABILITIES</u>	
Current liabilities:	
Current maturities of long-term debt	\$ 231,800
Accounts payable	86,245
Contract retainage payable	33,587
Accrued wages payable	15,964
Compensated absences payable	48,309
Due to governmental funds	21,502
Due to other governments	12,506
	<hr/>
Total current liabilities	449,913
Non-current liabilities:	
Unamortized bond premium	12,716
Long-term debt, less current maturities	4,056,400
Net pension liability	88,357
Total OPEB liability	87,275
	<hr/>
Total non-current liabilities	4,244,748
	<hr/>
Total liabilities	4,694,661
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Differences between projected and actual experience - pension	4,750
Net difference between projected and actual earnings on plan investments - pension	27,573
Differences between projected and actual experience - OPEB	13,436
Changes of assumptions - OPEB	13,958
	<hr/>
Total deferred inflows of resources	59,717
<u>NET POSITION</u>	
Net position:	
Net investment in capital assets	16,277,099
Unrestricted	4,613,748
	<hr/>
Total net position	\$ 20,890,847
	<hr/> <hr/>

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

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

Statement of Revenues, Expenses and Change
in Net Position - Proprietary Funds

For the Fiscal Year Ended June 30, 2025

	Enterprise Fund
	Water and Sewer Department
Operating revenues:	
Water sales	\$ 2,563,728
Sewer service charges	1,367,641
Forfeited discounts and penalties	51,195
Tap fees	386,125
Fire service and hydrant rental	13,800
Miscellaneous	44,873
Installation charges	62,450
	<hr/>
Total operating revenues	4,489,812
	<hr/>
Operating expenses:	
Water treatment and distribution	1,115,916
Sewer collection and disposal	942,950
Administrative and general	570,488
Provision for depreciation	769,072
	<hr/>
Total operating expenses	3,398,426
	<hr/>
Operating income	1,091,386
	<hr/>
Non-operating revenues (expense):	
Interest income	143,909
Interest expense	(110,353)
	<hr/>
Total non-operating revenues (expenses)	33,556
	<hr/>
Income before capital contributions	1,124,942
	<hr/>
Capital contributions - grants	925,720
Capital contributions - TDOT	1,475,431
Capital contributions - developers	249,711
	<hr/>
Change in net position	3,775,804
	<hr/>
Net position, beginning, as previously stated	16,237,274
Cumulative effect of change in accounting principle (Note 12)	(15,042)
Error correction (Note 12)	892,811
	<hr/>
Net position, beginning, as restated	17,115,043
	<hr/>
Net position, ending	\$ 20,890,847
	<hr/> <hr/>

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

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

Statement of Cash Flows - Proprietary Funds
Water and Sewer Department

For the Fiscal Year Ended June 30, 2025

Cash flows from operating activities:	
Cash received from customers	\$ 3,887,785
Cash payments to suppliers for goods and services	(2,194,043)
Cash payments to employees for services	<u>(715,793)</u>
Net cash provided by operating activities	<u>977,949</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(3,941,761)
Capital contributions	2,650,862
Principal payments on long-term debt	(227,900)
Interest paid on long-term debt	<u>(111,101)</u>
Net cash used by capital and related financing activities	<u>(1,629,900)</u>
Cash flows from investing activities:	
Purchases of investments	(742,647)
Proceeds received from investments	850,000
Interest received on investments	<u>143,909</u>
Net cash provided by investing activities	<u>251,262</u>
Net decrease in cash and cash equivalents	(400,689)
Cash and cash equivalents, beginning	<u>789,927</u>
Cash and cash equivalents, ending	<u><u>\$ 389,238</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,091,386
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	769,072
(Increase) decrease in assets and deferred outflows:	
Accounts receivable	29,538
Unbilled revenue	(18,659)
Other receivables	13,468
Due from other funds	330
Due from other governments	(628,342)
Deferred outflows related to pension and OPEB	64,837
Increase (decrease) in liabilities and deferred inflows:	
Payables	(282,463)
Accrued wages and benefits payable	(4,801)
Due to other governments	1,638
Due to governmental funds	4,607
Net pension liability	(67,855)
Total OPEB liability	(6,253)
Deferred inflows related to pension and OPEB	<u>11,446</u>
Net cash provided by operating activities	<u><u>\$ 977,949</u></u>

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

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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, 2025

	2025 Original Budget	2025 Final Budget	2025 Actual
Revenues:			
Local taxes:			
Local sales tax	\$ 2,066,898	\$ 2,066,898	\$ 2,126,867
Property taxes	1,067,432	1,067,432	1,135,384
Wholesale beer and wine taxes	227,500	227,500	236,162
Mixed drink taxes	13,250	13,250	19,886
Business tax	110,000	110,000	151,615
Cable TV franchise tax	50,000	50,000	44,769
Total local taxes	<u>3,535,080</u>	<u>3,535,080</u>	<u>3,714,683</u>
Licenses and permits:			
Building permits	85,000	85,000	109,858
Beer permits	2,500	2,500	3,000
Total licenses and permits	<u>87,500</u>	<u>87,500</u>	<u>112,858</u>
Intergovernmental revenues:			
Federal grants - Tennessee Department of Safety and Homeland Security	-	23,000	20,876
Other state grants	1,200	23,317	1,500
FEMA/TEMA grants	-	-	56,954
Federal grants - Department of Justice	-	-	1,351
State law enforcement education	8,800	17,600	17,600
State sales tax	399,264	399,264	424,923
State beer tax	1,550	1,550	1,407
State gasoline and motor fuel tax	117,700	117,700	116,986
State street and transportation	6,120	6,120	7,573
Gross receipts tax - TVA	40,964	40,964	41,436
Corporate excise tax	18,500	18,500	24,194
Sports betting tax	4,850	4,850	7,507
Total intergovernmental revenues	<u>598,948</u>	<u>652,865</u>	<u>722,307</u>
Charges for services:			
Street maintenance contract	40,000	40,000	45,321
Park and recreation charges	260,500	260,500	334,979
Other	47,650	49,978	29,164
Total charges for services	<u>348,150</u>	<u>350,478</u>	<u>409,464</u>
Fines, forfeits and penalties:			
Court fines and costs	43,300	43,300	32,176
Total fines, forfeits and penalties	<u>43,300</u>	<u>43,300</u>	<u>32,176</u>

