

CITY OF SEVIERVILLE, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023

Prepared by:
Finance Department

CITY OF SEVIERVILLE, TENNESSEE

Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2023

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INTRODUCTORY SECTION



December 19, 2023

To the Honorable Mayor, Aldermen and
Citizens of the City of Sevierville, Tennessee:

Tennessee state law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This annual comprehensive financial report is published to fulfill that requirement for the fiscal year ended June 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Brown Jake and McDaniel, PC has issued unmodified opinions on these financial statements for the fiscal year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the government

The City of Sevierville, Tennessee (government), founded in 1795 and incorporated in 1901, is located in the eastern part of the state, an area known as a tourist destination because of the government's proximity to the Great Smoky Mountains National Park. It currently occupies 24.7 square miles and serves a residential population of nearly 18,000. The government is empowered to assess and levy a tax on all property within the government not exempt by general law upon the same principles established in regard to state and county taxation. Assessments made by the Sevier County, Tennessee Tax Assessor are adopted by the government. It also is empowered by state statute to extend its corporate limits by annexation under certain criteria, which it has done from time to time.

The government is a municipal corporation governed by a Home Rule Charter form of government. Policy-making and legislative authority are vested in the Board of Mayor and Aldermen (Board) consisting of the mayor and five other members, all of whom are elected at large. Board members serve staggered four-year terms, with members elected every two years. The mayor is elected for a two-year term. The Board appoints the government's City Administrator and City Recorder.

The government provides a full range of services, including police and fire protection, highways and streets, traffic control, building inspection, sanitation and solid waste, recreational activities, a convention center, utility services and general administrative services. This report includes business-type activities of the government regarding providing electric, water and sewer services to the government and the surrounding area or in the case of electric services the entire area of Sevier County, Tennessee. The government also is financially accountable for a legally separate

Public Building Authority (PBA), which is blended within the government's financial statements. The PBA is the government's only component unit and is governed by an appointed board. It had no financial activities in fiscal year 2023.

The Board is required to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the government's financial planning and control. The budget is prepared by fund and department (e.g., police). Department heads may transfer resources within a department with City Administrator approval. Transfers between departments require approval from the Board by ordinance.

Local economy

The government is considered part of a micropolitan area. Sevierville is ideally located at the base of the Great Smoky Mountains National Park, America's most visited national park, and adjacent to internationally known cities Gatlinburg and Pigeon Forge. Some of the top vacation activities nationwide, including Dollywood, are located either within a few minutes from downtown Sevierville or within our corporate limits. This combination helps the government draw millions of visitors each year, and we project that tourism growth will continue. The Sevier County school district also has a significant economic presence, employing in total more than 2,500 professional, paraprofessional and auxiliary staff members. The Sevier County School System serves over 14,500 students in pre-kindergarten through twelfth grade with thirty-one schools in the system.

During the previous ten years, the Sevier County unemployment rate fell from an average annual rate of 9.0 percent (2012) to an average annual rate of 2.8 percent (2022). Sevier County's unemployment rate as of June 2023 was 2.9 percent compared to 3.6 percent nationally and 3.2 percent for the state of Tennessee.

The US Census Bureau 2022 data estimates Sevier County's median family income at \$59,315; average household size at 2.29; and median population age at 44.4. The median price of a single-family owner-occupied home in the vicinity of the government was \$315,300.

Due to its strong reserves and healthy local economy, the government has maintained a credit rating of Aa3 from Moody's Investor Service.

Steady growth and development have positively impacted revenue. Growing hand in hand with Sevierville's tourism economy, service facilities such as LeConte Medical Center and the Sevier County Campus of East Tennessee State University have enhanced the government's ability to meet the needs of its residential population. The groundbreaking of new developments and over ten years of events with tremendous economic impact at the Sevierville Convention Center have given visitors new reasons to come to Sevierville. While Sevierville continues to expand its tourist appeal through new attractions and destinations, the government's leadership, both state and local, continues to focus heavily on infrastructure improvements. Improvements to the I-40 exit 407 interchange and Highway 66, which serves as the main access route for our area, have significantly eased congestion. A new main fire station opened in 2019 and a third fire station opened in 2022. Construction of a wastewater treatment plant expansion began in late 2022.

Long-term financial planning and major initiatives

Unrestricted fund balance (the total of the committed, assigned and unassigned components of fund balance) in the general fund at year end was 74.9 percent of fiscal year 2023 general fund budgeted expenditures. This amount significantly exceeds the policy guidelines set by the Board for budgetary and planning purposes (25 percent of general fund budgeted expenditures). The general fund balance increased by \$6,045,547 during the year ended June 30, 2023, largely due to conservative budgeting, an ARPA grant and a post-pandemic tourism surge and its effect on sales and hospitality tax revenue. In the event that the balance drops below the established minimum level, the Board will develop a plan to replenish the fund balance to the minimum level within two years. Although the minimum is 25 percent, the government has far exceeded this percentage to plan for the construction of public safety facilities on recently acquired land, fund roadway engineering, and maintain its ability to react to potential economic fluctuations. The government has implemented a plan to set aside 1.5 percent of annual budgeted revenue to strengthen reserves.

By policy, the government maintains a five-year Capital Improvement Program which serves as its planning document to ensure that facilities, equipment and infrastructure are well maintained. Under the guidance of the Board, this process gives the government the ability to plan for its capital needs and allocate short- and long-term resources appropriately. As part of its process, the government identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. In addition, the Fleet department monitors the condition of all government vehicles and makes recommendations on their replacement. The fiscal year 2024 Capital Improvement Program anticipates \$37,701,746 in general government expenditures, \$690,000 in the Solid Waste fund and \$7,450,000 in the Water and Sewer fund. Included in these appropriations are \$18,760,224 for parks and recreation facilities, \$6,243,072 in road improvements, \$3,565,415 for traffic control systems and \$2,609,758 in public safety equipment and projects. Additionally, the \$75,000,000 sewer treatment plant expansion began construction in late 2022.

Relevant financial policies

The government has adopted a comprehensive set of financial policies, including a policy that requires the adoption of a balanced annual operating budget (estimated revenues and available resources equal to or in excess of appropriations). The government has a fund balance policy to ensure its ability to meet its obligations through all economic conditions.

Acknowledgements

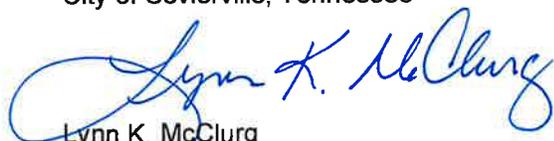
The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration departments. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and Aldermen for their unfailing support for maintaining the highest standards of professionalism in the management of the government's finances.

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Sevierville for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the tenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Respectfully submitted,

City of Sevierville, Tennessee



Lynn K. McClurg
City Recorder/Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sevierville
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

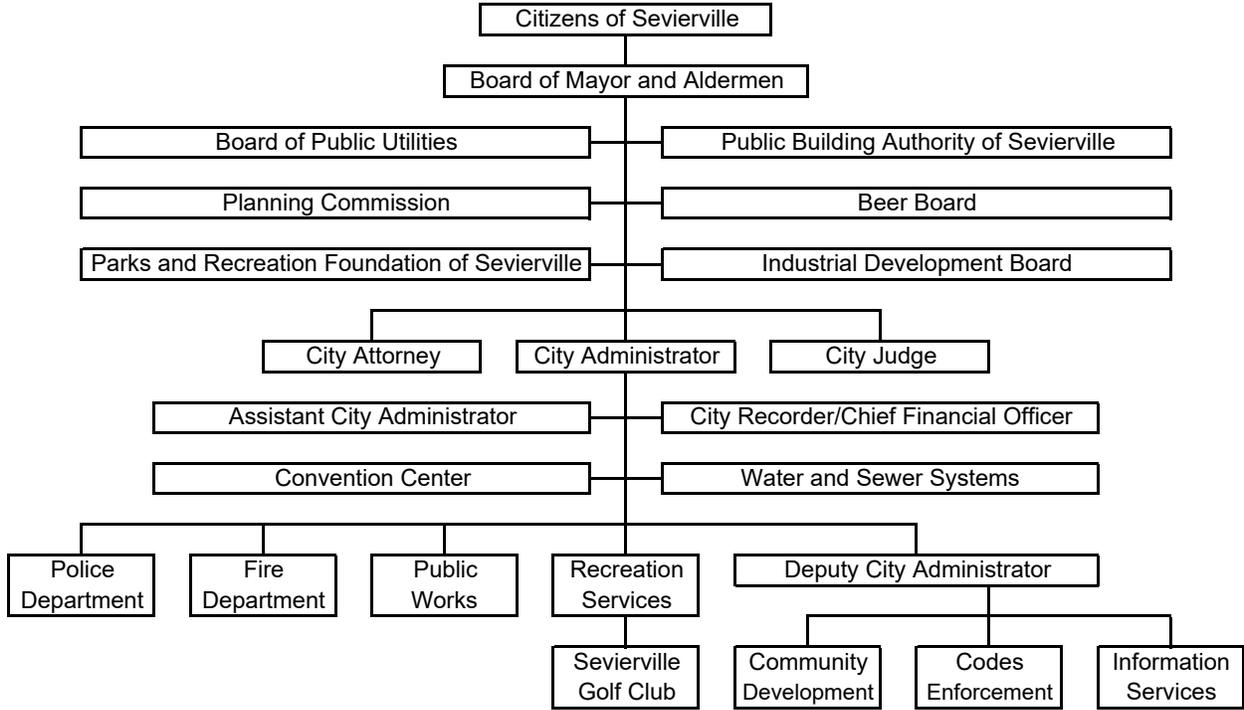
June 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF SEVIERVILLE, TENNESSEE

**Organizational Chart and List of Elected and Appointed Officials
For the Fiscal Year Ended June 30, 2023**



Board of Mayor and Aldermen (Elected)

- | | | | |
|------------|-----------------|----------|--------------------|
| Mayor | - Robert Fox | Alderman | - Travis McCroskey |
| Vice-Mayor | - Devin Koester | Alderman | - Joey Ohman |
| Alderman | - Wayne Helton | Alderman | - Mitch Rader |

City Officials (Appointed)

- | | |
|---------------------------------------|---|
| City Administrator | Russell Treadway |
| Deputy City Administrator | Dustin Smith |
| Assistant City Administrator | Tracy Baker |
| City Recorder/Chief Financial Officer | Lynn McClurg (financial oversight responsibility) |
| City Judge | Jeffrey Murrell |
| City Attorney | Edward Owens |
| Police Chief | Joseph Manning |
| Fire Chief | Matt Henderson |
| Public Works Director | Bryon Fortner |
| Parks and Recreation Director | Bob Parker |
| Water and Sewer Systems Director | Keith Malone |
| Electric System General Manager | Allen Robbins |

FINANCIAL SECTION

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Independent Auditor's Report

Mayor and Board of Alderman
City of Sevierville, 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 the City of Sevierville, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Sevierville, Tennessee's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sevierville, Tennessee, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison statement for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Sevierville, Tennessee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sevierville, Tennessee's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 – 15 and the required supplementary information on pages 77 – 86 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sevierville, Tennessee's basic financial statements. The other supplementary information in the financial section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information in the financial section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023, on our consideration of the City of Sevierville, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sevierville, 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 Sevierville, Tennessee's internal control over financial reporting and compliance.

Brown Jake & McDaniel, PC

Knoxville, Tennessee
December 19, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Sevierville, Tennessee (the government), we offer readers of the government's financial statements this narrative overview and analysis of the financial activities of the government for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 3 of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$388,169,486 (*net position*). Of this amount, \$110,392,835 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased \$31,742,604 from ongoing operations.
- At the close of the current fiscal year, the government's governmental funds reported combined fund balances of \$97,681,878, an increase of \$35,610,029 in comparison with the prior year. Approximately 26% of this amount (\$25,631,682) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the nonspendable, assigned, and unassigned components of fund balance) for the general fund was \$40,213,938, or approximately 75% of total fiscal year 2023 budgeted general fund expenditures.
- The government's total general obligation bonded debt increased by \$78,765,000 during the current fiscal year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the government's basic financial statements. The government's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support 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 government's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the government's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 government is improving or deteriorating.

The *statement of activities* presents information showing how the government'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, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the government that are principally supported by taxes and intergovernmental revenues (*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*). Governmental activities include general government, public safety, public works, recreation, community development, and debt administration. The business-type activities of the government include a water and sewer system and an electric system.

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 government, 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 government can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The government maintains five individual governmental funds and one blended component unit. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the central business improvement district fund, and the capital budget which are considered to be major funds. Data from the other two governmental funds and blended component unit are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining fund financial statements section of this report.

The government adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided for the government's major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 - 22 and the budgetary comparison statements can be found on pages 23 - 29 of this report.

Proprietary Funds. The government maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The government uses enterprises funds to account for its water and sewer system and its electric system. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the government's various functions. The government uses internal service funds to account for the management of its retained risks. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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 Water and Sewer Department Fund and for the Electric Department Fund, both of which are considered to be major funds of the government. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining fund financial statements section of this report.

The basic proprietary fund financial statements can be found on pages 30 - 34 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the government's own programs.

The accounting used for fiduciary funds is much like that used for proprietary funds. The government maintains two fiduciary funds which are combined into a single, aggregated presentation in the fiduciary fund financial statements. Individual fund data for the fiduciary funds is provided in the form of combining statements in the combining fund financial statements section of this report.

The basic fiduciary fund financial statements can be found on pages 35 – 36 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 - 76 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the government's net pension and OPEB assets and liabilities. Required supplementary information can be found on pages 77 - 86 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds, along with additional other supplementary information, are presented immediately following the required supplementary information. This information can be found on pages 87 - 117 of this report.

Government-Wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$388,169,486, at the close of the most recent fiscal year.

City of Sevierville's Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 123,900,580	\$ 95,945,066	\$ 140,102,556	\$ 89,735,555	\$ 264,003,136	\$ 185,680,621
Capital assets	201,664,905	195,241,484	248,250,968	226,442,577	449,915,873	421,684,061
Total assets	<u>325,565,485</u>	<u>291,186,550</u>	<u>388,353,524</u>	<u>316,178,132</u>	<u>713,919,009</u>	<u>607,364,682</u>
Total deferred outflows of resources	<u>5,213,351</u>	<u>3,821,201</u>	<u>18,225,822</u>	<u>12,368,819</u>	<u>23,439,173</u>	<u>16,190,020</u>
Long-term liabilities	152,574,939	140,226,412	123,859,009	46,810,775	276,433,948	187,037,187
Other liabilities	15,742,894	13,698,110	50,255,233	47,384,411	65,998,127	61,082,521
Total liabilities	<u>168,317,833</u>	<u>153,924,522</u>	<u>174,114,242</u>	<u>94,195,186</u>	<u>342,432,075</u>	<u>248,119,708</u>
Total deferred inflows of resources	<u>5,390,036</u>	<u>10,406,810</u>	<u>1,366,585</u>	<u>8,601,302</u>	<u>6,756,621</u>	<u>19,008,112</u>
Net investment in capital assets	68,840,852	51,222,585	207,904,587	195,700,282	276,745,439	246,922,867
Restricted	1,031,212	10,749,976	-	3,407,536	1,031,212	14,157,512
Unrestricted	87,198,903	68,703,858	23,193,932	26,642,645	110,392,835	95,346,503
Total net position	<u>\$ 157,070,967</u>	<u>\$ 130,676,419</u>	<u>\$ 231,098,519</u>	<u>\$ 225,750,463</u>	<u>\$ 388,169,486</u>	<u>\$ 356,426,882</u>

By far, the largest portion of the government's net position (71.3%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related net carrying value of outstanding debt that was used to acquire those assets (excluding unexpended bond proceeds). The government uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the government's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the government's net position (0.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$110,392,835 (28.4%) is unrestricted.

The government's overall net position increased \$31,742,604 from the prior fiscal year. The reasons for this current year increase in net position are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$26,394,548 from the prior fiscal year for an ending net position balance of \$157,070,967. Sales taxes revenues increased by \$3,654,271 (9.5%) from prior year, as further recovery from pandemic levels. Similarly, other taxes increased \$1,685,996 or 8.4 percent. Significant funding was received in the prior year from the American Rescue Plan Act (ARPA) grant, resulting in a decrease of \$5,045,130 or 93.6 percent to operating grants and contributions.

Charges for services increased \$1,399,528 or 14.9 percent. The City realized a gain on investment derivatives (interest rate swaps) of \$5,595,801 and received capital grants and contributions of \$530,622. Operating expenses increased \$13,312,532 or 28.1%, which can be attributed to increased personal services and capital outlays for public safety and recreation.

City of Sevierville's Change in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 10,784,702	\$ 9,385,174	\$ 206,306,947	\$ 193,286,776	\$ 217,091,649	\$ 202,671,950
Operating grants and contributions	347,105	5,392,235	-	-	347,105	5,392,235
Capital grants and contributions	530,622	799,231	54,034	-	584,656	799,231
General revenues:						
Sales taxes	42,107,935	38,453,664	-	-	42,107,935	38,453,664
Other taxes	21,853,674	20,167,678	-	-	21,853,674	20,167,678
Other revenues	3,410,763	507,929	3,840,163	313,770	7,250,926	821,699
Gain on investment derivatives	5,595,801	4,948,248	23,008	-	5,618,809	4,948,248
Total revenues	84,630,602	79,654,159	210,224,152	193,600,546	294,854,754	273,254,705
Expenses:						
General government	14,980,120	13,796,543	-	-	14,980,120	13,796,543
Public safety	17,792,596	13,935,170	-	-	17,792,596	13,935,170
Public works	6,397,694	7,704,724	-	-	6,397,694	7,704,724
Recreation	10,080,854	6,832,898	-	-	10,080,854	6,832,898
Community development	216,120	216,120	-	-	216,120	216,120
Interest on long-term debt	5,894,075	4,542,066	-	-	5,894,075	4,542,066
Debt administration - other	5,312,396	333,802	-	-	5,312,396	333,802
Water and Sewer Department	-	-	21,495,765	14,737,719	21,495,765	14,737,719
Electric Department	-	-	180,942,530	163,998,282	180,942,530	163,998,282
Total expenses	60,673,855	47,361,323	202,438,295	178,736,001	263,112,150	226,097,324
Excess of revenues over expenses	23,956,747	32,292,836	7,785,857	14,864,545	31,742,604	47,157,381
Transfers - in lieu of tax payment	2,437,801	2,291,253	(2,437,801)	(2,291,253)	-	-
Total other items	2,437,801	2,291,253	(2,437,801)	(2,291,253)	-	-
Change in net position	26,394,548	34,584,089	5,348,056	12,573,292	31,742,604	47,157,381
Net position - beginning	130,676,419	96,092,330	225,750,463	213,177,171	356,426,882	309,269,501
Net position - ending	\$ 157,070,967	\$ 130,676,419	\$ 231,098,519	\$ 225,750,463	\$ 388,169,486	\$ 356,426,882

Business-Type Activities. For the government's business-type activities, the results for the current fiscal year were positive in that net position increased by \$5,348,056 from ongoing operations for an overall net position of \$231,098,519. The total net position for business-type activities increased 2.4% from the prior fiscal year. Water and sewer reserves were further strengthened to fund a five-year, \$30 million capital improvement plan as the System's net position increased nearly \$2.3 million. Electric System operating income at fiscal year-end was \$5.0 million in fiscal year 2023 vs. \$10.1 million in fiscal year 2022 due to increased operating expenses largely from purchased power.

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the government's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the government's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the government itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the government's Board of Mayor and Aldermen.

At June 30, 2023, the government's governmental funds reported combined fund balances of \$97,681,878, an increase of \$35,610,029 in comparison with the prior year. Approximately 26.2% of this amount (\$25,631,682) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is nonspendable, restricted, committed, or assigned to indicate that it is 1) nonspendable inventory and prepaids - \$892,675, 2) restricted for particular purposes - \$31,608,099, or 3) assigned for particular purposes - \$39,549,422.

The general fund is the chief operating fund of the government. At the end of the current fiscal year, unassigned fund balance of the general fund was \$25,631,682, while total fund balance increased to \$40,213,938. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 47.7% of total fiscal year 2023 budgeted general fund expenditures, while total fund balance represents approximately 74.9% of that same amount.

The fund balance of the government's general fund increased by \$6,045,547 during the current fiscal year. The increase is largely due to increases in sales and restaurant tax revenue as spending continues to increase following the Covid-19 pandemic combined with higher prices due to inflation, as well as increased interest earnings.

The Central Business Improvement District Fund, a major fund, had a \$1,739,878 decrease in fund balance during the current fiscal year which put the overall fund balance at \$16,387,375. The fund reports assigned fund balance of \$16,387,375 which represents historical budgeted operational transfers from the general fund. The primary reason for the decrease in fund balance is due to swap termination fees paid during the year.

The Capital Budget Fund, a major fund, had a \$31,189,547 increase in fund balance during the current fiscal year due to unexpended bond proceeds from a current year issuance which put the overall fund balance at \$40,049,353. The fund reports restricted fund balance of \$30,576,887, the entirety of which is restricted for future capital outlays. The fund reports assigned fund balance of \$9,472,466 which represents budgeted operational transfers from the general fund. The primary reason for the increase is the issuance of new debt.

Proprietary Funds. The government's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer department fund at the end of the year was \$22,381,359 and for the electric department fund was \$812,573. The water and sewer department fund had an increase in net position of \$2,291,074 and the electric department fund had an increase in net position of \$3,056,982. The increase from operations for the water and sewer department fund results from rate changes and intentional reserve strengthening to support its five-year, \$30 million capital improvement plan. The increase in electric department net position is attributable to an increase in electric sales.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was a need for budget amendments to fund significant costs associated with swap termination fees, additional wage costs, road design services, and a roof replacement for the public works facility.

The most notable budgetary differences between the final amended budget and actual results related to interest earnings and federal grants. Savings rates for the Local Government Investment Pool increased considerably over the course of the fiscal year, resulting in much higher earnings than had been budgeted. Secondly, federal grants were significantly higher than budgeted due to not receiving the second half of the ARPA grant until fiscal year 2023.

Capital Assets and Debt Administration

Capital assets. The government's investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounts to \$449,915,873 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, water and wastewater treatment plants and electric distribution system. The total increase in capital assets for the current fiscal year was approximately 6.7%.

City of Sevierville's Capital Assets						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 60,508,906	\$ 60,218,241	\$ 9,077,107	\$ 7,981,132	\$ 69,586,013	\$ 68,199,373
Construction work in progress	11,496,212	6,741,685	28,165,572	11,921,723	39,661,784	18,663,408
Buildings	116,991,283	116,574,094	-	-	116,991,283	116,574,094
Infrastructure	58,672,946	56,029,757	-	-	58,672,946	56,029,757
Machinery, equipment, and vehicles	22,372,981	19,801,232	27,877,294	24,887,760	50,250,275	44,688,992
Water and sewer utility plant	-	-	117,915,437	115,302,642	117,915,437	115,302,642
Electric utility plant	-	-	256,042,847	246,013,928	256,042,847	246,013,928
Total capital assets	270,042,328	259,365,009	439,078,257	406,107,185	709,120,585	665,472,194
Less: accumulated depreciation	68,377,423	64,123,525	190,827,289	179,664,608	259,204,712	243,788,133
Net capital assets	<u>\$ 201,664,905</u>	<u>\$ 195,241,484</u>	<u>\$ 248,250,968</u>	<u>\$ 226,442,577</u>	<u>\$ 449,915,873</u>	<u>\$ 421,684,061</u>

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

- Various projects related to the electric department at a cost of \$11,757,835 for the electric distribution system.
- The purchase of land for the electric department at a cost of \$1,095,975 for operations expansion.
- The completion of various projects related to the water and sewer system at a cost of \$3,449,715, excluding CWIP.
- Work in progress for significant water and sewer system capital projects at a cost of \$19,824,442.
- Work in progress for the expansion of parks and recreation facilities and police facilities at a cost of \$7,638,076.
- Completed traffic signals and street improvements at a cost of \$2,643,189.
- The purchase of various machinery and equipment in governmental funds at a cost of \$561,372.
- The purchase of various transportation equipment and vehicles in governmental funds at a cost of \$1,578,402.

Additional information on the government's capital assets can be found in Note 3 on pages 51 - 52 of this report.

Long-term debt. At the end of the current fiscal year, the government had a total bonded debt outstanding of \$250,145,000. All of this amount is debt backed by the full faith and credit of the government.

The government's total bonded debt increased by \$78,765,000 (46.0%) during the current year due to the issuance of \$95,880,000 in bonds to fund a wastewater treatment plant expansion, parks and recreation facilities expansion and police department expansion.

The government's "A+" rating from Standard & Poor's and Fitch Ratings and "Aa3" from Moody's Investors Service for general obligation debt remained unchanged.

Additional information on the government's long-term debt can be found in Note 4 on pages 53 – 55 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the government and were considered in developing the 2023-2024 fiscal year budget.

- Sales and hospitality tax revenue projections return to growth rates closer to pre-pandemic levels following the Covid-19 related slowdown and subsequent tourism resurgence.
- The five-year capital improvement plan includes \$2.4 million for ADA-related projects, \$8.2 million in traffic control projects and \$4.3 million in fire trucks and equipment. The government issued \$27.2 million in debt for expansion of parks and recreation facilities and police department facilities, currently works in progress.
- The government maintains the property tax rate for tax year 2024 at \$0.4254 per \$100 of assessed value.
- The government continues to supplement CBID fund revenue at a rate of \$1.0 million per annum, increasing the unrestricted reserve for future debt service. The source of the revenue is a 2019 lodging tax increase from 2% to 3%.
- The water and sewer department will continue construction of a debt-funded \$75 million wastewater treatment expansion.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the government's finances and to show the government's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lynn K. McClurg, City Recorder/Chief Financial Officer, at City of Sevierville, P.O. Box 5500, Sevierville, TN 37864.

