

Financial Statements

CITY OF SWEETWATER, TENNESSEE

Year Ended June 30, 2024

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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, 2024, 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, 2024, 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 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. 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 for twelve months beyond the financial statement date, 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 fund balances and net position as of June 30, 2023 to report the sanitation fund separately. 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, the schedules of changes in net pension liability(asset) and related ratios, proportionate share of the net pension liability(asset), changes in net OPEB liability(asset) and related ratios, changes in proportionate share of collective OPEB liability and related ratios, pension contributions, notes to pension contributions, and OPEB contributions 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, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We and the other auditors 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 statement 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, based on our audit and the report of the other auditors, 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 February 25, 2025 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.

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

February 25, 2025

Management's Discussion and Analysis For the Year Ended June 30, 2024

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, 2024.

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, 2024 was \$110,948,059 (\$102,331,324 in 2023). Of this amount, \$29,548,471 may be used to meet the City's ongoing obligations to citizens and creditors (\$30,380,655 in 2023).
- The City's net position increased by \$8,616,739 (7.8%) during the year ended June 30, 2024 and increased by \$5,892,822 (5.8%), during the year ended June 30, 2023.
- At June 30, 2024 the City's governmental funds reported combined ending fund balances of \$23,497,556, an increase of \$3,602,491 from June 30, 2023. Approximately 28% of this total amount (\$6,675,631) is available for spending at the City's discretion. At June 30, 2023 combined ending fund balances from governmental funds was \$19,895,064 an increase of \$3,181,146 from June 30, 2022.

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
- Waste management

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, general purpose school 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 53 and page 174. 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 54-65 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 \$110,948,059 at June 30, 2024 and \$102,331,324 at June 30, 2023.

The largest portion of the City's net position (57%) 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 (27%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$29,548,471 and \$30,380,655 at June 30, 2024 and 2023, respectively) may be used to meet the City's ongoing obligations to citizens and creditors.

At June 30, 2024 and 2023 the City's statement of net position consisted of the following:

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets	\$ 55,538,932	\$ 48,264,657
Capital assets, net of accumulated depreciation	<u>81,201,701</u>	<u>83,591,561</u>
TOTAL ASSETS	136,740,633	131,856,218
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension and other postemployment benefits	<u>6,071,029</u>	<u>5,994,968</u>
	<u>\$ 142,811,660</u>	<u>\$ 137,851,184</u>
LIABILITIES		
Current liabilities	\$ 9,072,593	\$ 7,996,842
Noncurrent liabilities	<u>17,320,170</u>	<u>22,497,749</u>
TOTAL LIABILITIES	26,392,763	30,494,591
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	2,264,500	2,069,714
Deferred grant revenue	315,726	1,340,726
Deferred inflows related to pension and other postemployment benefits	<u>2,890,612</u>	<u>1,614,831</u>
	5,470,838	5,025,271

NET POSITION

Net investment in capital assets	63,096,930	52,466,198
Restricted	18,302,658	19,484,469
Unrestricted	<u>29,548,471</u>	<u>30,380,655</u>

TOTAL NET POSITION 110,948,059 102,331,324

\$ 142,811,660 \$ 137,851,184

At June 30, 2024 and 2023, 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, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
REVENUE		
Program Revenue:		
Fees, fines and charges for services	\$ 36,455,068	\$ 37,395,096
Operating grants and contributions	14,875,162	13,498,757
Capital grants and contributions	1,166,857	202,897
General Revenue:		
Taxes	10,416,932	10,162,411
Intergovernmental	2,667,471	1,580,520
Investment earnings	1,471,137	749,461
Insurance recovery	30,790	1,394
Sale of materials and supplies	32,952	14,957
Miscellaneous	<u>104,224</u>	<u>45,102</u>
TOTAL REVENUE	67,220,593	63,650,595
EXPENSES		
General government	1,715,282	1,443,492
Public safety	3,822,291	3,385,687
Public welfare	1,362,445	1,241,839
Streets and highways	1,866,754	1,667,985
Education	17,031,087	15,337,309
Waste management	297,375	279,452
Interest on long-term debt	50,468	55,291
Electric	26,937,490	27,709,978
Natural gas	2,048,894	3,095,362
Water and sewer	<u>3,471,767</u>	<u>3,541,379</u>
TOTAL EXPENSES	<u>58,603,854</u>	<u>57,757,773</u>

	<u>2024</u>	<u>2023</u>
INCREASE IN NET POSITION	8,616,739	5,892,822
NET POSITION AT THE BEGINNING OF THE YEAR	102,331,324	96,557,386
Prior period adjustment	<u>0</u>	<u>(118,887)</u>
NET POSITION AT THE END OF THE YEAR	<u>\$110,948,059</u>	<u>\$102,331,324</u>

Governmental activities - Governmental activities increased the City’s net position during the year ended June 30, 2024 by \$5,350,392. The City received increased tax revenue from local and state shared taxes due to improvements in the economy. Operating grants increased due to receipt of violent crime and school resource officer grants as well as an increase in school operating grants. Capital grants increased due to use of some American Rescue Plan Act funds to purchase land for a future community center. General government, public safety, public welfare, highway and street, and education expense increased due to increases in salaries and related benefits and increases in operating expenses. Governmental activities increased the City’s net position by \$4,061,871 during the year ended June 30, 2023.

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 \$3,266,347 for the year ended June 30, 2024, as compared to an increase of \$1,830,951 for the year ended June 30, 2023. 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 \$1,729,825. The increase was primarily the result of income from the sale of capital assets and a decrease in employees’ pension and benefit expense. The change in net position of the gas department was \$465,575, as compared to the change in net position for the year ending June 30, 2023 of \$86,451. This increase was due primarily to a decrease in purchased gas and an increase in interest income. The change in net position of the water and sewer department was \$1,070,947. The change in net position of the water and sewer department for the year ending June 30, 2023 was \$802,329. This increase was due primarily to a decrease in employees’ pension and benefits and an increase in interest income and capital contributions.

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, 2024 the City’s governmental funds reported combined fund balances of \$23,497,556, an increase of \$3,602,491 in comparison with the prior year. Approximately 28% 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 (\$68,080), highway and street improvements fund (\$209,593), drug enforcement fund (\$76,986), the economic development fund (\$152,424), the school general purpose fund (\$13,399,358), the tourism fund (\$61,724), the school cafeteria fund (\$323,795), the school federal projects fund (\$4,880), the school capital projects fund (\$127,220), the school internal school funds (\$92,025), and the library fund (\$54,105).

The general fund is the chief operating fund of the City. At June 30, 2024 unassigned fund balance of the general fund was \$6,675,631. 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 \$265,647 during the year ended June 30, 2024.

At June 30, 2024 the City has a restricted fund balance of \$16,767,820, the breakdown is as follows: general fund - \$68,080; state street aid fund - \$209,593; drug fund - \$76,986; school federal project fund - \$4,800; economic development fund - \$152,424; school general purpose fund - \$15,622,645; school cafeteria fund - \$323,795; internal school fund - \$92,025; sanitation fund - \$28,448; school capital projects fund - \$127,220; tourism fund - \$61,724; and library fund - \$54,105. The net increase in this restricted fund balance during the current year was \$3,455,293. 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 \$388,729 at June 30, 2024, as compared to \$361,947 at June 30, 2023.

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 \$19,119,261 at June 30, 2024, and at June 30, 2023 amounted to \$20,071,138. Sweetwater Utilities Board’s general ledger can provide additional information and is maintained by finance officer Jami Kiger.

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 increased \$1,075,872 during the year ended June 30, 2024. At June 30, 2024, net position of \$8,595,833 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 \$2,100,000 due to increases in estimates for local and taxes and increases in grant funding and interest income. Budgeted expenditures of the general fund increased from originally appropriate amounts by approximately \$3,000,000 due to increases in anticipated capital outlay as well as increases in expected salaries, repairs and maintenance and small equipment purchases.

Budgeted revenues of the state street aid funds were increased due to sale of equipment. There were no amendments to budgeted expenditures of the state street aid fund.

Budgeted revenues of the general purpose school fund were increased to account for additional state funding and other contributions. Budgeted expenditures of the general purpose school fund were increased for additional salaries and related expenses as well as increased maintenance and repairs expense and insurance costs.

There were no changes to anticipated revenues in the school cafeteria fund, however, budgeted expenditures were increased due to increased nonfood supply.

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.

There were no changes to anticipated revenues in the sanitation fund, however expenditures were increased from the original budgeted amount due to increased contract and land fill service fees as well as capital outlay expenditures.

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.

There were no changes between anticipated revenues and appropriated expenditures for the following funds: 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, 2024, amounted to \$81,201,701(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
- Land for a future community center building
- Building upgrades
- Electric and gas distribution system upgrades

The City’s investment in capital assets as of June 30, 2024 for governmental activities was \$25,313,286 (\$24,071,310 in 2023) net of accumulated depreciation.

	<u>2024</u>	<u>2023</u>
Land	\$ 2,040,274	\$ 1,015,274
Construction in Progress	75,309	74,714
Buildings and improvements	32,099,396	32,052,850
Vehicles and equipment	10,376,610	8,811,487
Infrastructure	6,427,298	6,427,298
Accumulated depreciation	<u>(25,705,601)</u>	<u>(24,310,314)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 25,313,286</u>	<u>\$ 24,071,310</u>

The City’s net investment in capital assets as of June 30, 2024 for business-type activities was \$55,888,415 (\$48,364,617 in 2023). 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, 2024 the City’s proprietary funds had outstanding debt of \$13,563,355 (\$14,817,162 in 2023). During the year ended June 30, 2024 the proprietary funds issued no new debt and retired \$1,249,856 (\$1,243,961 in 2023) 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, 2024 the City’s governmental funds had outstanding debt of \$5,315,385 (\$5,961,601 in 2023) consisting of the following:

	<u>2024</u>	<u>2023</u>
General obligation bonds	\$ 5,315,385	\$ 5,961,601
Less: current portion due	<u>(672,208)</u>	<u>(655,492)</u>
Total long-term debt principal	<u>\$ 4,643,177</u>	<u>\$ 5,306,109</u>

During the year ended June 30, 2024 the City issued no new debt and retired \$646,216 (\$632,516 in 2023) 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, 2025. The estimated revenue and appropriations did not vary significantly from the budget for the year ended June 30, 2024.

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, 2024

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash	\$ 21,681,667	\$ 16,131,094	\$ 37,812,761
Certificates of deposit	369,402	1,898,000	2,267,402
Accounts receivable, net of allowance for uncollectible accounts	69,704	2,136,906	2,206,610
Property taxes receivable	2,636,478	0	2,636,478
Taxes receivable	233,577	0	233,577
Due from other governments	1,636,784	0	1,636,784
Net pension asset	3,292,760	0	3,292,760
Customer loan program, current portion	0	152,390	152,390
Interest receivable	0	42,872	42,872
Grants receivable	232,557	276,400	508,957
Other	0	193,700	193,700
Sweetwater Utilities Board - Electric Department	0	799,969	799,969
Inventories	0	1,069,991	1,069,991
Prepaid expenses	0	226,304	226,304
Customer loan program, long-term portion	0	912,562	912,562
Pension trust contributions	162,636	0	162,636
Other postemployment benefit asset	0	331,177	331,177
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	2,115,584	7,258,314	9,373,898
Capital assets being depreciated, net of accumulated depreciation	23,197,702	48,630,101	71,827,803
	<u>55,628,851</u>	<u>81,111,780</u>	<u>136,740,633</u>

See the accompanying notes to the financial statements.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
LIABILITIES			
Accounts payable	\$ 558,435	\$ 2,295,660	\$ 2,854,095
Accrued salaries	14,612	0	14,612
Customer deposits	0	1,270,655	1,270,655
Accrued expenses	0	1,537,903	1,537,903
Net pension liability	0	244,764	244,764
Net OPEB liability	1,591,994	0	1,591,994
Current portion of long-term debt	672,208	886,362	1,558,570
Long-term debt, net of current portion	<u>4,643,177</u>	<u>12,676,993</u>	<u>17,320,170</u>
	7,480,426	18,912,337	26,392,763
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	2,264,500	0	2,264,500
Deferred grant revenue	315,726	0	315,726
Deferred inflows related to other postemployment benefits	351,678	212,721	564,399
Deferred inflows related to pensions	<u>295,038</u>	<u>2,031,175</u>	<u>2,326,213</u>
	3,226,942	2,243,896	5,470,838

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF NET POSITION

(continued)

June 30, 2024

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other postemployment benefits	504,413	4,760	509,173
Deferred outflows related to pensions	<u>2,972,696</u>	<u>2,589,160</u>	<u>5,561,856</u>
	<u>3,477,109</u>	<u>2,593,920</u>	<u>6,071,029</u>
	<u>\$ 59,105,960</u>	<u>\$ 83,705,700</u>	<u>\$ 142,811,660</u>

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
NET POSITION			
Net investment in capital assets	19,997,901	43,099,029	63,096,930
Restricted	17,971,481	331,177	18,302,658
Unrestricted	<u>10,429,210</u>	<u>19,119,261</u>	<u>29,548,471</u>
	<u>48,398,592</u>	<u>62,549,467</u>	<u>110,948,059</u>
	<u>\$ 59,105,960</u>	<u>\$ 83,705,700</u>	<u>\$ 142,811,660</u>

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	<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	\$ 1,715,282	\$ 129,265	\$ 0	\$ 0
Public safety	3,822,291	143,783	40,720	141,857
Public welfare	1,362,445	47,116	251,636	1,025,000
Streets and highways	1,866,754	28,424	227,112	0
Waste management	297,375	307,645	0	0
Education	17,031,087	303,141	14,355,693	0
Interest on long-term debt	<u>50,468</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total governmental activities	26,145,703	959,373	14,875,162	1,166,857
Business-Type Activities:				
Electric	26,937,490	28,971,976	0	0
Natural gas	2,048,894	2,389,520	0	0
Water and sewer	<u>3,471,767</u>	<u>4,134,199</u>	<u>0</u>	<u>0</u>
Total business-type activities	<u>32,458,151</u>	<u>35,495,695</u>	<u>0</u>	<u>0</u>
	<u>\$ 58,603,854</u>	<u>\$ 36,455,068</u>	<u>\$ 14,875,162</u>	<u>\$ 1,166,857</u>

See the accompanying notes to the financial statements.

Net (Expense)Revenue and
Changes In Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
\$ (1,586,017)	\$ 0	\$ (1,586,017)
(3,495,931)	0	(3,495,931)
(38,693)		(38,693)
(1,611,218)	0	(1,611,218)
10,270		10,270
(2,372,253)	0	(2,372,253)
<u>(50,468)</u>	<u>0</u>	<u>(50,468)</u>
(9,144,311)	0	(9,144,311)
0	2,034,486	2,034,486
0	340,626	340,626
<u>0</u>	<u>662,432</u>	<u>662,432</u>
<u>0</u>	<u>3,037,544</u>	<u>3,037,544</u>
<u>\$ (9,144,311)</u>	<u>\$ 3,037,544</u>	<u>\$ (6,106,767)</u>

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF ACTIVITIES

(continued)

Year Ended June 30, 2024

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

NET POSITION AT THE END OF THE YEAR

Net (Expense)Revenue and
Changes In Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (9,144,311)	\$ 3,037,544	\$ (6,106,767)
3,665,257	0	3,665,257
35,095	0	35,095
5,891,520	0	5,891,520
308,806	0	308,806
275,946	0	275,946
97,873	0	97,873
84,603	0	84,603
57,832	0	57,832
2,667,471	0	2,667,471
877,909	593,228	1,471,137
30,790	0	30,790
32,952	0	32,952
104,224	0	104,224
14,130,278	593,228	14,723,506
364,425	(364,425)	0
14,494,703	228,803	14,723,506
5,350,392	3,266,347	8,616,739
43,048,202	59,283,120	102,331,324
<u>\$ 48,398,592</u>	<u>\$ 62,549,467</u>	<u>\$ 110,948,059</u>

CITY OF SWEETWATER, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2024

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Other Governmental Funds</u>
ASSETS				
Cash	\$ 6,190,175	\$ 186,847	\$ 93,806	\$ 388,926
Certificates of deposit	369,402	0	0	0
Accounts receivable	69,704	0	0	0
Property taxes receivable	2,636,478	0	0	0
Other taxes receivable	233,577	0	0	0
Grant receivable	229,293	3,263	0	0
Pension trust contributions	0	0	0	0
Due from other funds	0	0	0	0
Due from other governments	<u>173,814</u>	<u>19,483</u>	<u>0</u>	<u>0</u>
	<u>\$ 9,902,443</u>	<u>\$ 209,593</u>	<u>\$ 93,806</u>	<u>\$ 388,926</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>
\$ 14,367,231	\$ 327,463	\$ 0	\$ 127,220	\$ 21,681,667
0	0	0	0	369,402
0	0	0	0	69,704
0	0	0	0	2,636,478
0	0	0	0	233,577
0	0	0	0	232,557
160,599	0	2,037	0	162,636
481,542	0	0	0	481,542
<u>966,485</u>	<u>24,762</u>	<u>452,241</u>	<u>0</u>	<u>1,636,784</u>
<u>\$ 15,975,857</u>	<u>\$ 352,225</u>	<u>\$ 454,278</u>	<u>\$ 127,220</u>	<u>\$ 27,504,347</u>

CITY OF SWEETWATER, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

(continued)

June 30, 2024

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Other Governmental Funds</u>
LIABILITIES				
Accounts payable	\$ 190,107	\$ 0	\$ 16,820	\$ 200
Accrued salaries	0	0	0	0
Due to other funds	<u>16,422</u>	<u>0</u>	<u>0</u>	<u>0</u>
	206,529	0	16,820	200
DEFERRED INFLOWS OF RESOURCES				
Deferred tax revenue	2,636,478	0	0	0
Deferred grant revenue	<u>315,726</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2,952,204	0	0	0
FUND BALANCES				
Restricted	68,080	209,593	76,986	334,621
Assigned	0	0	0	54,105
Unassigned	<u>6,675,631</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>6,743,711</u>	<u>209,593</u>	<u>76,986</u>	<u>388,729</u>
	<u>\$ 9,902,443</u>	<u>\$ 209,593</u>	<u>\$ 93,806</u>	<u>\$ 388,926</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>
\$ 341,267	\$ 0	\$ 10,041	\$ 0	\$ 558,435
11,946	2,259	407	0	14,612
<u>0</u>	<u>26,171</u>	<u>438,949</u>	<u>0</u>	<u>481,542</u>
353,212	28,430	449,397	0	1,054,588
0	0	0	0	2,636,478
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>315,726</u>
0	0	0	0	2,952,204
15,622,645	323,795	4,880	127,220	16,767,820
0	0	0	0	54,105
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,675,631</u>
<u>15,622,645</u>	<u>323,795</u>	<u>4,880</u>	<u>127,220</u>	<u>23,497,556</u>
<u>\$ 15,975,857</u>	<u>\$ 352,225</u>	<u>\$ 454,278</u>	<u>\$ 127,220</u>	<u>\$ 27,504,347</u>

