TOWN OF DANDRIDGE, TENNESSEE

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

and

INDEPENDENT AUDITOR'S REPORT

TOWN OF DANDRIDGE, TENNESSEE

Annual Financial Report

For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1 – 2
List of Principal Officials	3
FINANCIAL SECTION	
Independent Auditor's Report	4 – 6
Required Supplementary Information:	
Management's Discussion and Analysis	7 – 15
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	16 – 17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Statement of Net Position – Proprietary Funds	23 – 24
Statement of Revenues, Expenses and Change in Net Position – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26
General Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	27 – 30
Volunteer Fire Department Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	31
Notes to Basic Financial Statements	32 – 58
Required Supplementary Information:	
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS	59
Schedule of Dandridge's Contributions Based on Participation in the Public Employee Pension Plan of TCRS	60
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios	61
Notes to Required Supplementary Information:	
Public Employee Pension Plan of TCRS	62
Local Government OPEB Plan (LGOP)	62

TOWN OF DANDRIDGE, TENNESSEE

Annual Financial Report

For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS (Continued)

	Page
FINANCIAL SECTION (Continued)	
Other Supplementary Information:	
Schedule of Expenditures of Federal and State Awards	63
Notes to the Schedule of Expenditures of Federal and State Awards	64
Combining Balance Sheet – Nonmajor Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds	66 – 67
Schedule of Long-Term Principal and Interest Requirements by Issue – Governmental Activities	68 – 69
Schedule of Long-Term Principal and Interest Requirements By Issue – Business-Type Activities	70
Schedule of Changes in Long-Term Debt by Individual Issue – Governmental Activities	71
Schedule of Changes in Long-Term Debt by Individual Issue – Business-Type Activities	72
Schedule of Utility Plant: Water and Sewer Department	73
Schedule of Changes in Property Taxes Receivable	74
Analysis of Tax Rates and Assessments	75
Utility Rate Structure and Number of Customers: Water and Sewer Department	76
OTHER STATISTICAL SCHEDULES (Unaudited)	
AWWA Reporting Worksheet	77
AWWA System Attributes and Performance Indicators	78
Miscellaneous Statistical Data	79
INTERNAL CONTROL AND COMPLIANCE SECTION	
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*	80 – 81
Summary Schedule of Prior Audit Findings	82

INTRODUCTORY SECTION

WE SAVED A PLACE FOR YOU

DANDRIDGE
TENNESSEE

TownofDandridge.com

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, 2019. 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, 2019, 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 unqualified opinion that the Town's basic financial statements for the year ended June 30, 2019, 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.

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

Town of Dandridge • P. O. Box 249 • Dandridge, TN 37725
(865) 397-7420 • (865) 397-1839 fax

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

Matt Rudder
Town Administrator

TOWN OF DANDRIDGE, TENNESSEE

List of Principal Officials

For the Fiscal Year Ended June 30, 2019

Name	Office
George Gantte	Mayor
Todd Kesterson	Vice-Mayor
Mike Chambers	Alderman
Jeff Depew	Alderman
Jessica Elder	Alderman
Mike Nelson	Alderman
Marianne Reneau Reese	Alderman
Matt Rudder	Administrator*
Cathy Dixon	Town Recorder/CMFO
Terry Reneau	Building Inspector/Codes Enforcement
Donald Whaley	Public Works Superintendent
Mike Norton	Water/Wastewater Superintendent
Carson Williams	Chief of Police
Andy Riley	Fire Chief
Cathy Carter	Human Resources Clerk
Christopher Shockley	Assistant Town Administrator / Recreation Director

*Certified Municipal Finance Officer

FINANCIAL SECTION

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

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

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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

□ □ □

Opinions

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, the aggregate remaining fund information, and the respective budgetary comparison for the General Fund and the Volunteer Fire Department Fund of the Town of Dandridge, Tennessee as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 15 and the required supplementary information on pages 59 through 62 be presented to supplement the basic financial statements. Such information, 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 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 introductory section, other supplementary information in the financial section, and other statistical schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information in the financial section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information in the financial section is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and other statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 17, 2020 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 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.

Brown Lake & McDaniel, PC

Knoxville, Tennessee
January 17, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2019

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, 2019. 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 regards to inter-fund activity, payables and receivables.

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

REPORTING THE TOWN AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

> **Government Activities -** Most of the Town's basic services are reported in this category, including the General Government, Fire, Police, Streets, Sanitation, Parks and Recreation, Library, Legislative and Tourism. Property taxes, intergovernmental revenues, user fees, interest income, franchise fees and state and federal grants finance these activities.
>
> **Business-Type Activities -** The Town charges a fee to customers to cover all or most of the cost of certain services it provides. The Town's water and wastewater service activities are reported in this category.

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE TOWN AS A WHOLE

The Town is providing comparative condensed financial information for fiscal years 2019 and 2018. 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	
	2019	2018	2019	2018
Current and other assets	$ 4,370,913	$ 3,998,015	$ 1,465,028	$ 1,785,219
Capital assets	10,168,120	9,818,784	13,819,422	13,101,252
Total assets	14,539,033	13,816,799	15,284,450	14,886,471
Total deferred outflows of resources	187,011	213,783	74,100	88,240
Long-term liabilities	2,117,116	2,152,055	5,603,912	5,863,456
Other liabilities	482,191	395,560	354,455	505,988
Total liabilities	2,599,307	2,547,615	5,958,367	6,369,444
Total deferred inflows of resources	1,399,763	1,294,848	91,039	54,398
Net investment in capital assets	7,856,451	7,596,556	8,017,363	7,055,210
Restricted	599,310	439,258	195,475	130,362
Unrestricted	2,271,213	2,152,305	1,096,306	1,365,297
TOTAL NET POSITION	$10,726,974	$ 10,188,119	$ 9,309,144	$ 8,550,869

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	
	2019	2018	2019	2018
Program Revenue:				
Charges for Services	$ 453,186	$ 454,593	$ 2,741,626	$ 2,371,681
Operating Grants and Contributions	344,122	375,906	-	-
Capital Grants and Contributions	16,191	64,275	377,318	-
General Revenue:				
Taxes:				
Sales Taxes	1,575,552	1,516,552	-	-
Property Taxes	1,020,152	1,038,836	-	-
Hotel/Motel Taxes	96,056	99,620	-	-
In-Lieu of Tax	34,110	32,697	-	-
Wholesale/State Beer and Wine Taxes	208,631	198,586	-	-
Mixed Drink Tax	10,859	13,026	-	-
Business Taxes	113,731	109,986	-	-
Cable TV Franchise Tax	58,095	54,757	-	-
State Income Tax	13,754	89,806	-	-
Excise Taxes	7,556	8,796	-	-
Licenses and Permits	22,332	24,230	-	-
Interest Earned	4,767	4,420	2,634	5,476
Miscellaneous	137,434	92,883	-	-
Gain on Sale of Fixed Assets	31,679	-	540	-
TOTAL REVENUE	4,148,207	4,178,969	3,122,118	2,377,157
Program Expenses:				
General Government	713,416	814,377	-	-
Public Safety	906,031	937,996	-	-
Public Works	727,708	836,695	-	-
Culture and Recreation	657,901	646,794	-	-
Community Development	-	73,238	-	-
Debt Service	80,686	83,119	-	-
Solid Waste	156,679	160,288	-	-
Volunteer Fire Department	349,657	308,033	-	-
Tourism	17,274	33,334	-	-
Water and Sewer Department	-	-	2,363,843	2,330,711
TOTAL PROGRAM EXPENSES	3,609,352	3,893,874	2,363,843	2,330,711
Change in Net Position	538,855	285,095	758,275	46,446
Net Position, Beginning, as Previously Stated	10,188,119	10,064,735	8,550,869	8,562,076
Cumulative Effect of Change in Accounting Principle	-	(161,711)	-	(57,653)
Net Position, Beginning, as Restated	10,188,119	9,903,024	8,550,869	8,504,423
Net Position, Ending	$ 10,726,974	$ 10,188,119	$ 9,309,144	$ 8,550,869

The cost of all Governmental activities this year was $3,609,352. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town taxes was only $2,795,853 because some of the cost was paid by those who directly benefited from the programs ($453,186), or by other governments and organizations that subsidized certain programs with operating grants and contributions ($344,122) and other capital grants and contributions ($16,191). Overall, the Town's governmental program revenues, including intergovernmental aid and fees for services, were $813,499. The Town paid for the remaining "public benefit" portion of governmental activities with $3,334,708 in taxes and with other revenues, such as interest, licenses and permits, and other miscellaneous revenues.

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

TABLE 3

	Net Revenue (Expense)	
	2019	2018
Governmental Activities:		
General Government	$ (662,538)	$ (767,598)
Public Safety	(813,941)	(854,868)
Public Works	(575,853)	(693,987)
Culture and Recreation	(435,639)	(436,765)
Community Development	-	-
Debt Service	(80,686)	(83,119)
Solid Waste	(38,428)	(42,610)
Volunteer Fire Department	(171,494)	(137,319)
Tourism	(17,274)	17,166
Total Governmental Activities	$ (2,795,853)	$ (2,999,100)

Net position on July 1, 2018 was in the amount of $10,188,119. The Town's overall net position increased $538,855 from the prior fiscal year. Program revenue totaled $813,499 and general revenues totaled $3,334,708. Total governmental activities expenses during the year were $3,609,352. Ending net position for 2019 was $10,726,974.

BUSINESS-TYPE ACTIVITIES

The cost of all Proprietary (Business-Type) activities this year was $2,363,843. As shown in the Statement of Activities, the amount paid by users of the system was $2,741,626. Capital contributions from developers during the year was $377,318.

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 $521,106.

Net position on July 1, 2018 was in the amount of $8,550,869, and the department had program revenues of $3,118,944 and general revenues of $3,174. Total Proprietary Fund (Business-Type) expenses during the year were $2,363,843. Ending net position for 2019 was $9,309,144.

