CITY OF LOUDON, TENNESSEE

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

Prepared by:

Melissa Huskin
City Recorder

CITY OF LOUDON, TENNESSEE

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INTRODUCTORY SECTION

CITY OF LOUDON
CITY HALL
P.O.BOX 189
LOUDON, TENNESSEE 37774

October 31, 2023

Honorable Mayor
City Council and City Manager
City of Loudon, Tennessee

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity the provisions of generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. The City of Loudon's level of federal grant awards for the fiscal year also requires an audit in conformity with the provisions of the Single Audit Act, as revised in 2011 and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Pursuant that requirement, we hereby issue the City's annual financial report for the fiscal year ended June 30, 2023.

These financial statements represent management's report to its governing body, constituents, legislative and oversight bodies, investors and creditors. Responsibility for the accuracy and completeness of the presented data, including all disclosures, rests with the City. To the best of our knowledge and belief, this report is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial statements have been audited by Pugh CPAs. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City, for the fiscal year ended June 30, 2023 are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unmodified opinion, that the City of Loudon's financial statements, for the fiscal year ended June 30, 2023, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

PROFILE OF THE GOVERNMENT

The City of Loudon serves as the county seat for Loudon County, Tennessee. Since the 2010 Census, Loudon County has experienced a 13% population increase making it one of the fastest growing counties in Tennessee. The City provides a full range of services which include police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the governing body has the authority to exercise oversight of the Utilities Department; therefore, these activities are included in the financial statements.

Through the annual budgeting process, the Mayor and City Council have ensured the priorities of the City Government are aligned with those established by the community - safer streets, a growing economy, stronger neighborhoods, and high performing government. Whether it's working alongside community volunteers, investing in community-driven projects, or providing essential services, the City of Loudon is committed to providing the very best services as we build the best place to live and work in America.

The City operates under the council-manager form of government, established by Chapter 229, Private Acts of Tennessee for 1927, as amended, which became the charter of the City. The council is responsible for, among other things, passing ordinances, adopting the budget, and appointing committees. The city manager is responsible for carrying out the policies and ordinances of the city council and overseeing the city's day-to-day operations.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. The City currently enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. Major industries and real estate developments with headquarters or divisions located within the City's boundaries include Kimberly-Clark, American Honda Motor, Viskase Corp., Monterey Mushrooms, LLC, Tate and Lyle Ingredients, Dupont Tate and Lyle, and Tennessee National, LLC.

Long-term Financial Planning. The City has prioritized long-term financial planning by identifying necessary infrastructure projects to be funded in the years ahead. Paving and stormwater management are a top priority for the City. Utility Department projects include necessary improvements to meet the needs of our community. Funding for these projects is addressed in the capital budget component of the annual budget process.

FINANCIAL POLICIES

Internal Control. The management of the City is responsible for establishing and maintaining a system of internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of the basic financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls. The City also maintains budgetary controls which are designed to ensure compliance with budgetary and legal provisions embodied in the annually appropriated operating budget approved by the governing body. Activities of the General Fund, Special Revenue Funds, General Obligation Debt Service Fund, and Proprietary Funds are included in the annually appropriated operating budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the total operating budget, as adopted by the governing body. However, for budget administrative purposes, the City maintains budgeting controls at department appropriation levels. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash Management. The City's investment policy is to invest pooled cash in a manner which will provide maximum security with the highest investment return while meeting the daily cash flow demands of the City and conforming to all applicable State and City statutes governing the investment of public funds. The City is permitted to invest in obligations of the U. S. Government or any of its agencies and instrumentalities, certificates of deposit, bankers' acceptances, commercial paper, repurchase agreements and the State of Tennessee Local Government Investment Pool.

OTHER INFORMATION

Acknowledgment. The preparation of this report on a timely basis was made possible by the dedicated service of the Finance Department team working alongside management of the many departments of the City. We would like to express our appreciation to all staff members who have assisted and contributed to this report, in addition to the City's independent certified public accountants. Credit must also be given to the Mayor and City Council for maintaining the highest standards of professionalism in the management of the City of Loudon's finances. Thank you for your support and interest in improving Loudon's fiscal policies and practices.

Respectfully submitted,



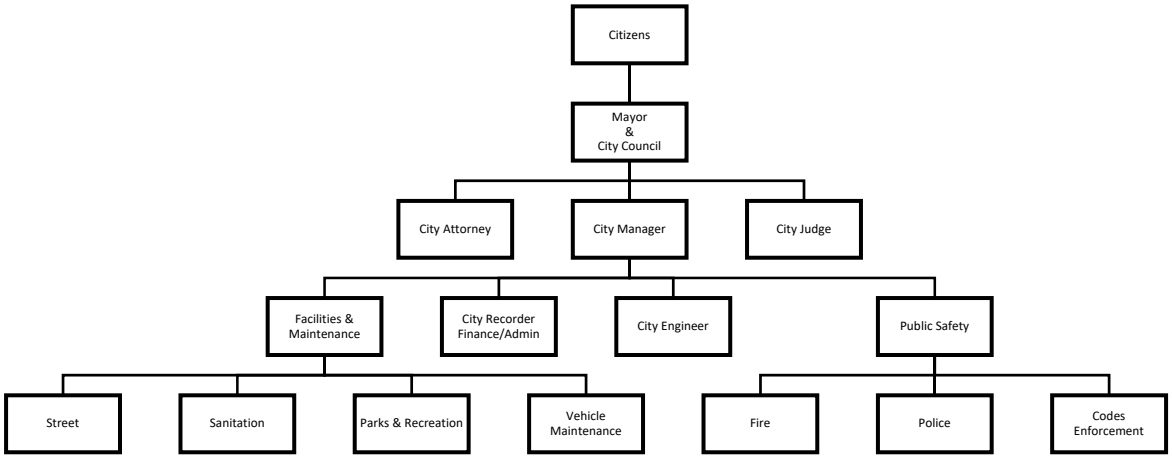
Melissa Huskin, City Recorder



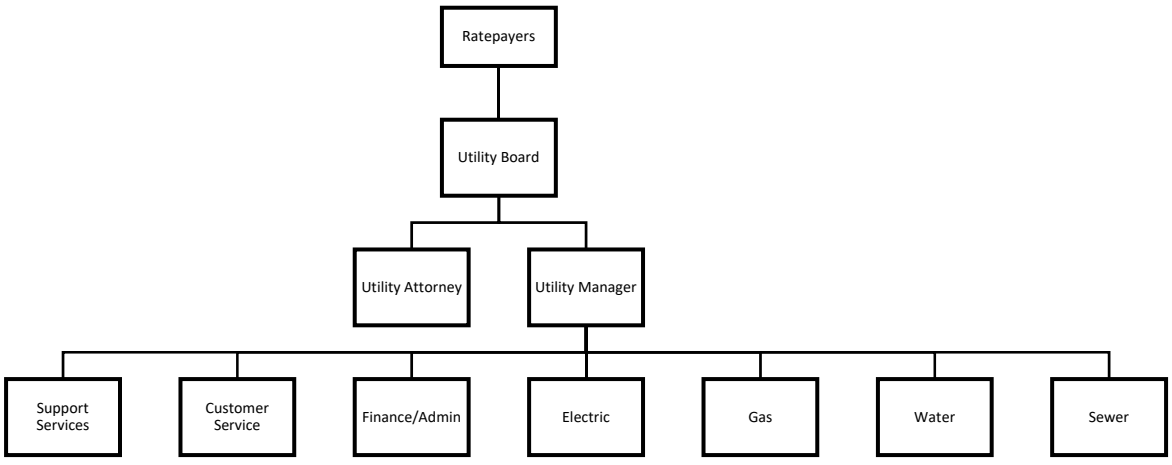
Jeff Harris, Mayor

CITY OF LOUDON ORGANIZATIONAL CHART

City of Loudon Organizational Chart



Loudon Utilities Board Organizational Chart



CITY OF LOUDON, TENNESSEE

PRINCIPAL ELECTED AND APPOINTED OFFICIALS

June 30, 2023

Mayor

Jeff Harris

Vice Mayor

Tim Dixon

Council Members

James Webb
Eric Newman
John Cardwell

City Manager and Utilities Manager

Ty Ross

City Judge

Roger Delp

City Recorder - Treasurer

Melissa Huskin

Utilities Board of Directors

Don P. Campbell, Chairman
Gene Farmer
John Cardwell
Carlie McEachern
Bart Watson

FINANCIAL SECTION

PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660
FAX 865-769-1660
www.pughcpas.com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
City Council and City Manager City of Loudon
Loudon, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparisons for the general fund, and the aggregate remaining fund information of City of Loudon, Tennessee (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison statements 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 (GAAS) 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, 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'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.

Member of AICPA
An independently owned member RSM US Alliance
RSM
TSCPA
Members of the Tennessee Society Of Certified Public Accountants
RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

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 GAAS 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'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'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 viii - xiv and the required supplementary information on pages 43 - 48 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information on pages 49 – 61 and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* on pages 77 - 78 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 and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the other information section, as listed in the table of contents 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 October 31, 2023 on our consideration of the City'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 to 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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Loudon's internal control over financial reporting and compliance.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
October 31, 2023



CITY OF LOUDON
CITY HALL
P.O.BOX 189
LOUDON, TENNESSEE 37774

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Loudon's (the City) Annual Financial Report presents a narrative overview and analysis of the financial activities of the City 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 the financial statements and the notes to the financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $190,176,342 (net position). Of this amount, $62,317,358 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2023, the City's governmental funds reported combined ending fund balances of $9,998,169. Approximately 73% of this total amount ($8,190,337) is unassigned fund balance available for spending at the government's discretion.
- At June 30, 2023, total unassigned fund balance for the general fund was $8,190,337, which is 89% of total general fund revenues of $9,398,955.
- At June 30, 2023, the City's proprietary funds reported combined total net position of $153,626,830, and total unrestricted net position of $47,485,443.

Overview of the Financial Statements

The City's basic audited financial statements comprise three components: (1) Government-wide financial statements; (2) Fund financial statements; and (3) Notes to the financial statements. This section also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business reporting. All governmental and business-type activities are combined to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on all the City's assets plus deferred outflows and liabilities plus deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in the financial position of the City. It is important to note that this statement combines the governmental fund's current financial resources (short-term) with capital assets and long-term liabilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. The format of this statement is very different from a traditional "income statement". The format is intended to portray the extent to which governmental activities are funded by taxes and the extent to which business-type activities are supported by the revenues they generate. The statement presents all underlying events giving rise to the changes in net position, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

Each of the government-wide financial statements distinguish functions of the City 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). The governmental activities of the City include police and fire services, public works, development services, and general government activities. The business-type activities of the City include Water & Sewer, Gas and Electric utilities.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance- related legal requirements. All of the funds of the City can be divided into the following two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. These statements, however, focus on near term inflows and outflows of spendable resources and spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

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 City maintains several individual governmental funds organized according to their type (special revenue and capital projects). 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 which is considered to be a major fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the general and special revenue funds. Budgetary comparison statements have been provided in the basic financial statements for the general fund to demonstrate compliance with the budget. These statements for the non-major special revenue funds are included in Other Supplementary Information.

Proprietary Funds

Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or departments of the City. Proprietary funds provide the same type of information shown in the government-wide financial statements, only in more detail. The City maintains the following two 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 City uses enterprise funds to account for its Water and Sewer Utility, Electric Utility, and Gas operations. All enterprise funds are considered to be major funds of the City.
- **Internal Service Funds -** are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for its medical benefits, employee benefits and maintenance programs. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. The City's net position is $190,176,342 at the close of the most recent fiscal year. Compared to the prior year, the City's net position increased $15,170,926, or 8.7%, of which governmental activities provided $4,384,507 and business-type activities provided $10,786,419.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and Other Assets	$ 21,262,218	$ 19,812,080	$ 61,999,131	$ 63,984,569	$ 83,261,349	$ 83,796,649
Pension Asset	1,527,677	3,485,463	330,901	2,190,205	1,858,578	5,675,668
Capital Assets, Net	22,435,166	20,834,309	121,358,583	110,154,769	143,793,749	130,989,078
Total Assets	45,225,061	44,131,852	183,688,615	176,329,543	228,913,676	220,461,395
Deferred Outflows of Resources:	1,277,803	1,136,196	2,174,401	2,341,352	3,452,204	3,477,548
Liabilities:						
Long-term Liabilities	4,956,377	5,556,467	18,163,841	20,065,179	23,120,218	25,621,646
OPEB Liability	388,211	505,418	2,949,270	2,909,345	3,337,481	3,414,763
Other Liabilities	578,110	913,238	9,055,503	9,364,301	9,633,613	10,277,539
Total Liabilities	5,922,698	6,975,123	30,168,614	32,338,825	36,091,312	39,313,948
Deferred Inflows of Resources:	4,030,654	6,127,920	2,067,572	3,491,659	6,098,226	9,619,579
Net Position:						
Net Investment in Capital Assets	18,623,390	16,422,971	105,810,486	91,751,006	124,433,876	108,173,977
Restricted	3,094,207	4,667,399	330,901	2,190,205	3,425,108	6,857,604
Unrestricted	14,831,915	11,074,635	47,485,443	48,899,200	62,317,358	59,973,835
Total Net Position	$ 36,549,512	$ 32,165,005	$ 153,626,830	$ 142,840,411	$ 190,176,342	$ 175,005,416

The increase in assets for both governmental and business-type activities is primarily due to the positive change in net position of $15.2 million along with increased volume of capital projects.

Long-term liabilities decreased primarily due to debt repayments for governmental activities. For business-type activities, long-term liabilities decreased due debt repayments. OPEB liabilities decreased due primarily to positive claims experience.

The largest portion of the City's net position (66%) at June 30, 2023 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire these assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not easily or quickly available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not planned to be used to liquidate these liabilities. Governmental Activities experienced a increase of 13.40% year over year for Net Investment in Capital Assets due large increase in capital projects. An additional portion of the City's net position (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is $62.3 million, an increase of $2.3 million or 3%, due primarily to the positive change in net position. Of this amount, $14.8 million is in the Governmental Activities and $47.5 million is available for Business-Type Activities.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	$ 543,839	$ 680,512	$ 87,444,399	$ 84,050,938	$ 87,988,238	$ 84,731,450
Operating Grants and Contributions	216,120	172,061	1,200,856	0	1,416,976	172,061
Capital Grants and Contributions	729,920	2,757,321	3,134,501	740,733	3,864,421	3,498,054
General Revenues:						
Sales Tax	4,660,451	4,042,298	0	0	4,660,451	4,042,298
State Income and Excise Taxes	92,669	77,491	0	0	92,669	77,491
Property Taxes	3,797,613	3,973,989	0	0	3,797,613	3,973,989
Business Taxes	197,947	145,774	0	0	197,947	145,774
Miscellaneous Taxes	82,539	83,434	0	0	82,539	83,434
In-Lieu of Taxes	891,619	882,101	0	0	891,619	882,101
Investment Earnings	112,213	3,487	926,004	47,205	1,038,217	50,692
Miscellaneous Revenues	697,836	690,423	0	0	697,836	690,423
Total Revenues	12,022,766	13,508,891	92,705,760	84,838,876	104,728,526	98,347,767
Expenses						
General Government	1,187,165	1,546,103	0	0	1,187,165	1,546,103
Public Safety	2,993,248	4,249,462	0	0	2,993,248	4,249,462
Highways and Streets	3,169,864	1,676,276	0	0	3,169,864	1,676,276
Sanitation	805,487	854,352	0	0	805,487	854,352
Health and Recreation	797,679	952,516	0	0	797,679	952,516
Cable TV Authority	4,381	6,168	0	0	4,381	6,168
Interest Expense	98,140	83,738	0	0	98,140	83,738
Electric	0	0	54,632,505	51,051,877	54,632,505	51,051,877
Gas	0	0	13,677,082	11,207,883	13,677,082	11,207,883
Water and Sewer	0	0	12,192,050	11,181,684	12,192,050	11,181,684
Total Expenses	9,055,963	9,368,615	80,501,637	73,441,444	89,557,600	82,810,059
Change in Net Position Before Transfers and Contributions	2,966,803	4,140,276	12,204,123	11,397,432	15,170,926	15,537,708
Transfers-In Lieu of Tax Payments	1,417,704	1,417,704	(1,417,704)	(1,417,704)	0	0
Change in Net Position	4,384,507	5,557,980	10,786,419	9,979,728	15,170,926	15,537,708
Net Position at Beginning of Year	32,165,005	26,607,025	142,840,411	132,860,683	175,005,416	159,467,708
Net Position at End of Year	$ 36,549,512	$ 32,165,005	$ 153,626,830	$ 142,840,411	$ 190,176,342	$ 175,005,416

Analysis of Change in Position

Governmental Activities

- Governmental activities increased the City's governmental net position by $4.4 million.
- Revenue decreased by 11.3%, or $1,519,760. Property taxes decreased $176,000 or 4.4%. Operating grants decreased by $2.0 million, or 67.7% primarily related to highway planning and construction contracts in 2022.
- Expenses decreased by 3.8%, or $352,267, due primarily to decreases in Public Safety.

Business-Type Activities

- Business-type activities increased the City's business-type net position by $10.8 million. Total charges for services increased $3.4 million or 4.0% compared to the previous year. Increases across the board were related to local businesses continuing to expand and opening of new business.
- The Electric Utility, the largest business-type activity of the City, reported FY 2023 operating revenues of $57.01 million and operating expenses of $54.6 million, which are comparable to the prior year.
- The Water and Sewer Fund concluded FY 2023 with a change in net position of $8.2 million compared to $4.3 million in the previous year. Total revenues increased $1,129,000 to $16.3 million while operating expenses remained similar at $11.8 million.
- The Gas Fund concluded FY 2023 with a change in net position of $0.6 million compared to the $3.0 million in the previous year. Decreases were attributable to contributions to the Industrial Development Board of $2.6 million in current year. Total revenues decreased $0.4 million to $14.1 million while operating expenses decreased $0.2 million compared to the $11.2M in the previous year.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, and Capital Project Funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $14.8 million, an increase of $0.7 million from the prior year. Approximately $8.3 million of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted - $1.8 million, committed - $2.6 million, and assigned - $2.2 million to indicate that it is not available for new spending because it has already been committed, (1) to liquidate existing contracts and purchase orders, (2) to pay debt service, and (3) for other restricted purposes.

Revenues for governmental functions overall totaled approximately $11.9 million in the fiscal year ended June 30, 2023, which represents an decrease of 11.3% from the fiscal year ended June 30, 2022. Expenditures for governmental functions, totaling $12.6 million, decreased by approximately 5.51% from the fiscal year ended June 30, 2022.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $8.3 million. Revenue decreased $1.7 million or 15.3% due primarily to increased grant revenues in FY 2022. As a measure of good liquidity, it may be useful to compare unassigned fund balance to total revenue. Unassigned fund balance represents 88% of total general fund revenue.

During the current fiscal year, the City had two large grant projects complete related to the multi-year Queener Road Reconstruction Project and the Traffic Signalization Project.

Schedules for Other Non-Major Governmental Funds are also found in this report.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, the unrestricted net position for the Water and Sewer Fund was $5.2 million, the Electric Fund $16.5 million and the Gas Fund $25.8 million. The internal service funds, which are used to account for maintenance, employee benefits, and health insurance activities, had net position of $2.09 million. The total increase in net position for the proprietary funds and internal service funds was $10.8 million and $1.00 million, respectively.

General Fund Budgetary Highlights

There were two amendments to the original budget appropriation:

- The City committed up to $267,363 to purchase a mini-pumper truck for the fire department.
- The City committed $20,000 to purchase radio equipment for the fire and police departments.

