TOWN OF DANDRIDGE, TENNESSEE

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

and

INDEPENDENT AUDITOR'S REPORT

TOWN OF DANDRIDGE, TENNESSEE

Annual Financial Report

For the Fiscal Year Ended June 30, 2020

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, 2020

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, 2020. 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, 2020, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the basic financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's basic financial statements for the year ended June 30, 2020, 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

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

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

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

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

Respectfully submitted,

TOWN OF DANDRIDGE

Matt Rudder

Matt Rudder
Town Administrator

TOWN OF DANDRIDGE, TENNESSEE

List of Principal Officials

For the Fiscal Year Ended June 30, 2020

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

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CERTIFIED PUBLIC ACCOUNTANTS
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JOE L. BROWN, CPA, CGFM, CGMA
FRANK D. McDANIEL, CPA, CGFM, CGMA
TERRY L. MOATS, CPA, CGFM, CGMA
JAMES E. BOOHER, CPA, CGMA

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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, 2020, 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, 2020, 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 December 31, 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
December 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

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, 2020. 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 2020 and 2019. 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	
	2020	2019	2020	2019
Current and other assets	$ 4,954,531	$ 4,370,913	$ 1,808,912	$ 1,465,028
Capital assets	9,889,417	10,168,120	13,803,229	13,819,422
Total assets	14,843,948	14,539,033	15,612,141	15,284,450
Total deferred outflows of resources	155,897	187,011	59,495	74,100
Long-term liabilities	1,860,570	2,117,116	5,392,923	5,603,912
Other liabilities	423,096	482,191	325,033	354,455
Total liabilities	2,283,666	2,599,307	5,717,956	5,958,367
Total deferred inflows of resources	1,419,216	1,399,763	100,174	91,039
Net investment in capital assets	7,909,639	7,856,451	8,249,652	8,017,363
Restricted	690,382	599,310	245,438	195,475
Unrestricted	2,696,942	2,271,213	1,358,416	1,096,306
TOTAL NET POSITION	$11,296,963	$ 10,726,974	$ 9,853,506	$ 9,309,144

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	
	2020	2019	2020	2019
Program Revenue:				
Charges for Services	$ 427,292	$ 453,186	$ 2,954,314	$ 2,741,626
Operating Grants and Contributions	298,770	344,122	-	-
Capital Grants and Contributions	216,319	16,191	66,618	377,318
General Revenue:				
Taxes:				
Sales Taxes	1,676,733	1,575,552	-	-
Property Taxes	1,085,922	1,020,152	-	-
Hotel/Motel Taxes	91,627	96,056	-	-
In-Lieu of Tax	35,396	34,110	-	-
Wholesale/State Beer and Wine Taxes	227,821	208,631	-	-
Mixed Drink Tax	9,105	10,859	-	-
Business Taxes	102,812	113,731	-	-
Cable TV Franchise Tax	60,370	58,095	-	-
State Income Tax	16,357	13,754	-	-
Excise Taxes	15,778	7,556	-	-
Licenses and Permits	47,186	22,332	-	-
Interest Earned	5,778	4,767	3,038	2,634
Miscellaneous	145,396	137,434	-	-
Gain on Sale of Fixed Assets	1,374	31,679	2,300	540
TOTAL REVENUE	4,464,036	4,148,207	3,026,270	3,122,118
Program Expenses:				
General Government	715,968	713,416	-	-
Public Safety	948,125	906,031	-	-
Public Works	675,064	727,708	-	-
Culture and Recreation	675,642	657,901	-	-
Debt Service	105,361	80,686	-	-
Solid Waste	142,644	156,679	-	-
Volunteer Fire Department	604,348	349,657	-	-
Tourism	26,895	17,274	-	-
Water and Sewer Department	-	-	2,481,908	2,363,843
TOTAL PROGRAM EXPENSES	3,894,047	3,609,352	2,481,908	2,363,843
Change in Net Position	569,989	538,855	544,362	758,275
Net Position, Beginning	10,726,974	10,188,119	9,309,144	8,550,869
Net Position, Ending	$ 11,296,963	$ 10,726,974	$ 9,853,506	$ 9,309,144

The cost of all Governmental activities this year was $3,894,047. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town taxes was only $2,951,666 because some of the cost was paid by those who directly benefited from the programs ($427,292), or by other governments and organizations that subsidized certain programs with operating grants and contributions ($298,770) and other capital grants and contributions ($216,319). Overall, the Town's governmental program revenues, including intergovernmental aid and fees for services, were $942,381. The Town paid for the remaining "public benefit" portion of governmental activities with $3,521,655 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)	
	2020	2019
Governmental Activities:		
General Government	$ (675,222)	$ (662,538)
Public Safety	(855,967)	(813,941)
Public Works	(540,024)	(575,853)
Culture and Recreation	(456,619)	(435,639)
Debt Service	(105,361)	(80,686)
Solid Waste	(23,533)	(38,428)
Volunteer Fire Department	(268,045)	(171,494)
Tourism	(26,895)	(17,274)
Total Governmental Activities	$ (2,951,666)	$ (2,795,853)

Net position on July 1, 2019 was in the amount of $10,726,974. The Town's overall net position increased $569,989 from the prior fiscal year. Program revenue totaled $942,381 and general revenues totaled $3,521,655. Total governmental activities expenses during the year were $3,894,047. Ending net position for 2020 was $11,296,963.

BUSINESS-TYPE ACTIVITIES

The cost of all Proprietary (Business-Type) activities this year was $2,481,908. As shown in the Statement of Activities, the amount paid by users of the system was $2,954,314. Capital contributions from developers during the year was $66,618.

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 $609,552.

Net position on July 1, 2019 was in the amount of $9,309,144, and the department had program revenues of $3,020,932 and general revenues of $5,338. Total Proprietary Fund (Business-Type) expenses during the year were $2,481,908. Ending net position for 2020 was $9,853,506.

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

	BUSINESS-TYPE ACTIVITIES	
	2020	2019
Revenues:		
Operating Revenues	$ 2,954,314	$ 2,741,626
General Revenues	5,338	3,174
TOTAL REVENUES	2,959,652	2,744,800
Expenses:		
Water Treatment and Distribution	926,160	834,323
Sewer Collection and Disposal	674,936	655,803
Administrative and General	269,564	261,745
Depreciation	474,102	468,649
Non-Operating Expenses	137,146	143,323
TOTAL EXPENSES	2,481,908	2,363,843
Income Before Capital Contributions	477,744	380,957
Capital Contributions	66,618	377,318
Change in net position	544,362	758,275
Net Position, Beginning	9,309,144	8,550,869
Net Position, Ending	$ 9,853,506	$ 9,309,144

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 $4,469,116 and expenditures of $5,334,830. The expenditures exceeded the revenues by $865,714. This was influenced significantly by expenditures in the General Fund for employee raises, the purchase of a commercial mower and salt spreader in the Public Works Department, purchases of a commercial reel mower and commercial top dresser spreader in the Recreation Department, IT Upgrades in multiple departments, purchases of air packs, air bottles and extrication equipment in the Volunteer Fire Department Fund, and refinancing the Series 2011 General Obligation Bonds.

As the Town completed the year, all governmental funds had a fund balance of $3,045,927 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 twice during 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - Governmental-Type Activities

At the end of fiscal years 2020 and 2019, the Town had $15,211,286 and $15,175,414 respectively, invested in land, buildings and improvements, infrastructures, and machinery and equipment. Table 5 shows fiscal years 2020 and 2019 balances.

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

	2020	2019
Land	$ 654,202	$ 634,202
Construction in Progress	-	-
Buildings and Improvements	5,136,107	5,136,107
Infrastructures	5,488,522	5,488,522
Machinery and Equipment	3,932,455	3,916,583
	15,211,286	15,175,414
Less: Accumulated Depreciation	5,321,869	5,007,294
	$ 9,889,417	$ 10,168,120

The Town acquired or constructed capital assets during the fiscal year totaling $106,200. The Town adopts an annual budget with capital outlays included.

Capital Assets - Business-Type Activities

At the end of the fiscal years 2020 and 2019, the Town had $21,043,670 and $20,609,761, respectively, invested in buildings, lines and tanks, equipment, furniture and fixtures, and vehicles. Table 6 shows fiscal years 2020 and 2019 balances.

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

	2020	2019
Construction in Progress	$ 2,191,875	$ 1,745,529
Land Easements	8,900	8,900
Buildings	718,780	718,780
Lines and Tanks	14,935,517	14,923,954
Equipment	2,750,506	2,750,506
Furniture and Fixtures	124,377	124,377
Vehicles	313,715	337,715
	21,043,670	20,609,761
Less: Accumulated Depreciation	7,240,441	6,790,339
	$13,803,229	$13,819,422

The Water and Sewer Department plans additional capital outlays during 2021. Not all of these projects will be completed within the 2021 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 $7,507,208.