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

	BUSINESS-TYPE ACTIVITIES	
	2019	2018
Revenues:		
Operating Revenues	$ 2,741,626	$ 2,371,681
General Revenues	3,174	5,476
TOTAL REVENUES	2,744,800	2,377,157
Expenses:		
Water Treatment and Distribution	834,323	844,864
Sewer Collection and Disposal	655,803	599,471
Administrative and General	261,745	269,674
Depreciation	468,649	463,486
Non-Operating Expenses	143,323	153,216
TOTAL EXPENSES	2,363,843	2,330,711
Income Before Capital Contributions	380,957	46,446
Capital Contributions from Developer	377,318	-
Change in net position	758,275	46,446
Net Position, Beginning, as Previously Stated	8,550,869	8,562,076
Cumulative Effect of Change in Accounting Principle	-	(57,653)
Net Position, Beginning, as Restated	8,550,869	8,504,423
Net Position, Ending	$ 9,309,144	$ 8,550,869

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 $4,129,228 and expenditures of $4,447,185. The expenditures exceeded the revenues by $317,957. This was influenced significantly by expenditures in the Volunteer Fire Department Fund for the purchase of a new fire truck.

As the Town completed the year, all governmental funds had a fund balance of $2,537,641 which we consider a substantial financial position. The Town's management believes with potential decreases in sales tax and future capital expenditures the fund balance needs to increase in future years.

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 2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - Governmental-Type Activities

At the end of fiscal years 2019 and 2018, the Town had $15,175,414 and $14,583,810, respectively, invested in land, buildings and improvements, infrastructures, and machinery and equipment. Table 5 shows fiscal years 2019 and 2018 balances.

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

	2019	2018
Land	$ 634,202	$ 626,202
Construction in Progress	-	-
Buildings and Improvements	5,136,107	5,136,107
Infrastructures	5,488,522	5,475,136
Machinery and Equipment	3,916,583	3,346,365
	15,175,414	14,583,810
Less: Accumulated Depreciation	5,007,294	4,765,026
	$ 10,168,120	$ 9,818,784

The Town acquired or constructed capital assets during the fiscal year totaling $708,051. The Town adopts an annual budget with capital outlays included.

Capital Assets - Business-Type Activities

At the end of the fiscal years 2019 and 2018, the Town had $20,609,761 and $19,476,281, respectively, invested in buildings, lines and tanks, equipment, furniture and fixtures, and vehicles. Table 6 shows fiscal years 2019 and 2018 balances.

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

	2019	2018
Construction in Progress	$ 1,745,529	$ 1,027,462
Land Easements	8,900	8,900
Buildings	718,780	718,780
Lines and Tanks	14,923,954	14,501,128
Equipment	2,750,506	2,791,607
Furniture and Fixtures	124,377	124,377
Vehicles	337,715	304,027
	20,609,761	19,476,281
Less: Accumulated Depreciation	6,790,339	6,375,029
	$13,819,422	$13,101,252

The Water and Sewer Department plans additional capital outlays during 2020. Not all of these projects will be completed within the 2020 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 $8,085,940.

TABLE 7
OUTSTANDING DEBT

	GOVERNMENT-WIDE ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	2019	2018	2019	2018
Bonds and Capital Outlay Notes	$ 2,263,000	$ 2,129,000	$ 5,611,100	$ 5,848,000
Capital Leases	38,085	93,228	-	-
Loan from Primary Government	-	-	173,755	180,089
Total Long-Term Debt	$ 2,301,085	$ 2,222,228	$ 5,784,855	$ 6,028,089

The Town's total debt decreased by $164,377 during the current fiscal year.

NEXT YEAR'S BUDGET

The Board of Mayor and Alderman approved a FY2020 budget that did not include a property tax increase. Conservative budgeting practices were applied in projecting revenues for the budget; however, the Town does anticipate continued growth in state shared revenue and other local taxes. The budget includes a three percent (3%) raise for employees, a commercial mower and salt spreader for the Public Works Department, a commercial mower and top dresser for the Parks and Recreation Department, computer workstations and digital radios for the Police Department, SCBA air packs and bottles for the Fire Department, computer workstations for Administration, and a paving project on East Main Street.

The Enterprise Fund budget was also prepared using a conservative approach. The budget includes a three percent (3%) raise for employees and appropriations for debt service related to significant infrastructure improvements that have been made in recent years such as the KUB waterline project and phase I & II of the waterline replacement project. The Town approved a rate increase in FY 2020 in order to continue the infrastructure improvements throughout the water/wastewater system.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 2,012,232	$ 948,169	$ 2,960,401
Receivables:			
Property taxes	1,178,610	-	1,178,610
Interfund note (current portion)	6,334	-	6,334
Other	51,991	4,450	56,441
Customer service accounts, less allowance for doubtful accounts of $2,000	-	236,103	236,103
Unbilled receivables	-	101,880	101,880
Due from other governments	335,500	-	335,500
Internal balances	21,049	(21,049)	-
Restricted assets:			
Cash and cash equivalents	53,341	-	53,341
Other receivables	381	-	381
Total current assets	3,659,438	1,269,553	4,928,991
Non-current assets			
Capital assets:			
Land and other asset not being depreciated	634,202	1,754,429	2,388,631
Depreciable capital assets	14,541,212	18,855,332	33,396,544
	15,175,414	20,609,761	35,785,175
Less: Accumulated depreciation	(5,007,294)	(6,790,339)	(11,797,633)
Total capital assets	10,168,120	13,819,422	23,987,542
Other non-current assets			
Interfund receivable, less current maturities	167,421	-	167,421
Net pension asset	544,054	195,475	739,529
Total non-current assets	10,879,595	14,014,897	24,894,492
Total assets	14,539,033	15,284,450	29,823,483
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to the measurement date	118,721	45,021	163,742
Change in proportion and differences between contributions and proportionate share of contributions - pension	5,190	4,967	10,157
Changes of assumptions - pension	55,234	19,844	75,078
OPEB contributions subsequent to the measurement date	7,866	4,268	12,134
Total deferred outflows of resources	187,011	74,100	261,111

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position
(Continued)

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Payable from current assets:			
Current maturities of long-term debt	$ 359,998	$ 247,734	$ 607,732
Accounts payable	42,836	60,518	103,354
Accrued expenses	49,648	20,464	70,112
Compensated absences	-	20,413	20,413
Due to other governments	26,517	5,326	31,843
Payable from restricted assets:			
Accrued expenses	685	-	685
Funds held in trust	2,507	-	2,507
Total current liabilities	482,191	354,455	836,646
Non-current liabilities:			
Due in more than one year	1,941,087	5,369,700	7,310,787
Interfund payable	-	167,421	167,421
Compensated absences	51,486	-	51,486
Total OPEB liability	113,959	49,587	163,546
Unamortized bond premium	10,584	17,204	27,788
Total non-current liabilities	2,117,116	5,603,912	7,721,028
Total liabilities	2,599,307	5,958,367	8,557,674
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources:			
Property taxes	1,167,025	-	1,167,025
Change in proportion and differences between contributions and proportionate share of contributions - pension	4,967	5,190	10,157
Net difference between projected and actual earnings on plan investments - pension	20,427	7,341	27,768
Differences between projected and actual experience - pension	154,408	55,473	209,881
Changes of assumptions - OPEB	10,602	4,614	15,216
Differences between projected and actual experience - OPEB	42,334	18,421	60,755
Total deferred inflows of resources	1,399,763	91,039	1,490,802
NET POSITION			
Net position:			
Net investment in capital assets	7,856,451	8,017,363	15,873,814
Restricted:			
Net pension asset	544,054	195,475	739,529
Drug enforcement	55,256	-	55,256
Unrestricted	2,271,213	1,096,306	3,367,519
Total net position	$ 10,726,974	$ 9,309,144	$ 20,036,118

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

TOWN OF DANDRIDGE, TENNESSEE

Statement of Activities

For the Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities	Net Revenue (Expense) and Changes in Net Position: Business-Type Activities	Net Revenue (Expense) and Changes in Net Position: Total
Primary government:							
Governmental activities:							
General government	$ 713,416	$ 13,316	$ 37,562	$ -	$ (662,538)	$ -	$ (662,538)
Public safety	906,031	62,533	28,227	1,330	(813,941)	-	(813,941)
Public works	727,708	35,624	104,337	11,894	(575,853)	-	(575,853)
Recreation	657,901	222,262	-	-	(435,639)	-	(435,639)
Debt service	80,686	-	-	-	(80,686)	-	(80,686)
Solid waste	156,679	118,251	-	-	(38,428)	-	(38,428)
Volunteer fire department	349,657	1,200	173,996	2,967	(171,494)	-	(171,494)
Tourism	17,274	-	-	-	(17,274)	-	(17,274)
Total governmental activities	3,609,352	453,186	344,122	16,191	(2,795,853)	-	(2,795,853)
Business-type activities:							
Dandridge Water and Sewer Dept.	2,363,843	2,741,626	-	377,318	-	755,101	755,101
Total business-type activities	2,363,843	2,741,626	-	377,318	-	755,101	755,101
Total primary government	$ 5,973,195	$ 3,194,812	$ 344,122	$ 393,509	(2,795,853)	755,101	(2,040,752)
General revenues:							
Taxes:							
Sales taxes					1,575,552	-	1,575,552
Property taxes					1,020,152	-	1,020,152
Hotel/Motel taxes					96,056	-	96,056
In-lieu of tax					34,110	-	34,110
Wholesale/state beer and wine taxes					208,631	-	208,631
Mixed drink tax					10,859	-	10,859
Business taxes					113,731	-	113,731
Cable TV franchise tax					58,095	-	58,095
State income tax					13,754	-	13,754
Excise taxes					7,556	-	7,556
Licenses and permits					22,332	-	22,332
Interest earned					4,767	2,634	7,401
Gain on disposal of capital assets					31,679	540	32,219
Miscellaneous					137,434	-	137,434
Total general revenues					3,334,708	3,174	3,337,882
Change in net position					538,855	758,275	1,297,130
Net position - beginning					10,188,119	8,550,869	18,738,988
Net position - ending					$ 10,726,974	$ 9,309,144	$ 20,036,118