Capital and Debt Administration

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	$ 2,560,822	$ 2,560,822	$ 3,951,337	$ 3,951,337	$ 6,512,159	$ 6,512,159
Construction in Progress	402,717	4,127,939	12,634,132	5,665,612	13,036,849	9,793,551
Buildings and Improvements	2,908,435	2,901,443	0	0	2,908,435	2,901,443
Infrastructure	50,539,025	44,449,810	0	0	50,539,025	44,449,810
Machinery, Equipment and Furniture	7,910,618	6,947,508	0	0	7,910,618	6,947,508
Electric Plant	0	0	70,517,375	69,043,347	70,517,375	69,043,347
Water and Sewer Plant	0	0	93,545,802	87,899,739	93,545,802	87,899,739
Gas Plant	0	0	27,324,832	25,075,734	27,324,832	25,075,734
Total Capital Assets	64,321,617	60,987,522	207,973,478	191,635,769	272,295,095	252,623,291
Less: Accumulated Depreciation	(41,886,451)	(40,153,213)	(86,614,895)	(81,481,000)	(128,501,346)	(121,634,213)
Net Capital Assets	$ 22,435,166	$ 20,834,309	$ 121,358,583	$ 110,154,769	$ 143,793,749	$ 130,989,078
Net Capital Assets - Beginning	$ 20,834,309	$ 18,070,130	$ 110,154,769	$ 107,820,701	$ 130,989,078	$ 125,890,831
Increase/(Decrease) in Net Capital Assets	1,600,857	2,764,179	11,203,814	2,334,068	12,804,671	5,098,247
Net Capital Assets - Ending	$ 22,435,166	$ 20,834,309	$ 121,358,583	$ 110,154,769	$ 143,793,749	$ 130,989,078

Capital Assets

The City's capital assets for its governmental and business type activities as of June 30, 2023 amount to $143.8 million (net of accumulated depreciation). Capital assets include land, buildings, infrastructure, improvements, machinery and equipment, and construction in progress.

For government-wide financial statement presentation, all depreciable capital assets are depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. Please refer to the Notes to the Financial Statements for further information regarding capital assets.

Debt Administration

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General Obligation/Rev Bonds	$ 315,000	$ 470,000	$ 11,280,905	$ 13,183,255	$ 11,595,905	$ 13,653,255
Notes Payable	3,499,799	3,941,337	4,358,331	4,693,926	7,858,130	8,635,263
Premium on Bonds	0	0	335,323	374,697	335,323	374,697
Compensated Absences	1,141,578	1,145,131	2,189,282	1,813,300	3,330,860	2,958,431
OPEB Liability	388,211	505,418	2,949,270	2,909,344	3,337,481	3,414,762
Total Long Term Obligations	$ 5,344,588	$ 6,061,886	$ 21,113,111	$ 22,974,522	$ 26,457,699	$ 29,036,408

As of June 30, 2023 and 2022, the City had $3,814,799 and $4,411,338 in debt outstanding, a decrease of $596,539 or 14% in 2023.

As of June 30, 2023 and 2022, the Water and Sewer Departments had $15,974,559 and $18,251,879 in debt outstanding, a decrease of $2,277,319 or 12.5% in 2023.

The OPEB Liability is the actuarial accrued liability less the amount funded in a trust fund for which the City would be obligated. The City has not established a trust fund for the OPEB Liability. The annual change in the OPEB obligation is equivalent to the annual OPEB cost, which is the OPEB expense for the year on the accrual basis of accounting, less estimated retiree claims currently paid by the City on a pay-as-you-go basis. The City's OPEB obligation at June 30, 2023 was $388 thousand, a decrease of $117 thousand compared to the prior year.

See Notes 6 and 7 of the Notes to Financial Statements for more detailed information regarding capital assets and long-term liabilities.

The FY 2024 Adopted Budget

- Following reappraisal, the adopted property tax rate of $1.0993 per $100 of assessed valuation is the approved State Certified Tax Rate. For a residence valued at $150,000, City property taxes for FY2024 total $412, or $35 per month.
- The General Fund Appropriation Budget is $11,039,567, a decrease of $152,402 from the final FY 2023 Amended Budget of $11,191,969.
- The FY2024 Budget funds 141 full-time positions city-wide (general government services and utilities) Positions were increased in utility operations and utility finance.
- A cost-of-living increase has been provided for all employees of 5%.
- New capital projects including public safety equipment, facilities & maintenance equipment, sidewalk design, and paving totaling $1,546,117 are appropriated in the governmental services budget.
- Utility capital projects are scheduled on a five-year basis to inform funding sources.
    - Water projects totaling $86,860,000 have been identified with the largest project being a $78,500,000 rehab and expansion to the Water Treatment Plant. $6,000,000 have been identified for water line rehab. The remainder focuses primarily on system rehabilitation/relocation, equipment replacement and facility improvements.
    - Wastewater projects totaling $15,332,540 with the largest project being a $6,000,000 River Cross Line Replacement. The remainder includes pump station upgrades and main line rehabilitation to address inflow and infiltration.
    - The capital plan for the Gas system includes equipment and system updates totaling $3,265,000.
    - The capital plan for the Electric System includes ongoing system rehabilitation and maintenance, substation upgrades, transformer changeouts, development projects, equipment replacement, and overhead and underground construction. The FY 2024 capital budget for the Electric Department is $9,670,575.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, council members, customers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report or need additional information, contact:

City of Loudon, Tennessee
Melissa Huskin, City Recorder
City Hall Building
P. O. Box 189
Loudon, TN 37774

BASIC FINANCIAL STATEMENTS

CITY OF LOUDON, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 16,560,878	$ 41,017,073	$ 57,577,951
Investments	0	5,023,264	5,023,264
Receivables:			
Taxes, Net	3,823,130	0	3,823,130
Accounts, Net	754,398	10,653,614	11,408,012
Rentals	0	263,909	263,909
Internal Balances	44,871	(44,871)	0
Due from Other Governments	36,091	689,760	725,851
Material and Supplies	42,495	3,195,091	3,237,586
Prepaid Items	355	400,086	400,441
Net Pension Asset	1,527,677	330,901	1,858,578
Other Assets	0	801,205	801,205
Capital Assets:			
Nondepreciable Assets	2,963,540	16,585,469	19,549,009
Depreciable, Net of Accumulated Depreciation	19,471,626	104,773,114	124,244,740
Total Capital Assets, Net of Depreciation	22,435,166	121,358,583	143,793,749
Total Assets	45,225,061	183,688,615	228,913,676
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Bond Refunding Costs	0	89,837	89,837
Deferred Pension Outflows	1,277,803	2,084,564	3,362,367
Total Deferred Outflows of Resources	1,277,803	2,174,401	3,452,204
LIABILITIES			
Accounts Payable	107,811	7,902,939	8,010,750
Accrued Expenses and Other	470,299	1,025,822	1,496,121
Accrued Interest	0	126,742	126,742
Noncurrent Liabilities Due in More than One Year:			
Other Post-Employment Benefit Liability	388,211	2,949,270	3,337,481
Long-Term Liabilities:			
Due Within One Year	804,205	2,869,434	3,673,639
Due in More Than One Year	4,152,172	15,294,407	19,446,579
Total Liabilities	5,922,698	30,168,614	36,091,312
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	3,758,462	0	3,758,462
Deferred Pension Inflows	272,192	319,930	592,122
Grants Received in Advance	0	1,747,642	1,747,642
Total Deferred Inflows of Resources	4,030,654	2,067,572	6,098,226
NET POSITION			
Net Investment in Capital Assets	18,623,390	105,810,486	124,433,876
Restricted for:			
Pensions	1,527,677	330,901	1,858,578
Special Revenue:			
State Street Aid	520,923	0	520,923
Drug	81,915	0	81,915
Tourism	39,034	0	39,034
Courthouse Revitalization	924,658	0	924,658
Unrestricted	14,831,915	47,485,443	62,317,358
Total Net Position	$ 36,549,512	$ 153,626,830	$ 190,176,342

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

CITY OF LOUDON, TENNESSEE

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities							
General Government	$ 1,187,165	$ 331,175	$ 7,996	$ 729,920	$ (118,074)	$ 0	$ (118,074)
Public Safety	2,993,248	0	0	0	(2,993,248)	0	(2,993,248)
Highway and Streets	3,169,864	0	208,124	0	(2,961,740)	0	(2,961,740)
Sanitation	805,487	0	0	0	(805,487)	0	(805,487)
Health and Recreation	797,679	212,664	0	0	(585,015)	0	(585,015)
Cable TV Authority	4,381	0	0	0	(4,381)	0	(4,381)
Debt Service:							
Interest Expense	98,140	0	0	0	(98,140)	0	(98,140)
Total Governmental Activities	9,055,963	543,839	216,120	729,920	(7,566,084)	0	(7,566,084)
Business-Type Activities							
Electric	54,632,505	57,072,817	0	0	0	2,440,312	2,440,312
Gas	13,677,082	14,086,413	0	0	0	409,331	409,331
Water and Sewer	12,192,050	16,285,169	1,200,856	3,134,501	0	8,428,476	8,428,476
Total Business-Type Activities	80,501,637	87,444,399	1,200,856	3,134,501	0	11,278,119	11,278,119
Total Government	$ 89,557,600	$ 87,988,238	$ 1,416,976	$ 3,864,421	(7,566,084)	11,278,119	3,712,035
		General Revenues:					
		Sales Tax			4,660,451	0	4,660,451
		State Income Taxes and Excise Taxes			92,669	0	92,669
		Property Taxes			3,797,613	0	3,797,613
		Business Taxes			197,947	0	197,947
		Miscellaneous Taxes			82,539	0	82,539
		In-Lieu-of Taxes			891,619	0	891,619
		Interest Income			112,213	926,004	1,038,217
		Miscellaneous			697,836	0	697,836
		Transfers - In-Lieu-of-Tax Payments			1,417,704	(1,417,704)	0
		Total General Revenues and Transfers			11,950,591	(491,700)	11,458,891
		Change in Net Position			4,384,507	10,786,419	15,170,926
		Net Position - Beginning			32,165,005	142,840,411	175,005,416
		Net Position - Ending			$ 36,549,512	$ 153,626,830	$ 190,176,342

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

CITY OF LOUDON, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 9,752,097	$ 4,569,482	$ 14,321,579
Receivables:			
Taxes, Net of Allowance for Estimated Uncollectibles	3,823,130	0	3,823,130
Accounts	660,230	94,168	754,398
Due from Other Governments	11,090	25,001	36,091
Prepaid Items	354	0	354
Due from Other Funds	87,566	202,613	290,179
Total Assets	$ 14,334,467	$ 4,891,264	$ 19,225,731
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 73,037	$ 34,158	$ 107,195
Accrued Liabilities	251,486	0	251,486
Due to Other Funds	202,613	0	202,613
Due to Other Governments	0	11,928	11,928
Construction Deposit Bonds	50,700	0	50,700
Total Liabilities	577,836	46,086	623,922
Deferred Inflow of Resources			
Deferred Property Taxes	3,758,462	0	3,758,462
Fund Balances			
Committed	0	2,552,811	2,552,811
Restricted	0	1,838,807	1,838,807
Assigned	1,807,832	453,560	2,261,392
Unassigned	8,190,337	0	8,190,337
Total Fund Balances	9,998,169	4,845,178	14,843,347
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 14,334,467	$ 4,891,264	$ 19,225,731

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

CITY OF LOUDON, TENNESSEE

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

June 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Ending Fund Balance - Governmental Funds		$ 14,843,347
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital Assets	$ 64,321,616	
Less: Accumulated Depreciation	(41,886,451)	22,435,165
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Long-Term Debt	(3,517,000)	
Capital Lease Obligations	(297,799)	
Compensated Absences	(1,141,578)	(4,956,377)
Internal service funds are used by management to charge certain costs (e.g., certain employee benefits, insurance, maintenance, and use of equipment) to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		2,082,300
Net pension assets and liabilities of the City's agent multiple-employer plans are not current financial resources and therefore are not reported in the governmental funds.		1,527,677
Other post-employment benefits liabilities are not current financial resources and therefore are not reported in the governmental funds.		(388,211)
Amounts reported as deferred outflows related to other post-employment benefits, and deferred outflows related to pensions increase the amount of net position reported in the statement of net position, but are not reported as assets in the funds. Similarly, deferred inflows related to pensions and other postemployment benefits decrease the amount of net position reported in the statement of net position, but are not reported as liabilities in the funds.		
Deferred Outflows of Resources Related to Pensions	1,277,803	
Deferred Inflows of Resources Related to Pensions	(272,192)	1,005,611
Net Position of Governmental Activities		$ 36,549,512

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

CITY OF LOUDON, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Property Taxes	$ 3,782,809	$ 0	$ 3,782,809
Local Sales Tax	1,705,425	1,549,614	3,255,039
Other Taxes	1,510,344	122,889	1,633,233
Licenses and Permits	212,733	0	212,733
Intergovernmental:			
State Taxes	778,564	0	778,564
Federal and State Grants	729,920	0	729,920
Other State and Local Revenues	115,840	476,491	592,331
Charges for Services	40,882	0	40,882
Fines and Court Costs	36,530	41,029	77,559
Recreation Program Revenues	0	98,053	98,053
Interest Income	167,744	85,855	253,599
Miscellaneous Revenues	357,779	74,446	432,225
Total Revenues	9,438,570	2,448,377	11,886,947
Expenditures:			
Current:			
General Government	1,422,027	137,766	1,559,793
Public Safety	4,475,290	91,617	4,566,907
Highways and Streets	2,664,640	169,905	2,834,545
Sanitation	871,995	0	871,995
Health and Recreation	276,213	932,294	1,208,507
Federal Grant Projects	776,625	73,068	849,693
Cable TV Authority	0	5,546	5,546
Other Expenditures	10,500	0	10,500
Debt Service:			
Principal Retirement	596,538	0	596,538
Interest	98,141	0	98,141
Total Expenditures	11,191,969	1,410,196	12,602,165
Excess (Deficiency) of Revenues Over Expenditures	(1,753,399)	1,038,181	(715,218)
Other Financing Sources (Uses):			
Transfers In	1,417,704	0	1,417,704
Total Other Financing Sources (Uses)	1,417,704	0	1,417,704
Net Change in Fund Balance Before Other Financing Sources (Uses)	(335,695)	1,038,181	702,486
Fund Balances, Beginning of Year	10,333,864	3,806,997	14,140,861
Fund Balances, End of Year	$ 9,998,169	$ 4,845,178	$ 14,843,347

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

CITY OF LOUDON, TENNESSEE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances – Total Governmental Funds		$ 702,486
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Assets Purchased	$ 3,334,095	
Depreciation Expense	(1,730,212)	
Net Change in Capital Assets		1,603,883
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: Principal Payments on Debt	502,000	
Add: Payment of Capital Lease	94,538	
		596,538
Internal service funds are used by management to charge certain costs (e.g., certain employee benefits, insurance, maintenance, and use or equipment) to individual funds. The net revenue (expense) amounts of the internal service funds are reported with governmental activities.		1,006,534
Certain assets, liabilities, deferred inflows, and deferred outflows accounted for using the economic resources focus and the accrual basis of accounting are reported in the Statement of Net Position but are not reported in the fund financial statements, which include only items that are accounted for using current financial resources measurement and modified accrual basis of accounting. These amounts do not provide or require the use of current financial resources and, therefore, are not reflected in the revenues and expenditures of governmental funds.		
Change in Assets and Deferred Outflows		
Net Pension Asset	(1,957,786)	
Deferred Pension Outflows	141,607	
		(1,816,179)
Change in Liabilities and Deferred Inflows		
Other Post-Employment Benefit Liability	117,207	
Compensated Absences	3,552	
Deferred Pension Inflows	2,170,486	
		2,291,245
Change in Net Position of Governmental Activities		$ 4,384,507

CITY OF LOUDON, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Local Taxes				
Property Taxes	$ 3,747,000	$ 3,747,000	$ 3,782,809	$ 35,809
Interest and Penalty – Real Estate Taxes	15,800	15,800	14,804	(996)
Local Sales Tax	1,400,000	1,400,000	1,705,425	305,425
Wholesale Beer Tax	300,000	300,000	312,478	12,478
Business Tax	122,000	122,000	197,947	75,947
Cable Television Franchise Tax	69,000	69,000	80,495	11,495
Industry in Lieu of Tax	793,607	793,607	793,607	0
Liquor Inspection	95,000	95,000	111,013	16,013
Total Local Taxes	6,542,407	6,542,407	6,998,578	456,171
Licenses and Permits				
Beer Licenses	2,600	2,600	9,350	6,750
Liquor Licenses	3,000	3,000	3,700	700
Building Permits	200,000	200,000	178,183	(21,817)
Public Development Fee	12,000	12,000	21,500	9,500
Total Licenses and Permits	217,600	217,600	212,733	(4,867)
Intergovernmental Revenue				
Telecommunications Tax	6,000	6,000	5,654	(346)
Excise Tax	9,800	9,800	12,174	2,374
TVA in Lieu of Tax	62,900	62,900	75,304	12,404
Housing Authority in Lieu of Tax	23,000	23,000	22,708	(292)
Federal and State Grants	1,625,021	1,627,209	729,920	(897,289)
State Sales Tax	570,905	570,905	712,764	141,859
State Beer Tax	2,815	2,815	2,736	(79)
State Sports Betting Tax	5,500	5,500	10,681	5,181
State Alcoholic Beverage Tax (Mixed Drinks)	14,000	14,000	18,073	4,073
State Street Contract Maintenance	14,000	14,000	14,909	909
State Streets and Transportation Funds	10,960	10,960	10,976	16
State Property Tax Relief	8,000	8,000	8,425	425
Tax Agreement – Highlands	0	0	0	0
Total Intergovernmental Revenue	2,352,901	2,355,089	1,624,324	(730,765)
Fines and Court Costs	30,850	30,850	36,530	5,680
Charges for Services				
Clerk's Fees for Business Tax	11,000	11,000	21,624	10,624
Public Safety Charges	9,600	9,600	9,938	338
Planning Service Fees	2,500	2,500	6,120	3,620
Mowing	200	200	3,200	3,000
Total Charges for Services	23,300	23,300	40,882	17,582
Miscellaneous Revenues				
Sale of Land	0	0	147,660	147,660
Interest Earnings	5,500	86,618	167,744	81,126
Rents	16,933	16,933	14,849	(2,084)
Sale of Street Materials	2,500	2,500	1,589	(911)
Refunds from Utilities	115,690	115,690	55,779	(59,911)
Miscellaneous/Refunds	6,000	6,000	42,454	36,454
Sale of Sanitation Services	5,000	5,000	16,321	11,321
Contributions	0	0	50	50
Sale of Equipment/Equipment Reserve	0	48,104	48,104	0
Personnel Reserve	19,530	19,530	30,973	11,443
Total Miscellaneous Revenues	171,153	300,375	525,523	225,148
TOTAL REVENUES	$ 9,338,211	$ 9,469,621	$ 9,438,570	$ (31,051)

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

CITY OF LOUDON, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

GENERAL FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES				
General Government				
Financial Administration				
Salaries	$ 569,060	$ 569,220	$ 549,999	$ 19,221
Fringe Benefits	370,258	374,258	358,344	15,914
Operating Expenses	220,064	244,064	210,045	34,019
Materials and Supplies	6,700	43,093	36,808	6,285
Total Financial Administration	1,166,082	1,230,635	1,155,196	75,439
Codes Administration				
Salaries	141,464	143,064	138,546	4,518
Fringe Benefits	73,936	73,986	68,785	5,201
Operating Expenses	86,780	83,280	26,112	57,168
Materials and Supplies	10,340	13,840	6,192	7,648
Total Codes Administration	312,520	314,170	239,635	74,535
Depot Building				
Rent	5,233	5,784	5,613	171
Total Depot Building	5,233	5,784	5,613	171
Planning and Zoning				
Salaries	19,960	19,960	16,067	3,893
Fringe Benefits	7,858	7,861	3,848	4,013
Operating Expenses	2,500	2,500	1,668	832
Materials and Supplies	100	100	0	100
Total Planning and Zoning	30,418	30,421	21,583	8,838
Total General Government	1,514,253	1,581,010	1,422,027	158,983
Public Safety				
Police and Fire Building				
Operating Expenses	52,570	58,770	51,031	7,739
Materials and Supplies	16,200	10,000	5,339	4,661
Total Police and Fire Building	68,770	68,770	56,370	12,400
Fire Sub-Service				
Operating Expenses	23,940	23,940	12,182	11,758
Materials and Supplies	500	500	179	321
Total Fire Sub-Service	24,440	24,440	12,361	12,079
Police Department				
Salaries	1,171,900	1,293,359	1,277,563	15,796
Fringe Benefits	622,446	662,180	651,357	10,823
Operating Expenses	259,642	275,817	260,946	14,871
Materials and Supplies	107,500	126,825	114,887	11,938
Total Police Department	2,161,488	2,358,181	2,304,753	53,428
Fire Protection and Control				
Salaries	1,163,995	1,142,755	1,112,785	29,970
Fringe Benefits	570,688	561,874	522,419	39,455
Operating Expenses	187,830	464,193	429,739	34,454
Materials and Supplies	44,650	49,650	36,863	12,787
Total Fire Protection and Control	1,967,163	2,218,472	2,101,806	116,666
Total Public Safety	4,221,861	4,669,863	4,475,290	194,573

