TOWN OF DANDRIDGE, TENNESSEE

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

and

INDEPENDENT AUDITOR'S REPORT

TOWN OF DANDRIDGE, TENNESSEE

Annual Financial Report

For the Fiscal Year Ended June 30, 2022

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TOWN OF DANDRIDGE, TENNESSEE

Annual Financial Report

For the Fiscal Year Ended June 30, 2022

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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, 2022. 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, 2022, 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, 2022, 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, 2022

Name	Office
George Gantte	Mayor
Jessica Elder	Vice-Mayor
Todd Kesterson	Alderman
Mike Chambers	Alderman
Jeff Depew	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
Tana Benson	Water/Wastewater Superintendent
Carson Williams	Chief of Police
Andy Riley	Fire Chief
Kendall Moore	Human Resources Clerk/CMFO
Christopher Shockley	Assistant Administrator / Recreation Dir./CMFO

*Certified Municipal Finance Officer; financial oversight responsibility

FINANCIAL SECTION

BROWN JAKE & McDANIEL, PC

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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
HALEY S. SLAGLE, CPA, CGMA

MEMBERS
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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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dandridge, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dandridge, Tennessee, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Dandridge, Tennessee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

□ □ □

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Dandridge, Tennessee's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Dandridge, Tennessee's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 16 and the required supplementary information on pages 61 through 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dandridge, Tennessee's basic financial statements. The other supplementary information in the financial section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information in the financial section and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022, on our consideration of the Town of Dandridge, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Dandridge, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Dandridge, Tennessee's internal control over financial reporting and compliance.

Brown Lake & McDaniel, PC

Knoxville, Tennessee
December 29, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

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, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 through 2 of this report.

THE FINANCIAL STATEMENTS

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

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

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

REPORTING THE TOWN AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE TOWN AS A WHOLE

The Town is providing comparative condensed financial information for fiscal years 2022 and 2021. 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	
	2022	2021	2022	2021
Current and other assets	$ 9,146,445	$ 5,923,078	$ 2,998,520	$ 1,836,938
Capital assets	9,665,914	9,937,783	15,828,584	15,965,236
Total assets	18,812,359	15,860,861	18,827,104	17,802,174
Total deferred outflows of resources	756,672	219,672	288,389	84,250
Long-term liabilities	1,279,611	1,590,700	4,985,349	5,180,423
Other liabilities	490,352	430,554	370,645	317,535
Total liabilities	1,769,963	2,021,254	5,355,994	5,497,958
Total deferred inflows of resources	2,814,085	1,335,553	294,639	61,844
Net investment in capital assets	8,310,901	8,279,466	10,708,571	10,626,641
Restricted	768,747	596,706	279,984	213,313
Unrestricted	5,905,335	3,847,554	2,476,305	1,486,668
TOTAL NET POSITION	$14,984,983	$ 12,723,726	$13,464,860	$12,326,622

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	
	2022	2021	2022	2021
Program Revenue:				
Charges for Services	$ 494,955	$ 458,116	$ 3,648,167	$ 3,368,790
Operating Grants and Contributions	1,371,980	535,581	-	-
Capital Grants and Contributions	-	60,000	42,210	1,721,013
General Revenue:				
Taxes:				
Sales Taxes	2,402,751	1,994,372	-	-
Property Taxes	1,082,806	1,085,465	-	-
Hotel/Motel Taxes	144,269	117,291	-	-
In-Lieu of Tax	35,530	32,953	-	-
Wholesale/State Beer and Wine Taxes	230,338	238,399	-	-
Mixed Drink Tax	13,499	14,720	-	-
Business Taxes	117,312	114,432	-	-
Cable TV Franchise Tax	58,188	57,987	-	-
State Income Tax	6,976	10,513	-	-
Excise Taxes	17,360	19,591	-	-
Other state taxes	3,363	1,628	-	-
Licenses and Permits	114,021	97,259	-	-
Interest Earned	26,723	8,035	4,951	3,217
Gain on Sale of Fixed Assets	19,010	67,487	33,907	-
Miscellaneous	85,356	188,208	-	-
TOTAL REVENUE	6,224,437	5,102,037	3,729,235	5,093,020
Program Expenses:				
General Government	796,105	724,581	-	-
Public Safety	1,055,375	823,451	-	-
Public Works	743,064	718,270	-	-
Culture and Recreation	767,077	691,134	-	-
Debt Service	30,826	38,292	-	-
Solid Waste	176,471	148,044	-	-
Volunteer Fire Department	376,786	514,537	-	-
Tourism	17,476	16,965	-	-
Water and Sewer Department	-	-	2,590,997	2,619,904
TOTAL PROGRAM EXPENSES	3,963,180	3,675,274	2,590,997	2,619,904
Change in Net Position	2,261,257	1,426,763	1,138,238	2,473,116
Net Position, Beginning	12,723,726	11,296,963	12,326,622	9,853,506
Net Position, Ending	$ 14,984,983	$ 12,723,726	$13,464,860	$12,326,622

The cost of all Governmental activities this year was $3,963,180. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town taxes was only $2,096,245 because some of the cost was paid by those who directly benefited from the programs ($494,955), or by other governments and organizations that subsidized certain programs with operating grants and contributions ($1,371,980). Overall, the Town's governmental program revenues, including intergovernmental aid and fees for services, were $1,866,935. The Town paid for the remaining "public benefit" portion of governmental activities with $4,357,502 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)	
	2022	2021
Governmental Activities:		
General Government	$ (520,848)	$ (685,521)
Public Safety	(603,797)	(685,986)
Public Works	(398,305)	(471,058)
Culture and Recreation	(328,721)	(471,370)
Debt Service	(30,826)	(38,292)
Solid Waste	1,294	(25,413)
Volunteer Fire Department	(197,566)	(226,972)
Tourism	(17,476)	(16,965)
Total Governmental Activities	$ (2,096,245)	$ (2,621,577)

Net position on July 1, 2021 was in the amount of $12,723,726. The Town's overall net position increased $2,261,257 from the prior fiscal year. Program revenue totaled $1,866,935 and general revenues totaled $4,357,502. Total governmental activities expenses during the year were $3,963,180. Ending net position for 2022 was $14,984,983.

BUSINESS-TYPE ACTIVITIES

The cost of all Proprietary (Business-Type) activities this year was $2,590,997. As shown in the Statement of Activities, the amount paid by users of the system was $3,648,167. Capital contributions from developers during the year was $42,210.

The Proprietary Fund (Business-Type) Activities include only the operation of the Town's Water and Sewer services. The activities net operating income (total operating revenues generated by the activities less total operating costs) for the water and sewer fund is $1,182,380.

Net position on July 1, 2021 was in the amount of $12,326,622, and the department had program revenues of $3,690,377 and general revenues of $38,858. Total Proprietary Fund (Business-Type) expenses during the year were $2,590,997. Ending net position for 2022 was $13,464,860.

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

	BUSINESS-TYPE ACTIVITIES	
	2022	2021
Revenues:		
Operating Revenues	$ 3,648,167	$ 3,368,790
General Revenues	38,858	3,217
TOTAL REVENUES	3,687,025	3,372,007
Expenses:		
Water Treatment and Distribution	836,192	938,428
Sewer Collection and Disposal	671,965	789,250
Administrative and General	374,118	292,498
Depreciation	583,512	468,861
Non-Operating Expenses	125,210	130,867
TOTAL EXPENSES	2,590,997	2,619,904
Income Before Capital Contributions	1,096,028	752,103
Capital Contributions	42,210	1,721,013
Change in net position	1,138,238	2,473,116
Net Position, Beginning	12,326,622	9,853,506
Net Position, Ending	$13,464,860	$12,326,622

THE TOWN'S FUNDS

Information about the Town's major funds (general fund and volunteer fire department fund) is detailed in the Fund Financial Statements Section of the financial statements. These funds are accounted for by using the modified accrual basis of accounting. All governmental funds had total revenues of $5,749,403 and expenditures of $4,045,988. The revenues exceeded the expenditures by $1,703,415. This result was influenced significantly by a surplus in sales tax revenue, ARPA funding, and conservative financial principles applied throughout the fiscal year due to the economic uncertainties surrounding the COVID-19 pandemic. The Town still provided employee raises, purchased body cameras for the Police Department, purchased a tractor for the Recreation Department, purchased a tractor for the Public Works Department, completed a Town-wide VOIP phone system upgrade, and repaved Treadway Drive.

As the Town completed the year, all governmental funds had a fund balance of $5,791,533 which we consider a substantial financial position.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The Town amended its budget once during 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - Governmental-Type Activities

At the end of fiscal years 2022 and 2021, the Town had $15,550,630 and $15,522,117 respectively, invested in land, buildings and improvements, infrastructures, and machinery and equipment. Table 5 shows fiscal years 2022 and 2021 balances.