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

TOWN OF DANDRIDGE, TENNESSEE

Balance Sheet - Governmental Funds

June 30, 2019

	General Fund	Volunteer Fire Department Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,746,408	$ 265,824	$ -	$ 2,012,232
Receivables:				
Property taxes	1,178,610			1,178,610
Interfund note (current portion)	6,334	-	-	6,334
Other	51,991	-	-	51,991
Due from other governments	335,500	-	-	335,500
Due from other governmental funds	274	195	87,247	87,716
Due from proprietary funds	-	-	21,379	21,379
Interfund receivable, less current maturities	167,421	-	-	167,421
Restricted assets:				
Cash and cash equivalents	-	-	53,341	53,341
Other receivables	-	-	381	381
Due from governmental funds	-	-	5,000	5,000
Total assets	$ 3,486,538	$ 266,019	$ 167,348	$ 3,919,905
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 18,675	$ 24,161	$ -	$ 42,836
Accrued expenses	45,464	1,207	2,977	49,648
Due to other funds	92,442	-	-	92,442
Due to proprietary fund	330	-	-	330
Due to other governments	26,517	-	-	26,517
Payable from restricted assets:				
Accrued expenses	-	-	685	685
Due to other funds	-	-	274	274
Funds held in trust	-	-	2,507	2,507
Total liabilities	183,428	25,368	6,443	215,239
Deferred inflows of resources:				
Property taxes	1,167,025	-	-	1,167,025
Total deferred inflows of resources	1,167,025	-	-	1,167,025
Fund balances:				
Nonspendable	173,755	-	-	173,755
Restricted	-	-	55,256	55,256
Assigned	-	240,651	105,649	346,300
Unassigned	1,962,330	-	-	1,962,330
Total fund balances	2,136,085	240,651	160,905	2,537,641
Total liabilities, deferred inflows of resources and fund balances	$ 3,486,538	$ 266,019	$ 167,348	$ 3,919,905

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

TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2019

Total fund balances--governmental funds		$ 2,537,641
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets	$ 15,175,414	
Accumulated depreciation	(5,007,294)	10,168,120
The net pension asset is not an available resource and, therefore, is not reported in the funds		544,054
The total OPEB liability is not due and payable in the current period and, therefore, is not reported in the funds		(113,959)
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 and capital outlay notes payable	(2,263,000)	
Unamortized bond premium	(10,584)	
Compensated absences	(51,486)	
Lease obligations	(38,085)	(2,363,155)
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	118,721	
Change in proportion and differences between contributions and proportionate share of contributions - pension	5,190	
Changes of assumptions - pension	55,234	
OPEB contributions subsequent to the measurement date	7,866	
Deferred inflows -		
Change in proportion and differences between contributions and proportionate share of contributions - pension	(4,967)	
Net difference between projected and actual earnings on plan investments - pension	(20,427)	
Differences between projected and actual experience - pension	(154,408)	
Changes of assumptions - OPEB	(10,602)	
Differences between projected and actual experience - OPEB	(42,334)	(45,727)
Total net position--governmental activities		$ 10,726,974

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

TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2019

	General Fund	Volunteer Fire Department Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local taxes	$ 2,733,395	$ -	$ 96,056	$ 2,829,451
Licenses and permits	22,332	-	-	22,332
Federal, state and local grants	35,121	2,967	1,330	39,418
Intergovernmental revenues	419,382	85,661	-	505,043
Charges for services	283,941	1,200	118,251	403,392
Interest earnings	4,636	131	-	4,767
Fines, forfeits and penalties	39,910	-	9,884	49,794
Contributions and donations	36,562	88,335	-	124,897
Other revenue	41,346	66,941	41,847	150,134
Total revenues	3,616,625	245,235	267,368	4,129,228
Expenditures:				
General government	736,507	-	-	736,507
Public safety	1,050,479	-	-	1,050,479
Public works	669,270	-	-	669,270
Culture and recreation	592,641	-	-	592,641
Debt service	299,227	29,445	143,102	471,774
Sanitation	-	-	160,987	160,987
Volunteer fire department	-	663,802	-	663,802
Drug enforcement	-	-	100,448	100,448
Tourism	-	-	1,277	1,277
Total expenditures	3,348,124	693,247	405,814	4,447,185
Revenues over (under) expenditures	268,501	(448,012)	(138,446)	(317,957)
Other financing sources (uses):				
Proceeds from capital outlay note	220,000	146,000	99,000	465,000
Proceeds from capital lease	4,050	-	-	4,050
Transfers (to) from other funds	(235,712)	187,157	48,555	-
Total other financing sources (uses)	(11,662)	333,157	147,555	469,050
Net changes in fund balances	256,839	(114,855)	9,109	151,093
Fund balance, beginning	1,879,246	355,506	151,796	2,386,548
Fund balance, ending	$ 2,136,085	$ 240,651	$ 160,905	$ 2,537,641

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

TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2019

Total net change in fund balances--governmental funds		$ 151,093
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 capital outlays exceeds depreciation expense.		
Depreciation expense	$ (358,715)	
Capital outlays	708,051	349,336
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.		
Proceeds from capital lease	(4,050)	
Proceeds from capital outlay note	(465,000)	
Principal paid on long-term debt	390,193	
Premium amortized	895	(77,962)
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:		
Compensated absences	1,956	
Change in total OPEB liability	17,029	
Change in net pension liability	97,403	116,388
Change in net position of governmental activities		$ 538,855

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

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position - Proprietary Funds

June 30, 2019

	Enterprise Fund Water and Sewer Department
ASSETS	
Current assets:	
Cash and cash equivalents	$ 948,169
Receivables -	
Customer service accounts, less allowance for doubtful accounts of $2,000	236,103
Unbilled receivables	101,880
Other	4,450
Due from governmental funds	330
Total current assets	1,290,932
Non-current assets:	
Capital assets, not being depreciated -	
Land and land rights	8,900
Construction work in progress	1,745,529
Capital assets, being depreciated -	
Utility plant	18,855,332
Less: accumulated depreciation	(6,790,339)
Total capital assets	13,819,422
Other non-current assets:	
Net pension asset	195,475
Total non-current assets	14,014,897
Total assets	15,305,829
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions subsequent to the measurement date	45,021
OPEB contributions subsequent to the measurement date	4,268
Change in proportion and differences between contributions and proportionate share of contributions - pension	4,967
Changes of assumptions - pension	19,844
Total deferred outflows of resources	74,100

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position - Proprietary Funds
(Continued)

June 30, 2019

	Enterprise Fund Water and Sewer Department
LIABILITIES	
Current liabilities:	
Current maturities of long-term debt	$ 247,734
Accounts payable	60,518
Accrued expenses	1,838
Accrued wages payable	18,626
Compensated absences payable	20,413
Due to governmental funds	21,379
Due to other governments	5,326
Total current liabilities	375,834
Non-current liabilities:	
Interfund payable, less current maturities	167,421
Unamortized bond premium	17,204
Long-term debt, less current maturities	5,369,700
Total OPEB liability	49,587
Total non-current liabilities	5,603,912
Total liabilities	5,979,746
DEFERRED INFLOWS OF RESOURCES	
Change in proportion and differences between contributions and proportionate share of contributions - pension	5,190
Net difference between projected and actual earnings on plan investments - pension	7,341
Differences between projected and actual experience - pension	55,473
Differences between projected and actual experience - OPEB	18,421
Changes of assumptions - OPEB	4,614
Total deferred inflows of resources	91,039
NET POSITION	
Net position:	
Net investment in capital assets	8,017,363
Restricted for net pension asset	195,475
Unrestricted	1,096,306
Total net position	$ 9,309,144

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

TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2019

	Enterprise Fund Water and Sewer Department
Operating revenues:	
Water sales	$ 1,601,204
Sewer service charges	903,514
Forfeited discounts and penalties	30,835
Tap fees	115,000
Fire service and hydrant rental	13,800
Miscellaneous	33,453
Installation charges	43,820
Total operating revenues	2,741,626
Operating expenses:	
Water treatment and distribution	834,323
Sewer collection and disposal	655,803
Administrative and general	261,745
Provision for depreciation	468,649
Total operating expenses	2,220,520
Operating income	521,106
Non-operating revenues (expense):	
Interest income	2,634
Gain on disposal	540
Interest expense	(143,323)
Total non-operating revenues (expenses)	(140,149)
Income before capital contributions	380,957
Capital contributions from developer	377,318
Change in net position	758,275
Net position, beginning	8,550,869
Net position, ending	$ 9,309,144

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

TOWN OF DANDRIDGE, TENNESSEE

Statement of Cash Flows - Proprietary Funds
Water and Sewer Department

For the Fiscal Year Ended June 30, 2019

Cash flows from operating activities:	
Cash received from customers	$ 2,736,377
Cash payments to suppliers for goods and services	(1,477,311)
Cash payments to employees for services	(446,867)
Net cash provided by operating activities	812,199
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(812,062)
Principal payments on long-term debt	(243,234)
Proceeds from sale of capital assets	3,100
Interest paid on long-term debt	(144,071)
Net cash used by capital and related financing activities	(1,196,267)
Cash flows from investing activities:	
Interest received on investments	2,634
Net cash provided by investing activities	2,634
Net decrease in cash and cash equivalents	(381,434)
Cash and cash equivalents, beginning	1,329,603
Cash and cash equivalents, ending	$ 948,169
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 521,106
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	468,649
(Increase) decrease in assets and deferred outflows:	
Accounts receivable	971
Unbilled revenue	(7,359)
Other receivables	244
Net pension asset	(65,113)
Deferred outflows related to pension and OPEB	14,140
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable and accrued expenses	(160,888)
Accrued wages and benefits payable	3,960
Due to other governments	895
Due to governmental funds	10,014
Total OPEB liability	(11,061)
Deferred inflows related to pension and OPEB	36,641
Net cash provided by operating activities	$ 812,199