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

CITY OF LOUDON, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

GENERAL FUND

For the Period Ending June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES (Continued)				
Public Works:				
Sanitation				
Salaries	$ 418,500	$ 372,400	$ 336,475	$ 35,925
Fringe Benefits	254,940	254,940	220,036	34,904
Operating Expenses	201,800	232,000	222,714	9,286
Materials and Supplies	87,500	103,400	92,770	10,630
Total Sanitation	962,740	962,740	871,995	90,745
Highways and Streets				
Salaries	618,000	559,127	546,294	12,833
Fringe Benefits	341,059	331,690	319,522	12,168
Operating Expenses	1,962,800	2,097,123	1,687,135	409,988
Materials and Supplies	124,970	142,670	111,689	30,981
Total Highways and Streets	3,046,829	3,130,610	2,664,640	465,970
Total Public Works	4,009,569	4,093,350	3,536,635	556,715
Federal Grant Projects				
Queener / Blair Road Projects				
Engineering Services	0	45,000	45,708	(708)
Contracted Services	800,000	755,000	703,750	51,250
Total Queener / Blair Road Projects	800,000	800,000	749,458	50,542
Traffic Signalization Grant				
Advertising	0	110	110	0
Total Traffic Signalization Grant	0	110	110	0
Dredging Project	0	27,057	27,057	0
Total Federal Grant Projects	800,000	827,167	776,625	50,542
Health and Recreation				
Parks				
Salaries	26,719	94,092	91,007	3,085
Fringe Benefits	24,628	67,797	64,615	3,182
Operating Expenses	149,050	150,650	113,746	36,904
Materials and Supplies	65,000	63,400	6,845	56,555
Total Health and Recreation	265,397	375,939	276,213	99,726
Debt Service				
2012 GO Refunding Bond - Payments	192,350	192,350	155,000	37,350
2014 Capital Outlay Note - Payments	122,000	122,000	122,000	0
2021 GO Capital Note Paving - Payments	115,000	115,000	115,000	0
2022 GO Cap Note - Payments	110,000	110,000	110,000	0
Capital Lease Obligation Payments	104,190	104,190	94,538	9,652
Debt Issuance Costs	20,000	20,000	0	20,000
2012 GO Refunding Bond - Interest	11,665	11,665	9,400	2,265
2021 GO Capital Note Paving - Interest	24,166	24,166	24,166	0
2022 GO Cap Note - Paving Int	38,250	38,250	38,249	1
Capital Lease - Interest	0	0	9,652	(9,652)
2014 Capital Outlay Note - Interest	16,674	16,674	16,674	0
Total Debt Service	754,295	754,295	694,679	59,616

CITY OF LOUDON, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

GENERAL FUND

For the Period Ending June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES (Continued)				
Other Expenditures				
Library	$ 10,500	$ 10,500	$ 10,500	$ 0
Total Other Expenditures	10,500	10,500	10,500	0
TOTAL EXPENDITURES	$ 11,575,875	$ 12,312,124	$ 11,191,969	$ 1,120,155
Excess Revenues Over Expenditures	$ (2,237,664)	$ (2,842,503)	$ (1,753,399)	$ (1,089,104)
Other Financing Sources (Uses)				
Transfers In	$ 1,417,700	$ 1,417,700	$ 1,417,704	$ 4
Transfers Out	(873,822)	(873,822)	0	873,822
Proceeds from Debt Issuances	1,520,000	1,520,000	0	(1,520,000)
Total Other Financing Sources (Uses)	2,063,878	2,063,878	1,417,704	(646,174)
Net Change in Fund Balance	(173,786)	(778,625)	(335,695)	442,930
Fund Balance, Beginning of Year	10,333,864	10,333,864	10,333,864	0
Fund Balance, End of Year	$ 10,160,078	$ 9,555,239	$ 9,998,169	$ 442,930

CITY OF LOUDON, TENNESSEE

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds				
	Electric Department	Gas Department	Water and Sewer Department	Total	
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 13,189,547	$ 20,457,219	$ 7,370,307	$ 41,017,073	$ 90,164
Cash and Cash Equivalents - Restricted	0	0	0	0	2,149,135
Investments	0	5,023,264	0	5,023,264	0
Receivables:					
Accounts (Net of Allowance for Uncollectibles)	8,664,987	452,412	1,536,215	10,653,614	0
Rentals	263,909	0	0	263,909	0
Due from Other Funds	0	0	1,444,550	1,444,550	0
Due from Other Governments	0	0	689,760	689,760	0
Prepaid Expenses	0	85,995	314,091	400,086	0
Natural Gas in Storage	0	610,693	0	610,693	0
Materials and Supplies	1,900,482	318,335	365,581	2,584,398	42,495
Total Current Assets	24,018,925	26,947,918	11,720,504	62,687,347	2,281,794
Capital Assets					
Investment in Land (Nondepreciable)	514,673	2,952,434	484,230	3,951,337	0
Capital Assets in Service - At Cost	70,517,375	27,324,832	93,545,802	191,388,009	24,383
Less: Accumulated Depreciation	(32,576,200)	(13,026,913)	(41,011,782)	(86,614,895)	(19,682)
	38,455,848	17,250,353	53,018,250	108,724,451	4,701
Construction in Progress	2,973,388	547,630	9,113,114	12,634,132	0
Net Capital Assets	41,429,236	17,797,983	62,131,364	121,358,583	4,701
Other Assets and Deferred Charges					
Net Pension Asset	103,719	33,842	193,340	330,901	0
Energy Right Loans Receivable	81,165	0	0	81,165	0
Aid to Construction Costs Receivable	720,040	0	0	720,040	0
Total Other Assets	904,924	33,842	193,340	1,132,106	0
Total Assets	66,353,085	44,779,743	74,045,208	185,178,036	2,286,495
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Bond Refunding Costs	0	0	89,837	89,837	0
Deferred Pension Outflows	708,661	432,411	943,492	2,084,564	0
Total Deferred Outflows of Resources	708,661	432,411	1,033,329	2,174,401	0

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

CITY OF LOUDON, TENNESSEE

STATEMENT OF NET POSITION (Continued)

PROPRIETARY FUNDS

June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds				
	Electric Department	Gas Department	Water and Sewer Department	Total	
LIABILITIES					
Current Liabilities					
Accounts Payable	6,190,572	622,038	1,090,329	7,902,939	4,502
Due to Other Funds	21,282	12,327	1,455,812	1,489,421	42,694
Accrued Expenses and Other	37,282	25,864	81,271	144,417	0
Accrued Compensated Absences - Current Portion	175,667	122,981	256,779	555,427	0
Customer Deposits	800,240	0	0	800,240	0
Reserve for Benefit Claims	0	0	0	0	152,300
Current Installments of Long-Term Debt	0	0	2,314,007	2,314,007	0
Accrued Interest	0	0	126,742	126,742	0
Total Current Liabilities	7,225,043	783,210	5,324,940	13,333,193	199,496
Noncurrent Liabilities					
Energy Right Loan Advances	81,165	0	0	81,165	0
OPEB Liability	1,077,210	425,411	1,446,649	2,949,270	0
Accrued Compensated Absences - Long Term	540,739	350,539	742,576	1,633,854	0
Bonds Payable	0	0	9,645,991	9,645,991	0
Loans Payable	0	0	4,014,562	4,014,562	0
Total Noncurrent Liabilities	1,699,114	775,950	15,849,778	18,324,842	0
TOTAL LIABILITIES	8,924,157	1,559,160	21,174,718	31,658,035	199,496
DEFERRED INFLOWS OF RESOURCES					
Grants Received in Advance	0	0	1,747,642	1,747,642	0
Deferred Inflows - Pension	80,067	32,287	207,576	319,930	0
Total Deferred Inflows of Resources	80,067	32,287	1,955,218	2,067,572	0
NET POSITION					
Net Investment in Capital Assets	41,424,727	17,795,812	46,589,947	105,810,486	4,701
Restricted: Internal Service Funds	0	0	0	0	1,996,835
Restricted: Pensions	103,719	33,842	193,340	330,901	0
Unrestricted	16,529,076	25,791,053	5,165,314	47,485,443	85,463
TOTAL NET POSITION	$ 58,057,522	$ 43,620,707	$ 51,948,601	$ 153,626,830	$ 2,086,999

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

CITY OF LOUDON, TENNESSEE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Period Ending June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Major Funds				
	Electric Department	Gas Department	Water and Sewer Department	Total	
OPERATING REVENUES					
Residential Sales	$ 20,119,228	$ 2,517,549	$ 3,319,864	$ 25,956,641	$ 0
Commercial, Industrial and Interruptible Sales	35,582,583	11,411,833	12,767,979	59,762,395	0
Street and Outdoor Lighting Sales	584,666	0	0	584,666	0
Forfeited Discounts	241,853	0	0	241,853	0
Rent	342,197	138,154	0	480,351	0
Other Revenues	202,290	18,877	197,326	418,493	4,470,464
Total Operating Revenues	57,072,817	14,086,413	16,285,169	87,444,399	4,470,464
OPERATING EXPENSES					
Purchased Power	46,416,118	0	0	46,416,118	0
Natural Gas Purchased	0	7,821,175	0	7,821,175	0
System Operations					
Distribution and Operation	1,587,359	996,353	6,202,466	8,786,178	0
Customer Accounts	318,464	40,273	118,862	477,599	0
Administrative and General Expense	1,906,716	812,090	2,061,681	4,780,487	0
Total System Operations	3,812,539	1,848,716	8,383,009	14,044,264	0
Maintenance					
Distribution and Operation	2,153,071	245,437	1,629,757	4,028,265	196,656
Administrative and General Expense	0	243,271	0	243,271	720,625
Total Maintenance	2,153,071	488,708	1,629,757	4,271,536	917,281
Benefits Paid	0	0	0	0	2,543,625
Depreciation	2,256,776	829,597	1,818,715	4,905,088	3,024
Total Operating Expenses	54,638,504	10,988,196	11,831,481	77,458,181	3,463,930
OPERATING INCOME	2,434,313	3,098,217	4,453,688	9,986,218	1,006,534
NON-OPERATING REVENUES (EXPENSES)					
Contributions in Aid of Construction	1,163,802	0	7,152	1,170,954	0
Other Income (Expense)	0	(2,688,886)	0	(2,688,886)	0
Interest Income	273,444	464,550	188,010	926,004	0
Grant Income	0	0	1,200,856	1,200,856	0
Write-Down of Plant Costs Recovered through Contributions in Aid of Construction	(1,163,802)	0	0	(1,163,802)	0
Gain on Capital Assets	5,999	0	0	5,999	0
Interest Expense	0	0	(360,569)	(360,569)	0
Total Non-Operating Revenues (Expenses)	279,443	(2,224,336)	1,035,449	(909,444)	0
CHANGE IN NET POSITION BEFORE TRANSFERS	2,713,756	873,881	5,489,137	9,076,774	1,006,534
CONTRIBUTIONS AND TRANSFERS					
Contributions	0	0	3,127,349	3,127,349	0
Transfers out- in Lieu of Taxes	(672,000)	(324,000)	(421,704)	(1,417,704)	0
Total Transfers	(672,000)	(324,000)	2,705,645	1,709,645	0
CHANGE IN NET POSITION	2,041,756	549,881	8,194,782	10,786,419	1,006,534
NET POSTION, BEGINNING OF YEAR	56,015,766	43,070,826	43,753,819	142,840,411	1,080,465
NET POSITION, END OF YEAR	$ 58,057,522	$ 43,620,707	$ 51,948,601	$ 153,626,830	$ 2,086,999

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

CITY OF LOUDON, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds				
	Electric Department	Gas Department	Water and Sewer Department	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	$ 57,272,060	$ 14,490,913	$ 14,309,963	$ 86,072,936	$ 4,470,464
Cash Payments to Suppliers for Goods and Services	(49,981,036)	(8,690,710)	(3,426,536)	(62,098,282)	(726,699)
Cash Payments to Employees for Services / Benefits	(3,318,991)	(1,473,051)	(3,824,138)	(8,616,180)	(2,737,231)
Net Cash Flows Provided By (Used in) Operating Activities	3,972,033	4,327,152	7,059,289	15,358,474	1,006,534
CASH FLOWS FROM NONCAPITAL FINANCING NONCAPITAL FINANCING ACTIVITIES					
Transfers Out - Payments In Lieu of Taxes	(672,000)	(324,000)	(421,704)	(1,417,704)	0
Other Income (Expense)	0	(2,688,886)	0	(2,688,886)	0
Grant Income	0	0	1,200,856	1,200,856	0
Net Cash Provided By (Used In) Non Capital Non Capital Financing Activities	(672,000)	(3,012,886)	779,152	(2,905,734)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Contributions	0	0	3,134,501	3,134,501	0
Advances from TVA	(20,884)	0	0	(20,884)	0
Issuance of TVA Conservation Loans Receivable	20,884	0	0	20,884	0
Plant Additions and Construction	(6,241,047)	(2,340,084)	(10,178,586)	(18,759,717)	0
Utility Plant Removal Costs	1,493,012	0	0	1,493,012	0
Cash Received from Developers and Individuals for Capital Purposes	1,163,802	0	0	1,163,802	0
Interest Paid on Long-Term Debt	0	0	(399,943)	(399,943)	0
Net Borrowings/(Payments) on Long-Term Debt	0	0	(2,237,945)	(2,237,945)	0
Net Cash Flows Provided By (Used In) Capital and Related Financing Activities	(3,584,233)	(2,340,084)	(9,681,973)	(15,606,290)	0
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Investments	0	(5,023,264)	0	(5,023,264)	0
Interest Received	273,444	464,550	188,010	926,004	0
Net Cash Flows Provided By (Used In) Investing Activities	273,444	(4,558,714)	188,010	(4,097,260)	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,756)	(5,584,532)	(1,655,522)	(7,250,810)	1,006,534
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,200,303	26,041,751	9,025,829	48,267,883	1,232,765
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 13,189,547	$ 20,457,219	$ 7,370,307	$ 41,017,073	$ 2,239,299

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

CITY OF LOUDON, TENNESSEE

STATEMENT OF CASH FLOWS (Continued)

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds				
	Electric Department	Gas Department	Water and Sewer Department	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating Income	$ 2,434,313	$ 3,098,217	$ 4,453,688	$ 9,986,218	$ 1,006,534
Adjustments to Reconcile Operating Income to Net Cash Provided (Used In) by Operating Activities:					
Depreciation	2,256,776	829,597	1,818,715	4,905,088	3,024
Amortization	0	0	0	0	0
Changes in Assets and Liabilities					
Accounts Receivable	146,392	404,450	(714,708)	(163,866)	0
Materials and Supplies	(628,293)	371,571	(58,656)	(315,378)	8,714
Rentals Receivable	51,370	0	0	51,370	0
Other Receivable	(36,720)	0	0	(36,720)	0
Prepaids	0	4,803	48,212	53,015	0
Net Pension Asset	660,053	317,941	881,310	1,859,304	0
Due from Other Governments	0	0	(689,760)	(689,760)	0
Due from Other Funds	15,231	50	(570,737)	(555,456)	0
Deferred Outflows - Pension	55,186	26,583	73,687	155,456	0
Deferred Outflows - OPEB	0	0	0	0	0
Deferred Outflows - Bond Refunding Costs	0	0	11,495	11,495	0
Accounts Payable	(326,078)	(386,143)	357,582	(354,639)	(5,355)
Customer Deposits	22,970	0	0	22,970	0
Compensated Absences	127,588	55,358	193,035	375,981	0
Accrued Expenses and Other	7,053	6,142	14,350	27,545	0
Accrued Interest	0	0	16,210	16,210	0
Grants Received in Advance	0	0	873,821	873,821	0
Reserve for Benefit Claims	0	0	0	0	0
Due to Other Funds	(12,274)	(15,312)	1,421,389	1,393,803	(6,383)
Other Post-Employment Benefit Liability	16,384	1,185	22,356	39,925	0
Deferred Inflows - OPEB	(81,831)	(32,725)	(109,868)	(224,424)	0
Deferred Inflows - Pension	(736,087)	(354,565)	(982,832)	(2,073,484)	0
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 3,972,033	$ 4,327,152	$ 7,059,289	$ 15,358,474	$ 1,006,534

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

CITY OF LOUDON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) REPORTING ENTITY

The City of Loudon, Tennessee (the City), located in Loudon County, was incorporated as an entity under Chapter 229, Private Acts of Tennessee for 1927, as amended, which became the charter of the City. The City is governed by a Mayor, City manager, and City Council and provides the following services: police, fire, recreation, public works and utilities.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) followed in the United States of America. The Governmental Accounting Standards Board (GASB) is the established and recognized standard-setting body for governmental accounting and financial reporting. The GASB periodically issues new or revised standards that are implemented by the City.

Governmental Accounting Standards Board (GASB) Statement No. 14 - *"The Financial Reporting Entity"*, as amended by GASB Statement No. 39 "*Determining Whether Certain Organizations are Component Units"*, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of a component unit's Board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The City is a primary government and has no component units.

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. *Governmental activities* are normally supported by taxes and intergovernmental revenues. *Business-type activities* rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets as well as long-term obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal year.

The government-wide statement of activities demonstrates the degree to which the direct expenses, including depreciation, of the various departments of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific department. Interest on general long-term debt and depreciation expense on assets shared by multiple departments are not allocated to the various departments. Program revenues include revenues from fines and forfeitures, licenses and permit fees, special assessment taxes, certain intergovernmental grants, other entities participation and charges for services. Taxes and other items not properly included among program revenues are reported as general revenues.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The City does not currently utilize an indirect cost allocation system. The General Fund charges certain administrative fees to departments within other operating funds to support general services used by those funds. The expenditures/expenses are recorded as a reduction of expense in the allocating fund. Therefore, no elimination is required from either the government-wide or fund level financial statements.

The fund financial statements emphasis is on the major funds in either the governmental or business-type categories. Non-major funds are summarized into a single column.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Internal service funds of a government (which provide services primarily to other funds of the City) are presented as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate department.

(C) BASIS OF PRESENTATION

The City uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid in the City's financial management by segregating transactions related to certain functions or activities. The following categories are used by the City:

Governmental Fund Types

Governmental funds are used to finance most of the governmental functions of the City. The focus of governmental fund measurement, in the fund financial statements, is upon determination of financial position and changes in financial position rather than upon net income. Governmental Funds include the following fund types:

General: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue: Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes. There are no special revenue funds presented as major fund in the basic financial statements.

Capital Projects: Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). There are no capital project funds presented as major fund in the basic financial statement.

Proprietary Fund Types

Proprietary funds are used to account for the City's ongoing operations and activities, which are similar to those often found in the private sector. The focus of proprietary fund measurement is upon the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds include the following fund types:

Enterprise Funds: Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following enterprise funds are used by the City:

Water and Sewer Fund: The system is managed by the Loudon Utilities Board. The system was created to finance, develop and operate the water and wastewater activities of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operation, maintenance, financing and related debt service, billing and collection.