CITY OF SWEETWATER, TENNESSEE

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

June 30, 2024

Total Fund Balance - Governmental Funds	\$ 23,497,556
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.	25,313,284
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	3,292,760
Deferred outflows of resources	2,972,696
Deferred inflows of resources	(295,038)
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.	(1,439,259)
Long-term liabilities are not due in the current period; therefore, they are not reported in the governmental funds balance sheet.	(5,315,385)
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>371,978</u>
Net Position of Governmental Activities	<u>\$ 48,398,592</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, 2024

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Other Governmental Funds</u>
REVENUE				
Taxes:				
Property taxes	\$ 2,050,624	\$ 0	\$ 0	\$ 0
Interest and penalty	25,737	0	0	0
Local sales tax	3,925,050	0	0	0
Business tax	248,125	0	0	0
Mixed drink tax	78,588	0	0	0
Franchise tax	57,832	0	0	0
Occupancy tax	0	0	0	84,603
Wholesale beer tax	275,946	0	0	0
Intergovernmental	3,670,916	227,112	0	0
Licenses and permits	56,476	0	0	0
Receipts for use of facilities	13,800	0	0	0
Fines and forfeitures	26,135	0	8,353	0
Charges for service	238,514	0	0	313,107
Internal school revenue	0	0	0	174,030
Other revenue	<u>437,840</u>	<u>15,800</u>	<u>0</u>	<u>76,845</u>
TOTAL REVENUE	11,105,582	242,912	8,353	648,585
EXPENDITURES				
Current:				
General government	1,532,616	0	0	67,291
Public safety	3,623,360	0	11,622	0
Public welfare	945,716	0	0	214,336
Highways and streets	1,553,267	191,661	0	0
Waste management	0	0	0	297,375
Education	33,443	0	0	0
Internal school expense	0	0	0	170,979

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>
\$ 1,652,950	\$ 0	\$ 0	\$ 0	\$ 3,703,574
9,358	0	0	0	35,095
1,966,470	0	0	0	5,891,520
60,681	0	0	0	308,806
19,285	0	0	0	97,873
0	0	0	0	57,832
0	0	0	0	84,603
0	0	0	0	275,946
11,044,717	845,839	2,550,118	0	18,338,702
0	0	0	0	56,476
200	0	0	0	14,000
0	0	0	0	34,488
0	113,651	0	0	665,272
0	0	0	0	174,030
<u>763,474</u>	<u>2,407</u>	<u>0</u>	<u>31,080</u>	<u>1,327,446</u>
15,517,135	961,897	2,550,118	31,080	31,065,662
0	0	0	0	1,599,907
0	0	0	0	3,634,982
0	0	0	0	1,160,052
0	0	0	0	1,744,928
0	0	0	0	297,375
11,996,827	1,069,609	2,552,538	0	15,652,416
0	0	0	0	170,979

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2024

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Other Governmental Funds</u>
Capital outlay	2,403,274	258,081	0	21,242
Debt service	<u>337,684</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>10,429,360</u>	<u>449,742</u>	<u>11,622</u>	<u>771,224</u>
NET CHANGES IN FUND BALANCES BEFORE OTHER FINANCING SOURCES(USES)	676,222	(206,830)	(3,269)	(122,638)
OTHER FINANCING SOURCES(USES)				
Transfers (to)from other funds	<u>(410,575)</u>	<u>0</u>	<u>0</u>	<u>110,000</u>
NET CHANGES IN FUND BALANCES	265,647	(206,830)	(3,269)	(12,638)
FUND BALANCES AT THE BEGINNING OF THE YEAR, as originally stated	6,517,484	416,423	80,255	361,947
Restatement	<u>(39,420)</u>	<u>0</u>	<u>0</u>	<u>39,420</u>
FUND BALANCES AT THE BEGINNING OF THE YEAR, as restated	<u>6,478,064</u>	<u>416,423</u>	<u>80,255</u>	<u>401,367</u>
FUND BALANCES AT THE END OF THE YEAR	<u>\$ 6,743,711</u>	<u>\$ 209,593</u>	<u>\$ 76,986</u>	<u>\$ 388,729</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>
0	0	0	0	2,682,597
546,674	0	0	0	884,358
<u>12,543,501</u>	<u>1,069,609</u>	<u>2,552,538</u>	<u>0</u>	<u>27,827,596</u>
2,973,634	(107,711)	(2,420)	31,080	3,238,066
<u>665,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>364,425</u>
3,638,634	(107,711)	(2,420)	31,080	3,602,491
11,984,011	431,506	7,300	96,140	19,895,064
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>11,984,011</u>	<u>431,506</u>	<u>7,300</u>	<u>96,140</u>	<u>19,895,064</u>
<u>\$ 15,622,645</u>	<u>\$ 323,795</u>	<u>\$ 4,880</u>	<u>\$ 127,220</u>	<u>\$ 23,497,556</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, 2024

Net Change in Fund Balances	\$ 3,602,491
<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	2,682,597
Depreciation expense	(1,457,621)
Gain on disposal	17,000
<p>Retirement contributions made after the actuarial measurement date are an expenditure in the governmental funds, but increase deferred outflows for governmental activities.</p>	
	645,032
<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, 2023	(410,295)
Deferred tax revenue - June 30, 2024	371,978
<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	(682,988)
<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>	
	(155,864)
<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>	
	91,845

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, 2024

Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.	<u>646,216</u>
Change in Net Position of Governmental Activities	<u><u>\$ 5,350,392</u></u>

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Taxes:				
Property taxes	\$ 2,001,000	\$ 2,001,000	\$ 2,050,624	\$ 49,624
Interest and penalty	25,000	25,000	25,737	737
Local sales tax	3,630,000	3,938,000	3,925,050	(12,950)
Business tax	215,000	215,000	248,125	33,125
Mixed drink tax	67,000	67,000	78,588	11,588
Franchise tax	86,900	86,900	57,832	(29,068)
Wholesale beer tax	275,000	275,000	275,946	946
	6,299,900	6,607,900	6,661,901	54,001
Intergovernmental:				
State income tax	1,300	1,300	0	(1,300)
State beer tax	3,000	3,000	2,774	(226)
State mixed drink tax	13,000	33,000	32,929	(71)
State sales tax	712,000	712,000	775,200	63,200
City streets and transportation	12,000	12,000	11,553	(447)
Sports betting tax	10,000	10,000	11,997	1,997
State police supplement	30,400	30,400	29,600	(800)
Corporate excise tax	25,000	25,000	23,268	(1,732)
Bulletproof vest grant	500	500	5,410	4,910
FEMA grant	0	142,000	141,857	(143)
Violent crime intervention fund	98,000	929,000	940,734	11,734
School resource officer grant	63,000	300,000	300,000	0

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, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Coronavirus State and Local Fiscal Recovery Funds	0	0	1,025,000	1,025,000
Other state grants	500	1,350	9,410	8,060
TML safety grant	3,000	3,000	5,710	2,710
Railroad grant	10,000	118,000	134,193	16,193
In-lieu of tax payments	104,000	104,000	144,626	40,626
Local park and recreation fund	94,696	94,696	55,696	(39,000)
Community development grants	5,000	21,000	20,958	(42)
	<u>1,185,396</u>	<u>2,540,246</u>	<u>3,670,916</u>	<u>1,130,670</u>
Licenses and permits:				
Beer licenses	4,000	4,000	4,142	142
Liquor licenses	1,000	1,000	0	(1,000)
Animal registration	1,000	1,000	180	(820)
Special assessments	15,000	15,000	462	(14,538)
General and special privilege	100	100	0	(100)
Building permits	50,000	50,000	51,692	1,692
	<u>71,100</u>	<u>71,100</u>	<u>56,476</u>	<u>(14,624)</u>
Receipts for use of facilities:				
Medical transportation rent	13,800	13,800	13,800	0
Fines and forfeitures	30,520	30,520	26,135	(4,385)

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Charges for service:				
Photocopies	1,000	1,000	1,114	114
Highway and street charges	30,000	30,000	28,424	(1,576)
Clerks' fee-business tax	32,000	32,000	28,276	(3,724)
City garage charges	2,500	2,500	1,274	(1,226)
Board of Education	10,000	10,000	11,326	1,326
Pool fees and concessions	31,000	36,000	41,354	5,354
Recreation program	500	500	300	(200)
Sale of materials and land	15,000	51,500	32,952	(18,548)
Special police service	20,000	105,000	93,494	(11,506)
	<u>142,000</u>	<u>268,500</u>	<u>238,514</u>	<u>(29,986)</u>
Other revenue:				
Contributions	11,000	11,000	93,577	82,577
Interest	36,010	322,610	324,705	2,095
Insurance recoveries	3,000	18,000	15,200	(2,800)
Premium rebate	0	0	60	60
Miscellaneous revenue	7,000	7,000	4,298	(2,702)
	<u>57,010</u>	<u>358,610</u>	<u>437,840</u>	<u>79,230</u>
TOTAL REVENUE	7,799,726	9,890,676	11,105,582	1,214,906
EXPENDITURES				
Judicial:				
Salaries	2,400	2,700	2,650	(50)
OASDI	100	100	203	103
Retirement	120	120	120	0
	<u>2,620</u>	<u>2,920</u>	<u>2,973</u>	<u>53</u>

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Executive:				
Salaries and wages	32,000	32,000	31,750	(250)
OASDI	2,419	2,419	2,429	10
Retirement	1,590	1,590	1,140	(450)
Insurance	0	0	1	1
Publicity and subscriptions	8,000	8,000	9,855	1,855
Travel	1,000	1,000	370	(630)
Telephone	500	500	531	31
Operating supplies	5,500	5,500	4,717	(783)
Community health	10,000	13,000	12,443	(557)
	<u>61,009</u>	<u>64,009</u>	<u>63,235</u>	<u>(774)</u>
Financial administration:				
Salaries	313,958	313,958	301,143	(12,815)
OASDI	23,752	23,752	21,588	(2,164)
Health insurance	49,816	49,816	48,940	(876)
Retirement	15,537	15,537	13,795	(1,742)
Life insurance	263	263	193	(70)
Unemployment insurance	450	450	118	(332)
Dental insurance	1,200	1,200	1,213	13
Disability insurance	685	685	514	(171)
Vision insurance	261	261	242	(19)
Telephone	5,500	5,500	4,765	(735)
Accounting	31,500	32,500	32,200	(300)
Legal	500	500	0	(500)
Consulting services	13,000	19,000	16,168	(2,832)
Office supplies and postage	9,500	9,500	8,215	(1,285)
Surety bonds	3,500	3,500	3,180	(320)
Travel	5,500	5,500	9,392	3,892

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Machinery and equipment	500	500	0	(500)
Other improvements	7,200	14,200	14,163	(37)
Data processing	<u>50,000</u>	<u>50,000</u>	<u>56,207</u>	<u>6,207</u>
	532,622	546,622	532,036	(14,586)
General government buildings:				
Salaries	61,283	61,283	61,076	(207)
OASDI	4,688	4,688	4,449	(239)
Health insurance	9,891	9,891	9,906	15
Retirement	2,603	2,603	2,579	(24)
Life insurance	51	51	50	(1)
Unemployment insurance	90	90	45	(45)
Disability insurance	1,437	1,437	135	(1,302)
Dental insurance	320	320	304	(16)
Utilities	32,800	32,800	31,969	(831)
Repairs	65,000	73,000	56,500	(16,500)
Operating supplies	<u>4,350</u>	<u>4,350</u>	<u>5,618</u>	<u>1,268</u>
	182,513	190,513	172,630	(17,883)
Tourism:				
Salaries	23,348	23,348	21,775	(1,573)
OASDI	1,786	1,786	1,821	35
Unemployment insurance	210	210	65	(145)
Utilities	17,000	17,000	15,805	(1,195)
Other operating supplies	<u>18,000</u>	<u>18,000</u>	<u>7,738</u>	<u>(10,262)</u>
	60,344	60,344	47,203	(13,141)
City Court:				
Salaries	36,000	36,000	34,534	(1,466)
OASDI	2,754	2,754	2,642	(112)

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Retirement	1,800	1,800	1,727	(73)
Unemployment insurance	0	0	9	9
Publicity and subscriptions	2,323	2,323	1,961	(362)
Legal services	1,000	1,000	63	(937)
Travel	1,000	1,000	1,538	538
	44,877	44,877	42,474	(2,403)
Other general government:				
Salaries	39,632	39,632	39,674	42
OASDI	17,032	17,032	17,914	882
Retirement	1,982	1,982	1,959	(23)
Health insurance	15,891	15,891	15,542	(349)
Dental, vision and life insurance	280	280	442	162
Unemployment insurance	45	45	20	(25)
Disability insurance	90	90	55	(35)
Other insurance	241,000	274,000	273,268	(732)
Memberships and registration fees	3,300	3,300	3,247	(53)
Utilities, phone and TV service	7,700	7,700	7,078	(622)
Medical services	1,000	1,000	0	(1,000)
Travel and training	3,000	3,000	5,814	2,814
Uniforms	500	500	265	(235)
Other operating supplies	66,850	281,850	274,359	(7,491)
Charitable donations	54,800	57,800	51,949	(5,851)
Community improvement	15,000	15,000	0	(15,000)

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Downtown improvements	6,000	6,000	1,059	(4,941)
Christmas decorations	8,000	8,000	18,896	10,896
Independence Day	3,000	3,000	3,000	0
	<u>485,102</u>	<u>736,102</u>	<u>714,539</u>	<u>(21,563)</u>
Police department:				
Salaries	1,407,636	1,639,636	1,485,016	(154,620)
OASDI	107,684	107,684	110,557	2,873
Retirement	66,469	66,469	65,774	(695)
Health insurance	217,598	217,598	219,378	1,780
Dental, vision and life insurance	10,020	10,020	9,143	(877)
Unemployment insurance	2,280	2,280	618	(1,662)
Disability insurance	3,000	3,000	2,754	(246)
Telephone	21,000	21,000	28,777	7,777
Medical services	2,000	2,000	801	(1,199)
Car maintenance	25,000	25,000	27,572	2,572
Publicity/subscriptions	500	500	0	(500)
Travel and training	12,000	12,000	14,414	2,414
Uniforms	16,000	16,000	17,138	1,138
Firearms and supplies	10,000	10,000	16,366	6,366
Machinery and equipment	50,000	237,000	188,546	(48,454)
Gas, oil and grease	41,000	41,000	46,692	5,692
Office supplies and materials	3,100	3,100	2,459	(641)
Special investigative	500	500	293	(207)
Data processing services	14,000	14,000	10,084	(3,916)
Other operating supplies	11,400	13,400	13,412	12
	<u>2,021,187</u>	<u>2,442,187</u>	<u>2,259,794</u>	<u>(182,393)</u>

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Fire department:				
Salaries	871,042	899,042	830,760	(68,282)
OASDI	64,722	64,722	62,417	(2,305)
Retirement	40,936	40,936	38,453	(2,483)
Health insurance	128,581	128,581	114,522	(14,059)
Dental, vision and life insurance	5,420	5,420	4,887	(533)
Unemployment insurance	1,350	1,350	378	(972)
Disability insurance	1,921	1,921	1,414	(507)
Utilities	16,500	16,500	15,888	(612)
Telephone	8,000	8,000	9,125	1,125
Fire hydrant rental	30,000	30,000	25,212	(4,788)
Medical services	10,500	10,500	5,651	(4,849)
Maintenance	25,000	25,000	54,507	29,507
Travel and training	15,000	15,000	10,140	(4,860)
Uniforms	10,000	10,000	7,040	(2,960)
Gas, oil and grease	12,000	12,000	15,602	3,602
Other operating supplies	30,250	30,250	37,199	6,949
	<u>1,271,222</u>	<u>1,299,222</u>	<u>1,233,194</u>	<u>(66,028)</u>
Communications services:				
Contract services	82,948	82,948	82,700	(248)
Utilities	1,250	1,250	823	(427)
Other improvements	<u>5,000</u>	<u>5,000</u>	<u>4,375</u>	<u>(625)</u>
	89,198	89,198	87,898	(1,300)
Building inspection:				
Salaries	170,486	168,013	171,487	3,474
OASDI	13,042	13,042	12,769	(273)
Retirement	8,524	8,524	8,499	(25)
Health insurance	29,673	29,673	29,790	117

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Dental, vision and life insurance	867	867	1,250	383
Unemployment insurance	310	310	63	(247)
Disability insurance	295	295	247	(48)
Telephone	2,000	2,000	1,547	(453)
Travel and training	3,500	3,500	2,520	(980)
Uniforms	750	750	456	(294)
Gas, oil and grease	1,750	1,750	3,126	1,376
State planning office	1,000	1,000	725	(275)
Office supplies	3,000	3,000	1,785	(1,215)
Professional services	24,000	24,000	23,934	(66)
Mowing assessments	30,000	30,000	644	(29,356)
Operating supplies	15,250	15,250	7,649	(7,601)
	<u>304,447</u>	<u>301,974</u>	<u>266,491</u>	<u>(35,483)</u>
Street lighting:				
Utilities	206,500	207,500	206,547	(953)
Highways and streets:				
Salaries	708,264	750,264	772,581	22,317
OASDI	53,628	55,923	57,130	1,207
Retirement	34,738	35,638	33,002	(2,636)
Health insurance	118,691	126,072	155,875	29,803
Dental, vision and life insurance	5,476	5,816	6,349	533
Unemployment insurance	1,200	1,290	425	(865)
Disability insurance	1,750	1,870	1,549	(321)
Utilities	9,000	9,000	9,629	629
Telephone	7,000	7,000	11,526	4,526
Feeding prisoners	4,000	4,000	0	(4,000)
Landfill fees	40,000	142,000	115,661	(26,339)

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Maintenance	73,000	88,000	85,420	(2,580)
Tools	0	0	1,922	1,922
Travel and training	500	2,000	345	(1,655)
Uniforms	5,400	5,400	10,179	4,779
Gas, oil and grease	39,000	39,000	50,338	11,338
Other operating supplies	<u>25,500</u>	<u>125,500</u>	<u>34,788</u>	<u>(90,712)</u>
	1,127,147	1,398,773	1,346,719	(52,054)
Rabies and animal control:				
Utilities	2,500	3,100	3,056	(44)
Operating supplies	<u>1,500</u>	<u>1,700</u>	<u>1,357</u>	<u>(343)</u>
	4,000	4,800	4,412	(388)
Economic development:				
Operating supplies	1,000	31,000	18,120	(12,880)
Travel and training	<u>3,000</u>	<u>3,000</u>	<u>3,227</u>	<u>227</u>
	4,000	34,000	21,347	(12,653)
Recreation:				
Salaries	394,518	408,518	371,898	(36,620)
OASDI	30,181	30,181	27,650	(2,531)
Retirement	18,351	18,351	13,096	(5,255)
Health insurance	59,720	59,720	59,538	(182)
Dental, vision and life insurance	2,025	2,025	1,959	(66)
Unemployment insurance	1,000	1,000	167	(833)
Disability insurance	750	750	730	(20)
Utilities	50,000	62,000	63,210	1,210
Telephone	6,000	6,000	7,080	1,080
Medical services	1,500	1,500	1,478	(22)
Repairs and maintenance	20,100	20,100	43,115	23,015