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

	2022	2021
Land	$ 654,202	$ 654,202
Construction in Progress	-	-
Buildings and Improvements	5,243,164	5,202,510
Infrastructures	5,488,522	5,488,522
Machinery and Equipment	4,164,742	4,176,883
	15,550,630	15,522,117
Less: Accumulated Depreciation	5,884,716	5,584,334
	$ 9,665,914	$ 9,937,783

The Town acquired or constructed capital assets during the fiscal year totaling $128,871. The Town adopts an annual budget with capital outlays included.

Capital Assets - Business-Type Activities

At the end of the fiscal years 2022 and 2021, the Town had $24,038,777 and $23,741,646, respectively, invested in buildings, lines and tanks, equipment, furniture and fixtures, and vehicles. Table 6 shows fiscal years 2022 and 2021 balances.

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

	2022	2021
Construction in Progress	$ 1,384,622	$ 1,092,978
Land Easements	8,900	8,900
Buildings	736,780	736,780
Lines and Tanks	18,647,282	18,647,282
Equipment	2,917,262	2,817,614
Furniture and Fixtures	124,377	124,377
Vehicles	219,554	313,715
	24,038,777	23,741,646
Less: Accumulated Depreciation	8,210,193	7,776,410
	$ 15,828,584	$ 15,965,236

The Water and Sewer Department plans additional capital outlays during 2022. Not all of these projects will be completed within the 2022 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 $6,452,164.

TABLE 7
OUTSTANDING DEBT

	GOVERNMENT-WIDE ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	2022	2021	2022	2021
Bonds and Capital Outlay Notes	$ 1,338,000	$ 1,646,000	$ 4,950,300	$ 5,161,800
Capital Leases	9,111	3,521	-	-
Loan from Primary Government	-	-	154,753	161,087
Total Long-Term Debt	$ 1,347,111	$ 1,649,521	$ 5,105,053	$ 5,322,887

The Town's total debt decreased by $520,244 during the current fiscal year.

NEXT YEAR'S BUDGET

The Board of Mayor and Alderman approved a FY2023 budget with no change to the current property tax rate. Conservative budgeting practices were applied in projecting revenues for the budget; however, the Town does anticipate continued growth in state shared revenue and other local taxes. The budget includes a three percent (3%) raise for employees, a paving project on Sharon Drive, four new upfitted patrol vehicles and new in-car cameras for the Police Department, a new garbage truck and a new three-quarter ton truck with a snow plow and salt spreader for the Public Works Department, two new storage facilities and two new mowers for the Parks and Recreation Department, and extrication equipment for the Fire Department.

The Enterprise Fund budget was also prepared using a conservative approach. The budget includes a three percent (3%) raise for employees, a new full-time utility worker position, a new backhoe, a new dump truck, a new service truck, and appropriations for debt service related to significant infrastructure improvements that have been made in recent years such as the KUB waterline project and other waterline replacement projects. The Town approved a rate increase in FY 2023 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, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 5,141,229	$ 2,260,960	$ 7,402,189
Receivables:			
Property taxes	1,197,632	-	1,197,632
Interfund note (current portion)	6,334	-	6,334
Lease	841,397	-	841,397
Other	61,343	6,755	68,098
Customer service accounts, less allowance for doubtful accounts of $2,000	-	338,010	338,010
Unbilled receivables	-	135,392	135,392
Due from other governments	954,218	-	954,218
Internal balances	22,581	(22,581)	-
Restricted assets:			
Cash and cash equivalents	29,398	-	29,398
Other receivables	171	-	171
Total current assets	8,254,303	2,718,536	10,972,839
Non-current assets			
Capital assets:			
Land and other asset not being depreciated	654,202	1,393,522	2,047,724
Depreciable capital assets	14,896,428	22,645,255	37,541,683
	15,550,630	24,038,777	39,589,407
Less: Accumulated depreciation	(5,884,716)	(8,210,193)	(14,094,909)
Total capital assets	9,665,914	15,828,584	25,494,498
Other non-current assets			
Interfund receivable, less current maturities	148,419	-	148,419
Net pension asset	743,723	279,984	1,023,707
Total non-current assets	10,558,056	16,108,568	26,666,624
Total assets	18,812,359	18,827,104	37,639,463
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to the measurement date	94,813	32,700	127,513
OPEB contributions made subsequent to the measurement date	-	6,840	6,840
Differences between projected and actual experience - pension	170,842	64,315	235,157
Changes of assumptions - pension	470,732	177,213	647,945
Changes of assumptions - OPEB	14,764	5,329	20,093
Differences between projected and actual experience - OPEB	5,521	1,992	7,513
Total deferred outflows of resources	756,672	288,389	1,045,061

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position
(Continued)

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Payable from current assets:			
Current maturities of long-term debt	$ 316,097	$ 221,534	$ 537,631
Accounts payable	23,940	64,831	88,771
Accrued expenses	71,492	24,791	96,283
Compensated absences	67,036	23,220	90,256
Due to other governments	2,516	8,829	11,345
Due to others	-	27,440	27,440
Payable from restricted assets:			
Accrued expenses	176	-	176
Funds held in trust	9,095	-	9,095
Total current liabilities	490,352	370,645	860,997
Non-current liabilities:			
Due in more than one year	1,031,014	4,735,100	5,766,114
Interfund payable	-	148,419	148,419
Total OPEB liability	240,695	86,870	327,565
Unamortized bond premium	7,902	14,960	22,862
Total non-current liabilities	1,279,611	4,985,349	6,264,960
Total liabilities	1,769,963	5,355,994	7,125,957
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources:			
Property taxes	1,187,535	-	1,187,535
Leases	841,397	-	841,397
Net difference between projected and actual earnings on plan investments - pension	642,551	241,896	884,447
Differences between projected and actual experience - pension	82,026	30,880	112,906
Changes of assumptions - OPEB	23,795	8,587	32,382
Differences between projected and actual experience - OPEB	36,781	13,276	50,057
Total deferred inflows of resources	2,814,085	294,639	3,108,724
NET POSITION			
Net position:			
Net investment in capital assets	8,310,901	10,708,571	19,019,472
Restricted:			
Net pension asset	743,723	279,984	1,023,707
Drug enforcement	25,024	-	25,024
Unrestricted	5,905,335	2,476,305	8,381,640
Total net position	$ 14,984,983	$ 13,464,860	$ 28,449,843

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, 2022

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	$ 796,105	$ 14,199	$ 261,058	$ -	$ (520,848)	$ -	$ (520,848)
Public safety	1,055,375	29,000	422,578	-	(603,797)	-	(603,797)
Public works	743,064	51,365	293,394	-	(398,305)	-	(398,305)
Recreation	767,077	273,281	165,075	-	(328,721)	-	(328,721)
Debt service	30,826	-	-	-	(30,826)	-	(30,826)
Solid waste	176,471	124,885	52,880	-	1,294	-	1,294
Volunteer fire department	376,786	2,225	176,995	-	(197,566)	-	(197,566)
Tourism	17,476	-	-	-	(17,476)	-	(17,476)
Total governmental activities	3,963,180	494,955	1,371,980	-	(2,096,245)	-	(2,096,245)
Business-type activities:							
Dandridge Water and Sewer Dept.	2,590,997	3,648,167	-	42,210	-	1,099,380	1,099,380
Total business-type activities	2,590,997	3,648,167	-	42,210	-	1,099,380	1,099,380
Total primary government	$ 6,554,177	$ 4,143,122	$ 1,371,980	$ 42,210	(2,096,245)	1,099,380	(996,865)
General revenues:							
Taxes:							
Sales taxes					2,402,751	-	2,402,751
Property taxes					1,082,806	-	1,082,806
Hotel/Motel taxes					144,269	-	144,269
In-lieu of tax					35,530	-	35,530
Wholesale/state beer and wine taxes					230,338	-	230,338
Mixed drink tax					13,499	-	13,499
Business taxes					117,312	-	117,312
Cable TV franchise tax					58,188	-	58,188
State income tax					6,976	-	6,976
Excise taxes					17,360	-	17,360
Other state taxes					3,363	-	3,363
Licenses and permits					114,021	-	114,021
Interest earned					26,723	4,951	31,674
Gain on disposal of capital assets					19,010	33,907	52,917
Miscellaneous					85,356	-	85,356
Total general revenues					4,357,502	38,858	4,396,360
Change in net position					2,261,257	1,138,238	3,399,495
Net position - beginning					12,723,726	12,326,622	25,050,348
Net position - ending					$ 14,984,983	$ 13,464,860	$ 28,449,843

