

Financial Statements

CITY OF SWEETWATER, TENNESSEE

Year Ended June 30, 2023

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Mayor and Board of Commissioners
City of Sweetwater, Tennessee
Sweetwater, Tennessee

Report on the Audit of 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 City of Sweetwater, Tennessee as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Sweetwater, Tennessee's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, 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 City of Sweetwater, Tennessee as of June 30, 2023, the respective changes in its financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons of the general fund, state street aid fund, drug enforcement fund, general purpose school fund, school cafeteria fund and school federal project fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the electric fund, the natural gas fund, or the water and sewer fund, which represent 100 percent of the assets, net position and revenue of the business-type activities. We did not audit the Sweetwater Utility Board Defined Benefit Pension Plan which represents 100 percent of the fiduciary funds presented in City of Sweetwater, Tennessee's financial statements. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the proprietary funds and fiduciary funds, is based solely on the report of the other auditors.

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 of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Sweetwater, 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 misstatements, 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 City of Sweetwater, Tennessee's ability to continue as a going concern within twelve months after the date of the financial statements, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinion. 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 City of Sweetwater, 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 City of Sweetwater, 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.

Emphasis of Matter

As discussed in Note R to the financial statements, City of Sweetwater, Tennessee has restated its net position as of June 30, 2022 to correct health insurance rebate liabilities. Our opinion is not modified with respect to this matter.

Required Supplementary Information/Management’s Discussion and Analysis

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis on pages 5 to 14, the schedule of changes in net pension liability(asset) and related ratios on pages 148 to 155, the proportionate share of the net pension liability(asset) on pages 156 to 159, changes in net OPEB liability(asset) and related ratios on pages 160 to 161, changes in proportionate share of collective OPEB liability and related ratios on pages 162 to 165, schedule of pension contributions on pages 166 to 169, notes to pension contributions on pages 170 to 171, and the OPEB contributions on pages 172 to 173 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other information we obtained during our audit of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise City of Sweetwater, Tennessee’s financial statements. The accompanying information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of revenue, expenditures and changes in fund balance – actual and budget – school capital project fund, combining and individual nonmajor fund financial statements, schedules of investments, property taxes receivable, long-term debt requirements, changes in long-term debt by individual issue, expenditures of federal awards and state financial assistance, operations expenses – proprietary funds, and maintenance expenses – proprietary funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the schedules of utility rates and metered customers and principal officials but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does 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 January 25, 2024 on our consideration of City of Sweetwater, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 City of Sweetwater, 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 City of Sweetwater, Tennessee's internal control over financial reporting and compliance.



January 25, 2024

Management's Discussion and Analysis For the Year Ended June 30, 2023

The management of City of Sweetwater, Tennessee (the City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023.

Consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

The following are key financial highlights:

- The net position of the City at June 30, 2023 was \$102,331,324 (\$96,557,386 in 2022). Of this amount, \$30,380,655 may be used to meet the City's ongoing obligations to citizens and creditors (\$27,151,735 in 2022).
- The City's net position increased by \$5,892,822 (5.8%) during the year ended June 30, 2023 and increased by \$8,746,384 (9.8%), during the year ended June 30, 2022.
- At June 30, 2023 the City's governmental funds reported combined ending fund balances of \$19,895,064, an increase of \$3,181,146 from June 30, 2022. Approximately 33% of this total amount (\$6,531,416) is available for spending at the City's discretion. At June 30, 2022 combined ending fund balances from governmental funds was \$16,832,806 an increase of \$3,227,156 from June 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include the following:

- General government
- Public safety
- Public welfare
- Streets and highways
- Education
- Solid waste collection and disposal

The business-type activities of the City include operations of the Sweetwater Utilities Board Electric, Gas, and Water and Sewer Departments.

The government-wide financial statements can be found on pages 15 to 22 of this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirement. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information present for *governmental funds* with similar information present for *governmental activities* in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seven major and five non-major individual governmental funds that are used to account for expendable financial resources and related liabilities. Information is presented separately in the governmental fund balance sheets and in the governmental fund statement of revenue, expenditures and changes in fund balances for the general fund, state street aid fund, drug fund, school general purpose fund, school cafeteria fund, school capital project fund, and school federal project fund, all of which are considered to be major funds. The City also maintains five individual governmental funds that are classified as nonmajor governmental funds and are summarized under the heading "Other Governmental Funds" in the governmental fund presentation.

The City adopts annual appropriation budgets for each of its governmental funds other than the internal school fund. To demonstrate compliance with the budget, budgetary comparison statements have been provided for all of the City's major funds and are presented on pages 34 to 55. Budget comparisons for nonmajor funds are included as supplementary information on pages 181 to 185.

Proprietary Funds - Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains its business-type activities in three major proprietary funds. The City uses this type of fund to account for its electric distribution operation, gas, and water and sewer. Proprietary funds are used to account for activities that are similar to those often found in the private sector.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric distribution operation, gas, and water and sewer operations, all three of which are considered to be major funds of the City. The proprietary fund financial statements can be found on pages 56 to 68 of this report.

Fiduciary fund statements

The fiduciary fund statements provide information on the Sweetwater Utility Board Defined Benefit Pension Plan.

Notes to the financial statements - The notes provide additional information essential to the full understanding of the data provided in the government fund financial statements.

Required supplementary information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The City's changes in net pension liability(asset) in funding its obligation to provide pension benefits and other post-employment benefits to its employees and information about pension contributions and other post-employment benefit contributions are included as required supplementary information on pages 148 to 173 of this report.

Internal Control and Compliance Section – This includes the auditors' report on the City's internal controls and compliance.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The City's net position was \$102,331,324 at June 30, 2023 and \$96,557,386 at June 30, 2022.

The largest portion of the City's net position (51%) reflects its investment in capital assets (e.g., land, buildings, water and sewer facilities, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens so these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position (19%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$30,380,655 and \$27,151,735 at June 30, 2023 and 2022, respectively) may be used to meet the City's ongoing obligations to citizens and creditors.

At June 30, 2023 and 2022 the City's statement of net position consisted of the following:

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets	\$ 48,264,657	\$ 57,758,033
Capital assets, net of accumulated depreciation	<u>83,591,561</u>	<u>67,850,298</u>
TOTAL ASSETS	131,856,218	125,608,331
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension and other postemployment benefits	<u>5,994,968</u>	<u>6,231,262</u>
	<u>\$ 137,851,184</u>	<u>\$ 131,839,591</u>
LIABILITIES		
Current liabilities	\$ 7,996,842	\$ 9,548,250
Noncurrent liabilities	<u>22,497,749</u>	<u>12,708,748</u>
TOTAL LIABILITIES	30,494,591	22,256,998
DEFERRED INFLOWS OF RESOURCES		
Deferred tax revenue	2,069,714	2,051,146
Deferred grant revenue	1,340,726	734,563
Deferred inflows related to pension and other postemployment benefits	<u>1,614,831</u>	<u>10,239,500</u>
	5,025,271	13,025,209

NET POSITION

Net investment in capital assets	52,466,198	54,310,788
Restricted	19,484,469	15,094,861
Unrestricted	<u>30,380,655</u>	<u>27,151,735</u>

TOTAL NET POSITION 102,331,324 96,557,386

\$ 137,851,184 \$ 131,839,591

At June 30, 2023 and 2022, the City reported positive balances in all categories of net position.

Following is a summary of financial activities for the City during the fiscal years ended June 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
REVENUE		
Program Revenue:		
Fees, fines and charges for services	\$ 37,395,096	\$ 34,566,837
Operating grants and contributions	13,498,757	14,173,418
Capital grants and contributions	202,897	12,478
General Revenue:		
Taxes	10,162,411	9,426,185
Intergovernmental	1,580,520	1,401,229
Investment earnings	749,461	131,992
Insurance recovery	1,394	133,456
Sale of materials and supplies	14,957	65,947
Miscellaneous	<u>45,102</u>	<u>73,433</u>
TOTAL REVENUE	63,650,595	59,984,975
EXPENSES		
General government	1,443,492	1,227,497
Public safety	3,385,687	2,752,834
Public welfare	1,241,839	1,185,995
Streets and highways	1,667,985	1,153,411
Education	15,337,309	14,014,712
Solid waste collection and disposal	279,452	308,952
Interest on long-term debt	55,291	49,891
Electric	27,709,978	24,732,148
Natural gas	3,095,362	2,611,111
Water and sewer	<u>3,541,379</u>	<u>3,202,040</u>
TOTAL EXPENSES	<u>57,757,773</u>	<u>51,238,591</u>

	<u>2023</u>	<u>2022</u>
INCREASE IN NET POSITION	5,892,822	8,746,384
NET POSITION AT THE BEGINNING OF THE YEAR	96,557,386	88,503,878
Prior period adjustment	<u>(118,887)</u>	<u>(692,874)</u>
NET POSITION AT THE END OF THE YEAR	<u>\$102,331,324</u>	<u>\$ 96,557,386</u>

Governmental activities - Governmental activities increased the City's net position during the year ended June 30, 2023 by \$4,061,871. The City received increased tax revenue from local and state shared taxes due to improvements in the economy. Operating grants decreased as Covid relief funding programs began to wind down. Capital grants increased due to use of some American Rescue Plan Act funds to make water and sewer improvements. Governmental activities increased the City's net position by \$6,150,337 during the year ended June 30, 2022.

Information regarding these changes can be found on page 19 to 22 of this report.

Business-type activities - Business-type activities increased the City's net position by \$1,830,951 for the year ended June 30, 2023, as compared to an increase of \$2,596,047 for the year ended June 30, 2022. The electric department, gas department and water and sewer department contributed to the increase. The change in net position of the electric department was an increase of \$942,171. The increase was primarily the result of the increase in energy sales of approximately 8%. The change in net position of the gas department was \$86,451, as compared to the change in net position for the year ending June 30, 2022 of \$307,358. This increase was due primarily to an increase in gas sales due to an unusually large rate increase due to national economic conditions. The change in net position of the water and sewer department was \$802,329. The change in net position of the water and sewer department for the year ending June 30, 2022 was \$701,518. This increase was due primarily to increased water and sewer sales.

Fund Financial Statements

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – Unreserved fund balance may serve as a useful measure of the City’s net resources available for spending at the end of the fiscal year. At June 30, 2023 the City’s governmental funds reported combined fund balances of \$19,895,064, an increase of \$3,181,146 in comparison with the prior year. Approximately 30% of the fund balance constitutes unassigned fund balance, which is available for spending at the City’s discretion. The remainder of the fund balance is reserved to indicate that it is not available for spending because it has already been committed to the special projects fund (\$80,632), highway and street improvements fund (\$416,423), drug enforcement fund (\$80,255), the economic development fund (\$152,337), the school general purpose fund (\$11,984,011), the tourism fund (\$69,512), the school cafeteria fund (\$431,506), the school federal projects fund (\$7,300), the school capital projects fund (\$96,140), the school internal school funds (\$88,975), and the library fund (\$51,122).

The general fund is the chief operating fund of the City. At June 30, 2023 unassigned fund balance of the general fund was \$6,436,852. As a matter of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The general fund balance increased \$866,832 during the year ended June 30, 2023.

At June 30, 2023 the City has a restricted fund balance of \$13,312,527, the breakdown is as follows: general fund - \$80,632; state street aid fund - \$416,423; drug fund - \$80,255; school federal project fund - \$7,300; economic development fund - \$152,337; school general purpose fund - \$11,984,011; school cafeteria fund - \$431,506; internal school fund - \$88,975; school cafeteria fund - \$431,506; school capital projects fund - \$96,140; tourism fund - \$69,512; and library fund - \$51,440. The net increase in this restricted fund balance during the current year was \$2,302,062. Due to GASB 54, all of the schools fund balance is reflected as restricted funds for the governmental funds of the City. The schools general ledger can provide additional information and is maintained by the school finance officer Janet Collins.

Nonmajor governmental funds had a fund balance of \$361,947 at June 30, 2023, as compared to \$388,133 at June 30, 2022.

Proprietary funds – The proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Sweetwater Utilities Board amounted to \$20,071,138 at June 30, 2023, and at June 30, 2022 amounted to \$20,788,319. Sweetwater Utilities Board’s general ledger can provide additional information and is maintained by finance officer Jan Broyles.

Fiduciary funds – The fiduciary fund statements provide information about the assets, liabilities, net position and changes in net position of the Sweetwater Utility Board Defined Benefit Pension Plan. The net position of the fiduciary fund decreased \$1,163,219 during the year ended June 30, 2023. At June 30, 2020, net position of \$7,519,961 was available for pensions.

BUDGETARY HIGHLIGHTS

During the year the Mayor and Board of Commissioners approved amendments to legally adopted appropriations. Budgeted revenue of the general fund increased from originally budget revenue by approximately \$1,400,000 due to increases in estimates for local and taxes and increases in grant funding. Budgeted expenditures of the general fund increased from originally appropriate amounts by approximately \$200,000 due to increases in anticipated capital outlay as well as increases expected repairs and maintenance and small equipment purchases.

Budgeted revenues of the general purpose school fund were increased to account for additional state funding. Budgeted expenditures of the general purpose school fund were increased for additional salaries and related expenses.

There were no changes to anticipated revenues in the school cafeteria fund, however, budgeted expenditures were increased due to increases in food costs and capital outlay expenditures.

Budgeted revenues and expenditures of the school federal project fund were increased from the original budget due to increases in grant funding and the associated increases in salaries and related expenses, instructional materials and supplies and capital outlay expenditures.

Budgeted expenditures in the home grant fund were increased due to excess cost to complete the final home rehabilitation. An increase in transfers from the general fund to cover the excess cost was also approved by the board.

There were no changes to anticipated revenues in the tourism fund, however, expenditures were increased from the original budgeted amount due to increased need for tourism enhancement expenditures and training and travel.

There were no changes between anticipated revenues and appropriated expenditures for the following funds: state street aid, drug fund, school capital project fund, economic development fund and library fund.

The internal school fund budget is not approved by the City and a budget is maintained only at each individual school. A budget statement is not presented for the internal school fund.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business type activities as of June 30, 2023, amounted to \$72,435,926(net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Equipment, vehicle, and computer upgrades in various departments
- An outdoor fitness court
- Building upgrades
- Electric and gas distribution system upgrades

The City's investment in capital assets as of June 30, 2023 for governmental activities was \$24,071,309 (\$24,498,568 in 2022) net of accumulated depreciation.

	<u>2023</u>	<u>2022</u>
Land	\$ 1,015,274	\$ 865,274
Construction in Progress	74,714	37,284
Buildings and improvements	32,052,850	31,759,920
Vehicles and equipment	8,811,487	8,378,635
Infrastructure	6,427,298	6,358,947
Accumulated depreciation	<u>(24,310,314)</u>	<u>(22,901,491)</u>
Total Capital Assets,		
Net of Accumulated Depreciation	<u>\$ 24,071,310</u>	<u>\$ 24,498,568</u>

The City's net investment in capital assets as of June 30, 2023 for business-type activities was \$48,364,617 (\$43,351,730 in 2022). Additional information on the City's capital assets can be found on pages 90 to 94 of the notes to the financial statements.

DEBT

At June 30, 2023 the City's proprietary funds had outstanding debt of \$14,817,162 (\$7,830,115 in 2022). During the year ended June 30, 2023 the proprietary funds issued \$8,100,000 in general obligation bonds and retired \$1,243,961 (\$1,039,861 in 2022) of debt of its business-type activities. The proprietary fund debt is backed by the full faith and credit of the City.

At June 30, 2023 the City's governmental funds had outstanding debt of \$5,961,601 (\$6,594,117 in 2022) consisting of the following:

	<u>2023</u>	<u>2022</u>
General obligation bonds	\$ 5,961,601	\$ 6,594,117
Less: current portion due	<u>(655,492)</u>	<u>(639,812)</u>
Total long-term debt principal	<u>\$ 5,306,109</u>	<u>\$ 5,954,305</u>

During the year ended June 30, 2023 the City issued no new debt and retired \$632,516 (\$577,868 in 2022) of debt of its governmental funds.

The City has a bond rating of Aa3 from Moody's Investors Service and an A+ from S&P Global Ratings. The City has no legal debt limitation imposed by its charter or by state statutes. A debt policy was instituted by the City in December 2012, which has been updated annually.

Additional information on the City's long-term debt can be found in Note I of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Mayor and Board of Commissioners approved the budget for the year ending June 30, 2024. The estimated revenue and appropriations did not vary significantly from the budget for the year ended June 30, 2023.

Current electric rates are listed on pages 212-214.

The cost of natural gas remains volatile. However, with the Utility being a member of MEAC (Municipal Energy Acquisition Corporation) some natural gas can be purchased at a reduced rate. The City also is in frequent contact with their marketer, CenterPoint Energy, and has the resources to store natural gas when the price is low. Current gas rates are listed on page 215.

Current water and sewer rates are listed on page 216.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Sweetwater.

Jessica Morgan, City Recorder
City of Sweetwater, Tennessee
P.O. Box 267
Sweetwater, TN 37874
Telephone 423-337-6979
jmorgan@sweetwatertn.gov

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash	\$ 18,894,116	\$ 18,400,560	\$ 37,294,676
Certificates of deposit	353,547	1,898,000	2,251,547
Accounts receivable, net of allowance for uncollectible accounts	362,256	2,029,226	2,391,482
Property taxes receivable	2,480,009	0	2,480,009
Taxes receivable	243,059	0	243,059
Due from other governments	1,755,553	0	1,755,553
Net pension asset	3,532,716	0	3,532,716
Customer loan program, current portion	0	139,511	139,511
Interest receivable	0	38,932	38,932
Grants receivable	22,966	0	22,966
Other	0	187,311	187,311
Sweetwater Utilities Board - Electric Department	0	835,534	835,534
Inventories	0	1,279,337	1,279,337
Prepaid expenses	0	141,686	141,686
Customer loan program, long-term portion	0	785,446	785,446
Note receivable-City of Sweetwater	0	9,256	9,256
Funds committed for construction	0	4,574,965	4,574,965
Pension trust contributions	123,778	0	123,778
Other postemployment benefit asset	0	280,527	280,527
Renewal and replacement fund	0	824,000	824,000
Unemployment security fund	0	8,000	8,000
Self insurance fund	0	220,000	220,000
Capital assets not being depreciated	1,089,989	5,071,729	6,161,718
Capital assets being depreciated, net of accumulated depreciation	<u>22,981,320</u>	<u>43,292,888</u>	<u>66,274,208</u>
	<u>51,839,308</u>	<u>80,016,908</u>	<u>131,856,218</u>

See the accompanying notes to the financial statements.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
LIABILITIES			
Accounts payable	\$ 503,050	\$ 2,844,051	\$ 3,347,101
Accrued salaries	16,433	0	16,433
Customer deposits	0	1,243,230	1,243,230
Accrued expenses	0	1,481,706	1,481,706
Net pension liability	0	2,162,318	2,162,318
Net OPEB liability	1,465,040	0	1,465,040
Current portion of long-term debt	655,492	1,252,880	1,908,372
Long-term debt, net of current portion	<u>5,306,109</u>	<u>13,564,282</u>	<u>18,870,391</u>
	7,946,124	22,548,467	30,494,591
DEFERRED INFLOWS OF RESOURCES			
Deferred tax revenue	2,069,714	0	2,069,714
Deferred grant revenue	1,340,726	0	1,340,726
Deferred inflows related to other postemployment benefits	410,762	227,745	638,507
Deferred inflows related to pensions	<u>709,656</u>	<u>266,668</u>	<u>976,324</u>
	4,530,858	494,413	5,025,271

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF NET POSITION

(continued)

June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other postemployment benefits	500,562	47,887	548,449
Deferred outflows related to pensions	<u>3,185,314</u>	<u>2,261,207</u>	<u>5,446,521</u>
	<u>3,685,876</u>	<u>2,309,092</u>	<u>5,994,968</u>
	<u>\$ 55,525,184</u>	<u>\$ 82,326,000</u>	<u>\$ 137,851,184</u>

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
NET POSITION			
Net investment in capital assets	18,109,708	34,356,490	52,466,198
Restricted	14,628,977	4,855,492	19,484,469
Unrestricted	<u>10,309,517</u>	<u>20,071,138</u>	<u>30,380,655</u>
	<u>43,048,202</u>	<u>59,283,120</u>	<u>102,331,324</u>
	<u>\$ 55,525,184</u>	<u>\$ 82,326,000</u>	<u>\$ 137,851,184</u>

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 1,443,492	\$ 112,980	\$ 0	\$ 63,920
Public safety	3,385,687	313,720	35,452	0
Public welfare	1,241,839	38,747	388,429	0
Streets and highways	1,667,985	36,919	221,582	23,127
Waste management	279,452	304,334	0	0
Education	15,337,309	334,384	12,853,293	115,850
Interest on long-term debt	<u>55,291</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total governmental activities	23,411,054	1,141,084	13,498,757	202,897
Business-Type Activities:				
Electric	27,709,978	29,007,993	0	0
Natural gas	3,095,362	3,176,798	0	0
Water and sewer	<u>3,541,379</u>	<u>4,069,221</u>	<u>0</u>	<u>0</u>
Total business-type activities	<u>34,346,719</u>	<u>36,254,012</u>	<u>0</u>	<u>0</u>
	<u>\$ 57,757,773</u>	<u>\$ 37,395,096</u>	<u>\$ 13,498,757</u>	<u>\$ 202,897</u>

See the accompanying notes to the financial statements.

Net (Expense)Revenue and
Changes In Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (1,266,592)	\$ 0	\$ (1,266,592)
(3,036,515)	0	(3,036,515)
(814,663)		(814,663)
(1,386,357)	0	(1,386,357)
24,882		24,882
(2,033,782)	0	(2,033,782)
(55,291)	0	(55,291)
(8,568,316)	0	(8,568,316)
0	1,298,015	1,298,015
0	81,436	81,436
0	527,842	527,842
0	1,907,293	1,907,293
\$ (8,568,316)	\$ 1,907,293	\$ (6,661,023)

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF ACTIVITIES

(continued)

Year Ended June 30, 2023

NET (EXPENSE)REVENUE FROM PROGRAM ACTIVITIES

General Revenue:

Taxes:

Property tax

Interest and penalty

Local sales tax

Business tax

Wholesale beer tax

Liquor tax

Occupancy tax

Franchise tax

Intergovernmental

Interest earnings

Insurance recovery

Sale of materials and supplies

Miscellaneous

Total general revenue

Transfers

Total general revenue and transfers

CHANGES IN NET POSITION

NET POSITION AT THE BEGINNING OF THE YEAR, as restated

NET POSITION AT THE END OF THE YEAR

Net (Expense)Revenue and
Changes In Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (8,568,316)	\$ 1,907,293	\$ (6,661,023)
3,606,260	0	3,606,260
32,168	0	32,168
5,656,969	0	5,656,969
301,022	0	301,022
279,691	0	279,691
85,741	0	85,741
92,885	0	92,885
107,675	0	107,675
1,580,520	0	1,580,520
414,403	335,058	749,461
1,394	0	1,394
14,957	0	14,957
45,102	0	45,102
12,218,787	335,058	12,553,845
411,400	(411,400)	0
12,630,187	(76,342)	12,553,845
4,061,871	1,830,951	5,892,822
38,986,331	57,452,169	96,438,499
<u>\$ 43,048,202</u>	<u>\$ 59,283,120</u>	<u>\$ 102,331,324</u>

CITY OF SWEETWATER, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2023

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Other Governmental Funds</u>
ASSETS				
Cash	\$ 6,864,615	\$ 375,286	\$ 81,498	\$ 354,495
Certificates of deposit	353,547	0	0	0
Accounts receivable	354,486	0	0	7,769
Property taxes receivable	2,480,009	0	0	0
Other taxes receivable	243,059	0	0	0
Grant receivable	0	22,966	0	0
Pension trust contributions	0	0	0	0
Due from other funds	0	0	0	0
Due from other governments	<u>178,416</u>	<u>18,171</u>	<u>0</u>	<u>0</u>
	<u>\$ 10,474,131</u>	<u>\$ 416,423</u>	<u>\$ 81,498</u>	<u>\$ 362,264</u>

See the accompanying notes to the financial statements.

<u>General Purpose School Fund</u>	<u>School Cafeteria Fund</u>	<u>School Federal Project Fund</u>	<u>School Capital Project Fund</u>	<u>Totals</u>
\$ 10,726,576	\$ 395,507	\$ 0	\$ 96,140	\$ 18,894,116
0	0	0	0	353,547
0	0	0	0	362,256
0	0	0	0	2,480,009
0	0	0	0	243,059
0	0	0	0	22,966
122,272	0	1,506	0	123,778
531,020	0	0	0	531,020
<u>910,451</u>	<u>38,814</u>	<u>609,702</u>	<u>0</u>	<u>1,755,553</u>
<u>\$ 12,290,319</u>	<u>\$ 434,321</u>	<u>\$ 611,208</u>	<u>\$ 96,140</u>	<u>\$ 24,766,303</u>

CITY OF SWEETWATER, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

(continued)

June 30, 2023

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Other Governmental Funds</u>
LIABILITIES				
Accounts payable	\$ 135,912	\$ 0	\$ 1,242	\$ 318
Accrued salaries	0	0	0	0
Due to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	135,912	0	1,242	318
DEFERRED INFLOWS OF RESOURCES				
Deferred tax revenue	2,480,009	0	0	0
Deferred grant revenue	<u>1,340,726</u>	<u>0</u>	<u>0</u>	<u>0</u>
	3,820,735	0	0	0
FUND BALANCES				
Restricted	80,632	416,423	80,255	310,824
Assigned	0	0	0	51,122
Unassigned	<u>6,436,852</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>6,517,484</u>	<u>416,423</u>	<u>80,255</u>	<u>361,947</u>
	<u>\$ 10,474,131</u>	<u>\$ 416,423</u>	<u>\$ 81,498</u>	<u>\$ 362,264</u>

<u>General Purpose School Fund</u>	<u>School Cafeteria Fund</u>	<u>School Federal Project Fund</u>	<u>School Capital Project Fund</u>	<u>Totals</u>
\$ 292,689	\$ 0	\$ 72,888	\$ 0	\$ 503,050
13,618	2,815	0	0	16,433
<u>0</u>	<u>0</u>	<u>531,020</u>	<u>0</u>	<u>531,020</u>
306,308	2,815	603,908	0	1,050,503
0	0	0	0	2,480,009
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,340,726</u>
0	0	0	0	3,820,735
11,984,011	431,506	7,300	0	13,310,951
0	0	0	0	51,122
<u>0</u>	<u>0</u>	<u>0</u>	<u>96,140</u>	<u>6,532,992</u>
<u>11,984,011</u>	<u>431,506</u>	<u>7,300</u>	<u>96,140</u>	<u>19,895,064</u>
<u>\$ 12,290,319</u>	<u>\$ 434,321</u>	<u>\$ 611,208</u>	<u>\$ 96,140</u>	<u>\$ 24,766,303</u>

CITY OF SWEETWATER, TENNESSEE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2023

Total Fund Balance - Governmental Funds	\$ 19,895,064
Capital assets used in governmental activities are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	24,071,310
Net pension assets and liabilities, and the related deferred outflows and deferred inflows are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	
Net pension asset/liability	3,532,716
Deferred outflows of resources	3,185,314
Deferred inflows of resources	(709,656)
Net other postemployment benefits assets and liabilities, and the related deferred outflows and deferred inflows are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	(1,375,240)
Long-term liabilities are not due in the current period; therefore, they are not reported in the governmental funds balance sheet.	(5,961,601)
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures; therefore, they are reported as deferred revenue in the governmental funds balance sheet.	<u>410,295</u>
Net Position of Governmental Activities	<u><u>\$ 43,048,202</u></u>

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year Ended June 30, 2023

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Other Governmental Funds</u>
REVENUE				
Taxes:				
Property taxes	\$ 2,045,098	\$ 0	\$ 0	\$ 0
Interest and penalty	26,539	0	0	0
Local sales tax	3,782,436	0	0	0
Business tax	233,744	0	0	0
Mixed drink tax	75,344	0	0	0
Franchise tax	107,675	0	0	0
Occupancy tax	0	0	0	92,885
Wholesale beer tax	279,691	0	0	0
Intergovernmental	1,325,084	244,709	0	96,494
Licenses and permits	53,952	0	0	0
Receipts for use of facilities	13,800	0	0	0
Fines and forfeitures	30,529	0	15,648	0
Charges for service	702,983	0	0	4,744
Internal school revenue	0	0	0	196,105
Other revenue	<u>259,473</u>	<u>0</u>	<u>0</u>	<u>70,364</u>
TOTAL REVENUE	8,936,347	244,709	15,648	460,592
EXPENDITURES				
Current:				
General government	1,126,296	0	0	208,595
Public safety	3,297,793	0	13,295	0
Public welfare	877,249	0	0	199,871
Highways and streets	1,337,306	260,748	0	0
Waste management	279,452	0	0	0
Education	28,586	0	0	0
Internal school expense	0	0	0	222,122

See the accompanying notes to the financial statements.