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Travel and training	1,500	1,500	3,954	2,454
Feeding prisoners	200	250	0	(250)
Publicity/subscriptions	500	500	0	(500)
Memberships and registration fees	800	800	890	90
Uniforms	1,700	1,700	2,898	1,198
Gas, oil and grease	10,000	10,000	10,488	488
Operating supplies	<u>20,800</u>	<u>20,800</u>	<u>38,936</u>	<u>18,136</u>
	619,645	645,695	647,087	1,392
Museum:				
Utilities	2,000	2,000	1,718	(282)
Repairs and maintenance	250	250	0	(250)
Operating supplies	<u>250</u>	<u>250</u>	<u>0</u>	<u>(250)</u>
	2,500	2,500	1,718	(782)
Tree grant:				
Utilities	3,000	3,000	2,961	(39)
Operating supplies	<u>1,000</u>	<u>1,850</u>	<u>1,700</u>	<u>(150)</u>
	4,000	4,850	4,661	(189)
Education:				
Gas, oil and grease	11,000	11,000	12,021	1,021
Operating supplies	<u>8,000</u>	<u>25,000</u>	<u>21,422</u>	<u>(3,578)</u>
	19,000	36,000	33,443	(2,557)

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Capital outlay:				
Recreation	56,000	56,000	41,075	(14,925)
General government	65,000	1,090,000	1,052,605	(37,395)
Police	95,000	791,000	938,517	147,517
Fire	25,000	180,000	211,780	31,780
Highways and streets	25,000	175,000	159,298	(15,702)
	<u>266,000</u>	<u>2,292,000</u>	<u>2,403,274</u>	<u>111,274</u>
Debt service:				
Bond principal	292,568	292,568	287,216	(5,352)
Interest expense on bonds	45,116	45,216	50,468	5,252
	<u>337,684</u>	<u>337,784</u>	<u>337,684</u>	<u>(100)</u>
TOTAL EXPENDITURES	<u>7,645,617</u>	<u>10,741,870</u>	<u>10,429,360</u>	<u>(312,510)</u>
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES(USES)	154,109	(851,194)	676,222	1,527,416

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
OTHER FINANCING SOURCES(USES)				
Transfer from proprietary funds	642,000	642,000	642,000	0
Transfer from tourism fund	35,000	35,000	35,000	0
Transfer to library fund	(145,000)	(145,000)	(145,000)	0
Transfer to water and sewer fund	0	(276,400)	(277,575)	(1,175)
Transfer to general purpose school fund	(665,000)	(665,000)	(665,000)	0
	<u>(133,000)</u>	<u>(409,400)</u>	<u>(410,575)</u>	<u>(1,175)</u>
NET CHANGE IN FUND BALANCE	21,109	(1,260,594)	265,647	1,526,241
FUND BALANCE AT THE BEGINNING OF THE YEAR, as originally stated	0	1,260,594	6,517,484	5,256,890
Restatement	<u>0</u>	<u>0</u>	<u>(39,420)</u>	<u>(39,420)</u>
FUND BALANCE AT THE BEGINNING OF THE YEAR, as restated	<u>0</u>	<u>1,260,594</u>	<u>6,478,064</u>	<u>5,217,470</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 21,109</u>	<u>\$ 0</u>	<u>\$ 6,743,711</u>	<u>\$ 6,743,711</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, 2024

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
REVENUE				
State gasoline tax	\$ 230,000	\$ 230,000	\$ 221,917	\$ (8,083)
Sale of equipment	0	14,400	15,800	1,400
Safe routes to school grant	<u>85,000</u>	<u>85,000</u>	<u>5,195</u>	<u>(79,805)</u>
TOTAL REVENUE	315,000	329,400	242,912	(86,488)
EXPENDITURES				
Operating supplies	78,500	78,500	17,739	(60,761)
Construction materials and supplies	25,000	25,000	46,174	21,174
Sign parts and supplies	15,000	15,000	18,829	3,829
Vehicle maintenance and repair	8,000	8,000	7,565	(435)
Equipment maintenance and repair	26,000	26,000	22,771	(3,229)
Street maintenance and repairs	105,000	105,000	78,583	(26,417)
Capital outlay	<u>250,000</u>	<u>250,000</u>	<u>258,081</u>	<u>8,081</u>
TOTAL EXPENDITURES	<u>507,500</u>	<u>507,500</u>	<u>449,742</u>	<u>(57,758)</u>
NET CHANGE IN FUND BALANCE	(192,500)	(178,100)	(206,830)	(28,730)
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>192,500</u>	<u>178,100</u>	<u>416,423</u>	<u>238,323</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 209,593</u>	<u>209,593</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**

Year Ended June 30, 2024

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
REVENUE				
Drug related fines	\$ 10,000	\$ 10,000	\$ 7,323	\$ (2,677)
Forfeitures	<u>5,000</u>	<u>5,000</u>	<u>1,030</u>	<u>(3,970)</u>
TOTAL REVENUE	15,000	15,000	8,353	(6,647)
EXPENDITURES				
Salaries	1,000	1,000	0	(1,000)
Telephone	2,000	2,000	1,863	(137)
Operating supplies	1,850	6,850	9,759	2,909
Special investigation	5,000	0	0	0
Vehicle maintenance	500	500	0	(500)
Uniforms	250	250	0	(250)
Sundry	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>(3,000)</u>
TOTAL EXPENDITURES	<u>13,600</u>	<u>13,600</u>	<u>11,622</u>	<u>(1,978)</u>
NET CHANGE IN FUND BALANCE	1,400	1,400	(3,269)	(4,669)
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>80,255</u>	<u>80,255</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 1,400</u>	<u>\$ 1,400</u>	<u>\$ 76,986</u>	<u>\$ 75,586</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**

Year Ended June 30, 2024

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Over (Under)
REVENUE				
Intergovernmental revenue:				
Monroe County:				
Property tax	\$ 1,239,000	\$ 1,239,000	\$ 1,652,950	\$ 413,950
Interest and penalty	10,000	10,000	9,358	(642)
Pick-up taxes	3,000	3,000	0	(3,000)
Business taxes, licenses, fines and fees	30,200	30,200	60,681	30,481
Local sales tax	861,000	861,000	1,966,470	1,105,470
State income tax	2,500	2,500	5	(2,495)
Mixed drink tax	1,100	1,100	19,285	18,185
State revenue sharing	100,000	100,000	100,000	0
In-lieu of tax payments-TVA	12,000	12,000	13,438	1,438
In-lieu of tax payments-other	<u>53,700</u>	<u>53,700</u>	<u>111,647</u>	<u>57,947</u>
	2,312,500	2,312,500	3,933,835	1,621,335
State of Tennessee:				
Basic Education Program	12,652,062	12,652,062	10,188,292	(2,463,770)
Early childhood education	288,419	304,590	291,419	(13,171)
School food services	850	850	747	(103)
Career ladder program	23,579	23,579	18,762	(4,817)
Other state education	<u>0</u>	<u>748,495</u>	<u>320,406</u>	<u>(428,089)</u>
	12,964,910	13,729,576	10,819,626	(2,909,950)

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, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Other revenue:				
Tuition	13,000	13,000	15,260	2,260
Interest on investments	2,000	2,000	522,037	520,037
Contributions	0	59,769	60,342	573
Rental income	4,500	4,500	200	(4,300)
OPEB on-behalf payments	0	0	52,786	52,786
Insurance recovery	0	12,255	15,530	3,275
Other	56,030	96,265	97,519	1,254
	75,530	187,789	763,674	575,885
 TOTAL REVENUE	 15,352,940	 16,229,865	 15,517,135	 (712,730)
 EXPENDITURES				
General purpose:				
Salaries	7,787,673	9,383,967	7,839,620	(1,544,347)
OASDI	590,987	623,394	556,708	(66,686)
Retirement	621,385	649,558	518,455	(131,103)
Employee insurance	1,242,168	1,234,054	1,275,932	41,878
Instructional supplies/materials	111,652	326,137	159,930	(166,207)
Other supplies and materials	14,375	14,375	13,016	(1,359)
Other contracted services	614,641	685,937	592,168	(93,769)
Communication	29,047	29,047	24,323	(4,724)
Travel	11,750	11,750	11,564	(186)
Maintenance and repair	108,775	211,021	187,994	(23,027)
Equipment	41,678	93,982	61,816	(32,166)
In-service/staff development	21,500	31,700	18,718	(12,982)
Dues and memberships	9,678	9,678	10,014	336
Insurance	156,998	180,329	164,394	(15,935)
Trustee's commission	54,915	54,915	56,011	1,096
Utilities	412,550	412,550	362,153	(50,397)
Disposal fees	18,000	18,000	20,135	2,135

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, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Custodial supplies	35,000	35,000	32,034	(2,966)
Administrative equipment	10,586	50,586	9,619	(40,967)
Gas and fuel	16,000	16,700	10,013	(6,687)
Internet connectivity	20,700	41,909	41,909	0
Other charges	<u>48,200</u>	<u>63,206</u>	<u>30,302</u>	<u>(32,904)</u>
	11,978,258	14,177,795	11,996,827	(2,180,968)
Debt service:				
Bond principal	359,000	359,000	359,000	0
Interest expense on bonds	<u>124,852</u>	<u>189,281</u>	<u>187,674</u>	<u>(1,607)</u>
	<u>483,852</u>	<u>548,281</u>	<u>546,674</u>	<u>(1,607)</u>
TOTAL EXPENDITURES	<u>12,462,110</u>	<u>14,726,076</u>	<u>12,543,501</u>	<u>(2,182,575)</u>
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES	2,890,830	1,503,789	2,973,634	1,469,845
OTHER FINANCING SOURCES				
Transfer from general fund	<u>623,500</u>	<u>623,500</u>	<u>665,000</u>	<u>41,500</u>
NET CHANGE IN FUND BALANCE	3,514,330	2,127,289	3,638,634	1,511,345
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>11,984,011</u>	<u>11,984,011</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 3,514,330</u>	<u>\$ 2,127,289</u>	<u>\$ 15,622,645</u>	<u>\$ 13,495,356</u>

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2024

	<u>Budget</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Over (Under)
REVENUE				
Student lunches	\$ 86,000	\$ 86,000	\$ 92,565	\$ 6,565
Adult lunches	12,400	12,400	16,977	4,577
Breakfast	1,200	1,200	1,369	169
U.S.D.A. reimbursement	755,542	755,542	839,109	83,567
State matching funds	7,852	7,852	6,730	(1,122)
Student a-la-carte	625	625	2,740	2,115
Other income	<u>1,325</u>	<u>1,325</u>	<u>2,407</u>	<u>1,082</u>
TOTAL REVENUE	864,944	864,944	961,897	96,953
EXPENDITURES				
Labor	526,393	526,393	501,491	(24,902)
Food	415,000	415,000	417,482	2,482
Nonfood supplies and expenditures	<u>128,732</u>	<u>160,000</u>	<u>150,635</u>	<u>(9,365)</u>
TOTAL EXPENDITURES	<u>1,070,125</u>	<u>1,101,393</u>	<u>1,069,609</u>	<u>(31,784)</u>
NET CHANGE IN FUND BALANCE	(205,181)	(236,449)	(107,711)	128,738
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>205,181</u>	<u>236,449</u>	<u>431,506</u>	<u>195,057</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 323,795</u>	<u>\$ 323,795</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, 2024

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
REVENUE				
Grants	\$ 972,796	\$ 3,127,243	\$2,550,118	\$ (577,125)
EXPENDITURES				
Salaries	698,701	1,235,375	1,179,826	(55,549)
OASDI	39,916	78,952	82,472	3,520
Insurance	60,618	120,421	118,908	(1,513)
Retirement	25,072	55,911	54,587	(1,324)
Instructional supplies and materials	33,554	1,088,976	862,117	(226,859)
In-service/staff development	53,954	67,890	31,080	(36,810)
Contracts with other agencies	57,000	181,013	220,183	39,170
Other charges	4,250	14,900	3,364	(11,536)
TOTAL EXPENDITURES	<u>973,064</u>	<u>2,843,438</u>	<u>2,552,538</u>	<u>(290,900)</u>
NET CHANGE IN FUND BALANCE	(268)	283,805	(2,420)	(286,225)
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>268</u>	<u>0</u>	<u>7,300</u>	<u>7,300</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 283,805</u>	<u>\$ 4,880</u>	<u>\$ (278,925)</u>

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2024

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
CURRENT ASSETS				
Cash	\$ 4,557,295	\$ 5,676,149	\$ 5,897,650	\$ 16,131,094
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	2,136,906	0	0	2,136,906
Grant receivable	0	0	276,400	276,400
Customer loan program	129,656	22,734	0	152,390
Interest	4,727	28,205	9,940	42,872
Other	183,704	0	740	184,444
Sweetwater Utilities Board				
Electric Department	0	35,029	0	35,029
Inventories:				
Stored gas	0	230,637	0	230,637
Materials and supplies	602,840	73,131	163,383	839,354
Prepaid expenses	<u>224,266</u>	<u>0</u>	<u>2,038</u>	<u>226,304</u>
	<u>7,974,394</u>	<u>7,520,885</u>	<u>6,658,151</u>	<u>22,153,430</u>

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	\$ 251,000	\$ 0	\$ 600,333	\$ 851,333
Current maturities of long-term debt due to gas department	35,029	0	0	35,029
Accounts payable	2,139,668	125,578	30,414	2,295,660
Customers' deposits	1,270,655	0	0	1,270,655
Accrued expenses	<u>862,288</u>	<u>185,369</u>	<u>490,246</u>	<u>1,537,903</u>
	4,558,640	310,947	1,120,993	5,990,580
NONCURRENT LIABILITIES				
Long-term debt, less current maturities	7,755,606	0	4,156,447	11,912,053
Long-term debt, less current maturities due to gas department	764,940	0	0	764,940
Net pension liability	<u>163,992</u>	<u>34,267</u>	<u>46,505</u>	<u>244,764</u>
	8,684,538	34,267	4,202,952	12,921,757
DEFERRED INFLOWS OF RESOURCES				
Deferred outflows related to pensions	1,360,888	284,364	385,923	2,031,175
Deferred outflows related to other postemployment benefits	<u>147,459</u>	<u>19,123</u>	<u>46,139</u>	<u>212,721</u>
	1,508,347	303,487	432,062	2,243,896

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

(continued)

June 30, 2024

	<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	747,291	165,271	0	912,562
Note receivable-Sweetwater Utilities Board- Electric Department	0	764,940	0	764,940
Note receivable - City of Sweetwater	0	0	9,256	9,256
Other postemployment benefit asset	229,572	29,773	71,832	331,177
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>1,386,863</u>	<u>1,304,984</u>	<u>378,088</u>	<u>3,069,935</u>
CAPITAL ASSETS				
Utility plant	58,404,855	6,979,458	28,888,524	94,272,837
Accumulated depreciation	<u>(23,949,637)</u>	<u>(2,953,952)</u>	<u>(11,480,833)</u>	<u>(38,384,422)</u>
	34,455,218	4,025,506	17,407,691	55,888,415
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to other postemployment benefits	3,301	427	1,032	4,762
Deferred outflows related to pensions	<u>1,734,738</u>	<u>362,482</u>	<u>491,940</u>	<u>2,589,160</u>
	<u>1,738,039</u>	<u>362,909</u>	<u>492,972</u>	<u>2,593,920</u>
	<u>\$ 45,554,514</u>	<u>\$ 13,214,284</u>	<u>\$ 24,936,902</u>	<u>\$ 83,705,700</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	26,422,612	4,025,506	12,650,911	43,099,029
Restricted for other postemployment benefits	229,572	29,773	71,832	331,177
Unrestricted	<u>4,150,805</u>	<u>8,510,304</u>	<u>6,458,152</u>	<u>19,119,261</u>
	<u>30,802,989</u>	<u>12,565,583</u>	<u>19,180,895</u>	<u>62,549,467</u>
	<u>\$ 45,554,514</u>	<u>\$ 13,214,284</u>	<u>\$ 24,936,902</u>	<u>\$ 83,705,700</u>

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2024

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
OPERATING REVENUE				
Residential	\$ 12,896,920	\$ 532,880	\$ 2,221,465	\$ 15,651,265
Commercial and industrial	0	1,788,043	1,803,534	3,591,577
Schools	0	43,800	0	43,800
Fire protection	0	0	27,504	27,504
Miscellaneous	78,227	4,977	81,696	164,900
General power under 50KW	3,120,497	0	0	3,120,497
General power 50KW and over	10,370,183	0	0	10,370,183
Street and outdoor lighting	744,537	0	0	744,537
Customers' forfeited discounts	176,860	0	0	176,860
Rents from:				
Gas property	0		0	0
Electric property	642,871	0	0	642,871
Less provision for uncollectible accounts	<u>(42,100)</u>	<u>0</u>	<u>0</u>	<u>(42,100)</u>
	<u>27,987,995</u>	<u>2,369,700</u>	<u>4,134,199</u>	<u>34,491,894</u>
OPERATING EXPENSES				
Purchased power-TVA	21,056,427	0	0	21,056,427
Purchased gas	0	1,306,760	0	1,306,760
Purchased water	0	0	218,199	218,199
Operations	1,815,068	521,966	2,003,033	4,340,067
Maintenance	2,088,751	51,097	417,616	2,557,464
Depreciation	<u>1,588,839</u>	<u>169,071</u>	<u>719,966</u>	<u>2,477,876</u>
	<u>26,549,085</u>	<u>2,048,894</u>	<u>3,358,814</u>	<u>31,956,793</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, 2024

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
INCOME FROM OPERATIONS	1,438,910	320,806	775,385	2,535,101
OTHER INCOME(EXPENSE)				
Gain on sale of capital assets	983,981	0	0	983,981
Interest income	245,339	216,949	130,940	593,228
Purchase gas refunds	0	19,820	0	19,820
Interest expense	<u>(388,405)</u>	<u>0</u>	<u>(112,953)</u>	<u>(501,358)</u>
	<u>840,915</u>	<u>236,769</u>	<u>17,987</u>	<u>1,095,671</u>
INCOME BEFORE OTHER FINANCING SOURCES(USES)	2,279,825	557,575	793,372	3,630,772
OTHER FINANCING SOURCES(USES)				
Transfers to general fund	(550,000)	(92,000)	0	(642,000)
Transfers from general fund	<u>0</u>	<u>0</u>	<u>277,575</u>	<u>277,575</u>
	<u>(550,000)</u>	<u>(92,000)</u>	<u>277,575</u>	<u>(364,425)</u>
CHANGES IN NET POSITION	1,729,825	465,575	1,070,947	3,266,347
NET POSITION AT THE BEGINNING OF THE YEAR	<u>29,073,164</u>	<u>12,100,008</u>	<u>18,109,948</u>	<u>59,283,120</u>
NET POSITION AT THE END OF THE YEAR	<u>\$ 30,802,989</u>	<u>\$ 12,565,583</u>	<u>\$ 19,180,895</u>	<u>\$ 62,549,467</u>