TABLE 7
OUTSTANDING DEBT

	GOVERNMENT-WIDE ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	2020	2019	2020	2019
Bonds and Capital Outlay Notes	$ 1,949,000	$ 2,263,000	$ 5,369,700	$ 5,611,000
Capital Leases	21,087	38,085	-	-
Loan from Primary Government	-	-	167,421	173,755
Total Long-Term Debt	$ 1,970,087	$ 2,301,085	$ 5,537,121	$ 5,784,755

The Town's total debt decreased by $578,632 during the current fiscal year.

NEXT YEAR'S BUDGET

The Board of Mayor and Alderman approved a FY2021 budget that included a property tax decrease. 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 and paving projects on Church Street and Cherokee Drive. At the time the budget was being prepared, there were concerns about the financial impacts of the COVID-19 pandemic on sales tax revenues so a contingency line item was included in the FY2021 budget in the amount of $124,289. The Board of Mayor and Alderman will review FY2021 budget requests in the second half of the fiscal year.

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 2021 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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 2,483,744	$ 1,146,068	$ 3,629,812
Receivables:			
Property taxes	1,164,670	-	1,164,670
Interfund note (current portion)	6,334	-	6,334
Other	56,756	4,495	61,251
Customer service accounts, less allowance for doubtful accounts of $2,000	-	262,934	262,934
Unbilled receivables	-	105,301	105,301
Due from other governments	372,601	65,118	437,719
Internal balances	20,442	(20,442)	-
Restricted assets:			
Cash and cash equivalents	41,097	-	41,097
Other receivables	575	-	575
Total current assets	4,146,219	1,563,474	5,709,693
Non-current assets			
Capital assets:			
Land and other asset not being depreciated	654,202	2,200,775	2,854,977
Depreciable capital assets	14,557,084	18,842,895	33,399,979
	15,211,286	21,043,670	36,254,956
Less: Accumulated depreciation	(5,321,869)	(7,240,441)	(12,562,310)
Total capital assets	9,889,417	13,803,229	23,692,646
Other non-current assets			
Interfund receivable, less current maturities	161,087	-	161,087
Net pension asset	647,225	245,438	892,663
Total non-current assets	10,697,729	14,048,667	24,746,396
Total assets	14,843,948	15,612,141	30,456,089
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to the measurement date	104,964	40,438	145,402
Changes of assumptions - pension	45,362	17,202	62,564
Changes of assumptions - OPEB	2,480	1,023	3,503
OPEB contributions made subsequent to the measurement date	1,074	-	1,074
Differences between projected and actual experience - OPEB	2,017	832	2,849
Total deferred outflows of resources	155,897	59,495	215,392

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position
(Continued)

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Payable from current assets:			
Current maturities of long-term debt	$ 320,566	$ 214,234	$ 534,800
Accounts payable	20,390	59,238	79,628
Accrued expenses	60,382	24,629	85,011
Compensated absences	-	20,534	20,534
Due to other governments	18,517	6,398	24,915
Payable from restricted assets:			
Funds held in trust	3,241	-	3,241
Total current liabilities	423,096	325,033	748,129
Non-current liabilities:			
Due in more than one year	1,649,521	5,161,800	6,811,321
Interfund payable	-	161,087	161,087
Compensated absences	71,509	-	71,509
Total OPEB liability	129,849	53,580	183,429
Unamortized bond premium	9,691	16,456	26,147
Total non-current liabilities	1,860,570	5,392,923	7,253,493
Total liabilities	2,283,666	5,717,956	8,001,622
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources:			
Property taxes	1,158,849	-	1,158,849
Net difference between projected and actual earnings on plan investments - pension	51,779	19,463	71,242
Differences between projected and actual experience - pension	160,431	60,839	221,270
Changes of assumptions - OPEB	9,538	3,936	13,474
Differences between projected and actual experience - OPEB	38,619	15,936	54,555
Total deferred inflows of resources	1,419,216	100,174	1,519,390
NET POSITION			
Net position:			
Net investment in capital assets	7,909,639	8,249,652	16,159,291
Restricted:			
Net pension asset	647,225	245,438	892,663
Drug enforcement	43,157	-	43,157
Unrestricted	2,696,942	1,358,416	4,055,358
Total net position	$ 11,296,963	$ 9,853,506	$ 21,150,469

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, 2020

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	$ 715,968	$ 12,247	$ 28,499	$ -	$ (675,222)	$ -	$ (675,222)
Public safety	948,125	64,939	26,900	319	(855,967)	-	(855,967)
Public works	675,064	29,522	105,518	-	(540,024)	-	(540,024)
Recreation	675,642	199,023	-	20,000	(456,619)	-	(456,619)
Debt service	105,361	-	-	-	(105,361)	-	(105,361)
Solid waste	142,644	119,111	-	-	(23,533)	-	(23,533)
Volunteer fire department	604,348	2,450	137,853	196,000	(268,045)	-	(268,045)
Tourism	26,895	-	-	-	(26,895)	-	(26,895)
Total governmental activities	3,894,047	427,292	298,770	216,319	(2,951,666)	-	(2,951,666)
Business-type activities:							
Dandridge Water and Sewer Dept.	2,481,908	2,954,314	-	66,618	-	539,024	539,024
Total business-type activities	2,481,908	2,954,314	-	66,618	-	539,024	539,024
Total primary government	$ 6,375,955	$ 3,381,606	$ 298,770	$ 282,937	(2,951,666)	539,024	(2,412,642)
General revenues:							
Taxes:							
Sales taxes					1,676,733	-	1,676,733
Property taxes					1,085,922	-	1,085,922
Hotel/Motel taxes					91,627	-	91,627
In-lieu of tax					35,396	-	35,396
Wholesale/state beer and wine taxes					227,821	-	227,821
Mixed drink tax					9,105	-	9,105
Business taxes					102,812	-	102,812
Cable TV franchise tax					60,370	-	60,370
State income tax					16,357	-	16,357
Excise taxes					15,778	-	15,778
Licenses and permits					47,186	-	47,186
Interest earned					5,778	3,038	8,816
Gain on disposal of capital assets					1,374	2,300	3,674
Miscellaneous					145,396	-	145,396
Total general revenues					3,521,655	5,338	3,526,993
Change in net position					569,989	544,362	1,114,351
Net position - beginning					10,726,974	9,309,144	20,036,118
Net position - ending					$ 11,296,963	$ 9,853,506	$ 21,150,469

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

TOWN OF DANDRIDGE, TENNESSEE

Balance Sheet - Governmental Funds

June 30, 2020

	General Fund	Volunteer Fire Department Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,211,795	$ 271,949	$ -	$ 2,483,744
Receivables:				
Property taxes	1,164,670	-	-	1,164,670
Interfund note (current portion)	6,334	-	-	6,334
Other	56,756	-	-	56,756
Due from other governments	372,601	-	-	372,601
Due from other governmental funds	274	195	69,141	69,610
Due from proprietary funds	-	-	20,772	20,772
Interfund receivable, less current maturities	161,087	-	-	161,087
Restricted assets:				
Cash and cash equivalents	-	-	41,097	41,097
Other receivables	-	-	575	575
Due from governmental funds	-	-	5,000	5,000
Total assets	$ 3,973,517	$ 272,144	$ 136,585	$ 4,382,246
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 10,162	$ 10,228	$ -	$ 20,390
Accrued expenses	55,686	1,480	3,216	60,382
Due to other funds	74,336	-	-	74,336
Due to proprietary fund	330	-	-	330
Due to other governments	18,517	-	-	18,517
Payable from restricted assets:				
Due to other funds	-	-	274	274
Funds held in trust	-	-	3,241	3,241
Total liabilities	159,031	11,708	6,731	177,470
Deferred inflows of resources:				
Property taxes	1,158,849	-	-	1,158,849
Total deferred inflows of resources	1,158,849	-	-	1,158,849
Fund balances:				
Nonspendable	167,421	-	-	167,421
Restricted	-	-	43,157	43,157
Assigned	-	260,436	86,697	347,133
Unassigned	2,488,216	-	-	2,488,216
Total fund balances	2,655,637	260,436	129,854	3,045,927
Total liabilities, deferred inflows of resources and fund balances	$ 3,973,517	$ 272,144	$ 136,585	$ 4,382,246

