

CITY OF LENOIR CITY, TENNESSEE

**BASIC FINANCIAL STATEMENTS
WITH REQUIRED AND OTHER
SUPPLEMENTARY INFORMATION**

For the Fiscal Year Ended June 30, 2025

and

INDEPENDENT AUDITOR'S REPORT

CITY OF LENOIR CITY, TENNESSEE
BASIC FINANCIAL STATEMENTS
WITH REQUIRED AND OTHER SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2025

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BASIC FINANCIAL STATEMENTS
WITH REQUIRED AND OTHER SUPPLEMENTARY INFORMATION

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INTRODUCTORY SECTION

CITY COUNCIL

Jennifer Wampler, Vice Mayor

James Brandon

Todd Kennedy

Robin McNabb

Jim Shields

Eddie Simpson



Tony R. Aikens - Mayor

CITY ADMINISTRATOR

Amber Scott Kelso

CITY RECORDER-TREASURER

James W. Wilburn III

CITY ATTORNEY

Walter Johnson

FINANCE DIRECTOR

Shawn Bunch

Board of Mayor and Aldermen
City of Lenoir City
Lenoir City, Tennessee 37771

Dear Honorable Mayor and Board of Aldermen:

We are submitting the financial report for the fiscal year ended June 30, 2025. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. We believe the data, as presented, is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operation of the City as measured by the financial activity of its various funds, and all disclosures necessary to enable the reader to gain maximum understanding of the City's financial activities have been included.

Brown Jake & McDaniel, PC, a firm of licensed certified public accountants, has audited the City's basic financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2025 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the year ended June 30, 2025 are fairly presented in conformity with the Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The financial report is presented in four sections: 1) the introductory section, which contains the transmittal letter and a listing of principal officials; 2) the financial section, which consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, the fund financial statements, required supplementary information and other supplementary information; 3) the statistical section, which contains reports required by the State of Tennessee Comptroller of the Treasury; and 4) the internal control and compliance section, which contains reports issued by the auditor.

This report includes all funds required of the City. The City provides a full range of service including Police and Fire Protection, Highways and Streets, Utilities, Schools, Sanitation and Solid Waste, Recreational Activities and General Administrative Services.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) The cost of the control should not exceed the benefits likely to be derived; and 2) The valuation of costs and benefits require estimates and judgments by management.

The City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to the operations of the City. This internal control structure is subject to periodic evaluation by management. In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Mayor and Aldermen. Activities of the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

The State requires an annual audit of our basic financial statements by an independent certified public accountant. Accordingly, this year's audit was completed by Brown Jake & McDaniel, PC. In addition to meeting the State requirements, the audit was also designed to meet Federal audit requirements.

Respectively submitted,

CITY OF LENOIR CITY, TENNESSEE

Maggie Hunt, Finance Director

CITY OF LENOIR CITY, TENNESSEE

List of Principal Officials

June 30, 2025

Board of Mayor and Aldermen

Tony Aikens, Mayor
 Jennifer Wampler, Alderman
 James Brandon, Alderman
 Todd Kennedy, Alderman
 Mike Henline, Alderman
 James Shields, Vice Mayor
 Eddie Simpson, Alderman

City Officials

Amber Scott Kelso, City Administrator
 James Wilburn III, City Recorder*
 Maggie Hunt, Finance Director*
 Walter Johnson, City Attorney
 Greg Harrison, City Judge

Board of Education

Dr. Jeanne Barker, Director of Schools
 Tony Aikens, Ex-Officio
 Chris McCarty, Attorney

School Board Members

Mitch Ledbetter, Chairman
 Rick Chadwick, Vice Chairman
 Glenn McNish, Sr.
 Laci Murray
 Chris Clabough

Lenoir City Utilities Board

Shannon Littleton, General Manager
 Suzan Williams, Assistant General Manager and
 Manager of Accounting and Finance

Commissioners

Tony Aikens, Mayor and Chairman
 Jennifer Wampler, Vice Chairman and Board Member
 Mike Arms, Board Member
 George Bove, Board Member
 James Brandon, Board Member
 Todd Kennedy, Board Member
 Mike Henline, Board Member
 James Shields, Board Member
 Eddie Simpson, Board Member

*Certified Municipal Finance Officer

FINANCIAL SECTION

BROWN JAKE & McDANIEL, PC

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Mayor and Alderman
City of Lenoir City, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lenoir City, Tennessee (the "City"), as of and for the year ended June 30, 2025, 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 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, the aggregate remaining fund information and the respective budgetary comparison statements of the General Fund and the General Purpose School Fund of the City of Lenoir City, Tennessee, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lenoir City, Tennessee's (the "City") ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 7 through 21 and the required supplementary information on pages 139 through 160 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, including the schedule

of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, including the schedule of expenditures of federal and state awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the City of Lenoir City, Tennessee's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with audited financial statements from which it has been derived.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2026, 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 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. In accordance with the Uniform Guidance, we have also issued our report dated March 6, 2026, on our consideration of the City's internal control over major programs and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brown Vake & McDaniel, PC

Knoxville, Tennessee
March 6, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Lenoir City, Tennessee's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2025 are as follows:

Governmental-Type Activities

The net position of the City increased by \$6,033,069 or 8.6 percent.

General revenues accounted for \$32,263,813 or 52.0 percent of total revenue. Program specific revenues in the form of charges for services, operating grants, capital grants and contributions accounted for \$29,726,510 or 48.0 percent of total revenues of \$61,990,323.

Among major funds, the General Fund had \$16,100,678 in revenues and transfers and \$15,365,969 in expenses, debt issues and transfers. The fund balance for the General Fund increased \$734,709.

Among major funds, the General Purpose School Fund had \$34,805,145 in revenues, loans issued and transfers and \$32,695,877 in expenses. The fund balance for the General Purpose School Fund increased by \$2,109,268 over 2024.

Business-Type Activities

The business-type activities net capital assets increased by \$39.0 million or 11.0 percent.

The business-type activities total net position increased by \$9.8 million or 3.87 percent.

During the year, the business-type activities total revenues increased by \$27.8 million or 12.3 percent.

During the year, the business-type activities total expenses increased by \$27.8 million or 13.1 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The ***Statement of Net Position*** and ***Statement of Activities*** provide information about the activities of the City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other Nonmajor funds presented in one column. In the case of the City, the General Fund and the General Purpose School Fund are by far the most significant funds. The City's business-type activities consist of utility services for electricity, natural gas, water and wastewater treatment provided by the Lenoir City Utilities Board.

The other required financial statement is the ***Statement of Cash Flows***. The primary purpose of this statement is to provide information about the City's business-type activities, cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities; and provides answers to such questions as "where did cash come from?", "what was cash used for?" and "what was the change in cash balance during the reporting period?"

REPORTING THE CITY AS A WHOLE

The ***Statement of Net Position*** and the ***Statement of Activities***

While this document contains the funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "how did we do financially during 2025?" The ***Statement of Net Position*** and the ***Statement of Activities*** answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and change in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the City's tax base, facility condition, required educational programs and other factors.

In the ***Statement of Net Position*** and the ***Statement of Activities***, the City reports governmental activities and business-type activities. Governmental activities are the activities where most of the City's programs and services are reported, including, but not limited to, general services, public safety, highways and streets, recreation, and education. The City of Lenoir City has two business-type activities, the Lenoir City Utilities Board (LCUB) and the Stormwater Fund. The business type activities provide electric, natural gas, water, wastewater and stormwater services to the City and adjacent areas of Loudon and Knox Counties.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the General Fund and the General Purpose School Fund.

Governmental Funds

All of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending in future periods. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance City general services and educational programs. The relationship (or differences) between governmental activities (reported in the ***Statement of Net Position*** and the ***Statement of Activities***) and governmental funds is reconciled in the financial statements.

THE CITY AS A WHOLE

The **Statement of Net Position** provides the perspective of the City as a whole. Table 1 provides a summary of the City of Lenoir City's net position for 2025 and 2024.

Table 1
Net Position

	Governmental-Type Activities		Business-Type Activities	
<u>ASSETS</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 53,873,905	\$ 51,953,728	\$ 68,341,155	\$ 82,319,419
Capital assets	62,036,777	59,315,390	394,570,610	355,519,023
Total assets	<u>\$ 115,910,682</u>	<u>\$ 111,269,118</u>	<u>\$ 462,911,765</u>	<u>\$ 437,838,442</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows of resources	<u>\$ 6,303,153</u>	<u>\$ 8,293,350</u>	<u>\$ 6,437,246</u>	<u>\$ 6,256,240</u>
<u>LIABILITIES</u>				
Long-term liabilities	\$ 26,661,806	\$ 27,939,705	\$ 131,202,705	\$ 127,200,512
Other liabilities	6,126,842	9,467,857	70,806,039	57,939,084
Total liabilities	<u>\$ 32,788,648</u>	<u>\$ 37,407,562</u>	<u>\$ 202,008,744</u>	<u>\$ 185,139,596</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows of resources	<u>\$ 13,207,627</u>	<u>\$ 11,970,415</u>	<u>\$ 3,285,119</u>	<u>\$ 4,742,152</u>
<u>NET POSITION</u>				
Net investment in capital assets	\$ 44,437,048	\$ 40,306,998	\$ 268,825,066	\$ 232,602,193
Restricted	25,579,493	20,383,177	-	-
Unrestricted	6,201,019	9,494,316	(4,769,918)	21,610,741
Total net position	<u>\$ 76,217,560</u>	<u>\$ 70,184,491</u>	<u>\$ 264,055,148</u>	<u>\$ 254,212,934</u>

Table 2 provides a summary of the City of Lenoir City's change in net position for 2025 and 2024.

Table 2
Statement of Revenues, Expenses and Change in Net Position

	Governmental-Type Activities		Business-Type Activities	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenue:				
Program revenue:				
Charges for services	\$ 3,297,189	\$ 3,090,057	\$ 252,466,342	\$ 224,141,084
Operating grants and contributions	24,185,675	24,817,603	-	-
Capital grants and contributions	2,243,646	351,342	-	-
General revenue:				
Taxes:				
Sales taxes	11,304,740	10,844,054	-	-
Property taxes	10,438,143	10,027,578	-	-
In-lieu of tax	492,117	487,716	-	-
Business taxes	617,674	555,196	-	-
Beer taxes	716,227	729,148	-	-
Gas taxes	18,468	18,517	-	-
Excise taxes	68,421	116,934	-	-
Hotel/Motel tax	538,182	540,052	-	-
Adequate facilities tax	224,770	204,225	-	-
Other taxes	203,880	211,881	-	-
Interest earned	2,442,667	1,172,234	1,250,448	2,146,737
Pension income	45,482	33,771	-	-
OPEB income	157,551	141,948	-	-
Contributions	175,842	96,995	-	-
Miscellaneous	313,122	249,642	(1,077,016)	367,345
In-lieu of tax - enterprise fund transfers	4,427,082	4,401,786	(4,427,082)	(4,401,786)
Gain (loss) on sale of fixed assets	79,445	(55,275)	-	-
Total revenue	<u>61,990,323</u>	<u>58,035,404</u>	<u>248,212,692</u>	<u>222,253,380</u>
Program expenses:				
General government	4,880,925	4,735,982	-	-
Public safety	6,182,835	5,313,124	-	-
Drug enforcement	117,592	35,253	-	-
Highways and streets	2,183,001	2,432,873	-	-
State street aid	217,397	202,178	-	-
Sanitation	767,622	707,470	-	-
Culture and recreation	1,745,444	1,711,943	-	-
Downtown VIP	-	-	-	-
DEA asset forfeiture	-	-	-	-
Education	39,503,803	37,247,157	-	-
Stormwater	-	-	819,952	554,774
Utilities	-	-	237,550,526	211,812,104
Interest and fiscal charges	358,635	404,442	-	-
Total program expenses	<u>55,957,254</u>	<u>52,790,422</u>	<u>238,370,478</u>	<u>212,366,878</u>
Change in net position	6,033,069	5,244,982	9,842,214	9,886,502
Net position, beginning	<u>70,184,491</u>	<u>64,939,509</u>	<u>254,212,934</u>	<u>244,326,432</u>
Net position, ending	<u>\$ 76,217,560</u>	<u>\$ 70,184,491</u>	<u>\$ 264,055,148</u>	<u>\$ 254,212,934</u>

Governmental-Type Activities

		Governmental-Type Activities	
		2025	2024
Revenues:			
Property taxes		17%	17%
Sales taxes		18%	19%
Grants and contributions		43%	43%
In-lieu of taxes		7%	8%
Other		15%	13%
		100%	100%
Expenses:			
Education		71%	71%
Public safety		11%	10%
Other		18%	19%
		100%	100%

Business-Type Activities

		Business-Type Activities	
		2025	2024
Revenues:			
Charges for utility services		99%	99%
Other		1%	1%
		100%	100%

Expenses related to providing utility service to customers comprise 99 percent of the City's business-type activity expenses. Providing electric distribution services represents the largest portion of the business activities provided by the City.

The **Statement of Activities** shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
General government	\$ 4,880,925	\$ 4,520,594	\$ 4,735,982	\$ 4,149,678
Public safety	6,182,835	3,485,883	5,313,124	4,211,428
Drug enforcement	117,592	84,461	35,253	(8,234)
Highways and streets	2,183,001	1,628,152	2,432,873	2,377,927
State street aid	217,397	(136,534)	202,178	(151,905)
Sanitation	767,622	38,626	707,470	(10,198)
Culture and recreation	1,745,444	787,700	1,711,943	704,298
Downtown VIP	-	-	-	-
DEA asset forfeiture	-	(43,692)	-	(4,514)
Community development	-	(23,996,884)	-	(4,000)
Education	39,503,803	39,503,803	37,247,157	12,862,498
Interest and fiscal charges	358,635	358,635	404,442	404,442
	<u>\$ 55,957,254</u>	<u>\$ 26,230,744</u>	<u>\$ 52,790,422</u>	<u>\$ 24,531,420</u>

General government includes activities of the judicial, legislative and executive branches of the City, as well as financial administration, legal, industrial development, municipal building operations and maintenance, and any other activity not specifically included in a separate program.

Public safety includes activities of the police, fire and codes enforcement.

Drug enforcement includes specific police activity related to the eradication of illegal drug use, production and distribution.

Highways and streets include activities related to the operation and maintenance of roads, streets, sidewalks, alleys, and all related activities.

State street aid includes the administration of gas taxes restricted for the maintenance of City roads, sidewalks, etc.

Sanitation includes all the activities of solid waste collection and removal for the City.

Culture and recreation includes all the activities of the parks, community centers and libraries.

Community development includes all the activities of the HOMES grant.

Downtown VIP is reserved for cost sharing grants from the City to downtown business owners for storefront revitalization.

DEA asset forfeiture includes all the revenue generated from DEA forfeitures and seizures and the restricted expenditures of those funds for the police department.

Capital projects – City and City #2 includes all activities related to capital outlay and to the construction of Town Creek Road extension, respectively.

Education includes all activity of the Lenoir City Board of Education.

Interest and fiscal charges is the activity associated with the payment of the School System's debt.

The dependence upon tax revenue is apparent. Education activities supported through taxes and other general revenues amounted to 39.3 and 40.3 percent for the fiscal years ended 2025 and 2024. All other governmental activities supported through taxes and other general revenues amounted to 73 and 75 percent for the fiscal year ended 2025 and 2024. The community as a whole is the primary support for the City. The fiscal year 2025 general revenue percentage was comparable to fiscal year 2024.

CHANGE IN NET POSITION – BUSINESS-TYPE ACTIVITIES

Changes in the business-type activities net position can be determined by reviewing the following condensed Statement of Revenues, Expenses and Change in Net Position for the years 2025 and 2024.

Table 4
Statement of Revenues, Expenses and Change in Net Position

Business-Type Activities		
	2025	2024
Revenues:		
Operating revenues	\$ 252,466,342	\$ 223,960,547
Non-operating revenues	1,786,449	2,514,082
Total revenues	<u>254,252,791</u>	<u>226,474,629</u>
Expenses:		
Purchased energy	174,631,035	156,366,951
Purchased bandwidth	252,756	251,868
Distribution and treatment	16,777,781	15,613,340
Customer account services expense	5,125,457	5,138,958
Administration and general expense	11,705,084	9,733,295
Maintenance expense	12,100,207	9,534,744
Other	8,448	15,660
Depreciation expense	17,769,710	13,647,219
Amortization expense	-	-
Interest and debt expense	<u>1,867,493</u>	<u>2,064,843</u>
Total expenses	<u>240,237,971</u>	<u>212,366,878</u>
Income before contributions and transfers	14,014,820	14,107,751
Contributions from governments	254,476	180,537
Interfund transfer in, net	-	-
Transfers to local government	<u>(4,427,082)</u>	<u>(4,401,786)</u>
Change in net position	9,842,214	9,886,502
Net position, beginning	<u>254,212,934</u>	<u>244,326,432</u>
Net position, ending	<u>\$ 264,055,148</u>	<u>\$ 254,212,934</u>

Total operating revenues increased by 12.3% compared to the prior year. Total expenses increased by 13.1%. Purchased energy increased by 11.68%, which is in line with increased operating revenue. Distribution and treatment increased by 7.46% due to increased overhead/underground operations expense and network management services. Customer accounts service expenses decreased by 0.26%. Administrative and general expense increased by 18.63% primarily due to increase in payroll expenses and large increases in OPEB and pension expense/liabilities. Depreciation expense is up by 30.28%.

THE CITY'S FUNDS

Information about the City's major funds is detailed in the Financial Section of the financial statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues, debt issues and transfers of \$61,965,068 and \$58,109,194 and expenditures and transfers of \$59,794,662 and \$55,046,137 for the fiscal years 2025 and 2024. Revenues increased largely due to intergovernmental revenues. Expense increases mainly due to increased capital projects spending, road repairs and pension expense.

As the City completed the current year, all governmental funds had a balance of \$33,872,496, an increase of \$3,020,406 from 2024. In the prior year, all governmental funds had a balance of \$30,852,090, an increase of \$4,023,754 over 2023. This current year increase was mostly due to growth in the economy from local spending. In the prior year, the increase was mainly due to growth in the economy from local spending.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is prepared according to Tennessee law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds, however, are the General Purpose School Fund and the General Fund.

The City amended the General Fund budget during the 2025 fiscal year. The most significant amendments were related to tax revenues, licenses and permit revenue, event center rental income, transfers, salaries, and supplies expense. Overall, budgeted expenditures increased by \$478,630, or a 9.1 percent increase, and budgeted revenues increased \$840,135 or 7.9 percent increase.

GENERAL PURPOSE SCHOOL FUND BUDGETARY HIGHLIGHTS

The school system's budget is prepared according to Tennessee law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Purpose School Fund.

The school system amended its general purpose school fund budget at the end of the 2025 fiscal year. Overall budgeted expenditures decreased by \$4,487,281, an 11% decrease.

The final budgeted estimate for revenues, loans issued and transfers was \$34,076,799. The original budgeted estimate was \$40,183,804, a 15% decrease.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – Governmental-Type Activities

At the end of fiscal year 2025 and 2024, the City had \$62,036,777 and \$59,315,390 invested in land, buildings and improvements, machinery and equipment, and vehicles. Table 5 shows fiscal 2025 and 2024 balances.

Table 5
Capital Assets (Net of Depreciation) at June 30

Governmental-Type Activities		
	2025	2024
Land	\$ 3,467,893	\$ 3,467,893
Buildings and improvements	35,776,271	35,299,342
Machinery and equipment	2,615,009	2,261,933
Vehicles	3,670,240	2,334,223
Street network	16,507,364	15,951,999
	<u>\$ 62,036,777</u>	<u>\$ 59,315,390</u>

Overall capital assets increased by \$2,721,387 in FY 2025 and increased \$1,170,093 in FY 2024; and depreciation expenses for these years amounted to \$3,116,508 and \$2,832,240, respectively. Major additions for 2025 were construction of roads, new buildings and improvements, vehicles, and other equipment. Board of Education additions consisted mainly of building improvements.

Major additions for 2024 were construction of roads and vehicles and related equipment. Board of Education additions consisted mainly of building improvements.

Capital Assets – Business-Type Activities

At the end of FY 2025, the Utilities Board had a net amount of \$392.5 million invested in a broad range of utility capital assets, including its electric distribution, gas distribution, water treatment plant, water distribution mains, water storage facilities and warehouses. This amount represents a net increase of \$39.1 million over the prior year.

At the end of FY 2024, the business-type activities had a net amount of \$355.5 million invested in a broad range of utility capital assets, including its electric distribution, gas distribution, water treatment plant, water distribution mains, water storage facilities, warehouses. This amount represents a net increase of \$37.1 million over the prior year.

Table 6
Capital Assets (Net of Depreciation) at June 30
(Dollars in Thousands)

Business-Type Activities		
	2025	2024
Net Utility Plant:		
Electric	\$ 322,232	\$ 285,593
Gas	11,057	10,122
Water	23,744	23,231
Sewer	34,023	34,289
Broadband	1,486	250
Stormwater	2,028	2,033
	<u>\$ 394,570</u>	<u>\$ 355,518</u>
Major additions include:		
Electric:		
Land	\$ -	\$ 536,482
Distribution plant	18,820,750	11,139,161
General plant	28,264,320	46,905,084
Plant future use	-	-
Construction work in progress (closures)	46,641,358	46,514,905
Gas:		
Distribution plant	\$ 459,155	\$ 412,224
General plant	486,956	16,459
Construction work in progress (closures)	695,211	626,091
Water:		
Land	\$ -	\$ -
Treatment and distribution plant	1,113,809	721,628
General plant	31,321	15,470
Construction work in progress (closures)	333,024	227,454
Sewer:		
Land	\$ -	\$ -
Treatment and distribution plant	459,557	404,032
General plant	69,783	(59,410)
Construction work in progress (closures)	529,184	-
Broadband:		
Distribution plant	\$ 648,091	\$ 85,286
General plant	597,615	164,736
Construction work in progress	35,107	-
Stormwater:		
Vehicle	\$ 45,000	\$ -

Improvements to the substations and distribution plant in the Electric Department should help reduce operating and maintenance expenses as well as improve the operating efficiency of the department. Construction is in progress to modernize the electric grid with fiber installation and update electric substations which will help improve the current operations as well as provide the necessary capacity needed for future growth.

The Utilities Board's FY 2026 capital budget plans for investing another \$71.7 million in capital projects including the following:

Electric system upgrades and improvements	\$ 850,000
Electric distribution plant	1,780,000
Electric substations and transmission	4,853,887
General maintenance / related capital	5,200,000
Fiber/Broadband buildout	47,041,613
Road construction projects	761,000
Transportation equipment	336,000
Information technology	2,880,700
Other equipment	205,645
Administration equipment	-
Water line extensions and rehabilitations	150,000
Meter replacement	125,000
Meter purchase	150,000
Aging capital replacement	300,000
Meter calibration testing	25,000
Service tools	9,000
Facility inspection	5,000
Facility equipment	27,000
SCADA	25,000
ERTs & ANTs	175,000
Facility rehab and equipment	90,000
Crew equipment	10,000
Lab equipment	15,000
Highway 11 E. Water Project ARPA/FUD	112,275
Highway 11 W. Water Project ARPA	211,012
New tap connections	-
GIS equipment	-
Mayes Water Project	200,000
Raw Water A Booster Pump	50,000
Water Plant B Rehab	250,000
Sewer line extension and rehabilitation	150,000
New tap connections	40,000
Lab equipment	10,000
Flow meter purchase	60,000
SCADA	20,000
Facility rehab and equipment	85,000
Press Building Rehab	32,000
Aging capital replacement	150,000
Crew equipment (Push Camera)	65,000
GIS equipment	-
Service tools (Jack Hammer)	15,000
ERTs and ANTs	10,000
Highway 70 East line extension	1,500,000
Gas line extensions, rehabilitation, and system ties	100,000
Aging capital replacement	100,000
New tap connections	120,000
Line Pressure Points for SCADA	15,000
GIS equipment	-
Meter replacement	255,000
Detection equipment	25,000
Fusing equipment	30,000
Crew equipment (Skid Steer & Vac Trailer)	175,000
ERTs and ANTs	100,000
Broadband capital budget	2,832,000
	<u>\$ 71,727,132</u>

Bonds are being issued to finance the fiber/grid modernization buildout for the Electric Department, and cash on hand is being utilized for other capital expenditures for the Electric Department. Interdivisional loans from the Electric Department will be used to finance Broadband capital projects. Cash on hand from revenue and loans issued in previous years are being used to finance future Water, Sewer, and Gas Department capital projects.

Debt Administration – Governmental-Type Activities

The City has a credit rating of AA, with no change to the credit rating in the past fiscal year. In addition, the City routinely purchases bond insurance on all bond issues. This brings the bond rating for the individual bonds to AAA. The City charter does not limit the amount of debt that can be issued.

At June 30, 2025, the City had a long-term debt totaling \$17,599,729 with \$1,480,453 due within one year. Interest on debt ranges from 1.5% to 4.00%.

Debt Administration – Business-Type Activities

At June 30, 2025, the Utilities Board's Electric Department had three outstanding revenue bonds in the amounts of \$42.7 million, \$50.3 million, and \$9.1 million. Debt service schedules go to 2052. The interest rates are mixed between fixed and variable. Interest rates range from 2.00% to 5.00% at June 30, 2025. All outstanding bonds are insured and rated AAA. Total principal payments of \$3,904,224 are due in 2026.

The amount of outstanding long-term debt in the Gas and Water and Sewer Departments at June 30, 2025 was \$17.6 million. Debt service schedules go to 2039. Total principal payments of \$1,905,048 are due in 2026. This debt consists of capital outlay notes, Rural Development Loans, State Revolving Fund Loans and TML Bond Fund Loans. The interest rates are variable and fixed, ranging from 1.24% to 5.49% on the long-term debt at June 30, 2025.

The Stormwater Department had no debt at June 30, 2025.

CURRENT FINANCIAL ISSUES AND CONCERNS

Governmental-Type Activities

Despite all that the world has experienced over the past five years, the City's sales tax revenues (important indicator of the health of the economy) are still performing well and holding steady. The City continues to experience growth in property tax revenues, with the increased residential and commercial growth. The City is still experiencing residential growth primarily in the new developments off Harrison Road (with the expansion of 150 new homes in the Harrison Glen Subdivision) with several new development projects taking shape off Highway 321, Market Drive, Town Creek Parkway, Creekwood Park Boulevard, Old Highway 95, and Simpson Road. Our building permits issued inside the City are growing exponentially as each year passes. The City has continued to experience new businesses located along the Highway 321 Corridor, as well as the Historic Downtown area with three new businesses opening recently. The City expects to see even more commercial growth along the corridor, as well as in the new "Market at Town Creek" and "Creekwood Park Boulevard" developments with hotels and restaurants. We believe that this growth in commercial will be spurred by the growth in residential development, as more demand comes. The City continues to look to the future with optimism, based on the recent developments.

With development comes the need to improve infrastructure, and the City has several transportation projects completed, underway, as well as some on the horizon by grants and otherwise. These include the Downtown Streetscapes Project-Phase II (completed); Intelligent Transportation System Signal Optimization Project Phases I and II (Phase I completed and Phase II to be completed by the end of CY 2025); the Simpson Road Widening Project (completed); installation of new lighting at the I-75 exit

(completed); the parklet at South A Street (completed) to name a few, and a widening/safety improvement project along Old Highway 95 and Simpson Road from Old Highway 95 to Highway 321 (being planned and submitted for budget). Additionally, a new All-Access Playground has been constructed in Downtown Lenoir City, known as “Central Park.” Also, we have now completed Central Park Phase II, which includes a splashpad, bathrooms, pavilion, and additional parking. We have also made an expansion to Lenoir City Park by constructing a walking trail around the pond, which also includes lighting and seating. We are currently working on expanding our camera system, as well. Additionally, we are planning to upgrade and do improvements to our existing park and greenway systems. Keeping that in mind, the City continues to hold fast to its philosophy of conservative fiscal management and stewardship of public funds. As more growth occurs, we will be planning for more impact on infrastructure and continuing to seek grant opportunities for such.

Schools

Lenoir City and Loudon County continue to experience steady business and residential growth amidst early signs of economic stabilization. The increasing tax base provides critical support to the Lenoir City Board of Education and Lenoir City Schools through sales and adequate facilities tax revenues. Recent legislative changes at both the federal and state levels have noticeably impacted public school student enrollment statewide. While enrollment numbers are vital fiscal consideration on which state funding levels rely, our primary focus remains on meeting the needs of each student and supporting the community that is their home.

To better serve these needs, Lenoir City Schools has proposed a general obligation bond issue to the City Council to finance the expansion of Lenoir City Intermediate Middle School, establishing separate schools for grades 3-5 and 6-8 on a single site. If approved, project financing would occur without imposing additional tax burdens on our citizens and without relying on fluctuating state funding on the General Purpose Fund balance, a result of the District's history of strong financial management.

Lenoir City Schools remain dedicated to the education, health, and safety of our students, as well as to responsible management of the resources entrusted to us by our community. For over twenty-five years, we have successfully maintained our programs without the need for new taxes. The Lenoir City Board of Education and Lenoir City Schools will continue to uphold the level of excellence our students and community deserve.

Business-Type Activities

Electric Department

The electric department experienced modest growth in the number of customers and is expecting continued growth over the next year. In FY 2026, the electric department has several projects planned that will improve the quality of service we provide to our ratepayers. Some of those projects include the rebuild of the Karns substation, engineering work on the Sugarlimb substation, along with general maintenance in other substations. The electric department is in the final year of a system-wide pole integrity inspection and replacement program. Several poles are being replaced on LCUB's system due to this inspection program. The electric department is deploying its first distribution automation pilot project. This project will help us with determining proper products and programs to implement when we install distribution automation across our entire system. Distribution automation will significantly reduce outage duration for our ratepayers. The electric department completed its installation of ADMS (Advanced Distribution Management System) software that will act as the brains for our distribution automation system. The electric department will also be undertaking several distribution line replacements due to overloads or aging infrastructure. The installation of fiber infrastructure throughout the electric system will continue during FY 2026, and additional bond issues are expected to occur to fund the \$47M that is projected to be spent on the fiber buildout over the next fiscal year. The grid modernization/fiber buildout is around 50% complete currently. The projects listed for FY 2026 will ensure a superior electric system for our ratepayers as we move forward toward the future.

Water Department

The Lenoir City Utilities Board Water Department is experiencing steady growth and is expecting continued growth over the next year. There has been an increase in customers from 12,803 at year end FY 2024 to 13,077 at year end FY 2025. The AMI water meter project continues to allow us to monitor inactive meters for unapproved water use. The leak detection system using ITRON Mlog software is helping us find leaks not showing at the top of the ground. Water meter annual calibration and testing verifies the validity of the amount of water billed to a customer. Included in the FY 2026 Capital Budget is the replacement of aging infrastructure, meter change out program, and facility rehab/equipment purchases. The continued proposal of new projects by developers are reviewed routinely and modeled for potential connections for the department. The installation of Scada equipment along with the continuous capturing of new information entered into the GIS database enables monitoring for the operations of the system. This also allows administrative staff to engineer the model of the system while accurately serving the customers with the best design, system modeling, infrastructure maintenance and customer service. The department continues to actively search for grant opportunities to assist the ratepayers in the operation and maintenance of the utilities. ARPA funds are expected in FY 2026 to assist with expenditures for the Highway 11 project. LCUB will also partner with First Utility District on a second ARPA grant for the Highway 11 East project.

Natural Gas Department

The Lenoir City Utilities Board Natural Gas Department is experiencing steady growth and is expecting continued growth over the next year. There has been an increase in customers from 7,124 at year end FY 2024 to 7,208 at year end FY 2025. Having an AMI system allows LCUB to identify unapproved use by monitoring use on inactive meters. Part of the budgeted capital projects for FY 2026 include a line pressure point for Scada, meter change out program, new fusing equipment, detection equipment, and crew equipment. The continued proposal of new projects by developers are reviewed routinely and modeled for potential connections for the department. The installation of Scada equipment along with the continuous capturing of new information entered in the GIS database enables monitoring for the operations of the system. This also allows administrative staff to engineer the model of the system while accurately serving the customers with the best design, system modeling, infrastructure maintenance and customer service. The department continues to actively search for grant opportunities to assist the ratepayers in the operation and maintenance of the utilities.

Wastewater Department

The Lenoir City Utilities Board Wastewater Department is experiencing steady growth and is expecting continued growth over the next year. There has been an increase in customers from 6,799 at year end FY 2024 to 6,946 at year end FY 2025. Included in the FY 2026 capital projects is facility rehabilitation/equipment, jack hammer, installation of Scada equipment, and a line extension on Highway 70. The continued proposal of new projects by developers are reviewed routinely and modeled for potential connections for the department. The installation of Scada equipment along with the continuous capturing of new information entered in the GIS database enables monitoring for the operations of the system. This also allows administrative staff to engineer the model of the system while accurately serving the customers with the best design, system modeling, infrastructure maintenance and customer service. The department continues to actively search for grant opportunities to assist the ratepayers in the operation and maintenance of the utilities.

Broadband Department

The installation of fiber infrastructure by the electric department has provided the capability to offer internet services to customers. The newly started broadband department served its first customers in October 2023. The operating and capital expenditures of the broadband department are covered by revenue-funded money and interdivisional loan money from the Electric Department. LCUB Broadband offers a faster, cheaper, and more reliable internet service to meet the growing needs of its customers and community. LCUB served 2,668 residential 1 gig customers, 601 residential 2.5 gig customers, and

127 business customers at the end of FY 2025. The number of broadband customers and revenue continues to increase as the fiber buildout progresses, and LCUB expects the current take rate of 11% to increase as construction begins in the more densely populated areas of Knoxville such as Farragut, Lovell, Cedar Bluff, Northshore, Westland, and Ebenezer.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City of Lenoir City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact Jimmy Wilburn, City Recorder/Treasurer, at City of Lenoir City, P.O. Box 445, Lenoir City, Tennessee 37771.

CITY OF LENOIR CITY, TENNESSEE

Statement of Net Position

June 30, 2025

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 9,841,085	\$ 32,060,947	\$ 41,902,032
Receivables:			
Property taxes (net of allowance for doubtful accounts of \$32,795)	153,413	-	153,413
Customers (net of allowance for doubtful accounts of \$1,269,576)	-	19,083,232	19,083,232
Accounts receivable - sanitation	-	-	-
Unbilled property taxes	3,650,000	-	3,650,000
Unbilled revenue	-	10,646,805	10,646,805
Lease receivable, current portion	-	10,365	10,365
Due from governmental units	1,304,958	102,569	1,407,527
Due from other funds	-	-	-
Other	207,106	1,385,723	1,592,829
Internal balances	452,689	(452,689)	-
Inventories	-	3,636,529	3,636,529
Prepaid expenses	22,925	1,644,829	1,667,754
Total current assets	15,632,176	68,118,310	83,750,486
Restricted assets:			
Cash and cash equivalents	22,503,160	-	22,503,160
SRT investments	531,884	-	531,884
Receivables:			
Due from governmental units	9,704,720	-	9,704,720
Inventories	37,514	-	37,514
Prepaid expenses	-	-	-
Other	2,598	-	2,598
Total restricted assets	32,779,876	-	32,779,876
Capital assets:			
Land	3,467,893	9,604,537	13,072,430
Depreciable capital assets	101,948,415	538,207,351	640,155,766
	105,416,308	547,811,888	653,228,196
Less: Accumulated depreciation	43,379,531	183,972,516	227,352,047
	62,036,777	363,839,372	425,876,149
Construction work in progress	-	30,731,238	30,731,238
Total capital assets	62,036,777	394,570,610	456,607,387
Other assets:			
Investment in joint venture	819,217	-	819,217
Net pension asset	4,642,636	-	4,642,636
Lease receivable, less current portion	-	205,436	205,436
Receivable - Tennessee Valley Authority	-	-	-
Residential Energy Services Program	-	17,409	17,409
Total other assets	5,461,853	222,845	5,684,698
Total assets	115,910,682	462,911,765	578,822,447
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension contributions subsequent to the measurement date	1,970,794	1,308,643	3,279,437
OPEB contributions subsequent to the measurement date	63,450	417,215	480,665
Changes of assumptions - pension plan	642,573	17,148	659,721
Changes of assumptions - OPEB	414,656	203,015	617,671
Change in proportionate share and difference between contributions and proportionate share - pension	53,988	-	53,988
Change in proportionate share and difference between contributions and proportionate share - OPEB	26,555	-	26,555
Differences between expected and actual earnings on pension	-	150,064	150,064
Differences between expected and actual earnings on pension plan investments	225,355	-	225,355
Differences between expected and actual experience - pension	2,675,298	3,353,376	6,028,674
Differences between expected and actual experience - OPEB	230,484	987,785	1,218,269
Total deferred outflows of resources	6,303,153	6,437,246	12,740,399

(Continued)

CITY OF LENOIR CITY, TENNESSEE

Statement of Net Position
(Continued)

June 30, 2025

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>			
Current liabilities (payable from current assets):			
Accounts payable	\$ 893,358	\$ 43,812,505	\$ 44,705,863
Retainage payable	-	370,166	370,166
Accrued liabilities	293,730	6,448,549	6,742,279
Due to other funds	-	-	-
Customer deposits	-	10,247,425	10,247,425
Customer advances for construction	-	4,118,122	4,118,122
Compensated absences	443,423	-	443,423
Long-term liabilities:			
Debt - due within one year	554,153	5,809,272	6,363,425
Total current liabilities (payable from current assets)	2,184,664	70,806,039	72,990,703
Current liabilities (payable from restricted assets):			
Long-term liabilities:			
Debt - due within one year	926,300	-	926,300
Matured interest payable	-	-	-
Accounts payable	25,732	-	25,732
Accrued liabilities	2,728,675	-	2,728,675
Grant revenue received in advance	-	-	-
Revenue received in advance	86,393	-	86,393
Funds Held in Trust	27,057	-	27,057
Compensated absences	148,021	-	148,021
Total current liabilities (payable from restricted assets)	3,942,178	-	3,942,178
Long-term liabilities:			
Compensated absences	2,255,649	-	2,255,649
Debt - due in more than one year	16,381,521	119,936,272	136,317,793
Advances from Tennessee Valley Authority Residential Energy Services Program	-	57,839	57,839
Net OPEB liability	3,742,776	5,986,055	9,728,831
Net pension liability	4,281,860	5,222,539	9,504,399
Total noncurrent liabilities	26,661,806	131,202,705	157,864,511
Total liabilities	32,788,648	202,008,744	234,797,392
Deferred inflows of resources:			
Property tax and other revenues	10,484,611	-	10,484,611
Deferred revenue - leases	-	215,801	215,801
Differences between projected and actual earnings on pension plan investments	1,059,973	37,378	1,097,351
Change in proportionate share and difference between contributions and proportionate share - OPEB	151,528	-	151,528
Change in proportionate share of net pension liability (asset)	164,065	-	164,065
Differences between expected and pension plan actuarial experience	702,361	278,780	981,141
Differences between expected and OPEB plan actuarial experience	140,440	949,385	1,089,825
Change in assumptions - pension	-	1,026,860	1,026,860
Change in assumptions - OPEB	504,649	776,915	1,281,564
Total deferred inflows of resources	13,207,627	3,285,119	16,492,746
Net position:			
Net investment in capital assets	44,437,048	268,825,066	313,262,114
Restricted:			
Community Development	5	-	5
DEA asset forfeiture	23,318	-	23,318
Debt service - Schools	4,259,757	-	4,259,757
Debt service - Event Center	270,965	-	270,965
Internal School Fund	745,739	-	745,739
Drug enforcement	70,736	-	70,736
Food service	2,398,878	-	2,398,878
Pension asset - Schools	4,642,636	-	4,642,636
Pension asset - Lenoir City Utilities Board	-	-	-
Rockin' the Docks	34,128	-	34,128
Civil war signs	26	-	26
Sexual offender registry	1,650	-	1,650
LC auxiliary police	12,316	-	12,316
Schools	12,759,406	-	12,759,406
State street aid	359,933	-	359,933
Unrestricted	6,201,019	(4,769,918)	1,431,101
Total net position	\$ 76,217,560	\$ 264,055,148	\$ 340,272,708

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

CITY OF LENOIR CITY, TENNESSEE

Statement of Activities

For the Fiscal Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 4,880,925	\$ 26,998	\$ -	\$ 333,333	\$ (4,520,594)	\$ -	\$ (4,520,594)
Public safety	6,182,835	1,046,909	284,954	1,365,089	(3,485,883)	-	(3,485,883)
Drug enforcement	117,592	33,131	-	-	(84,461)	-	(84,461)
Highways and streets	2,183,001	9,625	-	545,224	(1,628,152)	-	(1,628,152)
State street aid	217,397	-	353,931	-	136,534	-	136,534
Sanitation	767,622	728,996	-	-	(38,626)	-	(38,626)
Culture and recreation	1,745,444	911,801	45,943	-	(787,700)	-	(787,700)
Downtown VIP	-	-	-	-	-	-	-
DEA asset forfeiture	-	2,692	41,000	-	43,692	-	43,692
Community development	-	537,037	23,459,847	-	23,996,884	-	23,996,884
Education	39,503,803	-	-	-	(39,503,803)	-	(39,503,803)
Interest and fiscal charges	358,635	-	-	-	(358,635)	-	(358,635)
Total governmental activities	55,957,254	3,297,189	24,185,675	2,243,646	(26,230,744)	-	(26,230,744)
Business-type activities:							
Power and light department	217,729,489	231,530,223	-	-	-	13,800,734	13,800,734
Gas department	4,928,603	5,643,908	-	-	-	715,305	715,305
Water department	6,197,426	7,006,764	-	-	-	809,338	809,338
Sewer department	4,725,802	5,585,006	-	-	-	859,204	859,204
Broadband department	3,969,206	2,130,016	-	-	-	(1,839,190)	(1,839,190)
Stormwater	819,952	570,425	-	-	-	(249,527)	(249,527)
Total business-type activities	238,370,478	252,466,342	-	-	-	14,095,864	14,095,864
Total primary government	\$ 294,327,732	\$ 255,763,531	\$ 24,185,675	\$ 2,243,646	(26,230,744)	14,095,864	(12,134,880)
General revenues:							
Taxes:							
Sales taxes					11,304,740	-	11,304,740
Property taxes					10,438,143	-	10,438,143
In-lieu of tax					492,117	-	492,117
Business taxes					617,674	-	617,674
Beer and wine tax					716,227	-	716,227
Gas taxes					18,468	-	18,468
Excise taxes					68,421	-	68,421
Hotel/Motel tax					538,182	-	538,182
Adequate facilities tax					224,770	-	224,770
Other taxes					203,880	-	203,880
Interest earned					2,442,667	1,250,448	3,693,115
Pension income					45,482	-	45,482
OPEB income					157,551	-	157,551
Contributions					175,842	-	175,842
Miscellaneous					313,122	(1,077,016)	(763,894)
In-lieu of tax - enterprise fund transfers					4,427,082	(4,427,082)	-
Gain (loss) on sale of fixed assets					79,445	-	79,445
Total general revenues and transfers					32,263,813	(4,253,650)	28,010,163
Change in net position					6,033,069	9,842,214	15,875,283
Net position, beginning of the year, as previously stated					70,135,101	254,212,934	324,348,035
Change in accounting principle - see Note #28					49,390	-	49,390
Net position, beginning of the year, as restated					70,184,491	254,212,934	324,397,425
Net position - ending					\$ 76,217,560	\$ 264,055,148	\$ 340,272,708