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended June 30, 2024

	<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	\$ 27,880,351	\$ 2,369,700	\$ 4,137,030	\$ 34,387,081
Cash paid to suppliers	(23,996,403)	(1,492,023)	(1,702,112)	(27,190,538)
Cash paid to employees	<u>(1,525,659)</u>	<u>(316,085)</u>	<u>(1,102,898)</u>	<u>(2,944,642)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,358,289	561,592	1,332,020	4,251,901
CASH PROVIDED(USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid on				
customer deposits	(10,850)	0	0	(10,850)
Transfers-in-lieu of				
tax payments	<u>(550,000)</u>	<u>(92,000)</u>	<u>0</u>	<u>(642,000)</u>
NET CASH (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(560,850)	(92,000)	0	(652,850)

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2024

	<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	(632,000)	0	0	(632,000)
Interest paid on capital related debt	(341,698)	0	0	(341,698)
Repayment of interdepartment loan	(35,566)	35,566	0	0
Interest paid on interdepartment loan	(40,308)	0	0	(40,308)
Interest paid on long-term debt	0	0	(112,953)	(112,953)
Principal payments on long-term debt	0	0	(582,290)	(582,290)
Acquisition and construction of capital assets	(9,240,414)	(146,477)	(499,415)	(9,886,306)
Gas equipment loans to customers	0	(200,776)	0	(200,776)
Repayment of gas equipment loans by customers	0	159,225	0	159,225
Capital contributed - City of Sweetwater, Tennessee	0	0	1,175	1,175
Cost of removing capital assets	(222,491)	(4,711)	(9,050)	(236,252)
Proceeds from disposal of capital assets	<u>1,025,000</u>	<u>0</u>	<u>0</u>	<u>1,025,000</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(9,487,477)	(157,174)	(1,202,533)	(10,847,184)

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2024

	<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	157,487	215,892	128,767	502,146
Energy loans made to customers	(322,538)	0	0	(322,538)
Repayments of energy loans by customers	224,094	0	0	224,094
Purchases of certificates of deposit in financial institutions	(1,090,000)	(3,600,000)	(1,210,000)	(5,900,000)
Maturities of certificates of deposit in financial institutions	<u>1,090,000</u>	<u>3,600,000</u>	<u>1,210,000</u>	<u>5,900,000</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>59,043</u>	<u>215,892</u>	<u>128,767</u>	<u>403,702</u>
NET (DECREASE)INCREASE IN CASH	(7,630,995)	528,310	258,254	(6,844,431)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>12,188,290</u>	<u>5,147,839</u>	<u>5,639,396</u>	<u>22,975,525</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,557,295</u>	<u>\$ 5,676,149</u>	<u>\$ 5,897,650</u>	<u>\$ 16,131,094</u>

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2024

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Cash and temporary investments	\$ 4,557,295	\$ 5,676,149	\$ 5,897,650	\$ 16,131,094
Interest bearing deposits in financial institutions	135,000	1,455,000	308,000	1,898,000
Designated assets	<u>410,000</u>	<u>345,000</u>	<u>297,000</u>	<u>1,052,000</u>
	5,102,295	7,476,149	6,502,650	19,081,094
Less: long-term certificates of deposit	<u>(545,000)</u>	<u>(1,800,000)</u>	<u>(605,000)</u>	<u>(2,950,000)</u>
	<u>\$ 4,557,295</u>	<u>\$ 5,676,149</u>	<u>\$ 5,897,650</u>	<u>\$ 16,131,094</u>

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2024

	<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 BY OPERATING ACTIVITIES				
Income from operations	\$ 1,438,910	\$ 320,806	\$ 775,385	\$ 2,535,101
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation, including amounts included in operating and maintenance expense accounts of \$79,865	1,648,122	182,013	727,606	2,557,741
Change in net pension liability	(1,293,432)	(218,767)	(405,355)	(1,917,554)
Change in net OPEB liability(asset)	(31,099)	(12,184)	(7,367)	(50,650)
Change in deferred outflows:				
Deferred cost of pension	(210,662)	(97,876)	(19,415)	(327,953)
Deferred cost of OPEB	30,577	2,576	9,972	43,125
Pension other deferrals	1,181,151	253,159	330,197	1,764,507
Other post- employment benefits	(13,670)	4,843	(6,197)	(15,024)
Purchase gas refund	0	19,820	0	19,820

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2024

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
(Increase)decrease in:				
Accounts receivable	(107,644)	0	2,831	(104,813)
Inventories	179,609	54,120	(24,383)	209,346
Prepaid expenses	0	0	2,524	2,524
Increase(decrease) in:				
Accounts payable	(564,661)	16,924	(654)	(548,391)
Customer deposits	27,425	0	0	27,425
Accrued expenses	<u>73,663</u>	<u>36,158</u>	<u>(53,124)</u>	<u>56,697</u>
	<u>919,379</u>	<u>240,786</u>	<u>556,635</u>	<u>1,716,800</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 2,358,289</u>	 <u>\$ 561,592</u>	 <u>\$ 1,332,020</u>	 <u>\$ 4,251,901</u>
 NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES				
Depreciation included in construction costs	\$ 36,334	\$ 3,075	\$ 899	\$ 40,308
Amortization of bond premium	(12,500)	0	0	(12,500)
Amortization of debt issue costs	8,549	0	0	8,549
Nonoperating grants receivable	0	0	276,400	276,400

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SWEETWATER UTILITY BOARD DEFINED BENEFIT PENSION PLAN

June 30, 2024

ASSETS

Cash and cash equivalents	\$	18,181
Investments, at fair value		<u>8,617,225</u>
TOTAL ASSETS		\$ <u>8,635,406</u>

LIABILITY AND NET POSITION

LIABILITY

Employer voluntary contributions	\$	39,573
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NET POSITION

Restricted for pensions		<u>8,595,833</u>
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TOTAL LIABILITY AND NET POSITION		\$ <u>8,635,406</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
SWEETWATER UTILITY BOARD DEFINED BENEFIT PENSION PLAN

Year Ended June 30, 2024

ADDITIONS

Employer contributions	\$	346,124
Employee contributions		89,778
Investment income:		
Net appreciation in fair value of investments	\$	503,390
Interest		425,123

		928,513
TOTAL ADDITIONS		1,364,415

DEDUCTIONS

Benefits paid to participants		241,344
Administrative expenses		39,928

		281,272
CHANGE IN NET POSITION		1,083,143

Adjustment for change in employee voluntary contributions		(7,271)
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		1,075,872
NET INCREASE IN PLAN FIDUCIARY NET POSITION		1,075,872

		7,519,961
PLAN FIDUCIARY NET POSITION AT THE BEGINNING OF THE YEAR		7,519,961

		8,595,833
PLAN FIDUCIARY NET POSITION AT THE END OF THE YEAR		\$ 8,595,833

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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, 2024 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, 2024

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, 2024

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, 2024

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 *sanitation fund* is used to account for solid waste collections and disposal for City residents.

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* (SUB Pension Plan) accounts for resources that are required to be held in trust for the members and beneficiaries of the pension plan. The SUB Pension Plan financial statements have been prepared using the accrual method of accounting.

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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

The City had no internal service funds as of or for the year ended June 30, 2024.

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, 2024 for the electric fund, natural gas fund, and water and sewer fund was approximately \$822,000, \$26,300, and \$226,000, respectively.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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.

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, 2024 has been calculated as follows:

Governmental Activities:

Capital assets	\$ 51,018,888
Accumulated depreciation	(25,705,603)
Principal balance on long-term debt	<u>(5,315,385)</u>
	<u>\$ 19,997,901</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Business-Type Activities:

Electric Fund:

Capital assets	\$ 58,404,855
Accumulated depreciation	(23,949,637)
Accrued interest	(26,000)
Principal balance on long-term debt	<u>(8,006,606)</u>
	<u>\$ 26,422,612</u>

Natural Gas Fund:

Capital assets	\$ 6,979,458
Accumulated depreciation	<u>(2,953,952)</u>
	<u>\$ 4,025,506</u>

Water and Sewer Fund:

Capital assets	\$ 28,888,524
Accumulated depreciation	(11,480,833)
Principal balance on long-term debt	<u>(4,756,780)</u>
	<u>\$ 12,650,911</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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.

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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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.

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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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.

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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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.

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, 2024 were as follows:

Business-Type Activities	
Accounts receivable, customers	\$ 55,434
Accounts receivable, customer loan program	19,666

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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 asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and 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.

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, 2024, net of an allowance for uncollectible accounts of \$19,666, was \$876,947. The balance of the loans made under the natural gas fund's program at June 30, 2024 was \$188,005 with no allowance for uncollectible accounts reported.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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.

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, 2024 were as follows:

Governmental Activities:			
Cash on hand and in checking accounts			\$ 21,681,667
Certificates of deposit			<u>369,402</u>
			<u>\$ 22,051,069</u>
Business-Type Activities:			
	<u>Unrestricted</u>	<u>Designated</u>	<u>Totals</u>
Cash on hand and in checking accounts	\$ 16,131,094	\$ 0	\$ 16,131,094
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>\$ 18,029,094</u>	<u>\$ 1,052,000</u>	<u>\$ 19,081,094</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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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, 2024 were entirely insured through the Federal Deposit Insurance Corporation or the State of Tennessee Bank Collateral Pool.

Deposits in financial institutions for the electric fund, natural gas fund and water and sewer fund consisted of the following at June 30, 2024:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Electric fund:			
Cash on hand and checking accounts	\$ 6,100		
Money market accounts	4,551,195	1.88%	
Certificate of deposit	100,000	5.25	October 13, 2024
Certificate of deposit	<u>445,000</u>	5.25	October 31, 2024
	<u>\$ 5,102,295</u>		
Natural gas fund:			
Cash on hand and checking accounts	\$ 1,300		
Money market accounts	5,674,849	1.86%	
Certificate of deposit	300,000	5.00	July 14, 2024
Certificate of deposit	300,000	5.00	August 2, 2024
Certificate of deposit	300,000	5.15	December 19, 2024
Certificate of deposit	550,000	5.13	August 9, 2024
Certificate of deposit	250,000	5.25	September 12, 2024
Certificate of deposit	<u>100,000</u>	5.00	December 19, 2024
	<u>\$ 7,476,149</u>		

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

Water and sewer fund:

Cash on hand and checking accounts	\$	1,800		
Money market accounts		5,895,850	1.88%	
Certificate of deposit		400,000	5.13	August 9, 2024
Certificate of deposit		150,000	5.25	October 13, 2024
Certificate of deposit		<u>55,000</u>	5.25	October 31, 2024
		<u>\$ 6,502,650</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.

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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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, 2024, 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).

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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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.

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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

At June 30, 2024, 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%	\$ 50,417
Developed market international equity	14	22,769
Emerging market international equity	4	6,505
Private equity and strategic lending	20	32,527
U.S. fixed income	20	32,527
Real estate	10	16,264
Short-term securities	<u>1</u>	<u>1,626</u>
	<u>100%</u>	<u>\$ 162,636</u>

Fair Value Measurements Using

Asset Class	Fair Value 6/30/24	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Amortized Cost NAV
U.S. equity	\$ 50,417	\$ 50,417	\$ 0	\$ 0	\$ 0
Developed market international equity	22,769	22,769	0	0	0
Emerging market international equity	6,505	6,505	0	0	0
U.S fixed income	32,527	0	32,527	0	0
Real estate	16,264	0	0	16,264	0
Short-term securities	1,626	0	1,626	0	0
Private equity and strategic lending	<u>32,527</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,527</u>
Total	<u>\$ 162,636</u>	<u>\$ 79,691</u>	<u>\$ 34,153</u>	<u>\$ 16,264</u>	<u>\$ 32,527</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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.

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/2023/2023TCRSReport_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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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, 2024 from those in effect during the years ended June 30, 2023 and June 30, 2022. 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, 2024

NOTE E - CAPITAL ASSETS

Governmental Activities:

Capital assets activity for the year ended June 30, 2024 was as follows:

	<u>Balance</u> <u>7/1/23</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/24</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 1,015,274	\$ 1,025,000	\$ 0	\$ 2,040,274
Construction in process	<u>74,714</u>	<u>10,000</u>	<u>(9,405)</u>	<u>75,309</u>
	1,089,989	1,035,000	(9,405)	2,115,584
<u>Capital assets being depreciated</u>				
Land and building improvements	32,052,850	46,546	0	32,099,396
Vehicles and equipment	8,811,487	1,627,456	(62,333)	10,376,610
Infrastructure	<u>6,427,298</u>	<u>0</u>	<u>0</u>	<u>6,427,298</u>
	47,291,635	1,674,002	(62,333)	48,903,304
<u>Accumulated depreciation</u>				
Land and building improvements	(14,939,701)	(799,157)	0	(15,738,858)
Vehicles and equipment	(6,710,025)	(444,397)	62,333	(7,092,089)
Infrastructure	<u>(2,660,589)</u>	<u>(214,067)</u>	<u>0</u>	<u>(2,874,656)</u>
	<u>(24,310,314)</u>	<u>(1,457,621)</u>	<u>62,333</u>	<u>(25,705,603)</u>
	<u>\$ 24,071,310</u>	<u>\$ 1,251,381</u>	<u>\$ (9,405)</u>	<u>\$ 25,313,284</u>

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

General government	\$ 242,926
Education	710,333
Public safety	258,138
Public welfare	102,335
Streets and highways	<u>143,888</u>
	<u>\$ 1,457,621</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

	<u>Balance</u> 7/1/23	<u>Additions</u>	<u>Retirements</u> <u>And Transfers</u>	<u>Balance</u> 6/30/24
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	39,430,247	1,733,007	(256,848)	40,906,406
Facilities installation	<u>912,273</u>	<u>16,329</u>	<u>(4,734)</u>	<u>923,868</u>
	40,342,520	1,749,336	(261,582)	41,830,274
General plant:				
<u>Capital assets not being depreciated</u>				
Land and land rights	41,019	43,518	(41,019)	43,518
<u>Capital assets being depreciated</u>				
Structures and improvements	2,038,528	4,880,175	(749,595)	6,169,108
Equipment	2,584,915	297,740	(27,437)	2,855,218
Office furniture and fixtures	<u>494,111</u>	<u>17,854</u>	<u>(12,606)</u>	<u>499,359</u>
	5,117,554	5,195,769	(789,638)	9,523,685
Construction work in progress	<u>4,392,479</u>	<u>9,042,248</u>	<u>(6,713,760)</u>	<u>6,720,967</u>
	<u>\$ 50,179,983</u>	<u>\$ 16,030,871</u>	<u>\$(7,805,999)</u>	<u>\$ 58,404,855</u>
<u>Accumulated depreciation</u>				
Distribution plant:				
Electrical distribution system	\$ (19,523,782)	\$ (1,456,826)	\$ 443,682	\$ (20,536,926)
Facilities installation	<u>(837,391)</u>	<u>0</u>	<u>28</u>	<u>(837,363)</u>
	(20,361,173)	(1,456,826)	443,710	(21,374,289)
General plant:				
Structures and improvements	(869,822)	(68,308)	749,595	(188,535)
Equipment	(2,148,056)	(110,162)	27,437	(2,230,781)
Office furniture and fixtures	<u>(119,478)</u>	<u>(49,160)</u>	<u>12,606</u>	<u>(156,032)</u>
	<u>(3,137,356)</u>	<u>(227,630)</u>	<u>789,638</u>	<u>(2,575,348)</u>
	<u>\$ (23,498,529)</u>	<u>\$ (1,684,456)</u>	<u>\$ 1,233,348</u>	<u>\$ (23,949,637)</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

	<u>Balance</u> <u>7/1/23</u>	<u>Additions</u>	<u>Retirements</u> <u>and Transfers</u>	<u>Balance</u> <u>6/30/24</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>5,378,605</u>	<u>121,162</u>	<u>(6,160)</u>	<u>5,493,607</u>
	5,411,603	121,162	(6,160)	5,526,605
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	1,388,572	57,273	(52,640)	1,393,205
Office furniture and fixtures	<u>27,561</u>	<u>0</u>	<u>0</u>	<u>27,561</u>
	1,416,133	57,273	(52,640)	1,420,766
Construction work in progress	<u>15,811</u>	<u>96,661</u>	<u>(94,044)</u>	<u>18,428</u>
	<u>\$ 6,857,206</u>	<u>\$ 275,096</u>	<u>\$ (152,844)</u>	<u>\$ 6,979,458</u>
<u>Accumulated depreciation</u>				
Distribution plant:				
Structures and improvements	\$ (20,257)	\$ 0	\$ 0	\$ (20,257)
Gas distribution system	<u>(2,375,059)</u>	<u>(146,584)</u>	<u>10,871</u>	<u>(2,510,772)</u>
	(2,395,316)	(146,584)	10,871	(2,531,029)
General plant:				
Equipment	(355,873)	(38,504)	0	(394,377)
Office furniture and fixtures	<u>(49,686)</u>	<u>0</u>	<u>21,140</u>	<u>(28,546)</u>
	<u>(405,559)</u>	<u>(38,504)</u>	<u>21,140</u>	<u>(422,923)</u>
	<u>\$ (2,800,875)</u>	<u>\$ (185,088)</u>	<u>\$ 32,011</u>	<u>\$ (2,953,952)</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