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, 2020

Total fund balances--governmental funds		$ 3,045,927
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets	$ 15,211,286	
Accumulated depreciation	(5,321,869)	9,889,417
The net pension asset is not an available resource and, therefore, is not reported in the funds		647,225
The total OPEB liability is not due and payable in the current period and, therefore, is not reported in the funds		(129,849)
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	(1,949,000)	
Unamortized bond premium	(9,691)	
Compensated absences	(71,509)	
Lease obligations	(21,087)	(2,051,287)
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	104,964	
Changes of assumptions - pension	45,362	
Changes of assumptions - OPEB	2,480	
Differences between projected and actual experience - OPEB	2,017	
OPEB contributions subsequent to the measurement date	1,074	
Deferred inflows -		
Net difference between projected and actual earnings on plan investments - pension	(51,779)	
Differences between projected and actual experience - pension	(160,431)	
Changes of assumptions - OPEB	(9,538)	
Differences between projected and actual experience - OPEB	(38,619)	(104,470)
Total net position--governmental activities		$ 11,296,963

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, 2020

	General Fund	Volunteer Fire Department Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local taxes	$ 2,902,171	$ -	$ 91,627	$ 2,993,798
Licenses and permits	47,186	-	-	47,186
Federal, state and local grants	36,600	198,874	319	235,793
Intergovernmental revenues	442,441	85,660	-	528,101
Charges for services	257,579	2,450	119,111	379,140
Interest earnings	5,600	178	-	5,778
Fines, forfeits and penalties	43,392	-	4,760	48,152
Contributions and donations	26,749	49,319	3,250	79,318
Other revenue	63,119	73,247	15,484	151,850
Total revenues	3,824,837	409,728	234,551	4,469,116
Expenditures:				
General government	748,884	-	-	748,884
Public safety	890,576	-	-	890,576
Public works	535,793	-	-	535,793
Culture and recreation	624,469	-	-	624,469
Debt service	1,657,145	31,665	122,441	1,811,251
Sanitation	-	-	143,143	143,143
Volunteer fire department	-	559,285	-	559,285
Drug enforcement	-	-	10,531	10,531
Tourism	-	-	10,898	10,898
Total expenditures	4,456,867	590,950	287,013	5,334,830
Revenues over (under) expenditures	(632,030)	(181,222)	(52,462)	(865,714)
Other financing sources (uses):				
Refunding bonds issued	1,374,000	-	-	1,374,000
Transfers (to) from other funds	(222,418)	201,007	21,411	-
Total other financing sources (uses)	1,151,582	201,007	21,411	1,374,000
Net changes in fund balances	519,552	19,785	(31,051)	508,286
Fund balance, beginning	2,136,085	240,651	160,905	2,537,641
Fund balance, ending	$ 2,655,637	$ 260,436	$ 129,854	$ 3,045,927

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, 2020

Total net change in fund balances--governmental funds		$ 508,286
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	$ (379,822)	
Capital outlays (Additions)	106,200	(273,622)
Proceeds from the sale of capital assets is revenue in the governmental funds, but the net book value of the asset sold is removed from capital assets in the statement of net position and offset against the proceeds resulting in a gain (loss) on disposal of capital assets in the statement of activities.		(5,081)
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 refunding bonds issued	(1,374,000)	
Principal paid on long-term debt	1,704,998	
Premium amortized	893	331,891
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	(20,023)	
OPEB expense	(13,406)	
Pension expense	41,944	8,515
Change in net position of governmental activities		$ 569,989

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

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position - Proprietary Funds

June 30, 2020

	Enterprise Fund Water and Sewer Department
ASSETS	
Current assets:	
Cash and cash equivalents	$ 1,146,068
Receivables -	
Customer service accounts, less allowance for doubtful accounts of $2,000	262,934
Unbilled receivables	105,301
Other	4,495
Due from governmental funds	330
Due from other governments	65,118
Total current assets	1,584,246
Non-current assets:	
Capital assets, not being depreciated -	
Land and land rights	8,900
Construction work in progress	2,191,875
Capital assets, being depreciated -	
Utility plant	18,842,895
Less: accumulated depreciation	(7,240,441)
Total capital assets	13,803,229
Other non-current assets:	
Net pension asset	245,438
Total non-current assets	14,048,667
Total assets	15,632,913
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions subsequent to the measurement date	40,438
Changes of assumptions - pension	17,202
Changes of assumptions - OPEB	1,023
Differences between projected and actual experience - OPEB	832
Total deferred outflows of resources	59,495

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position - Proprietary Funds
(Continued)

June 30, 2020

	Enterprise Fund Water and Sewer Department
LIABILITIES	
Current liabilities:	
Current maturities of long-term debt	$ 214,234
Accounts payable	59,238
Accrued expenses	1,982
Accrued wages payable	22,647
Compensated absences payable	20,534
Due to governmental funds	20,772
Due to other governments	6,398
Total current liabilities	345,805
Non-current liabilities:	
Interfund payable, less current maturities	161,087
Unamortized bond premium	16,456
Long-term debt, less current maturities	5,161,800
Total OPEB liability	53,580
Total non-current liabilities	5,392,923
Total liabilities	5,738,728
DEFERRED INFLOWS OF RESOURCES	
Net difference between projected and actual earnings on plan investments - pension	19,463
Differences between projected and actual experience - pension	60,839
Differences between projected and actual experience - OPEB	15,936
Changes of assumptions - OPEB	3,936
Total deferred inflows of resources	100,174
NET POSITION	
Net position:	
Net investment in capital assets	8,249,652
Restricted for net pension asset	245,438
Unrestricted	1,358,416
Total net position	$ 9,853,506

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, 2020

	Enterprise Fund Water and Sewer Department
Operating revenues:	
Water sales	$ 1,723,453
Sewer service charges	929,460
Forfeited discounts and penalties	31,430
Tap fees	174,348
Fire service and hydrant rental	13,800
Miscellaneous	44,677
Installation charges	37,146
Total operating revenues	2,954,314
Operating expenses:	
Water treatment and distribution	926,160
Sewer collection and disposal	674,936
Administrative and general	269,564
Provision for depreciation	474,102
Total operating expenses	2,344,762
Operating income	609,552
Non-operating revenues (expense):	
Interest income	3,038
Gain on disposal	2,300
Interest expense	(137,146)
Total non-operating revenues (expenses)	(131,808)
Income before capital contributions	477,744
Capital contributions from federal government	66,618
Change in net position	544,362
Net position, beginning	9,309,144
Net position, ending	$ 9,853,506

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, 2020

Cash flows from operating activities:	
Cash received from customers	$ 2,859,971
Cash payments to suppliers for goods and services	(1,417,496)
Cash payments to employees for services	(472,995)
Net cash provided by operating activities	969,480
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(391,291)
Principal payments on long-term debt	(247,734)
Proceeds from sale of capital assets	2,300
Interest paid on long-term debt	(137,894)
Net cash used by capital and related financing activities	(774,619)
Cash flows from investing activities:	
Interest received on investments	3,038
Net cash provided by investing activities	3,038
Net increase in cash and cash equivalents	197,899
Cash and cash equivalents, beginning	948,169
Cash and cash equivalents, ending	$ 1,146,068
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 609,552
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	474,102
(Increase) decrease in assets and deferred outflows:	
Accounts receivable	(26,831)
Unbilled revenue	(3,421)
Other receivables	(45)
Due from other governments	(65,118)
Net pension asset	(49,963)
Deferred outflows related to pension and OPEB	14,605
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable and accrued expenses	(1,136)
Accrued wages and benefits payable	4,142
Due to other governments	1,072
Due to governmental funds	(607)
Total OPEB liability	3,993
Deferred inflows related to pension and OPEB	9,135
Net cash provided by operating activities	$ 969,480

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, 2020

	2020 Original Budget	2020 Final Budget	2020 Actual
Revenues:			
Local taxes:			
Local sales tax	$ 1,376,800	$ 1,376,800	$ 1,417,458
Property taxes	1,030,570	1,030,570	1,085,922
Wholesale beer and wine taxes	205,000	205,000	226,504
Mixed drink taxes	12,500	12,500	9,105
Business tax	90,000	90,000	102,812
Cable TV franchise tax	57,000	57,000	60,370
Total local taxes	2,771,870	2,771,870	2,902,171
Licenses and permits:			
Building permits	30,000	30,000	44,436
Beer permits	2,500	2,500	2,750
Total licenses and permits	32,500	32,500	47,186
Intergovernmental revenues:			
Federal grants - Tennessee Department of Safety and Homeland Security	-	15,000	14,850
State grant - Tennessee Department of Health	-	-	20,000
State grants - Farmer's market	-	-	1,750
State law enforcement education	6,600	6,600	8,800
State sales tax	255,000	255,000	259,275
State income tax	-	-	16,357
State beer tax	1,300	1,300	1,317
State gasoline and motor fuel tax	98,000	98,000	99,935
State street and transportation	5,550	5,550	5,583
Gross receipts tax - TVA	33,000	33,000	35,396
Corporate excise tax	8,000	8,000	15,778
Total intergovernmental revenues	407,450	422,450	479,041
Charges for services:			
Street maintenance contract	41,000	41,000	27,683
Park and recreation charges	219,000	219,000	199,023
Other	44,250	44,250	30,873
Total charges for services	304,250	304,250	257,579
Fines, forfeits and penalties:			
Court fines and costs	50,500	50,500	43,392
Total fines, forfeits and penalties	50,500	50,500	43,392