<u>General Purpose School Fund</u>	<u>School Cafeteria Fund</u>	<u>School Federal Project Fund</u>	<u>School Capital Project Fund</u>	<u>Totals</u>
\$ 1,598,026	\$ 0	\$ 0	\$ 0	\$ 3,643,124
5,629	0	0	0	32,168
1,874,533	0	0	0	5,656,969
67,278	0	0	0	301,022
10,397	0	0	0	85,741
0	0	0	0	107,675
0	0	0	0	92,885
0	0	0	0	279,691
9,721,375	849,927	2,585,181	0	14,822,769
0	0	0	0	53,952
100	0	0	0	13,900
0	0	0	0	46,178
0	118,499	0	0	826,226
0	0	0	0	196,105
<u>389,257</u>	<u>1,914</u>	<u>0</u>	<u>20,440</u>	<u>741,448</u>
13,666,596	970,339	2,585,181	20,440	26,899,853
0	0	0	0	1,334,891
0	0	0	0	3,311,088
0	0	0	0	1,077,121
0	0	0	0	1,598,054
0	0	0	0	279,452
11,233,242	1,053,705	2,343,280	0	14,658,813
0	0	0	0	222,122

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

(continued)

Year Ended June 30, 2023

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Other Governmental Funds</u>
Capital outlay	412,616	34,025	9,128	0
Debt service	<u>337,807</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>7,697,105</u>	<u>294,773</u>	<u>22,423</u>	<u>630,588</u>
NET CHANGE IN FUND BALANCES BEFORE OTHER FINANCING SOURCES(USES)	1,239,241	(50,064)	(6,774)	(169,995)
OTHER FINANCING SOURCES(USES)				
Transfers (to)from other funds	<u>(372,410)</u>	<u>0</u>	<u>0</u>	<u>143,810</u>
NET CHANGES IN FUND BALANCES	866,832	(50,064)	(6,774)	(26,186)
FUND BALANCES AT THE BEGINNING OF THE YEAR, as restated	<u>5,650,652</u>	<u>466,487</u>	<u>87,030</u>	<u>388,133</u>
FUND BALANCES AT THE END OF THE YEAR	<u>\$ 6,517,484</u>	<u>\$ 416,423</u>	<u>\$ 80,255</u>	<u>\$ 361,947</u>

<u>General Purpose School Fund</u>	<u>School Cafeteria Fund</u>	<u>School Federal Project Fund</u>	<u>School Capital Project Fund</u>	<u>Totals</u>
80,000	35,850	239,944	0	811,563
<u>499,197</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>837,004</u>
<u>11,812,439</u>	<u>1,089,555</u>	<u>2,583,224</u>	<u>0</u>	<u>24,130,107</u>
1,854,157	(119,216)	1,957	20,440	2,769,746
<u>640,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>411,400</u>
2,494,157	(119,216)	1,957	20,440	3,181,146
<u>9,489,854</u>	<u>550,722</u>	<u>5,343</u>	<u>75,699</u>	<u>16,713,917</u>
<u>\$ 11,984,011</u>	<u>\$ 431,506</u>	<u>\$ 7,300</u>	<u>\$ 96,140</u>	<u>\$ 19,895,064</u>

CITY OF SWEETWATER, TENNESSEE

**RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2023

Net Change in Fund Balances	\$ 3,181,146
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Acquisition of capital assets	811,563
Depreciation expense	(1,408,823)
Donated property	170,000
<p>Retirement contributions made after the actuarial measurement date are an expenditure in the governmental funds, but increase deferred outflows for governmental activities.</p>	
	710,235
<p>Revenue reported in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds financial statements:</p>	
Deferred tax revenue - June 30, 2022	(447,159)
Deferred tax revenue - June 30, 2023	410,295
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>	
Pension expense	46,501
<p>Other postemployment benefits expense reported in the statement of activities does not require the use of current financial resources and, therefore, it is not reported as an expenditure in the governmental fund financial statements</p>	
	(112,939)
<p>Other postemployment benefits revenue reported in the statement of activities does not increase current financial resources and, therefore, it is not reported as a revenue in the governmental fund financial statements</p>	
	68,534

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

**RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

(continued)

Year Ended June 30, 2023

Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.	<u>632,516</u>
Change in Net Position of Governmental Activities	<u>\$ 4,061,871</u>

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

Year Ended June 30, 2023

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Taxes:				
Property taxes	\$ 2,055,000	\$ 2,055,000	\$ 2,045,098	\$ (9,902)
Interest and penalty	45,000	45,000	26,539	(18,461)
Local sales tax	3,340,000	3,744,000	3,782,436	38,436
Business tax	192,000	192,000	233,744	41,744
Mixed drink tax	67,000	67,000	75,344	8,344
Franchise tax	83,900	83,900	107,675	23,775
Wholesale beer tax	270,000	270,000	279,691	9,691
	<u>6,052,900</u>	<u>6,456,900</u>	<u>6,550,526</u>	<u>93,626</u>
Intergovernmental:				
State income tax	13,000	13,000	0	(13,000)
State beer tax	3,000	3,000	2,882	(118)
State mixed drink tax	11,000	11,000	16,047	5,047
State sales tax	650,000	650,000	750,958	100,958
City streets and transportation	12,000	12,000	11,564	(436)
Sports betting tax	5,000	5,000	11,253	6,253
State police supplement	30,400	30,400	30,399	(1)
Corporate excise tax	29,000	29,000	24,703	(4,297)
Bulletproof vest grant	500	500	2,127	1,627
FEMA grant	500	500	1,603	1,103
Coronavirus State and Local Fiscal Recovery Funds	0	874,563	268,400	(606,163)
TML safety grant	3,000	3,000	2,926	(74)
In-lieu of tax payments	104,000	104,000	139,904	35,904

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Tourism enhancement grant	36,000	36,000	62,318	26,318
Community development grants	5,000	5,000	0	(5,000)
	<u>902,400</u>	<u>1,776,963</u>	<u>1,325,084</u>	<u>(451,879)</u>
Licenses and permits:				
Beer licenses	4,000	4,000	3,800	(200)
Liquor licenses	1,000	1,000	1,000	0
Animal registration	1,000	1,000	1,310	310
Special assessments	15,000	15,000	19,197	4,197
General and special privilege	100	100	75	(25)
Building permits	<u>75,000</u>	<u>75,000</u>	<u>28,570</u>	<u>(46,430)</u>
	<u>96,100</u>	<u>96,100</u>	<u>53,952</u>	<u>(42,148)</u>
Receipts for use of facilities:				
Medical transportation rent	13,800	13,800	13,800	0
Fines and forfeitures	30,520	30,520	30,529	9
Charges for service:				
Photocopies	1,000	1,000	846	(154)
Highway and street charges	30,000	30,000	36,919	6,919
Clerks' fee-business tax	32,000	32,000	30,589	(1,411)
City garage charges	2,500	2,500	877	(1,623)
Board of Education	10,000	10,000	12,916	2,916
Pool fees and concessions	31,000	31,000	33,778	2,778
Recreation program	25,500	25,500	225	(25,275)
Sale of materials and land	20,000	20,000	14,957	(5,043)

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		Over (Under)
Special police service	63,000	63,000	267,542	204,542
Solid waste collection fees	<u>301,500</u>	<u>301,500</u>	<u>304,334</u>	<u>2,834</u>
	516,500	516,500	702,983	186,483
Other revenue:				
Contributions	11,000	11,000	60,876	49,876
Interest	1,510	129,510	181,842	52,332
Insurance recoveries	3,000	3,000	0	(3,000)
Premium rebate	0	0	102	102
Miscellaneous revenue	<u>7,000</u>	<u>7,000</u>	<u>16,652</u>	<u>9,652</u>
	<u>22,510</u>	<u>150,510</u>	<u>259,473</u>	<u>108,963</u>
TOTAL REVENUE	7,634,730	9,041,293	8,936,347	(104,946)
EXPENDITURES				
Judicial:				
Salaries	2,400	2,400	2,400	0
OASDI	200	205	203	(2)
Retirement	<u>120</u>	<u>120</u>	<u>120</u>	<u>0</u>
	2,720	2,725	2,723	(2)
Executive:				
Salaries and wages	31,800	31,800	28,807	(2,993)
OASDI	2,433	2,433	3,592	1,159
Retirement	1,590	1,590	1,490	(100)
Insurance	0	0	4	4
Publicity and subscriptions	8,000	8,000	9,306	1,306
Legal services	0	0	1,324	1,324

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		Over (Under)
Travel	1,000	1,000	222	(778)
Telephone	500	500	551	51
Repairs and maintenance	0	0	250	250
Operating supplies	5,500	5,500	5,431	(69)
Other services	6,000	11,500	11,173	(327)
Community health	7,000	13,500	13,314	(186)
	<u>63,823</u>	<u>75,823</u>	<u>75,465</u>	<u>(358)</u>
Financial administration:				
Salaries	247,188	247,188	237,528	(9,660)
OASDI	18,339	18,339	16,821	(1,518)
Health insurance	39,367	39,367	39,069	(298)
Retirement	11,986	11,986	11,795	(191)
Life insurance	208	208	150	(58)
Unemployment insurance	360	360	84	(276)
Dental insurance	1,200	1,200	1,203	3
Disability insurance	545	545	400	(145)
Vision insurance	261	261	240	(21)
Telephone	5,500	5,500	4,087	(1,413)
Accounting	25,000	25,000	25,500	500
Legal	500	500	0	(500)
Consulting services	12,300	12,300	12,153	(147)
Office supplies and postage	9,500	9,500	6,955	(2,545)
Surety bonds	3,500	3,500	546	(2,954)
Travel	5,500	5,500	3,631	(1,869)
Machinery and equipment	500	500	0	(500)
Other improvements	6,000	6,000	7,306	1,306
Data processing	46,000	51,000	49,817	(1,183)
Repairs and maintenance	0	0	75	75
	<u>433,754</u>	<u>438,754</u>	<u>417,359</u>	<u>(21,395)</u>

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance Over (Under)
	Original	Final		
General government buildings:				
Salaries	55,140	55,140	43,995	(11,145)
OASDI	4,218	4,218	3,224	(994)
Health insurance	9,842	9,842	7,949	(1,893)
Retirement	2,402	2,402	1,899	(503)
Life insurance	51	51	41	(10)
Unemployment insurance	90	90	43	(47)
Disability insurance	1,437	1,437	109	(1,328)
Dental insurance	320	320	245	(75)
Utilities	28,800	28,800	30,018	1,218
Repairs	148,000	148,000	61,234	(86,766)
Operating supplies	4,350	4,350	8,673	4,323
	<u>254,650</u>	<u>254,650</u>	<u>157,429</u>	<u>(97,221)</u>
Tourism:				
Salaries	21,550	21,550	20,039	(1,511)
OASDI	1,649	1,649	1,533	(116)
Unemployment insurance	210	210	53	(157)
Utilities	15,500	15,500	17,293	1,793
Business grants	105,000	105,000	0	(105,000)
Other operating supplies	6,500	6,500	4,806	(1,694)
	<u>150,409</u>	<u>150,409</u>	<u>43,724</u>	<u>(106,685)</u>
City Court:				
Salaries	30,000	30,000	30,446	446
OASDI	2,295	2,295	2,307	12
Retirement	1,500	1,500	1,158	(342)
Unemployment insurance	0	0	17	17
Office supplies	0	950	930	(20)
Publicity and subscriptions	1,700	1,700	2,156	456

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**
GENERAL FUND

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance Over (Under)
	Original	Final		
Legal services	1,000	1,000	120	(880)
Travel	1,000	1,000	1,074	74
	<u>37,495</u>	<u>38,445</u>	<u>38,207</u>	<u>(238)</u>
Other general government:				
Salaries	36,500	36,500	34,184	(2,316)
OASDI	16,792	16,792	17,124	332
Retirement	1,825	1,825	300	(1,525)
Health insurance	15,842	15,842	13,637	(2,205)
Dental, vision and life insurance	280	280	495	215
Unemployment insurance	45	45	42	(3)
Disability insurance	90	90	3	(87)
Other insurance	236,000	236,000	236,970	970
Memberships and registration fees	3,300	3,300	3,183	(117)
Utilities, phone and TV service	7,350	7,350	7,407	57
Medical services	1,000	1,000	0	(1,000)
Travel and training	3,000	3,000	6,080	3,080
Uniforms	0	0	342	342
Other operating supplies	42,600	42,600	44,969	2,369
Charitable donations	47,000	47,000	48,860	1,860
Christmas decorations	6,000	6,000	13,000	7,000
Independence Day	3,000	3,000	3,000	0
	<u>420,624</u>	<u>420,624</u>	<u>429,596</u>	<u>8,972</u>
Police department:				
Salaries	1,216,851	1,216,851	1,369,064	152,213
OASDI	92,060	92,060	101,865	9,805
Retirement	56,294	56,294	55,658	(636)

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		Over (Under)
Health insurance	196,833	196,833	191,823	(5,010)
Dental, vision and life insurance	9,410	9,410	8,345	(1,065)
Unemployment insurance	2,100	2,100	617	(1,483)
Disability insurance	2,800	2,800	2,551	(249)
Telephone	18,000	18,000	25,206	7,206
Medical services	2,000	2,000	185	(1,815)
Professional services	0	0	600	600
Car maintenance	25,000	25,000	18,808	(6,192)
Publicity/subscriptions	500	500	0	(500)
Travel and training	7,500	7,500	12,459	4,959
Uniforms	14,000	14,000	13,616	(384)
Firearms and supplies	10,000	10,000	24,482	14,482
Machinery and equipment	50,000	88,000	54,430	(33,570)
Gas, oil and grease	39,000	39,000	54,955	15,955
Office supplies and materials	3,100	3,100	2,897	(203)
Special investigative	5,500	5,500	0	(5,500)
Data processing services	14,000	14,000	12,903	(1,097)
Other operating supplies	1,400	18,900	20,767	1,867
	<u>1,766,848</u>	<u>1,821,848</u>	<u>1,971,234</u>	<u>149,386</u>
Sanitation department:				
Contractual services	275,500	279,500	279,144	(356)
Landfill services	100	100	308	208
	<u>275,600</u>	<u>279,600</u>	<u>279,452</u>	<u>(148)</u>
Fire department:				
Salaries	797,865	797,865	781,053	(16,812)
OASDI	58,428	58,428	58,368	(60)
Retirement	37,318	37,318	35,699	(1,619)

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance Over (Under)
	Original	Final		
Health insurance	127,941	127,941	117,837	(10,104)
Dental, vision and life insurance	5,419	5,419	5,803	384
Unemployment insurance	1,350	1,350	335	(1,015)
Disability insurance	1,921	1,921	1,518	(403)
Utilities	16,500	16,500	18,120	1,620
Telephone	8,000	8,000	8,444	444
Fire hydrant rental	30,000	30,000	27,504	(2,496)
Medical services	10,500	10,500	7,930	(2,570)
Maintenance	25,000	25,000	31,755	6,755
Travel and training	13,000	13,000	9,435	(3,565)
Uniforms	10,000	10,000	7,438	(2,562)
Gas, oil and grease	12,000	12,000	19,643	7,643
Other operating supplies	49,250	49,250	69,386	20,136
	<u>1,204,492</u>	<u>1,204,492</u>	<u>1,200,269</u>	<u>(4,223)</u>
Communications services:				
Contract services	82,948	82,948	82,700	(248)
Utilities	1,250	1,250	379	(871)
Other improvements	<u>5,000</u>	<u>5,000</u>	<u>5,004</u>	<u>4</u>
	89,198	89,198	88,083	(1,115)
Building inspection:				
Salaries	153,672	153,672	152,032	(1,640)
OASDI	11,578	11,578	10,806	(772)
Retirement	7,567	7,567	7,159	(408)
Health insurance	29,525	29,525	23,377	(6,148)
Dental, vision and life insurance	867	867	1,164	297
Unemployment insurance	310	310	63	(247)
Disability insurance	295	295	134	(161)

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		Over (Under)
Telephone	2,000	2,000	2,135	135
Travel and training	3,500	3,500	2,676	(824)
Uniforms	750	750	421	(329)
Gas, oil and grease	1,750	1,750	2,924	1,174
State planning office	15,000	15,000	5,094	(9,906)
Office supplies	3,000	3,000	1,573	(1,427)
Professional services	6,925	6,925	6,439	(486)
Mowing assessments	30,000	30,000	10,012	(19,988)
Operating supplies	15,250	15,250	6,043	(9,207)
	281,989	281,989	232,052	(49,937)
Street lighting:				
Utilities	206,500	231,000	231,161	161
Highways and streets:				
Salaries	640,188	640,188	650,755	10,567
OASDI	48,420	48,420	47,913	(507)
Retirement	31,347	31,347	31,213	(134)
Health insurance	118,100	118,100	130,950	12,850
Dental, vision and life insurance	5,475	5,475	5,908	433
Unemployment insurance	1,200	1,200	312	(888)
Disability insurance	1,750	1,750	1,636	(114)
Utilities	9,000	9,000	6,754	(2,246)
Telephone	7,000	7,000	9,980	2,980
Feeding prisoners	4,000	3,000	0	(3,000)
Landfill fees	40,000	40,000	65,624	25,624
Maintenance	98,000	48,000	57,681	9,681
Tools	1,000	1,000	986	(14)
Travel and training	500	500	727	227
Uniforms	5,400	5,400	4,950	(450)

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance Over (Under)
	Original	Final		
Gas, oil and grease	39,000	39,000	46,982	7,982
Other operating supplies	14,500	45,500	43,777	(1,723)
	<u>1,064,880</u>	<u>1,044,880</u>	<u>1,106,145</u>	<u>61,265</u>
Rabies and animal control:				
Utilities	2,500	2,500	2,611	111
Operating supplies	1,500	1,500	928	(572)
	<u>4,000</u>	<u>4,000</u>	<u>3,539</u>	<u>(461)</u>
Economic development:				
Operating supplies	4,000	4,000	5,988	1,988
Travel and training	3,000	3,000	1,242	(1,758)
	<u>7,000</u>	<u>7,000</u>	<u>7,231</u>	<u>231</u>
Recreation:				
Salaries	341,799	373,899	334,912	(38,987)
OASDI	22,790	24,790	25,125	335
Retirement	13,521	14,521	14,642	121
Health insurance	59,425	59,425	53,746	(5,679)
Dental, vision and life insurance	2,025	2,025	2,407	382
Unemployment insurance	1,000	1,000	126	(874)
Disability insurance	750	750	683	(67)
Utilities	50,000	58,000	59,471	1,471
Telephone	6,000	6,000	7,087	1,087
Medical services	1,500	1,500	1,029	(471)
Repairs and maintenance	19,600	35,400	33,771	(1,629)
Travel and training	1,500	3,112	3,112	0
Publicity/subscriptions	500	500	12	(488)

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance Over (Under)
	Original	Final		
Memberships and registration fees	800	800	895	95
Uniforms	1,700	2,500	2,476	(24)
Gas, oil and grease	11,000	16,000	15,993	(7)
Operating supplies	<u>41,000</u>	<u>44,200</u>	<u>71,486</u>	<u>27,286</u>
	574,910	644,422	626,973	(17,449)
Museum:				
Utilities	1,800	1,800	1,961	161
Repairs and maintenance	250	250	0	(250)
Operating supplies	<u>250</u>	<u>250</u>	<u>0</u>	<u>(250)</u>
	2,300	2,300	1,961	(339)
Tree grant:				
Utilities	3,000	3,000	3,821	821
Operating supplies	<u>1,000</u>	<u>1,000</u>	<u>1,673</u>	<u>673</u>
	4,000	4,000	5,494	1,494
Education:				
Gas, oil and grease	10,000	13,000	12,916	(84)
Operating supplies	<u>8,000</u>	<u>10,695</u>	<u>15,670</u>	<u>4,975</u>
	18,000	23,695	28,586	4,891
Capital outlay:				
Recreation	232,000	232,000	216,873	(15,127)
General government	82,000	82,000	9,405	(72,595)
Tourism	40,000	95,000	94,572	(428)
Police	<u>95,000</u>	<u>95,000</u>	<u>91,766</u>	<u>(3,234)</u>
	449,000	504,000	412,616	(91,384)

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		Over (Under)
Debt service:				
Bond principal	289,812	289,812	282,516	(7,296)
Interest expense on bonds	48,657	48,657	55,291	6,634
	<u>338,469</u>	<u>338,469</u>	<u>337,807</u>	<u>(662)</u>
TOTAL EXPENDITURES	<u>7,650,661</u>	<u>7,862,323</u>	<u>7,697,105</u>	<u>(165,218)</u>
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES(USES)	858,632	1,178,970	1,239,241	60,271
OTHER FINANCING SOURCES(USES)				
Transfer from proprietary funds	670,000	670,000	635,000	(35,000)
Transfer from tourism fund	30,000	30,000	35,000	5,000
Transfer to community development fund	0	0	(42,810)	(42,810)
Transfer to library fund	(136,000)	(136,000)	(136,000)	0
Transfer to water and sewer fund	(500,000)	(500,000)	(223,600)	276,400
Transfer to general purpose school fund	(640,000)	(640,000)	(640,000)	0
	<u>(576,000)</u>	<u>(576,000)</u>	<u>(372,410)</u>	<u>203,590</u>

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance Over (Under)
	Original	Final		
NET CHANGE IN FUND BALANCE	282,632	602,970	866,832	263,862
FUND BALANCE AT THE BEGINNING OF THE YEAR, as restated	<u>0</u>	<u>0</u>	<u>5,650,652</u>	<u>5,650,652</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 282,632</u>	<u>\$ 602,970</u>	<u>\$ 6,517,484</u>	<u>\$ 5,914,514</u>

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
STATE STREET AID FUND**

Year Ended June 30, 2023

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
State gasoline tax	\$ 230,000	\$ 230,000	\$ 219,275	\$ (10,725)
Safe routes to school grant	85,000	85,000	25,433	(59,567)
TOTAL REVENUE	315,000	315,000	244,709	(70,291)
EXPENDITURES				
Operating supplies	53,500	53,500	6,335	(47,165)
Construction materials and supplies	23,000	23,000	5,961	(17,039)
Sign parts and supplies	3,000	3,000	5,017	2,017
Vehicle maintenance and repair	8,000	8,000	203	(7,797)
Equipment maintenance and repair	26,000	26,000	24,595	(1,405)
Street maintenance and repairs	55,000	55,000	218,636	163,636
Capital outlay	300,000	300,000	34,025	(265,975)
TOTAL EXPENDITURES	468,500	468,500	294,773	(173,727)
NET CHANGE IN FUND BALANCE	(153,500)	(153,500)	(50,064)	103,436
FUND BALANCE AT THE BEGINNING OF THE YEAR	153,500	153,500	466,487	312,987
FUND BALANCE AT THE END OF THE YEAR	\$ 0	\$ 0	\$ 416,423	416,423

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
DRUG FUND**

Year Ended June 30, 2023

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Drug related fines	\$ 15,000	\$ 15,000	\$ 9,930	\$ (5,070)
Forfeitures	<u>15,000</u>	<u>15,000</u>	<u>5,718</u>	<u>(9,282)</u>
TOTAL REVENUE	30,000	30,000	15,648	(14,352)
EXPENDITURES				
Salaries	2,000	2,000	441	(1,559)
OASDI	0	0	33	33
Health insurance	0	0	71	71
Retirement	0	0	22	22
Disability insurance	0	0	1	1
Dental insurance	0	0	2	2
Telephone	2,000	2,000	1,392	(608)
Operating supplies	2,100	7,300	8,832	1,532
Special investigation	7,500	7,500	0	(7,500)
Vehicle maintenance	1,500	1,500	0	(1,500)
Uniforms	500	500	0	(500)
Sundry	2,500	2,500	2,500	0
Capital outlay	<u>0</u>	<u>0</u>	<u>9,128</u>	<u>9,128</u>
TOTAL EXPENDITURES	<u>18,100</u>	<u>23,300</u>	<u>22,423</u>	<u>(877)</u>

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
DRUG FUND**

(continued)

Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
NET CHANGE IN FUND BALANCE	11,900	6,700	(6,774)	(13,474)
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>87,030</u>	<u>87,030</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 11,900</u>	<u>\$ 6,700</u>	<u>\$ 80,255</u>	<u>\$ 73,555</u>

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL PURPOSE SCHOOL FUND**

Year Ended June 30, 2023

	<u>Budget</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Over (Under)</u>
REVENUE				
Intergovernmental revenue:				
Monroe County:				
Property tax	\$ 1,185,000	\$ 1,239,000	\$ 1,598,026	\$ 359,026
Interest and penalty	10,000	10,000	5,629	(4,371)
Pick-up taxes	3,000	3,000	0	(3,000)
Business taxes, licenses, fines and fees	30,200	30,200	67,278	37,078
Local sales tax	861,000	861,000	1,874,533	1,013,533
State income tax	8,000	8,000	2,471	(5,529)
Mixed drink tax	1,100	1,100	10,397	9,297
State revenue sharing	100,000	100,000	100,000	0
TDOT enhancement grant	31,630	32,150	32,150	0
In-lieu of tax payments-TVA	12,000	12,000	10,647	(1,353)
In-lieu of tax payments-other	53,700	53,700	113,048	59,348
	<u>2,295,630</u>	<u>2,350,150</u>	<u>3,814,179</u>	<u>1,464,029</u>
State of Tennessee:				
Basic Education Program	8,870,000	8,870,000	8,818,000	(52,000)
Coordinated school health	87,000	87,000	87,000	0
Early childhood education	288,441	288,441	288,419	(22)
School food services	850	850	872	22
Career ladder program	27,456	27,456	23,198	(4,258)
Other state education	0	256,997	245,571	(11,426)
	<u>9,273,747</u>	<u>9,530,744</u>	<u>9,463,060</u>	<u>(67,684)</u>