	<u>Balance</u> <u>7/1/23</u>	<u>Additions</u>	<u>Retirements</u> <u>and Transfers</u>	<u>Balance</u> <u>6/30/24</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	11,669,198	593,022	(9,508)	12,252,712
Furniture and fixtures	60,610	0	0	60,610
Equipment	<u>2,290,312</u>	<u>26,094</u>	<u>0</u>	<u>2,316,406</u>
	14,020,120	619,116	(9,508)	14,629,728
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	13,528,424	27,269	0	13,555,693
Equipment	<u>526,824</u>	<u>948</u>	<u>0</u>	<u>527,772</u>
	14,055,248	28,217	0	14,083,465
Construction work in progress	<u>215,149</u>	<u>512,185</u>	<u>(659,204)</u>	<u>68,130</u>
	<u>\$ 28,397,718</u>	<u>\$ 1,159,518</u>	<u>\$ (668,712)</u>	<u>\$ 28,888,524</u>
<u>Accumulated depreciation</u>				
Water plant:				
Structures and improvements	\$ (5,619,055)	\$ (289,487)	\$ 18,158	\$ (5,890,384)
Furniture and fixtures	(27,916)	(6,061)	0	(33,977)
Equipment	<u>(976,416)</u>	<u>(94,766)</u>	<u>400</u>	<u>(1,070,782)</u>
	(6,623,387)	(390,314)	18,558	(6,995,143)
Sewer plant:				
Structures and improvements	(3,779,474)	(322,891)	0	(4,102,365)
Equipment	<u>(368,025)</u>	<u>(15,300)</u>	<u>0</u>	<u>(383,325)</u>
	<u>(4,147,499)</u>	<u>(338,191)</u>	<u>0</u>	<u>(4,485,690)</u>
	<u>\$ (10,770,886)</u>	<u>\$ (728,505)</u>	<u>\$ 18,558</u>	<u>\$ (11,480,833)</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Depreciation expense	\$ 1,588,839	\$ 169,071	\$ 719,966	\$ 2,477,876
Charged to clearing accounts and allocated to:				
Construction	36,334	3,075	899	40,308
Operating expense accounts	21,514	11,661	6,145	39,320
Maintenance expense accounts	<u>37,769</u>	<u>1,281</u>	<u>1,495</u>	<u>40,545</u>
	<u>\$ 1,684,456</u>	<u>\$ 185,088</u>	<u>\$ 728,505</u>	<u>\$ 2,598,049</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 <https://.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establish 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	104
Inactive employees entitled to but not yet receiving benefits	107
Active employees	<u>119</u>
	<u>330</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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, 2024, employer contributions were \$149,972, based on an actuarial determined rate of 2.99%. The City elected to make additional contributions of \$100,818 for total pension contributions of \$250,790 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, 2023, 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, 2023 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, 2023 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, 2024

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
		<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, 2024

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, 2023:			
Increase(decrease):			
Service cost	\$ 432,629	\$ 0	\$ 432,629
Interest	1,129,097	0	1,129,097
Differences between expected and actual experience	196,268	0	196,268
Changes in assumptions	0	0	0
Contributions-employer	0	231,979	(231,979)
Contributions-employee	0	231,979	(231,979)
Net investment income	0	1,216,730	(1,216,730)
Benefit payments, including refunds of employee contributions	(716,911)	(716,911)	0
Administrative expense	<u>0</u>	<u>(13,618)</u>	<u>13,618</u>
Net changes for the year ended June 30, 2023	1,041,083	950,159	90,924
Balances at June 30, 2022	<u>16,653,193</u>	<u>18,234,365</u>	<u>(1,581,172)</u>
Balances at June 30, 2023	<u>\$ 17,694,276</u>	<u>\$ 19,184,524</u>	<u>\$ (1,490,248)</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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)	\$ 946,467	\$ (1,490,248)	\$ (3,505,571)

Pension Expense

For the year ended June 30, 2024, the City recognized pension expense of \$160,021 in the government-wide statement of activities.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2024, 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	\$ 284,368	\$ 121,791
Net difference between projected and actual earnings on pension plan investments	141,948	0
Changes in assumptions	430,772	0
Contributions subsequent to the measurement date of June 30, 2023	<u>250,790</u>	<u>not applicable</u>
	<u>\$ 1,107,878</u>	<u>\$ 121,791</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2023,” 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, 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>	
2025	\$ 108,612
2026	98,779
2027	487,635
2028	40,273
2029	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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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, 2024 to the Teacher Legacy Plan were \$320,220 which is 6.81% 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, 2024

Pension Liability(Asset)

At June 30, 2023 the Board of Education reported an asset of \$1,759,950 for its proportionate share of net pension liability(asset). The net pension asset was measured as of June 30, 2023, 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, 2023, the Board of Education’s proportion was 0.149278%. The proportion measured as of June 30, 2022 was 0.156834%.

Pension Expense

For the year ended June 30, 2024, the Board of Education recognized pension expense of \$470,291.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2024, 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	\$ 419,310	\$ 81,673
Changes of assumptions	573,440	0
Net difference between projected and actual earnings on pension plan investments	305,360	0
Changes in proportion share of the net pension liability(asset)	127,349	52,911
Contributions subsequent to the measurement date of June 30, 2023	<u>320,220</u>	<u>not applicable</u>
	<u>\$ 1,745,679</u>	<u>\$ 134,584</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

The Board of Education employer contributions of \$320,220, 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, 2025. 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>	
2025	\$ 441,305
2026	(232,305)
2027	1,079,484
2028	2,392
2029	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, 2023 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, 2023 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, 2024

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, 2024

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)	\$ 3,833,293	\$ (1,759,950)	\$ (6,411,950)

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, 2024

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 establish 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, 2024

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, 2024 to the Teacher Retirement Plan were \$74,022, which is 2.95% 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, 2024, the Board of Education reported an asset of \$42,562 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023, 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, 2023, the Board of Education's proportion was .100375%. The proportion measured as of June 30, 2022 was .092824%.

Pension Expense

For the year ended June 30, 2024, the Board of Education recognized pension expense of \$52,675.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2024, 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	\$ 1,434	\$ 24,843
Net difference between projected and actual earnings on pension plan investments	10,821	0
Changes of assumptions	32,022	0
Changes in proportion share of the net pension liability(asset)	839	13,820
Contributions subsequent to the measurement date of June 30, 2023	<u>74,022</u>	<u>not applicable</u>
	<u>\$ 119,138</u>	<u>\$ 38,663</u>

The Board of Education’s employer contributions of \$74,022, 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, 2025. 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>	
2025	\$ (1,389)
2026	(2,964)
2027	13,729
2028	(424)
2029	(358)
Thereafter	(2,140)

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, 2024

Actuarial Assumptions

The total pension liability in the June 30, 2023 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, 2023 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, 2024

<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, 2024

	1% Decrease <u>5.75%</u>	Current Discount Rate <u>6.75%</u>	1% Increase <u>7.75%</u>
Proportionate share of the net pension liability(asset)	\$ 195,785	\$ (42,562)	\$ (214,153)

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 \$122,165 for the year ended June 30, 2024.

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, 2023. The fiduciary fund reporting for the Plan are included in the financial statements of City of Sweetwater, Tennessee for the year ending June 30, 2024.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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, 2024 was as follows:

Retirees and beneficiaries currently receiving benefits	12
Terminated employees entitled to but not yet receiving benefits	5
Active plan members	<u>22</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, 2023, the Utility's required contribution of \$257,293 (14.88% 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, 2024

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
2024	48,886	172,386	36,021	257,293	134.53

Net Pension Liability

The Utility's net pension liability was measured as of January 1, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.0%
Salary increases	3.5%
Investment rate of return	7%, net of pension investment expense, including inflation
Mortality	Pub10 General Amount Weighted

Changes of assumptions from the prior year included a 1.0% decrease in inflation, a 0.5% increase in salary increases, and a 1.5% increase in investment returns. The mortality table changed from the RP 2014 Healthy Annuitant Mortality Table.

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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Stocks	7.00%	50%
Bonds	4.00	50

Discount Rate

The discount rate used to measure the total pension liability was increased from 5.50% to 7.00%. This single rate is the long-term expected rate of return (7.00%). 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>
1/1/24	\$ 9,051	\$ 8,841	\$ (210)	102.38%	\$ 1,728	(12.15)%
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

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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.

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a)-(b)
	<u> </u>	<u> </u>	<u> </u>
Changes for the year ended			
December 31, 2023			
Increase(decrease):			
Service cost	\$ 172,033	\$ 0	\$ 172,033
Interest	535,351	0	535,351
Difference between expected and actual experience	593,270	0	593,270
Changes of assumptions	(1,900,993)	0	(1,900,993)
Contributions-employer	0	346,124	(346,124)
Contributions-employees	0	86,427	(86,427)
Net investment income	0	924,592	(924,592)
Benefit payments, including refunds of employee contributions	(241,344)	(241,344)	0
Adjustment for change in employee contributions	0	0	0
Administrative expenses	<u>0</u>	<u>(39,928)</u>	<u>39,928</u>
Net changes for the year ended			
December 31, 2023	(841,683)	1,075,871	(1,917,554)
Balances at December 31, 2022	<u>9,682,280</u>	<u>7,519,962</u>	<u>2,162,318</u>
Balances at December 31, 2023	<u>\$ 8,840,597</u>	<u>\$ 8,595,833</u>	<u>\$ 244,764</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

<u>Department</u>	<u>Net Pension Liability 12/31/2022</u>	<u>Net Changes</u>	<u>Net Pension Liability 12/31/2023</u>
Electric	\$ 1,457,424	\$ (1,293,432)	\$ 163,992
Gas	253,034	(218,767)	34,267
Water and sewer	<u>451,860</u>	<u>(405,355)</u>	<u>46,505</u>
	<u>\$ 2,162,318</u>	<u>\$ (1,917,554)</u>	<u>\$ 244,764</u>

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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Net pension liability	\$ 1,450,575	\$ 244,764	\$ (759,125)

Pension Expense

For the plan year ended December 31, 2023, the Plan recognized pension expense as follows (including adjustments for change in allocation percentages between departments):

<u>Department</u>	<u>Pension Expense</u>
Electric	\$ 90,370
Gas	18,883
Water and sewer	<u>25,627</u>
	<u>\$ 134,880</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, 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	\$ 1,256,697	\$ 66,052
Changes of assumptions	1,169,965	1,682,156
Net difference between projected and actual earnings on plan investments	<u>0</u>	<u>282,967</u>
Totals	<u>\$ 2,426,662</u>	<u>\$ 2,031,175</u>

At June 30, 2024, the Utility reported deferred outflows of resources related to the Plan from the following sources:

Contributions subsequent to the measurement
date of January 1, 2024:

\$ 162,498

Department

Electric	\$ 109,530
Gas	19,014
Water and Sewer	<u>33,954</u>
	<u>\$ 162,498</u>

The amount shown above for “Contributions subsequent to the measurement date of January 1, 2024,” 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:

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

Year Ending
June 30:

2024	\$ (250,400)
2025	(149,320)
2026	13,957
2027	(169,420)
2028	(68,055)
Thereafter	1,018,725

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

The deferred outflows of resources and deferred inflows of resources for the Utility are as follows as of June 30, 2024:

Department	Deferred Outflows of Resources	Deferred Inflows of Resources
Electric	\$ 1,734,738	\$ 1,360,888
Gas	362,482	284,364
Water and sewer	491,940	385,923
	\$ 2,589,160	\$ 2,031,175

Payable to the Pension Plan

At June 30, 2024 the Utility did not report a payable for any outstanding amount of employer contributions to the Plan required for the year ended June 30, 2024 since all contributions were paid prior to year-end.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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 VOYA Financial (VOYA). Each participant has an individual account with VOYA 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.

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, 2024, the payroll for employees covered under the 401(a) Plan was \$1,343,648 and the Utility contributed \$67,182 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 \$23,000) 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, 2024 there were 13 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, 2024

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, 2024

Employees Covered by Benefit Terms

At July 1, 2023, the following employees of the City were covered by the benefit terms of the TGOP.

Inactive employees currently receiving benefit payments	10
Active employees	<u>100</u>
	<u>110</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 \$65,272 to the TGOP for OPEB benefits as they came due.

Actuarial Assumptions

The collective total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72% based on age, including inflation, averaging 4%
Healthcare cost trend rates	10.31% for pre-65 in 2023, decreasing annually over an 11 year period to an ultimate rate of 4.5%. 12.44% for post-65 in 2023, decreasing annually over an 11 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, 2024

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023 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-2021 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-2021. 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-2021.

The discount rate used to measure the total OPEB liability was 3.65%. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

Changes in Collective Total OPEB Liability

	<u>Total OPEB Liability</u>
Changes for the year:	
Service cost	\$ 96,541
Interest	82,853
Differences between expected and actual experience	44,148
Change of assumptions	170,766
Benefit payments	<u>(120,401)</u>
Net changes	273,907
Total OPEB liability – beginning balance	<u>2,303,622</u>
Total OPEB liability – ending balance	<u>\$ 2,577,529</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 985,535
Employer’s proportionate share of the collective total OPEB liability	\$ 1,591,994
Employer’s proportion of the collective total OPEB liability	61.76%

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 (1.83%) from the prior measurement date. The City recognized \$87,324 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for City retirees.

The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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> 2.65%	<u>Discount Rate</u> 3.65%	<u>1% Increase</u> 4.65%
Proportionate share of collective total OPEB liability	\$ 1,694,541	\$ 1,591,994	\$ 1,493,030

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> (9.31%/11.44% decreasing to 3.50%)	<u>Current</u> <u>Discount Rate</u> (10.31%/12.44% decreasing to 4.50%)	<u>1% Increase</u> (11.31%/13.44% decreasing to 5.50%)
Proportionate share of collective total OPEB liability	\$ 1,499	\$ 1,592	\$ 1,755

OPEB Expense

For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$216,615.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2024, 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	\$ 104,751	\$ 141,679
Changes of assumptions	298,878	139,909
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	35,512	70,090
Employer payments subsequent to the measurement date of June 30, 2023	<u>65,272</u>	<u>0</u>
	<u>\$ 504,413</u>	<u>\$ 351,678</u>

The amount shown above for “Employer payments subsequent to the measurement date of June 30, 2023” 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>	
2025	\$ 18,489
2026	18,489
2027	22,320
2028	18,102
2029	(3,546)
Thereafter	13,609

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, 2024

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, 2024

Employees Covered by Benefit Terms

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

Inactive employees currently receiving benefit payments	27
Inactive employees entitled to but not yet receiving benefit payments	17
Active employees	<u>78</u>
	<u>122</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, 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	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, 2024

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, 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-2021. 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-2021.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. 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, 2024

Changes in Collective Total OPEB Liability

	<u>Total OPEB Liability</u>
Changes for the year:	
Service cost	\$ 5,616
Interest	10,473
Differences between expected and actual experience	18,058
Changes of assumptions	(3,873)
Benefit payments	<u>(9,482)</u>
Net changes	20,792
Total OPEB liability – beginning balance	<u>294,923</u>
Total OPEB liability – ending balance	<u>\$ 315,715</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 315,715
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 \$4,521 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 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$4,521.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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. The OPEB Plan does not issue audited financial statements and fiduciary funds statements for the OPEB Plan and are not material to the City's financial statements and 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, 2024, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	0
Active plan members	<u>53</u>
	<u>53</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, 2024, 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, 2024

Net OPEB Liability

The Utility's net OPEB Plan liability was measured as of July 1, 2024 and the total OPEB liability used to calculate the net OPEB Plan liability was determined by an actuarial valuation of July 1, 2024.

Actuarial Assumptions

The total OPEB Plan liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2%
Salary increases	3%
Investment rate of return	5.5%
Healthcare cost trend rates	7.5% declining to 4.5% for medical costs 3% for dental and vision costs

Mortality rates were based on Pub 10 General Amount Weighted.

Changes of assumptions from the prior year include a .25% decrease in inflation, a change in medical cost trends from 5% to 7.5% declining to 4.5% and a change to the termination and disability rates from TCRS Experience Study to Sarason T-3 table and 1985 CIDA table, respectively. The mortality table changed to the Pub10 General Amount Weighted.

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, 2024

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, 2024:			
Increase(decrease):			
Service cost	\$ 3,964	\$ 0	\$ 3,964
Interest	5,120	0	5,120
Difference between expected and actual experience	0	0	0
Changes of assumptions	(19,756)	0	(19,756)
Contributions - employer	0	0	0
Net investment income	0	41,900	(41,900)
Expected benefit payments	0	(1,922)	1,922
Net changes for the year ended June 30, 2024	(10,672)	39,978	(50,650)
Balances at June 30, 2023	93,088	373,615	(280,527)
Balances at June 30, 2024	\$ 82,416	\$ 413,593	\$ (331,177)

<u>Department</u>	Net Pension Liability 6/30/2023	Net Changes	Net Pension Liability 6/30/2024
Electric	\$ (198,473)	\$ (31,099)	\$ (229,572)
Gas	(17,589)	(12,184)	(29,773)
Water and sewer	(64,465)	(7,367)	(71,832)
	\$ (280,527)	\$ (50,650)	\$ (331,177)

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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)	\$ (320,921)	\$ (331,177)	\$ (340,208)

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)	\$ (341,565)	\$ (331,177)	\$ (318,492)

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

For the year ended June 30, 2024 the Utility recognized OPEB Plan expense of \$22,549.

<u>Department</u>	
Electric	\$ 15,631
Gas	2,027
Water and sewer	<u>4,891</u>
	<u>\$ 22,549</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

At June 30, 2024, 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	\$ 4,198	\$ 28,982
Changes of assumptions	0	183,739
Net difference between projected and actual earnings on plan investments	<u>562</u>	<u>0</u>
Total	<u>\$ 4,760</u>	<u>\$ 212,721</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, 2024:

<u>Department</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Electric	\$ 3,301	\$ 147,459
Gas	427	19,123
Water and sewer	<u>1,032</u>	<u>46,139</u>
	<u>\$ 4,760</u>	<u>\$ 212,721</u>

Payable to the OPEB Plan

At June 30, 2024 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, 2024 since all contributions were paid prior to year-end.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

NOTE I - LONG-TERM DEBT

Long-term debt at June 30, 2024 consisted of the following:

Governmental Activities:

Tennessee Municipal Bond, Series 2001, payable in annual installments through May 2030, variable interest at 3.99% at June 30, 2024	\$ 1,792,000
Tennessee Local Development Authority revolving loan, payable in monthly installments of \$9,256 through February 2029, interest at 2.00%	514,285
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	619,700
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	295,000
Capital Outlay Note, payable in annual installments through February 2026, interest due semi annually at 2.090%	97,400
Tennessee Municipal Bond, Series 2017, payable in annual installments through May 2042, variable interest at 3.60% at June 30, 2023	<u>1,997,000</u>
	5,315,385
Less current maturities	<u>(672,208)</u>
	<u>\$ 4,643,177</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, 2024

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, 2024 was 3.47%	\$ 96,000
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.	96,838
3.80% loan agreement with the Tennessee Municipal Bond Fund payable in quarterly interest payments and annual principal payments through April 2029.	1,999,000
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, 2024 was 3.90%	799,969
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.	1,299,267
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.	1,143,000
City of Sweetwater, Tennessee General Obligation Bonds, Series 2022, payable in annual installments through June 2052 at 4% interest	7,800,000
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>218,675</u>
	13,452,749
Less current maturities	<u>(886,362)</u>
	<u>\$ 12,566,387</u>

Above balances do not include unamortized bond premium of \$110,606 on City of Sweetwater, Tennessee General Obligation Bonds, Series 2022.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

Direct Borrowing and Direct Placement Debt

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 (3.87% at June 30, 2024) 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, 2024 interest and fees paid totaled \$19,127 and \$4,571, 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 (5.75% at June 30, 2024) 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 \$40,308.

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.

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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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.

Other Debt

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, 2024, for this bond issue totaled \$317,500 (including accrued interest of \$26,000).

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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 2.6%, to be made through November 2059.