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

TOWN OF DANDRIDGE, TENNESSEE

Balance Sheet - Governmental Funds

June 30, 2022

	General Fund	Volunteer Fire Department Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,788,748	$ 352,481	$ -	$ 5,141,229
Receivables:				
Property taxes	1,197,632	-	-	1,197,632
Leases	841,397	-	-	841,397
Interfund note (current portion)	6,334	-	-	6,334
Other	61,343	-	-	61,343
Due from other governments	954,218	-	-	954,218
Due from other governmental funds	274	195	127,558	128,027
Due from proprietary funds	-	-	22,911	22,911
Interfund receivable, less current maturities	148,419	-	-	148,419
Restricted assets:				
Cash and cash equivalents	-	-	29,398	29,398
Other receivables	-	-	171	171
Due from governmental funds	-	-	5,000	5,000
Total assets	$ 7,998,365	$ 352,676	$ 185,038	$ 8,536,079
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 9,173	$ 14,767	$ -	$ 23,940
Accrued expenses	65,378	1,836	4,278	71,492
Due to other funds	132,753	-	-	132,753
Due to proprietary fund	330	-	-	330
Due to other governments	2,516	-	-	2,516
Payable from restricted assets:				
Accrued expenses	-	-	176	176
Due to other funds	-	-	274	274
Funds held in trust	-	-	9,095	9,095
Total liabilities	210,150	16,603	13,823	240,576
Deferred inflows of resources:				
Property taxes	1,187,535	-	-	1,187,535
Unavailable grant revenue	475,038	-	-	475,038
Unearned revenue - leases	841,397	-	-	841,397
Total deferred inflows of resources	2,503,970	-	-	2,503,970
Fund balances:				
Nonspendable	154,753	-	-	154,753
Restricted	-	-	25,024	25,024
Assigned	-	336,073	146,191	482,264
Unassigned	5,129,492	-	-	5,129,492
Total fund balances	5,284,245	336,073	171,215	5,791,533
Total liabilities, deferred inflows of resources and fund balances	$ 7,998,365	$ 352,676	$ 185,038	$ 8,536,079

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, 2022

Total fund balances--governmental funds		$ 5,791,533
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets	$ 15,550,630	
Accumulated depreciation	(5,884,716)	9,665,914
The net pension asset is not an available resource and, therefore, is not reported in the funds		743,723
The total OPEB liability is not due and payable in the current period and, therefore, is not reported in the funds		(240,695)
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	(1,338,000)	
Unamortized bond premium	(7,902)	
Compensated absences	(67,036)	
Lease obligations	(9,111)	(1,422,049)
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	94,813	
Differences between projected and actual experience - pension	170,842	
Changes of assumptions - pension	470,732	
Changes of assumptions - OPEB	14,764	
Differences between projected and actual experience - OPEB	5,521	
Deferred inflows -		
Net difference between projected and actual earnings on plan investments - pension	(642,551)	
Differences between projected and actual experience - pension	(82,026)	
Changes of assumptions - OPEB	(23,795)	
Differences between projected and actual experience - OPEB	(36,781)	
Unavailable grant revenue	475,038	446,557
Total net position--governmental activities		$ 14,984,983

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, 2022

	General Fund	Volunteer Fire Department Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local taxes	$ 3,523,369	$ -	$ 144,269	$ 3,667,638
Licenses and permits	114,021	-	-	114,021
Federal, state and local grants	542,797	-	1,498	544,295
Intergovernmental revenues	575,087	85,660	-	660,747
Charges for services	348,390	2,225	124,885	475,500
Interest earnings	26,697	26	-	26,723
Fines, forfeits and penalties	18,154	-	1,301	19,455
Contributions and donations	45,019	91,336	300	136,655
Other revenue	69,465	28,464	6,440	104,369
Total revenues	5,262,999	207,711	278,693	5,749,403
Expenditures:				
General government	854,270	-	-	854,270
Public safety	999,143	-	3,222	1,002,365
Public works	645,812	-	-	645,812
Culture and recreation	713,295	-	-	713,295
Debt service	188,913	31,605	122,179	342,697
Sanitation	-	-	175,154	175,154
Volunteer fire department	-	310,915	-	310,915
Tourism	-	-	1,480	1,480
Total expenditures	3,401,433	342,520	302,035	4,045,988
Revenues over (under) expenditures	1,861,566	(134,809)	(23,342)	1,703,415
Other financing sources (uses):				
Transfers (to) from other funds	(253,015)	204,671	48,344	-
Sale of notes	8,566	-	-	8,566
Total other financing sources (uses)	(244,449)	204,671	48,344	8,566
Net changes in fund balances	1,617,117	69,862	25,002	1,711,981
Fund balance, beginning	3,667,128	266,211	146,213	4,079,552
Fund balance, ending	$ 5,284,245	$ 336,073	$ 171,215	$ 5,791,533

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, 2022

Total net change in fund balances--governmental funds		$ 1,711,981
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays.		
Depreciation expense	$ (400,740)	
Capital outlays (additions)	128,871	(271,869)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		475,038
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 sale of notes	(8,566)	
Principal paid on long-term debt	310,976	
Premium amortized	894	303,304
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	2,838	
OPEB expense	(86,560)	
Negative pension expense	126,525	42,803
Change in net position of governmental activities		$ 2,261,257

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

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position - Proprietary Funds

June 30, 2022

	Enterprise Fund Water and Sewer Department
ASSETS	
Current assets:	
Cash and cash equivalents	$ 2,260,960
Receivables -	
Customer service accounts, less allowance for doubtful accounts of $2,000	338,010
Unbilled receivables	135,392
Other	6,755
Due from governmental funds	330
Total current assets	2,741,447
Non-current assets:	
Capital assets, not being depreciated -	
Land and land rights	8,900
Construction work in progress	1,384,622
Capital assets, being depreciated -	
Utility plant	22,645,255
Less: accumulated depreciation	(8,210,193)
Total capital assets	15,828,584
Other non-current assets:	
Net pension asset	279,984
Total non-current assets	16,108,568
Total assets	18,850,015
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions subsequent to the measurement date	32,700
OPEB contributions subsequent to the measurement date	6,840
Differences between projected and actual experience - pension	64,315
Changes of assumptions - pension	177,213
Changes of assumptions - OPEB	5,329
Differences between projected and actual experience - OPEB	1,992
Total deferred outflows of resources	288,389

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

Statement of Net Position - Proprietary Funds
(Continued)

June 30, 2022

	Enterprise Fund Water and Sewer Department
LIABILITIES	
Current liabilities:	
Current maturities of long-term debt	$ 221,534
Accounts payable	64,831
Accrued wages payable	24,791
Compensated absences payable	23,220
Due to governmental funds	22,911
Due to other governments	8,829
Due to others	27,440
Total current liabilities	393,556
Non-current liabilities:	
Interfund payable, less current maturities	148,419
Unamortized bond premium	14,960
Long-term debt, less current maturities	4,735,100
Total OPEB liability	86,870
Total non-current liabilities	4,985,349
Total liabilities	5,378,905
DEFERRED INFLOWS OF RESOURCES	
Net difference between projected and actual earnings on plan investments - pension	241,896
Differences between projected and actual experience - pension	30,880
Differences between projected and actual experience - OPEB	13,276
Changes of assumptions - OPEB	8,587
Total deferred inflows of resources	294,639
NET POSITION	
Net position:	
Net investment in capital assets	10,708,571
Restricted for net pension asset	279,984
Unrestricted	2,476,305
Total net position	$ 13,464,860

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, 2022

	Enterprise Fund Water and Sewer Department
Operating revenues:	
Water sales	$ 2,076,655
Sewer service charges	1,140,867
Forfeited discounts and penalties	36,881
Tap fees	286,498
Fire service and hydrant rental	13,800
Miscellaneous	42,416
Installation charges	51,050
Total operating revenues	3,648,167
Operating expenses:	
Water treatment and distribution	836,192
Sewer collection and disposal	671,965
Administrative and general	374,118
Provision for depreciation	583,512
Total operating expenses	2,465,787
Operating income	1,182,380
Non-operating revenues (expense):	
Interest income	4,951
Interest expense	(125,210)
Gain on disposal of fixed assets	33,907
Total non-operating revenues (expenses)	(86,352)
Income before capital contributions	1,096,028
Capital contributions - federal grants	42,210
Change in net position	1,138,238
Net position, beginning	12,326,622
Net position, ending	$ 13,464,860