Electric Department Fund: The system is managed by the Loudon Utilities Board and is engaged in the distribution of electrical energy in the area which it serves. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operation, maintenance, financing, billing and collection.

Gas Department: The system is managed by the Loudon Utilities Board and provides gas services in the area which it serves. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operation, maintenance and financing.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) BASIS OF PRESENTATION (Continued)

Proprietary Fund Types (Continued)

***Internal Service Funds*:** Internal service funds are used to account for the providing of goods or services to other governmental operating units on a cost reimbursement basis. The purpose of centralizing certain activities in an internal service fund is to achieve a level of operating efficiency that may not be available if the same activities were performed by multiple units within the governmental organization. The following internal service funds are used by the City:

Maintenance Fund: A department of the City that provides maintenance services to other departments, on a cost-reimbursement basis.

Employee Benefits Fund: Accounts for fees collected and benefits paid to or for employees in connection with vision insurance provided.

Medical Benefits Fund: The fund is used to administer the health and dental insurance coverage of the City's employees. Additional stop-gap insurance is carried through an outside insurance company.

(D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to (1) demonstrate legal and covenant compliance, (2) demonstrate the source and use of liquid resources, and (3) demonstrate how the City's actual experience conforms to the annual budget. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" is defined as collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include property tax, local sales tax, state-shared sales tax, highway user tax, franchise fees, and interest earned on pooled investments. Licenses and permits, charges for services, fines and forfeitures and miscellaneous revenues are generally recorded as revenues when received in cash because they are not measurable until actually received. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one type, monies must be expended for a specific purpose or project before any amounts will be paid to the City; therefore, revenues are based upon the expenditures recorded. In the other type, monies are virtually unrestricted as to the purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The City reports deferred revenues in the governmental funds if the potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Since the governmental fund financial statements are presented on a basis different than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception is that charges between the government's electric and water/sewer functions and various functions of the City are not eliminated. Elimination of these charges would distort the direct costs and program revenues reported for the applicable functions.

Amounts reported as program revenue include (1) charges to customers or users who purchase, use or directly benefit from goods or services provided by a particular department, (2) operating grants and contributions that are restricted to meeting the operational requirements of a particular department, and (3) capital grants and contributions that are restricted. Taxes, investment income and other revenues not identifiable with a particular department are included as general revenues. The general revenues support the net costs of the departments not covered by program revenues.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services of the fund's principal ongoing operations. Operating expenses include the cost of providing the goods and services, administrative expenses, and depreciation on capital assets. Non-operating revenues and expenses are items such as investment income and interest expense, which are not a result of the direct operations of the activity.

(E) ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION/FUND BALANCES

Deposits and Investments - Cash and cash equivalents include cash on hand, bank deposits and short-term investments with maturities of three months or less at the time of purchase, including deposits with the State Treasurer's Local Government Investment Pool (LGIP). The City pools substantially all of its short-term investments. All bank deposits are fully insured by the Tennessee Investment Collateral Pool.

Deposits with LGIP may be withdrawn with a maximum of one day's notice and are valued at cost. The State Pooled Investment Fund, of which LGIP is a part, is managed like a Rule SEC 2a-7 fund. The same investment guidelines are followed, but the State Pooled Investment Fund is not reported to the SEC.

The State Pooled Investment Fund is governed by the State Funding Board in accordance with Tennessee Code Annotated. The Funding Board is comprised of the State Treasurer, the Comptroller, the Commissioner of Finance and Administration, the Secretary of State and the Governor. Reporting is done monthly, quarterly and annually and there are regularly scheduled meetings. The Funding Board has developed an Investment Policy which meets Rule SEC 2a-7 requirements and State laws.

Receivables - All receivables are shown net of an allowance for uncollectible accounts.

Unbilled Accounts Receivable - The City of Loudon Utilities ("The Utilities") delay the recording of some accrued revenues due to the staggering of meter reading dates during the month. Consequently, there is a lag in meter reading time and billing dates as the utilities do not bill at a cut-off date of June 30th, the year-end. Unbilled revenues are estimated by calculation of average daily revenue for the number of days unrecorded based on the following month's billing.

For the Electric Department at June 30, 2023, estimated unbilled revenue was $1,045,000.

Expenses and the related purchased power for the unrecorded unbilled revenue have been reflected in the Statements of Revenues, Expenses and Changes in Fund Net Position of each respective utility.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITON/FUND BALANCES (Continued)

Inventories and Prepaid Items - Materials and supplies inventories of the proprietary funds are maintained by a perpetual inventory accounting system and are valued on a basis of average cost.

Prepaid items consist of payments to vendors for costs applicable to future accounting periods. These items are recorded as prepaid items in both the government-wide and fund financial statements.

Regulated Operations - The Electric Department Fund is an electric utility operation 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).

Capital Assets - Capital assets, including public domain infrastructure (e.g. roads, bridges, sidewalks, and culverts) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Capital assets received in a service concession arrangement are reported at estimated acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend its life, are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives (land, rights-of-way/easements, and construction-in-progress are not depreciated):

Buildings and Improvements	25 – 40 years
Transportation Equipment	5 – 10 years
Furniture, Fixtures, and Equipment	5 – 10 years

The City of Loudon Utilities applies the mass-asset convention of accounting to certain capital assets. The original cost of utility plant assets retired or otherwise disposed of and the cost of removal less salvage value is charged to accumulated depreciation. When the City of Loudon Utilities retires other property, the related asset and accumulated depreciation are removed from the accounts and the gain or loss is included in the results of operations. Depreciation for certain transportation equipment is distributed to various accounts on the basis of labor for each asset.

Contributions in Aid of Construction - Contributions in aid of construction are cash collections from customers or others for a particular purpose, generally the construction of new facilities to serve new customers in excess of the investment the Utilities is willing to make for a particular incremental revenue source. The Utilities reduces the plant account balances to which contributions relate by the actual amount of the contribution and recognizes the contributions as non-operating revenue in accordance with GASB Statement No. 62.

Deferred Outflows of Resources/Inflows of Resources - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITON/FUND BALANCES (Continued)

Compensated Absences - The City and Utilities recognize the cost of sick leave, comp time, and vacation pay as it is earned. Sick leave pay benefits accumulate to a maximum of 180 days for both City and Utilities employees. Vacation pay for all City employees may be accrued up to twice the employees' annual vacation period. Utilities employees may accrue a maximum annual leave of 30 days plus their annual rate of accumulation. In government funds, compensated absences that are expected to be liquidated with expendable (current) available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the Long-Term Liabilities Account. In the proprietary funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

Long-Term Obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type. Debt premiums and discounts are deferred and amortized over the life of the debt. Debt payable is reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, in the period in which the debt is issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Proprietary fund financial statements recognize debt premiums and discounts as deferrals that are amortized to interest expense over the life of the debt. Debt payable is reported net of the applicable premium or discount. Under GASB Statement No. 62, debt issue costs that are recovered through rate charges established by the regulatory authority are recognized as deferred regulatory charges. They are amortized over the life of the debt.

Interfund Transactions - Interfund transactions consist of identified services performed for other funds or costs billed to other funds and are recorded as expenditures in the fund receiving the services and as a reimbursement, reducing expenditures, in the fund performing the services except for sales of electric and water/sewer services to other City departments and the internal service risk management or health charges which are recorded as revenue and expenditures in the appropriate funds. All other interfund transactions are reported as transfers.

Net Position and Fund Balance - Government-wide and proprietary fund net position is classified into three components. "Net investment in capital assets" consists of capital assets net of accumulated depreciation and reduced by outstanding debt used to finance the purchase or construction of those assets. "Restricted" net position is noncapital net position that must be used for a particular purpose as specified by creditors, grantors, or contributors external to the City. "Unrestricted" net position is remaining net position that does not meet the definition of the other two categories.

Governmental fund equity is classified as fund balance. The City follows GASB No. Statement 54, *Fund Balance and Governmental Fund Type Definitions.* Under this statement fund balances are classified into the following categories:

a. Nonspendable fund balances comprise those amounts that cannot be spent due to their form (e.g. inventory and prepaids) or funds that legally or contractually are required to be maintained intact.

b. Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitutional provisions or enabling legislation.

c. Committed fund balances comprise those amounts that are set aside for a specific purpose by the City's highest level of decision-making authority (City Council) through its highest level of formal action (ordinance). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

d. Assigned fund balances consist of amounts that are set aside with the intent to be used for a specific purpose by the City's highest level of decision-making body. Assigned fund balances may not cause a deficit in unassigned fund balance.

e. Unassigned fund balances consist of excess funds that have not been classified in the previous four categories. The general fund is the only governmental fund that reports positive unassigned fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITON/FUND BALANCES (Continued)

The City has no formal policy with regard to classifying expenditures among the various classifications. Thus, the default provision under GASB Statement 54 applies expenditures first to restricted resources, then to committed resources, then to assigned resources, and finally to unassigned resources. No City official is granted the authority to assign fund balance. In addition, the City has no formal policy with regard to stabilization funds.

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

Estimates - The preparation of basic 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 amount of assets, liabilities, revenue and expenses/expenditures, and the disclosure of contingent assets and liabilities at the date of the basic financial statements. Actual results could differ from those estimates.

(F) ADOPTION OF NEW ACCOUNTING STANDARDS

Implementation of GASB Statement No. 96 - During the fiscal year ended June 30, 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. It (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The standard did not have a material effect on the City's financial statements and disclosures as the City's SBITAs generally have a contractual term of one year or less.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Prior to May 1st, the City Manager submits to the Mayor and City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.

b. A public hearing is conducted by the City to obtain taxpayer comments.

c. Prior to July 1st, the budget is legally enacted through passage of an ordinance.

d. The City Manager is authorized to transfer budgeted amounts within a department of any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the Mayor and City Council.

e. Formal budgetary integration is employed as a management control devise during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

f. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles.

g. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations. All appropriations lapse at year end.

NOTE 3 - DEPOSITS AND INVESTMENTS

(A) DEPOSITS

Custodial Credit Risk - Deposits - For cash and cash equivalents, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be available, or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires that deposits be either (1) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institution, less the amount protected by federal depository insurance or (2) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Institutions participating in the collateral pool determine the aggregated balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held.

All of the City's cash and cash equivalents at June 30, 2023 were covered by Federal Depository Insurance Coverage (FDIC) and the bank collateral pool administered by the Treasurer of the State of Tennessee. The City places no limit on the amount the Department may invest in any one issuer. All the City's temporary investments are collateralized with securities held by the Tennessee Investment Collateral Pool.

(B) INVESTMENTS

Investments - Investments are stated at estimated fair value. State statutes authorize the City to invest in obligations of federal treasuries and agencies, certificates of deposit, and the state investment pool.

Investment Policies:

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates the City's investment policies limit investments to terms of no more than four years. As of June 30, 2023, the average weighted maturity of the Utilities portfolio was 11.8 months.

Credit Risk - Credit risk is the risk that the issuer, or other counterparty to an investment, will not fulfill its obligations. Investing is performed in accordance with investment policies which comply with applicable state statues. The City's Investment Policy allows only investments in the highest-grade securities. As of June 30, 2023, the City's investment holdings were in compliance with state statutes.

Custodial Credit Risk - Investments - For an investment, custodial credit risk is the risk that, in the event of failure of the custodian, the City will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The City's investments are typically uninsured and unregistered investments for which the securities are held by the custodian's trust department or agent in the Utility's name. Certificates of deposit are secured by collateral held by the State's Collateral Pool. These would again include uninsured and unregistered investments for which the securities are held by the custodian's trust department or agent in the State's name.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City has no limit on the amount it may invest in any one issuer. As of June 30, 2023, all of the City's investments are in United States Treasury Bills which are securities issued by the government of the United States of America. All U.S. Government Treasury investments have an Aaa credit rating.

As of June 30, 2023, the City had the following investments and related maturities.

	Fair Value	Less than 1 Year	1 - 2 Years	2 - 4 Years
Investments:				
U.S. Treasuries	$ 5,023,264	$ 2,564,226	$ 2,459,038	$ 0

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

(C) INVESTMENTS (Continued)

Fair Value:

GASB Statement 72 Fair Value Measurements and Disclosures (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 priced 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.

The City has the following recurring fair value measurement as of June 30, 2023:

U.S. Treasuries: Actively traded individual debt securities are valued at the quoted market prices for identical assets in active markets. For non-actively traded individual debt securities are valued using pricing models that maximize the use of observable inputs or similar securities which includes the yield currently available on comparable securities of issuers with similar maturities and credit ratings.

Below is a table that present information about certain assets measured at estimated fair value on a recurring basis:

	Carrying Amount in the Statement of Net Position	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of June 30, 2023				
U.S. Treasuries	$ 5,023,264	$ 5,023,264	$ 0	$ 0

NOTE 4 - PROPERTY TAXES

The City's property taxes, levied on or about October 1, become delinquent on March 1. Property taxes attach as an enforceable lien on property January 1 and are reflected as receivables and deferred revenue in the financial statements. The county tax assessor provides the property assessment but the City bills and collects its own taxes. Penalties and interest on delinquent taxes are recognized when collected. The City's tax rate for the year ended June 30, 2023, was $1.0993 per $100 of assessed value.

Property taxes levied for 2022 and prior years, but uncollected as of June 30, 2023, are recorded as receivables, net of estimated amounts uncollectible based upon collections in prior years. The allowance for uncollectible property taxes as of June 30, 2023 is $176,419. The taxes collected during the fiscal year ended June 30, 2023, and those taxes expected to be collected in the subsequent sixty (60) days, are recognized as revenues in the fiscal year ended June 30, 2023. The remainder of net property taxes receivable are recorded as deferred revenue.

Property taxes levied for the fiscal year ending June 30, 2023 are recorded as receivables and deferred revenue.

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

As of June 30, 2023, interfund receivables and payables were as follows:

	Due From Other Funds	Due to Other Funds	Total Balances
Governmental Activities			
General Fund	$ 87,566	$ (202,613)	$ (115,047)
Nonmajor Funds	202,613	(42,695)	159,918
Total Governmental Activities	$ 290,179	$ (245,308)	$ 44,871
Business-Type Activities			
Electric Department	$ 0	$ (21,282)	$ (21,282)
Gas Department	0	(12,327)	(12,327)
Water and Sewer Department	1,444,550	(1,455,812)	(11,262)
Total Business-type Activities	$ 1,444,550	$ (1,489,421)	$ (44,871)

The above balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Transfers during the year are as follows:

	Transfers to:
Transfers From:	General Fund
Electric Department Fund	$ 672,000
Gas Department Fund	324,000
Water and Sewer Department Fund	421,704
Total	$ 1,417,704

The transfers from the Electric Department Fund, Gas and Water and Sewer Department Funds are transfers in lieu of payment of taxes.

NOTE 6 - CAPITAL ASSETS

A summary of capital asset activity, for the government-wide financial statements, for the fiscal year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 2,560,822	$ 0	$ 0	$ 2,560,822
Construction in Progress	4,503,244	352,779	(4,453,305)	402,718
Total Capital Assets, Not Being Depreciated	7,064,066	352,779	(4,453,305)	2,963,540
Capital Assets, Being Depreciated				
Infrastructure	44,449,810	6,089,214	0	50,539,024
Buildings	2,901,443	6,992	0	2,908,435
Furniture and Equipment	6,572,203	1,572,114	(233,699)	7,910,618
Total Capital Assets, Being Depreciated	53,923,456	7,668,320	(233,699)	61,358,077
Less Accumulated Depreciation	(40,153,213)	(1,834,669)	101,431	(41,886,451)
Total Capital Assets, Being Depreciated, Net	13,770,243	5,833,651	(132,268)	19,471,626
Governmental Activities Capital Assets, Net	$ 20,834,309	$ 6,186,430	$ (4,585,573)	$ 22,435,166
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land and Land Rights	$ 3,951,337	$ 0	$ 0	$ 3,951,337
Construction in Progress	5,665,612	15,748,268	(8,779,748)	12,634,132
Total Capital Assets, Not Being Depreciated	9,616,949	15,748,268	(8,779,748)	16,585,469
Capital Assets, Being Depreciated				
Electric Plant in Service	69,043,347	1,474,028	0	70,517,375
Gas Plant in Service	25,075,734	2,249,098	0	27,324,832
Water Plant in Service	48,869,324	3,625,131	0	52,494,455
Sewer Plant in Service	39,030,415	2,020,932	0	41,051,347
Total Capital Assets, Being Depreciated	182,018,820	9,369,189	0	191,388,009
Less Accumulated Depreciation for:				
Electric Plant in Service	(30,090,616)	(2,485,584)	0	(32,576,200)
Gas Plant in Service	(12,197,317)	(829,596)	0	(13,026,913)
Water Plant in Service	(21,287,947)	(1,094,232)	0	(22,382,179)
Sewer Plant in Service	(17,905,120)	(724,483)	0	(18,629,603)
Total Accumulated Depreciation	(81,481,000)	(5,133,895)	0	(86,614,895)
Total Capital Assets, Being Depreciated, Net	100,537,820	4,235,294	0	104,773,114
Business-Type Activities Capital Assets, Net	$ 110,154,769	$ 19,983,562	$ (8,779,748)	$ 121,358,583

Depreciation expense was charged to the governmental functions in the government-wide financial statement as follows:

General Government	$ 100,113
Police/Fire	436,528
Recreation	253,609
Highways and Streets	949,613
Sanitation	94,806
	$ 1,834,669

NOTE 7 - DEBT AND LONG-TERM LIABILITIES

(A) BONDS AND NOTES PAYABLE

General Obligation Bonds - The City issues general obligation bonds to provide for the acquisition and construction of major roads, capital facilities and equipment. General obligation bonds have been issued for general government activities, business-type activities and to refund previously issued general obligation bonds. These bonds are generally issued as serial bonds with level debt service payments over 20 years except refunding bonds are generally issued matching the maturities of the bonds being refunded. General obligation bonds outstanding at June 30, 2023 were as follows:

	Governmental Activities	Business-Type Activities	Total
$6,970,000 - 2012 General Obligation Refunding Bonds, due in annual installments of $155,000 to $160,000 through June 1, 2025; interest at 2.0%.	$ 315,000	$ 0	$ 315,000
Total General Obligation Bonds	$ 315,000	$ 0	$ 315,000

Revenue Bonds - The City issues revenue bonds to provide funds for the acquisition and construction of major capital facilities and to refund previously issued revenue bonds. These bonds are generally issued as serial bonds with varying amounts of principal maturing each year. Revenue bonds outstanding at June 30, 2023 were as follows:

	Governmental Activities	Business-Type Activities	Total
$2,005,000 - 2020A Water and Sewer Revenue Refunding Bonds, due in annual installments of $60,000 to $220,000 through March 1, 2033; interest at 1.45%.	$ 0	$ 1,515,000	$ 1,515,000
$1,950,000 - 2020B Water and Sewer Revenue Refunding Bonds, due in annual installments of $75,000 to $200,000 through March 1, 2032; interest at 1.64%.	0	1,620,000	1,620,000
$11,775,000 - 2020C Water and Sewer Revenue Refunding Bonds, due in annual installments of $660,000 to $1,570,000 through March 1, 2032; interest at 1.83%.	0	8,070,000	8,070,000
$1,679,554 - 2012 General Obligation Refunding, due in annual installments of $37,350 to $96,000 through June 1, 2025; interest at 2.25%.	0	75,905	75,905
Total Revenue Bonds	$ 0	$ 11,280,905	$ 11,280,905

The Water and Sewer Funds have pledged sufficient revenue, after deduction of all current operating expenses (exclusive of tax equivalents), to meet bond principal and interest payments of revenue bonds when due. Such bond requirements are being met through monthly deposits to the bond funds as required by the bond covenants. As of June 30, 2023, these requirements had been satisfied.