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

CITY OF LENOIR CITY, TENNESSEE

Balance Sheet - Governmental Funds

June 30, 2025

(With Comparative Totals for June 30, 2024)

	General Fund	General Purpose School Fund	Other Governmental Funds	Total Governmental Funds	
				2025	2024
<u>ASSETS</u>					
Cash and cash equivalents	\$ 9,125,322	\$ -	\$ 715,763	\$ 9,841,085	\$ 11,730,018
Receivables:					
Property taxes (net of allowance for doubtful accounts of \$32,795)	153,413	-	-	153,413	181,577
Unbilled property taxes	3,650,000	-	-	3,650,000	3,562,000
Due from governmental units	773,342	-	531,616	1,304,958	679,348
Due from other funds	480,145	-	29,642	509,787	363,649
Other	146,395	-	60,711	207,106	223,698
Prepaid expenses	22,925	-	-	22,925	-
Restricted assets:					
Cash and cash equivalents	48,120	7,230,394	15,224,646	22,503,160	19,428,529
SRT investments	-	531,884	-	531,884	407,990
Receivables:					
Due from governmental units	-	9,090,479	614,241	9,704,720	11,813,346
Due from other funds	-	-	2,497	2,497	1,271,853
Other	-	-	2,598	2,598	733
Prepaid expenses	-	-	-	-	4,009
Inventories	-	-	37,514	37,514	39,790
	<u>\$ 14,399,662</u>	<u>\$ 16,852,757</u>	<u>\$ 17,219,228</u>	<u>\$ 48,471,647</u>	<u>\$ 49,706,540</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities (payable from current assets):					
Accounts payable	\$ 561,771	\$ -	\$ 331,587	\$ 893,358	\$ 978,480
Accrued liabilities	293,730	-	-	293,730	291,869
Due to other funds	-	-	7,512	7,512	104,216
Compensated absences	-	-	-	-	-
Liabilities (payable from restricted assets):					
Warrants payable	-	-	-	-	-
Accounts payable	-	55	25,677	25,732	545,378
Accrued liabilities	-	2,514,597	214,078	2,728,675	3,711,874
Revenue received in advance	83,941	-	-	83,941	23,348
Grant revenue received in advance	-	-	2,452	2,452	1,375,992
Compensated absences	-	-	-	-	195,094
Due to other funds	-	2,497	49,586	52,083	1,294,367
Due to other governments	-	-	-	-	-
Funds held in trust	-	-	27,057	27,057	21,598
Due within one year	-	-	-	-	-
Total liabilities	<u>939,442</u>	<u>2,517,149</u>	<u>657,949</u>	<u>4,114,540</u>	<u>8,542,216</u>

(Continued)

CITY OF LENOIR CITY, TENNESSEE

Balance Sheet - Governmental Funds
(Continued)June 30, 2025
(With Comparative Totals for June 30, 2024)

	General Fund	General Purpose School Fund	Other Governmental Funds	Total Governmental Funds	
				2025	2024
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> (CONTINUED)					
Deferred inflows of resources:					
Property taxes - unbilled	\$ 3,680,838	\$ 6,792,791	\$ -	\$ 10,473,629	\$ 10,312,234
Other	10,982	-	-	10,982	-
Total deferred inflows of resources	3,691,820	6,792,791	-	10,484,611	10,312,234
Fund balances:					
Nonspendable:					
Inventories	-	-	37,514	37,514	39,790
Prepaid expenses / deposits	-	-	-	-	-
Restricted:					
Rockin' the Docks	34,128	-	-	34,128	14,346
Civil War Signs	26	-	-	26	26
Beautification Board	-	-	-	-	-
Sexual offender registry	1,650	-	-	1,650	1,200
LC auxiliary police fund	12,316	-	-	12,316	10,816
Harrison Glen Road	-	-	-	-	-
General purpose school fund	-	531,884	-	531,884	5,433,549
Community development fund	-	-	5	5	5
Drug enforcement fund	-	-	70,736	70,736	41,778
State street aid fund	-	-	359,933	359,933	221,376
DEA asset forfeiture fund	-	-	23,318	23,318	93,501
Internal School Fund	-	-	745,739	745,739	711,140
Federal projects schools fund	-	-	104,366	104,366	104,476
Cafeteria fund	-	-	2,361,364	2,361,364	2,180,754
Debt service fund	-	-	-	-	-
Debt service fund - schools	-	-	4,259,757	4,259,757	3,527,520
Debt service fund - event center	-	-	270,965	270,965	266,638
Capital projects - city fund #2	-	-	846,962	846,962	-
Capital projects - schools fund	-	-	7,328,949	7,328,949	7,927,439
Splash pad	-	-	-	-	-
Committed	-	-	-	-	-
Assigned:					
DVIP fund	-	-	90,960	90,960	49,401
Sanitation fund	-	-	60,711	60,711	60,485
Capital projects - city fund	-	-	-	-	1,160,547
Unassigned	9,720,280	7,010,933	-	16,731,213	9,007,303
Total fund balances	9,768,400	7,542,817	16,561,279	33,872,496	30,852,090
	\$ 14,399,662	\$ 16,852,757	\$ 17,219,228	\$ 48,471,647	\$ 49,706,540

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

CITY OF LENOIR CITY, TENNESSEE

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

June 30, 2025

Total fund balances--governmental funds		\$ 33,872,496
Net investment in equity interest in joint venture with Loudon County for the operation and management of the Career Center.		819,217
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$105,416,308, and the accumulated depreciation is (\$43,379,531).		62,036,777
Pension and OPEB activity not reported on the fund statements:		
Net pension asset	\$ 4,642,636	
Deferred outflows -		
Pension contributions made after the net pension liability measurement date	1,970,794	
OPEB contributions subsequent to the measurement date	63,450	
Change in assumptions - pension	642,573	
Change in assumptions - OPEB	414,656	
Change in proportionate share and difference between contributions and proportionate share - pension	53,988	
Change in proportionate share and difference between contributions and proportionate share - OPEB	26,555	
Difference between projected and actual earnings on pension plan investments	225,355	
Differences between expected and actual experience - pension plan	2,675,298	
Differences between expected and actual experience - OPEB	230,484	
Net pension liability	(4,281,860)	
Deferred inflows -		
Differences between expected and actual earnings on pension plan investments	(1,059,973)	
Change in proportionate share and difference between contributions and proportionate share - OPEB	(151,528)	
Change in proportionate share of net pension liability (asset)	(164,065)	
Change in assumptions - OPEB	(504,649)	
Differences between expected and actual pension plan actuarial experience	(702,361)	
Differences between expected and actual OPEB plan actuarial experience	(140,440)	3,940,913
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and notes payable	(17,599,729)	
Bond premiums	(262,245)	
Compensated absences	(2,847,093)	
Other postemployment benefits	(3,742,776)	(24,451,843)
Rounding		-
Total net position--governmental activities		\$ 76,217,560

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

CITY OF LENOIR CITY, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	General Fund	General Purpose School Fund	Other Governmental Funds	Total Governmental Funds	
				2025	2024
Revenues:					
Local taxes	\$ 7,196,423	\$ 3,134,040	\$ 1,469,437	\$ 11,799,900	\$ 9,931,263
Licenses and permits	671,872	-	-	671,872	326,905
City court	229,005	-	-	229,005	259,207
Revenue from use of facilities and services	1,094,529	-	-	1,094,529	1,116,552
Intergovernmental revenue	1,994,378	30,307,888	7,109,750	39,412,016	37,930,748
Fines and forfeitures	-	-	75,589	75,589	53,603
Charges for services	-	-	1,096,796	1,096,796	1,172,405
Miscellaneous revenue	571,658	1,199,217	1,371,774	3,142,649	2,878,581
Sale of assets	-	-	-	-	-
Total revenues	11,757,865	34,641,145	11,123,346	57,522,356	53,669,264
Expenditures:					
Current:					
General government	4,601,414	-	-	4,601,414	4,377,241
Public safety	5,699,963	-	-	5,699,963	5,580,965
Drug enforcement	-	-	46,631	46,631	112,490
Highways and streets	1,862,490	-	-	1,862,490	1,760,117
State street aid	-	-	217,397	217,397	202,178
Sanitation	-	-	764,669	764,669	692,532
Culture and recreation	1,355,441	-	-	1,355,441	1,315,094
Downtown VIP	-	-	-	-	-
Community development	-	-	-	-	-
DEA asset forfeiture	-	-	70,961	70,961	3,235
Capital projects	-	-	4,731,269	4,731,269	3,983,732
Education	-	32,358,606	5,901,889	38,260,495	33,869,660
Debt service:					
Principal retirement	538,127	290,535	-	828,662	861,723
Interest and fiscal charges	358,635	46,736	-	405,371	1,204,059
Total expenditures	14,416,070	32,695,877	11,732,816	58,844,763	53,963,026
Revenues over (under) expenditures	(2,658,205)	1,945,268	(609,470)	(1,322,407)	(293,762)

(Continued)

CITY OF LENOIR CITY, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	General Fund	General Purpose School Fund	Other Governmental Funds	Total Governmental Funds	
				2025	2024
Other financing sources (uses):					
Other loans issued	\$ -	\$ -	\$ -	\$ -	\$ -
Note/bond proceeds	-	-	-	-	-
Bond premiums	-	-	-	-	-
Bond refunding	-	-	-	-	-
Other debt service	-	-	-	-	-
Underwriter's issuance	-	-	-	-	-
Cost of issuance	-	-	-	-	-
Interfund transfers - in	-	164,000	785,899	949,899	122,414
Interfund transfers - out	(949,899)	-	-	(949,899)	(122,414)
In lieu of tax - Lenoir City Utilities	4,342,813	-	-	4,342,813	4,317,516
Issuance of notes	-	-	-	-	-
Total other financing sources (uses)	3,392,914	164,000	785,899	4,342,813	4,317,516
Net changes in fund balances	734,709	2,109,268	176,429	3,020,406	4,023,754
Fund balance, beginning of the year	9,033,691	5,433,549	16,384,850	30,852,090	26,828,336
Fund balance, ending	<u>\$ 9,768,400</u>	<u>\$ 7,542,817</u>	<u>\$ 16,561,279</u>	<u>\$ 33,872,496</u>	<u>\$ 30,852,090</u>

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

CITY OF LENOIR CITY, TENNESSEE

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2025

Total net change in fund balances--governmental funds	\$ 3,020,406
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense (\$3,116,508) is less than capital outlays (\$5,870,302) in the period.	2,753,794
Loss on disposal of assets	(32,407)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,408,663
Amortization of bond premiums	100,343
In the statement of activities, certain operating expenses -- compensated absences (sick pay and vacation) -- are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(578,356)
Deferred inflows/outflows -	
In the governmental funds, OPEB contributions are reported as an expenditure when they are due and payable. However, in the statement of activities, OPEB expense consists of reporting certain changes in the total OPEB liability of the government.	(243,935)
In the governmental funds, pension contributions are reported as an expenditure when they are due and payable. However, in the statement of activities, pension expense consists of reporting certain changes in the net pension liability (asset) of the government.	(395,442)
Rounding	<u>3</u>
Change in net position of governmental activities	<u>\$ 6,033,069</u>

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

CITY OF LENOIR CITY, TENNESSEE

General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Revenues:				
Local taxes:				
Property taxes	\$ 3,351,000	\$ 3,580,215	\$ 3,630,029	\$ 3,442,449
Penalty and interest	30,000	41,107	78,938	27,182
Pilot agreement	70,000	73,254	73,254	72,670
Local sales tax	1,400,000	1,445,000	1,469,438	1,430,299
Wholesale beer tax	650,000	630,000	639,909	662,911
Wine tax	70,000	73,000	72,060	61,790
Business tax	530,000	550,000	617,674	555,196
Cable television franchise tax	110,000	80,000	76,939	90,682
Hotel/motel tax	560,000	535,000	538,182	540,052
Total local taxes	6,771,000	7,007,576	7,196,423	6,883,231
Licenses and permits:				
Alcoholic beverage licenses	5,500	7,250	6,650	5,100
Liquor license	6,500	6,000	6,260	6,110
Peddlers permits	500	2,000	1,910	820
Building permits	125,000	625,000	647,202	305,300
Other permits	8,000	11,000	9,850	9,575
Total licenses and permits	145,500	651,250	671,872	326,905
City Court:				
Court fines and costs	300,000	225,000	229,005	258,007
Sex offender registration	200	200	-	1,200
Total city court	300,200	225,200	229,005	259,207
Revenue from use of facilities and services:				
Event Center	604,750	675,250	681,847	715,361
Recreation fees	120,213	105,730	114,292	118,816
Special services - police department	178,500	169,000	172,349	151,918
Special services - fire department	50	50	50	6,075
Special services - street department	10,000	11,000	9,625	14,590
Swimming pool fees	80,000	65,500	65,120	75,757
Rental income - parks and recreation	33,600	47,000	51,246	34,035
Total revenue from use of facilities and services	1,027,113	1,073,530	1,094,529	1,116,552
Intergovernmental revenues:				
SRO Grant	225,000	225,000	225,000	225,000
Multi-gas detection equipment grant	-	2,000	1,982	2,547
Lenoir City Housing Authority - in lieu of tax	35,000	43,844	43,844	38,952
Highway Safety Grant	-	20,000	18,236	24,591
State law enforcement education grant	20,100	26,200	26,200	-
Violent Crime Intervention Grant	-	1,500	1,536	110,320
State Transportation Modernization Act	-	5,000	4,677	1,610
State Fire Safety Grant	15,000	15,000	12,000	14,400
State Grant No. 4	150,000	45,000	71,823	128,581
State of Tennessee sales tax	1,200,000	1,250,000	1,276,644	1,242,506
State of Tennessee income tax	-	-	-	12
State beer tax	4,621	5,000	4,258	4,447
State alcoholic beverage tax	50,000	55,000	61,826	55,429
State of Tennessee Sportsbetting Payment	15,000	25,000	27,178	14,762

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Revenues (continued):				
Intergovernmental revenues (continued):				
Gasoline inspection fee	\$ 20,000	\$ 19,000	\$ 18,468	\$ 18,517
Telecommunications tax	65,000	7,000	7,851	7,918
Tennessee Valley Authority tax replacement	-	125,000	124,434	125,509
State of Tennessee corporate excise tax	100,000	68,421	68,421	116,934
Total intergovernmental revenues	1,899,721	1,937,965	1,994,378	2,132,035
Miscellaneous revenues:				
Interest earned	405,000	385,000	376,890	409,263
Sale of equipment	5,000	73,000	72,852	38,039
Insurance recoveries	15,000	55,000	55,245	33,549
Donations/contributions from developers	9,000	10,500	11,139	13,052
Other - Rockin' the Docks	-	-	45,238	63,676
Other	7,102	5,750	10,294	9,391
Total miscellaneous revenues	441,102	529,250	571,658	566,970
Total revenues	10,584,636	11,424,771	11,757,865	11,284,900
Expenditures:				
General government:				
Legislative:				
Salaries	144,618	145,000	146,010	143,097
Christmas bonus	300	368	368	368
FICA	11,086	11,120	11,283	11,059
Unemployment insurance	500	1,000	950	495
Board and committee members	5,000	4,200	4,175	4,200
Communications	4,445	4,445	-	270
Public relations	45,848	42,500	40,796	27,738
Telephone allowance	600	700	600	600
East Tennessee Development District	2,132	1,619	1,619	1,619
Travel	4,000	-	-	-
Office supplies and materials	1,000	750	575	991
Total legislative	219,529	211,702	206,376	190,437
City court:				
City judge	188,045	188,050	171,984	185,564
Overtime	35,000	25,000	19,355	29,596
Vacation sell back	1,500	1,836	1,836	1,183
Christmas bonus	900	546	546	550
FICA	17,246	16,100	14,554	16,142
Retirement	23,500	21,000	21,330	25,418
Employee education and training	1,000	500	386	894
Unemployment insurance	-	75	63	63
Dues and subscriptions	500	500	400	357
Telephone	600	550	525	610
Travel	3,000	3,000	2,484	2,323
Computer software and support	5,000	-	-	-
Office supplies	1,500	1,500	895	516
Operating supplies	1,000	4,250	4,246	1,677
Uniforms	500	350	344	-
Total city court	279,291	263,257	238,948	264,893

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
General government (continued):				
Executive:				
City administrator	\$ 285,255	\$ 286,000	\$ 287,546	\$ 278,488
Overtime	8,000	2,500	1,907	4,772
Part-time	-	28,000	28,414	21,632
Vacation pay	2,500	2,054	2,054	1,985
Christmas bonus	1,300	1,326	1,326	1,273
FICA	22,725	25,000	24,250	23,239
Retirement	24,500	26,000	26,927	26,852
Unemployment insurance	130	130	114	126
Employee education	1,000	100	10	840
Dues and subscriptions	500	800	810	275
Telephone	2,000	2,000	2,069	1,978
Travel	1,000	-	-	266
Employee automobile allowance	50	-	-	-
Office supplies	2,000	3,500	3,246	1,824
Operating supplies	2,100	750	618	1,000
Uniforms	500	650	800	313
Gas, oil and diesel fuel	2,100	1,300	1,302	1,656
Vehicle maintenance and repair	2,500	500	182	1,835
Total executive	358,160	380,610	381,575	368,354
Financial administration:				
Wages	392,736	375,000	379,730	292,921
Part-time	15,000	9,500	8,478	16,426
Vacation pay	7,000	6,112	6,112	3,810
Christmas bonus	1,500	1,435	1,435	1,165
FICA	31,842	30,000	29,476	23,416
Retirement	23,500	25,845	27,233	17,743
Unemployment insurance	138	180	151	128
Employee education and training	1,500	1,500	1,439	1,260
Publications, subscriptions and dues	500	350	250	230
Telephone	1,100	1,350	1,372	991
Tax roll notices postage	8,500	7,500	6,246	5,925
Travel	3,000	3,200	3,204	1,716
Employee automobile allowance	-	-	-	177
Other contractual services	60,000	61,257	61,257	56,402
Office supplies	7,000	7,000	19,461	6,022
Operating supplies	5,000	500	143	1,705
Uniforms	500	600	606	-
Bank service charges	-	250	251	108
Total financial administration	558,816	531,579	546,844	430,145
City attorney:				
City attorney - shared expense	71,685	81,000	90,206	69,976
City attorney - part-time	20,000	-	-	-
Christmas bonus	300	271	271	271
FICA	7,037	6,215	6,834	5,319
Unemployment insurance	-	50	42	21
Other professional services	5,000	3,000	3,976	4,464
Office supplies	1,000	-	-	608
Total city attorney	105,022	90,536	101,329	80,659
Data processing:				
Salaries	76,208	76,000	77,257	75,122
Overtime	3,500	3,500	3,160	1,965
Wages part-time	3,500	50	42	259
Vacation pay	3,000	2,931	2,931	2,832

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
General government (continued):				
Data processing (continued):				
Christmas bonus	\$ 300	\$ 271	\$ 271	\$ 271
FICA	6,618	6,330	6,035	5,760
Employer retirement	9,181	9,290	9,538	9,396
Unemployment insurance	-	25	21	22
Education and training	1,000	-	-	-
Communication	2,000	4,500	4,359	2,231
Office supplies and materials	500	-	-	-
Uniforms	100	100	109	-
Other operating supplies	130,000	85,000	82,350	45,929
Gas and oil	200	130	109	122
Vehicle parts and repairs	1,000	-	-	-
Total data processing	<u>237,107</u>	<u>188,127</u>	<u>186,182</u>	<u>143,909</u>
City hall building:				
Utilities	85,000	65,000	63,371	47,912
Telephone	15,000	16,200	15,264	11,101
Repair and maintenance services	75,000	116,500	116,179	275,776
Building maintenance - SunTrust building	35,000	30,000	25,117	27,901
Repair and maintenance City Hall improvements	-	-	8,750	6,683
Lease payments on copier	10,000	10,250	11,217	8,163
Other contractual services	5,000	5,000	5,082	5,158
Operating supplies	25,000	15,000	14,129	23,384
Buildings	-	-	3,874	-
Total city hall building	<u>250,000</u>	<u>257,950</u>	<u>262,983</u>	<u>406,078</u>
Industrial development:				
Donations - industrial recruitment	<u>35,744</u>	<u>35,744</u>	<u>35,744</u>	<u>35,744</u>
Total industrial development	<u>35,744</u>	<u>35,744</u>	<u>35,744</u>	<u>35,744</u>
Other general government:				
Hospital and health	1,400,000	1,350,000	1,089,367	1,212,530
Employee retirement 401K	25,000	25,000	21,625	28,294
Employee retirement - defined benefit plan	285,000	290,000	274,174	273,091
Employee retirement - defined benefit plan expense	35,000	30,000	25,007	23,989
Employee retirement - TCRS	-	215	178	-
Unemployment insurance	-	2,700	-	-
Postage	8,500	7,000	5,331	5,501
Publications, subscriptions and dues	10,000	6,500	9,246	6,675
Telephone	15,000	12,000	11,306	9,809
Fire hydrant maintenance	10,000	10,000	10,000	10,000
Street lighting and traffic control	35,000	15,000	13,671	15,684
Drug testing	3,500	7,000	7,225	4,028
Legal services	-	45,700	45,700	-
Auditing and accounting services	85,000	90,000	182,718	99,405
Architectural/engineering	3,000	-	-	3,150
Consultants services	10,000	-	-	-
Cable TV Authority	6,000	6,000	2,400	5,980
Computer consultant	12,000	15,000	13,756	12,850
Landscaping	298,605	344,273	372,154	278,811
Safety Incentive Program	-	-	-	-
Insurance	400,000	465,000	465,383	382,425
Penalties and interest	-	-	2,892	-
ARPA	15,000	-	-	-
Donation - Senior Citizen Center	1,250	1,250	1,250	1,250

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
General government (continued):				
Other general government (continued):				
Donation - Child Advocacy	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Donation - Loudon Co. Visitors Bureau	40,000	40,000	40,000	20,000
Donation - Loudon Chamber of Commerce	7,050	7,050	7,050	27,050
Donation - Iva's Place	2,500	2,500	2,500	2,500
Donation - Senior Home Assistance Services	250	250	250	250
Donation - Animal Shelter	3,000	3,000	3,000	3,000
Donation - Our House	1,000	1,000	1,000	1,000
Donation - Good Samaritan Center	10,000	10,000	10,000	10,000
Donation - Child and Family	500	500	500	500
Donation - Lenoir City Museum	500	500	500	500
Donation - CASA	250	250	250	250
Donation - Loudon County Health Improvement	250	250	-	-
Donation - Boys & Girls Club	5,500	5,500	5,500	11,000
Donation - Men's Health Network	250	250	-	-
Donation - Lenoir City Education Foundation	2,000	2,000	2,000	2,000
Donation - American Legion Post 70	250	250	250	250
Donation - Loudon County Community Fund	2,000	2,000	2,000	2,000
Donation - The Lost	250	250	250	250
Donation - Roane State	10,000	10,000	10,000	-
Total other general government	2,746,405	2,811,188	2,641,433	2,457,022
Total general government	4,790,074	4,770,693	4,601,414	4,377,241
Public safety:				
Police department:				
Salaries - chief	2,473,216	2,400,000	2,323,872	2,055,312
Salaries - overtime	201,350	160,000	145,498	191,549
Part-time wages	35,000	20,000	21,383	40,012
Utility overtime	10,000	500	387	5,286
DTF overtime	35,000	26,000	26,318	28,972
THSO overtime	15,000	15,000	5,710	11,667
Bonus pay	2,500	5,000	5,000	3,500
Vacation pay	25,000	27,887	27,887	18,702
Christmas bonus	17,000	10,934	10,934	9,242
Supplement pay	21,000	44,152	44,152	21,952
OASI	212,381	206,000	192,852	174,659
Retirement	233,286	330,000	338,204	307,354
Unemployment insurance	950	2,250	1,915	911
Employee education and training	15,000	18,000	15,343	11,138
Dues and subscriptions	7,000	1,000	770	605
Telephone	25,000	25,000	23,502	24,039
Medical, dental, etc.	1,500	1,000	524	1,180
Repair and maintenance - services	15,000	15,000	-	233
Repair and maintenance - equipment	-	-	12,074	4,615
Leasing of copier	1,000	1,000	1,068	1,051
Travel	15,000	15,000	13,161	8,844
Contractual service/computer software support	3,500	4,500	4,315	3,593
Office supplies	5,000	2,500	1,590	1,600
Operating supplies	-	-	-	288
Uniforms and clothing	30,000	30,000	28,511	25,494
Ammunition	20,000	20,000	11,598	9,464
Tennessee Highway Safety Grant	15,000	16,000	15,592	13,412
Other operating supplies	40,000	40,000	32,087	33,944
Gas, oil and diesel fuel	100,000	82,000	81,733	94,807
Vehicle maintenance and repair	40,000	60,000	58,466	54,478
Special investigation	1,000	5	3	-
Machinery and equipment	110,000	105,000	145,931	167,419
Transportation equipment	-	-	-	26,502
Records and identification	200	1,000	-	200
Communication equipment	-	1,536	4,041	110,320
Sexual offender registry	-	-	969	194
Total police department	3,725,883	3,686,264	3,595,390	3,462,538

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
Public safety (continued):				
Fire department:				
Salaries - Chief	\$ 1,033,443	\$ 1,072,000	\$ 1,092,862	\$ 1,041,728
Salaries - overtime	210,000	180,000	170,315	185,187
Part-time wages	100,000	90,000	86,184	124,617
Bonus pay	2,500	5,000	5,000	2,500
Vacation pay	25,000	22,615	22,615	20,424
Christmas bonus	11,000	7,662	7,662	6,792
Supplement pay	15,000	12,000	12,000	14,400
OASI	102,850	106,280	104,869	104,216
Retirement	213,636	180,000	177,657	168,887
Unemployment insurance	800	800	601	725
Employee education and training	13,000	7,000	7,909	17,962
Utilities	28,000	25,000	21,690	18,800
Telephone	10,000	12,000	11,318	12,186
Medical, dental, etc.	11,000	6,000	4,927	7,686
Repair and maintenance - building	30,000	10,000	8,996	10,956
Repair and maintenance - radio equipment	3,000	4,000	3,219	-
Travel	5,000	1,200	1,162	2,322
Other contractual services	8,000	5,000	3,007	4,178
Office supplies	500	165	138	495
Clothing and uniforms	27,000	15,000	16,554	18,817
Operating supplies	40,000	30,000	31,727	28,748
Gas, oil and diesel fuel	18,000	10,000	9,048	11,360
Vehicle parts/repairs	65,000	65,000	60,195	60,418
Rent	30,000	30,000	30,000	30,000
Buildings	-	-	1,290	-
Improvements	-	-	10,499	-
Machinery and equipment	-	-	42,488	48,544
Total fire department	2,002,729	1,896,722	1,943,932	1,941,948
Codes enforcement:				
Salaries	118,145	118,145	117,781	143,328
Part-time wages	30,000	1,300	1,045	2,842
Vacation sell back	2,200	4,743	4,743	2,167
Christmas bonus	1,300	589	589	623
OASI	11,601	9,550	9,172	11,222
Retirement	7,500	13,415	14,020	7,010
Unemployment insurance	55	80	66	51
Employee education and training	1,200	1,600	1,692	450
Dues and subscriptions	1,000	500	430	340
Telephone	1,000	1,000	989	1,038
Medical, dental, etc.	100	100	-	-
Other professional services	75,000	400	400	-
Travel	1,000	900	741	1,142
Recording documents and liens	1,000	30	24	-
Office supplies	3,500	3,500	3,153	3,806
Operating supplies	-	150	132	-
Clothing and uniforms	1,000	650	547	342
Property maintenance	10,500	5,000	2,915	844
Gas, oil and diesel fuel	1,500	1,200	979	1,201
Motor vehicle parts	1,400	550	1,223	73
Total codes enforcement	269,001	163,402	160,641	176,479
Total public safety	5,997,613	5,746,388	5,699,963	5,580,965
Highways and streets:				
Street superintendent	716,798	665,000	656,609	721,011
Overtime - permanent employees	50,000	50,000	45,431	55,837
Part-time wages - permanent employees	100,000	115,000	123,738	123,733

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
Highways and streets (continued):				
Utility - overtime	\$ -	\$ -	\$ -	\$ 284
Bonus pay	1,000	-	-	384
Vacation pay	20,000	12,473	12,473	12,127
Christmas bonus	8,000	5,154	5,154	4,316
OASI	68,529	64,800	63,875	68,815
Retirement	19,000	16,000	14,284	13,352
Unemployment insurance	580	550	573	519
Employee education and training	1,500	1,000	697	840
Utility service	30,000	37,500	35,918	24,707
Telephone	8,000	4,000	3,471	3,349
Street lighting	-	-	26	-
Medical, dental, etc.	500	500	-	-
Architectural and engineering service	2,000	1,000	-	500
Repair and maintenance services	2,000	1,000	-	41
Repair and maintenance - radios	1,000	500	-	-
Repair and maintenance - landscaping	5,000	18,000	20,707	26,543
Repair and maintenance - roads	350,000	200,000	430,432	292,578
ADA upgrades	5,000	-	-	-
Travel	500	1,000	869	417
Other contracted services	65,000	115,000	106,756	47,071
Landfill services	80,000	80,000	-	51,687
Other services	-	-	-	11,984
Office supplies	2,000	3,000	2,223	2,407
Operating supplies	55,000	125,000	131,015	64,751
Clothing and uniforms	12,500	14,500	12,885	12,987
Gas, oil and diesel fuel	50,000	40,000	39,910	53,698
Vehicle maintenance and repair	60,000	51,000	52,307	66,181
Equipment maintenance and repair	5,000	2,500	2,680	4,645
Res Tennis Courts/Lee Russell	24,000	26,812	26,812	-
Other improvements	-	-	-	24,460
Machinery and equipment	55,000	73,645	73,645	70,893
Total highways and streets	1,797,907	1,724,934	1,862,490	1,760,117
Culture and recreation:				
Parks:				
Salaries	-	4,000	6,487	656
OASI	-	300	257	-
Unemployment insurance	-	-	3	1
Repair and maintenance services	-	-	-	30
Lenoir City Beautification Board	35,000	35,000	31,265	42,454
Other operating supplies	-	150	3,839	6,073
Clothing and uniforms	-	150	150	-
Special events	40,000	40,000	19,961	57,144
Total parks	75,000	79,600	61,962	106,358

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
Culture and recreation (continued):				
Recreation complex:				
Wages	\$ 3,000	\$ -	\$ -	\$ 1,643
Part-time wages	40,000	62,000	62,385	37,927
OASI	3,260	4,750	4,774	3,121
Unemployment insurance	10	125	119	93
Death benefit plans	-	350	324	236
Utilities	20,000	18,500	19,420	18,876
Operating supplies	55,300	90,300	96,969	74,375
Total recreation complex	121,570	176,025	183,991	136,271
Recreation basketball:				
Part-time wages	25,000	32,000	32,071	28,141
OASI	1,913	2,475	2,457	2,156
Death benefit plans	-	-	-	214
Unemployment insurance	-	75	78	63
Operating supplies	15,000	22,000	18,059	12,738
Flag football expense	12,000	10,000	8,866	11,850
Total recreation basketball	53,913	66,550	61,531	55,162
Memorial building:				
Utilities	15,000	21,000	20,129	12,559
Communication	1,000	375	303	71
Contractual service	2,000	650	660	910
Operating supplies	15,000	5,000	4,511	12,337
Total memorial building	33,000	27,025	25,603	25,877
Event Center:				
Salaries	170,369	182,000	183,143	160,148
Overtime	5,000	7,125	6,852	402
Part-time wages	85,000	90,000	84,200	70,109
Gratuity	40,000	39,000	40,738	43,122
Vacation pay	7,500	3,085	3,085	6,034
Christmas bonus	2,000	1,473	1,473	1,139
FICA	21,410	24,685	24,191	20,707
Retirement	21,769	21,500	21,596	22,186
Unemployment insurance	12,500	500	378	305
Marketing items	20,000	20,000	13,392	13,171
Utilities	55,000	65,000	68,256	58,710
Telephone	10,000	8,000	8,850	6,919
Repair and maintenance - building	65,000	50,000	48,364	61,958
Leasing of equipment	2,000	2,500	2,851	458
Travel	1,000	1,200	1,381	688
Contractual services	20,000	20,000	17,786	22,326
Operating supplies	10,000	6,250	5,432	5,822
Sales tax	12,000	18,000	17,055	10,175
Other operating supplies	161,673	182,000	175,639	171,417
Buildings and grounds	-	14,394	14,394	1,190
Total Event Center	722,221	756,712	739,056	676,986
Central Park:				
Utility services	25,000	17,175	16,083	10,821
Operating supplies	35,000	28,000	26,207	33,850
Total Central Park	60,000	45,175	42,290	44,671

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
Culture and recreation (continued):				
Pool:				
Salaries	\$ -	\$ -	\$ -	\$ 3,152
Part-time wages	40,000	50,000	53,483	44,964
Overtime	-	-	-	-
OASI	3,060	3,825	4,091	3,440
Unemployment insurance	-	100	152	134
Employee education and training	1,000	-	-	-
Utilities	65,000	60,000	47,514	50,459
Telephone	2,500	2,000	1,696	1,727
Repair and maintenance - services	1,500	200	160	126
Operating supplies	55,000	50,000	46,816	42,464
Total pool	168,060	166,125	153,912	146,466
Special events:				
Supplies - Rockin' the Docks	-	-	31,501	88,249
Total special events	-	-	31,501	88,249
Library:				
Salaries	19,000	19,000	18,938	18,173
OASI	1,454	1,454	1,449	1,390
Unemployment insurance	-	55	57	55
Utilities	8,500	8,000	8,797	8,115
Repair and maintenance - services	500	-	-	3,721
Operating supplies	5,500	4,150	4,354	3,600
Donations	11,000	22,000	22,000	-
Total library	45,954	54,659	55,595	35,054
Total culture and recreation	1,279,718	1,371,871	1,355,441	1,315,094
Debt service:				
Principal retirement	538,319	538,101	538,127	523,147
Interest and fiscal charges	434,341	414,615	358,635	404,442
Total debt service	972,660	952,716	896,762	927,589
Total expenditures	14,837,972	14,566,602	14,416,070	13,961,006
Revenues over (under) expenditures	(4,253,336)	(3,141,831)	(2,658,205)	(2,676,106)
Other financing sources (uses):				
Interfund transfers - in	-	-	-	8,414
Interfund transfers - out	(359,165)	(1,109,165)	(949,899)	(278,000)
Lenoir City Utilities - in lieu of tax	4,432,499	4,432,499	4,342,813	4,317,516
Total other financing sources (uses)	4,073,334	3,323,334	3,392,914	4,047,930
Net change in fund balances	(180,002)	181,503	734,709	1,371,824
Fund balance, beginning of the year	9,033,691	9,033,691	9,033,691	7,661,867
Fund balance, ending	\$ 8,853,689	\$ 9,215,194	\$ 9,768,400	\$ 9,033,691

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

CITY OF LENOIR CITY, TENNESSEE
General Purpose School Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Revenues:				
Local taxes:				
Property taxes	\$ 110,175	\$ 110,175	\$ 110,185	\$ 110,185
Interest and penalty	710	710	710	710
In lieu of tax	84,270	84,270	84,270	84,270
Local sales tax	2,800,000	2,921,108	2,938,875	2,852,867
Total local taxes	2,995,155	3,116,263	3,134,040	3,048,032
Intergovernmental revenue:				
Loudon County:				
Property taxes	6,366,423	6,435,367	6,682,606	6,511,001
Interest and penalty	15,398	15,452	20,577	20,658
In lieu of taxes - other	166,315	166,315	166,315	166,315
Local sales tax	3,633,198	3,706,001	4,150,344	3,891,949
Adequate facilities tax	194,064	197,356	224,771	204,225
Bank excise tax	41,468	41,468	25,408	41,469
Total Loudon County	10,416,866	10,561,959	11,270,021	10,835,617
State of Tennessee:				
Tennessee investment in student achievement	23,894,476	18,029,308	17,958,864	17,168,599
Tennessee investment in student achievement - on-behalf	-	-	70,444	-
School food service - state matching	11,919	-	-	-
Early childhood education	-	287,634	283,660	-
Parental leave	-	62,868	79,626	-
Driver education	3,242	3,242	2,028	3,243
Other state education funds	400,066	655,643	328,206	201,383
Career ladder program	9,934	11,400	11,529	9,934
Safe schools grant	-	6,301	6,302	97,584
Mixed drink tax	52,439	55,880	132,373	182,617
Total State of Tennessee	24,372,076	19,112,276	18,873,032	17,663,360
U.S. Government:				
Public safety	-	160,597	160,598	208,991
Other federal through state	1,453,262	4,236	4,237	210,322
Total U.S. Government	1,453,262	164,833	164,835	419,313
Total intergovernmental revenue	36,242,204	29,839,068	30,307,888	28,918,290
Miscellaneous revenue:				
Tuition - other	5,703	19,295	24,482	13,233
School based health services	-	19,763	33,491	10,294
Receipt from individual schools	48,761	13,266	21,075	63,098
Community service fees - child	-	-	7,214	6,919
Interest earned	645,888	650,011	664,967	684,689
Miscellaneous refunds	-	67,311	72,450	30,729
Contribution and gifts	-	49,073	175,842	96,995
Other charges for services	81,198	101,482	107,457	87,233
Lease rentals	895	6,870	10,658	1,210

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Purpose School Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Revenues (continued):				
Miscellaneous revenue (continued):				
Insurance recovery	\$ -	\$ -	\$ -	\$ -
Sale of materials	-	23,659	25,184	13,305
Other revenues	-	6,738	10,915	25,628
SRT pension investment income	-	-	45,482	33,771
Total miscellaneous revenue	782,445	957,468	1,199,217	1,067,104
Total revenues	40,019,804	33,912,799	34,641,145	33,033,426
Expenditures:				
Instruction:				
Elementary and secondary:				
Teachers	10,902,886	10,041,236	9,624,078	8,766,643
Career ladder program	12,000	10,000	8,500	11,600
Homebound	2,860	1,875	2,175	2,650
Educational assistants	615,912	550,777	542,141	468,591
Part-time personnel	-	127,133	123,824	-
Bonus payments	-	577,000	305,000	-
Other salaries and wages	229,405	74,542	72,369	18,404
Certified substitute teachers	74,000	15,232	13,233	75,841
Non-certified substitute teachers	23,000	14,896	15,404	13,495
Social security	785,324	707,587	628,672	543,700
State retirement	784,951	712,949	711,624	647,374
Life insurance	7,920	11,262	11,860	14,865
Medical insurance	1,649,177	1,274,882	1,292,438	1,284,124
Dental insurance	46,087	33,549	32,720	31,370
Unemployment compensation	4,305	10,370	8,582	8,007
Medicare	171,971	173,851	150,791	128,214
Other fringe benefit	-	115,655	-	-
Operating lease payment	-	341,266	322,270	-
Maintenance and repair - equipment	28,130	28,606	24,742	18,195
Other contracted services	503,890	287,166	289,687	336,386
Instructional supplies/materials	1,194,924	694,953	369,919	462,423
Textbooks	694,447	543,404	373,581	324,925
Software	-	-	70,444	23,313
Other charges	104,900	8,307	7,710	200,942
Instruction equipment	494,244	394,269	382,113	322,502
Total elementary and secondary	18,330,333	16,750,767	15,383,877	13,703,564
Special education program:				
Teachers	1,260,891	1,226,703	1,164,952	923,571
Homebound teachers	4,000	4,000	825	-
Educational assistants	342,050	380,151	361,395	314,904
Speech pathologist	132,600	133,793	133,010	70,500
Bonus payments	-	-	71,000	-
Certified substitute teachers	14,000	14,051	14,358	13,961
Social security	106,084	106,404	96,551	72,187
State retirement	108,719	109,815	128,998	96,899