(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, 2020

	2020 Original Budget	2020 Final Budget	2020 Actual
Revenues (continued):			
Other revenue:			
Other revenue	$ 5,850	$ 25,850	$ 13,176
Interest earnings	4,200	4,200	5,600
Rent	25,000	25,000	37,240
Sale of equipment	10,000	10,000	12,703
Contributions	25,000	25,000	26,749
Total other revenue	70,050	90,050	95,468
Total revenues	3,636,620	3,671,620	3,824,837
Expenditures:			
General government:			
Legislative:			
Personal services	56,349	56,349	56,078
Contractual services	9,400	9,400	5,300
Total legislative	65,749	65,749	61,378
Judicial:			
Contractual services	4,200	4,200	4,200
Total judicial	4,200	4,200	4,200
Central staff agencies:			
Personal services	292,782	292,782	221,389
Contractual services	66,400	66,400	70,676
Supplies	8,750	8,750	6,395
Capital outlay	13,780	13,780	13,223
Total central staff agencies	381,712	381,712	311,683
Building inspector/codes enforcement:			
Personal services	63,391	63,391	62,532
Contractual services	1,410	1,410	1,110
Supplies	1,400	1,400	412
Capital outlay	9,590	9,590	6,495
Total building inspector/codes enforcement	75,791	75,791	70,549
General government buildings:			
Personal services	83,819	83,819	78,893
Contractual services	29,480	29,480	20,381
Supplies	37,400	48,512	36,881
Fixed charges	1,000	1,000	355
Capital outlay	-	65,487	20,087
Total general government buildings	151,699	228,298	156,597

(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, 2020

	2020 Original Budget	2020 Final Budget	2020 Actual
Expenditures (continued):			
General government (continued):			
Other general government:			
Personal services	$ 250	$ 250	$ -
Contractual services	39,725	39,725	34,909
Supplies	2,000	2,000	2,558
Fixed charges	59,400	59,400	50,710
Grants, contributions and donations	48,550	56,050	55,800
Reserve for contingency	10,000	10,000	500
Total other general government	159,925	167,425	144,477
Total general government	839,076	923,175	748,884
Public safety:			
Police:			
Personal services	790,326	797,836	791,569
Contractual services	43,025	43,025	34,119
Supplies	62,300	62,300	45,793
Capital outlay	14,500	21,990	12,761
Total police	910,151	925,151	884,242
Support services:			
Contractual services	6,334	6,334	6,334
Total support services	6,334	6,334	6,334
Total public safety	916,485	931,485	890,576
Public works:			
Highways and streets:			
Personal services	226,691	226,691	172,021
Contractual services	68,825	68,825	36,326
Supplies	58,000	58,000	51,906
Building materials	6,000	6,000	6,801
Fixed charges	2,500	2,500	1,243
Capital outlay	22,133	22,133	19,170
Total highways and streets	384,149	384,149	287,467
City garage:			
Personal services	57,125	57,125	47,158
Contractual services	580	580	513
Supplies	8,400	8,400	4,785
Total city garage	66,105	66,105	52,456
State street aid:			
Contractual services	235,000	235,000	195,870
Total state street aid	235,000	235,000	195,870
Total public works	685,254	685,254	535,793

(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, 2020

	2020 Original Budget	2020 Final Budget	2020 Actual
Expenditures (continued):			
Culture and recreation:			
Recreation:			
Personal services	$ 102,963	$ 102,963	$ 96,003
Contractual services	37,760	37,760	25,255
Supplies	20,000	20,000	15,278
Fixed charges	500	500	75
Capital outlay	38,500	38,500	34,535
Total recreation	199,723	199,723	171,146
Activity center:			
Personal services	209,384	209,384	217,386
Contractual services	158,850	158,850	134,278
Supplies	29,650	29,650	23,557
Capital outlay	6,900	26,900	21,196
Total activity center	404,784	424,784	396,417
Libraries:			
Contractual services	8,950	8,950	7,779
Fixed charges	1,500	1,500	1,455
Grants, contributions and donations	47,672	47,672	47,672
Total libraries	58,122	58,122	56,906
Total culture and recreation	662,629	682,629	624,469
Debt service:			
Bonds and notes payable	221,998	1,566,998	1,566,998
Debt issuance costs	-	24,971	24,971
Interest and fiscal charges	61,150	65,179	65,176
Total debt service	283,148	1,657,148	1,657,145
Total expenditures	3,386,592	4,879,691	4,456,867
Revenues over (under) expenditures	250,028	(1,208,071)	(632,030)
Other financing sources (uses):			
Refunding bonds issued	-	1,374,000	1,374,000
Transfers (to) from other funds	(250,028)	(250,028)	(222,418)
Total other financing sources (uses)	(250,028)	1,123,972	1,151,582
Net change in fund balance	-	(84,099)	519,552
Fund balance, beginning	2,136,085	2,136,085	2,136,085
Fund balance, ending	$ 2,136,085	$ 2,051,986	$ 2,655,637

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, 2020

	2020 Original Budget	2020 Final Budget	2020 Actual
Revenues:			
Intergovernmental revenues	$ 85,660	$ 284,654	$ 284,534
Charges for services	1,550	1,550	2,450
Interest earnings	100	100	178
Insurance recoveries	19,000	19,000	46,617
Contributions and donations	40,000	111,914	49,319
Other revenue	500	500	26,630
Total revenues	146,810	417,718	409,728
Expenditures:			
Personal services	126,152	126,152	119,443
Contractual services	80,800	80,800	73,506
Supplies	65,050	75,050	76,393
Fixed charges	24,150	24,150	23,647
Capital outlay	20,000	316,532	266,296
Debt service	31,665	31,665	31,665
Total expenditures	347,817	654,349	590,950
Revenues over (under) expenditures	(201,007)	(236,631)	(181,222)
Other financing sources (uses):			
Interfund transfers - in (out)	201,007	201,007	201,007
Total other financing sources (uses)	201,007	201,007	201,007
Net changes in fund balances	-	(35,624)	19,785
Fund balance, beginning	240,651	240,651	240,651
Fund balance, ending	$ 240,651	$ 205,027	$ 260,436

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements

June 30, 2020

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, 2020, the government had no encumbrances. Also, for the year ended June 30, 2020, 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, 2020 is recorded. The balance of the reserve at June 30, 2020 is $111,849.

At June 30, 2020, the government's 2020 property taxes were not scheduled to be billed until October 2020. 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, 2020, 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 – 100 years
Machinery and equipment	5 – 30 years
Streets, traffic signals and bridges	20 – 100 years

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

Description	Estimated Useful Lives
Water and sewer systems	7 – 50 years
Structures and improvements	10 – 40 years
Machinery and equipment	5 – 35 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

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

The government has items that qualify for reporting in these categories. Pension/OPEB contributions made after the net pension liability measurement date are reported as deferred outflows on the statement of net position. Certain property taxes 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, 2020, 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. 95, *Postponement of The Effective Dates of Certain Authoritative Guidance*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements, which have not already been adopted by the Town of Dandridge, are postponed by one year:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Recently Issued and Adopted Accounting Pronouncements (Continued)

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities.*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases.*

As a result of this pronouncement, the Town of Dandridge did not adopt any new accounting standards during the year.

2. Cash and Cash Equivalents

At June 30, 2020, 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	$ 1,400	$ -	$ 1,400
Checking and money market accounts	3,628,412	41,097	3,669,509
	$ 3,629,812	$ 41,097	$ 3,670,909

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.