NOTE 7 - DEBT AND LONG-TERM LIABILITIES (Continued)

(A) BONDS AND NOTES PAYABLE (Continued)

Notes Payable (Direct Borrowings) - The City has entered loan agreements with local institutions for capital projects and a sewer system capital project at favorable interest rates. The notes payable outstanding at June 30, 2023 were as follows:

	Governmental Activities	Business-Type Activities	Total
$5,000,000 – 2018 Capital Outlay Note due in annual installments of $281,000 to $406,000 through January 1, 2034; interest at 3.15%.	$ 0	$ 3,823,250	$ 3,823,250
$3,600,000 – 2019 Water and Sewer Draw Down Loan due in Annual installments of $31,000 to $58,000 through January 1, 2034; interest at 3.35%.	0	535,081	535,081
$1,400,000 - 2014 General Obligation Capital Outlay Note, due in annual installments of $115,000 to $136,000 through September 1, 2026; interest at 2.86%.	522,000	0	522,000
$1,520,000 - 2021 General Obligation Capital Outlay Note, due in annual installments of $115,000 to $140,000 through June 1, 2033; interest at 1.72%.	1,290,000	0	1,290,000
$1,500,000 - 2022 General Obligation Capital Outlay Note, due in annual installments of $110,000 to $145,000 through June 1, 2034; interest at 2.77%.	1,390,000	0	1,390,000
$619,481 - 2020 Fire Truck Financed Purchase Obligation due in annual installments of $104,489 through September 28, 2025; interest at 2.95%.	297,799	0	297,799
Total Notes Payable	$ 3,499,799	$ 4,358,331	$ 7,858,130
Total Bonds and Notes Payable	$ 3,814,799	$ 15,639,236	$ 19,454,035

The various bond indentures contain significant limitations and restrictions on annual debt service requirements. The City is in compliance with all significant limitations and restrictions. Premiums related to issuance of bonds are being amortized over the life of the bonds.

The following is a summary of debt transactions of the City for the fiscal year ended June 30, 2023:

	Debt Payable July 1, 2022	Debt Issued	Debt Retired	Debt Refunded	Debt Payable June 30, 2023
General Obligation Bonds	$ 470,000	$ 0	$ 155,000	$ 0	$ 315,000
Revenue Bonds	13,183,255	0	1,902,350	0	11,280,905
Notes Payable (Direct Borrowings):					
2014 General Obligation Capital Outlay	644,000	0	122,000	0	522,000
2021 General Obligation Capital Outlay	1,405,000	0	115,000	0	1,290,000
2022 General Obligation Capital Outlay	1,500,000	0	110,000	0	1,390,000
2018 Capital Outlay Note	4,117,643	0	294,393	0	3,823,250
2019 Water and Sewer Draw Down Loan	576,283	0	41,202	0	535,081
2020 Fire Truck Financed Purchase Obligation	392,337	0	94,538	0	297,799
Total Debt Payable	$ 22,288,518	$ 0	$ 2,834,483	$ 0	$ 19,454,035

The City has Water and Wastewater user contracts with Tate & Lyle Ingredients Americas, Inc. which provide for reserve capacities. Quarterly billings are made for fixed costs which directly benefit the Company and include debt service on new and previously existing Water and Wastewater facilities debt, based on the ratio of Tate & Lyle Ingredients Americas, Inc. reserved capacity to total plant capacity. Variable cost billings are made monthly and are computed on a usage basis.

NOTE 7 - DEBT AND LONG-TERM LIABILITIES (Continued)

(A) BONDS AND NOTES PAYABLE (Continued)

The following is a summary of the City's debt service requirements in five-year increments:

Fiscal Years Ending June 30,	Governmental Activities				Business-Type Activities				Total Debt Service
	Bonds		Direct Borrowings		Bonds		Direct Borrowings		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2024	$ 155,000	$ 6,300	$ 451,864	$ 81,019	$ 1,932,350	$ 217,517	$ 343,770	$ 140,926	$ 3,328,746
2025	160,000	3,200	463,247	69,969	1,688,555	183,088	355,346	129,352	3,052,757
2026	0	0	473,688	58,551	1,340,000	150,573	353,045	117,388	2,493,245
2027	0	0	381,000	46,887	1,050,000	123,861	379,677	105,020	2,086,445
2028	0	0	250,000	39,475	1,055,000	102,619	392,461	92,236	1,931,791
2029-2033	0	0	1,335,000	111,178	4,215,000	226,370	2,169,660	253,825	8,311,033
2034-2038	0	0	145,000	4,009	0	0	364,372	6,417	519,798
Totals	$ 315,000	$ 9,500	$ 3,499,799	$ 411,088	$ 11,280,905	$ 1,004,028	$ 4,358,331	$ 845,164	$ 21,723,815

(B) TOTAL LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities					
Debt Payable:					
General Obligation Bonds	$ 470,000	$ 0	$ 155,000	$ 315,000	$ 510,000
Notes Payable (Direct Borrowings)	3,941,337	0	441,538	3,499,799	96,864
Total Debt Payable	4,411,337	0	596,538	3,814,799	606,864
Other Liabilities:					
Other Post-Employment Benefit Liability	505,418	15,254	132,461	388,211	0
Compensated Absences	1,145,131	194,095	197,648	1,141,578	197,341
Total Other Liabilities	1,650,549	209,349	330,109	1,529,789	197,341
Total Liabilities	$ 6,061,886	$ 209,349	$ 926,647	$ 5,344,588	$ 804,205
Business-Type Activities					
Debt Payable:					
Revenue Bonds	$ 13,183,255	$ 0	$ 1,902,350	$ 11,280,905	$ 1,932,350
Notes Payable (Direct Borrowings)	4,693,926	0	335,595	4,358,331	343,770
Premium on Bond Issuance	374,697	0	39,374	335,323	37,887
Total Debt Payable	18,251,878	0	2,277,319	15,974,559	2,314,007
Other Liabilities:					
Other Post-Employment Benefit Liability	2,909,344	225,331	185,405	2,949,270	0
Compensated Absences	1,813,300	449,394	73,412	2,189,282	555,427
Total Other Liabilities	4,722,644	674,725	258,817	5,138,552	555,427
Total Liabilities	$ 22,974,522	$ 674,725	$ 2,536,136	$ 21,113,111	$ 2,869,434

NOTE 8 - EMPLOYEES' RETIREMENT SYSTEM

Employees of the City participate in the following retirement systems:

a. Public Employee Retirement Plan - City

b. Public Employee Retirement Plan – Utilities

c. City Deferred Compensation Plan

d. Utilities Deferred Contribution Plan

The Public Employee Retirement Plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34 - 37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at *https//treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-investment-Policies*.

The following information is provided to support the balances as of June 30, 2023 in the total column on the Statement of Net Position on page 1 of the financial statements and to present pension expense for all defined benefit plans.

	Public Employee Retirement Plan City	Public Employee Retirement Plan Utilities	All Plans
Net Pension Asset	$ 1,527,677	$ 330,901	$ 1,858,578
Pension Deferred Outflows	$ 1,277,803	$ 2,084,564	$ 3,362,367
Pension Deferred Inflows	$ 272,192	$ 319,930	$ 592,122

The following information applies to both defined benefit plans administered by the TCRS and is provided here so it is not repeated in the descriptions of each of these plans.

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Net Pension Liability (Asset): The net pension liability (asset) for each plan was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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

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

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

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

NOTE 8 - EMPLOYEES' RETIREMENT SYSTEM (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, 2021 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88%	31%
Developed Market International Equity	5.37%	14%
Emerging Market International Equity	6.09%	4%
Private Equity and Strategic lending	6.57%	20%
U.S. Fixed Income	1.20%	20%
Real Estate	4.38%	10%
Short-Term Securities	0.00%	1%
Total		100%

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

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

PUBLIC EMPLOYEES' RETIREMENT PLAN - CITY

(A) General Information about the Pension Plan

Plan Description: Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS.

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 5 years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A 1% COLA is granted if the CPI change is between one-half percent and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

NOTE 8 - EMPLOYEES' RETIREMENT SYSTEM (Continued)

PUBLIC EMPLOYEES' RETIREMENT PLAN – CITY (Continued)

(A) General Information about the Pension Plan

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	37
Inactive Employees Entitled to, but not yet Receiving Benefits	26
Active Employees	56
Total	119

Contributions: Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The Plan is non-contributory for the employees of the City. The City makes all contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions for the City were $422,360 based on a rate of 11.63% of covered payrolls.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	$ 15,184,242	$ 18,669,705	$ (3,485,463)
Changes for the Year:			
Service Cost	286,294	0	286,294
Interest	1,024,103	0	1,024,103
Difference between Expected and Actual Experience	307,705	0	307,705
Changes of Assumptions	0	0	0
Contributions - Employer	0	375,532	(375,532)
Contributions - Employees	0	0	0
Net Investment Income	0	(709,889)	709,889
Benefit Payments - Including Refunds of Employee Contributions	(597,286)	(597,286)	0
Administrative Expenses	0	(5,327)	5,327
Net Changes	1,020,816	(936,970)	1,957,786
Balances at June 30, 2022	$ 16,205,058	$ 17,732,735	$ (1,527,677)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability (asset) of the City calculated using the discount rate of 6.75%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City of Loudon's Net Pension Liability (Asset) 2022	$ 682,673	$ (1,527,677)	$ (3,354,438)

NOTE 8 - EMPLOYEES' RETIREMENT SYSTEM (Continued)

(A) PUBLIC EMPLOYEES' RETIREMENT PLAN – CITY (Continued)

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 City recognized negative pension expense of $69,818.

Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 276,606	$ 272,192
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	34,986	0
Changes of Assumptions	543,851	0
Contributions Subsequent to the Measurement Date of June 30, 2022	422,360	0
Total	$ 1,277,803	$ 272,192

The amount shown above for "contributions subsequent to the measurement date of June 30, 2022," 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:

For the Years ended June 30,	
2024	$ 2,902
2025	29,077
2026	(47,124)
2027	547,110
2028	51,286

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, the City reported no outstanding amount of contributions to the pension plan, including employee contributions, required at year end.

NOTE 8 - EMPLOYEES' RETIREMENT SYSTEM (Continued)

(B) PUBLIC EMPLOYEES' RETIREMENT PLAN – UTILITIES

Plan Description: Employees of the Utilities are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS.

Benefits Provided: Tennessee Code Annotated Title 8, Chapters 34 - 37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with 5 years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	29
Inactive Employees Entitled to, but not yet Receiving Benefits	4
Active Employees	68
Total	101

Contributions: Employees contribute 5% of salary. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The Utilities makes all contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions for the Utilities were $275,037 based on a rate of 4.57% for covered payrolls.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	$ 15,745,899	$ 17,936,104	$ (2,190,205)
Changes for the Year:			
Service Cost	465,029	0	465,029
Interest	1,068,347	0	1,068,347
Difference between Expected and Actual Experience	163,800	0	163,800
Changes of Assumptions	0	0	0
Contributions - Employer	0	251,128	(251,128)
Contributions - Employees	0	274,757	(274,757)
Net Investment Income	0	(681,426)	681,426
Benefit Payments - Including Refunds of Employee Contributions	(767,133)	(767,133)	0
Administrative Expenses	0	(6,587)	6,587
Net Changes	930,043	(929,261)	1,859,304
Balances at June 30, 2022	$ 16,675,942	$ 17,006,843	$ (330,901)

NOTE 8 - EMPLOYEES' RETIREMENT SYSTEM (Continued)

(B) PUBLIC EMPLOYEES' RETIREMENT PLAN – UTILITIES (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability (asset) of the City calculated using the discount rate of 6.75%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Loudon Utilities' Net Pension Liability (Asset)	$ 1,792,504	$ (330,901)	$ (2,118,924)

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 Utilities recognized negative pension expense of $214,543.

Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2023, the Utilities reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 578,387	$ 319,930
Changes of Assumptions	1,198,955	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	32,185	0
Contributions Subsequent to the Measurement Date of June 30, 2022	275,037	0
Total	$ 2,084,564	$ 319,930

The amount shown above for "contributions subsequent to the measurement date of June 30, 2022," 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:

For the Years Ended June 30,	
2024	$ 169,817
2025	173,837
2026	57,742
2027	670,530
2028	192,051
Thereafter	225,620

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, the Utilities reported no outstanding amount of contributions to the pension plan, including employee contributions, required at year end.

NOTE 9 - CITY DEFERRED COMPENSATION PLAN

Employees of the City of Loudon may participate in a deferred compensation plan adopted under the provisions of *Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).*

Effective July 1, 2001, the deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by the Mission Square Retirement. As required by the *Internal Revenue Code Section 457 (g),* the assets of the plan are placed in a trust. Therefore, the assets are not available to the general creditors of the City. As a result, the City does not account for these assets in an agency fund.

During the fiscal year ended June 30, 2023, the City's employees contributed $64,949 to the plan.

NOTE 10 - UTILITIES DEFINED CONTRIBUTION PLAN

The Board of Public Utilities of Loudon, Tennessee has established a defined contribution pension plan under Section 401(k) of the Internal Revenue Code. Employees hired prior to October 2005 who opted out of the TCRS Defined Benefit Plan receive contributions to each individual account equal to 11% of each participant's annual compensation. Employees who participate in TCRS plan may also participate in the 401(k) plan without any corresponding employer match. Each participant is permitted to contribute up to 15% of annual compensation on a tax-deferred basis, subject to the limitations under Internal Revenue Code Section 401(k). Contribution levels and benefit provisions are established by the Board. The Plan is administered by Ascensus. The Utility contributed $58,148 to the plan during 2023, which represents 11% of covered payroll. Covered payroll for the Utility for the year ended June 30, 2023 was $528,621.

NOTE 11 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The City maintains separate OPEB plans for City Retirees and for Utilities Retirees. An actuarial valuation was prepared for both plans as of July 1, 2022 with a measurement date of June 30, 2023. The OPEB liability as of June 30, 2023 and the changes for the year then ended are as follows:

	City Retirees	Utilities Retirees	Total
Balances at June 30, 2022	$ 505,418	$ 2,909,345	$ 3,414,763
Changes for the Year:			
Service Cost	0	109,443	109,443
Interest	15,254	115,887	131,141
Experience Losses (Gains)	0	0	0
Changes of Assumptions	0	0	0
Benefit Paid	(132,461)	(185,405)	(317,866)
Net Changes	(117,207)	39,925	(77,282)
Balances at June 30, 2023	$ 388,211	$ 2,949,270	$ 3,337,481

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

Actuarial Valuation Method	Entry Age Normal
Salary Increases	4% per annum
Healthcare Cost Trend Rate	7.00% grading to 6.75% over 1 year and following the Getzen model thereafter
Retiree's Share of Benefit Related Costs	Retirees and spouses under the age of 65 are not required to make contributions to the plan for coverage

NOTE 11 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The actuarial assumptions used in the June 30, 2023 valuations provided in this report reflect a best estimate of the potential impact of the Patient Protection and Affordable Care Act (PPACA). Consideration has been made for provisions of the law which are effective as of the valuation date as well as those provisions that will take effect in the future. In particular, the anticipated future excise tax has been valued and added to the liability reflected in this valuation report. The estimated present value of all future excise tax has been deemed immaterial at this time.

Discount Rate: The discount rate used to measure the total OPEB liability was 4.09% based on the S&P municipal Bond 20 Year High Grade Rate Index as of June 30, 2023.

For the year ended June 30, 2023, the City recognized OPEB expense as follows:

City Retiree Plan	$	15,254
Utilities Retiree Plan		904
Total	$	16,158

OPEB Expense, Actuarially Determined Contribution and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023 the City and Utilities reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

Plan Description and Benefits

CITY RETIREES

The City uses the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension.* This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits. Historically, the City's post-retirement benefits were funded on a pay-as- you-go basis, but GASB 75 requires that the City accrue the cost of the retiree health subsidy and any other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the City. The funding methodology mirrors the funding approach used for pension benefits.

The City OPEB plan is a single employer defined benefit plan and can only be amended by the City Council. Employees hired before December 1, 1988, shall be eligible for continuation of medical insurance benefits for themselves or their dependents when they retire. If an employee was hired prior to December 1, 1988 and has 30 years of full-time employment with the City, they will have insurance continued until eligible for Medicare. An employee who was hired prior to December 1, 1988, with less than 30 years of service, but is eligible for benefits under TCRS, will have their medical insurance paid for if they retire no more than five years prior to being eligible for Medicare. The plan is closed to employees of the City that were hired after December 1, 1988.

The City benefits are paid on a cash basis as benefits are earned. No assets have been segregated or restricted to provide for postemployment benefits.

The City offers to provide health insurance coverage to eligible employees as described above in the general information about the OPEB plan. Spouses and surviving spouses of eligible retirees may continue to receive benefits until they are Medicare eligible. An employee retiring on an occupational disability is eligible for coverage under the plan immediately. Eligibility will continue until such employee is eligible for Medicare. Every benefit eligible employee is entitled to a life insurance benefit equal to 50% of pre-retirement earnings subject to a maximum of $10,000. Upon attainment of age 65, retirees contribute $3.60 per month. The OPEB liability is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

NOTE 11 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Plan Description and Benefits (Continued

CITY RETIREES (Continued)

Employees Covered by the Benefit Terms. At June 30, 2022, the following employees were covered by the benefit terms:

Actives (Eligible)	0
Actives (Noneligible)	59
Retirees (Covered)	2
Retiree Spouse and Beneficiary (Covered)	5
Total	66

Sensitivity of the Total OPEB Liability to Changes in Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.09%) or 1 percentage-point higher (5.09%) than the current discount rate:

	1% Decrease 3.09%	Current Rate 4.09%	1% Increase 5.09%
Net OPEB Liability, June 30, 2023	$ 404,074	$ 388,211	$ 373,918

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Net OPEB Liability, June 30, 2023	$ 376,941	$ 388,211	$ 399,878

UTILITIES RETIREES

The Loudon Utilities uses the provisions of Governmental Accounting Standards Board Statement No.75, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pension.* This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the Utility's retiree health benefit subsidy. Historically, the Utility's subsidy was funded on a pay-as-you-go basis, but GASB 75 requires that the Utility accrue the cost of the retiree health subsidy and any other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the Utility. The funding methodology mirrors the funding approach used for pension benefits.

The Utility OPEB plan is a single employer defined benefit plan and can only be amended by the City Utility Board. The Utility maintains a policy that provides medical insurance benefits to eligible retirees and their spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in the plan provided by the Utility. No employee hired after May 1, 2005 shall be eligible for continuation of medical insurance benefits for themselves or their dependents when they retire. An employee who was hired prior to July 1, 1989 and has attained age 59-1/2 will have their insurance continued until eligible for Medicare. An employee who was hired after July 1, 1989, but before May 1, 2005, and has attained age 59-1/2 with 20 years of service will have their medical insurance paid for if they retire no more than five years prior to being eligible for Medicare. Spouses and surviving spouses may continue to receive benefits until they are Medicare eligible. An employee retiring on occupational disability is eligible for coverage under the plan immediately. Eligibility will continue until such employee is eligible for Medicare. Every benefit eligible employee is entitled to a $75,000 life insurance benefit under the age of 65 at no cost to the retiree. Upon attainment of age 65, the life insurance benefit decreases to $10,000 with a retiree contribution of $3.60 per month.

NOTE 11 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Plan Description and Benefits (Continued)

UTILITIES RETIREES (Continued)

Employees Covered by Benefit Terms: At June 30, 2023, the following employees of the Utilities were covered by the benefit terms of the Utilities' OPEB as follows:

Actives (Eligible)	26
Actives (Noneligible)	48
Retirees (Covered)	3
Retiree Spouse and Beneficiary (Covered)	6
Total	83

Sensitivity of the Total OPEB Liability to Changes in Discount Rate. The following presents the total OPEB liability of the Utility, as well as what the Utility's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.09%) or 1 percentage-point higher (5.09%) than the current discount rate:

	1% Decrease 3.09%	Current 4.09%	1% Increase 5.09%
Utilities Net OPEB Liability, June 30, 2023	$ 3,020,462	$ 2,949,270	$ 2,867,922

Sensitivity of OPEB Liability to Changes in the Medical Trend Rate: The following represents the net OPEB liability calculated using the stated salary trend assumption, as well as what the OPEB liability would be if it were calculated using a salary trend rate that is 1-percentage-point lower or 1-percentage-point higher than the assumed trend rate:

	1% Decrease	Current	1% Increase
Utilities Net OPEB Liability, June 30, 2023	$ 2,761,829	$ 2,949,270	$ 3,148,708

NOTE 12 - CONTRACTS WITH THE TENNESSEE VALLEY AUTHORITY (TVA)

The City of Loudon Utilities Electric Department (Utility) has a power contract with TVA whereby the Utility purchases all its electric power from TVA and is subject to restrictions and conditions. These include prohibitions against diverting Utility assets to other operations of the municipality, securing indebtedness of other operations, or paying more than the Utility's equitable share of tax equivalents.