BASIC FINANCIAL STATEMENTS

CITY OF SEVIERVILLE, TENNESSEE
**Statement of Net Position
June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 15,085,446	\$ 20,313,889	\$ 35,399,335
Investments	48,714,694	37,094,371	85,809,065
Receivables:			
Property taxes, net of allowance of \$76,827	18,166	-	18,166
Customers, net of allowance of \$79,433 and \$1,580,314, respectively	332,063	7,688,595	8,020,658
Other, including current maturities of notes receivable from customers of \$444,444	2,151,758	2,000,925	4,152,683
Unbilled revenue	4,575,096	8,529,871	13,104,967
Due from other governments	5,950,950	23,400	5,974,350
Materials and supplies inventory	211,079	5,130,040	5,341,119
Prepayments	742,872	-	742,872
Restricted assets:			
Cash and cash equivalents	1,046,610	859,158	1,905,768
Accounts receivable	5,946	-	5,946
Investments - unexpended bond proceeds	30,576,887	54,928,579	85,505,466
Due from other governments	14,489,013	-	14,489,013
	<u>123,900,580</u>	<u>136,568,828</u>	<u>260,469,408</u>
Total current assets			
Non-current assets:			
Capital assets, not being depreciated:			
Land and improvements	60,508,906	9,077,107	69,586,013
Construction work in progress	11,496,212	28,165,572	39,661,784
Capital assets, being depreciated:			
Buildings and improvements	116,991,283	-	116,991,283
Infrastructure	58,672,946	-	58,672,946
Machinery and equipment	22,372,981	-	22,372,981
Utility plant	-	401,835,578	401,835,578
Less accumulated depreciation	(68,377,423)	(190,827,289)	(259,204,712)
	<u>201,664,905</u>	<u>248,250,968</u>	<u>449,915,873</u>
Total capital assets			
Other non-current assets:			
Notes receivable from customers, less current maturities	-	1,046,297	1,046,297
Receivable - Tennessee Valley Authority Residential Energy Services Program	-	2,015,861	2,015,861
Other assets	-	471,570	471,570
	<u>201,664,905</u>	<u>251,784,696</u>	<u>453,449,601</u>
Total non-current assets			
	<u>325,565,485</u>	<u>388,353,524</u>	<u>713,919,009</u>
Total assets			
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	5,213,351	13,851,071	19,064,422
OPEB related	-	4,374,751	4,374,751
	<u>5,213,351</u>	<u>18,225,822</u>	<u>23,439,173</u>
Total deferred outflows of resources			

(Continued)

CITY OF SEVIERVILLE, TENNESSEE
Statement of Net Position (Continued)
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Current liabilities:			
Payable from current assets:			
Accounts payable	\$ 1,983,630	\$ 15,156,622	\$ 17,140,252
Accrued liabilities	509,466	2,649,580	3,159,046
Accrued interest payable	-	74,847	74,847
Due to other governments	105,688	-	105,688
Revenues received in advance	-	978,581	978,581
Reserve for health insurance claims	280,691	1,947,490	2,228,181
Customer deposits, including interest of \$405,228	351,245	24,786,669	25,137,914
Non-current liabilities - due within one year	12,422,821	4,661,444	17,084,265
Funds held in trust	89,353	-	89,353
	<u>15,742,894</u>	<u>50,255,233</u>	<u>65,998,127</u>
Total current liabilities			
Non-current liabilities:			
Due in more than one year	152,082,681	97,697,863	249,780,544
Net OPEB liability	-	3,054,389	3,054,389
Total OPEB liability	-	819,500	819,500
Net pension liability	492,258	20,267,343	20,759,601
Advances from Tennessee Valley Authority Residential Energy Services Program	-	2,019,914	2,019,914
	<u>152,574,939</u>	<u>123,859,009</u>	<u>276,433,948</u>
Total non-current liabilities			
Total liabilities			
	<u>168,317,833</u>	<u>174,114,242</u>	<u>342,432,075</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property taxes	4,575,096	-	4,575,096
Pension related	672,314	790,469	1,462,783
OPEB related	-	576,116	576,116
Deferred charge on refunding	142,626	-	142,626
	<u>5,390,036</u>	<u>1,366,585</u>	<u>6,756,621</u>
Total deferred inflows of resources			
<u>NET POSITION</u>			
Net investment in capital assets	68,840,852	207,904,587	276,745,439
Restricted:			
State street aid	598,101	-	598,101
Drug enforcement	433,111	-	433,111
Unrestricted	87,198,903	23,193,932	110,392,835
	<u>157,070,967</u>	<u>231,098,519</u>	<u>388,169,486</u>
Total net position			

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

CITY OF SEVIERVILLE, TENNESSEE

**Statement of Activities
For the Fiscal Year Ended June 30, 2023**

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 14,980,120	\$ 2,473,160	\$ 77,233	\$ 290,665	\$ (12,139,062)	\$ -	\$ (12,139,062)
Public safety	17,792,596	773,092	269,872	-	(16,749,632)	-	(16,749,632)
Public works	6,397,694	3,402,878	-	239,957	(2,754,859)	-	(2,754,859)
Recreation	10,080,854	4,135,572	-	-	(5,945,282)	-	(5,945,282)
Community development	216,120	-	-	-	(216,120)	-	(216,120)
Interest	5,894,075	-	-	-	(5,894,075)	-	(5,894,075)
Debt administration - other	5,312,396	-	-	-	(5,312,396)	-	(5,312,396)
Total governmental activities	60,673,855	10,784,702	347,105	530,622	(49,011,426)	-	(49,011,426)
Business-type activities:							
Water and Sewer Department	21,495,765	21,409,436	-	54,034	-	(32,295)	(32,295)
Electric Department	180,942,530	184,897,511	-	-	-	3,954,981	3,954,981
Total business-type activities	202,438,295	206,306,947	-	54,034	-	3,922,686	3,922,686
Total government	\$ 263,112,150	\$ 217,091,649	\$ 347,105	\$ 584,656	(49,011,426)	3,922,686	(45,088,740)
General revenues:							
Taxes:							
Sales taxes					42,107,935	-	42,107,935
Privilege taxes					11,760,917	-	11,760,917
Property taxes					4,463,071	-	4,463,071
Wholesale beer taxes					1,934,843	-	1,934,843
Business taxes					2,299,830	-	2,299,830
Other taxes					1,395,013	-	1,395,013
Interest earned					2,509,881	3,496,890	6,006,771
Miscellaneous					900,882	343,273	1,244,155
Gain (loss) on investment derivatives					5,595,801	23,008	5,618,809
Transfers					2,437,801	(2,437,801)	-
Total general revenues and transfers					75,405,974	1,425,370	76,831,344
Change in net position					26,394,548	5,348,056	31,742,604
Net position, beginning					130,676,419	225,750,463	356,426,882
Net position - ending					\$ 157,070,967	\$ 231,098,519	\$ 388,169,486

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

CITY OF SEVIERVILLE, TENNESSEE
**Balance Sheet
Governmental Funds
June 30, 2023**

	General Fund	Central Business Improvement District Fund	Capital Budget	Nonmajor Governmental Funds	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 5,460,007	\$ 1,245,798	\$ 4,858,171	\$ -	\$ 11,563,976
Investments	28,070,330	15,142,077	5,502,287	-	48,714,694
Receivables:					
Property taxes (less allowance for doubtful accounts of \$76,827)	18,166	-	-	-	18,166
Customers (less allowance for doubtful accounts of \$79,433)	332,063	-	-	-	332,063
Other	1,994,588	-	-	-	1,994,588
Unbilled property taxes	4,575,096	-	-	-	4,575,096
Due from other governments	5,677,153	-	273,798	-	5,950,951
Materials and supplies inventory	211,079	-	-	-	211,079
Prepayments	681,596	-	-	-	681,596
Restricted assets:					
Cash and cash equivalents	-	-	32,948	1,013,662	1,046,610
Accounts receivable	-	-	-	5,946	5,946
Investments - unexpended bond proceeds	-	-	30,576,887	-	30,576,887
Due from other governments	-	14,382,757	-	106,256	14,489,013
Total assets	\$ 47,020,078	\$ 30,770,632	\$ 41,244,091	\$ 1,125,864	\$ 120,160,665
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 837,736	\$ 500	\$ 1,100,744	\$ 5,300	\$ 1,944,280
Accrued liabilities	475,209	-	32,948	-	508,157
Due to other governments	105,688	-	-	-	105,688
Funds held in trust	-	-	-	89,352	89,352
Customer deposits	351,245	-	-	-	351,245
Total liabilities	1,769,878	500	1,133,692	94,652	2,998,722
Deferred inflows of resources:					
Unavailable revenue - property taxes	4,575,096	-	-	-	4,575,096
Unavailable revenue - other	97,652	-	61,046	-	158,698
Unavailable revenue - sales taxes	-	14,382,757	-	-	14,382,757
Unavailable revenue - grant revenue	363,514	-	-	-	363,514
Total deferred inflows of resources	5,036,262	14,382,757	61,046	-	19,480,065
Fund balances:					
Nonspendable:					
Inventories and prepayments	892,675	-	-	-	892,675
Restricted:					
Capital outlay	-	-	30,576,887	-	30,576,887
State street aid fund	-	-	-	598,101	598,101
Drug enforcement fund	-	-	-	433,111	433,111
Assigned:					
Central Business Improvement District Fund	-	16,387,375	-	-	16,387,375
Capital Budget Fund	-	-	9,472,466	-	9,472,466
Golf Course	1,732,700	-	-	-	1,732,700
Convention center department	1,053,852	-	-	-	1,053,852
Capital outlay	10,903,029	-	-	-	10,903,029
Unassigned	25,631,682	-	-	-	25,631,682
Total fund balances	40,213,938	16,387,375	40,049,353	1,031,212	97,681,878
Total liabilities, deferred inflows of resources and fund balances	\$ 47,020,078	\$ 30,770,632	\$ 41,244,091	\$ 1,125,864	\$ 120,160,665

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

CITY OF SEVIERVILLE, TENNESSEE

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2023

Total fund balances - governmental funds	\$	97,681,878
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets	\$ 270,042,328	
Accumulated depreciation	<u>(68,377,423)</u>	201,664,905
Internal service funds are reported as proprietary funds, however, the activities accounted for in them are governmental in nature. Therefore, the assets and liabilities of these funds are included as governmental activities in the statement of net position:		
Total assets	3,739,915	
Total liabilities	<u>(321,350)</u>	3,418,565
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.		
		(492,258)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds payable	(162,501,985)	
Leases payable	(756,329)	
Compensated absences	<u>(1,247,188)</u>	(164,505,502)
Certain deferred outflows of resources and deferred inflows of resources are not available resources and, therefore, are not reported in the funds:		
Deferred outflows of resources:		
Pension related	5,213,351	
Deferred inflows of resources:		
Unavailable revenue - sales tax	14,382,757	
Unavailable revenue - grants	363,514	
Unavailable revenue - other	158,698	
Pension related	(672,315)	
Deferred charge on refunding	<u>(142,626)</u>	<u>19,303,379</u>
Total net position--governmental activities	\$	<u>157,070,967</u>

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

CITY OF SEVIERVILLE, TENNESSEE
**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023**

	General Fund	Central Business Improvement District Fund	Capital Budget	Nonmajor Governmental Funds	Total
Revenues:					
Local taxes	\$ 46,466,997	\$ 3,646,275	\$ -	\$ -	\$ 50,113,272
Licenses and permits	682,412	-	-	-	682,412
Intergovernmental revenue	6,164,602	8,485,250	455,405	625,977	15,731,234
Charges for services	8,685,937	-	-	-	8,685,937
Fines, forfeits and penalties	475,027	-	-	125,267	600,294
Other revenues	1,324,261	826,879	1,216,110	74,148	3,441,398
Total revenues	63,799,236	12,958,404	1,671,515	825,392	79,254,547
Expenditures:					
Current:					
General government	13,172,591	-	-	-	13,172,591
Public safety	16,032,361	-	-	90,579	16,122,940
Public works	6,901,594	-	-	620,000	7,521,594
Recreation	5,952,503	-	-	-	5,952,503
Debt service:					
Principal	3,485,000	7,410,000	-	-	10,895,000
Interest	1,967,062	4,519,103	-	-	6,486,165
Debt service charges	21,288	1,916,244	-	-	1,937,532
Cost of issuance	-	-	346,783	-	346,783
Termination swap fees	175,146	2,852,935	-	-	3,028,081
Capital outlay:					
General government	277,082	-	809,561	-	1,086,643
Public safety	30,456	-	2,915,541	-	2,945,997
Public works	1,375,816	-	1,561,250	-	2,937,066
Recreation	1,221,991	-	2,774,216	-	3,996,207
Total expenditures	50,612,890	16,698,282	8,407,351	710,579	76,429,102
Excess (deficiencies) of revenues over (under) expenditures	13,186,346	(3,739,878)	(6,735,836)	114,813	2,825,445
Other financing sources (uses):					
Transfers in	2,437,801	2,000,000	7,578,600	-	12,016,401
Transfers out	(9,578,600)	-	-	-	(9,578,600)
Bond proceeds	-	-	27,240,000	-	27,240,000
Bond premium	-	-	3,106,783	-	3,106,783
Total other financing sources (uses)	(7,140,799)	2,000,000	37,925,383	-	32,784,584
Net change in fund balances	6,045,547	(1,739,878)	31,189,547	114,813	35,610,029
Fund balances, beginning	34,168,391	18,127,253	8,859,806	916,399	62,071,849
Fund balances, ending	\$ 40,213,938	\$ 16,387,375	\$ 40,049,353	\$ 1,031,212	\$ 97,681,878

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

CITY OF SEVIERVILLE, TENNESSEE

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023**

Net change in fund balances - total governmental funds		\$ 35,610,029
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays expense exceeds depreciation expense:</p>		
Depreciation expense	\$ (4,358,637)	
Capital outlays	<u>10,245,344</u>	5,886,707
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(687,233)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>		
Lease payments	(2,953)	
Principal paid on general obligation bonds	10,895,000	
Bond proceeds	(27,240,000)	
Unamortized bond premium	(3,106,783)	
Amortization of bond premiums	593,116	
Deferred charge on refunding	<u>16,294</u>	(18,845,326)
<p>The increase in the fair value of an interest rate swap accounted for as an investment derivative instrument in the statement of activities is not reported in governmental funds, but is reported as a gain on investment loss derivatives in the statement of activities.</p>		
		5,595,801
<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 the governmental funds:</p>		
Compensated absences	(167,881)	
Pension expense	<u>(641,253)</u>	(809,134)
<p>Internal service funds are used by management to charge the costs of insurance and other activities to individual funds. The net internal service fund revenue is reported with governmental activities.</p>		
		<u>(356,296)</u>
Change in net position of governmental activities		\$ <u>26,394,548</u>

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

CITY OF SEVIERVILLE, TENNESSEE

General Fund

The **General Fund** is used to account for all of the general revenues of the government not specifically levied or collected for other government funds, and for the expenditures related to the rendering of general services by the government. The General Fund is used to account for all resources not required to be accounted for in another fund.

CITY OF SEVIERVILLE, TENNESSEE

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actuals General Fund For the Fiscal Year Ended June 30, 2023 (With Comparative Totals for the Fiscal Year Ended June 30, 2022)

	2023		Actual	2022
	Budgeted Amounts			
	Original	Final		
Revenues:				
Local taxes:				
Property tax	\$ 4,418,449	\$ 4,418,449	\$ 4,400,798	\$ 4,320,658
Interest and penalties on property tax	15,000	15,000	13,965	29,529
In lieu of tax - property tax	22,294	22,294	48,308	4,381
Local sales tax	26,051,691	26,051,691	25,586,347	24,297,901
Wholesale liquor tax	295,082	295,082	317,835	269,896
Wholesale beer tax	1,735,795	1,735,795	1,617,008	1,585,592
Business tax	1,784,264	1,784,264	2,299,830	1,969,128
Amusement privilege tax	795,737	795,737	674,047	701,722
Restaurant privilege tax	5,791,307	5,791,307	5,969,371	5,341,640
Natural gas franchise tax	227,713	227,713	294,249	242,462
Cable television franchise tax	130,677	130,677	127,740	132,418
Lodging privilege tax	5,347,531	5,347,531	5,066,915	4,768,372
Liquor privilege tax	34,000	34,000	37,152	34,203
Beer privilege tax	13,000	13,000	13,432	13,015
Total local taxes	46,662,540	46,662,540	46,466,997	43,710,917
Licenses and permits:				
Building permits	250,000	250,000	585,932	531,573
Other licenses and permits	63,281	63,281	96,480	73,124
Total licenses and permits	313,281	313,281	682,412	604,697
Intergovernmental revenue:				
Federal grants	90,000	90,000	2,646,836	2,597,978
In lieu of tax - Sevierville Housing Authority	34,094	34,094	41,298	35,457
State grants	7,500	7,500	10,307	7,320
State of Tennessee:				
Public safety salary supplement	100,800	100,800	96,000	84,000
Sales tax	1,985,679	1,985,679	2,128,299	2,012,598
Hall income tax	-	-	400	8,764
Beer tax	8,945	8,945	8,168	8,171
Mixed drink tax	365,311	365,311	530,917	360,722
State sports betting	15,000	15,000	29,176	16,701
City streets and transportation tax	33,274	33,274	32,773	32,510
Street maintenance contract	189,000	189,000	194,605	136,905
Telecommunications sales tax	11,000	11,000	10,532	11,640
TVA gross receipts tax	186,224	186,224	215,084	185,736
State excise tax	85,000	85,000	115,207	106,599
Sevier County, Tennessee:				
Fire department	25,000	25,000	-	53,750
School resource officers salary supplement	105,000	105,000	105,000	105,000
Total intergovernmental revenue	3,241,827	3,241,827	6,164,602	5,763,851

(Continued)

CITY OF SEVIERVILLE, TENNESSEE
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 General Fund (Continued)
 For the Fiscal Year Ended June 30, 2023
 (With Comparative Totals for the Fiscal Year Ended June 30, 2022)**

	2023			2022
	Budgeted Amounts		Actual	
	Original	Final		
Revenues (continued):				
Charges for services:				
Police security	\$ 44,600	\$ 44,600	\$ 113,855	\$ 55,840
Solid waste fees	2,575,000	2,575,000	2,582,219	2,296,122
Convention center fees	983,000	983,000	1,753,633	1,218,774
Golf course fees	2,743,850	2,843,850	3,409,457	3,254,932
Community center fees	379,000	379,000	454,988	400,415
City park fees	177,500	177,500	185,289	168,731
Civic center rental fees	70,000	70,000	77,631	64,200
Other charges for services	187,496	187,496	108,865	68,552
Total charges for services	<u>7,160,446</u>	<u>7,260,446</u>	<u>8,685,937</u>	<u>7,527,566</u>
Fines, forfeits and penalties:				
City court fines and costs	108,000	108,000	262,995	183,587
Diversion filing	112,000	112,000	124,343	100,107
County court fines and costs	51,500	51,500	82,019	73,012
Offenders registration	2,500	2,500	1,350	1,400
Forfeits and seizures	4,500	4,500	4,320	4,900
Total fines, forfeits and penalties	<u>278,500</u>	<u>278,500</u>	<u>475,027</u>	<u>363,006</u>
Other revenues:				
Interest earnings	20,000	20,000	1,002,514	51,118
Rents and leases	67,741	67,741	67,741	67,766
Other miscellaneous revenue	85,493	85,493	254,006	284,691
Total other revenues	<u>173,234</u>	<u>173,234</u>	<u>1,324,261</u>	<u>403,575</u>
Total revenues	<u>57,829,828</u>	<u>57,929,828</u>	<u>63,799,236</u>	<u>58,373,612</u>
Expenditures:				
General government:				
Legislative board:				
Personal services	141,799	141,799	133,125	118,532
Contractual services	27,220	27,220	21,360	24,814
Supplies	1,400	1,400	233	344
Total legislative board	<u>170,419</u>	<u>170,419</u>	<u>154,718</u>	<u>143,690</u>
Legal services:				
Contractual services	253,800	253,800	221,890	189,200
Total legal services	<u>253,800</u>	<u>253,800</u>	<u>221,890</u>	<u>189,200</u>

(Continued)

CITY OF SEVIERVILLE, TENNESSEE
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 General Fund (Continued)
 For the Fiscal Year Ended June 30, 2023
 (With Comparative Totals for the Fiscal Year Ended June 30, 2022)**

	2023		Actual	2022
	Budgeted Amounts			
	Original	Final		
Expenditures (continued):				
General government (continued):				
City administration:				
Personal services	\$ 994,976	\$ 994,976	\$ 864,899	\$ 705,235
Contractual services	42,043	42,043	36,838	32,194
Supplies	21,725	21,725	17,836	6,189
Fixed charges	-	-	378	27
Less expense reimbursements from proprietary fund	<u>(313,813)</u>	<u>(313,813)</u>	<u>(313,916)</u>	<u>(321,003)</u>
Total city administration	<u>744,931</u>	<u>744,931</u>	<u>606,035</u>	<u>422,642</u>
City recorder/finance department:				
Personal services	1,334,760	1,334,760	1,261,251	1,086,968
Contractual services	265,241	265,241	230,750	211,640
Supplies	28,075	28,075	23,697	21,252
Fixed charges	116,787	116,787	108,312	109,689
Less expense reimbursements from proprietary fund	<u>(313,813)</u>	<u>(313,813)</u>	<u>(313,916)</u>	<u>(321,002)</u>
Total city recorder/finance department	<u>1,431,050</u>	<u>1,431,050</u>	<u>1,310,094</u>	<u>1,108,547</u>
Information services:				
Personal services	577,866	577,866	454,111	272,933
Contractual services	855,651	855,651	751,141	543,324
Supplies	2,625	2,625	1,244	1,453
Capital outlay	114,600	114,600	104,386	84,529
Less expense reimbursements from proprietary fund	<u>(313,812)</u>	<u>(313,812)</u>	<u>(313,916)</u>	<u>(321,002)</u>
Total information services	<u>1,236,930</u>	<u>1,236,930</u>	<u>996,966</u>	<u>581,237</u>
Planning and development:				
Personal services	995,269	995,269	877,618	704,264
Contractual services	111,467	111,467	32,187	18,145
Supplies	11,655	11,655	4,552	6,095
Capital outlay	<u>2,200</u>	<u>2,200</u>	<u>-</u>	<u>4,925</u>
Total planning and development	<u>1,120,591</u>	<u>1,120,591</u>	<u>914,357</u>	<u>733,429</u>
Facilities management:				
Personal services	568,061	568,061	540,359	442,630
Contractual services	32,580	32,580	35,578	21,836
Supplies	<u>25,250</u>	<u>25,250</u>	<u>24,328</u>	<u>15,724</u>
Total facilities management	<u>625,891</u>	<u>625,891</u>	<u>600,265</u>	<u>480,190</u>

(Continued)

CITY OF SEVIERVILLE, TENNESSEE
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 General Fund (Continued)
 For the Fiscal Year Ended June 30, 2023
 (With Comparative Totals for the Fiscal Year Ended June 30, 2022)**

	2023			2022
	Budgeted Amounts		Actual	
	Original	Final		
Expenditures (continued):				
General government (continued):				
Marketing:				
Personal services	\$ -	\$ -	\$ -	\$ 13,133
Contractual services	-	-	-	5,014,413
Total marketing	-	-	-	5,027,546
Sevierville Convention Center:				
Personal services	1,032,407	1,032,407	1,086,607	892,192
Contractual services	742,365	742,365	657,292	572,998
Supplies	42,025	42,025	41,521	40,898
Fixed charges	103,710	103,710	128,593	139,985
Capital outlay	155,750	155,750	46,931	-
Total Sevierville Convention Center	2,076,257	2,076,257	1,960,944	1,646,073
Contracts, grants and other special funding:				
Contractual services	203,000	203,000	176,814	145,289
Grants, contributions and other	310,961	310,961	237,021	1,183,204
Total contracts, grants and other special funding	513,961	513,961	413,835	1,328,493
Other general government:				
Personal services	9,000	9,000	8,245	8,200
Contractual services	5,784,746	5,784,746	5,455,144	185,914
Supplies	4,000	4,000	3,988	4,790
Fixed charges	705,554	705,554	782,000	637,439
Capital outlay	115,000	115,000	21,192	4,857,554
Total other general government	6,618,300	6,618,300	6,270,569	5,693,897
Total general government	14,792,130	14,792,130	13,449,673	17,354,944
Public safety:				
Police:				
Personal services	7,445,450	7,545,450	7,470,771	6,190,354
Contractual services	234,997	234,997	185,102	195,490
Supplies	307,041	307,041	275,477	237,967
Fixed charges	-	-	-	4
Grants, contributions and other	33,990	33,990	29,665	34,487
Capital outlay	806,650	806,650	721,114	412,448
Total police	8,828,128	8,928,128	8,682,129	7,070,750

(Continued)

CITY OF SEVIERVILLE, TENNESSEE
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 General Fund (Continued)
 For the Fiscal Year Ended June 30, 2023
 (With Comparative Totals for the Fiscal Year Ended June 30, 2022)**

	2023		Actual	2022
	Budgeted Amounts			
	Original	Final		
Expenditures (continued):				
Public safety (continued):				
Traffic control and maintenance:				
Personal services	\$ 372,413	\$ 372,413	\$ 327,645	\$ 252,528
Contractual services	78,700	78,700	69,487	82,518
Supplies	<u>258,450</u>	<u>258,450</u>	<u>254,922</u>	<u>144,805</u>
Total traffic control and maintenance	<u>709,563</u>	<u>709,563</u>	<u>652,054</u>	<u>479,851</u>
Fire:				
Personal services	5,112,552	5,112,552	4,929,385	4,090,825
Contractual services	1,187,321	1,187,321	1,157,293	939,686
Supplies	360,015	360,015	375,166	322,516
Capital outlay	<u>1,243,700</u>	<u>1,243,700</u>	<u>266,790</u>	<u>117,757</u>
Total fire	<u>7,903,588</u>	<u>7,903,588</u>	<u>6,728,634</u>	<u>5,470,784</u>
Total public safety	<u>17,441,279</u>	<u>17,541,279</u>	<u>16,062,817</u>	<u>13,021,385</u>
Public works:				
Street:				
Personal services	2,351,503	2,351,503	2,235,952	1,633,620
Contractual services	385,115	385,115	384,422	354,621
Supplies	125,700	125,700	195,198	140,999
Building materials	1,030,800	1,030,800	1,077,543	594,123
Fixed charges	-	-	-	4
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>36,106</u>
Total street	<u>3,903,118</u>	<u>3,903,118</u>	<u>3,893,115</u>	<u>2,759,473</u>
Fleet maintenance:				
Personal services	650,247	650,247	612,716	538,750
Contractual services	131,495	131,495	115,212	93,595
Supplies	440,500	440,500	459,939	428,127
Fixed charges	-	-	-	7
Capital outlay	<u>94,000</u>	<u>94,000</u>	<u>61,722</u>	<u>-</u>
Total fleet maintenance	<u>1,316,242</u>	<u>1,316,242</u>	<u>1,249,589</u>	<u>1,060,479</u>

(Continued)

CITY OF SEVIERVILLE, TENNESSEE
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 General Fund (Continued)
 For the Fiscal Year Ended June 30, 2023
 (With Comparative Totals for the Fiscal Year Ended June 30, 2022)**

	2023		Actual	2022
	Budgeted Amounts			
	Original	Final		
Expenditures (continued):				
Public works (continued):				
Solid waste:				
Personal services	\$ 940,249	\$ 940,249	\$ 898,851	\$ 764,450
Contractual services	869,500	869,500	855,944	774,802
Supplies	352,000	352,000	437,069	349,216
Bad debt expense	-	-	5,259	9,413
Capital outlay	675,000	991,500	937,583	388,733
Total solid waste	<u>2,836,749</u>	<u>3,153,249</u>	<u>3,134,706</u>	<u>2,286,614</u>
Total public works	<u>8,056,109</u>	<u>8,372,609</u>	<u>8,277,410</u>	<u>6,106,566</u>
Recreation:				
Parks and recreation:				
Personal services	1,350,787	1,350,787	1,372,865	1,120,624
Contractual services	235,023	235,023	210,845	201,842
Supplies	266,200	266,200	242,339	211,713
Materials	12,500	12,500	6,009	12,060
Capital outlay	25,000	25,000	24,503	7,649
Total parks and recreation	<u>1,889,510</u>	<u>1,889,510</u>	<u>1,856,561</u>	<u>1,553,888</u>
Community Center:				
Personal services	1,086,340	1,086,340	1,073,759	974,153
Contractual services	157,482	157,482	152,088	146,077
Supplies	120,490	120,490	100,842	88,915
Other	15,200	15,200	8,189	8,457
Total Community Center	<u>1,379,512</u>	<u>1,379,512</u>	<u>1,334,878</u>	<u>1,217,602</u>
Civic Center:				
Personal services	180,455	180,455	187,132	167,055
Contractual services	37,067	37,067	27,292	29,411
Supplies	14,250	14,250	6,271	11,344
Total Civic Center	<u>231,772</u>	<u>231,772</u>	<u>220,695</u>	<u>207,810</u>

(Continued)

CITY OF SEVIERVILLE, TENNESSEE
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 General Fund (Continued)
 For the Fiscal Year Ended June 30, 2023
 (With Comparative Totals for the Fiscal Year Ended June 30, 2022)**

	2023		Actual	2022
	Budgeted Amounts			
	Original	Final		
Expenditures (continued):				
Recreation (continued):				
Sevierville Golf Club:				
Personal services	\$ 1,531,765	\$ 1,631,765	\$ 1,903,009	\$ 1,453,027
Contractual services	450,271	450,271	427,569	423,892
Supplies	855,961	855,961	943,320	801,215
Fixed charges	92,887	92,887	153,181	132,794
Capital outlay	844,966	844,966	335,281	-
Total Sevierville Golf Club	<u>3,775,850</u>	<u>3,875,850</u>	<u>3,762,360</u>	<u>2,810,928</u>
Total recreation	<u>7,276,644</u>	<u>7,376,644</u>	<u>7,174,494</u>	<u>5,790,228</u>
Debt administration:				
Principal	3,815,000	3,815,000	3,485,000	2,085,000
Interest	1,710,593	1,710,593	1,967,062	776,030
Termination swap fees	-	135,150	175,146	-
Debt service charges	100,000	100,000	21,288	46,897
Total debt administration	<u>5,625,593</u>	<u>5,760,743</u>	<u>5,648,496</u>	<u>2,907,927</u>
Total expenditures	<u>53,191,755</u>	<u>53,843,405</u>	<u>50,612,890</u>	<u>45,181,050</u>
Revenues over (under) expenditures	<u>4,638,073</u>	<u>4,086,423</u>	<u>13,186,346</u>	<u>13,192,562</u>
Other financing sources (uses):				
Transfers in	2,358,984	2,358,984	2,437,801	2,291,253
Transfers out	<u>(7,178,600)</u>	<u>(9,178,600)</u>	<u>(9,578,600)</u>	<u>(11,552,502)</u>
Total other financing sources (uses)	<u>(4,819,616)</u>	<u>(6,819,616)</u>	<u>(7,140,799)</u>	<u>(9,261,249)</u>
Net change in fund balances	(181,543)	(2,733,193)	6,045,547	3,931,313
Fund balance, beginning	<u>34,168,391</u>	<u>34,168,391</u>	<u>34,168,391</u>	<u>30,237,078</u>
Fund balance, ending	<u>\$ 33,986,848</u>	<u>\$ 31,435,198</u>	<u>\$ 40,213,938</u>	<u>\$ 34,168,391</u>

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

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the government is that costs of providing goods and services to the general public on a continuing basis will be financed or recovered primarily through user charges. The government has the following Enterprise Funds:

Water and Sewer Department Fund – to account for the providing of water and sewer services to the residents of the government and surrounding areas. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Water and Sewer Department debt. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund. The fund is operated as Sevierville Water Systems.

Electric Department Fund – to account for the providing of electricity to the residents of the government and Sevier County. Activities of the fund include administration, operation and maintenance of the electric system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Electric Department debt. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund. The fund is operated as Sevier County Electric System.