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

2. Cash and Cash Equivalents (Continued)

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	$3,670,909

3. Capital Assets

Governmental capital asset activity for the fiscal year ended June 30, 2020 was as follows:

Governmental Activities	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	$ 634,202	$ 20,000	$ -	$ 654,202
Total capital assets, not being depreciated	634,202	20,000	-	654,202
Capital assets, being depreciated:				
Buildings and improvements	5,136,107	-	-	5,136,107
Infrastructures	5,488,522	-	-	5,488,522
Machinery and equipment	3,916,583	86,200	70,328	3,932,455
Total capital assets, being depreciated	14,541,212	86,200	70,328	14,557,084
Less accumulated depreciation for:				
Buildings and improvements	1,122,197	114,092	-	1,236,289
Infrastructures	1,915,251	83,785	-	1,999,036
Machinery and equipment	1,969,846	181,945	65,247	2,086,544
Total accumulated depreciation	5,007,294	379,822	65,247	5,321,869
Capital assets, being depreciated, net	9,533,918	(293,622)	5,081	9,235,215
Governmental activities assets, net	$ 10,168,120	$ (273,622)	$ 5,081	$ 9,889,417

Depreciation expense was charged to governmental functions as follows:

General government	$ 14,550
Public works	141,234
Public safety	50,019
Volunteer fire department	71,063
Tourism	15,997
Recreation and culture	86,959
Total depreciation expense	$ 379,822

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, 2020 was as follows:

Business-Type Activities	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital assets, not being depreciated:				
Construction in progress	$ 1,745,529	$ 446,346	$ -	$ 2,191,875
Land easements	8,900	-	-	8,900
Total capital assets, not being depreciated	1,754,429	446,346	-	2,200,775
Capital assets, being depreciated:				
Buildings	718,780	-	-	718,780
Lines and tanks	14,923,954	11,563	-	14,935,517
Equipment	2,750,506	-	-	2,750,506
Furniture and fixtures	124,377	-	-	124,377
Vehicles	337,715	-	24,000	313,715
Total capital assets, being depreciated	18,855,332	11,563	24,000	18,842,895
Less accumulated depreciation for:				
Buildings	221,608	16,292	-	237,900
Lines and tanks	5,127,341	335,644	-	5,462,985
Equipment	1,084,273	94,772	-	1,179,045
Furniture and fixtures	77,381	5,780	-	83,161
Vehicles	279,736	21,614	24,000	277,350
Total accumulated depreciation	6,790,339	474,102	24,000	7,240,441
Capital assets, being depreciated, net	12,064,993	(462,539)	-	11,602,454
Business-type activities capital assets, net	$ 13,819,422	$ (16,193)	$ -	$ 13,803,229

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

Water and Sewer	$ 474,102

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, 2020 in governmental activities:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
General obligation bonds, Series 2011	$ 1,445,000	$ -	$ 1,445,000	$ -	$ -
General obligation refunding bonds, Series 2020	-	1,374,000	-	1,374,000	116,000
Capital outlay note (direct borrowing), dated 5/6/15	63,000	-	63,000	-	-
Capital outlay note (direct borrowing), dated 4/7/17	376,000	-	90,000	286,000	93,000
Capital outlay note (direct borrowing), dated 10/5/18	379,000	-	90,000	289,000	94,000
Capital lease obligation (direct borrowing), dated 6/26/16	29,051	-	14,312	14,739	14,739
Capital lease obligation (direct borrowing), dated 7/1/17	5,453	-	1,717	3,736	1,816
Capital lease obligation (direct borrowing), dated 12/18/18	3,581	-	969	2,612	1,011
Compensated absences	51,486	63,617	43,594	71,509	-
	$ 2,352,571	$ 1,437,617	$ 1,748,592	$ 2,041,596	$ 320,566

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, 2020 consist of the following:

Bonds and Capital Outlay Notes

$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.	$ 286,000
$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.	289,000
$1,374,000 General Obligation Bonds, Series 2020, interest due semi-annually on June 1 and December 1 at a fixed rate of 1.70%, principal due annually on June 1.	1,374,000
Total bonds and capital outlay notes	$ 1,949,000

Other than the capital leases noted below, all of the Town's direct borrowings are backed by the full faith and credit of the government. It the event of default, these direct borrowings would be payable in full at the time of default.

Capital Leases

Capital lease obligation, dated June 26, 2016, five consecutive inadvance payments of $15,180. Interest rate is 2.989%.	$ 14,739
Capital lease obligation, dated July 1, 2017, sixty monthly payments of $165 for a total of $9,900. Interest rate is 5.636%.	3,736
Capital lease obligation, dated December 18, 2018, forty-eight monthly payments of $92 for a total of $4,050. Interest rate is 4.306%.	2,612
Total capital leases	$ 21,087

Capital leases are secured by equipment. In the event of default, the equipment will be returned to the lessor.

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, 2020 in business-type activities:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due in One Year
Water & Sewer Refunding Bonds, Series 2014	$ 4,104,100	$ -	$ 154,400	$ 3,949,700	$ 157,900
General Obligation Bonds, Series 2017	1,465,000	-	45,000	1,420,000	50,000
Capital outlay note dated 5/6/15	42,000	-	42,000	-	-
Interfund note payable	173,755	-	6,334	167,421	6,334
	$ 5,784,855	$ -	$ 247,734	$ 5,537,121	$ 214,234

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.	$ 3,949,700
$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	1,420,000
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.	167,421
Total business-type long-term debt	5,537,121
Less current maturities	214,234
	$ 5,322,887

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, 2020 are as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	$ 320,566	$ 38,199	$ 214,234	$ 131,615
2022	310,976	31,722	217,834	125,958
2023	314,545	23,728	221,534	121,092
2024	120,000	17,408	225,334	116,140
2025	123,000	15,368	234,234	111,101
2026-2030	645,000	44,795	1,242,270	471,977
2031-2035	136,000	2,312	1,398,270	315,431
Thereafter	-	-	1,783,411	145,037
	$ 1,970,087	$ 173,532	$ 5,537,121	$ 1,538,351

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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	61
Active employees	44
	124

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, 2020, employer contributions for the government were $145,402 based on a rate of 5.31 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, 2019, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability (asset) as of June 30, 2019 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, 2019 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*	$ 5,021,230	$ 5,760,759	$ (739,529)
Changes for the year:			
Service cost	133,132	-	133,132
Interest	367,639	-	367,639
Differences between expected and actual experience	(65,566)	-	(65,566)
Changes of assumptions	-	-	-
Contributions - employer	-	163,625	(163,625)
Contributions - employees	-	-	-
Net investment income	-	428,672	(428,672)
Benefit payments, including refunds of employee contributions	(166,948)	(166,948)	-
Administrative expense	-	(3,958)	3,958
Net changes	268,257	421,391	(153,134)
Ending balance*	$ 5,289,487	$ 6,182,150	$ (892,663)

* The measurement date of the beginning balance was June 30, 2018 and the measurement date of the ending balance was June 30, 2019. The reporting date of the beginning balance is June 30, 2019 and the reporting date of the ending balance is June 30, 2020.

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)	$ (80,572)	$ (892,663)	$ (1,558,687)

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

Pension Expense. For the year ended June 30, 2020, the government recognized pension expense of $77,520.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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
Differences between expected and actual experience	$ -	$ (221,270)
Net difference between projected and actual earnings on pension plan investments	-	(71,242)
Changes of assumptions	62,564	-
Contributions subsequent to the measurement date of June 30, 2019	145,402	-
Total	$ 207,966	$ (292,512)

The amount shown above for contributions subsequent to the measurement date of June 30, 2019 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:		
2021	$	(47,545)
2022		(90,940)
2023		(39,944)
2024		(21,248)
2025		(13,649)
Thereafter		(16,622)

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, 2020, the government reported a payable of $0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

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, 2019, the following employees of the Town of Dandridge were covered by the benefit terms of the LGOP:

Inactive employees or currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees eligible for benefits	37
	37

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, 2020, the Town of Dandridge paid $1,074 to the LGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions. The total OPEB Liability in the June 30, 2019 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	6.03 percent for pre-65 in 2019, decreasing annually over a 10-year period to an ultimate rate of 4.5 percent 5.20 percent for post-65 in 2019, decreasing annually over a 4-year period to an ultimate rate of 4.5 percent
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2019, valuations were the same as those employed in the July 1, 2019 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 3.51 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, 2018	$ 163,546
Changes for the year:	
Service cost	14,353
Interest	6,297
Changes of benefit terms	-
Differences between expected and actual experience	3,219
Changes of assumptions	3,958
Benefit payments	(7,944)
Net changes	19,883
Balances at June 30, 2019	$ 183,429

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 3.62 percent as of the beginning of the measurement period to 3.51 percent as of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and slight changes to the near term health trend rates.

Sensitivity of total OPEB liability to changes in the discount rate. The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51%) or 1-percentage-point higher (4.51%) than the current discount rate.

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
Government's total OPEB liability	$ 200,498	$ 183,429	$ 167,783

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

	1% Decrease (5.03%/4.20% decreasing to 3.50%)	Current Healthcare Cost Trend Rate (6.03%/5.20% decreasing to 4.50%)	1% Increase (7.03%/6.20% decreasing to 5.50%)
Government's total OPEB liability	$ 161,202	$ 183,429	$ 210,175

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, 2020, the Town of Dandridge recognized OPEB expense of $13,533.