(Continued)

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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, 2025

	2025 Original Budget	2025 Final Budget	2025 Actual
Revenues (continued):			
Other revenue:			
Other revenue	\$ 14,000	\$ 14,000	\$ 37,005
Interest earnings	40,000	40,000	264,084
Lease revenue	-	-	3,330
Variable lease payments	25,000	25,000	53,344
Sale of equipment	10,000	10,000	56,983
Contributions	15,000	15,000	39,458
Total other revenue	<u>104,000</u>	<u>104,000</u>	<u>454,204</u>
Total revenues	<u>4,716,978</u>	<u>4,773,223</u>	<u>5,445,692</u>
Expenditures:			
General government:			
Legislative:			
Personal services	65,430	65,430	64,154
Contractual services	10,000	10,000	3,999
Total legislative	<u>75,430</u>	<u>75,430</u>	<u>68,153</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	429,931	440,165	429,218
Contractual services	113,183	127,283	119,774
Supplies	9,000	9,000	4,711
Total central staff agencies	<u>552,114</u>	<u>576,448</u>	<u>553,703</u>
Building inspector/codes enforcement:			
Personal services	97,189	97,802	94,578
Contractual services	1,940	5,985	5,590
Supplies	5,400	5,400	495
Total building inspector/codes enforcement	<u>104,529</u>	<u>109,187</u>	<u>100,663</u>
General government buildings:			
Personal services	129,667	130,894	126,186
Contractual services	42,195	42,195	38,598
Supplies	39,500	39,500	31,377
Fixed charges	1,000	1,970	1,988
Capital outlay	51,000	51,486	481
Total general government buildings	<u>263,362</u>	<u>266,045</u>	<u>198,630</u>

(Continued)

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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, 2025

	2025 Original Budget	2025 Final Budget	2025 Actual
Expenditures (continued):			
General government (continued):			
Other general government:			
Personal services	\$ 250	\$ 250	\$ -
Contractual services	43,523	46,615	45,833
Supplies	2,500	3,100	2,955
Fixed charges	79,300	79,300	81,155
Grants, contributions and donations	48,050	50,410	47,360
Reserve for contingency	10,000	10,000	2,288
Total other general government	<u>183,623</u>	<u>189,675</u>	<u>179,591</u>
Total general government	<u>1,183,258</u>	<u>1,220,985</u>	<u>1,104,940</u>
Public safety:			
Police:			
Personal services	1,101,222	1,153,742	1,117,722
Contractual services	58,860	64,470	64,672
Supplies	77,000	77,000	58,830
Capital outlay	-	36,821	36,857
Total police	<u>1,237,082</u>	<u>1,332,033</u>	<u>1,278,081</u>
Total public safety	<u>1,237,082</u>	<u>1,332,033</u>	<u>1,278,081</u>
Public works:			
Highways and streets:			
Personal services	319,768	322,221	286,203
Contractual services	143,140	143,140	99,738
Supplies	74,200	74,200	59,575
Building materials	14,000	14,000	9,240
Fixed charges	1,000	1,000	-
Total highways and streets	<u>552,108</u>	<u>554,561</u>	<u>454,756</u>
City garage:			
Personal services	78,642	79,255	74,783
Contractual services	3,230	3,230	2,679
Supplies	4,100	4,100	1,144
Total city garage	<u>85,972</u>	<u>86,585</u>	<u>78,606</u>
State street aid:			
Contractual services	<u>266,260</u>	<u>311,023</u>	<u>308,292</u>
Total state street aid	<u>266,260</u>	<u>311,023</u>	<u>308,292</u>
Total public works	<u>904,340</u>	<u>952,169</u>	<u>841,654</u>

(Continued)

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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, 2025

	2025 Original Budget	2025 Final Budget	2025 Actual
Expenditures (continued):			
Culture and recreation:			
Recreation:			
Personal services	\$ 138,291	\$ 139,518	\$ 131,831
Contractual services	41,310	41,310	36,181
Supplies	22,000	22,000	19,474
Fixed charges	500	500	150
Capital outlay	-	138,196	123,196
Total recreation	<u>202,101</u>	<u>341,524</u>	<u>310,832</u>
Activity center:			
Personal services	324,560	327,940	312,456
Contractual services	212,225	212,225	190,996
Supplies	44,100	44,100	43,760
Total activity center	<u>580,885</u>	<u>584,265</u>	<u>547,212</u>
Libraries:			
Contractual services	8,000	8,000	6,843
Fixed charges	1,800	2,794	2,794
Grants, contributions and donations	47,672	47,672	47,672
Total libraries	<u>57,472</u>	<u>58,466</u>	<u>57,309</u>
Total culture and recreation	<u>840,458</u>	<u>984,255</u>	<u>915,353</u>
Debt service:			
Bonds and notes payable	123,000	123,000	123,000
Interest and fiscal charges	18,368	20,368	18,368
Total debt service	<u>141,368</u>	<u>143,368</u>	<u>141,368</u>
Total expenditures	<u>4,306,506</u>	<u>4,632,810</u>	<u>4,281,396</u>
Revenues over (under) expenditures	<u>410,472</u>	<u>140,413</u>	<u>1,164,296</u>
Other financing sources (uses):			
Transfers (to) from other funds	<u>(410,472)</u>	<u>(451,974)</u>	<u>(394,778)</u>
Total other financing sources (uses)	<u>(410,472)</u>	<u>(451,974)</u>	<u>(394,778)</u>
Net change in fund balance	-	(311,561)	769,518
Fund balance, beginning	<u>5,985,917</u>	<u>5,985,917</u>	<u>5,985,917</u>
Fund balance, ending	<u>\$ 5,985,917</u>	<u>\$ 5,674,356</u>	<u>\$ 6,755,435</u>

The accompanying notes are an integral
part of these financial statements

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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, 2025