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

TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2019

	2019 Original Budget	2019 Final Budget	2019 Actual
Revenues:			
Local taxes:			
Local sales tax	$ 1,291,000	$ 1,291,000	$ 1,323,229
Property taxes	1,035,570	1,035,570	1,020,152
Wholesale beer and wine taxes	205,000	205,000	207,329
Mixed drink taxes	12,000	12,000	10,859
Business tax	85,000	85,000	113,731
Cable TV franchise tax	54,500	54,500	58,095
Total local taxes	2,683,070	2,683,070	2,733,395
Licenses and permits:			
Building permits	30,000	30,000	19,624
Beer permits	2,500	2,500	2,708
Total licenses and permits	32,500	32,500	22,332
Intergovernmental revenues:			
Federal grants - Tennessee Department of Safety and Homeland Security	-	20,000	22,227
State grant - used oil equipment	-	11,894	11,894
State grants - Farmer's market	-	1,000	1,000
State law enforcement education	6,600	6,600	6,000
State sales tax	245,250	245,250	252,323
State income tax	-	-	13,754
State beer tax	1,300	1,300	1,302
State gasoline and motor fuel tax	93,000	93,000	98,754
State street and transportation	5,650	5,650	5,583
Gross receipts tax - TVA	32,800	32,800	34,110
Corporate excise tax	8,300	8,300	7,556
Total intergovernmental revenues	392,900	425,794	454,503
Charges for services:			
Street maintenance contract	46,000	46,000	34,163
Park and recreation charges	216,500	216,500	222,262
Other	44,900	44,900	27,516
Total charges for services	307,400	307,400	283,941
Fines, forfeits and penalties:			
Court fines and costs	51,750	51,750	39,910
Total fines, forfeits and penalties	51,750	51,750	39,910

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2019

	2019 Original Budget	2019 Final Budget	2019 Actual
Revenues (continued):			
Other revenue:			
Other revenue	$ 5,850	$ 25,850	$ 8,104
Interest earnings	3,800	3,800	4,636
Rent	25,000	25,000	23,986
Sale of equipment	10,000	10,000	9,256
Contributions	25,000	31,000	36,562
Total other revenue	69,650	95,650	82,544
Total revenues	3,537,270	3,596,164	3,616,625
Expenditures:			
General government:			
Legislative:			
Personal services	58,708	58,708	58,722
Contractual services	9,875	9,875	5,576
Supplies	-	-	322
Total legislative	68,583	68,583	64,620
Judicial:			
Contractual services	4,200	4,200	4,200
Total judicial	4,200	4,200	4,200
Central staff agencies:			
Personal services	289,867	289,867	213,522
Contractual services	77,750	77,750	64,743
Supplies	11,250	11,250	11,972
Total central staff agencies	378,867	378,867	290,237
Building inspector/codes enforcement:			
Personal services	62,317	67,514	65,316
Contractual services	1,155	1,600	1,410
Supplies	1,500	1,500	914
Total building inspector/codes enforcement	64,972	70,614	67,640
General government buildings:			
Personal services	82,954	82,954	78,388
Contractual services	30,780	30,780	28,781
Supplies	37,800	41,268	26,246
Fixed charges	1,000	1,000	340
Capital outlay	-	58,787	13,887
Total general government buildings	152,534	214,789	147,642

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2019

	2019 Original Budget	2019 Final Budget	2019 Actual
Expenditures (continued):			
General government (continued):			
Other general government:			
Personal services	$ 250	$ 250	$ -
Contractual services	43,725	44,725	40,071
Supplies	2,000	2,000	873
Fixed charges	58,000	58,000	47,568
Grants, contributions and donations	65,434	65,434	65,675
Reserve for contingency	10,000	10,000	7,981
Total other general government	179,409	180,409	162,168
Total general government	848,565	917,462	736,507
Public safety:			
Police:			
Personal services	800,013	811,013	780,593
Contractual services	40,675	40,675	35,133
Supplies	65,300	65,300	51,960
Capital outlay	-	178,477	176,459
Total police	905,988	1,095,465	1,044,145
Support services:			
Contractual services	6,334	6,334	6,334
Total support services	6,334	6,334	6,334
Total public safety	912,322	1,101,799	1,050,479
Public works:			
Highways and streets:			
Personal services	236,376	236,376	179,462
Contractual services	73,525	73,525	23,233
Supplies	57,000	57,000	45,239
Building materials	4,000	4,000	6,029
Fixed charges	3,000	3,000	1,450
Capital outlay	-	66,467	72,617
Total highways and streets	373,901	440,368	328,030
City garage:			
Personal services	58,907	58,907	48,917
Contractual services	580	580	567
Supplies	7,225	7,225	6,924
Total city garage	66,712	66,712	56,408
State street aid:			
Contractual services	230,000	291,618	284,832
Total state street aid	230,000	291,618	284,832
Total public works	670,613	798,698	669,270

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2019

	2019 Original Budget	2019 Final Budget	2019 Actual
Expenditures (continued):			
Culture and recreation:			
Recreation:			
Personal services	$ 106,918	$ 106,918	$ 93,931
Contractual services	38,810	38,810	43,803
Supplies	21,700	21,700	8,735
Fixed charges	1,100	1,100	150
Capital outlay	-	8,000	8,000
Total recreation	168,528	176,528	154,619
Activity center:			
Personal services	199,085	199,085	204,482
Contractual services	151,700	157,700	154,296
Supplies	29,650	49,650	21,883
Capital outlay	12,000	12,000	1,671
Total activity center	392,435	418,435	382,332
Libraries:			
Contractual services	8,850	8,850	6,567
Fixed charges	1,500	1,500	1,451
Grants, contributions and donations	47,672	47,672	47,672
Total libraries	58,022	58,022	55,690
Total culture and recreation	618,985	652,985	592,641
Debt service:			
Bonds and notes payable	234,084	234,084	234,083
Interest and fiscal charges	62,141	65,820	65,144
Total debt service	296,225	299,904	299,227
Total expenditures	3,346,710	3,770,848	3,348,124
Revenues over (under) expenditures	190,560	(174,684)	268,501
Other financing sources (uses):			
Proceeds from capital outlay note	-	220,000	220,000
Proceeds from capital lease	-	4,050	4,050
Transfers (to) from other funds	(190,560)	(258,543)	(235,712)
Total other financing sources (uses)	(190,560)	(34,493)	(11,662)
Net change in fund balance	-	(209,177)	256,839
Fund balance, beginning	1,879,246	1,879,246	1,879,246
Fund balance, ending	$ 1,879,246	$ 1,670,069	$ 2,136,085

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

TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2019

	2019 Original Budget	2019 Final Budget	2019 Actual
Revenues:			
Intergovernmental revenues	$ 85,000	$ 87,967	$ 88,628
Charges for services	1,600	1,600	1,200
Interest earnings	100	100	131
Insurance recoveries	18,000	27,894	40,287
Contributions and donations	35,000	71,288	88,335
Other revenue	500	500	26,654
Total revenues	140,200	189,349	245,235
Expenditures:			
Personal services	123,457	126,433	114,440
Contractual services	73,850	73,850	61,009
Supplies	58,900	105,073	96,044
Fixed charges	21,150	21,150	16,989
Capital outlay	-	410,943	375,320
Debt service	-	29,445	29,445
Total expenditures	277,357	766,894	693,247
Revenues over (under) expenditures	(137,157)	(577,545)	(448,012)
Other financing sources (uses):			
Proceeds from capital outlay note	-	146,000	146,000
Interfund transfers - in (out)	137,157	187,157	187,157
Total other financing sources (uses)	137,157	333,157	333,157
Net changes in fund balances	-	(244,388)	(114,855)
Fund balance, beginning	355,506	355,506	355,506
Fund balance, ending	$ 355,506	$ 111,118	$ 240,651

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements

June 30, 2019

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.

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation – Fund Financial Statements (Continued)

The government reports the following major enterprise fund:

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

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

Budgetary Information

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

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

At June 30, 2019, the government had no encumbrances. Also, for the year ended June 30, 2019, the government did not have any excess expenditures over appropriations.

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

Cash and Cash Equivalents

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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

Property Taxes Receivable

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

Property tax revenues are recognized when levied to the extent that they result in current receivables within sixty days of the end of the year. Property taxes recognized as a receivable before the period of revenue recognition are reported as deferred inflows of resources. A reserve representing delinquent taxes which remain uncollectible and are unavailable to fund expenditures of the fiscal year June 30, 2019 is recorded. The balance of the reserve at June 30, 2019 is $120,025.

At June 30, 2019, the government's 2019 property taxes were not scheduled to be billed until October 2019. Consequently, unbilled property taxes and deferred inflows of resources of $1,047,000 are recorded.

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.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. During the year ended June 30, 2019, there were no capitalized interest costs.

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)

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:

Description	Estimated Useful Lives
Buildings and improvements	15 – 150 years
Machinery and equipment	7 – 30 years
Vehicles	8 – 50 years
Streets and bridges	100 years

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

Description	Estimated Useful Lives
Water and sewer systems	7 – 40 years
Structures and improvements	10 – 33 years
Machinery and equipment	3 – 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 in the general fund are unavailable resources in the current year. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the statement of net position includes certain additional items related to pensions and OPEB plans.

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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

Net Position Flow Assumption

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

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

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

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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

Fund Balance Policies (Continued)

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

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

Revenues and Expenditures/Expenses

Program Revenues

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

Compensated Absences

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

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, 2019, 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.

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)

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 Insurance Plan (LGIP) and additions to/deductions from the Town's OPEB plan have been determined on the same basis as they are reported by the LGIP 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 pronouncements:

Statement No. 83, "Asset Retirement Obligations" – The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2018.

Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements – The requirements of this Statement are effective for financial reporting periods beginning after June 15, 2018.

These Statements have had no effect on the government's financial statements.

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

2. Cash and Cash Equivalents

At June 30, 2019, 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.