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL PURPOSE SCHOOL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		Over (Under)
Other revenue:				
Tuition	10,600	10,600	19,680	9,080
Interest on investments	2,000	2,000	211,378	209,378
Contributions	0	87,270	87,270	0
Rental income	4,500	4,500	100	(4,400)
OPEB on-behalf payments	0	0	42,440	42,440
Insurance recovery	0	0	1,292	1,292
Other	79,030	29,030	27,198	(1,832)
	<u>96,130</u>	<u>133,400</u>	<u>389,357</u>	<u>255,957</u>
TOTAL REVENUE	11,665,507	12,014,294	13,666,596	1,652,302
EXPENDITURES				
General purpose:				
Salaries	7,438,390	7,794,456	7,385,832	(408,624)
OASDI	567,332	594,081	525,220	(68,861)
Retirement	620,111	648,477	570,321	(78,156)
Employee insurance	1,158,208	1,166,656	1,135,906	(30,750)
Instructional supplies/materials	124,046	141,033	137,885	(3,148)
Other supplies and materials	14,510	14,510	11,855	(2,655)
Other contracted services	562,717	606,508	555,406	(51,102)
Communication	34,997	34,997	25,951	(9,046)
Travel	11,675	15,380	14,466	(914)
Maintenance and repair	108,275	115,249	70,890	(44,359)
Equipment	50,753	52,108	50,734	(1,374)
In-service/staff development	24,519	24,519	8,101	(16,418)
Dues and memberships	9,890	7,392	7,756	364
Insurance	134,067	134,067	136,229	2,162
Trustee's commission	49,000	49,000	52,809	3,809
Utilities	375,450	375,450	390,480	15,030
Disposal fees	19,276	19,276	18,266	(1,010)

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL PURPOSE SCHOOL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		Over (Under)
Custodial supplies	30,000	30,000	44,636	14,636
Administrative equipment	3,600	3,600	2,295	(1,305)
Gas and fuel	11,500	11,500	11,897	397
Internet connectivity	25,000	25,000	21,241	(3,759)
Other charges	50,840	59,827	55,069	(4,758)
	<u>11,424,156</u>	<u>11,923,086</u>	<u>11,233,242</u>	<u>(689,844)</u>
Capital outlay	0	80,000	80,000	0
Debt service:				
Bond principal	485,404	350,000	350,000	0
Interest expense on bonds	0	151,192	149,197	(1,995)
	<u>485,404</u>	<u>501,192</u>	<u>499,197</u>	<u>(1,995)</u>
TOTAL EXPENDITURES	<u>11,909,560</u>	<u>12,504,278</u>	<u>11,812,439</u>	<u>(691,839)</u>
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES	(244,053)	(489,984)	1,854,157	2,344,141

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL PURPOSE SCHOOL FUND**

(continued)

Year Ended June 30, 2023

	Budget		Actual	Variance Over (Under)
	Original	Final		
OTHER FINANCING SOURCES				
Transfer from general fund	<u>573,500</u>	<u>623,500</u>	<u>640,000</u>	<u>16,500</u>
NET CHANGE IN FUND BALANCE	329,447	133,516	2,494,157	2,360,641
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>9,489,854</u>	<u>9,489,854</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 329,447</u>	<u>\$ 133,516</u>	<u>\$ 11,984,011</u>	<u>\$ 11,850,495</u>

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
SCHOOL CAFETERIA FUND**

Year Ended June 30, 2023

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
REVENUE				
Student lunches	\$ 0	\$ 0	\$ 98,513	\$ 98,513
Adult lunches	14,600	14,600	17,504	(2,904)
Breakfast	1,500	1,500	1,636	136
U.S.D.A. reimbursement	826,400	826,400	842,075	15,675
State matching funds	8,000	8,000	7,852	(148)
Student a-la-carte	16,000	16,000	846	(15,154)
Other income	<u>2,900</u>	<u>2,900</u>	<u>1,914</u>	<u>(986)</u>
TOTAL REVENUE	869,400	869,400	970,339	100,939
EXPENDITURES				
Labor	497,484	497,484	473,926	(23,558)
Food	336,000	412,766	418,721	5,955
Nonfood supplies and expenditures	157,390	172,618	161,058	(11,560)
Capital outlay	<u>0</u>	<u>35,850</u>	<u>35,850</u>	<u>0</u>
TOTAL EXPENDITURES	<u>990,874</u>	<u>1,118,718</u>	<u>1,089,555</u>	<u>(29,163)</u>
NET CHANGE IN FUND BALANCE	(121,474)	(249,318)	(119,216)	130,102
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>121,474</u>	<u>249,318</u>	<u>550,722</u>	<u>301,404</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 431,506</u>	<u>\$ 431,506</u>

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
SCHOOL FEDERAL PROJECT FUND**

Year Ended June 30, 2023

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Grants	\$ 956,209	\$ 4,811,089	\$ 2,585,181	\$ (2,225,908)
EXPENDITURES				
Salaries	663,927	1,593,771	1,208,388	(385,383)
OASDI	49,373	137,528	85,497	(52,031)
Insurance	32,263	229,102	118,417	(110,685)
Retirement	29,995	114,470	64,336	(50,134)
Instructional supplies and materials	63,301	1,831,161	518,153	(1,313,008)
In-service/staff development	62,450	90,457	62,697	(27,760)
Contracts with other agencies	51,000	338,156	282,112	(56,044)
Other charges	3,900	5,156	3,680	(1,476)
Capital outlay	<u>0</u>	<u>141,586</u>	<u>239,944</u>	<u>98,358</u>
TOTAL EXPENDITURES	<u>956,209</u>	<u>4,481,388</u>	<u>2,583,224</u>	<u>(1,898,164)</u>
NET CHANGE IN FUND BALANCE	0	329,701	1,957	(327,744)
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>5,343</u>	<u>5,343</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 329,701</u>	<u>\$ 7,300</u>	<u>\$ (322,401)</u>

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
CURRENT ASSETS				
Cash	\$ 7,613,325	\$ 5,147,839	\$ 5,639,396	\$ 18,400,560
Interest bearing deposits in financial institutions	135,000	1,455,000	308,000	1,898,000
Accounts receivable:				
Customers, net of allowance for uncollectible accounts	2,029,226	0	0	2,029,226
Customer loan program	119,102	20,409	0	139,511
Interest	4,017	27,148	7,767	38,932
Other	183,740	0	3,571	187,311
Sweetwater Utilities Board				
Electric Department	0	38,589	0	38,589
Inventories:				
Stored gas	0	294,413	0	294,413
Materials and supplies	782,449	63,475	139,000	984,924
Prepaid expenses	137,124	0	4,562	141,686
	<u>11,003,983</u>	<u>7,046,873</u>	<u>6,102,296</u>	<u>24,153,152</u>
RESTRICTED ASSET				
Funds committed for construction	4,574,965	0	0	4,574,965

See the accompanying notes to the financial statements.

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
CURRENT LIABILITIES				
Current maturities of long-term debt	\$ 632,000	\$ 0	\$ 582,290	\$ 1,214,290
Current maturities of long-term debt due to gas department	38,590	0	0	38,590
Accounts payable	2,704,329	108,654	31,068	2,844,051
Customers' deposits	1,243,230	0	0	1,243,230
Accrued expenses	<u>789,125</u>	<u>149,211</u>	<u>543,370</u>	<u>1,481,706</u>
	5,407,274	257,865	1,156,728	6,821,867
NONCURRENT LIABILITIES				
Long-term debt, less current maturities	8,010,557	0	4,756,780	12,767,337
Long-term debt, less current maturities due to gas department	796,945	0	0	796,945
Net pension liability	<u>1,457,424</u>	<u>253,034</u>	<u>451,860</u>	<u>2,162,318</u>
	10,264,926	253,034	5,208,640	15,726,600
DEFERRED INFLOWS OF RESOURCES				
Deferred outflows related to pensions	179,737	31,205	55,726	266,668
Deferred outflows related to other postemployment benefits	<u>161,129</u>	<u>14,280</u>	<u>52,336</u>	<u>227,745</u>
	340,866	45,485	108,062	494,413

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

(continued)

June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
NONCURRENT ASSETS				
Customer loan program, less allowance for doubtful accounts and current maturities	659,401	126,045	0	785,446
Note receivable-Sweetwater Utilities Board-				
Electric Department	0	796,945	0	796,945
Note receivable - City of Sweetwater	0	0	9,256	9,256
Other postemployment benefit asset	198,473	17,589	64,465	280,527
Designated assets:				
Renewal and replacement fund	267,000	300,000	257,000	824,000
Unemployment security fund	8,000	0	0	8,000
Self insurance fund	135,000	45,000	40,000	220,000
	<u>1,267,874</u>	<u>1,285,579</u>	<u>370,721</u>	<u>2,924,174</u>
CAPITAL ASSETS				
Utility plant	50,179,983	6,857,206	28,397,718	85,434,907
Accumulated depreciation	<u>(23,498,529)</u>	<u>(2,800,875)</u>	<u>(10,770,886)</u>	<u>(37,070,290)</u>
	26,681,454	4,056,331	17,626,832	48,364,617
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to other postemployment benefits	33,878	3,003	11,004	47,887
Deferred outflows related to pensions	<u>1,524,076</u>	<u>264,606</u>	<u>472,525</u>	<u>2,261,207</u>
	<u>1,557,954</u>	<u>267,609</u>	<u>483,529</u>	<u>2,309,092</u>
	<u>\$ 45,086,230</u>	<u>\$ 12,656,392</u>	<u>\$ 24,583,378</u>	<u>\$ 82,326,000</u>

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
NET POSITION				
Net investment in capital assets	18,012,397	4,056,331	12,287,762	34,356,490
Restricted for other postemployment benefits	198,473	17,589	64,465	280,527
Restricted for construction	4,574,965	0	0	4,574,965
Unrestricted	<u>6,287,329</u>	<u>8,026,088</u>	<u>5,757,721</u>	<u>20,071,138</u>
	<u>29,073,164</u>	<u>12,100,008</u>	<u>18,109,948</u>	<u>59,283,120</u>
	<u>\$ 45,086,230</u>	<u>\$ 12,656,392</u>	<u>\$ 24,583,378</u>	<u>\$ 82,326,000</u>

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
OPERATING REVENUE				
Residential	\$ 13,385,154	\$ 622,153	\$ 2,220,760	\$ 16,228,067
Commercial and industrial	0	2,476,324	1,734,806	4,211,130
Schools	0	51,298	0	51,298
Fire protection	0	0	27,504	27,504
Miscellaneous	85,487	6,003	86,151	177,641
General power under 50KW	3,126,649	0	0	3,126,649
General power 50KW and over	10,831,105	0	0	10,831,105
Street and outdoor lighting	798,908	0	0	798,908
Customers' forfeited discounts	189,855	0	0	189,855
Rents from:				
Gas property	0		0	0
Electric property	615,835	0	0	615,835
Less provision for uncollectible accounts	<u>(25,000)</u>	<u>0</u>	<u>0</u>	<u>(25,000)</u>
	29,007,993	3,155,778	4,069,221	36,232,992
OPERATING EXPENSES				
Purchased power-TVA	21,665,790	0	0	21,665,790
Purchased gas	0	2,215,853	0	2,215,853
Purchased water	0	0	222,660	222,660
Operations	2,510,824	652,563	2,089,133	5,252,520
Maintenance	1,692,672	81,247	389,161	2,163,080
Depreciation	<u>1,506,889</u>	<u>145,699</u>	<u>714,592</u>	<u>2,367,180</u>
	<u>27,376,175</u>	<u>3,095,362</u>	<u>3,415,546</u>	<u>33,887,083</u>

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
INCOME FROM OPERATIONS	1,631,818	60,416	653,675	2,345,909
OTHER INCOME(EXPENSE)				
Interest income	189,156	95,015	50,887	335,058
Purchase gas refunds	0	21,020	0	21,020
Interest expense	<u>(333,803)</u>	<u>0</u>	<u>(125,833)</u>	<u>(459,636)</u>
	<u>(144,647)</u>	<u>116,035</u>	<u>(74,946)</u>	<u>(103,558)</u>
INCOME BEFORE OTHER FINANCING SOURCES(USES)	1,487,171	176,451	578,729	2,242,351
OTHER FINANCING SOURCES(USES)				
Transfers to general fund	(545,000)	(90,000)	0	(635,000)
Transfers from general fund	<u>0</u>	<u>0</u>	<u>223,600</u>	<u>223,600</u>
	<u>(545,000)</u>	<u>(90,000)</u>	<u>223,600</u>	<u>(411,400)</u>
CHANGES IN NET POSITION	942,171	86,451	802,329	1,830,951
NET POSITION AT THE BEGINNING OF THE YEAR	<u>28,130,993</u>	<u>12,013,557</u>	<u>17,307,619</u>	<u>57,452,169</u>
NET POSITION AT THE END OF THE YEAR	<u>\$ 29,073,164</u>	<u>\$ 12,100,008</u>	<u>\$ 18,109,948</u>	<u>\$ 59,283,120</u>

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
CASH PROVIDED(USED) BY OPERATING ACTIVITIES				
Cash received				
from customers	\$ 29,412,011	\$ 3,156,095	\$ 4,071,753	\$ 36,639,859
Cash paid to suppliers	(23,976,818)	(2,528,035)	(1,543,252)	(28,048,105)
Cash paid to employees	<u>(1,445,260)</u>	<u>(363,396)</u>	<u>(1,039,843)</u>	<u>(2,848,499)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,989,933	264,664	1,488,658	5,743,255
CASH PROVIDED(USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid on				
customer deposits	(10,433)	0	0	(10,433)
Transfers-in-lieu of				
tax payments	<u>(545,000)</u>	<u>(90,000)</u>	<u>0</u>	<u>(635,000)</u>
NET CASH (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(555,433)	(90,000)	0	(645,433)

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital related debt	(613,000)	0	0	(613,000)
Interest paid on capital related debt	(300,821)	0	0	(300,821)
Repayment of interdepartment loan	(49,188)	49,189	0	1
Interest paid on long-term debt	0	0	(125,833)	(125,833)
Principal payments on long-term debt	0	0	(565,322)	(565,322)
Proceeds from issuance of general obligation bonds	8,218,508	0	0	8,218,508
Acquisition and construction of capital assets	(5,701,197)	(1,064,320)	(381,473)	(7,146,990)
Gas equipment loans to customers	0	(82,058)	0	(82,058)
Repayment of gas equipment loans by customers	0	91,059	0	91,059
Capital contributed - City of Sweetwater, Tennessee	0	0	223,600	223,600
Cost of removing capital assets	(335,754)	(17,239)	(26,193)	(379,186)
Proceeds from disposal of capital assets	<u>59,856</u>	<u>0</u>	<u>0</u>	<u>59,856</u>
NET CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	1,278,404	(1,023,369)	(875,221)	(620,186)

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
CASH PROVIDED(USED) BY INVESTING ACTIVITIES				
Interest on deposits in financial institutions	185,139	68,060	43,180	296,379
Energy loans made to customers	(349,426)	0	0	(349,426)
Repayments of energy loans by customers	378,814	0	0	378,814
Purchases of certificates of deposit in financial institutions	(1,635,000)	(3,900,000)	(1,626,000)	(7,161,000)
Maturities of certificates of deposit in financial institutions	<u>1,635,000</u>	<u>3,900,000</u>	<u>1,210,000</u>	<u>6,745,000</u>
NET CASH PROVIDED(USED) BY INVESTING ACTIVITIES	<u>214,527</u>	<u>68,060</u>	<u>(372,820)</u>	<u>(90,233)</u>
NET INCREASE(DECREASE) IN CASH	4,927,431	(780,645)	240,617	4,387,403
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,260,859</u>	<u>6,478,484</u>	<u>5,398,779</u>	<u>19,138,122</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 12,188,290</u>	<u>\$ 5,697,839</u>	<u>\$ 5,639,396</u>	<u>\$ 23,525,525</u>

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Cash and temporary investments	\$ 7,613,325	\$ 5,147,839	\$ 5,639,396	\$ 18,400,560
Interest bearing deposits in financial institutions	135,000	1,455,000	308,000	1,898,000
Restricted asset	4,574,965	0	0	4,574,965
Designated assets	<u>410,000</u>	<u>345,000</u>	<u>297,000</u>	<u>1,052,000</u>
	12,733,290	6,947,839	6,244,396	25,925,525
Less: long-term certificates of deposit	<u>(545,000)</u>	<u>(1,250,000)</u>	<u>(605,000)</u>	<u>(2,400,000)</u>
	<u>\$ 12,188,290</u>	<u>\$ 5,697,839</u>	<u>\$ 5,639,396</u>	<u>\$ 23,525,525</u>

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES				
Income from operations	\$ 1,631,818	\$ 60,416	\$ 653,675	\$ 2,345,909
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation, including amounts included in operating and maintenance expense accounts of \$86,433	1,553,201	174,164	726,068	2,453,433
Change in net pension liability	1,195,024	209,310	372,782	1,777,116
Change in net OPEB liability(asset)	(27,382)	5,458	(1,091)	(23,015)
Change in deferred outflows:				
Deferred cost of pension	(38,705)	(17,095)	(24,886)	(80,686)
Deferred cost of OPEB	4,595	2,180	3,247	10,022
Pension other deferrals	(713,590)	(117,652)	(213,492)	(1,044,734)
Other post- employment benefits	2,580	(7,078)	(6,392)	(10,890)
Purchase gas refund	0	21,020	0	21,020

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
(Increase)decrease in:				
Accounts receivable	404,018	317	2,532	406,867
Inventories	(383,634)	187,151	(12,787)	(209,270)
Prepaid expenses	(52,741)	0	710	(52,031)
Increase(decrease) in:				
Accounts payable	268,318	(228,179)	(4,046)	36,093
Customer deposits	89,565	0	0	89,565
Accrued expenses	56,866	(25,348)	(7,662)	23,856
	<u>2,358,115</u>	<u>204,248</u>	<u>834,983</u>	<u>3,397,346</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 3,989,933</u></u>	<u><u>\$ 264,664</u></u>	<u><u>\$ 1,488,658</u></u>	<u><u>\$ 5,743,255</u></u>

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Depreciation included in construction costs	\$ 38,979	\$ 6,291	\$ 1,553	\$ 46,823
Amortization of bond premium	(12,500)	0	0	(12,500)
Amortization of debt issue costs	16,167	0	0	16,167

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

June 30, 2023

ASSETS

Cash and cash equivalents	\$	194,087
Investments, at fair value		7,343,754
Accrued income		<u>14,420</u>
TOTAL ASSETS	\$	<u>7,552,261</u>

LIABILITY AND NET POSITION

LIABILITY

Employer voluntary contributions	\$	32,300
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NET POSITION

Restricted for pensions		<u>7,519,961</u>
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TOTAL LIABILITY AND NET POSITION	\$	<u>7,552,261</u>
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See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF FIDUCIARY CHANGES IN NET POSITION
FIDUCIARY FUND

Year Ended June 30, 2023

ADDITIONS

Employer contributions		\$ 309,648
Employee contributions		90,525
Investment income:		
Net depreciation in fair value of investments	\$ (1,531,234)	
Interest	245,029	
Change in accrued income	<u>(7,195)</u>	<u>(1,293,400)</u>
	TOTAL ADDITIONS	(893,227)

DEDUCTIONS

Benefits paid to participants	228,031	
Administrative expenses	<u>41,962</u>	<u>269,993</u>
	CHANGE IN NET POSITION	(1,163,219)

Adjustment for change in employee voluntary contributions		<u>1,855</u>
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NET (DECREASE) IN PLAN FIDUCIARY NET POSITION		(1,161,364)
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PLAN FIDUCIARY NET POSITION		
AT THE BEGINNING OF THE YEAR		<u>8,681,325</u>

PLAN FIDUCIARY NET POSITION		
AT THE END OF THE YEAR		<u>\$ 7,519,961</u>

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE A - DESCRIPTION OF ORGANIZATION

City of Sweetwater, Tennessee (the City) was incorporated in 1875. The City operates under an elected mayor and five-member Board of Commissioners form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, parks, recreation, public improvements, general administrative services and utilities.

Although the Sweetwater Board of Education (the Board of Education) and Sweetwater Utilities Board (the Utility) operate under separate governing boards, they are chartered under the City's Home Rule Charter and therefore they are not considered to be legally separate entities. The Utility's electric, gas and water and sewer operations and the Board of Education's school and cafeteria funds are considered to be funds of the City.

Complete financial statements for each of the Utility's departments may be obtained from the Sweetwater Utilities Board; P.O. Box 191; Sweetwater, TN 37874.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City, for financial reporting purposes, includes all funds relevant to the operations of City of Sweetwater, Tennessee. The financial statements presented herein do not include agencies that have been formed under applicable state laws, or separate and distinct units of government apart from City of Sweetwater, Tennessee. As of June 30, 2023 and for the year then ended, the City had no discretely presented component units which were required to be included in these financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements, which consist of the statement of net position and the statement of activities, report information on all nonfiduciary activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

All trade receivables are shown net of an allowance for uncollectible accounts. Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. In Tennessee, this date is January 1, and is referred to as the lien date. Revenue from property taxes, however, is recognized in the period for which the taxes are levied, which for the City is October 1 of the ensuing fiscal year. Such taxes become delinquent on March 1. Property tax revenue is recognized when levied to the extent that they result in current receivables; that is if they are received within 60 days of the end of the fiscal year. Since the receivable for property taxes is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated amount for uncollectible taxes, is reported as deferred revenue in the fund financial statements and unearned revenue in the government-wide financial statements as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied and uncollected during the current fiscal year as well as the previous fiscal years. These property taxes receivable are presented on the governmental fund balance sheet with offsetting deferred revenue to reflect the amounts not available as of June 30. Property taxes collected within 60 days of year-end are considered available and are accrued as revenue. Property taxes collected later than 60 days after year-end are not considered available and are accrued and reported as deferred revenue. An allowance for uncollectible taxes is also recorded representing the estimated amount of delinquent taxes receivable that will be filed with the Monroe County Clerk and Master.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *state street aid fund* is used to account for the City's share of motor vehicle fuel tax revenue that is legally restricted to the maintenance of streets within the City's boundaries

The *drug fund* is used to account for funds restricted for use in drug enforcement or drug awareness.

The *general purpose school fund* is the Board of Education's primary operating fund. It accounts for all financial resources of the Board of Education.

The *school cafeteria fund* is used to account for revenue legally restricted for providing food services to students.

The *school federal project fund* is used to account for revenue legally restricted for federal projects of the Board of Education.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

The *school capital project fund* is used to account for revenue legally restricted for capital projects of the Board of Education.

Additionally, the City reports the following nonmajor governmental funds:

The *home grant fund* is used to account for federal home grant funds received by the City.

The *economic development fund* is used to account for economic development funds.

The *library fund* is used to account for all revenue and expenditures of the library.

The *internal school fund* is used to account for all revenue and expenditures of the individual internal schools. The budget for internal school funds are not approved by the City's Board of Commissioners or the Board of Education, therefore, no budget to actual statement has been presented for this fund.

The *tourism fund* is used to account for privilege taxes restricted for economic and community development and tourism.

The City reports the following major proprietary funds:

The *electric fund* is used to account for activities of the electric department, which operates and maintains an electric distribution system for residents and businesses on a user charge basis.

The *natural gas fund* is used to account for activities of the natural gas department, which operates and maintains a natural gas distribution system for residents and businesses on a user charge basis.

The *water and sewer fund* is used to account for activities of the water and sewer departments, which operate and maintain a water distribution and sewer collection system for residents and businesses on a user charge basis.

The City reports the following fiduciary fund:

The *Sweetwater Utility Board Defined Benefit Pension Plan* accounts for resources that are required to be held in trust for the members and beneficiaries of the pension plan. The City has an unaudited other post employment benefit plan (OPEB Plan) that is not included in the fiduciary fund financial statements. The omission of the OPEB Plan fiduciary fund financial statements does not materially affect the financial statements.

The City had no internal service funds as of or for the year ended June 30, 2023.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Residual balances outstanding between funds at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances 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 internal balances in the business-type activities column.

Further, certain activities occur during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the 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 internal balances in the business-type activities column.

The electric fund follows accounting policies for public electric utilities as prescribed by the Federal Energy Regulatory Commission where applicable. The electric fund, natural gas fund and water and sewer fund use accounting principles applicable to a similar private business enterprise, where the cost of providing services to the public on a continuing basis is recovered through user rates. These funds use the flow of economic resources measurement focus applied on the accrual basis of accounting. Except for customer billings, revenue is recorded when earned. Billings to customers are based on a monthly meter reading cycle. Any electric, gas, or water and sewer services rendered from the latest billing cycle date to the month end are unbilled and are not reflected in the financial statements. Unbilled revenue at June 30, 2023 for the electric fund, natural gas fund, and water and sewer fund was approximately \$645,682, \$26,700, and \$208,600, respectively.

The Utility distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering services in connection with its principal and ongoing operations. The principal operating revenue is charges to customers for power sales and services, gas sales and services, and water and sewer sales and services. The Utility also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses of the Utility include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. When an expense is incurred for the purposes for which there are both restricted and unrestricted net position available, it is the Utility's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* establishes standards for external financial reporting for state and local governmental entities that includes a statement of net position, a statement of revenue, expenses and changes in net position and a statement of cash flows. It requires that resources be classified for accounting reporting purposes into the following three net position groups:

Net Investment in Capital Assets

This category includes capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net investment in capital assets at June 30, 2023 has been calculated as follows:

Governmental Activities:

Capital assets	\$ 48,381,624
Accumulated depreciation	(24,310,314)
Principal balance on long-term debt	<u>(5,961,601)</u>
	<u>\$ 18,109,708</u>

Business-Type Activities:

Electric Fund:	
Capital assets	\$ 50,179,983
Accumulated depreciation	(23,498,529)
Accrued interest	(26,500)
Principal balance on long-term debt	<u>(8,642,557)</u>
	<u>\$ 18,012,397</u>
Natural Gas Fund:	
Capital assets	\$ 6,857,206
Accumulated depreciation	<u>(2,800,875)</u>
	<u>\$ 4,056,331</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Water and Sewer Fund:

Capital assets	\$ 28,397,718
Accumulated depreciation	(10,770,886)
Principal balance on long-term debt	<u>(5,339,070)</u>
	<u>\$ 12,287,762</u>

Restricted

This category includes net position whose use is subject to externally imposed stipulations that can either be fulfilled by actions of the City pursuant to those stipulations or that expire by the passage of time. Net position of the general fund is restricted for OPEB and special projects for which the City receives restricted donations. Net position of the state street aid fund is classified as restricted net position because its use is limited to street improvements. Net position of the drug fund is classified as restricted net position because its use is limited to drug enforcement. Net position of the economic development fund is classified as restricted net position because its use is limited to projects related to economic development. The capital projects fund is classified as restricted net position because its use is limited to capital projects. Net position of the general purpose school fund is classified as restricted net position because its use is limited for pensions and for school use. Net position of the school cafeteria fund is classified as restricted net position because its use is limited to school cafeteria use. Net position of the school capital project fund is classified as restricted net position because its use is limited to school capital projects. Net position of the school federal project fund is classified as restricted net position because its use is limited to school federal projects. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted

This category includes net position that are not subject to externally imposed stipulations and that do not meet the definition of "Restricted" or "Net Investment in Capital Assets." Unrestricted net position may be designated for specific purposes by action of the Mayor and Board of Commissioners or may otherwise be limited by contractual agreements with outside parties.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Fund Balances

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

Nonspendable Fund Balances

Fund balances reported as nonspendable in the accompanying financial statements represent amounts for prepaid expenses or inventory.