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, 2020, 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	$ 2,849	$ (54,555)
Changes of assumptions	3,503	(13,474)
Contributions subsequent to the measurement date of June 30, 2019	1,074	-
Total	$ 7,426	$ (68,029)

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:	
2021	$ (7,117)
2022	(7,117)
2023	(7,117)
2024	(7,117)
2025	(7,117)
Thereafter	(26,092)

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, 2020 are as follows:

	Due From			
Due To	General Fund	Drug Fund	Water and Sewer Fund	Total
General Fund	$ -	$ 274	$ 167,421	$ 167,695
Drug Fund	5,000	-	-	5,000
Volunteer Fire Department Fund	195	-	-	195
Sanitation Fund	32,431	-	20,772	53,203
Tourism Fund	36,710	-	-	36,710
Water and Sewer Fund	330	-	-	330
	$ 74,666	$ 274	$ 188,193	$ 263,133

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	$ 201,007
Sanitation Fund	21,411
Total	$ 222,418

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 December 31, 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*

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	$ 133,132	$ 124,191	$ 109,258	$ 110,835	$ 98,036	$ 107,679
Interest	367,639	347,625	334,038	315,337	298,555	288,079
Changes in benefit terms	-	-	-	-	-	-
Differences between actual and expected experience	(65,566)	(54,351)	(80,015)	(42,749)	(60,652)	(120,727)
Change of assumptions	-	-	100,104	-	-	-
Benefit payments, including refunds of employee contributions	(166,948)	(133,747)	(140,911)	(124,091)	(125,851)	(125,580)
Net change in total pension liability	268,257	283,718	322,474	259,332	210,088	149,451
Total pension liability - beginning	5,021,230	4,737,512	4,415,038	4,155,706	3,945,618	3,796,167
Total pension liability - ending (a)	$ 5,289,487	$ 5,021,230	$ 4,737,512	$ 4,415,038	$ 4,155,706	$ 3,945,618
Plan fiduciary net position						
Contributions - employer	$ 163,625	$ 200,950	$ 230,743	$ 220,069	$ 216,871	$ 194,076
Contributions - employee	-	-	-	-	-	-
Net investment income	428,672	439,103	530,840	118,729	131,024	593,068
Benefit payments, including refunds of employee contributions	(166,948)	(133,747)	(140,911)	(124,091)	(125,851)	(125,580)
Administrative expense	(3,958)	(3,943)	(3,591)	(2,994)	(2,132)	(1,505)
Net change in plan fiduciary net position	421,391	502,363	617,081	211,713	219,912	660,059
Plan fiduciary net position - beginning	5,760,759	5,258,396	4,641,315	4,429,602	4,209,690	3,549,631
Plan fiduciary net position - ending (b)	$ 6,182,150	$ 5,760,759	$ 5,258,396	$ 4,641,315	$ 4,429,602	$ 4,209,690
Net pension liability (asset) - ending (a)-(b)	$ (892,663)	$ (739,529)	$ (520,884)	$ (226,277)	$ (273,896)	$ (264,072)
Plan fiduciary net position as a percentage of total pension liability	116.88%	114.73%	110.99%	105.13%	106.59%	106.69%
Covered payroll	$ 1,636,246	$ 1,674,580	$ 1,597,560	$ 1,544,346	$ 1,521,902	$ 1,366,258
Net pension liability (asset) as a percentage of covered payroll	-54.56%	-44.16%	-32.60%	-14.65%	-18.00%	-19.33%

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

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*

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 90,833	$ 94,151	$ 170,995	$ 227,846	$ 220,069	$ 216,871	$ 194,076
Contributions in relation to the actuarially determined contribution	145,402	163,742	200,954	227,846	220,069	216,871	194,076
Contribution deficiency (excess)	$ (54,569)	$ (69,591)	$ (29,959)	$ -	$ -	$ -	$ -
Covered payroll	$ 1,710,612	$ 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	8.50%	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.

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*

	2019	2018	2017
Total OPEB liability			
Service cost	$ 14,353	$ 13,643	$ 14,699
Interest	6,297	8,390	7,015
Difference between expected and actual experience	3,219	(66,955)	-
Changes of assumptions	3,958	(6,315)	(11,800)
Benefit payments	(7,944)	(14,495)	(12,347)
Net change in total OPEB liability	19,883	(65,732)	(2,433)
Total OPEB liability - beginning	163,546	229,278	231,711
Total OPEB liability - ending	$ 183,429	$ 163,546	$ 229,278
Covered payroll	$ 1,664,916	$ 1,426,057	$ 1,414,053
Total OPEB liability as a percentage of covered payroll	11.02%	11.47%	16.21%

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Required Supplementary Information

June 30, 2020

Notes to Schedule - Public Employee Pension Plan of TCRS

Valuation date: Actuarially determined contribution rates for 2020 were calculated based on the June 30, 2018 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, averaging 4.0 percent
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
Changes of Assumptions:	In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent, decreased the investment rate of return from 7.50 percent to 7.25 percent, decreased the cost of living adjustment from 2.50 percent to 2.25 percent, decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent and modified mortality assumptions.

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

Valuation date: June 30, 2019

Measurement date: June 30, 2019

Actuarial cost method	Entry Age Normal
Inflation	2.2 percent
Discount rate	3.51 percent
Salary increases	Salary increase rates used in the July 1, 2019 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS); 8.72 percent - 3.44 percent (averaging 4.0 percent).
Retirement age	Retirement rates used in the July 1, 2019 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, 2019 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	6.03 percent for pre-65 in 2019, decreasing annually over a 10-year period to an ultimate trend rate of 4.50 percent. 5.20 percent for post-65 in 2019, decreasing annually over a 4-year period to an ultimate trend rate of 4.50 percent.

Other information:

Notes

See the actuarial valuation report as of July 1, 2019 (dated June 30, 2020)

The following changes of assumptions and other input were made:

- The discount rate was changed from 3.62 percent as of the beginning of the measurement period to 3.51 percent as of June 30, 2019.
- The medical and drug trend rate assumptions were updated to reflect more recent experience as of the measurement date.
- A change in expected per capita health claims to reflect more recent information as of the measurement date.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF DANDRIDGE, TENNESSEE

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2020

Grantor Agency	Contract #	CFDA Number	Expenditures
Federal Awards:			
U.S. Department of Justice - 2017 BulletProof Vest Program	N/A	16.607	$ 319
Total U.S. Department of Justice			319
U.S. Department of Homeland Security - Federal Emergency Management Agency	EMW-2018-FO-05642	97.044	178,182
Total U.S. Department of Homeland Security			178,182
U.S. Department of Transportation - Pass-through from Tennessee Department of Safety and Homeland Security - THS Grant	Z-20-THS066	20.607	11,133
Total U.S. Department of Transportation			11,133
U.S. Department of Agriculture - Pass-through from Tennessee Department of Agriculture - Cooperative Forestry Assistance Grant	32510-14420	10.664	2,875
Total U.S. Department of Agriculture			2,875
Appalachian Regional Commission - Pass-through from Tennessee Department of Economic and Community Development - 2018 ARC Grant	33004-91418	23.002	66,618
Total Appalachian Regional Commission			66,618
U.S. Department of Housing and Urban Development - Pass-through from Tennessee Department of Economic and Community Development - CDBG Grant - Sewer System Improvements	33004-17720	14.228	1,500
Total U.S. Department of Housing and Urban Development			1,500
Total Federal Awards			260,627
State Awards:			
Tennessee Department of Agriculture - TAEP Farmers Market Promotional and Retail Grant	N/A	N/A	750
Tennessee Department of Health - Pass-through from Jefferson County, Tennessee - Healthy Active Built Environment Grant Program	34360-67019	N/A	20,000
Tennessee Department of Commerce and Insurance - Volunteer Firefighter Equipment Grant Program	33501-2025441	N/A	17,818
Total State Awards			38,568
Total Federal and State Awards			$ 299,195

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, 2020

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, 2020. 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, 2020

	Governmental Funds			
	Sanitation Fund	Drug Fund	Tourism Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ -	$ 41,097	$ -	$ 41,097
Accounts receivable	-	575	-	575
Due from other governmental funds	32,431	5,000	36,710	74,141
Due from proprietary fund	20,772	-	-	20,772
Total assets	$ 53,203	$ 46,672	$ 36,710	$ 136,585
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued expenses	$ 3,216	$ -	$ -	$ 3,216
Due to other funds	-	274	-	274
Funds held in trust	-	3,241	-	3,241
Total liabilities	3,216	3,515	-	6,731
Fund balances:				
Restricted	-	43,157	-	43,157
Assigned	49,987	-	36,710	86,697
Total fund balances	49,987	43,157	36,710	129,854
Total liabilities and fund balances	$ 53,203	$ 46,672	$ 36,710	$ 136,585