During the year ended June 30, 2023, the water and sewer fund's debt service coverage ratio was 2.74. 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, 2024.

The adjustable rate loan, 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, 2024.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

Maturities of long-term debt as of June 30, 2024 are as follows:

Governmental Activities:

Direct Borrowings and Direct Placement Debt

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 672,208	\$ 193,505	\$ 865,713
2026	690,072	160,015	850,087
2027	658,672	137,154	795,826
2028	675,720	115,768	791,488
2029	597,413	92,972	690,385
2030	519,000	71,609	590,609
2031	198,300	52,375	250,675
2032	107,000	43,092	150,092
2033	109,000	39,168	148,168
2034	111,000	35,172	146,172
2035	114,000	31,068	145,068
2036	116,000	26,892	142,892
2037	118,000	22,644	140,644
2038	121,000	18,288	139,288
2039	123,000	13,860	136,860
2040	126,000	9,324	135,324
2041	128,000	4,716	132,716
2042	<u>131,000</u>	<u>0</u>	<u>131,000</u>
	<u>\$ 5,315,385</u>	<u>\$ 1,067,621</u>	<u>\$ 6,383,006</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

Business-Type Activities:

Direct Borrowing and Direct Placement Debt

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 707,729	\$ 114,368	\$ 822,097
2026	631,259	95,906	727,165
2027	627,940	80,241	708,181
2028	554,293	65,945	620,238
2029	545,599	52,172	597,771
2030	141,054	41,037	182,091
2031	144,666	37,425	182,091
2032	148,431	33,660	182,091
2033	152,370	29,721	182,091
2034	156,492	25,599	182,091
2035	160,807	21,284	182,091
2036	165,254	16,773	182,027
2037	68,515	12,512	81,027
2038	72,455	8,572	81,027
2039	<u>76,618</u>	<u>4,406</u>	<u>81,024</u>
	<u>\$ 4,353,482</u>	<u>\$ 639,621</u>	<u>\$ 4,993,103</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

Business-Type Activities:

Other Debt

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 178,633	\$ 345,823	\$ 524,456
2026	184,261	338,995	523,256
2027	194,906	331,950	526,856
2028	200,567	324,489	525,056
2029	211,247	316,809	528,056
2030	216,944	308,712	525,656
2031	227,660	300,396	528,056
2032	233,395	291,661	525,056
2033	244,149	282,707	526,856
2034	249,923	273,333	523,256
2035	260,718	263,738	524,456
2036	271,535	253,721	525,256
2037	282,372	243,284	525,656
2038	293,233	232,423	525,656
2039	304,115	220,941	525,056
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	128,567	524,556
2047	412,078	113,578	525,656

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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>\$ 9,099,267</u>	<u>\$ 5,980,415</u>	<u>\$ 15,079,682</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

Changes in long-term debt for the year ended June 30, 2024 were as follows:

	<u>Balance</u> <u>7/1/23</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/24</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental</u>					
<u>Activities:</u>					
<i>Direct Borrowings and</i>					
<i>Direct Placement</i>					
<i>Debt:</i>					
Tennessee Municipal Bond, Series 2001	\$ 2,060,000	\$ 0	\$ (268,000)	\$ 1,792,000	\$ 276,000
Tennessee Municipal Bond, Series 2016	698,800	0	(79,100)	619,700	81,900
Tennessee Municipal Bond, Series 2017	2,088,000	0	(91,000)	1,997,000	93,000
Tennessee Municipal Bond, Series 2020	365,000	0	(70,000)	295,000	71,000
Tennessee Local Development Authority	605,101	0	(90,816)	514,285	102,108
Capital Outlay Note	<u>144,700</u>	<u>0</u>	<u>(47,300)</u>	<u>97,400</u>	<u>48,200</u>
	<u>\$ 5,961,601</u>	<u>\$ 0</u>	<u>\$ (646,216)</u>	<u>\$ 5,315,385</u>	<u>\$ 672,208</u>

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

	<u>Balance</u> <u>7/1/23</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/24</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Business-Type Activities:</u>					
<i>Direct Borrowings and</i>					
<i>Direct Placement</i>					
<i>Debt:</i>					
Revolving loan					
agreements	\$ 1,655,781	\$ 0	\$ (197,268)	\$ 1,458,513	\$ 200,700
Tennessee Municipal					
Bond	2,361,000	0	(362,000)	1,999,000	376,000
Interdepartment loan					
Gas Department	835,535	0	(35,566)	799,969	35,029
Adjustable rate					
loan	578,000	0	(482,000)	96,000	96,000
<i>Other Debt:</i>					
Water and Sewer					
Revenue tax bonds	1,322,289	0	(23,022)	1,299,267	23,633
General Obligation					
Bonds, Series 2022	7,950,000	0	(150,000)	7,800,000	155,000
Premium on Series					
2022 Bonds	362,488	0	(12,500)	349,988	0
Debt issuance costs					
On Series 2022 bonds	<u>(247,931)</u>	<u>0</u>	<u>8,549</u>	<u>(239,382)</u>	<u>0</u>
	<u>\$14,817,162</u>	<u>\$ 0</u>	<u>\$ (1,253,807)</u>	<u>\$ 13,563,355</u>	<u>\$ 886,362</u>

NOTE J - INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2024, the school federal project fund owed the general purpose school fund \$438,949 and the school cafeteria fund owed the general purpose school fund \$26,171 for short term advances for shared costs. Also, the general fund owed the general purpose school fund \$16,422 for additional property tax receipts.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

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, 2024 was \$799,969 (\$35,029 current and \$764,940 long-term).

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, 2024, garbage fees payable to the City totaled \$25,826.

NOTE L - INTERFUND TRANSFERS

Transfers during the year ended June 30, 2024 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Purpose</u>	<u>Amount</u>
General fund	General purpose school fund	Operations	\$ 665,000
General fund	Library fund	Operations	145,000
General fund	Water and sewer fund	Capital Contribution	227,575
Tourism fund	General fund	Operations	35,000
Electric fund	General fund	Payments in-lieu of taxes	550,000
Natural gas fund	General fund	Payments in-lieu of taxes	92,000

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.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

NOTE N - PREPAID EXPENSES

Prepaid expenses at June 30, 2024 for the electric fund included the following:

Prepaid power	\$ 224,266
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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 (5.38% at June 30, 2024).

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, 2024, the City entered into contracts related to administration and design recreation projects totaling \$303,400; \$18,000 had been expended as of June 30, 2024.

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; \$138,649 had been expended as of June 30, 2024.

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

NOTE Q - RESTRICTED NET POSITION

At June 30, 2024 restricted net position for governmental activities consisted of the following:

Special projects	\$ 68,080
Street improvements	209,593
Pension	3,292,760
Pension stabilization trust	162,636
Drug enforcement	76,986
School capital projects	127,220
Economic development	152,424
Tourism	61,724
Internal school fund	92,025
School federal projects	4,880
School general purpose	13,399,358
School cafeteria	<u>323,795</u>
	<u>\$ 17,971,481</u>

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

Other postemployment benefits	<u>\$ 331,177</u>
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CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2024

NOTE R – PRIOR PERIOD ADJUSTMENT

Fund balance of the governmental activities and general fund at June 30, 2023 have been restated to properly report the sanitation fund as a separate special revenue fund.

	<u>General Fund</u>	<u>Sanitation Fund</u>	<u>Other Governmental Funds</u>
Balance at June 30, 2022, as originally reported	\$ 6,517,484	\$ 0	\$ 361,947
Reclassify sanitation fund	<u>(39,420)</u>	<u>39,420</u>	<u>39,420</u>
Balance at June 30, 2022, as restated	<u>\$ 6,478,064</u>	<u>\$ 39,420</u>	<u>\$ 401,367</u>

As a result of this restatement, the general fund change in fund balance for the year ended June 30, 2023 was increased by \$16,788. In addition, the sanitation fund and other governmental funds net income was decreased by \$16,788. There was no effect on total governmental funds change in fund balance, governmental activities change in net position or business-type activities change in net position.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SWEETWATER, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET) AND RELATED RATIOS

June 30, 2024

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,

2023	2022	2021	2020	2019
\$ 432,629	\$ 383,038	\$ 344,436	\$ 355,711	\$ 336,148
1,129,097	1,060,768	1,018,347	985,914	952,960
196,268	212,258	(159,150)	(290,659)	(323,444)
0	0	1,076,930	0	0
(716,911)	(669,838)	(630,639)	(554,043)	(507,345)
1,041,083	986,226	1,649,924	496,923	458,319
16,653,193	15,666,967	14,017,043	13,520,120	13,061,801
17,694,276	16,653,193	15,666,967	14,017,043	13,520,120
231,979	122,459	267,804	269,026	260,663
231,979	204,861	189,025	189,455	183,565
1,216,730	(732,360)	3,980,840	736,083	1,034,612
(716,911)	(669,838)	(630,639)	(554,043)	(507,345)
0	0	0	0	0
(13,618)	(11,168)	(10,008)	(10,045)	(10,147)
950,159	(1,086,046)	3,797,022	630,476	961,348
18,234,365	19,320,411	15,523,389	14,892,913	13,931,565
19,184,524	18,234,365	19,320,411	15,523,389	14,892,913
<u>\$ (1,490,248)</u>	<u>\$ (1,581,172)</u>	<u>\$ (3,653,444)</u>	<u>\$ (1,506,346)</u>	<u>\$ (1,372,793)</u>
108.42%	109.49%	123.32%	110.75%	110.15%
\$ 4,639,579	\$ 4,081,966	\$ 3,771,884	\$ 3,789,096	\$ 3,671,305
(32.12)%	(38.74)%	(96.86)%	(39.75)%	(37.39)%

CITY OF SWEETWATER, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET) AND RELATED RATIOS

(continued)

June 30, 2024

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

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,				
2018	2017	2016	2015	2014
\$ 346,953	\$ 316,083	\$ 299,541	\$ 287,486	\$ 296,695
905,739	868,904	813,938	774,676	770,383
(88,962)	(110,280)	45,982	(94,420)	(530,018)
0	283,479	0	0	0
(495,849)	(467,127)	(419,121)	(493,492)	(447,729)
667,881	891,059	740,340	474,250	89,331
12,393,920	11,502,861	10,762,521	10,288,271	10,198,940
13,061,801	12,393,920	11,502,861	10,762,521	10,288,271
267,355	260,806	247,646	228,652	229,464
180,917	184,038	174,676	161,811	159,450
1,070,026	1,316,795	300,458	340,147	1,585,280
(495,849)	(467,127)	(419,121)	(493,492)	(447,729)
0	0	9,815	0	0
(11,280)	(10,244)	(8,847)	(5,479)	(4,503)
1,011,169	1,284,268	304,627	231,639	1,521,962
12,920,396	11,636,128	11,331,501	11,099,862	9,577,900
13,931,565	12,920,396	11,636,128	11,331,501	11,099,862
<u>\$ (869,764)</u>	<u>\$ (526,476)</u>	<u>\$ (133,267)</u>	<u>\$ (568,980)</u>	<u>\$ (811,591)</u>
106.66%	104.25%	101.16%	105.29%	107.89%
\$ 3,765,565	\$ 3,673,327	\$ 3,487,971	\$ 3,220,453	\$ 3,173,767
(23.10)%	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, 2024

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 January 1,				
2023	2022	2021	2020	2019
\$ 172,033	\$ 81,042	\$ 82,895	\$ 85,188	\$ 88,944
535,351	503,116	482,051	464,408	442,329
593,270	259,625	59,059	43,846	107,417
(1,900,993)	0	12,411	(36,799)	(23,727)
(241,344)	(228,031)	(251,553)	(233,578)	(209,770)
(841,683)	615,752	384,863	323,065	405,193
9,682,280	9,066,528	8,681,665	8,358,600	7,953,407
8,840,597	9,682,280	9,066,528	8,681,665	8,358,600
346,124	309,648	354,546	393,168	630,164
86,427	90,525	86,115	92,767	91,800
924,592	(1,293,400)	708,225	876,496	922,849
(241,344)	(228,031)	(251,553)	(233,578)	(209,770)
(39,928)	(41,962)	(5,586)	(5,941)	(5,643)
0	1,856	(45,053)	(39,027)	(35,295)
1,075,871	(1,161,364)	846,694	1,083,885	1,394,105
7,519,962	8,681,326	7,834,632	6,750,747	5,356,642
8,595,833	7,519,962	8,681,326	7,834,632	6,750,747
<u>\$ 244,764</u>	<u>\$2,162,318</u>	<u>\$ 385,202</u>	<u>\$ 847,033</u>	<u>\$1,607,853</u>
97.23%	77.67%	95.75%	90.24%	80.76%
\$ 1,728,547	\$1,746,985	\$1,651,079	\$1,718,347	\$1,715,962
14.16%	123.77%	23.33%	49.29%	93.70%

CITY OF SWEETWATER, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET) AND RELATED RATIOS

(continued)

June 30, 2024

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

Measurement Date at January 1,				
2018	2017	2016	2015	2014
\$ 85,545	\$ 128,423	\$ 138,489	\$ 139,439	\$ 78,729
416,673	435,459	414,800	370,178	421,798
298,170	(94,592)	130,073	214,376	(27,444)
(21,327)	(26,692)	(44,461)	370,994	1,771,993
(315,975)	(741,306)	(253,204)	(603,236)	(878,736)
463,086	(298,708)	385,697	491,751	1,366,340
7,490,321	7,789,029	7,403,332	6,911,581	5,545,241
<u>7,953,407</u>	<u>7,490,321</u>	<u>7,789,029</u>	<u>7,403,332</u>	<u>6,911,581</u>
782,078	511,997	1,071,730	1,379,585	390,344
104,257	97,059	98,460	78,137	56,224
(267,766)	540,938	132,746	(45,586)	134,539
(315,975)	(741,306)	(253,204)	(603,236)	(878,736)
23,269	(9,077)	(3,930)	0	0
(32,378)	(27,903)	(21,365)	(20,501)	(20,498)
293,485	371,708	1,024,437	788,399	(318,127)
5,063,157	4,691,449	3,667,012	2,878,613	3,196,740
<u>5,356,642</u>	<u>5,063,157</u>	<u>4,691,449</u>	<u>3,667,012</u>	<u>2,878,613</u>
<u>\$ 2,596,765</u>	<u>\$ 2,427,164</u>	<u>\$ 3,097,580</u>	<u>\$ 3,736,320</u>	<u>\$ 4,032,968</u>
67.35%	32.40%	39.77%	50.47%	58.35%
\$ 1,729,267	\$ 1,669,868	\$ 1,970,574	\$ 1,967,078	\$ 1,995,740
150.17%	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, 2024

Teacher Legacy Pension Plan

	Measurement date at June 30,			
	2023	2022	2021	2020
Proportion of the net pension liability (asset)	\$ (1,759,950)	\$ (1,923,425)	\$ (6,493,074)	\$ (1,209,602)
Proportionate share of the net pension liability (asset)	0.149278%	0.156834%	0.150538%	0.158621%
Covered payroll	\$ 4,844,133	\$ 5,161,329	\$ 4,940,933	\$ 5,279,320
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(36.33)%	(37.27)%	(131.41)%	(22.91)%
Plan fiduciary net position as a percentage of the total pension liability	104.11%	104.42%	116.13%	103.09%

See the accompanying independent accountants' audit report.

Measurement date at June 30,					
2019	2018	2017	2016	2015	2014
\$ (1,642,943)	\$ (543,773)	\$ (49,798)	\$ 941,846	\$ 61,343	\$ (23,265)
0.159791%	0.154529%	0.152207%	0.150709%	0.014975%	0.014317%
\$ 5,358,028	\$ 5,411,099	\$ 5,380,434	\$ 5,440,279	\$ 5,605,879	\$ 5,619,511
(30.66)%	(10.05)%	(.93)%	17.31%	1.09%	(.14)%
104.28%	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, 2024

Teacher Retirement Plan

	Measurement date at June 30,			
	2023	2022	2021	2020
Proportion of the net pension liability (asset)	\$ (42,562)	\$ (28,119)	\$ (96,963)	\$ (42,741)
Proportionate share of the net pension liability (asset)	0.100375%	0.092824%	0.089515%	0.075163%
Covered payroll	\$ 1,996,506	\$ 1,585,181	\$ 1,291,887	\$ 948,481
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(2.13)%	(1.77)%	(7.51)%	(4.51)%
Plan fiduciary net position as a percentage of the total pension liability	104.97%	104.55%	121.53%	116.52%

Measurement date at June 30,					
2019	2018	2017	2016	2015	2014
\$ (40,764)	\$ (34,105)	\$ (19,422)	\$ (5,479)	\$ (2,112)	\$ 0
0.072214%	0.075200%	0.073608%	0.052629%	0.052487%	0.00%
\$ 764,181	\$ 657,161	\$ 483,122	\$ 231,568	\$ 109,054	\$ 0
(5.33)%	(5.19)%	(4.02)%	(2.37)%	(1.94)%	0.00%
123.07%	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, 2024

<u>Utility Employee OPEB Plan</u>	Measurement Date at June 30,	
	<u>2024</u>	<u>2023</u>
<u>Total OPEB liability</u>		
Service cost	\$ 3,964	\$ 3,757
Interest	5,120	4,982
Differences between actual and expected experience	0	4,712
Changes of assumptions	(19,756)	(7,508)
Change of benefit terms	0	0
Expected benefit payments	0	(6,890)
Net change in total OPEB liability	(10,672)	(947)
Total OPEB liability - beginning	93,088	94,035
Total OPEB liability - ending (a)	82,416	93,088
 <u>Plan fiduciary net position</u>		
Contributions - employer	0	6,890
Net investment income	41,900	22,068
Expected benefit payments	0	(6,890)
Administrative expenses	(1,922)	0
Prior period adjustment	0	0
Net change in plan fiduciary net position	39,978	22,068
Plan fiduciary net position - beginning	373,615	351,547
Plan fiduciary net position - ending (b)	413,593	373,615
 Net pension liability(asset) - ending (a) - (b)	<u>\$ (331,177)</u>	<u>\$ (280,527)</u>
 Plan fiduciary net position as a percentage of total net pension liability	501.48%	401.36%
 Covered payroll	\$ 3,909,439	\$ 3,453,247
 Net pension liability(asset) as a percentage of covered payroll	(8.47)%	(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	0	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
\$	<u>(257,512)</u>	<u>(276,121)</u>	<u>(156,203)</u>	<u>(168,573)</u>	<u>19,859</u>	<u>18,269</u>
	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, 2024

<i>Teacher Group OPEB Plan</i>	Measurement Date at June 30, 2024
<u>Total OPEB liability</u>	
Service cost	\$ 96,541
Interest	82,853
Differences between actual and expected experience	44,148
Changes of assumptions	170,766
Benefit payments	(120,401)
Net change in total OPEB liability	<u>273,907</u>
Total OPEB liability - beginning	<u>2,303,622</u>
Total OPEB liability - ending	<u><u>\$ 2,577,529</u></u>
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$ 985,535
 Employer's proportionate share of the collective total OPEB liability	 \$ 1,591,994
 Covered payroll	 \$ 4,963,552
 Employer's proportionate share of the collective total OPEB liability as a percentage of covered payroll	 51.90%