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, 2022

Cash flows from operating activities:		
Cash received from customers	$	3,635,311
Cash payments to suppliers for goods and services		(2,347,788)
Cash payments to employees for services		476,055
Net cash provided by operating activities		1,763,578
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(385,513)
Capital contributions		42,210
Principal payments on long-term debt		(217,834)
Interest paid on long-term debt		(125,958)
Net cash used by capital and related financing activities		(687,095)
Cash flows from investing activities:		
Interest received on investments		4,951
Net cash provided by investing activities		4,951
Net increase in cash and cash equivalents		1,081,434
Cash and cash equivalents, beginning		1,179,526
Cash and cash equivalents, ending	$	2,260,960
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	1,182,380
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		583,512
(Increase) decrease in assets and deferred outflows:		
Accounts receivable		(36,147)
Unbilled revenue		5,825
Other receivables		(1,445)
Due from other governments		17,240
Net pension asset		(66,671)
Deferred outflows related to pension and OPEB		(204,139)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable		11,396
Accrued wages and benefits payable		8,903
Due to other governments		1,671
Due to governmental funds		1,050
Total OPEB liability		27,208
Deferred inflows related to pension and OPEB		232,795
Net cash provided by operating activities	$	1,763,578

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, 2022

	2022 Original Budget	2022 Final Budget	2022 Actual
Revenues:			
Local taxes:			
Local sales tax	$ 1,431,675	$ 1,431,675	$ 2,022,754
Property taxes	1,034,793	1,034,793	1,082,806
Wholesale beer and wine taxes	222,000	222,000	228,810
Mixed drink taxes	11,500	11,500	13,499
Business tax	90,000	90,000	117,312
Cable TV franchise tax	59,000	59,000	58,188
Total local taxes	2,848,968	2,848,968	3,523,369
Licenses and permits:			
Building permits	30,000	30,000	111,971
Beer permits	2,500	2,500	2,050
Total licenses and permits	32,500	32,500	114,021
Intergovernmental revenues:			
Federal grants - Tennessee Department of Safety and Homeland Security	-	15,000	16,226
Federal grants - Tennessee Department of Finance and Administration - Covid-19 - ARPA	-	-	475,038
State grant - Tennessee Department of Finance and Administration - Direct Appropriation	-	50,033	50,033
State grants - Farmer's market	-	-	1,500
State law enforcement education	8,800	8,800	8,800
State sales tax	273,000	273,000	379,997
State income tax	-	-	6,976
State beer tax	1,300	1,300	1,528
State gasoline and motor fuel tax	100,065	100,065	115,448
State street and transportation	5,550	5,550	6,085
Gross receipts tax - TVA	33,000	33,000	35,530
Corporate excise tax	10,000	10,000	17,360
Sports betting tax	1,000	1,000	3,363
Total intergovernmental revenues	432,715	497,748	1,117,884
Charges for services:			
Street maintenance contract	40,000	40,000	47,445
Park and recreation charges	227,000	238,000	273,281
Other	44,450	44,450	27,664
Total charges for services	311,450	322,450	348,390
Fines, forfeits and penalties:			
Court fines and costs	48,000	48,000	18,154
Total fines, forfeits and penalties	48,000	48,000	18,154

(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, 2022

	2022 Original Budget	2022 Final Budget	2022 Actual
Revenues (continued):			
Other revenue:			
Other revenue	$ 5,750	$ 5,750	$ 8,222
Insurance recoveries	-	-	8,475
Interest earnings	5,600	5,600	26,697
Lease revenue	25,000	25,000	4,850
Variable lease payments	-	-	28,149
Sale of equipment	10,000	10,000	19,769
Contributions	15,000	24,837	45,019
Total other revenue	61,350	71,187	141,181
Total revenues	3,734,983	3,820,853	5,262,999
Expenditures:			
General government:			
Legislative:			
Personal services	62,669	62,669	62,773
Contractual services	9,400	9,400	4,059
Total legislative	72,069	72,069	66,832
Judicial:			
Contractual services	4,200	4,200	4,200
Total judicial	4,200	4,200	4,200
Central staff agencies:			
Personal services	307,146	314,413	267,376
Contractual services	67,825	67,825	66,840
Supplies	8,711	8,711	7,734
Capital outlay	25,000	33,566	33,213
Total central staff agencies	408,682	424,515	375,163
Building inspector/codes enforcement:			
Personal services	66,957	71,027	67,383
Contractual services	1,860	1,860	1,655
Capital outlay	-	35,000	-
Supplies	3,300	3,300	2,244
Total building inspector/codes enforcement	72,117	111,187	71,282
General government buildings:			
Personal services	88,974	92,204	87,766
Contractual services	29,380	29,380	36,483
Supplies	39,000	39,000	28,825
Fixed charges	1,000	1,000	660
Capital outlay	-	40,655	40,655
Total general government buildings	158,354	202,239	194,389

(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, 2022

	2022 Original Budget	2022 Final Budget	2022 Actual
Expenditures (continued):			
General government (continued):			
Other general government:			
Personal services	$ 250	$ 250	$ 65
Contractual services	39,025	39,025	34,061
Supplies	2,000	2,000	2,936
Fixed charges	58,400	58,400	53,792
Grants, contributions and donations	57,300	62,300	51,550
Reserve for contingency	9,500	9,500	-
Total other general government	166,475	171,475	142,404
Total general government	881,897	985,685	854,270
Public safety:			
Police:			
Personal services	830,853	859,345	829,340
Contractual services	40,575	40,575	34,092
Supplies	67,200	67,200	75,530
Capital outlay	37,000	54,337	53,847
Total police	975,628	1,021,457	992,809
Support services:			
Contractual services	6,334	6,334	6,334
Total support services	6,334	6,334	6,334
Total public safety	981,962	1,027,791	999,143
Public works:			
Highways and streets:			
Personal services	238,574	243,419	187,591
Contractual services	66,325	66,325	50,145
Supplies	58,200	58,200	56,887
Building materials	6,500	6,500	6,545
Fixed charges	2,000	2,000	-
Capital outlay	35,000	36,293	36,292
Total highways and streets	406,599	412,737	337,460
City garage:			
Personal services	58,457	60,072	56,894
Contractual services	580	580	480
Supplies	4,100	4,100	1,271
Total city garage	63,137	64,752	58,645
State street aid:			
Contractual services	236,565	250,193	249,707
Total state street aid	236,565	250,193	249,707
Total public works	706,301	727,682	645,812

(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, 2022

	2022 Original Budget	2022 Final Budget	2022 Actual
Expenditures (continued):			
Culture and recreation:			
Recreation:			
Personal services	$ 107,990	$ 111,220	$ 103,801
Contractual services	50,810	50,810	48,705
Supplies	17,000	17,000	14,488
Fixed charges	500	500	290
Capital outlay	30,000	30,000	27,278
Total recreation	206,300	209,530	194,562
Activity center:			
Personal services	229,544	237,618	233,056
Contractual services	167,730	167,730	152,252
Supplies	30,650	41,650	36,691
Capital outlay	35,000	41,408	41,408
Total activity center	462,924	488,406	463,407
Libraries:			
Contractual services	9,600	9,600	6,162
Fixed charges	1,550	1,550	1,492
Grants, contributions and donations	47,672	47,672	47,672
Total libraries	58,822	58,822	55,326
Total culture and recreation	728,046	756,758	713,295
Debt service:			
Bonds and notes payable	166,084	167,174	164,976
Interest and fiscal charges	23,829	23,829	23,937
Total debt service	189,913	191,003	188,913
Total expenditures	3,488,119	3,688,919	3,401,433
Revenues over (under) expenditures	246,864	131,934	1,861,566
Other financing sources (uses):			
Transfers (to) from other funds	(246,864)	(272,927)	(253,015)
Sale of notes	-	8,566	8,566
Total other financing sources (uses)	(246,864)	(264,361)	(244,449)
Net change in fund balance	-	(132,427)	1,617,117
Fund balance, beginning	3,667,128	3,667,128	3,667,128
Fund balance, ending	$ 3,667,128	$ 3,534,701	$ 5,284,245

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, 2022

	2022 Original Budget	2022 Final Budget	2022 Actual
Revenues:			
Intergovernmental revenues	$ 85,660	$ 85,660	$ 85,660
Charges for services	1,850	1,850	2,225
Interest earnings	150	150	26
Insurance recoveries	20,000	20,000	21,843
Contributions and donations	40,000	50,000	91,336
Other revenue	1,000	1,000	6,621
Total revenues	148,660	158,660	207,711
Expenditures:			
Personal services	128,874	140,985	133,916
Contractual services	88,290	88,290	81,153
Supplies	60,800	70,800	66,584
Fixed charges	24,650	24,650	24,265
Capital outlay	7,000	7,000	4,997
Debt service	31,606	31,606	31,605
Total expenditures	341,220	363,331	342,520
Revenues over (under) expenditures	(192,560)	(204,671)	(134,809)
Other financing sources (uses):			
Interfund transfers - in (out)	192,560	204,671	204,671
Total other financing sources (uses)	192,560	204,671	204,671
Net changes in fund balances	-	-	69,862
Fund balance, beginning	266,211	266,211	266,211
Fund balance, ending	$ 266,211	$ 266,211	$ 336,073

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements

June 30, 2022

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, 2022, the government had no encumbrances. Also, for the year ended June 30, 2022, 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, 2022 is recorded. The balance of the reserve at June 30, 2022 is $101,535.