CITY OF SEVIERVILLE, TENNESSEE
**Statement of Net Position
Proprietary Funds
June 30, 2023**

	Business-Type Activities			Governmental Activities
	Enterprise Funds			
	Water and Sewer Department Fund	Electric Department Fund	Total	
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 2,727,968	\$ 17,585,921	\$ 20,313,889	\$ 3,521,470
Investments:				
Unsegregated	22,252,277	5,342,094	27,594,371	-
Segregated for emergency and self-insured funds	-	9,500,000	9,500,000	-
Receivables:				
Customers (net of allowance for doubtful accounts of \$581,347 and \$998,967, respectively)	1,281,667	6,406,928	7,688,595	-
Other, including current maturities of notes receivable from customers of \$444,444	591,931	1,408,994	2,000,925	157,169
Unbilled revenue	1,068,033	7,461,838	8,529,871	-
Due from other governments	23,400	-	23,400	-
Materials and supplies inventories	937,336	4,192,704	5,130,040	-
Prepayments	-	-	-	61,276
Restricted assets:				
Cash and cash equivalents	859,158	-	859,158	-
Investments - unexpended bond proceeds	54,928,579	-	54,928,579	-
Total current assets	<u>84,670,349</u>	<u>51,898,479</u>	<u>136,568,828</u>	<u>3,739,915</u>
Noncurrent assets:				
Capital assets, not being depreciated:				
Land and land rights	437,557	8,639,550	9,077,107	-
Construction work in progress	23,993,701	4,171,871	28,165,572	-
Capital assets, being depreciated:				
Utility plant	117,915,437	256,042,847	373,958,284	-
Machinery and equipment	13,292,923	14,584,371	27,877,294	-
Less accumulated depreciation	<u>(61,762,675)</u>	<u>(129,064,614)</u>	<u>(190,827,289)</u>	<u>-</u>
Total capital assets	93,876,943	154,374,025	248,250,968	-
Other noncurrent assets:				
Notes receivable from customers, less current maturities	-	1,046,297	1,046,297	-
Tennessee Valley Authority Residential Energy Services Program receivable	-	2,015,861	2,015,861	-
Other assets	-	471,570	471,570	-
Total noncurrent assets	<u>93,876,943</u>	<u>157,907,753</u>	<u>251,784,696</u>	<u>-</u>
Total assets	<u>178,547,292</u>	<u>209,806,232</u>	<u>388,353,524</u>	<u>3,739,915</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension related	3,531,778	10,319,293	13,851,071	-
OPEB related	301,900	4,072,851	4,374,751	-
Total deferred outflows of resources	<u>3,833,678</u>	<u>14,392,144</u>	<u>18,225,822</u>	<u>-</u>

(Continued)

CITY OF SEVIERVILLE, TENNESSEE
**Statement of Net Position
Proprietary Funds (Continued)
June 30, 2023**

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Water and Sewer Department Fund	Electric Department Fund	Total	Internal Service Funds
<u>LIABILITIES</u>				
Current liabilities:				
Current maturities of long-term debt	\$ 2,880,000	\$ 444,444	\$ 3,324,444	\$ -
Compensated absences - current	177,000	1,160,000	1,337,000	-
Accounts payable	2,523,876	12,632,746	15,156,622	39,350
Accrued expenses	1,105,428	1,544,152	2,649,580	1,309
Accrued interest	74,847	-	74,847	-
Reserve for health insurance claims	-	1,947,490	1,947,490	280,691
Revenues received in advance	978,581	-	978,581	-
Customer deposits, including interest of \$405,228	1,436,053	23,350,616	24,786,669	-
Total current liabilities	<u>9,175,785</u>	<u>41,079,448</u>	<u>50,255,233</u>	<u>321,350</u>
Noncurrent liabilities:				
Long-term debt, less current maturities	92,394,961	1,055,522	93,450,483	-
Compensated absences, less current portion	327,768	3,919,612	4,247,380	-
Net OPEB liability	-	3,054,389	3,054,389	-
Total OPEB liability	819,500	-	819,500	-
Net pension liability	3,140,192	17,127,151	20,267,343	-
Advances from Tennessee Valley Authority Residential Energy Services Program	-	2,019,914	2,019,914	-
Total noncurrent liabilities	<u>96,682,421</u>	<u>27,176,588</u>	<u>123,859,009</u>	<u>-</u>
Total liabilities	<u>105,858,206</u>	<u>68,256,036</u>	<u>174,114,242</u>	<u>321,350</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension related	477,943	312,526	790,469	-
OPEB related	132,900	443,216	576,116	-
Total deferred inflows of resources	<u>610,843</u>	<u>755,742</u>	<u>1,366,585</u>	<u>-</u>
<u>NET POSITION</u>				
Net position:				
Net investment in capital assets	53,530,562	154,374,025	207,904,587	-
Unrestricted	22,381,359	812,573	23,193,932	3,418,565
Total net position	<u>\$ 75,911,921</u>	<u>\$ 155,186,598</u>	<u>\$ 231,098,519</u>	<u>\$ 3,418,565</u>

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

CITY OF SEVIERVILLE, TENNESSEE

Statement of Revenues, Expenses, and Change in Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2023

	Business-Type Activities			Governmental Activities
	Enterprise Funds			
	Water and Sewer Department Fund	Electric Department Fund	Total	
Operating revenues:				
Utility sales	\$ 19,417,889	\$ 181,381,149	\$ 200,799,038	\$ -
Other operating revenue	1,991,547	3,516,362	5,507,909	-
Medical, dental and childcare revenue	-	-	-	5,163,874
Total operating revenues	21,409,436	184,897,511	206,306,947	5,163,874
Operating expenses:				
Operations	9,865,953	7,257,281	17,123,234	5,155,837
Maintenance	319,868	11,423,585	11,743,453	-
Depreciation and amortization	4,206,578	9,119,186	13,325,764	-
Administrative and general	1,337,844	7,169,016	8,506,860	364,333
Purchased power	-	144,303,227	144,303,227	-
Payroll taxes	-	618,894	618,894	-
Total operating expenses	15,730,243	179,891,189	195,621,432	5,520,170
Operating income (loss)	5,679,193	5,006,322	10,685,515	(356,296)
Non-operating revenues (expenses):				
Interest income	2,164,994	1,331,896	3,496,890	-
Miscellaneous income	343,273	-	343,273	-
Merchandise sales, net of costs	-	(6,874)	(6,874)	-
Interest expense	(3,462,318)	(297,694)	(3,760,012)	-
Gain on derivative instrument	-	23,008	23,008	-
Change in fair value	-	(53,332)	(53,332)	-
Bond issuance costs	(872,365)	-	(872,365)	-
Swap termination fee	(1,430,839)	-	(1,430,839)	-
Intergovernmental - in lieu of tax	-	(693,441)	(693,441)	-
	(3,257,255)	303,563	(2,953,692)	-
Income (loss) before capital contributions and transfers	2,421,938	5,309,885	7,731,823	(356,296)
Capital contributions	54,034	-	54,034	-
Transfers out	(184,898)	(2,252,903)	(2,437,801)	-
Change in net position	2,291,074	3,056,982	5,348,056	(356,296)
Net position, beginning	73,620,847	152,129,616	225,750,463	3,774,861
Net position, ending	\$ 75,911,921	\$ 155,186,598	\$ 231,098,519	\$ 3,418,565

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

CITY OF SEVIERVILLE, TENNESSEE
**Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023**

	Business-Type Activities			Governmental Activities
	Enterprise Funds			
	Water and Sewer Department Fund	Electric Department Fund	Total	
Cash flows from operating activities:				
Cash received from customers	\$ 22,053,694	\$ 190,213,400	\$ 212,267,094	\$ -
Cash received from employees, other participants and other funds	-	-	-	5,153,577
Cash payments to suppliers for goods and services	(5,709,402)	(163,235,642)	(168,945,044)	(939,303)
Cash payments to employees for services	(3,064,106)	(10,710,389)	(13,774,495)	-
Cash payments for claims	-	-	-	(4,537,723)
Net cash provided (used) by operating activities	<u>13,280,186</u>	<u>16,267,369</u>	<u>29,547,555</u>	<u>(323,449)</u>
Cash flows from noncapital financing activities:				
Cash payment for in-lieu of taxes	(184,898)	(2,946,344)	(3,131,242)	-
Cash received from Tennessee Valley Authority				
Residential Energy Services Program, net	-	(4,026)	(4,026)	-
Other income (expense)	-	(6,874)	(6,874)	-
Repayment of USDA loan	-	(444,450)	(444,450)	-
Net cash used by noncapital financing activities	<u>(184,898)</u>	<u>(3,401,694)</u>	<u>(3,586,592)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(19,911,383)	(15,222,772)	(35,134,155)	-
Proceeds from sale of assets	165,352	-	165,352	-
Proceeds from issuance of debt	68,640,000	-	68,640,000	-
Proceeds from bond premium	2,232,365	-	2,232,365	-
Bond issuance costs	(872,365)	-	(872,365)	-
Principal paid on long-term debt	(2,975,000)	(3,245,000)	(6,220,000)	-
Terminated interest rate swap	(1,430,839)	(113,185)	(1,544,024)	-
Contributed capital	30,634	-	30,634	-
Interest paid	(3,558,455)	(146,915)	(3,705,370)	-
Net cash provided (used) by capital and related financing activities	<u>42,320,309</u>	<u>(18,727,872)</u>	<u>23,592,437</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	-	(12,442,929)	(12,442,929)	-
Redemption or sale of investments	987,346	12,213,030	13,200,376	-
Interest received on investments	2,164,994	1,331,896	3,496,890	-
Customer repayments of USDA note receivable	-	444,444	444,444	-
Net cash provided by investing activities	<u>3,152,340</u>	<u>1,546,441</u>	<u>4,698,781</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	58,567,937	(4,315,756)	54,252,181	(323,449)
Cash and cash equivalents, beginning	<u>22,200,045</u>	<u>21,901,677</u>	<u>44,101,722</u>	<u>3,844,919</u>
Cash and cash equivalents, ending	<u>\$ 80,767,982</u>	<u>\$ 17,585,921</u>	<u>\$ 98,353,903</u>	<u>\$ 3,521,470</u>
Unrestricted cash and cash equivalents	\$ 24,979,653	\$ 17,585,921	\$ 42,565,574	\$ 3,521,470
Restricted cash and cash equivalents	<u>55,788,329</u>	<u>-</u>	<u>55,788,329</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 80,767,982</u>	<u>\$ 17,585,921</u>	<u>\$ 98,353,903</u>	<u>\$ 3,521,470</u>

(Continued)

CITY OF SEVIERVILLE, TENNESSEE
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Water and Sewer Department Fund	Electric Department Fund	Total	Internal Service Funds
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 5,679,193	\$ 5,006,322	\$ 10,685,515	\$ (356,296)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	4,206,578	9,119,186	13,325,764	-
Miscellaneous income (expense)	177,921	-	177,921	-
(Increase) decrease in assets and deferred outflows:				
Receivables	(223,164)	3,132,353	2,909,189	(10,297)
Unbilled revenues	(48,560)	-	(48,560)	-
Materials and supplies inventory	(83,204)	(885,633)	(968,837)	-
Prepayments	-	-	-	1,422
Other assets	-	8,678	8,678	-
Net pension asset	833,606	-	833,606	-
Deferred outflows related to pension and OPEB	(1,690,507)	(5,777,422)	(7,467,929)	-
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	1,714,463	(1,882,657)	(168,194)	13,971
Accrued expenses	719,397	(29,394)	690,003	1,309
Reserve for health insurance claims	-	(93,146)	(93,146)	26,442
Customer deposits	68,230	2,183,536	2,251,766	-
Revenue received in advance	669,831	-	669,831	-
Compensated absences	61,485	(50,901)	10,584	-
Net OPEB liability	(165,300)	(4,515,934)	(4,681,234)	-
Net pension liability	3,140,192	15,507,123	18,647,315	-
Deferred inflows related to pension plan and OPEB	(1,779,975)	(5,454,742)	(7,234,717)	-
Net cash provided (used) by operating activities	\$ 13,280,186	\$ 16,267,369	\$ 29,547,555	\$ (323,449)

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

Fiduciary Funds
Pension and Other Employee Benefit Trust Funds

The pension and other employee benefit trust funds account for the activities of the Sevier County Electric System Employees' Pension Plan and Sevier County Electric System Retiree Medical, Dental, and Life Insurance Plan Trust Fund, which accumulate resources for pension and other postemployment benefit payments to qualified beneficiaries.

CITY OF SEVIERVILLE, TENNESSEE

Statement of Fiduciary Net Position Fiduciary Funds - Pension and Other Employee Benefit Trust Funds June 30, 2023

ASSETS

Cash and cash equivalents	\$ 1,344,030
Contributions receivable	<u>93,054</u>
Total cash and cash equivalents	<u>1,437,084</u>
Investments, at fair value:	
Mutual funds - equity	33,868,322
Mutual funds - fixed income	<u>9,781,722</u>
Total investments	<u>43,650,044</u>
Total assets	<u>45,087,128</u>

NET POSITION

Net position restricted for:	
Pensions	39,206,894
Postemployment benefits other than pensions	<u>5,880,234</u>
Total net position	<u>\$ 45,087,128</u>

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

CITY OF SEVIERVILLE, TENNESSEE

Statement of Changes in Fiduciary Net Position Fiduciary Funds - Pension and Other Employee Benefit Trust Funds For the Fiscal Year Ended June 30, 2023

Additions to net position:	
Employer contributions	\$ 4,121,983
Employee contributions	<u>385,248</u>
Total contributions	<u>4,507,231</u>
Investment income:	
Interest and dividend income	776,744
Net increase in fair value of investments	<u>3,571,346</u>
Total investment income	<u>4,348,090</u>
Total additions	<u>8,855,321</u>
Deductions from net position:	
Benefits paid to participants	8,527,439
Administrative expenses	<u>39,507</u>
Total deductions	<u>8,566,946</u>
Net increase in net position	288,375
Net position restricted:	
Beginning of the year	<u>44,798,753</u>
End of the year	<u>\$ 45,087,128</u>

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

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Reporting Entity**

The City of Sevierville, Tennessee (government) is a municipal corporation governed by a Home Rule Charter form of government. Generally accepted accounting principles require that the financial reporting entity for governments include (1) the primary government, (2) organizations for which the City is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The criteria for including organizations for which the City is financially accountable, also known as component units, within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the management of the City has determined that it has no component units with financial activity during the fiscal year ended June 30, 2023.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, although the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's electric, water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation – Fund Financial Statements (Continued)

Governmental funds are used to account for the government's general government activities.

The government reports the following major governmental funds:

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

The *Central Business Improvement District Fund* (CBID Fund) accounts for the use of certain bond funds and the servicing of certain long-term debt of the government.

The *Capital Budget Fund* accounts for financial resources to be used for the acquisition, construction or improvement of capital assets.

Proprietary funds are used to account for governmental activities that are similar to activities that may be performed by a commercial enterprise. Enterprise funds account for operations that provide services primarily to the general public on a user charge basis.

The government reports the following major enterprise funds:

The *Water and Sewer Department Fund* accounts for all the activities of Sevierville Water Systems, a department of the government. Sevierville Water Systems operates the water distribution and sewer collection and treatment systems for residents of the government and surrounding areas.

The *Electric Department Fund* accounts for all the activities of Sevier County Electric System, a department of the government. Sevier County Electric System operates the electric utility for residents of the government and all of Sevier County. The Sevier County Electric System operates under a separate Board of Commissioners appointed by the government's ruling body. Complete comparative financial statements of this fund can be obtained from Sevier County Electric System, P.O. Box 4870, Sevierville, TN 37864-4870.

Additionally, the government reports the following fund types:

Internal Service Funds account for risk management services (including claims for health, dental and vision and childcare) provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary funds include the following:

The Sevier County Electric System Employees' Pension Plan
The Sevier County Electric System Retiree Medical, Dental and Life Insurance Plan

CITY OF SEVIERVILLE, TENNESSEE

Notes to the Financial Statements June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation – Fund Financial Statements (Continued)

Fiduciary funds (continued)

The *pension trust* and *other post-employment benefit trust* funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Plan member contributions are recognized in the period when contributions are due and payable in accordance with the terms of the plan. Employer contributions are recognized when due and the government makes a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Complete financial statements for these fiduciary funds can be obtained from Sevier County Electric System, P.O. Box 4870, Sevierville, TN 37864-4870.

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

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

Measurement Focus and Basis of Accounting

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

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

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

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Measurement Focus and Basis of Accounting (Continued)**

However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt are reported as other financing sources.

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

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

Budgetary Information

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

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

At June 30, 2023, the government had no encumbrances. Also, for the year ended June 30, 2023, the government did not have any excess expenditure over appropriations.

CITY OF SEVIERVILLE, TENNESSEE

Notes to the Financial Statements June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments (including restricted assets) having original maturity dates of three months or less from the date of acquisition. The cash and cash equivalents of various funds of the government are invested in pooled accounts. Funds with negative cash and cash equivalents report the negative amount as due to other funds of the primary government and the funds lending funds report an offsetting due from other funds of the primary government. Investment income earned on funds invested in pooled accounts is allocated to the respective funds on the basis of relative balances.

Investments

Governmental and proprietary funds

Investments consist primarily of certificates of deposit, U.S. Treasury securities and investments in the Tennessee Local Government Investment Pool. Certificates of deposit and U.S. Treasury securities are reported at fair value. Tennessee Local Government Investment Pool is maintained and managed by the State of Tennessee. This Pool is not registered with the Securities and Exchange Commission (SEC) but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the government's investments in the Pool have been determined based on the Pool's share price, which approximates fair value.

Fiduciary funds

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the plan's gains and losses on investments sold as well as held during the year.

Property Taxes Receivable

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

Property tax revenues are recognized when levied to the extent that they result in current receivables within sixty days of the end of the year. Property taxes recognized as a receivable before the period of revenue recognition are reported as deferred inflow of resources. A reserve representing delinquent taxes which remain uncollected and are unavailable to fund expenditures of the fiscal year June 30, 2023 is recorded. The balance of the reserve account at June 30, 2023 is \$76,827.

At June 30, 2023, the government's 2023 property taxes were not scheduled to be billed until October 2023. Consequently, unbilled property taxes and deferred inflows of resources of \$4,575,096 are recorded.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Inventories and Prepayments

Inventories of items available for resale in the general fund are valued at the lower of cost or market and inventories of construction materials, supplies and repair parts in the enterprise funds are valued at cost. Inventories are determined on the weighted average method.

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. For infrastructure assets, the same estimated minimum useful life is used, but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation, which is the price that would be paid to purchase an asset with equivalent service potential in an orderly market transaction.

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	15 – 75 years
Infrastructure	25 – 100 years
Machinery and equipment	5 – 30 years

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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

<u>Description</u>	<u>Estimated Useful Lives</u>
Machinery and equipment	5 – 20 years
Utility plant	7½ – 50 years

The original cost of electric department fund plant retired or otherwise disposed of and the cost of removal less salvage are charged to accumulated depreciation.

Deferred Outflows/Inflows of Resources

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

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

The government has items that qualify for reporting in these categories. Pension and OPEB plans contributions made after the net pension liability measurement date are reported as deferred outflows of resources on the statement of net position. Certain sales taxes in the central business improvement district fund and certain property taxes and grant revenues in the other funds are unavailable resources in the current year. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the statement of net position includes certain additional items related to pensions and OPEB plans.

Leases

The government is a lessee for three noncancellable leases of equipment. The government recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The government recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the government initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Leases (Continued)

Key estimates and judgments related to leases include how the government determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The government uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the government generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the government is reasonably certain to exercise.

The government monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Net Position Flow Assumption

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

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

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

CITY OF SEVIERVILLE, TENNESSEE

Notes to the Financial Statements June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

The committed fund balance classification consists of funds that are set aside for a specific purpose determined by the Board of Mayor and Aldermen. Formal action must be taken prior to the end of the fiscal year. Any funds set aside as committed fund balance requires the passage of an ordinance, the Board's most binding constraint. Once committed, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.

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

The fund balance policy establishes a minimum unassigned general fund balance equal to 25 percent of budgeted general fund expenditures. In the event that the balance drops below the established minimum level, the governing body will develop a plan to replenish the fund balance to the established minimum level within two years.

Revenues and Expenditures/Expenses

Program Revenues

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

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (Continued)

Compensated Absences

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

For governmental funds, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. At June 30, 2023, there are no such amounts reported. The noncurrent portion of the liability is not reported, but if the long-term portion were required to be liquidated, the amount would be paid from the general fund as has been done in prior years.

Government (excluding Electric Department Fund) employees may accrue up to 160 hours (216 hours for fire department employees) of vacation leave per year, depending upon years of service. The government's standard policy is any accrued vacation leave in excess of 240 hours (324 hours for fire department employees) at June 30th of each year is converted to accrued sick leave. Upon separation from the government, the employee will be paid 100% of accrued vacation leave up to a maximum of 240 hours (324 hours for fire department employees) if proper notice has been given.

Sick leave accrues at the rate of eight hours per month without a maximum limitation. Accrued sick leave does not vest and, accordingly, has not been recorded as a liability at June 30, 2023. However, the cost of accrued sick leave is recognized when earned for the Water and Sewer Department Fund employees who were employed on July 1, 2005 (pre-merger employees). Pre-merger employees were allowed to accumulate unlimited sick leave (eight hours per month). All accumulated sick leave is forfeited if any of these employees resign or are terminated. In the event of death or retirement, accumulated sick leave is payable to a maximum of 800 hours to these employees.

Electric Department Fund employees may accrue up to 280 hours of vacation and personal leave per year, depending upon years of service. A maximum of 40 hours at December 31st of each year may be carried over. Upon separation from the government, the employee will be paid 100% of accrued vacation leave up to a maximum of 280 hours if proper notice has been given. Employees earn 10 hours of sick leave per month with a maximum accumulation of 2,080 hours. Upon retirement or death, employees are compensated for any accumulated sick leave up to 1,800 hours. Although not required, the Electric Department Fund's policy is to accrue this amount in full, which totaled \$4,369,009 at June 30, 2023. In the event of termination, employees forfeit all unused sick leave.

CITY OF SEVIERVILLE, TENNESSEE

Notes to the Financial Statements June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (Continued)

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Other Accounting Policies

Use of Estimates

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

Comparative Data

Comparative totals for the prior year have been presented in the budgetary comparison schedules in order to provide an understanding of changes in the government's financial position and operations. However, presentation of prior year totals by fund type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain comparative data have been reclassified to present such amounts in a manner consistent with the current year's presentation.

Regulated Operations

The Electric Department Fund operates an electric utility that is regulated by Tennessee Valley Authority (TVA), an agency of the federal government. TVA exercises oversight in the rate setting process and requires the use of accounting policies for public electric utilities as prescribed by the Federal Energy Regulatory Commission (FERC). Specific accounting policies which are unique to FERC include: 1) When capital assets are retired or otherwise disposed of, the average cost is removed from the asset account and the accumulated depreciation account. Removal costs less salvage is charged or credited to the accumulated depreciation account; and a portion of depreciation expense is charged to a transportation clearing account and capitalized in the related project; 2) Electric plant additions are reduced by capital contributions; and 3) certain regulated leases.

The Electric Department Fund also has a power contract with TVA whereby the Electric Department Fund purchases all of its electric power from TVA and is subject to certain restrictions and conditions as provided in the contract. Finally, the Electric Department Fund participates in TVA's Residential Energy Efficiency Program which provides loans to the Electric Department Fund's residential customers for heat pump and insulation costs.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Sevier County Electric System Employees' Pension Plan (SEPP) as well as the government's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Sevier County Electric System Retiree Medical, Dental and Life Insurance Plan (SCES Plan) and additions to/deductions from SCES Plan's fiduciary net position have been determined on the same basis as they are reported by SCES Plan. For this purpose, SCES Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Recently Issued and Adopted Accounting Pronouncements

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

- Statement No. 96, *Subscription-Based Information Technology Arrangement*
- Statement No. 99, *Omnibus 2022*

Adoption of these pronouncements has had no effect on the City's financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

At June 30, 2023, cash, cash equivalents and investments consisted of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash on hand	\$ 20,475	\$ -	\$ 20,475
Checking and savings accounts	30,108,163	1,905,768	32,013,931
Cash equivalents held in trust	9,267	-	9,267
U.S. Treasury securities	<u>5,261,430</u>	<u>-</u>	<u>5,261,430</u>
Cash and cash equivalents	<u>\$ 35,399,335</u>	<u>\$ 1,905,768</u>	<u>\$ 37,305,103</u>
Tennessee Local Government Investment Pool	\$ 68,191,665	\$ -	\$ 68,191,665
Certificates of Deposit	17,617,400	-	17,617,400
U.S. Treasury securities	<u>-</u>	<u>85,505,466</u>	<u>85,505,466</u>
Investments	<u>\$ 85,809,065</u>	<u>\$ 85,505,466</u>	<u>\$ 171,314,531</u>

CITY OF SEVIERVILLE, TENNESSEE
**Notes to the Financial Statements
June 30, 2023**
2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

At June 30, 2023, the government's deposits with financial institutions were entirely covered by federal depository insurance or insured through the State of Tennessee Bank Collateral Pool.

The governing body has not adopted a formal deposit and investment policy that limits the government's allowable deposits and investments or addresses credit risk, custodial credit risk, concentration of credit risk or interest rate risk. However, the government follows state statutes related to investments. State law and bond requirements prohibit investments that are not secured or insured by the U.S. Government. All assets currently classified as investments by the government consist of deposits with the Tennessee Local Government Investment Pool (LGIP), U.S. Treasury securities and non-negotiable certificates of deposit. LGIP is included in the State Pooled Investment Fund of Tennessee (SPIF). The State of Tennessee has not obtained a credit quality rating for the SPIF from a nationally recognized credit ratings agency.

	June 30, 2023	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
Debt securities			
US Treasury Securities	\$ 85,505,466	\$ 85,505,466	\$ -
Fixed rate certificates of deposit	17,617,400	-	17,617,400
Total investments by fair value level	<u>\$ 103,122,866</u>	<u>\$ 85,505,466</u>	<u>\$ 17,617,400</u>
Investments measured at net asset value (NAV)			
Tennessee Local Government Investment Pool	<u>\$ 68,191,665</u>		
Total investments measured at NAV	<u>\$ 68,191,665</u>		
Total investments measured at fair value	<u>\$ 171,314,531</u>		

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)*Fair Value Measurements*

GASB Statement Number 72 *Fair Value Measurements and Disclosures*, (GASB 72) defines fair value and expanded disclosures about fair value measurements. GASB 72 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GASB 72 also established a fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1- Quoted prices in active markets for identical assets or liabilities

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, primarily include certain common stock and preferred stock equities. These investments are traded daily in public markets in the United States and other foreign countries. The fair value of these investments is based on the last reported sales price on the last day of the plan year.

Investments that trade in markets that are not considered to be actively traded on a daily basis, but are valued based on quoted market prices, dealer and broker quotations, bid prices, or alternative pricing sources using observable inputs, are classified within Level 2. These include certain U.S. Government and foreign obligations, investment grade corporate bonds and bank loans, certain mortgage and asset backed securities, less liquid listed securities, certain government agency securities, and foreign currency exchange purchase and sales contracts. Common and collective trust funds, investment entities and short-term investment funds, whose underlying assets are primarily invested in securities that are actively traded, are fair valued based upon the redemption value of each unit on the last business day of the plan year.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 investments include private equity funds, real estate investment, limited partnerships, certain mortgage and asset backed and common and collective trust funds that are primarily invested in real estate. The fair value of these investments is determined by estimates provided by independent pricing sources in asset classes, non-binding bid prices from industry vendors and managers, and the net asset value on the last day of the plan year.