	Unrestricted	Restricted	Total
Cash on hand	$ 1,200	$ -	$ 1,200
Checking and money market accounts	2,959,201	53,341	3,012,542
	$ 2,960,401	$ 53,341	$ 3,013,742

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

The book balances held in each category are as follows:

Insured or collateralized with securities held by the government's agent in the government's name or collateralized with securities held by pledging bank's and government's agent in the government's name	$3,012,542

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

3. Capital Assets

Governmental capital asset activity for the fiscal year ended June 30, 2019 was as follows:

Governmental Activities	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	$ 626,202	$ 8,000	$ -	$ 634,202
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	626,202	8,000	-	634,202
Capital assets, being depreciated:				
Buildings and improvements	5,136,107	-	-	5,136,107
Infrastructures	5,475,136	13,386	-	5,488,522
Machinery and equipment	3,346,365	686,665	116,447	3,916,583
Total capital assets, being depreciated	13,957,608	700,051	116,447	14,541,212
Less accumulated depreciation for:				
Buildings and improvements	1,008,105	114,092	-	1,122,197
Infrastructures	1,831,711	83,540	-	1,915,251
Machinery and equipment	1,925,210	161,083	116,447	1,969,846
Total accumulated depreciation	4,765,026	358,715	116,447	5,007,294
Capital assets, being depreciated, net	9,192,582	341,336	-	9,533,918
Governmental activities assets, net	$ 9,818,784	$ 349,336	$ -	$ 10,168,120

Depreciation expense was charged to governmental functions as follows:

General government	$ 12,612
Public works	144,057
Public safety	39,652
Volunteer fire department	61,075
Tourism	15,997
Recreation and culture	85,322
Total depreciation expense	$ 358,715

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, 2019 was as follows:

Business-Type Activities	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Capital asset, not being depreciated:				
Construction in progress	$ 1,027,462	$ 718,067	$ -	$ 1,745,529
Land easements	8,900	-	-	8,900
Total capital asset, not being depreciated	1,036,362	718,067	-	1,754,429
Capital assets, being depreciated:				
Buildings	718,780	-	-	718,780
Lines and tanks	14,501,128	422,826	-	14,923,954
Equipment	2,791,607	-	41,101	2,750,506
Furniture and fixtures	124,377	-	-	124,377
Vehicles	304,027	48,487	14,799	337,715
Total capital assets, being depreciated	18,439,919	471,313	55,900	18,855,332
Less accumulated depreciation for:				
Buildings	203,232	18,376	-	221,608
Lines and tanks	4,796,319	331,022	-	5,127,341
Equipment	1,024,995	97,818	38,540	1,084,273
Furniture and fixtures	71,372	6,009	-	77,381
Vehicles	279,111	15,424	14,799	279,736
Total accumulated depreciation	6,375,029	468,649	53,339	6,790,339
Capital assets, being depreciated, net	12,064,890	2,664	2,561	12,064,993
Business-type activities capital assets, net	$ 13,101,252	$ 720,731	$ 2,561	$ 13,819,422

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

Water and Sewer	$ 468,649

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

4. Long-Term Liabilities

Governmental-Type Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019 in governmental activities:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
Capital outlay note, dated 4/7/11	$ 1,540,000	$ -	$ 95,000	$ 1,445,000	$ 100,000
Capital outlay note, dated 5/6/15	125,000	-	62,000	63,000	63,000
Capital outlay note, dated 4/7/17	464,000	-	88,000	376,000	90,000
Capital outlay note, dated 10/5/18	-	465,000	86,000	379,000	90,000
Capital lease obligation, dated 1/1/14	20,207	-	20,207	-	-
Capital lease obligation, dated 11/17/14	603	-	603	-	-
Capital lease obligation, dated 6/26/16	42,947	-	13,896	29,051	14,312
Capital lease obligation, dated 9/26/16	22,395	-	22,395	-	-
Capital lease obligation, dated 7/1/17	7,076	-	1,623	5,453	1,717
Capital lease obligation, dated 12/18/18	-	4,050	469	3,581	969
Compensated absences	53,442	58,394	60,350	51,486	-
	$ 2,275,670	$ 527,444	$ 450,543	$ 2,352,571	$ 359,998

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

4. Long-Term Liabilities (Continued)

Governmental-Type Activities (Continued)

Bonds, capital outlay notes and capital lease obligations at June 30, 2019 consist of the following:

Bonds and Capital Outlay Notes

$2,040,000 General Obligation Bonds, Series 2011, interest due semi-annually on June 1 and December 1 at a fixed rate of 2.00% to 4.00%, principal due annually on June 1.	$ 1,445,000
$300,000 loan agreement with Tennessee Municipal Bond Fund Alternative Loan Program, Series 2015, interest due semi-annually on April 1 and October 1 at a fixed rate of 2.15%, principal due annually on April 1.	63,000
$550,000 loan agreement with Tennessee Municipal Bond Fund Alternative Loan Program, Series 2017, interest due semi-annually on April 1 and October 1 at a fixed rate of 2.65%, principal due annually on April 1.	376,000
$465,000 loan agreement with Tennessee Municipal Bond Fund Alternative Loan Program, Series 2018, interest due semi-annually on September 1 and March 1 at a fixed rate of 3.49%, principal due annually on September 1.	379,000
Total bonds and capital outlay notes	$ 2,263,000

Capital Leases

Capital lease obligation, dated June 26, 2016, five consecutive inadvance payments of $15,180. Interest rate is 2.989%.	$ 29,051
Capital lease obligation, dated July 1, 2017, sixty monthly payments of $165 for a total of $9,900. Interest rate is 5.636%.	5,453
Capital lease obligation, dated December 18, 2018, forty-eight monthly payments of $92 for a total of $4,050. Interest rate is 4.306%.	3,581
Total capital leases	$ 38,085

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, 2019 in business-type activities:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due in One Year
Water & Sewer Refunding Bonds, Series 2014	$ 4,255,000	$ -	$ 150,900	$ 4,104,100	$ 154,400
General Obligation Bonds, Series 2017	1,510,000	-	45,000	1,465,000	45,000
Capital outlay note dated 5/6/15	83,000	-	41,000	42,000	42,000
Interfund note payable	180,089	-	6,334	173,755	6,334
	$ 6,028,089	$ -	$ 243,234	$ 5,784,855	$ 247,734

Bonds and Capital Outlay Notes

$4,546,800 Water & 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.	$ 4,104,100
$1,550,000 General Obligation Bonds, Series 2017, principal and interest payable in 25 annual payments beginning June 2018 at a fixed rate of 2.00% to 4.00% through 2042	1,465,000
$200,000 Capital Outlay Note - Tennessee Municipal Bond Fund, principal payable in five annual installments beginning April 2016, interest payable in semi-annual installments at a rate of 2.15% through 2020.	42,000
Note payable to General Fund for purchase of water lines and tank, payable in annual principal installments of $6,334 through 2047. Note payable is non-interest bearing.	173,755
Total business-type long-term debt	5,784,855
Less current maturities	247,734
	$ 5,537,121

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

4. Long-Term Liabilities (Continued)

Business-Type Activities (Continued)

Principal and Interest Requirements

The annual requirements to amortize long-term liabilities as of June 30, 2019 are as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	$ 359,998	$ 77,254	$ 247,734	$ 137,894
2021	304,566	66,736	214,234	131,615
2022	299,976	57,348	217,834	125,958
2023	306,545	47,914	221,534	121,092
2024	115,000	40,025	225,334	116,140
2025-2029	630,000	133,600	1,216,570	500,512
2030-2034	285,000	17,200	1,365,070	348,503
Thereafter	-	-	2,076,545	194,531
	$ 2,301,085	$ 440,077	$ 5,784,855	$ 1,676,245

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 www.treasury.tn.gov/tcrs.

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

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)

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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	61
Active employees	42
	118

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, 2019, employer contributions for the government were $163,742 based on a rate of 5.75 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the government's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The government's net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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)

Actuarial assumptions (continued)

Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. 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, 2016 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 2.50 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:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

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)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from 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.

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) - (b)**
Beginning balance*	$ 4,737,512	$ 5,258,396	$ (520,884)
Changes for the year:			
Service cost	124,191	-	124,191
Interest	347,625	-	347,625
Differences between expected and actual experience	(54,351)	-	(54,351)
Changes of assumptions	-	-	-
Contributions - employer	-	200,950	(200,950)
Contributions - employees	-	-	-
Net investment income	-	439,103	(439,103)
Benefit payments, including refunds of employee contributions	(133,747)	(133,747)	-
Administrative expense	-	(3,943)	3,943
Net changes	283,718	502,363	(218,645)
Ending balance*	$ 5,021,230	$ 5,760,759	$ (739,529)

* The measurement date of the beginning balance was June 30, 2017 and the measurement date of the ending balance was June 30, 2018. The reporting date of the beginning balance is June 30, 2018 and the reporting date of the ending balance is June 30, 2019.

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) (Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Government's net pension liability (asset)	$ 54,416	$ (739,529)	$ (1,389,150)

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

Pension Expense. For the year ended June 30, 2019, the government recognized pension expense of $29,057.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between contributions and proportionate share of contributions	$ 10,157	$ (10,157)
Differences between expected and actual experience	-	(209,881)
Net difference between projected and actual earnings on pension plan investments	-	(27,768)
Changes of assumptions	75,078	-
Contributions subsequent to the measurement date of June 30, 2018	163,742	-
Total	$ 248,977	$ (247,806)

The amount shown above for "contributions subsequent to the measurement date of June 30, 2018" will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

5. Retirement Plan (Continued)

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

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

Year Ended June 30:		
2020	$	1,688
2021		(35,922)
2022		(79,317)
2023		(28,321)
2024		(9,624)
Thereafter		(11,075)

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, 2019, the government reported a payable of $0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

6. Other Postemployment Benefits (OPEB)

Local Government OPEB Plan

General Information about the OPEB Plan

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

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

6. Other Postemployment Benefits (OPEB) (Continued)

Local Government OPEB Plan (Continued)

General Information about the OPEB Plan (Continued)

Benefits provided (continued)

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

Employees covered by benefit terms. At July 1, 2018, the following employees of the Town of Dandridge were covered by the benefit terms of the LGOP:

Inactive employees or currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	0
Active employees	38
	39

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, 2019, the Town of Dandridge paid $12,134 to the LGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions. The total OPEB Liability in the June 30, 2018 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	6.75 percent for 2019, decreasing annually over a 32 year period to an ultimate rate of 3.81 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, 2017, valuations were the same as those employed in the July 1, 2017 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, 2012 – June 30, 2016. 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 RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. 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.