At June 30, 2022, the government's 2022 property taxes were not scheduled to be billed until October 2021. Consequently, unbilled property taxes and deferred inflows of resources of $1,086,000 are recorded.

Leases

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

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

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

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

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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

Leases (Continued)

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

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

Prepaid Items

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

Capital Assets

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

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

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

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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

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 and grants 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.

Net Position Flow Assumption

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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

Net Position Flow Assumption (Continued)

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

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Revenues and Expenditures/Expenses

Program Revenues

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

Compensated Absences

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

For governmental funds, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. At June 30, 2022, there were no such amounts reported. The noncurrent portion of the liability is not reported, but if the long-term portion were required to be liquidated, the amount would be paid from the General Fund as has been done in prior years.

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

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

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

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Revenues and Expenditures/Expenses (Continued)

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Other Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Assets

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

Pension Plan

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

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

Postemployment Benefits Other than Pensions (OPEB)

For the purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town's OPEB Local Government 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.

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Other Accounting Policies (Continued)

Direct Borrowing and Direct Placements

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

Recently Issued and Adopted Accounting Pronouncements

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

Statement No. 87, *Leases*
Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
Statement No. 92, *Omnibus 2020*
Statement No. 93, *Replacement of Interbank Offered Rates*
Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*
Statement No. 98, *The Annual Comprehensive Financial Report*
Implementation Guide No. 2019-3, *Leases*

The Town is the lessor on a lease (described above) that is subject to the new accounting standard and implementation guide. The adoption of these pronouncements has changed its accounting for lease receivable in the general fund. In addition, in previous years the Town has capitalized interest on various construction projects. As a results of adopting GASB 89, the Town no longer follows this accounting treatment and all incurred interest is expensed. None of the other statements have had any effect on the Town's financial statements.

Change in Accounting Principle and Restatement

For the fiscal year ended June 30, 2022, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources, except for certain regulated leases. The Town's financial statements include a prior period adjustment for a lease receivable. This adjustment had no effect on the beginning net position or on fund balance of the general fund since the deferred inflows equal the amount of the lease receivable.

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Other Accounting Policies (Continued)

Change in Accounting Principle and Restatement (Continued)

The implementation of GASB Statement No. 87 had the following effect on net position as reported June 30, 2021:

	General Fund
Fund balance, June 30, 2021	$ 3,667,128
Adjustments:	
Lease receivable	846,247
Deferred inflows - Leases	(846,247)
Restate fund balance, June 30, 2021	$ 3,667,128

2. Cash and Cash Equivalents

At June 30, 2022, 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	$ 1,300	$ -	$ 1,300
Checking and money market accounts	7,400,889	29,398	7,430,287
	$ 7,402,189	$ 29,398	$ 7,431,587

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

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

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

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

2. Cash and Cash Equivalents (Continued)

The book balances held in each category are as follows:

Insured or collateralized with securities held by the government's agent in the government's name or collateralized with securities held by pledging bank's and government's agent in the government's name	$7,431,587

3. Capital Assets

Governmental capital asset activity for the fiscal year ended June 30, 2022 was as follows:

Governmental Activities	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	$ 654,202	$ -	$ -	$ 654,202
Total capital assets, not being depreciated	654,202	-	-	654,202
Capital assets, being depreciated:				
Buildings and improvements	5,202,510	40,654	-	5,243,164
Infrastructures	5,488,522	-	-	5,488,522
Machinery and equipment	4,176,883	88,217	100,358	4,164,742
Total capital assets, being depreciated	14,867,915	128,871	100,358	14,896,428
Less accumulated depreciation for:				
Buildings and improvements	1,350,382	116,546	-	1,466,928
Infrastructures	2,082,821	83,785	-	2,166,606
Machinery and equipment	2,151,131	200,409	100,358	2,251,182
Total accumulated depreciation	5,584,334	400,740	100,358	5,884,716
Capital assets, being depreciated, net	9,283,581	(271,869)	-	9,011,712
Governmental activities assets, net	$ 9,937,783	$ (271,869)	$ -	$ 9,665,914

Depreciation expense was charged to governmental functions as follows:

General government	$ 18,997
Public works	145,481
Public safety	67,283
Volunteer fire department	65,872
Tourism	15,997
Recreation and culture	87,110
Total depreciation expense	$ 400,740

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, 2022 was as follows:

Business-Type Activities	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Capital assets, not being depreciated:				
Construction in progress	$ 1,092,978	$ 291,644	$ -	$ 1,384,622
Land easements	8,900	-	-	8,900
Total capital assets, not being depreciated	1,101,878	291,644	-	1,393,522
Capital assets, being depreciated:				
Buildings	736,780	-	-	736,780
Lines and tanks	18,647,282	-	-	18,647,282
Equipment	2,817,614	126,297	26,649	2,917,262
Furniture and fixtures	124,377	-	-	124,377
Vehicles	313,715	28,919	123,080	219,554
Total capital assets, being depreciated	22,639,768	155,216	149,729	22,645,255
Less accumulated depreciation for:				
Buildings	254,642	18,092	-	272,734
Lines and tanks	5,807,897	454,531	-	6,262,428
Equipment	1,338,047	94,732	26,649	1,406,130
Furniture and fixtures	88,776	5,495	-	94,271
Vehicles	287,048	10,662	123,080	174,630
Total accumulated depreciation	7,776,410	583,512	149,729	8,210,193
Capital assets, being depreciated, net	14,863,358	(428,296)	-	14,435,062
Business-type activities capital assets, net	$ 15,965,236	$ (136,652)	$ -	$ 15,828,584

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

Water and Sewer	$ 583,512

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, 2022 in governmental activities:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in One Year
General obligation refunding bonds, Series 2020	$ 1,258,000	$ -	$ 116,000	$ 1,142,000	$ 118,000
Capital outlay note (direct borrowing), dated 4/7/17	193,000	-	95,000	98,000	98,000
Capital outlay note (direct borrowing), dated 10/5/18	195,000	-	97,000	98,000	98,000
Capital lease obligation (direct borrowing), dated 7/1/17	1,920	-	1,920	-	-
Capital lease obligation (direct borrowing), dated 12/18/18	1,601	-	1,056	545	545
Capital lease obligation (direct borrowing), dated 6/22/22	-	8,566	-	8,566	1,552
Compensated absences	69,874	62,899	65,737	67,036	67,036
	$ 1,719,395	$ 71,465	$ 376,713	$ 1,414,147	$ 383,133

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, 2022 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.	$ 98,000
$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.	98,000
$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.	1,142,000
Total bonds and capital outlay notes	$ 1,338,000

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. In the event of default, these direct borrowings would be payable in full at the time of default.

Capital Leases

Capital lease obligation, dated December 18, 2018, forty-eight monthly payments of $92 for a total of $4,050. Interest rate is 4.306%.	$ 545
Capital lease obligation, dated June 22, 2022, sixty monthly payments of $161 for a total of $9,660. Interest rate is 4.834%.	8,566
Total capital leases	$ 9,111

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, 2022 in business-type activities:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due in One Year
Water and Sewer Refunding Bonds, Series 2014	$ 3,791,800	$ -	$ 161,500	$ 3,630,300	$ 165,200
General Obligation Bonds, Series 2017	1,370,000	-	50,000	1,320,000	50,000
Interfund note payable	161,087	-	6,334	154,753	6,334
	$ 5,322,887	$ -	$ 217,834	$ 5,105,053	$ 221,534

Bonds and Capital Outlay Notes

$4,546,800 Water and Sewer Revenue and Tax Refunding Bond, Series 2014, principal payable in 25 annual payments beginning August 2015, interest payable in semi-annual installments at a rate of 2.29% through 2039.	$ 3,630,300
$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.	1,320,000
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.	154,753
Total business-type long-term debt	5,105,053
Less current maturities	221,534
	$ 4,883,519

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, 2022 are as follows:

	Governmental Activities						Business-Type Activities			
	Bonds		Direct Borrowings		Total		Bonds		Grand Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 118,000	$ 19,414	$198,097	$ 4,694	$ 316,097	$ 24,108	$ 221,534	$ 121,092	$ 537,631	$ 145,200
2024	120,000	17,408	1,629	303	121,629	17,711	225,334	116,140	346,963	133,851
2025	123,000	15,368	1,709	223	124,709	15,591	234,234	111,101	358,943	126,692
2026	125,000	13,277	1,794	138	126,794	13,415	238,134	105,722	364,928	119,137
2027	127,000	11,152	1,882	50	128,882	11,202	242,234	100,251	371,116	111,453
2028-2032	529,000	22,678	-	-	529,000	22,678	1,300,170	412,183	1,829,170	434,861
2033-2037	-	-	-	-	-	-	1,466,370	246,759	1,466,370	246,759
Thereafter	-	-	-	-	-	-	1,177,043	67,530	1,177,043	67,530
	$1,142,000	$ 99,297	$205,111	$ 5,408	$1,347,111	$104,705	$5,105,053	$1,280,778	$6,452,164	$1,385,483

5. Retirement Plan

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

General Information about the Pension Plan

Plan description. Certain employees of the government are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits

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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	54
Active employees	43
	119

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, 2022, employer contributions for the government were $127,513 based on a rate of 7.12 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the government's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

*Pension liabilities (assets).*The government's net pension liability (asset) was measured as of June 30, 2021, 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, 2021 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	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

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

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes in assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

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

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

5. Retirement Plan (Continued)

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

Net Pension Liability (Asset) (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the government will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) - (b)**
Beginning balance*	$ 5,692,968	$ 6,460,006	$ (767,038)
Changes for the year:			
Service cost	138,917	-	138,917
Interest	416,064	-	416,064
Differences between expected and actual experience	233,333	-	233,333
Changes of assumptions	732,487	-	732,487
Contributions - employer	-	123,454	(123,454)
Contributions - employees	-	-	-
Net investment income	-	1,657,893	(1,657,893)
Benefit payments, including refunds of employee contributions	(186,151)	(186,151)	-
Administrative expense	-	(3,877)	3,877
Net changes	1,334,650	1,591,319	(256,669)
Ending balance*	$ 7,027,618	$ 8,051,325	$ (1,023,707)

* The measurement date of the beginning balance was June 30, 2020 and the measurement date of the ending balance was June 30, 2021. The reporting date of the beginning balance is June 30, 2021 and the reporting date of the ending balance is June 30, 2022.

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 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Government's net pension liability (asset)	$ 58,326	$ (1,023,707)	$ (1,903,957)

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

Pension Expense. For the year ended June 30, 2022, the government recognized negative pension expense of ($39,048).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, 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	$ 235,157	$ (112,906)
Net difference between projected and actual earnings on pension plan investments	-	(884,447)
Changes of assumptions	647,945	-
Contributions subsequent to the measurement date of June 30, 2021	127,513	-
Total	$ 1,010,615	$ (997,353)

The amount shown above for contributions subsequent to the measurement date of June 30, 2021 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:		
2023	$	(80,976)
2024		(62,279)
2025		(54,679)
2026		(85,439)
2027		169,122
Thereafter		-

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

Payable to the Pension Plan

At June 30, 2022, the government reported a payable of $-0- for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2022.

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, 2021, the following employees of the Town of Dandridge were covered by the benefit terms of the LGOP:

Inactive employees or currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	0
Active employees	35
	36

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, 2022, the Town of Dandridge paid $6,840 to the LGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions. The total OPEB Liability in the June 30, 2021 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	7.36 percent for pre-65 in 2021, decreasing annually over a 10-year period to an ultimate rate of 4.5 percent 7.32 percent for post-65 in 2021, 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, 2021, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Mortality Table for General Employees for non-disabled post-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6 percent load for males and a 14 percent load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load, projected generationally from 2018 with MP-2020.

Discount rate. The discount rate used to measure the total OPEB liability was 2.16 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at June 30, 2020	$ 233,147
Changes for the year:	
Service cost	19,865
Interest	5,567
Changes of benefit terms	105,527
Differences between expected and actual experience	(8,946)
Changes of assumptions	(25,350)
Benefit payments	(2,245)
Net changes	94,418
Balances at June 30, 2021	$ 327,565

TOWN OF DANDRIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

6. Other Postemployment Benefits (OPEB) (Continued)

Local Government OPEB Plan (Continued)

Changes in the Total OPEB Liability (Continued)

Changes in assumptions. The discount rate was changed from 2.21 percent as of the beginning of the measurement period to 2.16 percent as of June 30, 2021. 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.

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

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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate.

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Government's total OPEB liability	$ 361,082	$ 327,565	$ 296,509

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 (6.36%/6.32% decreasing to 3.50%)	Current Healthcare Cost Trend Rate (7.36%/7.32% decreasing to 4.50%)	1% Increase (8.36%/8.32% decreasing to 5.50%)
Government's total OPEB liability	$ 279,834	$ 327,565	$ 386,505

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, 2022, the Town of Dandridge recognized OPEB expense of $123,353.

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, 2022, 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	$ 7,513	$ (50,057)
Changes of assumptions	20,093	(32,382)
Contributions subsequent to the measurement date of June 30, 2021	6,840	-
Total	$ 34,446	$ (82,439)

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:	
2023	$ (7,606)
2024	(7,606)
2025	(7,606)
2026	(7,606)
2027	(7,606)
Thereafter	(16,803)

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, 2022 are as follows:

	Due From			
Due To	General Fund	Drug Fund	Water and Sewer Fund	Total
General Fund	$ -	$ 274	$ 154,753	$ 155,027
Drug Fund	5,000	-	-	5,000
Volunteer Fire Department Fund	195	-	-	195
Sanitation Fund	32,430	-	22,911	55,341
Tourism Fund	95,128	-	-	95,128
Water and Sewer Fund	330	-	-	330
	$ 133,083	$ 274	$ 177,664	$ 311,021

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	$ 204,671
Sanitation Fund	48,344
Total	$ 253,015

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

11. Lease Receivables

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

The Town is reporting leases receivable of $841,397 at June 30, 2022. For the fiscal year ended June 30, 2022, the Town reported lease revenue of $4,850, interest income of $20,150, and variable lease revenue of $28,149.

12. Subsequent Events

Management has evaluated subsequent events through December 29, 2022, 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*

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

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

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

For the Last 10 Measurement Periods Ended on June 30*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 69,684	$ 71,603	$ 90,834	$ 94,151	$ 170,995	$ 227,846	$ 220,069	$ 216,871	$ 194,076
Contributions in relation to the actuarially determined contribution	127,513	123,454	145,402	163,742	200,954	227,846	220,069	216,871	194,076
Contribution deficiency (excess)	$ (57,829)	$ (51,851)	$ (54,568)	$ (69,591)	$ (29,959)	$ -	$ -	$ -	$ -
Covered payroll	$1,791,371	$1,763,623	$1,710,612	$1,636,246	$1,674,580	$1,597,560	$1,544,346	$1,521,902	$1,366,258
Contributions as a percentage of covered payroll	7.12%	7.00%	8.50%	10.01%	12.00%	14.26%	14.25%	14.25%	14.20%

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

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

For the Last 10 Measurement Periods Ended on June 30*

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

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

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Notes to Required Supplementary Information

June 30, 2022

Notes to Schedule - Public Employee Pension Plan of TCRS

Valuation date: Actuarially determined contribution rates for 2022 were calculated based on the June 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

Changes of Assumptions: In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 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 4.00 percent and modified mortality assumptions. In 2021, the following assumptions were changed: assumed discount rate was lowered from 7.25% to 6.75%; inflation was lowered from 2.50% to 2.25%; the assumed monthly cost-of-living adjustment for monthly retirement benefits was lowered from 3.00 percent to 2.75 percent and modified mortality assumptions.