	2025 Original Budget	2025 Final Budget	2025 Actual
Revenues:			
Intergovernmental revenues	\$ 85,660	\$ 170,279	\$ 182,761
Charges for services	1,900	4,900	4,800
Interest earnings	30	30	39,335
Insurance recoveries	31,524	121,044	198,297
Contributions and donations	55,500	90,115	146,166
Other revenue	-	3,500	43,730
	<u>174,614</u>	<u>389,868</u>	<u>615,089</u>
Expenditures:			
Personal services	219,371	245,029	234,481
Contractual services	98,975	98,975	108,564
Supplies	96,300	130,925	121,138
Fixed charges	36,435	36,435	33,700
Capital outlay	15,500	190,129	149,890
	<u>466,581</u>	<u>701,493</u>	<u>647,773</u>
Revenues over (under) expenditures	<u>(291,967)</u>	<u>(311,625)</u>	<u>(32,684)</u>
Other financing sources (uses):			
Interfund transfers - in (out)	<u>291,967</u>	<u>311,625</u>	<u>311,625</u>
Total other financing sources (uses)	<u>291,967</u>	<u>311,625</u>	<u>311,625</u>
Net changes in fund balances	-	-	278,941
Fund balance, beginning	<u>936,811</u>	<u>936,811</u>	<u>936,811</u>
Fund balance, ending	<u>\$ 936,811</u>	<u>\$ 936,811</u>	<u>\$ 1,215,752</u>

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

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies

Description 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.

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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, 2025, the government had no encumbrances. Also, for the year ended June 30, 2025, 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.

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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, 2025 is recorded. The balance of the reserve at June 30, 2025 is \$167,296.

At June 30, 2025, the government's 2025 property taxes were not scheduled to be billed until October 2025. Consequently, unbilled property taxes and deferred inflows of resources of \$1,202,000 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:

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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 plus payroll tax when earned for all employees. The government records an estimated liability for accumulated unused sick leave based on the expected use of sick leave. 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, 2025, 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. 101, "Compensated Absences"
- Statement No. 102, "Certain Risk Disclosures."

Adoption of these pronouncements has had an effect on the Town's financial statements. See additional disclosures in Note 12.

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

2. Cash, Cash Equivalents and Investments

At June 30, 2025, 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	\$ 12,971	\$ -	\$ 12,971
Checking and money market accounts	<u>7,613,411</u>	<u>22,735</u>	<u>7,636,146</u>
	<u>\$ 7,626,382</u>	<u>\$ 22,735</u>	<u>\$ 7,649,117</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, 2025, 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>3,812,911</u>
Total investments measured at NAV	\$ <u>3,812,911</u>
Total investments measured at fair value	\$ <u>3,812,911</u>

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

3. Capital Assets

Governmental capital asset activity for the fiscal year ended June 30, 2025 was as follows:

<u>Governmental Activities</u>	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 821,366	\$ -	\$ -	\$ 821,366
Total capital assets, not being depreciated	<u>821,366</u>	<u>-</u>	<u>-</u>	<u>821,366</u>
Capital assets, being depreciated:				
Buildings and improvements	5,269,326	265,898	-	5,535,224
Infrastructures	5,498,322	-	-	5,498,322
Machinery and equipment	5,030,884	196,161	360,674	4,866,371
Total capital assets, being depreciated	<u>15,798,532</u>	<u>462,059</u>	<u>360,674</u>	<u>15,899,917</u>
Less accumulated depreciation for:				
Buildings and improvements	1,700,612	117,658	-	1,818,270
Infrastructures	2,332,532	80,741	-	2,413,273
Machinery and equipment	2,593,305	257,584	224,983	2,625,906
Total accumulated depreciation	<u>6,626,449</u>	<u>455,983</u>	<u>224,983</u>	<u>6,857,449</u>
Capital assets, being depreciated, net	<u>9,172,083</u>	<u>6,076</u>	<u>135,691</u>	<u>9,042,468</u>
Governmental activities assets, net	<u>\$ 9,993,449</u>	<u>\$ 6,076</u>	<u>\$ 135,691</u>	<u>\$ 9,863,834</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 18,701
Public works	158,026
Public safety	71,268
Volunteer fire department	86,291
Tourism	20,945
Recreation and culture	<u>100,752</u>
Total depreciation expense	<u>\$ 455,983</u>

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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, 2025 was as follows:

<u>Business-Type Activities</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Adjustments/ Reclassifications</u>	<u>Balance June 30, 2025</u>
Capital assets, not being depreciated:					
Construction in progress	\$ 1,029,808	\$ 1,794,176	\$ 1,406,348	\$ -	\$ 1,417,636
Land easements	8,900	-	-	-	8,900
Total capital assets, not being depreciated	<u>1,038,708</u>	<u>1,794,176</u>	<u>1,406,348</u>	<u>-</u>	<u>1,426,536</u>
Capital assets, being depreciated:					
Buildings	743,738	71,310	3,819	-	811,229
Lines and tanks	19,957,227	3,131,489	8,585	957,941	24,038,072
Equipment	3,532,537	234,837	119,233	-	3,648,141
Furniture and fixtures	123,177	-	38,949	-	84,228
Vehicles	335,932	116,298	114,058	-	338,172
Total capital assets, being depreciated	<u>24,692,611</u>	<u>3,553,934</u>	<u>284,644</u>	<u>957,941</u>	<u>28,919,842</u>
Less accumulated depreciation for:					
Buildings	309,107	18,266	3,819	-	323,554
Lines and tanks	7,094,335	563,907	8,585	65,131	7,714,788
Equipment	1,451,250	142,506	119,233	-	1,474,523
Furniture and fixtures	104,062	38,898	38,949	-	104,011
Vehicles	226,463	5,495	114,058	-	117,900
Total accumulated depreciation	<u>9,185,217</u>	<u>769,072</u>	<u>284,644</u>	<u>65,131</u>	<u>9,734,776</u>
Capital assets, being depreciated, net	<u>15,507,394</u>	<u>2,784,862</u>	<u>-</u>	<u>892,810</u>	<u>19,185,066</u>
Business-type activities capital assets, net	<u>\$ 16,546,102</u>	<u>\$ 4,579,038</u>	<u>\$ 1,406,348</u>	<u>\$ 892,810</u>	<u>\$ 20,611,602</u>

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

Water and Sewer	<u>\$ 769,072</u>
-----------------	-------------------

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

4. Long-Term Liabilities

General 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. The government had no outstanding capital outlay notes at June 30, 2025. General obligation bonds 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. The government's only outstanding bond as of June 30, 2025 matures in 6 years. As of June 30, 2025, the Town has no direct borrowings.