Discount rate. The discount rate used to measure the total OPEB liability was 3.62 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 Fidelity 20-Year Municipal GO AA index.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at June 30, 2017	$ 229,278
Changes for the year:	
Service cost	13,643
Interest	8,390
Changes of benefit terms	-
Differences between expected and actual experience	(66,955)
Changes of assumptions	(6,315)
Benefit payments	(14,495)
Net changes	(65,732)
Balances at June 30, 2018	$ 163,546

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 3.56 percent as of the beginning of the measurement period to 3.62 percent as of June 30, 2018. This change in assumption decreased the total OPEB liability. It was also decided to change the status of the plan from a closed plan to one that is open to all eligible employees regardless of initial hire dates. This change in status will increase the 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 (2.62%) or 1-percentage-point higher (4.62%) than the current discount rate.

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Government's total OPEB liability	$ 179,492	$ 163,546	$ 148,799

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 (5.75% decreasing to 2.81%) or 1-percentage-point higher (7.75 decreasing to 4.81%) than the current healthcare cost trend rate.

	1% Decrease (5.75% decreasing 1.00% until 2.81% is reached)	Current Discount Rate (6.75% decreasing 1.00% until 3.81% is reached)	1% Increase (7.75% decreasing 1.00% until 4.81% is reached)
Government's total OPEB liability	$ 141,039	$ 163,546	$ 191,187

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, 2019, the Town of Dandridge recognized OPEB expense of $14,091.

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, 2019, 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	$ -	$ 60,755
Changes of assumptions	-	15,216
Contributions subsequent to the measurement date of June 30, 2018	12,134	-
Total	$ 12,134	$ 75,971

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:	
2020	$ (7,942)
2021	(7,942)
2022	(7,942)
2023	(7,942)
2024	(7,942)
Thereafter	(36,261)

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, 2019 are as follows:

	Due From			
Due To	General Fund	Drug Fund	Water and Sewer Fund	Total
General Fund	$ -	$ 274	$ 173,755	$ 174,029
Drug Fund	5,000	-	-	5,000
Volunteer Fire Department Fund	195	-	-	195
Sanitation Fund	32,431	-	21,379	53,810
Tourism Fund	54,816	-	-	54,816
Water and Sewer Fund	330	-	-	330
	$ 92,772	$ 274	$ 195,134	$ 288,180

The purposes of these balances are to provide cash flow to various small funds, financing of an industrial development water tank, 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.

Transfers To:	Transfers From: General Fund
Volunteer Fire Department	$ 187,157
Sanitation Fund	48,555
Total	$ 235,712

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

11. Subsequent Events

Management has evaluated subsequent events through January 17, 2020, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DANDRIDGE, TENNESSEE

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

For the Last 10 Measurement Periods Ended on June 30*

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 124,191	$ 109,258	$ 110,835	$ 98,036	$ 107,679
Interest	347,625	334,038	315,337	298,555	288,079
Changes in benefit terms	-	-	-	-	-
Differences between actual and expected experience	(54,351)	(80,015)	(42,749)	(60,652)	(120,727)
Change of assumptions	-	100,104	-	-	-
Benefit payments, including refunds of employee contributions	(133,747)	(140,911)	(124,091)	(125,851)	(125,580)
Net change in total pension liability	283,718	322,474	259,332	210,088	149,451
Total pension liability - beginning	4,737,512	4,415,038	4,155,706	3,945,618	3,796,167
Total pension liability - ending (a)	$ 5,021,230	$ 4,737,512	$ 4,415,038	$ 4,155,706	$ 3,945,618
Plan fiduciary net position					
Contributions - employer	$ 200,950	$ 230,743	$ 220,069	$ 216,871	$ 194,076
Contributions - employee	-	-	-	-	-
Net investment income	439,103	530,840	118,729	131,024	593,068
Benefit payments, including refunds of employee contributions	(133,747)	(140,911)	(124,091)	(125,851)	(125,580)
Administrative expense	(3,943)	(3,591)	(2,994)	(2,132)	(1,505)
Net change in plan fiduciary net position	502,363	617,081	211,713	219,912	660,059
Plan fiduciary net position - beginning	5,258,396	4,641,315	4,429,602	4,209,690	3,549,631
Plan fiduciary net position - ending (b)	$ 5,760,759	$ 5,258,396	$ 4,641,315	$ 4,429,602	$ 4,209,690
Net pension liability (asset) - ending (a)-(b)	$ (739,529)	$ (520,884)	$ (226,277)	$ (273,896)	$ (264,072)
Plan fiduciary net position as a percentage of total pension liability	114.73%	110.99%	105.13%	106.59%	106.69%
Covered payroll	$ 1,674,580	$ 1,597,560	$ 1,544,346	$ 1,521,902	$ 1,366,258
Net pension liability (asset) as a percentage of covered payroll	-44.16%	-32.60%	-14.65%	-18.00%	-19.33%

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

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*

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 94,151	$ 170,995	$ 227,846	$ 220,069	$ 216,871	$ 194,076
Contributions in relation to the actuarially determined contribution	163,742	200,954	227,846	220,069	216,871	194,076
Contribution deficiency (excess)	$ (69,591)	$ (29,959)	$ -	$ -	$ -	$ -
Covered payroll	$ 1,637,406	$ 1,674,580	$ 1,597,560	$ 1,544,346	$ 1,521,902	$ 1,366,258
Contributions as a percentage of covered payroll	10.00%	12.00%	14.26%	14.25%	14.25%	14.20%

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

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

For the Last 10 Measurement Periods Ended on June 30*

	2018	2017
Total OPEB liability		
Service cost	$ 13,643	$ 14,699
Interest	8,390	7,015
Difference between expected and actual experience	(66,955)	-
Changes of assumptions	(6,315)	(11,800)
Benefit payments	(14,495)	(12,347)
Net change in total OPEB liability	(65,732)	(2,433)
Total OPEB liability - beginning	229,278	231,711
Total OPEB liability - ending	$ 163,546	$ 229,278
Covered payroll	$ 1,426,057	$ 1,414,053
Total OPEB liability as a percentage of covered payroll	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.

TOWN OF DANDRIDGE, TENNESSEE

Notes to Required Supplementary Information

June 30, 2019

Notes to Schedule - Public Employee Pension Plan of TCRS

Valuation date: Actuarially determined contribution rates for 2019 were calculated based on the June 30, 2017 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	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25 percent

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

Valuation date: June 30, 2018

Measurement date: June 30, 2018

Actuarial cost method	Entry Age Normal
Inflation	2.25%
Discount rate	3.62%
Salary increases	Salary increase rates used in the July 1, 2018 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS); 3.44% - 8.72%, including inflation.
Retirement age	Retirement rates used in the July 1, 2018 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS).
Mortality	Mortality tables used in the July 1, 2018 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS).
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.75% for 2019 calendar year, and gradually decreasing 32 year period to an ultimate trend rate of 3.53% with 0.28% added to approximate the effect of the excise tax.
Aging factors	Based on the 2013 SOA study "Health Care Costs - From Birth to Death."
Expenses	Administrative expenses are included in the per capita health costs.

Other information:

Notes

See the actuarial valuation report as of July 1, 2018 (dated September 15, 2019)

The following changes of assumptions and other input were made:

- The discount rate was changed from 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018.
- The assumed initial costs and premium amounts were revised to reflect dates adopted for the 2019 plan year.
- The assumed initial trend rate applicable to 2019 plan year was revised from 5.40% to 6.75%.
- The assumed coverage acceptance rate was changed to reflect revised subsidy levels.

These changes are reflected in the Schedule of Changes in Total OPEB Liability.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF DANDRIDGE, TENNESSEE

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2019

Grantor Agency	Contract #	CFDA Number	Expenditures
Federal Awards:			
U.S. Department of Justice - 2016 BulletProof Vest Program	N/A	16.607	$ 1,330
Total U.S. Department of Justice			1,330
U.S. Department of Transportation - Pass-through from Tennessee Department of Safety and Homeland Security - THS Grant	Z-19-THS073	20.607	22,227
Total U.S. Department of Transportation			22,227
U.S. Department of Agriculture - Pass-through from Tennessee Department of Agriculture -	32510-10419	10.664	2,967
Total Federal Awards			26,524
State Awards:			
Tennessee Department of Agriculture - TAEP Farmers Market Promotional and Retail Grant	32506-08419	N/A	1,000
Tennessee Department of Environment and Conservation - Used Oil Grant	32701-03377	N/A	11,894
Total State Awards			12,894
Total Federal and State Awards			$ 39,418

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Notes to the Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2019

Note A - Basis of Presentation

The accompanying schedule of awards 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, 2019. 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, 2019

	Governmental Funds			
	Sanitation Fund	Drug Fund	Tourism Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ -	$ 53,341	$ -	$ 53,341
Accounts receivable	-	381	-	381
Due from other governmental funds	32,431	5,000	54,816	92,247
Due from proprietary fund	21,379	-	-	21,379
Total assets	$ 53,810	$ 58,722	$ 54,816	$ 167,348
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued expenses	$ 2,977	$ 685	$ -	$ 3,662
Due to other funds	-	274	-	274
Funds held in trust	-	2,507	-	2,507
Total liabilities	2,977	3,466	-	6,443
Fund balances:				
Restricted	-	55,256	-	55,256
Assigned	50,833	-	54,816	105,649
Total fund balances	50,833	55,256	54,816	160,905
Total liabilities and fund balances	$ 53,810	$ 58,722	$ 54,816	$ 167,348

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, 2019

	Sanitation Fund			Drug Fund		
	2019 Original Budget	2019 Final Budget	2019 Actual	2019 Original Budget	2019 Final Budget	2019 Actual
Revenues:						
Local taxes	$ -	$ -	$ -	$ -	$ -	$ -
Federal, state and local grants	-	-	-	-	1,330	1,330
Charges for services	117,000	117,000	118,251	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	9,884
Sale of seized equipment	-	-	-	-	-	38,231
Other revenue	-	-	2,287	-	1,330	1,329
Total revenues	117,000	117,000	120,538	-	2,660	50,774
Expenditures:						
Personal services	107,558	107,558	102,959	-	-	-
Contractual services	24,175	24,175	18,248	200	200	50
Supplies	33,770	33,770	18,341	4,100	6,760	685
Fixed charges	4,900	4,900	3,457	-	-	-
Capital outlay	-	17,983	17,982	-	99,000	99,713
Debt service	-	-	-	31,144	42,807	42,806
Total expenditures	170,403	188,386	160,987	35,444	148,767	143,254
Revenues over (under) expenditures	(53,403)	(71,386)	(40,449)	(35,444)	(146,107)	(92,480)
Other financing sources (uses):						
Proceeds from capital outlay note	-	-	-	-	99,000	99,000
Interfund transfers - in (out)	53,403	71,386	48,555	-	-	-
Total other financing sources (uses)	53,403	71,386	48,555	-	99,000	99,000
Net changes in fund balances	-	-	8,106	(35,444)	(47,107)	6,520
Fund balance, beginning	42,727	42,727	42,727	48,736	48,736	48,736
Fund balance, ending	$ 42,727	$ 42,727	$ 50,833	$ 13,292	$ 1,629	$ 55,256