Restricted Fund Balances

Fund balances reported as restricted in the accompanying financial statements represent amounts restricted to specific purposes by externally imposed restrictions or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balances

Fund balances reported as committed in the accompanying financial statements represent amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The Board of Commissioners commits resources for specific purposes by passing ordinances.

Assigned Fund Balances

Fund balances reported as assigned in the accompanying financial statements represent amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by the Board of Commissioners.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Unassigned Fund Balance

In accordance with generally accepted accounting principles, the general fund is the only fund of the City that reports amounts for unassigned fund balance. This classification represents fund balance that is not nonspendable and has not been committed to specific purposes within the general fund.

The City would typically use restricted resources first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Inventories and Prepaid Items

Inventories of governmental funds are stated at cost, determined on the first-in, first-out method, and are stated at the lower of average cost or replacement value. Inventories of governmental funds are reported under the consumption method of accounting. Inventories of proprietary funds are valued at the lower of cost or net realizable value. Cost is determined by the average cost method. Proprietary fund inventories consist of expendable supplies held for consumption.

Prepaid items in both the government-wide and fund financial statements represent payments to vendors that reflect costs applicable to future periods.

Taxes

Municipal utilities are exempt from federal and state income taxes.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns on the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at estimated fair value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

Depreciation on assets of the governmental activities is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 50 years.

Buildings	40 to 50 years
Improvements	10 to 20 years
Electric distribution plant	15 to 30 years
Gas distribution plant	25 to 50 years
Water distribution and sewer collection plant	20 to 50 years
General plant	10 to 20 years
Vehicles and equipment	5 to 15 years
Infrastructure	25 to 30 years

In the business-type activities, capital assets consist of property, utility plant and equipment and are stated at cost, net of customers' direct contributions toward construction. Interest, if any, incurred during the construction is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Depreciation is computed using the straight-line method and the following rates based on the useful life of the asset:

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>
Electrical distribution	3.0-6.0%		
Facilities installation	7.5%		
Structures and improvements	5.0%	2.0-5.0%	2.0-5.0%
Equipment	3.0-12.0%	2.0-15.0%	4.0-10.0%
Office furniture and fixtures	6.0%	5.0%	5.0%

When assets are retired or otherwise disposed of, the average cost is removed from the asset account and the accumulated depreciation account. Removal cost, less salvage value, is charged or credited to the accumulated depreciation account. The cost of maintenance and repairs is charged to earnings as incurred; significant renewals and betterments are capitalized.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Compensated Absences

Employees of the City, who are not employed by the Board of Education or the Utility, are granted vacation and sick leave in varying amounts based on length of service. On June 30 of each year, unused vacation and sick leave are paid.

Salaries of the Board of Education employees include vacation pay due to the seasonal work year. Employees earn one sick day per month and two personal days per year, which are fully vested not subject to any maximum.

The Utility recognizes the cost of vacation pay and sick pay as it is earned. Employees are allowed to accumulate a maximum of one hundred and sixty-five sick leave days and benefits vest upon the earlier of an employee's death, attaining fifteen years of continuous service or reaching retirement.

Allowances for Uncollectible Accounts

Allowances for uncollectible accounts and taxes receivable are provided based upon historical trends. Allowances for uncollectible accounts at June 30, 2023 were as follows:

Business-Type Activities	
Accounts receivable, customers	\$ 33,485
Accounts receivable, customer loan program	19,666

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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Postemployment Benefits Other Than Pension (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB expense, information about the fiduciary net position of the Utility and additions to/deductions from the Utilities fiduciary net position have been determined on the same basis as they are reported by the Utility. For this purpose, the Utility recognizes benefits payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (in the government-wide statements), information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), the Teacher Legacy Pension Plan of the TCRS and the Teacher Retirement Plan of the TCRS and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan, the Teacher Legacy Pension Plan, and the Teacher Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the respective plan. Investments are reported at fair value.

Customer Loan Program

The Utility operates a program that provides interest-bearing loans (currently 6%) for energy efficient equipment and improvements not exceeding \$15,000 for periods not to exceed 120 months. The Utility also operates a program that provides interest-bearing loans (currently 6%) for energy conservation expenditures not exceeding \$15,000 for periods not to exceed 60 months. The balance of these loans made under the electric fund's programs at June 30, 2023, net of an allowance for uncollectible accounts of \$19,666, was \$778,503. The balance of the loans made under the natural gas fund's program at June 30, 2023 was \$146,454 with no allowance for uncollectible accounts reported.

Long-Term Obligations

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The Utility continues to report bond issuance costs as an asset and amortize those over the life of the bonds instead of expensing those costs in the current year in accordance with certain provisions included in Government Accounting Standards Board (GASB) Statement No. 62, Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements. This regulatory option as part of GASB Statement No. 65 is available due to the above mentioned cost being used for the rate setting by the Utility.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

NOTE C - CASH AND INVESTMENTS

Cash represents money on deposit in various banks. Cash and investments are stated at cost, which approximates market value. Carrying amounts at June 30, 2023 were as follows:

Governmental Activities:			
Cash on hand and in checking accounts			\$ 18,894,116
Certificates of deposit			<u>353,547</u>
			<u>\$ 19,247,663</u>
Business-Type Activities:			
	<u>Unrestricted</u>	<u>Designated</u>	<u>Totals</u>
Cash on hand and in checking accounts	\$ 22,975,525	\$ 0	\$ 22,975,525
Interest-bearing deposits in financial institutions	<u>1,898,000</u>	<u>1,052,000</u>	<u>2,950,000</u>
Total cash and investments	<u>\$ 24,873,525</u>	<u>\$ 1,052,000</u>	<u>\$ 25,925,525</u>

State of Tennessee law authorizes the City to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America 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 Tennessee Department of Treasury Local Government Investment Pool (LGIP). The LGIP contains investments in certificates of deposits, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee Bank Collateral Pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

All cash balances at June 30, 2023 were entirely insured through the Federal Deposit Insurance Corporation or the State of Tennessee Bank Collateral Pool.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Deposits in financial institutions for the electric fund, natural gas fund and water and sewer fund consisted of the following at June 30, 2023:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Electric fund:			
Cash on hand and checking accounts	\$ 6,100		
Money market accounts	12,182,190	1.07%	
Certificate of deposit	100,000	4.54	October 15, 2023
Certificate of deposit	<u>445,000</u>	5.00	November 6, 2023
	<u>\$ 12,733,290</u>		
Natural gas fund:			
Cash on hand and checking accounts	\$ 1,300		
Money market accounts	5,146,539	1.07%	
Certificate of deposit	300,000	4.00	July 20, 2023
Certificate of deposit	300,000	4.00	August 8, 2023
Certificate of deposit	300,000	5.25	December 25, 2023
Certificate of deposit	550,000	4.10	August 15, 2023
Certificate of deposit	250,000	4.00	September 18, 2023
Certificate of deposit	<u>100,000</u>	5.25	December 5, 2023
	<u>\$ 6,947,839</u>		
Water and sewer fund:			
Cash on hand and checking accounts	\$ 1,800		
Money market accounts	5,637,596	1.07%	
Certificate of deposit	400,000	4.10	August 15, 2023
Certificate of deposit	150,000	4.54	October 15, 2023
Certificate of deposit	<u>55,000</u>	5.00	November 6, 2023
	<u>\$ 6,244,396</u>		

For purposes of the statement of cash flows, the Utility considers all highly liquid assets with an original maturity of three months or less to be cash equivalents.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

TCRS Stabilization Trust

Legal Provisions

The City is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The City has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of future retirement system contributions. Trust funds are not subject to the claims of general creditors of the City.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The City may not impose any restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

Investment Balances

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2023, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable

Investments where fair value is measured using the Net Asset Value (NAV) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes so to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute, or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2023, the City had the following investments held by the TRGT on its behalf:

Asset Class	Percentage Target Allocations	Stabilization Trust Allocation
U.S. Equity	31%	\$ 38,371
Developed market international equity	14	17,329
Emerging market international equity	4	4,951
Private equity traditional	10	12,378
Private equity strategic lending	10	12,378
U.S. fixed income	20	24,756
Real estate	10	12,378
Short-term securities	<u>1</u>	<u>1,238</u>
	<u>100%</u>	<u>\$ 123,778</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Investment by Fair Value Level	Fair Value 6/30/23	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. equity	\$ 38,371	\$ 38,371	\$ 0	\$ 0	\$ 0
Developed market					
international equity	17,329	17,329	0	0	0
Emerging market					
international equity	4,951	4,951	0	0	0
U.S fixed income	24,756	0	24,756	0	0
Real estate	12,378	0	0	12,378	0
Short-term securities	1,238	0	1,238	0	0
Private equity and strategic lending	<u>24,756</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,756</u>
Total	<u>\$ 123,778</u>	<u>\$ 60,651</u>	<u>\$ 25,994</u>	<u>\$ 12,378</u>	<u>\$ 24,756</u>

The TRGT's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for TRGT investments.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have the ability to limit TRGT investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have the ability to limit the credit ratings of individual investments made by the TRGT.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City places no limit on the amount the City may invest in one issuer.

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the TRGT agreement, investments are held in the name of the TRGT for the benefit of the City to pay retirement benefits of the City employees.

For further information concerning the City's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at https://treasury.tn.gov/Portals/0/Documents/Retirement/CAFR%20Reports/2022/2022TCRSReport_Full%20Report.pdf

NOTE D - RISK MANAGEMENT

The City 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 City participates in the Tennessee Municipal League Risk Management Pool (P.E. Partners) and pays an annual premium to P.E. Partners for its workers' compensation and general liability insurance coverage. The City carries commercial insurance for all other risks of loss including destruction of property and employee dishonesty bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The pooling agreement allows P.E. Partners to make additional assessments or refund surplus revenue to the City. It is not possible to estimate the amount of such additional assessments or refunds, if any.

The Utility 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 electric fund, natural gas fund and water and sewer fund insure themselves against potential losses associated with these risks through jointly purchased commercial insurance policies. There were no reductions in limits of liability or coverage of insurance policies in effect during the year ended June 30, 2023 from those in effect during the years ended June 30, 2022 and June 30, 2021. In addition, there have been no losses in excess of insurance coverage during the last three fiscal years.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

NOTE E - CAPITAL ASSETS

Governmental Activities:

Capital assets activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>7/1/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/23</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 865,274	\$ 150,000	\$ 0	\$ 1,015,274
Construction in process	<u>37,284</u>	<u>37,430</u>	<u>0</u>	<u>74,714</u>
	902,558	187,430	0	1,089,989
<u>Capital assets being depreciated</u>				
Land and building improvements	31,759,920	292,930	0	32,052,850
Vehicles and equipment	8,378,635	432,852	0	8,811,487
Infrastructure	<u>6,358,947</u>	<u>68,351</u>	<u>0</u>	<u>6,427,298</u>
	46,497,502	794,133	0	47,291,635
<u>Accumulated depreciation</u>				
Land and building improvements	(14,137,347)	(802,354)	0	(14,939,701)
Vehicles and equipment	(6,314,910)	(395,115)	0	(6,710,025)
Infrastructure	<u>(2,449,235)</u>	<u>(211,354)</u>	<u>0</u>	<u>(2,660,589)</u>
	(22,901,492)	(1,408,823)	0	(24,310,314)
	<u>\$ 24,498,567</u>	<u>\$ (427,260)</u>	<u>\$ 0</u>	<u>\$ 24,071,310</u>

Depreciation expense is charged to the various governmental functions as follows:

General government	\$ 240,770
Education	719,449
Public safety	231,521
Public welfare	93,536
Streets and highways	<u>123,545</u>
	<u>\$ 1,408,823</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

	<u>Balance</u> <u>7/1/22</u>	<u>Additions</u>	<u>Retirements</u> <u>And Transfers</u>	<u>Balance</u> <u>6/30/23</u>
Business-Type Activities:				
Electric Fund				
Distribution plant:				
<u>Capital assets not being depreciated</u>				
Land and land rights	\$ 286,411	\$ 0	\$ 0	\$ 286,411
<u>Capital assets being depreciated</u>				
Electrical distribution system	37,967,798	1,773,971	(311,522)	39,430,247
Facilities installation	<u>907,801</u>	<u>11,481</u>	<u>(7,009)</u>	<u>912,273</u>
	38,875,599	1,785,452	(318,531)	40,342,520
General plant:				
<u>Capital assets not being depreciated</u>				
Land and land rights	41,019	0	0	41,019
<u>Capital assets being depreciated</u>				
Structures and improvements	2,036,304	2,224	0	2,038,528
Equipment	2,570,354	23,890	(9,329)	2,584,915
Office furniture and fixtures	<u>466,481</u>	<u>35,146</u>	<u>(7,516)</u>	<u>494,111</u>
	5,073,139	61,260	(16,845)	5,117,554
Construction work in progress	<u>499,014</u>	<u>5,724,626</u>	<u>(1,831,161)</u>	<u>4,392,479</u>
	<u>\$ 44,775,182</u>	<u>\$ 7,571,338</u>	<u>\$(2,166,537)</u>	<u>\$ 50,179,983</u>
<u>Accumulated depreciation</u>				
Distribution plant:				
Electrical distribution system	\$ (18,702,282)	\$ (1,403,184)	\$ 581,684	\$ (19,523,782)
Facilities installation	<u>(851,534)</u>	<u>0</u>	<u>14,143</u>	<u>(837,391)</u>
	(19,553,816)	(1,403,184)	595,827	(20,361,173)
General plant:				
Structures and improvements	(829,081)	(40,741)	0	(869,822)
Equipment	(2,056,220)	(99,766)	7,930	(2,148,056)
Office furniture and fixtures	<u>(78,505)</u>	<u>(48,489)</u>	<u>7,516</u>	<u>(119,478)</u>
	(2,963,806)	(188,996)	15,446	(3,137,356)
	<u>\$ (22,517,622)</u>	<u>\$ (1,592,180)</u>	<u>\$ 611,273</u>	<u>\$ (23,498,529)</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

	<u>Balance</u> <u>7/1/22</u>	<u>Additions</u>	<u>Retirements</u> <u>and Transfers</u>	<u>Balance</u> <u>6/30/23</u>
Natural Gas Fund				
Distribution plant:				
<u>Capital assets not being depreciated</u>				
Land and land rights	\$ 5,059	\$ 0	\$ 0	\$ 5,059
<u>Capital assets being depreciated</u>				
Structures and improvements	32,998	0	0	32,998
Gas distribution system	<u>3,581,537</u>	<u>1,814,082</u>	<u>(17,015)</u>	<u>5,378,605</u>
	3,614,535	1,814,082	(17,015)	5,411,603
General plant:				
<u>Capital assets not being depreciated</u>				
Land and land rights	8,600	0	0	8,600
<u>Capital assets being depreciated</u>				
Equipment	1,387,187	1,385	0	1,388,572
Office furniture and fixtures	<u>25,350</u>	<u>2,211</u>	<u>0</u>	<u>27,561</u>
	1,412,537	3,596	0	1,416,133
Construction work in progress	<u>762,879</u>	<u>1,169,594</u>	<u>(1,916,661)</u>	<u>15,811</u>
	<u>\$ 5,803,610</u>	<u>\$ 2,987,272</u>	<u>\$ (1,933,676)</u>	<u>\$ 6,857,206</u>
<u>Accumulated depreciation</u>				
Distribution plant:				
Structures and improvements	\$ (20,257)	\$ 0	\$ 0	\$ (20,257)
Gas distribution system	<u>(2,285,993)</u>	<u>(123,318)</u>	<u>34,254</u>	<u>(2,375,059)</u>
	(2,306,250)	(123,318)	34,254	(2,395,316)
General plant:				
Equipment	(317,476)	(38,397)	0	(355,873)
Office furniture and fixtures	<u>(30,946)</u>	<u>(18,740)</u>	<u>0</u>	<u>(49,686)</u>
	(348,424)	(57,137)	0	(405,559)
	<u>\$ (2,654,674)</u>	<u>\$ (180,455)</u>	<u>\$ 34,254</u>	<u>\$ (2,800,875)</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

	<u>Balance</u> <u>7/1/22</u>	<u>Additions</u>	<u>Retirements</u> <u>and Transfers</u>	<u>Balance</u> <u>6/30/23</u>
Water and Sewer Fund				
Water plant:				
<u>Capital assets not being depreciated</u>				
Land and land rights	\$ 38,188	\$ 0	\$ 0	\$ 38,188
<u>Capital assets being depreciated</u>				
Structures and improvements	11,552,121	143,089	(26,012)	11,669,198
Furniture and fixtures	60,610	0	0	60,610
Equipment	<u>2,286,228</u>	<u>4,986</u>	<u>(902)</u>	<u>2,290,312</u>
	13,898,959	148,075	(26,914)	14,020,120
Sewer plant:				
<u>Capital assets not being depreciated</u>				
Land and land rights	69,013	0	0	69,013
<u>Capital assets being depreciated</u>				
Structures and improvements	13,497,127	34,168	(2,871)	13,528,424
Equipment	<u>521,201</u>	<u>7,143</u>	<u>(1,520)</u>	<u>526,824</u>
	14,018,328	41,311	(4,391)	14,055,248
Construction work in progress	<u>21,509</u>	<u>431,075</u>	<u>(237,435)</u>	<u>215,149</u>
	<u>\$ 28,045,997</u>	<u>\$ 620,461</u>	<u>\$ (268,740)</u>	<u>\$ 28,397,718</u>
<u>Accumulated depreciation</u>				
Water plant:				
Structures and improvements	\$ (5,385,381)	\$ (285,009)	\$ 51,335	\$ (5,619,055)
Furniture and fixtures	(21,855)	(6,061)	0	(27,916)
Equipment	<u>(878,276)</u>	<u>(99,041)</u>	<u>901</u>	<u>(976,416)</u>
	(6,285,512)	(390,111)	52,236	(6,623,387)
Sewer plant:				
Structures and improvements	(3,460,883)	(322,333)	3,742	(3,779,474)
Equipment	<u>(354,368)</u>	<u>(15,177)</u>	<u>1,520</u>	<u>(368,025)</u>
	<u>(3,815,251)</u>	<u>(337,510)</u>	<u>5,262</u>	<u>(4,147,499)</u>
	<u>\$ (10,100,763)</u>	<u>\$ (727,621)</u>	<u>\$ 57,498</u>	<u>\$ (10,770,886)</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Depreciation expense	\$ 1,506,889	\$ 145,699	\$ 714,592	\$ 2,367,180
Charged to clearing accounts and allocated to:				
Construction	38,979	6,291	1,553	46,823
Operating expense accounts	17,824	24,572	9,265	51,661
Maintenance expense accounts	<u>28,488</u>	<u>3,893</u>	<u>2,211</u>	<u>34,592</u>
	<u>\$ 1,592,180</u>	<u>\$ 180,455</u>	<u>\$ 727,621</u>	<u>\$ 2,500,256</u>

NOTE F - PENSION PLANS

Public Employee Retirement Plan

Plan Description

Employees of the City 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 publically available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS
(continued)

June 30, 2023

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 years of 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. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% 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%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than .5%. A 1% COLA is granted if the CPI change is between .5% and 1%. 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	102
Inactive employees entitled to but not yet receiving benefits	111
Active employees	<u>113</u>
	<u>326</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions were \$21,244, based on an actuarial determined rate of 0.51%. The City elected to make additional contributions of \$210,735 for total pension contributions of \$231,979 in order to reduce the net pension liability. By law, employer contributions are required to be paid. The TCRS may intercept the City'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 cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability(Asset)

The City's net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of pension investment expenses, including inflation
Cost-of-Living adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022 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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

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%. 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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S equity	4.88%	31.00%
Developed market international equity	5.37	14.00
Emerging market international equity	6.09	4.00
Private equity and strategic lending	6.57	20.00
U.S. fixed income	1.20	20.00
Real estate	4.38	10.00
Short-term securities	0.00	<u>1.00</u>
		<u>100.00%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the future capital market projections, historical market returns and expected inflation rate, as described above.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 City 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 Net Pension Liability(Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Changes for the year ended June 30, 2022:			
Increase(decrease):			
Service cost	\$ 383,038	\$ 0	\$ 383,038
Interest	1,060,768	0	1,060,768
Differences between expected and actual experience	212,258	0	212,258
Changes in assumptions	0	0	0
Contributions-employer	0	122,459	(122,459)
Contributions-employee	0	204,861	(204,861)
Net investment income	0	(732,360)	732,360
Benefit payments, including refunds of employee contributions	(669,838)	(669,838)	0
Administrative expense	0	(11,168)	11,168
Net changes for the year ended June 30, 2022	986,226	(1,086,046)	2,072,272
Balances at June 30, 2021	<u>15,666,967</u>	<u>19,320,411</u>	<u>(3,653,444)</u>
Balances at June 30, 2022	<u>\$ 16,653,193</u>	<u>\$ 18,234,365</u>	<u>\$ (1,581,172)</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Sensitivity of the Net Pension Liability(Asset) to Changes in the Discount Rate

The following presents the net pension liability(asset) of the City calculated using the discount rate of 6.75%, 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%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability(asset)	\$ 697,439	\$ (1,581,172)	\$ (3,465,103)

Pension Expense

For the year ended June 30, 2023, the City recognized negative pension expense of \$88,755 in the government-wide statement of activities.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the City reported the following 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	\$ 169,806	\$ 276,441
Net difference between projected and actual earnings on pension plan investments	32,892	0
Changes in assumptions	646,158	0
Contributions subsequent to the measurement date of June 30, 2022	<u>231,979</u>	<u>not applicable</u>
	<u>\$ 1,080,835</u>	<u>\$ 276,441</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2022,” will be recognized as a reduction(increase) to the net pension liability(asset) in the following measurement period.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

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

<u>Year Ending</u> <u>June 30:</u>	
2024	\$ (1,796)
2025	68,339
2026	58,506
2027	447,362
2028	0
Thereafter	0

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

Teacher Legacy Pension Plan

Plan Description

Teachers with membership in the TCRS before July 1, 2014 of the Board of Education are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. 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 all employer pension plans in 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 publically available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan 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 years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service credit is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic 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 CPI during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than .5%. A 1% COLA is granted if the CPI change is between .5% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary. The LEAs make employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Board of Education for the year ended June 30, 2023 to the Teacher Legacy Plan were \$420,956 which is 8.69% of covered payroll. The employer rate, when combined with member contributions, is 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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS
(continued)

June 30, 2023

Pension Liability(Asset)

At June 30, 2023 the Board of Education reported an asset of \$1,923,425 for its proportionate share of net pension liability(asset). The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Board of Education’s proportion of the net pension liability(asset) was based on the Board of Education’s share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, the Board of Education’s proportion was 0.156834%. The proportion measured as of June 30, 2021 was 0.150538%.

Pension Expense

For the year ended June 30, 2023, the Board of Education recognized pension expense of \$3,485.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the Board of Education reported the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 316,396	\$ 325,000
Changes in assumptions	1,204,933	0
Net difference between projected and actual earnings on pension plan investments	32,890	0
Changes in proportion share of the net pension liability(asset)	27,719	80,203
Contributions subsequent to the measurement date of June 30, 2022	<u>420,956</u>	<u>not applicable</u>
	<u>\$ 2,002,894</u>	<u>\$ 405,203</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

The Board of Education employer contributions of \$420,956, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability(asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending
June 30:

2024	\$ 177,863
2025	345,359
2026	(361,669)
2027	1,015,182
2028	0
Thereafter	0

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

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

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%. 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%	31.00%
Developed market international equity	5.37	14.00
Emerging market international equity	6.09	4.00
Private equity and strategic lending	6.57	20.00
U.S. fixed income	1.20	20.00
Real estate	4.38	10.00
Short-term securities	0.00	1.00
		100.00%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the future capital market projections, historical market returns and expected inflation rate, as described above.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 all the LEAs 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.

Sensitivity of the Proportionate Share of Net Pension Liability(Asset) to Changes in the Discount Rate

The following presents the Board of Education's proportionate share of the net pension liability(asset) calculated using the discount rate of 6.75%, as well as what the Board of Education's proportionate share of the net pension liability(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Proportionate share of the net pension liability(asset)	\$ 3,809,643	\$ (1,923,425)	\$ (6,698,690)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Teacher Retirement Plan

Plan Description

Teachers with membership in the TCRS before July 1, 2014 of the Board of Education are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. 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 all employer pension plans in 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 publically available financial report that can be obtained at www.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. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic 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 CPI during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than .5%. A 1% COLA is granted if the CPI change is between .5% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in the law. Teachers contribute 5% of salary. The LEAs make employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2023 to the Teacher Retirement Plan were \$57,300, which is 2.87% of covered payroll. The employer rate, combined with member contributions, is 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.

Pension Asset

At June 30, 2023, the Board of Education reported an asset of \$28,119 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension assets used to calculate the net pension asset was determined by an actuarial value as of that date. The Board of Education's proportion of the net pension asset was based on the Board of Education's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, the Board of Education's proportion was .092824%. The proportion measured as of June 30, 2021 was .089515%.

Pension Expense

For the year ended June 30, 2023, the Board of Education recognized pension expense of \$38,749.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the Board of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,538	\$ 17,084
Net difference between projected and actual earnings on pension plan investments	8,863	0
Changes in assumptions	32,940	0
Changes in proportion share of the net pension liability(asset)	944	10,928
Contributions subsequent to the measurement date of June 30, 2022	<u>57,300</u>	<u>not applicable</u>
	<u>\$ 101,585</u>	<u>\$ 28,012</u>

The Board of Education's employer contributions of \$57,300, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	
2024	\$ (344)
2025	(254)
2026	(1,710)
2027	13,727
2028	639
Thereafter	4,214

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

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Cost-of-Living adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a results of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31.00%
Developed market international equity	5.37	14.00
Emerging market international equity	6.09	4.00
Private equity and strategic lending	6.57	20.00
U.S. fixed income	1.20	20.00
Real estate	4.38	10.00
Short-term securities	0.00	<u>1.00</u>
		<u>100.00%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the future capital market projections, historical market returns and expected inflation rate, as described above.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 all the LEAs 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.

Sensitivity of the Proportionate Share of Net Pension Liability(Asset) to Changes in the Discount Rate

The following presents the Board of Education's proportionate share of the net pension liability(asset) calculated using the discount rate of 6.75%, as well as what the Board of Education's proportionate share of the net pension liability(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Proportionate share of the net pension liability(asset)	\$ 147,607	\$ (28,119)	\$ (156,453)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

Teacher Retirement Defined Contribution Plan

Teachers who participate in the Teacher Retirement Plan described in Note E, are also covered by a separate defined contribution 401(k) plan administered by the State of Tennessee. Employees are not required to contribute to the plan, employers are required to contribute 5% of employee compensation. Participants are immediately invested in the plan. The City’s employer contributions to the state administered 401(k) plan were \$99,446 for the year ended June 30, 2023.