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF DANDRIDGE, TENNESSEE

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2022

Grantor Agency	Contract #	Assistance Listing Number	Expenditures
Federal Awards:			
U.S. Department of Transportation -			
Pass-through from Tennessee Department of Safety and Homeland Security -			
THS Grant - 2021	Z-21-THS077	20.607	$ 6,004
THS Grant - 2022	Z-22-THS079	20.607	10,222
Total U.S. Department of Transportation			16,226
U.S. Department of Treasury -			
Pass-through from Tennessee Department of Finance and Administration -			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	950,077
Total U.S. Department of Treasury			950,077
Appalachian Regional Commission -			
Pass-through from Tennessee Department of Economic and Community Development -			
2018 ARC Grant	33004-91418	23.002	9,400
Total Appalachian Regional Commission			9,400
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	32,210
Total U.S. Department of Housing and Urban Development			32,210
Total Federal Awards			1,007,913
State Awards:			
Tennessee Department of Agriculture -			
TAEP Farmers Market Promotional and Retail Grant	N/A	N/A	1,500
Tennessee Department of Finance and Administration			
Direct Appropriation Grant	N/A	N/A	50,033
Total State Awards			51,533
Total Federal and State Awards			$ 1,059,446

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, 2022

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes federal and state award activity of the government under programs of the federal and state governments for the year ended June 30, 2022. 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, 2022

	Governmental Funds			
	Sanitation Fund	Drug Fund	Tourism Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ -	$ 29,398	$ -	$ 29,398
Accounts receivable	-	171	-	171
Due from other governmental funds	32,430	5,000	95,128	132,558
Due from proprietary fund	22,911	-	-	22,911
Total assets	$ 55,341	$ 34,569	$ 95,128	$ 185,038
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued expenses	$ 4,278	$ 176	$ -	$ 4,454
Due to other funds	-	274	-	274
Funds held in trust	-	9,095	-	9,095
Total liabilities	4,278	9,545	-	13,823
Fund balances:				
Restricted	-	25,024	-	25,024
Assigned	51,063	-	95,128	146,191
Total fund balances	51,063	25,024	95,128	171,215
Total liabilities and fund balances	$ 55,341	$ 34,569	$ 95,128	$ 185,038

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

For the Fiscal Year Ended June 30, 2022

	Sanitation Fund			Drug Fund		
	2022 Original Budget	2022 Final Budget	2022 Actual	2022 Original Budget	2022 Final Budget	2022 Actual
Revenues:						
Local taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental revenue	-	-	-	-	1,058	1,498
Charges for services	122,400	122,400	124,885	-	-	-
Fines, forfeits and penalties	-	-	-	-	-	1,301
Sale of seized equipment	-	-	-	-	-	2,730
Contributions and donations	-	-	-	-	-	300
Other revenue	-	-	2,210	-	1,500	1,500
Total revenues	122,400	122,400	127,095	-	2,558	7,329
Expenditures:						
Personal services	115,809	119,039	111,861	-	-	-
Contractual services	22,880	22,880	16,610	300	300	-
Supplies	33,115	43,837	42,321	2,600	5,158	3,222
Fixed charges	4,900	4,900	4,362	-	-	-
Debt service	-	-	-	22,065	22,065	22,064
Total expenditures	176,704	190,656	175,154	24,965	27,523	25,286
Revenues over (under) expenditures	(54,304)	(68,256)	(48,059)	(24,965)	(24,965)	(17,957)
Other financing sources (uses):						
Interfund transfers - in (out)	54,304	68,256	48,344	-	-	-
Total other financing sources (uses)	54,304	68,256	48,344	-	-	-
Net changes in fund balances	-	-	285	(24,965)	(24,965)	(17,957)
Fund balance, beginning	50,778	50,778	50,778	42,981	42,981	42,981
Fund balance, ending	$ 50,778	$ 50,778	$ 51,063	$ 18,016	$ 18,016	$ 25,024

(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, 2022

	Tourism Fund			Total Nonmajor Governmental Funds		
	2022 Original Budget	2022 Final Budget	2022 Actual	2022 Original Budget	2022 Final Budget	2022 Actual
Revenues:						
Local taxes	$ 103,000	$ 103,000	$ 144,269	$ 103,000	$ 103,000	$ 144,269
Intergovernmental revenue	-	-	-	-	1,058	1,498
Charges for services	-	-	-	122,400	122,400	124,885
Fines, forfeits and penalties	-	-	-	-	-	1,301
Sale of seized equipment	-	-	-	-	-	2,730
Contributions and donations	-	-	-	-	-	300
Other revenue	-	-	-	-	1,500	3,710
Total revenues	103,000	103,000	144,269	225,400	227,958	278,693
Expenditures:						
Personal services	-	-	-	115,809	119,039	111,861
Contractual services	1,000	1,000	630	24,180	24,180	17,240
Supplies	1,885	1,885	850	37,600	50,880	46,393
Fixed charges	-	-	-	4,900	4,900	4,362
Debt service	100,115	100,115	100,115	122,180	122,180	122,179
Total expenditures	103,000	103,000	101,595	304,669	321,179	302,035
Revenues over (under) expenditures	-	-	42,674	(79,269)	(93,221)	(23,342)
Other financing sources (uses):						
Interfund transfers - in (out)	-	-	-	54,304	68,256	48,344
Total other financing sources (uses)	-	-	-	54,304	68,256	48,344
Net changes in fund balances	-	-	42,674	(24,965)	(24,965)	25,002
Fund balance, beginning	52,454	52,454	52,454	146,213	146,213	146,213
Fund balance, ending	$ 52,454	$ 52,454	$ 95,128	$ 121,248	$ 121,248	$ 171,215

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2022

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
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	-	-	-	-
	$ 1,142,000	$ 99,297	$ 98,000	$ 2,597	$ 98,000	$ 1,710

(Continued)

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2022

Year Ending June 30,	Capital Lease Obligation 4.834%		Capital Lease Obligation 4.306%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 1,552	$ 380	$ 545	$ 7	$ 316,097	$ 24,108
2024	1,629	303	-	-	121,629	17,711
2025	1,709	223	-	-	124,709	15,591
2026	1,794	138	-	-	126,794	13,415
2027	1,882	50	-	-	128,882	11,202
2028	-	-	-	-	129,000	8,993
2029	-	-	-	-	131,000	6,800
2030	-	-	-	-	133,000	4,573
2031	-	-	-	-	136,000	2,312
	$ 8,566	$ 1,094	$ 545	$ 7	$ 1,347,111	$ 104,705

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2022

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
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
2036	221,800	24,047	6,334	-	70,000	18,325	298,134	42,372
2037	226,900	18,910	6,334	-	75,000	16,225	308,234	35,135
Thereafter	712,300	24,717	59,743	-	405,000	42,813	1,177,043	67,530
	$ 3,630,300	$ 798,765	$ 154,753	$ -	$ 1,320,000	$ 482,013	$ 5,105,053	$ 1,280,778

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2021	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2022
Bonds Payable:									
General Obligation Refunding Bonds - Series 2020	$ 1,374,000	1.70%	06/30/2020	06/01/2031	$ 1,258,000	$ -	$ 116,000	$ -	$ 1,142,000
Total Bonds Payable					$ 1,258,000	$ -	$ 116,000	$ -	$ 1,142,000
Notes Payable:									
Tennessee Municipal Bond Fund - Capital Outlay Note	$ 550,000	2.65%	04/07/2017	04/01/2023	$ 193,000	$ -	$ 95,000	$ -	$ 98,000
Tennessee Municipal Bond Fund - Capital Outlay Note	$ 465,000	3.49%	10/05/2018	11/01/2022	195,000	-	97,000	-	98,000
Total Notes Payable					$ 388,000	$ -	$ 192,000	$ -	$ 196,000
Lease Obligations:									
Capital Lease Obligation	$ 8,625	5.636%	07/01/2017	07/01/2022	$ 1,920	$ -	$ 1,920	$ -	$ -
Capital Lease Obligation	$ 4,050	4.306%	12/18/2018	12/13/2022	1,601	-	1,056	-	545
Capital Lease Obligation	$ 8,566	4.834%	06/22/2022	06/22/2027	-	8,566	-	-	8,566
Total Lease Obligations					$ 3,521	$ 8,566	$ 2,976	$ -	$ 9,111

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2021	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2022
Bonds Payable:									
Water & Sewer Refunding Bonds, Series 2014	$ 4,680,425	2.29%	08/20/2014	08/01/1939	$ 3,791,800	$ -	$ 161,500	$ -	$ 3,630,300
General Obligation Bonds, Series 2017	$ 1,550,000	Varies	05/01/2017	06/01/1942	1,370,000	-	50,000	-	1,320,000
Total Bonds Payable					$ 5,161,800	$ -	$ 211,500	$ -	$ 4,950,300
Notes Payable:									
Interfund Note - Due To General Fund	$ 350,000	0.00%	06/30/1991	06/30/2047	$ 161,087	$ -	$ 6,334	$ -	$ 154,753
Total Notes Payable					$ 161,087	$ -	$ 6,334	$ -	$ 154,753