(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, 2019

	Tourism Fund			Total Nonmajor Governmental Funds		
	2019 Original Budget	2019 Final Budget	2019 Actual	2019 Original Budget	2019 Final Budget	2019 Actual
Revenues:						
Local taxes	$ 105,000	$ 105,000	$ 96,056	$ 105,000	$ 105,000	$ 96,056
Federal, state and local grants	-	-	-	-	1,330	1,330
Charges for services	-	-	-	117,000	117,000	118,251
Fines, forfeits and penalties	-	-	-	-	-	9,884
Sale of seized equipment	-	-	-	-	-	38,231
Other revenue	-	-	-	-	1,330	3,616
Total revenues	105,000	105,000	96,056	222,000	224,660	267,368
Expenditures:						
Personal services	-	-	-	107,558	107,558	102,959
Contractual services	1,000	1,000	969	25,375	25,375	19,267
Supplies	3,704	3,704	308	41,574	44,234	19,334
Fixed charges	-	-	-	4,900	4,900	3,457
Capital outlay	-	-	-	-	116,983	117,695
Debt service	100,296	100,296	100,296	131,440	143,103	143,102
Total expenditures	105,000	105,000	101,573	310,847	442,153	405,814
Revenues over (under) expenditures	-	-	(5,517)	(88,847)	(217,493)	(138,446)
Other financing sources (uses):						
Proceeds from capital outlay note	-	-	-	-	99,000	99,000
Interfund transfers - in (out)	-	-	-	53,403	71,386	48,555
Total other financing sources (uses)	-	-	-	53,403	170,386	147,555
Net changes in fund balances	-	-	(5,517)	(35,444)	(47,107)	9,109
Fund balance, beginning	60,333	60,333	60,333	151,796	151,796	151,796
Fund balance, ending	$ 60,333	$ 60,333	$ 54,816	$ 116,352	$ 104,689	$ 160,905

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2019

Year Ending June 30,	Fixed Rate $2,040,000 General Obligation Bonds 2.00% to 4.00%		Fixed Rate $300,000 Capital Outlay Note 2.15%		Fixed Rate $550,000 General Obligation Bonds 2.65%		Fixed Rate $465,000 Capital Outlay Note 3.49%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 100,000	$ 53,012	$ 63,000	$ 1,355	$ 90,000	$ 9,964	$ 90,000	$ 11,657
2021	100,000	50,013	-	-	93,000	7,579	94,000	8,446
2022	105,000	47,012	-	-	95,000	5,115	97,000	5,113
2023	110,000	43,600	-	-	98,000	2,597	98,000	1,710
2024	115,000	40,025	-	-	-	-	-	-
2025	120,000	36,000	-	-	-	-	-	-
2026	120,000	31,800	-	-	-	-	-	-
2027	125,000	27,000	-	-	-	-	-	-
2028	130,000	22,000	-	-	-	-	-	-
2029	135,000	16,800	-	-	-	-	-	-
2030	140,000	11,400	-	-	-	-	-	-
2031	145,000	5,800	-	-	-	-	-	-
	$ 1,445,000	$ 384,462	$ 63,000	$ 1,355	$ 376,000	$ 25,255	$ 379,000	$ 26,926

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2019

Year Ending June 30,	Capital Lease Obligation 5.636%		Capital Lease Obligation 2.989%		Capital Lease Obligation 4.306%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 1,717	$ 263	$ 14,312	$ 868	$ 969	$ 135	$ 359,998	$ 77,254
2021	1,816	164	14,739	441	1,011	93	304,566	66,736
2022	1,920	60	-	-	1,056	48	299,976	57,348
2023	-	-	-	-	545	7	306,545	47,914
2024	-	-	-	-	-	-	115,000	40,025
2025	-	-	-	-	-	-	120,000	36,000
2026	-	-	-	-	-	-	120,000	31,800
2027	-	-	-	-	-	-	125,000	27,000
2028	-	-	-	-	-	-	130,000	22,000
2029	-	-	-	-	-	-	135,000	16,800
2030	-	-	-	-	-	-	140,000	11,400
2031	-	-	-	-	-	-	145,000	5,800
	$ 5,453	$ 487	$ 29,051	$ 1,309	$ 3,581	$ 283	$ 2,301,085	$ 440,077

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2019

Year Ending June 30,	Water and Sewer Revenue and Tax Refunding Bond, Series 2014, 2.29% Fixed Rate		$200,000 Capital Outlay Note 2.15% Fixed Rate		Note Payable to General Fund		General Obligation Bond, Series 2017 2.25%-4.00%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 154,400	$ 92,216	$ 42,000	$ 903	$ 6,334	$ -	$ 45,000	$ 44,775	$ 247,734	$ 137,894
2021	157,900	88,640	-	-	6,334	-	50,000	42,975	214,234	131,615
2022	161,500	84,983	-	-	6,334	-	50,000	40,975	217,834	125,958
2023	165,200	81,242	-	-	6,334	-	50,000	39,850	221,534	121,092
2024	169,000	77,415	-	-	6,334	-	50,000	38,725	225,334	116,140
2025	172,900	73,501	-	-	6,334	-	55,000	37,600	234,234	111,101
2026	176,800	69,497	-	-	6,334	-	55,000	36,225	238,134	105,722
2027	180,900	65,401	-	-	6,334	-	55,000	34,850	242,234	100,251
2028	185,000	61,212	-	-	6,334	-	55,000	33,475	246,334	94,687
2029	189,300	56,926	-	-	6,334	-	60,000	31,825	255,634	88,751
2030	193,600	52,541	-	-	6,334	-	60,000	30,025	259,934	82,566
2031	198,000	48,058	-	-	6,334	-	60,000	28,225	264,334	76,283
2032	202,600	43,471	-	-	6,334	-	65,000	26,425	273,934	69,896
2033	207,200	38,779	-	-	6,334	-	65,000	24,475	278,534	63,254
2034	212,000	33,979	-	-	6,334	-	70,000	22,525	288,334	56,504
Thereafter	1,377,800	96,743	-	-	78,745	-	620,000	97,788	2,076,545	194,531
	$ 4,104,100	$ 1,064,604	$ 42,000	$ 903	$ 173,755	$ -	$ 1,465,000	$ 610,738	$ 5,784,855	$ 1,676,245

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2019
Bonds Payable:									
General Obligation Bonds - Series 2011	$ 2,040,000	Varies	04/07/2011	06/01/2031	$ 1,540,000	$ -	$ 95,000	$ -	$ 1,445,000
Notes Payable:									
Tennessee Municipal Bond Fund - Capital Outlay Note	$ 300,000	2.15%	05/06/2015	04/01/2020	$ 125,000	$ -	$ 62,000	$ -	$ 63,000
Tennessee Municipal Bond Fund - Capital Outlay Note	$ 550,000	2.65%	04/07/2017	04/01/2023	464,000	-	88,000	-	376,000
Tennessee Municipal Bond Fund - Capital Outlay Note	$ 465,000	3.49%	10/05/2018	11/01/2022	-	465,000	86,000	-	379,000
Total Notes Payable					$ 589,000	$ 465,000	$ 236,000	$ -	$ 818,000
Lease Obligations:									
Capital Lease Obligation	$ 93,200	4.206%	01/01/2014	01/01/2019	$ 20,207	$ -	$ 20,207	$ -	$ -
Capital Lease Obligation	$ 5,298	4.00%	11/17/2014	11/17/2018	603	-	603	-	-
Capital Lease Obligation	$ 67,177	3.344%	09/26/2016	10/01/2018	22,395	-	22,395	-	-
Capital Lease Obligation	$ 71,407	2.989%	06/26/2016	11/01/2020	42,947	-	13,896	-	29,051
Capital Lease Obligation	$ 8,625	5.636%	07/01/2017	07/01/2022	7,076	-	1,623	-	5,453
Capital Lease Obligation	$ 4,050	4.306%	12/18/2018	12/13/2022	-	4,050	469	-	3,581
Total Lease Obligations					$ 93,228	$ 4,050	$ 59,193	$ -	$ 38,085

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2019
Bonds Payable:									
Water & Sewer Refunding Bonds, Series 2014	$ 4,680,425	2.29%	08/20/2014	08/01/1939	$ 4,255,000	$ -	$ 150,900	$ -	$ 4,104,100
General Obligation Bonds, Series 2017	$ 1,550,000	Varies	05/01/2017	06/01/1942	1,510,000	-	45,000	-	1,465,000
Total Bonds Payable					$ 5,765,000	$ -	$ 195,900	$ -	$ 5,569,100
Notes Payable:									
Capital Outlay Note - Tennessee Municipal Bond Fund	$ 200,000	2.15%	05/06/2015	04/01/2020	$ 83,000	$ -	$ 41,000	$ -	$ 42,000
Interfund Note - Due To General Fund	$ 350,000	0.00%	06/30/1991	06/30/2047	180,089	-	6,334	-	173,755
Total Notes Payable					$ 263,089	$ -	$ 47,334	$ -	$ 215,755