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Purpose School Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
Instruction (continued):				
Special education program (continued):				
Life insurance	\$ 1,701	\$ 1,589	\$ 1,382	\$ -
Medical insurance	312,777	273,659	269,194	182,650
Dental insurance	7,094	8,142	8,087	6,511
Unemployment compensation	1,620	1,620	-	-
Medicare	25,427	25,502	23,905	18,035
Contracts with other public agencies	176,000	-	-	-
Operating lease payments	-	2,893	2,893	-
Other contracted services	3,000	1,915	1,887	507
Instructional supplies/materials	9,700	30,961	15,257	8,610
Other supplies and materials	-	-	15,210	-
Other charges	1,850	1,837	1,788	2,666
Total special education program	<u>2,507,513</u>	<u>2,323,035</u>	<u>2,310,692</u>	<u>1,711,001</u>
Vocational education program:				
Teachers	838,000	847,259	846,250	800,547
Educational assistants	-	7,796	7,792	-
Bonus payments	-	-	27,000	-
Certified substitute teachers	-	-	-	-
Non-certified substitute teachers	-	-	-	-
Social security	51,956	53,014	51,086	46,259
State retirement	53,297	54,414	79,656	63,463
Life insurance	638	572	496	-
Medical insurance	138,855	109,457	108,804	106,119
Dental insurance	3,665	3,124	3,123	3,461
Unemployment compensation	675	675	-	-
Medicare	12,151	12,399	11,948	10,818
Maintenance and repair - equipment	500	500	-	990
Instructional supplies/materials	19,240	19,205	16,568	21,966
Other charges	500	500	-	1,946
Inservice/staff development	-	-	-	4,644
Vocational equipment	-	-	-	-
Total vocational education program	<u>1,119,477</u>	<u>1,108,915</u>	<u>1,152,723</u>	<u>1,060,213</u>
Student body education program:				
Other charges	<u>43,960</u>	<u>46,129</u>	<u>42,757</u>	<u>10,739</u>
Total student body education program	<u>43,960</u>	<u>46,129</u>	<u>42,757</u>	<u>10,739</u>
Total instruction	<u>22,001,283</u>	<u>20,228,846</u>	<u>18,890,049</u>	<u>16,485,517</u>
Support services:				
Attendance:				
Supervisor	-	-	-	69,539
Bonus payments	-	-	2,000	-
Other salaries and wages	54,080	95,922	98,285	50,000
Social security	4,327	7,674	5,195	6,587
State retirement	4,760	6,494	6,789	7,290
Life insurance	51	97	72	-
Medical insurance	22,483	24,873	24,871	20,671
Dental insurance	123	637	636	441
Unemployment compensation	54	54	-	-
Medicare	785	1,391	1,215	1,540
Travel	11,025	11,434	5,820	3,301

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Purpose School Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
Support services (continued):				
Attendance (continued):				
Other contracted services	\$ 40,600	\$ 23,250	\$ 25,200	\$ 28,636
Other supplies/materials	3,200	3,258	3,124	2,907
Inservice/staff development	-	-	326	-
Other charges	4,500	4,497	3,469	2,900
Total attendance	145,988	179,581	177,002	193,812
Health services:				
Supervisor	50,419	50,422	50,422	47,779
Medical personnel	255,113	233,718	228,693	221,773
Bonus payment	-	-	6,000	-
Other salaries and wages	6,810	6,810	3,200	4,318
Certified substitute teachers	-	-	-	-
Social security	18,657	18,039	16,527	16,093
State retirement	19,998	18,279	24,516	21,846
Life insurance	306	297	253	-
Medical insurance	33,249	51,511	54,102	31,078
Dental insurance	1,042	1,697	1,811	1,031
Unemployment compensation	324	324	-	-
Medicare	4,529	4,219	3,865	3,764
Postal charges	-	-	-	68
Travel	2,000	2,019	2,699	1,791
Other contracted services	-	-	-	-
Drugs/medical supplies	4,988	6,189	3,560	3,753
Other supplies and materials	25,119	34,998	33,820	25,899
Staff development	6,460	6,428	2,388	886
Other charges	250	1,135	1,060	1,278
Equipment	4,503	4,503	2,313	5,499
Total health services	433,767	440,588	435,229	386,856
Other student support:				
Guidance personnel	600,152	628,105	628,107	564,725
Secretary	36,036	23,078	23,076	34,175
Bonus payments	-	-	19,000	-
Social security	39,444	40,374	39,827	35,555
State retirement	41,774	41,511	50,353	46,172
Life insurance	459	428	384	-
Medical insurance	79,715	59,369	56,991	54,119
Dental insurance	2,045	1,628	1,590	1,872
Unemployment compensation	486	486	-	-
Medicare	9,225	9,443	9,314	8,315
Contracts with government agencies	30,000	90,000	120,000	90,000
Evaluation and testing	14,200	14,200	-	-
Maintenance and repair - equipment	2,000	2,000	1,302	-
Other contracted services	53,500	3,500	6,057	26,790
Other supplies/materials	2,785	2,792	433	-
Total other student support	911,821	916,914	956,434	861,723

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Purpose School Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
Support services (continued):				
Regular instruction program:				
Supervisor/director	\$ 138,839	\$ 128,711	\$ 140,107	\$ 146,285
Career ladder program	1,000	1,000	-	-
Librarians	221,280	221,279	221,280	211,121
Education personnel (Common Core)	278,662	91,178	79,782	261,336
Secretary	58,039	58,032	58,032	55,806
Instructional coach	-	188,421	188,419	-
Bonus payments	-	-	17,000	-
Other salaries and wages	85,173	86,774	86,773	108,560
Social security	48,546	48,075	46,964	45,760
State retirement	53,195	49,554	57,143	57,633
Life insurance	459	431	372	-
Medical insurance	95,971	70,967	65,864	65,320
Dental insurance	11,597	2,064	1,904	2,480
Unemployment compensation	486	486	-	-
Medicare	11,354	11,244	10,983	10,800
Operating lease payments	-	31,145	31,145	-
Travel	10,000	10,069	3,115	663
Other contracted services	123,266	11,905	11,905	22,206
Other supplies/materials	128,000	-	7,973	-
In-service/staff development	665,982	368,969	102,169	50,353
Total regular instruction program	1,931,849	1,380,304	1,130,930	1,038,323
Special education program:				
Supervisor/director	91,413	92,685	92,685	74,246
Psychological personnel	245,767	248,936	247,926	234,303
Secretary	62,465	62,638	62,636	59,822
Bonus payments	-	-	10,000	-
Social security	24,778	25,065	24,691	22,083
State retirement	27,079	25,969	31,055	28,514
Life insurance	306	285	256	-
Medical insurance	38,506	37,934	41,483	33,307
Dental insurance	1,154	1,330	1,282	1,086
Unemployment compensation	324	324	-	-
Medicare	5,795	5,862	5,775	5,165
Contracts with private agencies	100,000	151,512	167,125	-
Maintenance and repair of equipment	400	400	-	-
Travel	5,000	2,500	334	-
Other contracted services	5,000	5,000	1,251	-
Other charges	500	434	133	868
Total special education program	608,487	660,874	686,632	459,394
Vocational educational program:				
Supervisor/director	-	34,118	34,120	-
Bonus payments	-	-	2,000	-
State retirement	-	2,170	2,680	-
Life insurance	-	32	2	-
Medicare	-	495	324	-
Total vocational education program	-	36,815	39,126	-
Technology:				
Supervisor/director	120,022	118,910	118,911	114,496
Bonus payments	-	-	5,000	-
Other salaries and wages	201,407	201,407	201,407	193,820
Social security	19,929	19,860	18,747	17,783
State retirement	21,532	21,199	21,528	20,791
Life insurance	204	194	145	-
Medical insurance	41,080	46,480	39,706	37,310
Dental insurance	1,540	1,709	1,466	1,452

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Purpose School Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
Support services (continued):				
Technology (continued):				
Unemployment compensation	\$ 216	\$ 216	\$ -	\$ -
Medicare	4,661	4,645	4,384	4,159
Consultants	4,500	4,500	4,500	4,500
Operating lease payments	-	125,942	159,640	-
Maintenance and repair service	52,306	52,306	8,059	7,533
Internet connectivity	88,356	88,356	86,821	75,076
Other contracted services	12,548	176	352	11,917
Software	69,057	-	-	48,529
In service/staff development	16,740	16,740	1,355	862
Other equipment	-	-	-	171,736
Total technology	<u>654,098</u>	<u>702,640</u>	<u>672,021</u>	<u>709,964</u>
Board of education services:				
Board member fees	53,400	55,536	55,536	53,400
Social security	3,311	3,444	3,443	3,311
Medicare	775	806	805	774
Audit services	76,211	76,211	61,734	73,063
Dues and memberships	13,237	13,237	13,561	1,630
Legal services	15,500	28,955	31,049	15,734
Travel	29,612	29,612	19,853	27,990
Other contracted services	3,200	3,200	3,000	11,863
Other supplies and materials	1,700	1,700	1,213	1,209
Insurance	56,643	56,643	67,190	116,175
Trustee's commission	188,585	210,218	173,737	169,233
Worker's compensation insurance	63,546	118,669	109,345	141,242
Criminal investigation of applicants	7,500	7,500	6,664	6,262
Penalties	-	-	-	12,314
Other charges	32,100	23,164	19,973	26,291
Total board of education services	<u>545,320</u>	<u>628,895</u>	<u>567,103</u>	<u>660,491</u>
Office of the superintendent:				
Administrative officer	170,750	187,624	187,624	170,500
Career ladder program	1,000	-	-	1,000
Secretary	94,606	102,629	102,631	95,537
Bonus payments	-	-	6,000	-
Other salaries and wages	58,500	90,775	92,625	-
Social security	20,142	23,624	21,747	15,588
State retirement	21,787	25,027	23,574	18,352
Life insurance	102	230	158	-
Medical insurance	48,843	29,817	25,005	30,974
Dental insurance	724	1,126	949	689
Unemployment compensation	108	108	-	-
Medicare	4,711	5,525	5,523	3,646
Communication	24,200	16,622	15,631	11,205
Dues and memberships	4,655	5,766	5,966	6,056
Operating lease payments	-	-	9,779	-
Repair and maintenance - equipment	14,070	8,142	5,442	14,759
Postal charges	5,100	3,740	2,936	3,562
Travel	15,738	13,048	6,695	17,226
Other contracted services	15,375	14,247	13,050	10,382
Office supplies	24,034	24,034	21,600	20,153
Other charges	12,124	23,440	18,777	15,812
Total office of the superintendent	<u>536,569</u>	<u>575,524</u>	<u>565,712</u>	<u>435,441</u>

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Purpose School Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
Support services (continued):				
Office of the principal:				
Principals	\$ 368,249	\$ 342,638	\$ 346,969	\$ 340,560
Career ladder program	1,000	1,000	-	500
Assistant principals	598,048	488,531	490,292	481,636
Secretaries	411,182	441,627	426,830	407,369
Bonus payments	-	-	28,000	-
Social security	85,466	78,976	73,827	69,588
State retirement	92,970	82,825	89,253	83,028
Life insurance	969	902	760	-
Medical insurance	252,030	206,031	188,529	176,977
Dental insurance	4,024	3,817	3,542	3,480
Unemployment compensation	1,026	1,026	-	-
Medicare	19,988	18,471	17,374	16,492
Communication	41,307	21,755	21,122	18,761
Dues and memberships	375	375	-	100
Travel	12,830	12,830	1,185	1,945
Other contracted services	14,690	7,381	6,194	6,907
Office supplies	49,600	30,214	28,215	61,496
Total office of the principal	<u>1,953,754</u>	<u>1,738,399</u>	<u>1,722,092</u>	<u>1,668,839</u>
Fiscal services:				
Supervisor/director	100,628	100,629	100,628	29,071
Accountant	64,272	71,760	72,738	109,595
Purchasing personnel	58,033	58,032	57,362	55,286
Secretary	91,240	46,592	51,712	141,150
Bonus payments	-	-	6,000	-
Other salaries and wages	105,898	144,376	169,343	46,013
Social security	26,045	26,127	24,405	19,430
State retirement	27,683	28,529	28,807	21,911
Life insurance	306	334	217	-
Medical insurance	59,494	80,676	52,704	49,601
Dental insurance	2,153	2,435	1,910	1,964
Unemployment compensation	324	324	-	-
Medicare	6,092	6,111	6,157	5,211
Bank charges	-	419	419	-
Data processing services	41,133	41,084	43,284	38,473
Dues and memberships	315	315	-	1,125
Travel	16,500	16,613	13,894	9,993
Other contracted services	6,000	11,363	11,788	10,500
Data processing supplies	1,700	1,700	-	-
Other supplies and materials	-	5,787	4,591	-
Other charges	8,100	6,558	5,603	8,425
Equipment	3,500	2,827	2,827	6,341
Total fiscal services	<u>619,416</u>	<u>652,591</u>	<u>654,389</u>	<u>554,089</u>
Human resources:				
Purchasing personnel	-	-	20,599	-
Secretary	-	-	16,640	-
Bonus payments	-	-	2,000	-
Other salaries and wages	117,722	122,634	93,957	66,431
Social security	7,299	7,604	7,520	3,862
State retirement	7,758	8,303	8,888	4,119
Life insurance	102	49	76	-
Medical Insurance	31,800	10,000	17,999	5,187
Dental Insurance	420	279	351	174
Unemployment compensation	108	108	-	-

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Purpose School Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
Support services (continued):				
Human resources (continued):				
Medicare	\$ 1,707	\$ 1,779	\$ 1,759	\$ 903
Operating lease payment	-	23,360	23,360	-
Travel	3,500	3,523	863	1,705
Other contracted services	32,862	3,376	3,385	21,934
Total human resources	203,278	181,015	197,397	104,315
Operation of plant:				
Supervisor/director	106,945	108,193	106,639	104,226
Custodial personnel	439,333	461,508	463,034	423,163
Bonus payments	-	-	16,500	-
Social security	34,135	35,322	33,532	29,700
State retirement	36,282	38,569	39,362	34,379
Life insurance	816	765	580	-
Medical insurance	148,550	157,116	127,938	93,179
Dental insurance	2,863	4,265	3,432	2,809
Unemployment compensation	957	957	-	-
Medicare	7,984	8,261	7,843	6,946
Other contracted services	214,853	214,848	182,303	228,680
Custodial supplies	103,425	103,571	6,112	110,065
Electricity	591,960	500,640	453,872	412,262
Natural gas	166,873	75,608	81,355	87,494
Water and sewer	188,811	134,091	147,140	104,549
Other supplies and materials	965,189	965,367	860,589	606,333
Building and content insurance	153,494	153,490	150,758	239,074
Other charges	-	-	236	347
Other equipment	492,853	-	-	492,853
Total operation of plant	3,655,323	2,962,571	2,681,225	2,976,059
Maintenance of plant:				
Supervisor/director	104,782	104,782	104,782	98,391
Maintenance personnel	209,330	188,896	188,797	200,779
Bonus payments	-	-	6,000	-
Social security	18,700	18,209	16,815	17,406
State retirement	26,161	19,454	19,017	19,755
Life insurance	255	225	170	-
Medical insurance	65,607	45,793	43,429	33,276
Dental insurance	877	1,413	1,412	922
Unemployment compensation	270	270	-	-
Medicare	4,374	4,259	4,109	4,150
Maintenance/repair service - equipment	224,970	262,460	271,028	202,604
Other contracted services	323,423	85,033	135,961	61,529
General construction materials	24,600	25,297	28,915	27,100
Other supplies/materials	113,940	113,496	119,651	75,712
Other charges	-	-	-	1,260
Administration equipment	4,005	-	-	3,899
Other equipment	39,000	20,603	26,074	95,581
Total maintenance of plant	1,160,294	890,190	966,160	842,364

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Purpose School Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
Support services (continued):				
Transportation:				
Supervisor/director	\$ 126,836	\$ 128,711	\$ 128,710	\$ 123,145
Bus drivers	384,471	324,192	327,120	322,959
Clerical personnel	40,928	44,656	44,658	21,353
Bonus payments	-	-	10,500	-
Social security	34,239	30,849	30,108	27,624
State retirement	21,802	33,158	33,313	27,230
Life insurance	867	386	306	-
Medical insurance	95,972	49,395	47,517	42,689
Dental insurance	5,379	1,477	1,459	1,086
Unemployment compensation	918	918	-	-
Medicare	7,726	7,215	7,041	6,461
Contracts with public carriers	31,306	31,300	31,300	31,306
Maintenance/repair service - vehicles	16,000	4,000	4,368	1,673
Travel	2,800	2,775	475	475
Other contracted services	26,565	27,267	19,465	11,785
Gasoline	100,000	60,274	59,103	54,614
Tires and tubes	12,775	18,633	1,638	16,966
Vehicle parts	61,820	47,152	44,449	33,521
Other supplies and materials	-	-	-	2,052
Other charges	800	521	695	3,729
Transportation equipment	160,000	335,330	335,330	-
Total transportation	<u>1,131,204</u>	<u>1,148,209</u>	<u>1,127,555</u>	<u>728,668</u>
Total support services	<u>14,491,168</u>	<u>13,095,110</u>	<u>12,579,007</u>	<u>11,620,338</u>
Operation of non-instructional services:				
Food service:				
Supervisor/director	79,254	79,779	79,781	82,639
Cafeteria personnel	-	-	2,184	5,219
Bonus payments	-	-	21,000	-
Social security	4,914	4,947	5,686	4,357
State retirement	5,223	5,402	6,970	5,213
Life insurance	51	49	44	-
Medical insurance	15,458	15,085	15,083	14,295
Dental insurance	477	472	469	454
Unemployment compensation	54	54	-	-
Medicare	1,150	1,157	1,329	1,019
Payments to schools	1,309,455	-	-	-
Travel	-	-	-	-
Food supplies	-	-	420	2,000
Other charges	23,815	26,657	26,040	26,298
Total food service	<u>1,439,851</u>	<u>133,602</u>	<u>159,006</u>	<u>141,494</u>
Community services:				
Supervisor/director	68,089	68,079	68,080	65,567
Clerical personnel	39,977	35,892	35,890	37,910
Bonus payments	-	-	3,000	-
Other salaries and wages	16,280	17,326	17,582	15,995
Social security	9,309	7,521	6,930	6,672
State retirement	9,894	7,221	8,415	7,857
Life insurance	153	125	112	-
Medical insurance	22,781	23,369	23,367	21,020

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Purpose School Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
Operation of non-instructional services (continued):				
Community services (continued):				
Dental insurance	\$ 747	\$ 749	\$ 750	\$ 711
Unemployment compensation	135	135	-	-
Medicare	2,178	1,759	1,621	1,561
Operating lease payments	-	-	250	-
Repair and maintenance	1,800	1,800	2,342	1,625
Travel	3,108	3,108	1,228	4,720
Food supplies	650	650	220	85
General construction materials	-	-	327	-
Instructional supplies	7,750	7,750	1,699	3,095
Other supplies/materials	5,600	5,600	3,893	3,875
Other charges	46,372	41,523	39,422	42,075
Other equipment	4,389	4,389	1,087	3,298
Total community services	<u>239,212</u>	<u>226,996</u>	<u>216,215</u>	<u>216,066</u>
Early childhood education:				
Teachers	155,610	155,613	155,610	149,625
Educational assistants	62,226	46,425	46,263	33,895
Bonus payments	-	-	6,000	-
Social security	13,506	12,527	11,867	10,428
State retirement	14,699	13,040	13,419	12,423
Life insurance	204	194	176	-
Medical insurance	41,215	32,089	32,087	24,214
Dental insurance	2,263	816	816	799
Unemployment compensation	216	216	-	-
Medicare	3,159	2,930	2,776	2,439
Travel	500	500	56	92
Instructional supplies/materials	1,038	1,038	-	-
Other contracted services	-	-	-	1,000
Staff development	1,705	1,705	2,009	1,705
Total early childhood education	<u>296,341</u>	<u>267,093</u>	<u>271,079</u>	<u>236,620</u>
Total operation of non-instructional services	<u>1,975,404</u>	<u>627,691</u>	<u>646,300</u>	<u>594,180</u>
Capital outlay and contributions:				
Architects	-	-	-	15,437
Furniture and fixtures	-	-	-	-
Land	-	-	-	428,603
Other capital outlay	662,500	691,427	243,250	3,000
Total capital outlay and contributions	<u>662,500</u>	<u>691,427</u>	<u>243,250</u>	<u>447,040</u>

(Continued)

CITY OF LENOIR CITY, TENNESSEE

General Purpose School Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Continued)

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Expenditures (continued):				
Debt service:				
Principal on bonds	\$ 312,200	\$ 316,911	\$ 290,535	\$ 338,576
Interest on bonds	<u>55,732</u>	<u>51,021</u>	<u>46,736</u>	<u>60,017</u>
Total debt service	<u>367,932</u>	<u>367,932</u>	<u>337,271</u>	<u>398,593</u>
Total expenditures	<u>39,498,287</u>	<u>35,011,006</u>	<u>32,695,877</u>	<u>29,545,668</u>
Revenues over (under) expenditures	<u>521,517</u>	<u>(1,098,207)</u>	<u>1,945,268</u>	<u>3,487,758</u>
Other financing sources (uses):				
Transfers to other funds	(1,010,000)	-	-	(9,010,000)
Transfers (to) from other funds	-	-	-	146,580
Transfers from City of Lenoir City - General Fund	<u>164,000</u>	<u>164,000</u>	<u>164,000</u>	<u>164,000</u>
Total other financing sources (uses)	<u>(846,000)</u>	<u>164,000</u>	<u>164,000</u>	<u>(8,699,420)</u>
Net change in fund balances	(324,483)	(934,207)	2,109,268	(5,211,662)
Fund balance, beginning of the year	<u>5,433,549</u>	<u>5,433,549</u>	<u>5,433,549</u>	<u>10,645,211</u>
Fund balance, end of the year	<u>\$ 5,109,066</u>	<u>\$ 4,499,342</u>	<u>\$ 7,542,817</u>	<u>\$ 5,433,549</u>

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

CITY OF LENOIR CITY, TENNESSEE
Statement of Net Position - Proprietary Funds
June 30, 2025

	<u>Assets</u>		
	<u>Lenoir City Utilities Board</u>	<u>Other Proprietary Fund</u>	<u>Totals</u>
Current assets:			
Cash and cash equivalents	\$ 29,469,680	\$ 2,591,267	\$ 32,060,947
Receivables:			
Customers, less allowance for doubtful accounts of \$1,269,576	19,083,232	-	19,083,232
Due from governmental units	-	102,569	102,569
Due from other funds	-	7,512	7,512
Lease receivable, current portion	10,365	-	10,365
Unbilled revenue	10,646,805	-	10,646,805
Other	1,385,723	-	1,385,723
Materials and supplies inventory	3,636,529	-	3,636,529
Prepaid expenses	1,644,829	-	1,644,829
Total current assets	<u>65,877,163</u>	<u>2,701,348</u>	<u>68,578,511</u>
Capital assets:			
Capital assets	575,636,764	2,906,362	578,543,126
Less accumulated depreciation	<u>183,094,493</u>	<u>878,023</u>	<u>183,972,516</u>
Net capital assets	392,542,271	2,028,339	394,570,610
Other noncurrent assets:			
Receivable - Tennessee Valley Authority Residential Energy Services Program	17,409	-	17,409
Lease receivable, less current portion	205,436	-	205,436
Net pension asset	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>392,765,116</u>	<u>2,028,339</u>	<u>394,793,455</u>
Total assets	<u>458,642,279</u>	<u>4,729,687</u>	<u>463,371,966</u>
<u>Deferred Outflows of Resources</u>			
Pension contributions subsequent to the measurement date	1,261,626	47,017	1,308,643
OPEB contributions subsequent to the measurement date	417,215	-	417,215
Changes of assumptions - pension	-	17,148	17,148
Changes of assumptions - OPEB	203,015	-	203,015
Differences between expected and actual earnings on pension	125,025	25,039	150,064
Differences between expected and actual experience - pension	3,292,900	60,476	3,353,376
Differences between expected and actual experience - OPEB	983,534	4,251	987,785
Differences between expected and actual earnings on pension plan investments	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>6,283,315</u>	<u>153,931</u>	<u>6,437,246</u>

(Continued)

CITY OF LENOIR CITY, TENNESSEE
Statement of Net Position - Proprietary Funds
(Continued)
June 30, 2025

	<u>Liabilities</u>		
	Lenoir City Utilities Board	Other Proprietary Fund	Totals
Current liabilities (payable from current assets):			
Current maturities of long-term debt	\$ 5,809,272	\$ -	\$ 5,809,272
Accounts payable:			
Trade	43,734,091	78,414	43,812,505
Retainage	370,166	-	370,166
Other	-	-	-
Due to other funds	-	460,201	460,201
Accrued liabilities	6,313,736	134,813	6,448,549
Customer deposits	10,247,425	-	10,247,425
Customer advances for construction	4,118,122	-	4,118,122
Total current liabilities	<u>70,592,812</u>	<u>673,428</u>	<u>71,266,240</u>
Noncurrent liabilities:			
Long-term debt, excluding current maturities	119,936,272	-	119,936,272
Advances from Tennessee Valley Authority			
Residential Energy Services Program	57,839	-	57,839
Total OPEB liability	5,927,309	58,746	5,986,055
Net pension liability	4,868,970	353,569	5,222,539
Total noncurrent liabilities	<u>130,790,390</u>	<u>412,315</u>	<u>131,202,705</u>
Total liabilities	<u>201,383,202</u>	<u>1,085,743</u>	<u>202,468,945</u>
<u>Deferred Inflows of Resources</u>			
Differences between projected and actual earnings on pension plan investments	-	37,378	37,378
Differences between expected and actual experience - pension	265,359	13,421	278,780
Differences between expected and actuarial experience - OPEB	949,385	-	949,385
Changes of assumptions - pension	1,026,860	-	1,026,860
Changes of assumptions - OPEB	763,194	13,721	776,915
Deferred revenue - leases	215,801	-	215,801
Total deferred inflows of resources	<u>3,220,599</u>	<u>64,520</u>	<u>3,285,119</u>
<u>Net Position</u>			
Net position:			
Net investment in capital assets	266,796,727	2,028,339	268,825,066
Restricted for debt service	-	-	-
Unrestricted	(6,474,934)	1,705,016	(4,769,918)
Total net position	<u>\$ 260,321,793</u>	<u>\$ 3,733,355</u>	<u>\$ 264,055,148</u>

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

CITY OF LENOIR CITY, TENNESSEE

Statement of Revenues, Expenses and Change in Net Position - Proprietary Funds

For the Fiscal Year Ended June 30, 2025

	Lenoir City Utilities Board	Other Proprietary Fund	Totals
Operating revenues:			
Residential sales	\$ 128,972,053	\$ -	\$ 128,972,053
Charges for services	-	570,425	570,425
Commercial and industrial sales - small	32,838,300	-	32,838,300
Commercial and industrial sales - large	81,747,742	-	81,747,742
Street and outdoor lighting	1,615,400	-	1,615,400
Interruptible sales	173,306	-	173,306
Other operating revenues	6,549,116	-	6,549,116
	<u>251,895,917</u>	<u>570,425</u>	<u>252,466,342</u>
Operating expenses:			
Purchased energy	174,631,035	-	174,631,035
Purchased bandwidth	252,756	-	252,756
Distribution and treatment	16,777,781	-	16,777,781
Customer account services	5,125,457	-	5,125,457
Administration and general	11,382,734	322,350	11,705,084
Maintenance	11,661,634	438,573	12,100,207
Other	-	8,448	8,448
Depreciation	17,719,129	50,581	17,769,710
	<u>237,550,526</u>	<u>819,952</u>	<u>238,370,478</u>
Operating income (loss)	<u>14,345,391</u>	<u>(249,527)</u>	<u>14,095,864</u>
Non-operating revenues (expenses):			
Interest income	1,185,154	65,294	1,250,448
Interest expense	(1,867,493)	-	(1,867,493)
Miscellaneous revenue	(8,290)	-	(8,290)
Amortization of debt expense	(47,500)	-	(47,500)
Amortization of loss on reacquisition of debt	-	-	-
Amortization of premium on debt reacquisition	410,547	-	410,547
Gain (loss) on disposal	111,987	-	111,987
Penalties on taxes	(37,484)	-	(37,484)
Capital contributions	106,741	-	106,741
	<u>(146,338)</u>	<u>65,294</u>	<u>(81,044)</u>
Income (loss) before capital contributions and transfers	14,199,053	(184,233)	14,014,820
Capital contributions from governments	-	254,476	254,476
Interfund transfer in, net	-	-	-
Transfers to local government - in lieu of tax	<u>(4,427,082)</u>	<u>-</u>	<u>(4,427,082)</u>
Change in net position	9,771,971	70,243	9,842,214
Net position, beginning	<u>250,549,822</u>	<u>3,663,112</u>	<u>254,212,934</u>
Net position, ending	<u>\$ 260,321,793</u>	<u>\$ 3,733,355</u>	<u>\$ 264,055,148</u>

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

CITY OF LENOIR CITY, TENNESSEE

Statement of Cash Flows - Proprietary Funds

For the Fiscal Year Ended June 30, 2024

	Lenoir City Utilities Board	Other Proprietary Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 248,316,571	\$ 546,805	\$ 248,863,376
Cash payments to suppliers for goods and services	(191,860,031)	(452,524)	(192,312,555)
Cash payments to employees for services	(16,008,269)	(276,000)	(16,284,269)
Other operating revenues	-	-	-
Net cash provided (used) by operating activities	40,448,271	(181,719)	40,266,552
Cash flows from noncapital and related financing activities:			
Cash payment for in lieu of taxes	(4,427,082)	-	(4,427,082)
Cash received from Tennessee Valley Authority Residential Energy Services Program, net	15,392	-	15,392
Cash paid to Tennessee Valley Authority Residential Energy Services Program, net	(15,664)	-	(15,664)
Net cash used by noncapital and related financing activities	(4,427,354)	-	(4,427,354)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(56,952,833)	(45,000)	(56,997,833)
Interest and debt issuance expense paid on debt	(1,914,993)	-	(1,914,993)
Customer advances for construction	1,866,416	-	1,866,416
Principal paid on long-term debt	(5,981,488)	-	(5,981,488)
Proceeds from issuance of debt	9,220,749	-	9,220,749
Gain on sale of assets	111,987	-	111,987
Capital contributions from grants	106,741	254,476	361,217
Net cash provided (used) by capital and related financing activities	(53,543,421)	209,476	(53,333,945)
Cash flows from investing activities:			
Interest received on investments	1,185,154	65,294	1,250,448
Advances from (repayments to) departments and city, net	-	215,770	215,770
Net cash provided by investing activities	1,185,154	281,064	1,466,218
Net increase (decrease) in cash and cash equivalents	(16,337,350)	308,821	(16,028,529)
Cash and cash equivalents, beginning of year	45,807,030	2,282,446	48,089,476
Cash and cash equivalents, end of year	\$ 29,469,680	\$ 2,591,267	\$ 32,060,947

(Continued)

CITY OF LENOIR CITY, TENNESSEE

Statement of Cash Flows - Proprietary Funds
(Continued)

For the Fiscal Year Ended June 30, 2025

	Lenoir City Utilities Board	Other Proprietary Fund	Totals
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>			
Operating income (loss)	\$ 14,345,391	\$ (249,527)	\$ 14,095,864
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	18,091,355	50,581	18,141,936
Other income/expense	(45,774)	-	(45,774)
(Increase) decrease in assets and deferred outflows –			
Accounts receivable	(3,331,276)	-	(3,331,276)
Unbilled revenue	(815,490)	-	(815,490)
Other receivables	169,020	-	169,020
Customer advances for construction	-	-	-
Materials and supplies inventory	210,247	-	210,247
Prepaid expenses	1,483,986	-	1,483,986
Deferred outflows related to pension plan, OPEB and debt expense	(163,599)	(17,408)	(181,007)
Due from other governments	-	(6,212)	(6,212)
Increase (decrease) in liabilities and deferred inflows –			
Accounts payable	10,154,982	30,620	10,185,602
Retainage payable	-	-	-
Accrued liabilities	218,724	(13,357)	205,367
Customer deposits	763,891	-	763,891
Deferred inflows related to pension and OPEB	(1,679,986)	45,502	(1,634,484)
Total OPEB liability	1,356,693	(8,331)	1,348,362
Net pension liability	(309,893)	(13,587)	(323,480)
Net cash provided (used) by operating activities	\$ 40,448,271	\$ (181,719)	\$ 40,266,552

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

CITY OF LENOIR CITY, TENNESSEE

Statement of Fiduciary Net Position

June 30, 2025

ASSETS

Cash and cash equivalents	\$ 1,486,358
Contribution receivable	-
Total cash and cash equivalents	<u>1,486,358</u>
Investments, at fair value:	
Mutual funds - equity	21,683,569
Mutual funds - fixed income	12,605,534
Corporate - fixed income	-
Municipal - fixed income	-
US government obligation	-
Other - fixed income	-
Exchange traded funds	<u>8,052,355</u>
Total investments	<u>42,341,458</u>
Accrued investment income	10,192
Other receivables	<u>135,447</u>
Total other assets	<u>145,639</u>
Total assets	<u>43,973,455</u>

LIABILITIES AND NET POSITION

Accounts payable	-
Due to broker	<u>34,532</u>
Total liabilities	<u>34,532</u>
Net position restricted	<u>\$ 43,938,923</u>

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

CITY OF LENOIR CITY, TENNESSEE
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2025

Increases in net position:	
Employer contributions	\$ 1,535,800
Employee contributions	<u>395,726</u>
Total contributions	<u>1,931,526</u>
Investment income:	
Interest and dividend income	1,142,686
Net realized gain (loss) on sale of investments	1,251,503
Net appreciation (depreciation) in fair value of investments	1,634,351
Revenues - 9th Judicial	<u>2,781</u>
Total investment income	<u>4,031,321</u>
Total increases in net position	<u>5,962,847</u>
Deductions from net position:	
Benefits paid to participants	4,766,458
Administrative expenses	159,154
Crime control	<u>-</u>
Total deductions from net position	<u>4,925,612</u>
Change in net position	1,037,235
Net position restricted:	
Beginning of the year	<u>42,901,688</u>
End of the year	<u><u>\$ 43,938,923</u></u>

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

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements

June 30, 2025

(1) Summary of Significant Accounting Policies(a) General Statement

The accounting and reporting policies of the City of Lenoir City, Tennessee (the City) relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America that are applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*. The more significant accounting policies of the City are described below.

(b) Reporting Entity

The financial statements consist of all the funds of the City of Lenoir City, Tennessee.

(c) Basis of Presentation

The City follows Governmental Accounting Standards Board Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*." Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of activities and change in net position and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. The classifications are defined as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (Continued)(c) Basis of Presentation (Continued)

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities.

Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

2. Fund Financial Statements:

During the year, the City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

(d) Fund Accounting

The City uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's governmental fund types:

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (Continued)(d) Fund Accounting (Continued)**Governmental Funds (Continued):**

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

General Purpose School Fund – The General Purpose School Fund is the operating fund of the Schools. It is used to account for all the financial resources except those required to be accounted for in another fund.

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general and special assessment long-term debt principal, interest and related costs of the school.

Capital Projects Funds – The Capital Projects Funds are used to account for financial resources to be used for the construction, renovation and/or purchase of major capital outlay projects of the School System and the City.

Fiduciary Funds – The Fiduciary Funds consist of The Retirement Income Plan for Employees of the City of Lenoir City, Tennessee, the Lenoir City Utilities Board Employees' Retirement Plan and the 9th Judicial Drug and Violent Crime Task Force funds.

The City's major governmental funds are the General Fund and the General Purpose School Fund.

Proprietary Funds:

Enterprise Fund – Enterprise funds are used to account for the activities that are similar to those found in the private sector. Enterprise funds are used to account for operations (a) that are financed primarily through user charges, or (b) where the governing body has decided that determination of net income is appropriate.

The Lenoir City Utilities Board (the Utility) and the City's Stormwater Fund are operated as enterprise funds.

(e) Measurement Focus**1. Government-Wide Financial Statements:**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the statement of net position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (Continued)(f) Fund Balances

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" states that the objective is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Non-spendable, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, donors, grantors, or through enabling legislation,

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a resolution adopted by the Board (the City's highest level of decision making authority),

Assigned fund balance classification includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The City gives the Board of Alderman the authority to assign fund balance, and

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

If the City has an expenditure that is incurred for purposes of multiple account classification, the City's policy is to apply the expenditures in the following order: non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified.

It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

(g) Restricted and Unrestricted Resources

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. When expenditures are incurred with unrestricted resources, the City uses the Governmental Accounting Standards Board's policy. Committed amounts are used first, followed by assigned amounts, and then unassigned amounts.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (Continued)(h) Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflow of resources, and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, franchise taxes, special assessments, licenses, charges for services, interest income and intergovernmental revenue.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization, are not recognized in governmental funds.

Prior to the beginning of the fiscal year, the Mayor and Board of Aldermen hold hearings, prepare and approve an operating budget for all governmental funds. All supplemental appropriations must also be approved by the Mayor and Board of Aldermen. Actual expenditures and operating transfers out may not legally exceed "budget" appropriations at the individual fund level. Budgetary control, however, is maintained at the departmental level. During the year ended June 30, 2025, the City did not over expend any of their legally adopted fund budgets. Appropriations lapse at the close of the fiscal year to the extent that they have not been transferred or encumbered.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (Continued)(h) Basis of Accounting (Continued)

The City prepares its budget on a basis of accounting that differs from accounting principles generally accepted in the United States of America (GAAP). The major difference between the budgetary basis of accounting and GAAP is that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a classification of fund balance (GAAP). At June 30, 2025, there were no encumbrances.

Budgeted amounts are as originally adopted and as amended by the Mayor and Board of Aldermen.

(i) Property Taxes Receivable

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 on January 1. The county tax assessor provides the property assessment but the City bills and collects its own taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables within 60 days of the end of the year. Property taxes recognized as a receivable before the period of revenue recognition are reported as deferred inflows of resources.

At June 30, 2025, the City's 2025 property taxes of \$3,650,000 were not scheduled to be billed until October 2025. Consequently, separate accounts receivable for unbilled property taxes and deferred inflows of resources for property taxes unbilled totaling \$3,650,000 are recorded.

(j) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Open encumbrances at year-end are reported within the appropriate fund balance categories for the specific purposes of the encumbrance or assigned if not previously restricted or committed for a specific purpose. Encumbrances do not constitute expenditures or liabilities.

(k) Inventories

Inventories are valued at the lower of cost (weighted average method) or market.

(l) Commodities Inventory

The Lenoir City Schools receive commodities for school cafeterias from the U.S. Department of Agriculture. The value of the commodities received is reported as revenue, and the value of such commodities used is reported as cost of food in the accompanying financial statements.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (Continued)(m) Cash Equivalents

For purposes of these financial statements, the City considers all highly liquid investments (including restricted assets) having original maturity dates of three months or less when purchased to be cash equivalents.

(n) InvestmentsValuation of Investments – Pension Plans

The Plans' investments are stated at fair value. The Plans categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in shares of registered investment companies (mutual funds) are stated at fair value as determined by quoted market prices. Investments actively traded on exchanges, including debt securities, are stated at fair value as determined by reference to closing prices quoted on the stock exchange. Shares of common and collective trust funds and real estate investment trusts are valued at net unit value as determined by the trustee at year end.

The Plans present, in the statement of changes in fiduciary net position, the net appreciation (depreciation) in the fair value of their investments, which consists of realized and unrealized gains or losses on those investments. Discounts and premiums on fixed income securities are included in the net appreciation (depreciation) of the fair value of investments.

Purchases and sales of securities, including gains or losses on sales or exchanges, are recorded on a trade-date basis. Interest and dividend income are recorded when earned by the Plans.

Investment Income – Pension Plans

Dividend income and interest income are recorded as earned on an accrual basis. Realized and unrealized gains and losses on sales, maturities or exchanges of investments are determined on an average cost basis and are reflected in the statement of changes in plan net position.

(o) Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Short-term amounts owed between funds are classified as "Due to/from other funds." Interfund loans are classified as "Interfund notes receivable/payable."

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (Continued)(p) Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. Donated fixed assets are recorded at their estimated fair market values as of the date received. Major additions and improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged to operations.

City

The City maintains a capitalization threshold of one thousand dollars.

All reported capital assets except for land and land improvements are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	15 – 50 years
Machinery and equipment	5 – 20 years
Vehicles	5 – 30 years
Street Network	15 – 70 years

Schools

The Schools maintain a capitalization threshold of five thousand dollars.

All reported capital assets except for land and land improvements are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	10 – 40 years
Machinery and equipment	5 – 12 years
Vehicles	10 – 15 years

Utility

The Utility maintains a capitalization threshold of one thousand dollars.

All reported capital assets except for land and land improvements are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Structures and improvements	40 – 50 years
Equipment	5 – 20 years
Transmission, distribution and collection lines	15 – 40 years

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (Continued)(q) Compensated Absences

Compensated absences are reported in accordance with the provisions of GASB No. 101, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees.

The entire compensated absences liability is reported on the government-wide financial statements.

City – The cost of vacation pay is recognized when earned. All vacation not taken by December 31 of each year is forfeited. Employees resigning and giving reasonable notice of intention to resign will receive payment for accrued vacation as of date of resignation.

Employees may accumulate and carry over a maximum of 120 days of unused sick leave. Employees resigning and giving reasonable notice of intention to resign will receive payment for accrued sick leave as of date of resignation.

Board of Education – The cost of vacation pay is recognized when earned. Certain employees may accumulate and carry over a maximum of thirty days of unused vacation benefits. Employees resigning and giving reasonable notice of intention to resign will receive payment for accrued vacation as of date of resignation. Certified personnel do not earn vacation benefits.

Sick pay is forfeited upon termination of employment prior to retirement. Upon retirement, the accumulated sick leave is credited to time of employment for benefit purposes of certified personnel. The Schools do not bear the retirement costs upon the retirement of an employee. Therefore, no liability for certified personnel sick leave has been recorded.

Lenoir City Utilities Board – The cost of vacation pay is recognized as it is earned. Employees are allowed to accumulate and carry over one to six weeks of unused vacation benefits. The maximum number of weeks permitted to be carried over is determined based on specified years of service requirements.

The cost of sick pay benefits is recognized when earned. Employees are allowed to accumulate an unlimited number of sick leave days. Accumulated sick leave benefits become fully vested upon the earlier of an employee's death, attaining 15 years of continuing service, or reaching retirement. The maximum number of unused sick leave days for which employees shall be compensated is 142 days unless the employee uses sick leave for early retirement, in which case the maximum is 260 days.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (Continued)(r) Pension Plans

Employees of the City, Board of Education and Utility are covered under various retirement plans as follows:

City –

Defined Benefit Plan – The City has established a cost-sharing multiple-employer defined benefit plan covering substantially all employees of the City (excluding the Schools and the Utilities Board) and the Lenoir City Housing Authority (LCHA) employed prior to March 31, 2016, the date the plan was closed to new employees. All participating employees must contribute 4% of their base salary. The City and LCHA contribute at an actuarially determined rate based upon accrued pension expense.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Retirement Income Plan for Employees of the City of Lenoir City ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TCRS – The City began participating in TCRS on April 1, 2016. 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 Lenoir City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Lenoir 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 the TCRS. Investments are reported at fair value.