Governmental-Type Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025 in governmental activities:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2025</u>	<u>Due in One Year</u>
General obligation refunding bonds, Series 2020	\$ 904,000	\$ -	\$ 123,000	\$ 781,000	\$ 125,000
Compensated absences	<u>76,980</u>	<u>12,819</u> *	<u>-</u>	<u>89,799</u>	<u>89,799</u>
	<u>\$ 980,980</u>	<u>\$ 12,819</u>	<u>\$ 123,000</u>	<u>\$ 870,799</u>	<u>\$ 214,799</u>

* The change in the compensated absences liability is present as a net change as allowed by GASB 101.

Bonds payable at June 30, 2025 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>\$ 781,000</u>
Total bonds payable	<u>\$ 781,000</u>

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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, 2025 in business-type activities:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Due in One Year
Water and Sewer Refunding Bonds, Series 2014	\$ 3,296,100	\$ -	\$ 172,900	\$ 3,123,200	\$ 176,800
General Obligation Bonds, Series 2017	1,220,000	-	55,000	1,165,000	55,000
Compensated absences	53,191	(4,882) *	-	48,309	48,309
	<u>\$ 4,569,291</u>	<u>\$ (4,882)</u>	<u>\$ 227,900</u>	<u>\$ 4,336,509</u>	<u>\$ 280,109</u>

* The change in the compensated absences liability is present as a net change as allowed by GASB 101.

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.

\$ 3,123,200

\$1,550,000 General Obligation Bond, 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.

1,165,000

Total business-type long-term debt

4,288,200

Less current maturities

231,800

\$ 4,056,400

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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, 2025 are as follows:

	Governmental Activities		Business-Type Activities		Grand Total	
	Bonds		Bonds		Principal	Interest
	Principal	Interest	Principal	Interest		
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	133,000	4,573	253,600	82,566	386,600	87,139
2031-2035	136,000	2,312	1,366,600	315,431	1,502,600	317,743
2036-2039	-	-	1,218,200	119,084	1,218,200	119,084
Thereafter	-	-	492,800	25,953	492,800	25,953
	<u>\$ 781,000</u>	<u>\$ 47,107</u>	<u>\$ 4,288,200</u>	<u>\$ 932,445</u>	<u>\$ 5,069,200</u>	<u>\$ 979,552</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, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	32
Inactive employees entitled to but not yet receiving benefits	53
Active employees	<u>46</u>
	<u>131</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, 2025, employer contributions for the government were \$369,762 based on a rate of 15.00 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, 2024, 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, 2024 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, 2024 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%
		<hr/> 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*	\$ 8,635,660	\$ 8,083,087	\$ 552,573
Changes for the year:			
Service cost	176,784	-	176,784
Interest	585,105	-	585,105
Differences between expected and actual experience	27,597	-	27,597
Changes of assumptions	-	-	-
Contributions - employer	-	259,760	(259,760)
Contributions - employees	-	-	-
Net investment income	-	787,422	(787,422)
Benefit payments, including refunds of employee contributions	(288,446)	(288,446)	-
Administrative expense	-	(5,657)	5,657
Net changes	<u>501,040</u>	<u>753,079</u>	<u>(252,039)</u>
Ending balance*	<u>\$ 9,136,700</u>	<u>\$ 8,836,166</u>	<u>\$ 300,534</u>

* The measurement date of the beginning balance was June 30, 2023 and the measurement date of the ending balance was June 30, 2024. The reporting date of the beginning balance is June 30, 2024 and the reporting date of the ending balance is June 30, 2025.

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:

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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

	<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)	\$ 1,746,299	\$ 300,534	\$ (869,356)

Pension Expense. For the year ended June 30, 2025, the government recognized pension expense of \$433,845.

5. Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2025, 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	\$ 625,434	\$ 16,157
Net difference between projected and actual earnings on pension plan investments	-	93,788
Changes of assumptions	244,163	-
Contributions subsequent to the measurement date of June 30, 2024	<u>369,762</u>	<u>-</u>
Total	<u>\$ 1,239,359</u>	<u>\$ 109,945</u>

The amount shown above for contributions subsequent to the measurement date of June 30, 2024 will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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:

2026	\$	179,987
2027		434,539
2028		96,575
2029		43,954
2030		4,597
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, 2025, the government reported a payable of \$18,440 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

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)

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, 2024, 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, 2025, the Town of Dandridge paid \$3,439 to the LGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions. The total OPEB Liability in the June 30, 2024 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	10.68 percent for pre-65 in 2024, decreasing annually over a 13-year period to an ultimate rate of 4.5 percent 13.44 percent for post-65 in 2024, decreasing annually over a 12-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, 2024 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 3.93 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, 2023	\$ 324,751
Changes for the year:	
Service cost	23,382
Interest	12,653
Changes of benefit terms	-
Differences between expected and actual experience	(10,335)
Changes of assumptions	14,489
Benefit payments	(2,955)
Net changes	37,234
Balances at June 30, 2024	\$ 361,985

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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 3.65 percent as of the beginning of the measurement period to 3.93 percent as of June 30, 2024. This change in assumption decreased 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 (2.93%) or 1-percentage-point higher (4.93%) than the current discount rate.

	<u>1% Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Government's total OPEB liability	\$ 402,018	\$ 361,985	\$ 325,236

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 (9.68%/12.44% decreasing to 3.50%)</u>	<u>Current Healthcare Cost Trend Rate (10.68%/13.44% decreasing to 4.50%)</u>	<u>1% Increase (11.68%/14.44% decreasing to 5.50%)</u>
Government's total OPEB liability	\$ 310,847	\$ 361,985	\$ 423,650

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, 2025, the Town of Dandridge recognized OPEB expense of \$24,554.