CITY OF SEVIERVILLE, TENNESSEE
**Notes to the Financial Statements
June 30, 2023**
3. CAPITAL ASSETS

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

Governmental Activities	Balance June 30, 2022	Additions	Deductions/Adjustments	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 60,218,241	\$ 290,665	\$ -	\$ 60,508,906
Construction work in progress	<u>6,741,685</u>	<u>7,638,076</u>	<u>(2,883,549)</u>	<u>11,496,212</u>
Total capital assets, not being depreciated	<u>66,959,926</u>	<u>7,928,741</u>	<u>(2,883,549)</u>	<u>72,005,118</u>
Other capital assets:				
Buildings and improvements	116,574,094	417,189	-	116,991,283
Bridges	3,609,722	-	-	3,609,722
Street network	49,147,106	176,828	-	49,323,934
Traffic signals	3,272,929	2,466,361	-	5,739,290
Computers	669,942	56,000	-	725,942
Equipment	6,016,595	505,372	(34,850)	6,487,117
Furniture	540,888	-	-	540,888
Radios	25,267	-	-	25,267
Vehicles	12,184,904	1,578,402	(104,243)	13,659,063
Right-to-use assets	<u>363,636</u>	<u>720,569</u>	<u>(149,501)</u>	<u>934,704</u>
Total other capital assets	<u>192,405,083</u>	<u>5,920,721</u>	<u>(288,594)</u>	<u>198,037,210</u>
Less accumulated depreciation:				
Buildings and improvements	40,307,130	2,699,075	-	43,006,205
Bridges	1,015,688	57,739	-	1,073,427
Street network	9,048,507	313,176	-	9,361,683
Traffic signals	1,274,719	147,021	-	1,421,740
Computers	601,232	31,500	-	632,732
Equipment	4,633,809	239,227	(34,850)	4,838,186
Furniture	540,889	-	-	540,889
Radios	20,813	524	-	21,337
Vehicles	6,527,030	870,375	(104,243)	7,293,162
Right-to-use assets	<u>153,708</u>	<u>183,855</u>	<u>(149,501)</u>	<u>188,062</u>
Total accumulated depreciation	<u>64,123,525</u>	<u>4,542,492</u>	<u>(288,594)</u>	<u>68,377,423</u>
Capital assets, being depreciated, net	<u>128,281,558</u>	<u>1,378,229</u>	<u>-</u>	<u>129,659,787</u>
Governmental activities capital assets, net	<u>\$ 195,241,484</u>	<u>\$ 9,306,970</u>	<u>\$ (2,883,549)</u>	<u>\$ 201,664,905</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 1,260,031
Public Safety	996,185
Public Works	1,229,913
Recreation	840,243
Community Development	<u>216,120</u>
Total depreciation expense	<u>\$ 4,542,492</u>

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

3. CAPITAL ASSETS (Continued)

Business-Type Activities	Balance June 30, 2022	Additions	Deductions/Adjustments	Balance June 30, 2023
Capital assets, not being depreciated:				
Land and land rights	\$ 7,981,132	\$ 1,095,975	\$ -	\$ 9,077,107
Construction work in progress	11,921,723	19,824,442	(3,580,593)	28,165,572
Total capital assets, not being depreciated	19,902,855	20,920,417	(3,580,593)	37,242,679
Capital assets, being depreciated:				
Electric distribution system	246,013,928	11,757,835	(1,728,916)	256,042,847
Water and sewer plant	115,302,642	2,612,795	-	117,915,437
Machinery and equipment	6,625,376	202,458	(163,189)	6,664,645
Transportation equipment	10,081,026	1,067,264	(193,212)	10,955,078
Office furniture and fixtures	2,267,518	181,915	(19,036)	2,430,397
Office building	-	1,506,990	-	1,506,990
Other capital assets	5,913,840	406,344	-	6,320,184
Total capital assets, being depreciated	386,204,330	17,735,601	(2,104,353)	401,835,578
Less accumulated depreciation:				
Electric distribution system	113,681,906	8,686,038	(2,222,545)	120,145,399
Water and sewer plant	50,416,274	3,252,293	-	53,668,567
Machinery and equipment	4,085,814	530,958	(163,189)	4,453,583
Transportation equipment	6,123,897	670,740	(186,012)	6,608,625
Office furniture and fixtures	1,751,959	197,598	(19,036)	1,930,521
Office building	-	15,070	-	15,070
Other capital assets	3,604,758	400,766	-	4,005,524
Total accumulated depreciation	179,664,608	13,753,463	(2,590,782)	190,827,289
Capital assets, being depreciated, net	206,539,722	3,982,138	486,429	211,008,289
Business-type activities capital assets, net	\$ 226,442,577	\$ 24,902,555	\$ (3,094,164)	\$ 248,250,968

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

Water and Sewer Department Fund	\$ 4,206,579
Electric Department Fund	9,546,884 *
Total depreciation expense	\$ 13,753,463

* Of this amount, \$427,698 was charged to a transportation clearing account and capitalized into construction work in progress.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

4. LONG-TERM LIABILITIES

General Obligation Bonds and Notes Payable

The government issues general obligation bonds and general obligation revenue bonds to provide funds for the acquisition and construction of major capital facilities and has issued notes payable for two local development programs. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with varying amounts of principal maturing each year with maturities that range from 5 to 29 years. The general obligation bonds and notes payable outstanding at June 30, 2023 are as follows:

<u>Debt Issue</u>	<u>Issued</u>	<u>Original Borrowing</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding June 30, 2023</u>
Governmental Activities:					
Local Government Public Improvement Bonds, Series VII-L-1	06/01/2012	\$ 16,215,000	Varies	2025	\$ 3,985,000
Local Government Public Improvement Bonds, Series VII-M-1	05/29/2014	2,300,000	Varies	2032	1,500,000
General Obligation Bonds, Series 2015	05/29/2015	5,680,000	Varies	2032	4,880,000
General Obligation Refunding Bonds, Series 2020	05/29/2020	7,765,000	Varies	2032	7,465,000
General Obligation Refunding Bonds, Series 2022	07/22/2022	27,240,000	Varies	2037	25,955,000
Local Government Public Improvement Bonds, Series 2009B	12/30/2009	24,500,000	Varies	2034	24,500,000
Local Government Public Improvement Bonds, Series 2010A	01/14/2010	25,000,000	Varies	2033	25,000,000
Local Government Public Improvement Bonds, Series 2010B	09/15/2010	26,100,000	Varies	2031	26,100,000
Local Government Public Improvement Bonds, Series VII-N-1	05/01/2014	25,000,000	Varies	2028	13,650,000
General Obligation Refunding Bonds, Series 2018	05/31/2018	42,760,000	Varies	2028	<u>24,315,000</u>
Total governmental activities					<u>\$ 157,350,000</u>
Business-Type Activities:					
Local Government Public Improvement Bonds, Series VII-A-2	06/01/2009	\$ 8,000,000	Varies	2035	\$ 8,000,000
Local Government Public Improvement Bonds, Series VII-M-1	05/29/2014	8,525,000	Varies	2035	6,775,000
General Obligation Bond, Series 2015	05/29/2015	11,225,000	Varies	2035	7,325,000
General Obligation Bond, Series 2021	12/03/2021	4,880,000	2.00%	2028	3,300,000
General Obligation Bond, Series 2022	07/22/2022	68,640,000	Varies	2052	<u>67,395,000</u>
Sub-total general obligation bonds					<u>92,795,000</u>
Note payable to USDA	06/01/2016	1,000,000	0.00%	2026	324,074
Note payable to USDA	08/08/2016	2,000,000	0.00%	2027	685,151
Note payable to USDA	11/16/2017	1,000,000	0.00%	2028	<u>490,741</u>
Sub-total notes payable					<u>1,499,966</u>
Total business-type activities					<u>\$ 94,294,966</u>

CITY OF SEVIERVILLE, TENNESSEE
**Notes to the Financial Statements
June 30, 2023**
4. LONG-TERM LIABILITIES (Continued)
Changes in Long-Term Liabilities

Changes in the government's long-term liabilities for the year ended June 30, 2023 are as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 141,005,000	\$ 27,240,000	\$ 10,895,000	\$ 157,350,000	\$ 11,400,000
Premium	2,638,318	3,106,783	593,116	5,151,985	-
Total bonds payable	143,643,318	30,346,783	11,488,116	162,501,985	11,400,000
Lease payable	216,661	720,569	180,901	756,329	200,821
Compensated absences	1,079,310	997,271	829,393	1,247,188	822,000
Governmental activities long-term liabilities	<u>\$ 144,939,289</u>	<u>\$ 32,064,623</u>	<u>\$ 12,498,410</u>	<u>\$ 164,505,502</u>	<u>\$ 12,422,821</u>
Business-Type Activities:					
Bonds Payable:					
General obligation bonds	\$ 30,375,000	\$ 68,640,000	\$ 6,220,000	\$ 92,795,000	\$ 2,880,000
Premium	367,295	2,232,365	119,699	2,479,961	-
Total bonds payable	30,742,295	70,872,365	6,339,699	95,274,961	2,880,000
Notes payable	1,944,416	-	444,450	1,499,966	444,444
Compensated absences	5,573,796	1,807,607	1,797,023	5,584,380	1,337,000
Business-type activities long-term liabilities	<u>\$ 38,260,507</u>	<u>\$ 72,679,972</u>	<u>\$ 8,581,172</u>	<u>\$ 102,359,307</u>	<u>\$ 4,661,444</u>

The debt service requirements for the government's general obligation bonds and notes payable (direct borrowings, see Note 18) are as follows:

	Governmental Activities		Business-Type Activities						Grand Total	
	Bonds		Bonds		Direct Borrowings		Total			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 11,400,000	\$ 4,668,042	\$ 2,880,000	\$ 3,665,859	\$ 444,444	\$ -	\$ 3,324,444	\$ 3,665,859	\$ 14,724,444	\$ 8,333,901
2025	11,925,000	4,225,393	2,960,000	3,574,820	444,444	-	3,404,444	3,574,820	15,329,444	7,800,213
2026	11,985,000	3,814,672	2,985,000	3,472,089	435,185	-	3,420,185	3,472,089	15,405,185	7,286,761
2027	12,240,000	3,458,833	3,060,000	3,373,157	129,596	-	3,189,596	3,373,157	15,429,596	6,831,990
2028	12,425,000	3,085,193	3,140,000	3,270,676	46,297	-	3,186,297	3,270,676	15,611,297	6,355,869
2029-2033	74,655,000	10,447,777	19,290,000	14,384,174	-	-	19,290,000	14,384,174	93,945,000	24,831,951
2034-2038	22,720,000	1,585,877	15,475,000	10,436,767	-	-	15,475,000	10,436,767	38,195,000	12,022,644
2039-2043	-	-	12,735,000	7,622,200	-	-	12,735,000	7,622,200	12,735,000	7,622,200
2044-2048	-	-	15,490,000	4,863,200	-	-	15,490,000	4,863,200	15,490,000	4,863,200
2049-2052	-	-	14,780,000	1,507,000	-	-	14,780,000	1,507,000	14,780,000	1,507,000
	<u>\$ 157,350,000</u>	<u>\$ 31,285,787</u>	<u>\$ 92,795,000</u>	<u>\$ 56,169,942</u>	<u>\$ 1,499,966</u>	<u>\$ -</u>	<u>\$ 94,294,966</u>	<u>\$ 56,169,942</u>	<u>\$ 251,644,966</u>	<u>\$ 87,455,729</u>

CITY OF SEVIERVILLE, TENNESSEE

Notes to the Financial Statements
June 30, 2023

4. LONG-TERM LIABILITIES (Continued)

General government other long-term liabilities, including compensated absences, pension liabilities and OPEB liabilities, are liquidated by the City's general fund. These same liabilities in the business-type activity are liquidated by the City's electric department and water and sewer department funds.

5. LEASES PAYABLE

The government has entered into a multi-year lease agreement for the use of a radio tower where it has installed public safety communications equipment. The lease was amended on October 8, 2019 for an additional five year term, including five optional years (if exercised). It is anticipated that the government will exercise the optional years. An initial lease liability was recorded in the amount of \$106,009. As of June 30, 2023, the value of the lease liability was \$76,762. The government is required to make annual principal and interest payments ranging from \$20,567 to \$22,804. The lease has an interest rate of 4.96%. The right-to-use asset has a six-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$70,673 and had accumulated amortization of \$35,336.

The government has entered into a four-and-a-half-year lease agreement for mowing equipment. An initial lease liability was recorded in the amount of \$108,125. As of June 30, 2023, the value of the lease liability was \$16,221. The government is required to make monthly principal and interest payments of \$4,097. The lease has an interest rate of 4.96%. The right-to-use asset has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$15,447 and had accumulated amortization of \$92,678.

The government has entered into a four-year lease agreement for golf carts. An initial lease liability was recorded in the amount of \$720,569. As of June 30, 2023, the value of the lease liability was \$663,346. The government is required to make monthly principal and interest payments of \$16,688. The lease has an interest rate of 5.520%. The right-to-use asset has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$660,522 and had accumulated amortization of \$60,047.

The future principal and interest lease payments on these leases are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 200,821	\$ 36,388	\$ 237,209
2025	195,654	25,886	221,540
2026	207,348	14,936	222,284
2027	152,506	3,800	156,306
	<u>\$ 756,329</u>	<u>\$ 81,010</u>	<u>\$ 837,339</u>

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

6. DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS

During the year, all of the government's interest rate swap agreements were terminated. Swap termination fees totaling \$4,458,920 were paid.

7. JOINT USE AGREEMENTS

Electric Department Fund Distribution Facilities

The Electric Department Fund is party to certain agreements which provide for the joint use of the Department's distribution facilities by other utilities and certain customers. Revenue and expenses from these arrangements for the year ended June 30, 2023 were \$2,355,058 and \$142,613, respectively.

8. SELF-INSURANCE

The government self-insures the first \$135,000 of annual medical claims for each regular full-time employee and participating health plan member. According to the reinsurance contract, the government's maximum aggregate annual liability for the period March 1, 2023 through February 28, 2024 will not exceed \$5,510,653. This plan does not include employees of the government's Electric Department Fund.

The Electric Department Fund self-insures the first \$85,000 of annual medical claims for each regular full-time employee. Liabilities for unpaid claims are estimated by the Department based on prior years' experience. During the year ended June 30, 2023, contributions totaling \$2,370,000 were made to a reserve fund. Claims, fees and insurance premiums totaling \$2,463,146 were paid from the reserve fund leaving an ending balance of \$1,947,490. Management believes this reserve fund is adequate to cover unpaid claims existing at year end.

9. RETIREMENT PLANS

The government contributes to two defined benefit pension plans, (1) Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS (TCRS), and (2) Sevier County Electric System Employees' Pension Plan (SEPP), which is a single-employer pension plan that is also actuarially funded. As of and for the year ended June 30, 2023, the two plans had the following balances reported in the government-wide financial statements:

CITY OF SEVIERVILLE, TENNESSEE
**Notes to the Financial Statements
June 30, 2023**
9. RETIREMENT PLANS (Continued)

	Total Pension Liability	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
TCRS (proportionate share)	\$ 45,002,418	\$ 283,318	\$ 5,466,815	\$ 729,085	\$ 1,599,072
SEPP	60,235,636	20,476,283	13,597,607	733,698	3,603,299
Total pension plans	<u>\$105,238,054</u>	<u>\$ 20,759,601</u>	<u>\$ 19,064,422</u>	<u>\$ 1,462,783</u>	<u>\$ 5,202,371</u>

Detailed disclosures for each plan follow:

Public Employee Retirement Plan of Tennessee Consolidated Retirement System (TCRS)
General Information about the Pension Plan

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

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's 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. 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 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

CITY OF SEVIERVILLE, TENNESSEE

Notes to the Financial Statements
June 30, 2023

9. RETIREMENT PLANS (Continued)

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

General Information about the Pension Plan (Continued)

Employees covered by benefit terms. The government's eligible employees include those who are not eligible to participate in the SEPP plan (discussed later). At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Table with 2 columns: Description and Count. Rows include Inactive employees or beneficiaries currently receiving benefits (68), Inactive employees entitled to but not yet receiving benefits (162), Active employees (274), and a total of 504.

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 percent of salary. The government makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, the actuarially determined contribution (ADC) for the City of Sevierville, Tennessee was \$749,698; however, the government contributed \$928,042 based on a rate of 5.0 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the government's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

Table with 2 columns: Assumption and Rate. Rows include Inflation (2.25 percent), Salary increases (Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent), Investment rate of return (6.75 percent, net of pension plan investment expenses, including inflation), and Cost-of-Living Adjustment (2.125 percent).

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

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

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

9. RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees 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. The 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 allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected 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%
Total		100.00%

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

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

CITY OF SEVIERVILLE, TENNESSEE
**Notes to the Financial Statements
June 30, 2023**
9. RETIREMENT PLANS (Continued)
Public Employee Retirement Plan of Tennessee Consolidated Retirement System (TCRS) (Continued)
Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Beginning balance*	\$ 39,339,999	\$ 46,544,459	\$ (7,204,460)
Changes for the year:			
Service cost	1,219,810	-	1,219,810
Interest	2,703,182	-	2,703,182
Changes in benefit terms	1,328,921	-	1,328,921
Differences between expected and actual experience	1,435,830	-	1,435,830
Changes in assumptions	-	-	-
Contributions - employer	-	287,688	(287,688)
Contributions - employees	-	719,222	(719,222)
Net investment income	-	(1,779,741)	1,779,741
Benefit payments, including refunds of employee contributions	(1,025,324)	(1,025,324)	-
Administrative expense	-	(27,204)	27,204
Net changes	5,662,419	(1,825,359)	7,487,778
Ending balance*	\$ 45,002,418	\$ 44,719,100	\$ 283,318

*The measurement date of the beginning balance was June 30, 2021 and the measurement date of the ending balance was June 30, 2022. The reporting date of the beginning balance is June 30, 2022 and the reporting date of the ending balance is June 30, 2023.

Changes in benefit terms. For the measurement date of June 30, 2022, plan provisions were modified to reflect new cost of living benefits.

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the government calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Government's net pension liability (asset)	\$ 7,567,606	\$ 283,318	\$ (5,655,187)

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

Pension expense (negative pension expense). For the year ended June 30, 2023, the government recognized pension expense (negative pension expense) of \$1,599,072.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

9. RETIREMENT PLANS (Continued)

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

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

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, the government 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>
Contributions subsequent to the measurement date	\$ 928,042	\$ -
Differences between expected and actual experience	1,499,104	601,260
Net difference between projected and actual earnings on pension plan investments	123,737	-
Changes in assumptions	2,788,107	-
Changes in proportionate share	<u>127,825</u>	<u>127,825</u>
Total	<u>\$ 5,466,815</u>	<u>\$ 729,085</u>

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

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

Year Ended June 30:

2024	\$ 278,165
2025	315,695
2026	242,570
2027	1,657,272
2028	657,994
Thereafter	657,992

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

Payable to the Pension Plan

At June 30, 2023, City of Sevierville reported a payable of \$18,339 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

9. RETIREMENT PLANS (Continued)

Sevier County Electric System Employees' Pension Plan (SEPP)

General Information about the Pension Plan

Plan description. The government's defined benefit pension plan, Sevier County Electric System Employees' Pension Plan (SEPP), a single-employer defined benefit pension plan, provides pensions for all eligible Electric Department Fund employees, including certain employees of the government who were formerly employed by the Electric Department Fund, who have completed three years of service and attained the age of 24½. The Electric Department Fund's board of directors establishes and amends all benefit provisions. SEPP issues a publicly available financial report that can be obtained upon request at the Electric Department Fund's office.

Benefits provided. SEPP provides retirement, disability and death benefits. Normal retirement benefits for all participants are calculated as the sum of: a) 3.00 percent of the participant's average compensation multiplied by years of service not in excess of twenty; and b) 1.0 percent of the participant's average compensation multiplied by years of service, not in excess of ten, credited after the later of attainment of full early retirement date or completion of twenty years of service. Normal retirement age is the later of the participant's 62nd birthday or the date credited with ten years of vesting service. Early retirement age is the date the participant has both attained age 52 and has been credited with at least ten years of vesting service. Any participant who has attained early retirement age may elect early retirement for a reduced benefit.

Benefit terms provide for annual cost-of-living adjustments to each participant's retirement allowance subsequent to the participant's retirement date. The annual adjustments are measured by the Consumer Price Index for the one year period ending on the preceding June 30. The percentage increase shall be limited to a maximum of 3 percent with regard to any such one-year period.

Employees covered by benefit terms. At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Active employees	120
Terminated vested and disabled participants	11
Retirees	<u>36</u>
Total	<u>167</u>

Contributions. The Electric Department Fund has the authority to establish and amend the contribution requirements of the Electric Department Fund, the government and active employees. The Electric Department Fund establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Electric Department Fund and the government are required to contribute the difference between the actuarially determined rate and the mandatory contribution rate of employees. For the year ended June 30, 2023, the mandatory employee contribution rate was 4%, the Electric Department Fund's average contribution rate was 27.00%, and the government's average contribution rate was 23.15%.

Net Pension Liability

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

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

9. RETIREMENT PLANS (Continued)

Sevier County Electric System Employees' Pension Plan (SEPP) (Continued)

Net Pension Liability (Continued)

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

Actuarial cost method	Individual entry age normal, level percentage pay
Amortization method	Closed, level dollar amortization
Remaining amortization period	30 years as of July 1, 2020
Asset valuation method	Market value of plan assets adjusted to phase in asset gains
Discount rate	7.25 percent
Inflation	N/A
Salary increases	Varies by department and age
Cost of living increases	2.00 percent per annum
Investment rate of return	7.25 percent per annum
Retirement age	Full early retirement date or reduced early retirement, 100% at normal retirement date
Mortality	RP2014 Blue Collar Mortality Table, adjusted to 2006 with Scale MP-2021
Disabled mortality	RP2014 Disability Mortality Table, adjusted to 2006 with Scale MP-2021

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2014 through June 30, 2019.

The long-term expected rate of return on pension plan investments was determined on the basis of an ongoing plan with a perpetual time horizon. For this reason, long term capital market assumptions (20+ years) are applicable to approximate future return expectations. The long-term expected rate of return on pension plan investments was determined using a modified building blocks methodology because the ability to identify historical return premiums of asset classes in the context of varying market environments provides a reasonable basis to estimate the performance of asset classes going forward. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity - Large Cap	22.00%	5.24%
US Equity - Small/Mid Cap	20.00%	6.37%
Non-US Equity - Developed	12.00%	6.07%
Non-US Equity - Emerging	5.00%	8.02%
US Corporate Bonds - Core	22.00%	1.17%
Non-US Debt - Developed	4.00%	0.31%
US Treasuries (Cash Equivalents)	2.00%	-0.44%
Real Estate	6.00%	4.75%
Hedge Funds	7.00%	3.31%
Total	100.00%	

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

9. RETIREMENT PLANS (Continued)

Sevier County Electric System Employees' Pension Plan (SEPP) (Continued)

Net Pension Liability (Continued)

Discount rate. The discount rate used to measure total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that government contributions will be equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Beginning balance*	\$ 54,585,500	\$ 47,376,343	\$ 7,209,157
Changes for the year:			
Service cost	1,375,675	-	1,375,675
Interest	3,969,208	-	3,969,208
Differences between expected and actual experience	2,694,977	-	2,694,977
Changes of assumptions	80,454	-	80,454
Contributions - employer	-	2,086,397	(2,086,397)
Contributions - employees	-	351,603	(351,603)
Net investment income	-	(7,547,308)	7,547,308
Benefit payments, including refunds of employee contributions	(2,470,178)	(2,470,178)	-
Administrative expense	-	(37,504)	37,504
Net changes	5,650,136	(7,616,990)	13,267,126
Ending balance*	\$ 60,235,636	\$ 39,759,353	\$ 20,476,283

* The measurement date of the beginning balance was June 30, 2021 and the measurement date of the ending balance was June 30, 2022. The reporting date of the beginning balance is June 30, 2022 and the reporting date of the ending balance is June 30, 2023.

Sensitivity of the net pension liability to changes in discount rate. The following presents the net pension liability of the government, calculated using the discount rate of 7.25 percent, as well as what the government's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Government's net pension liability	\$ 27,959,109	\$ 20,476,283	\$ 14,125,147

Pension plan fiduciary net position. Plan investments are reported at fair value. Additional detailed information about the pension plan's fiduciary net position is available in the separately issued SEPP financial report.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

9. RETIREMENT PLANS (Continued)

Sevier County Electric System Employees' Pension Plan (SEPP) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the government recognized pension expense of \$3,603,299. At June 30, 2023, the government 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>
Contributions subsequent to the measurement date	\$ 2,559,505	\$ -
Differences between expected and actual experience	6,578,468	186,274
Net difference between projected and actual earnings on plan investments	4,270,675	-
Changes in assumptions	70,879	429,344
Changes in proportionate share	<u>118,080</u>	<u>118,080</u>
Total	<u>\$ 13,597,607</u>	<u>\$ 733,698</u>

Amounts reported as deferred outflows of resources (excluding pension contributions made after the measurement date) and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2024	\$ 2,260,335
2025	2,128,699
2026	1,536,884
2027	3,121,255
2028	491,090
Thereafter	766,141

CITY OF SEVIERVILLE, TENNESSEE

Notes to the Financial Statements
June 30, 2023

9. RETIREMENT PLANS (Continued)

Sevier County Electric System 401(k) Retirement Plan

The Electric Department Fund contributes to the Sevier County Electric System 401(k) Retirement Plan (401(k) plan), a defined contribution plan, for its eligible employees. Employees become eligible to participate after having completed six months of service and attained the age of 21. The 401(k) plan is administered by the Electric Department Fund's board of directors.

Benefit terms, including contribution requirements, for the 401(k) plan are established and may be amended by the Electric Department Fund's board of directors. Employees are permitted to make contributions to the 401(k) plan, up to applicable Internal Revenue Code limits. For each employee in the 401(k) plan, the Electric Department Fund matches the first three percent of the employee's contributions. For the year ended June 30, 2023, employee contributions totaled \$529,530 and the Electric Department Fund recognized pension expense of \$272,779 related to the 401(k) plan.

Employees are immediately vested in their own contributions, Electric Department Fund contributions and earnings on those contributions.

City of Sevierville Money Purchase Pension Plan

Certain employees of the government are members of the City of Sevierville Money Purchase Pension Plan, a defined contribution plan. Members consist of employees who participated in the plan prior to the adoption of the TCRS plan on July 1, 1996, and have chosen not to participate in the TCRS plan (approximately 6 employees). Employees are eligible for normal retirement upon reaching the age of sixty-two or the completion of five years of service, whichever is later. The plan is administered by ERISA Services, Inc., a third party administrator. The Board of Mayor and Aldermen have authority for establishing or amending the Plan's provisions and contribution requirements. The employer is required to contribute 5.00% of covered payroll, and employees are not required to contribute. The employer contribution rate is the same for this plan as the government's required annual employer contribution rate for employees covered under the TCRS. Employees' interests fully vest after seven years of participation. Total contributions to the plan for the year ended June 30, 2023 was \$20,195 and was recognized as pension expense.

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The government contributes to two defined benefit OPEB plans, (1) City of Sevierville Postemployment Benefit Plan, which is a single-employer defined benefit retiree health plan (SWS Plan), and (2) Sevier County Electric System Retiree Medical, Dental and Life Insurance Plan (SCES Plan), which is a single-employer public employee defined benefit plan established and administered by the Electric Department Fund. As of and for the year ended June 30, 2023, the two plans had the following balances reported in the government-wide financial statements:

Table with 6 columns: Plan Name, Total OPEB Liability, Net OPEB Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and OPEB Expense. Rows include SWS Plan, SCES Plan, and Total OPEB plans.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Detailed disclosures for each plan follow:

City of Sevierville Postemployment Benefit Plan

Plan Description

The government's defined benefit OPEB plan, City of Sevierville Postemployment Benefit Plan (SWS Plan), provides OPEB for certain employees of the government's Water and Sewer Department Fund who qualified for full early retirement under the Sevier County Electric System Employees' Pension Plan. SWS Plan is a single-employer defined benefit plan administered by the government. SWS Plan's provisions are established and may be amended by the Board of Mayor and Aldermen. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

SWS Plan provides medical, dental and prescription coverage benefits for retirees and their dependents. Benefits are provided by the government in which they pay up to 20% of the full premium.

Employees Covered by Benefit Terms

At July 1, 2021 (the valuation date), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	12
Active employees	<u>25</u>
Total	<u>37</u>

SWS Plan is closed to new entrants.

Employer Contributions

The funding policy of the government is to contribute annually an amount sufficient to satisfy benefit payment requirements to participants.

Employee Contributions

None.

Total OPEB Liability

The government's total OPEB liability of \$819,500 was measured as of July 1, 2022 and was determined by an actuarial valuation as of July 1, 2021.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

City of Sevierville Postemployment Benefit Plan (Continued)

Total OPEB Liability (Continued)

Actuarial Assumptions and Actuarial Methods

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.69 percent
Salary scale	2.50 percent
Healthcare cost trend rates	7.00 percent for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Mortality	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.
Actuarial cost method	Entry Age Actuarial Cost Method.

The discount rate has been set equal to 3.69% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2022.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 to July 1, 2021.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance*	<u>\$ 984,800</u>
Changes for the year:	
Service cost	20,300
Interest	18,000
Differences between expected and actual experience	(3,700)
Benefit payments	(140,500)
Changes of assumptions	<u>(59,400)</u>
Net changes	<u>(165,300)</u>
Ending balance*	<u>\$ 819,500</u>

*The measurement date of the beginning balance was June 30, 2021 and the measurement date of the ending balance was June 30, 2022. The reporting date of the beginning balance is June 30, 2022 and the reporting date of the ending balance is June 30, 2023.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

City of Sevierville Postemployment Benefit Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the government as of the measurement date calculated using the discount rate, as well as what the government’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.69 percent) or 1-percentage point higher (4.69 percent) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Government's total OPEB liability	\$ 855,100	\$ 819,500	\$ 785,000

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the government as of the measurement date calculated using the healthcare cost trend rates, as well as what the employer’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00 percent decreasing to 4.00 percent) or 1-percentage point higher (8.00 percent decreasing to 6.00 percent):

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Government's total OPEB liability	\$ 796,000	\$ 819,500	\$ 846,300

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the government recognized OPEB expense of \$59,100. At June 30, 2023, the government reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to the measurement date	\$ 140,500	\$ -
Differences between expected and actual experience	101,900	36,300
Changes of assumptions	<u>59,500</u>	<u>96,600</u>
	<u>\$ 301,900</u>	<u>\$ 132,900</u>

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

Year ended June 30:

2024	\$ 14,900
2025	14,900
2026	14,900
2027	(4,000)
2028	(8,500)
Thereafter	(3,700)

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sevier County Electric System Retiree Medical, Dental and Life Insurance Plan

Plan Description

The Sevier County Electric System Retiree Medical, Dental and Life Insurance Plan (SCES Plan) is a single-employer public employee defined benefit plan established and administered by the Electric Department Fund. SCES Plan is used to provide postemployment benefits other than pensions for all permanent full-time employees of the Electric Department Fund.