Utility Public Employee Retirement Plan

Plan Description

The Utility, together with the Sweetwater Utilities Board Electric and Gas Departments, has the Sweetwater Utilities Board Defined Benefit Pension Plan (the Plan), a single-employer defined benefit pension plan. The Utility amended the Plan to close the Plan to employees hired or rehired on or after January 1, 2012. Benefits provisions were established by a resolution of the Utility’s Board of Directors. The Board of Directors reserves the authority to amend provisions of the Plan, which is administered by the Sweetwater Utility Board.

Although the Plan has fewer than 100 employees, since the Utility Board of Directors administers the Plan it was determined that under current reporting requirements for the defined benefit plans that the Plan should be audited. An audit of the Plan occurred for the latest Plan year of December 31, 2022. The fiduciary fund reporting for the Plan are included in the financial statements of City of Sweetwater, Tennessee for the year ending June 30, 2023.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Benefits Provided

Full-time employees hired prior to January 1, 2012 attaining the age of 19 and with one year of employment are eligible to become members of the Plan. The Plan provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the employee's compensation for the plan year prior to the employee's normal retirement date and years of service. Utility employees who retire at or after age 62 with 17 years of credited service are entitled to an annual retirement benefit, payable for life, in an amount equal to 55 percent of monthly compensation for the plan year prior to the employee's normal retirement date. Retirement benefits for employees who retire with less than 6 years of service are prorated according to a formula based on years of service.

Employee membership data related to the Plan as of the measurement date of January 1, 2023 was as follows:

Retirees and beneficiaries currently receiving benefits	8
Terminated employees entitled to but not yet receiving benefits	5
Active plan members	<u>26</u>
	<u>39</u>

Contributions

The Plan is contributory whereby employees are required to contribute 5% (effective July 1, 2015 increased from 3%) of earnable compensation, and the employer is responsible for the remaining contribution. For the plan year ended December 31, 2022, the Utility's required contribution of \$222,500 (13.48% of covered payroll) is an actuarially determined amount sufficient to amortize the unfunded actuarially accrued liability and fund employer normal cost. There is no legal or contractual maximum contribution rate. Both the contribution requirements of Plan members and the Utility are established and may be amended by the Utility's Board of Directors.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Annual Required Contribution Trend Information

Fiscal Year	Required Contribution				% Contributed
	Water and Sewer	Electric	Gas	Totals	
2015	\$ 61,016	\$ 250,952	\$ 58,496	\$ 370,464	\$ 105.37%
2016	89,689	361,321	52,293	503,303	274.11%
2017	88,117	336,120	48,505	472,742	226.70%
2018	96,911	258,173	52,965	408,049	125.47%
2019	40,814	244,815	71,452	357,081	219.02%
2020	67,307	233,506	42,447	343,259	183.58%
2021	60,392	207,845	34,418	302,655	129.91%
2022	54,177	179,771	29,956	263,903	134.35%
2023	46,510	150,000	26,040	222,550	139.14%

Net Pension Liability

The Utility's net pension liability was measured as of January 1, 2023, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.0%
Investment rate of return	5.5%
Mortality	RP 2014 Healthy Annuitant Mortality Table using MP-2021 mortality improvements

There were no changes in assumptions and specifically the mortality table did not change from MP-2021 as the Society of Actuaries did not produce an impact at scale due to COVID.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022 are summarized in the following table:

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Stocks	7.00%	50%
Bonds	3.00%	50%

Discount Rate

The discount rate used to measure the total pension liability was 5.50%. This single rate is the long-term expected rate of return (5.50%). The projected cash flows used to determine the discount rate assumed employee contributions will be made at the current contribution rate and the Plan contributions will be made at the greater of the current rate and the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected benefit payments. Therefore, the long-term expected rate of return on pension plan investment was applied to periods of projected benefit payments.

Funded Status

The funded status of the Plan as of the most recent valuation date is as follows (dollar amounts are in thousands):

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>% of Covered Payroll ((b-a)/c)</u>
1/1/23	\$ 8,458	\$ 9,682	\$ 1,224	87.36%	\$ 1,747	70.08%
1/1/22	8,035	9,067	1,032	88.62%	1,651	62.49%
1/1/21	7,231	8,682	1,451	83.29%	1,718	84.45%
1/1/20	6,480	8,359	1,879	77.52%	1,716	109.49%
1/1/19	5,674	7,954	2,280	71.34%	1,729	131.82%
1/1/18	4,962	7,490	2,528	66.25%	1,670	151.43%
1/1/17	4,837	7,789	2,952	62.10%	1,971	149.81%
1/1/16	3,752	7,403	3,651	50.68%	1,967	185.62%
1/1/15	2,777	6,911	4,134	40.18%	1,996	207.16%

The schedule above presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a)-(b)
Changes for the year ended December 31, 2022			
Increase(decrease):			
Service cost	\$ 81,042	\$ 0	\$ 81,042
Interest	503,116	0	503,116
Difference between expected and actual experience	259,625	0	259,625
Changes in assumptions	0	0	0
Contributions-employer	0	309,648	(309,648)
Contributions-employees	0	90,525	(90,525)
Net investment income	0	(1,293,400)	1,293,400
Benefit payments, including refunds of employee contributions	(228,031)	(228,031)	0
Adjustment for change in employee contributions	0	1,856	(1,856)
Administrative expenses	0	(41,962)	41,962
Net changes for the year ended December 31, 2022	615,752	(1,161,364)	1,777,116
Balances at December 31, 2021	9,066,528	8,681,326	385,202
Balances at December 31, 2022	\$ 9,682,280	\$ 7,519,962	\$ 2,162,318

<u>Department</u>	Net Pension Liability 12/31/2021	Net Changes	Net Pension Liability 12/31/2022
Electric	\$ 262,400	\$ 1,195,024	\$ 1,457,424
Gas	43,724	209,310	253,034
Water and sewer	79,078	372,782	451,860
	\$ 385,202	\$ 1,777,116	\$ 2,162,318

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 5.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current rate:

	1% Decrease 4.50%	Current Discount Rate 5.50%	1% Increase 6.50%
Net pension liability	\$ 3,778,835	\$ 2,162,318	\$ 866,826

Pension Expense

For the plan year ended December 31, 2022, the Plan recognized pension expense as follows (including adjustments for change in allocation percentages between departments):

<u>Department</u>	<u>Pension Expense</u>
Electric	\$ 645,144
Gas	108,289
Water and sewer	<u>195,406</u>
	<u>\$ 948,839</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, the Plan reported the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 827,880	\$ 73,505
Changes in assumptions	1,270,829	107,077
Net difference between projected and actual earnings on plan investments	<u>0</u>	<u>86,086</u>
Totals	<u>\$ 2,098,709</u>	<u>\$ 266,668</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

At June 30, 2023, the Utility reported deferred outflows of resources related to the Plan from the following sources:

Contributions subsequent to the measurement date of January 1, 2023:	<u>\$ 162,498</u>
<u>Department</u>	
Electric	\$ 110,694
Gas	18,444
Water and Sewer	<u>33,360</u>
	<u>\$ 162,498</u>

The amount shown above for “Contributions subsequent to the measurement date of January 1, 2023,” will be recognized as a reduction of the net pension liability in the following measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as increases in pension expense as follows:

<u>Year Ending</u> <u>June 30:</u>	
2023	\$ 201,089
2024	(58,686)
2025	68,922
2026	170,000
2027	333,278
Thereafter	1,279,936

Within this table, positive amounts will increase pension expense while negative amounts will decrease pension expense.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

The deferred outflows of resources and deferred inflows of resources for the Utility are as follows as of June 30, 2023:

<u>Department</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Electric	\$ 1,524,076	\$ 179,737
Gas	264,606	31,205
Water and sewer	<u>472,525</u>	<u>55,726</u>
	<u>\$ 2,261,207</u>	<u>\$ 266,668</u>

Payable to the Pension Plan

At June 30, 2023 the Utility did not report a payable for any outstanding amount of employer contributions to the Plan required for the year ended June 30, 2023 since all contributions were paid prior to year-end.

Defined Contribution Pension Plan

Plan Description

The Utility adopted the Sweetwater Utilities Board 401(a) Defined Contribution Retirement Plan (401(a) Plan) effective January 1, 2012, for all eligible employees hired or rehired on or after January 1, 2012. The 401(a) Plan is administered by the Trust Company of Knoxville (the Trust Co.). Each participant has an individual account with the Trust Co. into which all contributions flow. The participants are offered various investment options through the plan and are allowed to invest moneys in their account, at their own discretion, among the options. The Utility may amend, modify, or terminate the 401(a) Plan, upon approval of such amendment, modification, or termination by the Utility's Board of Directors (the Board), provided that no amendment or modification shall reduce the account balances of any participant accrued to the date of the change.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

All full-time employees attaining the age of 18 and with six months of employment are eligible to become members of the 401(a) Plan. The 401(a) Plan defines the employee contributions and Utility's matching contributions at 5% each. The Utility's contributions for each participating employee are fully vested after five years. Utility contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Utility's obligation to contribute. During the year ended June 30, 2023, the payroll for employees covered under the 401(a) Plan was \$1,606,843 and the Utility contributed \$80,341 to the 401(a) Plan on behalf of its employees which approximate 5% of eligible payroll.

Deferred Compensation Plan

Plan Description

The Utility adopted the Sweetwater Utilities Board 457(b) Deferred Compensation Plan (457(b) Plan) effective January 1, 2012. All employees attaining the age of 18 are eligible to become members of the 457(b) Plan. The 457(b) Plan allows employees to defer a portion of their current salary (up to \$22,500) until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

The Board has full power and authority to adopt rules and regulations for the administration of the 457(b) Plan. The Board contracts with providers to manage the investment of plan assets and for selecting the plan investment options. Additionally, the Board reviews and approves withdrawals, terminations and benefit payments. At June 30, 2023 there were 6 active participants in the 457(b) Plan for the water and sewer department.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

NOTE G – OTHER POSTEMPLOYMENT BENEFITS

Closed Teacher Group Other Postemployment Benefits Plan

Plan Description

Employees of the City, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple multi-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 teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The City offers the TGOP to provide health insurance coverage to eligible pre-65 teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA Section 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the 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 TGOP, receives 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 State of Tennessee, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; between 20 and 29 years, 35%; and less than 20 years, 20% of the scheduled premium. The subsidy is provided for enrollees of the healthsavings CDHP. The TGOP 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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Employees Covered by Benefit Terms

At July 1, 2022, the following employees of the City were covered by the benefit terms of the TGOP.

Inactive employees currently receiving benefit payments	11
Active employees	<u>111</u>
	<u>122</u>

An insurance committee, created in accordance with TCA Section 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the TGOP are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to TGOP participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the City paid \$77,961 to the TGOP for OPEB benefits as they came due.

Actuarial Assumptions

The collective total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72% based on age, including inflation, averaging 4%
Healthcare cost trend rates	8.37% for pre-65 in 2022, decreasing annually over a 7 year period to an ultimate rate of 4.5%. 8.99% for post-65 in 2021, decreasing annually over an 6 year period to an ultimate rate of 4.5%.
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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022 valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the TCRS. These assumptions were developed by the TCRS based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experiences. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusting with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are 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% load, projected generationally from 2018 with MP-2020.

Unless noted otherwise, the actual demographic assumptions used in the June 30, 2022, 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 the 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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Changes in Collective Total OPEB Liability

	<u>Total OPEB Liability</u>
Changes for the year:	
Service cost	\$ 128,428
Interest	55,909
Differences between expected and actual experience	(71,316)
Change in assumptions	(197,275)
Benefit payments	<u>(143,355)</u>
Net changes	(227,609)
Total OPEB liability – beginning balance	<u>2,531,231</u>
Total OPEB liability – ending balance	<u>\$ 2,303,622</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 838,582
Employer’s proportionate share of the collective total OPEB liability	\$ 1,465,040
Employer’s proportion of the collective total OPEB liability	63.60%

The City has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. The City’s proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed (.64%) from the prior measurement date. The City recognized \$68,534 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for City retirees.

The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption decreased the total OPEB liability.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Change in the Discount Rate

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u> 2.54%	<u>Discount Rate</u> 3.54%	<u>1% Increase</u> 4.54%
Proportionate share of collective total OPEB liability	\$ 1,557,576	\$ 1,465,040	\$ 1,375,219

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Change in the Healthcare Cost Trend Rate

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using the healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u> (7.37%/7.99% decreasing to 3.50%)	<u>Current</u> Discount Rate (8.37%/8.99% decreasing to 4.50%)	<u>1% Increase</u> (9.37%/9.99% decreasing to 5.50%)
Proportionate share of collective total OPEB liability	\$ 1,329,760	\$ 1,465,040	\$ 1,619,986

OPEB Expense

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$190,900.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 109,277	\$ 183,204
Changes in assumptions	267,895	181,314
Changes in proportion and differences between amounts paid as benefits came due and proportionate share of certain amounts paid by the employer and nonemployer contributors as the benefits came due	45,429	46,244
Employer payments subsequent to the measurement date of June 30, 2022	<u>77,961</u>	<u>0</u>
	<u>\$ 500,562</u>	<u>\$ 410,762</u>

The amount shown above for “Employer payments subsequent to the measurement date of June 30, 2022” will be included 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 Ending	
<u>June 30:</u>	
2024	\$ 5,132
2025	5,132
2026	5,132
2027	9,074
2028	4,799
Thereafter	(17,430)

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

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Closed Tennessee Plan

Plan Description

Employees of the City, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple multi-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 post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local government entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNP does not include pharmacy. In accordance with TCA Section 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA Sections 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible, and also received a benefit from the TCRS may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The State of Tennessee, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of LEAs based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; between 20 and 29 years, \$37.50; and 15 but less than 20 years, \$25. The TNP 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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Employees Covered by Benefit Terms

At July 1, 2022, the following employees of the City were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	20
Inactive employees entitled to but not yet receiving benefit payments	20
Active employees	<u>86</u>
	<u>126</u>

In accordance with TCA Section 8-27-209, the state insurance committees established by TCA Sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the TNP by member employers and employees. Claims liabilities of the TNP are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to TNP participants. Employers contribute towards employee costs based on their own developed policies.

Actuarial Assumptions

The collective total OPEB liability in the June 30, 2022 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%
Salary increases	Graded salary ranges from 3.44 to 8.72% based on age, including inflation, averaging 4%
Healthcare cost trend rates	The premium subsidies provided to retirees in TNP are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the TCRS. These assumptions were developed by the TCRS based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experiences. 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 headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2020. Post retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2020.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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 shows on the Bond Buyer 20-year Municipal GO AA index.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Changes in Collective Total OPEB Liability

	<u>Total OPEB Liability</u>
Changes for the year:	
Service cost	\$ 8,895,000
Interest	7,722,000
Differences between expected and actual experience	3,595,000
Change in assumptions	(69,112,000)
Benefit payments	<u>(9,556,000)</u>
Net changes	(58,456,000)
Total OPEB liability – beginning balance	<u>353,379,000</u>
Total OPEB liability – ending balance	<u>\$ 294,923,000</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 294,923,000
Employer’s proportionate share of the collective total OPEB liability	\$ 0
Employer’s proportion of the collective total OPEB liability	0%

The City has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. The City’s proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed 0.00% from the prior measurement date. The City recognized \$2,442 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for the City retired employees.

The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption decreased the total OPEB liability.

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$2,442.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Utility's Other Postemployment Benefits Plan

Plan Description

The Utility's Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit healthcare plan that is administered by the Utility and covers retired employees of the Utility and their spouses. The OPEB Plan provides for the payment of a portion of the health insurance premiums for eligible retired employees. The Board of Directors reserves the authority to amend provisions of the OPEB Plan. Because the OPEB Plan has fewer than 100 employees, it does not issue audited financial statements and fiduciary funds statements for the OPEB Plan are not included in the accompanying financial statements.

Benefits Provided

The Utility provides health insurance benefits for retirees until they become eligible for Medicare coverage on a pay-as-you go basis. The plan type is a fully insured Medical, Vision, Dental and Life Insurance Plan. Retirees are eligible at age 62 until Medicare eligible. The Utility pays 100% of the premium for the employee benefit. Spouses and surviving spouses are also allowed to be covered under the OPEB Plan but at no cost to the Utility. The life insurance benefit has a \$15,000 face amount as long as the employee retires after January 1, 2006.

Employees Covered by Benefit Terms

At July 1, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	0
Active plan members	<u>48</u>
	<u>48</u>

Contributions

The Board of Directors reserves the authority to determine the level of contributions the Utility will make to the OPEB Plan for the purpose of financing the postemployment benefits accrued by its respective employees. For the year ended June 30, 2023, the Utilities average contribution rate was 8% of covered employee payroll. Employees are not required to contribute to the OPEB Plan.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Net OPEB Liability

The Utility's net OPEB Plan liability was measured as of July 1, 2023 and the total OPEB liability used to calculate the net OPEB Plan liability was determined by an actuarial valuation of July 1, 2023.

Actuarial Assumptions

The total OPEB Plan liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	3%
Investment rate of return	5.5%
Healthcare cost trend rates	5% for medical costs 3% for dental costs

Mortality rates were based on the Tennessee Consolidated Retirement System September 24, 2021.

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.54% to 3.65% in the prior year. The underlying index used is the Bond Buyer 20-Bond GO Index. The choice of index is unchanged from prior year. The rate has been updated to the current Fiscal Year end based on changes in market conditions as reflected in the Index. Since the employer has at cost dedicated exclusively to the payment of OPEB benefits, the discount rate remained at 5.5%

The long-term expected rate of return on assets is intended to represent the best estimate of future real rates of return for each of the major asset classes in the plan's investment policy. Long-term expected real returns under GASB are expected to reflect the period of time that begins when a plan member begins to provide service to the employer and ends at the point when all benefits to the plan member have been paid.

Discount Rate

The discount rate used to measure the total OPEB Plan liability was 5.5%. The projection of cash flows used to determine the discount rate assumed that the Utility's contributions will be equal to the expected benefit payments less investment income each year. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB Plan payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB Plan liability.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Changes in Net OPEB Plan Liability

	Total OPEB Plan Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Plan Liability(Asset) (a)-(b)
Changes for the year ended June 30, 2023:			
Increase(decrease):			
Service cost	\$ 3,757	\$ 0	\$ 3,757
Interest	4,982	0	4,982
Difference between expected and actual experience	4,712	0	4,712
Changes of assumptions	(7,508)	0	(7,508)
Contributions - employer	0	6,890	(6,890)
Net investment income	0	22,068	(22,068)
Expected benefit payments	<u>(6,890)</u>	<u>(6,890)</u>	<u>0</u>
Net changes for the year ended June 30, 2023	(947)	22,068	(23,015)
Balances at June 30, 2022	<u>94,035</u>	<u>351,547</u>	<u>(257,512)</u>
Balances at June 30, 2023	<u>\$ 93,088</u>	<u>\$ 373,615</u>	<u>\$ (280,527)</u>

<u>Department</u>	Net Pension Liability 6/30/2022	Net Changes	Net Pension Liability 6/30/2023
Electric	\$ (171,091)	\$ (27,382)	\$ (198,473)
Gas	(23,047)	5,458	(17,589)
Water and sewer	<u>(63,374)</u>	<u>(1,091)</u>	<u>(64,465)</u>
	<u>\$ (257,512)</u>	<u>\$ (23,015)</u>	<u>\$ (280,527)</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Sensitivity of the Net OPEB Plan Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB Plan liability (asset) of the OPEB Plan, calculated using the discount rate of 5.50%, as well as what the OPEB Plan's net OPEB Plan liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current rate:

	1% Decrease 4.50%	Current Discount Rate 5.50%	1% Increase 6.50%
Net OPEB Plan liability (asset)	\$ (268,157)	\$ (280,527)	\$ (291,264)

Sensitivity of the Net OPEB Plan Liability (Asset) to Changes in the Healthcare Cost Trend Rates

	1% Decrease Varies	Current Discount Rate Varies	1% Increase Varies
Net OPEB liability (asset)	\$ (294,075)	\$ (280,527)	\$ (263,862)

OPEB Plan Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB Plan

For the year ended June 30, 2023 the Utility recognized OPEB Plan expense of \$16,999.

<u>Department</u>	
Electric	\$ 12,025
Gas	1,068
Water and sewer	<u>3,906</u>
	<u>\$ 16,999</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

At June 30, 2023, the Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,455	\$ 30,676
Changes in assumptions	0	175,622
Net difference between projected and actual earnings on plan investments	<u>43,340</u>	<u>21,446</u>
Total	<u>\$ 47,795</u>	<u>\$ 227,744</u>

The deferred inflows of resources for the Utility, together with the Sweetwater Utilities Board Water and Sewer and Electric Departments are as follows as of June 30, 2023:

<u>Department</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Electric	\$ 33,878	\$ 161,129
Gas	3,003	14,280
Water and sewer	<u>11,004</u>	<u>52,335</u>
	<u>\$ 47,887</u>	<u>\$ 227,744</u>

Payable to the OPEB Plan

At June 30, 2023 the Utility did not report a payable for any outstanding amount of employer contributions to the OPEB Plan required for the year ended June 30, 2023 since all contributions were paid prior to year-end.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

NOTE I - LONG-TERM DEBT

Long-term debt at June 30, 2023 consisted of the following:

Governmental Activities:

Tennessee Municipal Bond, Series 2001, payable in annual installments through May 2030, variable interest at 3.10% at June 30, 2023	\$ 2,060,000
Tennessee Local Development Authority revolving loan, payable in monthly installments of \$9,256 through February 2029, interest at 2.00%	605,101
Tennessee Municipal Bond Fund, Series 2016, payable in annual installment of varying amounts with interest at 2.86% payable in semi-annual installments through May 2031	698,800
Tennessee Municipal Bond Fund, Series 2020 payable in payable in annual installment of varying amounts with interest at 2.16% payable in semi-annual installments through May 2028	365,000
Capital Outlay Note, payable in annual installments through February 2026, interest due semi annually at 2.090%	144,700
Tennessee Municipal Bond, Series 2017, payable in annual installments through May 2042, variable interest at 3.27% at June 30, 2023	<u>2,088,000</u>
	5,961,601
Less current maturities	<u>(655,492)</u>
	<u>\$ 5,306,109</u>

The taxing authority of the City is pledged for the repayment of the principal and interest maturities of long-term debt. Events of default under the bonds and loan agreements include but are not limited to: (1) failure to make principal payments when due and payable and (2) failure to make installment of interest payments. In the event of default, if the City is unable to remedy, outstanding amounts may become due and payable in full by declaration of the fiscal agent or the holders.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Business-Type Activities:

Adjustable rate note through the Public Building Authority of Montgomery County, Tennessee, payable in annual installments through May 2025. The interest rate at June 30, 2023 was 3.47%	\$ 578,000
2.13% revolving loan agreement with the Tennessee Local Development Authority payable in monthly payments of principal and interest totaling \$3,429 through November 2026.	135,478
3.80% loan agreement with the Tennessee Municipal Bond Fund payable in quarterly interest payments and annual principal payments through April 2029.	2,361,000
Adjustable rate note through the Sweetwater Utilities Board Gas Department, payable in monthly interest payments and annual principal payments through November 2038. The interest rate at June 30, 2023 was 3.90%	835,535
Water and Sewer Revenue and Tax Bond Anticipation Notes, Series 2017, principal and interest due in monthly installments of \$4,788 through November 2028, 2.625% interest rate.	1,322,289
2.63% revolving loan agreement with the Tennessee Local Development Authority payable in monthly payments of principal and interest Totaling \$8,422 through June 2036.	1,232,268
City of Sweetwater, Tennessee General Obligation Bonds, Series 2022, Payable in annual installments through June 2052 at 4% interest	7,950,000
2.45% revolving loan agreement with the Tennessee Local Development Authority payable in monthly payments of principal and interest totaling \$6,303 through June 2027.	<u>288,035</u>
	14,702,605
Less current maturities	<u>(1,252,880)</u>
	<u>\$ 13,449,725</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

On August 26, 2022 the City issued \$8,100,000 of Series 2022, General Obligation Bonds at an interest rate of 4%. Principal payments are due annually in amounts ranging from \$150,000 to \$450,000 on June 1 starting in 2023 through 2052. The bonds were issued to provide funding for Sweetwater Utilities Board to use in funding construction projects, primarily a new substation, for its Electric Department. The bonds are to be backed by the full faith and credit of the City. It is the intention that the bonds shall be additionally payable from, but not secured by, the revenue to be derived from the operations of the electric department. The bonds were issued at a premium of \$374,988 and that premium is amortized over the life of the bonds using effective interest rate method. The bond issuance also incurred significant issuance costs of \$256,480, that are also amortized over the life of the bonds using the effective interest rate method. The annual amortization of bond premiums and issuance costs for those bonds are included within the interest expense for the Electric Department. The amount recorded as interest for the year ended June 30, 2023, for this bond issue totaled \$280,484 (including accrued interest of \$26,500).

In October 2005 the electric fund entered into a \$7,000,000 adjustable rate loan agreement with the Public Building Authority of Montgomery County, Tennessee in order to finance construction and improvement of the electrical system. Principal is payable annually through May 2025. Interest is payable monthly at a variable rate (3.47% at June 30, 2023) that adjusts with the interest rate of the adjustable rate bonds issued by the Public Building Authority of Montgomery County, Tennessee to fund the loan. In addition, the electric fund is required to pay monthly remarketing, letter of credit, and trustee fees. During the year ended June 30, 2023 interest and fees paid totaled \$24,113 and \$7,618, respectively.

Proceeds of the \$7,000,000 loan were placed into a trust fund and were to be drawn against as construction costs were incurred. As of December 2013, the Electric Department determined that the remaining unspent loan proceeds were no longer needed and paid them against the outstanding loan principal in addition to the scheduled annual principle payment.

In November 2019 the Electric Department entered into a \$1,040,000 adjustable rate loan agreement with the Gas Department to fund its portion of the new administrative building. Principal is payable annually through November 2038. Interest is payable monthly at a variable rate (3.90% at June 30, 2023) that adjusts annually based on the best bid for like funds for a period of twelve months plus .5%. Interest paid during the year totaled \$21,588.

In 2004 the Water and Sewer Department entered into a revolving loan agreement with the Tennessee Local Development Authority to provide funding for a wastewater facility project. The Utility borrowed \$669,562 under the agreement and began making monthly debt service payments in December 2006. The loan agreement calls for monthly payments of \$3,429, including interest at 2.13%, to be made through November 2026.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

In 2004 the Water and Sewer Department entered into a revolving loan agreement with the Tennessee Local Development Authority to provide funding for a wastewater facility project. The Utility borrowed \$1,194,994 under the agreement and began making monthly debt service payments in July 2007. The loan agreement calls for monthly payments of \$6,303, including interest at 2.45% to be made through June 2027.

In February 2006 the Water and Sewer Department entered into a revolving loan agreement with the Tennessee Local Development Authority to serve as a conduit for a \$2,000,000 loan to finance improvements to the City's storm water system. Because the City will fund all debt service payments, the debt and the related capital assets of the project are reflected in the governmental funds' financial statements rather than in the Water and Sewer Department's financial statements. The City reimburses the Water and Sewer Department for the monthly debt service payments of \$9,256.

In April 2010 the Water and Sewer Department entered into a loan agreement administered by the Tennessee Municipal Bond Fund to provide funding for a new wastewater treatment plant. The Utility borrowed \$6,500,000 under the agreement and began making debt service payments in June 2010. The loan agreement calls for quarterly interest payments at a current rate of 2.51%, to be adjusted by the bank on each subsequent seven-year loan adjustment date, as well as annual principal payments to be made through April 2030.