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, 2025, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,753	\$ 55,731
Changes of assumptions	55,963	57,895
Contributions subsequent to the measurement date of June 30, 2024	<u>3,439</u>	<u>-</u>
Total	<u><u>\$ 66,155</u></u>	<u><u>\$ 113,626</u></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:	
2026	\$ (11,481)
2027	(11,481)
2028	(10,802)
2029	(11,471)
2030	(6,155)
Thereafter	480

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, 2025 are as follows:

	Due From			Total
	General Fund	Drug Fund	Water and Sewer Fund	
Due To				
Drug Fund	\$ 6,822	-	\$ -	\$ 6,822
Sanitation Fund	44,001	-	21,502	65,503
Tourism Fund	367,741	-	-	367,741
	<u>\$ 418,564</u>	<u>\$ -</u>	<u>\$ 21,502</u>	<u>\$ 440,066</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	\$	311,625
Sanitation Fund		<u>83,153</u>
Total	\$	<u>394,778</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 \$831,662 at June 30, 2025. For the fiscal year ended June 30, 2025, the Town reported lease revenue of \$3,330, interest income of \$21,670, and variable lease revenue of \$53,344.

12. Cumulative Effect of Change in Accounting Principle/Error Correction

Cumulative Effect of Change in Accounting Principle

As the result of implementing GASB 101, *Compensated Absences*, the government has restated the beginning net position in the government-wide Statement of Activities for both governmental activities and business-type activities. This restatement resulted in a decrease to beginning net position in the amount of \$6,672 for governmental activities and a decrease to beginning net position in the amount of \$15,042 for business-type activities. The government has also restated beginning net position in the Statement of Revenues, Expenses and Change in Net Position – Proprietary Funds. This restatement resulted in a decrease to beginning net position in the amount of \$15,042

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

12. Cumulative Effect of Change in Accounting Principle/Error Correction (Continued)

Error Correction

In prior years, the Water and Sewer Department received capital contributions from various developers of completed water lines. At the time of contribution, these lines should be recorded as plant additions and capital contribution revenue. The lines become part of the department depreciable fixed assets and should be depreciated over their useful lives. Beginning net position in the Water and Sewer Department has been adjusted for the net book value of developer contributed assets related to prior years.

The overall effects of the cumulative effect of change in accounting principle and error corrections are summarized in the table below:

	Water and Sewer Department	Government - Wide	
		Governmental Activities	Business-Type Activities
Beginning net position, July 1, 2023	\$ 16,237,274	\$ 16,602,983	\$ 16,237,274
Implementation of new principle:			
Additional compensated absences	(15,042)	(6,672)	(15,042)
Error corrections:			
Net book value of contributed assets	892,811	-	892,811
Beginning net position, reatated	\$ 17,115,043	\$ 16,596,311	\$ 17,115,043

13. Subsequent Events

Management has evaluated subsequent events through December 29, 2025, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 176,784	\$ 157,240	\$ 151,503	\$ 138,917	\$ 129,269	\$ 133,132	\$ 124,191	\$ 109,258	\$ 110,835	\$ 98,036
Interest	585,105	521,517	475,834	416,064	386,715	367,639	347,625	334,038	315,337	298,555
Changes in benefit terms	-	-	313,163	233,333	56,999	(65,566)	(54,351)	(80,015)	(42,749)	(60,652)
Differences between actual and expected experience	27,597	527,693	-	732,487	-	-	-	100,104	-	-
Change of assumptions	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(288,446)	(279,458)	(259,450)	(186,151)	(169,502)	(166,948)	(133,747)	(140,911)	(124,091)	(125,851)
Net change in total pension liability	501,040	926,992	681,050	1,334,650	403,481	268,257	283,718	322,474	259,332	210,088
Total pension liability - beginning	8,635,660	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
Total pension liability - ending (a)	<u>\$ 9,136,700</u>	<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>
Plan fiduciary net position										
Contributions - employer	\$ 259,760	\$ 247,519	\$ 127,230	\$ 123,454	\$ 145,402	\$ 163,625	\$ 200,950	\$ 230,743	\$ 220,069	\$ 216,871
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	787,422	510,261	(305,399)	1,657,893	305,943	428,672	439,103	530,840	118,729	131,024
Benefit payments, including refunds of employee contributions	(288,446)	(279,458)	(259,450)	(186,151)	(169,502)	(166,948)	(133,747)	(140,911)	(124,091)	(125,851)
Administrative expense	(5,657)	(4,543)	(4,398)	(3,877)	(3,987)	(3,958)	(3,943)	(3,591)	(2,994)	(2,132)
Net change in plan fiduciary net position	753,079	473,779	(442,017)	1,591,319	277,856	421,391	502,363	617,081	211,713	219,912
Plan fiduciary net position - beginning	8,083,087	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
Plan fiduciary net position - ending (b)	<u>\$ 8,836,166</u>	<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>
Net pension liability (asset) - ending (a)-(b)	<u>\$ 300,534</u>	<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>
Plan fiduciary net position as a percentage of total pension liability	96.71%	93.60%	98.71%	114.57%	113.47%	116.88%	114.73%	110.99%	105.13%	106.59%
Covered payroll	\$ 2,164,666	\$ 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
Net pension liability (asset) as a percentage of covered payroll	13.88%	26.79%	5.47%	-58.05%	-44.84%	-54.56%	-44.16%	-32.60%	-14.65%	-18.00%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 285,385	\$ 216,653	\$ 204,822	\$ 70,704	\$ 71,603	\$ 90,834	\$ 94,151	\$ 170,995	\$ 227,846	\$ 220,069
Contributions in relation to the actuarially determined contribution	369,762	259,760	247,519	127,230	123,454	145,402	163,742	200,954	227,846	220,069
Contribution deficiency (excess)	\$ (84,377)	\$ (43,107)	\$ (42,697)	\$ (56,526)	\$ (51,851)	\$ (54,568)	\$ (69,591)	\$ (29,959)	\$ -	\$ -
Covered payroll	\$ 2,465,080	\$ 2,164,666	\$ 2,062,658	\$ 1,817,573	\$ 1,763,623	\$ 1,710,612	\$ 1,636,246	\$ 1,674,580	\$ 1,597,560	\$ 1,544,346
Contributions as a percentage of covered payroll	15.00%	12.00%	12.00%	7.00%	7.00%	8.50%	10.01%	12.00%	14.26%	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*

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 23,382	\$ 19,048	\$ 24,039	\$ 19,865	\$ 13,953	\$ 14,353	\$ 13,643	\$ 14,699
Interest	12,653	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	(10,335)	(23,661)	4,328	(8,946)	7,062	3,219	(66,955)	-
Changes of assumptions	14,489	42,067	(60,463)	(25,350)	22,868	3,958	(6,315)	(11,800)
Benefit payments	(2,955)	(13,673)	(12,666)	(2,245)	(1,074)	(7,944)	(14,495)	(12,347)
Net change in total OPEB liability	37,234	34,491	(37,305)	94,418	49,718	19,883	(65,732)	(2,433)
Total OPEB liability - beginning	324,751	290,260	327,565	233,147	183,429	163,546	229,278	231,711
Total OPEB liability - ending	<u>\$ 361,985</u>	<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	\$ 2,025,991	\$ 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	17.87%	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, 2025

Notes to Schedule - Public Employee Pension Plan of TCRS

Valuation date: Actuarially determined contribution rates for 2025 were calculated based on the June 30, 2023 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

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.