Board of Education –

PSPP Plan. For the 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 Lenoir City Schools' participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Lenoir City Schools' 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 refund 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.

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

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (Continued)(r) Pension Plans (Continued)Board of Education (Continued) –

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

Lenoir City Utilities Board –

The Utilities Board has a single-employer, contributory, defined benefit plan covering substantially all employees. The Utilities Board makes annual contributions to the plan based on actuarial calculations.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Lenoir City Utilities Board Pension Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(s) Customer Advances for Construction

Customer advances for construction represent refundable receipts from developers.

(t) Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

(u) Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

(v) Postemployment Benefits

The City, Utility Board and Board of Education follows the provisions of Governmental Accounting Standards Board No. 75, "Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." The City, Utility Board and Board of Education elected to implement this standard on the prospective basis.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (Continued)(w) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(x) Federal Energy Regulatory Commission Policies

The Lenoir City Utilities Board follows accounting policies for public electric utilities as prescribed by the Federal Energy Regulatory Commission.

(y) Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2025.

(z) Deferred Outflows/Inflows of Resources

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

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

The government has items that qualify for reporting in these categories. Pension and OPEB contributions made after the measurement date are reported as deferred outflows on the government-wide statement of net position. Certain property taxes in the general fund are unavailable resources in the current year. This amount is deferred on the government-wide statement of net position and the governmental funds balance sheet and recognized as an inflow of resources in the period that the amount becomes available. The statement of net position includes changes in assumptions for both pension and OPEB plans, change in proportionate share for pension plans, differences between expected and actual earnings on investments for pensions and difference in expected and actuarial experience in pension and OPEB plans are reported as both deferred inflows and outflows of resources.

(aa) Comparative Data

Comparative totals for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City of Lenoir City's financial position and operations. However, presentation of prior year totals by fund type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Total columns on the combined financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operation, or changes in cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Certain comparative data have been reclassified to present such amounts in a manner consistent with the current year's presentation.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (Continued)(ab) Operating and Non-operating Revenues

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

(ac) Recently Issued and Adopted Accounting Pronouncements

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

- Statement No. 101, "Compensated Absences."
- Statement No. 102, "Certain Risk Disclosures."

The adoption of these statements and implementation guide has had an effect on the City's financial statements. See Note 28.

(ad) Long-Term Debt**General Obligation / Revenue Bonds**

The City of Lenoir City, Tennessee, Lenoir City Schools, and Lenoir City Utilities Board issue general obligation and revenue bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation and revenue bonds have been issued to refund other general obligation and revenue bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the City of Lenoir City, Tennessee. Revenue bonds are payable solely from and secured by a pledge of net revenues of the appropriate utility division / department. General obligation and revenue bonds outstanding were issued for original terms of up to 40 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All general obligation bonds included in long-term debt as of June 30, 2025 will be retired from the debt service funds. All revenue bonds included in long-term debt as of June 30, 2025 will be retired from revenues of the appropriate utility department/division.

Direct Borrowing and Direct Placements

The City of Lenoir City, Tennessee, Lenoir City Schools, and Lenoir City Utilities Board issue other loans to provide funds for the acquisition and construction of major capital facilities. Capital outlay notes are also issued to fund the capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the City of Lenoir City, Tennessee, Lenoir City Schools, and Lenoir City Utilities Board. Capital outlay notes and other loans outstanding were issued for original terms of up to 25 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loans included in long-term debt as of June 30, 2025 will be retired from the debt service funds.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(2) Cash, Cash Equivalents and Investments

Cash – At June 30, 2025, all of the City's deposits with financial institutions were insured by federal depository insurance or by the bank's participation in the State of Tennessee Bank Collateral Pool.

Interest rates ranged from 0.00% to 2.38% at June 30, 2025.

Utilities

	Power and Light Department	Gas Department	Water and Sewer Department		Broadband Division	Stormwater	Total
			Water Division	Sewer Division			
Cash on hand and in banks:							
Unrestricted	\$ 18,920,024	\$ 5,034,098	\$ 2,678,152	\$ 2,725,327	\$ 112,079	\$ 2,591,267	\$ 32,060,947
	<u>\$ 18,920,024</u>	<u>\$ 5,034,098</u>	<u>\$ 2,678,152</u>	<u>\$ 2,725,327</u>	<u>\$ 112,079</u>	<u>\$ 2,591,267</u>	<u>\$ 32,060,947</u>

Interest rates ranged from 0.00% to 3.00% at June 30, 2025.

At June 30, 2025, all cash and cash equivalents were insured by federal depository insurance and/or insured through the State of Tennessee Bank Collateral Pool. Investment policies of the Utilities Board follow state law and bond requirements prohibiting investments that are not secured or insured by the U.S. government.

Investments – Excluding TCRS Stabilization Trust

Investments - State statutes authorize the City's investments. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, obligations of any municipality rated as to investment quality of "A" or its equivalent rating, commercial paper in the highest rating which matures within 270 days from purchase date, U.S. dollar denominated deposit accounts and federal funds and bankers' acceptances with domestic commercial banks which have a rating of "A" or its equivalent rating on their short-term certificates of deposit on the date of purchase and maturing within 360 days of the purchase date.

The City had no investments as of June 30, 2025.

TCRS Stabilization Trust

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

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Lenoir City Schools may not impose any restrictions on investments placed by the trust on their behalf.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(2) Cash, Cash Equivalents and Investments (Continued)TCRS Stabilization Trust (Continued)

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

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2025, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an interactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

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

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

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

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

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(2) Cash, Cash Equivalents and Investments (Continued)TCRS Stabilization Trust (Continued)

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

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

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

At June 30, 2025, Lenoir City Schools had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 164,884
Developed Market International Equity	N/A	N/A	74,464
Emerging Market International Equity	N/A	N/A	21,275
U.S. Fixed Income	N/A	N/A	106,377
Real Estate	N/A	N/A	53,188
Short-term Securities	N/A	N/A	5,319
Investments at Amortized Cost Using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	106,377
Total			\$ 531,884

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(2) Cash, Cash Equivalents and Investments (Continued)TCRS Stabilization Trust (Continued)

Investment by Fair Value Level	Fair Value 6/30/2025	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	\$ 164,884	\$ 164,884	\$ -	\$ -	\$ -
Developed Market					
International Equity	74,464	74,464	-	-	-
Emerging Market					
International Equity	21,275	21,275	-	-	-
U.S. Fixed Income	106,377	-	106,377	-	-
Real Estate	53,188	-	-	53,188	-
Short-term Securities	5,319	-	5,319	-	-
Private Equity and Strategic Lending	106,377	-	-	-	106,377
Total	\$ 531,884	\$ 260,623	\$ 111,696	\$ 53,188	\$ 106,377

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

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

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

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

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

For further information concerning the School's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://treasury.tn.gov/Portals/0/Documents/Annual%20Reports/Financial%20Statements/2025/2025PensiOnStabilizationReserveTrustFinancialStatements.pdf>.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(3) Capital Assets

Governmental capital asset activity for the fiscal year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 3,467,893	\$ -	\$ -	\$ 3,467,893
Capital assets, being depreciated:				
Buildings and improvements	60,872,177	2,384,191	38,800	63,217,568
Machinery and equipment	7,303,751	800,174	33,418	8,070,507
Vehicles	6,749,927	1,839,639	162,209	8,427,357
Street network	21,386,685	846,298	-	22,232,983
Total capital assets, being depreciated	96,312,540	5,870,302	234,427	101,948,415
Less accumulated depreciation for:				
Buildings and improvements	25,572,835	1,907,262	38,800	27,441,297
Machinery and equipment	5,041,818	447,098	33,418	5,455,498
Vehicles	4,415,704	471,215	129,802	4,757,117
Street network	5,434,686	290,933	-	5,725,619
Total accumulated depreciation	40,465,043	3,116,508 *	202,020	43,379,531
Capital assets, being depreciated, net	55,847,497	2,753,794	32,407	58,568,884
Governmental activities capital assets, net	\$ 59,315,390	\$ 2,753,794	\$ 32,407	\$ 62,036,777

*Depreciation expense was charged to governmental functions as follows:

General government	\$ 105,229
Public safety	535,333
Event Center	243,176
Streets	429,776
Culture and recreation	151,364
Education	1,651,630
Total depreciation expense	\$ 3,116,508

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(3) Capital Assets (Continued)

Business-type capital asset activity for the fiscal year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land and land rights	\$ 9,604,537	\$ -	\$ -	\$ 9,604,537
Construction work in progress	24,355,086	48,233,884	41,857,732	30,731,238
 Total capital assets, not being depreciated	 33,959,623	 48,233,884	 41,857,732	 40,335,775
Capital assets, being depreciated:				
Distribution plant	362,585,931	21,501,361	2,167,229	381,920,063
General plant	124,644,758	29,449,995	1,713,495	152,381,258
Nonutility assets	999,668	-	-	999,668
Stormwater	2,861,362	45,000	-	2,906,362
 Total capital assets, being depreciated	 491,091,719	 50,996,356	 3,880,724	 538,207,351
Less accumulated depreciation for:				
Distribution plant	145,001,743	11,262,532	2,629,291	153,634,984
General plant	23,456,924	6,812,938	1,072,448	29,197,414
Nonutility assets	246,210	15,885	-	262,095
Stormwater	827,442	50,581	-	878,023
 Total accumulated depreciation	 169,532,319	 18,141,936	 3,701,739	 183,972,516
 Capital assets, being depreciated, net	 321,559,400	 32,854,420	 178,985	 354,234,835
 Business-type activities capital assets, net	 \$ 355,519,023	 \$ 81,088,304	 \$ 42,036,717	 \$ 394,570,610

Depreciation expense was \$18,141,936 in 2025, including \$372,226 charged to a clearing account.

(4) Long-Term Liabilities

The City's outstanding notes and bonds payable contain provisions that, in an event of default, outstanding amounts are to become due if the City is unable to remedy/cure the default under the terms of each debt agreement.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(4) Long-Term Liabilities (Continued)

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

Governmental Activities	July 1, 2024	Additions	Retirements/ Refunded	June 30, 2025	Amounts Due Within One Year
General Obligation School Bonds, Series 2020	\$ 3,855,000	\$ -	\$ 580,000	\$ 3,275,000	\$ 605,000
Direct Borrowings and Placements:					
Energy Efficient School Initiative Loan	3,519,648	-	290,535	3,229,113	321,300
Tennessee Municipal Loan Bond Pool (#5), Series 2008	3,199,000	-	181,000	3,018,000	190,000
Tennessee Municipal Loan Bond Pool (#8), Series 2015	1,210,000	-	104,000	1,106,000	105,000
Tennessee Municipal Loan Bond Pool (#10), Series 2016	1,079,000	-	126,000	953,000	129,000
USDA Rural Development Community Facility Loan	5,707,384	-	118,061	5,589,323	120,870
USDA Rural Development Community Facility Loan	438,360	-	9,067	429,293	9,283
Total governmental activities	<u>\$ 19,008,392</u>	<u>\$ -</u>	<u>\$ 1,408,663</u>	<u>\$ 17,599,729</u>	<u>\$ 1,480,453</u>
<u>Compensated Absences</u>					
Accrued compensated absences*	<u>\$ 3,111,577</u>	<u>\$ 1,345,527</u>	<u>\$ 1,610,011</u>	<u>\$ 2,847,093</u>	<u>\$ 591,444</u>
Total compensated absences	<u>\$ 3,111,577</u>	<u>\$ 1,345,527</u>	<u>\$ 1,610,011</u>	<u>\$ 2,847,093</u>	<u>\$ 591,444</u>

*Accrued compensated absences consist of governmental funds only.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(4) Long-Term Liabilities (Continued)

Bonds and notes payable at June 30, 2025 consist of the following:

Bonds and Notes

Variable rate General Obligation Bond, Series 2020, due in annual installments ranging from \$605,000 to \$705,000 through 2030. The interest rate is 4.00%.	\$ 3,275,000
Fixed rate Energy Efficient School Initiative Loan, due in annual installments of \$367,932. The interest rate is 1.50%.	3,229,113
Tennessee Municipal Loan Bond Pool (#5), Series 2008, due in annual installments ranging from \$190,000 to \$324,000 through 2037. The interest rate varies weekly based on the issue rate of similar bonds. The interest rate at June 30, 2025 was 3.45%.	3,018,000
Tennessee Municipal Loan Bond Fund (#8), Series 2015, due in annual installments ranging from \$105,000 to \$116,000 through 2035. The interest rate is variable. The interest rate at June 30, 2025 was 3.45%.	1,106,000
Tennessee Municipal Loan Bond Fund (#10), Series 2016, due in annual installments ranging from \$129,000 to \$144,000 through 2032. The interest rate is variable. The interest rate at June 30, 2025 was 3.456%.	953,000
USDA Rural Development Community Facility Loan, due in monthly installments of principal and interest of \$21,028 through 2057. The interest rate is fixed at 2.375%.	5,589,323
USDA Rural Development Community Facility Loan, due in monthly installments of principal and interest of \$1,615 through 2057. The interest rate is fixed at 2.375%.	<u>429,293</u>
Total bonds and notes	17,599,729
Unamortized bond premium	<u>262,245</u>
	<u>\$ 17,861,974</u>

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(4) Long-Term Liabilities (Continued)

Business-Type Activities	July 1, 2024	Additions	Retirements	June 30, 2025	Due Within One Year
<u>Bonds Payable</u>					
Tennessee Municipal Loan					
Bond Pool:					
Electric Revenue Bond					
Series 2020B	\$ 45,310,000	\$ -	\$ 2,565,000	\$ 42,745,000	\$ 2,615,000
Series 2022	51,220,000	-	910,000	50,310,000	955,000
Series 2025	-	9,085,540	-	9,085,540	334,224
Series 2003 -					
Water	1,533,000	-	236,000	1,297,000	244,000
Series 2005 -					
Sewer	550,000	-	84,000	466,000	87,000
Series 2008 -					
Water	3,133,000	-	183,000	2,950,000	191,000
Sewer	3,447,000	-	201,000	3,246,000	210,000
Series 2021A -					
Water	501,174	-	501,174	-	-
Series 2021B -					
Water	1,200,000	-	100,000	1,100,000	100,000
Series 2021C -					
Sewer	803,250	-	89,250	714,000	89,250
Series 2021D -					
Sewer	800,000	-	66,667	733,333	66,667
Total bonds payable	108,497,424	9,085,540	4,936,091	112,646,873	4,892,141

Direct Borrowings and Placements:Notes Payable

Gas Department - Capital

Outlay Note

Series 2021A	125,388	-	125,388	-	-
Caterpillar		135,209	7,954	127,255	16,359

Water and Sewer Department -

Sewer Division State Revolving

Loan (SRF2001-155)

	25,465	-	25,465	-	-
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Water and Sewer Department -

Sewer Division State Revolving

Loan (SRF2006-191)

	308,766	-	61,920	246,846	62,916
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Water and Sewer Department -

Sewer Division State Revolving

Loan (SRF2009-238)

	753,984	-	85,038	668,946	87,520
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CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(4) Long-Term Liabilities (Continued)

Business-Type Activities	July 1, 2024	Additions	Retirements	June 30, 2025	Due Within One Year
Direct Borrowings and Placements (Continued):					
<u>Notes Payable (Continued)</u>					
Water and Sewer Department - Sewer Division State Revolving Loan (SRF2008-218)	\$ 4,618,891	\$ -	\$ 600,936	\$ 4,017,955	\$ 609,828
Water and Sewer Department - Sewer Division State Revolving Loan (SRF2015-342)	1,362,260	-	86,844	1,275,416	88,008
Water and Sewer Department - Sewer Division State Revolving Loan (SRF2018-402)	833,962	-	51,852	782,110	52,500
Total notes payable	8,028,716	135,209	1,045,397	7,118,528	917,131
Total	116,526,140	9,220,749	5,981,488	119,765,401	5,809,272
Unamortized Premiums	6,390,690	-	410,547	5,980,143	-
Total	122,916,830	9,220,749	6,392,035	125,745,544	5,809,272
<u>Compensated Absences</u>					
Accrued compensated absences - Stormwater Fund only*	141,313	8,526	26,460	123,379	33,986
Total compensated absences	141,313	8,526	26,460	123,379	33,986
	<u>\$ 123,058,143</u>	<u>\$ 9,229,275</u>	<u>\$ 6,418,495</u>	<u>\$ 125,868,923</u>	<u>\$ 5,843,258</u>

*Lenoir City Utilities Board compensated absences are all considered to be current liabilities.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(4) Long-Term Liabilities (Continued)

Bonds and notes payable at June 30, 2025 consist of the following:

Bonds Payable

Electric Revenue Bond Series, Series 2020B. Annual principal installments ranging from \$2,615,000 in 2026 to \$2,730,000 in 2041. Interest on this bond is fixed at 1.7154%. \$ 42,745,000

Electric Revenue Bond Series, Series 2022. Annual principal installments ranging from \$955,000 in 2026 to \$3,095,000 in 2052. Interest on this bond is variable and the interest rate at June 30, 2025 was 3.99%. 50,310,000

Electric Revenue Bond Series, Series 2025. Annual principal installments ranging from \$1,199,653 in 2026 to \$1,599,536 in 2045. Interest on this bond is variable at prime rate minus 2.50% with a floor of 2.75%. The interest rate at June 30, 2025 was 5.00%. 9,085,540

The Lenoir City Utilities Board Water and Sewer Department - Water Division has a Water Improvement Loan through the Tennessee Municipal Loan Bond Fund, Series 2003. The Water Improvement Loan is for a total of \$5,000,000. Annual principal installments range from \$244,000 in 2026 to \$276,000 in 2030. Interest on this bond is variable and the interest rate at June 30, 2025 was 3.45%. 1,297,000

The Lenoir City Utilities Board Water and Sewer Department - Sewer Division borrowed \$1,700,000 through the Tennessee Municipal Loan Bond Fund, Series 2005. Annual principal installments range from \$87,000 in 2026 to \$100,000 in 2030. Interest on this bond is variable and the interest rate at June 30, 2025 was 3.45%. 466,000

The Lenoir City Utilities Board Water and Sewer Department - Water Division borrowed \$5,000,000 through the Tennessee Municipal Loan Bond Fund, Series 2008. Annual principal installments range from \$191,000 in 2026 to \$310,000 through 2037. Interest on this bond is variable and the interest rate at June 30, 2025 was 3.45%. 2,950,000

The Lenoir City Utilities Board Water and Sewer Department - Sewer Division borrowed \$5,500,000 through the Tennessee Municipal Loan Bond Fund, Series 2008. Annual principal installments range from \$210,000 in 2026 to \$341,000 through 2037. Interest on this bond is variable and the interest rate at June 30, 2025 was 3.45%. 3,246,000

Water Revenue Bond Series, Series 2021B. Annual principal installments of \$100,000 are due through March 23, 2036. Interest on this bond is fixed at 1.69%. 1,100,000

Sewer Revenue Bond Series, Series 2021C. Annual principal installments of \$89,250 are due through March 24, 2033. Interest on this bond is fixed at 1.79%. 714,000

Sewer Revenue Bond Series, Series 2021D. Annual principal installments of \$66,667 are due through March 24, 2036. Interest on this bond is fixed at 1.69%. 733,333

Total bonds payable 112,646,873

Less current installments 4,892,141

Total long-term debt, excluding current maturities 107,754,732

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(4) Long-Term Liabilities (Continued)Notes Payable

5.49% Caterpillar Note, payable in 84 monthly principal and interest installments of \$1,913 through 2032.	\$ 127,255
1.60% Sewer Department State Revolving Loan, payable in monthly principal and interest installments of \$5,534 through 2029.	246,846
2.88% CGA Sewer Department State Revolving Loan, payable in monthly principal and interest installments of \$8,927 through 2031.	668,946
1.47% Sewer Department State Revolving Loan, payable in monthly principal and interest installments of \$55,400 through 2032.	4,017,955
1.33% Sewer Department State Revolving Loan, payable in monthly principal and interest installments of \$8,703 through 2039.	1,275,416
1.24% Sewer Department State Revolving Loan, payable in monthly principal and interest installments of \$5,158 through 2039.	<u>782,110</u>
Total notes payable	7,118,528
Less current maturities	<u>917,131</u>
	<u>6,201,397</u>
Total long-term debt, excluding current maturities	<u>\$ 113,956,129</u>

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)

(4) Long-Term Liabilities (Continued)

Principal and Interest Requirements

The annual requirements to amortize long-term liabilities as of June 30, 2025 are as follows:

	Governmental Activities					
	Bonds		Direct Borrowings and Placements		Total	
	Principal	Interest*	Principal	Interest*	Principal	Interest*
2026	\$ 605,000	\$ 131,000	\$ 875,453	\$ 424,690	\$ 1,480,453	\$ 555,690
2027	630,000	106,800	895,426	396,973	1,525,426	503,773
2028	655,000	81,600	917,558	368,505	1,572,558	450,105
2029	680,000	55,400	939,826	339,232	1,619,826	394,632
2030	705,000	28,200	964,258	309,100	1,669,258	337,300
2031-2035	-	-	4,532,137	1,085,801	4,532,137	1,085,801
2036-2040	-	-	1,498,602	540,756	1,498,602	540,756
2041-2045	-	-	974,632	383,947	974,632	383,947
2046-2050	-	-	1,097,392	261,188	1,097,392	261,188
2051-2055	-	-	1,235,616	122,964	1,235,616	122,964
2056-2058	-	-	393,829	7,389	393,829	7,389
Draw s not taken**	-	-	-	-	-	-
	<u>\$ 3,275,000</u>	<u>\$ 403,000</u>	<u>\$ 14,324,729</u>	<u>\$ 4,240,545</u>	<u>\$ 17,599,729</u>	<u>\$ 4,643,545</u>

	Business-Type Activities							
	Bonds		Direct Borrowings and Placements		Total		Grand Total	
	Principal	Interest*	Principal	Interest*	Principal	Interest*	Principal	Interest*
2026	\$ 4,892,141	\$ 4,540,568	\$ 917,131	\$ 109,001	\$ 5,809,272	\$ 4,649,569	\$ 7,289,725	\$ 5,205,259
2027	5,308,684	4,494,673	932,485	93,646	6,241,169	4,588,319	7,766,595	5,092,092
2028	5,465,597	4,301,681	948,135	77,996	6,413,732	4,379,677	7,986,290	4,829,782
2029	5,641,143	4,102,156	953,086	62,070	6,594,229	4,164,226	8,214,055	4,558,858
2030	5,818,405	3,895,394	913,281	46,442	6,731,686	3,941,836	8,400,944	4,279,136
2031-2035	28,150,931	16,315,535	1,887,296	79,564	30,038,227	16,395,099	34,570,364	17,480,900
2036-2040	28,367,672	11,413,738	567,114	13,210	28,934,786	11,426,948	30,433,388	11,967,704
2041-2045	20,361,833	6,570,832	-	-	20,361,833	6,570,832	21,336,465	6,954,779
2046-2050	13,494,927	3,053,958	-	-	13,494,927	3,053,958	14,592,319	3,315,146
2051-2055	6,060,000	398,650	-	-	6,060,000	398,650	7,295,616	521,614
2056-2058	-	-	-	-	-	-	393,829	7,389
Draw s not taken**	-	-	-	-	-	-	-	-
	\$ 123,561,333	\$ 59,087,185	\$ 7,118,528	\$ 481,929	\$ 130,679,861	\$ 59,569,114	\$ 148,279,590	\$ 64,212,659

* The City uses a 5.00% to 5.50% rate for calculating future interest on all variable rate debt. The rates at June 30, 2025 ranged from 1.5% to 5.50%.

** Represents available loan funds that had not yet been drawn as of June 30, 2025.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(5) Accrued Expenses – Utilities/Stormwater Fund

Accrued expenses for proprietary funds consisted of the following:

LCUB – Compensated absences – sick leave	\$ 4,558,127
LCUB – Compensated absences – vacation leave	1,106,278
LCUB – Other	649,331
Stormwater Fund – Payroll and payroll liabilities	134,813
	<u>\$ 6,448,549</u>

All compensated absences are considered current.

(6) Retirement Plans**City of Lenoir City, Tennessee**

The City of Lenoir City, the Lenoir City Board of Education and the Lenoir City Utilities Board have defined benefit retirement plans. Information concerning these public employee retirement systems (PERS) is as follows:

LENOIR CITY, TENNESSEE'S RETIREMENT INCOME PLANGeneral Information about the Pension Plan

Plan Description. The following description of the City of Lenoir City, Tennessee's Retirement Income Plan for Employees of the City of Lenoir City (the "Plan") is provided for general information only. Participants should refer to the Plan documents for a more complete description of the Plan's provisions.

The Plan is a cost sharing multiple employer public employee, defined benefit pension plan established by the City of Lenoir City, Tennessee (the "City") effective January 1, 2003 and amended and restated effective July 1, 2008 to provide retirement benefits to employees of the City that are age eighteen or older. This plan only covers certain employees of the City of Lenoir City and the Lenoir City Housing Authority. Employees of the Lenoir City Board of Education and the Lenoir City Utilities Board are not covered by this Plan. The City closed this plan to new membership on March 31, 2016, but will continue providing benefits to existing members and retirees. All eligible employees hired after that date will participate in the City's TCRS plan.

Benefits provided. The Plan provides retirement, disability and death benefits for all eligible full-time employees who are 18 years of age, and have completed twelve months of service. The normal retirement date is the first day of the month coinciding with or next following attainment of age 65 or completion of 10th year of credited service, whichever is later. The monthly normal retirement benefit for the Plan participants is calculated as 1.8% of the participant's average monthly earnings multiplied by the number of years and completed months of credited services at his Normal Retirement Date shall be entitled to a minimum pension in an amount equal to 30% of his average monthly earnings. The normal benefit amount a retiree will receive will be in the form of a monthly annuity. At retirement, a participant may elect the normal form of benefit (10 years certain and life), or one of the following options: life annuity, 50, 75, or 100% Joint and survivor annuity, 5, 10, or 15 years of certain and life, or a lump sum. Early retirement age is the date the participant has both attained age 52 and with ten years of credited service. Any participant who has attained early retirement age may elect early retirement for a reduced benefit.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**LENOIR CITY, TENNESSEE'S RETIREMENT INCOME PLAN (Continued)**General Information about the Pension Plan (Continued)

Employees covered by benefit terms. Below is a summary of the participants at July 1, 2024:

Inactive Plan Participants as of July 1, 2024

a). Retirees and beneficiaries currently receiving benefits	24
b). Terminated employees entitled to deferred benefits	32
c). Disabled employees entitled to deferred benefits	0
d). Total	<u>56</u>

Active Plan Participants as of July 1, 2024

a). Vested (Fully and Partially)	17
b). Partial Vested	0
c). Non-Vested	0
d). Total	<u>17</u>

Contributions. The Plan is funded by participant and employer contributions. Participants contribute biweekly to the Lenoir City Plan through their payroll deductions. Employer contributions are credited to participant accounts at year-end. The amount of the employer contribution is determined by an actuarial study, calculated in accordance with the standards of practice established by the Actuarial Standards Board of the American Academy of Actuaries. The Board of Mayor and Aldermen (Board) has the authority to amend the contribution policy. For the year ended June 30, 2025, total employer contributions were \$274,175 and total employee contributions were \$41,933. Actuarially determined contributions to the Lenoir City Plan are determined each year as part of the actuarial valuation process. Costs to administer the Lenoir City Plan are paid by the employer's contributions in excess of the actuarial recommended contributions. These contributions are determined according to the following contribution policy:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level dollar amortization of unfunded liabilities
Asset Valuation Method:	Fair Market Value

Net Pension Liability

At June 30, 2024, the City reported a liability of \$2,668,092 for the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For the year ended June 30, 2025, the City recognized pension expense of \$217,047.

Actuarial Assumptions. The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent per annum
Salary increases	2.00 percent per annum
Investment rate of return	6.50 percent per annum

Mortality rates were based on the 2024 IRS Combined Static Mortality Table.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**City of Lenoir City, Tennessee (Continued)****LENOIR CITY, TENNESSEE'S RETIREMENT INCOME PLAN (Continued)****Net Pension Liability (Continued)**

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return¹</u>
Domestic Equity - Small Cap	6.99%
Domestic Equity - Large Cap	6.54%
Domestic Equity - Mid Cap	6.99%
International Equity	7.08%
International Equity - Emerging Markets	7.89%
Core US Bonds	3.49%
TIPS	2.64%
High Yield Bonds	4.95%

¹Horizon Capital Market Assumptions 2022 Edition

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Board's contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to meet all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Beginning balance*	<u>\$ 7,054,213</u>	<u>\$ 4,076,999</u>	<u>\$ 2,977,214</u>
Changes for the year:			
Service cost	37,851	-	37,851
Interest expense	452,978	-	452,978
Changes of benefit terms	-	-	-
Experience (Gains)/Losses	29,591	-	29,591
Changes of assumptions	-	-	-
Contributions - employer	-	285,169	(285,169)
Contributions - employee	-	45,090	(45,090)
Expected investment return	-	518,519	(518,519)
Difference between expected and actual returns	-	-	-
Benefits paid	(243,423)	(243,423)	-
Plan administrative expenses	-	(19,236)	19,236
Other	-	-	-
Net changes	<u>276,997</u>	<u>586,119</u>	<u>(309,122)</u>
Ending balance*	<u>\$ 7,331,210</u>	<u>\$ 4,663,118</u>	<u>\$ 2,668,092</u>

June 30, 2024 is the measurement date and the valuation date for the reporting date is June 30, 2025.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**City of Lenoir City, Tennessee** (Continued)**LENOIR CITY, TENNESSEE'S RETIREMENT INCOME PLAN** (Continued)Changes in the Net Pension Liability (Continued)

Sensitivity of the net pension liability to changes in discount rate. The following presents the net pension liability calculated using the discount rate of 6.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease 5.50%	Current Rate 6.50%	1% Increase 7.50%
Net Pension Liability	\$ 3,312,733	\$ 2,668,092	\$ 1,672,924

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*Pension Expense Calculation for June 30, 2025 Financial Statement*

Service cost	\$ 37,851
Interest	452,978
Employee contributions	(45,090)
Projected investment earnings	(267,202)
Amortization of experience	29,591
Amortization of investment income	(10,317)
Amortization of assumption changes	-
Administrative expense	19,236
Other changes	-
Pension Expense (Income)	<u>\$ 217,047</u>

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings	250,394	340,341
Changes of assumptions	-	-
Contributions made subsequent to measurement date	274,175	-
	<u>\$ 524,569</u>	<u>\$ 340,341</u>

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**City of Lenoir City, Tennessee** (Continued)**LENOIR CITY, TENNESSEE'S RETIREMENT INCOME PLAN** (Continued)Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$274,175 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred inflows/outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Total
2026	\$ (32,295)
2027	58,904
2028	(66,291)
2029	(50,265)
2030	-
Thereafter	-

PSPP Plan

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

Benefits provided. Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for 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 percent 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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	22
Active employees	68
	<u>103</u>

CITY OF LENOIR CITY, TENNESSEE
Notes to Basic Financial Statements
(Continued)

(6) Retirement Plans (Continued)

City of Lenoir City, Tennessee (Continued)

PSPP Plan (Continued)

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 4 percent of salary. Lenoir City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2025, employer contributions for Lenoir City were \$145,804 for general staff, \$506,177 for public safety employees and \$20,642 for stormwater employees based on a rate of 10.96 percent for general staff covered payroll, 14.46 percent for public safety employees covered payroll and 10.96 percent for stormwater employees covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Lenoir 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 costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Pension liabilities (assets). Lenoir City's net pension liability (asset) was measured as of June 30, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2024 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.

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

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)6) Retirement Plans (Continued)**City of Lenoir City, Tennessee (Continued)****PSPP Plan (Continued)****Net Pension Liability (Asset) (Continued)**

expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Expected Real Rate of Return</u>	<u>Target Allocation</u>
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%
		<u>100%</u>

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

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

Changes in the Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at 6/30/23	\$ 8,795,839	\$ 6,541,455	\$ 2,254,384
Changes for the year:			
Service cost	429,909	-	429,909
Interest	614,050	-	614,050
Change of benefit terms	-	-	-
Differences between expected and actual experience	117,148	-	117,148
Changes in assumptions	-	-	-
Contributions - employer	-	618,246	(618,246)
Contributions - employees	-	170,967	(170,967)
Net investment income	-	664,296	(664,296)
Benefit payments, including refunds of employee contributions	(257,431)	(257,431)	-
Administrative expense	-	(5,355)	5,355
Other changes	-	-	-
Net changes	903,676	1,190,723	(287,047)
Balance at 6/30/24	\$ 9,699,515	\$ 7,732,178	\$ 1,967,337

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**City of Lenoir City, Tennessee (Continued)****PSPP Plan (Continued)****Changes in the Net Pension Liability (Asset) (Continued)**

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Lenoir City's net pension liability (asset)	\$ 3,367,707	\$ 1,967,337	\$ 819,509

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

Pension expense (negative pension expense). For the year ended June 30, 2025, Lenoir City recognized pension expense (negative pension expense) of \$824,395.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2025, Lenoir City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,371,335	\$ 304,326
Net difference between projected and actual earnings on pension plan investments	-	75,817
Changes in assumptions	388,838	-
Contributions subsequent to the measurement date of June 30, 2024	672,623	N/A
Total	<u>\$ 2,432,796</u>	<u>\$ 380,143</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2024," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2024," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:	Total
2026	\$ 390,909
2027	534,793
2028	390,196
2029	48,167
2030	30,463
Thereafter	(14,498)

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

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**City of Lenoir City, Tennessee (Continued)****PSPP Plan (Continued)****Payable to the Pension Plan**

At June 30, 2025, Lenoir City reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

Lenoir City Board of Education**PSPP Plan**

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

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

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

Employees covered by benefit terms. At the measurement date of June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	80
Inactive employees entitled to but not yet receiving benefits	154
Active employees	116
	350

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Lenoir City Schools makes employer contributions at the rate set by the Board of Trustees as determined by an

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Board of Education (Continued)****PSPP Plan (Continued)**

actuarial valuation. For the year ended June 30, 2025, employer contributions for Lenoir City Schools were \$330,827 based on a rate of 6.77 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Lenoir City Schools' state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Pension liabilities (assets). Lenoir City Schools' net pension liability (asset) was measured as of June 30, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2024 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.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
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%
		<u>100%</u>

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Board of Education (Continued)****PSPP Plan (Continued)****Net Pension Liability (Asset) (Continued)**

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/23	<u>\$ 12,915,554</u>	<u>\$ 12,832,371</u>	<u>\$ 83,183</u>
Changes for the year:			
Service cost	401,364	-	401,364
Interest	882,620	-	882,620
Differences between expected and actual experience	45,001	-	45,001
Changes in assumptions	-	-	-
Contributions - employer	-	279,736	(279,736)
Contributions - employees	-	212,137	(212,137)
Net investment income	-	1,252,507	(1,252,507)
Benefit payments, including refunds of employee contributions	(482,126)	(482,126)	-
Administrative expense	-	(14,565)	14,565
Net changes	<u>846,859</u>	<u>1,247,689</u>	<u>(400,830)</u>
Balance at 6/30/24	<u>\$ 13,762,413</u>	<u>\$ 14,080,060</u>	<u>\$ (317,647)</u>

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Board of Education (Continued)****PSPP Plan (Continued)****Changes in the Net Pension Liability (Asset) (Continued)**

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Lenoir City Schools' net pension liability (asset)	\$ 1,556,022	\$ (317,647)	\$ (1,860,236)

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

Pension expense (Negative pension expense). For the year ended June 30, 2025, Lenoir City Schools recognized pension expense (negative pension expense) of \$329,851.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2025, Lenoir City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 246,632	\$ 45,810
Net difference between projected and actual earnings on pension plan investments	-	150,204
Change in assumptions	194,131	-
Contributions subsequent to the measurement date of June 30, 2024	330,827	-
Total	<u>\$ 771,590</u>	<u>\$ 196,014</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2024," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Board of Education** (Continued)**PSPP Plan (Continued)****Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

Year Ended June 30:	Total
2026	\$ 78,555
2027	308,862
2028	(65,368)
2029	(77,300)
2030	-
Thereafter	-

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

Payable to the Pension Plan

At June 30, 2025, Lenoir City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

SETHEPP Plan

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

Teachers employed by Lenoir City Schools with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees.

Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Board of Education (Continued)****SETHEPP Plan (Continued)**

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service 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 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Lenoir City Schools for the year ended June 30, 2025 to the Teacher Legacy Pension Plan were \$508,052 which is 6.36 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension liabilities (assets). At June 30, 2025, the Lenoir City Schools reported an asset of (\$4,131,844) for its proportionate share of net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Lenoir City Schools' proportion of the net pension liability was based on Lenoir City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2024, Lenoir City Schools' proportion was 0.239824 percent. The proportion measured as of June 30, 2023 was 0.230960 percent.

Pension expense (negative pension expense). For the year ended June 30, 2025, Lenoir City Schools recognized a pension expense (negative pension expense) of \$865,320.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Board of Education** (Continued)**SETHEPP Plan** (Continued)**Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2025, Lenoir City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,101,853	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	804,715
Changes in proportion of Net Pension Liability (Asset)	46,285	117,835
Lenoir City School's contributions subsequent to the measurement date of June 30, 2024	<u>508,052</u>	<u>N/A</u>
Total	<u>\$ 1,656,190</u>	<u>\$ 922,550</u>

Lenoir City Schools' employer contributions of \$508,052, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction (increase) to net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2026	\$ (475,055)
2027	1,544,175
2028	(419,845)
2029	(423,687)
2030	-
Thereafter	-

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

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Board of Education (Continued)****SETHEPP Plan (Continued)****Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Actuarial assumptions. The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2024 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.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
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%
		<u>100%</u>

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

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Board of Education** (Continued)**SETHEPP Plan (Continued)****Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Lenoir City Schools' proportionate share of the net pension liability (asset)	\$ 5,248,873	\$ (4,131,844)	\$ (11,911,868)

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

Payable to the Pension Plan

At June 30, 2025, Lenoir City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

Teacher Retirement Plan

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

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Board of Education (Continued)****Teacher Retirement Plan (Continued)**

Teachers employed by Lenoir City Schools with memberships in TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or automatic cost controls set out in law. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Lenoir City Schools for the year ended June 30, 2025 to the Teacher Retirement Plan were \$233,866, which is 3.00 percent of covered payroll. In addition, employer contributions of \$75,929, which is 1.00 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Board of Education (Continued)****Teacher Retirement Plan (Continued)****Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Pension liabilities (assets). At June 30, 2025, Lenoir City Schools reported a liability (asset) of (\$193,145) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. Lenoir City Schools' proportion of the net pension liability (asset) was based on Lenoir City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2024, Lenoir City Schools' proportion was 0.271039 percent. The proportion measured as of June 30, 2023 was 0.244324 percent.

Pension expense (negative pension expense). For the year ended June 30, 2025, Lenoir City Schools recognized a pension expense (negative pension expense) of \$157,317.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2025, Lenoir City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,954	\$ 59,339
Net difference between projected and actual earnings on pension plan investments	-	32,581
Changes in assumptions	76,752	-
Changes in proportion of Net Pension Liability (Asset)	7,703	46,230
LEA's contributions subsequent to the measurement date of June 30, 2024	233,866	N/A
Total	<u>\$ 334,275</u>	<u>\$ 138,150</u>

Lenoir City Schools' employer contributions of \$233,866, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2026	\$ (22,942)
2027	22,134
2028	(16,083)
2029	(15,904)
2030	(76)
Thereafter	(4,870)

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

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Board of Education (Continued)****Teacher Retirement Plan (Continued)****Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Actuarial assumptions. The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2024 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.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
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%
		<u>100%</u>

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

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)

(6) Retirement Plans (Continued)

Lenoir City Board of Education (Continued)

Teacher Retirement Plan (Continued)

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Lenoir City Schools' proportionate share of the net pension liability (asset)	\$ 509,385	\$ (193,145)	\$ (715,973)

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

Payable to the Pension Plan

At June 30, 2025, Lenoir City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

Lenoir City Utilities Board Pension Plan

General Information about the Pension Plan

Plan Description. Lenoir City Utilities Board Pension Plan (the Plan), provides pensions for all eligible employees of Lenoir City Utilities Board. The Board administers the Plan and establishes and amends all plan provisions. The Plan issues a publicly available financial report than can be obtained upon request at the Utilities Board's office. The Plan is a single-employer plan. However, in these stand-alone departmental financial statements the Utilities Board has applied the cost-sharing employer requirements of GASB Statement No. 68.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Utilities Board Pension Plan (Continued)**General Information about the Pension Plan (Continued)

Benefits provided. The Plan provides retirement, disability and death benefits for all full time employees who are 18 years of age, have completed twelve months of service and have an agreement in writing to make required contributions. The eligible employee will become a participant effective the first day of the month following on which the employee meets the eligibility requirements. The normal retirement date is the first day of the month coinciding with or next following attainment of age 64 or 34 years of service, whichever is earlier. The monthly normal retirement benefit for the Plan participants is calculated as fifty percent of average compensation adjusted for years of service less than 15 years. The normal form of benefit paid is a 10 year certain and continuous annuity for single participants, actuarially equivalent joint & 50% survivor annuity for married participants. Early retirement age is the date the participant has both attained age 50 and with ten years of credited service. Any participant who has attained early retirement age may elect early retirement for a reduced benefit. Benefit terms do provide up to 3.0% cost-of-living adjustments based on the CPI for Urban Consumers. This applies only to individuals who choose a monthly benefit in lieu of lump sum distribution. Participants hired after August 31, 2011 are not eligible to receive a lump sum distribution of their total benefits.