In 2015 the Water and Sewer Department entered into a revolving loan agreement with the Tennessee Local Development Authority to provide funding for a new water treatment plant improvement project. The Utility borrowed in total \$2,444,000 under the agreement, \$611,000 of which was forgiven under the agreement. The Utility began making monthly debt service payments in July 2016. The loan agreement calls for monthly payments of \$8,422, including interest at .99% to be made through June 2036.

During the year ending June 30, 2019, the Water and Sewer Department issued four Water and Sewer Revenue and Tax Bond Anticipation Notes totaling \$706,924 to finance the construction of water and sewer system improvements and extensions for the Water and Sewer Department with interest cost of 2.625%. From July 2019 through November 2019, additional such notes totaling \$693,076 were issued for a total of \$1,400,000 in Water and Sewer Revenue and Tax Bond Anticipation Notes. These anticipation notes were retired in November 2019 with the issuance of Series 2017 Water and Sewer Revenue Tax Bonds. These bonds were issued to provide permanent financing for the construction of water and sewer system improvements and extensions for the Water and Sewer Department. The permanent loan agreement (bonds) call for monthly payments of \$4,788 including interest at 2.625%, to be made through November 2058.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

During the year ended June 30, 2023, the water and sewer fund's debt service coverage ratio was 2.36. The water and sewer fund is required to maintain a minimum debt service coverage ratio of 1.20 by the State Revolving Loan Fund.

The Utility's bond anticipation note is subject to a covenant requiring the Utility to use proceeds from the impending issuance of bonds to repay the note balance. If the Utility fails to comply with the above covenant, then the full balance of the note may become immediately due and payable. The note holder may require the Utility to surrender assets sufficient to repay the note balance as of the day of default. The Utility is not in violation of this covenant at June 30, 2023.

The bonds and revolving loan agreements are subject to customary covenants restricting the Utility from, among other things: (1) selling or leasing or otherwise disposing of components of the water and sewer system or electric system except in certain circumstances, and (2) providing a copy of the annual audited financial statements. Additionally, the Utility is required to: (1) charge and collect rates, fees and charges to meet the cash flow requirements of the organization, (2) maintain the water and sewer system and electric system including completing necessary improvements, (3) maintain its tax-exempt status, and (4) maintain sufficient insurance coverage.

Events of default under the bonds and revolving loan agreements include but are not limited to: (1) failure to make principal payments when due and payable and (2) failure to make installment of interest payments. In the event of default, if the Utility is unable to remedy, outstanding amounts may become due and payable by declaration of the fiscal agent or the holders. The Utility is not in violation of any covenants at June 30, 2023.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Maturities of long-term debt as of June 30, 2023 are as follows:

Governmental Activities:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 655,492	\$ 182,622	\$ 838,114
2025	672,208	159,005	831,213
2026	690,072	140,553	830,625
2027	658,672	120,548	779,220
2028	675,720	102,106	777,826
2029	588,137	82,339	670,476
2030	519,000	64,093	583,093
2031	198,300	48,072	246,372
2032	107,000	39,142	146,142
2033	109,000	35,578	144,578
2034	111,000	31,948	142,948
2035	114,000	28,220	142,220
2036	116,000	24,427	140,427
2037	118,000	20,568	138,568
2038	121,000	16,612	137,612
2039	123,000	12,590	135,590
2040	126,000	8,469	134,469
2041	128,000	4,284	132,284
2042	<u>131,000</u>	<u>0</u>	<u>131,000</u>
	<u>\$ 5,961,601</u>	<u>\$ 1,121,175</u>	<u>\$ 7,082,776</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Business-Type Activities:

<u>Year Ending</u> <u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 1,252,880	\$ 485,709	\$ 1,738,589
2025	891,427	445,708	1,337,135
2026	820,135	420,434	1,240,569
2027	826,954	398,230	1,225,184
2028	758,409	377,036	1,135,442
2029	759,763	356,212	1,115,975
2030	360,219	337,676	697,895
2031	373,776	326,519	700,295
2032	382,426	314,869	697,295
2033	396,184	302,911	699,095
2034	405,054	290,441	695,495
2035	419,039	277,656	696,695
2036	433,072	264,359	697,431
2037	345,827	251,004	596,831
2038	359,163	237,668	596,831
2039	372,671	223,814	596,485
2040	315,022	209,434	524,456
2041	330,952	197,304	528,256
2042	341,907	184,549	526,456
2043	352,888	171,368	524,256
2044	368,895	157,761	526,656
2045	379,928	143,528	523,456
2046	395,989	128,867	524,856
2047	412,078	113,578	525,656

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Business-Type Activities:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2048	428,196	97,660	525,856
2049	444,343	81,113	525,456
2050	460,521	63,935	524,456
2051	481,731	46,125	527,856
2052	497,972	27,484	525,456
2053	49,247	8,209	57,456
2054	50,555	6,901	57,456
2055	51,899	5,557	57,456
2056	53,277	4,179	57,456
2057	54,693	2,763	57,456
2058	56,146	1,310	57,456
2059	<u>19,370</u>	<u>108</u>	<u>19,478</u>
	<u>\$ 14,702,605</u>	<u>\$ 6,961,979</u>	<u>\$ 21,664,584</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Changes in long-term debt for the year ended June 30, 2023 were as follows:

	<u>Balance</u> <u>7/1/22</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/23</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental</u>					
<u>Activities:</u>					
Tennessee Municipal Bond, Series 2001	\$ 2,320,000	\$ 0	\$ (260,000)	\$ 2,060,000	\$ 268,000
Tennessee Municipal Bond, Series 2016	776,200	0	(77,400)	698,800	79,100
Tennessee Municipal Bond, Series 2017	2,178,000	0	(90,000)	2,088,000	91,000
Tennessee Municipal Bond, Series 2020	433,000	0	(68,000)	365,000	70,000
Tennessee Local Development Authority	695,917	0	(90,816)	605,101	100,092
Capital Outlay Note	191,000	0	(46,300)	144,700	47,300
	<u>\$ 6,594,117</u>	<u>\$ 0</u>	<u>\$ (632,516)</u>	<u>\$ 5,961,601</u>	<u>\$ 655,492</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

	<u>Balance</u> <u>7/1/22</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/23</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Business-Type Activities:</u>					
Revolving loan agreements	\$ 1,849,677	\$ 0	\$ (193,896)	\$ 1,655,781	\$ 197,268
Water and Sewer Revenue tax bonds	1,344,715	0	(22,426)	1,322,289	23,022
Interdepartment loan Gas Department	884,723	0	(49,188)	835,535	38,590
General Obligation Bonds, Series 2022	0	8,100,000	(150,000)	7,950,000	150,000
Premium on Series 2022 Bonds	0	374,988	(12,500)	362,488	0
Debt issuance costs on Series 2022 bonds	0	(256,480)	8,549	(247,931)	0
Tennessee Municipal Bonds					
Adjustable rate loan	2,710,000	0	(349,000)	2,361,000	362,000
	<u>1,041,000</u>	<u>0</u>	<u>(463,000)</u>	<u>578,000</u>	<u>482,000</u>
	<u>\$ 7,830,115</u>	<u>\$ 8,593,496</u>	<u>\$ (1,243,961)</u>	<u>\$ 15,179,650</u>	<u>\$ 1,252,880</u>

NOTE J - INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2023, the school federal project fund owed the general purpose school fund \$531,020 for short term advances for shared costs.

On December 12, 2018 the Gas Department loaned \$1,040,000 to the Electric Department to assist in the funding of the new administrative building. The Electric Department will repay the loan over twenty years. The initial interest rate is 1.5% and is reevaluated annually based on the best bid for like funds for a period of twelve months plus .5%. Interest is paid monthly and principal payments are paid annually. The balance of the note receivable at June 30, 2023 was \$835,534 (\$38,589 current and \$796,945 long-term).

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

NOTE K - ACCOUNTS PAYABLE

In March 2011 the Electric Department entered into an agreement with the City to bill and collect all garbage collection charges for the City's garbage collection customers. The Electric Department remits to the City all funds collected less a billing and collection fee of \$.35 for each billed customer. At June 30, 2023, garbage fees payable to the City totaled \$25,512.

NOTE L - INTERFUND TRANSFERS

Transfers during the year ended June 30, 2023 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Purpose</u>	<u>Amount</u>
General fund	General purpose school fund	Operations	\$ 640,000
General fund	Library fund	Operations	136,000
General fund	Water and sewer fund	Capital Contribution	223,600
Tourism fund	General fund	Operations	35,000
Electric fund	General fund	Payments in-lieu of taxes	545,000
Natural gas fund	General fund	Payments in-lieu of taxes	90,000

NOTE M - CONTRACT WITH TENNESSEE VALLEY AUTHORITY

The Utility has a power contract with Tennessee Valley Authority (TVA) whereby the electric department purchases all of its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract.

NOTE N - PREPAID EXPENSES

Prepaid expenses at June 30, 2023 for the electric fund included the following:

Prepaid power	\$ 137,124
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The Utility prepays its monthly power bill by placing excess funds on deposit with TVA. Interest is earned on the deposited funds at a variable rate (5.04% at June 30, 2023).

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

NOTE O - CONCENTRATION OF CREDIT RISK

The Utility sells electric power, gas and water and sewer services on credit terms, to industrial, commercial and residential customers located in and around the City.

NOTE P - COMMITMENTS

During the year ended June 30, 2023, the City entered into contracts related to administration of American Recovery Plan Act projects totaling \$87,000. No funds had been expended on this contract as of June 30, 2023.

During the year ended June 30, 2023, the City entered into contracts totaling \$173,950 related to engineering and design for road and sidewalk projects totaling \$173,950; \$116,398 had been expended as of June 30, 2023.

In July 2023, the Utility Board approved a contract towards the construction of a new substation for the electric system at a total cost of \$1,482,405.

NOTE Q - RESTRICTED NET POSITION

At June 30, 2023 restricted net position for governmental activities consisted of the following:

Special projects	\$ 80,632
Street improvements	416,423
Pension	3,532,716
Pension stabilization trust	123,778
Drug enforcement	80,255
School capital projects	96,140
Economic development	152,337
Tourism	69,512
Internal school fund	88,975
School federal projects	7,300
School general purpose	9,549,403
School cafeteria	<u>431,506</u>
	<u>\$ 14,628,977</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

At June 30, 2023 restricted net position for business-type activities consisted of the following:

Construction	\$ 4,574,965
Other post employment benefits	<u>280,527</u>
	<u>\$ 4,855,492</u>

NOTE R – PRIOR PERIOD ADJUSTMENT

Net position and fund balance of the governmental activities and general fund at June 30, 2022 has been restated to properly report health insurance liabilities for rebates received on premiums.

	<u>General Fund</u>	<u>Governmental Activities</u>
Balance at June 30, 2022, as originally reported	\$ 5,769,537	\$ 39,105,215
Correction to health insurance liabilities for rebates	<u>(118,884)</u>	<u>(118,884)</u>
Balance at June 30, 2022, as restated	<u>\$ 5,650,652</u>	<u>\$ 38,986,331</u>

As a result of this restatement, the change in net position and change in fund balance for the year ended June 30, 2022 was reduced by \$118,884. There was no effect on business-type activities or any funds other than the general fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SWEETWATER, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET) AND RELATED RATIOS

June 30, 2023

Public Employee Retirement Plan

Total pension liability

Service cost
Interest
Differences between actual and expected experience
Change of assumptions
Benefit payments, including refunds of employee contributions
Net change in total pension liability
Total pension liability - beginning
Total pension liability - ending (a)

Plan fiduciary net position

Contributions - employer
Contributions - employee
Net investment income
Benefit payments, including refunds of employee contributions
Other
Administrative expense
Net change in plan fiduciary net position
Plan fiduciary net position - beginning
Plan fiduciary net position - ending (b)

Net pension liability(asset) - ending (a) - (b)

Plan fiduciary net position as a percentage of total net pension liability

Covered payroll

Net pension liability(asset) as a percentage of covered payroll

See the accompanying independent accountants' audit report.

Measurement Date at June 30,

2022	2021	2020	2019	2018
\$ 383,038	\$ 344,436	\$ 355,711	\$ 336,148	\$ 346,953
1,060,768	1,018,347	985,914	952,960	905,739
212,258	(159,150)	(290,659)	(323,444)	(88,962)
0	1,076,930	0	0	0
(669,838)	(630,639)	(554,043)	(507,345)	(495,849)
<u>986,226</u>	<u>1,649,924</u>	<u>496,923</u>	<u>458,319</u>	<u>667,881</u>
15,666,967	14,017,043	13,520,120	13,061,801	12,393,920
<u>16,653,193</u>	<u>15,666,967</u>	<u>14,017,043</u>	<u>13,520,120</u>	<u>13,061,801</u>
122,459	267,804	269,026	260,663	267,355
204,861	189,025	189,455	183,565	180,917
(732,360)	3,980,840	736,083	1,034,612	1,070,026
(669,838)	(630,639)	(554,043)	(507,345)	(495,849)
0	0	0	0	0
(11,168)	(10,008)	(10,045)	(10,147)	(11,280)
<u>(1,086,046)</u>	<u>3,797,022</u>	<u>630,476</u>	<u>961,348</u>	<u>1,011,169</u>
19,320,411	15,523,389	14,892,913	13,931,565	12,920,396
<u>18,234,365</u>	<u>19,320,411</u>	<u>15,523,389</u>	<u>14,892,913</u>	<u>13,931,565</u>
<u><u>\$(1,581,172)</u></u>	<u><u>\$(3,653,444)</u></u>	<u><u>\$(1,506,346)</u></u>	<u><u>\$(1,372,793)</u></u>	<u><u>\$(869,764)</u></u>
109.49%	123.32%	110.75%	110.15%	106.66%
\$ 4,081,966	\$ 3,771,884	\$ 3,789,096	\$ 3,671,305	\$3,765,565
(38.74)%	(96.86)%	(39.75)%	(37.39)%	(23.10)%

CITY OF SWEETWATER, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET) AND RELATED RATIOS

(continued)

June 30, 2023

Total pension liability

Service cost
Interest
Differences between actual and expected experience
Change of assumptions
Benefit payments, including refunds of employee contributions
Net change in total pension liability
Total pension liability - beginning
Total pension liability - ending (a)

Plan fiduciary net position

Contributions - employer
Contributions - employee
Net investment income
Benefit payments, including refunds of employee contributions
Other
Administrative expense
Net change in plan fiduciary net position
Plan fiduciary net position - beginning
Plan fiduciary net position - ending (b)

Net pension liability(asset) - ending (a) - (b)

Plan fiduciary net position as a percentage of total net pension liability

Covered payroll

Net pension liability(asset) as a percentage of covered payroll

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Measurement Date at June 30,			
2017	2016	2015	2014
\$ 316,083	\$ 299,541	\$ 287,486	\$ 296,695
868,904	813,938	774,676	770,383
(110,280)	45,982	(94,420)	(530,018)
283,479	0	0	0
<u>(467,127)</u>	<u>(419,121)</u>	<u>(493,492)</u>	<u>(447,729)</u>
891,059	740,340	474,250	89,331
<u>11,502,861</u>	<u>10,762,521</u>	<u>10,288,271</u>	<u>10,198,940</u>
<u>12,393,920</u>	<u>11,502,861</u>	<u>10,762,521</u>	<u>10,288,271</u>
260,806	247,646	228,652	229,464
184,038	174,676	161,811	159,450
1,316,795	300,458	340,147	1,585,280
(467,127)	(419,121)	(493,492)	(447,729)
0	9,815	0	0
<u>(10,244)</u>	<u>(8,847)</u>	<u>(5,479)</u>	<u>(4,503)</u>
1,284,268	304,627	231,639	1,521,962
<u>11,636,128</u>	<u>11,331,501</u>	<u>11,099,862</u>	<u>9,577,900</u>
<u>12,920,396</u>	<u>11,636,128</u>	<u>11,331,501</u>	<u>11,099,862</u>
<u>\$ (526,476)</u>	<u>\$ (133,267)</u>	<u>\$ (568,980)</u>	<u>\$ (811,591)</u>
104.25%	101.16%	105.29%	107.89%
\$ 3,673,327	\$ 3,487,971	\$ 3,220,453	\$ 3,173,767
14.33%	3.82%	17.67%	25.57%

Changes of Assumptions:

In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

CITY OF SWEETWATER, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET) AND RELATED RATIOS

(continued)

June 30, 2023

Utility Public Employee Retirement Plan

Total pension liability

Service cost
Interest
Differences between actual and expected experience
Changes of assumptions
Benefit payments, including refunds of employee contributions
Net change in total pension liability
Total pension liability - beginning
Total pension liability - ending (a)

Plan fiduciary net position

Contributions - employer
Contributions - employee
Net investment income
Benefit payments, including refunds of employee contributions
Other
Administrative expense
Net change in plan fiduciary net position
Plan fiduciary net position - beginning
Plan fiduciary net position - ending (b)

Net pension liability(asset) - ending (a) - (b)

Plan fiduciary net position as a percentage of total net pension liability

Covered payroll

Net pension liability(asset) as a percentage of covered payroll

See the accompanying independent accountants' audit report.

Measurement Date at June 30,

2022	2021	2020	2019	2018
\$ 81,042	\$ 82,895	\$ 85,188	\$ 88,944	\$ 85,545
503,116	482,051	464,408	442,329	416,673
259,625	59,059	43,846	107,417	298,170
0	12,411	(36,799)	(23,727)	(21,327)
<u>(228,031)</u>	<u>(251,553)</u>	<u>(233,578)</u>	<u>(209,770)</u>	<u>(315,975)</u>
615,752	384,863	323,065	405,193	463,086
<u>9,066,528</u>	<u>8,681,665</u>	<u>8,358,600</u>	<u>7,953,407</u>	<u>7,490,321</u>
<u>9,682,280</u>	<u>9,066,528</u>	<u>8,681,665</u>	<u>8,358,600</u>	<u>7,953,407</u>
309,648	354,546	393,168	630,164	782,078
90,525	86,115	92,767	91,800	104,257
(1,293,400)	708,225	876,496	922,849	(267,766)
(228,031)	(251,553)	(233,578)	(209,770)	(315,975)
(41,962)	(5,586)	(5,941)	(5,643)	23,269
<u>1,856</u>	<u>(45,053)</u>	<u>(39,027)</u>	<u>(35,295)</u>	<u>(32,378)</u>
<u>(1,161,364)</u>	<u>846,694</u>	<u>1,083,885</u>	<u>1,394,105</u>	<u>293,485</u>
<u>8,681,326</u>	<u>7,834,632</u>	<u>6,750,747</u>	<u>5,356,642</u>	<u>5,063,157</u>
<u>7,519,962</u>	<u>8,681,326</u>	<u>7,834,632</u>	<u>6,750,747</u>	<u>5,356,642</u>
<u>\$ 2,162,318</u>	<u>\$ 385,202</u>	<u>\$ 847,033</u>	<u>\$ 1,607,853</u>	<u>\$ 2,596,765</u>
77.67%	95.75%	90.24%	80.76%	67.35%
\$ 1,746,985	\$ 1,651,079	\$ 1,718,347	\$ 1,715,962	\$ 1,729,267
123.77%	23.33%	49.29%	93.70%	150.17%

CITY OF SWEETWATER, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET) AND RELATED RATIOS

(continued)

June 30, 2023

Total pension liability

Service cost
Interest
Differences between actual and expected experience
Change of assumptions
Benefit payments, including refunds of employee contributions
Net change in total pension liability
Total pension liability - beginning
Total pension liability - ending (a)

Plan fiduciary net position

Contributions - employer
Contributions - employee
Net investment income
Benefit payments, including refunds of employee contributions
Other
Administrative expense
Net change in plan fiduciary net position
Plan fiduciary net position - beginning
Plan fiduciary net position - ending (b)

Net pension liability(asset) - ending (a) - (b)

Plan fiduciary net position as a percentage of total net pension liability

Covered payroll

Net pension liability(asset) as a percentage of covered payroll

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.

Measurement Date at June 30,			
2017	2016	2015	2014
\$ 128,423	\$ 138,489	\$ 139,439	\$ 78,729
435,459	414,800	370,178	421,798
(94,592)	130,073	214,376	(27,444)
(26,692)	(44,461)	370,994	1,771,993
<u>(741,306)</u>	<u>(253,204)</u>	<u>(603,236)</u>	<u>(878,736)</u>
(298,708)	385,697	491,751	1,366,340
<u>7,789,029</u>	<u>7,403,332</u>	<u>6,911,581</u>	<u>5,545,241</u>
<u>7,490,321</u>	<u>7,789,029</u>	<u>7,403,332</u>	<u>6,911,581</u>
511,997	1,071,730	1,379,585	390,344
97,059	98,460	78,137	56,224
540,938	132,746	(45,586)	134,539
(741,306)	(253,204)	(603,236)	(878,736)
(9,077)	(3,930)	0	0
<u>(27,903)</u>	<u>(21,365)</u>	<u>(20,501)</u>	<u>(20,498)</u>
371,708	1,024,437	788,399	(318,127)
<u>4,691,449</u>	<u>3,667,012</u>	<u>2,878,613</u>	<u>3,196,740</u>
<u>5,063,157</u>	<u>4,691,449</u>	<u>3,667,012</u>	<u>2,878,613</u>
<u>\$ 2,427,164</u>	<u>\$ 3,097,580</u>	<u>\$ 3,736,320</u>	<u>\$ 4,032,968</u>
32.40%	39.77%	50.47%	58.35%
\$ 1,669,868	\$ 1,970,574	\$ 1,967,078	\$ 1,995,740
145.35%	157.19%	189.94%	202.08%

Changes of Assumptions:

During the year ended June 30, 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

CITY OF SWEETWATER, TENNESSEE

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

June 30, 2023

Teacher Legacy Pension Plan

	Measurement date at June 30,			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability (asset)	\$ (1,923,425)	\$ (6,493,074)	\$ (1,209,602)	\$ (1,642,943)
Proportionate share of the net pension liability (asset)	0.156834%	0.150538%	0.158621%	0.159791%
Covered payroll	\$ 5,161,329	\$ 4,940,933	\$ 5,279,320	\$ 5,358,028
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(37.27)%	(131.41)%	(22.91)%	(30.66)%
Plan fiduciary net position as a percentage of the total pension liability	104.42%	116.13%	103.09%	104.28%

See the accompanying independent accountants' audit report.

Measurement date at June 30,				
2018	2017	2016	2015	2014
\$ (543,773)	\$ (49,798)	\$ 941,846	\$ 61,343	\$ (23,265)
0.154529%	0.152207%	0.150709%	0.014975%	0.014317%
\$ 5,411,099	\$ 5,380,434	\$ 5,440,279	\$ 5,605,879	\$ 5,619,511
(10.05)%	(.93)%	17.31%	1.09%	(.14)%
101.49%	100.14%	97.14%	99.81%	100.08%

CITY OF SWEETWATER, TENNESSEE

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

(continued)

June 30, 2023

Teacher Retirement Plan

	Measurement date at June 30,			
	2022	2021	2020	2019
Proportion of the net pension liability (asset)	\$ (28,119)	\$ (96,963)	\$ (42,741)	\$ (40,764)
Proportionate share of the net pension liability (asset)	0.092824%	0.089515%	0.075163%	0.072214%
Covered payroll	\$ 1,585,181	\$ 1,291,887	\$ 948,481	\$ 764,181
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(1.77)%	(7.51)%	(4.51)%	(5.33)%
Plan fiduciary net position as a percentage of the total pension liability	104.55%	121.53%	116.52%	123.07%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

Measurement date at June 30,

2018	2017	2016	2015	2014
\$ (34,105)	\$ (19,422)	\$ (5,479)	\$ (2,112)	\$ 0
0.075200%	0.073608%	0.052629%	0.052487%	0.00%
\$ 657,161	\$ 483,122	\$ 231,568	\$ 109,054	\$ 0
(5.19)%	(4.02)%	(2.37)%	(1.94)%	0.00%
126.97%	126.81%	121.88%	127.46%	0.00%

CITY OF SWEETWATER, TENNESSEE

CHANGES IN NET OPEB LIABILITY(ASSET) AND RELATED RATIOS

June 30, 2023

<u>Utility Employee OPEB Plan</u>	Measurement Date at June 30, 2023
<u>Total OPEB liability</u>	
Service cost	\$ 3,757
Interest	4,982
Differences between actual and expected experience	4,712
Changes in assumptions	(7,508)
Change of benefit terms	0
Expected benefit payments	(6,890)
Net change in total OPEB liability	(947)
Total OPEB liability - beginning	94,035
Total OPEB liability - ending (a)	93,088
 <u>Plan fiduciary net position</u>	
Contributions - employer	6,890
Net investment income	22,068
Expected benefit payments	(6,890)
Prior period adjustment	0
Net change in plan fiduciary net position	22,068
Plan fiduciary net position - beginning	351,547
Plan fiduciary net position - ending (b)	373,615
 Net pension liability(asset) - ending (a) - (b)	<u>\$ (280,527)</u>
 Plan fiduciary net position as a percentage of total net pension liability	 401.36%
 Covered payroll	 \$ 3,453,247
 Net pension liability(asset) as a percentage of covered payroll	 (8.12)%

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 the accompanying independent accountants' audit report

	Measurement Date at June 30,					
	2022	2021	2020	2019	2018	2017
\$	7,142	\$ 3,410	\$ 3,370	\$ 3,552	\$ 11,723	\$ 12,009
	6,444	8,942	9,000	8,355	17,910	16,926
	0	(28,932)	0	(7,404)	(11,855)	(10,773)
	(28,184)	(3,794)	0	(175,266)	0	0
	0	(6,474)	0	0	0	0
	(17,053)	(20,102)	0	0	0	0
	(31,651)	(46,950)	12,370	(170,763)	17,778	18,162
	125,686	172,636	160,266	331,029	313,251	295,089
	94,035	125,686	172,636	160,266	331,029	313,251
	17,078	20,102	0	0	0	36,000
	(50,285)	66,239	0	17,669	16,188	24,247
	(17,053)	(20,102)	0	0	0	0
	0	6,729	0	0	0	0
	(50,260)	72,968	0	17,669	16,188	60,247
	401,807	328,839	328,839	311,170	294,982	234,735
	351,547	401,807	328,839	328,839	311,170	294,982
\$	(257,512)	\$ (276,121)	\$ (156,203)	\$ (168,573)	\$ 19,859	\$ 18,269
	373.85%	321.45%	190.48%	205.18%	60.82%	52.78%
\$	3,137,956	\$ 3,079,593	\$ 2,846,863	\$ 2,791,042	\$ 2,683,606	\$ 2,593,392
	(8.21)%	(8.97)%	(5.49)%	(6.04)%	0.74%	0.70%

CITY OF SWEETWATER, TENNESSEE

**CHANGES IN PROPORTIONATE SHARE OF COLLECTIVE
OPEB LIABILITY AND RELATED RATIOS**

June 30, 2023

<i>Teacher Group OPEB Plan</i>	Measurement Date at June 30, 2023
<u>Total OPEB liability</u>	
Service cost	\$ 128,428
Interest	55,909
Differences between actual and expected experience	(71,316)
Changes in assumptions	(197,275)
Benefit payments	(143,355)
Net change in total OPEB liability	(227,609)
Total OPEB liability - beginning	2,531,231
Total OPEB liability - ending	<u>\$ 2,303,622</u>
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$ 838,582
 Employer's proportionate share of the collective total OPEB liability	 \$ 1,465,040
 Covered payroll	 \$ 5,445,743
 Employer's proportionate share of the collective total OPEB liability as a percentage of covered payroll	 63.60%