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,				
2023	2022	2021	2020	2019
\$ 128,428	\$ 103,110	\$ 77,528	\$ 83,973	\$ 94,945
55,909	50,590	69,199	66,684	73,806
(71,316)	(89,940)	68,577	254,623	(341,681)
(197,275)	364,428	213,881	(159,370)	56,023
(143,355)	(165,106)	(109,061)	(111,062)	(96,374)
(227,609)	263,082	320,124	134,848	(213,281)
2,531,231	2,268,149	1,948,025	1,813,177	2,026,458
<u>\$ 2,303,622</u>	<u>\$2,531,231</u>	<u>\$2,268,149</u>	<u>\$1,948,025</u>	<u>\$1,813,177</u>
\$ 838,582	\$ 905,181	\$ 775,791	\$ 706,177	\$ 644,568
\$ 1,465,040	\$1,626,050	\$1,492,358	\$1,241,848	\$1,168,609
\$ 5,445,743	\$4,767,776	\$5,005,688	\$5,626,745	\$5,841,765
63.60%	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, 2024

<i>Closed Tennessee Plan</i>	Measurement Date at June 30, 2023
<u>Total OPEB liability</u>	
Service cost	\$ 5,616
Interest	10,473
Differences between actual and expected experience	18,058
Changes of assumptions	(3,873)
Benefit payments	(9,482)
Net change in total OPEB liability	<u>20,792</u>
Total OPEB liability - beginning	294,923
Total OPEB liability - ending	<u><u>\$ 315,715</u></u>
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$ 315,715
 Employer's proportionate share of the collective total OPEB liability	 \$ 0
 Covered payroll	 \$ 2,492,941
 Employer's proportionate share of the collective total OPEB liability as a percentage of covered payroll	 0.00%

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	2018
\$ 8,895	\$ 11,338	\$ 7,773	\$ 6,710	\$ 7,554
7,722	9,409	11,146	9,782	10,874
3,595	(3,243)	15,577	31,556	(41,345)
(69,112)	(73,706)	79,087	6,881	(2,335)
(9,556)	(9,567)	(8,367)	(8,946)	(9,379)
(58,456)	(65,769)	105,216	45,983	(34,631)
353,379	419,148	313,932	267,949	302,580
<u>\$ 294,923</u>	<u>\$ 353,379</u>	<u>\$ 419,148</u>	<u>\$ 313,932</u>	<u>\$ 267,949</u>
\$ 294,923	\$ 353,379	\$ 419,148	\$ 313,932	\$ 267,949
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 1,637,050	\$ 1,534,873	\$ 1,437,361	\$ 671,363	\$ 529,175
0.00%	0.00%	0.00%	0.00%	0.00%

CITY OF SWEETWATER, TENNESSEE

PENSION CONTRIBUTIONS

June 30, 2024

	Year Ended June 30,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Public Employee Retirement Plan</u>			
Actuarially determined contributions	\$ 149,972	\$ 138,723	\$ 20,818
Contributions in relation to the actuarially determined contributions	<u>(250,790)</u>	<u>(231,979)</u>	<u>(122,459)</u>
Contributions deficiency(excess)	<u>\$ (100,818)</u>	<u>\$ (93,256)</u>	<u>\$ (101,641)</u>
Covered payroll	\$ 5,015,782	\$ 4,639,579	\$ 4,081,966
Contributions as a percentage of covered payroll	5.00%	5.00%	3.00%
<u>Teacher Legacy Pension Plan</u>			
Contractually required contributions	\$ 320,220	\$ 420,956	\$ 531,616
Contributions in relation to the contractually required contributions	<u>(320,220)</u>	<u>(420,956)</u>	<u>(531,616)</u>
Contributions deficiency(excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 4,702,199	\$ 4,844,133	\$ 5,161,329
Contributions as a percentage of covered payroll	6.81%	8.69%	10.30%

See the accompanying independent accountants' audit report.

Year Ended June 30,						
2021	2020	2019	2018	2017	2016	2015
\$ 138,428	\$ 235,682	\$ 241,940	\$ 267,355	\$ 260,806	\$ 247,646	\$ 228,544
<u>(267,804)</u>	<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>\$ (129,376)</u>	<u>\$ (33,344)</u>	<u>\$ (18,723)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 3,771,884	\$ 3,789,096	\$ 3,671,305	\$ 3,781,918	\$ 3,673,327	\$ 3,487,971	\$ 3,220,453
7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%
\$ 507,433	\$ 561,191	\$ 560,450	\$ 491,327	\$ 485,399	\$ 491,801	\$ 506,773
<u>(507,433)</u>	<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>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 4,940,933	\$ 5,279,320	\$ 5,358,028	\$ 5,411,099	\$ 5,367,444	\$ 5,440,729	\$ 5,605,879
10.27%	10.63%	10.46%	9.08%	9.04%	9.04%	9.04%

CITY OF SWEETWATER, TENNESSEE

PENSION CONTRIBUTIONS

(continued)

June 30, 2024

	<u>2024</u>	<u>Year Ended June 30,</u>		<u>2021</u>
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Teacher Retirement Plan</u>				
Actuarially determined contributions	\$ 74,022	\$ 57,300	\$ 31,862	\$ 26,096
Contributions in relation to the actuarially determined contributions	<u>(74,022)</u>	<u>(57,300)</u>	<u>(31,862)</u>	<u>(26,096)</u>
Contributions deficiency(excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 2,509,232	\$ 1,996,506	\$ 1,585,181	\$ 1,291,887
Contributions as a percentage of covered payroll	2.95%	2.87%	2.01%	2.02%
<u>Utility Public Employee Retirement Plan</u>				
Contractually required contributions	\$ 257,293	\$ 222,550	\$ 263,903	\$ 302,655
Contributions in relation to the contractually required contributions	<u>(346,124)</u>	<u>(309,648)</u>	<u>(354,546)</u>	<u>(393,168)</u>
Contributions deficiency(excess)	<u>\$ (88,831)</u>	<u>\$ (87,098)</u>	<u>\$ (90,643)</u>	<u>\$ (90,513)</u>
Covered payroll	\$ 1,728,547	\$ 1,746,985	\$ 1,651,079	\$ 1,718,347
Contributions as a percentage of covered payroll	20.02%	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 (2.95%) and the stabilization reserve trust (1.05%).

<u>2020</u>	<u>2019</u>	Year Ended June 30,		<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, 2024

Public Employee Retirement Plan

Valuation Date - Actuarially determined contribution rates for the year ended June 30, 2024 were calculated based on the June 30, 2022 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 of 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, 2024

Utility Public Employee Retirement Plan

Valuation Date - Actuarially determined contribution rates for the year ended June 30, 2024 were calculated based on the January 1, 2024 actuarial valuation.

Actuarial cost method	Entry Age Normal cost method
Amortization method	Level-dollar
Remaining amortization period	10 years
Asset valuation	Market value
Inflation	2.0%
Salary increases	3.5%
Investment rate of return	7.0%
Retirement age	62
Mortality	Pub10 General Amount Weighted

Changes of assumptions from the prior year include a 1% decrease in inflation, a 0.5% increase in salary increases, and a 1.5% increase in investment returns. The mortality changed from the RP 2014 Healthy Annuitant Mortality Table.

CITY OF SWEETWATER, TENNESSEE

OPEB CONTRIBUTIONS

June 30, 2024

	Year Ended June 30,		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Utility Employee OPEB Plan</u>			
Actuarially determined contributions	\$ 0	\$ (23,096)	\$ (20,366)
Contributions in relation to the actuarially determined contributions	<u>0</u>	<u>0</u>	<u>25</u>
Contributions deficiency(excess)	<u>\$ 0</u>	<u>\$ (23,096)</u>	<u>\$ (20,341)</u>
Covered payroll	\$ 3,909,439	\$ 3,453,247	\$ 3,137,956
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.

Year Ended June 30,				
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ (7,996)	\$ (10,921)	\$ (10,730)	\$ 38,762	\$ 1,680
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(36,000)</u>
<u>\$ (7,996)</u>	<u>\$ (10,921)</u>	<u>\$ (10,730)</u>	<u>\$ 38,762</u>	<u>\$ (34,320)</u>
\$ 3,079,593	\$ 2,846,863	\$ 2,791,042	\$ 2,683,606	\$ 2,593,392
0.00%	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, 2024. 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, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Other revenue:				
Interest on investments	\$ 5,000	\$ 5,000	\$ 31,080	\$ 26,080
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>96,140</u>	<u>96,140</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 127,220</u>	<u>\$ 122,220</u>

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2024

	<u>Sanitation Fund</u>	<u>Economic Development Fund</u>	<u>Library Fund</u>
ASSETS			
Cash and temporary investments	<u>\$ 28,448</u>	<u>\$ 152,424</u>	<u>\$ 54,305</u>
LIABILITIES			
Accounts payable	\$ 0	\$ 0	\$ 200
FUND BALANCES			
Assigned	0	0	54,105
Restricted	<u>28,448</u>	<u>152,424</u>	<u>0</u>
	<u>28,448</u>	<u>152,424</u>	<u>54,105</u>
TOTAL			
LIABILITIES AND			
FUND BALANCES			
	<u>\$ 28,448</u>	<u>\$ 152,424</u>	<u>\$ 54,305</u>

See the accompanying independent accountants' audit report.

<u>Internal School Funds</u>	<u>Tourism Fund</u>	<u>Totals</u>
<u>\$ 92,025</u>	<u>\$ 61,724</u>	<u>\$ 388,926</u>
\$ 0	\$ 0	\$ 200
0	0	54,105
<u>92,025</u>	<u>61,724</u>	<u>334,621</u>
<u>92,025</u>	<u>61,724</u>	<u>388,729</u>
<u>\$ 92,025</u>	<u>\$ 61,724</u>	<u>\$ 388,926</u>

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2024

	<u>Sanitation Fund</u>	<u>Economic Development Fund</u>	<u>Library Fund</u>
REVENUE			
Daily collections	\$ 0	\$ 0	\$ 5,461
Contributions	0	0	66,859
Occupancy tax	0	0	0
Solid waste collection charges	307,645	0	0
Internal school revenue	0	0	0
Interest	<u>0</u>	<u>86</u>	<u>0</u>
TOTAL REVENUE	307,645	86	72,320
EXPENDITURES			
Personnel	0	0	153,174
OASDI	0	0	11,718
Unemployment insurance	0	0	151
Buildings and grounds	0	0	2,486
Telephone	0	0	2,243
Utilities	0	0	9,466
Supplies	0	0	2,570
Programs	0	0	9,312
Books	0	0	20,838
Data processing services	0	0	1,238
Professional services	0	0	303
Contract services	290,144	0	0
Landfill services	7,232	0	0
Subscription and dues	0	0	0
Enhancement	0	0	0
Internal school expense	0	0	0
Travel, training and development	0	0	837
Capital outlay	<u>21,242</u>	<u>0</u>	<u>0</u>

See the accompanying independent accountants' audit report.

<u>Internal School Funds</u>	<u>Tourism Fund</u>	<u>Totals</u>
\$ 0	\$ 0	\$ 5,461
0	9,900	76,759
0	84,603	84,603
0	0	307,645
174,030	0	174,030
<u>0</u>	<u>0</u>	<u>86</u>
174,030	94,503	648,585
0	0	153,174
0	0	11,718
0	0	151
0	0	2,486
0	0	2,243
0	0	9,466
0	1,330	3,900
0	0	9,312
0	0	20,838
0	0	1,238
0	0	303
0	0	290,144
0	0	7,232
0	18,760	18,760
0	26,593	26,593
170,979	0	170,979
0	20,608	21,445
<u>0</u>	<u>0</u>	<u>21,242</u>

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2024

	<u>Sanitation Fund</u>	<u>Economic Development Fund</u>	<u>Library Fund</u>
TOTAL EXPENDITURES	<u>318,618</u>	<u>0</u>	<u>214,336</u>
NET CHANGE IN FUND BALANCES BEFORE OTHER FINANCING SOURCES(USES)	(10,972)	86	(142,016)
OTHER FINANCING SOURCES(USES)			
Transfer to general fund	0	0	0
Transfer from general fund	<u>0</u>	<u>0</u>	<u>145,000</u>
	<u>0</u>	<u>0</u>	<u>145,000</u>
NET CHANGE IN FUND BALANCES	(10,972)	86	2,984
FUND BALANCES AT THE BEGINNING OF THE YEAR, as originally reported	0	152,337	51,122
Restatement	<u>39,420</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT THE BEGINNING OF THE YEAR, as restated	<u>39,420</u>	<u>152,337</u>	<u>51,122</u>
FUND BALANCES AT THE END OF THE YEAR	<u>\$ 28,448</u>	<u>\$ 152,424</u>	<u>\$ 54,105</u>

<u>Internal School Funds</u>	<u>Tourism Fund</u>	<u>Totals</u>
<u>170,979</u>	<u>67,291</u>	<u>771,224</u>
3,051	27,213	(122,638)
0	(35,000)	(35,000)
<u>0</u>	<u>0</u>	<u>145,000</u>
<u>0</u>	<u>(35,000)</u>	<u>110,000</u>
3,051	(7,787)	(12,638)
88,975	69,512	361,947
<u>0</u>	<u>0</u>	<u>39,420</u>
<u>88,975</u>	<u>69,512</u>	<u>401,367</u>
<u>\$ 92,025</u>	<u>\$ 61,724</u>	<u>\$ 388,729</u>

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2024

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
REVENUE				
Solid waste collection charges	\$ 302,000	\$ 302,000	\$ 307,645	\$ 5,645
EXPENDITURES				
Contract services	286,520	316,220	290,144	(26,076)
Landfill services	100	3,400	7,232	3,832
Capital outlay	<u>0</u>	<u>26,000</u>	<u>21,242</u>	<u>(4,758)</u>
TOTAL EXPENDITURES	<u>286,620</u>	<u>345,620</u>	<u>318,618</u>	<u>(27,002)</u>
NET CHANGE IN FUND BALANCE	15,380	(43,620)	(10,972)	32,648
FUND BALANCE AT THE BEGINNING OF THE YEAR, as originally reported	0	0	0	0
RESTATEMENT	<u>0</u>	<u>43,620</u>	<u>39,420</u>	<u>(4,200)</u>
FUND BALANCE AT THE BEGINNING OF THE YEAR, as restated	<u>0</u>	<u>43,620</u>	<u>39,420</u>	<u>(4,200)</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 15,380</u>	<u>\$ 0</u>	<u>\$ 28,448</u>	<u>\$ 28,448</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, 2024

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
REVENUE				
Other income	\$ 100	\$ 100	\$ 86	\$ (14)
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>152,337</u>	<u>152,337</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 152,424</u>	<u>\$ 152,324</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, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Daily collections	\$ 6,000	\$ 6,000	\$ 5,461	\$ (539)
Contributions	70,000	70,000	66,859	(3,141)
TOTAL REVENUE	76,000	76,000	72,320	(3,680)
EXPENDITURES				
Personnel	145,000	145,000	153,174	8,174
OASDI	11,100	11,100	11,718	618
Unemployment insurance	200	200	151	(49)
Buildings and grounds	9,000	9,000	2,486	(6,514)
Telephone	3,000	3,000	2,243	(757)
Utilities	11,600	11,600	9,466	(2,134)
Supplies	2,000	2,000	2,570	570
Programs	10,000	10,000	9,312	(688)
Books	21,100	21,100	20,838	(262)
Data processing services	1,500	1,500	1,238	(262)
Professional services	500	500	303	(197)
Travel, training and development	1,000	1,000	837	(163)
TOTAL EXPENDITURES	216,000	216,000	214,336	(1,664)
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES				
	(140,000)	(140,000)	(142,016)	(2,016)

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, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES				
Transfer from general fund	<u>140,000</u>	<u>140,000</u>	<u>145,000</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCE	0	0	2,984	2,984
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>51,122</u>	<u>51,122</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 54,105</u>	<u>\$ 54,105</u>

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2024

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Occupancy tax	\$ 85,000	\$ 85,000	\$ 84,603	\$ (397)
Contribution	<u>10,000</u>	<u>10,000</u>	<u>9,900</u>	<u>(100)</u>
TOTAL REVENUE	95,000	95,000	94,503	(497)
EXPENDITURES				
Subscription and dues	16,000	16,000	18,760	2,760
Enhancement	25,000	35,000	26,593	(8,407)
Training and travel	15,000	15,000	20,608	5,608
Operating supplies	<u>4,000</u>	<u>4,000</u>	<u>1,330</u>	<u>(2,670)</u>
TOTAL EXPENDITURES	<u>60,000</u>	<u>70,000</u>	<u>67,291</u>	<u>(2,709)</u>
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING (USES)	35,000	25,000	27,213	2,213
OTHER FINANCING (USES)				
Transfer to general fund	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	0	(10,000)	(7,787)	2,213
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>10,000</u>	<u>69,512</u>	<u>59,512</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 61,724</u>	<u>\$ 61,724</u>

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

INVESTMENTS

June 30, 2024

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
<u>General fund:</u>			
Certificate of deposit	4.16 %	05/20/25	\$ 105,050
Certificate of deposit	4.55	08/09/24	<u>264,352</u>
			<u>\$ 369,402</u>
<u>Electric fund:</u>			
Certificate of deposit	5.25	10/13/24	\$ 100,000
Certificate of deposit	5.25	10/31/24	<u>445,000</u>
			<u>\$ 545,000</u>
<u>Natural gas fund:</u>			
Certificate of deposit	5.00	07/14/24	\$ 300,000
Certificate of deposit	5.00	08/02/24	300,000
Certificate of deposit	5.15	12/19/24	300,000
Certificate of deposit	5.13	08/09/24	550,000
Certificate of deposit	5.25	09/12/24	250,000
Certificate of deposit	5.00	11/30/24	<u>100,000</u>
			<u>\$ 1,800,000</u>
<u>Water and sewer fund:</u>			
Certificate of deposit	5.13	08/09/24	\$ 400,000
Certificate of deposit	5.25	10/13/24	150,000
Certificate of deposit	5.25	10/31/24	<u>55,000</u>
			<u>\$ 605,000</u>

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

PROPERTY TAXES RECEIVABLE

June 30, 2024

<u>Year of Levy</u>	<u>Rate</u>	<u>Total Assessment</u>	<u>Levy</u>	<u>Balance June 30, 2023</u>
2024	\$ 0.9346	\$ 242,295,919	\$ 2,264,500	\$ 0
2023	0.9346	222,939,794	2,090,235	2,069,714
2022	1.3800	148,631,511	2,051,146	115,030
2021	1.3800	147,413,789	2,034,357	27,206
2020	1.3800	146,624,793	2,024,755	19,597
2019	1.3800	145,149,987	1,999,500	15,774
2018	1.3800	142,825,716	1,967,415	13,816
2017	1.2000	133,972,055	1,607,821	49,118
2016	1.2000	133,812,053	1,605,159	59,552
2015	1.2000	133,670,850	1,604,180	60,714
2014	1.2000	134,015,090	1,598,712	<u>49,488</u>
				<u>\$ 2,480,009</u>