Changes of 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.

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 benefit terms:

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 period date of June 30, 2022, the discount rate was increased from 2.16 percent to 3.54 percent.

See independent auditor's report.

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

OTHER SUPPLEMENTARY INFORMATION

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2025

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 - 2024	Z-24-THS077	20.607	2,270
THS Grant - 2025	Z-25-THS080	20.607	22,483
Highway Safety Cluster			
THS Grant - 2025	Z-25-THS079	20.600	<u>12,342</u>
	Total Highway Safety Cluster		<u>12,342</u>
Total U.S. Department of Transportation			<u>37,095</u>
U.S. Department of Housing and Urban Development -			
Pass-through from Tennessee Department of Economic and Community Development -			
CDBG Grant - Sewer System Improvements			
	33004-17720	14.228	<u>130,303</u>
Total U.S. Department of Housing and Urban Development			<u>130,303</u>
U.S. Department of Homeland Security -			
Pass through from Tennessee Emergency Management Agency			
Federal Emergency Management Agency			
	DR-4742	97.036	<u>51,415</u>
Total U.S. Department of Homeland Security			<u>51,415</u>
U.S. Department of Justice -			
Organized Crime Drug Enforcement Task Force			
Bulletproof vest grant			
	N/A	16.607	<u>3,174</u>
Total U.S. Department of Justice			<u>3,174</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>795,168</u>
Total U.S. Department of the Treasury			<u>795,168</u>
Total Federal Awards			<u>1,017,155</u>
State Awards:			
State of Tennessee Department of Agriculture			
Farmer's Market Grant			
	N/A	N/A	<u>1,500</u>
State of Tennessee Department of Commerce and Insurance - State Fire Marshall's Office			
	33501-2525161	N/A	<u>25,440</u>
State of Tennessee Department of Tourist Development - Tourism Enhancement			
	32601-77740	N/A	<u>100,000</u>
Tennessee Emergency Management Agency			
	DR-4742	N/A	<u>8,569</u>
Total State Awards			<u>135,509</u>
Total Federal and State Awards			<u>\$ 1,152,664</u>

See independent auditor's report.

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

Notes to the Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2025

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, 2025. 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, 2025

	Governmental Funds				Total Nonmajor Governmental Funds
	Sanitation Fund	Drug Fund	Tourism Fund		
ASSETS					
Cash and cash equivalents	\$ -	\$ 22,735	\$ -	\$	22,735
Accounts receivable	-	146	-		146
Due from other governmental funds	44,001	6,822	367,741		418,564
Due from proprietary fund	21,502	-	-		21,502
Total assets	\$ 65,503	\$ 29,703	\$ 367,741	\$	462,947
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued expenses	\$ 2,156	\$ -	\$ -	\$	2,156
Funds held in trust	-	389	-		389
Total liabilities	2,156	389	-		2,545
Fund balances:					
Restricted	-	29,314	-		29,314
Committed	63,347	-	367,741		431,088
Total fund balances	63,347	29,314	367,741		460,402
Total liabilities and fund balances	\$ 65,503	\$ 29,703	\$ 367,741	\$	462,947

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, 2025

	Sanitation Fund			Drug Fund		
	2025 Original Budget	2025 Final Budget	2025 Actual	2025 Original Budget	2025 Final Budget	2025 Actual
Revenues:						
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	1,822
Charges for services	126,000	126,000	139,220	-	-	-
Fines, forfeits and penalties	-	-	-	3,300	3,300	8,446
Other revenue	-	-	1,885	-	-	1,767
Total revenues	126,000	126,000	141,105	3,300	3,300	12,035
Expenditures:						
Personal services	153,640	153,867	127,121	-	-	-
Contractual services	23,865	23,865	21,840	300	300	-
Supplies	60,500	81,117	60,813	3,000	3,000	2,895
Fixed charges	7,500	7,500	9,626	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	244,505	266,349	219,400	3,300	3,300	2,895
Revenues over (under) expenditures	(118,505)	(140,349)	(78,295)	-	-	9,140
Other financing sources (uses):						
Interfund transfers - in (out)	118,505	140,349	83,153	-	-	-
Total other financing sources (uses)	118,505	140,349	83,153	-	-	-
Net changes in fund balances	-	-	4,858	-	-	9,140
Fund balance, beginning	58,489	58,489	58,489	20,174	20,174	20,174
Fund balance, ending	\$ 58,489	\$ 58,489	\$ 63,347	\$ 20,174	\$ 20,174	\$ 29,314