Notes to Schedule

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.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

See the accompanying independent accountants' audit report

	Measurement Date at June 30,			
2022	2021	2020	2019	
\$ 103,110	\$ 77,528	\$ 83,973	\$ 94,945	
50,590	69,199	66,684	73,806	
(89,940)	68,577	254,623	(341,681)	
364,428	213,881	(159,370)	56,023	
(165,106)	(109,061)	(111,062)	(96,374)	
<u>263,082</u>	<u>320,124</u>	<u>134,848</u>	<u>(213,281)</u>	
2,268,149	1,948,025	1,813,177	2,026,458	
<u>\$ 2,531,231</u>	<u>\$ 2,268,149</u>	<u>\$ 1,948,025</u>	<u>\$ 1,813,177</u>	
\$ 905,181	\$ 775,791	\$ 706,177	\$ 644,568	
\$ 1,626,050	\$ 1,492,358	\$ 1,241,848	\$ 1,168,609	
\$ 4,767,776	\$ 5,005,688	\$ 5,626,745	\$ 5,841,765	
34.10%	29.81%	22.07%	20.00%	

CITY OF SWEETWATER, TENNESSEE

**CHANGES IN PROPORTIONATE SHARE OF COLLECTIVE
OPEB LIABILITY AND RELATED RATIOS**

(continued)

June 30, 2023

<i>Closed Tennessee Plan</i>	Measurement Date at June 30, 2022
<u>Total OPEB liability</u>	
Service cost	\$ 8,895,000
Interest	7,722,000
Differences between actual and expected experience	3,595,000
Changes in assumptions	(69,112,000)
Benefit payments	<u>(9,556,000)</u>
Net change in total OPEB liability	(58,456,000)
Total OPEB liability - beginning	<u>353,379,000</u>
Total OPEB liability - ending	<u><u>\$ 294,923,000</u></u>
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$ 294,923,000
 Employer's proportionate share of the collective total OPEB liability	 \$ 0
 Covered payroll	 \$ 1,637,050
 Employer's proportionate share of the collective total OPEB liability as a percentage of covered payroll	 0.00%

Notes to Schedule

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.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

See the accompanying independent accountants' audit report

2021	Measurement Date at June 30,		2018
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 11,338,000	\$ 7,773,000	\$ 6,710,000	\$ 7,554,000
9,409,000	11,146,000	9,782,000	10,874,000
(3,243,000)	15,577,000	31,556,000	(41,345,000)
(73,706,000)	79,087,000	6,881,000	(2,335,000)
(9,567,000)	(8,367,000)	(8,946,000)	(9,379,000)
<u>(65,769,000)</u>	<u>105,216,000</u>	<u>45,983,000</u>	<u>(34,631,000)</u>
419,148,000	313,932,000	267,949,000	302,580,000
<u>\$353,379,000</u>	<u>\$419,148,000</u>	<u>\$313,932,000</u>	<u>\$267,949,000</u>
\$353,379,000	\$419,148,000	\$313,932,000	\$267,949,000
\$ 0	\$ 0	\$ 0	\$ 0
\$ 1,534,873	\$ 1,437,361	\$ 671,363	\$ 529,175
0.00%	0.00%	0.00%	0.00%

CITY OF SWEETWATER, TENNESSEE

PENSION CONTRIBUTIONS

June 30, 2023

	Year Ended June 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Public Employee Retirement Plan</u>			
Actuarially determined contributions	\$ 21,244	\$ 20,818	\$ 138,428
Contributions in relation to the actuarially determined contributions	<u>(231,979)</u>	<u>(122,459)</u>	<u>(267,804)</u>
Contributions deficiency(excess)	<u>\$ (210,735)</u>	<u>\$ (101,641)</u>	<u>\$ (129,376)</u>
Covered payroll	\$ 4,632,779	\$ 4,081,966	\$ 3,771,884
Contributions as a percentage of covered payroll	5.00%	3.00%	7.10%
<u>Teacher Legacy Pension Plan</u>			
Contractually required contributions	\$ 420,956	\$ 531,616	\$ 507,433
Contributions in relation to the contractually required contributions	<u>(420,956)</u>	<u>(531,616)</u>	<u>(507,433)</u>
Contributions deficiency(excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 4,844,133	\$ 5,161,329	\$ 4,940,933
Contributions as a percentage of covered payroll	8.69%	10.30%	10.27%

See the accompanying independent accountants' audit report.

	Year Ended June 30,					
2020	2019	2018	2017	2016	2015	2014
\$ 235,682	\$ 241,940	\$ 267,355	\$ 260,806	\$ 247,646	\$ 228,544	\$ 229,464
<u>(269,026)</u>	<u>(260,663)</u>	<u>(267,355)</u>	<u>(260,806)</u>	<u>(247,646)</u>	<u>(228,544)</u>	<u>(229,464)</u>
<u>\$ (33,344)</u>	<u>\$ (18,723)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 3,789,096	\$ 3,671,305	\$ 3,781,918	\$ 3,673,327	\$ 3,487,971	\$ 3,220,453	\$ 3,173,767
7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.23%
\$ 561,191	\$ 560,450	\$ 491,327	\$ 485,399	\$ 491,801	\$ 506,773	\$ 499,013
<u>(561,191)</u>	<u>(560,450)</u>	<u>(491,327)</u>	<u>(485,399)</u>	<u>(491,801)</u>	<u>(506,773)</u>	<u>(499,013)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 5,279,320	\$ 5,358,028	\$ 5,411,099	\$ 5,367,444	\$ 5,440,729	\$ 5,605,879	\$ 5,619,517
10.63%	10.46%	9.08%	9.04%	9.04%	9.04%	8.88%

CITY OF SWEETWATER, TENNESSEE

PENSION CONTRIBUTIONS

(continued)

June 30, 2023

	Year Ended June 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Teacher Retirement Plan</u>			
Actuarially determined contributions	\$ 57,300	\$ 31,862	\$ 26,096
Contributions in relation to the actuarially determined contributions	<u>(57,300)</u>	<u>(31,862)</u>	<u>(26,096)</u>
Contributions deficiency(excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 1,996,506	\$ 1,585,181	\$ 1,291,887
Contributions as a percentage of covered payroll	2.87%	2.01%	2.02%
<u>Utility Public Employee Retirement Plan</u>			
Contractually required contributions	\$ 222,550	\$ 263,903	\$ 302,655
Contributions in relation to the contractually required contributions	<u>(309,648)</u>	<u>(354,546)</u>	<u>(393,168)</u>
Contributions deficiency(excess)	<u>\$ (87,098)</u>	<u>\$ (90,643)</u>	<u>\$ (90,513)</u>
Covered payroll	\$ 1,746,985	\$ 1,651,079	\$ 1,718,347
Contributions as a percentage of covered payroll	17.72%	21.47%	22.88%

City of Sweetwater, Tennessee is required to contribute 4% of salaries for employees enrolled in the Teacher Retirement Plan. Contributions are allocated between the pension plan (2.87%) and the stabilization reserve trust (1.13%).

<u>2020</u>	<u>2019</u>	<u>Year Ended June 30,</u>		<u>2016</u>	<u>2015</u>
		<u>2018</u>	<u>2017</u>		
\$ 19,254	\$ 14,825	\$ 10,717	\$ 19,767	\$ 5,797	\$ 2,726
<u>(19,254)</u>	<u>(14,825)</u>	<u>(26,286)</u>	<u>(19,767)</u>	<u>(9,263)</u>	<u>(4,362)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (15,569)</u>	<u>\$ 0</u>	<u>\$ (3,466)</u>	<u>\$ (1,636)</u>
\$ 948,481	\$ 764,181	\$ 652,067	\$ 494,112	\$ 231,568	\$ 109,054
2.03%	1.94%	1.64%	4.00%	4.00%	4.00%
\$ 343,259	\$ 357,081	\$ 408,049	\$ 472,742	\$ 503,303	\$ 370,464
<u>(630,164)</u>	<u>(782,078)</u>	<u>(511,997)</u>	<u>(1,071,730)</u>	<u>(1,379,585)</u>	<u>(390,344)</u>
<u>\$ (286,905)</u>	<u>\$ (424,997)</u>	<u>\$ (103,948)</u>	<u>\$ (598,988)</u>	<u>\$ (876,282)</u>	<u>\$ (19,880)</u>
\$ 1,715,962	\$ 1,729,267	\$ 1,669,868	\$ 1,970,574	\$ 1,967,078	\$ 1,995,740
36.72%	45.23%	30.66%	54.39%	70.13%	19.56%

CITY OF SWEETWATER, TENNESSEE

NOTES TO PENSION CONTRIBUTIONS

June 30, 2023

Public Employee Retirement Plan

Valuation Date - Actuarially determined contribution rates for the year ended June 30, 2023 were calculated based on the June 30, 2021 actuarial valuation.

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% corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including and adjustment for some anticipated improvement
Cost of living adjustments	2.125%

Changes in Assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.5% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017 the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

NOTES TO PENSION CONTRIBUTIONS

(continued)

June 30, 2023

Utility Public Employee Retirement Plan

Valuation Date - Actuarially determined contribution rates for the year ended June 30, 2023 were calculated based on the January 1, 2023 actuarial valuation.

Actuarial cost method	Entry Age Normal cost method
Amortization method	Level payments on the 2022 unfunded liability adjusted for normal costs, interest, contributions, and changes due to plan amendments or changes in actuarial assumptions.
Remaining amortization period	9 years
Asset valuation	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected return on a market value basis, and is recognized over a five year period at 20% per year, further adjusted, if necessary, to be within 20% of market value.
Inflation	3.0%
Salary increases	3.0%
Investment rate of return	5.5%
Retirement age	62
Mortality	RH 2014 Healthy Annuitant Mortality Table using MP-2021 mortality improvements

CITY OF SWEETWATER, TENNESSEE

OPEB CONTRIBUTIONS

June 30, 2023

	Year Ended June 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Utility Employee OPEB Plan</u>			
Actuarially determined contributions	\$ (23,096)	\$ (20,366)	\$ 7,996
Contributions in relation to the actuarially determined contributions	<u>0</u>	<u>25</u>	<u>0</u>
Contributions deficiency(excess)	<u>\$ (23,096)</u>	<u>\$ (20,341)</u>	<u>\$ (7,996)</u>
Covered payroll	\$ 3,453,247	\$ 3,137,956	\$ 3,079,593
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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.

<u>2020</u>	Year Ended June 30,		<u>2017</u>
	<u>2019</u>	<u>2018</u>	
\$ (10,921)	\$ (10,730)	\$ 38,762	\$ 1,680
<u>0</u>	<u>0</u>	<u>0</u>	<u>(36,000)</u>
<u>\$ (10,921)</u>	<u>\$ (10,730)</u>	<u>\$ 38,762</u>	<u>\$ (34,320)</u>
\$ 2,846,863	\$ 2,791,042	\$ 2,683,606	\$ 2,593,392
0.00%	0.00%	0.00%	1.39%

Valuation Date – The actuarially determined contribution shown for the current year is based on the beginning of year normal cost and the payments towards unfunded liability as of June 30, 2023. The payment towards the unfunded liability is set up as a level dollar payment over 14 future years.

SUPPLEMENTARY INFORMATION

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
SCHOOL CAPITAL PROJECT FUND**

Year Ended June 30, 2023

	<u>Budget</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Over (Under)
REVENUE				
Other revenue:				
Interest on investments	\$ 5,000	\$ 5,000	\$ 20,440	\$ 15,440
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>75,699</u>	<u>75,699</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 96,140</u>	<u>\$ 91,140</u>

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2023

	<u>Home Grant Fund</u>	<u>Economic Development Fund</u>	<u>Library Fund</u>
ASSETS			
Cash and temporary investments	\$ 0	\$ 152,337	\$ 51,440
Accounts receivable	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$ 0</u>	<u>\$ 152,337</u>	<u>\$ 51,440</u>
LIABILITIES			
Accounts payable	\$ 0	\$ 0	\$ 318
FUND BALANCES			
Assigned	0	0	51,122
Restricted	<u>0</u>	<u>152,337</u>	<u>0</u>
	<u>0</u>	<u>152,337</u>	<u>51,122</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 0</u>	<u>\$ 152,337</u>	<u>\$ 51,440</u>

See the accompanying independent accountants' audit report.

<u>Internal School Funds</u>	<u>Tourism Fund</u>	<u>Totals</u>
\$ 88,975	\$ 61,742	\$ 354,495
<u>0</u>	<u>7,769</u>	<u>7,769</u>
<u>\$ 88,975</u>	<u>\$ 69,512</u>	<u>\$ 362,264</u>
\$ 0	\$ 0	\$ 318
0	0	51,122
<u>88,975</u>	<u>69,512</u>	<u>310,824</u>
<u>88,975</u>	<u>69,512</u>	<u>361,947</u>
<u>\$ 88,975</u>	<u>\$ 69,512</u>	<u>\$ 362,264</u>

CITY OF SWEETWATER, TENNESSEE

COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2023

	<u>Home Grant Fund</u>	<u>Economic Development Fund</u>	<u>Library Fund</u>
REVENUE			
Daily collections	\$ 0	\$ 0	\$ 4,744
Contributions	0	0	61,133
Occupancy tax	0	0	0
Grants	96,494	0	0
Internal school revenue	0	0	0
Interest	<u>0</u>	<u>81</u>	<u>0</u>
TOTAL REVENUE	96,494	81	65,877
EXPENDITURES			
Personnel	0	0	136,078
OASDI	0	0	10,410
Unemployment insurance	0	0	118
Buildings and grounds	0	0	3,065
Telephone	0	0	1,598
Utilities	0	0	10,192
Supplies	0	0	799
Programs	0	0	12,718
Books	0	0	21,018
Data processing services	0	0	1,226
Professional services	0	0	379
Facilities	143,690	0	0
Subscription and dues	0	0	0
Enhancement	0	0	0
Internal School expense	0	0	0
Travel, training and development	<u>0</u>	<u>0</u>	<u>2,271</u>

See the accompanying independent accountants' audit report.

<u>Internal School Funds</u>	<u>Tourism Fund</u>	<u>Totals</u>
\$ 0	\$ 0	\$ 4,744
0	9,150	70,283
0	92,885	92,885
0	0	96,494
196,105	0	196,105
<u>0</u>	<u>0</u>	<u>81</u>
196,105	102,035	460,592
0	0	136,078
0	0	10,410
0	0	118
0	0	3,065
0	0	1,598
0	0	10,192
0	2,765	3,564
0	0	12,718
0	0	21,018
0	0	1,226
0	0	379
0	0	143,690
0	7,224	7,224
0	22,848	22,848
222,122	0	222,122
<u>0</u>	<u>32,067</u>	<u>34,338</u>

CITY OF SWEETWATER, TENNESSEE

COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

(continued)

Year Ended June 30, 2023

	<u>Home Grant Fund</u>	<u>Economic Development Fund</u>	<u>Library Fund</u>
TOTAL EXPENDITURES	<u>143,690</u>	<u>0</u>	<u>199,871</u>
NET CHANGE IN FUND BALANCES BEFORE OTHER FINANCING SOURCES(USES)	(47,195)	81	(133,994)
OTHER FINANCING SOURCES(USES)			
Transfer to general fund	0	0	0
Transfer from general fund	<u>42,810</u>	<u>0</u>	<u>136,000</u>
	<u>42,810</u>	<u>0</u>	<u>136,000</u>
NET CHANGE IN FUND BALANCES	(4,386)	81	2,006
FUND BALANCES AT THE BEGINNING OF THE YEAR	<u>4,386</u>	<u>152,256</u>	<u>49,116</u>
FUND BALANCES AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 152,337</u>	<u>\$ 51,122</u>

<u>Internal School Funds</u>	<u>Tourism Fund</u>	<u>Totals</u>
<u>222,122</u>	<u>64,905</u>	<u>630,588</u>
(26,017)	37,130	(169,995)
0	(35,000)	(35,000)
<u>0</u>	<u>0</u>	<u>178,810</u>
<u>0</u>	<u>(35,000)</u>	<u>143,810</u>
(26,017)	2,130	(26,186)
<u>114,991</u>	<u>67,382</u>	<u>388,133</u>
<u>\$ 88,975</u>	<u>\$ 69,512</u>	<u> </u>

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
HOME GRANT FUND**

Year Ended June 30, 2023

	<u>Budget</u>			<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Home Grant	\$ 100,000	\$ 100,000	\$ 96,494	\$ (3,506)
EXPENDITURES				
Home rehabilitation	<u>100,000</u>	<u>144,000</u>	<u>143,690</u>	<u>(310)</u>
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES	0	(44,000)	(47,195)	(3,195)
OTHER FINANCING SOURCES				
Transfer from general fund	<u>0</u>	<u>43,000</u>	<u>42,810</u>	<u>(190)</u>
NET CHANGE IN FUND BALANCE	0	(1,000)	(4,386)	(3,386)
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>1,000</u>	<u>4,386</u>	<u>3,386</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
ECONOMIC DEVELOPMENT FUND**

Year Ended June 30, 2023

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
REVENUE				
Other income	\$ 100	\$ 100	\$ 81	\$ (19)
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>152,256</u>	<u>152,256</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 152,337</u>	<u>\$ 152,237</u>

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
LIBRARY FUND**

Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Daily collections	\$ 5,500	\$ 5,500	\$ 4,744	\$ (756)
Contributions	<u>69,500</u>	<u>69,500</u>	<u>61,133</u>	<u>(8,367)</u>
TOTAL REVENUE	75,000	75,000	65,877	(9,123)
EXPENDITURES				
Personnel	138,000	138,000	136,078	(1,922)
OASDI	11,000	11,000	10,410	(590)
Unemployment insurance	300	300	118	(182)
Buildings and grounds	9,500	9,500	3,065	(6,435)
Telephone	2,700	2,700	1,598	(1,102)
Utilities	11,000	11,000	10,192	(808)
Supplies	4,000	4,000	799	(3,201)
Programs	10,000	10,000	12,718	2,718
Books	21,100	21,100	21,018	(82)
Data processing services	1,500	1,500	1,226	(274)
Professional services	400	400	379	(21)
Travel, training and development	<u>1,500</u>	<u>1,500</u>	<u>2,271</u>	<u>771</u>
TOTAL EXPENDITURES	<u>211,000</u>	<u>211,000</u>	<u>199,871</u>	<u>(11,129)</u>
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES	(136,000)	(136,000)	(133,994)	2,006

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
LIBRARY FUND**

(continued)

Year Ended June 30, 2023

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
OTHER FINANCING SOURCES				
Transfer from general fund	<u>136,000</u>	<u>136,000</u>	<u>136,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	0	0	2,006	2,006
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>49,116</u>	<u>49,116</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 51,122</u>	<u>\$ 51,122</u>

CITY OF SWEETWATER, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
TOURISM FUND**

Year Ended June 30, 2023

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Occupancy tax	\$ 90,000	\$ 90,000	\$ 92,885	\$ 2,885
Contribution	0	0	9,150	9,150
TOTAL REVENUE	90,000	90,000	102,035	12,035
EXPENDITURES				
Subscription and dues	7,000	7,000	7,224	224
Enhancement	15,000	23,000	22,848	(152)
Training and travel	28,000	36,000	32,067	(3,933)
Operating supplies	5,000	5,000	2,765	(2,235)
TOTAL EXPENDITURES	55,000	71,000	64,905	(6,095)
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING (USES)				
	35,000	19,000	37,130	18,130
OTHER FINANCING (USES)				
Transfer to general fund	(35,000)	(35,000)	(35,000)	0
NET CHANGE IN FUND BALANCE	0	(16,000)	2,130	18,130
FUND BALANCE AT THE BEGINNING OF THE YEAR				
	0	16,000	67,382	51,382
FUND BALANCE AT THE END OF THE YEAR				
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 69,512</u>	<u>\$ 69,512</u>

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

INVESTMENTS

June 30, 2023

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
<u>General fund:</u>			
Certificate of deposit	0.75 %	05/20/25	\$ 100,758
Certificate of deposit	4.41	01/09/24	<u>252,789</u>
			<u>\$ 353,547</u>
<u>Electric fund:</u>			
Certificate of deposit	4.54	10/15/23	\$ 100,000
Certificate of deposit	5.00	11/06/23	<u>445,000</u>
			<u>\$ 545,000</u>
<u>Natural gas fund:</u>			
Certificate of deposit	4.00	07/20/23	\$ 300,000
Certificate of deposit	4.00	08/08/23	300,000
Certificate of deposit	5.25	12/25/23	300,000
Certificate of deposit	4.10	08/15/23	550,000
Certificate of deposit	4.00	09/18/23	250,000
Certificate of deposit	5.25	12/05/23	<u>100,000</u>
			<u>\$ 1,800,000</u>
<u>Water and sewer fund:</u>			
Certificate of deposit	4.10	08/15/23	\$ 400,000
Certificate of deposit	4.54	10/15/23	150,000
Certificate of deposit	5.00	11/06/23	<u>55,000</u>
			<u>\$ 605,000</u>

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

PROPERTY TAXES RECEIVABLE

June 30, 2023

<u>Year of Levy</u>	<u>Rate</u>	<u>Total Assessment</u>	<u>Levy</u>	<u>Balance June 30, 2022</u>
2023	\$ 0.9346	\$ 222,939,794	\$ 2,090,235	\$ 0
2022	1.3800	148,631,511	2,051,146	2,051,146
2021	1.3800	147,413,789	2,034,357	83,401
2020	1.3800	146,624,793	2,024,755	39,666
2019	1.3800	145,149,987	1,999,500	21,348
2018	1.3800	142,825,716	1,967,415	18,050
2017	1.2000	133,972,055	1,607,821	51,589
2016	1.2000	133,812,053	1,605,159	61,795
2015	1.2000	133,670,850	1,604,180	62,444
2014	1.2000	134,015,090	1,598,712	49,488
2013	1.4600	129,476,478	1,894,032	<u>59,378</u>
				<u>\$ 2,498,305</u>

Property taxes unpaid for 2013 through 2021 have been filed with the Monroe County Clerk and Master.

See the accompanying independent accountants' audit report.

<u>Taxes Levied</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Balance June 30, 2023</u>
\$ 2,069,714	\$ 0	\$ 0	\$ 2,069,714
0	16,466	1,952,582	115,030
0	0	56,195	27,206
0	0	20,069	19,597
0	0	5,574	15,774
0	0	4,234	13,816
0	0	2,471	49,118
0	0	2,243	59,552
0	0	1,730	60,714
0	0	0	49,488
<u>0</u>	<u>(59,378)</u>	<u>0</u>	<u>0</u>
<u>\$ 2,069,714</u>	<u>\$ (42,912)</u>	<u>\$ 2,045,098</u>	<u>\$ 2,480,009</u>

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Governmental Activities:</u>			
Tennessee Municipal Bond, Series 2001			
Year Ending <u>June 30:</u>			
2024	\$ 268,000	\$ 63,860	\$ 331,860
2025	276,000	55,552	331,552
2026	285,000	46,996	331,996
2027	294,000	38,161	332,161
2028	303,000	29,047	332,047
2029	312,000	19,654	331,654
2030	<u>322,000</u>	<u>9,982</u>	<u>331,982</u>
	<u>\$ 2,060,000</u>	<u>\$ 263,252</u>	<u>\$ 2,323,252</u>

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Tennessee Municipal Bond, Series 2016			
Year Ending			
<u>June 30:</u>			
2024	\$ 79,100	\$ 24,410	\$ 103,510
2025	81,900	20,060	101,960
2026	83,700	17,798	101,498
2027	86,400	15,455	101,855
2028	89,300	13,062	102,362
2029	91,100	10,591	101,691
2030	94,000	8,037	102,037
2031	<u>93,300</u>	<u>5,431</u>	<u>98,731</u>
	<u>\$ 698,800</u>	<u>\$ 114,844</u>	<u>\$ 813,644</u>
Tennessee Municipal Bond, Series 2020			
Year Ending			
<u>June 30:</u>			
2024	\$ 70,000	\$ 10,076	\$ 80,076
2025	71,000	7,128	78,128
2026	73,000	5,605	78,605
2027	75,000	4,050	79,050
2028	<u>76,000</u>	<u>2,452</u>	<u>78,452</u>
	<u>\$ 365,000</u>	<u>\$ 29,311</u>	<u>\$ 394,311</u>

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Tennessee Local Development Authority			
Year Ending <u>June 30:</u>			
2024	\$ 101,092	\$ 14,904	\$ 115,996
2025	102,108	10,980	113,088
2026	104,172	8,964	113,136
2027	106,272	6,900	113,172
2028	108,420	4,800	113,220
2029	<u>83,037</u>	<u>2,652</u>	<u>85,689</u>
	<u>\$ 605,101</u>	<u>\$ 49,200</u>	<u>\$ 654,301</u>
Capital Outlay			
Year Ending <u>June 30:</u>			
2024	\$ 47,300	\$ 4,070	\$ 51,370
2025	48,200	3,024	51,224
2026	<u>49,200</u>	<u>2,036</u>	<u>51,236</u>
	<u>\$ 144,700</u>	<u>\$ 9,130</u>	<u>\$ 153,830</u>

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Tennessee Municipal Bond, Series 2017			
Year Ending <u>June 30:</u>			
2024	\$ 91,000	\$ 65,302	\$ 156,302
2025	93,000	62,261	155,261
2026	95,000	59,154	154,154
2027	97,000	55,982	152,982
2028	99,000	52,745	151,745
2029	101,000	49,442	150,442
2030	103,000	46,074	149,074
2031	105,000	42,641	147,641
2032	107,000	39,142	146,142
2033	109,000	35,578	144,578
2034	111,000	31,948	142,948
2035	114,000	28,220	142,220
2036	116,000	24,427	140,427
2037	118,000	20,568	138,568
2038	121,000	16,612	137,612
2039	123,000	12,590	135,590
2040	126,000	8,469	134,469
2041	128,000	4,284	132,284
2042	131,000	0	131,000
	<u>\$ 2,088,000</u>	<u>\$ 655,439</u>	<u>\$ 2,743,439</u>

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Business-Type Activities:</u>			
Adjustable rate note through PBA of Montgomery County, Tennessee			
Year Ending			
<u>June 30:</u>			
2024	\$ 482,000	\$ 23,120	\$ 505,120
2025	<u>96,000</u>	<u>3,840</u>	<u>99,840</u>
	<u>\$ 578,000</u>	<u>\$ 26,960</u>	<u>\$ 604,960</u>

Interest is estimated based on the rate at June 30, 2023 of 3.47%

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Interdepartmental Loan - Gas Department			
Year Ending <u>June 30:</u>			
2024	\$ 38,590	\$ 32,585	\$ 71,175
2025	40,094	31,081	71,175
2026	41,658	29,517	71,175
2027	43,283	27,893	71,176
2028	44,971	26,204	71,175
2029	46,724	24,451	71,175
2030	48,547	22,628	71,175
2031	50,440	20,735	71,175
2032	52,407	18,768	71,175
2033	54,451	16,724	71,175
2034	56,575	14,600	71,175
2035	58,781	12,394	71,175
2036	61,073	10,102	71,175
2037	63,455	7,720	71,175
2038	65,930	5,245	71,175
2039	68,556	2,673	71,229
	<u>\$ 835,535</u>	<u>\$ 303,320</u>	<u>\$ 1,138,855</u>