Governance of SCES Plan is vested in the Electric Department Fund's Board of Directors, which consists of five members appointed by the government's Board of Mayor and Aldermen. Management of SCES Plan is vested with SCES Plan's Investment Committee. SCES Plan issues a publicly available financial report that can be obtained at the System's office.

Benefits Provided

SCES Plan provides medical, dental and vision benefits for retirees and disabled employees, including their spouse and dependents, until reaching Medicare eligibility. These benefits are provided through the Electric Department Fund's self-insured health plan and the full cost of benefits is covered by SCES Plan. SCES Plan also provides an optional Medicare supplement plan for eligible SCES Plan participants. These benefits are provided through the Electric Department Fund's self-insured health plan and SCES Plan covers all costs incurred except that the participant is responsible to pay 25% of the quoted cost of a Medicare supplement plan for the participant offered by a third-party insurer and 100% of the quoted cost of a Medicare supplement plan for the spouse offered by a third-party insurer. SCES Plan also provides life insurance benefits for retirees and disabled employees. This benefit is provided through a third-party insurer, and the full cost is covered by SCES Plan. SCES Plan's benefit terms are established and may be amended by the Electric Department Fund's Board of Directors.

Employees Covered by Benefit Terms

At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	12
Active employees	<u>117</u>
Total	<u>129</u>

Contributions

The contribution requirements of the Electric Department Fund are established and may be amended by the Electric Department Fund's Board of Directors. SCES Plan is funded by employer contributions. The Electric Department Fund is currently funding actual benefits paid on a pay as you go basis. In addition, the Electric Department Fund occasionally makes discretionary contributions into the trust fund as cash flow permits. Although the contributions are being made into the trust, there is no requirement to do so. As a result, no actuarially determined contribution is calculated for the SCES Plan.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sevier County Electric System Retiree Medical, Dental and Life Insurance Plan (Continued)

Net OPEB Liability

The Electric Department Fund's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50 percent
Investment rate of return	6.50 percent
Healthcare cost trend rates	Medical: 8.00 percent as of 2022, decreasing 1.00 percent per year to an ultimate rate of 5.00 percent for 2025 and later years Dental: 5.00 percent

Mortality rates were based on the RPH-2014 Total Dataset mortality table with mortality improvements projected by Scale MP-2021 on a generational basis.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial study for the period July 1, 2016 through July 1, 2021.

SCES Plan is an ongoing plan with a perpetual time horizon. For this reason, long term capital market assumptions (20+ years) are applicable to approximate future return expectations. The long-term expected rate of return on investments was determined using a modified building blocks methodology because the ability to identify historical return premiums of asset classes in the context of varying market environments provides a reasonable basis to estimate the performance of asset classes going forward.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
US Equity - Large Cap	26.00%	5.86%
US Equity - Small/Mid Cap	28.00%	7.04%
Non-US Equity - Developed	3.00%	6.59%
Non-US Equity - Emerging	2.00%	8.83%
US Corporate Bonds - Core	12.00%	1.24%
US Corporate Bonds - High Yield	7.00%	3.64%
US Treasuries (Cash Equivalents)	7.00%	-0.22%
TIPS (Inflation Protected)	5.00%	0.44%
Real Estate	10.00%	5.41%
Total	<u>100.00%</u>	

CITY OF SEVIERVILLE, TENNESSEE

Notes to the Financial Statements
June 30, 202310. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)Sevier County Electric System Retiree Medical, Dental and Life Insurance Plan (Continued)Discount Rate

The discount rate used to measure the total OPEB Plan liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that the Electric Department Fund would continue to pay benefits as they come due and to make discretionary contributions annually to the Trust in the amount of \$250,000. Based on those assumptions, SCES Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current SCES Plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB Plan liability.

Change in the Net OPEB Liability

	Increase (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Beginning balance*	\$ 7,129,911	\$ 5,509,883	\$ 1,620,028
Changes for the year:			
Service cost	252,435	-	252,435
Interest	483,753	-	483,753
Differences between expected and actual experience	707,354	-	707,354
Changes in assumptions	266,241	-	266,241
Contributions - Employer	-	995,905	(995,905)
Net investment income	-	(716,091)	716,091
Benefit payments	(745,905)	(745,905)	-
Administrative expense	-	(4,392)	4,392
Net changes	963,878	(470,483)	1,434,361
Ending balance*	\$ 8,093,789	\$ 5,039,400	\$ 3,054,389

*The measurement date of the beginning balance was June 30, 2021 and the measurement date of the ending balance was June 30, 2022. The reporting date of the beginning balance is June 30, 2022 and the reporting date of the ending balance is June 30, 2023.

Sensitivity of Net OPEB Liability Changes in the Discount Rate

The following presents the net OPEB liability of the Electric Department Fund calculated using the stated discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Government's net OPEB liability	\$ 3,874,871	\$ 3,054,389	\$ 2,334,122

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sevier County Electric System Retiree Medical, Dental and Life Insurance Plan (Continued)

Sensitivity of Net OPEB Liability Changes in Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Electric Department Fund calculated using the stated healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (7.00% decreasing to 4.00%) or 1-percentage-point higher (9.00% decreasing to 6.00%) than the current rate:

	<u>1% Decrease (7.00% decreasing to 4.00%)</u>	<u>Current Healthcare Cost Trend Rate (8.00% decreasing to 5.00%)</u>	<u>1% Increase (9.00% decreasing to 6.00%)</u>
Government's net OPEB liability	\$ 2,390,228	\$ 3,054,389	\$ 3,831,525

OPEB Plan Fiduciary Net Position

Plan investments are reported at fair value. Additional detailed information about SCES Plan's fiduciary net position is available in the separately issued SCES Plan financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Electric Department Fund recognized OPEB Plan expense of \$1,610,700. At June 30, 2023, the Electric Department Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 1,500,000	\$ -
Changes of assumptions	843,909	-
Differences between expected and actual experience	1,386,713	443,216
Net difference between projected and actual earnings on plan investments	<u>342,229</u>	<u>-</u>
Total	<u>\$ 4,072,851</u>	<u>\$ 443,216</u>

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

Year ended June 30:

2024	\$ 235,893
2025	243,760
2026	230,877
2027	409,674
2028	283,431
Thereafter	726,000

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

11. LITIGATION

At June 30, 2023, several lawsuits are pending in which the City of Sevierville and SCES is involved. Government management and the government's legal counsel believe these suits will not result in any material unfavorable outcome to the government.

12. SEVIERVILLE/SEVIER COUNTY JOINT VENTURE

The government has entered into a joint venture with Sevier County, Tennessee for the leasing, operation and management of a multi-use stadium facility and tourism welcome center located in Sevierville, Tennessee. The joint venture collects lease payments from the lessee for use of the stadium facility, parking lot and restaurant. The joint venture receives local and state sales tax collections pursuant to TCA 67-6-103(d) derived from the facility's events. The joint venture is responsible for the maintenance of the facility. The government has a 70% undivided interest in this joint venture.

For the year ended June 30, 2022, the joint venture's financial statements reflected net position totaling \$3,247,121 and a change in net position of \$166,588. Complete audited financial statements of Sevierville/Sevier County Joint Venture for the year ended June 30, 2022 (latest available) can be obtained from:

Lynn McClurg, Chief Financial Officer
City of Sevierville
P.O. Box 5500
Sevierville, TN 37864-5500

13. INTERFUND RECEIVABLES/PAYABLES

Interfund receivable/payable balances at June 30, 2023 are as follows:

<u>Due From:</u>	<u>Due To:</u>
	<u>Insurance</u>
	<u>Fund</u>
Flexible Spending Fund	\$ 2,219
	<u>\$ 2,219</u>

14. INTERFUND TRANSFERS

Operating transfers for the year ended June 30, 2023 are as follows:

<u>Transfers out:</u>	<u>Transfers in:</u>			<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Central</u>	
	<u>Fund</u>	<u>Budget</u>	<u>Business</u>	
		<u>Fund</u>	<u>Improvement</u>	
			<u>District Fund</u>	
General Fund	\$ -	\$ 7,578,600	\$ 2,000,000	\$ 9,578,600
Water and Sewer Department Fund	184,898	-	-	184,898
Electric Department Fund	2,252,903	-	-	2,252,903
	<u>\$ 2,437,801</u>	<u>\$ 7,578,600</u>	<u>\$ 2,000,000</u>	<u>\$ 12,016,401</u>

CITY OF SEVIERVILLE, TENNESSEE

Notes to the Financial Statements June 30, 2023

14. INTERFUND TRANSFERS (Continued)

The purpose of the transfers from the General Fund to the Capital Budget Fund was to fund capital outlay activity. The purpose of the transfer from the General Fund to the Central Business Improvement District was to fund debt service. The purpose of the transfers from the enterprise funds to the General Fund was for in-lieu-of tax payments.

15. RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The government purchases commercial insurance for all of these risks of loss. Settled claims have not exceeded this commercial coverage in any of the last three years.

16. DEFERRED TAP REVENUE

Certain real estate developers were allowed to purchase future tap installations in advance prior to fees being increased. This revenue has been deferred and will be recognized when the taps are set.

17. OTHER RELATED ENTITIES

The government provides an operating contribution to the Sevier Economic Development Council, Inc. to assist the entity with its coordinating activities of attracting businesses and industries to Sevier County. The government has minority board representation on the entity's Board of Directors but has no financial obligation other than its budgeted annual contribution.

The Parks and Recreation Foundation of Sevierville, Inc. (corporation) was formed on January 16, 2020. The Foundation is a legally separate, tax-exempt organization governed by a board of directors, who shall be duly qualified electors of the City of Sevierville. The corporation is dedicated to and operated exclusively for nonprofit purposes to seek federal, state, municipal, public, and private support to supplement the efforts of the Parks and Recreation Department of the government. In the event of dissolution, the residual assets of the corporation will be turned over to one or more exempt organizations under Section 501(c)(3) of the Internal Revenue Code for public purposes and/or to the City of Sevierville.

Jointly Governed Organizations:

The following organizations do not meet the definition of a "joint venture" since there is no ongoing financial interest or responsibility of the government:

The government participates in the Sevier Water Board, Inc. and has a minority representation on the entity's Board of Directors, however, the government's only financial obligation is direct debt reflected in the balance sheet of the government's Water Department.

The government participates in the Sevier Solid Waste, Inc. and has a minority representation on the entity's Board of Directors. The government has no financial obligation to this entity other than charges paid in connection with services provided.

CITY OF SEVIERVILLE, TENNESSEE

**Notes to the Financial Statements
June 30, 2023**

18. PASS-THROUGH GRANT LOAN RECEIVABLE AND RELATED DIRECT BORROWINGS

The Electric Department Fund has received proceeds from three pass-through loans in the aggregate \$4,000,000 from a federal grant program administered by the U.S. Department of Agriculture. The federal program is Rural Economic Development Loans and Grants. These loans bear no interest and the loan proceeds were passed through to two local business customers as notes receivable to assist with the renovation and expansion of their facility and to purchase equipment. The government bears no significant financial consequences in the event of default. The notes are receivable in monthly installments of \$9,259 - \$18,519 through November 2027, with no interest and are secured by letters of credit from local banks.

Future maturities of the notes receivable are as follows:

<u>Fiscal Year</u>	<u>Receivable</u>
2024	\$ 444,444
2025	444,444
2026	435,185
2027	129,596
2028	<u>37,072</u>
	<u>\$ 1,490,741</u>

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2023, the date the financial statements were available to be issued.

Required Supplementary Information

Required supplementary information included in this section is a required part of the basic financial statements. The purpose of presenting this supplementary information is to provide additional analysis of the government's financial position and results of operations.

CITY OF SEVIERVILLE, TENNESSEE

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

Last 10 Measurement Periods Ended June 30*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 1,219,810	\$ 961,979	\$ 890,542	\$ 901,643	\$ 849,582	\$ 769,661	\$ 757,297	\$ 740,440	\$ 724,323
Interest	2,703,182	2,448,415	2,265,956	2,128,795	2,001,077	1,917,026	1,822,155	1,692,720	1,576,332
Changes in benefit terms	1,328,921	-	-	-	-	-	-	-	-
Differences between expected and actual experience	1,435,830	137,661	289,009	(207,989)	(319,359)	(734,616)	(761,827)	(220,996)	(315,755)
Change of assumptions	-	3,485,337	-	-	-	696,410	-	-	-
Benefit payments, including refunds of employee contributions	(1,025,324)	(1,005,323)	(995,191)	(843,771)	(799,691)	(575,690)	(554,379)	(452,062)	(446,307)
Net change in total pension liability	5,662,419	6,028,069	2,450,316	1,978,678	1,731,609	2,072,791	1,263,246	1,760,102	1,538,593
Total pension liability - beginning	39,339,999	33,311,930	30,861,614	28,882,936	27,151,327	25,078,536	23,815,290	22,055,188	20,516,595
Total pension liability - ending (a)	\$ 45,002,418	\$ 39,339,999	\$ 33,311,930	\$ 30,861,614	\$ 28,882,936	\$ 27,151,327	\$ 25,078,536	\$ 23,815,290	\$ 22,055,188
Plan fiduciary net position									
Contributions - employer	\$ 287,688	\$ 248,458	\$ 226,484	\$ 383,584	\$ 762,094	\$ 877,726	\$ 859,168	\$ 865,145	\$ 835,857
Contributions - employee	719,222	621,145	566,213	547,979	544,353	507,007	489,836	493,240	472,237
Net investment income	(1,779,741)	9,560,929	1,760,447	2,464,998	2,516,166	3,020,585	668,506	728,032	3,239,861
Benefit payments, including refunds of employee contributions	(1,025,324)	(1,005,323)	(995,191)	(843,771)	(799,691)	(575,690)	(554,379)	(452,062)	(446,307)
Administrative expense	(27,204)	(21,881)	(20,613)	(20,494)	(22,297)	(19,421)	(16,236)	(11,083)	(8,632)
Net change in plan fiduciary net position	(1,825,359)	9,403,328	1,537,340	2,532,296	3,000,625	3,810,207	1,446,895	1,623,272	4,093,016
Plan fiduciary net position - beginning	46,544,459	37,141,131	35,603,791	33,071,495	30,070,870	26,260,663	24,813,768	23,190,496	19,097,480
Plan fiduciary net position - ending (b)	\$ 44,719,100	\$ 46,544,459	\$ 37,141,131	\$ 35,603,791	\$ 33,071,495	\$ 30,070,870	\$ 26,260,663	\$ 24,813,768	\$ 23,190,496
Net pension liability (asset) - ending (a)-(b)	\$ 283,318	\$ (7,204,460)	\$ (3,829,201)	\$ (4,742,177)	\$ (4,188,559)	\$ (2,919,543)	\$ (1,182,127)	\$ (998,478)	\$ (1,135,308)
Plan fiduciary net position as a percentage of total pension liability	99.37%	118.31%	111.49%	115.37%	114.50%	110.75%	104.71%	104.19%	105.15%
Covered payroll	\$ 14,384,406	\$ 12,422,895	\$ 11,324,225	\$ 10,959,554	\$ 10,887,049	\$ 10,123,708	\$ 9,796,670	\$ 9,864,814	\$ 9,444,718
Net pension liability (asset) as a percentage of covered payroll	1.97%	-57.99%	-33.81%	-43.27%	-38.47%	-28.84%	-12.07%	-10.12%	-12.02%

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

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

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

Last 10 Measurement Periods Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 749,698	\$ 25,892	\$ 19,877	\$ 97,388	\$ 167,681	\$ 364,716	\$ 877,725	\$ 859,168	\$ 865,145	\$ 835,857
Contributions in relation to the actuarially determined contribution	928,042	287,688	248,458	226,484	383,584	758,365	877,725	859,168	865,145	835,857
Contribution deficiency (excess)	\$ (178,344)	\$ (261,796)	\$ (228,581)	\$ (129,096)	\$ (215,903)	\$ (393,649)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 18,556,891	\$ 14,384,406	\$ 12,422,895	\$ 11,324,225	\$ 10,969,554	\$ 10,887,049	\$ 10,123,708	\$ 9,796,670	\$ 9,864,814	\$ 9,444,718
Contributions as a percentage of covered payroll	5.00%	2.00%	2.00%	2.00%	3.50%	6.97%	8.67%	8.77%	8.77%	8.85%

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Changes in Government's Net Pension Liability and Related Ratios
Sevier County Electric System Employees' Pension Plan**

Last 10 Measurement Periods Ended June 30*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 1,375,675	\$ 1,326,871	\$ 1,311,414	\$ 901,368	\$ 919,057	\$ 941,813	\$ 904,158	\$ 858,202	\$ 884,956
Interest	3,969,208	3,803,474	3,614,085	3,384,151	3,198,659	3,158,640	2,780,466	2,649,229	2,417,195
Changes in benefit terms	-	-	-	-	-	-	2,661,186	-	-
Differences between expected and actual experience	2,694,977	684,727	1,307,555	2,453,600	2,659,058	891,017	620,193	458,876	-
Change of assumptions	80,454	(163,200)	(139,324)	(250,588)	-	-	-	(858,673)	-
Benefit payments, including refunds of employee contributions	(2,470,178)	(4,326,706)	(2,695,699)	(1,663,669)	(6,814,925)	(2,139,840)	(1,789,196)	(1,031,984)	(1,099,953)
Net change in total pension liability	5,650,136	1,325,166	3,398,031	4,824,862	(38,151)	2,851,630	5,176,807	2,075,650	2,202,198
Total pension liability - beginning	54,585,500	53,260,334	49,862,303	45,037,441	45,075,592	42,223,962	37,047,155	34,971,505	32,769,307
Total pension liability - ending (a)	\$ 60,235,636	\$ 54,585,500	\$ 53,260,334	\$ 49,862,303	\$ 45,037,441	\$ 45,075,592	\$ 42,223,962	\$ 37,047,155	\$ 34,971,505
Plan fiduciary net position									
Contributions - employer	\$ 2,086,397	\$ 1,948,838	\$ 4,374,479	\$ 2,294,600	\$ 2,370,127	\$ 1,523,579	\$ 6,150,118	\$ 1,754,047	\$ 2,487,063
Contributions - employee	351,603	349,841	339,905	299,647	301,081	298,425	297,303	313,487	323,006
Net investment income	(7,547,308)	11,898,197	405,986	1,705,106	3,613,963	3,932,653	(288,996)	728,944	2,684,379
Benefit payments, including refunds of employee contributions	(2,470,178)	(4,326,706)	(2,695,699)	(1,663,669)	(6,814,925)	(2,139,840)	(1,789,196)	(1,031,984)	(1,099,953)
Administrative expense	(37,504)	(33,842)	(29,272)	(26,160)	(26,938)	(25,274)	(9,932)	(5,348)	(3,643)
Net change in plan fiduciary net position	(7,616,990)	9,836,328	2,395,399	2,609,524	(556,692)	3,589,543	4,359,297	1,759,146	4,390,842
Plan fiduciary net position - beginning	47,376,343	37,540,015	35,144,616	32,535,092	33,091,784	29,502,240	25,142,943	23,383,797	18,992,955
Plan fiduciary net position - ending (b)	\$ 39,759,353	\$ 47,376,343	\$ 37,540,015	\$ 35,144,616	\$ 32,535,092	\$ 33,091,783	\$ 29,502,240	\$ 25,142,943	\$ 23,383,797
Net pension liability - ending (a)-(b)	\$ 20,476,283	\$ 7,209,157	\$ 15,720,319	\$ 14,717,687	\$ 12,502,349	\$ 11,983,809	\$ 12,721,722	\$ 11,904,212	\$ 11,587,708
Plan fiduciary net position as a percentage of total pension liability	66.01%	86.79%	70.48%	70.48%	72.24%	73.41%	69.87%	67.87%	66.87%
Covered payroll	\$ 8,922,347	\$ 8,621,017	\$ 8,497,588	\$ 7,491,157	\$ 7,441,733	\$ 7,460,616	\$ 7,432,581	\$ 7,679,555	\$ 7,619,836
Net pension liability as a percentage of covered payroll	229.49%	83.62%	185.00%	196.47%	168.00%	160.63%	171.16%	155.01%	152.07%

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

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Government's Contributions
Sevier County Electric System Employees' Pension Plan**

Last 10 Measurement Periods Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,516,409	\$ 2,016,018	\$ 2,385,552	\$ 2,443,144	\$ 1,794,906	\$ 1,531,507	\$ 1,523,579	\$ 1,658,792	\$ 1,754,045	\$ 1,982,165
Contributions in relation to the actuarially determined contribution	2,606,032	2,086,397	3,380,441	2,942,876	2,294,600	2,370,127	1,523,579	6,150,118	1,754,047	2,487,053
Contribution deficiency (excess)	\$ (89,623)	\$ (70,379)	\$ (994,889)	\$ (499,732)	\$ (499,694)	\$ (838,620)	\$ -	\$ (4,491,326)	\$ (2)	\$ (504,888)
Covered payroll	\$ 9,839,877	\$ 8,922,347	\$ 8,621,017	\$ 8,497,588	\$ 7,491,157	\$ 7,441,733	\$ 7,460,616	\$ 7,432,581	\$ 7,679,555	\$ 7,619,836
Contributions as a percentage of covered payroll	26.48%	23.38%	39.21%	34.63%	30.63%	31.85%	20.42%	82.75%	22.84%	32.64%

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE
**Schedule of Changes in Government's Total OPEB Liability and Related Ratios
City of Sevierville Postemployment Benefit Plan**
Last 10 Measurement Periods Ended June 30*

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 20,300	\$ 23,000	\$ 20,100	\$ 20,800	\$ 19,000	\$ 18,000
Interest	18,000	23,800	31,900	30,100	33,700	34,000
Differences between expected and actual experience	(3,700)	(8,700)	(46,200)	201,700	21,400	-
Changes of assumptions	(59,400)	43,000	31,700	24,500	(104,500)	-
Benefit payments	(140,500)	(90,400)	(84,600)	(91,700)	(80,800)	(61,000)
Net change in total OPEB liability	(165,300)	(9,300)	(47,100)	185,400	(111,200)	(9,000)
Total OPEB liability - beginning	984,800	994,100	1,041,200	855,800	967,000	976,000
Total OPEB liability - ending	<u>\$ 819,500</u>	<u>\$ 984,800</u>	<u>\$ 994,100</u>	<u>\$ 1,041,200</u>	<u>\$ 855,800</u>	<u>\$ 967,000</u>
Covered-employee payroll	\$ 1,334,000	\$ 1,334,000	\$ 1,492,700	\$ 1,492,700	\$ 1,627,000	\$ 1,627,000
Net OPEB liability as a percentage of covered payroll	61.43%	73.82%	66.60%	69.75%	52.60%	59.43%

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

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Investment Returns
Sevier County Electric System Employees' Pension Plan**

Last 10 Measurement Periods Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	10.13%	-15.64%	32.08%	1.09%	5.00%	11.31%	13.37%	-0.17%	1.97%	17.24%

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE
**Schedule of Changes in Government's Net OPEB Liability and Related Ratios
Sevier County Electric System Retiree Medical, Dental and Life Insurance Plan**
Last 10 Measurement Periods Ended June 30*

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 252,435	\$ 217,682	\$ 190,927	\$ 94,480	\$ 92,176	\$ 105,489
Interest	483,753	428,992	426,933	370,046	341,563	394,072
Differences between expected and actual experience	707,354	373,072	411,100	127,425	174,814	(1,108,046)
Changes of assumptions	266,241	-	522,420	251,859	-	218,715
Benefit payments, including refunds of employee contributions	<u>(745,905)</u>	<u>(535,630)</u>	<u>(387,912)</u>	<u>(271,867)</u>	<u>(344,143)</u>	<u>(241,124)</u>
Net change in total OPEB liability	963,878	484,116	1,163,468	571,943	264,410	(630,894)
Total OPEB liability - beginning	<u>7,129,911</u>	<u>6,645,795</u>	<u>5,482,327</u>	<u>4,910,384</u>	<u>4,645,974</u>	<u>5,276,868</u>
Total OPEB liability - ending (a)	<u>\$ 8,093,789</u>	<u>\$ 7,129,911</u>	<u>\$ 6,645,795</u>	<u>\$ 5,482,327</u>	<u>\$ 4,910,384</u>	<u>\$ 4,645,974</u>
Plan fiduciary net position						
Contributions - employer	\$ 995,905	\$ 710,630	\$ 787,912	\$ 782,924	\$ 594,143	\$ 491,124
Net investment income	(716,091)	1,171,254	186,479	251,156	226,508	202,278
Benefit payments, including refunds of employee contributions	(745,905)	(535,630)	(387,912)	(271,867)	(344,143)	(241,124)
Administrative expense	<u>(4,392)</u>	<u>(3,826)</u>	<u>(3,036)</u>	<u>(2,613)</u>	<u>(2,100)</u>	<u>(1,711)</u>
Net change in plan fiduciary net position	(470,483)	1,342,428	583,443	759,600	474,408	450,567
Plan fiduciary net position - beginning	<u>5,509,883</u>	<u>4,167,455</u>	<u>3,584,012</u>	<u>2,824,412</u>	<u>2,350,004</u>	<u>1,899,437</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,039,400</u>	<u>\$ 5,509,883</u>	<u>\$ 4,167,455</u>	<u>\$ 3,584,012</u>	<u>\$ 2,824,412</u>	<u>\$ 2,350,004</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 3,054,389</u>	<u>\$ 1,620,028</u>	<u>\$ 2,478,340</u>	<u>\$ 1,898,315</u>	<u>\$ 2,085,972</u>	<u>\$ 2,295,970</u>
Plan fiduciary net position as a percentage of total OPEB liability	62.26%	77.28%	62.71%	65.37%	57.52%	50.58%
Covered payroll	\$ 8,785,984	\$ 10,327,366	\$ 9,799,666	\$ 9,231,145	\$ 8,766,256	\$ 9,711,165
Net OPEB liability as a percentage of covered payroll	34.76%	15.69%	25.29%	20.56%	23.80%	23.64%

* The required 10-year trend information will be completed when the information is compiled. The years for which information was available are presented.

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Investment Returns
Sevier County Electric System Retiree Medical, Dental and Life Insurance Plan**

Last 10 Measurement Periods Ended June 30*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	8.59%	-12.87%	27.76%	4.90%	7.58%	9.58%	9.21%

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

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

Notes to Required Supplementary Information

Last 10 Measurement Periods Ended June 30

Notes to Schedule Of Changes in Government's Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions. In 2021, the following assumptions were changed: assumed discount rate was lowered from 7.25% to 6.75%; inflation was lowered from 2.50% to 2.25%; the assumed monthly cost-of-living adjustment for monthly retirement benefits was lowered from 2.25% to 2.125%; and modified mortality assumptions.

Changes in benefit terms. In 2022, plan provisions were modified to reflect new cost of living benefits.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	Fair Market Value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including projection of mortality improvement using Scale MP-2020 (generational projection)
Cost of Living Adjustments	2.125 percent

Notes to Schedule Of Changes in Government's Net Pension Liability and Related Ratios - Sevier County Electric System Employees' Pension Plan

Changes in benefit terms. As of July 1, 2015, the Normal Retirement Benefit Formula is calculated as 3.00% of Average Compensation times Years of Benefit Service up to 20 years, plus 1.00% of Average Compensation times Years of Benefit Service, not in excess of 10, following the later of attainment of Full Early Retirement Date or completion of 20 years of Benefit Service.

Changes in assumptions. As of July 1, 2014, the mortality table for post-retirement was changed from 2014 Static Mortality Table to TCRS Mortality Table. As of July 1, 2018, it is assumed that 60% of participants will elect the lump sum and that 40% will elect the Single Life Annuity. As of July 1, 2019, the mortality generational scaling was updated from the MP2018 generational scale to the MP2019 generational scale. As of July 1, 2020, the mortality improvement was updated from the MP2019 generational scale to the MP2020 generational scale. As of July 1, 2021, the mortality improvement was updated MP2020 generational scale to the MP2021 generational scale. As of July 1, 2022, the mortality improvement was updated MP2021 generational scale to the MP2022 generational scale.