Employees covered by benefit terms. Below is a reconciliation of participants from July 1, 2023 to June 30, 2024:

		Active	Deferred Vested	Retired	Beneficiaries	Total
7/1/2023	Participants	157	26	1	2	186
	New Participants	18				18
	Vested Terminations	(13)	13			0
	Nonvested Terminations	(2)	1			(1)
	Rehires					0
	Lump Sum Payments	(5)	(1)			(6)
	Retired	(2)		2		0
	Deceased		(1)			(1)
	Beneficiaries				1	1
	Data Corrections					0
6/30/2024	Participants	153	38	3	3	197

Contributions. The Utilities Board has the authority to establish and amend the contribution requirements of the Departments. The Utilities Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, the Utilities Board's average contribution rate was 9.7%. Contributions to the Plan from the Utilities Board were \$1,261,625 for the year ended June 30, 2025.

Net Pension Liability

At June 30, 2025, the Utilities Board reported a liability of \$4,868,971 for the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For the year ended June 30, 2025, the Utilities Board recognized pension expense of \$1,593,807.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Utilities Board Pension Plan** (Continued)Net Pension Liability (Continued)

Actuarial Assumptions. The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00 percent per annum
Salary increases	3.00 percent per annum
Investment rate of return	7.00 percent per annum

Mortality rates were based on the Mortality Table PRI-2012 Blue Collar with Mortality Improvement.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period from July 1, 2014 through June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a modified building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of forward-looking rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity — Small Cap	7.56%
Domestic Equity — Large Cap	7.06%
Domestic Equity — Mid Cap	7.56%
International Equity	7.48%
International Equity — Emerging Markets	8.42%
Fixed Income	3.56%
Cash	2.25%

Discount Rate

7.00% per annum, compounded annually

Paragraph 43 of Statement No. 67 provides for an alternative method to be used other than the projection of the pension plan's fiduciary net position based on projected contributions, benefit payments and investment earnings. The annual recommended contribution is based on the Entry Age Normal Funding Method where the contribution is equal to the normal cost plus the 30-year closed amortization of the unfunded liabilities. The discount rate utilized assumes that employee contributions will be made at the current applicable rate and that contributions from the employer will be made at the actuarial determined contribution rate pursuant to an actuarial valuation in accordance with the pension funding policy of Lenoir City Utilities Board and as required to be paid by state statute. Based on these assumptions and the actuarial methodology adopted, the employer's fiduciary net position is expected to remain positive and to be available to make projected future benefit payments of current active and inactive members and to cover administration expenses. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Utilities Board Pension Plan** (Continued)Net Pension Liability (Continued)**Discount Rate** (Continued)

Historically, participants have elected a lump sum distribution. The discount rate to determine the lump sum value is 4.00% which is set in the plan document. Therefore, the lump sum distributions are being discounted at 7.00%. For participants hired after September 1, 2011, the lump sum distribution option is not available.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Beginning balance	\$ 41,869,360	\$ 36,690,496	\$ 5,178,864
Changes for the year:			
Service cost	997,302	-	997,302
Interest expense	2,849,680	-	2,849,680
Difference between expected and actual experience	1,632,318	-	1,632,318
Changes of assumptions	-	-	-
Contributions - employer	-	1,027,977	(1,027,977)
Contributions - employee	-	313,611	(313,611)
Difference between expected and actual returns	-	2,121,956	(2,121,956)
Net investment income	-	2,459,615	(2,459,615)
Benefits paid	(4,313,908)	(4,313,908)	-
Plan administrative expenses	-	(133,965)	133,965
Net changes	1,165,392	1,475,286	(309,894)
Ending balance	\$ 43,034,752	\$ 38,165,782	\$ 4,868,970

Note: June 30, 2024 is the measurement date and the reporting date is June 30, 2025.

Sensitivity of the net pension liability to changes in discount rate. The following presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 8,008,626	\$ 4,868,970	\$ 2,106,490

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

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(6) Retirement Plans (Continued)**Lenoir City Utilities Board Pension Plan (Continued)**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

	Fiscal Year Ended June 30, 2025
Service cost	\$ 997,302
Interest	2,849,680
Benefit changes	-
Contributions--members	(313,611)
Expected investment return	(2,459,615)
Recognition for the current year:	
Economic/demographic gains or losses	181,368
Investment gains or losses	(424,392)
Assumption changes or inputs	-
Recognition of Deferred Outflows/Inflows of Resources:	
Recognition of economic/demographic gains or losses	459,999
Recognition of investment gains or losses	374,483
Recognition of assumption changes or inputs	(205,372)
Plan administrative expenses	133,965
Pension Expense	\$ 1,593,807

At June 30, 2025, the Utilities Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,292,900	\$ 265,359
Net difference between projected and actual earnings	3,437,758	3,312,733
Changes of assumptions	-	1,026,860
Contributions made subsequent to measurement date	1,261,626	-
	\$ 7,992,284	\$ 4,604,952

The \$1,261,626 reported as deferred outflows of resources related to pensions resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ 125,670
2027	1,390,984
2028	(327,908)
2029	(225,191)
2030	-
Thereafter	1,162,151

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(7) Fair Value Measurements**The Retirement Income Plan for Employees of the City of Lenoir City, Tennessee**

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2025:

		Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	June 30, 2025			
Investments by fair value level				
Debt securities				
Mutual funds - fixed income	\$ 964,291	\$ 964,291	\$ -	\$ -
Corporate - fixed income	52,621	-	52,621	-
Municipal - fixed income	189,665	-	189,665	-
Other - fixed income	422,101	-	-	422,101
US government obligations	551,848	-	551,848	-
Total debt securities	2,180,526	964,291	794,134	422,101
Equity securities				
Exchange traded funds	1,752,075	1,752,075	-	-
Mutual funds - equity	903,656	903,656	-	-
Total equity securities	2,655,731	2,655,731	-	-
Total investments	\$ 4,836,257	\$ 3,620,022	\$ 794,134	\$ 422,101

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a pricing service that use matrix pricing. A level 2 input would be a price or yield of a similar debt security.

Investments for which observable market prices in active markets do not exist are reported at fair value, as determined by the financial institution.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 Inputs):

	2025
Certificates of deposit:	
Beginning balance	\$ 513,479
Additions	150,000
Redemptions	(225,000)
Change in market value	(16,378)
Ending balance	\$ 422,101

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(7) Fair Value Measurements (Continued)**Lenoir City Utilities Board Employees' Retirement Plan**

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2025:

	June 30, 2025	Fair Value Measurement using Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments by fair value level:		
Mutual funds:		
Equities	\$ 19,503,043	\$ 19,503,043
Fixed Income	9,949,803	9,949,803
Exchange Traded Funds	8,052,355	8,052,355
	<u>\$ 37,505,201</u>	<u>\$ 37,505,201</u>

Mutual funds and exchange traded funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

(8) Other Postemployment Benefits (OPEB)**City of Lenoir City, Tennessee**

Postemployment health care and prescription drug benefits are available to permanent full-time employees of the City. Hospitalization insurance is provided to retired employees until age 65 or until eligible for Medicare. Dental and vision benefits are provided up to a cap of \$2,000 per year.

Plan Description

The City of Lenoir City, Tennessee Retiree Medical and Prescription Drug Plan (LCRMPDP) is a single-employer defined benefit healthcare plan administered by the City of Lenoir City, Tennessee. LCRMPDP provides medical and prescription drug benefits to eligible retirees. The City has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

(Latest Information Available)

Employees Covered by Benefit Terms

At July 1, 2024, the following employees of the City of Lenoir City, Tennessee were covered by the benefit terms of the Local Government OPEB Plan (LGOP):

Active employees	84
Retirees, including covered spouses (Non-Public Safety)	8
Total	<u>92</u>

Summary of Plan Provisions*Benefits Provided*

The medical and prescription drug benefits provided are identical to those benefits provided to active employees under the City of Lenoir City medical plan.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**City of Lenoir City, Tennessee** (Continued)Summary of Plan Provisions (Continued)*Plan Participation*

100% of future eligible retirees are assumed to elect medical coverage upon retirement.

Dependent Coverage

There is no provision for spouse or dependent coverage under the retiree medical plan.

Expected Long-Term Rate of Return on Plan Assets

Not applicable

Actuarial Valuation Methods

Entry Age Normal

Asset Valuation Method

Not applicable

Valuation Date

July 1, 2025

Funding Policy

The benefits of the City of Lenoir City Post Employments Benefits Other Than Pensions are funded on a pay-as-you-go basis. The company funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for postretirement benefits.

*Benefit Eligibility – Medical and Life***Non-TCRS (Tennessee Consolidated Retirement System) Employee**

In order to qualify for retiree insurance (health and dental/vision), one must be at least 62 years of age and have worked at least 25 years with the City in a full-time capacity. If retiree meets the requirements, premiums for health and dental/vision insurance will be covered by the City at 100% until retiree reaches Medicare eligibility.

TCRS (Tennessee Consolidated Retirement System) Non-Public Safety Employee

In order to qualify for retiree insurance (health and dental/vision), one must be at least 60 years of age and have at least 25 years of service under the TCRS umbrella in a full-time capacity, retiree shall pay to the City an amount equal to 10% of individual premiums (for the health insurance only; dental/vision is no charge) until reaching 62 years of age. At 62 years of age, the City will begin covering the health and dental/vision insurance at 100% until retiree reaches Medicare eligibility.

TCRS (Tennessee Consolidated Retirement System) Public Safety Employee

If such employee retires at 55 years of age (up to 60) and 25 years of service under the TCRS umbrella in a full-time capacity, retiree shall pay to the City an amount equal to 10% of individual premiums (for the health insurance only; dental/vision is no charge) until reaching 62 years of age. At 62 years of age, the City will begin covering the health and dental/vision insurance at 100% until retiree reaches Medicare eligibility.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**City of Lenoir City, Tennessee** (Continued)Summary of Plan Provisions (Continued)*Benefit Eligibility – Medical and Life (Continued)***TCRS (Tennessee Consolidated Retirement System) Public Safety Employee** (Continued)

TCRS Public Safety Employees have a mandatory requirement to retire at 60 years of age. At the time of mandatory retirement (given the retiree has at least 25 years of service under the TCRS umbrella in a full-time capacity), retiree shall pay to the City an amount equal to 10% of individual premiums (for the health insurance only; dental/vision is no charge) until reaching 62 years of age. At 62 years of age the City will begin covering the health and dental/vision insurance at 100% until retiree reaches Medicare eligibility.

Medical Benefits – Coordination with Medicare

Benefits for retirees under age 65 are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan for benefits prior to age 65. Upon attainment of age 65 or receipt of Medicare benefits, whichever comes first, coverage ceases.

Legislative Changes

The valuation results 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 that 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 but not added to the liability anticipation of tax return.

Age Variance

Medical claims have been calculated for a male at attained age of 65 and decreases according to the Dale Yamamoto aging tables.

Amortization Method

Experience gains or losses are amortized over the average working lifetime of all participants. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

Net OPEB Liability

At June 30, 2025, the City of Lenoir City reported a liability of \$1,351,149 for the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2025.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**City of Lenoir City, Tennessee** (Continued)Net OPEB Liability (Continued)

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

Inflation	Not applicable
Salary Increases	2.0 percent per annum
Healthcare costs trend rates	7.50 percent grading uniformly to 6.6 percent over 3 years and following the Getzen model thereafter reaching an ultimate rate of 4.04% in the year 2075.
Retiree's share of benefit-related costs	Contribution amounts for current retirees were provided by the City of Lenoir City. All future retirees were assumed to contribute \$614.96 per year for individual coverage in the first year of the valuation, with future contributions increasing at the health care cost trend rate.

Discount rate – The discount rate used to measure the total OPEB liability was 4.81 percent. The discount rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2025.

Changes in plan provisions, actuarial assumptions, and actuarial methods

The following changes were made to the actuarial assumptions and methods effective July 1, 2024:

1. The discount rate is 4.81% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2025, compared to the prior Statement No. 75 discount rate of 4.13%.
2. The assumed trend rate for the medical claims was changed to 7.50% grading uniformly to 6.60% over 3 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075.
3. The mortality improvement scale was updated to the most recent TCRS table: Pub G 2016 below median table (102% Male, 116% Female).
4. Retirement and termination assumptions were also updated to the most recent TCRS tables.

Determination of Net OPEB Liability

The components of the net OPEB liability at June 30, 2025 were as follows:

Total OPEB Liability	\$ 1,351,149
Plan Fiduciary Net Position	-
Net OPEB Liability	<u>\$ 1,351,149</u>

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**City of Lenoir City, Tennessee** (Continued)Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Beginning balance*	\$ 1,526,002	\$ -	\$ 1,526,002
Changes for the year:			
Service cost	50,246	-	50,246
Interest expense	61,261	-	61,261
Benefit changes	-	-	-
Difference between expected and actual experience	(227,989)	-	(227,989)
Changes of assumptions	34,548	-	34,548
Contributions—Employer	-	92,919	(92,919)
Contributions—Members	-	-	-
Net investment income	-	-	-
Refunds of contributions	-	-	-
Benefits paid	(92,919)	(92,919)	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	(174,853)	-	(174,853)
Ending balance*	\$ 1,351,149	\$ -	\$ 1,351,149

* June 30, 2024 is the measurement date and the reporting date is June 30, 2025.

The following presents the net OPEB liability calculated using the stated health care cost trend assumptions, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the assumed trend rate:

	1% Decrease (6.50% decreasing to 5.60%) over 3 years following the Getzen model thereafter	Healthcare Cost Trend Rate (7.50% decreasing to 6.60%) over 3 years following the Getzen model thereafter	1% Increase (8.50% decreasing to 7.60%) over 3 years following the Getzen model thereafter
Net OPEB Liability	\$ 1,262,682	\$ 1,351,149	\$ 1,447,868

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)

(8) Other Postemployment Benefits (OPEB) (Continued)

City of Lenoir City, Tennessee (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability calculated using the stated rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (3.81%)	Discount Rate (4.81%)	1% Increase (5.81%)
Net OPEB Liability	\$ 1,453,507	\$ 1,351,149	\$ 1,253,619

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

For the fiscal year ended June 30, 2025, the City of Lenoir City recognized OPEB expense of \$58,259 and deferred outflows of resources and deferred inflows of resources in relation to benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience losses (gains)	\$ -	\$ 121,009
Changes of assumptions	-	96,807
Total	\$ -	\$ 217,816

Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive (no future service is assumed for inactive for this calculation).

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs as of June 30, 2024 will be recognized in OPEB expense as follows:

For the year ended June 30:	
2026	\$ (53,247)
2027	(50,045)
2028	(50,043)
2029	(32,240)
2030	(32,241)
Thereafter	-

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

Lenoir City Schools Teacher Group Plan

Plan Description. Employees of Lenoir City Schools, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**Lenoir City Schools Teacher Group Plan (Continued)**

Benefits provided. Lenoir City Schools offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disable participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Lenoir City Schools provide \$125 per month to retired teachers who have not reached Medicare eligibility. The state, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees' premiums, based on years of service. Therefore, retirees with 30 or more years of services will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms. At July 1, 2024, the following employees of Lenoir City Schools were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefit payments	9
Inactive employees entitled to but not yet receiving benefit payments	1
Active employees	<u>151</u>
	<u>161</u>

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, Lenoir City Schools paid \$63,450 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**Lenoir City Schools Teacher Group Plan (Continued)****Total OPEB Liability (Continued)**

Healthcare cost trend rates	10.68% for pre-65 in 2024, decreasing annually over an 13 year period to an ultimate rate of 4.50%; 13.44% for post-65 in 2024, decreasing annually over a 12 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2024 valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2021 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

Discount rate. The discount rate used to measure the total OPEB liability was 3.93 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Changes in Collective Total OPEB Liability

Lenoir City Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Lenoir City Schools proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and non-employer contributing entities, actuarially determined. The proportion changed (0.12)% from the prior measurement date. Lenoir City Schools recognized \$153,446 in revenue for subsidies provided by non-employer contributing entities for benefits paid by the TGOP for Lenoir City Schools retirees.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)Lenoir City Schools Teacher Group Plan (Continued)**Changes in Collective Total OPEB Liability (Continued)**

	Total OPEB Liability
Balances at June 30, 2023	<u>\$ 3,563,674</u>
Changes for the year:	
Service cost	158,657
Interest	133,282
Changes of benefit terms	-
Differences between expected and actual experience	144,304
Change in assumptions	72,673
Benefit payments	<u>(142,845)</u>
Net changes	<u>366,071</u>
Balances at June 30, 2024	<u>\$ 3,929,745</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,479,372
Employer's proportionate share of the collective total OPEB liability	\$ 2,450,373
Employer's proportion of the collective total OPEB liability	62.35%

Changes in assumptions. The discount rate was changed from 3.65% as of the beginning of the measurement period to 3.93% as of June 30, 2024. This change in assumption decreased the total OPEB liability.

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate. The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease (2.93%)	Current Discount Rate Assumption (3.93%)	1% Increase (4.93%)
Proportionate share of collective total OPEB liability	\$ 2,639,179	\$ 2,450,373	\$ 2,271,962

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

	1% Decrease (9.68%/12.44% decreasing to 3.50%)	Healthcare Cost Trend Rates (10.68%/13.44% decreasing to 4.50%)	1% Increase (11.68%/14.44% decreasing to 5.50%)
Proportionate share of collective total OPEB liability	\$ 2,201,427	\$ 2,450,373	\$ 2,737,634

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)Lenoir City Schools Teacher Group Plan (Continued)**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

OPEB expense. For the fiscal year ended June 30, 2025, Lenoir City Schools recognized OPEB expense of \$341,051.

Deferred outflows of resources and deferred inflows of resources. For the fiscal year ended June 30, 2025, Lenoir City Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 136,963	\$ 140,440
Changes of assumptions	414,656	202,782
Changes in proportion and differences between amounts paid as benefits came due and proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due	26,555	151,528
Employer payments subsequent to the measurement date of June 30, 2024	63,450	-
Total	<u>\$ 641,624</u>	<u>\$ 494,750</u>

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

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

Year Ended June 30:		
2026	\$	5,568
2027		9,167
2028		14,571
2029		33,309
2030		(4,658)
Thereafter		25,467

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

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**Lenoir City Schools The Tennessee Plan**

Plan description. Employees of Lenoir City Schools, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local government entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided. The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only post-employment benefit provided to retirees. The TNP does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301, and 8-27-701. Retirees and disabled employees of the state component unites, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The state, as a governmental non-employer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis, and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms. At June 30, 2024, the following employees of Lenoir City Schools were covered by the benefit Terms of the TNP:

Inactive employees currently receiving benefit payments	41
Inactive employees entitled to but not yet receiving benefit payments	21
Active employees	<u>121</u>
	<u>183</u>

In accordance with TCA 8-27-209, the state insurance committees established by TCA 8-27-201, 8-27-301, and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, Lenoir City Schools paid \$0 to the TNP for OPEB benefits as they came due.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**Lenoir City Schools The Tennessee Plan (Continued)****Total OPEB Liability**

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

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent
Healthcare cost trend rates	The premium subsidies provided to retirees in The Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2024, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2021. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2021.

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

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)Lenoir City Schools The Tennessee Plan (Continued)**Total OPEB Liability (Continued)**

	Total OPEB Liability
Balances at June 30, 2024	\$ 437,254
Changes for the year:	
Service cost	6,640
Interest	15,810
Changes of benefit terms	-
Differences between expected and actual experience	3,622
Change in assumptions	(15,459)
Benefit payments	(21,687)
Net changes	(11,074)
Balances at June 30, 2025	\$ 426,180
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 426,180
Employer's proportionate share of the collective total OPEB liability	\$ -
Employer's proportion of the collective total OPEB liability	0.00%

Lenoir City Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in TNP. Lenoir City Schools proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and non-employer contributing entities, actuarially determined. The proportion changed 0.00% from the prior measurement date. Lenoir City Schools recognized \$4,105 in revenue for support provided by non-employer contributing entities for benefits paid by the TNP for Lenoir City Schools retired employees.

Changes in assumptions. The discount rate was changed from 3.65% as of the beginning of the measurement period to 3.93% as of June 30, 2024. This change in assumption increased the total OPEB liability.

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

OPEB expense. For the fiscal year ended June 30, 2025, Lenoir City Schools recognized OPEB expense of \$4,105.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**Lenoir City Utilities Board**

Postemployment health care and life insurance benefits are available to permanent full-time employees of the Utilities Board. Hospitalization insurance is provided to retired employees until age 65 or until eligible for Medicare. Life insurance benefits are reduced to \$1,000 after retirement.

Plan Description

The Lenoir City Utilities Board Retiree Medical and Life Insurance Plan (LCUBRMLIP) is a single-employer defined benefit healthcare plan administered by the Lenoir City Utilities Board. LCUBRMLIP provides medical and life insurance benefits to eligible retirees and their spouses. The Utilities Board has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided

Postemployment health care and life insurance benefits are available to permanent full-time employees of the Utilities Board. Hospitalization insurance is provided to retired employees until age 65 or until eligible for Medicare. Life insurance benefits are reduced to \$1,000 after retirement.

Summary of Participant Data

The actives shown as eligible (both covered and eligible and not covered and eligible) in the tables below are the only actives assumed to be receiving benefits at some point in the future in the valuation. Covered and ineligible actives are currently covered on the group medical plan, but are not eligible for retirement benefits.

Number of Participants	
Actives (covered and eligible)	57
Actives (covered and ineligible)	99
Retirees	12
Spouses of Retirees	4
Annual Projected Payroll	\$ 13,463,925
Average Projected Earnings	\$ 86,307

Summary of Plan Provisions*Life Insurance*

Lenoir City Utilities Board provides a life insurance benefit to eligible employees at retirement. The life insurance amount is \$25,000, but decreases to \$10,000 upon the retiree's attainment of age 65, and decreases to \$5,000 upon the retiree's attainment of age 70. Life insurance benefits are not provided to retirees over the age of 75. This coverage is provided to the employee at no cost.

Plan Participation

100% of future eligible retirees are assumed to elect medical coverage upon retirement. 75% are assumed to elect coverage for a spouse.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**Lenoir City Utilities Board** (Continued)Summary of Plan Provisions (Continued)*Dependent Coverage*

We have assumed that 75% of all future retirees will elect spousal coverage. For active participants, female spouses are assumed to be two years younger than males. For retired participants, actual spouse dates of birth were used. These assumptions are based on the actual census data provided. Actual spouse data was used for current retirees. Spouses and surviving spouses are provided the same coverage as employees.

Expected Long-Term Rate of Return on Plan Assets

Not applicable

Actuarial Valuation Methods

Entry Age Normal

Asset Valuation Method

Not applicable

Valuation Date

July 1, 2025

Funding Policy

The benefits of the postretirement medical plan are funded on a pay-as-you-go basis. The company funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for postretirement medical benefits.

Benefit Eligibility – Medical and Life

Attained age 64, 34 years of service, or attained age 50 with 10 years of service.

Medical Benefits – Coordination with Medicare

Benefits for retirees under age 65 are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan for benefits prior to age 65. Upon attainment of age 65 or receipt of Medicare benefits, whichever comes first, coverage ceases.

Amortization Method

Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 7 years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**Lenoir City Utilities Board** (Continued)Summary of Plan Provisions (Continued)*Legislative Changes*

The anticipated future excise tax has been repealed and is no longer valued.

Net OPEB Liability

At June 30, 2025, the Utilities Board reported a liability of \$5,927,309 for the total OPEB liability. The total OPEB liability was measured as of June 30, 2025, and the OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2025.

Actuarial assumptions - The total OPEB liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary Increases	3.00 percent per annum
Healthcare costs trend rates	7.50 percent in 2025 graded down to 6.60 percent over 3 years; following the Getzen scale thereafter reaching an ultimate rate of 4.04% in the year 2075.
Retiree's share of benefit-related costs	Members are not required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Discount rate – The discount rate used to measure the total OPEB liability was 4.13 percent. The discount rate is based on the S&P Municipal Bond 20-Year High Grade Index as of June 30, 2025.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**Lenoir City Utilities Board (Continued)**Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Beginning balance*	\$ 4,570,616	\$ -	\$ 4,570,616
Changes for the year:			
Service cost	256,895	-	256,895
Interest expense	182,145	-	182,145
Benefit changes	-	-	-
Difference between expected and actual experience	1,106,476	-	1,106,476
Changes of assumptions	228,392	-	228,392
Contributions—Employer	-	417,215	(417,215)
Contributions—Members	-	-	-
Net investment income	-	-	-
Refunds of contributions	-	-	-
Benefits paid	(417,215)	(417,215)	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	1,356,693	-	1,356,693
Ending balance*	\$ 5,927,309	\$ -	\$ 5,927,309

* June 30, 2024 is the measurement date and the reporting date is June 30, 2025.

Determination of Net OPEB Liability

The components of the net OPEB liability at June 30, 2025 were as follows:

Total OPEB Liability	\$ 5,927,309
Plan Fiduciary Net Position	-
Net OPEB Liability	<u>\$ 5,927,309</u>

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability calculated using the stated health care cost trend assumptions, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the assumed trend rate:

	1% Decrease in the medical trend rate assumed	Healthcare Cost Trend Rate (7.50% decreasing to 6.60%) over 3 years	1% Increase in the medical trend rate assumed
Net OPEB Liability	\$ 5,428,888	\$ 5,927,309	\$ 6,504,742

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**Lenoir City Utilities Board** (Continued)Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability calculated using the stated rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (3.81%)	Discount Rate (4.81%)	1% Increase (5.81%)
Net OPEB Liability	\$ 6,275,584	\$ 5,927,309	\$ 5,591,526

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

For the fiscal year ended June 30, 2025, the Utilities Board recognized OPEB expense of \$352,003 and deferred outflows of resources and deferred inflows of resources in relation to benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 417,215	\$ -
Experience losses (gains) - June 30, 2025	983,534	949,385
Changes of assumptions	203,015	763,194
Total	\$ 1,603,764	\$ 1,712,579

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs as of June 30, 2025 will be recognized in OPEB expense as follows:

For the year ended June 30:

2026	\$ (556,175)
2027	(556,180)
2028	72,424
2029	72,424
2030	72,424
Thereafter	369,053

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

GASB Statement No. 75 requires contributions between the measurement date (June 30, 2025) and the disclosure date (June 30, 2025) for Statement No. 75 to be reported as a deferred outflow of resources.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(8) Other Postemployment Benefits (OPEB) (Continued)**Lenoir City Utilities Board (Continued)**Schedule of Changes in Deferred Outflows/Inflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balances--at June 30, 2024*	\$ 514,232	\$ (2,922,965)
Changes for the year:		
Post-measurement contribution	(243,208)	0
Experience losses (gains)	983,534	0
Changes of assumptions	203,015	0
Asset losses (gains)	0	0
Amortization of gains/losses	(271,024)	1,210,386
Net changes	672,317	1,210,386
Balances--at June 30, 2025*	<u>\$ 1,186,549</u>	<u>\$ (1,712,579)</u>

(9) Lease Commitments**City of Lenoir City, Tennessee**

The City rents office and storage space for the Fire Department from LCUB. Total rental expense was \$30,000 for the year ended June 30, 2025. The terms of the lease are annual rent of \$30,000 through June 30, 2050 with optional two five-year renewal options.

Lenoir City Utilities BoardJoint Utilization

The Lenoir City Utilities Board Power and Light Department rents various transmission lines and other equipment from TVA on a month-to-month basis at a cost of \$1,333 per month. Total rental expenses applicable to such lines and equipment amounted to \$16,000 in 2025.

Certain short-term arrangements provide for the Power and Light Department's joint utilization of other local utilities' distribution facilities in its system. Other similar agreements provide for the joint use of the Power and Light Department's distribution facilities by other utilities and certain customers. Rental revenues from the above-mentioned arrangements amounted to \$2,398,012 in 2025. Rental expense applicable to such agreements amounted to \$162,724 in 2025. Data center rent revenues amounted to \$189,000.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(9) Lease Commitments (Continued)Water Tower

The Water Department leases a tower to Crown Communications. Rental revenues from the arrangement amounted to \$8,298 in 2025. The balance of the lease receivable is \$215,801 at June 30, 2025.

Fire Hall

During 2022, the Utility Board began a lease with the City of Lenoir City for the Fire Department to use the building at 206 East Depot Street. The terms of the lease are annual rent of \$30,000 through June 30, 2050 with two five-year renewal options.

(10) Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2025 are as follows:

Due From:	Due To:				
	Capital Projects	General Fund	Stormwater Fund	Cafeteria Fund	Total
Capital Projects	\$ -	\$ -	\$ 7,512	\$ -	\$ 7,512
Debt Service Fund - Event Center	-	19,944	-	-	19,944
Community Development	29,642	-	-	-	29,642
General Purpose School Fund	-	-	-	2,497	2,497
Stormwater	-	460,201	-	-	460,201
	<u>\$ 29,642</u>	<u>\$ 480,145</u>	<u>\$ 7,512</u>	<u>\$ 2,497</u>	<u>\$ 519,796</u>

Capital Project Fund has money due to Stormwater Fund for various expenses.

A Debt Service Fund has amounts due to General Fund.

Community Development had retainage payable due to Capital Project Fund.

The General Purpose School Fund receives all revenues from the State of Tennessee. The amounts due to the Cafeteria Fund were received near year end.

Stormwater owes General Fund for stormwater expenses paid.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(11) Due From Other Governments

Amounts due from other governments at June 30, 2025 consist of the following:

Loudon County	Local Sales Tax	\$	2,114,257
State of Tennessee	City Streets and Transportation		3,071
State of Tennessee	Sales Tax		224,034
State of Tennessee	Gasoline and Motor Fuel Tax		60,944
State of Tennessee	Mixed Drink Tax		12,377
State of Tennessee	Telecommunications Tax		1,228
State of Tennessee	Education Pass-Through to Schools		868,653
State of Tennessee	Business Tax		14,968
State of Tennessee	Capital Projects Grants		531,616
State of Tennessee	Various Grants - City		79,847
State of Tennessee	Other - City		178,143
State of Tennessee	Stormwater Grants		102,569
Loudon County	Property Tax		6,792,791
Loudon County	General Sessions		4,785
Loudon County	Various - Schools		43,813
Various	Other - Schools		79,151
			\$ 11,112,247

(12) Prepaid Expenses

Prepaid expenses consisted of the following at June 30, 2025:

	<u>Utility</u>	
Prepaid natural gas in storage	\$	198,614
Prepaid insurance and software		1,284,382
Prepaid postage		462
Prepaid lease - Caterpillar		1,913
Prepaid other		159,458
		\$ 1,644,829

(13) Tennessee Valley Authority's Energy Right Program

The Lenoir City Utilities Board is participating in Tennessee Valley Authority's (TVA) Energy Right Program, which provides interest-bearing loans to the Utility's residential customers for heat pumps.

(14) Power Contract

The Lenoir City Utilities Board – Electric Department has a contract to purchase all of its electric power from the Tennessee Valley Authority, subject to certain restrictions and conditions as provided in the contract.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(15) Segment Information

The following departmental information is shown as of and for the year ended June 30, 2025:

	Power and Light Department	Gas Department	Water and Sewer Department		Broadband Department
			Water Division	Sewer Division	
Assets:					
Current assets	\$ 50,703,758	\$ 5,734,537	\$ 4,511,274	\$ 4,148,601	\$ 778,993
Capital assets	322,231,839	11,056,832	23,744,118	34,023,545	1,485,937
Other assets	17,409	-	205,436	-	-
Total assets	<u>\$ 372,953,006</u>	<u>\$ 16,791,369</u>	<u>\$ 28,460,828</u>	<u>\$ 38,172,146</u>	<u>\$ 2,264,930</u>
Deferred outflows of resources	<u>\$ 4,691,218</u>	<u>\$ 439,832</u>	<u>\$ 720,746</u>	<u>\$ 377,000</u>	<u>\$ 54,519</u>
Liabilities:					
Current liabilities payable from current assets	\$ 62,900,377	\$ 515,050	\$ 2,962,369	\$ 1,931,027	\$ 2,283,989
Due to other departments payable from current assets	(6,009,144)	-	-	-	6,009,144
Long-term debt, excluding current maturities	104,216,459	110,896	4,812,000	10,796,917	-
Net pension liability	3,816,062	340,828	413,857	292,138	6,085
Other liabilities	4,444,047	414,912	711,277	355,639	59,273
Total liabilities	<u>\$ 169,367,801</u>	<u>\$ 1,381,686</u>	<u>\$ 8,899,503</u>	<u>\$ 13,375,721</u>	<u>\$ 8,358,491</u>
Deferred inflows of resources	<u>\$ 2,223,550</u>	<u>\$ 210,336</u>	<u>\$ 576,376</u>	<u>\$ 180,288</u>	<u>\$ 30,049</u>
Net position:					
Net investment in capital assets	\$ 214,111,156	\$ 10,929,577	\$ 18,397,118	\$ 21,872,939	\$ 1,485,937
Restricted for pension	-	-	-	-	-
Unrestricted	(8,058,283)	4,709,602	1,308,577	3,120,198	(7,555,028)
	<u>\$ 206,052,873</u>	<u>\$ 15,639,179</u>	<u>\$ 19,705,695</u>	<u>\$ 24,993,137</u>	<u>\$ (6,069,091)</u>

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(15) Segment Information (Continued)

	Power and Light Department	Gas Department	Water and Sewer Department		Broadband Department
			Water Division	Sewer Division	
Operating revenues	\$ 231,530,223	\$ 5,643,908	\$ 7,006,764	\$ 5,585,006	\$ 2,130,016
Operating expenses:					
Purchasing energy	172,201,431	2,429,604	-	-	-
Purchasing bandwidth	-	-	-	-	252,756
Distribution and treatment	12,527,403	538,506	2,694,625	1,017,247	-
Customer account services	4,053,301	262,628	642,258	167,270	-
Administration and general	5,252,351	790,273	736,094	905,963	3,698,053
Maintenance	8,883,758	303,110	1,160,625	1,314,141	-
Depreciation	14,811,245	604,482	963,824	1,321,181	18,397
	217,729,489	4,928,603	6,197,426	4,725,802	3,969,206
Operating income (loss)	13,800,734	715,305	809,338	859,204	(1,839,190)
Non-operating revenues (expenses):					
Amortization of premium on debt reacquisition	410,547	-	-	-	-
Amortization of debt expense	(47,500)	-	-	-	-
Capital contributions	-	-	106,741	-	-
Interest income	893,283	135,231	98,507	58,133	14,619
Interest expense	(1,165,954)	(4,846)	(197,272)	(293,760)	(205,661)
Gain on disposal	86,131	-	11,237	-	-
Other	14,114	-	-	-	(22,404)
Penalties on taxes	(29,630)	(2,618)	(2,992)	(2,244)	-
	160,991	127,767	16,221	(237,871)	(213,446)
Income (loss) before contributions and transfers	13,961,725	843,072	825,559	621,333	(2,052,636)
Transfers to local government - in lieu of tax	(4,236,862)	(190,220)	-	-	-
Change in net position	9,724,863	652,852	825,559	621,333	(2,052,636)
Net position, beginning	196,328,010	14,986,327	18,880,136	24,371,804	(4,016,455)
Net position, ending	\$ 206,052,873	\$ 15,639,179	\$ 19,705,695	\$ 24,993,137	\$ (6,069,091)
Net cash provided (used) by operating activities	\$ 36,128,127	\$ 1,324,402	\$ 2,227,278	\$ 2,123,138	\$ (1,354,674)
Net cash provided (used) by noncapital and related financing activities	(4,237,134)	(190,220)	-	-	-
Net cash provided (used) by capital and related financing activities	(46,202,624)	(1,565,687)	(1,625,640)	(2,704,116)	(1,445,354)
Net cash provided (used) by investing activities	1,486,199	(209,485)	(845,742)	(466,964)	1,221,146
Net increase (decrease) in cash and cash equivalents	(12,825,432)	(640,990)	(244,104)	(1,047,942)	(1,578,882)
Cash and cash equivalents, beginning of year	31,745,456	5,675,088	2,922,256	3,773,269	1,690,961
Cash and cash equivalents, end of year	\$ 18,920,024	\$ 5,034,098	\$ 2,678,152	\$ 2,725,327	\$ 112,079

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(16) Commitments and Contingencies

The Power and Light Department has a substantial amount of its electrical distributions system in Knox County, Tennessee. In prior years, Knoxville Utilities Board (KUB) has acquired a portion of the System which was annexed by the City of Knoxville. Current state law requires that LCUB be compensated at appraised fair market value by KUB for any electrical distribution equipment and services annexed and acquired by the City of Knoxville. As of June 30, 2025, LCUB has approximately \$8,000,000 of net utility plant inside the present city limits of Knoxville and approximately \$132,000,000 in Knox County outside the present city limits of Knoxville which could possibly be transferred to KUB in future years at appraised fair market value.

Construction Contracts

The following represents construction project funds spent to date and contractual obligations as of June 30, 2025:

Project	Department	Spent to Date	Remaining Contract at June 30, 2025
Fiber / Grid Modernization	Electric	\$ 38,959,142	\$ 54,259,498
Luna Ridge	Water	349,495	108,288
Fellows Parks	Water	571,805	805,085
		<u>\$ 39,880,442</u>	<u>\$ 55,172,871</u>

(17) Joint Venture

The City has entered into a joint venture with Loudon County for the leasing, operation and management of a multi-use Career Center located in Lenoir City. The joint venture collects lease payments from various lessees for the use of the facility. The joint venture is responsible for the maintenance of the facility. The City has a 40% interest in this joint venture and is reporting it under the equity method.

The joint venture is required to pay all surpluses after maintenance reserve is funded to the City and Loudon County based upon their interest in the joint venture. As of June 30, 2025, the City had recorded a \$10,000 receivable from the joint venture for its portion of the surpluses for the year then ended.

Complete financial statements of the Career Center can be obtained from:

Traci Blair
County of Loudon – Central Accounting
100 River Road
Loudon, TN 37774

(18) Litigation

From time to time there are lawsuits filed against the City of Lenoir City, Tennessee; however, management intends to vigorously defend any complaints.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(19) Risk Management

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

(20) Self-Insured Dental and Vision Plan

Effective January 1, 1998, the City began self-insuring a portion of the first \$4,000 of annual dental claims for each regular full-time employee and their dependents, with a maximum annual benefit of \$2,000 per covered individual. The City also began self-insuring a portion of the first \$300 of annual vision claims for each regular full-time employee, with a maximum annual benefit of \$300 per covered employee. Liabilities for unpaid claims are estimated by the City based on actual claims paid out during the year.

The City has set up a cash account to pay these claims. The balance in the account at June 30, 2025 was \$20,611.

Activity in the self-insured dental and vision plan during the year ended June 30, 2025 is as follows:

Balance, June 30, 2024	\$ 18,535
Contributions by the City	90,948
Claims, fees and insurance premiums paid	(88,872)
Balance, June 30, 2025	<u>\$ 20,611</u>

Unpaid claims at June 30, 2025 totaled approximately \$6,197.

(21) Concentration of Risk

Approximately 55% of the Power and Light Department's plant is located in Knox County, Tennessee.

(22) Transfers

Transfers are used to move revenue from the fund with collection authorization or resolution, to the debt service fund as debt service principal and interest payments become due and move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Transfers for the year ended June 30, 2025 are as follows:

Transfers From:	Transfers To:				
	General Purpose School Fund	General Fund	Capital Projects	Sanitation Fund	Total
General Fund	\$ 164,000	\$ -	\$ 750,000	\$ 35,899	\$ 949,899
Sanitation Fund	-	35,899	-	-	35,899
Capital Projects	-	750,000	-	-	750,000
	<u>\$ 164,000</u>	<u>\$ 785,899</u>	<u>\$ 750,000</u>	<u>\$ 35,899</u>	<u>\$ 1,735,798</u>

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(23) Data Center

Construction of the data center is still on-going. The Utility Board is no longer in contract with SH Technologies, so they have been relieved of their oversight responsibility of the data center. The last standing customer stayed at LCUB, and LCUB is charging the customer \$1,050 per rack per month while in the process of finalizing an agreement for data center rack rental. LCUB is also in the process of obtaining SOC 2 compliance for the data center. Furthermore, new management was hired during fiscal year 2023 to manage and solicit new business to fill potential rack capacity in the data center.

(24) LCUB Electric Grid Modernization and Broadband

The future of LCUB's electric grid is dependent upon fiber installation throughout the service area. The approximate \$117M electric fiber/grid modernization project has been approved by both the State of TN and TVA. Funding for the project to modernize the electric grid will come from the issuance of electric system revenue bonds. LCUB issued approximately \$54 million of bonds through the City of Lenoir City in July 2022 to fund the fiber construction buildout. A second bond was issued in May 2025. Fiber construction was set to begin in June 2022 but was initially delayed due to supply chain issues with fiber components. In addition to improving LCUB's electric system, the electric fiber network required for these systems has positioned LCUB to be able to provide broadband services to meet the growing needs of its customers and community. Interdivisional loans totaling approximately \$22M between the Electric and Broadband Departments have been approved by TVA. The new Broadband Department is treated as an associated company of the Electric Department per TVA guidelines. Construction began in FY23, and the first in-home services were available in October 2023. Due to the fiber infrastructure and assets being owned by the Electric Department, the Broadband Department will pay access and utilization fees to the Electric Department for use of this infrastructure to provide broadband services to customers, as well as principal and interest on the interdivisional loan. A joint cost study was performed and submitted to TVA around July 2023 to ensure proper allocation of expenditures between the Electric Department and newly formed Broadband Department. The joint cost study with TVA was finalized and approved in July 2024.