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2019

	Utility Plant, Property, and Equipment				Accumulated Depreciation				
	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Balance July 1, 2018	Expense	Retirements	Balance June 30, 2019	Net Plant
Water system:									
Land and easements	$ 8,900	$ -	$ -	$ 8,900	$ -	$ -	$ -	$ -	$ 8,900
Buildings	126,189	-	-	126,189	99,059	2,986	-	102,045	24,144
Lines and tanks	8,809,510	387,971	-	9,197,481	2,519,931	208,809	-	2,728,740	6,468,741
Equipment	795,038	-	41,101	753,937	501,372	42,141	38,540	504,973	248,964
Vehicles	113,552	24,244	9,149	128,647	113,552	1,212	9,149	105,615	23,032
Furniture and fixtures	34,483	-	-	34,483	28,908	852	-	29,760	4,723
Total water system	9,887,672	412,215	50,250	10,249,637	3,262,822	256,000	47,689	3,471,133	6,778,504
Sewer system:									
Buildings	592,591	-	-	592,591	104,173	15,390	-	119,563	473,028
Lines and tanks	5,691,618	34,855	-	5,726,473	2,276,388	122,213	-	2,398,601	3,327,872
Equipment	1,996,569	-	-	1,996,569	523,623	55,677	-	579,300	1,417,269
Vehicles	190,475	24,243	5,650	209,068	165,559	14,212	5,650	174,121	34,947
Furniture and fixtures	89,894	-	-	89,894	42,464	5,157	-	47,621	42,273
Total sewer system	8,561,147	59,098	5,650	8,614,595	3,112,207	212,649	5,650	3,319,206	5,295,389
Total plant in service	18,448,819	471,313	55,900	18,864,232	6,375,029	468,649	53,339	6,790,339	12,073,893
Construction work in progress	1,027,462	718,067	-	1,745,529	-	-	-	-	1,745,529
Total plant	$ 19,476,281	$ 1,189,380	$ 55,900	$ 20,609,761	$ 6,375,029	$ 468,649	$ 53,339	$ 6,790,339	$ 13,819,422

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Fiscal Year Ended June 30, 2019

Tax Year	Balance July 1, 2018	Current Assessment	Abatements and Adjustments	Collections	Balance June 30, 2019
2018	$ -	$ 1,042,800	$ 247	$ 988,439	$ 54,608
2017	49,442	-	352	19,476	30,318
2016	14,907	-	674	3,187	12,394
2015	6,660	-	-	949	5,711
2014	4,623	-	-	1,743	2,880
2013	6,140	-	-	2,069	4,071
2012	5,424	-	-	1,396	4,028
2011	3,177	-	-	-	3,177
2010	3,597	-	(1,400)	-	2,197
2009	5,386	-	-	-	5,386
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	$ 106,196	$ 1,042,800	$ (127)	$ 1,017,259	131,610
January 1, 2019 property tax assessment not to be billed until October 1, 2019					1,047,000
					$ 1,178,610

NOTE: All outstanding delinquent property taxes for years 2003 - 2017 have been filed in Chancery Court.

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Analysis of Tax Rates and Assessments

June 30, 2019

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
2008	$ 75,670,000	$ 1.00	$ 804,238	$ 801,801	99.70%	$ 2,437	$ 2,437
2009	81,321,960	1.00	813,220	807,834	99.34%	5,386	5,386
2010	93,988,111	0.8469	831,974	829,777	99.74%	2,197	2,197
2011	93,234,121	0.8969	881,270	878,093	99.64%	3,177	3,177
2012	94,535,033	0.9400	942,673	938,645	99.57%	4,028	4,028
2013	99,399,194	0.9400	940,996	936,925	99.57%	4,071	4,071
2014	99,975,151	0.9890	993,736	990,856	99.71%	2,880	2,880
2015	102,712,844	0.9990	1,023,005	1,017,294	99.44%	5,711	5,711
2016	102,970,421	0.9990	1,029,300	1,016,906	98.80%	12,394	12,394
2017	103,753,153	0.9990	1,036,474	1,006,156	97.07%	30,318	30,318
2018	104,408,302	0.9990	1,043,047	988,439	94.76%	54,608	-

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Utility Rate Structure and Number of Customers

June 30, 2019

	Inside Town	Outside Town	E-One
WATER RATES			
Residential:			
First 2,000 gallons (minimum billing)	$19.46	$29.12	N/A
Over 2,000 gallons (per 1,000 gallons)	3.61	7.08	N/A
Commercial:			
First 2,000 gallons (minimum billing)	25.31	38.30	N/A
Over 2,000 gallons (per 1,000 gallons)	4.51	8.84	N/A
Heavy commercial and industrial:			
First 2,000 gallons (minimum billing)	38.95	59.70	N/A
Over 2,000 gallons (per 1,000 gallons)	4.77	9.35	N/A
Swannsylvania:			
First 2,000 gallons (minimum billing)	N/A	39.86	N/A
Over 2,000 gallons (per 1,000 gallons)	N/A	6.13	N/A
SEWER RATES			
Residential (Inside Town):			
First 2,000 gallons (minimum billing)	21.28	N/A	$23.39
Over 2,000 gallons (per 1,000 gallons)	5.44	N/A	5.98
Residential (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	32.56	35.82
Over 2,000 gallons (per 1,000 gallons)	N/A	11.71	12.87
Commercial (Inside Town):			
First 2,000 gallons (minimum billing)	28.31	N/A	31.14
Over 2,000 gallons (per 1,000 gallons)	6.58	N/A	7.22
Commercial (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	43.64	48.01
Over 2,000 gallons (per 1,000 gallons)	N/A	14.10	15.51
Heavy commercial and industrial (Inside Town):			
First 2,000 gallons (minimum billing)	44.74	N/A	49.21
Over 2,000 gallons (per 1,000 gallons)	6.58	N/A	7.22
Heavy commercial and industrial (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	69.44	76.37
Over 2,000 gallons (per 1,000 gallons)	N/A	14.10	15.51
NUMBER OF METERED CUSTOMERS			
Water		3,315	
Sewer		1,427	

See independent auditor's report.

OTHER STATISTICAL SCHEDULES
(Unaudited)

AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0
American Water Works Association.

? Click to access definition
+ Click to add a comment

Water Audit Report for: Dandridge Water Management Facility (0000170)
Reporting Year: FY2019 7/2018 - 6/2019

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

Master Meter and Supply Error Adjustments

WATER SUPPLIED

<---------- Enter grading in column 'E' and 'J' ---------->

							Pcnt:		Value:	
Volume from own sources:	+ ?	n/a	0.000	MG/Yr	+ ?					MG/Yr
Water imported:	+ ?	8	257.307	MG/Yr	+ ?	7	0.08%			MG/Yr
Water exported:	+ ?	n/a	0.000	MG/Yr	+ ?					MG/Yr
WATER SUPPLIED:			**257.101**	MG/Yr						

Enter negative % or value for under-registration
Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

					Pcnt:		Value:	
Billed metered:	+ ?	8	184.361	MG/Yr				
Billed unmetered:	+ ?	10	0.000	MG/Yr				
Unbilled metered:	+ ?	10	0.873	MG/Yr				
Unbilled unmetered:	+ ?		3.214	MG/Yr	1.25%			MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

AUTHORIZED CONSUMPTION: ? **188.448** MG/Yr

Use buttons to select percentage of water supplied **OR** value

WATER LOSSES (Water Supplied - Authorized Consumption)

68.653 MG/Yr

Apparent Losses

					Pcnt:		Value:	
Unauthorized consumption:	+ ?		0.643	MG/Yr	0.25%			MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	+ ?	7	0.000	MG/Yr				MG/Yr
Systematic data handling errors:	+ ?	7	1.188	MG/Yr	0.25%		1.188	MG/Yr

Apparent Losses: ? **1.831** MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: ? **66.823** MG/Yr

WATER LOSSES: **68.653** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: ? **72.740** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+ ?	8	154.3	miles
Number of active AND inactive service connections:	+ ?	7	3,801	
Service connection density:	?		25	conn./mile main

Are customer meters typically located at the curbstop or property line? Yes

Average length of customer service line: + ? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: + ? 3 96.0 psi

COST DATA

Total annual cost of operating water system:	+ ?	10	$1,247,370	$/Year
Customer retail unit cost (applied to Apparent Losses):	+ ?	9	$8.02	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+ ?	10	$2,014.00	$/Million gallons

☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 82 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Water imported
2: Unauthorized consumption
3: Customer metering inaccuracies

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.

Water Audit Report for: Dandridge Water Management Facility (0000170)

Reporting Year: FY2019 | 7/2018 - 6/2019

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 *****

System Attributes:

Apparent Losses:	1.831	MG/Yr
+ Real Losses:	66.823	MG/Yr
= **Water Losses:**	**68.653**	MG/Yr
? Unavoidable Annual Real Losses (UARL):	49.23	MG/Yr
Annual cost of Apparent Losses:	$14,683	
Annual cost of Real Losses:	$134,581	Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	28.3%	
	Non-revenue water as percent by cost of operating system:	12.6%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	1.32	gallons/connection/day
	Real Losses per service connection per day:	N/A	gallons/connection/day
	Real Losses per length of main per day*:	1,186.49	gallons/mile/day
	Real Losses per service connection per day per psi pressure:	N/A	gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	66.82	million gallons/year
	? Infrastructure Leakage Index (ILI) [CARL/UARL]:	1.36	

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

TOWN OF DANDRIDGE, TENNESSEE

Miscellaneous Statistical Data

June 30, 2019

Incorporated	1915
Form of government	Mayor - Aldermen
Area in square miles	5.76
Police protection:	
Number of stations	1
Number of full-time employees	11
Fire protection:	
Number of stations	2
Number of employees	0
Number of volunteers	27
Total number of public safety employees (full-time)	11
Municipal water plant:	
Average daily consumption in gallons	700,000
Maximum storage capacity in gallons	2,072,000
Paved streets (per lane mile)	90
Water lines (miles)	150
Sanitary sewer (miles)	57

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION

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

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, 2019, and the related notes to the financial statements, which collectively comprise the Town of Dandridge, Tennessee's basic financial statements and have issued our report thereon dated January 17, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

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 determination of financial statement amounts. 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.

Brown Lake & McDaniel, PC

CERTIFIED PUBLIC ACCOUNTANTS

Knoxville, Tennessee
January 17, 2020

TOWN OF DANDRIDGE, TENNESSEE

Summary Schedule of Prior Audit Findings

There were no prior year findings.