NOTE 13 - LEASE COMMITMENTS

The Utilities record rental income from various pole attachment agreements with third parties. Management has determined that these arrangements do not convey control of the right to use the underlying assets and therefore do not meet the definition of a lease as defined in GASB Statement 87. Rental revenues from the above-mentioned arrangements amounted to $342,989 for the year ended June 30, 2023.

NOTE 14 - COMMITTED CONSTRUCTION

As of June 30, 2023, the City of Loudon had the following commitment with respect to unfinished construction in progress:

Project Name	Total Contract to Estimated Amount	Costs Incurred Through June 30, 2023	Estimated Costs to Complete
Electric Utility	$ 21,000,000	$ 1,600,000	$ 19,400,000
Water	72,500,000	8,600,000	63,900,000
Sewer	14,586,000	3,005,000	11,581,000
Gas Utility	950,000	100,020	849,980
	$ 109,036,000	$ 13,305,020	$ 95,730,980

NOTE 15 - INTERNAL SERVICE FUND FOR EMPLOYEE HEALTH INSURANCE

The City of Loudon established the Medical Benefits Fund for risks associated with the employee's health insurance plan. The Medical Benefits Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The City retains the risk of loss to a $85,000 per covered individual. The City has obtained a stop/loss commercial insurance policy to cover claims beyond the $85,000 per participant. The City re-insurance policy is limited to an annual aggregate maximum of $1,000,000.

All full-time employees of the primary government are eligible to participate. A premium charge is allocated to each fund based on the employee salary disbursement settings. This premium charge is determined by actuarial estimates of the amounts needed to pay claims and to maintain sufficient reserves. Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The Medical Benefits Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not reported. The process used to compute claims liabilities does not necessarily result in an exact amount.

Changes in the balance of claims liabilities during the past five fiscal years are as follows:

Year Ended June 30,	Beginning of Fiscal Year Liability	Current Year Claims	Liability Balance at Fiscal Year End	Cash Available for Claims at Year End
2019	$ 152,300	$ 3,063,624	$ 152,300	$ 463,436
2020	152,300	2,630,694	152,300	371,712
2021	152,300	2,486,107	152,300	818,911
2022	152,300	2,624,120	152,300	1,156,070
2023	152,300	2,554,107	152,300	2,149,135

NOTE 16 - INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF LOUDON

The Industrial Development Board of the City of Loudon, Tennessee ("The Board") was organized pursuant to a resolution of the Mayor and City Council in a special called session on August 15, 1977. The Industrial Development Board is governed by seven (7) directors. The purpose of the Industrial Development Board is to promote industrial development, provide additional job opportunities in Loudon, Tennessee and surrounding areas, and to exercise the authority and pursue the objectives of an industrial development corporation as provided for in Title 7, Chapter 53, of the Tennessee Code Annotated.

The Board has issued a tax-exempt revenue bond in accordance with the Board's enabling legislation to provide financial assistance to third party private-sector entities for acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bond is payable solely from payments in lieu of tax (PILOT) from the third party, out of the revenues and receipts derived from the project. Accordingly, the bond is not reported as a liability in the accompanying financial statements.

NOTE 16 - INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF LOUDON (Continued)

Activity of the Industrial Development Board has been mostly comprised of PILOT agreements with third parties:

a. The Industrial Development Board of the City of Loudon, Tennessee has one agreement that abates Loudon property taxes for fiscal 2023 as authorized by the Tennessee Code Annotated 7-53-101 through 7-53-311 for the purpose of economic development. The agreement was entered into with Tate & Lyle Ingredients Americas, LLC as of January 1, 2017 through December 31, 2026, and provides for a payment in lieu of taxes of $1,700,000 (during the year ended June 30, 2023) allocated to the City and County proportionately based upon their respective tax rates. In the event that the lessee (Tate & Lyle) assumes ownership of the leased property, lessee would pay all taxes to the City and County, as assessed, rather than in-lieu payments. As a result of this agreement, revenue to the City in the subsequent fiscal year is estimated to increase by an estimated $90,000, attributable to the expansion of Tate & Lyle.

b. The Industrial Development Board of the City of Loudon, TN entered into a lease agreement with Del Conca USA, Inc. on December 31, 2013, whereby the lessee agrees to pay 100% of the ad valorem taxes directly to the Loudon County and the City of Loudon beginning 2014 as follows: (1) annual payment in lieu of tax to the County of $168,574 through 2018; (2) tax year 2019, the County receives $157,130 and the County and City prorate an additional $11,444 based upon their respective tax rates; and (3) 2020 through 2023 annual payment in lieu of tax of $168,574 allocated to the City and County based upon their respective tax rates.

c. Poindexter Properties, LLC (dated November 10, 2016) whereby the lessee will pay direct to the City and County a partial in lieu of tax payment equal to 100% of the ad valorem tax that would be payable if the lessee owned the property. Beginning January 1, 2017, through December 31, 2026, in lieu of taxes of $56,399 will be allocated to the City and County based upon their respective current tax rates.

d. On December 22, 2016 the Industrial Development Board of the City of Loudon entered into an equipment lease with Wells Fargo Equipment Finance, Inc., whereby payments in lieu of taxes commencing with the tax year beginning January 1, 2017 and continuing through December 31, 2026, a payment of $66,433 per year allocated to the City and County proportionately based upon their respective tax rates.

e. The Board entered into a lease agreement with Protomet Corporation on December 31, 2017, whereby the lessee agrees to pay 100% of the ad valorem taxes directly to the Loudon County and the City of Loudon as follows beginning 2018: (1) not be required to make a payment in lieu of taxes for each tax year commencing January 1, 2019 through December 2023; (2) make a payment in lieu of taxes directly to the benefit of Loudon County and City of Loudon in the amount of $42,819 for each tax year commencing January 1, 2024 through December 31, 2028 allocated based upon their respective tax rates.

f. The Board entered into a lease agreement with Loudon Gardens, L.P. on August 31, 2022, whereby the lessee agrees to pay 100% of the ad valorem taxes directly to the Loudon County and the City of Loudon as follows beginning 2022: (1) annual payment in lieu of tax to the County and City of $8,500 and $6,500, respectively, through 2032.

g. In October 2021, Loudon Utilities Gas Department committed a total of $10,000,000 in funding for capital utility infrastructure investments to promote economic and industrial development. With progress on specific projects, the Loudon Utilities Gas Department will fund reimbursement requests from the corresponding utility department. Two funding requests were approved in fiscal 2023 for a total of $2,688,886.

NOTE 17 - PENDING LITIGATION

The City is involved in various litigations arising in the ordinary course of its operations. The City is vigorously defending each of the suits. The outcome of these suits is not presently determinable. However, management believes that if any suit results in an unfavorable outcome that its insurance coverage is sufficient to cover any judgment.

NOTE 18 - RISK MANAGEMENT ACTIVITIES

The City participates in the City of Loudon's Employee Medical Self-Insurance Fund for risks associated with the employees' health insurance plan. The Fund is accounted for as an internal service fund of the City of Loudon, Tennessee, where assets are set aside for claim settlements. The City retains the risk of loss to a limit of $85,000 per employee with an annual aggregate maximum of $1,000,000. The City has obtained a stop/loss commercial insurance policy to cover claims beyond this liability. All full-time employees of the City of Loudon, Tennessee, including the Utility, are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based upon projected claims. Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

The City carries commercial insurance for all other risks of loss, including general liability, property and casualty, worker's compensation and environmental. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three (3) fiscal years.

NOTE 19 - SUBSEQUENT EVENTS

In July 2023, the Water and Sewer departments issued $30,214,056 of Water and Sewer Revenue Bonds at 4.7% interest payable in annual principal and interest payments through 2048. The proceeds will be used to pay $30,000,000 of costs incurred for a water treatment plan expansion project. The remaining $214,056 was used for bond issuance costs. Additionally, in July 2023, the City paid off the remaining principal balance of the 2014 Capital Outlay Note. The City and Water department paid off their respective portions of the remaining principal balance of the 2012 General Obligation Refunding Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOUDON, TENNESSEE

SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
PUBLIC EMPLOYEE PENSION PLAN OF TCRS

Fiscal Years Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	$ 286,294	$ 229,786	$ 229,066	$ 219,025	$ 220,284	$ 204,290	$ 202,497	$ 199,737	$ 206,568
Interest	1,024,103	1,003,999	974,022	921,966	882,651	849,970	800,883	776,149	734,049
Differences between Actual and Expected Experience	307,705	(195,737)	(241,628)	60,553	(125,311)	(135,505)	23,797	(296,048)	(51,924)
Change of Assumptions	0	815,777	0	0	0	293,636	0	0	0
Benefit Payments, Including Refunds Employee Contributions	(597,286)	(576,116)	(521,282)	(465,880)	(402,303)	(371,327)	(377,631)	(327,990)	(313,058)
Net Change in Total Pension Liability	1,020,816	1,277,709	440,178	735,664	575,321	841,064	649,546	351,848	575,635
Total Pension Liability - Beginning	15,184,242	13,906,533	13,466,355	12,730,691	12,155,370	11,314,306	10,664,760	10,312,912	9,737,277
Total Pension Liability - Ending (a)	$ 16,205,058	$ 15,184,242	$ 13,906,533	$ 13,466,355	$ 12,730,691	$ 12,155,370	$ 11,314,306	$ 10,664,760	$ 10,312,912
Plan Fiduciary Net Position									
Contributions - Employer	$ 375,532	$ 346,850	$ 326,178	$ 537,460	$ 510,048	$ 509,849	$ 471,993	$ 471,052	$ 453,274
Contributions - Employee	0	0	0	0	0	632	0	0	0
Net Investment Income	(709,889)	3,852,538	715,983	1,004,930	1,027,906	1,248,315	281,732	313,922	1,429,466
Benefit Payments, Including Refunds of Employee Contributions	(597,286)	(576,116)	(521,282)	(465,880)	(402,303)	(371,327)	(377,631)	(327,990)	(313,058)
Administrative Expense	(5,327)	(4,633)	(4,493)	(4,697)	(4,891)	(4,429)	(3,769)	(2,538)	(2,314)
Net Change in Plan Fiduciary Net Position	(936,970)	3,618,639	516,386	1,071,813	1,130,760	1,383,040	372,325	454,446	1,567,368
Plan Fiduciary Net Position - Beginning	18,669,705	15,051,066	14,534,680	13,462,867	12,332,107	10,949,067	10,576,742	10,122,296	8,554,928
Plan Fiduciary Net Position - Ending (b)	$ 17,732,735	$ 18,669,705	$ 15,051,066	$ 14,534,680	$ 13,462,867	$ 12,332,107	$ 10,949,067	$ 10,576,742	$ 10,122,296
Net Pension Liability (Asset) - Ending (a) - (b)	$ (1,527,677)	$ (3,485,463)	$ (1,144,533)	$ (1,068,325)	$ (732,176)	$ (176,737)	$ 365,239	$ 88,018	$ 190,616
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	109.43%	122.95%	108.23%	107.93%	105.75%	101.45%	96.77%	99.17%	98.15%
Covered Payroll	$ 3,197,123	$ 2,944,807	$ 2,806,242	$ 2,849,650	$ 2,706,346	$ 2,740,648	$ 2,515,749	$ 2,510,400	$ 2,449,568
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-47.78%	-118.36%	-40.79%	-37.49%	-27.05%	-6.45%	14.52%	3.51%	7.78%

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

GASB 68 requires a 10-year schedule; however, the information in this schedule is not required to be presented starting with the implementation of GASB 68. Years will be added to this schedule in future fiscal years until 10 years of information is available. Please refer to previously supplied data from the TCRS GASB website for the prior years' data, if needed.

See Independent Auditor's Report.

CITY OF LOUDON, TENNESSEE

SCHEDULES OF CONTRIBUTIONS
PUBLIC EMPLOYEE PENSION PLAN OF TCRS

Fiscal Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ 240,079	$ 154,291	$ 183,413	$ 298,115	$ 537,460	$ 510,048	$ 471,052	$ 471,052	$ 470,280	$ 453,274
Contributions in Relation to the Actuarially Determined Contribution	422,359	375,532	346,850	326,178	537,460	510,048	471,933	471,933	470,280	453,274
Contribution Deficiency (Excess)	$ (182,280)	$ (221,241)	$ (163,437)	$ (28,063)	$ 0	$ 0	$ (881)	$ (881)	$ 0	$ 0
Covered Payroll	$ 3,631,075	$ 3,197,123	$ 2,944,807	$ 2,806,242	$ 2,849,650	$ 2,706,346	$ 2,740,648	$ 2,515,749	$ 2,510,400	$ 2,499,568
Contributions as a Percentage of Covered Payroll	11.63%	11.75%	11.78%	11.62%	18.86%	18.85%	17.22%	18.76%	18.73%	18.13%

Note: 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. Please refer to the previously supplied data from the TCRS GASB website for prior years' data, if needed.

Notes:

Valuation date: Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period:	Varies by Year
Asset Valuation:	10-year smoothed within a 20.0% corridor to market value
Inflation	2.25%
Salary Increases:	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement.
Cost of Living Adjustments	2.125%

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

CITY OF LOUDON, TENNESSEE

SCHEDULES OF CHANGES IN LOUDON UTILITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - PUBLIC EMPLOYEE PENSION PLAN OF TCRS

Fiscal Years Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	$ 465,029	$ 411,832	$ 405,873	$ 397,090	$ 394,262	$ 358,098	$ 352,099	$ 337,630	$ 346,583
Interest	1,068,347	988,713	946,076	840,766	839,247	785,662	736,776	685,371	627,696
Differences between Actual and Expected Experience	163,800	36,163	(104,784)	813,828	(645,108)	(50,105)	8,237	53,262	143,409
Change of Assumptions	0	1,441,232	0	0	0	472,127	0	0	0
Benefit Payments, Including Refunds Employee Contributions	(767,133)	(715,259)	(614,798)	(601,024)	(539,544)	(463,688)	(438,903)	(371,753)	(307,714)
Net Change in Total Pension Liability	930,043	2,162,681	632,367	1,450,660	48,857	1,102,094	658,209	704,510	809,974
Total Pension Liability - Beginning	15,745,899	13,583,218	12,950,851	11,500,191	11,451,334	10,349,240	9,691,031	8,986,521	8,176,547
Total Pension Liability - Ending (a)	$ 16,675,942	$ 15,745,899	$ 13,583,218	$ 12,950,851	$ 11,500,191	$ 11,451,334	$ 10,349,240	$ 9,691,031	$ 8,986,521
Plan Fiduciary Net Position									
Contributions - Employer	$ 251,128	$ 238,527	$ 239,143	$ 448,489	$ 414,431	$ 383,000	$ 364,389	$ 362,325	$ 328,130
Contributions - Employee	274,757	260,971	261,645	250,055	229,474	222,934	212,102	210,899	190,774
Net Investment Income	(681,426)	3,700,834	686,014	959,433	980,292	1,190,058	267,872	296,804	1,342,055
Benefit Payments, Including Refunds of Employee Contributions	(767,133)	(715,259)	(614,798)	(601,024)	(539,544)	(463,688)	(438,903)	(371,753)	(307,714)
Administrative Expense	(6,587)	(5,786)	(5,757)	(5,788)	(5,968)	(5,177)	(4,615)	(3,116)	(2,516)
Net Change in Plan Fiduciary Net Position	(929,261)	3,479,287	566,247	1,051,165	1,078,685	1,327,127	400,845	495,159	1,550,729
Plan Fiduciary Net Position - Beginning	17,936,104	14,456,817	13,890,570	12,839,405	11,760,720	10,433,593	10,032,748	9,537,589	7,986,860
Plan Fiduciary Net Position - Ending (b)	$ 17,006,843	$ 17,936,104	$ 14,456,817	$ 13,890,570	$ 12,839,405	$ 11,760,720	$ 10,433,593	$ 10,032,748	$ 9,537,589
Net Pension Liability (Asset) - Ending (a) - (b)	$ (330,901)	$ (2,190,205)	$ (873,599)	$ (939,719)	$ (1,339,214)	$ (309,386)	$ (84,353)	$ (341,717)	$ (551,068)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.98%	113.91%	106.43%	107.26%	111.65%	102.70%	100.82%	103.53%	106.13%
Covered Payroll	$ 5,495,144	$ 5,219,409	$ 5,232,898	$ 4,966,659	$ 4,458,488	$ 4,242,011	$ 4,358,309	$ 4,217,992	$ 3,815,463
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-6.02%	-41.96%	-16.69%	-18.92%	-30.04%	-7.29%	-1.94%	-8.10%	-14.44%

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

GASB 68 requires a 10-year schedule; however, the information in this schedule is not required to be presented starting with the implementation of GASB 68. Years will be added to this schedule in future fiscal years until 10 years of information is available. Please refer to previously supplied data from the TCRS GASB website for the prior years' data, if needed.

See Independent Auditor's Report.

CITY OF LOUDON, TENNESSEE

SCHEDULES OF LOUDON UTILITY'S CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS

Fiscal Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ 255,178	$ 196,177	$ 186,333	$ 186,814	$ 448,489	$ 414,431	$ 364,389	$ 374,815	$ 362,325	$ 328,130
Contributions in Relation to the Actuarially Determined Contribution	275,038	251,128	238,527	239,143	448,489	414,431	364,389	374,815	362,325	328,130
Contribution Deficiency (Excess)	$ (19,860)	$ (54,951)	$ (52,194)	$ (52,329)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll	$ 6,018,346	$ 5,495,144	$ 5,219,409	$ 5,232,898	$ 4,966,659	$ 4,458,488	$ 4,242,011	$ 4,358,309	$ 4,217,992	$ 3,815,463
Contributions as a Percentage of Covered Payroll	4.57%	4.57%	4.57%	4.57%	9.03%	9.30%	8.59%	8.60%	8.59%	8.60%

Note: 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. Please refer to the previously supplied data from the TCRS GASB website for prior years' data, if needed.