(25) LCUB Electric Grid Modernization Buildout

As of June 30, 2025, expenditures for the fiber/grid modernization project total approximately \$71.5 million including capitalized interest on the 2022 bond fund. Around \$22.2 million of expenditures relate to project management, consulting, engineering, OSP design development, and invoice auditing paid to FiberRise Communications and LDA Engineering. These invoices are allocated by percentage to the Electric and Broadband departments. Approximately \$36.9 million of expenditures relate to equipment, software, and fiber construction on specific design areas paid to KGP Co. The remaining expenditures relate to fiber optic cable/material, equipment for fiber huts at substations, and capitalized interest. The fiber/grid modernization expenditures were capitalized at June 30, 2025, and the \$490K of design areas that were not yet completed remained in CWIP at June 30, 2025. The electronics equipment/software related to the fiber project are expected to have a 5 - 7-year useful life, and the fiber infrastructure and related components is expected to last 25 - 35 years.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(25) LCUB Electric Grid Modernization Buildout (Continued)

The fiber/grid modernization buildout for the Electric Department was still in process at June 30, 2025 and is around 50% complete. Expenditures related to the fiber buildout total around \$71.5M at June 30, 2025. Expenditures include construction labor/material, project management/consulting, engineering/design work, and capitalized interest. The buildout was originally projected to be completed in 2024. However, due to contractor/sub-contractor issues, as well as supply chain issues, the grid modernization construction is approximately 2 years behind schedule. The delay in the Electric Department's fiber construction has also delayed the expansion of the Broadband Department. This has resulted in decreased revenue and cash flow for the Broadband Department in FY25 compared to the original business plan. The Electric Department had a second \$20M bond issue for the buildout in May 2025, and a third bond issue for \$12.5M in October 2025. There was a second draw on the interdivisional loans approved to the Broadband Department during FY25 in the amount of \$1.3M, and a third draw in the amount of \$5M is expected in FY26 as construction begins in more densely populated areas in Knox County.

(26) LCUB Broadband Buildout

The Broadband Department has spent approximately \$1.4M on devices and communication equipment through FY25. Most of the operating expenditures for the Broadband Department relate to payroll, and project management, consulting, and engineering services paid to FiberRise Communications. The first broadband services were available to a few customers at the end of June 2023, and the first customers were billed in October 2023. LCUB currently serves residential and commercial customers internet services only with voice services planned to begin in FY26.

(27) Deferred CompensationCity

The City of Lenoir City has a defined contribution retirement plan for all full and part-time employees with at least one year of service. The Plan allows employees to make voluntary contributions up to the maximum allowed by the Internal Revenue Service. Also, the City does not make any matching contributions. During the year ended June 30, 2025, the City's expenses to run the plan was \$21,625.

Schools

The Schools contribute to the Higher Education and Teacher Hybrid Plan, a defined contribution pension plan under section 401(k) of the Internal Revenue Code, for teachers with membership in the Tennessee Consolidated Retirement System after June 30, 2014. The Higher Education and Teacher Hybrid Plan is a component of the defined benefit plan reported in Note 5. Benefit terms, including contribution requirements, for the Higher Education and Teacher Hybrid Plan are established by Tennessee Code Annotated Title 8, Chapters 34-37 and may be amended by the Tennessee General Assembly. For each employee in the pension plan, the School is required to contribute 5% of annual salary to an individual employee account. Employee contributions vary based on individual selection. For the year ended June 30, 2025, the Schools recognized \$388,114 in contribution expense. Employees are immediately vested on all contributions and earnings on those contributions.

The Schools reported no payable for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(28) Cumulative Effect of Change in Accounting Principle/Error Correction**Cumulative Effect of Change in Accounting Principle**

As the result of implementing GASB 101, *Compensated Absences*, the government has restated the beginning net position in the government-wide Statement of Activities for the governmental activities. This restatement resulted in the following changes to net position:

	General Fund
Beginning net position, June 30, 2023	\$ 7,096,006
Implementation of new principle:	
Reduction in compensated absences	<u>565,861</u>
Beginning net position, restated, June 30, 2023	<u>\$ 7,661,867</u>
Beginning net position, June 30, 2024	\$ 8,984,301
Implementation of new principle:	
Reduction in compensated absences	<u>49,390</u>
Beginning net position, restated, June 30, 2024	<u>\$ 9,033,691</u>

Error Correction

In prior years, the Schools had outstanding amounts in accrued liabilities and accounts payable that they were able to clear and correct subsequently.

The overall effects of the cumulative effect of error corrections are summarized in the table below:

	General Purpose School Fund	Capital Project Fund - Schools
Beginning net position, June 30, 2023	\$ 11,282,158	\$ 1,626,224
Error corrections:		
Accrued liabilities - payroll and related liabilities	<u>(636,947)</u>	<u>-</u>
Beginning net position, restated, June 30, 2023	<u>\$ 10,645,211</u>	<u>\$ 1,626,224</u>
Beginning net position, June 30, 2024	\$ 5,433,549	\$ 7,016,132
Error corrections:		
Accounts payable - double posting of invoice	<u>-</u>	<u>911,307</u>
Beginning net position, restated, June 30, 2024	<u>\$ 5,433,549</u>	<u>\$ 7,927,439</u>

CITY OF LENOIR CITY, TENNESSEE

Notes to Basic Financial Statements
(Continued)(29) Subsequent Events

Subsequent events were evaluated through March 6, 2026, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LENOIR CITY, TENNESSEE

Schedule of Changes in Lenoir City's Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Retirement Income Plan for Employees of the City of Lenoir City, Tennessee

For the Last 10 Measurement Periods Ending on June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 37,851	\$ 36,384	\$ 36,384	\$ 40,045	\$ 49,198	\$ 52,495	\$ 59,311	\$ 88,439	\$ 85,191	\$ 162,688
Interest	452,978	428,117	420,425	401,252	388,420	371,023	319,879	536,458	514,610	492,308
Changes of benefit terms	0	0	0	0	0	0	0	0	0	0
Differences between expected and actual experience	29,591	204,544	(41,239)	102,331	(9,767)	89,330	34,741	(38,995)	9,658	0
Changes of assumptions	0	0	0	0	0	0	622,953	0	0	0
Benefit payments / refunds	(243,423)	(329,712)	(257,452)	(221,557)	(232,728)	(257,674)	(228,790)	(395,022)	(247,792)	(312,468)
Other	0	0	0	0	0	0	0	(2,476,421)	0	0
Net change in total pension liability	276,997	339,333	158,118	322,071	195,123	255,174	808,094	(2,285,541)	361,667	342,528
Total pension liability – beginning	7,054,213	6,714,880	6,556,762	6,234,691	6,039,568	5,784,394	4,976,300	7,261,841	6,900,174	6,557,646
Total pension liability – ending (a)	\$ 7,331,210	\$ 7,054,213	\$ 6,714,880	\$ 6,556,762	\$ 6,234,691	\$ 6,039,568	\$ 5,784,394	\$ 4,976,300	\$ 7,261,841	\$ 6,900,174
Plan fiduciary net position										
Contributions - employer	\$ 285,169	\$ 252,192	\$ 281,553	\$ 279,282	\$ 247,813	\$ 273,051	\$ 170,759	\$ 314,192	\$ 352,668	\$ 333,664
Contributions - employee	45,090	43,714	45,048	44,682	44,318	44,566	44,454	113,986	128,243	121,332
Net investment income	251,317	245,530	(357,169)	676,458	99,910	201,364	151,099	200,025	(93,597)	75,059
Difference between expected and actual returns	267,202	80,148	0	0	0	0	0	0	0	0
Benefit payments / refunds	(243,423)	(329,712)	(257,452)	(221,557)	(232,728)	(257,674)	(228,790)	(395,022)	(247,792)	(312,468)
Administrative expenses	(19,236)	(18,317)	(19,197)	(17,362)	(16,452)	(15,581)	(16,394)	(18,595)	(4,188)	(4,168)
Other	0	0	0	0	0	0	0	(1,291,002)	0	0
Net change in plan fiduciary net position	586,119	273,555	(307,217)	761,503	142,861	245,726	121,128	(1,076,416)	135,334	213,419
Plan fiduciary net position – beginning	4,076,999	3,803,444	4,110,661	3,349,158	3,206,297	2,960,571	2,839,443	3,915,859	3,780,525	3,567,106
Plan fiduciary net position – ending (b)	\$ 4,663,118	\$ 4,076,999	\$ 3,803,444	\$ 4,110,661	\$ 3,349,158	\$ 3,206,297	\$ 2,960,571	\$ 2,839,443	\$ 3,915,859	\$ 3,780,525
Board's net pension liability – ending (a) - (b)	\$ 2,668,092	\$ 2,977,214	\$ 2,911,436	\$ 2,446,101	\$ 2,885,533	\$ 2,833,271	\$ 2,823,823	\$ 2,136,857	\$ 3,345,982	\$ 3,119,649
Plan fiduciary net position as a percentage of the total pension liability	63.6%	57.8%	56.6%	62.7%	53.7%	53.1%	51.2%	57.1%	53.9%	54.8%
Covered payroll	\$ 1,045,401	\$ 1,097,929	\$ 1,005,064	\$ 1,119,638	\$ 1,083,127	\$ 1,011,689	\$ 1,089,758	\$ 2,894,022	\$ 3,171,745	\$ 3,109,554
Board's net pension liability as a percentage of covered payroll	255.2%	271.2%	289.7%	218.5%	266.4%	280.1%	259.1%	73.8%	105.5%	100.3%

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Schedule of Lenoir City's Contributions Based on Participation in the Retirement
Income Plan for Employees of the City of Lenoir City, Tennessee

For the Last 10 Fiscal Years Ending on June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 265,001	\$ 241,869	\$ 247,960	\$ 254,654	\$ 248,581	\$ 238,503	\$ 229,003	\$ 170,759	\$ 239,505	\$ 239,703
Contributions in relation to the actuarially determined contribution	274,175	285,169	252,192	281,553	279,282	247,813	273,051	170,759	314,192	352,668
Contribution deficiency (excess)	<u>\$ (9,174)</u>	<u>\$ (43,300)</u>	<u>\$ (4,232)</u>	<u>\$ (26,899)</u>	<u>\$ (30,701)</u>	<u>\$ (9,310)</u>	<u>\$ (44,048)</u>	<u>\$ -</u>	<u>\$ (74,687)</u>	<u>\$ (112,965)</u>
Covered payroll	\$ 1,048,316	\$ 1,045,401	\$ 1,097,929	\$ 1,005,064	\$ 1,119,638	\$ 1,083,127	\$ 1,011,689	\$ 1,089,758	\$ 2,894,022	\$ 3,171,745
Contributions as a percentage of covered payroll	26.2%	27.3%	23.0%	28.0%	24.9%	22.9%	27.0%	15.7%	10.9%	11.1%

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Schedule of Investment Returns Based on Participation in the Retirement
Income Plan for Employees of the City of Lenoir City, Tennessee

For the Last 10 Measurement Periods Ending on June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	9.88%	12.60%	8.63%	-8.63%	19.96%	3.10%	6.83%	5.83%	8.82%	-2.42%

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

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

For the Last 10 Fiscal Years Ending on June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability									
Service cost	\$ 429,909	\$ 416,669	\$ 375,411	\$ 354,176	\$ 338,906	\$ 263,839	\$ 234,214	\$ 11,109	\$ 9,993
Interest	614,050	577,150	499,627	449,497	406,162	378,168	320,397	971	749
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between actual and expected experience	117,148	(249,936)	359,759	11,514	(76,197)	(258,329)	261,584	3,601,346	(8,770)
Change of assumptions	-	-	-	458,087	-	-	-	585,907	-
Benefit payments, including refunds of employee contributions	(257,431)	(163,494)	(91,634)	(93,547)	(79,286)	(65,957)	(31,986)	(260)	-
Net change in total pension liability	903,676	580,389	1,143,163	1,179,727	589,585	317,721	784,209	4,199,073	1,972
Total pension liability - beginning	8,795,839	8,215,450	7,072,287	5,892,560	5,302,975	4,985,254	4,201,045	1,972	-
Total pension liability - ending (a)	\$ 9,699,515	\$ 8,795,839	\$ 8,215,450	\$ 7,072,287	\$ 5,892,560	\$ 5,302,975	\$ 4,985,254	\$ 4,201,045	\$ 1,972
Plan fiduciary net position									
Contributions - employer	\$ 618,246	\$ 604,315	\$ 543,918	\$ 527,104	\$ 516,033	\$ 506,561	\$ 547,681	\$ 412,157	\$ 8,170
Contributions - employee	170,967	160,165	150,606	140,108	132,219	123,738	333,943	677,449	1,823
Net investment income	664,296	393,224	(208,962)	1,000,641	156,551	179,803	131,280	62,698	132
Benefit payments, including refunds of employee contributions	(257,431)	(163,494)	(91,634)	(93,547)	(79,286)	(65,957)	(31,986)	(260)	-
Administrative expense	(5,355)	(4,373)	(6,085)	(5,232)	(5,073)	(4,983)	(5,170)	(2,615)	(207)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,190,723	989,837	387,843	1,569,074	720,444	739,162	975,748	1,149,429	9,918
Plan fiduciary net position - beginning	6,541,455	5,551,618	5,163,775	3,594,701	2,874,257	2,135,095	1,159,347	9,918	-
Plan fiduciary net position - ending (b)	\$ 7,732,178	\$ 6,541,455	\$ 5,551,618	\$ 5,163,775	\$ 3,594,701	\$ 2,874,257	\$ 2,135,095	\$ 1,159,347	\$ 9,918
Net pension liability (asset) - ending (a)-(b)	\$ 1,967,337	\$ 2,254,384	\$ 2,663,832	\$ 1,908,512	\$ 2,297,859	\$ 2,428,718	\$ 2,850,159	\$ 3,041,698	\$ (7,946)
Plan fiduciary net position as a percentage of total pension liability	79.72%	74.37%	67.58%	73.01%	61.00%	54.20%	42.83%	27.60%	502.94%
Covered payroll	\$ 4,274,167	\$ 4,004,093	\$ 3,765,149	\$ 3,502,687	\$ 3,305,480	\$ 3,093,458	\$ 2,940,087	\$ 772,768	\$ 45,576
Net pension liability (asset) as a percentage of covered payroll	46.03%	56.30%	70.75%	54.49%	69.52%	78.51%	96.94%	393.61%	(17.43)%

Notes to Schedule:

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

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

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

For the Last 10 Fiscal Years Ending on June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution (ADC)	\$ 672,623	\$ 618,246	\$ 604,315	\$ 543,918	\$ 527,104	\$ 516,033	\$ 506,561	\$ 547,681	\$ 141,775	\$ 8,170
Contributions in relation to the actuarially determined contribution	672,623	618,246	604,315	543,918	527,104	516,033	506,561	547,681	412,157	8,170
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (270,382)</u>	<u>\$ -</u>
Covered payroll	\$ 4,783,828	\$ 4,274,167	\$ 4,004,093	\$ 3,765,149	\$ 3,502,687	\$ 3,305,480	\$ 3,093,458	\$ 2,940,087	\$ 772,768	\$ 45,576
Contributions as a percentage of covered payroll	14.06%	14.46%	15.09%	14.45%	15.05%	15.61%	16.38%	18.63%	53.34%	17.93%

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Notes to Lenoir City's Required Supplementary Information

June 30, 2025

Notes to Schedules - PSPP Plan

Valuation date: Actuarially determined contribution rates for the year ended June 30, 2025 were calculated based on the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.125 percent

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

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

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

For the Last 10 Measurement Periods Ending on June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 401,364	\$ 343,842	\$ 314,416	\$ 260,574	\$ 271,047	\$ 266,807	\$ 272,377	\$ 245,995	\$ 241,223	\$ 236,663
Interest	882,620	818,741	757,691	717,566	683,829	646,079	606,601	572,995	527,920	501,756
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between actual and expected experience	45,001	210,151	269,515	(229,050)	(71,561)	(30,562)	725	(34,146)	55,195	(176,826)
Change of assumptions	-	-	-	970,659	-	-	-	177,143	-	-
Benefit payments, including refunds of employee contributions	(482,126)	(485,670)	(447,536)	(444,469)	(370,547)	(361,186)	(298,032)	(224,749)	(231,468)	(203,129)
Net change in total pension liability	846,859	887,064	894,086	1,275,280	512,768	521,138	581,671	737,238	592,870	358,464
Total pension liability - beginning	12,915,554	12,028,490	11,134,404	9,859,124	9,346,356	8,825,218	8,243,547	7,506,309	6,913,439	6,554,975
Total pension liability - ending (a)	\$ 13,762,413	\$ 12,915,554	\$ 12,028,490	\$ 11,134,404	\$ 9,859,124	\$ 9,346,356	\$ 8,825,218	\$ 8,243,547	\$ 7,506,309	\$ 6,913,439
Plan fiduciary net position										
Contributions - employer	\$ 279,736	\$ 239,872	\$ 127,263	\$ 116,054	\$ 114,077	\$ 117,000	\$ 93,106	\$ 92,733	\$ 85,583	\$ 86,648
Contributions - employee	212,137	187,695	161,501	147,278	144,768	142,774	146,392	145,809	134,566	132,456
Net investment income	1,252,507	810,439	(484,349)	2,633,177	489,720	692,238	719,435	885,560	201,646	227,261
Benefit payments, including refunds of employee contributions	(482,126)	(485,670)	(447,536)	(444,469)	(370,547)	(361,186)	(298,032)	(224,749)	(231,468)	(203,129)
Administrative expense	(14,565)	(11,559)	(10,672)	(9,133)	(9,169)	(9,425)	(10,457)	(9,517)	(8,144)	(5,512)
Net change in plan fiduciary net position	1,247,689	740,777	(653,793)	2,442,907	368,849	581,401	650,444	889,836	182,183	237,724
Plan fiduciary net position - beginning	12,832,371	12,091,594	12,745,387	10,302,480	9,933,631	9,352,230	8,701,786	7,811,950	7,629,767	7,392,043
Plan fiduciary net position - ending (b)	\$ 14,080,060	\$ 12,832,371	\$ 12,091,594	\$ 12,745,387	\$ 10,302,480	\$ 9,933,631	\$ 9,352,230	\$ 8,701,786	\$ 7,811,950	\$ 7,629,767
Net pension liability (asset) - ending (a)-(b)	\$ (317,647)	\$ 83,183	\$ (63,104)	\$ (1,610,983)	\$ (443,356)	\$ (587,275)	\$ (527,012)	\$ (458,239)	\$ (305,641)	\$ (716,328)
Plan fiduciary net position as a percentage of total pension liability	102.31%	99.36%	100.52%	114.47%	104.50%	106.28%	105.97%	105.56%	104.07%	110.36%
Covered payroll	\$ 4,240,093	\$ 3,753,861	\$ 3,230,018	\$ 2,945,543	\$ 2,891,468	\$ 2,855,454	\$ 2,927,853	\$ 2,916,134	\$ 2,691,306	\$ 2,724,786
Net pension liability (asset) as a percentage of covered payroll	(7.49%)	2.22%	(1.95)%	(54.69)%	(15.33)%	(20.56)%	(18.00)%	(15.71)%	(11.36)%	(26.29)%

Notes to Schedule:

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.

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Schedule of Lenoir City School System's Contributions Based on
Participation in the Public Employee Pension Plan of TCRS

For the Last 10 Fiscal Years Ending on June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 330,827	\$ 279,736	\$ 239,872	\$ 127,263	\$ 116,054	\$ 114,077	\$ 117,000	\$ 93,106	\$ 92,733	\$ 85,583
Contributions in relation to the actuarially determined contribution	330,827	279,736	239,872	127,263	116,054	114,077	117,000	93,106	92,733	85,583
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,886,667	\$ 4,240,093	\$ 3,753,861	\$ 3,261,063	\$ 2,945,543	\$ 2,891,468	\$ 2,855,454	\$ 2,927,853	\$ 2,916,134	\$ 2,691,293
Contributions as a percentage of covered payroll	6.77%	6.60%	6.39%	3.94%	3.94%	3.95%	4.10%	3.18%	3.18%	3.18%

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Notes to Lenoir City School System's Required Supplementary Information

June 30, 2025

Notes to Schedule - PSPP Plan

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

Valuation date: Actuarially determined contribution rates for fiscal year 2025 were calculated based on the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.125 percent

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Schedule of Lenoir City School System's
Proportionate Share of the Net Pension Liability (Asset)
Teacher Legacy Pension Plan of TCRS

For the Last 10 Measurement Periods Ending on June 30,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Lenoir City School System's proportion of the net pension liability (asset)	0.226381%	0.233646%	0.237326%	0.234058%	0.235309%	0.232658%	0.241899%	0.231014%	0.230960%	0.239824%
Lenoir City School System's proportionate share of the net pension liability (asset)	\$ 92,733	\$ 1,460,159	\$ (77,647)	\$ (823,629)	\$ (2,419,400)	\$ (1,774,189)	\$ (10,433,704)	\$ (2,833,167)	\$ (2,722,953)	\$ (4,131,844)
Lenoir City School System's covered payroll	\$ 8,474,576	\$ 8,434,157	\$ 8,389,345	\$ 8,195,924	\$ 7,890,235	\$ 7,743,457	\$ 7,939,549	\$ 7,602,529	\$ 7,494,752	\$ 7,923,992
Lenoir City School System's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.09%	17.31%	(0.93%)	(10.05%)	(30.66%)	(22.91%)	(131.41%)	(37.27%)	(36.33%)	(52.14%)
Plan fiduciary net position as a percentage of the total pension liability	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%	104.11%	105.76%

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE
Schedule of Lenoir City School System's Contributions
Teacher Legacy Pension Plan of TCRS

For the Last 10 Fiscal Years Ending on June 30,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 762,447	\$ 758,397	\$ 744,191	\$ 825,320	\$ 823,130	\$ 815,392	\$ 783,060	\$ 651,294	\$ 539,175	\$ 508,052
Contributions in relation to the contractually required contribution	<u>762,447</u>	<u>758,397</u>	<u>744,191</u>	<u>825,320</u>	<u>823,130</u>	<u>815,392</u>	<u>783,060</u>	<u>651,294</u>	<u>539,175</u>	<u>508,052</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,434,513	\$ 8,389,345	\$ 8,195,121	\$ 7,890,235	\$ 7,743,457	\$ 7,939,549	\$ 7,602,529	\$ 7,494,752	\$ 7,923,992	\$ 7,988,239
Contributions as a percentage of covered payroll	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%	8.69%	6.80%	6.36%

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

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Schedule of Lenoir City School System's
Proportionate Share of the Net Pension Liability (Asset)
Teacher Retirement Plan of TCRS

For the Last 10 Measurement Periods Ending on June 30,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Lenoir City School System's proportion of the net pension liability (asset)	0.235348%	0.223386%	0.199871%	0.193291%	0.196189%	0.190213%	0.195517%	0.252560%	0.244324%	0.271039%
Lenoir City School System's proportionate share of the net pension liability (asset)	\$ (9,468)	\$ (23,255)	\$ (52,732)	\$ (87,663)	\$ (110,746)	\$ (108,163)	\$ (211,787)	\$ (76,507)	\$ (103,601)	\$ (193,145)
Lenoir City School System's covered payroll	\$ 488,992	\$ 982,912	\$ 1,311,827	\$ 1,689,139	\$ 2,076,093	\$ 2,400,353	\$ 2,821,733	\$ 4,312,967	\$ 4,859,704	\$ 6,376,926
Lenoir City School System's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%	(5.33)%	(4.51)%	(7.51)%	(1.77)%	(2.13)%	(3.03)%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%	104.97%	106.49%

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE
Schedule of Lenoir City School System's Contributions
Teacher Retirement Plan of TCRS

For the Last 10 Fiscal Years Ending on June 30,

	2016	2017	2018	2019*	2020*	2021*	2022*	2023*	2024*	2025*
Contractually required contribution	\$ 24,604	\$ 52,473	\$ 27,545	\$ 40,276	\$ 48,727	\$ 56,999	\$ 86,691	\$ 139,474	\$ 187,998	\$ 233,866
Contributions in relation to the actuarially determined contribution	39,316	52,473	67,565	40,276	48,727	56,999	86,691	139,474	187,998	233,866
Contribution deficiency (excess)	<u>\$ (14,712)</u>	<u>\$ -</u>	<u>\$ (40,020)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lenoir City School System's covered payroll	\$ 982,912	\$ 1,311,827	\$ 1,689,134	\$ 2,076,093	\$ 2,400,345	\$ 2,821,733	\$ 4,312,967	\$ 4,859,704	\$ 6,372,814	\$ 7,795,533
Contributions as a percentage of Lenoir City School System's covered payroll	4.00%	4.00%	4.00%	1.94%	2.03%	2.02%	2.02%	2.87%	2.95%	3.00%

* In fiscal years 2019, 2020, 2021, 2022, 2023, 2024 and 2025, the Schools placed the actuarially determined contribution rate of 1.94%, 2.03%, 2.02%, 2.02%, 2.87%, 2.95% and 3.00%, respectively, into the pension plan and placed 2.06%, 1.97%, 1.98%, 1.99%, 1.13%, 1.05% and 1.00%, respectively, of covered payroll into the Pension Stabilization Reserve Trust.

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

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Schedule of Changes in the Net Pension Liability and Related Ratios
Lenoir City Utilities Board Employees' Retirement Plan

For the Last 10 Measurement Periods Ending on June 30,

(Dollar amounts in millions)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 997,302	\$ 933,071	\$ 904,050	\$ 835,783	\$ 819,689	\$ 762,433	\$ 688,715	\$ 674,028	\$ 638,809	\$ 545,091
Interest	2,849,680	2,726,271	2,593,524	2,360,786	2,414,041	2,265,533	2,131,958	1,912,526	1,786,181	1,574,441
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	1,632,318	1,174,870	(311,434)	1,286,694	81,879	623,666	(378,769)	1,560,391	910,956	238,525
Changes of assumptions	-	-	-	-	(2,053,720)	-	-	-	-	1,570,506
Benefit Payments / Refunds	(4,313,908)	(1,957,021)	(680,528)	(1,772,881)	(2,304,659)	(870,032)	(344,775)	(1,708,999)	(1,423,487)	(571,342)
Net Change in Total Pension Liability	1,165,392	2,877,191	2,505,612	2,710,382	(1,042,770)	2,781,600	2,097,129	2,437,946	1,912,459	3,357,221
Total Pension Liability - Beginning	41,869,360	38,992,169	36,486,557	33,776,175	34,818,945	32,037,345	29,940,216	27,502,270	25,589,811	22,232,590
Total Pension Liability - Ending (a)	\$ 43,034,752	\$ 41,869,360	\$ 38,992,169	\$ 36,486,557	\$ 33,776,175	\$ 34,818,945	\$ 32,037,345	\$ 29,940,216	\$ 27,502,270	\$ 25,589,811
Plan Fiduciary Net Position										
Contributions - employer	\$ 1,027,977	\$ 831,301	\$ 775,045	\$ 778,578	\$ 845,504	\$ 845,504	\$ 2,055,426	\$ 2,740,868	\$ 2,735,405	\$ 2,512,188
Contributions - employee	313,611	300,933	290,058	286,481	270,387	273,829	265,879	254,702	254,283	240,870
Net investment income	4,581,572	2,911,406	(5,768,068)	8,768,576	1,852,210	1,896,802	2,045,012	3,001,244	306,067	609,169
Benefit Payments / Refunds	(4,313,908)	(1,957,021)	(680,528)	(1,772,881)	(2,304,659)	(870,032)	(344,775)	(1,708,999)	(1,423,487)	(571,342)
Administrative expenses	(133,965)	(127,798)	(136,953)	(135,030)	(119,635)	(117,926)	(113,499)	(100,678)	(88,614)	(80,174)
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,475,287	1,958,821	(5,520,446)	7,925,724	543,807	2,028,177	3,908,043	4,187,137	1,783,654	2,710,711
Plan Fiduciary Net Position - Beginning	36,690,496	34,731,675	40,252,121	32,326,397	31,782,590	29,754,413	25,846,370	21,659,233	19,875,579	17,164,868
Plan Fiduciary Net Position - Ending (b)	\$ 38,165,783	\$ 36,690,496	\$ 34,731,675	\$ 40,252,121	\$ 32,326,397	\$ 31,782,590	\$ 29,754,413	\$ 25,846,370	\$ 21,659,233	\$ 19,875,579
Net Pension Liability - Ending (a) - (b)	\$ 4,868,969	\$ 5,178,864	\$ 4,260,494	\$ (3,765,564)	\$ 1,449,778	\$ 3,036,355	\$ 2,282,932	\$ 4,093,846	\$ 5,843,037	\$ 5,714,232
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.7%	87.6%	89.1%	110.3%	95.7%	91.3%	92.9%	86.3%	78.8%	77.7%
Covered payroll	\$ 12,064,945	\$ 11,592,781	\$ 10,972,962	\$ 10,778,641	\$ 9,923,461	\$ 9,563,933	\$ 9,776,593	\$ 8,925,064	\$ 8,217,789	\$ 7,999,141
Net Pension Liability as a percentage of covered payroll	40.4%	44.7%	38.8%	-34.9%	14.6%	31.7%	23.4%	45.9%	71.1%	71.4%

Notes to Schedule - See Description of Plan for notes regarding benefit changes. See Summary of Actuarial Assumptions and Methods for notes regarding changes in assumptions.

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Schedule of Board Contributions
Lenoir City Utilities Board Employees' Retirement Plan

For the Last 10 Fiscal Years Ending on June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,261,626	\$ 1,027,977	\$ 786,424	\$ 772,549	\$ 719,813	\$ 815,719	\$ 845,504	\$ 976,659	\$ 1,016,575	\$ 1,048,344
Contributions in relation to the actuarially determined contribution	1,261,626	1,027,977	831,301	775,045	778,578	845,504	845,504	2,055,426	2,740,868	2,735,405
Contribution deficiency (excess)	\$ -	\$ -	\$ (44,877)	\$ (2,496)	\$ (58,765)	\$ (29,785)	\$ -	\$ (1,078,767)	\$ (1,724,293)	\$ (1,687,061)
Covered payroll	\$ 13,056,049	\$ 12,064,945	\$ 11,592,781	\$ 10,972,962	\$ 10,778,641	\$ 9,923,461	\$ 9,563,933	\$ 9,776,593	\$ 8,925,064	\$ 8,217,789
Contributions as a percentage of covered payroll	9.7%	8.5%	7.2%	7.1%	7.2%	8.5%	8.8%	21.0%	30.7%	33.3%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of the beginning of the fiscal year (July 1).

Methods and assumptions used to determine contribution rates:*

Actuarial cost method:	Entry Age Normal
Amortization method:	Level dollar
Remaining amortization period:	Investment gains and losses - 5 years. Experience gains and losses - average working lifetime of all participants.
Asset valuation method:	Fair Market Value
Inflation:	2.00%
Salary increases:	3.00%
Investment rate of return:	7.00% per annum.
Retirement age:	64
Mortality:	Mortality Table Pri-2012 Blue Collar with Mortality Improvement

* This is a summary of the methods and assumptions for the 7/1/2021 to 6/30/2022 plan year. Please refer to prior funding valuations for the assumptions used to develop earlier contribution rates.

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Schedule of Investment Returns
Lenoir City Utilities Board Employees' Retirement Plan

For the Last 10 Measurement Periods Ending on June 30, (Only applicable after 2014)

Measurement period ended June 30,	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	12.90%	8.51%	-14.35%	27.31%	6.02%	6.34%	7.68%	13.61%	1.49%	3.43%

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Schedule of Changes in Total OPEB Liability and Related Ratios
Based on Participation in the TGOP OPEB Plan

For the Last 10 Measurement Periods Ending on June 30,

	2017	2018	2019	2020	2021	2022	2023	2024
Collective Total OPEB Liability								
Service cost	\$ 168,562	\$ 156,080	\$ 155,847	\$ 123,065	\$ 152,631	\$ 194,760	\$ 152,055	\$ 158,657
Interest on the total OPEB liability	92,411	109,951	110,493	96,299	71,537	80,643	117,998	133,282
Changes of benefit terms	-	43,055	(269,124)	-	-	-	-	-
Differences between expected and actual experience of the total OPEB liability	-	(252,636)	139,131	102,375	(14,212)	(132,927)	(72,372)	144,304
Change in assumptions and other inputs	(138,609)	102,733	(216,541)	337,529	422,088	(354,190)	253,432	72,673
Benefit payments	(180,370)	(191,873)	(200,273)	(191,090)	(199,214)	(155,819)	(136,132)	(142,845)
Net change in total OPEB liability	(58,006)	(32,690)	(280,467)	468,178	432,830	(367,533)	314,981	366,071
Total OPEB liability - beginning	3,086,381	3,028,375	2,995,685	2,715,218	3,183,396	3,616,226	3,248,693	3,563,674
Total OPEB liability - ending	\$ 3,028,375	\$ 2,995,685	\$ 2,715,218	\$ 3,183,396	\$ 3,616,226	\$ 3,248,693	\$ 3,563,674	\$ 3,929,745
Proportion Determination								
Employer's actuarial accrued liability	\$ 2,088,373	\$ 2,033,905	\$ 1,799,391	\$ 2,175,921	\$ 2,404,899	\$ 2,086,999	\$ 2,217,660	\$ 2,450,373
State's actuarial accrued liability	\$ 940,002	\$ 961,780	\$ 915,827	\$ 1,007,475	\$ 1,211,327	\$ 1,529,227	\$ 1,346,014	\$ 1,479,372
Collective actuarial accrued liability	\$ 3,028,375	\$ 2,995,685	\$ 2,715,218	\$ 3,183,396	\$ 3,616,226	\$ 3,248,693	\$ 3,563,674	\$ 3,929,745
Employer's portion	0.689602	0.678945	0.662700	0.683500	0.665000	0.642400	0.622300	0.623500
State's portion	0.310398	0.321055	0.321055	0.316500	0.335000	0.357600	0.377700	0.376500
Employer's share of the total OPEB liability - beginning	\$ 2,128,375	\$ 2,088,373	\$ 2,033,905	\$ 1,799,391	\$ 2,175,921	\$ 2,404,899	\$ 2,086,999	\$ 2,217,660
Employer's share of the total OPEB liability - ending	\$ 2,088,373	\$ 2,033,905	\$ 1,799,391	\$ 2,175,921	\$ 2,404,899	\$ 2,086,999	\$ 2,217,660	\$ 2,450,373
Estimated covered payroll	\$ 9,701,172	\$ 10,029,788	\$ 10,154,227	\$ 10,384,060	\$ 10,950,950	\$ 10,950,950	\$ 14,686,357	\$ 16,192,777
Employer's total OPEB liability as a percentage of covered payroll	21.53%	20.28%	17.72%	20.95%	21.96%	19.06%	15.10%	15.13%

Note 1: GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Note 2: The amounts reported for each fiscal year were determined as of the prior fiscal year.

Note 3: 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.

Note 4: Changes in assumptions. The following are the discount rates used in each period.

2017 - 3.56%
2018 - 3.62%
2019 - 3.51%
2020 - 2.21%
2021 - 2.16%
2022 - 3.54%
2023 - 3.65%
2024 - 3.93%

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Schedule of Changes in Total OPEB Liability and Related Ratios
Based on Participation in the TNP OPEB Plan

For the Last 10 Measurement Periods Ending on June 30,

	2017	2018	2019	2020	2021	2022	2023	2024
Collective Total OPEB Liability								
Service cost	\$ 10,285	\$ 8,384	\$ 7,953	\$ 9,030	\$ 13,498	\$ 11,718	\$ 7,214	\$ 6,640
Interest on the total OPEB liability	15,073	16,954	16,139	17,736	14,041	11,509	15,662	15,810
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience of the total OPEB liability	-	(32,569)	43,849	10,588	(19,159)	4,244	(4,647)	3,622
Change in assumptions and other inputs	(43,762)	(3,697)	9,495	108,813	(87,426)	(91,268)	(4,876)	(15,459)
Benefit payments	(19,500)	(19,838)	(18,446)	(19,612)	(21,572)	(21,796)	(22,436)	(21,687)
Net change in total OPEB liability	(37,904)	(30,766)	58,990	126,555	(100,618)	(85,593)	(9,083)	(11,074)
Total OPEB liability - beginning	515,673	477,769	447,003	505,993	632,548	531,930	446,337	437,254
Total OPEB liability - ending	\$ 477,769	\$ 447,003	\$ 505,993	\$ 632,548	\$ 531,930	\$ 446,337	\$ 437,254	\$ 426,180
Proportion Determination								
Employer's actuarial accrued liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's actuarial accrued liability	\$ 477,769	\$ 447,003	\$ 505,993	\$ 632,548	\$ 531,930	\$ 446,337	\$ 437,254	\$ 426,180
Collective actuarial accrued liability	\$ 477,769	\$ 447,003	\$ 505,993	\$ 632,548	\$ 531,930	\$ 446,337	\$ 437,254	\$ 426,180
Employer's portion	-	-	-	-	-	-	-	-
State's portion	100%	100%	100%	100%	100%	100%	100%	100%
Employer's share of the total OPEB liability - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's share of the total OPEB liability - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated covered payroll	\$ 3,076,658	\$ 3,038,063	\$ 3,042,478	\$ 3,044,511	\$ 3,134,586	\$ 3,888,235	\$ 4,372,238	\$ 5,159,283
Employer's total OPEB liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note 1: GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Note 2: The amounts reported for each fiscal year were determined as of the prior fiscal year.

Note 3: 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.

Note 4: Changes in assumptions. The following are the discount rates used in each period:

2017 - 3.56%
2018 - 3.62%
2019 - 3.51%
2020 - 2.21%
2021 - 2.16%
2022 - 3.54%
2023 - 3.65%
2024 - 3.93%

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Schedule of Changes in the Net OPEB Liability and Related Ratios
City of Lenoir City OPEB Plan

For the Last 10 Measurement Periods Ending on June 30,

(Dollar amounts in millions)	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 50,246	\$ 47,853	\$ 78,591	\$ 74,849	\$ 49,785	\$ 47,414	\$ 45,156	\$ 38,592
Interest	61,261	60,524	33,988	32,964	40,639	39,227	38,506	39,958
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(227,989)	-	136,026	-	5,824	-	495,531	-
Changes of assumptions	34,548	-	(242,854)	-	(25,041)	-	(533,923)	-
Benefit Payments / Refunds	(92,919)	(68,612)	(64,576)	(40,781)	(38,382)	(21,694)	(20,180)	(26,192)
Net Change in Total OPEB Liability	(174,853)	39,765	(58,825)	67,032	32,825	64,947	25,090	52,358
Total OPEB Liability - Beginning	1,526,002	1,486,237	1,545,062	1,478,030	1,445,205	1,380,258	1,355,168	1,302,810
Total OPEB Liability - Ending (a)	\$ 1,351,149	\$ 1,526,002	\$ 1,486,237	\$ 1,545,062	\$ 1,478,030	\$ 1,445,205	\$ 1,380,258	\$ 1,355,168
Plan Fiduciary Net Position								
Contributions - employer	\$ 92,919	\$ 68,612	\$ 64,576	\$ 40,781	\$ 38,382	\$ 21,694	\$ 20,180	\$ 26,192
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-	-
Benefit Payments / Refunds	(92,919)	(68,612)	(64,576)	(40,781)	(38,382)	(21,694)	(20,180)	(26,192)
Administrative expenses	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability - Ending (a) - (b)	\$ 1,351,149	\$ 1,526,002	\$ 1,486,237	\$ 1,545,062	\$ 1,478,030	\$ 1,445,205	\$ 1,380,258	\$ 1,355,168
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 5,132,665	\$ 4,943,408	\$ 4,846,478	\$ 4,112,249	\$ 4,031,617	\$ 3,734,221	\$ 3,734,221	\$ 2,644,199
Net OPEB Liability as a percentage of covered payroll	26.3%	30.9%	30.7%	37.6%	36.7%	38.7%	37.0%	51.3%

Notes to Schedule - See Description of Plan for notes regarding benefit changes. See Summary of Actuarial Assumptions and Methods for notes regarding changes in assumptions.

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

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Schedule of Changes in the Net OPEB Liability and Related Ratios
Lenoir City Utilities Board OPEB Plan

For the Last 10 Measurement Periods Ending on June 30,

(Dollar amounts in millions)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 256,895	\$ 244,662	\$ 334,479	\$ 318,551	\$ 523,903	\$ 498,193	\$ 420,442	\$ 467,078
Interest	182,145	181,280	131,392	125,252	257,109	237,079	291,543	231,883
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	1,106,476	-	(232,726)	-	(2,779,808)	-	(3,541,250)	-
Changes of assumptions	228,395	-	(450,335)	-	(1,620,390)	-	1,897,186	-
Benefit Payments / Refunds	(417,215)	(243,208)	(228,902)	(94,575)	(88,803)	(152,655)	(142,005)	(208,484)
Net Change in Total OPEB Liability	1,356,696	182,734	(446,092)	349,228	(3,707,989)	582,617	(1,074,084)	490,477
Total OPEB Liability - Beginning	4,570,616	4,387,882	4,833,974	4,484,746	8,192,735	7,610,118	8,684,202	8,193,725
Total OPEB Liability - Ending (a)	\$ 5,927,312	\$ 4,570,616	\$ 4,387,882	\$ 4,833,974	\$ 4,484,746	\$ 8,192,735	\$ 7,610,118	\$ 8,684,202
Plan Fiduciary Net Position								
Contributions - employer	\$ 417,215	\$ 243,208	\$ 228,902	\$ 94,575	\$ 88,803	\$ 152,655	\$ 142,005	\$ 208,484
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-	-
Benefit Payments / Refunds	(417,215)	(243,208)	(228,902)	(94,575)	(88,803)	(152,655)	(142,005)	(208,484)
Administrative expenses	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability - Ending (a) - (b)	\$ 5,927,312	\$ 4,570,616	\$ 4,387,882	\$ 4,833,974	\$ 4,484,746	\$ 8,192,735	\$ 7,610,118	\$ 8,684,202
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 13,463,925	\$ 11,644,155	\$ 11,305,005	\$ 10,427,509	\$ 10,123,795	\$ 9,868,254	\$ 9,534,545	\$ 8,594,065
Net OPEB Liability as a percentage of covered payroll	44.0%	39.3%	38.8%	46.4%	44.3%	83.0%	79.8%	101.0%

Notes to Schedule - See Description of Plan for notes regarding benefit changes. See Summary of Actuarial Assumptions and Methods for notes regarding changes in assumptions.

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

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Notes to Required Supplementary Information

For the Last 10 Measurement Periods Ending on June 30

Income Plan for Employees of the City of Lenoir City, Tennessee

Changes to Benefits Terms:

There have been no benefit changes.