Property taxes unpaid for 2015 through 2022 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, 2024</u>
\$ 2,264,500	\$ 0	\$ 0	\$ 2,264,500
0	(7,919)	1,963,455	98,340
0	0	68,698	46,332
0	0	8,260	18,946
0	0	4,583	15,014
0	0	1,915	13,859
0	0	1,313	12,503
0	0	752	48,366
0	0	896	58,656
0	0	752	59,962
<u>0</u>	<u>(49,488)</u>	<u>0</u>	<u>0</u>
<u>\$ 2,264,500</u>	<u>\$ (57,410)</u>	<u>\$ 2,050,624</u>	<u>\$ 2,636,478</u>

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Governmental Activities:</u>			
Tennessee Municipal Bond, Series 2001			
Year Ending <u>June 30:</u>			
2025	\$ 276,000	\$ 71,501	\$ 347,501
2026	285,000	60,488	345,488
2027	294,000	49,117	343,117
2028	303,000	37,386	340,386
2029	312,000	25,297	337,297
2030	322,000	12,848	334,848
	<u>\$ 1,792,000</u>	<u>\$ 256,637</u>	<u>\$ 2,048,637</u>
Tennessee Municipal Bond, Series 2016			
Year Ending <u>June 30:</u>			
2025	\$ 81,900	\$ 24,410	\$ 106,310
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	93,300	5,431	98,731
	<u>\$ 619,700</u>	<u>\$ 94,784</u>	<u>\$ 714,484</u>

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Tennessee Municipal Bond, Series 2020			
Year Ending			
<u>June 30:</u>			
2025	\$ 71,000	\$ 10,076	\$ 81,076
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>\$ 295,000</u>	<u>\$ 22,183</u>	<u>\$ 317,183</u>
Tennessee Local Development Authority			
Year Ending			
<u>June 30:</u>			
2025	\$ 102,108	\$ 14,904	\$ 117,012
2026	104,172	8,964	113,136
2027	106,272	6,900	113,172
2028	108,420	4,800	113,220
2029	<u>93,313</u>	<u>2,652</u>	<u>95,965</u>
	<u>\$ 514,285</u>	<u>\$ 38,220</u>	<u>\$ 552,505</u>
Capital Outlay Note			
Year Ending			
<u>June 30:</u>			
2025	\$ 48,200	\$ 4,070	\$ 52,270
2026	<u>49,200</u>	<u>2,036</u>	<u>51,236</u>
	<u>\$ 97,400</u>	<u>\$ 6,106</u>	<u>\$ 103,506</u>

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Tennessee Municipal Bond, Series 2017			
Year Ending <u>June 30:</u>			
2025	\$ 93,000	\$ 68,544	\$ 161,544
2026	95,000	65,124	160,124
2027	97,000	61,632	158,632
2028	99,000	58,068	157,068
2029	101,000	54,432	155,432
2030	103,000	50,724	153,724
2031	105,000	46,944	151,944
2032	107,000	43,092	150,092
2033	109,000	39,168	148,168
2034	111,000	35,172	146,172
2035	114,000	31,068	145,068
2036	116,000	26,892	142,892
2037	118,000	22,644	140,644
2038	121,000	18,288	139,288
2039	123,000	13,860	136,860
2040	126,000	9,324	135,324
2041	128,000	4,716	132,716
2042	131,000	0	131,000
	<u>\$ 1,997,000</u>	<u>\$ 649,692</u>	<u>\$ 2,646,692</u>

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2024

	<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>			
2025	<u>\$ 96,000</u>	<u>\$ 3,406</u>	<u>\$ 99,406</u>

Interest is estimated based on the rate at June 30, 2024 of 3.87%

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Interdepartmental Loan - Gas Department			
Year Ending <u>June 30:</u>			
2025	\$ 35,029	\$ 45,998	\$ 81,027
2026	37,043	43,984	81,027
2027	39,175	41,854	81,029
2028	41,425	39,602	81,027
2029	43,807	37,220	81,027
2030	46,326	34,701	81,027
2031	48,990	32,037	81,027
2032	51,807	29,220	81,027
2033	54,786	26,241	81,027
2034	57,936	23,091	81,027
2035	61,267	19,760	81,027
2036	64,790	16,237	81,027
2037	68,515	12,512	81,027
2038	72,455	8,572	81,027
2039	76,618	4,406	81,024
	<u>\$ 799,969</u>	<u>\$ 415,435</u>	<u>\$ 1,215,404</u>

Interest is estimated based on the rate at June 30, 2024 of 5.75%

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
General Obligation Bonds, Series 2022			
<u>Year Ending June 30:</u>			
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, 2024

	<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>\$ 7,800,000</u>	<u>\$ 5,307,200</u>	<u>\$ 13,107,200</u>
State Revolving Loan SRF 2003-170			
Year Ending <u>June 30:</u>			
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>\$ 96,838</u>	<u>\$ 2,557</u>	<u>\$ 99,395</u>

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
State Revolving Loan SRF 07-177			
Year Ending			
<u>June 30:</u>			
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>\$ 218,675</u>	<u>\$ 8,179</u>	<u>\$ 226,854</u>
Tennessee Local Development Authority Loan			
Year Ending			
<u>June 30:</u>			
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>\$ 1,999,000</u>	<u>\$ 140,340</u>	<u>\$ 2,139,340</u>

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
State Revolving Loan DG3 14-148			
Year Ending <u>June 30:</u>			
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	<u>100,464</u>	<u>536</u>	<u>101,000</u>
	<u>\$ 1,143,000</u>	<u>\$ 69,704</u>	<u>\$ 1,212,704</u>

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017 Water and Sewer Revenue Tax Bonds			
Year Ending <u>June 30:</u>			
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
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

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017 Water and Sewer Revenue Tax Bonds (continued)			
Year Ending <u>June 30:</u>			
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>\$ 1,299,267</u>	<u>\$ 673,715</u>	<u>\$ 1,972,982</u>

CITY OF SWEETWATER, TENNESSEE

CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

June 30, 2024

<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	6,500,000	2.510	4/5/2010
Adjustable rate note through PBA of Montgomery County, Tennessee	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 7/1/2023</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding 6/30/2024</u>
5/25/2030	\$ 2,060,000	\$ 0	\$ 268,000	\$ 0	\$ 1,792,000
5/1/2031	698,800	0	79,100	0	619,700
5/1/2028	365,000	0	70,000	0	295,000
5/25/2042	2,088,000	0	91,000	0	1,997,000
2/28/2029	605,101	0	90,816	0	514,285
2/1/2026	144,700	0	47,300	0	97,400
	<u>\$ 5,961,601</u>	<u>\$ 0</u>	<u>\$ 646,216</u>	<u>\$ 0</u>	<u>\$ 5,315,385</u>
11/20/2026	\$ 135,478	\$ 0	\$ 38,640	\$ 0	\$ 96,838
6/20/2027	288,035	0	69,360	0	218,675
6/20/2036	1,232,268	0	89,268	0	1,143,000
11/12/2058	1,322,289	0	23,022	0	1,299,267
4/1/2029	2,361,000	0	362,000	0	1,999,000
5/1/2025	578,000	0	482,000	0	96,000
6/1/2052	7,950,000	0	150,000	0	7,800,000
11/1/2038	835,535	0	35,566	0	799,969
	<u>\$ 14,702,605</u>	<u>\$ 0</u>	<u>\$ 1,249,856</u>	<u>\$ 0</u>	<u>\$ 13,452,749</u>

CITY OF SWEETWATER, TENNESSEE

OPERATIONS EXPENSES - PROPRIETARY FUNDS

Year Ended June 30, 2024

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Purchased power/gas/water	\$ 21,056,427	\$ 1,306,760	\$ 218,199	\$ 22,581,386
Other operations expenses:				
Distribution expenses:				
Operating supervision	164,852	10,381	32,424	207,657
Operating labor	0	0	554,889	554,889
Transmission, distribution lines and load dispatching	0	897	125,847	126,744
Mains and services	0	187,156	0	187,156
Peak shaving	0	73	0	73
Overhead line	104,338	0	0	104,338
Street lighting and signal system	8,057	0	0	8,057
Meter expense and house regulator	100,599	18,053	0	118,652
Chemicals	0	0	174,239	174,239
Pre-treatment testing	0	0	5,464	5,464
Customer installations	38,604	0	0	38,604
Purchased power and gas	0	0	206,040	206,040
Miscellaneous distribution expense	40,858	0	186,273	227,131
Rents	15,817	0	0	15,817
	<u>473,125</u>	<u>216,560</u>	<u>1,285,176</u>	<u>1,974,861</u>
Customer accounts expenses:				
Supervision	29,712	12,457	40,529	82,698
Meter reading	51,693	21,058	50,083	122,834
Customer assistance	19,034	7,370	0	26,404
Customer records and collection	371,971	85,221	152,103	609,295
	<u>472,410</u>	<u>126,106</u>	<u>242,715</u>	<u>841,231</u>

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

OPERATIONS EXPENSES - PROPRIETARY FUNDS

(continued)

Year Ended June 30, 2024

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Administrative and general expenses:				
Salaries	236,199	73,199	66,685	376,083
Office supplies	84,747	10,411	34,225	129,383
Outside services	46,022	12,509	32,692	91,223
Property insurance	24,204	2,688	21,420	48,312
Injuries and damages insurance	82,387	21,956	39,177	143,520
Employees' pension and postemployment benefits	308,661	19,665	183,034	511,360
General advertising	0	2,381	0	2,381
Miscellaneous general	35,492	17,063	33,950	86,505
Industrial development	10,449	0	0	10,449
ETEDA refund	<u>(100,000)</u>	<u>0</u>	<u>0</u>	<u>(100,000)</u>
	728,161	159,872	411,183	1,299,216
Taxes:				
Payroll	<u>141,372</u>	<u>19,428</u>	<u>63,959</u>	<u>224,759</u>
Total other operations expenses	<u>1,815,068</u>	<u>521,966</u>	<u>2,003,033</u>	<u>4,340,067</u>
TOTAL OPERATIONS EXPENSES	<u>\$ 22,871,495</u>	<u>\$ 1,828,726</u>	<u>\$ 2,221,232</u>	<u>\$ 26,921,453</u>

CITY OF SWEETWATER, TENNESSEE

MAINTENANCE EXPENSES - PROPRIETARY FUNDS

Year Ended June 30, 2024

	<u>Electric Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Totals</u>
Distribution maintenance expenses:				
Supervision	\$ 58,950	\$ 0	\$ 0	\$ 58,950
Station	109,012	0	0	109,012
Overhead and underground lines	1,704,010	0	0	1,704,010
Line transformers	29,372	0	0	29,372
Street lighting and signal system	15,938	0	0	15,938
Meters	13,307	0	0	13,307
Plant maintenance	452	0	0	452
	<u>1,931,041</u>	<u>0</u>	<u>0</u>	<u>1,931,041</u>
Maintenance expenses:				
Pumping equipment	0	0	25,045	25,045
Structures and improvements	0	0	29,024	29,024
Treatment equipment	0	0	22,020	22,020
Transmission and distribution mains	0	0	184,034	184,034
Mains	0	21,655	0	21,655
Measuring and regulating station equipment	0	52	0	52
Services	0	147	79,867	80,014
Supervision and engineering	0	10,381	0	10,381
Meters and house regulators	0	16,875	14,035	30,910
Fire mains and hydrants	0	0	22,717	22,717
Lift station	0	0	29,152	29,152
General plant	157,710	1,987	9,347	169,044
Sewer plant	0	0	2,375	2,375
	<u>157,710</u>	<u>51,097</u>	<u>417,616</u>	<u>626,423</u>
TOTAL MAINTENANCE EXPENSES	<u>\$ 2,088,751</u>	<u>\$ 51,097</u>	<u>\$ 417,616</u>	<u>\$ 2,557,464</u>

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2024

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.	\$ 740,979
U.S. Department of Agriculture/ TN Department of Education	10.553	School Breakfast Program/N.A.	<u>222,204</u>
Total Child Nutrition Cluster			963,183
Special Education Cluster:			
U.S. Department of Education TN Department of Education	84.027	Special Education/ N.A.	368,988
U.S. Department of Education/ TN Department of Education	84.173	Special Education Preschool /N.A.	<u>22,327</u>
Total Special Education Cluster			391,315
U.S. Department of Education/ TN Department of Education	84.010	Title I Grants /N.A.	488,172
U.S. Department of Education/ TN Department of Education	84.367A	Supporting Effective Instruction/N.A.	35,106
U.S. Department of Education/ TN Department of Education	84.365A	English Language Acquisition/N.A.	8,151

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

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

(continued)

June 30, 2024

<u>Grantor/ Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Program Name/ Contract Number</u>	<u>Expenditures</u>
COVID-19 Education Stabilization Fund:			
U.S. Department of Education/ TN Department of Education	84.425B	Education Stabilization Fund – Discretionary Grants/N.A.	8,997
U.S. Department of Education/ TN Department of Education	84.425C	Governor’s Emergency Education Relief Fund/N.A.	1,293,249
U.S. Department of Education TN Department of Education	84.425D	Elementary and Secondary School Emergency Relief Fund/N.A.	<u>325,129</u>
Total COVID-19 Education Stabilization Fund			1,627,375
U.S. Department of Treasury	21.027	Coronavirus State And Local Fiscal Recovery Funds/ N.A.	1,025,000
U.S. Department of Justice	16.607	Bullet Proof Vest Partnership/N.A.	5,410

CITY OF SWEETWATER, TENNESSEE

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

(continued)

June 30, 2024

<u>Grantor Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Program Name/ Contract Number</u>	<u>Expenditures</u>
U.S. Department of Homeland Security/Federal Emergency Management Agency	97.044	Assistance to Firefighters/EMW-2022-FG-09487	141,857
U.S. Department of Transportation/Tennessee Department of Transportation	20.205	Highway Planning and Construction STP-M-9118(11)	<u>3,263</u>
Total Federal Awards			4,688,832
<u>State Financial Assistance</u>			
TN Department of Education	N.A.	Voluntary Pre-K/N.A.	291,419
TN Department of Education	N.A.	Cafeteria State Matching/N.A.	7,477
TN Department of Education	N.A.	Career Ladder/N.A.	18,762
TN Department of Education	N.A.	Summer Bridge and Learning Camps/N.A.	243,869
TN Department of Education	N.A.	Paid Parent Leave/N.A.	17,400
TN Department of Education	N.A.	Innovative Schools model/N.A.	59,137

CITY OF SWEETWATER, TENNESSEE

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

(continued)

June 30, 2024

<u>Grantor Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Program Name/ Contract Number</u>	<u>Expenditures</u>
TN Department of Health	N.A.	School Safety/N.A.	58,269
TN Department of Safety and Homeland Security	N.A.	School Resource Officer/06-25-24 GE	300,000
TN Department of Criminal Justice Programs	N.A.	Violent Crime Intervention Fund/ 6-16-22-GG	55,696
TN Department of Criminal Justice Programs	N.A.	Violent Crime Intervention Fund/ 1-19-23-GG	940,734
TN Department of Agriculture	N.A.	Urban Forestry Grant/N.A.	850
TN Department of Transportation	N.A.	Railroad Improvements/N.A.	134,193
TN Department of Economic and Community Development	N.A.	Downtown Improvement Grants/ 06-21-23-GG	6,375
TN Department of Environment and Conservation	N.A.	Recreation Complex Renovation /GMS 2022-8994	<u>5,000</u>
Total State Financial Assistance			<u>2,139,181</u>
Total Federal Awards and State Financial Assistance			<u>\$ 6,828,013</u>

CITY OF SWEETWATER, TENNESSEE

EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

(continued)

June 30, 2024

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, 2024. 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, 2024. 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, 2024 was \$1,299,267 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, 2024

<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
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
Tonya Wallis	Interim Principal, Sweetwater Primary School
Utility:	
Terry Knight	Utility Board Chairman
Phil Hall	Utility Board Vice-Chairman
Jim Stutts	Utility Board Secretary/Treasurer
L.D. Moree, Jr.	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, 2024

Residential:

Base charges:

Customer charge per month	\$ 23.48
Energy charge (cents per kilowatt-hour)	9.72

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)	11.12
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	14.13
Energy charge for first 15,000 kilowatt-hours per month (cents per kilowatt-hour)	11.333
Energy charge for additional kilowatt-hours per month (cents per kilowatt-hour)	6.796
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)	14.79
Demand charge in excess of 1,000 kilowatts per month (per kilowatt)	17.57
Energy charge (cents per kilowatt-hour)	6.828

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS
ELECTRIC FUND

(continued)

June 30, 2024

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)	10.70
Demand charge, max per kilowatt over 5,000 kilowatts	2.29
Demand charge, max per kilowatt if less than 5,000 kilowatts	3.66
Energy charge per kilowatt-hour:	
On peak, over 5,000 kilowatts	.07850
On peak, under 5,000 kilowatts	.07802
Off peak-first 200 HUD (over 5,000 kilowatts)	.05237
Off peak-first 200 HUD (under 5,000 kilowatts)	.05190
Off peak-next 200 HUD	.02323
Off peak-additional HUD	.02057

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, 2024

Outdoor lighting:	
Customer charge: traffic signals and athletic field lighting per delivery point per month	\$ 7.60
Energy charge (cents per kilowatt-hour)	7.062
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	7,510
General power-under 50 kilowatts	2,087
General power-50 kilowatts and over	116
Street and athletic	<u>84</u>
	9,797
Outdoor lighting	2,456

CITY OF SWEETWATER, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS
NATURAL GAS FUND

June 30, 2024

General:

Minimum bill (excluding gas charge)	\$ 7.00
All 100 cubic feet (per 100 cubic feet)	0.82

Schools:

Minimum bill (excluding gas charge)	\$ 7.00
All 100 cubic feet (per 100 cubic feet)	0.80

NUMBER OF METERED CUSTOMERS

Residential	1,253
Commercial	297
Industrial	20
Schools	<u>21</u>
	1,591

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS
WATER AND SEWER FUND

June 30, 2024

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	4,320	2,013
Commercial	615	395
Industrial	<u>17</u>	<u>15</u>
	4,952	2,423

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, 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, 2024, 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 February 25, 2025. 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.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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.

February 25, 2025

CITY OF SWEETWATER, TENNESSEE

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2024

There were no prior year findings reported.

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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

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

February 25, 2025

CITY OF SWEETWATER, TENNESSEE

FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

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>
Coronavirus State and Local Fiscal Recovery Funds	21.027
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 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.