Notes:

Valuation date: Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period:	Varies by Year
Asset Valuation:	10-year smoothed within a 20.0% corridor to market value
Inflation	2.25%
Salary Increases:	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement.
Cost of Living Adjustments	2.125%

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

CITY OF LOUDON, TENNESSEE

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
CITY RETIREES

Fiscal Years Ended June 30

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	$ 0	$ 11,256	$ 10,964	$ 20,322	$ 19,354	$ 18,432
Interest	15,254	9,322	11,996	17,634	20,570	24,361
Differences between Actual and Expected Experience	0	173,175	0	(84,232)	0	0
Change of Assumptions	0	(27,528)	0	64,757	0	0
Benefit Payments	(132,461)	(123,795)	(149,870)	(139,414)	(170,925)	(158,264)
Net Change in Total OPEB Liability	(117,207)	42,430	(126,910)	(120,933)	(131,001)	(115,471)
Total OPEB Liability - Beginning	505,418	462,988	589,898	710,831	841,832	957,303
Total OPEB Liability - Ending (a)	$ 388,211	$ 505,418	$ 462,988	$ 589,898	$ 710,831	$ 841,832

Note:

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB Plan. The amounts reported for each fiscal year were determined as of the prior fiscal year end. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

CITY OF LOUDON, TENNESSEE

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
UTILITY'S RETIREES

Fiscal Years Ended June 30

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	$ 109,443	$ 150,994	$ 147,082	$ 159,863	$ 152,250	$ 145,000
Interest	115,887	87,013	85,335	112,889	109,803	108,423
Changes in Benefit Terms	0	0	0	(691,695)	0	0
Differences between Actual and Expected Experience	0	(350,410)	0	0	0	0
Change of Assumptions	0	(98,438)	0	30,208	0	0
Benefit Payments	(185,405)	(173,274)	(178,572)	(166,113)	(214,370)	(198,491)
Net Change in Total OPEB Liability	39,925	(384,115)	53,845	(554,848)	47,683	54,932
Total OPEB Liability - Beginning	2,909,345	3,293,460	3,239,615	3,794,463	3,746,780	3,691,848
Total OPEB Liability - Ending (a)	$ 2,949,270	$ 2,909,345	$ 3,293,460	$ 3,239,615	$ 3,794,463	$ 3,746,780
Covered Payroll	$ 6,018,346	$ 5,523,629	$ 5,856,722	$ 5,526,038	$ 5,294,095	$ 4,933,830
Net OPEB Liability as a Percentage of Covered Payroll	49.00%	52.67%	56.23%	58.62%	71.67%	75.94%

Note: There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB Plan. The amounts reported for each fiscal year were determined as of the prior fiscal year end. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

CITY OF LOUDON, TENNESSEE

BALANCE SHEET

NON-MAJOR OTHER GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2023

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUNDS			
	Tourism Fund	State Street Aid Fund	Recreation Fund	Police Drug Fund	Cable TV Authority Fund	Total Special Revenue Funds	Sugar Limb Industrial Park Fund	Courthouse Revitalization Fund	Total Capital Projects Funds	Total Non-Major Other Governmental Funds
Assets										
Cash and Cash Equivalents	$ 65,551	$ 540,537	$ 2,323,068	$ 40,800	$ 80,395	$ 3,050,351	$ 361,832	$ 1,157,299	$ 1,519,131	$ 4,569,482
Accounts Receivable	10,596	0	83,572	0	0	94,168	0	0	0	94,168
Due from Other Funds	0	35,585	167,028	0	0	202,613	0	0	0	202,613
Due from Loudon County	0	0	0	0	25,001	25,001	0	0	0	25,001
Total Assets	$ 76,147	$ 576,122	$ 2,573,668	$ 40,800	$ 105,396	$ 3,372,133	$ 361,832	$ 1,157,299	$ 1,519,131	$ 4,891,264
Liabilities										
Accounts Payable	$ 0	$ 8,066	$ 20,857	$ 495	$ 1,740	$ 31,158	$ 0	$ 3,000	$ 3,000	$ 34,158
Due to Other Governments	0	0	0	0	0	0	11,928	0	11,928	11,928
Total Liabilities	0	8,066	20,857	495	1,740	31,158	11,928	3,000	14,928	46,086
Restricted	76,147	568,056	0	40,305	0	684,508	0	1,154,299	1,154,299	1,838,807
Committed	0	0	2,552,811	0	0	2,552,811	0	0	0	2,552,811
Assigned	0	0	0	0	103,656	103,656	349,904	0	349,904	453,560
Total Fund Balance	76,147	568,056	2,552,811	40,305	103,656	3,340,975	349,904	1,154,299	1,504,203	4,845,178
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 76,147	$ 576,122	$ 2,573,668	$ 40,800	$ 105,396	$ 3,372,133	$ 361,832	$ 1,157,299	$ 1,519,131	$ 4,891,264

See Independent Auditor's Report.

CITY OF LOUDON, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NON-MAJOR OTHER GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2023

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUNDS			
	Tourism Fund	State Street Aid Fund	Recreation Fund	Police Drug Fund	Cable TV Authority Fund	Total Special Revenue Fund	Sugar Limb Industrial Park Fund	Courthouse Revitalization Fund	Total Capital Projects Funds	Total Non-Major Other Governmental Funds
Revenues										
Intergovernmental	$ 0	$ 208,124	$ 0	$ 0	$ 11,086	$ 219,210	$ 0	$ 257,281	$ 257,281	$ 476,491
Hotel/Motel Tax	122,889	0	0	0	0	122,889	0	0	0	122,889
Local Option Sales Tax	0	0	1,549,614	0	0	1,549,614	0	0	0	1,549,614
Recreation Program Revenues	0	0	98,053	0	0	98,053	0	0	0	98,053
Drug Fines and Seized	0	0	0	41,029	0	41,029	0	0	0	41,029
Contributions	0	0	3,598	7,996	0	11,594	0	0	0	11,594
Interest Income	897	8,914	41,308	983	1,498	53,600	8,802	23,453	32,255	85,855
Miscellaneous	0	0	62,852	0	0	62,852	0	0	0	62,852
Total Revenues	123,786	217,038	1,755,425	50,008	12,584	2,158,841	8,802	280,734	289,536	2,448,377
Expenditures:										
Current										
Highways and Streets	0	169,905	0	0	0	169,905	0	0	0	169,905
Recreation	0	0	932,294	0	0	932,294	0	0	0	932,294
Police Drug Fund	0	0	0	91,617	0	91,617	0	0	0	91,617
Cable TV Authority	0	0	0	0	5,546	5,546	0	0	0	5,546
Sugar Limb Industrial Park	0	0	0	0	0	0	73,068	0	73,068	73,068
Downtown Development	86,673	0	0	0	0	86,673	0	0	0	86,673
Courthouse	0	0	0	0	0	0	0	51,093	51,093	51,093
Total Expenditures	86,673	169,905	932,294	91,617	5,546	1,286,035	73,068	51,093	124,161	1,410,196
Excess (Deficit) of Revenues Over Expenditures	37,113	47,133	823,131	(41,609)	7,038	872,806	(64,266)	229,641	165,375	1,038,181
Fund Balance, Beginning of Year	39,034	520,923	1,729,680	81,914	96,618	2,468,169	414,170	924,658	1,338,828	3,806,997
Fund Balance, End of Year	$ 76,147	$ 568,056	$ 2,552,811	$ 40,305	$ 103,656	$ 3,340,975	$ 349,904	$ 1,154,299	$ 1,504,203	$ 4,845,178

See Independent Auditor's Report.

CITY OF LOUDON, TENNESSEE

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

June 30, 2023

	Internal Service Funds			
	Maintenance	Employee Benefits	Medical Benefits	Total Internal Service Funds
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 0	$ 90,164	$ 0	$ 90,164
Cash and Cash Equivalents - Restricted	0	0	2,149,135	2,149,135
Inventories	42,495	0	0	42,495
Total Current Assets	42,495	90,164	2,149,135	2,281,794
Capital Assets				
Property and Equipment	24,383	0	0	24,383
Less Accumulated Depreciation	19,682	0	0	19,682
Net Capital Assets	4,701	0	0	4,701
Total Assets	$ 47,196	$ 90,164	$ 2,149,135	$ 2,286,495
LIABILTIES AND FUND BALANCES				
Current Liabilities				
Accounts Payable	$ 4,502	$ 0	$ 0	$ 4,502
Due to Other Funds	42,694	0	0	42,694
Reserve for Benefit Claims	0	0	152,300	152,300
Total Current Liabilities	47,196	0	152,300	199,496
Net Position				
Investment in Capital Assets	4,701	0	0	4,701
Restricted	0	0	1,996,835	1,996,835
Unrestricted (Deficit)	(4,701)	90,164	0	85,463
Total Net Position	0	90,164	1,996,835	2,086,999
TOTAL LIABILITIES AND NET POSITION	$ 47,196	$ 90,164	$ 2,149,135	$ 2,286,495

CITY OF LOUDON, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2023

	Internal Service Funds			
	Maintenance	Employee Benefits	Medical Benefits	Total Internal Service Funds
Operating Revenues				
Charges for Services - Proprietary Funds	$ 84,265	$ 23,954	$ 2,342,480	$ 2,450,699
Charges for Services - Governmental Funds	112,983	18,352	1,752,605	1,883,940
Miscellaneous	30,930	1,503	103,392	135,825
Total Operating Revenues	228,178	43,809	4,198,477	4,470,464
Operating Expenses				
Personnel/Benefits	193,606	0	0	193,606
Administrative and General	28,498	0	692,127	720,625
Depreciation	3,024	0	0	3,024
Contracted Services	3,050	0	0	3,050
Benefits Paid	0	30,340	2,513,285	2,543,625
Total Operating Expenses	228,178	30,340	3,205,412	3,463,930
Change in Net Position	0	13,469	993,065	1,006,534
Net Position, Beginning of Year	0	76,695	1,003,770	1,080,465
Net Position, End of Year	$ 0	$ 90,164	$ 1,996,835	$ 2,086,999

CITY OF LOUDON, TENNESSEE

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2023

	Internal Service Funds			
	Maintenance	Employee Benefits	Medical Benefits	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Other Funds	$ 228,178	$ 43,809	$ 4,198,477	$ 4,470,464
Cash Payments for Maintenance / Employee Benefits / Medical	(228,178)	(30,340)	(3,205,412)	(3,463,930)
Total Cash Provided by Operating Activities	0	13,469	993,065	1,006,534
NET INCREASE IN CASH AND CASH EQUIVALENTS	0	13,469	993,065	1,006,534
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	0	76,695	1,156,070	1,232,765
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 0	$ 90,164	$ 2,149,135	$ 2,239,299
Reconciliation				
Operating Income	$ 0	$ 13,469	$ 993,065	$ 1,006,534
Adjustments to Reconcile Operating income to Net Cash Provided by Operating Activities:				
Depreciation	3,024	0	0	3,024
Changes in Assets and Liabilities:				
Materials and Supplies	8,714	0	0	8,714
Accounts Payable	(5,355)	0	0	(5,355)
Due to Other Funds	(6,383)	0	0	(6,383)
Net Cash Provided by Operating Activities	$ 0	$ 13,469	$ 993,065	$ 1,006,534

CITY OF LOUDON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

TOURISM - SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Hotel/Motel Tax	$ 114,000	$ 114,000	$ 122,889	$ 8,889
Interest Income	12	12	897	885
Total Revenues	114,012	114,012	123,786	9,774
Expenditures				
Downtown Development	92,763	92,763	86,673	6,090
Total Expenditures	92,763	92,763	86,673	6,090
Net Change in Fund Balance	21,249	21,249	37,113	15,864
Fund Balance, Beginning of Year	39,034	39,034	39,034	0
Fund Balance, End of Year	$ 60,283	$ 60,283	$ 76,147	$ 15,864

CITY OF LOUDON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

STATE STREET AID - SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Gasoline and Motor Fuel Tax	$ 183,300	$ 183,300	$ 177,275	$ (6,025)
Interest Income	175	175	8,914	8,739
Additional 3-Cent Gas Tax	32,375	32,375	30,849	(1,526)
Total Revenues	215,850	215,850	217,038	1,188
Expenditures				
Street Lighting	97,500	103,500	92,548	10,952
Street Repairs and Maintenance	47,000	51,000	72,320	(21,320)
Street Signs and Parts	5,000	5,000	2,341	2,659
Street Maintenance Supplies	52,000	42,000	2,696	39,304
Total Expenditures	201,500	201,500	169,905	31,595
Net Change in Fund Balance	14,350	14,350	47,133	32,783
Fund Balance, Beginning of Year	520,923	520,923	520,923	0
Fund Balance, End of Year	$ 535,273	$ 535,273	$ 568,056	$ 32,783

CITY OF LOUDON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

RECREATION FUND – SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Local Option Sales Tax	$ 1,424,000	$ 1,424,000	$ 1,549,614	$ 125,614
Swimming Pool	55,500	57,000	70,223	13,223
Tournaments	4,500	4,500	3,800	(700)
Interest Income	700	18,410	41,308	22,898
Adult Ball Programs	2,500	2,500	4,040	1,540
Other Recreation Programs	21,000	21,000	19,990	(1,010)
Miscellaneous	200	43,663	62,852	19,189
Contributions	500	500	3,598	3,098
Total Revenues	1,508,900	1,571,573	1,755,425	183,852
Expenditures				
Administration				
Personnel and Fringe	144,913	147,553	142,285	5,268
Supplies and Services	45,545	49,445	29,624	19,821
Travel	1,000	0	0	0
Total Administration	191,458	196,998	171,909	25,089
Recreation Program				
Personnel and Fringe	95,975	96,012	91,422	4,590
Supplies and Services	30,000	30,000	19,497	10,503
Total Recreation Program	125,975	126,012	110,919	15,093
Swimming Pool				
Personnel and FICA	81,331	81,331	42,498	38,833
Supplies and Services	47,105	55,130	38,138	16,992
Capital Outlay	2,000	2,000	0	2,000
Total Swimming Pool	130,436	138,461	80,636	57,825
Amphitheater				
Personnel and FICA	646	646	0	646
Supplies and Services	22,750	22,750	9,500	13,250
Capital Outlay	11,500	11,500	0	11,500
Total Amphitheater	34,896	34,896	9,500	25,396
Youth Baseball / Softball				
Personnel and FICA	216	216	0	216
Supplies and Services	5,500	5,500	171	5,329
Total Youth Baseball / Softball	5,716	5,716	171	5,545

CITY OF LOUDON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

RECREATION FUND – SPECIAL REVENUE FUND (Continued)

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Expenditures (Continued)				
Adult Ball Programs				
Personnel and FICA	4,200	9,453	8,163	1,290
Supplies and Services	1,500	1,500	379	1,121
Total Adult Ball Programs	5,700	10,953	8,542	2,411
Parks Maintenance				
Personnel and Benefits	39,400	43,655	40,669	2,986
Supplies and Services	469,690	579,463	464,636	114,827
Insurance	5,500	5,500	5,500	0
Park improvements	35,000	74,563	39,812	34,751
Total Parks Maintenance	549,590	703,181	550,617	152,564
Total Expenditures	1,043,771	1,216,217	932,294	283,923
Net Change in Fund Balance	465,129	355,356	823,131	467,775
Fund Balance, Beginning of Year	1,729,680	1,729,680	1,729,680	0
Fund Balance, End of Year	$ 2,194,809	$ 2,085,036	$ 2,552,811	$ 467,775

CITY OF LOUDON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

POLICE DRUG FUND – SPECIAL REVENUE FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Drug Fine / Seized Vehicles	$ 4,000	$ 40,691	$ 41,029	$ 338
Interest Income	50	50	983	933
Contributions	3,000	3,000	7,996	4,996
Total Revenues	7,050	43,741	50,008	6,267
Expenditures				
Gasoline	6,500	6,000	4,910	1,090
Vehicle Parts / Service	800	800	0	800
Public Relations / Education	1,045	0	0	0
Contractual Services	2,100	0	0	0
Police Vehicle	47,500	94,500	86,707	7,793
Vehicle / Equipment Maintenance	1,255	900	0	900
Small Equipment	3,000	0	0	0
Total Expenditures	62,200	102,200	91,617	10,583
Net Change in Fund Balance	(55,150)	(58,459)	(41,609)	16,850
Fund Balance, Beginning of Year	81,914	81,914	81,914	0
Fund Balance, End of Year	$ 26,764	$ 23,455	$ 40,305	$ 16,850

CITY OF LOUDON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

CABLE TV AUTHORITY – CAPITAL PROJECT FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest Income	$ 122	$ 122	$ 1,498	$ 1,376
City of Loudon	1,996	1,996	1,996	0
Lenoir City	2,990	2,990	2,990	0
Loudon County	7,160	7,160	6,100	(1,060)
Total Revenues	12,268	12,268	12,584	316
Expenditures				
Board and Committee Fees	1,650	1,650	1,081	569
Contractual Services	10,600	10,600	4,400	6,200
Communications	880	880	0	880
Materials and Equipment	3,900	3,900	65	3,835
Total Expenditures	17,030	17,030	5,546	11,484
Net Change in Fund Balance	(4,762)	(4,762)	7,038	11,800
Fund Balance, Beginning of Year	96,618	96,618	96,618	0
Fund Balance, End of Year	$ 91,856	$ 91,856	$ 103,656	$ 11,800

See Independent Auditor's Report.

CITY OF LOUDON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

SUGAR LIMB INDUSTRIAL PARK – CAPITAL PROJECT FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest Income-Sugar Limb	$ 700	$ 700	$ 8,802	$ 8,102
Total Revenues	700	700	8,802	8,102
Expenditures				
Sugar Limb Industrial Park				
Personnel and Fringe	2,832	2,582	1,081	1,501
Street Lighting	0	72,020	71,987	33
Total Sugar Limb Industrial Park	2,832	74,602	73,068	1,534
Total Expenditures	2,832	74,602	73,068	1,534
Net Change in Fund Balance	(2,132)	(73,902)	(64,266)	9,636
Fund Balance, Beginning of Year	414,170	414,170	414,170	0
Fund Balance, End of Year	$ 412,038	$ 340,268	$ 349,904	$ 9,636

CITY OF LOUDON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

COURTHOUSE SQUARE REVITALIZATION – CAPITAL PROJECT FUND

For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State Sales Tax	$ 227,460	$ 227,460	$ 257,281	$ 29,821
Interest Income	476	3,976	23,453	19,477
Total Revenues	227,936	231,436	280,734	49,298
Expenditures				
Courthouse Revitalization	105,000	108,500	44,481	64,019
Professional Services	10,000	10,000	6,612	3,388
Total Expenditures	115,000	118,500	51,093	67,407
Net Change in Fund Balance	112,936	112,936	229,641	116,705
Fund Balance, Beginning of Year	924,658	924,658	924,658	0
Fund Balance, End of Year	$ 1,037,594	$ 1,037,594	$ 1,154,299	$ 116,705

OTHER INFORMATION SECTION

CITY OF LOUDON, TENNESSEE

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

June 30, 2023

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2023
Governmental Activities									
Notes Payable									
Payable through General Fund									
2020 Fire Truck Financed Purchase Obligation	$ 619,481	2.95 %	9/20/2020	9/20/2025	$ 392,337	$ 0	$ 94,538	$ 0	$ 297,799
2014 General Obligation Capital Outlay	1,400,000	2.86 %	8/27/2014	9/1/2026	644,000	0	122,000	0	522,000
2021 General Obligation Capital Outlay	1,520,000	1.72 %	6/29/2021	6/1/2033	1,405,000	0	115,000	0	1,290,000
2022 General Obligation Capital Outlay	1,500,000	2.77 %	6/29/2022	6/1/2034	1,500,000	0	110,000	0	1,390,000
Total Notes Payable through General Fund					$ 3,941,337	$ 0	$ 441,538	$ 0	$ 3,499,799
Bonds Payable									
Payable through General Fund									
2012 General Obligation Refunding	$ 6,970,000	2.00 %	12/31/2012	6/1/2025	470,000	0	155,000	0	315,000
Total Governmental Activities					$ 4,411,337	$ 0	$ 596,538	$ 0	$ 3,814,799
Business-Type Activities									
Notes Payable									
Payable through Water and Sewer Department Fund									
2018 Capital Outlay Construction Loan	$ 5,000,000	3.15 %	1/18/2019	1/1/2034	$ 4,117,643	$ 0	$ 294,393	$ 0	$ 3,823,250
2019 Water and Sewer Draw Down Loan	3,600,000	3.35 %	1/18/2019	1/1/2034	576,283	0	41,202	0	535,081
Total Notes Payable through Water and Sewer Department					4,693,926	0	335,595	0	4,358,331
Bonds Payable									
Payable through Water and Sewer Department Fund									
2012 General Obligation Refunding	$ 1,679,554	2.25 %	12/31/2012	6/1/2025	113,255	0	37,350	0	75,905
2020A Water and Sewer Revenue Refunding Bonds	1,950,000	1.45 %	12/17/2020	3/1/2033	1,705,000	0	190,000	0	1,515,000
2020B Water and Sewer Revenue Refunding Bonds	11,775,000	1.64 %	12/17/2020	3/1/2032	1,750,000	0	130,000	0	1,620,000
2020C Water and Sewer Revenue Refunding Bonds	1,679,554	1.83 %	12/17/2020	3/1/2032	9,615,000	0	1,545,000	0	8,070,000
Total Bonds Payable through Water and Sewer Department					13,183,255	0	1,902,350	0	11,280,905
Total Business-Type Activities					$ 17,877,181	$ 0	$ 2,237,945	$ 0	$ 15,639,236

See Independent Auditor's Report.