Changes in Assumptions:

During fiscal year 2018 the discount rate changed from 7.5% to 6.5% and from the IRS 2017 static Mortality Table to the 2018 IRS Static Mortality Table.

Valuation Date:

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

Actuarial Methods and Assumptions:

Actuarial Cost Method:	Entry age normal
Amortization Method:	Level dollar amortization of unfunded liabilities
Remaining Amortization Period:	30 years, closed period effective July 1, 2014
Asset Valuation Method:	5 years smoothing method where the difference between the difference between the expected return and the actual return is recognized over 5 years
Salary Increases:	2.00%
Investment Rate of Return:	6.5% per annum, compounded annually for purposes of GASB 67
Retirement Age:	Age 65 or current age if later
Mortality:	IRS 2023 Combined Static Mortality Table for purposes of GASB 67
	IRS 2022 Combined Static Mortality Table for purposes of GASB 68

Other Information:

The City elected to join the Tennessee Consolidated Retirement System Plan (the "TCRS Plan") on April 1, 2016. Current participants in The Retirement Income Plan for Employees of the City of Lenoir City, Tennessee (the "Lenoir City Plan") could not elect to transfer at that date due to the lack of approval of the TCRS Plan by the Internal Revenue Service (IRS). This approval from the IRS was not received until February 2017. At that time, management of the City allowed current active participants to elect out of the Lenoir City Plan and join the TCRS Plan. Participants who elected to transfer to the TCRS Plan are no longer entitled to benefits under the Lenoir City Plan.

The Lenoir City Plan document does not specifically address the transfer of assets from the Lenoir City Plan to the TCRS Plan with regards to the participants who elected to transfer. However, management decided a portion of the assets in the Lenoir City Plan should be transferred to the TCRS Plan.

CITY OF LENOIR CITY, TENNESSEE

Notes to Required Supplementary Information

For the Last 10 Measurement Periods Ending on June 30
(Continued)

Income Plan for Employees of the City of Lenoir City, Tennessee (Continued)

Other Information (Continued):

There being no specific guidance on how to determine the amount to transfer from the Lenoir City Plan to the TCRS Plan, the actuary proposed and management agreed, that the liabilities be determined for each participant as of June 30, 2016 based on entry age normal funding method which is required for reporting under Governmental Accounting Standards Board Statement No. 68 for the City's financial statements and for determining the actuarially determined contribution for the plan year beginning July 1, 2016.

City of Lenoir City OPEB Plan

The OPEB Plan for the City of Lenoir City is funded on a pay-as-you-go basis, therefore, no assets are accumulated in a trust.

Lenoir City Utilities Board OPEB Plan

The OPEB Plan for Lenoir City Utilities Board is funded on a pay-as-you-go basis, therefore, no assets are accumulated in a trust.

OTHER SUPPLEMENTARY INFORMATION

CITY OF LENOIR CITY, TENNESSEE
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/State Grantor	Program/ Cluster Name	Assistance Listing Number	Contract Number	Passed Through to Subrecipients	Expenditures
Federal Awards:					
Direct Funding:					
U.S. Department of Justice	School Violence Prevention Program (SVPP)	16.710	N/A	N/A	\$ 160,598
U.S. Department of Justice	Public Safety Partnership and Community Policing Grants	16.710	N/A	N/A	<u>71,823</u>
Total Program 16.710					<u>232,421</u>
U.S. Department of Justice	Bulletproof Vest Partnership	16.607	N/A	N/A	<u>1,982</u>
U.S. Department of Economic and Community Infrastructure	CDBG (Rural Development) - Community Infrastructure	14.228	N/A	N/A	<u>254,476</u>
U.S. Department of Homeland Security	FEMA	97.044	EMW-2021-FG-05029	N/A	994,136
U.S. Department of Homeland Security	FEMA	97.044	EMW-2023-FG-03036	N/A	<u>370,952</u>
Total Program 97.044					<u>1,365,088</u>
Pass-through Funding:					
U.S. Department of Transportation through TN Department of Transportation	Highway Planning and Construction Grant	20.205	N/A	N/A	<u>545,224</u>
U.S. Department of Transportation through TN Department of Transportation	High Visibility Enforcement Grant	20.607	Z24THS160	N/A	2,014
U.S. Department of Transportation through TN Department of Transportation	High Visibility Enforcement Grant	20.607	Z25THS169	N/A	<u>16,132</u>
Total Program 20.607					<u>18,146</u>
U.S. Department of the Treasury	ARPA - TDEC State Water Infrastructure Grants	21.027	DW-PDC-1	N/A	106,741
U.S. Department of the Treasury	ARPA	21.027	DW-PDC-1	N/A	<u>1,380,249</u>
Total Program 21.027					<u>1,486,990</u>
U.S. Department of Education through TN Department of Education	IDEA-B	84.027A	H027A210052	N/A	600,644
U.S. Department of Education through TN Department of Education	Access For All Learning Network	84.027	N/A	N/A	1,633
U.S. Department of Education through TN Department of Education	IDEA-B/Preschool	84.173A	H173A210095	N/A	<u>18,097</u>
Total Special Education Cluster					<u>620,374</u>

(Continued)

CITY OF LENOIR CITY, TENNESSEE
Schedule of Expenditures of Federal and State Awards
(Continued)
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/State Grantor	Program/ Cluster Name	Assistance Listing Number	Contract Number	Passed Through to Subrecipients	Expenditures
Federal Awards (Continued):					
Pass-through Funding (Continued):					
U.S. Department of Agriculture through TN Department of Education	National School Lunch Program	10.555	577200	N/A	\$ 946,787
U.S. Department of Agriculture through TN Department of Education	USDA Rebate Storage	10.555	N/A	N/A	1,404
U.S. Department of Agriculture through TN Department of Education	National School Breakfast Program	10.553	577200	N/A	392,070
			Total Child Nutrition Cluster		<u>1,340,261</u>
U.S. Department of Education through TN Department of Education	CTE Perkins Basic	84.048A	V048A210042	N/A	24,447
U.S. Department of Education through TN Department of Education	Perkins Reserve	84.048A	V048A210042	N/A	<u>58,252</u>
Total Program 84.048A					<u>82,699</u>
U.S. Department of Education through TN Department of Education	Title I - A	84.010A	S010A210042	N/A	<u>376,053</u>
U.S. Department of Education through TN Department of Education	Title I - C	84.011A	ED00002019	N/A	<u>4,999</u>
U.S. Department of Education through TN Department of Education	Title II - A	84.367A	S367A210040	N/A	<u>196,356</u>
U.S. Department of Education through TN Department of Education	Title III	84.365A	S365A210042	N/A	<u>49,547</u>

(Continued)

CITY OF LENOIR CITY, TENNESSEE
Schedule of Expenditures of Federal and State Awards
(Continued)
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/State Grantor	Program/ Cluster Name	Assistance Listing Number	Contract Number	Passed Through to Subrecipients	Expenditures
Federal Awards (Continued):					
Pass-through Funding (Continued):					
U.S. Department of Education through TN Department of Education	ESSER 3.0	84.425U	S425U210047	N/A	\$ 32,471
U.S. Department of Education through TN Department of Education	Innovative School Models	84.425U	S425U210047-21A	N/A	208,568
Total Program 84.425U					<u>241,039</u>
U.S. Department of Education through TN Department of Education	HQIM Literacy Implementation Networks	84.371C	S371C200013	N/A	<u>87,800</u>
Total Federal Pass-through Funding					<u>6,903,455</u>
Federal Noncash Awards:					
U.S. Department of Agriculture Commodities	N/A	10.569	N/A	N/A	<u>120,537</u>
Total Federal Noncash Awards					<u>120,537</u>
Total Federal Awards					<u>7,023,992</u>

(Continued)

CITY OF LENOIR CITY, TENNESSEE
Schedule of Expenditures of Federal and State Awards
(Continued)
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/State Grantor	Program/ Cluster Name	Assistance Listing Number	Contract Number	Passed Through to Subrecipients	Expenditures
State Awards:					
Tennessee Department of Education	State Special Education Preschool Grant	N/A	N/A	N/A	\$ 109,186
Tennessee Department of Education	Public School Security Grant	N/A	N/A	N/A	6,302
Tennessee Department of Education	Child State Nutrition	N/A	N/A	N/A	12,261
Tennessee Department of Education	Summer Learning Camps	N/A	ED00001944	N/A	295,766
Tennessee Department of Education	Summer Learning Camps - Transportation	N/A	ED00001909	N/A	31,300
Tennessee Department of Education	Voluntary Pre-K	N/A	ED00000552	N/A	174,474
Tennessee Department of Education	Career Ladder	N/A	N/A	N/A	12,669
Tennessee Department of Education	Drive Education	N/A	N/A	N/A	2,028
Tennessee Department of Education	Parental Leave	N/A	N/A	N/A	79,626
Tennessee Department of Finance and Administration	Violent Crime Intervention Funding	N/A	N/A	N/A	1,536
Tennessee Department of Safety and Homeland Security	SRO Safety Grant	N/A	N/A	N/A	225,000
Total State Awards					<u>950,148</u>
Total Federal and State Awards					<u><u>\$ 7,974,140</u></u>

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Notes to Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2025

Note A – Basis of Presentation

The accompanying schedule of federal and state awards (the Schedule) includes federal and state award activity of the City of Lenoir City, Tennessee under programs of the federal and state governments for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Note B – Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The City of Lenoir City, Tennessee has not elected to use the 10 percent *de minimus* indirect cost rate as allowed under the Uniform Guidance.
- (3) Lenoir City Schools elected not to charge indirect costs on all other programs in fiscal year 2025.

Note C – Outstanding Loans

The City of Lenoir City, Tennessee had the following loan funding balance, loan repayments, and loan balances outstanding at June 30, 2025. These loan funding balances are also included in the federal expenditures presented in the Schedule.

Grantor Agency	Program Identification or Contract Number	Assistance Listing Number	FY 2025 Loan Funding	FY 2025 Loan Repayments	FY 2025 Loan Balances
U.S. Department of Environment and Conservation	CGA 2009-238	66.458	\$ -	\$ 10,053	\$ 79,078
U.S. Department of Environment and Conservation	SRF 2015-342	66.458	-	35,432	359,631
U.S. Department of Environment and Conservation	SRF 2018-402	66.458	-	9,333	140,780
			-	54,818	579,489
Tennessee Department of Economic and Community Development	CGA 2009-238	N/A	-	74,985	589,868
Tennessee Department of Economic and Community Development	SRF 2001-155	N/A	-	25,465	-
Tennessee Department of Economic and Community Development	SRF 2006-191	N/A	-	61,920	246,846
Tennessee Department of Economic and Community Development	SRF 2008-218	N/A	-	600,936	4,017,955
Tennessee Department of Economic and Community Development	SRF 2015-342	N/A	-	51,412	915,785
Tennessee Department of Economic and Community Development	SRF 2018-402	N/A	-	42,519	641,330
			-	857,237	6,411,784
			\$ -	\$ 912,055	\$ 6,991,273

CITY OF LENOIR CITY, TENNESSEE

Nonmajor Governmental Funds
Combining Balance Sheet

June 30, 2025

	Special Revenue Funds															
	Community Development Fund	Drug Enforcement Fund	Sanitation Fund	Downtown VIP Fund	State Street Aid Fund	DEA Asset Forfeiture Fund	Federal Projects Fund	Cafeteria Fund	Internal Schools Fund	Total Special Revenue Funds	Debt Service Fund - Schools	Capital Projects - Schools Fund	Debt Service Fund - Event Center	Capital Projects - City Fund	Total Nonmajor Governmental Funds	
ASSETS																
Assets:																
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 90,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,960	\$ -	\$ -	\$ -	\$ 624,803	\$ 715,763	
Receivables -																
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	29,642	29,642	
Due from governmental units	-	-	-	-	-	-	-	-	-	-	-	-	-	531,616	531,616	
Other	-	-	60,711	-	-	-	-	-	-	60,711	-	-	-	-	60,711	
Restricted assets:																
Cash and cash equivalents	29,647	95,268	-	-	299,557	23,318	-	2,406,391	745,739	3,599,920	4,004,868	7,328,949	290,909	-	15,224,646	
Receivables -																
Due from other funds	-	-	-	-	-	-	-	2,497	-	2,497	-	-	-	-	2,497	
Due from governmental units	-	-	-	-	60,944	-	263,666	34,742	-	359,352	254,889	-	-	-	614,241	
Other	-	2,598	-	-	-	-	-	-	-	2,598	-	-	-	-	2,598	
Inventories	-	-	-	-	-	-	-	37,514	-	37,514	-	-	-	-	37,514	
Total assets	\$ 29,647	\$ 97,866	\$ 60,711	\$ 90,960	\$ 360,501	\$ 23,318	\$ 263,666	\$ 2,481,144	\$ 745,739	\$ 4,153,552	\$ 4,259,757	\$ 7,328,949	\$ 290,909	\$ 1,186,061	\$ 17,219,228	
LIABILITIES AND FUND BALANCES																
Liabilities (payable from current assets):																
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,587	\$ 331,587	
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	7,512	7,512	
Liabilities (payable from restricted assets):																
Accounts payable	-	73	-	-	568	-	25,036	-	-	25,677	-	-	-	-	25,677	
Accrued liabilities	-	-	-	-	-	-	134,264	79,814	-	214,078	-	-	-	-	214,078	
Due to other funds	29,642	-	-	-	-	-	-	-	-	29,642	-	-	19,944	-	49,586	
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Funds held in trust	-	27,057	-	-	-	-	-	-	-	27,057	-	-	-	-	27,057	
Revenue received in advance	-	-	-	-	-	-	-	2,452	-	2,452	-	-	-	-	2,452	
Compensated absences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total liabilities	29,642	27,130	-	-	568	-	159,300	82,266	-	298,906	-	-	19,944	339,099	657,949	
Fund balances:																
Nonspendable:																
Inventories	-	-	-	-	-	-	-	37,514	-	37,514	-	-	-	-	37,514	
Restricted	5	70,736	-	-	359,933	23,318	104,366	2,361,364	745,739	3,665,461	4,259,757	7,328,949	270,965	-	15,525,132	
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Assigned	-	-	60,711	90,960	-	-	-	-	-	151,671	-	-	-	846,962	998,633	
Total fund balances	5	70,736	60,711	90,960	359,933	23,318	104,366	2,398,878	745,739	3,854,646	4,259,757	7,328,949	270,965	846,962	16,561,279	
Total liabilities and fund balances	\$ 29,647	\$ 97,866	\$ 60,711	\$ 90,960	\$ 360,501	\$ 23,318	\$ 263,666	\$ 2,481,144	\$ 745,739	\$ 4,153,552	\$ 4,259,757	\$ 7,328,949	\$ 290,909	\$ 1,186,061	\$ 17,219,228	

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Nonmajor Governmental Funds

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

For the Fiscal Year Ended June 30, 2025

(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	Special Revenue Funds											
	Community Development Fund				Drug Enforcement Fund				Sanitation Fund			
	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Revenues:												
Intergovernmental revenues:												
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-	-	-	-	-	-	-	-
Local sales tax	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	54,500	74,750	75,589	53,603	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	775,000	728,000	728,996	717,668
Contributions and gifts	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Other local revenues	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	54,500	74,750	75,589	53,603	775,000	728,000	728,996	717,668
Expenditures:												
Community development	-	-	-	-	-	-	-	-	-	-	-	-
Drug enforcement	-	-	-	-	83,500	52,860	46,631	112,490	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	761,250	770,500	764,669	692,532
Downtown VIP	-	-	-	-	-	-	-	-	-	-	-	-
State Street Aid	-	-	-	-	-	-	-	-	-	-	-	-
DEA asset forfeiture	-	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Other debt service	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	83,500	52,860	46,631	112,490	761,250	770,500	764,669	692,532
Revenues over (under) expenditures	-	-	-	-	(29,000)	21,890	28,958	(58,887)	13,750	(42,500)	(35,673)	25,136
Other financing sources (uses):												
Bond proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Bond premiums	-	-	-	-	-	-	-	-	-	-	-	-
Bond refunding	-	-	-	-	-	-	-	-	-	-	-	-
Other debt service	-	-	-	-	-	-	-	-	-	-	-	-
Underwriter's discount	-	-	-	-	-	-	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-	-	-	-	-	-	-
Interfund transfers - in	-	-	-	-	-	-	-	-	-	-	35,899	-
Interfund transfers - out	-	-	-	-	-	-	-	-	-	-	-	(8,414)
Sale of notes	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	35,899	(8,414)
Revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-	(29,000)	21,890	28,958	(58,887)	13,750	(42,500)	226	16,722
Fund balance, beginning	5	5	5	5	41,778	41,778	41,778	100,665	60,485	60,485	60,485	43,763
Fund balance, ending	\$ 5	\$ 5	\$ 5	\$ 5	\$ 12,778	\$ 63,668	\$ 70,736	\$ 41,778	\$ 74,235	\$ 17,985	\$ 60,711	\$ 60,485

(Continued)

CITY OF LENOIR CITY, TENNESSEE

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

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

Special Revenue Funds											
Downtown VIP Fund				State Street Aid Fund				DEA Asset Forfeiture Fund			
2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Revenues:											
Intergovernmental revenues:											
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	350,000	350,000	353,931	354,083	-	-	-	-
Local sales tax	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Contributions and gifts	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	28	41,500	41,559	5,000	1,900	2,023	4,702	5,000	850	778	4,450
Sale of assets	-	-	-	-	-	-	-	-	-	-	-
Other local revenues	-	-	-	-	-	-	-	-	-	-	-
Total revenues	28	41,500	41,559	355,000	351,900	355,954	358,785	5,000	850	778	4,450
Expenditures:											
Community development	-	-	-	-	-	-	-	-	-	-	-
Drug enforcement	-	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-	-
Downtown VIP	-	-	-	-	-	-	-	-	-	-	-
State Street Aid	-	-	-	330,000	465,000	217,397	202,178	-	-	-	-
DEA asset forfeiture	-	-	-	-	-	-	-	65,000	71,500	70,961	3,235
Education	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Other debt service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	330,000	465,000	217,397	202,178	65,000	71,500	70,961	3,235
Revenues over (under) expenditures	28	41,500	41,559	25,000	(113,100)	138,557	156,607	(60,000)	(70,650)	(70,183)	1,215
Other financing sources (uses):											
Bond proceeds	-	-	-	-	-	-	-	-	-	-	-
Bond premiums	-	-	-	-	-	-	-	-	-	-	-
Bond refunding	-	-	-	-	-	-	-	-	-	-	-
Other debt service	-	-	-	-	-	-	-	-	-	-	-
Underwriter's discount	-	-	-	-	-	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-	-	-	-	-	-
Interfund transfers - in	-	-	114,000	-	-	-	-	-	-	-	-
Interfund transfers - out	-	-	-	-	-	-	-	-	-	-	-
Sale of notes	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	114,000	-	-	-	-	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	28	41,500	41,559	118,957	25,000	(113,100)	156,607	(60,000)	(70,650)	(70,183)	1,215
Fund balance, beginning	49,401	49,401	49,401	(69,556)	221,376	221,376	64,769	93,501	93,501	93,501	92,286
Fund balance, ending	\$ 49,429	\$ 90,901	\$ 90,960	\$ 49,401	\$ 246,376	\$ 108,276	\$ 359,933	\$ 33,501	\$ 22,851	\$ 23,318	\$ 93,501

(Continued)

CITY OF LENOIR CITY, TENNESSEE

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

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

Special Revenue Funds												
	Cafeteria Fund				Federal Projects Fund				Internal School Fund			
	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Revenues:												
Intergovernmental revenues:												
Federal grants	\$ 1,476,001	\$ 1,460,799	\$ 1,460,798	\$ 1,422,653	\$ 120,271	\$ 120,271	\$ 328,839	\$ 1,415,521	\$ -	\$ -	\$ -	\$ -
State grants	12,260	12,261	12,261	-	1,962,885	1,538,595	1,330,027	1,660,392	-	-	-	-
Local sales tax	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	312,920	388,879	367,800	454,737	-	-	-	-	-	-	-	-
Contributions and gifts	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	13,547	13,723	13,724	9,427	-	-	-	-	-	-	1,265,573	1,167,906
Sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Other local revenues	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	1,814,728	1,875,662	1,854,583	1,886,817	2,083,156	1,658,866	1,658,866	3,075,913	-	-	1,265,573	1,167,906
Expenditures:												
Community development	-	-	-	-	-	-	-	-	-	-	-	-
Drug enforcement	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-	-	-
Downtown VIP	-	-	-	-	-	-	-	-	-	-	-	-
State Street Aid	-	-	-	-	-	-	-	-	-	-	-	-
DEA asset forfeiture	-	-	-	-	-	-	-	-	-	-	-	-
Education	2,016,063	1,685,783	1,676,249	1,584,522	2,083,156	1,658,866	1,658,976	2,928,913	-	-	1,230,974	1,120,457
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Other debt service	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	2,016,063	1,685,783	1,676,249	1,584,522	2,083,156	1,658,866	1,658,976	2,928,913	-	-	1,230,974	1,120,457
Revenues over (under) expenditures	(201,335)	189,879	178,334	302,295	-	-	(110)	147,000	-	-	34,599	47,449
Other financing sources (uses):												
Bond proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Bond premiums	-	-	-	-	-	-	-	-	-	-	-	-
Bond refunding	-	-	-	-	-	-	-	-	-	-	-	-
Other debt service	-	-	-	-	-	-	-	-	-	-	-	-
Underwriter's discount	-	-	-	-	-	-	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-	-	-	-	-	-	-
Interfund transfers - in	-	-	-	-	-	-	-	(146,580)	-	-	-	-
Interfund transfers - out	-	-	-	-	-	-	-	-	-	-	-	-
Sale of notes	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(146,580)	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	(201,335)	189,879	178,334	302,295	-	-	(110)	420	-	-	34,599	47,449
Fund balance, beginning	2,220,544	2,220,544	2,220,544	1,918,249	104,476	104,476	104,476	104,056	711,140	711,140	711,140	663,691
Fund balance, ending	\$ 2,019,209	\$ 2,410,423	\$ 2,398,878	\$ 2,220,544	\$ 104,476	\$ 104,476	\$ 104,366	\$ 104,476	\$ 711,140	\$ 711,140	\$ 745,739	\$ 711,140

(Continued)

CITY OF LENOIR CITY, TENNESSEE

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

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	Total Special Revenue Funds				Debt Service Fund - School				Capital Projects - Schools Fund			
	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Revenues:												
Intergovernmental revenues:												
Federal grants	\$ 1,596,272	\$ 1,581,070	\$ 1,789,637	\$ 2,838,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	2,325,145	1,900,856	1,696,219	2,014,475	-	-	-	-	-	-	-	-
Local sales tax	-	-	-	-	1,396,830	1,465,554	1,469,437	1,426,433	-	-	-	-
Fines and forfeitures	54,500	74,750	75,589	53,603	-	-	-	-	-	-	-	-
Charges for services	1,087,920	1,116,879	1,096,796	1,172,405	-	-	-	-	-	-	-	-
Contributions and gifts	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	23,575	57,973	1,323,657	1,191,442	-	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Other local revenues	-	-	-	-	61,125	61,125	-	-	-	-	-	-
Total revenues	<u>5,087,412</u>	<u>4,731,528</u>	<u>5,981,898</u>	<u>7,270,099</u>	<u>1,457,955</u>	<u>1,526,679</u>	<u>1,469,437</u>	<u>1,426,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:												
Community development	-	-	-	-	-	-	-	-	-	-	-	-
Drug enforcement	83,500	52,860	46,631	112,490	-	-	-	-	-	-	-	-
Sanitation	761,250	770,500	764,669	692,532	-	-	-	-	-	-	-	-
Downtown VIP	-	-	-	-	-	-	-	-	-	-	-	-
State Street Aid	330,000	465,000	217,397	202,178	-	-	-	-	-	-	-	-
DEA asset forfeiture	65,000	71,500	70,961	3,235	-	-	-	-	-	-	-	-
Education	4,099,219	3,344,649	4,566,199	5,633,892	760	760	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	7,955,165	868,490	598,490	2,708,785
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	738,200	738,200	737,200	739,600	-	-	-	-
Other debt service	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>5,338,969</u>	<u>4,704,509</u>	<u>5,665,857</u>	<u>6,644,327</u>	<u>738,960</u>	<u>738,960</u>	<u>737,200</u>	<u>739,600</u>	<u>7,955,165</u>	<u>868,490</u>	<u>598,490</u>	<u>2,708,785</u>
Revenues over (under) expenditures	<u>(251,557)</u>	<u>27,019</u>	<u>316,041</u>	<u>625,772</u>	<u>718,995</u>	<u>787,719</u>	<u>732,237</u>	<u>686,833</u>	<u>(7,955,165)</u>	<u>(868,490)</u>	<u>(598,490)</u>	<u>(2,708,785)</u>
Other financing sources (uses):												
Bond proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Bond premiums	-	-	-	-	-	-	-	-	-	-	-	-
Bond refunding	-	-	-	-	-	-	-	-	-	-	-	-
Other debt service	-	-	-	-	-	-	-	-	-	-	-	-
Underwriter's discount	-	-	-	-	-	-	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-	-	-	-	-	-	-
Interfund transfers - in	-	-	35,899	(32,580)	-	-	-	-	-	-	-	9,010,000
Interfund transfers - out	-	-	-	(8,414)	-	-	-	-	-	-	-	-
Sale of notes	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>35,899</u>	<u>(40,994)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,010,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(251,557)</u>	<u>27,019</u>	<u>351,940</u>	<u>584,778</u>	<u>718,995</u>	<u>787,719</u>	<u>732,237</u>	<u>686,833</u>	<u>(7,955,165)</u>	<u>(868,490)</u>	<u>(598,490)</u>	<u>6,301,215</u>
Fund balance, beginning	<u>3,502,706</u>	<u>3,502,706</u>	<u>3,502,706</u>	<u>2,917,928</u>	<u>3,527,520</u>	<u>3,527,520</u>	<u>3,527,520</u>	<u>2,840,687</u>	<u>7,927,439</u>	<u>7,927,439</u>	<u>7,927,439</u>	<u>1,626,224</u>
Fund balance, ending	<u>\$ 3,251,149</u>	<u>\$ 3,529,725</u>	<u>\$ 3,854,646</u>	<u>\$ 3,502,706</u>	<u>\$ 4,246,515</u>	<u>\$ 4,315,239</u>	<u>\$ 4,259,757</u>	<u>\$ 3,527,520</u>	<u>\$ (27,726)</u>	<u>\$ 7,058,949</u>	<u>\$ 7,328,949</u>	<u>\$ 7,927,439</u>

(Continued)

CITY OF LENOIR CITY, TENNESSEE

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

For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	Debt Service Fund - Event Center				Capital Projects - City Fund				Total Nonmajor Governmental Funds			
	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual	2025 Original Budget	2025 Final Budget	2025 Actual	2024 Actual
Revenues:												
Intergovernmental revenues:												
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 3,958,214	\$ 4,828,670	\$ 3,623,894	\$ 601,341	\$ 5,554,486	\$ 6,409,740	\$ 5,413,531	\$ 3,439,515
State grants	-	-	-	-	-	-	-	-	2,325,145	1,900,856	1,696,219	2,014,475
Local sales tax	-	-	-	-	-	-	-	-	1,396,830	1,465,554	1,469,437	1,426,433
Fines and forfeitures	-	-	-	-	-	-	-	-	54,500	74,750	75,589	53,603
Charges for services	-	-	-	-	-	-	-	-	1,087,920	1,116,879	1,096,796	1,172,405
Contributions and gifts	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	10,000	4,500	4,327	9,917	43,000	46,200	43,790	43,148	76,575	108,673	1,371,774	1,244,507
Sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Other local revenues	-	-	-	-	-	-	-	-	61,125	61,125	-	-
Total revenues	10,000	4,500	4,327	9,917	4,001,214	4,874,870	3,667,684	644,489	10,556,581	11,137,577	11,123,346	9,350,938
Expenditures:												
Community development	-	-	-	-	-	-	-	-	-	-	-	-
Drug enforcement	-	-	-	-	-	-	-	-	83,500	52,860	46,631	112,490
Sanitation	-	-	-	-	-	-	-	-	761,250	770,500	764,669	692,532
Downtown VIP	-	-	-	-	-	-	-	-	-	-	-	-
State Street Aid	-	-	-	-	-	-	-	-	330,000	465,000	217,397	202,178
DEA asset forfeiture	-	-	-	-	-	-	-	-	65,000	71,500	70,861	3,235
Education	-	-	-	-	-	-	-	-	4,099,979	3,345,409	4,566,199	5,633,892
Capital projects	-	-	-	-	4,625,600	4,900,338	4,731,269	363,640	12,580,765	5,768,828	5,329,759	3,072,425
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	738,200	738,200	737,200	739,600
Other debt service	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	4,625,600	4,900,338	4,731,269	363,640	18,658,894	11,212,297	11,732,816	10,456,352
Revenues over (under) expenditures	10,000	4,500	4,327	9,917	(624,386)	(25,468)	(1,063,585)	280,849	(8,102,113)	(74,720)	(609,470)	(1,105,414)
Other financing sources (uses):												
Note/bond proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Bond premiums	-	-	-	-	-	-	-	-	-	-	-	-
Bond refunding	-	-	-	-	-	-	-	-	-	-	-	-
Other debt service	-	-	-	-	-	-	-	-	-	-	-	-
Underwriter's discount	-	-	-	-	-	-	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-	-	-	-	-	-	-
Interfund transfers - in	-	-	-	-	-	-	750,000	-	-	-	785,899	8,977,420
Interfund transfers - out	-	-	-	-	-	-	-	-	-	-	-	(8,414)
Sale of notes	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	750,000	-	-	-	785,899	8,969,006
Revenues and other financing sources over (under) expenditures and other financing uses	10,000	4,500	4,327	9,917	(624,386)	(25,468)	(313,585)	280,849	(8,102,113)	(74,720)	176,429	7,863,592
Fund balance, beginning	266,638	266,638	266,638	256,721	1,160,547	1,160,547	1,160,547	879,698	16,384,850	16,384,850	16,384,850	8,521,258
Fund balance, ending	\$ 276,638	\$ 271,138	\$ 270,965	\$ 266,638	\$ 536,161	\$ 1,135,079	\$ 846,962	\$ 1,160,547	\$ 8,282,737	\$ 16,310,130	\$ 16,561,279	\$ 16,384,850

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Nonmajor Proprietary Fund
Statement of Net Position

June 30, 2025

<u>Assets</u>		Stormwater Fund
Current assets:		
Cash and cash equivalents		\$ 2,591,267
Receivables:		
Due from governmental units		102,569
Due from other funds		7,512
Total current assets		<u>2,701,348</u>
Capital assets:		
Capital assets		2,906,362
Less accumulated depreciation		<u>878,023</u>
Net capital assets		<u>2,028,339</u>
Total assets		<u>4,729,687</u>
<u>Deferred Outflows of Resources</u>		
Pension contributions subsequent to the measurement date		47,017
Differences between expected and actual earnings on pension		25,039
Changes of assumptions - pension		17,148
Differences between expected and actual experience - pension		60,476
Differences between expected and actual experience - OPEB		4,251
Differences between expected and actual earnings on pension plan investments		<u>-</u>
Total deferred outflows of resources		<u>153,931</u>
<u>Liabilities</u>		
Current liabilities (payable from current assets):		
Accounts payable		78,414
Accrued liabilities		134,813
Due to other funds		<u>460,201</u>
Total current liabilities (payable from current assets)		<u>673,428</u>
Noncurrent liabilities:		
Net OPEB liability		58,746
Net pension liability		<u>353,569</u>
Total noncurrent liabilities		<u>412,315</u>
Total liabilities		<u>1,085,743</u>
<u>Deferred Inflows of Resources</u>		
Differences between projected and actual earnings on pension plan investments		37,378
Differences between expected and actual experience - pension		13,421
Change of assumptions - OPEB		<u>13,721</u>
Total deferred inflows of resources		<u>64,520</u>
<u>Net Position</u>		
Net position:		
Net investment in capital assets		2,028,339
Unrestricted		<u>1,705,016</u>
Total net position		<u>\$ 3,733,355</u>

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Nonmajor Proprietary Fund

Statement of Revenues, Expenses and Change in Net Position

For the Fiscal Year Ended June 30, 2025

	Stormwater Fund
Operating revenues:	
Charges for services	\$ 570,425
Other operating revenues	<u>-</u>
	<u>570,425</u>
Operating expenses:	
Administration and general	322,350
Maintenance	438,573
Other	8,448
Depreciation	<u>50,581</u>
	<u>819,952</u>
Operating income (loss)	<u>(249,527)</u>
Non-operating revenues (expenses):	
Interest income	65,294
Capital contributions - grant	<u>254,476</u>
	<u>319,770</u>
Change in net position	70,243
Net position, beginning	<u>3,663,112</u>
Net position, ending	<u><u>\$ 3,733,355</u></u>

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Nonmajor Proprietary Fund
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2025

	Stormwater Fund
Cash flows from operating activities:	
Cash received from customers	\$ 546,805
Cash payments to suppliers for goods and services	(452,524)
Cash payments to employees for services	(276,000)
Other operating revenues	<u>-</u>
Net cash used by operating activities	<u>(181,719)</u>
Cash flows from investing activities:	
Interest received on investments	65,294
Advances from (repayments to) departments and city, net	<u>215,770</u>
Net cash provided by investing activities	<u>281,064</u>
Cash flows from capital and related financing activities:	
Capital contributions from grants	254,476
Acquisition of capital assets	<u>(45,000)</u>
Net cash provided by capital and related financing activities	<u>209,476</u>
Net increase in cash and cash equivalents	308,821
Cash and cash equivalents, beginning of year	<u>2,282,446</u>
Cash and cash equivalents, end of year	<u>\$ 2,591,267</u>

(Continued)

CITY OF LENOIR CITY, TENNESSEE

Nonmajor Proprietary Fund
Statement of Cash Flows
(Continued)

For the Fiscal Year Ended June 30, 2025

	Stormwater Fund
<u>Reconciliation of operating income (loss) to net cash used by operating activities:</u>	
Operating income (loss)	\$ (249,527)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Depreciation	50,581
(Increase) decrease in assets and deferred outflows —	
Deferred outflows related to pension plan	(17,408)
Due from other governments	(6,212)
Increase (decrease) in liabilities and deferred inflows —	
Accounts payable	30,620
Accrued liabilities	(13,357)
Deferred inflows related to pension and OPEB	45,502
Net OPEB liability	(8,331)
Net pension liability	(13,587)
Net cash used by operating activities	<u>\$ (181,719)</u>

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

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

June 30, 2025

Year Ending June 30,	Series 2008 Tennessee Municipal Loan Bond Pool #5*		Series 2015 Tennessee Municipal Loan Bond Pool #8**		Series 2016 Tennessee Municipal Loan Bond Pool #10**	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 190,000	\$ 150,900	\$ 105,000	\$ 33,180	\$ 129,000	\$ 52,415
2027	199,000	141,400	106,000	30,030	131,000	45,320
2028	209,000	131,450	108,000	26,850	133,000	38,115
2029	219,000	121,000	109,000	23,610	136,000	30,800
2030	231,000	110,050	110,000	20,340	139,000	23,320
2031	242,000	98,500	111,000	17,040	141,000	15,675
2032	254,000	86,400	112,000	13,710	144,000	7,920
2033	267,000	73,700	114,000	10,350	-	-
2034	280,000	60,350	115,000	6,930	-	-
2035	294,000	46,350	116,000	3,480	-	-
2036	309,000	31,650	-	-	-	-
2037	324,000	16,200	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
2045	-	-	-	-	-	-
2046	-	-	-	-	-	-
2047	-	-	-	-	-	-
2048	-	-	-	-	-	-
2049	-	-	-	-	-	-
2050	-	-	-	-	-	-
2051	-	-	-	-	-	-
2052	-	-	-	-	-	-
2053	-	-	-	-	-	-
2054	-	-	-	-	-	-
2055	-	-	-	-	-	-
2056	-	-	-	-	-	-
2057	-	-	-	-	-	-
	<u>\$ 3,018,000</u>	<u>\$ 1,067,950</u>	<u>\$ 1,106,000</u>	<u>\$ 185,520</u>	<u>\$ 953,000</u>	<u>\$ 213,565</u>

* Variable interest rate. Assumed an interest rate of 5.00% for future interest payments as projected by the Tennessee Municipal Bond Fund, however, the current rate at June 30, 2025 is 3.450%.

** Variable interest rate. Assumed an interest rate of 5.50% for future interest payments, however, the current rate at June 30, 2025 is 3.456%.

(Continued)

CITY OF LENOIR CITY, TENNESSEE

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

June 30, 2025

Year Ending June 30,	USDA Rural Development 2.375%		USDA Rural Development 2.375%		TN General Obligation Bonds Series 2020 Dated January 29, 2020 4.00%		EESI Loan 531-001 Dated December 17, 2019 1.50%		Total General Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 120,870	\$ 131,466	\$ 9,283	\$ 10,097	\$ 605,000	\$ 131,000	\$ 321,300	\$ 46,632	\$ 1,480,453	\$ 555,690
2027	123,773	128,564	9,505	9,875	630,000	106,800	326,148	41,784	1,525,426	503,773
2028	126,744	125,592	9,734	9,646	655,000	81,600	331,080	36,852	1,572,558	450,105
2029	129,787	122,549	9,967	9,413	680,000	55,400	336,072	31,860	1,619,826	394,632
2030	132,903	119,433	10,207	9,173	705,000	28,200	341,148	26,784	1,669,258	337,300
2031	136,094	116,242	10,452	8,928	-	-	346,308	21,624	986,854	278,009
2032	139,362	112,974	10,703	8,677	-	-	351,540	16,392	1,011,605	246,073
2033	142,708	109,628	10,960	8,420	-	-	356,844	11,088	891,512	213,186
2034	146,135	106,201	11,223	8,157	-	-	362,232	5,700	914,590	187,338
2035	149,643	102,693	11,492	7,888	-	-	156,441	784	727,576	161,195
2036	153,236	99,100	11,768	7,612	-	-	-	-	474,004	138,362
2037	156,915	95,421	12,051	7,329	-	-	-	-	492,966	118,950
2038	160,683	91,581	12,340	7,040	-	-	-	-	173,023	98,621
2039	164,541	87,795	12,636	6,744	-	-	-	-	177,177	94,539
2040	168,492	83,844	12,940	6,440	-	-	-	-	181,432	90,284
2041	172,537	79,799	13,251	6,129	-	-	-	-	185,788	85,928
2042	176,680	75,656	13,569	5,811	-	-	-	-	190,249	81,467
2043	180,922	71,414	13,895	5,485	-	-	-	-	194,817	76,899
2044	185,266	67,070	14,228	5,152	-	-	-	-	199,494	72,222
2045	189,714	62,621	14,570	4,810	-	-	-	-	204,284	67,431
2046	194,269	58,067	14,920	4,460	-	-	-	-	209,189	62,527
2047	198,934	53,402	15,278	4,102	-	-	-	-	214,212	57,504
2048	203,710	48,626	15,645	3,735	-	-	-	-	219,355	52,361
2049	208,601	43,735	16,020	3,360	-	-	-	-	224,621	47,095
2050	213,610	38,726	16,405	2,975	-	-	-	-	230,015	41,701
2051	218,739	33,597	16,799	2,581	-	-	-	-	235,538	36,178
2052	223,991	28,345	17,202	2,178	-	-	-	-	241,193	30,523
2053	229,369	22,967	17,615	1,765	-	-	-	-	246,984	24,732
2054	234,876	17,460	18,038	1,342	-	-	-	-	252,914	18,802
2055	240,516	11,820	18,471	909	-	-	-	-	258,987	12,729
2056	246,290	6,046	18,915	465	-	-	-	-	265,205	6,511
2057	119,413	813	9,211	65	-	-	-	-	128,624	878
	<u>\$ 5,589,323</u>	<u>\$ 2,353,247</u>	<u>\$ 429,293</u>	<u>\$ 180,763</u>	<u>\$ 3,275,000</u>	<u>\$ 403,000</u>	<u>\$ 3,229,113</u>	<u>\$ 239,500</u>	<u>\$ 17,599,729</u>	<u>\$ 4,643,545</u>

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

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

June 30, 2025

Year Ending June 30,	Electric System - Series 2020B		Series 2022		Series 2025		Caterpillar Loan		Water Division - Series 2003**		Water Division - Series 2008**	
	Electric Revenue Bond Series		Electric Revenue Bond Series		Electric Revenue Bond Series***		5.49%		Tennessee Municipal Loan Bond Pool		Tennessee Municipal Loan Bond Pool	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 2,615,000	\$ 1,078,663	\$ 955,000	\$ 2,275,250	\$ 334,224	\$ 865,429	\$ 16,359	\$ 6,596	\$ 244,000	\$ 45,395	\$ 191,000	\$ 103,250
2027	2,670,000	1,000,213	1,000,000	2,227,500	623,767	975,769	17,280	5,675	251,000	36,855	199,000	96,565
2028	2,715,000	920,113	1,050,000	2,177,500	655,680	943,856	18,253	4,702	259,000	28,070	208,000	89,600
2029	2,770,000	838,663	1,105,000	2,125,000	689,226	910,310	19,281	3,674	267,000	19,005	218,000	82,320
2030	2,825,000	755,563	1,160,000	2,069,750	724,488	875,048	20,366	2,589	276,000	9,660	227,000	74,690
2031	2,885,000	670,813	1,215,000	2,011,750	761,554	837,982	21,513	1,442	-	-	238,000	66,745
2032	2,945,000	584,263	1,280,000	1,951,000	800,517	799,019	14,203	350	-	-	248,000	58,415
2033	2,610,000	495,913	1,340,000	1,887,000	841,473	758,063	-	-	-	-	260,000	49,735
2034	2,450,000	417,613	1,410,000	1,820,000	884,524	715,012	-	-	-	-	271,000	40,635
2035	2,485,000	368,613	1,480,000	1,749,500	929,778	669,758	-	-	-	-	284,000	31,150
2036	2,525,000	318,913	1,555,000	1,675,500	977,347	622,189	-	-	-	-	296,000	21,210
2037	2,570,000	268,413	1,615,000	1,613,300	1,027,350	572,186	-	-	-	-	310,000	10,850
2038	2,610,000	217,013	1,680,000	1,548,700	1,079,911	519,625	-	-	-	-	-	-
2039	2,650,000	164,813	1,765,000	1,464,700	1,135,162	464,374	-	-	-	-	-	-
2040	2,690,000	111,813	1,855,000	1,376,450	1,193,239	406,297	-	-	-	-	-	-
2041	2,730,000	58,033	1,945,000	1,283,700	1,254,287	345,249	-	-	-	-	-	-
2042	-	-	2,045,000	1,186,450	1,318,459	281,077	-	-	-	-	-	-
2043	-	-	2,145,000	1,084,200	1,385,914	213,623	-	-	-	-	-	-
2044	-	-	2,230,000	998,400	1,456,820	142,717	-	-	-	-	-	-
2045	-	-	2,320,000	909,200	1,531,353	68,183	-	-	-	-	-	-
2046	-	-	2,415,000	816,400	394,927	4,958	-	-	-	-	-	-
2047	-	-	2,510,000	719,800	-	-	-	-	-	-	-	-
2048	-	-	2,610,000	619,400	-	-	-	-	-	-	-	-
2049	-	-	2,725,000	505,950	-	-	-	-	-	-	-	-
2050	-	-	2,840,000	387,450	-	-	-	-	-	-	-	-
2051	-	-	2,965,000	263,850	-	-	-	-	-	-	-	-
2052	-	-	3,095,000	134,800	-	-	-	-	-	-	-	-
**	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 42,745,000</u>	<u>\$ 8,269,428</u>	<u>\$ 50,310,000</u>	<u>\$ 36,882,500</u>	<u>\$20,000,000</u>	<u>\$11,990,724</u>	<u>\$ 127,255</u>	<u>\$ 25,028</u>	<u>\$ 1,297,000</u>	<u>\$ 138,985</u>	<u>\$ 2,950,000</u>	<u>\$ 725,165</u>

* Variable interest rate of prime rate minus 2.50% with a floor of 2.75%. Assumed an interest rate of 5.00% for future interest payment. The current rate at June 30, 2025 is 5.00%.