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		
	2020 Original Budget	2020 Final Budget	2020 Actual	2020 Original Budget	2020 Final Budget	2020 Actual
Revenues:						
Local taxes	$ -	$ -	$ -	$ -	$ -	$ -
Federal, state and local grants	-	-	-	-	-	319
Charges for services	117,600	117,600	119,111	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	4,760
Sale of seized equipment	-	-	-	-	-	80
Contributions and donations	-	-	-	-	-	3,250
Other revenue	-	-	1,775	-	-	12,500
Total revenues	117,600	117,600	120,886	-	-	20,909
Expenditures:						
Personal services	109,261	109,261	102,654	-	-	-
Contractual services	22,560	22,560	19,122	300	300	70
Supplies	29,900	29,900	16,872	3,600	3,600	3,662
Fixed charges	4,900	4,900	4,495	-	-	-
Capital outlay	-	-	-	6,800	6,800	6,799
Debt service	-	-	-	22,478	22,478	22,477
Total expenditures	166,621	166,621	143,143	33,178	33,178	33,008
Revenues over (under) expenditures	(49,021)	(49,021)	(22,257)	(33,178)	(33,178)	(12,099)
Other financing sources (uses):						
Interfund transfers - in (out)	49,021	49,021	21,411	-	-	-
Total other financing sources (uses)	49,021	49,021	21,411	-	-	-
Net changes in fund balances	-	-	(846)	(33,178)	(33,178)	(12,099)
Fund balance, beginning	50,833	50,833	50,833	55,256	55,256	55,256
Fund balance, ending	$ 50,833	$ 50,833	$ 49,987	$ 22,078	$ 22,078	$ 43,157

(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, 2020

	Tourism Fund			Total Nonmajor Governmental Funds		
	2020 Original Budget	2020 Final Budget	2020 Actual	2020 Original Budget	2020 Final Budget	2020 Actual
Revenues:						
Local taxes	$ 103,000	$ 103,000	$ 91,627	$ 103,000	$ 103,000	$ 91,627
Federal, state and local grants	-	-	-	-	-	319
Charges for services	-	-	-	117,600	117,600	119,111
Fines, forfeits and penalties	-	-	-	-	-	4,760
Sale of seized equipment	-	-	-	-	-	80
Contributions and donations	-	-	-	-	-	3,250
Other revenue	-	-	1,129	-	-	15,404
Total revenues	103,000	103,000	92,756	220,600	220,600	234,551
Expenditures:						
Personal services	-	-	-	109,261	109,261	102,654
Contractual services	1,000	10,800	10,768	23,860	33,660	29,960
Supplies	2,036	2,036	130	35,536	35,536	20,664
Fixed charges	-	-	-	4,900	4,900	4,495
Capital outlay	-	-	-	6,800	6,800	6,799
Debt service	99,964	99,964	99,964	122,442	122,442	122,441
Total expenditures	103,000	112,800	110,862	302,799	312,599	287,013
Revenues over (under) expenditures	-	(9,800)	(18,106)	(82,199)	(91,999)	(52,462)
Other financing sources (uses):						
Interfund transfers - in (out)	-	-	-	49,021	49,021	21,411
Total other financing sources (uses)	-	-	-	49,021	49,021	21,411
Net changes in fund balances	-	(9,800)	(18,106)	(33,178)	(42,978)	(31,051)
Fund balance, beginning	54,816	54,816	54,816	160,905	160,905	160,905
Fund balance, ending	$ 54,816	$ 45,016	$ 36,710	$ 127,727	$ 117,927	$ 129,854

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2020

Year Ending June 30,	Fixed Rate $1,374,000 General Obligation Refunding Bonds 1.70%		Fixed Rate $550,000 General Obligation Bonds 2.65%		Fixed Rate $465,000 Capital Outlay Note 3.49%	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 116,000	$ 21,476	$ 93,000	$ 7,579	$ 94,000	$ 8,446
2022	116,000	21,386	95,000	5,115	97,000	5,113
2023	118,000	19,414	98,000	2,597	98,000	1,710
2024	120,000	17,408	-	-	-	-
2025	123,000	15,368	-	-	-	-
2026	125,000	13,277	-	-	-	-
2027	127,000	11,152	-	-	-	-
2028	129,000	8,993	-	-	-	-
2029	131,000	6,800	-	-	-	-
2030	133,000	4,573	-	-	-	-
2031	136,000	2,312	-	-	-	-
	$ 1,374,000	$ 142,159	$ 286,000	$ 15,291	$ 289,000	$ 15,269

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2020

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
2021	$ 1,816	$ 164	$ 14,739	$ 441	$ 1,011	$ 93	$ 320,566	$ 38,199
2022	1,920	60	-	-	1,056	48	310,976	31,722
2023	-	-	-	-	545	7	314,545	23,728
2024	-	-	-	-	-	-	120,000	17,408
2025	-	-	-	-	-	-	123,000	15,368
2026	-	-	-	-	-	-	125,000	13,277
2027	-	-	-	-	-	-	127,000	11,152
2028	-	-	-	-	-	-	129,000	8,993
2029	-	-	-	-	-	-	131,000	6,800
2030	-	-	-	-	-	-	133,000	4,573
2031	-	-	-	-	-	-	136,000	2,312
	$ 3,736	$ 224	$ 14,739	$ 441	$ 2,612	$ 148	$ 1,970,087	$ 173,532

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2020

Year Ending June 30,	Water and Sewer Revenue and Tax Refunding Bond, Series 2014, 2.29% 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
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
2035	216,800	29,069	6,334	-	70,000	20,425	293,134	49,494
Thereafter	1,161,000	67,674	72,411	-	550,000	77,363	1,783,411	145,037
	$ 3,949,700	$ 972,388	$ 167,421	$ -	$ 1,420,000	$ 565,963	$ 5,537,121	$ 1,538,351

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2020
Bonds Payable:									
General Obligation Bonds - Series 2011	$ 2,040,000	Varies	04/07/2011	06/01/2031	$ 1,445,000	$ -	$ 100,000	$ 1,345,000	$ -
Bonds Payable:									
General Obligation Refunding Bonds - Series 2020	$ 1,374,000	1.70%	06/30/2020	06/01/2031	-	1,374,000	-	-	1,374,000
Total Bonds Payable					$ 1,445,000	$ 1,374,000	$ 100,000	$ 1,345,000	$ 1,374,000
Notes Payable:									
Tennessee Municipal Bond Fund - Capital Outlay Note	$ 300,000	2.15%	05/06/2015	04/01/2020	$ 63,000	$ -	$ 63,000	$ -	$ -
Tennessee Municipal Bond Fund - Capital Outlay Note	$ 550,000	2.65%	04/07/2017	04/01/2023	376,000	-	90,000	-	286,000
Tennessee Municipal Bond Fund - Capital Outlay Note	$ 465,000	3.49%	10/05/2018	11/01/2022	379,000	-	90,000	-	289,000
Total Notes Payable					$ 818,000	$ -	$ 243,000	$ -	$ 575,000
Lease Obligations:									
Capital Lease Obligation	$ 71,407	2.989%	06/26/2016	11/01/2020	$ 29,051	$ -	$ 14,312	$ -	$ 14,739
Capital Lease Obligation	$ 8,625	5.636%	07/01/2017	07/01/2022	5,453	-	1,717	-	3,736
Capital Lease Obligation	$ 4,050	4.306%	12/18/2018	12/13/2022	3,581	-	969	-	2,612
Total Lease Obligations					$ 38,085	$ -	$ 16,998	$ -	$ 21,087

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2020
Bonds Payable:									
Water & Sewer Refunding Bonds, Series 2014	$ 4,680,425	2.29%	08/20/2014	08/01/1939	$ 4,104,100	$ -	$ 154,400	$ -	$ 3,949,700
General Obligation Bonds, Series 2017	$ 1,550,000	Varies	05/01/2017	06/01/1942	1,465,000	-	45,000	-	1,420,000
Total Bonds Payable					$ 5,569,100	$ -	$ 199,400	$ -	$ 5,369,700
Notes Payable:									
Capital Outlay Note - Tennessee Municipal Bond Fund	$ 200,000	2.15%	05/06/2015	04/01/2020	$ 42,000	$ -	$ 42,000	$ -	$ -
Interfund Note - Due To General Fund	$ 350,000	0.00%	06/30/1991	06/30/2047	173,755	-	6,334	-	167,421
Total Notes Payable					$ 215,755	$ -	$ 48,334	$ -	$ 167,421