Notes to Schedule of Government's Contributions - Sevier County Electric System Employees' Pension Plan

Valuation date: Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal, level percentage of pay
Amortization method	Closed, level dollar amortization
Remaining amortization period	30 years as of July 1, 2020
Asset valuation	Market value of plan assets adjusted to phase in asset gains
Discount rate	7.25 percent
Inflation	N/A
Salary increases	Varies by department and age
Cost of living increases	2.00 percent
Retirement age	Varies by age
Mortality	RP 2014 Blue Collar Mortality Table Adjusted to 2006 with MP-2021

CITY OF SEVIERVILLE, TENNESSEE

Notes to Required Supplementary Information (Continued)

Last 10 Measurement Periods Ended June 30

Notes to Schedule of Changes in Government's Total OPEB Liability and Related Ratios - City of Sevierville Postemployment Benefit Plan

Changes in assumptions. For measurement period ended June 30, 2018, the healthcare cost trend rate was changed from 6.50 percent to 6.81 percent and the discount rate was changed from 3.56 percent to 3.62 percent. For the measurement period ended June 30, 2019, the healthcare cost trend rate was changed from 6.81 percent to 5.50 percent and the discount rate was changed from 3.62 percent to 3.13 percent. For the measurement period ended June 30, 2020, the healthcare cost trend rate was changed from 5.50 percent to 0.00 percent and the discount rate was changed from 3.13 percent to 2.45 percent. For the measurement period ended June 30, 2021, the healthcare cost trend rate was changed from 0.00 percent to 7.00 percent and the discount rate was changed from 3.13 percent to 1.92 percent. For the measurement period ended June 30, 2022, the healthcare cost trend rate did not change from 7.00 and the discount rate was changed from 1.92 percent to 3.69 percent.

Valuation date: Actuarial valuation determining total OPEB liability is as of July 1, 2021.

There are no assets accumulated in a trust that meets the criteria of GASB Codification Section P52.139b.

Notes to Schedule of Changes in Government's Net OPEB Liability and Related Ratios - Sevier County Electric System Retiree Medical, Dental and Life Insurance Plan

Changes in assumptions. For measurement period ended June 30, 2022, the healthcare cost trend rate was reset at 9.0 percent for 2021, grading down 1.00 percent per annum to an ultimate trend rate of 5.00 percent for years 2025 and later. For the measurement period June 30, 2020, the discount rate was decreased to 6.50 percent.

Valuation date: Actuarial valuation determining total OPEB liability is as of July 1, 2021.

Other Supplementary Information

Other supplementary information included in this section is not a required part of the basic financial statements. The purpose of presenting this supplementary information is to provide additional analysis of the government's financial position and results of operations.

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects.

State Street Aid Fund – established to account for legally restricted state shared funds received from the State of Tennessee to be expended for street improvements.

Drug Enforcement Fund – established to account for all expenditures made through the Drug Enforcement Fund. Revenues are from fines and costs from drug related cases.

CITY OF SEVIERVILLE, TENNESSEE

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023**

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	State Street Aid Fund	Drug Enforcement Fund	
<u>ASSETS</u>			
Restricted assets:			
Cash and cash equivalents	\$ 491,845	\$ 521,817	\$ 1,013,662
Accounts receivable	-	5,946	5,946
Due from other governments	106,256	-	106,256
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 598,101</u>	<u>\$ 527,763</u>	<u>\$ 1,125,864</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ -	\$ 5,300	\$ 5,300
Funds held in trust	-	89,352	89,352
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>94,652</u>	<u>94,652</u>
Fund balances:			
Restricted	<u>598,101</u>	<u>433,111</u>	<u>1,031,212</u>
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>598,101</u>	<u>433,111</u>	<u>1,031,212</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 598,101</u>	<u>\$ 527,763</u>	<u>\$ 1,125,864</u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Actual
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2023**

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>State Street Aid Fund</u>	<u>Drug Enforcement Fund</u>	
Revenues:			
Intergovernmental revenue	\$ 621,454	\$ 4,523	\$ 625,977
Fines, forfeits and penalties	-	125,267	125,267
Other revenues	4,051	70,097	74,148
	<u>625,505</u>	<u>199,887</u>	<u>825,392</u>
Total revenues			
Expenditures:			
Building materials	620,000	-	620,000
Supplies	-	3,823	3,823
Grants, contributions and other	-	86,756	86,756
	<u>620,000</u>	<u>90,579</u>	<u>710,579</u>
Total expenditures			
Revenues over (under) expenditures	5,505	109,308	114,813
Fund balances, beginning	<u>592,596</u>	<u>323,803</u>	<u>916,399</u>
Fund balances, ending	<u><u>\$ 598,101</u></u>	<u><u>\$ 433,111</u></u>	<u><u>\$ 1,031,212</u></u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
State Street Aid Fund
For the Fiscal Year Ended June 30, 2023**

	State Street Aid Fund		
	Original Budget	Final Budget	Actual
Revenues:			
Intergovernmental revenue	\$ 620,000	\$ 620,000	\$ 621,454
Other revenues	-	-	4,051
Total revenues	<u>620,000</u>	<u>620,000</u>	<u>625,505</u>
Expenditures:			
Building materials:			
Concrete, curbs and sidewalks	100,000	100,000	129,705
Asphalt	520,000	520,000	490,295
Total building materials	<u>620,000</u>	<u>620,000</u>	<u>620,000</u>
Total expenditures	<u>620,000</u>	<u>620,000</u>	<u>620,000</u>
Revenues over (under) expenditures	-	-	5,505
Fund balances, beginning	<u>592,596</u>	<u>592,596</u>	<u>592,596</u>
Fund balances, ending	<u><u>\$ 592,596</u></u>	<u><u>\$ 592,596</u></u>	<u><u>\$ 598,101</u></u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Drug Fund
For the Fiscal Year Ended June 30, 2023**

	Drug Enforcement Fund		
	Original Budget	Final Budget	Actual
Revenues:			
Intergovernmental revenues	\$ -	\$ -	\$ 4,523
Fines, forfeits and penalties	50,000	50,000	125,267
Other revenues	10,000	10,000	70,097
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>199,887</u>
Expenditures:			
Contractual services	2,500	2,500	-
Supplies	7,000	7,000	3,823
Grants, contributions and other	113,764	113,764	86,756
Total expenditures	<u>123,264</u>	<u>123,264</u>	<u>90,579</u>
Revenues over (under) expenditures	(63,264)	(63,264)	109,308
Fund balances, beginning	<u>323,803</u>	<u>323,803</u>	<u>323,803</u>
Fund balances, ending	<u><u>\$ 260,539</u></u>	<u><u>\$ 260,539</u></u>	<u><u>\$ 433,111</u></u>

See independent auditor's report.

Internal Service Funds

Insurance Fund – to account for the operation of a medical and dental self-insurance fund covering virtually all full-time employees of the government. The government operates under a self-insured retention and commercial insurance coverage purchases, with claims primarily administered by an outside agency.

Flexible Spending Fund – to account for the activity under the government's Flexible Spending Plan. The Plan provides coverage for medical, dental and daycare expense through salary reduction of participating employees.

CITY OF SEVIERVILLE, TENNESSEE

Combining Statement of Net Position Internal Service Funds June 30, 2023

	<u>Insurance Fund</u>	<u>Flexible Spending Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,364,272	\$ 157,198	\$ 3,521,470
Other receivables	157,169	-	157,169
Internal balances	2,219	(2,219)	-
Prepayments	<u>61,276</u>	<u>-</u>	<u>61,276</u>
Total assets	<u>3,584,936</u>	<u>154,979</u>	<u>3,739,915</u>
<u>LIABILITIES</u>			
Liabilities:			
Accounts payable	39,350	-	39,350
Accrued expenses	1,309	-	1,309
Reserve for health insurance claims	<u>280,691</u>	<u>-</u>	<u>280,691</u>
Total liabilities	<u>321,350</u>	<u>-</u>	<u>321,350</u>
<u>NET POSITION</u>			
Net position:			
Unrestricted	<u>3,263,586</u>	<u>154,979</u>	<u>3,418,565</u>
Total net position	<u>\$ 3,263,586</u>	<u>\$ 154,979</u>	<u>\$ 3,418,565</u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

Combining Statement of Revenues, Expenses, and Change in Net Position Internal Service Funds For the Fiscal Year Ended June 30, 2023

	Insurance Fund	Flexible Spending Fund	Total
Operating revenues:			
Premiums	\$ 5,079,137	\$ -	\$ 5,079,137
Other revenues	-	84,737	84,737
Total operating revenues	<u>5,079,137</u>	<u>84,737</u>	<u>5,163,874</u>
Operating expenses:			
Operations:			
Insurance claims	4,488,218	-	4,488,218
Insurance premiums	591,672	-	591,672
Medical, dental and childcare payments	-	75,947	75,947
Total operations	<u>5,079,890</u>	<u>75,947</u>	<u>5,155,837</u>
Administration:			
Commissions	154,346	-	154,346
Administrative services	209,987	-	209,987
Total administration	<u>364,333</u>	<u>-</u>	<u>364,333</u>
Total operating expenses	<u>5,444,223</u>	<u>75,947</u>	<u>5,520,170</u>
Change in net position	(365,086)	8,790	(356,296)
Net position, beginning	<u>3,628,672</u>	<u>146,189</u>	<u>3,774,861</u>
Net position, ending	<u>\$ 3,263,586</u>	<u>\$ 154,979</u>	<u>\$ 3,418,565</u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2023

	Insurance Fund	Flexible Spending Fund	Total
Cash flows from operating activities:			
Cash received from employees, other participants and other funds	\$ 5,068,840	\$ 84,737	\$ 5,153,577
Cash payments to suppliers for goods and services	(939,303)	-	(939,303)
Cash payments for claims	(4,461,776)	(75,947)	(4,537,723)
Net cash provided (used) by operating activities	(332,239)	8,790	(323,449)
Cash flows from investing activities:			
Advance to (from) funds	4,035	(4,035)	-
Net cash provided (used) by investing activities	4,035	(4,035)	-
Net increase (decrease) in cash and cash equivalents	(328,204)	4,755	(323,449)
Cash and cash equivalents, beginning	3,692,476	152,443	3,844,919
Cash and cash equivalents, ending	<u>\$ 3,364,272</u>	<u>\$ 157,198</u>	<u>\$ 3,521,470</u>
Reconciliation of change in net position to net cash provided (used) by operating activities:			
Change in net position	\$ (365,086)	\$ 8,790	\$ (356,296)
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:			
Increase in other receivables	(10,297)	-	(10,297)
Decrease in prepaid expenses	1,422	-	1,422
Increase in accounts payable	13,971	-	13,971
Increase in accrued liabilities	1,309	-	1,309
Increase in insurance claims reserve	26,442	-	26,442
Net cash provided (used) by operating activities	<u>\$ (332,239)</u>	<u>\$ 8,790</u>	<u>\$ (323,449)</u>

See independent auditor's report.

Fiduciary Funds
Pension and Other Employee Benefit Trust Funds

The pension and other employee benefit trust funds account for the activities of the Sevier County Electric System Employees' Pension Plan and Sevier County Electric System Retiree Medical, Dental, and Life Insurance Plan Trust Fund, which accumulate resources for pension and other postemployment benefit payments to qualified beneficiaries.

Sevier County Electric System Employees' Pension Plan Trust Fund – to account for the resources accumulated for the Sevier County Electric System Employees' Pension Plan.

Sevier County Electric System Retiree Medical, Dental, and Life Insurance Plan Trust Fund – to account for the resources accumulated for the Sevier County Electric System Retiree Medical, Dental, and Life Insurance Plan's postemployment healthcare for employees of Sevier County Electric System.

CITY OF SEVIERVILLE, TENNESSEE

Combining Statement of Fiduciary Net Position Fiduciary Funds June 30, 2023

	Sevier County Electric System Employees' Pension Plan	Sevier County Electric System Retiree Medical, Dental, and Life Insurance Plan	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 844,745	\$ 499,285	\$ 1,344,030
Contributions receivable	93,054	-	93,054
Investments, at fair value:			
Mutual funds - equity	29,947,924	3,920,398	33,868,322
Mutual funds - fixed income	8,321,171	1,460,551	9,781,722
	<u>39,206,894</u>	<u>5,880,234</u>	<u>45,087,128</u>
<u>NET POSITION</u>			
Net position restricted for:			
Pensions	39,206,894	-	39,206,894
Postemployment benefits other than pensions	-	5,880,234	5,880,234
	<u>\$ 39,206,894</u>	<u>\$ 5,880,234</u>	<u>\$ 45,087,128</u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE
**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023**

	Sevier County Electric System Employees' Pension Plan	Sevier County Electric System Retiree Medical, Dental, and Life Insurance Plan	Total
Additions to net position:			
Employer contributions	\$ 2,570,937	\$ 1,551,046	\$ 4,121,983
Employee contributions	385,248	-	385,248
Total contributions	<u>2,956,185</u>	<u>1,551,046</u>	<u>4,507,231</u>
Investment income:			
Interest and dividend income	677,907	98,837	776,744
Net increase in fair value of investments	<u>3,225,162</u>	<u>346,184</u>	<u>3,571,346</u>
Total investment income	<u>3,903,069</u>	<u>445,021</u>	<u>4,348,090</u>
Total additions	<u>6,859,254</u>	<u>1,996,067</u>	<u>8,855,321</u>
Deductions from net position:			
Benefits paid to participants	7,376,393	1,151,046	8,527,439
Administrative expenses	<u>35,320</u>	<u>4,187</u>	<u>39,507</u>
Total deductions	<u>7,411,713</u>	<u>1,155,233</u>	<u>8,566,946</u>
Net increase (decrease) in net position	(552,459)	840,834	288,375
Net position restricted:			
Beginning of the year	<u>39,759,353</u>	<u>5,039,400</u>	<u>44,798,753</u>
End of the year	<u>\$ 39,206,894</u>	<u>\$ 5,880,234</u>	<u>\$ 45,087,128</u>

See independent auditor's report.

Central Business Improvement District Fund

The **Central Business Improvement District Fund** is used to account for state and local option sales tax diverted to fund debt service related to tourist development zone activities.

CITY OF SEVIERVILLE, TENNESSEE
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Central Business Improvement District Fund
 For the Fiscal Year Ended June 30, 2023
 (With Comparative Totals for the Fiscal Year Ended June 30, 2022)**

	2023			2022
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Local taxes:				
Local sales taxes	\$ 3,224,644	\$ 3,224,644	\$ 3,646,275	\$ 3,224,644
Total local sales taxes	<u>3,224,644</u>	<u>3,224,644</u>	<u>3,646,275</u>	<u>3,224,644</u>
Intergovernmental revenue:				
State of Tennessee:				
Sales tax	7,449,600	7,449,600	8,485,250	7,449,600
Total intergovernmental revenue	<u>7,449,600</u>	<u>7,449,600</u>	<u>8,485,250</u>	<u>7,449,600</u>
Other revenues:				
Interest earnings	86,296	86,296	826,879	54,937
Total other revenues	<u>86,296</u>	<u>86,296</u>	<u>826,879</u>	<u>54,937</u>
Total revenues	<u>10,760,540</u>	<u>10,760,540</u>	<u>12,958,404</u>	<u>10,729,181</u>
Expenditures:				
Debt administration:				
Principal	7,410,000	7,410,000	7,410,000	7,085,000
Interest	5,555,250	5,555,250	4,519,103	4,153,287
Debt service charges	400,000	1,920,000	1,916,244	286,905
Swap termination fee	-	2,869,950	2,852,935	-
Total debt administration	<u>13,365,250</u>	<u>17,755,200</u>	<u>16,698,282</u>	<u>11,525,192</u>
Total expenditures	<u>13,365,250</u>	<u>17,755,200</u>	<u>16,698,282</u>	<u>11,525,192</u>
Revenues over (under) expenditures	<u>(2,604,710)</u>	<u>(6,994,660)</u>	<u>(3,739,878)</u>	<u>(796,011)</u>
Other financing sources (uses):				
Transfer from general fund	3,000,000	3,000,000	2,000,000	3,100,000
Total other financing sources (uses)	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,000,000</u>	<u>3,100,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	395,290	(3,994,660)	(1,739,878)	2,303,989
Fund balance, beginning	<u>18,127,253</u>	<u>18,127,253</u>	<u>18,127,253</u>	<u>15,823,264</u>
Fund balance, ending	<u>\$ 18,522,543</u>	<u>\$ 14,132,593</u>	<u>\$ 16,387,375</u>	<u>\$ 18,127,253</u>

See independent auditor's report.

Capital Budget Fund

The **Capital Budget Fund** is used to account for all expenditures for the acquisition and construction of major assets of the government other than those financed by proprietary funds. The Capital Budget Fund is funded by transfers from the General Fund. Major projects include traffic signalization, street paving, equipment purchases and park improvements.

CITY OF SEVIERVILLE, TENNESSEE
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Capital Budget Fund
 For the Fiscal Year Ended June 30, 2023
 (With Comparative Totals for the Fiscal Year Ended June 30, 2022)**

	2023			2022
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental revenue:				
State of Tennessee	\$ 500,000	\$ 500,000	\$ 30,393	\$ 597,088
Federal grants	-	-	425,012	51,306
Total intergovernmental revenue	<u>500,000</u>	<u>500,000</u>	<u>455,405</u>	<u>648,394</u>
Other revenues:				
Insurance recovery	-	469,219	469,219	-
Sale of materials	4,000	4,000	73,599	5,806
Donations	4,000	4,000	2,008	10,673
Interest earnings	-	-	671,284	-
Total other revenues	<u>8,000</u>	<u>477,219</u>	<u>1,216,110</u>	<u>16,479</u>
Total revenues	<u>508,000</u>	<u>977,219</u>	<u>1,671,515</u>	<u>664,873</u>
Expenditures:				
Current:				
Contractual services	-	2,945,011	748,379	54,989
Supplies	-	-	-	525,000
Capital outlay	18,486,600	37,401,466	7,312,189	7,029,679
Total current expenditures	<u>18,486,600</u>	<u>40,346,477</u>	<u>8,060,568</u>	<u>7,609,668</u>
Total expenditures	<u>18,486,600</u>	<u>40,346,477</u>	<u>8,060,568</u>	<u>7,609,668</u>
Revenues over (under) expenditures	<u>(17,978,600)</u>	<u>(39,369,258)</u>	<u>(6,389,053)</u>	<u>(6,944,795)</u>
Other financing sources (uses):				
Bond proceeds	13,800,000	13,965,750	27,240,000	-
Bond premium	-	-	3,106,783	-
Cost of issuance	-	(365,750)	(346,783)	-
Transfer from general fund	4,178,600	6,178,600	7,578,600	8,452,502
Total other financing sources (uses)	<u>17,978,600</u>	<u>19,778,600</u>	<u>37,578,600</u>	<u>8,452,502</u>
Revenues and other financing sources over (under) expenditures and other financing uses	-	(19,590,658)	31,189,547	1,507,707
Fund balance, beginning	<u>8,859,806</u>	<u>8,859,806</u>	<u>8,859,806</u>	<u>7,352,099</u>
Fund balance, ending	<u>\$ 8,859,806</u>	<u>\$ (10,730,852)</u>	<u>\$ 40,049,353</u>	<u>\$ 8,859,806</u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2023**

Grantor Agency	Contract #	Assistance Listing Number	Expenditures
Federal Awards:			
U.S. Department of Justice -			
2021 Bulletproof Vest Partnership Program	N/A	16.607	\$ 2,751
2022 Bulletproof Vest Partnership Program	N/A	16.607	<u>2,493</u>
		Sub-total	<u>5,244</u>
Public Safety Partnership and Community Policing Grants	2018HPWX0015	16.710	235
Public Safety Partnership and Community Policing Grants	2018AMWX0002	16.710	<u>1,731</u>
		Sub-total	<u>1,966</u>
Total U.S. Department of Justice			<u>7,210</u>
U.S. Department of Transportation -			
Highway Planning and Construction Cluster:			
Pass-through from Tennessee Department of Transportation -			
Congestion Mitigation and Air Quality Grant (Phase 1)	CM-7800(61)	20.205	20,559
Congestion Mitigation and Air Quality Grant (Phase 2)	CM-9123(8)	20.205	36,591
Parkway from SR71 to SR35 Rehabilitation	STP-M-35(62)	20.205	2,580
SR35 Intersection Design	STP-M-9123(10)	20.205	998
SR338 Intersection Design	STP-M-338(9)	20.205	2,290
SR35 from Sims Road in Sevier Co to Near SR92 in Jeff Co	STP/HPP-35(75)	20.205	<u>77,434</u>
Total Highway Planning and Construction Cluster		Sub-total	<u>140,452</u>
Pass-through from Tennessee Department of Safety and Homeland Security -			
THS Grant - 2021	Z-22-THS255	20.607	8,958
THS Grant - 2022	Z-23-THS247	20.607	<u>45,757</u>
Total THS Grants		Sub-total	<u>54,715</u>
Total U.S. Department of Transportation			<u>195,167</u>
Total Federal Awards			<u>202,377</u>

(Continued)

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Expenditures of Federal and State Awards (Continued)
For the Fiscal Year Ended June 30, 2023**

Grantor Agency	Contract #	Assistance Listing Number	Expenditures
State Awards:			
Tennessee Department of Transportation - SR338 Intersection Design	STP-M-338(9) 78LPLM-F3-020	N/A N/A	\$ 573 645
Tennessee Department of Health - Child Passenger Safety Seat	N/A	N/A	4,248
Tennessee Emergency Management Agency Flood 2019	N/A	N/A	<u>75,797</u>
Total State Awards			<u>81,263</u>
Total Federal and State Awards			<u>\$ 283,640</u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

Notes to the Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2023

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes federal and state award activity of the government under programs of the federal and state governments for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the government, it is not intended to and does not present the financial position, changes in net position, or cash flows of the government.

Note B - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A87, Cost Principles for State, Local, and Indian Tribal Governments), wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The government has not elected to use the 10 percent *de minimus* indirect cost rate as allowed under the Uniform Guidance.

Note C - Outstanding Loans

The Electric Department Fund had the following loan funding balance and loan balances outstanding at June 30, 2023. The loan funding balances are also included in the federal expenditures presented in the Schedule.

<u>Program Title</u>	<u>CFDA Number</u>	<u>FY2023 Loan Funding</u>	<u>Outstanding Balance</u>
Rural Economic Development Loans and Grants*	10.854	\$ -	\$ 324,074
Rural Economic Development Loans and Grants**	10.854	-	685,151
Rural Economic Development Loans and Grants***	10.854	-	490,741
		<u>\$ -</u>	<u>\$ 1,499,966</u>

* This loan funding was passed through as a loan from a subrecipient and the outstanding balance on this loan receivable at June 30, 2023 was \$314,815.

** This loan funding was passed through as a loan from a subrecipient and the outstanding balance on this loan receivable at June 30, 2023 was \$472,222.

*** This loan funding was passed through as a loan from a subrecipient and the outstanding balance on this loan receivable at June 30, 2023 was \$703,704.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Utility Plant
Water and Sewer Department Fund
June 30, 2023**

	Assets			Accumulated Depreciation			Net
	Balance July 1, 2022	Additions	Retirements and Reclassifications	Balance June 30, 2023	Expense	Retirements and Reclassifications	
Water treatment and disposal tanks	\$ 28,234,458	\$ 129,563	\$ -	\$ 28,364,041	\$ 953,432	\$ -	\$ 13,317,771
Wastewater treatment plant	16,607,898	-	-	16,607,898	473,507	-	11,499,876
Transmission and distribution lines	29,030,829	26,940	-	29,057,769	571,168	-	12,250,970
Collection lines	32,248,482	-	-	32,248,482	636,887	-	13,389,570
Water meters	3,895,601	-	-	3,895,601	389,560	-	1,021,890
Pump and lift stations	5,285,374	2,456,272	-	7,741,646	227,739	-	2,188,490
Transportation equipment	3,023,459	253,606	(67,198)	3,209,867	243,042	(67,198)	1,813,248
Machinery and equipment	3,749,090	176,971	(163,189)	3,762,872	310,478	(163,189)	2,275,336
Other capital assets	5,913,840	406,344	-	6,320,184	400,766	-	4,005,524
Sub-total	127,989,031	3,449,716	(230,387)	131,208,360	4,206,579	(230,387)	61,762,675
Land	437,557	-	-	437,557	-	-	-
Construction work in progress	7,532,033	19,824,442	(3,362,774)	23,993,701	-	-	-
Total	\$ 135,958,621	\$ 23,274,158	\$ (3,593,161)	\$ 155,639,618	\$ 4,206,579	\$ (230,387)	\$ 61,762,675
							\$ 93,876,943

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Utility Plant
Electric Department Fund
June 30, 2023**

	Assets				Accumulated Depreciation			Net	
	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Balance July 1, 2022	Current Year Depreciation	Retirements		Balance June 30, 2023
Electric distribution system	\$ 246,013,928	\$ 11,757,835	\$ (1,728,916)	\$ 256,042,847	\$ 113,681,906	\$ 8,686,038	\$ (2,222,545)	\$ 120,145,399	\$ 135,897,448
Machinery and equipment	2,876,286	25,487	-	2,901,773	1,957,767	220,480	-	2,178,247	723,526
Transportation equipment	7,057,567	813,658	(126,014)	7,745,211	4,486,493	427,698	(118,814)	4,795,377	2,949,834
Office furniture and fixtures	2,267,518	181,915	(19,036)	2,430,397	1,751,959	197,598	(19,036)	1,930,521	499,876
Office building	-	1,506,990	-	1,506,990	-	15,070	-	15,070	1,491,920
Sub-total	258,215,299	14,285,885	(1,873,966)	270,627,218	121,878,125	9,546,884	(2,360,395)	129,064,614	141,562,604
Land and land rights	7,543,575	1,095,975	-	8,639,550	-	-	-	-	8,639,550
Construction work in progress	4,389,690	-	(217,819)	4,171,871	-	-	-	-	4,171,871
Total	\$ 270,148,564	\$ 15,381,860	\$ (2,091,785)	\$ 283,438,639	\$ 121,878,125	\$ 9,546,884	\$ (2,360,395)	\$ 129,064,614	\$ 154,374,025

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Long-Term Debt Principal and Interest Requirements
Governmental Activities
June 30, 2023**

Year Ending June 30,	\$16,215,000		\$2,300,000		\$5,680,000		\$24,500,000		\$25,000,000		
	Local Government Public Improvement Bonds Series VII-L-1 Variable (1)	Local Government Public Improvement Bonds Series VII-M-1 Variable (1)	General Obligation Bonds Series 2015 2.00% - 5.00%	Local Government Public Improvement Bonds Series 2009B Variable (1)	Local Government Public Improvement Bonds Series 2010A Variable (1)	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,945,000	\$ 149,402	\$ 175,000	\$ 100,000	\$ 157,119	\$ 175,000	\$ 175,000	\$ 721,757	\$ -	\$ -	\$ 530,902
2025	2,040,000	76,482	175,000	100,000	152,963	175,000	175,000	721,757	-	-	530,902
2026	-	-	1,180,000	100,000	145,963	1,180,000	145,963	721,757	-	-	530,902
2027	-	-	530,000	100,000	110,563	530,000	110,563	721,757	-	-	530,902
2028	-	-	570,000	100,000	94,663	570,000	94,663	721,757	-	-	530,902
2029	-	-	485,000	250,000	77,563	485,000	77,563	721,757	-	-	530,902
2030	-	-	535,000	250,000	58,163	535,000	58,163	721,757	-	-	530,902
2031	-	-	590,000	250,000	40,776	590,000	40,776	721,757	11,125,000	11,125,000	530,902
2032	-	-	640,000	250,000	21,600	640,000	21,600	721,757	12,175,000	12,175,000	408,935
2033	-	-	-	-	-	-	-	721,757	1,700,000	1,700,000	50,274
2034	-	-	-	-	-	-	-	395,627	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 3,985,000</u>	<u>\$ 225,884</u>	<u>\$ 4,880,000</u>	<u>\$ 1,500,000</u>	<u>\$ 98,667</u>	<u>\$ 4,880,000</u>	<u>\$ 859,373</u>	<u>\$ 7,613,197</u>	<u>\$ 25,000,000</u>	<u>\$ 4,706,425</u>	

(1) Interest rate at June 30, 2023 is 4.43120%.

(Continued)

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Long-Term Debt Principal and Interest Requirements
Governmental Activities (Continued)
June 30, 2023**

Year Ending June 30,	\$26,100,000 Local Government Public Improvement Bonds Series 2010B Variable (2)		\$25,000,000 Local Government Public Improvement Bonds Series VII-N-1 Variable (3)		\$42,760,000 General Obligation Bonds Series 2018 3.00% - 5.00%		\$7,765,000 General Obligation Bonds Series 2020 2.00% - 5.00%		\$27,240,000 General Obligation Bonds Series 2022 4.00% - 5.00%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ -	425,075	2,650,000	195,618	5,105,000	884,250	100,000	289,725	1,325,000	1,297,750	11,400,000	4,668,042
2025	-	425,075	2,850,000	157,641	5,270,000	629,000	100,000	284,725	1,390,000	1,231,500	11,925,000	4,225,393
2026	-	425,075	3,000,000	116,798	5,445,000	418,200	800,000	279,725	1,460,000	1,162,000	11,985,000	3,814,672
2027	-	425,075	3,150,000	73,805	5,575,000	254,850	1,350,000	239,725	1,535,000	1,089,000	12,240,000	3,468,833
2028	3,975,000	425,075	2,000,000	28,662	2,920,000	87,600	1,250,000	172,225	1,610,000	1,012,250	12,425,000	3,085,193
2029	10,525,000	360,337	-	-	-	-	1,065,000	109,725	1,690,000	931,750	14,015,000	2,742,997
2030	11,050,000	188,922	-	-	-	-	1,000,000	67,125	1,775,000	847,250	14,610,000	2,422,341
2031	550,000	8,958	-	-	-	-	900,000	37,125	1,865,000	758,500	15,280,000	2,103,499
2032	-	-	-	-	-	-	900,000	19,125	1,955,000	665,250	15,920,000	1,839,409
2033	-	-	-	-	-	-	-	-	2,055,000	567,500	14,830,000	1,339,531
2034	-	-	-	-	-	-	-	-	2,155,000	464,750	15,580,000	860,377
2035	-	-	-	-	-	-	-	-	2,265,000	357,000	2,265,000	357,000
2036	-	-	-	-	-	-	-	-	2,380,000	243,750	2,380,000	243,750
2037	-	-	-	-	-	-	-	-	2,495,000	124,750	2,495,000	124,750
	<u>\$ 26,100,000</u>	<u>\$ 2,683,592</u>	<u>\$ 13,650,000</u>	<u>\$ 572,524</u>	<u>\$ 24,315,000</u>	<u>\$ 2,273,900</u>	<u>\$ 7,465,000</u>	<u>\$ 1,499,225</u>	<u>\$ 25,955,000</u>	<u>\$ 10,753,000</u>	<u>\$ 157,350,000</u>	<u>\$ 31,285,787</u>

(2) Interest is payable semi-annually at variable rates. The interest rate used for this calculation was 4.46661%, the actual interest rate at June 30, 2023.