(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, 2025

	Tourism Fund			Total Nonmajor Governmental Funds			
	2025 Original Budget	2025 Final Budget	2025 Actual	2025 Original Budget	2025 Final Budget	2025 Actual	
Revenues:							
Local taxes	\$ 151,100	\$ 188,211	\$ 247,054	\$ 151,100	\$ 188,211	\$ 247,054	
Intergovernmental revenue	-	100,000	100,000	-	100,000	101,822	
Charges for services	-	-	-	126,000	126,000	139,220	
Fines, forfeits and penalties	-	-	-	3,300	3,300	8,446	
Other revenue	-	4,000	4,000	-	4,000	7,652	
Total revenues	151,100	292,211	351,054	280,400	421,511	504,194	
Expenditures:							
Personal services	-	-	-	152,640	153,867	127,121	
Contractual services	21,100	21,100	8,212	45,265	45,265	30,052	
Supplies	-	-	-	63,500	84,117	63,708	
Fixed charges	-	-	-	7,500	7,500	9,626	
Capital outlay	130,000	271,111	270,228	130,000	271,111	270,228	
Total expenditures	151,100	292,211	278,440	398,905	561,860	500,735	
Revenues over (under) expenditures	-	-	72,614	(118,505)	(140,349)	3,459	
Other financing sources (uses):							
Interfund transfers - in (out)	-	-	-	118,505	140,349	83,153	
Total other financing sources (uses)	-	-	-	118,505	140,349	83,153	
Net changes in fund balances	-	-	72,614	-	-	86,612	
Fund balance, beginning	295,127	295,127	295,127	373,790	373,790	373,790	
Fund balance, ending	\$ 295,127	\$ 295,127	\$ 367,741	\$ 373,790	\$ 373,790	\$ 460,402	

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2025

Year Ending June 30,	Fixed Rate \$1,374,000 General Obligation Refunding Bonds 1.70%		Total	
	Principal	Interest	Principal	Interest
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>\$ 781,000</u>	<u>\$ 47,107</u>	<u>\$ 781,000</u>	<u>\$ 47,107</u>

See independent auditor's report.

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2025

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
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
2040	242,800	8,278	80,000	8,750	322,800	17,028
Thereafter	-	-	170,000	8,925	170,000	8,925
	<u>\$ 3,123,200</u>	<u>\$ 566,607</u>	<u>\$ 1,165,000</u>	<u>\$ 365,838</u>	<u>\$ 4,288,200</u>	<u>\$ 932,445</u>

See independent auditor's report.

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
Bonds Payable: General Obligation Refunding Bonds - Series 2020	\$ 1,374,000	1.70%	06/30/2020	06/01/2031	\$ 904,000	\$ -	\$ 123,000	\$ -	\$ 781,000
Total Bonds Payable					\$ 904,000	\$ -	\$ 123,000	\$ -	\$ 781,000

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
Bonds Payable:									
Water and Sewer Refunding Bonds, Series 2014	\$ 4,680,425	2.29%	08/20/2014	08/01/2039	\$ 3,296,100	\$ -	\$ 172,900	\$ -	\$ 3,123,200
General Obligation Bonds, Series 2017	\$ 1,550,000	Varies	05/01/2017	06/01/2042	1,220,000	-	55,000	-	1,165,000
Total Bonds Payable					<u>\$ 4,516,100</u>	<u>\$ -</u>	<u>\$ 227,900</u>	<u>\$ -</u>	<u>\$ 4,288,200</u>

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2025

	Utility Plant, Property, and Equipment				Accumulated Depreciation				Net Plant	
	Balance July 1, 2024	Additions	Retirements	Adjustments/ Reclassifications	Balance June 30, 2025	Expense	Retirements	Adjustments/ Reclassifications		Balance June 30, 2025
Water system:										
Land and easements	\$ 8,900	-	-	-	8,900	-	-	-	-	\$ 8,900
Buildings	144,189	35,655	-	-	179,844	3,744	-	-	121,359	58,485
Pipes and tanks	13,850,628	1,173,355	8,585	951,141	15,966,539	404,810	8,585	64,531	4,552,359	11,414,180
Equipment	1,131,547	226,976	19,546	-	1,338,977	50,733	19,546	-	623,769	715,208
Vehicles	166,582	58,149	45,475	-	179,256	111,848	45,475	-	85,822	93,434
Furniture and fixtures	34,483	-	24,778	-	9,705	33,117	24,778	-	8,994	711
Total water system	15,336,329	1,494,135	98,384	951,141	17,683,221	479,391	98,384	64,531	5,392,303	12,290,918
 sewer system:										
Buildings	599,549	35,655	3,819	-	631,385	14,522	3,819	-	202,195	429,190
Pipes and tanks	6,106,599	1,958,134	-	6,800	8,071,533	3,002,732	159,097	600	3,162,429	4,909,104
Equipment	2,400,990	7,861	99,687	-	2,309,164	91,773	99,687	-	850,754	1,458,410
Vehicles	189,350	58,149	68,583	-	158,916	114,615	68,583	-	65,481	93,435
Furniture and fixtures	88,694	-	14,171	-	74,523	4,840	14,171	-	61,614	12,909
Total sewer system	9,365,182	2,059,799	186,260	6,800	11,245,521	289,681	186,260	600	4,342,473	6,903,048
Total plant in service	24,701,511	3,553,934	284,644	957,941	28,928,742	769,072	284,644	65,131	9,734,776	19,193,966
Construction work in progress	1,029,808	1,794,176	1,406,348	-	1,417,636	-	-	-	-	1,417,636
Total plant	\$ 25,731,319	\$ 5,348,110	\$ 1,690,992	\$ 957,941	\$ 30,346,378	\$ 769,072	\$ 284,644	\$ 65,131	\$ 9,734,776	\$ 20,611,602

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Fiscal Year Ended June 30, 2025

Tax Year	Balance July 1, 2024	Current Assessment	Abatements and Adjustments	Collections	Balance June 30, 2025
2024	\$ -	\$ 1,155,476	\$ 2,249	\$ 1,084,944	\$ 72,781
2023	50,551	-	4,073	37,640	16,984
2022	19,396	-	1,489	5,620	15,265
2021	13,067	-	-	179	12,888
2020	13,937	-	-	-	13,937
2019	13,447	-	-	-	13,447
2018	13,486	-	-	-	13,486
2017	13,299	-	-	-	13,299
2016	1,394	-	-	-	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>\$ 153,873</u>	<u>\$ 1,155,476</u>	<u>\$ 7,811</u>	<u>\$ 1,128,383</u>	188,777

January 1, 2025 property tax assessment was not billed until
October 1, 2025

1,202,000

\$ 1,390,777

NOTE: All outstanding delinquent property taxes for years 2003 -
2023 have been filed in Chancery Court.

See independent auditor's report.