Interest is estimated based on the rate at June 30, 2023 of 3.90%

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
General Obligation Bonds, Series 2022			
Year Ending <u>June 30:</u>			
2024	\$ 150,000	\$ 318,000	\$ 468,000
2025	155,000	312,000	467,000
2026	160,000	305,800	465,800
2027	170,000	299,400	469,400
2028	175,000	292,600	467,600
2029	185,000	285,600	470,600
2030	190,000	278,200	468,200
2031	200,000	270,600	470,600
2032	205,000	262,600	467,600
2033	215,000	254,400	469,400
2034	220,000	245,800	465,800
2035	230,000	237,000	467,000
2036	240,000	227,800	467,800
2037	250,000	218,200	468,200
2038	260,000	208,200	468,200
2039	270,000	197,800	467,800
2040	280,000	187,000	467,000
2041	295,000	175,800	470,800
2042	305,000	164,000	469,000
2043	315,000	151,800	466,800
2044	330,000	139,200	469,200
2045	340,000	126,000	466,000
2046	355,000	112,400	467,400

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
General Obligation Bonds, Series 2022 (continued)			
Year Ending <u>June 30:</u>			
2047	\$ 370,000	\$ 98,200	\$ 468,200
2048	385,000	83,400	468,400
2049	400,000	68,000	468,000
2050	415,000	52,000	467,000
2051	435,000	35,400	470,400
2052	<u>450,000</u>	<u>18,000</u>	<u>468,000</u>
	<u>\$ 7,950,000</u>	<u>\$ 5,625,200</u>	<u>\$ 13,575,200</u>

State Revolving Loan SRF 2003-170

Year Ending <u>June 30:</u>			
2024	\$ 38,640	\$ 2,508	\$ 41,148
2025	39,468	1,680	41,148
2026	40,320	828	41,148
2027	<u>17,050</u>	<u>49</u>	<u>17,099</u>
	<u>\$ 135,478</u>	<u>\$ 5,065</u>	<u>\$ 140,543</u>

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
State Revolving Loan SRF 07-177			
Year Ending			
<u>June 30:</u>			
2024	\$ 69,360	\$ 6,276	\$ 75,636
2025	71,076	4,560	75,636
2026	72,840	2,796	75,636
2027	<u>74,759</u>	<u>823</u>	<u>75,582</u>
	<u>\$ 288,035</u>	<u>\$ 14,455</u>	<u>\$ 302,490</u>

Tennessee Local Development
Authority Loan

Year Ending			
<u>June 30:</u>			
2024	\$ 362,000	\$ 56,990	\$ 418,990
2025	376,000	47,816	423,816
2026	390,000	38,290	428,290
2027	405,000	28,407	433,407
2028	420,000	18,147	438,147
2029	<u>408,000</u>	<u>7,680</u>	<u>415,680</u>
	<u>\$ 2,361,000</u>	<u>\$ 197,330</u>	<u>\$ 2,558,330</u>

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
State Revolving Loan DG3 14-148			
Year Ending			
<u>June 30:</u>			
2024	\$ 89,268	\$ 11,796	\$ 101,064
2025	90,156	10,908	101,064
2026	91,056	10,008	101,064
2027	91,956	9,108	101,064
2028	92,868	8,196	101,064
2029	93,792	7,272	101,064
2030	94,728	6,336	101,064
2031	95,676	5,388	101,064
2032	96,624	4,440	101,064
2033	97,584	3,480	101,064
2034	98,556	2,508	101,064
2035	99,540	1,524	101,064
2036	100,464	536	101,000
	<u>\$ 1,232,268</u>	<u>\$ 81,500</u>	<u>\$ 1,313,768</u>

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017 Water and Sewer Revenue Tax Bonds			
<u>Year Ending</u> <u>June 30:</u>			
2024	\$ 23,022	\$ 34,434	\$ 57,456
2025	23,633	33,823	57,456
2026	24,261	33,195	57,456
2027	24,906	32,550	57,456
2028	25,567	31,889	57,456
2029	26,247	31,209	57,456
2030	26,944	30,512	57,456
2031	27,660	29,796	57,456
2032	28,395	29,061	57,456
2033	29,149	28,307	57,456
2034	29,923	27,533	57,456
2035	30,718	26,738	57,456
2036	31,535	25,921	57,456
2037	32,372	25,084	57,456
2038	33,233	24,223	57,456
2039	34,115	23,341	57,456
2040	35,022	22,434	57,456
2041	35,952	21,504	57,456
2042	36,907	20,549	57,456
2043	37,888	19,568	57,456

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017 Water and Sewer Revenue Tax Bonds (continued)			
Year Ending <u>June 30:</u>			
2044	38,895	18,561	57,456
2045	39,928	17,528	57,456
2046	40,989	16,467	57,456
2047	42,078	15,378	57,456
2048	43,196	14,260	57,456
2049	44,343	13,113	57,456
2050	45,521	11,935	57,456
2051	46,731	10,725	57,456
2052	47,972	9,484	57,456
2053	49,247	8,209	57,456
2054	50,555	6,901	57,456
2055	51,899	5,557	57,456
2056	53,277	4,179	57,456
2057	54,693	2,763	57,456
2058	56,146	1,310	57,456
2059	19,370	108	19,478
	<u>\$ 1,322,289</u>	<u>\$ 708,149</u>	<u>\$ 2,030,438</u>

CITY OF SWEETWATER, TENNESSEE

CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

June 30, 2023

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
Governmental Activities:			
<u>Bonds Payable</u>			
Tennessee Municipal Bond, Series 2001	\$ 6,000,000	0.720%	1/28/2002
Tennessee Municipal Bond, Series 2016	1,200,000	2.860	6/20/2016
Tennessee Municipal Bond, Series 2020	500,000	2.160	6/20/2021
Tennessee Municipal Bond, Series 2017	2,600,000	1.050	4/20/2017
<u>Notes Payable</u>			
Tennessee Local Development Authority Capital Outlay Note	1,829,399	2.000	3/23/2009
	191,000	2.090	1/24/2022
Business-Type Activities:			
<u>Notes Payable</u>			
State Revolving Loan SRF 2003-170	\$ 1,000,000	2.130%	2/24/2004
State Revolving Loan SRF 07-177	1,200,000	2.450	7/14/2004
State Revolving Loan DG3 14-148	1,833,000	0.990	7/1/2014
2017 Water and Sewer Revenue Tax Bonds	1,400,000	2.630	11/2/2019
Tennessee Local Development Authority Loan Adjustable rate note through PBA of Montgomery County, Tennessee	6,500,000	2.510	4/5/2010
	7,000,000	3.470	10/19/2005
City of Sweetwater, Tennessee General Obligation Bonds, Series 2022	8,100,000	4.000	8/26/2022
Interdepartment Loan - Gas Department	1,040,000	3.900	11/1/2018

See the accompanying independent accountant's audit report.

<u>Last Maturity Date</u>	<u>Outstanding 7/1/2022</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding 6/30/2023</u>
5/25/2030	\$ 2,320,000	\$ 0	\$ 260,000	\$ 0	\$ 2,060,000
5/1/2031	776,200	0	77,400	0	698,800
5/1/2028	433,000	0	68,000	0	365,000
5/25/2042	2,178,000	0	90,000	0	2,088,000
2/28/2029	695,917	0	90,816	0	605,101
2/1/2026	191,000	0	46,300	0	144,700
	<u>\$ 6,594,117</u>	<u>\$ 0</u>	<u>\$ 632,516</u>	<u>\$ 0</u>	<u>\$ 5,961,601</u>
11/20/2026	\$ 173,302	\$ 0	\$ 37,824	\$ 0	\$ 135,478
6/20/2027	355,715	0	67,680	0	288,035
6/20/2036	1,320,660	0	88,392	0	1,232,268
11/12/2058	1,344,715	0	22,426	0	1,322,289
4/1/2029	2,710,000	0	349,000	0	2,361,000
5/1/2025	1,041,000	0	463,000	0	578,000
6/1/2052	0	8,100,000	150,000	0	7,950,000
11/1/2038	884,723	0	49,188	0	835,535
	<u>\$ 7,830,115</u>	<u>\$ 8,100,000</u>	<u>\$ 1,227,510</u>	<u>\$ 0</u>	<u>\$ 14,702,605</u>

CITY OF SWEETWATER, TENNESSEE

OPERATIONS EXPENSES - PROPRIETARY FUNDS

Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Purchased power/gas/water	\$ 21,665,790	\$ 2,215,853	\$ 222,660	\$ 24,104,303
Other operations expenses:				
Distribution expenses:				
Operating supervision	104,499	21,730	36,568	162,797
Operating labor	0	0	530,274	530,274
Transmission, distribution lines and load dispatching	0	934	116,950	117,884
Mains and services	0	171,321	0	171,321
Overhead line	129,075	0	0	129,075
Street lighting and signal system	8,324	0	0	8,324
Meter expense and house regulator	98,628	12,687	0	111,315
Chemicals	0	0	158,540	158,540
Pre-treatment testing	0	0	13,910	13,910
Customer installations	39,119	0	0	39,119
Purchased power and gas	0	0	197,018	197,018
Miscellaneous distribution expense	34,370	0	182,265	216,635
Rents	14,253	0	0	14,253
	<u>428,268</u>	<u>206,672</u>	<u>1,235,525</u>	<u>1,870,465</u>
Customer accounts expenses:				
Supervision	28,601	26,076	0	54,677
Meter reading	58,210	21,162	46,533	125,905
Customer assistance	27,584	18,080	0	45,664
Customer records and collection	328,371	63,892	148,543	540,806
	<u>442,766</u>	<u>129,210</u>	<u>195,076</u>	<u>767,052</u>

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

OPERATIONS EXPENSES - PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Administrative and general expenses:				
Salaries	215,555	74,045	111,027	400,627
Office supplies	84,786	10,760	29,406	124,952
Outside services	28,045	15,674	13,686	57,405
Property insurance	21,295	3,621	13,719	38,635
Injuries and damages insurance	63,572	7,160	40,071	110,803
Employees' pension and postemployment benefits	1,042,290	171,142	360,107	1,573,539
General advertising	0	1,863	0	1,863
Miscellaneous general	35,627	11,223	30,694	77,544
Industrial development	14,950	0	0	14,950
	<u>1,506,120</u>	<u>295,488</u>	<u>598,710</u>	<u>2,400,318</u>
Taxes:				
Payroll	<u>133,670</u>	<u>21,193</u>	<u>59,822</u>	<u>214,685</u>
Total other operations expenses	<u>2,510,824</u>	<u>652,563</u>	<u>2,089,133</u>	<u>5,252,520</u>
TOTAL OPERATIONS EXPENSES	<u>\$ 24,176,614</u>	<u>\$ 2,868,416</u>	<u>\$ 2,311,793</u>	<u>\$ 29,356,823</u>

CITY OF SWEETWATER, TENNESSEE

MAINTENANCE EXPENSES - PROPRIETARY FUNDS

Year Ended June 30, 2023

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Distribution maintenance expenses:				
Supervision	\$ 57,016	\$ 0	\$ 0	\$ 57,016
Station	32,828	0	0	32,828
Overhead and underground lines	1,496,095	0	0	1,496,095
Line transformers	19,737	0	0	19,737
Street lighting and signal system	8,308	0	0	8,308
Meters	<u>13,863</u>	<u>0</u>	<u>0</u>	<u>13,863</u>
	1,627,847	0	0	1,627,847
Maintenance expenses:				
Pumping equipment	0	0	39,334	39,334
Structures and improvements	0	550	38,684	39,234
Treatment equipment	0	0	30,410	30,410
Transmission and distribution mains	226	0	157,917	158,143
Mains	0	45,647	0	45,647
Measuring and regulating station equipment	0	306	0	306
Services	0	418	64,870	65,288
Supervision and engineering	0	21,730	0	21,730
Meters and house regulators	0	11,090	12,388	23,478
Fire mains and hydrants	0	0	9,112	9,112
Lift station	0	0	24,494	24,494
General plant	64,599	1,506	8,722	74,827
Sewer plant	<u>0</u>	<u>0</u>	<u>3,230</u>	<u>3,230</u>
	<u>64,825</u>	<u>81,247</u>	<u>389,161</u>	<u>535,233</u>
TOTAL MAINTENANCE EXPENSES	<u>\$ 1,692,672</u>	<u>\$ 81,247</u>	<u>\$ 389,161</u>	<u>\$ 2,163,080</u>

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

**EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

Year Ended June 30, 2023

Governmental Activities:

<u>Grantor/ Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Program Name/ Contract Number</u>	<u>Expenditures</u>
<u>Federal Awards</u>			
Child Nutrition Cluster:			
U.S. Department of Agriculture/ TN Department of Education	10.555	National School Lunch Program/N.A.	\$ 671,035
U.S. Department of Agriculture/ TN Department of Education	10.553	School Breakfast Program/N.A.	<u>205,934</u>
Total Child Nutrition Cluster			876,969
U.S. Department of Agriculture/ TN Department of Education	10.579	National School Lunch Program Equipment Assistance/N.A.	35,850
Special Education Cluster:			
U.S. Department of Education TN Department of Education	84.027	Special Education/ N.A.	435,967
U.S. Department of Education/ TN Department of Education	84.173	Special Education Preschool /N.A.	<u>24,872</u>
Total Special Education Cluster			460,839
U.S. Department of Education/ TN Department of Education	84.010	Local Education Agencies/N.A.	513,589
U.S. Department of Education/ TN Department of Education	84.367A	Supporting Effective Instruction/N.A.	71,128

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

**EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

(continued)

June 30, 2023

<u>Grantor/ Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Program Name/ Contract Number</u>	<u>Expenditures</u>
U.S. Department of Education/ TN Department of Education	84.365A	English Language Acquisition N.A.	7,911
U.S. Department of Education/ TN Department of Education	84.424	Student Support and Academic Enrichment/N.A.	28,439
COVID-19 Education Stabilization Fund:			
U.S. Department of Education/ TN Department of Education	84.425B	Education Stabilization Fund – Discretionary Grants/N.A.	7,963
U.S. Department of Education/ TN Department of Education	84.425C	Governor’s Emergency Education Relief Fund/N.A.	657,535
U.S. Department of Education TN Department of Education	84.425D	Elementary and Secondary School Emergency Relief Fund/N.A.	659,791
U.S. Department of Education/ TN Department of Education	84.425	Education Stabilization Fund/ N.A.	<u>40,000</u>
Total COVID-19 Education Stabilization Fund			1,365,289
U.S. Department of Health and Human Services	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases/N.A.	137,987

CITY OF SWEETWATER, TENNESSEE

**EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

(continued)

June 30, 2023

<u>Grantor Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Program Name/ Contract Number</u>	<u>Expenditures</u>
U.S. Department of Treasury	21.027	Coronavirus State And Local Fiscal Recovery Funds/ N.A.	268,400
U.S. Department of Housing and Urban Development/TN Department of Economic and Community Development	14.228	CDBG Housing Rehabilitation/12078	96,494
U.S. Department of Justice	16.607	Bullet Proof Vest Partnership/N.A.	2,127
U.S. Department of Transportation/ TN Department of Transportation	20.607	Alcohol Open Container Requirements/N.A.	3,999
Highway Planning and Construction Cluster: U.S. Department of Transportation/TN	20.205	Highway Planning and Construction STP-M-9118(11)	<u>7,012</u>
Total Federal Awards			3,876,033

CITY OF SWEETWATER, TENNESSEE

**EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

(continued)

June 30, 2023

<u>Grantor Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Program Name/ Contract Number</u>	<u>Expenditures</u>
<u>State Financial Assistance</u>			
TN Department of Education	N.A.	Voluntary Pre-K/ N.A.	288,419
TN Department of Education	N.A.	Coordinated School Health/N.A.	87,000
TN Department of Education	N.A.	Cafeteria State Matching/N.A.	8,724
TN Department of Education	N.A.	Safe Schools/N.A.	32,150
TN Department of Education	N.A.	Career Ladder/N.A.	23,198
TN Department of Education	N.A.	Summer Bridge and Learning Camps/N.A.	207,091
TN Department of Education	N.A.	Summer Transportation/N.A.	38,480
TN Department of Health	N.A.	Healthy Built Environments/N.A.	80,000
TN Department of Transportation	N.A.	Multimodal Pathway/ 62LPLM-S3-05	23,127
TN Department of Tourist Development	N.A.	Tourism Enhancement/N.A.	62,318

CITY OF SWEETWATER, TENNESSEE

**EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

(continued)

June 30, 2023

<u>Grantor Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Program Name/ Contract Number</u>	<u>Expenditures</u>
TN Department of Finance and Administration	N.A.	TN Arts Commission /N.A.	<u>9,150</u>
Total State Financial Assistance			<u>859,657</u>
Total Federal Awards and State Financial Assistance			<u>\$ 4,735,690</u>

BASIS OF PRESENTATION

This schedule summarizes the expenditures of City of Sweetwater, Tennessee under programs of the federal and state governments for the year ended June 30, 2023. The schedule is presented using the full accrual basis of accounting. Because this schedule presents only a portion of the operations of City of Sweetwater, Tennessee, it is not intended and does not present the net position or changes in net position of City of Sweetwater, Tennessee.

OUTSTANDING LOAN BALANCE

City of Sweetwater, Tennessee had no outstanding federal loan balances at June 30, 2023. The Sweetwater Utilities Board Water and Sewer Department expended funds for the construction of Water and Sewer system improvements for which the Rural Development Administration (RDA) has committed to provide permanent financing. The outstanding loan balance at June 30, 2023 was \$1,322,289 related to the Water and Waste Disposal Systems for Rural Communities program (Assistance Listing Number 10.760).

INDIRECT COST RATE

City of Sweetwater, Tennessee and the Sweetwater Utilities Board Water and Sewer Department have elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER INFORMATION

CITY OF SWEETWATER, TENNESSEE

PRINCIPAL OFFICIALS

June 30, 2023

<u>Name</u>	<u>Title</u>
City:	
Doyle F. Lowe	Mayor
James H. Stutts	Police Commissioner
Sam Moser	Vice-Mayor, Planning and Development Commissioner, Safety and Tourism Commissioner
Billy G. West (July 2022 to January 2023)	Vice-Mayor and Streets Commissioner
Alan Richeson	Fire Commissioner
Lamar Hughes	Parks and Recreation Commissioner
Jessica Morgan	City Recorder/CMFO
Board of Education:	
Kenzie Lovingood	School Board Chairman
Patrick Gaines	School Board Vice-Chairman
John Fox	School Board Member
Jon Campbell	School Board Member
Christy McCosh	School Board Member
Lamar Hughes	City Council Representative
Rodney Boruff	Director of Schools
Angie Kyle	Principal, Brown Elementary School
Alice Tyler	Principal, Sweetwater Elementary School
Nikki Nile	Principal, Sweetwater Junior High School
Katrina Gravitte (July 2023 to February 2023)	Principal, Sweetwater Primary School
Tonya Wallis (February 2023 to June 2023)	Interim Principal, Sweetwater Primary School
Utility:	
L.D. Moree, Jr.	Utility Board Chairman
Terry Knight	Utility Board Vice-Chairman
Jim Stutts	Utility Board Secretary/Treasurer
Phil Hall	Utility Director
Dick Collette	Utility Director
Eric Hicks	Utility Manager
Jami Kiger, CPA	Chief Financial Officer
Jami Kiger	Accounting Manager

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS
ELECTRIC FUND

June 30, 2023

Residential:

Base charges:

Customer charge per month	\$ 23.42
Energy charge (cents per kilowatt-hour)	9.92

Commercial, industrial, governmental and institutional customers:

Base charges:

1. Customer's billing demand for the month or its contract demand is less than 50 kilowatts:	
Customer charge per delivery point per month – Single Phase	\$ 25.02
Customer charge per delivery point per month – Three Phase	34.43
Energy charge (cents per kilowatt-hour)	11.30
2. Customer's billing demand for the month or its contract demand is at least 50 kilowatts, but less than 1,000 kilowatts:	
Customer charge per delivery point per month	\$ 35.42
Demand charge for first 50 kilowatts of billing demand per month	No charge
Demand charge in excess of 50 kilowatts of billing demand per month, per kilowatt	12.61
Energy charge for first 15,000 kilowatt-hours per month (cents per kilowatt-hour)	11.510
Energy charge for additional kilowatt-hours per month (cents per kilowatt-hour)	7.129
3. Customer's contract demand is at least 1,000 kilowatts, but less than 5,000 kilowatts:	
Customer charge per delivery point per month	\$ 75.89
Demand charge for first 1,000 kilowatts of billing demand per month (per kilowatt)	14.22
Demand charge in excess of 1,000 kilowatts per month (per kilowatt)	16.86
Energy charge (cents per kilowatt-hour)	7.163

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS

ELECTRIC FUND

(continued)

June 30, 2023

4. Customer's contract demand is greater than 5,000 kilowatts:

Customer charge per delivery point per month	\$ 1,500
Demand charge on peak kilowatt (per kilowatt)	10.24
Demand charge, max per kilowatt over 5,000 kilowatts	2.26
Demand charge, max per kilowatt if less than 5,000 kilowatts	3.57
Energy charge per kilowatt-hour:	
On peak, over 5,000 kilowatts	.08139
On peak, under 5,000 kilowatts	.08067
Off peak-first 200 HUD (over 5,000 kilowatts)	.05639
Off peak-first 200 HUD (under 5,000 kilowatts)	.05567
Off peak-next 200 HUD	.02824
Off peak-additional HUD	.02569

Facilities rental charge applicable under item 4 above:

There shall be no facilities rental charge under this rate schedule for delivery at bulk transmission voltage levels of 161 kilovolts or higher. For delivery at less than 161 kilovolts, there shall be added to the customer's bill a facilities rental charge. This charge shall be 36 cents per kilowatt per month except for delivery at voltages below 46 kilovolts, in which case the charge shall be 93 cents per month for the first 10,000 kilowatts and 73 cents per kilowatt per month for the excess over 10,000 kilowatts. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective including minimum bill charges.

CITY OF SWEETWATER, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS
ELECTRIC FUND

(continued)

June 30, 2023

Outdoor lighting:	
Customer charge: traffic signals and athletic field lighting per delivery point per month	\$ 7.60
Energy charge (cents per kilowatt-hour)	7.439
Facilities rental:	
Annual charge of the installed cost to the electric system of the facilities	
Devoted to street and park lighting service	10%

NUMBER OF METERED CUSTOMERS

Residential	7,459
General power-under 50 kilowatts	2,028
General power-50 kilowatts and over	112
Street and athletic	<u>83</u>
	9,682
Outdoor lighting	2,452

CITY OF SWEETWATER, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS
NATURAL GAS FUND

June 30, 2023

General:

Minimum bill (excluding gas charge)	\$ 7.00
All 100 cubic feet (per 100 cubic feet)	0.71

Schools:

Minimum bill (excluding gas charge)	\$ 7.00
All 100 cubic feet (per 100 cubic feet)	0.69

NUMBER OF METERED CUSTOMERS

Residential	1,262
Commercial	286
Industrial	20
Schools	<u>21</u>
	1,589

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS
WATER AND SEWER FUND

June 30, 2023

Inside City limits:

Water:

First 1,500 gallons (minimum billing)	\$ 13.50
Next 50,000 gallons (per 1,000 gallons)	5.44
All over 50,000 gallons (per 1,000 gallons)	5.13

Sewer:

First 1,500 gallons (minimum billing)	\$ 14.50
Next 50,000 gallons (per 1,000 gallons)	5.84
All over 50,000 gallons (per 1,000 gallons)	5.52

Outside City limits:

Water:

First 1,500 gallons (minimum billing)	\$ 20.25
Next 50,000 gallons (per 1,000 gallons)	8.15
All over 50,000 gallons (per 1,000 gallons)	7.71

Sewer:

First 1,500 gallons (minimum billing)	\$ 21.75
Next 50,000 gallons (per 1,000 gallons)	8.76
All over 50,000 gallons (per 1,000 gallons)	8.28

NUMBER OF METERED CUSTOMERS

	<u>Water</u>	<u>Sewer</u>
Residential	4,257	2,013
Commercial	614	396
Industrial	<u>17</u>	<u>15</u>
	4,888	2,424

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

INDEPENDENT ACCOUNTANTS' 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*

Mayor and Board of Commissioners
City of Sweetwater, Tennessee
Sweetwater, Tennessee

We have audited, 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 of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sweetwater, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Sweetwater, Tennessee's basic financial statements, and have issued our report thereon dated January 25, 2024. Our report includes a reference to other auditors who audited the financial statements of the electric fund, natural gas fund and water and sewer fund, as described in our report on City of Sweetwater, Tennessee's financial statements. This reports does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Sweetwater, Tennessee's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Sweetwater, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Sweetwater, Tennessee'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of City of Sweetwater, Tennessee's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Sweetwater, Tennessee's financial statements are free from 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 City of Sweetwater, Tennessee's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sweetwater, Tennessee's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mitchell Emert + Hill". The signature is written in a cursive, flowing style.

January 25, 2024

CITY OF SWEETWATER, TENNESSEE

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2023

Financial Statement Finding

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2022-001	Budget overspending	Corrected

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

Mayor and Board of Directors
City of Sweetwater, Tennessee
Sweetwater, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Sweetwater, Tennessee's compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect of City of Sweetwater, Tennessee's major federal programs for the year ended June 30, 2023. City of Sweetwater, Tennessee's major federal program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Sweetwater, 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, 2023.

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 of America; 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 those 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 City of Sweetwater, Tennessee and to meet our 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 City of Sweetwater, Tennessee's compliance with the compliance requirements referred to 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, regulation, rules, and provisions of contracts or grant agreements applicable to City of Sweetwater, Tennessee's federal programs..

Auditors' 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 City of Sweetwater, 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 judgment made by a reasonable user of the report on compliance about City of Sweetwater, 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 City of Sweetwater, 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 City of Sweetwater, 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 City of Sweetwater, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 the 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 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 have not been 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.

Mitchell Emert + Hill

January 25, 2024

CITY OF SWEETWATER, TENNESSEE

FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

SUMMARY OF AUDIT RESULTS

1. The Independent Accountants' Audit Report expresses an unmodified opinion on the financial statements of City of Sweetwater, Tennessee.
2. No significant deficiencies or material weaknesses in internal control over financial reporting were disclosed.
3. No instances of noncompliance material to the financial statements were disclosed.
4. No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed.
5. The Independent Accountants' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance expresses an unmodified opinion on City of Sweetwater, Tennessee's compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its major federal programs.
6. No findings or questioned costs were disclosed which would be required to be reported in accordance with the Uniform Guidance (2 CFR 200.516(a)).
7. The following programs were tested as major programs:

<u>Program Name</u>	<u>Assistance Listing Number.</u>
Education Stabilization Fund	84.425
Child Nutrition Cluster:	
National School Lunch Program	10.555
School Breakfast Program	10.553

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. City of Sweetwater, Tennessee was not determined to be a low-risk auditee.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs were disclosed which would be required to be reported in accordance with the Uniform Guidance.