(3) Interest is payable quarterly at variable rates. The interest rate used for this calculation was 4.40841%, the actual interest rate at June 30, 2023.

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

Schedule of Long-Term Debt Principal and Interest Requirements
Business-Type Activities
June 30, 2023

WATER AND SEWER DEPARTMENT FUND

Year Ending June 30,	\$8,000,000 Local Government Public Improvement Bonds Series VII-A-2 Variable (1)		\$4,880,000 General Obligation Refunding Bonds Series 2021 2.00%		\$8,525,000 Local Government Public Improvement Bonds Series VII-M-1 Variable (2)		\$11,225,000 General Obligation Bonds Series 2015 2.00% - 5.00%		\$68,640,000 General Obligation Bonds Series 2022 4.00% - 5.00%		Total Water and Sewer Department Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ -	\$ 343,716	\$ 850,000	\$ 66,000	\$ 300,000	\$ 74,274	\$ 600,000	\$ 242,169	\$ 1,130,000	\$ 2,939,700	\$ 2,880,000	\$ 3,665,859
2025	-	343,716	650,000	49,000	500,000	70,985	625,000	227,919	1,185,000	2,883,200	2,960,000	3,574,820
2026	-	343,716	600,000	36,000	500,000	65,504	640,000	202,919	1,245,000	2,823,950	2,985,000	3,472,089
2027	-	343,716	600,000	24,000	500,000	60,022	650,000	183,719	1,310,000	2,761,700	3,060,000	3,373,157
2028	-	343,716	600,000	12,000	500,000	54,541	665,000	164,219	1,375,000	2,696,200	3,140,000	3,270,676
2029	500,000	343,716	-	-	500,000	49,059	690,000	144,269	1,445,000	2,627,450	3,135,000	3,164,494
2030	1,100,000	322,234	-	-	500,000	43,578	715,000	116,669	1,510,000	2,555,200	3,825,000	3,037,681
2031	1,150,000	274,973	-	-	500,000	38,096	735,000	93,433	1,590,000	2,479,700	3,975,000	2,886,202
2032	1,200,000	225,564	-	-	725,000	32,615	505,000	69,545	1,670,000	2,400,200	4,100,000	2,727,924
2033	1,250,000	174,006	-	-	750,000	24,667	500,000	52,500	1,755,000	2,316,700	4,255,000	2,567,873
2034	1,350,000	120,301	-	-	750,000	16,445	500,000	35,000	1,840,000	2,228,950	4,440,000	2,400,696
2035	1,450,000	62,298	-	-	750,000	8,223	500,000	17,500	1,935,000	2,136,950	4,635,000	2,224,971
2036	-	-	-	-	-	-	-	-	2,030,000	2,040,200	2,030,000	2,040,200
2037	-	-	-	-	-	-	-	-	2,130,000	1,938,700	2,130,000	1,938,700
2038	-	-	-	-	-	-	-	-	2,240,000	1,832,200	2,240,000	1,832,200
2039	-	-	-	-	-	-	-	-	2,350,000	1,720,200	2,350,000	1,720,200
2040	-	-	-	-	-	-	-	-	2,445,000	1,626,200	2,445,000	1,626,200
2041	-	-	-	-	-	-	-	-	2,545,000	1,528,400	2,545,000	1,528,400
2042	-	-	-	-	-	-	-	-	2,645,000	1,426,600	2,645,000	1,426,600
2043	-	-	-	-	-	-	-	-	2,750,000	1,320,800	2,750,000	1,320,800
2044	-	-	-	-	-	-	-	-	2,860,000	1,210,800	2,860,000	1,210,800
2045	-	-	-	-	-	-	-	-	2,975,000	1,096,400	2,975,000	1,096,400
2046	-	-	-	-	-	-	-	-	3,095,000	977,400	3,095,000	977,400
2047	-	-	-	-	-	-	-	-	3,215,000	853,600	3,215,000	853,600
2048	-	-	-	-	-	-	-	-	3,345,000	725,000	3,345,000	725,000
2049	-	-	-	-	-	-	-	-	3,480,000	591,200	3,480,000	591,200
2050	-	-	-	-	-	-	-	-	3,620,000	452,000	3,620,000	452,000
2051	-	-	-	-	-	-	-	-	3,765,000	307,200	3,765,000	307,200
2052	-	-	-	-	-	-	-	-	3,915,000	156,600	3,915,000	156,600
	\$ 8,000,000	\$ 3,241,672	\$ 3,300,000	\$ 187,000	\$ 6,775,000	\$ 538,009	\$ 7,325,000	\$ 1,549,861	\$ 67,395,000	\$ 50,653,400	\$ 92,795,000	\$ 56,169,942

(1) Interest rate at June 30, 2023 is 4.46661%.

(2) Interest rate at June 30, 2023 is 4.43120%.

(Continued)

CITY OF SEVIERVILLE, TENNESSEE

Schedule of Long-Term Debt Principal and Interest Requirements
Business-Type Activities (Continued)
June 30, 2023

ELECTRIC DEPARTMENT FUND

Year Ending June 30,	USDA Rural Development Loan #REDL-1-1 (Swaggerty's)		USDA Rural Development Loan #REDL-1536 (Ka-Tom)		USDA Rural Development Loan #REDL-1-2 (Swaggerty's #2)		Total Electric Department Fund		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 111,111	\$ -	\$ 222,222	\$ -	\$ 111,111	\$ -	\$ 444,444	\$ -	\$ 3,324,444	\$ 3,665,859
2025	111,111	-	222,222	-	111,111	-	444,444	-	3,404,444	3,574,820
2026	101,852	-	222,222	-	111,111	-	435,185	-	3,420,185	3,472,089
2027	-	-	18,485	-	111,111	-	129,596	-	3,189,596	3,373,157
2028	-	-	-	-	46,297	-	46,297	-	3,186,297	3,270,676
2029	-	-	-	-	-	-	-	-	3,135,000	3,164,494
2030	-	-	-	-	-	-	-	-	3,825,000	3,037,681
2031	-	-	-	-	-	-	-	-	3,975,000	2,886,202
2032	-	-	-	-	-	-	-	-	4,100,000	2,727,924
2033	-	-	-	-	-	-	-	-	4,255,000	2,567,873
2034	-	-	-	-	-	-	-	-	4,440,000	2,400,696
2035	-	-	-	-	-	-	-	-	4,635,000	2,224,971
2036	-	-	-	-	-	-	-	-	2,030,000	2,040,200
2037	-	-	-	-	-	-	-	-	2,130,000	1,938,700
2038	-	-	-	-	-	-	-	-	2,240,000	1,832,200
2039	-	-	-	-	-	-	-	-	2,350,000	1,720,200
2040	-	-	-	-	-	-	-	-	2,445,000	1,626,200
2041	-	-	-	-	-	-	-	-	2,545,000	1,528,400
2042	-	-	-	-	-	-	-	-	2,645,000	1,426,600
2043	-	-	-	-	-	-	-	-	2,750,000	1,320,800
2044	-	-	-	-	-	-	-	-	2,860,000	1,210,800
2045	-	-	-	-	-	-	-	-	2,975,000	1,096,400
2046	-	-	-	-	-	-	-	-	3,095,000	977,400
2047	-	-	-	-	-	-	-	-	3,215,000	853,600
2048	-	-	-	-	-	-	-	-	3,345,000	725,000
2049	-	-	-	-	-	-	-	-	3,480,000	591,200
2050	-	-	-	-	-	-	-	-	3,620,000	452,000
2051	-	-	-	-	-	-	-	-	3,765,000	307,200
2052	-	-	-	-	-	-	-	-	3,915,000	156,600
	\$ 324,074	\$ -	\$ 685,151	\$ -	\$ 490,741	\$ -	\$ 1,499,966	\$ -	\$ 94,294,966	\$ 56,169,942

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Changes in Long-Term Debt by Individual Issue
Governmental Activities
June 30, 2023**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2023
Bonds Payable:									
Local Government Public Improvement Bonds - Series VII-L-1	\$ 16,215,000	Varies	06/01/2012	06/01/2025	\$ 5,835,000	\$ -	\$ 1,850,000	\$ -	\$ 3,985,000
Local Government Public Improvement Bonds - Series VII-M-1	\$ 2,300,000	Varies	05/29/2014	06/01/2032	1,600,000	-	100,000	-	1,500,000
General Obligation Bonds, Series 2015	\$ 5,680,000	Varies	05/29/2015	06/01/2032	5,030,000	-	150,000	-	4,880,000
Local Government Public Improvement Bonds - Series 2009B	\$ 24,500,000	Varies	12/30/2009	06/01/2034	24,500,000	-	-	-	24,500,000
Local Government Public Improvement Bonds - Series 2010A	\$ 25,000,000	Varies	01/14/2010	06/01/2033	25,000,000	-	-	-	25,000,000
Local Government Public Improvement Bonds - Series 2010B	\$ 26,100,000	Varies	09/15/2010	06/01/2031	26,100,000	-	-	-	26,100,000
Local Government Public Improvement Bonds - Series VII-N-1	\$ 25,000,000	Varies	05/01/2014	06/01/2028	16,200,000	-	2,550,000	-	13,650,000
General Obligation Refunding Bonds, Series 2018	\$ 42,760,000	Varies	05/31/2018	06/01/2028	29,175,000	-	4,860,000	-	24,315,000
General Obligation Refunding Bonds, Series 2020	\$ 7,765,000	Varies	05/29/2020	05/01/2032	7,565,000	-	100,000	-	7,465,000
General Obligation Refunding Bonds, Series 2022	\$ 27,240,000	Varies	07/22/2022	06/01/2037	-	27,240,000	1,285,000	-	25,955,000
Total Bonds Payable - Governmental Activities					<u>\$ 141,005,000</u>	<u>\$ 27,240,000</u>	<u>\$ 10,895,000</u>	<u>\$ -</u>	<u>\$ 157,350,000</u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Changes in Long-Term Debt by Individual Issue
Business-Type Activities
June 30, 2023**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2023
Bonds Payable:									
Local Government Public Improvement Bonds, Series VII-A-2	\$ 8,000,000	Varies	06/01/2009	06/01/2035	\$ 8,000,000	\$ -	\$ -	\$ -	\$ 8,000,000
Local Government Public Improvement Revenue Bonds - Series V-D-1	\$ 21,700,000	Varies	10/01/2010	06/01/2024	3,245,000	-	3,245,000	-	-
Local Government Public Improvement Bonds, Series VII-M-1	\$ 8,525,000	Varies	05/29/2014	06/01/2035	7,025,000	-	250,000	-	6,775,000
General Obligation Bonds, Series 2015	\$ 11,225,000	Varies	05/29/2015	06/01/2035	7,925,000	-	600,000	-	7,325,000
General Obligation Bonds, Series 2021	\$ 4,880,000	2.00%	12/03/2021	06/01/2028	4,180,000	-	880,000	-	3,300,000
General Obligation Bonds, Series 2022	\$ 68,640,000	Varies	07/22/2022	06/01/2052	-	68,640,000	1,245,000	-	67,395,000
Total Bonds Payable - Business-Type Activities					\$ 30,375,000	\$ 68,640,000	\$ 6,220,000	\$ -	\$ 92,795,000
Notes Payable:									
United States Department of Agriculture	\$ 1,000,000	0.00%	06/01/2016	05/31/2026	\$ 435,185	\$ -	\$ 111,111	\$ -	\$ 324,074
United States Department of Agriculture	\$ 2,000,000	0.00%	08/08/2016	08/15/2026	907,379	-	222,228	-	685,151
United States Department of Agriculture	\$ 1,000,000	0.00%	11/16/2017	11/16/2027	601,852	-	111,111	-	490,741
Total Notes Payable - Business-Type Activities					\$ 1,944,416	\$ -	\$ 444,450	\$ -	\$ 1,499,966

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Lease Principal and Interest Requirements
Governmental Activities
June 30, 2023**

Year Ending June 30,	Radio Tower Lease		Mowing Equipment Lease		Golf Cart Lease		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 16,760	\$ 3,807	\$ 16,221	\$ 168	\$ 167,840	\$ 32,413	\$ 200,821	\$ 36,388
2025	18,311	2,976	-	-	177,343	22,910	195,654	25,886
2026	19,965	2,067	-	-	187,383	12,869	207,348	14,936
2027	21,726	1,078	-	-	130,780	2,722	152,506	3,800
	<u>\$ 76,762</u>	<u>\$ 9,928</u>	<u>\$ 16,221</u>	<u>\$ 168</u>	<u>\$ 663,346</u>	<u>\$ 70,914</u>	<u>\$ 756,329</u>	<u>\$ 81,010</u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Changes in Lease Obligations
Governmental Activities
June 30, 2023**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2022	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2023
Leases Payable:								
Radio Tower Lease	\$ 106,009	4.96%	06/15/2009	05/26/2027	\$ 92,067	\$ -	\$ 15,305	\$ 76,762
Mowing Equipment Lease	\$ 108,125	4.96%	04/01/2019	10/01/2023	63,310	-	47,089	16,221
Golf Carts Lease	\$ 149,501	4.96%	03/28/2019	02/28/2023	61,284	-	61,284	-
Golf Carts Lease	\$ 720,569	5.52%	03/28/2023	02/28/2027	-	720,569	57,223	663,346
Total Leases Payable - Governmental Activities					\$ 216,661	\$ 720,569	\$ 180,901	\$ 756,329
Payable from the General Fund								

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Utility Rates, Tap Fees and Number of Customers
For the Fiscal Year Ended June 30, 2023**

Water Rates

	<u>Inside</u>	<u>Outside</u>	
Connection charge	\$9.08	\$17.86	minimum
Usage charge	4.25	8.38	per thousand gallons
Additional connection charge**	30.74	60.42	per inch or portion of an inch

Sewer Rates

Gravity system:

Connection charge	\$11.01	\$21.08	minimum
Usage charge	5.77	11.11	per thousand gallons
Additional connection charge**	32.98	63.14	per inch or portion of an inch

Low pressure system:

Connection charge	\$14.03	\$26.78	minimum
Usage charge	7.38	14.12	per thousand gallons
Additional connection charge**	35.02	66.85	per inch or portion of an inch

Tap Fees

	<u>Inside City Limits*</u>		
	<u>Water</u>	<u>Sewer</u>	
5/8" tap – short side	\$ 750	\$1,200	
5/8" tap – long side	1,500	2,400	
1" tap and larger – short side	1,500	2,000	per inch
1" tap and larger – long side	3,000	4,000	per inch

Number of Customers

Water	12,879
Sewer	11,590

*Tap fees for locations outside the city limits are two times tap fees for locations inside the city limits. For additional add-on commercial and developer fees, please contact Sevierville Water Systems.

**In addition to the above rates, the connection charges shall be increased for all meters 1" or larger.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Utility Rates, Tap Fees and Number of Customers (Continued)
For the Fiscal Year Ended June 30, 2023**

Electric Power Rates

RESIDENTIAL RATE – SCHEDULE RS

Base Charges

Customer charge	\$20.00
Energy Charge per kWh	6.935¢
TVA Fuel Cost Adjustment	2.565¢

RESIDENTIAL RATE - SCHEDULE SRS

Base Charges

Customer charge	\$21.60
Energy Charge per kWh	7.211¢
TVA Fuel Cost Adjustment	2.565¢

COMMERCIAL RATE – SCHEDULE GSA

Base Charges

1. Demand 0 to 50 kW for customer with or without contract demand:	
Customer Charge	\$22.00
Energy Charge 0 to 15,000 kWh per kWh	8.714¢
TVA Fuel Cost Adjustment	2.537¢
2. Demand 50 kW to 1,000 kW or demand less than 50 kW but kWh more than 15,000 kWh:	
Customer Charge	\$50.00
<u>Demand Charge in dollars per kW of demand:</u>	
First 50 kW of billing demand per month	No charge
Over 50 kW of billing demand per month	\$13.58
<u>Energy Charge per kWh:</u>	
First 15,000 kWh per month	8.821¢
TVA Fuel Cost Adjustment	2.537¢
Additional kWh per month	4.424¢
TVA Fuel Cost Adjustment	2.504¢

(Continued)

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Utility Rates, Tap Fees and Number of Customers (Continued)
For the Fiscal Year Ended June 30, 2023**

Electric Power Rates (Continued)

COMMERCIAL RATE – SCHEDULE GSA (Continued)

Base Charges (Continued)

3. Demand greater than 1,000 kW:

Customer Charge	\$200.00
-----------------	----------

Demand Charge in dollars per kW of demand:

First 1,000 kW of billing demand per month	\$14.03
--	---------

Next 1,500 kW of billing demand per month	\$15.16
---	---------

Over 2,500 kW of billing demand per month	\$15.56
---	---------

Plus an additional \$14.41 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds the higher of 2,500 kW or its contract demand.

Energy Charge per kWh	4.424¢
-----------------------	--------

TVA Fuel Cost Adjustment	2.504¢
--------------------------	--------

Number of Customers

Power	61,868
-------	--------

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Changes in Property Taxes Receivable
For the Fiscal Year Ended June 30, 2023**

Tax Year	Balance June 30, 2022	Additions	Collections/ Reductions	Adjustments/ Abatements	Balance June 30, 2023	Delinquent Taxes Filed in Chancery Court
2022	\$ -	\$ 4,391,812	\$ 4,333,925	\$ 22,284	\$ 80,171	\$ -
2021	60,556	-	65,098	7,250	2,708	2,708
2020	3,907	-	8,380	6,475	2,002	2,002
2019	2,693	-	3,255	2,939	2,377	2,377
2018	1,223	-	(1,015)	(1,015)	1,223	1,223
2017	2,494	-	(1,015)	(1,015)	2,494	2,494
2016	2,039	-	-	-	2,039	2,039
2015	690	-	214	-	476	476
2014	872	-	-	-	872	872
2013	631	-	-	-	631	631
2012	834	-	834	-	-	-
Total	\$ 75,939	\$ 4,391,812	\$ 4,409,676	\$ 36,918	94,993	\$ 14,822
					January 1, 2023 property assessment not to be billed until October 1, 2023	
					4,575,096	
					<u>\$ 4,670,089</u>	

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Balance Sheet
Solid Waste Department Activity
June 30, 2023**

<u>ASSETS</u>	
Cash and cash equivalents	\$ 152,669
Receivables:	
Customers (net of allowance for doubtful accounts of \$55,827)	<u>129,102</u>
Total assets	<u>\$ 281,771</u>
<u>LIABILITIES AND FUND EQUITIES (DEFICIT)</u>	
Liabilities:	
Accounts payable	\$ 404,725
Accrued liabilities	14,518
Customer deposits	<u>1,670</u>
Total liabilities	<u>420,913</u>
Fund equity (deficit):	
Unassigned (deficit)	<u>(139,142)</u>
Total fund equity (deficit)	<u>(139,142)</u>
Total liabilities and fund equities (deficit)	<u>\$ 281,771</u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Solid Waste Department Activity
For the Fiscal Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:			
Licenses and permits	\$ 2,000	\$ 2,000	\$ 2,500
Charges for services	2,575,000	2,575,000	2,582,219
Other revenues	<u>7,000</u>	<u>7,000</u>	<u>9,155</u>
Total revenues	<u>2,584,000</u>	<u>2,584,000</u>	<u>2,593,874</u>
Expenditures:			
Personal services	940,249	940,249	898,851
Contractual services	869,500	869,500	855,944
Supplies	352,000	352,000	437,069
Bad debt expense	-	-	5,259
Capital outlay	<u>675,000</u>	<u>991,500</u>	<u>937,583</u>
Total expenditures	<u>2,836,749</u>	<u>3,153,249</u>	<u>3,134,706</u>
Revenues over (under) expenditures	<u>(252,749)</u>	<u>(569,249)</u>	<u>(540,832)</u>
Other financing sources (uses):			
Transfer in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balance	(152,749)	(469,249)	(440,832)
Fund balance, beginning	<u>301,690</u>	<u>301,690</u>	<u>301,690</u>
Fund balance, ending	<u>\$ 148,941</u>	<u>\$ (167,559)</u>	<u>\$ (139,142)</u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE**Balance Sheet
Sevierville Golf Club Department Activity
June 30, 2023**

<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,367,954
Receivables:	
Customers (net of allowance for doubtful accounts of \$23,606)	50,847
Other	273,944
Due from general fund	247,602
Materials and supplies inventory	<u>211,079</u>
Total assets	<u>\$ 2,151,426</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITIES</u>	
Liabilities:	
Accounts payable	\$ 65,680
Accrued liabilities	54,617
Due to other governments	5
Customer deposits	<u>45,412</u>
Total liabilities	<u>165,714</u>
Deferred inflows of resources:	
Deferred revenue	<u>253,288</u>
Total deferred inflows of resources	<u>253,288</u>
Fund equity:	
Nonspendable:	
Inventories	211,079
Assigned	<u>1,521,345</u>
Total fund equity	<u>1,732,424</u>
Total liabilities, deferred inflows of resources, and fund equities	<u>\$ 2,151,426</u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Sevierville Golf Club Department Activity
For the Fiscal Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:			
Intergovernmental revenue	\$ -	\$ -	\$ 20,656
Charges for services	2,743,850	2,843,850	3,409,457
Other revenues	<u>2,000</u>	<u>2,000</u>	<u>23,629</u>
Total revenues	<u>2,745,850</u>	<u>2,845,850</u>	<u>3,453,742</u>
Expenditures:			
Personal services	1,531,765	1,631,765	1,903,009
Contractual services	450,271	450,271	427,569
Supplies	855,961	855,961	943,320
Fixed charges	92,887	92,887	153,181
Capital outlay	<u>844,966</u>	<u>844,966</u>	<u>335,281</u>
Total expenditures	<u>3,775,850</u>	<u>3,875,850</u>	<u>3,762,360</u>
Revenues over (under) expenditures	<u>(1,030,000)</u>	<u>(1,030,000)</u>	<u>(308,618)</u>
Other financing sources (uses):			
Transfers in	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Total other financing sources (uses)	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balance	(630,000)	(630,000)	(308,618)
Fund balance, beginning	<u>2,041,042</u>	<u>2,041,042</u>	<u>2,041,042</u>
Fund balance, ending	<u>\$ 1,411,042</u>	<u>\$ 1,411,042</u>	<u>\$ 1,732,424</u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Balance Sheet
Sevierville Convention Center Department Activity
June 30, 2023**

<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,244,165
Receivables:	
Customers	<u>152,113</u>
Total assets	<u>\$ 1,396,278</u>
<u>LIABILITIES AND FUND EQUITIES</u>	
Liabilities:	
Accounts payable	\$ 17,346
Accrued liabilities	20,101
Customer deposits	<u>304,164</u>
Total liabilities	<u>341,611</u>
Fund equity:	
Assigned	<u>1,054,667</u>
Total fund equity	<u>1,054,667</u>
Total liabilities and fund equities	<u>\$ 1,396,278</u>

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Sevierville Convention Center Department Activity
For the Fiscal Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:			
Charges for services	\$ 983,000	\$ 983,000	\$ 1,753,633
Other income	<u>-</u>	<u>-</u>	<u>7,211</u>
Total revenues	<u>983,000</u>	<u>983,000</u>	<u>1,760,844</u>
Expenditures:			
Personal services	1,032,407	1,032,407	1,086,607
Contractual services	742,365	742,365	657,292
Supplies	42,025	42,025	41,521
Fixed charges	103,710	103,710	128,593
Capital outlay	<u>155,750</u>	<u>155,750</u>	<u>46,931</u>
Total expenditures	<u>2,076,257</u>	<u>2,076,257</u>	<u>1,960,944</u>
Revenues over (under) expenditures	<u>(1,093,257)</u>	<u>(1,093,257)</u>	<u>(200,100)</u>
Other financing sources (uses):			
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Net change in fund balance	(593,257)	(593,257)	299,900
Fund balance, beginning	<u>754,767</u>	<u>754,767</u>	<u>754,767</u>
Fund balance, ending	<u>\$ 161,510</u>	<u>\$ 161,510</u>	<u>\$ 1,054,667</u>

See independent auditor's report.