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE
 Analysis of Tax Rates and Assessments

June 30, 2025

Fiscal Year	Assessed Value	Tax Rate Per \$100	Total Tax Levy	Total Tax Collections	Total Collections as a Percent of Total Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes Filed in Chancery Court
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	1,063,061	98.80%	12,888	12,888
2023	122,912,389	0.9050	1,115,448	1,100,183	98.63%	15,265	15,265
2024	189,152,628	0.5813	1,120,370	1,103,386	98.48%	16,984	-
2025	198,775,092	0.5813	1,157,725	1,084,944	93.71%	72,781	-

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Utility Rate Structure and Number of Customers

June 30, 2025

	Inside Town	Outside Town	E-One
WATER RATES			
Residential:			
First 2,000 gallons (minimum billing)	\$26.32	\$39.41	N/A
Over 2,000 gallons (per 1,000 gallons)	4.89	9.57	N/A
Commercial:			
First 2,000 gallons (minimum billing)	34.26	51.82	N/A
Over 2,000 gallons (per 1,000 gallons)	6.11	11.96	N/A
Heavy commercial and industrial:			
First 2,000 gallons (minimum billing)	52.71	80.77	N/A
Over 2,000 gallons (per 1,000 gallons)	6.46	12.66	N/A
Swannsylvania:			
First 2,000 gallons (minimum billing)	N/A	53.92	N/A
Over 2,000 gallons (per 1,000 gallons)	N/A	8.30	N/A
SEWER RATES			
Residential (Inside Town):			
First 2,000 gallons (minimum billing)	28.78	N/A	72.22
Over 2,000 gallons (per 1,000 gallons)	7.37	N/A	8.09
Residential (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	44.06	89.05
Over 2,000 gallons (per 1,000 gallons)	N/A	15.86	17.42
Commercial (Inside Town):			
First 2,000 gallons (minimum billing)	38.31	N/A	82.72
Over 2,000 gallons (per 1,000 gallons)	8.90	N/A	9.77
Commercial (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	59.04	105.54
Over 2,000 gallons (per 1,000 gallons)	N/A	19.09	20.99
Heavy commercial and industrial (Inside Town):			
First 2,000 gallons (minimum billing)	60.54	N/A	107.17
Over 2,000 gallons (per 1,000 gallons)	8.90	N/A	9.77
Heavy commercial and industrial (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	93.95	143.90
Over 2,000 gallons (per 1,000 gallons)	N/A	19.09	20.99
NUMBER OF METERED CUSTOMERS			
Water		4,130	
Sewer		1,798	

See independent auditor's report.

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

OTHER STATISTICAL SCHEDULES
(Unaudited)

TOWN OF DANDRIDGE, TENNESSEE

Miscellaneous Statistical Data

June 30, 2025

Incorporated	1915
Form of government	Mayor - Aldermen
Area in square miles	5.76
Police protection:	
Number of stations	1
Number of full-time employees	12
Fire protection:	
Number of stations	2
Number of employees	0
Number of volunteers	26
Total number of public safety employees (full-time)	12
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.

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

INTERNAL CONTROL AND COMPLIANCE SECTION

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

BROWN JAKE & McDANIEL, PC

CERTIFIED PUBLIC ACCOUNTANTS
2607 KINGSTON PIKE, SUITE 110
KNOXVILLE, TENNESSEE 37920-3336
865/637-8600 • fax: 865/637-8601
www.bjmpc.com

JOE L. BROWN, CPA, CGFM, CGMA
FRANK D. McDANIEL, CPA, CGFM, CGMA
TERRY L. MOATS, CPA, CGFM, CGMA
JAMES E. BOOHER, CPA, CGMA
HALEY S. SLAGLE, CPA, CGMA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Mayor and Aldermen
Town of Dandridge, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dandridge, Tennessee (the Town) as of and for the year ended June 30, 2025, 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 29, 2025.

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 or significant deficiencies 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 29, 2025

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

BROWN JAKE & McDANIEL, PC

CERTIFIED PUBLIC ACCOUNTANTS
2607 KINGSTON PIKE, SUITE 110
KNOXVILLE, TENNESSEE 37919-3336
865/637-8600 • fax: 865/637-8601
www.bjmpc.com

JOE L. BROWN, CPA, CGFM, CGMA
FRANK D. McDANIEL, CPA, CGFM, CGMA
TERRY L. MOATS, CPA, CGFM, CGMA
JAMES E. BOOHER, CPA, CGMA
HALEY S. SLAGLE, CPA, CGMA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Mayor and Aldermen
Town of Dandridge, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Dandridge, Tennessee's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Dandridge, Tennessee's major federal programs for the year ended June 30, 2025. The Town of Dandridge, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Dandridge, Tennessee complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit 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). Our responsibilities under these standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Dandridge, Tennessee and to meet other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Dandridge, Tennessee's compliance with the compliance requirements listed above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Dandridge, Tennessee's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Dandridge, Tennessee's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Town of Dandridge, Tennessee's compliance with the requirements of each major federal program as a whole

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Dandridge, Tennessee's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Dandridge, Tennessee's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Dandridge, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose

CERTIFIED PUBLIC ACCOUNTANTS

Knoxville, Tennessee
December 29, 2022

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

ACCOMPANYING SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. SUMMARY OF AUDITOR'S RESULTS

- A. An unmodified opinion was issued on the basic financial statements of the Town of Dandridge, Tennessee for the year ended June 30, 2025.
- B. Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported
- C. Our audit disclosed no instances of noncompliance considered by us to be material to the financial statements.
- D. Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported
- E. An unmodified opinion was issued on compliance for the Town of Dandridge, Tennessee's major programs.
- F. The audit disclosed no audit findings relating to major programs required to be reported under 2 CFR Section 200.516(a).
- G. We identified the following major federal assistance programs:
Assistance Listing Number 21.027 – COVID-19 – U.S. Department of the Treasury – Coronavirus State and Local Fiscal Recovery Funds – Pass-through from Tennessee Department of Environment and Conservation
- H. The threshold for distinguishing between Type A and Type B programs was \$750,000.
- I. The auditee was not determined to be a low-risk auditee.

II. SUMMARY OF FINDINGS RELATING TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED BY *GOVERNMENT AUDITING STANDARDS*

None

III. SUMMARY OF FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

PRELIMINARY, FOR DISCUSSION PURPOSES ONLY

TOWN OF DANDRIDGE, TENNESSEE
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2025

There were no prior year findings.