CITY OF LOUDON, TENNESSEE

SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR

June 30, 2023

Fiscal Year	Total Requirements	Total		2012 General Obligations		2014 General Obligation	
		Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 3,328,746	$ 2,882,984	$ 445,762	$ 192,350	$ 7,818	$ 125,000	$ 13,142
2025	3,052,755	2,667,147	385,609	198,554	3,971	129,000	9,510
2026	2,493,245	2,166,733	326,512	0	0	132,000	5,777
2027	2,086,445	1,810,677	275,768	0	0	136,000	1,945
2028	1,931,791	1,697,461	234,330	0	0	0	0
2029	1,887,604	1,690,677	196,927	0	0	0	0
2030	1,893,470	1,734,336	159,134	0	0	0	0
2031	1,899,206	1,778,456	120,750	0	0	0	0
2032	1,794,318	1,713,052	81,266	0	0	0	0
2033	836,435	803,139	33,296	0	0	0	0
2034	519,799	509,373	10,426	0	0	0	0
Totals	$ 21,723,814	$ 19,454,035	$ 2,269,779	$ 390,904	$ 11,789	$ 522,000	$ 30,373

See Independent Auditor's Report.

CITY OF LOUDON, TENNESSEE

SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)

June 30, 2023

Year	2020A Water and Sewer Revenue Refunding		2020B Water and Sewer Revenue Refunding		2020C Water and Sewer Revenue Refunding	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 190,000	$ 23,345	$ 135,000	$ 30,836	$ 1,570,000	$ 161,818
2025	175,000	20,590	175,000	28,411	1,300,000	133,316
2026	165,000	17,944	175,000	25,574	1,000,000	107,055
2027	165,000	15,479	185,000	22,372	700,000	86,010
2028	165,000	13,086	185,000	19,078	705,000	70,455
2029	170,000	10,694	180,000	15,692	680,000	57,599
2030	170,000	8,265	190,000	12,353	695,000	44,927
2031	175,000	5,800	195,000	8,967	705,000	32,345
2032	80,000	3,299	200,000	5,444	715,000	19,535
2033	60,000	1,450	0	0	0	0
2034	0	0	0	0	0	0
Totals	$ 1,515,000	$ 119,952	$ 1,620,000	$ 168,727	$ 8,070,000	$ 713,060

CITY OF LOUDON, TENNESSEE

SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)

June 30, 2023

	2021 General Obligation		2018 Capital Outlay Construction Loan		2019 Water and Sewer Draw Down Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 120,000	$ 22,118	$ 301,255	$ 124,570	$ 42,515	$ 16,356
2025	120,000	20,124	311,475	114,351	43,871	15,001
2026	125,000	18,060	322,041	103,785	31,004	13,603
2027	125,000	15,910	332,966	92,860	46,711	12,160
2028	130,000	13,760	344,261	81,565	48,200	10,671
2029	130,000	11,524	355,940	69,886	49,737	9,135
2030	130,000	9,288	368,014	57,812	51,322	7,549
2031	135,000	7,052	380,498	45,327	52,958	5,913
2032	135,000	4,730	393,406	32,420	54,646	4,225
2033	140,000	2,408	406,752	19,074	56,387	2,484
2034	0	0	306,643	5,276	57,730	1,141
Totals	$ 1,290,000	$ 124,974	$ 3,823,251	$ 746,926	$ 535,081	$ 98,238

CITY OF LOUDON, TENNESSEE

SCHEDULE OF BOND AND INTEREST REQUIREMENTS BY FISCAL YEAR (Continued)

June 30, 2023

Fiscal Year	2022 General Obligation		2020 Fire Truck Financed Purchase Obligation	
	Principal	Interest	Principal	Interest
2024	$ 110,000	$ 38,434	$ 96,864	$ 7,326
2025	115,000	35,392	99,247	4,943
2026	115,000	32,212	101,688	2,502
2027	120,000	29,033	0	0
2028	120,000	25,715	0	0
2029	125,000	22,397	0	0
2030	130,000	18,940	0	0
2031	135,000	15,346	0	0
2032	135,000	11,613	0	0
2033	140,000	7,880	0	0
2034	145,000	4,009	0	0
Totals	$ 1,390,000	$ 240,970	$ 297,799	$ 14,770

CITY OF LOUDON, TENNESSEE

SCHEDULE OF INSURANCE IN FORCE

June 30, 2023

Property Insurance

- Building/Contents - Provides loss protection limited to replacement cost. Vacant or Abandoned buildings are covered at actual cash value.
- Inland Marine - Coverage per schedule limited to actual cash value.
- Contractors Equipment - Coverage per schedule up to $1,000,000 per occurrence.
- Electronic Data Processing - Coverage per schedule up to $1,000,000 per occurrence including hardware, media and extra expense.
- Extra Expense - $5,000,000 per occurrence.
- Valuable Papers - $1,000,000 per occurrence.
- Boiler & machinery – Comprehensive coverage for boiler, pressure vessels, mechanical & electrical machines valued at repair or replacement cost. Limit per breakdown - $10,000,000.
- Employee Fidelity, Money & Securities, Forgery or Alteration – Covers losses from employee dishonesty, robbery, burglary, and computer fraud. Limits of coverage - $400,000.

Liability

- General Liability/Public Officials/Law Enforcement/Employee Benefits/Automobile - As a government entity, LUB's liability is limited under the Tennessee Governmental Tort Liability Act (TCA §29-20-403). LUB is insured up to $2,000,000 per occurrence.
- Cyber Liability - LUB is insured up to $1,000,000 per claim with $1,000,000 aggregate.
- Excess Liability – Coverage up to $4,000,000 in excess of $2,000,000.

Workers' Compensation

- Each Accident – Coverage up to $1,000,000.
- Disease – $1,000,000 each employee, Policy Limit $1,000,000.

Employee Health Plan Stop Loss Coverage

The City and Utilities' employee health plan is self-funded. The City and Utilities has purchased stop loss insurance, which covers exposure to annual expenses in excess of $85,000 per individual participant, with $1,000,000 aggregate max.

CITY OF LOUDON, TENNESSEE

SCHEDULE OF UTILITY RATES

June 30, 2023

ELECTRIC SERVICE

I	**RESIDENTIAL**		
	Customer Charge	$	20.67
	First 2,000 kWh		0.09742
	Additional kWh		0.09742
	Part A: Less than 50kW (GSA 1)		
	Customer Charge	$	23.36
	First 15,000 kWh		0.10624
	Part A: 51 – 1,000 kW (GSA 2)		
	Customer Charge	$	75.00
	51– 1,000 kW		15.56
	First 15,000 kWh		0.11673
	Additional kWh		0.06951
	Part A: 1,001 – 5,000kW (GSA 3)		
	Customer Charge	$	200.00
	0 – 1,000kW		14.12
	1,001 – 5,000kW		14.09
	All kWh		0.07319
	Outdoor Lighting:		
	Customer Charge	$	20.67
	All kWh per month		0.07645
	Facility Charge		9.00%
II	**GENERAL POWER RATES**		
	Time of Use Service: Time Difference Part A – General Service		
	Customer Charge	$	1,500.00
	Demand Charge		
	On-peak kW		10.95
	Maximum kW		5.23
	Excess Over Contract		10.95
	Energy Charge		
	On-peak		0.10563
	Off-peak First HUD 200 hours		0.07214
	Off-peak Next HUD 200 hours		0.02966
	Off-peak Additional kWh		0.02663
	Time of Use Service: Time Difference Part A – Manufacturing		
	Customer Charge	$	1,500.00
	Demand Charge		
	On-peak kW		10.24
	Maximum kW		3.57
	Excess Over Contract		10.24
	Energy Charge		
	On-peak		0.08067
	Off-peak First HUD 200 hours		0.05567
	Off-peak Next HUD 200 hours		0.02824
	Off-peak Additional kWh		0.02569

CITY OF LOUDON, TENNESSEE

SCHEDULE OF UTILITY RATES (Continued)

June 30, 2023

II GENERAL POWER RATES (Continued)

Time of Use Service: Part B – General Service		
Customer Charge	$	1,500.00
Demand Charge		
On-peak kW		10.87
Maximum kW		5.21
Excess Over Contract		10.87
Energy Charge		
On-peak		0.08891
Off-peak First HUD 200 hours		0.06400
Off-peak Next HUD 200 hours		0.02942
Off-peak Additional kWh		0.02601
Time of Use Service: Part B – Manufacturing		
Customer Charge	$	1,500.00
Demand Charge		
On-peak kW		10.24
Maximum kW		2.26
Excess Over Contract		10.24
Energy Charge		
On-peak		0.08139
Off-peak First HUD 200 hours		0.05639
Off-peak Next HUD 200 hours		0.02670
Off-peak Additional kWh		0.02415
Time of Use Service: Part C – Manufacturing		
Customer Charge	$	1,500.00
Demand Charge		
On-peak kW		10.24
Maximum kW		1.65
Excess Over Contract		10.24
Energy Charge		
On-peak		0.08027
Off-peak First HUD 200 hours		0.05526
Off-peak Next HUD 200 hours		0.02811
Off-peak Additional kWh		0.02811

III. CUSTOMERS SERVED AS OF JUNE 30

	2023	2022
Residential	12,160	11,765
General Power	1,882	1,837
Street and Athletic	14	14
Outdoor Lighting	1,832	1,834
	15,888	15,450

CITY OF LOUDON, TENNESSEE

SCHEDULE OF UTILITY RATES (Continued)

June 30, 2023

PROCESS USER GAS RATES

Usage Charges		
Gas Supply Cost	$	2.1479
BTU & System Loss (8%)		0.1688
Demand Unit Charge		3.0370
ETNG Rate Action 8/2020		0
Storage Charges		0.2183
Cost of Gas		5.5720
Distribution Charge		1.5000
System Operations		3.1772
Rate per MCF	$	10.2492
Rate per 100 Cubic Feet	$	1.02

CITY OF LOUDON, TENNESSEE

SCHEDULE OF UTILITY RATES (Continued)

June 30, 2023

WATER RATES

	Inside	Outside	Piney
Residential			
Customer Charge	$ 30.26	$ 11.00	$ 27.07
Customer Charge Up To 7,000 Gallons	3.22	4.83	4.83
Customer Charge Over 7,000 Gallons	4.83	7.25	7.25
Commercial and Industrial			
Customer Charge	$ 47.42	$ 23.87	$ 26.22
Rate per 1,000 Gallons	3.22	4.83	4.83

WASTEWATER RATES:

	Inside	Outside
Residential		
Customer Charge	$ 11.00	$ 11.00
Rate for All Usage per 1,000 Gallons	4.87	7.31
Commercial and Industrial		
Customer Charge	$ 11.00	$ 11.00
Rate per 1,000 Gallons	4.87	7.31

CITY OF LOUDON, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE

Year Ended June 30, 2023

	Total	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Taxes Receivable July 1, 2022	$ 3,893,061	$ 0	$ 3,802,701	$ 77,952	$ 10,283	$ 1,486	$ 202	$ 229	$ 82	$ 65	$ 61
Add: Taxes to be Levied - 2023	3,824,628	3,824,628	0	0	0	0	0	0	0	0	0
	7,717,689	3,824,628	3,802,701	77,952	10,283	1,486	202	229	82	65	61
Deduct: Collections	(3,718,140)	0	(3,649,485)	(60,313)	(7,556)	(781)	0	(5)	0	0	0
Taxes Receivable June 30, 2023	3,999,549	$ 3,824,628	$ 153,216	$ 17,639	$ 2,727	$ 705	$ 202	$ 224	$ 82	$ 65	$ 61
Less Allowance for Uncollectable Accounts	(176,419)										
Taxes Receivable, June 30, 2023, Net	$ 3,823,130										

Delinquent property taxes have been turned over to the Clerk and Master as follows:

Year	
2008	$ 50,395
2009	63,866
2010	51,798
2011	33,978
2012	24,677
2013	36,385
2014	22,560
2015	19,100
2016	11,783
2017	24,577
2018	23,891
2019	15,166
2020	18,103
2021	13,808
	$ 410,087

See Independent Auditor's Report.

CITY OF LOUDON, TENNESSEE

SCHEDULE OF PRINCIPAL PROPERTY TAXPAYERS

For the Year Ended June 30, 2023

	Property Tax		Assessed Value
Priment (Formerly known as Tate & Lyle)	$ 671,227	*	Pilot
Kimberly-Clark Corporation	520,208		$ 47,321,779
DuPont Tate and Lyle	281,052		25,566,453
Malibu Boats LLC and Spirit Master IV	225,613		20,523,336
Viskase Corporation	130,222		11,845,857
American Honda Motor Company	123,350		11,220,803
Del Conca	70,795	*	Pilot
Monterey Mushrooms, Inc.	63,625		5,787,747
Plateplus, Inc	54,334		4,942,643
Morgan Olson LLC/Pointexter Properties, LLC	51,585	*	Pilot
	$ 2,192,011		

* = (PILOT agreement - Payment in lieu of tax)

CITY OF LOUDON, TENNESSEE

SCHEDULE OF GENERAL GOVERNMENTAL REVENUES AND EXPENDITURES

Ten Years Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Taxes	$ 8,671,081	$ 7,965,226	$ 8,289,840	$ 7,715,995	$ 7,418,980	$ 6,533,660	$ 6,214,775	$ 6,500,118	$ 6,160,172	$ 6,078,382
License and Permits	212,733	370,694	80,586	94,825	45,133	59,292	56,557	85,673	61,163	36,036
Intergovernmental Revenue	2,100,815	4,251,736	2,006,800	1,750,186	1,154,256	2,229,137	1,808,689	1,821,888	1,612,775	1,471,879
Charges for Services	40,882	27,017	32,605	20,940	140,961	116,010	109,565	18,832	117,771	220,353
Fines and Court Costs	77,559	84,043	48,573	44,506	31,767	46,224	51,390	37,213	29,886	38,905
Interest	253,599	11,350	17,104	64,578	4,858	6,025	2,761	3,523	7,923	7,173
Sale of Land and Buildings	0	0	25,000	343,604	0	0	30,480	32,376	0	0
Other	530,278	575,217	411,904	501,669	452,954	450,680	449,420	527,027	568,625	177,559
Total Revenues	$ 11,886,947	$ 13,285,283	$ 10,912,412	$ 10,536,303	$ 9,248,909	$ 9,441,028	$ 8,723,637	$ 9,026,650	$ 8,558,315	$ 8,030,287
Expenditures										
General Governmental	$ 1,559,793	$ 1,088,475	$ 745,421	$ 761,268	$ 936,468	$ 827,325	$ 766,089	$ 853,493	$ 636,681	$ 660,289
Public Safety	4,566,907	4,406,090	3,654,631	3,306,504	3,217,936	3,124,716	3,042,913	3,055,775	3,092,908	3,297,829
Highways and Streets	2,834,545	2,595,939	2,319,762	1,070,433	1,060,403	1,205,409	1,040,690	1,158,075	1,041,367	1,098,408
Sanitation	871,995	748,232	586,502	522,210	487,938	433,756	427,481	427,749	420,502	439,056
Health and Recreation	1,208,507	1,038,501	1,046,197	1,225,406	998,273	1,065,784	1,012,343	912,451	2,131,317	810,283
Debt Service	694,679	569,007	693,912	680,497	969,162	1,112,487	1,102,975	1,109,928	1,148,431	1,175,718
Economic Development	0	24,048	766,822	0	0	0	0	10,954	16,643	32,765
Personnel Reserve	0	0	0	17,482	22,806	40,041	11,527	35,875	23,388	45,313
Housing Rehabilitation	0	0	0	0	65,282	373,546	3,000	0	0	0
Construction and Related Expenditures	849,693	2,826,422	485,152	2,124,729	941,357	247,506	474,326	1,414,963	483,329	590,255
Miscellaneous	16,046	37,807	30,500	95,769	124,288	60,554	82,247	58,209	62,223	7,810
Total Expenditures	$ 12,602,165	$ 13,334,521	$ 10,328,899	$ 9,804,298	$ 8,823,913	$ 8,491,124	$ 7,963,591	$ 9,037,472	$ 9,056,789	$ 8,157,726

See Independent Auditor's Report.

COMPLIANCE SECTION

CITY OF LOUDON, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor Program	Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
Federal Awards				
Appalachian Regional Commission (Direct Payments)				
Passed through the TN Department of Economic and Community Development:				
Appalachian Area Development	23.002	TN-20348-2021	$ 0	$ 2,188
Total Appalachian Regional Commission			0	2,188
U.S. Department of Transportation				
Passed through the Tennessee Department of Transportation:				
Highway Planning and Construction - Queener Road	20.205	130270	0	332,804
Highway Planning and Construction - Traffic Signalization	20.205	150182	0	110
Total U.S. Department of Transportation			0	332,914
U.S. Department of Justice				
Passed through Justice & Security Strategies, Inc.:				
Police Department Body Worn Cameras	16.835	28529974	0	15,000
Total U.S. Department of Justice			0	15,000
U.S. Department of Commerce (Direct Payments)				
Economic Adjustment Program - Waterline Replacement	11.307	04-79-07491	0	1,132,775
Total U.S. Department of Commerce			0	1,132,775
U.S. Department of Housing and Urban Development				
Passed through Tennessee Department of Economic and Community Development:				
Community Development Block Grant (Rural Development) - Sewer System Improvements	14.228	840488000	0	68,081
Total U.S. Department of Housing and Urban Development			0	68,081
Total Federal Awards			$ 0	$ 1,550,958
State Financial Assistance				
Tennessee Department of Transportation:				
Highway Planning and Construction - Queener Road	20.205	N/A	0	416,005
Total Federal Awards and State Financial Assistance			$ 0	$ 1,966,963

See Independent Auditor's Report.

CITY OF LOUDON, TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state grant activity of City of Loudon (the "City") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, they are not intended to and do not present the financial position, changes in net position, or cash flows of the City.

Federal Financial Assistance. The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Federal financial assistance does not include direct federal cash assistance to individuals.

Direct Payments. Assistance received directly from the Federal government is classified as direct payments on the Schedule.

Pass-through Payments. Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule.

Major Programs. The Single Audit Act Amendments of 1996 and Uniform Guidance establish the criteria to be used in defining major programs. Major programs for the City were defined using a risk-based approach in accordance with Uniform Guidance.

Assistance Listing Number. The Assistance Listing Number (formerly known as Catalog of Federal Domestic Assistance or CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (Assistance Listing Number), which is reflected in the Schedule.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect rate as allowed under Uniform Guidance.

NOTE 4 - CONTINGENCIES

The federal and state awards received by the government are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, the grantor agency could make a claim for reimbursement.

PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660
FAX 865-769-1660
www.pughcpas.com

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*

Honorable Mayor, Members of City Council,
and City Manager of City of Loudon
Loudon, 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, budgetary comparisons for the general fund and the aggregate remaining fund information of City of Loudon, Tennessee (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Loudon's internal control.

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

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Loudon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Loudon'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 City of Loudon's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
October 31, 2023

PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor, Members of City Council,
and City Manager of City of Loudon
Loudon, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Loudon's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
October 31, 2023

CITY OF LOUDON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) ____ Yes __X__ No

Major federal programs for the City of Loudon, Tennessee for the fiscal year ended June 30, 2023 are:

Program Name	AL#
U.S Department of Commerce – Economic Adjustment Program	11.307

Dollar threshold used to distinguish between Type A & Type B programs: $750,000

Auditee qualified as low-risk auditee? __X__ Yes ___No

CITY OF LOUDON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2023

Section II - Financial Statement Findings

Current Year Audit Findings: None

Section III - Federal Award Findings

Current Year Audit Findings: None

CITY OF LOUDON, TENNESSEE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2023

There were no findings or questioned costs reported in the prior year.