Statistical Section

This part of the government’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends	118 - 123
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	124 - 127
<i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	
Debt Capacity	128 - 130
<i>These schedules present information to help the reader assess the affordability of the government’s current level of outstanding debt and the government’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information	131 - 132
<i>These schedules present information to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating Information	133 - 135
<i>These schedules contain service infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	

CITY OF SEVIERVILLE, TENNESSEE

**Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities:										
Net investment in capital assets	\$ 68,840,852	\$ 51,222,585	\$ 34,314,692	\$ 22,324,288	\$ 9,467,692	\$ 455,082	\$ (1,116,202)	\$ (5,225,997)	\$ (5,676,907)	\$ (9,830,370)
Restricted	1,031,212	10,749,976	9,649,828	21,400,396	20,488,076	15,639,518	19,266,798	16,960,413	8,980,119	6,997,266
Unrestricted	87,198,903	68,703,858	52,127,810	24,228,152	30,849,846	34,484,579	22,260,842	14,585,999	13,314,489	16,311,988
Total governmental activities net position	157,070,967	130,676,419	96,092,330	67,952,836	60,805,614	50,579,179	40,411,438	26,320,415	16,617,701	13,478,884
Business-type activities:										
Net investment in capital assets	207,904,587	195,700,282	186,713,852	181,641,448	174,530,139	170,399,167	167,835,494	160,259,669	156,543,979	152,410,713
Restricted	-	3,407,536	2,783,734	2,748,133	2,680,358	2,532,661	2,373,736	2,338,942	2,303,330	2,273,933
Unrestricted	23,193,932	26,642,645	23,679,585	18,451,699	20,876,286	18,259,070	16,920,926	24,139,671	19,789,435	28,853,693
Total business-type activities net position	231,098,519	225,750,463	213,177,171	202,841,280	198,086,783	191,190,898	187,130,156	186,738,282	178,636,744	183,538,339
Primary government:										
Net investment in capital assets	276,745,439	246,922,867	221,028,544	203,965,736	183,997,831	170,854,249	166,719,292	155,033,672	150,867,072	142,580,343
Restricted	1,031,212	14,157,512	12,433,562	24,148,529	23,168,434	18,172,179	21,640,534	19,299,355	11,283,449	9,271,199
Unrestricted	110,392,835	95,346,503	75,807,395	42,679,851	51,726,132	52,743,649	39,181,768	38,725,670	33,103,924	45,165,681
Total primary government net position	\$ 388,169,486	\$ 356,426,882	\$ 309,269,501	\$ 270,794,116	\$ 258,892,397	\$ 241,770,077	\$ 227,541,594	\$ 213,058,697	\$ 195,254,445	\$ 197,017,223

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Change in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Governmental activities:										
General government	\$ 14,980,120	\$ 13,796,543	\$ 11,758,124	\$ 11,501,076	\$ 11,488,551	\$ 11,744,534	\$ 11,751,335	\$ 11,510,655	\$ 10,934,739	\$ 10,191,778
Public safety	17,792,596	13,935,170	11,702,425	11,668,656	10,810,544	10,336,045	10,168,246	10,397,838	9,907,103	9,313,909
Public works	6,397,694	7,704,724	6,911,413	6,506,862	5,861,516	6,879,966	5,603,553	5,371,047	5,042,884	6,130,079
Recreation	10,080,854	6,832,898	5,722,965	6,183,914	5,599,707	5,915,689	5,630,317	5,746,065	5,258,250	5,657,997
Contingency reserve	-	-	-	-	-	5,915,689	-	72,441	53,607	118,788
Community development	216,120	216,120	216,119	216,119	216,120	216,119	216,120	216,120	216,119	216,119
Interest	5,894,075	4,542,066	5,255,922	6,570,438	6,493,036	5,453,091	5,018,506	4,806,813	5,223,776	7,962,492
Debt administration	5,312,396	333,802	279,755	502,423	409,631	747,087	420,611	-	-	-
Capital outlays	-	-	-	-	-	-	-	422,092	-	-
Total governmental activities	60,673,855	47,361,323	41,846,723	43,149,478	40,879,105	41,292,531	38,808,688	38,543,071	36,636,478	39,591,162
Business-type activities:										
Water and sewer	21,495,765	14,737,719	14,286,480	13,273,408	12,090,836	12,057,367	12,575,886	11,074,858	11,419,850	11,712,680
Electric	180,942,530	163,998,282	152,163,668	148,330,953	151,615,158	149,074,486	150,284,674	142,274,380	146,330,416	147,185,482
Total business-type activities	202,438,295	178,736,001	166,450,148	161,604,361	163,705,994	161,131,853	162,860,560	153,349,238	157,750,266	158,898,162
Total expenses	\$ 263,112,150	\$ 226,097,324	\$ 208,296,871	\$ 204,753,839	\$ 204,585,099	\$ 202,424,384	\$ 201,669,248	\$ 191,892,309	\$ 194,386,744	\$ 198,489,324
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 2,473,160	\$ 1,857,488	\$ 1,157,300	\$ 1,592,081	\$ 1,733,886	\$ 1,511,900	\$ 1,335,634	\$ 1,339,874	\$ 1,566,920	\$ 1,237,262
Public safety	773,092	574,814	351,309	384,831	315,381	368,127	346,797	465,316	592,493	492,703
Public works	3,402,878	3,055,266	2,725,427	2,564,289	2,543,027	2,165,649	2,068,062	1,982,170	1,147,143	1,107,267
Recreation	4,135,572	3,897,606	3,433,366	2,215,741	2,438,065	2,356,626	2,367,659	2,417,191	2,127,560	2,245,293
Operating grants and contributions	347,105	5,392,235	787,931	379,882	219,467	222,860	302,352	324,068	205,101	1,017,890
Capital grants and contributions	530,622	799,231	1,849,696	2,381,034	627,041	582,516	839,508	1,271	-	510,000
Total governmental activities	11,662,429	15,576,640	10,305,029	9,517,858	7,876,867	7,207,698	7,260,012	6,529,890	5,639,217	6,610,415
Business-type activities:										
Charges for services:										
Water and sewer	21,409,436	20,169,915	18,671,897	18,066,704	16,942,924	16,039,404	14,736,402	13,373,122	11,906,452	11,788,123
Electric	184,897,511	173,116,861	158,832,230	149,505,095	155,114,325	153,823,426	149,825,329	149,153,180	153,254,586	151,948,521
Capital grants and contributions	54,034	-	-	52,445	-	-	58,389	218,700	28,405	-
Total business-type activities	206,360,981	193,286,776	177,504,127	167,624,244	172,057,249	169,862,830	164,620,120	162,745,002	165,189,443	163,736,644
Total program revenues	\$ 218,023,410	\$ 208,863,416	\$ 187,809,156	\$ 177,142,102	\$ 179,934,116	\$ 177,070,528	\$ 171,880,132	\$ 169,274,892	\$ 170,828,660	\$ 170,347,059
Net revenue (expense):										
Governmental activities	\$ (49,011,426)	\$ (31,784,683)	\$ (31,541,694)	\$ (33,631,620)	\$ (33,002,238)	\$ (34,084,833)	\$ (31,548,676)	\$ (32,013,181)	\$ (30,997,261)	\$ (32,980,747)
Business-type activities	3,922,686	14,550,775	11,053,979	6,019,883	8,351,255	8,730,977	1,759,560	9,395,764	7,439,177	4,838,482
Total net revenue (expense)	\$ (45,088,740)	\$ (17,233,908)	\$ (20,487,715)	\$ (27,611,737)	\$ (24,650,983)	\$ (25,353,856)	\$ (29,789,116)	\$ (22,617,417)	\$ (23,558,084)	\$ (28,142,265)

(Continued)

CITY OF SEVIERVILLE, TENNESSEE

**Change in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities:										
General revenues:										
Sales taxes	\$ 42,107,935	\$ 38,453,664	\$ 34,418,027	\$ 26,490,712	\$ 27,422,992	\$ 26,995,358	\$ 26,693,223	\$ 25,457,909	\$ 24,062,184	\$ 23,341,677
Privilege taxes	11,760,917	10,858,952	9,158,581	6,555,558	7,027,715	5,882,567	5,665,617	5,367,790	4,917,054	4,400,304
Property taxes	4,463,071	4,354,568	4,241,433	4,154,989	3,951,704	3,977,089	3,895,594	2,381,098	2,385,143	2,295,448
Wholesale beer tax	1,934,843	1,855,488	1,855,997	1,579,639	1,604,212	1,564,628	1,575,914	1,376,907	1,274,946	1,237,159
Business taxes	2,299,830	1,969,128	1,674,382	1,416,696	1,344,741	1,304,115	1,368,603	1,253,641	1,134,235	1,073,237
Other taxes	1,395,013	1,129,542	999,120	986,085	1,024,625	927,982	813,845	964,007	1,115,583	1,224,229
Interest earned	2,509,881	106,055	360,510	716,131	730,767	181,081	47,304	51,626	13,262	14,418
Miscellaneous	900,882	401,874	331,174	267,248	311,270	140,112	304,217	150,773	150,550	169,570
Gain (loss) on investment derivatives	5,595,801	4,948,248	4,291,852	(3,530,332)	(2,278,442)	1,655,570	3,722,859	(3,484,911)	(1,210,110)	(484,271)
Gain (loss) on disposal of capital assets			234,206	22,158	23,300	5,756		239,156	(347,619)	66,415
Transfers	2,437,801	2,291,253	2,115,906	2,119,958	2,065,789	1,618,316	1,552,523	1,500,237	1,359,393	1,357,179
Other items:										
Grant to primary government from component unit	-	-	-	-	-	-	-	-	-	105,662,209
Total general revenues, contributions, transfers and other items	75,405,974	66,368,772	59,681,188	40,778,842	43,228,673	44,252,574	45,639,699	35,258,233	34,854,621	140,357,574
Business-type activities:										
General revenues:										
Interest earned	3,496,890	175,187	384,408	639,842	392,271	165,174	178,554	176,252	132,104	107,937
Gain (loss) on investment derivatives	23,008	-	-	(565)	2,505	-	-	-	3,117	151,413
Miscellaneous	343,273	138,583	1,013,410	215,295	215,643	26,439	6,283	29,759	37,414	78,845
Transfers	(2,437,801)	(2,291,253)	(2,115,906)	(2,119,958)	(2,065,789)	(1,618,316)	(1,552,523)	(1,500,237)	(1,359,393)	(1,357,179)
Total general revenues, contributions and transfers	1,425,370	(1,977,483)	(718,088)	(1,265,386)	(1,455,370)	(1,426,703)	(1,367,686)	(1,294,226)	(1,186,758)	(1,018,984)
Total primary government	\$ 76,831,344	\$ 64,391,289	\$ 58,963,100	\$ 39,513,456	\$ 41,773,303	\$ 42,825,871	\$ 44,272,013	\$ 33,964,007	\$ 33,667,863	\$ 139,338,590
Change in net position:										
Governmental activities	\$ 26,394,548	\$ 34,584,089	\$ 28,139,494	\$ 7,147,222	\$ 10,226,435	\$ 10,167,741	\$ 14,091,023	\$ 3,245,052	\$ 3,857,360	\$ 107,376,827
Business-type activities	5,348,056	12,573,292	10,335,891	4,754,497	6,895,885	7,304,274	391,874	8,101,538	6,252,419	3,819,498
Total change in net position	\$ 31,742,604	\$ 47,157,381	\$ 38,475,385	\$ 11,901,719	\$ 17,122,320	\$ 17,472,015	\$ 14,482,897	\$ 11,346,590	\$ 10,109,779	\$ 111,196,325

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General fund:										
Nonspendable	\$ 892,675	\$ 756,429	\$ 594,237	\$ 128,338	\$ 92,019	\$ 104,829	\$ 176,548	\$ 94,407	\$ 111,895	\$ 92,894
Assigned	13,689,581	10,440,351	6,093,887	4,084,101	1,829,145	1,713,505	1,106,223	825,205	509,909	206,802
Unassigned	25,631,682	22,971,611	23,548,954	15,832,237	19,980,639	19,950,991	17,372,864	15,251,121	13,488,037	12,274,002
Total general fund	\$ 40,213,938	\$ 34,168,391	\$ 30,237,078	\$ 20,044,676	\$ 21,901,803	\$ 21,769,325	\$ 18,655,635	\$ 16,170,733	\$ 14,109,841	\$ 12,573,698
All other governmental funds:										
Nonspendable	\$ -	\$ -	\$ 658,449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	31,608,099	4,025,042	5,754,540	16,895,328	16,508,945	12,836,757	10,928,181	9,576,249	8,980,119	6,997,266
Committed	-	-	-	-	-	-	-	-	5,966,663	6,466,663
Assigned	25,859,841	23,878,416	17,510,104	7,622,493	9,466,366	10,142,257	10,822,191	10,787,152	2,175,801	1,718,009
Total all other governmental funds	\$ 57,467,940	\$ 27,903,458	\$ 23,923,093	\$ 24,517,821	\$ 25,975,311	\$ 22,979,014	\$ 21,750,372	\$ 20,363,401	\$ 17,122,583	\$ 15,181,938

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Local taxes	\$ 50,113,272	\$ 46,935,561	\$ 41,594,039	\$ 34,278,723	\$ 35,463,280	\$ 33,081,798	\$ 32,547,352	\$ 29,681,242	\$ 27,839,267	\$ 24,028,421
Licenses and permits	682,412	604,697	303,375	484,622	297,436	189,947	175,562	186,482	172,375	155,993
Intergovernmental	15,731,234	14,483,856	11,125,687	9,821,103	8,980,491	9,010,841	7,764,323	7,067,810	7,784,659	10,722,346
Charges for services	8,685,937	7,527,566	6,331,068	5,177,854	5,779,146	5,234,429	5,098,244	5,100,681	4,292,437	4,372,202
Fines, forfeitures and penalties	600,294	499,167	331,278	334,346	267,782	323,888	273,691	368,526	439,637	393,505
Other revenue	3,441,398	496,475	929,963	1,015,349	1,097,696	330,285	451,523	175,938	163,813	286,043
Total revenues	79,254,547	70,547,322	60,615,410	51,111,997	51,885,831	48,171,188	46,310,695	42,580,679	40,692,174	39,958,510
EXPENDITURES										
Current:										
General government	13,172,591	12,613,652	10,658,772	10,466,134	10,485,646	11,103,662	10,516,610	10,163,750	9,852,011	9,037,288
Public safety	16,122,940	12,870,064	11,188,957	11,236,692	10,609,862	11,176,119	10,354,466	10,011,707	9,551,804	9,074,365
Public works	7,521,594	6,667,029	6,165,025	5,769,790	5,103,835	5,500,006	5,088,936	4,661,024	4,323,194	5,332,407
Culture and recreation	5,952,503	6,082,700	5,129,612	5,521,784	4,961,130	5,316,909	5,145,276	4,900,337	4,471,430	4,816,233
Contingency reserves	-	-	-	-	-	-	-	72,441	53,607	118,788
Debt administration:										
Principal	10,895,000	9,170,000	8,050,000	16,160,000	4,205,000	47,420,000	1,780,000	1,325,000	7,132,873	3,760,000
Interest	6,486,165	4,929,317	5,658,213	6,893,313	6,800,027	6,796,087	6,597,465	6,385,770	6,453,644	7,709,175
Debt service charges	1,937,532	333,802	279,755	293,974	409,631	415,718	420,231	422,092	570,068	448,742
Bond issuance costs	346,783	-	-	208,449	-	331,010	-	-	115,662	461,188
Swap termination fees	3,028,081	-	-	-	-	-	-	-	-	-
Capital outlay	10,965,913	12,260,333	7,503,308	8,864,895	8,278,600	3,081,095	4,207,378	1,443,043	1,814,269	1,491,378
Total expenditures	76,429,102	64,926,897	54,633,642	65,415,021	50,853,751	91,140,606	44,110,362	39,385,164	44,338,562	42,249,484
Excess (deficiency) of revenues over expenditures	2,825,445	5,620,425	5,981,768	(14,303,024)	1,032,080	(42,969,418)	2,200,333	3,195,515	(3,646,388)	(2,290,974)

(Continued)

Changes in Fund Balances of Governmental Funds (Continued)
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 12,016,401	\$ 13,843,755	\$ 9,770,604	\$ 11,303,283	\$ 11,900,387	\$ 3,048,771	\$ 4,664,557	\$ 11,189,801	\$ 3,258,393	\$ 1,357,179
Transfers out	(9,578,600)	(11,552,502)	(6,154,698)	(9,183,325)	(9,834,598)	(1,430,455)	(3,112,034)	(9,689,564)	(1,899,000)	-
Proceeds from issuance of bonds	27,240,000	-	-	7,765,000	-	-	-	-	5,680,000	-
Refunding bonds issued	-	-	-	-	-	42,760,000	-	-	-	72,605,000
Premium on bonds issued	3,106,783	-	-	1,103,449	-	2,876,010	-	-	33,612	6,238,273
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(75,000,000)
Proceeds from sale of capital assets	-	-	-	-	30,906	57,421	119,020	605,958	50,171	-
Total other financing sources (uses)	32,784,584	2,291,253	3,615,906	10,988,407	2,096,695	47,311,747	1,671,543	2,106,195	7,123,176	5,200,452
SPECIAL ITEMS										
Grant from primary government to component unit	-	-	-	-	-	-	-	-	-	(147,904)
Net change in fund balances	\$ 35,610,029	\$ 7,911,678	\$ 9,597,674	\$ (3,314,617)	\$ 3,128,775	\$ 4,342,329	\$ 3,871,876	\$ 5,301,710	\$ 3,476,788	\$ 2,761,574
Debt service as a percentage of noncapital expenditures	26.55%	26.77%	29.09%	40.77%	25.85%	61.57%	20.99%	20.32%	31.95%	28.14%

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Assessed Value and Estimated Actual Value of Taxable Property (1)
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Real Residential Property	Real Commercial Property	Personal Property	Public Utilities	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Taxable Value	Total Direct Rate
2023	\$ 309,857,225	\$ 758,509,286	\$ 80,808,033	\$ 253,495	\$ 1,149,428,039	32.39%	\$ 3,548,753,640	\$ 0.4254
2022	354,298,115	601,478,780	69,546,585	253,495	1,025,576,975	32.61%	3,145,008,434	0.4254
2021	350,015,990	587,023,020	70,142,234	253,495	1,007,434,739	32.56%	3,093,726,044	0.4970
2020	281,060,205	516,221,660	42,098,767	248,160	839,628,792	32.37%	2,593,979,745	0.4970
2019	277,527,705	501,933,820	46,004,728	248,160	825,714,413	32.62%	2,531,027,335	0.4970
2018	312,723,480	429,770,820	41,758,230	248,160	784,500,690	31.58%	2,484,317,680	0.4970
2017	294,287,275	447,258,655	45,569,249	248,160	787,363,339	31.90%	2,468,073,333 (2)	0.4970
2016	292,946,573	392,424,637	44,135,414	226,050	729,732,674	31.42%	2,322,227,972	0.4970
2015	306,973,600	377,947,080	38,727,150	226,050	723,873,880	31.44%	2,302,255,849	0.3100
2014	311,244,825	364,183,920	38,817,396	226,050	714,472,191	31.26%	2,285,241,230	0.3100

(1) Overall assessment ratios and effective rates for 1973 and thereafter are weighted averages due to varying constitutional assessment ratios which became effective statewide January 1, 1973. Assessment ratios are Residential Property - Real at 25 percent; Commercial and Industrial Property - Real at 40 percent and Personal at 30 percent; Public Utilities - All Property both Real and Personal at 55 percent.

(2) All properties were reappraised in tax year 2021 (fiscal year 2022).

(3) The tax year is established on January 1 preceding the fiscal year.

Source: Finance Department

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	Tax Year	Direct Rate		Overlapping Rate	Total Direct and Overlapping Rates
		City of Sevierville		Sevier County	
2023	2022	\$	0.4254	\$1.48	\$1.91
2022	2021		0.4254	1.48	1.91
2021	2020		0.4970	1.86	2.36
2020	2019		0.4970	1.86	2.36
2019	2018		0.4970	1.86	2.36
2018	2017		0.4970	1.86	2.36
2017	2016		0.4970	1.86	2.36
2016	2015		0.3100	1.88	2.19
2015	2014		0.3100	1.63	1.94
2014	2013		0.3100	1.63	1.94

Source: Finance Department and Sevier County Property Assessor's Office

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Principal Property Taxpayers
Current Year and Nine Years Ago**

Rank	Taxpayer	Tax Year 2022			Tax Year 2013		
		Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
1	Wyndham Vacation Resorts, Inc.	\$ 73,129,560	1	9.64%	\$ 38,423,315	1	5.40%
2	Five Oaks Development Group	51,495,045	2	6.79%	35,471,268	2	4.90%
3	Wilderness Development	22,588,104	3	2.98%	25,656,474	3	3.60%
4	Ogle, Ronald & Betty	11,410,825	4	1.50%	6,610,605	9	0.90%
5	Mack (Overlook I) LLC	10,697,840	5	1.41%	-	N/A	
6	Charles Blalock & Sons	10,388,098	6	1.37%	7,353,283	7	1.00%
7	M & S Properties, LLC	10,086,145	7	1.33%	8,775,690	4	1.20%
8	Mreic Kodak TN LLC	10,044,280	8	1.32%	-	N/A	
9	Denton Properties #1, LLC	9,573,905	9	1.26%	-	N/A	
10	Swaggerty's Sausage Co.	8,828,667	10	1.16%	-	N/A	
	Miller Land Partnership				7,717,925	5	1.10%
	The Universe				7,396,720	6	1.00%
	BS & J Enterprises, LPC				6,939,707	8	1.00%
	Yett Properties LLC				6,121,220	10	0.90%
		<u>\$ 218,242,469</u>		<u>28.77%</u>	<u>\$ 150,466,207</u>		<u>21.00%</u>

Source: City Finance Department

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2023	\$ 4,414,096	\$ 4,333,925	98.18%	\$ -	\$ 4,333,925	98.18%
2022	4,297,167	4,229,361	98.42%	65,098	4,294,459	99.94%
2021	4,164,927	4,074,097	97.82%	88,828	4,162,925	99.95%
2020	4,133,224	4,022,246	97.31%	108,601	4,130,847	99.94%
2019	3,933,224	3,828,004	97.32%	103,997	3,932,001	99.97%
2018	3,946,385	3,852,251	97.61%	91,640	3,943,891	99.94%
2017	3,902,705	3,794,184	97.22%	106,482	3,900,666	99.95%
2016	2,290,235	2,203,856	96.23%	85,903	2,289,759	99.98%
2015	2,281,526	2,150,207	94.24%	130,447	2,280,654	99.96%
2014	2,239,645	2,109,346	94.18%	129,668	2,239,014	99.97%

Source: Finance Department

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business-Type Activities		Notes Payable	Total Outstanding Debt	Percentage of Personal Income (2)	Population (3)	Debt Per Capita
	General Obligation Bonds (1)	Leases Payable	General Obligation Bonds						
2023	\$ 162,501,985	\$ 756,329	\$ 95,274,961	\$ 1,499,966	\$ 260,033,241	**	17,987	\$ 14,415	
2022	143,643,318	216,661	30,742,295	1,944,416	176,546,690	35.03%	17,879	9,862	
2021	153,199,314	-	33,821,283	2,388,866	189,409,463	41.48%	18,310	10,345	
2020	161,635,312	-	36,180,874	2,833,316	200,649,502	46.09%	17,889	11,216	
2019	169,441,244	-	38,440,465	3,314,804	211,196,513	54.56%	17,117	12,338	
2018	173,953,235	-	41,028,227	3,703,699	218,685,161	58.50%	16,531	13,229	
2017	177,080,221	-	43,930,989	2,990,741	224,001,951	61.53%	16,716	13,400	
2016	180,439,180	-	46,828,750	1,000,000	228,267,930	60.15%	16,665	13,697	
2015	183,343,138	-	49,833,373	-	233,176,511	66.00%	16,490	14,140	
2014	186,677,997	-	52,866,252	-	239,544,249	73.00%	16,355	14,647	

Sources:

- (1) Presented net of original issuance discounts and premiums.
- (2) Personal income is disclosed on page 131.
- (3) United States Census Bureau

** Data not available

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available for Debt Service (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Debt Per Capita (4)
2023	\$ 257,776,946	\$ -	\$ 257,776,946	7.26%	\$ 14,331
2022	174,385,613	2,573,930	171,811,683	5.46%	9,610
2021	187,020,597	2,553,982	184,466,615	5.96%	10,075
2020	197,816,186	2,511,024	195,305,162	7.53%	10,918
2019	207,881,709	2,470,930	205,410,779	8.12%	12,000
2018	214,981,462	2,415,249	212,566,213	8.56%	12,859
2017	221,011,210	2,373,736	218,637,474	8.86%	13,080
2016	227,267,930	2,338,942	224,928,988	9.69%	13,497
2015	233,176,511	2,303,330	230,873,181	10.03%	14,001
2014	239,544,249	2,273,933	237,270,316	10.38%	14,508

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.

Sources:

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
- (2) This is the amount restricted for debt service principal payments.
- (3) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 124 for property value data.
- (4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 131.

** Data not available

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2023**

Jurisdiction	Net Direct Outstanding Debt	Percentage Applicable to Government	Direct and Overlapping Debt
City of Sevierville	\$ 163,258,314	100.00%	\$ 163,258,314
Sevier County	109,144,515	16.90%	18,445,423
	<u>\$ 272,402,829</u>		<u>\$ 181,703,737</u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the government. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the government. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Personal Income</u>	<u>Unemployment Rate (3)</u>
2023	17,987	**	**	2.90%
2022	17,879	\$ 28,186	\$ 503,937,494	3.30%
2021	18,310	24,938	456,614,780	4.20%
2020	17,889	24,337	435,364,593	12.90%
2019	17,117	24,350	387,100,955	3.00%
2018	16,531	22,615	373,848,565	3.30%
2017	16,716	21,779	364,057,764	4.80%
2016	16,665	22,773	379,512,045	5.70%
2015	16,490	21,425	353,298,250	7.20%
2014	16,355	20,064	328,146,720	7.90%

- Sources:
- (1) U.S. Census Bureau, estimates as of beginning of each fiscal year; Population variation due to actual census in April 2020, other reported numbers are estimates.
 - (2) U.S. Census Bureau, American Community 5-year Rolling Survey
 - (3) Tennessee Department of Labor and Workforce Development unemployment rate for the County (not seasonally adjusted).

** Data not available

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Principal Employers
Current Year and Nine Years Ago**

Employer	2023			2014		
	Employees	Rank	Percentage of Total Gov't Employment	Employees	Rank	Percentage of Total Gov't Employment
Sevier County School System	2,572	1	**	2,423	1	16.92%
Tanger Five Oaks Outlet	800	2	**	600	4	4.19%
Charles Blalock & Sons	800	3	**	N/A	N/A	N/A
Collier Food Groups	720	4	**	670	2	4.68%
Ole Smoky Moonshine	700	5	**	N/A	N/A	N/A
Sevier County	650	6	**	519	6	3.63%
Wilderness of the Smokies	634	7	**	634	3	4.43%
LeConte Medical Center	546	8	**	550	5	3.84%
Wal-Mart	527	9	**	506	7	3.53%
Swaggerty's Farms	425	10	**	N/A	N/A	N/A
	<u>8,374</u>		<u>0.00%</u>	<u>5,902</u>		<u>41.22%</u>

Source: Sevier County Economic Development Council

Note: Companies listed may not be actual employer

** Data not available

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Full-Time Employees by Function
Last Ten Fiscal Years**

Function	Full-Time Equivalent Employees as of June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government	40	37	35	35	35	35	34	35	43	41
Public safety										
Police										
Officers	72	64	58	57	58	58	60	60	60	60
Civilians	15	18	18	18	16	16	14	14	14	14
Fire										
Firefighters and officers	54	51	49	43	37	38	38	34	35	33
Civilians	1	1	1	1	1	1	1	1	6	7
Codes enforcement	5	4	4	4	5	5		10		
Public works										
Streets/Traffic	31	27	22	21	22	22	15	12	17	14
City garage	8	8	7	7	7	7	7	7	7	8
Sanitation	12	12	11	11	11	11	11	11	11	11
Culture and recreation	24	23	23	22	22	23	23	31	33	39
Water/Sewer	53	50	44	49	49	49	49	48	48	47
Convention Center	10	10	10	10	10	10	10	10	10	10
Golf Course	11	10	9	10	10	8	8	7	8	12
Total	336	315	291	288	283	283	270	280	292	296

Sources: Various city departments budgeted employees

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Operating Indicators by Function
Last Ten Years**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government:										
Building permits issued	551	455	381	478	256	216	240	230	187	206
Public safety:										
Number of police (regular employees)	70	65	68	73	74	74	74	74	74	74
Number of arrests	2,379	3,677	3,706	3,666	2,932	904	2,089	2,037	3,229	3,427
Number of traffic violations	9,845	5,914	4,224	3,767	4,618	5,375	5,935	7,791	8,390	7,722
Number of parking violations	7	0	0	0	0	2	2	0	17	2
Number of paid firefighters (regular employees)	54	54	49	43	37	33	35	35	35	34
Number of fire emergency responses	3,462	3,439	3,319	2,851	2,889	2,734	2,505	2,176	1,972	1,885
Number of fires extinguished	105	118	126	102	85	102	89	106	77	84
Number of fire inspections	1,050	1,087	1,117	1,210	1,004	974	343	852	590	906
Public works:										
Tons collected and disposed:										
Solid waste	18,560	18,033	14,648	13,230	13,056	12,093	11,479	11,545	10,958	10,693
Metal	**	**	**	**	**	5	17	16	11	9
Papers	**	**	**	**	**	**	**	**	**	**
Recyclable containers	86	74	171	197	456	403	410	498	436	70
Leaves (tonnage)	126	109	234	314	321	287	309	363	293	395
Number of shade trees:										
Planted - Parks and Recreation	35	200	150	50	50	68	52	72	60	50
Removed - Parks and Recreation	9	20	20	17	17	17	30	20	25	15
Trimmed - Parks and Recreation	315	300	300	325	325	390	475	350	600	500
Stumps removed - Parks and Recreation	8	15	15	34	34	13	25	5	10	**
Recreation and parks:										
Field permits issued	37	30	30	30	30	28	28	27	25	20
Recreation permits issued - memberships and shelter reservations	2258	5500	500	434	434	2767	9917	7512	5,202	6,800
Number of youth programs	10	6	6	6	6	6	7	7	5	4
Number of adult programs	8	15	7	7	7	7	6	6	6	4
Number for senior citizens programs	4	15	4	4	4	4	4	4	3	1
Water:										
Average daily distribution (gallons)	5,500,000	5,165,000	4,723,000	4,244,000	4,478,281	4,560,000	4,270,000	3,667,900	3,926,333	3,785,970
Number of metered accounts (water customers)	12,879	12,603	12,302	12,504	11,794	12,200	12,346	12,200	12,440	12,640
Number of fire lines	247	233	229	220	200	200	200	199	192	188

Sources: Various city departments

** Data not available

See independent auditor's report.

CITY OF SEVIERVILLE, TENNESSEE

**Capital Asset Statistics by Function
Last Ten Fiscal Years**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government:										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Number of police stations (station and substations)	2	2	2	2	2	2	2	2	2	2
Number of fire stations (stations and substations)	3	3	2	2	2	2	2	2	2	2
Parking Department:										
Number of parking garages	1	1	1	1	1	1	1	1	1	1
Public Works:										
Number of public works buildings	6	6	6	6	6	6	6	5	4	4
Miles of streets (approximate)	268	266	266	260	266	260	260	202	202	202
Miles of sanitary sewers (sewer mains) (2)	249	246	246	244	244	301	301	299	299	299
Miles of storm water drains (approximate)	17	14	14	14	14	15	15	15	15	15
Recreation and Parks:										
Number of parks and recreation facilities	25	25	25	25	25	25	25	25	22	22
Acres of parks/areas maintained	163	163	163	163	163	150	150	150	130	130
Water:										
Miles of water mains (1)	329	325	322	385	319	303	324	379	375	375
Number of fire hydrants (inside)	1,128	1,101	1,101	1,086	1,085	1,088	1,152	1,162	1,175	1,175

Source: Various city departments

(1) - 2017 adjusted due to GIS mapping system

(2) - 2019 adjusted due to GIS mapping system

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Mayor and Aldermen
City of Sevierville, Tennessee

We have audited, in accordance with the 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 Sevierville, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Sevierville, Tennessee's basic financial statements, and have issued our report thereon dated December 19, 2023.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

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



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

Purpose of this Report

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

Brown Jake & McDaniel, PC

CERTIFIED PUBLIC ACCOUNTANTS

Knoxville, Tennessee
December 19, 2023

CITY OF SEVIERVILLE, TENNESSEE
Summary Schedule of Prior Audit Findings
June 30, 2023

There were no prior year findings.