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2020

	Utility Plant, Property, and Equipment				Accumulated Depreciation				
	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Balance July 1, 2019	Expense	Retirements	Balance June 30, 2020	Net Plant
Water system:									
Land and easements	$ 8,900	$ -	$ -	$ 8,900	$ -	$ -	$ -	$ -	$ 8,900
Buildings	126,189	-	-	126,189	102,045	1,944	-	103,989	22,200
Lines and tanks	9,197,481	11,563	-	9,209,044	2,728,740	214,132	-	2,942,872	6,266,172
Equipment	753,937	-	-	753,937	504,973	39,119	-	544,092	209,845
Vehicles	128,647	-	12,000	116,647	105,615	4,849	12,000	98,464	18,183
Furniture and fixtures	34,483	-	-	34,483	29,760	737	-	30,497	3,986
Total water system	10,249,637	11,563	12,000	10,249,200	3,471,133	260,781	12,000	3,719,914	6,529,286
Sewer system:									
Buildings	592,591	-	-	592,591	119,563	14,348	-	133,911	458,680
Lines and tanks	5,726,473	-	-	5,726,473	2,398,601	121,512	-	2,520,113	3,206,360
Equipment	1,996,569	-	-	1,996,569	579,300	55,653	-	634,953	1,361,616
Vehicles	209,068	-	12,000	197,068	174,121	16,765	12,000	178,886	18,182
Furniture and fixtures	89,894	-	-	89,894	47,621	5,043	-	52,664	37,230
Total sewer system	8,614,595	-	12,000	8,602,595	3,319,206	213,321	12,000	3,520,527	5,082,068
Total plant in service	18,864,232	11,563	24,000	18,851,795	6,790,339	474,102	24,000	7,240,441	11,611,354
Construction work in progress	1,745,529	446,346	-	2,191,875	-	-	-	-	2,191,875
Total plant	$ 20,609,761	$ 457,909	$ 24,000	$ 21,043,670	$ 6,790,339	$ 474,102	$ 24,000	$ 7,240,441	$ 13,803,229

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Fiscal Year Ended June 30, 2020

Tax Year	Balance July 1, 2019	Current Assessment	Abatements and Adjustments	Collections	Balance June 30, 2020
2019	$ -	$ 1,054,441	$ (329)	$ 1,011,272	$ 42,840
2018	54,608	-	2,686	35,146	22,148
2017	30,318	-	-	12,268	18,050
2016	12,394	-	-	9,092	3,302
2015	5,711	-	-	1,448	4,263
2014	2,880	-	-	707	2,173
2013	4,071	-	-	1,146	2,925
2012	4,028	-	(40)	1,019	2,969
2011	3,177	-	-	-	3,177
2010	2,197	-	1,400	-	3,597
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	$ 131,610	$ 1,054,441	$ 3,717	$ 1,072,098	117,670
January 1, 2020 property tax assessment not to be billed until October 1, 2020					1,047,000
					$ 1,164,670

NOTE: All outstanding delinquent property taxes for years 2003 - 2018 have been filed in Chancery Court.

TOWN OF DANDRIDGE, TENNESSEE

Analysis of Tax Rates and Assessments

June 30, 2020

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
2009	$ 81,321,960	$ 1.00	$ 813,220	$ 807,834	99.34%	$ 5,386	$ 5,386
2010	93,988,111	0.8469	831,974	828,377	99.57%	3,597	3,597
2011	93,234,121	0.8969	881,270	878,093	99.64%	3,177	3,177
2012	94,535,033	0.9400	942,673	939,704	99.69%	2,969	2,969
2013	99,399,194	0.9400	940,996	938,071	99.69%	2,925	2,925
2014	99,975,151	0.9890	993,736	991,563	99.78%	2,173	2,173
2015	102,712,844	0.9990	1,023,005	1,018,742	99.58%	4,263	4,263
2016	102,970,421	0.9990	1,029,300	1,025,998	99.68%	3,302	3,302
2017	103,753,153	0.9990	1,036,474	1,018,424	98.26%	18,050	18,050
2018	104,408,302	0.9990	1,043,047	1,020,899	97.88%	22,148	22,148
2019	115,385,900	0.9138	1,054,112	1,011,272	95.94%	42,840	-

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Utility Rate Structure and Number of Customers

June 30, 2020

	Inside Town	Outside Town	E-One
WATER RATES			
Residential:			
First 2,000 gallons (minimum billing)	$20.43	$30.58	N/A
Over 2,000 gallons (per 1,000 gallons)	3.79	7.43	N/A
Commercial:			
First 2,000 gallons (minimum billing)	26.58	40.22	N/A
Over 2,000 gallons (per 1,000 gallons)	4.74	9.28	N/A
Heavy commercial and industrial:			
First 2,000 gallons (minimum billing)	40.90	62.69	N/A
Over 2,000 gallons (per 1,000 gallons)	5.01	9.82	N/A
Swannsylvania:			
First 2,000 gallons (minimum billing)	N/A	41.85	N/A
Over 2,000 gallons (per 1,000 gallons)	N/A	6.44	N/A
SEWER RATES			
Residential (Inside Town):			
First 2,000 gallons (minimum billing)	22.34	N/A	$56.06
Over 2,000 gallons (per 1,000 gallons)	5.71	N/A	6.28
Residential (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	34.19	69.11
Over 2,000 gallons (per 1,000 gallons)	N/A	12.30	13.51
Commercial (Inside Town):			
First 2,000 gallons (minimum billing)	29.73	N/A	64.20
Over 2,000 gallons (per 1,000 gallons)	6.91	N/A	7.58
Commercial (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	45.82	81.91
Over 2,000 gallons (per 1,000 gallons)	N/A	14.81	16.29
Heavy commercial and industrial (Inside Town):			
First 2,000 gallons (minimum billing)	46.98	N/A	83.17
Over 2,000 gallons (per 1,000 gallons)	6.91	N/A	7.58
Heavy commercial and industrial (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	72.91	111.69
Over 2,000 gallons (per 1,000 gallons)	N/A	14.81	16.29
NUMBER OF METERED CUSTOMERS			
Water		3,373	
Sewer		1,444	

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: FY2020 7/2019 - 6/2020

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.

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

Master Meter and Supply Error Adjustments

WATER SUPPLIED

Volume from own sources:	+ ?	n/a	0.000	MG/Yr	+ ?		Pcnt:	Value:	MG/Yr
Water imported:	+ ?	8	254.144	MG/Yr	+ ?	7	0.08%		MG/Yr
Water exported:	+ ?	n/a	0.000	MG/Yr	+ ?				MG/Yr

Enter negative % or value for under-registration

Enter positive % or value for over-registration

WATER SUPPLIED: 253.941 MG/Yr

AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

					Pcnt:	Value:	
Billed metered:	+ ?	8	187.991	MG/Yr			
Billed unmetered:	+ ?	10	0.000	MG/Yr			
Unbilled metered:	+ ?	10	1.650	MG/Yr			
Unbilled unmetered:	+ ?		3.174	MG/Yr	1.25%		MG/Yr

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

AUTHORIZED CONSUMPTION: ? 192.815 MG/Yr

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

WATER LOSSES (Water Supplied - Authorized Consumption)

61.126 MG/Yr

Apparent Losses

					Pcnt:	Value:	
Unauthorized consumption:	+ ?		0.635	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	1.522	MG/Yr	0.25%	1.522	MG/Yr

Apparent Losses: ? 2.157 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: ? 58.969 MG/Yr

WATER LOSSES: 61.126 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: ? 65.950 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	3,916	
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	98.0	psi

COST DATA

Total annual cost of operating water system:	+ ?	10	$1,348,679	$/Year	
Customer retail unit cost (applied to Apparent Losses):	+ ?	9	$8.37	$/1000 gallons (US)	
Variable production cost (applied to Real Losses):	+ ?	10	$2,270.00	$/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: FY2020 | 7/2019 - 6/2020

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

System Attributes:

Apparent Losses:	2.157	MG/Yr
+ Real Losses:	58.969	MG/Yr
= **Water Losses:**	**61.126**	MG/Yr
? Unavoidable Annual Real Losses (UARL):	50.87	MG/Yr
Annual cost of Apparent Losses:	$18,053	
Annual cost of Real Losses:	$133,860	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:	26.0%	
	Non-revenue water as percent by cost of operating system:	12.1%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	1.51	gallons/connection/day
	Real Losses per service connection per day:	N/A	gallons/connection/day
	Real Losses per length of main per day*:	1,047.05	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):	58.97	million gallons/year
	? Infrastructure Leakage Index (ILI) [CARL/UARL]:	1.16	

* 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, 2020

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

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Mayor and Aldermen
Town of Dandridge, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dandridge, Tennessee (the Town) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Dandridge, Tennessee's basic financial statements and have issued our report thereon dated December 31, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

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

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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
December 31, 2020

TOWN OF DANDRIDGE, TENNESSEE

Summary Schedule of Prior Audit Findings

There were no prior year findings.