** Variable interest rate. Assumed an interest rate of 3.50% for future interest payments, even though the current rate at June 30, 2025 is at 3.45%.

*** As of June 30, 2025, only \$9,085,540 has been drawn down on this bond issue.

(Continued)

CITY OF LENOIR CITY, TENNESSEE

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

June 30, 2025

Year Ending June 30,	Water Division - Series 2021B Water Revenue Bond Series		Sewer Division - State of Tennessee Revolving Loan SRF2006-191		Sewer Division - State of Tennessee Revolving Loan SRF2008-218		Sewer Division - State of Tennessee Revolving Loan SRF2009-238		Sewer Division - State of Tennessee Revolving Loan SRF2015-342		Sewer Division - State of Tennessee Revolving Loan SRF2018-402	
	1.69%		1.60%		1.47%		2.88%		1.33%		1.24%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 100,000	\$ 18,168	\$ 62,916	\$ 3,492	\$ 609,828	\$ 54,972	\$ 87,520	\$ 18,117	\$ 88,008	\$ 16,428	\$ 52,500	\$ 9,396
2027	100,000	16,477	63,936	2,472	618,864	45,936	90,073	15,563	89,184	15,252	53,148	8,748
2028	100,000	14,788	64,968	1,440	628,020	36,780	92,702	12,934	90,384	14,052	53,808	8,088
2029	100,000	13,097	55,026	407	637,308	27,492	95,407	10,229	91,584	12,852	54,480	7,416
2030	100,000	11,407	-	-	646,740	18,060	98,191	7,445	92,820	11,616	55,164	6,732
2031	100,000	9,718	-	-	656,316	8,484	101,057	4,579	94,056	10,380	55,848	6,048
2032	100,000	8,028	-	-	220,879	627	103,996	1,754	95,316	9,120	56,544	5,352
2033	100,000	6,337	-	-	-	-	-	-	96,588	7,848	57,252	4,644
2034	100,000	4,648	-	-	-	-	-	-	97,884	6,552	57,960	3,936
2035	100,000	2,958	-	-	-	-	-	-	99,192	5,244	58,692	3,204
2036	100,000	1,267	-	-	-	-	-	-	100,524	3,912	59,424	2,472
2037	-	-	-	-	-	-	-	-	101,868	2,568	60,168	1,728
2038	-	-	-	-	-	-	-	-	103,224	1,212	60,912	984
2039	-	-	-	-	-	-	-	-	34,784	97	46,210	237
2040	-	-	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-	-	-	-	-
**	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 1,100,000</u>	<u>\$ 106,893</u>	<u>\$ 246,846</u>	<u>\$ 7,811</u>	<u>\$ 4,017,955</u>	<u>\$ 192,351</u>	<u>\$ 668,946</u>	<u>\$ 70,621</u>	<u>\$ 1,275,416</u>	<u>\$ 117,133</u>	<u>\$ 782,110</u>	<u>\$ 68,985</u>

* Variable interest rate of prime rate minus 2.50% with a floor of 2.75%. Assumed an interest rate of 5.00% for future interest payment. The current rate at June 30, 2025 is 5.00%.

** Variable interest rate. Assumed an interest rate of 3.50% for future interest payments, even though the current rate at June 30, 2025 is at 3.45%.

*** As of June 30, 2025, only \$9,085,540 has been drawn down on this bond issue.

(Continued)

CITY OF LENOIR CITY, TENNESSEE

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

June 30, 2025

Year Ending June 30,	Sewer Division - Series 2021C Sewer Revenue Bond Series 1.79%		Sewer Division - Series 2021D Sewer Revenue Bond Series 1.69%		Sewer Division - Series 2005** Tennessee Municipal Loan Bond Pool		Sewer Division - Series 2008** Tennessee Municipal Loan Bond Pool		Total Bonds and Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 89,250	\$ 12,381	\$ 66,667	\$ 12,112	\$ 87,000	\$ 16,310	\$ 210,000	\$ 113,610	\$ 5,809,272	\$ 4,649,569
2027	89,250	10,784	66,667	10,985	90,000	13,265	219,000	106,260	6,241,169	4,588,319
2028	89,250	9,186	66,667	9,858	93,000	10,115	229,000	98,595	6,413,732	4,379,677
2029	89,250	7,589	66,667	8,732	96,000	6,860	240,000	90,580	6,594,229	4,164,226
2030	89,250	5,991	66,667	7,605	100,000	3,500	250,000	82,180	6,731,688	3,941,636
2031	89,250	4,393	66,667	6,478	-	-	262,000	73,430	6,546,261	3,712,242
2032	89,250	2,796	66,667	5,352	-	-	273,000	64,260	6,293,372	3,490,336
2033	89,250	1,198	66,667	4,225	-	-	286,000	54,705	5,747,230	3,269,668
2034	-	-	66,667	3,098	-	-	298,000	44,695	5,636,035	3,056,189
2035	-	-	66,667	1,972	-	-	312,000	34,265	5,815,329	2,866,664
2036	-	-	66,663	845	-	-	326,000	23,345	6,005,958	2,669,653
2037	-	-	-	-	-	-	341,000	11,935	6,025,386	2,480,980
2038	-	-	-	-	-	-	-	-	5,534,047	2,287,534
2039	-	-	-	-	-	-	-	-	5,631,156	2,094,221
2040	-	-	-	-	-	-	-	-	5,738,239	1,894,560
2041	-	-	-	-	-	-	-	-	5,929,287	1,686,982
2042	-	-	-	-	-	-	-	-	3,363,459	1,467,527
2043	-	-	-	-	-	-	-	-	3,530,914	1,297,823
2044	-	-	-	-	-	-	-	-	3,686,820	1,141,117
2045	-	-	-	-	-	-	-	-	3,851,353	977,383
2046	-	-	-	-	-	-	-	-	2,809,927	821,358
2047	-	-	-	-	-	-	-	-	2,510,000	719,800
2048	-	-	-	-	-	-	-	-	2,610,000	619,400
2049	-	-	-	-	-	-	-	-	2,725,000	505,950
2050	-	-	-	-	-	-	-	-	2,840,000	387,450
2051	-	-	-	-	-	-	-	-	2,965,000	263,850
2052	-	-	-	-	-	-	-	-	3,095,000	134,800
**	-	-	-	-	-	-	-	-	-	-
	<u>\$ 714,000</u>	<u>\$ 54,318</u>	<u>\$ 733,333</u>	<u>\$ 71,262</u>	<u>\$ 466,000</u>	<u>\$ 50,050</u>	<u>\$ 3,246,000</u>	<u>\$ 797,860</u>	<u>\$130,679,861</u>	<u>\$ 59,569,114</u>

* Variable interest rate of prime rate minus 2.50% with a floor of 2.75%. Assumed an interest rate of 5.00% for future interest payment. The current rate at June 30, 2025 is 5.00%.

** Variable interest rate. Assumed an interest rate of 3.50% for future interest payments, even though the current rate at June 30, 2025 is at 3.45%.

*** As of June 30, 2025, only \$9,085,540 has been drawn down on this bond issue.

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Schedule of Changes in Long-Term Debt by Individual Issue

June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
Governmental Activities									
Bonds Payable:									
TN Municipal Loan Bond Pool (#5), Series 2008	\$ 5,000,000	Variable (1)	01/25/2008	05/25/2037	\$ 3,199,000	\$ -	\$ 181,000	\$ -	\$ 3,018,000
TN Municipal Loan Bond Pool (#8), Series 2015	\$ 2,000,000	Variable (2)	07/10/2015	05/25/2035	1,210,000	-	104,000	-	1,106,000
TN Municipal Loan Bond Pool (#9), Series 2017	\$ 1,900,000	Variable (2)	10/07/2016	05/25/2032	1,079,000	-	126,000	-	953,000
TN General Obligation Bond - Series 2020	\$ 5,965,000	4.00%	01/29/2020	06/01/2030	3,855,000	-	580,000	-	3,275,000
Total Bonds Payable					<u>\$ 9,343,000</u>	<u>\$ -</u>	<u>\$ 991,000</u>	<u>\$ -</u>	<u>\$ 8,352,000</u>
Loans Payable:									
USDA Rural Dev. Community Facility Loan (Event Center)	\$ 6,510,000	2.375%	12/28/2016	12/28/2056	\$ 5,707,384	\$ -	\$ 118,061	\$ -	\$ 5,589,323
USDA Rural Dev. Community Facility Loan (Event Center)	\$ 500,000	2.375%	12/28/2016	12/28/2056	438,360	-	9,066	-	429,294
Loan Payable to EESI of TN, Loan - #531-001	\$ 4,849,434	1.50%	01/08/2018	12/31/2034	3,519,648	-	290,535	-	3,229,113
Total Loans Payable					<u>\$ 9,665,392</u>	<u>\$ -</u>	<u>\$ 417,662</u>	<u>\$ -</u>	<u>\$ 9,247,730</u>

(1) Variable interest rate at June 30, 2025 is 3.450%.

(2) Variable interest rate at June 30, 2025 is 3.456%.

(Continued)

CITY OF LENOIR CITY, TENNESSEE

Schedule of Changes in Long-Term Debt by Individual Issue
(Continued)

June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
Business-Type Activities									
Bonds Payable:									
Electric UCB - Revenue Bond - Series 2020B	\$ 55,150,000	2-3%	09/24/2020	06/01/2041	\$ 45,310,000	\$ -	\$ 2,565,000	\$ -	\$ 42,745,000
Electric - Revenue Bond - Series 2022	\$ 51,220,000	3.99%	07/26/2022	06/01/2052	51,220,000	-	910,000	-	50,310,000
Electric - Revenue Bond - Series 2025	\$ 20,000,000	5.00%	05/30/2025	05/30/2046	-	9,085,540	-	-	9,085,540
Water TMBF - Series 2003 #1 Bond Pool	\$ 5,000,000	3.45%	(1) 07/01/2006	05/25/2030	1,533,000	-	236,000	-	1,297,000
Water Distribution Services Project Series 2008	\$ 5,000,000	3.45%	(1) 06/30/2009	05/25/2037	3,133,000	-	183,000	-	2,950,000
Water UCB - Revenue Bond - Series 2021A	\$ 2,020,000	1.39%	03/24/2021	03/24/2025	501,174	-	501,174	-	-
Water UCB - Revenue Bond - Series 2021B	\$ 1,500,000	1.69%	03/24/2021	03/24/2036	1,200,000	-	100,000	-	1,100,000
Sewer TMBF - Series 2005 Bond Pool	\$ 1,700,000	3.45%	(1) 05/25/2005	05/25/2030	550,000	-	84,000	-	466,000
Sewer TMBF - Series 2008 Bond Pool	\$ 5,500,000	3.45%	(1) 05/25/2008	05/25/2037	3,447,000	-	201,000	-	3,246,000
Sewer UCB - Revenue Bond - Series 2021C	\$ 1,071,000	1.79%	03/24/2021	03/24/2033	803,250	-	89,250	-	714,000
Tot Sewer UCB - Revenue Bond - Series 2021D	\$ 1,000,000	1.69%	03/24/2021	03/24/2036	800,000	-	66,667	-	733,333
					<u>\$ 108,497,424</u>	<u>\$ 9,085,540</u>	<u>\$ 4,936,091</u>	<u>\$ -</u>	<u>\$ 112,646,873</u>

(1) Variable interest rate at June 30, 2025 is 3.45%.

(Continued)

CITY OF LENOIR CITY, TENNESSEE

Schedule of Changes in Long-Term Debt by Individual Issue
(Continued)

June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
Business-Type Activities (Continued)									
Notes Payable:									
Gas UCB - Capital Outlay Note Bond - Series 2021A	\$ 1,000,000	1.39%	04/01/2014	04/01/2024	\$ 125,388	\$ -	\$ 125,388	\$ -	\$ -
Gas Caterpillar - Note	\$ 135,209	5.50%	11/04/2025	12/06/2031	-	135,209	7,954	-	127,255
Sewer State Revolving Fund Loan - SRF 2006-191	\$ 1,150,800	1.60%	05/01/2009	04/01/2029	308,766	-	61,920	-	246,846
Sewer State Revolving Fund Loan - SRF 2008-218	\$ 13,500,000	1.47%	11/01/2011	10/01/2031	4,618,891	-	600,936	-	4,017,955
Sewer State Revolving Fund Loan - SRF CGA 9-238	\$ 1,605,366	2.88%	07/01/2012	06/01/2032	753,984	-	85,038	-	668,946
Sewer State Revolving Fund Loan - SRF 2001-155	\$ 825,000	2.08%	01/01/2005	12/30/2024	25,465	-	25,465	-	-
Sewer State Revolving Fund Loan - SRF 2015-342	\$ 1,833,160	1.33%	03/01/2015	10/01/2038	1,362,260	-	86,844	-	1,275,416
Sewer State Revolving Fund Loan - SRF 2018-402	\$ 1,289,263	1.24%	04/01/2018	03/01/2039	833,962	-	51,852	-	782,110
Total Notes Payable					<u>\$ 8,028,716</u>	<u>\$ 135,209</u>	<u>\$ 1,045,397</u>	<u>\$ -</u>	<u>\$ 7,118,528</u>

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE
POWER AND LIGHT DEPARTMENT

Schedule of Utility Plant

June 30, 2025

	Assets				Accumulated Depreciation				
	Balance July 1, 2024	Additions	Retirements/ Adjustments	Balance June 30, 2025	Balance July 1, 2024	Expenses	Retirements/ Adjustments Plus Cost of Removal Minus Salvage	Balance June 30, 2025	Net Plant
Utility plant:									
Distribution plant:									
Land and land rights	\$ 3,469,112	\$ -	\$ -	\$ 3,469,112	\$ -	\$ -	\$ -	\$ -	\$ 3,469,112
Structures and improvements	1,666,086	8,500	-	1,674,586	950,861	50,067	-	1,000,928	673,658
Station equipment	47,779,342	304,850	-	48,084,192	29,677,532	1,915,238	-	31,592,770	16,491,422
Poles, towers and fixtures	38,636,678	2,526,218	530,474	40,632,422	10,222,602	1,186,514	914,066	10,495,050	30,137,372
Overhead conductors and devices	30,754,590	1,585,137	254,255	32,085,472	5,081,666	711,303	351,917	5,441,052	26,644,420
Underground conduit	8,398,464	309,756	23,583	8,684,637	3,617,400	256,036	24,855	3,848,581	4,836,056
Underground conduit and devices	33,632,940	1,522,821	165,999	34,989,762	12,115,737	1,029,029	132,888	13,011,878	21,977,884
Line transformers	56,306,043	9,272,578	276,147	65,302,474	19,292,479	1,518,552	317,800	20,493,231	44,809,243
Services	9,269,092	588,183	109,545	9,747,730	932,224	215,531	132,319	1,015,436	8,732,294
Meters	19,596,514	2,241,847	732,058	21,106,303	10,776,899	1,352,358	731,678	11,397,579	9,708,724
Installation on customers' premises	3,677,861	436,390	15,747	4,098,504	3,310,829	231,912	22,422	3,520,319	578,185
Street lighting and signal system	443,019	24,470	1,002	466,487	387,316	13,613	1,344	399,585	66,902
Total distribution plant	253,629,741	18,820,750	2,108,810	270,341,681	96,365,545	8,480,153	2,629,289	102,216,409	168,125,272
General plant:									
Land and land rights	5,689,067	-	-	5,689,067	-	-	-	-	5,689,067
Structures and improvements	48,687,262	238,752	-	48,926,014	5,633,992	974,497	-	6,608,489	42,317,525
Equipment and office furniture	13,574,881	594,221	-	14,169,102	6,127,943	1,102,994	-	7,230,937	6,938,165
Transportation equipment	6,335,216	291,360	1,180,607	5,445,969	4,775,722	332,412	951,306	4,156,828	1,289,141
Stores equipment	129,710	-	-	129,710	23,627	10,377	-	34,004	95,706
Tools, shop and garage equipment	1,108,860	11,117	-	1,119,977	663,004	55,797	-	718,801	401,176
Laboratory equipment	267,081	6,352	-	273,433	267,081	6,352	-	273,433	-
Power operated equipment	474,682	57,650	-	532,332	374,320	25,656	-	399,976	132,356
Communications equipment	48,722,535	27,064,868	387,754	75,399,649	2,815,890	4,136,076	(194)	6,952,160	68,447,489
Miscellaneous	241,776	-	-	241,776	50,904	19,342	-	70,246	171,530
Total general plant	125,231,070	28,264,320	1,568,361	151,927,029	20,732,483	6,663,503	951,112	26,444,874	125,482,155
Total electric plant in service	378,860,811	47,085,070	3,677,171	422,268,710	117,098,028	15,143,656	3,580,401	128,661,283	293,607,427
Nonutility assets:									
Structures and improvements	999,668	-	-	999,668	246,210	15,885	-	262,095	737,573
Plant future use	23,076,712	46,641,358	41,831,231	27,886,839	-	-	-	-	27,886,839
Construction work in progress									
Total utility plant	\$ 402,937,191	\$ 93,726,428	\$ 45,508,402	\$ 451,155,217	\$ 117,344,238	\$ 15,159,541	\$ 3,580,401	\$ 128,923,378	\$ 322,231,839

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE
GAS DEPARTMENT

Schedule of Utility Plant

June 30, 2025

	Assets				Accumulated Depreciation				
	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Balance July 1, 2024	Expenses	Retirements	Balance June 30, 2025	Net Plant
Utility plant:									
Distribution plant:									
Land and land rights	\$ 1,684	\$ -	\$ -	\$ 1,684	\$ -	\$ -	\$ -	\$ -	\$ 1,684
Structures and improvements	19,024,113	459,155	54,817	19,428,451	10,486,622	564,124	-	11,050,746	8,377,705
Measuring and regulating station equipment	107,010	-	-	107,010	48,274	2,140	-	50,414	56,596
Total distribution plant	19,132,807	459,155	54,817	19,537,145	10,534,896	566,264	-	11,101,160	8,435,985
General plant:									
Structures and improvements	57,411	-	-	57,411	46,915	1,148	-	48,063	9,348
Office equipment	266,668	-	-	266,668	172,155	13,333	-	185,488	81,180
Transportation equipment	499,923	430,616	92,133	838,406	159,758	23,930	68,336	115,352	723,054
Tools and other equipment	276,687	11,890	-	288,577	229,986	3,546	-	233,532	55,045
Communication equipment	292,726	-	-	292,726	132,223	17,564	-	149,787	142,939
Power operated equipment	259,035	44,450	-	303,485	143,382	2,627	-	146,009	157,476
Total general plant	1,652,450	486,956	92,133	2,047,273	884,419	62,148	68,336	878,231	1,169,042
Total gas plant in service	20,785,257	946,111	146,950	21,584,418	11,419,315	628,412	68,336	11,979,391	9,605,027
Construction work in progress	756,594	695,211	-	1,451,805	-	-	-	-	1,451,805
Total utility plant	\$ 21,541,851	\$ 1,641,322	\$ 146,950	\$ 23,036,223	\$ 11,419,315	\$ 628,412	\$ 68,336	\$ 11,979,391	\$ 11,056,832

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE
WATER AND SEWER DEPARTMENT
WATER DIVISION

Schedule of Utility Plant

June 30, 2025

	Assets				Accumulated Depreciation				Net plant
	Balance July 1, 2024	Additions	Retirements/ Adjustments	Balance June 30, 2025	Balance July 1, 2024	Expenses	Retirements/ Adjustments	Balance June 30, 2025	
Utility plant:									
Treatment and distribution plant:									
Water plant and service equipment	\$ 3,444,574	\$ 43,601	\$ -	\$ 3,488,175	\$ 3,415,882	\$ 28,692	\$ -	\$ 3,444,574	\$ 43,601
Reservoirs and standpipes	2,753,563	-	-	2,753,563	1,328,881	57,776	-	1,386,657	1,366,906
Supply mains and pumping equipment	23,076,162	527,158	-	23,603,320	9,867,082	451,226	-	10,318,308	13,285,012
Water treatment equipment	144,182	-	-	144,182	144,182	5,477	-	149,659	(5,477)
Services	3,579,537	139,471	-	3,719,008	971,802	90,363	-	1,062,165	2,656,843
Meters and hydrants	6,869,037	403,579	877	7,271,739	2,258,839	279,074	-	2,537,913	4,733,826
Total treatment and distribution plant	39,867,055	1,113,809	877	40,979,987	17,986,668	912,608	-	18,899,276	22,080,711
General plant:									
Land and land rights	232,755	-	-	232,755	-	-	-	-	232,755
Structures and improvements	894,152	21,133	-	915,285	548,888	16,777	-	565,665	349,620
Transportation equipment	391,611	-	53,001	338,610	391,611	-	53,001	338,610	-
Tools, shop and garage equipment	960,521	10,188	-	970,709	595,202	34,439	-	629,641	341,068
Total general plant	2,479,039	31,321	53,001	2,457,359	1,535,701	51,216	53,001	1,533,916	923,443
Total water plant in service	42,346,094	1,145,130	53,878	43,437,346	19,522,369	963,824	53,001	20,433,192	23,004,154
Construction work in progress	406,940	333,024	-	739,964	-	-	-	-	739,964
Total utility plant	\$ 42,753,034	\$ 1,478,154	\$ 53,878	\$ 44,177,310	\$ 19,522,369	\$ 963,824	\$ 53,001	\$ 20,433,192	\$ 23,744,118

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE
WATER AND SEWER DEPARTMENT
SEWER DIVISION

Schedule of Utility Plant

June 30, 2025

	Assets			Accumulated Depreciation					Net Plant
	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Balance July 1, 2024	Expense	Retirements	Balance June 30, 2025	
Utility plant:									
Treatment and distribution plant:									
Land and land rights	\$ 38,300	\$ -	\$ -	\$ 38,300	\$ -	\$ -	\$ -	\$ -	\$ 38,300
Sewage treatment plant and lift station	6,197,120	199,327	2,725	6,393,722	3,750,560	214,971	-	3,965,531	2,428,191
Interception sewers	21,733,172	260,230	-	21,993,402	10,956,000	545,085	-	11,501,085	10,492,317
Structures and improvements	19,668,584	-	-	19,668,584	4,608,083	393,310	-	5,001,393	14,667,191
Meters	16,960	-	-	16,960	7,708	339	-	8,047	8,913
Supply mains	3,335,402	-	-	3,335,402	356,861	83,385	-	440,246	2,895,156
Services	2,390,600	-	-	2,390,600	435,419	61,136	-	496,555	1,894,045
Total treatment and distribution plant	53,380,138	459,557	2,725	53,836,970	20,114,631	1,298,226	-	21,412,857	32,424,113
General plant:									
Land and land rights	173,619	50,000	-	223,619	-	-	-	-	223,619
Paving	5,600	-	-	5,600	5,600	-	-	5,600	-
Transportation equipment	369,289	-	-	369,289	83,060	5,392	-	88,452	280,837
Tools and equipment	489,315	19,783	-	509,098	134,448	8,809	-	143,257	365,841
Office furniture and equipment	175,080	-	-	175,080	81,215	8,754	-	89,969	85,111
Total general plant	1,212,903	69,783	-	1,282,686	304,323	22,955	-	327,278	955,408
Total sewer plant in service	54,593,041	529,340	2,725	55,119,656	20,418,954	1,321,181	-	21,740,135	33,379,521
Construction work in progress	114,840	529,184	-	644,024	-	-	-	-	644,024
Total utility plant	\$ 54,707,881	\$ 1,058,524	\$ 2,725	\$ 55,763,680	\$ 20,418,954	\$ 1,321,181	\$ -	\$ 21,740,135	\$ 34,023,545

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE
BROADBAND DEPARTMENT

Schedule of Utility Plant

June 30, 2025

	Assets				Accumulated Depreciation				
	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Balance July 1, 2024	Expense	Retirements	Balance June 30, 2025	Net Plant
Utility plant:									
Treatment and distribution plant:									
Structures and improvements	\$ -	\$ 6,471	\$ -	\$ 6,471	\$ -	\$ -	\$ -	\$ -	\$ 6,471
Residential and commercial devices	85,286	641,620	-	726,906	-	5,281	-	5,281	721,625
Total treatment and distribution plant	85,286	648,091	-	733,377	-	5,281	-	5,281	728,096
General plant:									
Communications equipment	128,109	590,655	-	718,764	-	10,012	-	10,012	708,752
Office furniture and equipment	36,627	6,960	-	43,587	-	3,104	-	3,104	40,483
Total general plant	164,736	597,615	-	762,351	-	13,116	-	13,116	749,235
Total Broadband plant in service	250,022	1,245,706	-	1,495,728	-	18,397	-	18,397	1,477,331
Construction work in progress*	-	35,107	26,501	8,606	-	-	-	-	8,606
Total utility plant	\$ 250,022	\$ 1,280,813	\$ 26,501	\$ 1,504,334	\$ -	\$ 18,397	\$ -	\$ 18,397	\$ 1,485,937

*Restated beginning balance - see Note 28

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE
Schedule of Changes in Property Tax Receivable
For the Fiscal Year Ended June 30, 2025

Tax Year	Property Tax Receivable Balance June 30, 2024	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Net Receivable Balance June 30, 2025
2025	\$ -	\$ -	\$ 3,650,000	\$ -	\$ -	\$ 3,650,000
2024	-	3,533,798	-	(6,071)	(3,374,314)	153,413
2023	181,577	-	-	1,560	(162,752)	20,385
2022	84,959	-	-	9,755	(90,264)	4,450
2021	58,026	-	-	887	(55,206)	3,707
2020	1,194	-	-	-	-	1,194
2019	1,037	-	-	-	-	1,037
2018	1,130	-	-	-	-	1,130
2017	892	-	-	-	-	892
2016	872	-	-	(872)	-	-
2015	295	-	-	(295)	-	-
Total	<u>\$ 329,982</u>	<u>\$ 3,533,798</u>	<u>\$ 3,650,000</u>	<u>\$ 4,964</u>	<u>\$ (3,682,536)</u>	<u>\$ 3,836,208</u>

Notes: All uncollected taxes for years prior to 2024 have been turned over to the Clerk and Master for collection.

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE

Analysis of Tax Rates and Assessments

June 30, 2025

Tax Year	Assessed Value	Tax Rate Per \$100	Total Tax Levy	Total Tax Collections	Collections as a Percent of Total Levy	Outstanding Delinquent Taxes	Delinquent Taxes Filed in Chancery Court
2024	\$ 373,667,418	\$ 0.95	\$ 3,533,798	\$ 3,380,385	95.66%	\$ 153,413	\$ -
2023	357,888,655	1.00	3,562,820	3,542,435	99.43%	20,385	20,385
2022	344,042,201	1.00	3,427,493	3,423,043	99.87%	4,450	4,450
2021	325,198,301	1.00	3,237,366	3,233,659	99.89%	3,707	3,707
2020	272,601,731	1.00	2,715,244	2,714,050	99.96%	1,194	1,194
2019	263,763,467	1.00	2,626,775	2,625,738	99.96%	1,037	1,037
2018	260,764,260	1.06	2,635,011	2,633,881	99.96%	1,130	1,130
2017	257,600,822	1.06	2,589,369	2,588,477	99.97%	892	892
2016	233,291,410	1.06	2,524,489	2,524,489	100.00%	-	-
2015	228,300,875	1.06	2,473,810	2,473,810	100.00%	-	-

Source: City Management

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE
POWER AND LIGHT DEPARTMENT

Schedule of Utility Rates and Number of Customers

June 30, 2025

RESIDENTIAL RATE - SCHEDULE RS

Customer Charge.....\$22.75 per month less \$1.54 hydro allocation credit

Energy Charge.....11.435¢ per kWh per month

GENERAL POWER RATE - SCHEDULE GSA

PART 1.

Customer Charge.....\$24.35 per delivery point per month

Energy Charge.....13.143 ¢ per kWh per month

PART 2.

Customer Charge.....\$63.55 per delivery point per month

Demand Charge.....First 50 kW of billing demand per month, no charge
Excess over 50 kW of billing demand per month at \$15.76 per kW

Energy Charge.....First 15,000 kWh per month at 13.269¢ per kWh
Additional kWh per month at 8.267¢ per kWh

PART 3.

Customer Charge.....\$175.37 per delivery point per month

Demand Charge.....First 1,000 kW of billing demand per month at \$15.70 per kW
Excess over 1,000 kW of billing demand per month at \$17.23 per kW, plus an
additional \$18.28 per kW per month for each kW, if any, of the amount by which the
customer's billing demand exceeds the higher of 2,000 kW or its contract demand

Energy Charge.....8.264¢ per kWh per month

GENERAL POWER RATE - SCHEDULE TOU GSB

Customer Charge.....\$1,500.00 per delivery point per month

Demand Charge.....\$11.95 per kW of on-peak billing demand per month, plus \$5.58 per kW of off-peak
billing demand, plus an additional \$11.95 per kW per month for each kW, if any, of
the amount by which the customer's billing demand exceeds its contract demand

Energy Charge.....7.017¢ per off-peak kWh for up to 200 hours use of metered demand (HUD) per
month, plus 3.215¢ per off-peak kWh for next 200 HUD, plus 2.839¢ per off-peak
kWh additional HUD 9.758¢ per kWh for all on-peak kWh per month

(Continued)

CITY OF LENOIR CITY, TENNESSEE
POWER AND LIGHT DEPARTMENT

Schedule of Utility Rates and Number of Customers
(Continued)

June 30, 2025

GENERAL POWER RATE - SCHEDULE TOU GSC

Customer Charge.....	\$1,500.00 per delivery point per month
Demand Charge.....	\$11.95 per kW of on-peak billing demand per month, plus \$5.07 per kW of off-peak billing demand, plus an additional \$11.95 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand
Energy Charge.....	7.017¢ per off-peak kWh for up to 200 hours use of metered demand per month, plus 3.215¢ per off-peak kWh for next 200 HUD, plus 2.839¢ per off-peak kWh additional HUD 9.758¢ per kWh for all on-peak kWh per month

GENERAL POWER RATE - SCHEDULE TOU GSD

Customer Charge.....	\$1,500.00 per delivery point per month
Demand Charge.....	\$11.95 per kW of on-peak billing demand per month, plus \$4.96 per kW of off-peak billing demand, plus an additional \$11.95 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand
Energy Charge.....	7.017¢ per off-peak kWh for up to 200 hours use of metered demand per month, plus 3.089¢ per off-peak kWh for next 200 HUD, plus 2.839¢ per off-peak kWh additional HUD 9.758¢ per kWh for all on-peak kWh per month

OUTDOOR LIGHTING RATE - SCHEDULE LS

Customer Charge.....	\$2.827
Energy Charge.....	8.364¢ per kWh
Facility Charge.....	LP (13)% $\frac{B}{A \text{ or } B}$

Customer Data

	<u>Number of Customers</u>
Residential	63,414
General power - 50 kW and under	13,621
General power - over 50 kW	992
EV	1
Street and athletic lighting	<u>497</u>
	<u>78,525</u>
Outdoor lights	<u>4,916</u>

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE
GAS DEPARTMENT

Schedule of Utility Rates and Number of Customers

June 30, 2025

Gas Rates in Effect at June 30, 2025*

	<u>Per 100 Cubic Feet</u>
General service rate - residential:	
Customer Charge	\$6.00
Per 100 cubic feet (ccf)	.56
Commercial - industrial:	
Customer Charge	\$8.00
Per 100 cubic feet (ccf)	.54
Large volume - industrial:	
Customer Charge	\$11.00
Excess of 5,000,000 cubic feet	.21
Interruptible:	
Customer Charge	\$11.00
Per 100 cubic feet (ccf)	.52

*These rates do not include commodity adjustments based on wellhead cost which fluctuate monthly.

Customer Data

	<u>Number of Customers</u>
Residential	6,148
Small commercial	1,053
Large commercial	3
Interruptible	<u>4</u>
	<u>7,208</u>

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE
WATER AND SEWER DEPARTMENT
WATER DIVISION

Schedule of Utility Rates and Number of Customers

June 30, 2025

Water Rates in Effect at June 30, 2025

	<u>Per Thousand Gallons</u>	
	<u>Inside</u>	<u>Outside</u>
	<u>City</u>	<u>City</u>
<u>Classes (01, 22, 35, 36, 50)</u>		
First 2,000 gallons - minimum bill	\$14.72	\$14.72
Excess of 2,000 gallons	5.90	5.90
<u>Classes (71, 75, 79)</u>		
First 2,000 gallons – minimum bill	19.52	19.52
Excess of 2,000 gallons	6.55	6.55
<u>Special Services</u>		
Flat rate	28.53	28.53
Two Houses/ Same Meter	29.42	29.42
<u>Irrigation Meters</u>		
First 2,000 gallons – minimum bill	18.90	18.90
Excess of 2,000 gallons	7.56	7.56

Customer Data

	<u>Number of</u>
	<u>Customers</u>
Residential	10,565
Small commercial	1,626
Large and commercial	12
Outside Wholesale	1
Irrigation	817
Fire Hydrants	56
	<u>13,077</u>

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE
WATER AND SEWER DEPARTMENT
SEWER DIVISION

Schedule of Utility Rates and Number of Customers

June 30, 2025

Sewer Rates in Effect at June 30, 2025

	<u>Per Thousand Gallons</u>	
	<u>Inside City</u>	<u>Outside City</u>
<u>Residential</u>		
First 2,000 gallons - minimum bill*	\$22.31	\$31.71
Excess of 2,000 gallons	8.95	12.73
*Max on residential sewer – 20,000 gallons		
<u>Commercial</u>		
First 2,000 gallons - minimum bill	\$22.31	\$31.71
Excess of 2,000 gallons	8.95	12.73
<u>Industrial</u>		
First 2,000 gallons - minimum bill	\$22.31	\$31.71
Excess of 2,000 gallons	8.95	12.73

Customer Data

	<u>Number of Customers</u>
Residential	5,856
Commercial and Industrial	<u>1,090</u>
	<u>6,946</u>

See independent auditor's report.

CITY OF LENOIR CITY, TENNESSEE
BROADBAND DEPARTMENT
Schedule of Utility Rates and Number of Customers
June 30, 2025

Broadband Rates in Effect at June 30, 2025

Home Plans

<u>1 Gig Plan</u>	
Internet only	\$65.00
Internet w/ WIFI	\$69.99
Internet w/ managed WIFI	\$79.99

<u>2.5 Gig Plan</u>	
Internet w/ managed WIFI	\$99.99

Business Plans

1 Gig Plan	\$149.95
2.5 Gig Plan	\$229.95

Customer Data

	<u>Number of Customers</u>
Residential	3,269
Business	<u>127</u>
	<u>3,396</u>

See independent auditor's report.

STATISTICAL SCHEDULES (Unaudited)

CITY OF LENOIR CITY, TENNESSEE

Miscellaneous Statistical Data

June 30, 2025

Incorporated	April, 1907
Form of government	Mayor - Aldermen
Adopted Home Rule Charter	December 9, 1954
Area in square miles	10.0
Codes enforcement:	
Number of full-time employees	3
Police protection:	
Number of stations	1
Number of full-time employees	38
Number of part-time employees	7
Fire protection:	
Number of stations	2
Number of full-time employees	15
Number of part-time employees	18
Total number of public safety employees (full-time)	53
Recreation:	
Parks (acres)	105
Playgrounds	6
Number of certified teachers	163
Number of specialized instructional staff	22
Number of administrative staff	10
Enrollment	
Elementary schools - (1)	527
Junior high schools - (1)	690
High schools - (1)	1,139
I Learn - (1)	89
Average daily attendance	2,211
Municipal water plant:	
Average daily consumption in gallons	2,210,000
Maximum storage capacity in gallons	5,000,000
Paved streets (per lane mile)	121
Water lines (miles)	322
Sanitary sewer (miles)	153
Gas lines (miles)	216

Source: City, Schools and Utility Board Management

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Mayor and Alderman
City of Lenoir City, 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, the aggregate remaining fund information and budgetary comparisons of each major fund of the City of Lenoir City, Tennessee, (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 6, 2026.

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 the 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 the City'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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item #2025-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

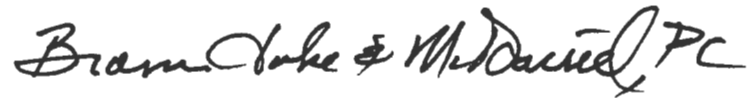
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements amounts. 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*.

Lenoir City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

A handwritten signature in black ink that reads "Bram Lake & McDaniel, PC". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Knoxville, Tennessee
March 6, 2026

BROWN JAKE & McDANIEL, PC

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

Mayor and Board of Aldermen
City of Lenoir City, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Lenoir City, Tennessee's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the 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.

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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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.

A handwritten signature in black ink, reading "Brian Lake & McDaniel, PC". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Knoxville, Tennessee
March 6, 2026

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

ACCOMPANYING SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. SUMMARY OF AUDITOR'S RESULTS

A. An unmodified opinion was issued on the financial statements of the City of Lenoir City, Tennessee (the City) for the year ended June 30, 2025.

B. Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

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

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

D. Internal control over major programs:

Material weakness(es) identified? ___ yes X no

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

E. An unmodified opinion was issued for compliance for the City's major programs.

F. The audit disclosed no audit findings requiring reporting under Section .510(a).

G. We identified the following major federal assistance programs:

21.027 – Coronavirus State and Local Fiscal Recovery Funds

84.010 – Title I Grants to Local Educational Agencies

84.425 – U.S. Department of Education – Elementary and Secondary
School Emergency Relief Fund/Cluster

97.044 – Assistance to Firefighters Grants

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

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

II. SUMMARY OF FINDINGS REPORTED AT THE FINANCIAL STATEMENT LEVEL

Significant Deficiencies

Lenoir City Schools

Finding #2025-001: Travel

Condition: During our audit, we noted that the School failed to do the following regarding travel:

- Ensure that payments for travel expenses followed policy and were only for staff development purposes,
- Provide adequate oversight, and
- Sign travel expense reimbursements per best practices.

Criteria: Management should ensure that travel policy is followed.

Cause: Failure to follow travel policy and best practices increases the risk that error, fraud, waste, or abuse may occur.

Effect: The school paid for unauthorized travel expenses.

Recommendation: We recommend that management gives clear instructions and guidance on the LCS travel policy prior to employee travel.

Management's Response: We concur. Management will update all employees on travel policy prior to travel.

III. SUMMARY OF FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

CITY OF LENOIR CITY, TENNESSEE
Summary Schedule of Prior Audit Findings
June 30, 2025

Original Finding Number	Prior Year Finding Number	Finding Title	Status	Current Year Finding Number
2023-002	2024-001	Material Adjusting Entries	Corrected	N/A
2023-004	2024-002	Budget Compliance	Corrected	N/A
2023-005	2024-003	Budget Compliance	Corrected	N/A



LENOIR CITY SCHOOLS

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DIRECTOR OF SCHOOLS

Dr. Millicent B. Smith

LENOIR CITY BOARD OF EDUCATION

Chris Clabough, Chairman

Laci Murray, Vice-Chair

Mitch Ledbetter

Rick Chadwick

Tammy Powell

02/09/2026

CORRECTIVE ACTION PLAN

Finding #2025-001: Travel

Response and Corrective Action Plan Prepared By:

Suzie Helms, Chief Financial Officer
Dr. Millicent Smith, Director of Schools

Person Responsible for Implementing the Corrective Action:

Suzie Helms, Chief Financial Officer

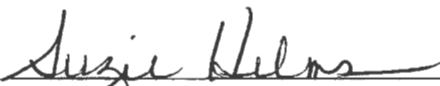
Anticipated Completion Date of Corrective Action:

Immediate

Repeat Finding:

No

Planned Corrective Action: Management advised all supervisory personnel to reiterate travel policy and procedures to direct reports immediately. Additional tools have been developed for all District staff to assist in full compliance with travel policies and procedures.


Suzie Helms, Chief Financial Officer


Dr. Millicent B. Smith, Director of Schools

"Built on Tradition; Focused on the Future"