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

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

June 30, 2022

	Utility Plant, Property, and Equipment				Accumulated Depreciation				
	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Balance July 1, 2021	Expense	Retirements	Balance June 30, 2022	Net Plant
Water system:									
Land and easements	$ 8,900	$ -	$ -	$ 8,900	$ -	$ -	$ -	$ -	$ 8,900
Buildings	144,189	-	-	144,189	106,383	3,744	-	110,127	34,062
Lines and tanks	12,827,129	-	-	12,827,129	3,170,055	337,071	-	3,507,126	9,320,003
Equipment	821,045	85,454	12,722	893,777	649,500	40,851	12,722	677,629	216,148
Vehicles	116,647	14,459	22,013	109,093	103,313	5,331	22,013	86,631	22,462
Furniture and fixtures	34,483	-	-	34,483	31,152	655	-	31,807	2,676
Total water system	13,952,393	99,913	34,735	14,017,571	4,060,403	387,652	34,735	4,413,320	9,604,251
Sewer system:									
Buildings	592,591	-	-	592,591	148,259	14,348	-	162,607	429,984
Lines and tanks	5,820,153	-	-	5,820,153	2,637,842	117,460	-	2,755,302	3,064,851
Equipment	1,996,569	40,843	13,927	2,023,485	688,547	53,881	13,927	728,501	1,294,984
Vehicles	197,068	14,460	101,067	110,461	183,735	5,331	101,067	87,999	22,462
Furniture and fixtures	89,894	-	-	89,894	57,624	4,840	-	62,464	27,430
Total sewer system	8,696,275	55,303	114,994	8,636,584	3,716,007	195,860	114,994	3,796,873	4,839,711
Total plant in service	22,648,668	155,216	149,729	22,654,155	7,776,410	583,512	149,729	8,210,193	14,443,962
Construction work in progress	1,092,978	291,644	-	1,384,622	-	-	-	-	1,384,622
Total plant	$ 23,741,646	$ 446,860	$ 149,729	$ 24,038,777	$ 7,776,410	$ 583,512	$ 149,729	$ 8,210,193	$ 15,828,584

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Fiscal Year Ended June 30, 2022

Tax Year	Balance July 1, 2021	Current Assessment	Abatements and Adjustments	Collections	Balance June 30, 2022
2021	$ -	$ 1,075,569	$ 380	$ 1,042,915	$ 33,034
2020	36,657	-	(349)	18,937	17,371
2019	20,787	-	3,502	9,086	15,203
2018	15,293	-	586	808	15,071
2017	13,907	-	447	508	13,846
2016	1,607	-	300	95	1,812
2015	3,172	-	(261)	454	2,457
2014	547	-	207	449	305
2013	298	-	-	-	298
2012	327	-	-	-	327
2011	664	-	-	-	664
2010	1,400	-	-	-	1,400
2009	3,004	-	-	-	3,004
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	$ 104,503	$ 1,075,569	$ 4,812	$ 1,073,252	111,632
January 1, 2022 property tax assessment not to be billed until October 1, 2022					1,086,000
					$ 1,197,632

NOTE: All outstanding delinquent property taxes for years 2003 - 2020 have been filed in Chancery Court.

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Analysis of Tax Rates and Assessments

June 30, 2022

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
2013	$ 94,535,033	$ 0.9400	$ 942,673	$ 942,346	99.97%	$ 327	$ 327
2014	99,399,194	0.9400	940,996	940,698	99.97%	298	298
2015	99,975,151	0.9890	993,736	993,431	99.97%	305	305
2016	102,712,844	0.9990	1,023,005	1,020,548	99.76%	2,457	2,457
2017	102,970,421	0.9990	1,029,300	1,027,488	99.82%	1,812	1,812
2018	103,753,153	0.9990	1,036,474	1,022,628	98.66%	13,846	13,846
2019	104,408,302	0.9990	1,043,047	1,027,976	98.56%	15,071	15,071
2020	115,385,900	0.9138	1,054,112	1,038,909	98.56%	15,203	15,203
2021	115,849,548	0.9100	1,059,344	1,041,973	98.36%	17,371	-
2022	118,844,686	0.9050	1,075,949	1,042,915	96.93%	33,034	-

See independent auditor's report.

TOWN OF DANDRIDGE, TENNESSEE

Utility Rate Structure and Number of Customers

June 30, 2022

	Inside Town	Outside Town	E-One
WATER RATES			
Residential:			
First 2,000 gallons (minimum billing)	$22.52	$38.72	N/A
Over 2,000 gallons (per 1,000 gallons)	4.18	8.19	N/A
Commercial:			
First 2,000 gallons (minimum billing)	29.31	44.34	N/A
Over 2,000 gallons (per 1,000 gallons)	5.23	10.23	N/A
Heavy commercial and industrial:			
First 2,000 gallons (minimum billing)	45.10	69.11	N/A
Over 2,000 gallons (per 1,000 gallons)	5.52	10.83	N/A
Swannsylvania:			
First 2,000 gallons (minimum billing)	N/A	46.14	N/A
Over 2,000 gallons (per 1,000 gallons)	N/A	7.10	N/A
SEWER RATES			
Residential (Inside Town):			
First 2,000 gallons (minimum billing)	24.63	N/A	$61.80
Over 2,000 gallons (per 1,000 gallons)	6.30	N/A	6.92
Residential (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	37.70	76.20
Over 2,000 gallons (per 1,000 gallons)	N/A	13.57	14.90
Commercial (Inside Town):			
First 2,000 gallons (minimum billing)	32.78	N/A	70.78
Over 2,000 gallons (per 1,000 gallons)	7.62	N/A	8.36
Commercial (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	50.52	90.31
Over 2,000 gallons (per 1,000 gallons)	N/A	16.33	17.96
Heavy commercial and industrial (Inside Town):			
First 2,000 gallons (minimum billing)	51.80	N/A	91.70
Over 2,000 gallons (per 1,000 gallons)	7.62	N/A	8.36
Heavy commercial and industrial (Outside Town):			
First 2,000 gallons (minimum billing)	N/A	80.39	123.13
Over 2,000 gallons (per 1,000 gallons)	N/A	16.33	17.96
NUMBER OF METERED CUSTOMERS			
Water		3,666	
Sewer		1,557	

See independent auditor's report.

OTHER STATISTICAL SCHEDULES
(Unaudited)

TOWN OF DANDRIDGE, TENNESSEE

Miscellaneous Statistical Data

June 30, 2022

Incorporated	1915
Form of government	Mayor - Aldermen
Area in square miles	5.76
Police protection:	
Number of stations	1
Number of full-time employees	11
Fire protection:	
Number of stations	2
Number of employees	0
Number of volunteers	28
Total number of public safety employees (full-time)	11
Municipal water plant:	
Average daily consumption in gallons	732,000
Maximum storage capacity in gallons	2,472,000
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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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, 2022, and the related notes to the financial statements, which collectively comprise the Town of Dandridge, Tennessee's basic financial statements and have issued our report thereon dated December 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Dandridge, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of

laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown Lake & McDaniel, PC

CERTIFIED PUBLIC ACCOUNTANTS

Knoxville, Tennessee
December 29, 2022

BROWN JAKE & McDANIEL, PC

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

Board of Mayor and Aldermen
Town of Dandridge, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Dandridge, Tennessee's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Dandridge, Tennessee's major federal programs for the year ended June 30, 2022. The Town of Dandridge, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Dandridge, Tennessee complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under these standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Dandridge, Tennessee and to meet other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Dandridge, Tennessee's compliance with the compliance requirements listed above.

Responsibilities of Management for Compliance

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

□ □ □

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control over Compliance

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

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

internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Brown Lake & McDaniel, PC

CERTIFIED PUBLIC ACCOUNTANTS

Knoxville, Tennessee
December 29, 2022

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

ACCOMPANYING SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. SUMMARY OF AUDITOR'S RESULTS

A. An unmodified opinion was issued on the basic financial statements of the Town of Dandridge, Tennessee for the year ended June 30, 2022.

B. Internal control over financial reporting:

Material weakness(es) identified? ___ yes _X_ no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes _X_ none reported

C. Our audit disclosed no instances of noncompliance considered by us to be material to the financial statements.

D. Internal control over major programs:

Material weakness(es) identified? ___ yes _X_ no

Significant deficiency(ies)) identified that are not considered to be material weakness(es)? ___ yes _X_ none reported

E. An unmodified opinion was issued on compliance for the Town of Dandridge, Tennessee's major programs.

F. The audit disclosed no audit findings relating to major programs required to be reported under 2 CFR Section 200.516(a).

G. We identified the following major federal assistance programs:

Assistance Listing Number 21.027 – COVID-19 – U.S. Department of the Treasury – Coronavirus State and Local Fiscal Recovery Funds – Pass-through from Tennessee Department of Finance and Administration

H. The threshold for distinguishing between Type A and Type B programs was $750,000.

I. The auditee was not determined to be a low-risk auditee.

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

None

III. SUMMARY OF FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

TOWN OF DANDRIDGE, TENNESSEE

Summary Schedule of Prior Audit Findings

There were no prior year findings.